



With stakes so high,
reliability matters

Cigniti
Software Quality | Assured

Contents

Business Overview	01
The World of Cigniti	08
Letter to Shareholders	09
Management Team	10
Corporate Information	14
Notice	18
Directors' Report	20
Management Discussion & Analysis	24
Corporate Governance Report	26
Auditor's Report on Consolidated Accounts	38
Consolidated Balance Sheet	39
Consolidated Profit and Loss Account	40
Schedules to Consolidated Accounts	41
Auditor's Report	55
Balance Sheet	58
Profit and Loss Account	59
Cash Flow Statement	60
Schedules to Accounts	62
Balance Sheet Abstract	73

Forward-Looking Statement

This report contains forward-looking statements, which may be identified by their use of words like 'plans', 'expects', 'will', 'anticipates', 'believes', 'intends', 'projects', 'estimates' or other words of similar meaning. All statements that address expectations of projections about the future, including but not limited to statements about the Company's strategy for growth, product development, market position, expenditures and financial results, are forward-looking statements.

Forward-looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realised. The Company's actual results, performances or achievements could thus differ materially from those projected in any such forward-looking statements. The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statements, on the basis of any subsequent developments, information or events. The Company has sourced the industry information from the publicly available sources and has not verified those information independently.



Reliable software. Better world.

Software runs the world today. From sovereign defense to civil aviation to healthcare to logistics to education to telecom, software is enabling all these and more in creating a better world. In our everyday lives, we consume so much of software, everywhere. Newspaper, television, retail shops, education, healthcare, banks, cars and what not; software touches everything.

In short, stakes on software are increasingly getting higher. Quality of software hence becomes equally critical as the software itself, if not more. Not surprising then, the world has started laying equal emphasis on software testing as software development. Various studies suggest that testing accounts for about 20-30% time of the development life-cycle and 20-25% of IT spends.

Independent Software Testing has established itself as a focused segment worldwide. It is growing at a much faster rate than the IT segment overall. As India's leading independent testing services company, at Cigniti Technologies, we are making world's softwares more reliable.



Reliable enterprise. Better value.

The evolution lifecycle of an enterprise includes arrival, survival, maturity and reliability. While the enterprise seeks growth all along its evolution, it can create greater value when it attains the strength of reliability. A reliable enterprise is one that is reliable for all its stakeholders namely employees, customers, investors, exchequers and community at large.

Cigniti Technologies has gained significant maturity over the last 14 years. It has established itself as a reliable enterprise when it comes to independent testing of software and technology. Its success in the US markets, which places higher quality and reliability a pre-requisite for choosing partners, bears testimony to the reliability it has attained. The same fact gets further strengthened by Cigniti's longer-term engagement with its customers including some Fortune 50 companies.

As it pursues its aspiration of becoming the world's largest and most respected independent testing services organisation, Cigniti is aggressively promoting testing as a promising career option globally. It is executing a slew of programs in close association with reputed educational institutions in spreading awareness of the career opportunities testing offers.



Reliable plans. Better growth.

Growth is the fulcrum of business enterprises. Those who seek and value qualitative growth, plan for the long-term and emerge as sustainable enterprises. A fool proof growth plan must be checked for reliability and implemented diligently.

Cigniti Technologies made a successful acquisition in the US in the year under review and quickly went ahead to integrate the acquired business, culturally and operationally. The acquisition was a masterpiece of execution of Cigniti's growth plan. Having accomplished this, Cigniti is fast strengthening its organizational capabilities to accelerate its growth momentum. It is reinventing itself as a global testing services organization of 21st Century.

Cigniti is strengthening its management capabilities, delivery capabilities, service infrastructure, global perceptions, geographical footprints and people capabilities with a slew of well-thought and well-integrated initiatives.

A New Brand

Cigniti unveiled its new logo and brand during the year under review. Cigniti is derived from the Latin words Signum and Cygnus. Signum in Latin means "leaving your mark" and the English word "Signature" is derived from this. Cygnus in Latin means swan which in our case refers to the mythical Indian swan that can separate milk from a mixture of milk and water. We would like to leave our mark of quality on the evolution of software and like the mythical swan Cigniti has the ability to separate impurities from software. The tick mark atop 'i' signifies that the quality has been checked and approved. We have used blue and orange as the primary colours for the logo. Blue signifies truth, openness and large perspective. Orange signifies high energy and passion. In a short while the new branding and logo has gained traction. Brand Cigniti is already receiving positive coverage across industry analysts and media across the world.



Strengthened Management Team

During the year under review, Cigniti appointed Mr. Sudhakar Pennam as the CEO. Mr. Sanjay Jupudi was elevated to the position of President – Americas, Mr. Sriram Rajaram was elevated to the position of President – Strategy & Corporate Development and Mr. Srikanth Chakkilam was elevated as Executive Vice President – Marketing. The Company inducted Mr. Raj Neravati as the Chief Operating Officer, Mr. Sai Chintala as SVP Enterprise Solutions, Mr. Kalyan Rao Konda as SVP Global Delivery and Mr. Ramana Vemuri as VP of Process and Operations.

All these members of Cigniti's management team bring along their respective extensive experience in the IT industry and are considered as leaders in the testing space in their individual capacities. Many of the new faces in our management team have held senior management positions and can be credited with driving growth of Cigniti's peers.

New Infrastructure

During the year under review, Cigniti moved to a new 35,000 SFT offshore delivery center in the Hitech City area at Hyderabad. Equipped with world class facilities including Robotics Test Lab and Mobile Test Lab, the new facility can accommodate about 300 people.

New Services

During the year under review, Cigniti added new revenue streams in the following areas:

Test Advisory Services - Cigniti now helps its enterprise clients to consolidate and optimize testing processes across the enterprise leading to significant cost savings.

Mobile Testing – Cigniti has the capability to test apps across a multitude of mobile phones across different mobile operating systems like IOS, Android, Blackberry and Windows Mobile.



Security Testing – Cigniti offers security testing to enterprise clients to help them improve the overall security of their software.

Robotics Testing – With a breakthrough assignment to test robots for a European client, Cigniti is poised to leverage its newly created Robotics Testing Lab across multiple clients.

Certifications and Processes

During the year under review, Cigniti initiated the journey of certifying its new facilities for CMMI Level 3 as well as ISO 27001. Progressing at the envisaged pace, these certifications are expected to be completed by the second quarter of Financial Year 2012-13 (FY 13). Once attained, these certifications will testify Cigniti's process, maturity and information security systems.

Marketing

Cigniti furthered its brand adoption exercise with a focused marketing initiative aimed at improving the brand's visibility and salience. It has found mentions alongside many of the industry leaders in the Nelson Hall report on testing. It has been covered in many of the media articles during the year. It also participated in several industry events.

Expanded Sales Team

Cigniti has expanded its US sales and Asia Pacific sales teams to build a large pipeline of potential clients in the enterprise segment. Cigniti is targeting larger multimillion dollar contracts in the testing space and the new service offerings and test infrastructure offer great value proposition to clients.

Intellectual Property Assets

Cigniti has strategically invested in R&D to build Intellectual Property (IP) that speeds up the testing process while reducing the overall cost of testing. Cigniti will continue to invest in such strategic initiatives to drive its non-linear growth in the next few years.





Reliable vision. Better acceleration.

Cigniti's vision is to build a better world by helping build better software. Cigniti aims to be the world's largest and most respected independent testing services company. With software running everything today, defects and bad softwares can cause headaches, pain and suffering to consumers and significant financial and goodwill damages to enterprises. Cigniti's testers are donning the cause of good warriors and fighting the good battle, every day, against defects.

In doing so, Cigniti is accelerating its growth momentum. Propelled by organic and inorganic gains, it grew its consolidated revenues to ` 33.84 Crores in FY 12, up 446% from ` 7.58 Crores in FY 11. Its net profit increased to ` 1.18 Crores, up by 621% from ` 0.19 Crores in FY 11.

With a major component of Cigniti's growth coming from the acquired entity, its growth is not comparable with the previous year. However, with added strengths of its US gains and India investments, it is poised to perform ahead of its industry segment. Indian players are continuing to achieve a double digit growth while the global players achieve a single digit growth. NASSCOM's report on the testing industry has projected a 15% CAGR for independent testing till 2020 and expects the testing segment to grow significantly faster than the overall IT industry.

Strengthened scale, management capabilities, service infrastructure and geographical spread are the levers of Cigniti's future growth engines. Cigniti also has built capability and a team focused on identifying acquisition targets to strengthen our testing capabilities, testing IP and geographic reach. Going forward, it expects to maintain an accelerated growth momentum in the coming years to emerge as a world leader in independent testing.



Reliable focus. Better returns.

Focus allows an enterprise to channelize all its capabilities and resources on one thing at a time and helps it achieve greater results. One thing common in all the inventions and their respective innovators has been a narrow focus on the goal.

At Cigniti, we stand focused as a pure-play testing services company and deploy career testers to deliver specialist testing services that are precise, cost-effective and time-effective. Our proprietary PREDICT QUALITY™ test methodology coupled with our SMART Tools IP range of frameworks, tools and utilities helps us test better. Our offering of Testing as a Service (TaaS) cuts down time-to-market for our clients and simplifies the whole process of outsourcing testing for them.

Being focused on a niche which is growing faster and becoming an important part of enterprise, testing will position Cigniti as a next generation IT leader that will positively impact all its stakeholders.



Reliable planet. Better tomorrow.

Sustainable enterprises must pursue triple bottom line approach of Planet, People and Profit. Business ecosystems are located within the nature's ecosystem. They must make their growth agenda inclusive and green.

At Cigniti, we are an enterprise with a conscience. With a firm belief that education is the best empowerment that one can give to the mankind, our community development initiative is focused in the area of education. We have partnered with an NGO initiative called Project 511 that identifies schools that lack basic amenities like blackboards, benches and toilets. We work with Project 511 to provide these facilities across multiple schools. This initiative is jointly funded by employee donations and Cigniti contributions. Cignitians also contribute by visiting these schools and conducting classes and science fairs.

Cigniti started an organization wide CSR initiative with the active participation of all our employees in the area of education. The new initiative by Cignitians will impact a large number of primary and secondary school students by providing them free online access to translated educational content in the local language. Cigniti hopes to launch the online educational initiative in the second quarter of the coming year.

Diversity: Cigniti understands that we work in a global, multicultural and diverse world. Diversity brings different perspectives and enriches our ability to innovate. We are committed to improving our gender and demographic diversity. Women employees form 33% of our current workforce and it is our constant effort to track and encourage diversity at the workplace.



The world of Cigniti

Cigniti is a pure-play, independent software testing services company and is publicly listed. Cigniti works with leading ISVs and Enterprise organizations to deliver quality software using proprietary PREDICT QUALITY™ test methodology, test advisory services and IP led testing services using our proprietary SMART Tools.

Cigniti has deep expertise and proprietary frameworks to accelerate testing for improved time-to-market for its clients. Its state-of-the-art test labs offer on-demand access for key services like core testing, test automation, performance testing, mobile testing, robotics testing and security testing.

Cigniti has global delivery centres in US, India, and Colombia. To provide best of the breed and cost-effective solutions, Cigniti has strategic alliances and partnerships with leading test tool vendors, hardware vendors, and systems integrators such as Neotys, TestPlant, Tyto, Cisco, Oracle, QASymphony and Ranorex.

Owing to its impressive growth record, Cigniti was featured in Inc 500 in 2009. Cigniti provides testing solutions to enterprises and technology clients to improve the quality of software delivered.

Service Offerings

- ✔ Test Advisory Consulting
- ✔ Test Centers of Excellence (TCoE)
- ✔ Testing as a Service (TaaS)
- ✔ Cloud based Testing
- ✔ Functional Testing
- ✔ Mobile Testing
- ✔ Security Testing
- ✔ Performance Testing
- ✔ Test Automation
- ✔ Compatibility Testing
- ✔ Usability Testing
- ✔ Robotics Testing



Clients

Cigniti boasts of a diverse clientele which includes Fortune 50 companies as well as small business enterprises. Over the years, it has successfully met the test solution needs of its clients from across diverse industry sectors including aerospace, construction, environmental, government, healthcare, information technology, manufacturing, pharmaceuticals, telecommunication, transportation and utilities.

