

**NET ACCESS(INDIA)PRIVATE
LIMITED**

ANNUAL REPORT 2009 - 2010

NET ACCESS (INDIA) PVT LTD.

(a public company under section 3 (i)(iv)(c) of the Companies Act 1956)

BOARD OF DIRECTORS

M M MURUGAPPAN, Chairman
M R G APPA RAO
K SRINIVASAN
V RAMESH

BANKERS

BANK OF BARODA

AUDITORS

P N NARAYANASWAMY & CO,
CHARTERED ACCOUNTANTS
CHENNAI

REGISTERED OFFICE

'Parry House' VI Floor,
43, Moore Street,
Chennai 600 001.

Report of the Directors of Net Access (India) Pvt. Ltd

Your Directors have pleasure in presenting the Thirteenth Directors' Report of the company along with the financial results for the year ended 31st March 2010.

OPERATIONS AND FINANCIAL HIGHLIGHTS

Total sales grew marginally by 5% to Rs. 1013 Lakhs compared to the previous year. The market condition was very volatile during the financial year with customers postponing their decision on purchase of products and services, which resulted in lower growth in sales. There was continuous pressure from the customers on the price. Cost control measures provided results and as a result the Profit before tax for the current financial year increased by 34.64% to Rs. 144 lakhs.

The following appropriations are from the profits are recommended

Available for Appropriation	Amount in Rs.
Profit after tax	9,689,865.45
Add : Balance brought forward from the previous year	<u>3,181,634.60</u>
Profits available for appropriations	<u>12,871,500.05</u>
Recommended appropriations	
Transfer to General Reserve	484,493.27
Dividend (Recommended) @ Rs. 1.5 per equity share	2,400,000.00
Dividend tax	<u>398,610.00</u>
Balance carried forward	<u>9,588,396.78</u>

DIRECTORS

Mr. M M Murugappan, Mr. K Srinivasan and Mr. V Ramesh retire at the forthcoming Annual General Meeting as per Article 21 of the Articles of Association of the Company and they are eligible for re-election. Mr. M R G Appa Rao holds office for life as per the said Article 21.

AUDITORS

M/s P N Narayanaswamy & Co, Chartered Accountants, Chennai, Auditors of the Company, retire at the ensuing Annual General Meeting of the Company and have confirmed their eligibility and willingness to accept office if re-appointed.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors to the best of their knowledge and belief confirm that:

- In the preparation of the Profit & Loss Account for the financial year ended 31st March 2010 and the Balance Sheet as at that date ("financial statements") applicable accounting standards have been followed

- Appropriate accounting policies have been selected and applied consistently and such judgments and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit of the company for that period.
- Proper and sufficient care has been taken 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.
- The financial statements have been prepared on a going concern basis

GENERAL

The statement of particulars of employees required in terms of Section 217 (2A) of the Companies Act, 1956 and the rules framed thereunder has not been appended as there were no employees covered by such rules.

There are no particulars to be disclosed in respect of conservation of energy and technology absorption under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988. During the year, the foreign exchange earnings was Rs.4,31,000/- and the expenditure in foreign currency was Rs. 2,13,000/-

The compliance certificate as required under Section 383A of the Companies Act, 1956 obtained from a Company Secretary in wholetime practice is annexed.

CORPORATE GOVERNANCE VOLUNTARY GUIDELINES

The Ministry of Corporate Affairs recently announced a set of voluntary guidelines on Corporate Governance. The Company, in line with its stated policy of being committed to the principles and practices of good corporate governance, is in compliance with a number of these guidelines, as reported in the earlier paragraphs. With regard to the remaining guidelines, as applicable to the Company, the Company is in the process of evaluating the feasibility for implementation progressively.

ACKNOWLEDGEMENT

The Board records its appreciation for the support received from customers, Bank of Baroda, Carborundum Universal Ltd. and also to all employees for their efforts.

