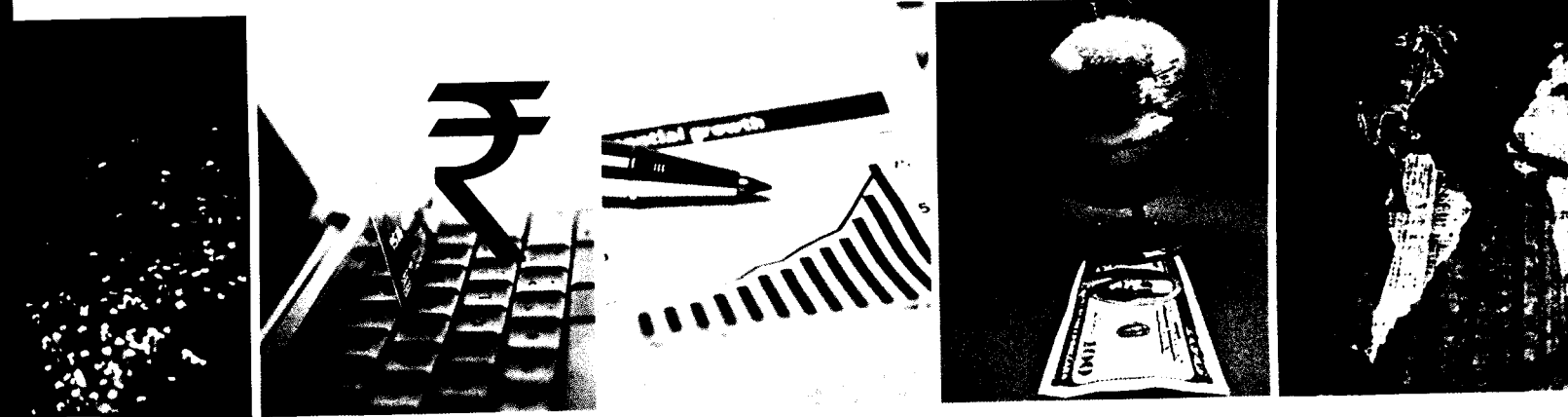


28<sup>th</sup>

BODHTREE  
People. Process. Technology.

# Annual Report



2009-2010

*Experiencing Growth by Investing in New Technology Domains*

[www.bodhtree.com](http://www.bodhtree.com)

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### **Board of Directors**

Mr. Sanjiv Gupta	Chairman
Mr. H. Natarajan	Director (Corporate Affairs)
Mr. Muktesh Sharma	Director
Mr. Kamlesh Gandhi	Director

### **Company Secretary**

Mr. Bidhan Ch. Debata

### **Auditors**

Gokhale & Co.,  
Chartered Accountants  
3-6-322, Off No.306, Mahavir House  
Basheerbagh, Hyderabad- 29.

### **Bankers**

HDFC Bank Ltd  
HongKong Shanghai Banking Corporation Ltd.

### **Registered Office**

1-8-617/2, Prakasham Nagar  
Begumpet, Hyderabad- 500016.  
Phone: (040) 66577000  
Fax: (040) 27762050  
Email Id- Investor Relation: cosecy@bodhtree.com  
Website: www.bodhtree.com

### **Corporate Office**

8-2-351/N/1 Road No.2  
Banjara Hills, Hyderabad- 500034  
Phone: (040) 66547000 to 28  
Fax: (040) 66547029

## 28th Report of the Board of Directors

Your Directors take pleasure in submitting their Report for the Financial Year ended 31st March, 2010.

### Financial Results

The Audited Balance Sheet of your Company as at 31st March 2010, the Profit & Loss Account for the financial year ended on that date, along with the report of the Auditors thereon are being circulated with this report for your consideration. The salient features of the results are as follows:

Particulars	₹ in Lakhs	
	2009-10	2008-09
Income from Operations	2256.77	1605.75
Other Income	30.27	135.11
<b>Total Income</b>	<b>2287.04</b>	<b>1740.86</b>
Operating Expenditure	1710.68	952.56
Profit (Loss) before depreciation & Tax	576.36	788.30
Depreciation	71.20	73.91
<b>Operating Profit</b>	<b>505.16</b>	<b>714.39</b>
Prior Period Adjustment	(51.37)	24.06
Profit after prior period adjustments	453.79	738.45
Tax and Provision for tax	128.32	154.93
<b>Profit (Loss) after tax</b>	<b>325.47</b>	<b>583.52</b>

### Financial Performance

The Total Income increased to ₹ 2287.04 Lakhs from ₹ 1740.86 Lakhs in the previous year, at a growth rate of 31%. The Operating Profit amounted to ₹ 505.16 Lakhs (22% of revenue) as against ₹ 714.39 Lakhs (41% of revenue) in the previous year. The decrease in profit margin has been primarily due to increase in the employee cost necessitated due to induction of new resources to reach new markets.