Infrastructure

Cigniti has a near-shore delivery center in Irving, Texas in the US and a large offshore development center in Hyderabad, India.

The 35,000 SFT offshore delivery center at Hyderabad operates round-the-clock, catering to the needs of clients in the US, India and Europe with overlap times with the client teams to facilitate interactions on a daily basis.

Salient Features

- ✔ Redundant internet leased lines and power supplies for 24x7 operations and high availability for clients.
- ✔ On course to meet ISO 27001 norms for information security including physical security.
- ✔ Modern test labs for mobile testing, robotics testing, performance testing and test automation with provision for dedicated test labs for clients needing additional security measures.



Letter to Shareholders

Dear Shareholder,

2011-12 was a momentous and path breaking year for Cigniti Technologies Limited. Your company's consolidated revenues (post-merger) grew impressively by 446% to ₹33.84 Crores. Your company's net profits shot up 621% to ₹1.18 Crores. The EPS has improved 349% from ₹0.20 to ₹0.70. So, even though the IT industry's growth has slowed down, your company just stepped on the accelerator to achieve this growth. And the best part is, we expect similar growth in revenues and EPS in the coming year as well.

The world runs on software and bad software can ruin the day to day lives of people. Cigniti's vision is to build a better world by helping build better software. Your company, Cigniti Technologies Limited, is now recognized as a leading independent testing services company in India. We hope to maintain this momentum and aim to become a world leader in the independent testing space in the next few years.

We believe the focus on these five major areas will help us achieve our vision.

World-class People: Your company has expanded its executive management team and industry recognized leaders from software testing are part of the executive management. We will continue to attract the best people from around the world as we grow.

Sales Focus: We have expanded the sales team in the US and Asia Pacific. We have also expanded our Enterprise Solutions Group which creates compelling solutions and proposals for potential clients and helps win enterprise deals.

Delivery Capability: Proven delivery capability is a function of delighted clients, smart people and great infrastructure. We are investing in test infrastructure and delivery infrastructure that not

only delivers value to clients but also creates a great working environment for our people. And by repeatedly delivering high quality solutions to clients, Cigniti is creating client delight. Cigniti is constantly improving the processes to ensure that the learning from each delivery is captured and our overall delivery processes and delivery capability improves.

Intellectual Property led Testing Services: Clients are looking for testing solutions that will accelerate the testing process while reducing costs significantly. This can only be achieved by investing in and building IP based tools, frameworks and utilities. Cigniti is investing in SMART Tools which is a collection of IP based tools that add value to clients. Cigniti hopes to drive its future non-linear growth by leveraging Cigniti SMART Tools.

Marketing and Branding: Creating a strong brand will help Cigniti win new clients as well as command better pricing for its services. Being synonymous with testing will help us win over large enterprise clients as well as attract the best talent across the world. Your company is investing in creating a brand that will be respected by clients, peers, industry, society and the investor community.

All this has been possible thanks to the support of our shareholders, employees and partners. Looking forward, we think the year ahead will be a defining year for Cigniti as we emerge and consolidate our position as one of the rising stars of the Indian IT industry.

Best Regards,

C V Subramanyam
Chairman & Managing Director

Sudhakar Pennam
CEO & President

Management Team



C V Subramanyam
Chairman & Managing Director

Subramanyam is the Chairman of the supervisory board of Cigniti Technologies Ltd. and focuses on corporate governance and regulatory aspects. His primary focus is on creating shareholder value by adding value to stakeholders

like clients, employees, partners, industry and society.

Subramanyam is a successful entrepreneur who co-founded one of South India's largest transport and logistics organization which continues to go stronger even 25 years since inception. In 1998, he founded Cigniti Technologies Ltd., and took it public with successful listing on the BSE in 2004.

In 2008, Subramanyam was instrumental in putting together a world-class executive management team and successfully repositioning the company as an Independent Software Testing services company. Cigniti has grown to become one of the world's premier Independent Software Testing services company and aims to become the world's largest and most respected independent testing services company by 2015.

Subramanyam is a pragmatic people-focused person with a practical approach to life. He holds a Bachelors degree in Commerce and Law and PGD in Business Management.



Sudhakar Pennam
CEO & President

Sudhakar Pennam is the CEO & President of Cigniti who oversees functions like strategy, sales, client relationships, delivery operations, marketing and finance. He has more than 20 years of experience in IT in

various areas including IT operations, consulting, operations and sales functions. Sudhakar operates out of the US office at Irving and travels between India and US to ensure teams are delivering value to clients, employees, investors and partners. Sudhakar setup the US operations of Cigniti Inc. in Irving, Texas in 2004 and grew it from a small one room office to more than 300 consultants across US, Europe and Asia. Prior to Cigniti, Sudhakar was with Corpus Inc. for 9 years. There he was instrumental in growing the consulting business significantly and was focused on building the testing and quality assurance consulting capabilities. He started his career as the head of IT division of an Israel based greenhouse automation solutions company.

Sudhakar has a BS in Engineering from NIT Warangal, and apart from playing golf he also sponsors a T20 Cricket team in Dallas.



Sriram Rajaram
President – Strategy &
Corporate Development

Sriram Rajaram is the President – Strategy and Corporate Development at Cigniti. He oversees various functions like marketing, finance, mergers & acquisitions, corporate social responsibility, corporate

development and R&D.

Sriram has spent the last 22 years in executive management, IT consulting, marketing, delivery management, project management and training. He has varied experience in handling large development projects, product development teams and quality assurance teams in IT services companies and software product companies. Sriram joined Cigniti in 2008 and repositioned the company as an Independent Software Testing services company. At Cigniti, he has been instrumental in building testing capability and IP based tools to improve quality while speeding up delivery. Prior to Cigniti, Sriram was COO at K7 Computing a software product company in the security space. During his tenure, K7 Computing's Virus Security became the second largest selling antivirus product in Japan. Sriram joined Virtusa, an IT services company when it was 5 people and helped it grow to 1600 people in India. He was a Delivery Head and later Head of Shared Services at Virtusa. Sriram is passionate about software quality and has been propounding the use of Defect Density to predict and measure software quality through the development lifecycle.



Raj Neravati
COO

Raj Neravati is the Chief Operating Officer of Cigniti Technologies and is responsible for leading global sales, delivery and overall operations to drive organic growth. His focus is on building Cigniti as one of the

largest Independent Testing companies globally and through his leadership provide guidance to company's vision of helping clients build and deliver software with predictable outcome.

Prior to joining Cigniti, Raj worked at AppLabs Inc as Senior Vice President, responsible for Global Delivery Operations. He joined AppLabs as a project lead and during his 9 years stint he held several leadership and management positions spanning across delivery, customer excellence, pre-sales, account management and sales. He was instrumental in driving growth and customer satisfaction in several enterprising accounts. He is an industry speaker and has pioneered several models for establishing Test Center of Excellence. With experience in Six Sigma, TMM and Prince2 methodologies, he has defined CXO dashboards and proprietary frameworks to translate delivery metrics into a business value.

He holds a Masters in Computer Applications and has over 15 years of industry experience in Banking, Financial Services and Insurance sectors.



Sanjay Jupudi
President – Americas

Sanjay is the President – Americas Division and is responsible for Cigniti's operations in the US and Latam. Apart from overseeing the overall sales and consulting operations, he focuses on building long term

client relationships. He is also responsible for the US delivery center which focuses on test advisory services and client management. Sanjay has over 15 years of experience in product development, product implementation and IT consulting spanning Europe, Americas and Asia. He was instrumental in building the global delivery model at Cigniti and played a key role in its growth story. Prior to Cigniti, Sanjay was a technical architect at AT&T in the US. Sanjay spent over eight years in countries like UK, Germany, Ireland and Cyprus and worked as an expert in implementing complex telecom billing solutions at Amdocs. He has worked at ING, where he was instrumental in ensuring all the IT systems were Y2K ready.

Sanjay loves basketball, motor-sports, movies and traveling and holds a BS in Electronics and Communications from Madras University.



Gary L. Smith
EVP – Sales

Gary Smith is the Executive Vice President - Sales at Cigniti and oversees sales planning, strategy and client management with focus on the Americas. He has over 40 years of experience in sales and operational leadership in

Fortune 500 companies like IBM, MCI, EDS, Amdocs and Aspect Communications. His responsibilities included global sales leadership, mega deal sales pursuits, planning and execution skills aimed at growth and sustainability. As CSO of EDS, he grew sales from \$12 Billion to \$28 Billion, marked by 12 mega deals averaging over \$1Billion each. As VP of the Communications Industry Group, he led the successful pursuit and capture of a \$3 Billion IT outsourcing contract with BellSouth. At Amdocs, he was the President of Global Managed Services and the North American Division and his contribution included overall global growth in outsourcing services and the rollout and sales of new products in North America. As a result, outsourcing revenues grew from 15% to nearly 50% of revenues.

He holds a marketing degree from Southeast Missouri State University where he is an Executive in Residence. In 2010 he was awarded the Distinguished Service Award for his volunteer work at their business school. Washington University honored him as a Friend of Olin in 2011. Living in St. Louis with his wife Jan, his personal interests include boating, traveling, volunteer teaching at business schools and outdoor sports.



Srikanth Chakkilam
EVP – Marketing

Srikanth Chakkilam is the Executive Vice President, Marketing and oversees marketing functions including corporate branding and positioning, sales support, communication, market research, public relations, analyst relations and corporate social responsibility. He focuses on positioning and branding, competitive analysis and works with the sales and delivery teams to create new service offerings and oversees marketing lead generation via various online and offline programs. He is passionate about corporate social responsibility and has initiated various programs where Cigniti's employees work with NGOs to improve education standards. Srikanth joined Cigniti in 2008 and has since played a key role in repositioning the company as an Independent Testing Services company. He setup and created the lead generation and presales processes at Cigniti and defined service offerings in conjunction with the sales and delivery teams.

He holds a MS in Computer Science from University of Southern California (USC) and has also undertaken a Management Program at the NYU Stern School of Business. An avid reader, cricket player and trekking enthusiast, he hopes to climb Mt. Everest, someday.



Sai Chintala
SVP – Global Presales

Sai Chintala is Cigniti's Senior Vice President - Global Pre-Sales. Having worked in North America and India, he brings more than 21 years of rich technical and business experience. He has dealt in detail with global enterprises,

Fortune companies and ISVs across technologies and domains. At Cigniti, he is responsible for overall business growth in addition to running Cigniti's solution development team and working very closely with the delivery and sales team.

He has been an integral part of AppLabs executive leadership teams. He was instrumental in providing leadership to Global Solutions Engineering Group and drove new business development efforts strongly. He also led the delivery teams to provide business rich testing services for customers across verticals such as transportation, media, technology etc., and drove centres of excellence in performance & security testing and test automation etc.

He has been a technology consultant for global majors like Schlumberger, Fidelity, William Telecommunications etc. A passionate movie freak with panache for music, food, global travel, and now Salsa, he holds a Master's degree in Computer Science from Lamar University, Texas and Bachelors in Engineering from JNTU, Hyderabad.



Management Team



Kalyana Rao Konda
SVP – Global Delivery

Kalyana Rao Konda is the Senior Vice President - Global delivery. He is responsible for leading global delivery teams & operations, enabling them to provide best-in-class services and ensuring client delight across all the operating

geographies. He is very passionate about software testing & quality management and is known for his expertise in setting up large scale global delivery teams, delivering testing advisory services and people leadership skills. He is also a member of the management team of Cigniti.

Prior to this, he was VP, AppLabs where he led the Global Delivery Team of close to 2000 persons across industry verticals, geographies and made significant contributions in making it world's largest independent testing company. He has also held leadership roles with Virtusa and BaaN.

He holds a degree in Electronics and Communication Engineering from Pondicherry University and is a certified Project Management Professional (PMP). A Certified Software Quality Analyst (CSQA) certificate holder, he is a regular speaker at testing conferences and has published papers in leading journals.



Ramana Vemuri
VP – Process & Operations

Ramana is the Vice-President, Process and Operations at Cigniti. He heads the Process, HR, ICT and Corporate Service functions at Cigniti. With more than 20 years of diverse strategic experience spanning across financial

markets, software product development and project management, he oversees corporate performance management dash boards for executive management. Prior to Cigniti, he provided outstanding leadership at AppLabs in the areas of test process consulting and process management. Under his leadership, AppLabs became an ISO 27001:2005, CMMi Level 5 certified Organization. Before Applabs, he led a group of 100 people at Apex Covantage an ITeS catering to Fortune companies in the media, publishing and utility industries. Prior to this, he dabbled a lot in the Indian Equity markets doing Algorithmic trading for a leading stock broking firm.