For and on behalf of the Board

**S/d
M M Murugappan
Chairman**

Chennai
23rd April 2010

P.N. Narayanaswamy & Co.

Chartered Accountants

P.N. Narayanaswamy, B.Com., F.C.A.,
Mala Narayanaswamy, F.C.A., D.I.S.A

2, Ambadi Apartments, III Floor,
First Cross Street, East Shenoy Nagar,
Chennai - 600 030

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Date: 23rd April 2010

AUDITORS' REPORT TO THE MEMBERS OF M/s NET ACCESS (INDIA) Private Limited.

We have audited the attached Balance Sheet of the Company as at 31st March, 2010 and the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with 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.

1. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India, in terms of sub - section (4 A) of section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraph 4 & 5 of the said Order.

2. Further to our comments in the Annexure referred to 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 purpose of our Audit;
- ii) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books;
- iii) The Balance Sheet and the 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 Profit and Loss Account and Balance Sheet comply with Accounting Standards referred to in sub - section (3c) of Section 211 of the Companies Act, 1956;

(contd... 2)



v) On the basis of the written representations received from the Directors as on 31st March, 2010, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2010 from being appointed as a Director in terms of clause (g) of sub-sec.(1) of Section 274 of the Companies Act, 1956;

vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :

I) In the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2010 and

II) In the case of Profit and Loss Account, of the profit for the year ended on that date; and

III) In the case of the Cash Flow Statement, of cash flow for the year ended on that date.

For P.N. Narayanaswamy & Co.
Chartered Accountants

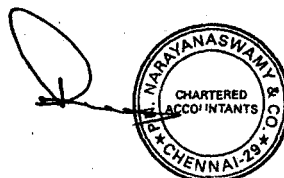


(P.N. Narayanaswamy - Partner) M.no. 020221

ANNEXURE TO THE AUDITORS' REPORT FOR THE YEAR ENDED 31st MARCH, 2010
REFERRED TO IN PARAGRAPH 1 OF AUDITORS' REPORT OF EVEN DATE

- i) a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.
- b) The Fixed Assets were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- c) The company has not sold or discarded any fixed assets during the year.
- ii) In respect of its inventories:-
- a) As explained to us, inventories were physically verified by the management at reasonable intervals.
- b) In our opinion and according to the information and explanations given to us, the procedure of physical verification of inventories followed by the management were reasonable and adequate.

- c) In our opinion and according to the information and explanations given to us, the company has maintained proper records of its inventory.
- iii) The Company has neither granted nor taken loans, secured or unsecured, to or from Companies, Firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
- iv) There is an adequate internal control system, commensurate with the size of the company and the nature of its business for the purchase of fixed assets.
- v) This item does not arise as there are no transactions exceeding the value of five lakh rupees in respect of any party covered in the register to be maintained under section 301 of the companies act, 1956, during the financial year under consideration.
- vi) The Company has not accepted any Deposits from the Public.
- vii) The company has an internal audit system commensurate with the nature and size of its business.
- viii) Maintenance of cost records has not been prescribed in respect of the company.
- ix) The company has been regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, service tax, and tax deducted at source with the appropriate authorities and there are no arrears of outstanding statutory dues as at the last day of the financial year concerned for a period of more than six months from the date they became payable.
- ix) As at the end of the year, the Company does not have accumulated losses and has not incurred cash loss during the current and in the immediately preceding financial year.
- xi) The company has not defaulted in repayment of dues to any financial institution or bank or debenture holders.
- xii) The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- Xiii) This clause is not applicable.
- xiv) The company is not dealing in or trading in shares, securities, debentures and other investments.
- xv) The company has not given any guarantee for loans taken by others from banks or financial institutions.
- xvi) Term loans were applied for the purpose for which the loans were obtained.



xvii) An examination of the books, records and vouchers produced before us, reveal that the funds raised on short term basis have not been used for long term investments and vice versa.

xviii) The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301.

