

30th
ANNUAL REPORT

2011-2012



CONTENT

	Page No.
Board of Directors	2
Notice	3
Directors' Report	4
Auditor's Report	15
Balance Sheet	17
Profit & Loss Statement	18
Cash Flow Statement	19
Notes Forming Integral Part of the Balance Sheet	20
Proxy Form	33

Board of Directors

Mr. Sanjiv Gupta	:	Chairman
Mr. Pal Natarajan	:	Managing Director
Mr. Muktesh Sharma	:	Director
Mr. Vikram Simha T	:	Director
Mrs. Aruna Rani E	:	Director
Mr. Sriram N	:	Director
Mr. Prasad Rao CH.D.V.V	:	Director

GM-Legal & Company Secretary

Mr. Satish Babu TV

Auditors

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

Bankers

HDFC Bank Ltd

Registered Office

First Floor, Wing 2A, Maximus Towers
Mind Space, K. Raheja IT Park,
Madhapur, Hyderabad-500081
Phone: 040-66547000
Fax: 040-66547029
Email sturlapati@bodhtree.com / cosecy@bodhtree.com
Website: www.bodhtree.com

Registrar & Share Transfer Agents

Karvy Computershare Private Limited
Plot No 17 to 24, Vittalrao Nagar
Madhapur, Hyderabad-500081
Phone: 040-44655000
Fax: 040-23420814
Email: einward.ris@karvy.com

NOTICE

Notice is hereby given that the Thirtieth Annual General Meeting of **Bodhtree Consulting Limited** will be held at Crystal-II Hall, Hotel Aditya Sarovar Premiere, Hitech City, Gachibowli, Hyderabad-500032, Andhra Pradesh, INDIA, on **Friday, the 28th September, 2012 at 11 A.M.** to consider the following business:

ORDINARY BUSINESS:

1. To receive consider and adopt the Audited Balance Sheet of the Company as at 31st March 2012, the Profit & Loss Account for the year ended on that date, and the Report of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Muktesh Sharma, Director who retires by rotation, and is eligible for re-appointment.

3. To appoint a Director in place of Mr. Sriram N, Director who retires by rotation, and is eligible for reappointment.
4. To appoint M/s. Gokhale & Co., Chartered Accountants, Hyderabad as Auditors to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting of the Company, on such remuneration as may be decided by the Board of Directors.

By Order of the Board

Place : Hyderabad
Date : 3rd August, 2012

Satish Babu
GM-Legal &
Company Secretary

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE AT THE MEETING INSTEAD OF HIMSELF. A PROXY SO APPOINTED NEED NOT BE A MEMBER OF THE COMPANY.
2. Proxies, in order to be valid and effective, must be delivered at the registered office of the company not later than 48 hours before the commencement of the meeting. The Proxy form is attached separately.
3. The register of members and share transfer books of the company will remain closed from **24th September, 2012, to 28th September, 2012** (both days inclusive).
4. Members having physical shares are requested to notify immediately changes, if any, in their addresses to the Company, duly quoting their folio number. However, members holding shares in demat mode are requested to approach their respective Depository Participants, for updating the change of address.
5. Consequent upon the introduction of Section 109 A of the Companies Act, 1956, shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nominations are requested to send their request in Form No. 2B in duplicate to the company.
6. Pursuant to the requirements on the Corporate Governance under the listing agreement entered into with Stock Exchange, the information about the Director proposed to be re-appointed is given in the annexure to the notice.
7. Members are requested to bring their copy of the Annual Report to the meeting.
8. Members desirous of getting any information about the accounts and / or operations of the company are requested to write to the company at least seven days before the date of the meeting to enable the company to keep the information ready at the meeting.
9. All the documents referred to in the Notice and explanatory statement will be available to the members

at the Registered Office of the company between 10.30 A.M to 12.30 P.M on all working days from the date hereof up to the date of the Meeting.

10. A brief profile of the Directors, retiring by rotation, pursuant to Clause 49 of the Listing Agreement, is provided hereunder:

Mr. Muktesh Sharma:

Mr. Muktesh Sharma has vast knowledge in stock broking and related areas over three decades. He is currently acting as Business Partner for Karvy Stock Broking, a top-rung financial services company. The Board is of the view that Mr. Muktesh's association would be of immense help to the Company's operations.

The Board recommends the necessary resolution for your approval. None of the Directors of the Company except Mr. Muktesh Sharma is concerned or interested in the resolution.