Never a person to lose the human touch, Ramana brings much composure and emotional quotient of highest quality to the leadership at Cigniti. A fitness freak, he is a staunch advocate of healthy living practices. He holds a Bachelor's degree in Science.

Corporate Information



Board of Directors

Mr. C.V. Subramanyam : Chairman & Managing Director
Mr. C. Sudhakar : Director
Mr. K. Ch. Subba Rao : Director
Mr. K. Nageswara Rao : Director
Mr. Sudhakar Pennam : Additional Director & CEO
Mr. Mani Subramanian : Additional Director

Regd. Office : Suite No. 106 & 107, 6-3-456/C,
MGR Estates, Dwarakapuri Colony,
Punjagutta, Hyderabad – 500 082.

Global Delivery Center: 6th Floor, ORION Block, “The V”
(Ascendas),
Plot No# 17, Software Units Layout,
Madhapur, Hyderabad – 500 081.
Tel: (040) 30702255,
Fax: (040) 30702299
Website: www.cigniti.com
Email: info@cigniti.com

Auditors : M/s. P. Murali & Co.,
Chartered Accountants
6-3-655/2/3, Somajiguda
Hyderabad – 500 082

Registrars & Share
Transfer Agents : M/s. Aarthi Consultants Pvt. Ltd.
1-2-285, Domalguda, Hyderabad-29.
Tel: (040) 27642217 / 27638111
Fax: (040) 27632184
Email: info@aarthiconsultants.com

Bankers : Oriental Bank of Commerce
S.D Road, Secunderabad.
Citi Bank
Begumpet, Hyderabad.
Axis Bank Ltd
Madhapur, Hyderabad.
ICICI bank Limited,
Khairatabad, Hyderabad.

NOTICE

NOTICE is hereby given that the Fourteenth Annual General Meeting of the Members of the Company will be held on Thursday the 12th July 2012 at 11.00 am at "The V (Ascendas) Auditorium", Plot No# 17, Software Units Layout, Madhapur, Hyderabad – 500 081 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as on 31st March 2012 and Audited Profit & Loss Account for the year ended on that date together with the Directors' Report and Auditors' Report.
2. To appoint a Director in place of Mr. C. Sudhakar, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint M/s. P. Murali & Co., Chartered Accountants, Hyderabad as Statutory Auditors of the Company and to fix their remuneration.

SPECIAL BUSINESS:

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

"RESOLVED THAT Mr. Sudhakar Pennam, who was appointed by the Board of Directors as an Additional Director with effect from 14th June 2012 and who holds the office of Director up to the date of this Annual General Meeting of the Company in terms of Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a Member under Section 257 of the Companies Act, 1956 proposing his candidature for the office of the Director of the Company, 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 an Ordinary Resolution:

"RESOLVED THAT Mr. Mani Subramanian, who was appointed by the Board of Directors as an Additional Director with effect from 14th June 2012 and who holds the office of Director up to the date of this Annual General Meeting of the Company in terms of Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a Member under Section 257 of the Companies Act, 1956 proposing his candidature for the office of the Director of the Company, be and is hereby appointed as a Director of the Company liable to retire by rotation."

6. To consider and, if thought fit, to pass with or without modification the following Resolution as an Special Resolution:

"RESOLVED THAT pursuant to the provisions of section

198, 269, 309 and other applicable provisions, if any, read with Schedule XIII to the Companies Act, 1956, and subject to approval of the Central Government if required, and other such approvals as may be required in this regard, the Members of the Company hereby approve the enhancement in remuneration to Rs. 10 lakhs per month (Rupees Ten Lakhs Only) including other allowances/perquisites payable to Sri C.V. Subramanyam, with effect from 1st May 2012 till the remaining term of his office as Managing Director.

"RESOLVED FURTHER THAT where in any financial year, during the tenure of Sri C.V Subramanyam, the Company incurs a loss or its profits are inadequate, the Company shall pay to Sri C. V. Subramanyam, the above remuneration, including other allowances/perquisites subject to the limits specified under Part II of Schedule XIII of the Companies Act, 1956 (including any statutory modifications or re-enactments thereof, for the time being in force) or such other limits as may be prescribed by the Government from time to time as minimum remuneration."

"FURTHER RESOLVED THAT Remuneration Committee be authorized to review and fix monthly salary and also to determine performance linked incentives including commission, either on monthly, quarterly, half yearly or yearly basis, considering the maximum remuneration payable under provision of sec198 and Schedule XIII of the Companies Act, 1956."

"RESOLVED FURTHER THAT for the purposes of giving effect to the revised remuneration any one of the Directors of the Company be and is hereby authorized on behalf of the Company to do all such acts, deeds, matters and things as may be deemed or considered necessary or desirable for such purpose."

7. To consider and, if thought fit, to pass with or without modification the following Resolution as an Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 314 (1)(B) read with Director's Relatives (Office or Place or Profit) Rules 2003 and other applicable provisions, if any of the Companies Act, 1956 ("the Act") (including any statutory modifications or re-enactment thereof for the time being in force), and subject to the approval of Central Government and such modifications & variations as the Central Government may suggest, which the Directors of the Company are hereby authorized to accept, consent of the members be and is hereby accorded to revise, increase and pay a remuneration of Rs. 4.5 lakhs per month (Rupees Four Lakhs Fifty Thousand Only) to Mr. C. Srikanth, Executive Vice President - Marketing of the Company who is the son of Managing Director of the Company (Sri. C. V. Subramanyam), and relative of Sri C. Sudhakar (Director), and that he shall further be entitled, as per

rules and regulations of the Company to such extra increments allowances, benefits, amenities and facilities including medical, superannuation fund, retirement benefits and provident fund benefits which are applicable to other employees occupying similar post(s) w.e.f 1st May 2012.

“RESOLVED FURTHER THAT for the purposes of giving effect to the revised remuneration any one of the Directors of the Company be and is hereby authorized on behalf of the Company to do all such acts, deeds, matters and things as may be deemed or considered necessary or desirable for such purpose.”

On behalf of the Board
Cigniti Technologies Limited

Place : Hyderabad
Date : 14.06.2012

C.V. Subramanyam
Managing Director

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE THERE AT INSTEAD OF HIMSELF / HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. An instrument appointing proxy to be effective must be lodged at the Registered Office of the Company at least 48 hours before the meeting.
3. An Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 is herewith annexed.
4. The Register of Members / Register of Beneficiaries and Share Transfer Books of the Company will remain closed from Monday 9th July 2012 to Thursday 12th July 2012 (both days inclusive).
5. Members who hold shares in dematerialised form are requested to write their Client ID and DP ID Numbers and those who hold shares in physical form are requested to write their Folio Number in the Attendance Slip for attending the Meeting.
6. Members holding shares in physical form are requested to notify / send any change in their address to the Company's Share Transfer Agents, or to the Company at its registered office.
7. Members holding shares in dematerialisation form are requested to notify/send any change in their address to the concerned depository participant(s).
8. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
9. Section 109A of the Companies Act, 1956 extends the nomination facility to individual shareholders of the company. Therefore, the shareholders willing to avail this facility may make nomination in form 2B.
10. Shareholders / proxies should bring duly filled attendance slips sent herewith for attending the meeting along with the copies of Annual Reports to the Annual General Meeting.
11. As part of Green Initiative in Corporate Governance the Ministry of Corporate Affairs (MCA), Government of India vide its Circular has allowed paperless compliances by Companies inter-alia stating that if the Company sends official documents to their shareholders electronically, it will be in compliance with the provisions of Section 53 of the Companies Act, 1956. Keeping in view shareholders are requested to update their E-Mail ID with their DP.

ADDITIONAL INFORMATION REQUIRED TO BE
FURNISHED UNDER THE LISTING AGREEMENT

Brief Details of Directors seeking re-appointment at this
Annual General Meeting

(Pursuant to Clause 49 of the Listing Agreement)

Item: 2

- Name : Mr. Sudhakar Pennam
- Qualifications : B. Tech in Electrical Engineering from NIT Warangal
- Expertise : Based in the US, he has more than 20 years of experience in IT consulting and offshore services both in India and the US. He has worked in startups in India and US and built mid-sized IT services companies focused on test consulting and outsourced IT services.

Item: 5

- Name : Mr. Mani Subramanian
- Qualifications : Bachelors in Electronics and Telecom Engineering, from IETE and Masters in Information Systems from BITS, Pilani.
- Expertise : He has more than 25 years' experience in Information Technology / Telecommunication Industry; he has extensive expertise in the Start-up and Operations of Software Development, Network Service providers, Multi-location business operations.



EXPLANATORY STATEMENT

(Pursuant to Section 173(2) of the Companies Act, 1956)

Item: 4-5

Mr. Sudhakar Pennam, Mr. Mani Subramanian were appointed as Additional Directors in the Board Meeting held on 14th June 2012. As per the provisions of Section 260 of the Companies Act, 1956, they hold the office only up to the date of ensuing Annual General Meeting of the Company and are eligible for appointment as Directors. The Company has received respective notices under Section 257 of the Companies Act, 1956, proposing their candidature to the office of Director of the Company, along with the requisite deposit of Rs. 500/-

The approval of members is required for their appointment as Directors.

Brief Profile: Details regarding the person proposed to be appointed as Director has been mentioned above.

Item: 6

To meet the Industry standards, the Remuneration committee of the Board of the Company recommended an increase in remuneration payable to the managerial persons of the Company. The managerial persons of the Company are required to devote more time and attention more so with the requirements of the revised Corporate Governance Policies and to fulfill the future prospects of the company. The Remuneration Committee therefore recognizes the need to suitably remunerate the Sri C. V. Subramanyam, Managing Director of the Company, with such remuneration for the remaining period of their term of their appointment and in compliance with Sec 198, 309 and Schedule XIII and other applicable sections of the Companies Act. The remuneration now proposed is in modification to the resolution passed earlier, in the thirteenth Annual General Meeting, in which the said Director was appointed.

The Board recommends passing of the Special Resolution as set out in Item no. 6. The contents of this explanatory note may be treated as the memorandum of abstract of variation as stipulated under section 302 of the Companies Act, 1956.

None of the Directors of the Company is interested in this resolution except Sri. C V Subramanaym, in respect of this resolution.

Item: 7

Approval of the members of the Company was sought in the Annual General Meeting held on 29th September 2009 for the appointment and payment of remuneration to Mr. C Srikanth (Executive Vice President - Marketing), son of Sri C V Subramanyam, Managing Director of the Company and relative of Sri C. Sudhakar (Director). With the recommendations of the remuneration committee, it is proposed to increase his remuneration from Rs. 50,000/- (Rupees Fifty Thousand) to Rs. 4.5 lakhs per month (Rupees Four Lakhs Fifty Thousand only).

Approval of the members is sought under Section 314(1)(B) of the Companies Act, 1956 read with Directors' Relatives (Office or Place of Profit) Rules 2003 for increase in remuneration of Mr. C Srikanth (Executive Vice President - Marketing) as mentioned in the notice above by passing a special resolution.

The remuneration proposed was well within the limits specified in section 314 (1)(B) of the Companies Act, 1956 read with the Directors' Relatives (Office or Place of Profit) Rules, 2011 and consent of the members by special resolution has been sought for better corporate governance.

The Board recommends this resolution for the approval of the members in the Annual General Meeting.

None of the Directors except Sri. C V Subramanyam and Sri C Sudhakar are directly or indirectly interested or concerned in this resolution.

On behalf of the Board
Cigniti Technologies Limited

Place : Hyderabad
Date : 14.06.2012

C.V. Subramanyam
Managing Director

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Fourteenth Annual Report together with the Audited Balance Sheet, Profit & Loss Account and Cash Flow Statement for the financial year ended 31st March, 2012.