Xix and xx) Are not applicable.

xxi) To the best of our knowledge and belief and according to the information and explanations given to us, no material fraud on or by the company was noticed or reported during the year.

For P.N. Narayanaswamy & Co.,
Chartered Accountants



Place : Chennai

Date : 23.04.2010

(P.N. Narayanaswamy - Partner) M.no. 020221

Net Access India Pvt Ltd			
Balance sheet as at 31st March 2010			
SOURCES OF FUNDS	Schedule		Previous 31.03.09
SHARE HOLDERS' FUNDS			
Share capital	1	16,000,000.00	16,000,000.00
Reserves and Surplus		12,871,500.05	3,181,634.60
LOAN FUNDS			
Long term lease liability		2,042,076.00	3,478,902.00
Total		30,913,576.05	22,660,536.60
APPLICATION OF FUNDS			
FIXED ASSETS	2		
Gross block		24,158,770.56	21,695,014.06
Less Depreciation		-14,247,443.92	-12,671,025.92
Net Block		9,911,326.64	9,023,988.14
Add capital work in progress at cost		0.00	0.00
		9,911,326.64	9,023,988.14
INVESTMENTS	3	4,523,974.64	
CURRENT ASSETS, LOANS & ADVANCES			
Inventories-Stock-in-trade		295,082.00	209,650.00
Sundry debtors	4	8,795,642.29	15,827,976.79
Cash in hand		16,255.00	154,201.63
Balance with Scheduled Banks in current account		1,570,543.00	2,535,571.15
Fixed Deposit with bank		4,002,500.00	1,002,500.00
Loans & Advances	5	21,135,752.39	14,296,177.50
		35,815,774.68	34,026,077.07
Less CURRENT LIABILITY&PROVISIONS	6	-19,337,499.91	-20,389,528.61
NET CURRENT ASSETS		16,478,274.77	13,636,548.46
MISCELLANEOUS EXPENDITURE			
Preliminary expenditure to the extent not written off		0.00	0.00
PROFIT AND LOSS ACCOUNT		0.00	0.00
Total		30,913,576.05	22,660,536.60
Significant Accounting Policies	13		
Notes on Accounts	14		
Per our Report of even date			
For P.N. Narayanaswamy & Co. Chartered Accountants			
P.N. Narayanaswamy-Partner	M M Murugappan	K.Srinivasan	
M.No.020221	Chairman	Director	
Chennai			
23-04-2010			

Net Access India Pvt Ltd			
Profit and Loss Account for the Year Ended 31st March 2010			
	Schedule		previous 31.03.09
INCOME			
Net Sales	7	5,760,129.30	6,466,263.00
Service Income	8	95,628,070.78	91,137,272.50
Other Income	9	1,279,569.39	639,149.76
		102,667,769.47	98,242,685.26
EXPENDITURE			
Material Cost		5,007,602.00	5,313,156.06
(Accretion)/Decretion to Stock		-85,432.00	-65,050.00
Employees cost	10	32,086,551.00	28,769,572.50
Other costs	11	49,116,855.02	51,770,490.95
Depreciation		1,700,211.00	1,358,060.00
Interest and Finance Charges		402,117.00	371,575.00
		88,227,904.02	87,517,804.51
Net Profit/(Loss)		14,439,865.45	10,724,880.75
Less Provision for FBT		0.00	-202,000.00
Less Provision for IncomeTax		4,750,000.00	-2,929,770.00
Net Profit/(Loss)		9,689,865.45	7,593,110.75
Less/Add Profit(loss) brought forward from previous year		3,181,634.60	-3,007,536.15
Profit available for appropriation		12,871,500.05	4,585,574.60
Dividend-Proposed @ (previous year @ 7.5%)		0.00	-1,200,000.00
Dividend tax		0.00	-203,940.00
		0.00	-1,403,940.00
Balance carried over to Balance Sheet		12,871,500.05	3,181,634.60
E P S-Basic and Diluted(Rs.):Face value Rs.10		6.06	4.75
Significant Accounting Policies	13		
Notes on Accounts	14		
Per our Report of even date			
For P.N. Narayanaswamy & Co.			
Chartered Accountants			
P.N. Narayanaswamy-Partner	M M Murugappan		K.Srinivasan
M.No.020221	Chairman		Director
Chennai			
23-04-2010			