Mr. Muktesh Sharma holds 5000 shares of the Company.

Mr. Sriram N:

Mr. Sriram Nimmagadda is a holder of graduate in BE in Automobile branch. He has vast commercial experience in engineering field for more than a decade. The Board is of the view that Mr. Sriram's association would be of immense help to the Company's operations, expansion and diversification proposals, if any.

The Board recommends the necessary resolution for your approval. None of the Directors of the Company except Mr. Sriram is concerned or interested in the resolution.

Mr. Sriram does not hold any shares of the Company.

By Order of the Board

Place : Hyderabad
Date : 3rd August, 2012

Satish Babu
GM-Legal &
Company Secretary

DIRECTORS' REPORT

Dear Members,

Your Directors take pleasure in presenting the Thirtieth Annual Report on the operations of your Company and the Audited Accounts for the financial year ended 31st March, 2012, together with the Auditors' Report thereon.

PERFORMANCE OF THE COMPANY:

Your Company's results for the year in comparison with the previous year are given below in a summarized format:

(₹ in Lakhs)

PARTICULARS	2011-12	2010-2011
Income from Operations	4,343.22	2,121.15
Other Income	78.53	71.77
Total Income	4,421.75	2,192.92
Operating Expenditure	4,181.67	2,156.78
Profit (Loss) before depreciation & Tax	240.08	36.14
Depreciation	81.98	76.15
Operating Profit (Loss)	158.10	(40.01)
Prior Period & Exceptional Items	94.43	(9.99)
Profit before Tax & Extra-Ordinary Items	63.67	(50.00)
Extra-ordinary Items	0	(236.43)
Tax Expense / (Reversal)	56.28	(78.32)
Profit (Loss) after tax	7.39	(208.11)

FINANCIAL PERFORMANCE:

The Total Income increased to ₹ 4,343.22 Lakhs from ₹ 2,121.15 Lakhs in the previous year. The Operating profit amounted to ₹ 158.10 Lakhs (3.6% of revenue) as against operating loss of ₹ 40.01 Lakhs (1.8% of revenue) in the previous year. The Profits of the company increased primarily due to addition of strong projects from one of company's key customers.

DIVIDEND:

Your Directors regret to inform that they do not recommend any dividend for the financial year 2011-12.

MANAGEMENT DISCUSSION & ANALYSIS:

INDUSTRY STRUCTURE AND DEVELOPMENT:

According to Nasscom's Strategic Review 2012, released in February, the Indian IT-BPO sector crossed aggregate revenue of \$100 billion (around ₹ 5.3 trillion today) in fiscal 2012, generating direct employment for more than 2.8 million people.

Further, the industry's growing capabilities around transformative services, new business models and services around disruptive technologies such as cloud, analytics, social media and enterprise mobility, along with the focus on operational efficiencies and non-linearity, have resulted in the growth of India's market share in the global sourcing arena to 58% in 2011 (51% in 2009, and 55% in 2010).

Gartner forecasts the cloud computing market to grow to \$150 billion by 2013. Also, the Business Intelligence market combining analytics and data warehousing is growing at the rate of nine percent per year.

These new technologies, coupled with the popularity of social media tools and the use of personal mobile devices in enterprises (Bring Your Own Device trend), are giving rise to new models. As organizations embark upon this journey with enhanced focus on the customer, they are adopting agile methods focusing on operational excellence through ongoing innovation, diversification, renewed partnerships and new business models.

OPPORTUNITIES AND THREATS:

India continues to hold its position as a leader in the global sourcing industry with a market share of 58% in 2011. While cost remains a key sourcing driver, India's value proposition includes unparalleled human capital, unique customer centricity, supportive ecosystem and a secure environment.

However, the perception among global customers is that outsource ₹ availing IT services from India are being exposed to geographic concentration risks. Costs are expected to rise with wage inflation and increased attrition putting pressure on the margins.

Nasscom comments that in reality, India stands a far better chance of adopting concentrated risk mitigation strategies owing to its size and diversity of geographic landscape. Also, from a long term perspective India will continue to maintain its cost advantage owing to the significant differential in absolute wages of IT professionals in US and India. One of the most critical factors that are keeping India's position intact is its highly qualified human capital that is growing exponentially every year.

SEGMENT-WISE AND PRODUCT-WISE PERFORMANCE:

Your company focuses on four key segments: **Product Engineering, Analytics, Cloud and Enterprise Services**, all of which are expected to grow at a significantly high rate in the future.