FINANCIAL RESULTS

The highlights of the financial results for the year under review along with the comparative figures for the previous year are as follows:

Particulars	(Rs. in Lakhs)		
	2011-12 Consolidated Current Year	2011- 12 Standalone Current Year	2010 - 11 Standalone Previous Year
Income from Operations	3383.98	1023.89	758.79
Profit before depreciation and Tax	276.5	151.56	130.15
Depreciation	98.29	95.09	100.85
Profit before Tax	178.46	56.47	29.30
Provision for Tax	60.41	17.45	10.28
Profit after Tax	118.05	39.02	19.03
Profit carried forward to Balance sheet	406.70	327.67	288.65

Note: Corresponding comparison for Consolidated figures is not applicable

REVIEW AND PROSPECTS

The total consolidated revenue of the Company for the financial year ended 31st March, 2012 is Rs. 3,383.98 Lakhs as compared to the previous year's total revenue of Rs. 758.79 Lakhs. During this financial year the Company has recorded a net profit of Rs. 118.05 Lakhs as against the previous year's net profit of Rs 19.03 Lakhs.

The past year has been an eventful one for the Company and all its stakeholders. The Company has grown from strength to strength, and undertaken challenges on the global stage in its strategic drive to reach the key markets of the world.

1. Current Scenario

Your company has established itself as India's leading independent software testing services company. Apart from improving revenues and profitability, it has strengthened its management team by attracting industry recognized experts who can help us achieve the next goal of making your company the world's largest independent testing services company.

Cigniti expanded its US operations by expanding its sales team in the US and continues to expand its sales, business development, solution engineering and marketing teams. The merger also provides access to large enterprises served by Cigniti Inc. and creates opportunities for your company to upsell and cross-sell different services across existing clients.

Cigniti has also invested in modern test infrastructure like building India's first Robotics Test Lab and a cloud based

Mobile Device Test Lab. Cigniti will effectively leverage our mobile labs, robotics test lab, performance test labs to offer differentiated premium services that cannot be easily replicated by the competition. Premium services not only create better margins but also provide faster revenue growth because of the differentiation in services and solutions offered. Our cloud based mobile testing and performance testing significantly reduces client costs while improves margins for Cigniti. Cigniti also moved to a world-class offshore delivery center that provides for power and communication redundancy as well as adherence to information security standards like ISO 27001. These investments in infrastructure are important as we engage with more and more large enterprises.

Cigniti is continuing to invest in R&D to build its SMART Tools frameworks, tools and utilities. Your company will leverage its investments in IP to offer services where Cigniti will deliver more effective results faster but utilizing fewer resources to do the same. The overall cost benefit to the client is high while the billing rates for using these tools to deliver our services will be higher than standard rates. Additionally in specific areas like performance testing Cigniti will be making fixed bids or using outcome based pricing models. Cigniti will use its SMART Tools IP to get the work done with fewer resources that should create very high margins in a small number of projects. As more tools get added to the SMART Tools Cigniti's margins from outcome based projects will be significantly higher than the managed services projects.

Finally your company continues to scout for relevant



acquisitions that will add value to stakeholders in terms of providing access to new geographies, adding new specialized testing capabilities or expanding our intellectual property that can speed up testing.

2. Quality:

Your company continues to lay emphasis on high-level quality processes to deliver solutions to clients exceeding their expectations, Sophisticated quality management systems and processes are in place and strictly adhered to.

DIVIDEND:

The Directors regret their inability to recommend dividend for the year under review due to non availability of sufficient profit.

DIRECTORS

In accordance with the requirements of the Companies Act, 1956 and Articles of Association of the Company, Mr. C. Sudhakar retire by rotation at the forthcoming Annual General Meeting and being eligible, offer himself for re-appointment.

Also, Mr. Sudhakar Pennam, Mr. Mani Subramanian were appointed as Additional Directors in the Board Meeting held on 14th June 2012. Their term of office as Directors will expire on the date of this Annual General Meeting.

Brief resumes of the Director proposed to be appointed /re-appointed, his expertise in specific functional areas and names of the companies in which he hold directorship / membership / chairmanship of Board Committees, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges have been provided as an annexure to the Notice convening the 14th Annual General Meeting.

ACQUISITION

Your Company has been in the IT services business for the last 13 years providing software Testing, software development services and health care related services to companies in US, EUROPE and India. Since 2008 the company has transformed itself into an Independent Testing Services company with capabilities in various forms of software testing like functional testing, performance testing, test automation, mobile application testing and compatibility testing.

To achieve robust inorganic growth, to scale up the operations and to reap the benefits of economies of scale and to put to use effectively the existing infrastructure, it is proposed to acquire companies located outside India and in India. To secure win-win situation, the company acquired 100% stake in CIGNITI INC., USA and Cigniti Software Services Private Limited, India. CIGNITI INC. USA has grown to be the preferred IT partner for several leading enterprises in the US across various Industry verticals.

The cost of acquisition was valued at Rs. 22.62 crores by CIL Securities Limited, Hyderabad, Category – I merchant Banker. The said consideration was paid by equity swap in the following manner:

Issue of 5700000 equity shares on preferential basis (swap) for acquisition of CIGNITI INC., USA

Your company had accorded necessary approvals from the Stock Exchange and the regulatory authorities (FIPB) dated 17.02.2012, for issue of 57,00,000 (Fifty seven lakhs shares

only) Equity Shares of Rs.10/- each (Rupees Ten Only) be and are hereby allotted to the following persons on preferential basis (swap)

S.No	Name of the allottee	No of shares allotted
1	Sapna Pennam	37,05,000
2	K. Kumar Bapuji	19,95,000

Issue of 1,00,000 Equity Shares On Preferential Basis (Swap) For Acquisition of Cigniti Software Services Private Limited, India

1,00,000 (One lakhs shares only) Equity Shares of Rs.10/- each (Rupees Ten Only) be and are hereby allotted to the following persons on preferential basis (swap)

S.No	Name of the allottee	No of shares allotted
1	Sapna Pennam	64,000
2	K. Kumar Bapuji	34,000
3.	V.V. Sai Prasad	1,000
4.	M. Siva Kumar	1,000

Approval of the shareholders was accorded on 20th day of December 2011 through postal ballot and the approval for allotment of shares (swap) was accorded in the Board meeting held on 17th February 2012.

ALLOTMENT OF EQUITY SHARES ON CONVERSION OF WARRANTS:

During the financial year, Mr. C Srikanth exercised the option to convert the balance portion of 17,50,000 share warrants into equal number of equity shares. The Board of the Company in its meeting held on 20th December 2011 allotted 17,50,000 equity shares and pursuant to this allotment the paid-up capital of the company has been increased accordingly.

EMPLOYEE STOCK OPTION SCHEME

Your Company has introduced a new Stock Option Scheme (Employee Stock Option Scheme - 2011) to issue and allot Stock options not exceeding 15,00,000 to the employees of the Company and to the employees of Subsidiary Company. Approval of the members was accorded in the meeting held on 29th September 2011.

S.No	Name	DOJ	Designation	Per Month	Last Year Total Salary paid
1.	Sriram Rajaram	1-Mar-09	President	7,16,667	26,77,467
2.	Sai Chintala	5-Mar-12	SVP-Pre-Sales	5,39,505	3,87,576

SHARE CAPITAL

During the year under review, the company has allotted 57,00,000 equity shares on preferential basis (swap) for acquisition of CIGNITI INC., USA and 1,00,000 Equity Shares On Preferential Basis (Swap) For Acquisition of Cigniti Software Services Private Limited, India.

The Company had also allotted 17,50,000 Equity shares to Mr. C Srikanth who had exercised the option to convert 17,50,000 share warrants into equal number of equity shares. Accordingly, the Board of the Company in its meeting held on 20th December 2011 allotted 17,50,000 equity shares and pursuant to this allotment the paid-up capital of the company has been increased accordingly.

CHANGE OF NAME OF THE COMPANY

Proposal for change of name of the company from Chakkilam Infotech Limited to Cigniti Technologies Limited was considered and approved in the Board Meeting held on 3rd September 2011 and subsequently approval of the members for the same was accorded in the Annual General Meeting held on 29th September 2011.

CORPORATE GOVERNANCE

Your Directors are happy to report that your Company is compliant with the Corporate Governance requirements as per Clause 49 of the Listing Agreement with the Stock Exchanges. A separate section on Corporate Governance and Management Discussion and Analysis together with a certificate from the Statutory Auditor's confirming compliance is set out in the Annexure forming part of this report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956 with respect to the Directors' Responsibility Statement, it is hereby confirmed that:

- i. In the preparation of the annual accounts for the year ended 31st March, 2012, the applicable accounting standards have been followed and there are no material departures.
- ii. We have selected appropriate accounting policies and applied them consistently and have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31st March 2012 and of the profit of the company for the financial year ended 31st March 2012.
- iii. We have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv. We have prepared the annual accounts for the financial year ended 31st March, 2012 on a going concern basis.

AUDITORS

M/s. P. Murali & Co., Chartered Accountants, Statutory Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting and are eligible for reappointment.

FIXED DEPOSITS

The Company has not invited/accepted any fixed deposits from the public in terms of Section 58A of the Companies Act, 1956.

RISK MANAGEMENT SYSTEM

Your Company follows a comprehensive system of Risk Management. Your Company has adopted a procedure for assessment and minimization of probable risks. It ensures that all the risks are timely defined and mitigated in accordance with the well structured risk management process.

EMPLOYEE PARTICULARS

None of the employees is in receipt of remuneration exceeding the limit and whose particulars are required to be given as prescribed under Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

Additional Information as Required U/S 217(1) (e) of the Companies Act, 1956

(a) Conservation of Energy:

Our operations are not energy intensive; however significant measures are taken to reduce energy consumption by using energy efficient computers and purchasing energy efficient equipment. We constantly evaluate new technologies and invest to make our infrastructure more energy efficient.

(b) Research and Development and Technology Absorption:

Research and development of new products, processes and methodologies continue to be of importance to us. This allows us to enhance quality, productivity and customer satisfaction through continuous innovation. Our Company continues to invest in rapidly changing technologies and use them to improve the quality of the products, service offerings, this has resulted in overall reduction in defect rates and a higher level of customer satisfaction.

(c) Please refer to "Notes to Accounts" for Foreign exchange earnings & Foreign

STOCK EXCHANGES

Company's present Equity shares are listed in Bombay Stock Exchange Limited, Bangalore Stock Exchange and Madras Stock Exchange, and the Company has paid the Listing Fees to the Stock Exchanges for the Financial Year 2012-13.

ACKNOWLEDGEMENTS

The Directors wish to place on record their appreciation for the continued co-operation and support by the Banks, Government authorities, Business Partners, Customers and other Stakeholders. Your Directors wish to place on record their sincere appreciation for the dedicated contribution made by all the Executives, Staff members of the Company in the achievements of the Company during the year under review.

On behalf of the Board
Cigniti Technologies Limited

Place : Hyderabad
Date : 14.06.2012

C.V. Subramanyam
Managing Director

P. Sudhakar
Director

THE MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

Pursuant to Clause 49 of the Listing Agreement, a report on Management Discussion and Analysis Report is given below:

1. INDUSTRY STRUCTURE AND DEVELOPMENT:

Software Testing Market

According to a recent NASSCOM report on software testing, the worldwide testing services segment was \$30 Billion in 2010 and expected to grow to \$50 Billion by 2020. The testing segment outsourced to India is expected to grow from \$3.2 Billion in 2010 to about \$13 Billion at a 15% CAGR which is significantly higher growth projections for software testing than the overall IT services space.

The key drivers for the higher rate of growth in software testing services is as follows

1. Almost all business process within enterprises including critical ones rely on software. Risks and liabilities of poor quality software for enterprises is rising rapidly.
2. The advent of new technologies like mobile smartphones, cloud computing, tablets means software written once has to be tested in multiple environments to ensure consistent functionality and experience.
3. Software testing has evolved as a specialized science and profession that requires people with a different mindset, skillset and toolset than the average developer or business analyst. Performance Testing, Security Testing, Usability Testing, Compatibility Testing are new types of testing that are becoming crucial for enterprises that have customer facing applications. Enterprises are realizing that as the field gets complicated they need to rely more on experts or outsource testing to experts.
4. Enterprises are recognizing the need for independence for verification and validation of software. They are splitting their outsourcing contracts and using an independent testing partner to keep the development partner honest and on their toes with respect to software quality.

2. OPPORTUNITIES AND STRENGTHS

a. OPPORTUNITIES

Cigniti's strategy of being a niche player in the fastest growing segment in the IT services market provides a great opportunity for growth. As enterprises spend more of their budgets on testing and rely more on independent players to outsource their testing, Cigniti is well positioned to grow significantly faster than the overall segment growth rate.