Net Access India Pvt Ltd			
CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2010			
Cash Flow from operation activities			
	Net Profit before Tax		14439865
Add	Depreciation	1700211	
	Interest and Finance charges	402117	
	Bad Debts written off	1021256	
	Provision for doubtful debts/advances	1515300	4638884
Less	Interest Received	200384	
	Dividend received	23695	
	Provision no longer required	1040240	
	Other Income	15251	
	Exchange Fluctuation income	0	1279569
	Operating Profit before working capital changes		17799180
	Adjustment for Trade and Other Receivables	-96300	
	Inventories	(85432.00)	
	Trade Creditors	(4398089.00)	-4579821
	Net Cash Flow from Operating activities		
Cash Flow from investing activities			
	Direct Tax paid	(186000.00)	
	Bad debts written off	(1021256.00)	
	Purchase of Fixed Assets	(2610819.50)	
	Completion of Lease	0	
	Interest received	200383.75	
	Dividend received	23694.64	
	Sale of Fixed Assets	23270	
	Other Income	15251	(3555476)
Cash Flow from Financing activities			
	Borrowings	0	
	Repayment of borrowings	(1436826.00)	
	Interest and Finance charges paid	(402117.00)	
	Investments in Bank Fixed Deposits/Mut	(7523975)	(10766857)
	Dividend payments	(1403940.00)	
	Net increase (+) or decrease (-) in cash and cash equivalents		-1102975
	Cash and cash equivalents-Opening balance	2689773	
	Cash and cash equivalents -Closing balance	1586798	-1102975
Per our Report of even date			
	For P.N.Narayanaswamy-Partner	M.M.Murugappan	K.Srinivasan
	M.No.020221	Chairman	Director
	Chennai		
	Date:23-04-2010		

Net Access India Pvt Ltd		
Schedules to Balance Sheet as on 31-03-2010		
Schedule 1		Previous Year
AUTHORISED		
16,00,000 (Previous year-16,00,000)		
Equity Shares of Rs.10 each	16,000,000.00	16,000,000.00
ISSUED SUBSCRIBED and PAIDUP CAPITAL		
16,00,000 (Previous year-16,00,000)		
Equity Shares of Rs.10 each	16,000,000.00	16,000,000.00
(All the above equity shares are held by the holding company-ie. Carborundum Universal Ltd and its nominees		

Net Access India Pvt Ltd												
Schedules to Balance Sheet as on 31-03-2010												Value in Rupees
Schedule 2												
FIXED ASSETS	Cost											
	Type of Asset	As on 1/4/2009	Additions	Deletions	As on 31-03-2010	As on 1/4/2009	Additions	Deletions	Depreciation		Written down Value	
									As on 31-03-2010	As on 31-03-2010	As on 31-03-2009	
Goodwill	4896145.66	0.00	0.00	4896145.66	4895145.66	0.00	0.00	4895145.66	1000.00	1000.00		1000.00
Plant & Machinery	9799665.65	2352455.00	55000.00	12097120.65	6042827.65	820548.00	31730.00	6831645.65	5265475.00	5265475.00		3756838.00
Leased - Plant & Machinery	4324562.00	0.00	92063.00	4232499.00	726976.00	686824.00	92063.00	1321737.00	2910762.00	2910762.00		3597586.00
Lease - Vehicle	510591.00	0.00	0.00	510591.00	65189.00	46935.00	0.00	112124.00	398467.00	398467.00		445402.00
Furniture & Fixtures	2164049.75	258364.50	0.00	2422414.25	940887.61	145904.00	0.00	1086791.61	1335622.64	1335622.64		1223162.14
Total	21695014.06	2610819.50	147063.00	24158770.56	12671025.92	1700211.00	123793.00	14247443.92	9911326.64	9911326.64		9023988.14
Previous year	18217843.06	3647171.00	170000.00	21695014.06	11482965.92	1358060.00	170000.00	12671025.92	9023988.14	9023988.14		6734877.14