OUTLOOK AND FUTURE ROADMAP:

Indian IT services exports are expected to grow to \$40 billion in 2012, of which project oriented consulting and application outsourcing will account for \$37 billion. Additionally, cloud computing, mobile enablement of applications, analytics including Big Data will be the key drivers for new opportunities.

With our focus areas, your company is very well positioned to remain competitive in the market.

Your company will make significant investments in acquiring talent and building competencies in emerging areas such as Analytics, Big Data, etc. With our customers willing to deploy technologies to increase collaboration and enhance business agility, while maintaining highest security standards, our solutions are uniquely positioned to deliver significant value across levels.

The company also extends partnerships with Salesforce.com, Oracle, etc. to scale up and create new business opportunities in future.

RISKS AND CONCERNS:

The following lists our risk and concerns:

- Our revenues are highly dependent on clients primarily located in the U.S. and Europe, and an economic slowdown or other factors that affect the economic health of the U.S. or Europe may affect our business.
- Our success depends largely upon our highly skilled technology professionals and our ability to hire, attract, motivate, retain and train our personnel.
- Intense competition in the market for technology services could affect our cost advantages, which could reduce our share of business from clients and may decrease our revenues.
- We are investing substantial cash assets in new facilities and physical infrastructure, and our profitability could be reduced if our business does not grow proportionately.
- We may engage in acquisitions, strategic investments, strategic partnerships or alliances or other ventures that may or may not be successful.
- Wage pressures in India and the hiring of employees outside India may prevent us from sustaining our competitive advantage and may reduce our profit margins.

OVERVIEW OF OPERATIONS:

The financial performance of the company has been improved compared to the previous year. The revenues have increased by 104%. The company has invested huge amounts for development of better infrastructural facilities in long term point of view. Due to this, the company has booked a profit of only ₹ 7.39 lakhs before tax and extra ordinary items.

ACCOMPLISHMENTS:

Your Company has added significant number of new customers to its portfolio in 2012 and the average revenue

growth over the last one year has been 104%. Additionally we have kicked off several initiatives to establish robust and flexible IT infrastructure, implement turn-key business applications and enhance security to streamline operations and improve employee productivity across locations.

The company rolled out its new and innovative solution strategy around four focus areas - Product Engineering, Analytics, Cloud and Enterprise Services. Growing its position in global markets and strengthening its equity in existing markets, your company has received highest customer satisfaction ratings from several customers last year.

Additionally, the company's development centers in India are undergoing a CMMi Level 3 assessment, which will be a new milestone for us to demonstrate our commitment towards quality and customer service. We have successfully completed two checkpoint reviews till date and the third one is underway.

Lastly, the company has been adjudged as a winner of the prestigious Channel World Premier 100 awards 2012, for the second time in a row. This award recognizes our ability to build resolute teams, accelerate innovation, effectively tackle issues of scale and continue to maximize customer delight even during increasingly uncertain times.

In the attempt of building a world-class organization, we have been consistently increasing employee engagement across levels in the organization via ongoing internal communications, awareness drives, dissemination of vision and core values, and promoting collaboration across locations.

As we embark on our journey with enhanced focus on customer satisfaction, your company will continue to strengthen its position in our key solution areas, verticals and geographies. Our aim is to help our customers address complex business challenges and transform their business for growth. To accomplish this we strive to deliver value and enhance operational efficiencies for our customers and partners. We will continue to hire and retain versatile and talented professionals to build a world-class team.

We intend to grow our brand and increase our customer base, which requires constant investments towards infrastructure development, talent acquisition, process maturity and technology enhancements.

We will continue to innovate and build solutions/IP that will enable us to gain a competitive edge and grow in global markets.

Your company is a Global IT Consulting firm with the following focus areas:

- Offer world class services spanning - Product Engineering, Analytics, Cloud Services and Enterprise Services
- Build and enhance our IP/Solutions to gain a competitive edge

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY:

The members are informed that the Company has been accredited with quality standards of ISO 9001:2008. Apart from this, the Company has adequate internal controls commensurate with the size and operations.

Periodical internal quality audits and management review meetings ensure successful implementation of the Quality Management System. The ISO 9001: 2008 compliance will seamlessly integrate all the intra and inter-departmental activities of the organization, simultaneously ensuring effective monitoring of the operations of the organization. Surveillance audit for continuation of ISO certification will be conducted by external auditors.