### Dividend

Based on the company's performance, your Directors are pleased to recommend for approval of the members a dividend of 12 %, amounting to ₹ 1.20/- per equity share of ₹ 10/- each. The dividend on the equity shares, if declared as above, would involve an outflow of ₹ 76,10,600/- towards dividend and ₹ 12,93,422/- towards dividend tax, resulting in a total outflow of ₹ 89,04,022/-.

### Transfer to reserves

Out of the ₹ 325.47 Lakhs net profits, your Directors propose for transfer of ₹ 50 lakhs to reserves after appropriation for dividend.

### Material Changes affecting the financial position of the company

The existing contract with Owens & Minor Inc., USA, was due to expire on December 31, 2010. After extending the validity by a further period of three years on May 18, 2010, the above client served a notice of termination for convenience on June 11, 2010 without attributing any valid reasons. Subsequently, it was found that another company claiming to have won the contract from the above client was accessing the Bodhtree portal containing the client's data. Bodhtree initiated Criminal action against the said company. Your Company has contested the validity of termination notice. Proceedings are pending before Indian Courts. The client has also initiated steps for arbitration under the contract in Richmond, Virginia. If the ongoing dispute with the above client results in the termination being upheld, there can be a substantial fall in the revenues and profits in the current year. Your

Company has however been advised that there are very good chances of your company succeeding in the legal action/arbitration.

### **Joint Venture Proposal**

Your Company has entered into an Agreement with Bodhtree Solutions Inc., USA to form a Joint Venture Company called Bodhtree Solutions Private Limited in India to take up off shore IT assignments from North America. Your Company will have a 40% stake in the above Joint Venture. Your Directors expect significant business opportunities to result from the joint venture.

### **Subsidiaries and Joint Ventures**

Your company has two subsidiaries, namely Pressmart Media Limited and Pressmart Media Inc., USA.

The Audited Financial Statements of the subsidiaries and related information are attached to the Annual Report pursuant to the provisions of Section 212 of the Companies Act, 1956.

Learnsmart (India) Private Ltd., the joint venture company to implement the Web based assessment services for the school children has also been stabilizing its operations.

### **Consolidated Financial Statement**

As required under the Listing Agreement with the Stock Exchange, a Consolidated Financial Statement of the Company and all its subsidiaries is attached. The Consolidated Financial Statement has been prepared in accordance with Accounting Standards 21, 23 and 27 issued by the Institute of Chartered Accountants of India and show the financial resources, assets, liabilities, income, profits and other details of the Company, its associate companies, its joint ventures and its subsidiaries after elimination of minority interest, as a single entity.

### **Trading of the company's shares in NSE**

Your Directors are pleased to report that the National Stock Exchange has permitted trading in the shares of your Company with effect from August 9, 2010. This will provide the much needed liquidity to the shares of your company, which are listed in the Madras Stock Exchange.

### **Directors' Responsibility Statement**

In accordance with the provisions of Section 217 (2AA) of the Companies Act, 1956, your Directors wish to state as follows:

1. In the preparation of the annual accounts, the applicable accounting standards have been followed, along with proper explanation relating to material departures
2. The directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for that period.
3. The Directors have taken proper and sufficient care 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 fraud and other irregularities.
4. The Directors have prepared the annual accounts on a going concern basis.

### **Directors**

Dr. Akila Jaikumar resigned as Wholetime director (Operations) with effect from the 1st April, 2010. Mr. Gusti Noria resigned as Director with effect from 28th May, 2010. The Board records its deepest appreciation for the contributions made by Dr. Akila Jaikumar and Mr. Gusti Noria during their tenure as directors of the company.

Mr. Muktesh Sharma retires by rotation at the ensuing Annual General Meeting, and is eligible for reappointment.

As required by clause 49 of the Listing Agreement with the Stock Exchange, a brief resume of Mr. Muktesh Sharma is included in the notice convening the Annual General Meeting.

## Particulars of Employees

Information as prescribed by Section 217(2A) of the Act, read with Companies (Particulars of Employees) (Amendment) Rules, 2002 is given as an **Annexure-I** to this Report.

## Additional Particulars

The additional particulars as required by Sec. 217(1)(e) of the Companies Act, 1956 are applicable to your company only in respect of Foreign Exchange inflow and outgo.