With the right investments in IP, sales, marketing and hosted testing infrastructure, Cigniti can emerge as one of the world's leading independent testing services companies within the

next three years. There are also inorganic growth opportunities for Cigniti to augment its testing services, expand geographical reach and acquire IP from small to mid sized testing companies.

b. STRENGTHS

Cigniti's key strengths are as follows

- Focused pure play independent testing services company
- Seasoned Management team
- World-class delivery infrastructure
- Intellectual Property led testing services
- Brand image

These strengths help us deliver solutions faster and better, accelerate revenue growth faster than the industry, improve margins over the long term and attract top talent to the organization. These differentiators will help your company achieve its goal of becoming the world's largest independent testing services company.

3. INDUSTRY OUTLOOK

The IT industry's growth has slowed down over the last year according to NASSCOM and analysts. Added to this, the economic situation in Europe and the slow recovery of the US means IT industry growth will continue to remain weak over the coming year. Cigniti expects the overall IT industry to grow in line with NASSCOM predictions of low double digits or even single digits. However, Cigniti is seeing that the Testing Services segment continues to grow faster than the overall IT industry and this is reflected in the organic growth rates we have been able to clock. We believe the coming year will be positive for testing services and be in line with the 15% growth rate for the overall industry. Cigniti hopes to grow faster than the industry growth rate thanks to the investments in sales, infrastructure, IP and people we have made and will continue to make.

4. HUMAN RESOURCE DEVELOPMENT AND INDUSTRIAL RELATIONS

Cigniti believes that the quality of talent we can attract is key to our success in the long run. It is also a known fact that talent attracts talent. We have managed to attract some of the recognized experts in software testing as part of our management team. We are already seeing positive results of this by being able to attract talent from some of the leading product and services companies in India and US at the middle level. Cigniti is engaging with universities and colleges to educate talent on the opportunities and career options in software testing. Cigniti also engages with specialized career training companies to absorb certified testers after a rigorous testing and interview process. Cigniti also attracts domain experts from industry and repurposes them with training as Business Analysts or SME (Subject Matter Experts) in various domains.

Apart from attracting the best talent, Cigniti believes in providing a world class physical work environment along with great HR practices that ensure employees are engaged with the company constantly. Cigniti assesses the training needs of every individual and ensures that these training needs are met through a combination of internal training, external training programs and on-the-job training. Cigniti ensures there is an atmosphere of fun with requisite professional freedom for employees to grow and voice their opinion. Creativity and innovation are encouraged.

Cigniti's organizational values define acceptable standards which govern the behavior of individuals. The acronym CAPITAL refers to the values our "people capital" have to demonstrate.

Cigniti's CAPITAL values.

- Collaborative: Understanding client's goals and

working together to achieve a common goal across functions, geographies and cultures.

- Assertive: Confidently expressing one's thoughts and feelings in a positive manner.
- Passionate: Demonstrating enthusiasm for work through action.
- Innovative: Constantly creating better services, processes, technologies or products to improve quality.
- Transparent: Communicating in an open fashion without a hidden agenda.
- Accountable: Taking responsibility for one's actions.
- Learning: Continuously acquiring and sharing new knowledge, behaviors and skills.

REPORT ON CORPORATE GOVERNANCE

1. Company's philosophy on Corporate Governance

CORPORATE GOVERNANCE

CTL is committed to best practices in the area of Corporate Governance, both in letter and spirit. Good governance facilitates effective management and control of business, maintaining a high level of business ethics and optimizing the value for all stakeholders.

The Corporate Governance Structure in the Company assigns responsibilities and entrusts authority among different participants in the organization viz. the Board of Directors, the Senior Management, Employees, etc.

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company's philosophy on Corporate Governance is based on the principles of integrity, fairness, equity, transparency, accountability and commitment to values. CTL's Corporate Governance policy is based on the following principles:

- (i) Independence and versatility of the Board
- (ii) Integrity and ethical behavior of all personnel
- (iii) Recognition of obligations towards all stake holders – customers, employees and shareholders
- (iv) High degree of disclosure and transparency levels
- (v) Total compliance with laws in all environments in which the company operates
- (vi) Achievement of above goals with compassion for people and environment

The Company recognizes that good Corporate Governance is a continuing exercise and committed to follow the best practices in the overall interest of the stakeholders. The Securities and Exchange Board of India (SEBI) has specified

certain mandatory governance practices, which are incorporated in Clause 49 of the Listing Agreement of Stock Exchanges. This section, along with the section on "Management Discussion & Analysis" and "Additional Shareholders' Information" constitute the Company's compliance with Clause 49 of the Listing Agreement.

2. Board of Directors

A. Composition

- a. The Company has 6 Directors with an Executive Chairman on its Board. Out of Six (6) Directors, Two (2) are Non-Executive Independent Directors, and one is executive Director and another is Chairman and Managing Director. The composition of the Board is in conformity with clause 49 of the Listing Agreements entered into with the Stock Exchanges and meets the stipulated requirements.
- b. None of the Directors on the Board is a Member of more than 10 committees or Chairman of more than 5 companies across all the Companies in which he is a Director. The Directors have made necessary disclosures regarding Committee positions in other public companies as on March 31, 2012.
- c. The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year and the number of Directorships and Committee Chairmanships / Memberships held by them in other companies is given below. Other Directorships do not include alternate directorships, directorships of private limited companies, section 25 companies and of companies incorporated outside India. Chairmanship / Membership of Board Committees include only Audit and Shareholders / Investors Grievance Committees.

Composition and category of Directors on the Board for the year 2011-12 are given below:

Name of the Director	Category	Number of Directorships in other Companies	Number of Board Committee memberships held in other Companies
Mr. C.V. Subramanyam	Promoter & Managing Director	3	NIL
Mr. C. Sudhakar	Promoter Director	1	NIL
*Mr. P. Vikram	Independent Director	NIL	NIL
*Mr. B. Srinivasa Rao	Independent Director	NIL	NIL
Mr. K. Ch. Subba Rao	Independent Director	NIL	NIL
Mr. K. Nageswara Rao	Independent Director	NIL	NIL

* Ceases to be Directors w.e.f 29.09.2011

- d. Pecuniary relationship or transactions of the Non-Executive Directors vis-à-vis the Company.

None of the Non-Executive Directors has any pecuniary relationship or transactions with the Company.



e. During the Financial Year 2011 - 12 the Board of Directors met 11 times on the following dates:

12.05.2011, 05.08.2011, 25.08.2011, 03.09.2011, 29.09.2011, 09.11.2011, 17.11.2011, 20.12.2011, 08.02.2012, 17.02.2012, and on 06.03.2012,

f. The time gap between any two Board Meetings did not exceed three months.

Attendance of Directors at Board Meetings and at the last Annual General Meeting (AGM) held on 29th September, 2011.

Name of the Director	Number of meetings attended	Attendance at last AGM
Mr. C.V. Subramanyam	11	Yes
Mr. C. Sudhakar	11	Yes
Mr. P. Vikram	0	No
Mr. B. Srinivasa Rao	0	No
Mr. K. Ch. Subba Rao	11	Yes
Mr. K. Nageswara Rao	11	Yes

BOARD'S PROCEDURE

Agenda papers along with explanatory statements were circulated to the Directors in advance for each of these meetings. All relevant information as per Clause 49 of the Listing Agreement was placed before the Board from time to time.

3. AUDIT COMMITTEE

I). The Audit Committee of the Company is constituted in line with the provisions of Clause 49 of the Listing Agreements with the Stock Exchanges read with Section 292A of the Companies Act, 1956.

II) The terms of reference of the Audit Committee include a review of;

- Overview of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements reflect a true and fair position and that sufficient and credible information is disclosed.
- Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services.
- Discussion with external auditors before the audit commences, of the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- Reviewing the financial statements and draft audit report including quarterly / half yearly financial information.
- Reviewing with management the annual financial statements before submission to the Board, focusing on:

I Any changes in accounting policies and practices;

ii Qualification in draft audit report;

iii Significant adjustments arising out of audit;

iv The going concern concept;

v Compliance with accounting standards;

vi Compliance with stock exchange and legal requirements concerning financial statements;

vii Any related party transactions

- Reviewing the company's financial and risk management's policies.
- Disclosure of contingent liabilities.
- Reviewing with management, external and internal auditors, the adequacy of internal control systems.
- Reviewing the adequacy of internal audit function, including the audit character, the structure of the internal audit department, approval of the audit plan and its execution, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
- Discussion with internal auditors of any significant findings and follow-up thereon.
- Reviewing the findings of any internal investigations by the internal auditors into the matters where there is suspected fraud or irregularity or a failure of internal control

systems of a material nature and reporting the matter to the Board.

- Looking into the reasons for substantial defaults in payments to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- Reviewing compliances as regards the Company's Whistle Blower Policy.

III) Previous Annual General Meeting of the Company was held on 29th September 2011 and Mr. K.Ch. Subba Rao, Chairman of the Audit Committee, attended previous AGM.

IV) The composition of the Audit Committee and the attendance of each member of the Audit Committee are given below:

Composition

The Company has constituted an Audit Committee comprising of the following three Non-Executive Independent Directors

S.No	Name of the Director	Designation	Nature of Directorship
1	Mr. K. Ch. Subba Rao	Chairman	Non-Executive & Independent Director
2	Mr. C. Sudhakar	Member	Non-Executive & Non Independent Director
3	Mr. K. Nageswara Rao	Member	Non-Executive & Independent Director

V) Six Audit Committee meetings were held during the year. The dates on which the said meetings were held are as follows: 12.05.2011, 05.08.2011, 03.09.2011, 09.11.2011, 08.02.2012, and on 06.03.2012,

The necessary quorum was present at all the meetings.

Attendance during the year 2011-12:

Name	Number of meetings held during the year	Number of meetings attended during the year
Mr. K. Ch. Subba Rao	6	6
Mr. C. Sudhakar	6	6
Mr. K. Nageswara Rao	6	6

4. Remuneration Committee

The Company has constituted Remuneration Committee to decide, fix the remuneration payable to the Managing / Whole time Directors of the Company.

However, the remuneration of the Managing / Whole time Director is subject to approval of the Board, and of the Company in the General Meeting and such approvals as may be necessary. The remuneration structure of Managing Director comprises of salary only.

A. Composition

The Remuneration Committee consists of the following Directors:

S.No	Name of the Director	Designation	Nature of Directorship
1	Mr. K. Ch. Subba Rao	Chairperson	Non-Executive & Independent Director
2	Mr. Mani Subramanian	Member	Non-Executive & Independent Director
3	Mr. K. Nageswara Rao	Member	Non-Executive & Independent Director



B. Brief description of terms of reference

The Remuneration Committee shall function in accordance with the terms of reference made by the Board of Directors, which are given as follows:

1. To fix the remuneration packages of Executive Directors i.e., Managing Director, Whole time Directors, etc.,
2. To decide on the elements of remuneration package of all the Directors i.e., salary, benefits, bonuses, stock options, pension etc."

The Non-executive Directors are paid sitting fees for attending the Board & Committee meetings.

The details of the salary and commission paid / payable for the Financial Year ended 31st March, 2012 to the Managing Director is as under:

Name of the Director	Designation	Salary per annum (Rs.)	Commission
Mr. C.V. Subramanyam	Managing Director	10,40,000	NIL

The Company does not have any stock option scheme to the Directors. The appointments are made in accordance with the terms and conditions specified in the respective resolutions passed by the members in the General Meetings, which do not provide for severance fees.

5. Investors' Grievance Committee

A. Composition

Your Company has constituted an Investors' Grievance Committee consisting of the following Directors:

S.No	Name of the Director	Designation	Nature of Directorship
1	Mr. K. Ch. Subba Rao	Chairperson	Non-Executive & Independent Director
2	Mr. C. Sudhakar	Member	Non-Executive & Promoter Director
3	Mr. K. Nageswara Rao	Member	Non-Executive & Independent Director

B. Powers

The Committee has been delegated with the following powers:

- to redress shareholder and investor complaints relating to transfer of shares, Dematerialization of Shares, non-receipt of balance sheet, non-receipt of declared dividend etc.
- to approve, transfer, transmission, and issue of duplicate / fresh share certificate(s)
- Consolidate and sub-division of share certificates etc.
- To redress, approve and dispose off any, other complaints, transactions and requests etc., received from any shareholder of the company and investor in general.