In addition, the Company has appointed independent Internal Auditors to carry out the internal audit on a regular basis. The internal audit is supplemented by external audit, and periodic review by the Management.

INDUSTRIAL RELATIONS:

Your Company has had harmonious relations throughout the year at all levels of the organization, and would endeavor to maintain this cordial relationship in the future. Your Directors wish to place on record their deep sense of appreciation for the valuable work done and cooperation extended by the employees at all levels.

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 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 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.

DEPOSITS:

During the year, the Company has not accepted any deposits covered under the provisions of Section 58A of

the Companies Act, 1956, read with Companies (Acceptance of the Deposit Rules), 1975.

HUMAN RESOURCES:

Your company has rationalized its human resources effectively. The Company can boast of a stable core team of professionals, who have been steadfast in their loyalty to the company. The approach of the company has been to nurture talent and inculcate a sense of belonging amongst its personnel.

As on 31st March, 2012, the Company employs 536 persons including trainees.

DIRECTORS' RESPONSES ON THE QUALIFICATION MADE BY THE STATUTORY AUDITORS IN THE AUDITORS REPORT:

No quantification has been done on the fall of investments made in Pressmart Media Ltd. The Board of Directors is of the view that appropriate provision will be made in the books of accounts once the quantification is done. The loss of the subsidiary company has come down by 36.10% against the losses of previous financial year of that company. Keeping in view of this, steps will be initiated for determining the value of investments in Pressmart Media Ltd.

SUBSIDIARIES AND JOINT VENTURES:

The Company does not have any subsidiaries, as on date. It has a joint venture with Learnsmart (India) Private Limited.

DIRECTORS:

Mr. Muktesh Sharma and Mr. Sriram N, Directors, will retire at this General Meeting and being eligible offers themselves for re-appointment. The Board recommends for re-appointment. Brief profiles of Directors retiring by rotation are provided.

PARTICULARS OF EMPLOYEES:

The particulars of employees, which are required to be given under Sec 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Amendment Rules, 2011:

- | | |
|--|-----|
| a. Particulars of employees who are in receipt of ₹ 60 lakhs or more per annum | NIL |
| b. Particulars of employees employed for a part of the financial year with a salary of ₹ 5 lakh or above per month | NIL |

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 ₹)

Particulars	2011-12	2010-11
Value of Imports-CIF Basis	Nil	Nil
Expenditure in Foreign Currency	3,745,370	27,261,703
Foreign Currency Earnings-FOB basis	273,266,648	147,660,333

AUDITORS:

M/s. Gokhale & Co., Chartered Accountants, present Statutory Auditors of the Company, retires at ensuing Annual General Meeting and being eligible offers themselves for re-appointment as Statutory Auditors of the Company. Necessary confirmation has been received to the effect that their appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

CORPORATE GOVERNANCE:

Attention of the members is drawn to Annexure-II to this Report dealing with the practices of Corporate Governance, being followed by the Company. A certificate from the Statutory Auditors of the Company regarding compliance of the conditions of the Corporate Governance, as stipulated under Clause 49, also forms part of this Annual Report.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

The Management Discussion and Analysis Report are also part of this Report.

ACKNOWLEDGEMENTS:

Your Directors express their sincere appreciation and gratitude to HDFC Bank, Banjara Hills Branch, Hyderabad, for their continued support and to all employees, shareholders, customers and various statutory authorities, who have extended their immense support to the Company.

For and on behalf of the Board

Place : Hyderabad

Date : 3rd August, 2012**Pal Natarajan**
Managing Director**Aruna Rani E**
Director

ANNEXURE - II TO THE DIRECTORS' REPORT

Report on Corporate Governance

(Pursuant to Clause 49 of the Listing Agreement)

I. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

Your Company believes in providing highest transparency, and ethical values in Corporate Governance. It endeavors to fulfill the Code of Corporate Governance by taking into consideration the interests of shareholders, employees, lenders and customers. The Company will strive for the adherence to the Corporate Governance philosophy and contribute to the betterment of all stakeholders along with the betterment of the Company. The Company has also adopted Code of Conduct for the Board of Directors and other Senior Level Management, which has been posted on the Company's Website.