Net Access India Pvt Ltd						
Schedules to Balance Sheet as on 31-03-2010						
Schedule 3						
INVESTMENTS						
SI No.	Description	Quantity in Nos		Nominal Value	Value	
		As at 31-03-2010	As at 31-03-2009	Rs.	As at 31-03-2010	As at 31-03-2009
A	LONG TERM					
I	Quoted (Trade)	0	0		0	0
II	Quoted (Non-Trade)	0	0		0	0
III	Unquoted (Trade)					
a	Equity Shares (fully paid)					
	Ciria India Ltd	1	0	10	530	0
B	CURRENT INVESTMENTS					
	Quoted (Non-Trade)					
a	UTI Mutual Fund	2428.289	0	1000	2523107	0
b	HDFC Mutual Fund	198428.441	0	10	2000337	0
C	Total				4523974	0
a	Quoted Investments					
	Cost				4412573	
	Market Value				4523444	
b	Unquoted Investments- Cost				530	

Schedule 4		
SUNDRY DEBTORS (unsecured)		
Over six months		
Considered good	443,467.34	1,067,756.00
Considered doubtfull	712,481.00	233,000.00
	1,155,948.34	1,300,756.00
Other debts-consider good	8,352,174.95	14,760,220.79
	9,508,123.29	16,060,976.79
Less Provison doubtfuldebts	712,481.00	233,000.00
	8,795,642.29	15,827,976.79
Schedule 5		
LOANS & ADVANCES (unsecured-considered good)		
Advances recoverable in cash /kind		
Considered good	4,625,945.66	4,154,584.34
Considered doubtfull	0.00	4,421.00
	4,625,945.66	4,159,005.34
Less provision for doubtful advances	0.00	4,421.00
	4,625,945.66	4,154,584.34
Rent advance	434,276.00	434,276.00
VSNL Rolling deposit	70,601.00	74,791.00
Other deposits	0.00	7,500.00
TDS a/c	14,681,593.73	8,487,690.16
Advane Payment of MAT&FBT	1,323,336.00	1,137,336.00
	21,135,752.39	14,296,177.50
Schedule 6		
CURRENT LIABILITIES AND PROVISIONS		
Sundry creditors	6,224,505.41	12,716,068.11
Advance received from customers	3,667,174.50	1,573,700.50
Gratuity Payable	0.00	0.00
Interest accrued but not due*	0.00	0.00
	9,891,679.91	14,289,768.61
Provisions for Taxation	9,445,820.00	4,695,820.00
Proposed dividend	0.00	1,200,000.00
Dividend tax	0.00	203,940.00
	19,337,499.91	20,389,528.61
Schedule 7		
SALES INCOME		
CST Sales	64,390.00	59,430.00
Local Sales-VAT	5,695,739.30	6,406,833.00
	5,760,129.30	6,466,263.00