The Board has delegated the power to process the transfer and transmission of shares to the Registrar and Share Transfer Agents, who process share transfers within a week of lodgment in the case of shares held in physical form.

6. General Body Meetings

Financial Year	Date	Time	Venue	Special resolutions passed
13th AGM 2010 -11	29.09.2011	11.00 AM	Sundaraiah Vignana Kendram, (MiniHall), BaghLingampally, Hyderabad -44	<ol style="list-style-type: none"> 1. Increase In Authorised Share Capital 2. Alteration of article no.3 of articles of association of the company 3. Issuance of equity shares on preferential basis 4. Change of name of the company 5. Employee stock option scheme 2011 6. Grant of options to the employees of subsidiary and step down subsidiary company under employee stock options scheme -2011
12th AGM 2009 -10	29.09.2010	10.00 AM	Sundaraiah Vignana Kendram, (MiniHall), BaghLingampally, Hyderabad -44	<ol style="list-style-type: none"> 1. Resolved to issue 25,00,000 warrants to promoter and promoter group.
11th AGM 2008 -9	29.09.2010	2.00 PM		NIL

7. Resolutions Passed through Postal Ballot:

The Company had accorded the approval of members through postal ballot for

1. Issue of 57,00,000 equity shares on preferential basis (swap) for acquisition of CIGNITI INC.,, USA
2. Issue of 1,00,000 Equity Shares On Preferential Basis (Swap) For Acquisition of Cigniti Software Services Private Limited, India.

The result of Postal Ballot was Declared on 20th December 2011.

8. Auditors' Certificate on Corporate Governance

Auditors' Certificate on Corporate Governance as required by revised Clause 49 of the Listing Agreement is given as an annexure to the Director's Report.

9. Disclosures

- The Company has not entered into any transaction of material nature with related parties i.e., Directors, Management, their relatives conflicting with the Company's interest.
- Details of non-compliance
There has been no non-compliance of any legal requirements nor have been any strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the last 3 years.
- Whistle Blower policy

We have established a mechanism for employees to report concerns about unethical behavior, fraud or violation of code of conduct of the Company. The mechanism provided direct access to the Chairman of the Audit Committee for exceptional cases. All employees can also directly meet the Audit Committee members of the Company. The Whistle Blower Policy has been posted on the Intranet of the Company.

- Compliance with non-mandatory requirements of clause 49 of the listing agreement

The Company has complied with the non-mandatory requirements relating to remuneration committee and Whistle Blower policy to the extent detailed above and has not complied with other non-mandatory requirements.

- Management Discussion and Analysis

A detailed section on 'Management Discussion and Analysis' (MDA), pursuant to Clause 49 of the Listing Agreement forms part of this Annual Report.

10. Means of Communication

The quarterly, half-yearly and yearly financial results will be sent to the Stock Exchanges immediately after the Board approves the same and these results will also be published in prominent daily newspapers. These financial statements, press releases are also posted on the Company's website, at www.cigniti.com. As the financial



performance of the Company is well published, individual communication of half yearly results are not sent to the shareholders.

The Management Discussion and Analysis Report forms part of the annual report, which is posted to the shareholders of the Company.

11. General Shareholder Information:

The following information would be useful to the shareholders:

a) Fourteenth Annual General Meeting

Date and Time : 12.07.2012, at 11.00 A.M

Venue : "The V (Ascendas) Auditorium", Plot No# 17, Software Units Layout, Madhapur, Hyderabad – 500 081

b) Financial Calendar 2012-13 (Tentative Schedule)

Adoption of Quarterly results for the Quarter ending

- 30th June, 2012 : 1st/2nd Week of August, 2012
- 30th September, 2012 : 1st/2nd Week of November, 2012
- 31st December, 2012 : 1st/2nd Week of February, 2013
- 31st March, 2013 : on or before 15th May 2013

Annual General Meeting (Next year) : August / September, 2013

c) Book Closure Date

9th July, 2012 to 12th July, 2012 (both days inclusive)

- d) Listing on Stock Exchanges : Bombay Stock Exchange Ltd
Bangalore Stock Exchange Ltd
Madras Stock Exchange Ltd

e) Stock Code

- Stock Code / Symbol : BSE : 590089 / CIGNITI
- Demat ISIN number in NSDL & CDSL: INE 675C01017

Electronic Connectivity

National Securities Depository Limited
Trade World, Kamala Mills Compound
Senapati Bapat Marg, Lower Parel
Mumbai – 400 013

Central Depository Services (India) Limited
Phiroze Jeejeebhoy Towers, 28th Floor
Dalal Street, Mumbai – 400 023

f) Stock Market Data

The monthly high / low prices of shares of the Company from April, 2011 to March, 2012 at Bombay Stock Exchange:

Scrip Code: 590089 Company Name: CIGNITI For the period: April 2011 to March 2012

Date	High (Rs.)	Low (Rs.)	No. of Shares
Apr-11	20.42	13.00	56870
May-11	21.75	17.15	13908
Jun-11	18.90	13.00	20748
Jul-11	14.00	12.80	19191
Aug-11	23.02	12.65	78227
Sep-11	26.00	22.20	155126
Oct-11	33.40	24.90	80112
Nov-11	40.40	33.45	188327
Dec-11	39.75	32.20	94177
Jan-12	54.95	33.45	173955
Feb-12	93.55	52.10	286059
Mar-12	80.00	54.00	60667

g) Registrars and Transfer Agents

Aarathi Consultants Pvt. Ltd.

1-2-285, Domalguda, Hyderabad- 500 029.

Tel: (040) 27642217/27638111 Fax: (040) 27632184

Email: info@aarthiconsultants.com

h) Share Transfer System

SEBI has vide its circular dated 27-12-2002, directed that all work relating to share registry, both physical and demat should be maintained at a single point. Accordingly, the Share Transfers, both physical and demat form, are done by the Registrar and Share Transfer Agents i.e., M/s. Aarathi Consultants Private Limited, Domalguda, Hyderabad. The requests received for transfer of shares in physical form are generally completed within the stipulated time.

12. (A) Shareholding pattern as on 31.03.2012

Category code	Category of Shareholder	Total Number of shares	% of share holding	Shares pledged or otherwise encumbered	
				Number of Shares	As a percentage
(A)	Shareholding of Promoter and Promoter Group				
(1)	Indian				
a.	Individuals/Hindu Undivided Family	3469200	20.53	0	0
b.	Central Government/State Government(s)	0	0	0	0
c.	Bodies Corporate	1430000	8.47	0	0
d.	Financial Institutions/Banks	0	0	0	0
	Others :-				
e.	Mutual Funds	0	0	0	0
f.	Trusts	0	0	0	0



	Sub Total (A)(1)	4899200	29.00	0	0
(2)	Foreign				
a.	Individuals (Non Resident Individuals/Foreign Individuals)	5798000	34.33	0	0
b.	Bodies Corporate	0	0	0	0
c.	Institutions	0	0	0	0
	Others :-				
d.	Overseas Corporate Bodies	0	0	0	0
	Sub Total (A)(2)	5798000	34.33	0	0
	Total Shareholding of Promoter and Promoter Group				
	(A)=(A)(1)+(A)(2)	10697200	63.33	0	0
(B)	Public Shareholding				
(1)	Institutions				
a.	Mutual Funds/UTI	0	0	0	0
b.	Financial Institutions/Banks	0	0	0	0
c.	Central Government/State Government(s)	0	0	0	0
d.	Venture Capital Funds	0	0	0	0
e.	Insurance Companies	0	0	0	0
f.	Foreign Institutional Investors	0	0	0	0
g.	Foreign Venture Capital Investors	0	0	0	0
	Others :-				
h.	Foreign Companies	0	0	0	0
g.	Foreign Venture Capital Investors	0	0	0	0
	Others :-				
h.	Foreign Companies	0	0	0	0
	Sub Total (B)(1)	0	0	0	0
(2)	Non-Institutions				
a.	Bodies Corporate	127620	0.76	0	0
b.	Individuals				
	i)Individual shareholders holding nominal share capital upto Rs.1 lakh	1026609	6.08	0	0
	ii)Individual shareholders holding nominal share capital in excess of Rs.1 lakh	4301342	25.46	0	0
c.	Any Others :-				
	i)Non Resident Individuals	627	0	0	0
	ii)Overseas Corporate Bodies	233200	1.38	0	0
	iii)Trusts	500000	2.96	0	0
	iv)Employees	0	0	0	0

	v) Clearing Members	4800	0.03	0	0
	vi) Foreign Nationals	0	0	0	0
	Sub Total (B)(2)	6194198	36.67	0	0
	Total Public Shareholding (B)=(B)(1)+(B)(2)	6194198	36.67	0	0
	Total (A)+(B)	16891398	100.00	0	0
(C)	Shares held by Custodians and against Depository Receipts have been Issued	0	0	0	0
	Grand Total (A)+(B)+(C)	16891398	100.00	0	0

(B) Distribution of Shareholding as on 31.03.2012

Range (Rs.)	No of Shareholders	% of Total Shareholders	No of Shares	% of Total Shareholding
Upto - 5000	421	50.78	62293	0.37
5001 - 10000	66	7.96	59511	0.35
10001 - 20000	51	6.15	81937	0.49
20001 - 30000	84	10.13	217929	1.29
30001 - 40000	21	2.53	80985	0.48
40001 - 50000	53	6.39	256477	1.52
50001 - 100000	41	4.95	336123	1.99
100001 & Above	92	11.11	15796143	93.51
TOTAL	829	100.00	16891398	100.00

13. Dematerialisation of Shares and Liquidity

Trading in Company's shares is permitted only in dematerialised form for all investors. The ISIN allotted to the Company's scrip is INE 675C01017. Investors are therefore advised to open a demat account with a Depository participant of their choice to trade in dematerialized form. Shares of the Company are actively traded in The Bombay Stock Exchange Limited, Mumbai, The Bangalore Stock Exchange, Bengaluru & Madras Stock Exchange Limited, Chennai and hence have good liquidity. The list of depository participants is available with the National Securities Depository Limited (NSDL) at www.nsdl.co.in.

Particulars	No. of Shares	% Share Capital
NSDL	44,38,983	8.74
CDSL	14,75,640	26.28
PHYSICAL	1,09,76,775	64.98
Total	1,68,91,398	100.00

14. Address for Correspondence

Registered office : Suite No. 106 & 107, 6-3-456/C, MGR Estates, Dwarakapuri Colony, Punjagutta, Hyderabad – 500 082.

R & T Agent : Aarathi Consultants Pvt. Ltd.
1-2-285, Domalguda, Hyderabad- 500 029.
Tel: (040) 27642217/27638111 Fax: (040) 27632184
Email: info@aarthiconsultants.com

15. OTHER DISCLOSURES AS PER CLAUSE 49 OF THE LISTING AGREEMENT

i. Code of Conduct

The Company has formulated and implemented a Code of Conduct for Board Members and Senior Management of the Company. Requisite annual affirmations of compliance with the respective Codes have been made by the Directors and Senior Management of the Company.

Certificate of Code of Conduct for the year 2011-12

CTL is committed for conducting its business in accordance with the applicable laws, rules and regulations and with highest standards of business ethics. The Company has adopted a "Code of Ethics and Business Conduct" which is applicable to all director, officers and employees.

I hereby certify that all the Board Members and Senior Management have affirmed the compliance with the Code of Ethics and Business Conduct, under a certificate of Code of Conduct for the year 2011-12.

Place: Hyderabad

C.V. Subramanyam

Date: 14.06.2012

Managing Director

i. Disclosure of Accounting Treatment

The Company has complied with the appropriate accounting policies and has ensured that they have been applied consistently. There have been no deviations from the treatment prescribed in the Accounting Standards notified under Section 211 (3C) of the Companies Act, 1956.

ii. Non-Executive Directors' Compensation and Disclosures

None of the Independent / Non-Executive Directors has any pecuniary relationship or transactions with the Company which in the Judgment of the Board may affect the independence of the Directors.

iii. CEO/ CFO Certification

The CEO and CFO certification of the financial statements for the year 2011-12 is provided elsewhere in this Annual Report.