The details are as follows:

(In Rupees)

Particulars	2009-10	2008-09
Value of Imports – CIF Basis	Nil	218,470
Expenditure in Foreign Currency	7,137,045	3,473,769
Foreign Currency Earnings – FOB basis	131,590,426	147,707,445

## Auditors

M/s. Gokhale & Co., Chartered Accountants, the statutory auditors of the company retire at the conclusion of the ensuing Annual General Meeting and are eligible for reappointment.

## Corporate Governance

A separate report in compliance with clause 49 of the Listing Agreement with the Stock Exchange along with Auditors' certificate on corporate governance is annexed as **Annexure-II** to, and forms a part of this Report.

## Management Discussion and Analysis Report

The Management Discussion and Analysis Report is annexed as **Annexure III** to this Report.

## Acknowledgements

Your Directors wish to place on record their appreciation of the excellent enthusiastic support received from the team of dedicated employees in the activities of your Company.

**For and on behalf of the Board**

Date: 12 August, 2010

### Registered Office:

1-8-617/2 Prakasham Nagar, Begumpet  
Hyderabad - 500 016.

**Sanjiv Gupta**  
Chairman

**Statement pursuant to Section 212(e) of the Companies Act, 1956,  
relating to Subsidiary Companies.**

<b>Name of the Subsidiary</b>	<b>Pressmart Media Ltd</b>	<b>Pressmart Media Inc., USA</b>
Financial Year ended on	31 <sup>st</sup> March, 2010	31 <sup>st</sup> March, 2010
Shares of the Subsidiary Company held on the above date and the extent of holding		
i. Number of Shares	52,57,924	1,00,000
ii. Extent of Holding	71.74% of Equity. Pressmart total issued & paid up equity shares : 73,29,048	100% (wholly owned by Pressmart Media Ltd)
Net Aggregate amount of profits/ (losses) of the subsidiary for the above financial year so far as they concern members of Bodhtree Consulting Ltd.		
i. Dealt within the accounts of Bodhtree Consulting Ltd.	Nil	—
ii. Not dealt within the accounts of Bodhtree Consulting Ltd.	Loss of ₹ 754.54 lakhs (based on equity holdings)	—
Net Aggregate amount of profits/ (losses) of the subsidiary for the previous financial year so far as they concern members of Bodhtree Consulting Ltd.		
i. Dealt within the accounts of Bodhtree Consulting Ltd.	Nil	—
ii. Not dealt within the accounts of Bodhtree Consulting Ltd.	Loss of ₹ 734.37 lakhs (based on equity holdings)	—

**For and on behalf of the Board**

Place: Hyderabad  
Date: 12 August, 2010

**Sanjiv Gupta**  
(Chairman)

## Annexure I to the Directors' Report

Information as per Section 217(2A) of the Companies Act, 1956, read with the Companies (Particular of Employees) Rules, 1975, and forming part of the Directors' Report for the year ended March 31, 2010.

Sl.No	Employee Name	Designation	Qualification	Age (Yrs)	Experience (Years)	Joining Date	Gross Remuneration (₹)	Previous employment and designation
1	Akila Jaikumar	Director (Operations)	Ph. D from the Indian Institute of Science, Bangalore	50	Over 20years experience in scientific research, IT product and services companies	1 <sup>st</sup> December 2007.	26,90,323/-	Head, Business Unit 1, in Virtusa India Pvt Ltd.
2	H. Natarajan	Director (Corporate Affairs)	B.Com (Hons), FCS	56	Over 31 years of professional experience	5th January 2009.	25,78,270/-	Practicing Company Secretary
3	Raghavan Madabhushi	Head, SOA-DW	MBA	38	Over 13 years professional experience	13th December 2002	3,061,533/-	DBA at Ecom Server

**Notes:**

1. Remuneration includes basic salary, commission, allowances, taxable value of perquisites etc.
2. The employees listed (sl No. 1 & 2) are the directors of the company, none of them being relative inter-se between them.
3. The employment has been made by the Board in compliance with Schedule XIII of the Companies Act, 1956, after being considered by the Remuneration committee.

**For and on behalf of the Board**

**Sanjiv Gupta**  
(Chairman)

Place: Hyderabad  
Date: 12 August, 2010.



## Annexure II to the Directors' Report

### Report on Corporate Governance

(in compliance with Clause 49 of the Listing Agreement)

#### I. Company's Philosophy on Corporate Governance

The philosophy of the Company towards Corporate Governance is one of whole-hearted support for its adherence in letter and spirit. The Company firmly believes that the Code of Corporate Governance not only ensures transparency, but also helps the management to maintain good housekeeping.