Schedule 8		
SERVICE INCOME		
IT Infrastructure	80,199,038.28	79,651,899.00
Mail Service	734,513.50	754,644.50
Project Software	11,309,205.00	8,028,172.00
Web Hosting	3,385,314.00	2,702,557.00
	95,628,070.78	91,137,272.50
Schedule 9		
OTHER INCOME		
Interest Income	200,383.75	31,247.00
Dividend Income	23,694.64	
Other Income	15,251.00	
Exchange fluctuation		45,614.00
Provision nolonger required	1,040,240.00	562,288.76
	1,279,569.39	639,149.76
Schedule 10		
EMPLOYEES COST		
Salaries	29,338,307.00	25,963,330.00
Contribution to Provident and other Funds	1,573,037.00	1,346,339.00
Welfare Expenses	1,175,207.00	1,459,903.50
	32,086,551.00	28,769,572.50
Schedule 11		
OTHER COSTS		
Computer Stationery&Consumemables	1,559,977.80	875,496.00
Service Charges Paid	15,987,682.70	21,134,456.80
Internet Charges Paid	3,259,385.00	2,606,409.97
Electricity Charges	842,696.00	915,870.00
Rent	1,384,598.00	1,186,006.00
Rates&Taxes	94,187.71	65,919.00
Repairs&Maintenance	254,601.00	445,260.00
Professional Service Charges	7,215,647.00	8,435,882.00
Auditor's Remuneration	0.00	0.00
Statutory Audit	19,500.00	17,500.00
Tax Audit	10,000.00	10,000.00
Others		0.00
Travel&Conveyance	1,313,138.89	1,671,435.43
Printing Stationery&Communications	111,972.50	200,109.00
Telephone Charges	1,161,290.31	1,365,648.01
Office Maintenance&General Services	446,216.00	389,769.00
Misc Exp	338,223.11	258,421.64
Advertisement	92,502.00	186,521.00
Datacenter (VSNL)Rent	12,488,681.00	10,811,362.00
Loss on Sale of Assets(Generator)	0.00	0.00
Bad Debts & Advances	1,021,256.00	834,389.10
Provision for Doubtful Debts/Advances	1,515,300.00	360,036.00
Preliminary expenses written off		0.00
	49,116,855.02	51,770,490.95

Schedule 12								
Quantitative Particulars								
Sl. No.	Description	Units	Opening Stock	Purchases	Sales	Closing Stock	Rate	Value Rs.
1	Dlink VPN Router	Nos.	5	0	0	5	4450	22250
2	Dlink VPN Router	Nos.	0	120	100	20	3650	73000
3	CISCO-WSCE500-24 TT Switch	Nos.	6	11	13	4	19500	78000
4	NT 1 ISDN BOX	Nos.	18	0	1	17	2800	47600
5	Linksys	No.	1	0	0	1	3200	3200
6	Forti Analyzer 100 B	Nos.	0	2	2	0	0	0
7	US Robotics Modem	No.	0	1	0	1	6032	6032
8	Fortigate 310 B	Nos.	0	6	6	0	0	0
9	WS-CE500G-12TC	No.	0	1	1	0	0	0
10	WS-CE-500-24LC	No.	0	1	1	0	0	0
11	GE SFP LC Connector SX Transceiver	Nos.	0	8	8	0	0	0
12	2 Port Wan Interface Card	Nos.	0	2	2	0	0	0
13	WS-C3750-24TS CISCO Switch	No.	0	1	1	0	0	0
14	CISCO 1841 Modular Router	Nos.	0	2	2	0	0	0
15	V.35 Cable	Nos.	0	4	4	0	0	0
16	256 DDR RAM	Nos.	0	549	549	0	0	0
17	128 MB SD RAM	Nos.	0	4	4	0	0	0
18	512 MB DDR 1 RAM	Nos.	0	86	89	0	0	0
19	512 MB SD RAM	Nos.	0	31	31	0	0	0
20	256 MB DT DDR 400 RAM	Nos.	0	17	17	0	0	0
21	512 MB DT DDR 400 RAM	Nos.	0	9	9	0	0	0
22	RAM 256 MB SD RAM	Nos.	0	19	19	0	0	0
23	SMPS	No.	0	1	1	0	0	0
24	6 Core Cable	Mtr.	0	100	100	0	0	0
25	Rack Mount LIU	Nos.	0	2	2	0	0	0
26	Duplex Coupler	Nos.	0	6	6	0	0	0
27	Pigtail SC Type	Mtr.	0	2	2	0	0	0
28	Duplex Patch Cable	Mtr.	0	2	2	0	0	0
29	Duplex Adapter	Nos.	0	6	6	0	0	0
30	Ethernet Converter	Nos.	0	2	2	0	0	0
31	24 Port Patch Panel	Nos.	0	2	2	0	0	0
32	12 U Rack	No.	0	1	1	0	0	0
33	Power Manager	No.	0	1	1	0	0	0
34	Cable Manager	No.	0	1	1	0	0	0
35	Cantilever Tray	Nos.	0	2	2	0	0	0
36	Hardware Screw	Nos.	0	2	2	0	0	0
37	Cable Tie 200 MM	Nos.	0	2	2	0	0	0
38	PVC Pies	Mtr.	0	100	100	0	0	0
39	D-Link 24 Port Switch	No.	0	1	1	0	0	0
40	Fortigate 110 C	No.	0	1	1	0	0	0
41	CISCO WS - C2960-24TT-L Switch	Nos.	0	6	4	2	32500	65000
42	120 GB Hard Disk	No.	0	1	1	0	0	0
43	Pavilion DV 6000 Series Battery	No.	0	1	1	0	0	0
44	CISCO Router 3845	Nos.	0	2	2	0	0	0
45	Fortigate 80 C	Nos.	0	2	2	0	0	0
46	Fortigate 60 B	No.	0	1	1	0	0	0
47	Wireless N Access Point	Nos.	0	2	2	0	0	0
48	Forti Analyzer 100 C	No.	0	1	1	0	0	0