II. BOARD OF DIRECTORS:**i. Composition:**

The Board of Directors of the Company consists of:
 One Promoter Non-Executive Director as Chairman
 One Non Promoter Executive Director
 Two Non Promoter Non-Executive Directors
 Three Non-Promoter, Non-Executive and Independent Directors

No Director is related to any other Director on the Board in terms of the definition of 'relative' given under the Companies Act, 1956

ii. Attendance of each Director and other details:

Name of the Director	Attendance particulars			No of other Directorships and Committee membership / Chairmanship		
	Board Meetings		Last AGM	Other Directorships (Public Companies)	Committee memberships	Committee chairmanships
	Held	Attended				
Sanjiv Gupta	6	6	No	0	0	0
Pal Natarajan #	6	1	Yes	0	0	0
Muktesh Sharma	6	5	Yes	0	0	0
Narsi Reddy G *	6	2	--	--	--	--
Kamlesh Gandhi **	6	2	--	--	--	--
Vikram Simha T ##	6	1	No	1	0	1
Aruna Rani E ^	6	5	Yes	0	0	0
Sriram N	6	6	Yes	0	0	0
Prasad Rao CH ^^	6	3	--	2	0	0

* up to 01.09.2011
w.e.f 06.05.2011

** up to 19.09.2011
^ w.e.f 06.05.2011

w.e.f 05.09.2011
^^ w.e.f 05.09.2011

iii. Number of Board Meetings held during the financial year 2011-12, along with the dates:

During the financial year 2011-12, total six Board meetings were held, as against minimum requirement of four. The details of Board meetings are as under:

- | | | |
|---------------|---------------|---------------|
| 1) 06.05.2011 | 2) 12.08.2011 | 3) 05.09.2011 |
| 4) 09.11.2011 | 5) 09.02.2012 | 6) 27.03.2012 |

III. AUDIT COMMITTEE:**i. Brief description of terms of reference:**

The Committee comprises of Non-Executive Independent Directors and has been formed to monitor and provide effective supervision of the financial control and reporting process. The terms of reference of the Committee covers the matters specified for Audit Committee under Clause 49 of the Listing agreement as well as section 292A of the Companies Act, 1956. This inter- alia, include review of the financial reporting process, internal audit process, adequacy of internal control systems, management audit and risk management policies and also recommend appointment of the statutory auditors and their remuneration. Company Secretary is the Secretary of the Committee.

ii. Composition: Chairman, members & attendance:

The constitution of Audit Committee and attendance is as follows:

S. No	Name of Director	Category	Designation	No. of meetings attended out of five
1	Muktesh Sharma	Independent Director	Chairman	4
2	Kamlesh Gandhi	Independent Director	Chairman	2
3	Sanjiv Gupta	Non-Executive Director	Member	3
4	Sriram N ^	Independent Director	Member	2
5	Aruna Rani E ^	Non-Executive Director	Member	2

*up to 19.09.2011

** up to 05.09.2011

^ w.e.f 05.09.2011

iii. During the financial year 2011-12, the Audit committee met four times on the following dates:

1) 06.05.2011 2) 12.08.2011 3) 05.09.2011 4) 09.11.2011 5) 09.02.2012

IV. REMUNERATION COMMITTEE:**i. Brief description of terms of reference:**

The Company does not remunerate the Non-Executive Directors of the Company except for the payment of sitting fees for attending such meetings of the Board or Committees thereof. Remuneration of the Executive Directors is recommended by the Remuneration Committee to the Board and approved by the shareholders.

ii. Composition of Committee and attendance:

During the financial year 2011-12, the Remuneration Committee met on 05.09.2011 & 01.11.2011 to approve the remuneration payable to Managing Director and Executive Vice-President-Operations.

The Remuneration Committee consists of the following Non-Executive Independent Directors:

S. No	Name of Director	Designation
1	Muktesh Sharma	Chairman
2	Sriram N	Member
3	Aruna Rani E	Member

iii. Details of remuneration to all the Directors:**a) The aggregate of salary & perquisites paid for the year 2011-12 to the Managing Director is as under:**

Pal Natarajan: Managing Director : ₹ 1,716,667

b) The aggregate of sitting fees paid to the Non-Executive Directors is as under:

Mr. Sanjiv Gupta	:	₹ 48,000
Mr. Muktesh Sharma	:	₹ 48,000
Mr. Vikram Simha T	:	₹ --
Mrs. Aruna Rani E	:	₹ 30,000
Mr. Sriram N	:	₹ 6,000
Mr. Prasad Rao CH	:	₹ 18,000
Mr. Kamlesh Gandhi	:	₹ 24,000

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