On behalf of the Board
Cigniti Technologies Limited

Place: Hyderabad

C.V. Subramanyam

P. Sudhakar

Date: 14.06.2012

Managing Director

Director

CERTIFICATE BY THE CHIEF EXECUTIVE OFFICER (CEO)
AND CHIEF FINANCIAL OFFICER (CFO)

I, C.V. Subramanyam, Managing Director of M/s. Cigniti Technologies Limited certify:

1. That we have reviewed the financial statements and the cash flow statement for the year ended 31st March 2012 and to the best of our knowledge and belief;
 - a. These statements do not contain any materially untrue statement nor omit any material fact nor contain statements that might be misleading, and
 - b. These statements present a true and fair view of the company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
2. That there are, to the best of our knowledge and belief, no transactions entered into by the company during the year, which are fraudulent, illegal or violative of the company's code of conduct.
3. That we accept responsibility for establishing and maintaining internal controls, we have evaluated the effectiveness of the internal control systems of the company and we have disclosed to the auditors and the audit committee, deficiencies in the design or the operation of internal controls, if any, of which we are aware and the steps that we have taken or propose to take and rectify the identified deficiencies and,
4. That we have informed the auditors and the audit committee of:
 - a) Significant changes in the internal control during the year;
 - b) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - c) Instances of significant fraud of which we have become aware and the involvement of any employee having a significant role in the company's internal control system.

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of
Cigniti Technologies Limited
Hyderabad

We have read the report of the Board of Directors on Corporate Governance and have examined the relevant records relating to compliance condition of corporate governance of Cigniti Technologies Limited ("the company") for the year ended 31st March, 2012 as stipulated in clause 49 of the listing agreement of the said company with the Stock Exchanges.

The compliance of the conditions of the corporate governance is the responsibility of the management. Our examination, conducted in the manner described in the Guidance note on "Certification of Corporate Governance" issued by the Institute of Chartered Accountants of India was limited to procedures and implementation thereof adopted by the company for ensuring compliance with the conditions of Corporate Governance. Our examination was neither an audit nor was it conducted to express an opinion on the financial statements of the company.

In our opinion and to the best of our information and explanations given to us and on the basis of our examination described above, the company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

For P. Murali & Co.,
Chartered Accountants

Place: Hyderabad
Date: 14.06. 2012

P. Murali Mohana Rao
Partner

Auditors' Report on Consolidated Financials

1. We have audited the attached Consolidated Balance Sheet of M/s Cigniti Technologies Limited ('the Company') and its wholly owned subsidiaries as at 31st March , 2012 and the Consolidated Profit & Loss Account for the year ended on the date annexed thereto and Consolidated Cash flow Statement for the period ended on that date. These Consolidated financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these Consolidated financial statements based on our audit.
2. 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 prepared, in all material respects, in accordance with an identified financial reporting framework and 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 . We believe that our audit provides a reasonable basis for our opinion .
3. We did not audit the financial statements of its subsidiaries Cigniti Inc & Cigniti Software Services Private Limited as at 31st March, 2012. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us and our opinion, in so far as it relates to the amounts included in respect of the subsidiaries is based solely on the report of the other auditors.
4. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21 for Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of the Company and its subsidiaries included in the consolidated financial statements.
5. On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of the Company and its subsidiaries, we are of the opinion that the said consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India.
 - (a) in the case of the Consolidated balance Sheet, of the consolidated state of affairs of the Company and its subsidiaries as at 31st March, 2012.
 - (b) In the case of the Consolidated Profit and Loss Account of the consolidated results of operations of the Company and its subsidiaries for the year then ended and
 - © In the case of the Consolidated cash flows Statement, of the Consolidated Cash flows of the Company and its subsidiaries for the year then ended.

For PMURALI & CO.,
CHARTERED ACCOUNTANTS.,
FRN : 007257S

Place : Hyderabad
Date : 14-06-2012

P.Murali Mohana Rao
Partner
Membership No:23412



CIGNITI TECHNOLOGIES LIMITED
Consolidated Balance Sheet as at March 31, 2012

Particulars	Note No	As on 31-03-2012
		Rupees
I. EQUITY AND LIABILITIES		
(1) Shareholder's Funds		
(a) Share Capital	1	168,913,980
(b) Reserves and Surplus	2	211,912,508
(2) Non-Current Liabilities		
(a) Long-Term Borrowings	3	14,766,596
(b) Deferred Tax Liabilities (Net)	4	8,047,275
(c) Other Long Term Liabilities	5	27,939,728
(d) Long Term Provisions	6	1,713,693
(3) Current Liabilities		
(a) Short-Term Borrowings	7	108,798,563
(b) Trade Payables	8	8,44,23,134
(c) Other Current Liabilities	9	37,670,977
(d) Short-Term Provisions	10	16,916,159
Total		681,102,613
II.Assets		
(1) Non-Current Assets		
(a) <i>Fixed assets</i>		
(i) Tangible assets	11	65,877,802
(ii) Intangible assets	11	223,427,822
(iii) Capital work-in-progress	11	35,116,610
(b) Long Term Loans and advances	12	10,939,338
(d) Other Non-Current assets	13	125,020
(2) Current Assets		
(a) Trade receivables	14	204,429,576
(b) Cash and Bank Balances	15	14,006,241
(c) Short-Term Loans and Advances	16	127,180,204
Total		681,102,613

Summary of Significant Accounting Policies

The accompanying Notes are an Integral Part of the Financial Statements

AS PER OUR REPORT OF EVEN DATE

For P.Murali & Co.,
Firm Regn. No: 007257S
Chartered Accountants

P.Murali Mohana Rao
Partner
M.No. 023412

Place : Hyderabad

Date : 14-06-2012

For. CIGNITI TECHNOLOGIES LIMITED

C.V. Subramanyam
Managing Director

P Sudhakar
Director

Company Secretary

CIGNITI TECHNOLOGIES LIMITED

Consolidated Profit and Loss Account for the year ended March 31, 2012

Particulars	Note No	Year Ending 31-03-2012
Revenue from Operations	17	337,565,240
Other Income	18	832,707
Total Revenue		338,397,947
<u>Expenses:</u>		
Employee Benefit expenses	19	251,943,501
Other Operating Expenses	20	28,620,508
Administrative Expenses	21	26,865,678
Financial costs	22	3,293,031
Depreciation and Amortization expense	11	9,828,900
Total Expenses		320,551,618
Profit Before Tax		17,846,329
Tax expense:		
(1) Current tax		5,831,957
(2) Deferred tax		208,940
Profit After Tax		11,805,432
Earning per equity share: (Refer Note No.29)		
(1) Basic		0.70
(2) Diluted		1.12

Summary of Significant Accounting Policies

The accompanying Notes are an Integral Part of the Financial Statements

AS PER OUR REPORT OF EVEN DATE

For P.Murali & Co.,
Firm Regn. No: 007257S
Chartered Accountants

For. CIGNITI TECHNOLOGIES LIMITED

P.Murali Mohana Rao
Partner
M.No. 23412

C.V. Subramanyam
Managing Director

P Sudhakar
Director

Place : Hyderabad
Date : 14-06-2012

Company Secretary



CIGNITI TECHNOLOGIES LIMITED

Notes to Consolidated Financial Statements for the year ended March 31, 2012

NOTE NO. 1 : SHARE CAPITAL

S.No.	Particulars	As on 31-03-2012
		Rupees
a	Equity Share Capital	
	(a) Authorised	
	(No. of Shares 2,00,00,000 Current Year)	200,000,000
	(No. of Shares 1,20,00,000 Preious Year)	
		200,000,000
	(b) Issued	
	(No. of Shares 1,68,91,398 Current Year)	168,913,980
	(No. of Shares 93,41,398 Preious Year)	
	(c) Subscribed & Fully Paid Up	
	(No. of Shares 1,68,91,398 Current Year)	168,913,980
	(No. of Shares 93,41,398 Preious Year)	
	(d) Subscribed & not fully paid up	-
	(e) Par Value per share Rs. 10/-	
	Total Equity Share capital	168,913,980
b	<u>A Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period:</u>	
	Equity Shares of Rs.10Each, Fully paid up	
	At the Beginning	93,413,980
	Issued during the year - Cash Issue	17,500,000
	Issued during the year - Issued Other than Cash	58,000,000
	At the end	168,913,980
c	<u>Details of Shareholder holding more than 5% shares of the company:</u>	<u>% of Share Holding</u>
	Equity Shares of Rs. 10 each Held By	
	Sapna Pennam - No.Of Shares (C.Y) 3690000 (P.Y) NIL	22.31%
	C. Srikanth - No.Of Shares (C.Y) 3250000 (P.Y) 750000	14.80%
	Kumar Bapuji - No.Of Shares (C.Y) 2029000 (P.Y) NIL	12.01%
	Chakkilam Constructions Pvt Ltd - No.Of Shares (C.Y) 1430000 (P.Y) 1430000	8.47%
	Suresh Doki - No.Of Shares (C.Y) NIL (P.Y) 604000	-
	Madhavi Doki - No.Of Shares (C.Y) NIL (P.Y) 502000	-
	C. Durga - No.Of Shares (C.Y) 500300 (P.Y) 500300	
	Chakkilam Employees Trust - No.Of Shares (C.Y) 500000 (P.Y) 500000	-

d	The Company had allotted 25,00,000 share warrants to promoter/promoter group in the Board Meeting held on 26th October 2010. These warrants are convertible into equal numbers of equity shares at the option of the warrant holder within 18 months from the date of the allotment. Out of the total warrants, Mr.C.Srikanth exercised the option to convert 7,50,000 share warrants into equal number of equity shares on 30th October 2010 and balance of 17,50,000 Share Warrant also converted in to equal number of equity Shares on December 20, 2011 in the boarding meetings and pursuant to this allotment the paid-up capital of the company has been increased accordingly.	
e	As per FIPB approval letter dated 17.02.2012, the company has allotted 57,00,000 equity shares of Rs.10/- each with premium of Rs. 29/- per share to the shareholders of M/s. Cigniti Inc., USA and 100000 Equity Shares of Rs.10/- each with premium of Rs. 29/- per share to the shareholders of M/s. Cigniti Software Services Private Limited on swap basis towards consideration for acquisition of business and there is no involvement of cash outflow.	

NOTE NO. 2 : RESERVES AND SURPLUS

S. No.	Particulars	As on 31-03-2012
		Rupees
I	RESERVES AND SURPLUS	
	a) Capital reserve	2,240,000
	b) Investment Subsidy Reserve	1,250,000
	c) Securities Premium Reserve	
	As at the commencement of the year	-
	Add: Additions during the year	168,200,000
		-
		168,200,000
	d) Surplus :	
	i) Opening Balance - Profit and Loss Account	28,864,716
	Add: Transfer from Profit & Loss Account	11,805,432
		40,670,148
	e) Foreign Currency Translation Reserve.	(447,640)
		-
	Total Reserves and Surplus	211,912,508



NOTE NO. 3 : LONG TERM BORROWINGS

S.No.	Particulars	As on 31-03-2012
		Rupees
I	Long Term borrowings	
	i) Term Loans - Secured	
	From Financial Institutions	8,122,096
	Vehicle loan form Kotak Mahindra Bank	269,500
		8,391,596
	ii) Un Secured Loans	
	From Others	6,375,000
		6,375,000
	1. Corporate Loan Sanction by APSFC on 20th December, 2007 of Rs. 100 Lakhs repayable in 50 monthly installments of Rs.2 lakhs each with 15% interest. Period of loan 5 Years including moratorium of 11 months	
	2. Working Capital Term Loan Sanction by APSFC on 26th October, 2009 of Rs. 120 Lakhs repayable in 43 monthly installments. 42 Installments @Rs.2.80 lakhs each and 43rd installment @ Rs.2,40 lakhs with 14% interest. Period of loan 4 Years including moratorium of 6 months	
	3. Medium Term Loan Sanction by APSFC on 19th January, 2011 of Rs. 100 Lakhs repayable in 55 monthly installments. 54 Installments @Rs.1.80 lakhs each and 55th installment @Rs.2.80 lakhs with 14% interest. Period of loan 5 Years including moratorium of 6 months	
	4. PRIMARY SECURITY: The above all Term loans secured by ways Equitable Mortgage of free hold interest in commercial Space bearing municipal No. 6-3-456/C/F1& 6-3-456/C/F2, part of First Floor Nos. 106 & 107, admeasuring 4450 sft at MGR Estate, Dwarakapuri Colony, Panjagutta, Hyderabad together with undivided share of land admeasuring 95 sq yds out of 2900 sa yds in the Sy. No. 145 and Hypothication of Plant & Machinery / equipments existing and all other future acquisitions of fixed assets in nature	
	5. COLLATERAL SECURITY: The above all Term loans are secured by way of Extension of equitable Mortgage of plots bearing Nos. 56 & 63 admeasuring 976 sq yds and 986 sq yds resoectvily covered by Sy. Nos. 57 Part, 58 Part on Bloack Diamond Enclave Layout at Bachpally (V) , Pragathinagar, Gram Panchayat, Qutbullapur (M), Ranga Reddy District, belonging to Smt Chakkilam Rajeswari and Sri Chakkilam Venkat Subramanyam.	
	6. The colleteral Security holders shall guarentee the Corporation's Medium Term Laon in their individual capacity as co-obligants	
	Total Long Term Borrowings	14,766,596