Schedule 13
ACCOUNTING POLICIES

i) Accounting Convention

The financial statements are presented under historical cost convention and applicable mandatory accounting standards.

ii) Fixed assets and depreciation

- a) All assets are stated at historical cost. Cost comprises of direct cost, including freight, installation, duties, software charges and other incidental expenses.
- b) Depreciation is charged on straight-line method at the rates specified in schedule XIV of the Companies Act, 1956.
- c) Goodwill has been recorded in the books of accounts on the basis of difference between the slum sale consideration and net assets of the business taken over.
- d) Goodwill has been amortised over a period of five years from the date of creation and fully amortised as at 31.3.2005, leaving a balance of Rs.1000/-.
- e) To comply with Accounting Standard 19 – Leases, plant and machineries/vehicle taken on financial lease are capitalized and depreciation is charged on straight line method, on such assets at rates specified in Schedule XIV, of the Companies Act, 1956.
- f) An asset is treated as impaired when the carrying cost of the assets exceeds its recoverable value.

iii) Borrowing costs

Borrowing costs are capitalised as part of qualifying fixed assets when it is possible that they will result in future economic benefit. Other borrowing costs are expensed.

- iv) Inventories-stock-in-trade, are valued at lower of cost and net realizable value. Cost includes all direct costs and applicable overheads, however net of VAT.

v) Revenue recognition

- a) Revenue is recognized, in respect of divisible service contract, on a prorata basis and in respect of indivisible service contract, on a percentage basis.

The relevant costs, including the foreseeable loss, if any, is recognized in the accounts, in the year of recognition of revenue.

- b) Expenses are accounted on their accrual with necessary provision for all known liabilities and losses.

vi) Foreign currency transactions

Transactions in foreign currency are recorded at the exchange rate prevailing on the date of transaction.

vii) Employee Benefits

Gratuity liability is ascertained by Life Insurance Corporation of India on actuarial basis, for all eligible employees and provided for.

- a) Fixed contribution to provident fund is absorbed in the accounts.

b) Short term employee benefits-

Short term employee benefits as per company's policy/scheme are recognized as expense based on expected obligation on undiscounted basis.

- viii) Eligible service tax credit on services procured/utilized are taken into account at the time of procurement/utilization. The service tax credits so taken are utilized for payment of service tax on service rendered. The unutilized service tax credit is carried forward in the books.