#### II. Board of Directors

No	Category	Name
1	Promoter (Non-Executive Chairman)	Sanjiv Gupta
2	Non Promoter – Executive	H. Natarajan Director- Corporate Affairs
	– Non-Executive	Muktesh Sharma Kamlesh Gandhi (Joined as Director w.e.f 28th August, 2009)

During the year under review, seven Board meetings were held, on 29th May 2009, 30th June 2009, 31st July 2009, 28th August 2009, 29th September 2009, 26th October 2009, and 27th January 2010. The details of the attendance of the Directors at the Board Meetings are as follows:

Name of the Director	Attendance particulars			No of other Directorships and Committee member / Chairmanship		
	Board Meetings		Last AGM	Other Directorships (Public Companies)	Committee member-ships	Committee chairman-ships
	Held	Attended				
Sanjiv Gupta	7	6	Yes	1	1	1
Gusti Noria	7	4	Yes	1	2	1
Muktesh Sharma	7	7	Yes	None	None	None
H Natarajan	7	7	Yes	None	None	None
Akila Jaikumar	7	4	Yes	None	None	None
Kamlesh Gandhi*	4	4	Yes	5	2	None

\* Number of Meeting after his appointment as Director

#### III Audit Committee

During the year under review, the Audit Committee comprised of Mr. Muktesh Sharma as Chairman and Mr. Gusti Noria and Mr. Sanjiv Gupta as members. Mr. Kamlesh Gandhi replaced Mr. Sanjiv Gupta as a member of the committee with effect from 28th August 2009 and was subsequently elected chairman of the committee. With the resignation of Mr. Gusti Noria as director from 28th May 2010, Mr. Sanjiv Gupta has been inducted as a member of the committee from the said date.

The terms of reference of this Committee are as required by SEBI under clause 49 of the Listing Agreement. During the period under review, the Committee met 5 times, on 29th May 2009, 30th June 2009, 31st July 2009, 26th October 2009 and 27th January 2010. The Internal Auditor and the Statutory Auditor are invited to the Meetings of the Committee. The attendance particulars of the members in the Audit Committee meeting during the year under review are as follows:

Name of the Director	No. of Audit committee meetings held during tenure	Attended
Muktesh Sharma	5	5
Gusti Noria	5	3
Sanjiv Gupta	3	2
Kamlesh Gandhi	2	2

#### IV Remuneration Committee

The Remuneration Committee of the Board consists of Mr. Muktesh Sharma as the Chairman and Mr. Kamlesh Gandhi and Mr. Sanjiv Gupta as members. Mr. Gusti Noria who was earlier the chairman of the said committee ceased to be a member on his resignation as director from 28th May, 2010 and Mr. Sanjiv Gupta was appointed as a member to fill the resultant vacancy from the said date.

The Committee reviews the remuneration of the directors and senior executives, and formulates the remuneration policy. There was one meeting of the committee during the period under review, on the 29th September 2009 in which all the members were present. In the said meeting, the committee reviewed the remuneration of the Wholtime Director (Operations) of the company.

During the period under review, the remuneration paid to Dr. Akila Jaikumar, Wholtime Director (Operations) and Mr. H. Natarajan, Director (Corporate Affairs) is as follows:

Details	Mr. H. Natarajan ( ₹ )	Dr Akila Jaikumar ( ₹ )
Salary	1,530,000	2,017,742
House Rent Allowance	510,000	672,581
Commission	538,270*	-

\* The commission amount of Rs.538,270/- shall be paid only after adoption of the audited accounts by the shareholders.

The Company has not been paying any remuneration to non-executive Directors except sitting fee for attending each meeting of the Board of Directors of the Company and Committees thereof. The details of sitting fees paid to the non-executive directors during the financial year 2009-10 and their shareholding as on 31 March, 2010 are given below:

Non-executive Directors	Sitting Fees ( ₹ )	No. of shares held
Gusti Noria	24000	5000
Muktesh Sharma	36000	7000
Kamlesh Gandhi	36000	Nil
Sanjiv Gupta	18000	694500

None of the non-executive directors have any pecuniary relationship or transaction with the company.

#### V Shareholders Committee

This Committee consists of Mr. Muktesh Sharma as Chairman and Mr. H Natarajan and Mr. Sanjiv Gupta as members. The committee met three times on on 29th May 2009, 29th September 2009 and 27th January 2010. The functions of the Shareholders Committee are to consider the complaints and grievances of the shareholders and take steps for redressal of their grievances. There are neither any shareholder complaints nor any shareholder grievances pending resolution as on date of this report. The designated compliance officer is Mr. Bidhan Ch Debata, Company Secretary.