- ix) Eligible VAT credit on purchase of all eligibles materials are taken into account at the time of purchase. The VAT credit so taken are utilized for payment of VAT liability on sale of such products. The unutilized VAT credit is carried forward in the books.

x) Deferred taxes

Deferred tax assests are recognized when considered prudent-

Schedule 14

NOTES ON ACCOUNTS

Rs. In 000's

		31.03.2010	31.03.2009
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1	Estimated amount of contracts remaining to be executed on capital account and not provided for	4,46	Nil
2.	Debt acknowledged but not due	Nil	Nil
3	Value of Imports on CIF Basis Solarwind Licenses	2,13	2,071
4	Expenditure in foreign currency on account of foreign travel	Nil	Nil
5.	Earnings in foreign exchange on account of: value of exports on FOB basis Reimbursement of travel expense	4,31 Nil	1,71 Nil
6.	Balances in sundry Debtors are subject to confirmation. However in, the opinion of the Management, all debtors balances, would in the ordinary course of business realize their full value.		
7	Dues to Small Scale Industrial undertaking Units	Nil	Nil
8	Debtors include due by M/s Carborundum Universal Limited- the holding company-amount outstanding Maximum amount due at any time during period Interest and finance charges include interest on Inter Corporate Deposit (TDS at appropriate rate has been recovered)	1,33 21,29 Nil	17,58 21,42 24

**9. Related Parties Disclosure
2009-10**

Types	CUMI		MMSL	Wendt	MMTCL	Ciria	Murugap pa Chettiar Trust	Total
Sales	Nil		Nil	Nil	52	Nil	Nil	52
Service Income	1,13,94		11,32	58	4,07	14	0	1,30,05
Deputati on Charges	(1,77)		Nil	Nil	Nil	Nil	Nil	(1,77)
Rent Paid	Nil		Nil	Nil	Nil	Nil	1,20	1,20
Interest Paid on ICD	Nil		Nil	Nil	Nil	Nil	Nil	Nil
ICD Loan Outstand ing	Nil		Nil	Nil	Nil	Nil	Nil	Nil
Debtors	1,58		1,99	4	10	Nil	Nil	3,71
Creditors	25		Nil	Nil	Nil	Nil	10	35
Others	Nil		Nil	Nil	Nil	Nil	Nil	Nil

10	Disclosure as per para 22 of A S –19 – Leased Assets:		
A	Data processing equipments/vehicle: Cost of leased assets as on 31.03.2010	48,97	48,97
B	Net Carrying amount as on 31.03.2010	32,62	40,83
C	Reconciliation between total minimum lease payment and their present value: total minimum leased payment as on 31.03.2010	23,30	41,60
D	Less : future liability on interest account as on 31.03.2010	(2,88)	(6,81)
E	Present value of lease payment as on 31.03.2010	20,42	34,79

Particulars	Total minimum lease payment as on 31.03.10	Present value of lease payment as on 31.03.10	Total minimum lease payment as on 31.03.09	Present value of lease payment as on 31.03.09
i) Not later than one year	13,50	11,50	18,30	14,37
ii) Later than one year and not latter than five years	9,80	8,92	23,30	20,42
iii) Later than five years	Nil	Nil	Nil	Nil

11 Notes to Earnings Per Share(EPS)

- There are no potential equity shares and hence the basic and diluted EPS are the same.
- Numerator :The company has only one class of equity share. Hence the profit after tax is used for computation of EPS without any adjustment.
- Denominator: Number of equity shares at the beginning and closing of the year are -16,00,000 (previous year-16,00,000)

12. Previous year figures have been regrouped wherever necessary.

Per our Report of even date
For **P.N. Narayanaswamy & Co**
Chartered Accountants

P.N. Narayanaswamy-Partner
M.No.020221
Chennai
23rd April 2010

M M Murugappan
Chairman

K Srinivasan
Director