NOTE NO. 4 : DEFERRED TAX LIABILITY (NET)

S. No.	Particulars	As on 31-03-2012
		Rupees
I	Opening Deferred tax Liability	7,838,335
	Add:	
	Deferred Tax Liability for the year (Due to SLM and WDV Difference)	389,855
	Gross Deferred tax Liability	8,228,190
	Opening Deferred tax Asset	-
	Provision for Gratuity	180,915
	Gross Deferred tax Asset	180,915
	Deferred Tax Liability/ (Asset) - Net	8,047,275

NOTE NO. 5 : OTHER LONG TERM LIABILITIES

S. No.	Particulars	As on 31-03-2012
		Rupees
I	a) Loans & Advances	27,939,728
	Total Long Term Liabilities	27,939,728

NOTE NO. 6 : LONG TERM PROVISIONS

S. No.	Particulars	As on 31-03-2012
		Rupees
I	a) Provisions for employee benefits - Provision for Gratuity (Refer Note No.28)	1,713,693
	Total Long Term Provisions	1,713,693

NOTE NO. 7 : SHORT TERM BORROWINGS.

S.No.	Particulars	As on 31-03-2012
		Rupees
I	Short term borrowings	
	a) Cash Credits and Working Capital Demand Loan from Banks - Secured	108,798,563
	Notes: _ Note No. The company has taken credit from Capital One Commercial Bank and it is secured by Account Receivable of the Cigniti INC	
	Total Short Term Borrowings	108,798,563



NOTE NO. 8 : TRADE PAYABLES

S. No.	Particulars	As on 31-03-2012
		Rupees
I	a) Trade Payables	84,423,134
	Total Trade Payables	84,423,134

NOTE NO. 9 : OTHER CURRENT LIABILITES

S.No.	Particulars	As on 31-03-2012
		Rupees
I	a) Current maturities of long term debt	7,520,000
	b) Current maturities of Vehicle Hire Purchase obligation	34,479
	c) Advance from customers	25,052,881
	d) Outstanding Expenses	4,860,273
	e) Interest on Term Loans	203,344
	Total Other Current Liabilites	37,670,977

NOTE NO. 10 : SHORT TERM PROVISIONS

S.No.	Particulars	As on 31-03-2012
		Rupees
I	a) Provisions for employee benefits	
	PF Payable	248,879
	Salaries Payable	10,058,441
	Provision for Audit Fee	30,000
	b) Others	
	Statutory Liabilities	746,882
	Provision for Income Tax	5,831,957
	Total Short Term Provisions	16,916,159



CIGNITI TECHNOLOGIES LIMITED

NOTE NO. 12 : LONG TERM LOANS AND ADVANCES

S. No.	Particulars	Non Current
		As on 31-03-2012
		Rupees
	Security Deposit	
	Secured, Considered Good	366,100
	Unsecured, Considered Good	5,573,238
	Sub Total	5,939,338
	Less: Provision for Bad & doubtful Security Deposit	-
		5,939,338
	Secured, Considered Good	
	Advances Recoverable in Cash or in kind	5,000,000
	Sub Total	5,000,000
	Total Short Term Loans and Advances	10,939,338

NOTE NO. 13 : OTHER NON CURRENT ASSETS

S. No.	Particulars	Non Current
		As on 31-03-2012
		Rupees
I	Preliminary Expenses to the extent not written off	125,020
	Total Other Assets	125,020

NOTE NO. 14 : TRADE RECEIVABLES

S. No.	Particulars	As on 31-03-2012
		Rupees
I	Outstanding for a period exceeding six months from the date they are due for payment	
	Other Receivables:	
	Unsecured, Considered Good	204,429,576
	Total Trade Receivables	204,429,576

NOTE NO. 15 : CASH AND BANK BALANCES

S. No.	Particulars	As on 31-03-2012
		Rupees
I	Cash and cash equivalents :	
	a) Balances with banks :	
	1) On Current Accounts	13,743,491
	c) Cash on hand	62,750
	Sub Total	13,806,241
	Other Bank Balances	
	On Deposit Accounts	
	1) Having Maturity more than 3 Months but less than or equal to 12 months from date of deposit	200,000.0
	Sub Total	200,000.0
	Total Cash and Cash Equivalents	14,006,241

NOTE NO. 16 : SHORT TERM LOANS AND ADVANCES

S. No.	Particulars	Current
		As on 31-03-2012
		Rupees
	Loans & Advances	
	Unsecured, Considered Good	
	Security Deposit	2,003,771
	Loans and Advances to Employees	10,707,496
	Prepaid Expense	5,770,835
	Loans Receivable	11,466,647
	Advances Recoverable in Cash or in kind	97,231,455
	Total Short Term Loans and Advances	127,180,204



CIGNITI TECHNOLOGIES LIMITED

NOTE NO. 17 : REVENUE FROM OPERATIONS

S.No.	Particulars	Year Ended 31-03-2012
		Rupees
(i)	Revenue from operations	
	Sale of Services	-
	Domestic	15,829,290
	Exports	321,735,950
	Total Revenue from Operations	337,565,240

NOTE NO. 18 : OTHER INCOME

S.No.	Particulars	Year Ended 31-03-2012
		Rupees
	Net Gain on Foreign Currency Transactions	768,957.00
	Other non-operating income	63,750.00
	Total Other Income	832,707.00

NOTE NO. 19 : EMPLOYEE BENEFIT EXPENSES

S.No.	Particulars	Year Ended 31-03-2012
		Rupees
I	(a) Salaries & Wages	246,382,096
	(b) Contribution to Provident & Other Funds	4,431,405
	(c) Managerial Remuneration	1,130,000
	Total Employee Benefit Expenses	251,943,501

NOTE NO. 20 : OTHER OPERATING EXPENSES

S.No.	Particulars	Year Ended 31-03-2012
		Rupees
I	(a) Power & Fuel	2,407,016
	(b) Rent	3,268,194
	(c) Repairs to Maintenance	1,988,201
	(d) Insurance	532,889
	(e) Rates & Taxes (excluding Income Tax)	20,338,079
	(f) Miscellaneous Expenditure	56,129
	(i) As Auditor	20,000
	(ii) For Taxation Matters	10,000
	Total Other Expenses	28,620,508

NOTE NO. 21 : ADMINISTRATIVE EXPENSES

S.No.	Particulars	Year Ended 31-03-2012
		Rupees
I	(a) Telephone, Postage and Others	2,617,242
	(b) Business Promotion Expenses	8,824,539
	(c) Travelling & Conveyance	8,794,367
	(d) Office Maintenance	4,980,416
	(e) Printing & Stationery Expenses	1,095,274
	(f) Security Charges	39,780
	(k) Web Development Expenses	392,934
	(p) Miscellaneous Expenses Written Off	121,126
	Total Administrative Expenses	26,865,678

NOTE NO. 22 : FINANCE COST

S.No.	Particulars	Year Ended 31-03-2012
		Rupees
I	(a) Interest Expenses	-
	- Interest on Working Capital Loan	3,212,622
	- Interest on Car Loan	24,669
	- Other Borrowing	55,740
Total Finance Cost	3,293,031	



SIGNIFICANT ACCOUNTING POLICIES.

1. BASIS OF PREPARATION:

The financial statements have been prepared to comply in all material respects with the accounting standards notified by Companies Accounting Standards Rules, 2006 and the relevant provisions of the Companies Act, 1956 ('the Act'). The financial statements have been prepared under historical cost convention on an accrual basis in accordance with accounting principles generally accepted in India. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

2. USE OF ESTIMATES:

The preparation of financial statements is in conformity with generally accepted accounting principles require the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the result of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Significant estimates used by the management in the preparation of these financial statements include estimates of the economic useful life of Fixed Assets and Provisions for Bad and Doubtful Debts. Any revision to accounting estimates is recognized prospectively.

3. Principles of Consolidation :

The Consolidated Financial Statements relates to Cigniti Technologies Limited and its wholly owned Indian subsidiary, Cigniti Software Services Private Limited (Share Holding 100 %, incorporated in India) and Cigniti INC., USA (Share Holding 100 % incorporated in USA), as at 31st March, 2012, have been prepared on the following basis;

- (i) The Financial statements of the company and its subsidiaries have been consolidated on line-by-line basis by adding together the book values of like items of Assets, Liabilities, Income and Expenses, after eliminating intra group balances, intra group transactions and unrealized profits on stocks arising out of intra group transactions as per Accounting Standard 21 – "Consolidated Financial Statements" notified by the Companies (Accounting Standard) Rules, 2006;
- (ii) Since the subsidiaries are 100% wholly owned subsidiaries, there is no minority interest for the company.
- (iii) The consolidated financial statements are prepared to the extent possible using uniform accounting policies for like transactions and

other events in similar circumstances and are presented to the extent possible, in the same manner as the companies separate financial statements.

4. Revenue Recognition:

- i) Income from software development is accounted for on the basis of Software developed and billed to clients on acceptance and / or on the basis of man days / man hours as per the terms of contract.
- ii) Revenue from professional services consist primarily of revenue earned from services performed on a 'time and material' basis. The related revenue is recognised as and when the services are performed.
- iii) Revenue from software development services includes revenue from time and material and fixed piece contracts are recognised as related services are performed.
- iv) Revenue on fixed price contracts is recognised in accordance with percentage of completion and method of account.
- v) Revenue is not recognized on the grounds of prudence, until realised in respect of liquidated damages, delayed payments as recovery of the amounts are not certain.

5. Fixed Assets:

- i) Fixed Assets are stated at cost less accumulated depreciation. Cost of acquisition of fixed assets is inclusive of freight duties, taxes and incidental expenses thereto.
- ii) The cost and the accumulated depreciation for fixed assets retired from active use are removed from the stated values. Assets fully depreciated are removed from the Gross Block and accumulated depreciation.

6. Depreciation and Amortization:

- (i) Depreciation is provided on straight line method on pro-rata basis and at the rates and manner specified in the Schedule XIV of the Companies Act, 1956.
- (ii) Preliminary Expenses are amortised over the period of 10 years .
- (iii) Public Issue Expenses are amortised over the period of 10 years.

7. Taxation:

Deferred tax asset and liability is recognized for future tax consequences attributable to the timing differences that result between profit offered for Income tax and the profit as per the financial

statements. Deferred tax asset & liability are measured as per the tax rates/laws that have been enacted or substantively enacted by the Balance Sheet date.

8. Earnings per Share:

The earning considered in ascertaining the companies earning per share comprise net profit after tax. The number of shares used in computing basic earning per share is the weighed average number of shares outstanding during the year. Detailed calculations of EPS are shown in the notes to accounts.

9. Retirement Benefits:

Company makes monthly contribution to the Employees Provident Fund and Pension Fund under the provisions of Employees Provident Fund and Miscellaneous Provisions Act, 1952. Company provides for accrued liability in respect of gratuity on accrual basis.

10. Foreign Exchange Transaction:

- i) Realised gains & loss in foreign exchange transactions are recognised in Profit& Loss Account.
- ii) Transactions in foreign currency will be recorded at the rates of exchange prevailing on the date of the transaction. Current assets and liabilities denominated in foreign currency will be translated at the rate of exchange as at Balance Sheet date.

11. Borrowing Costs:

Borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset are capitalized as part of cost of such asset. Other borrowing costs are treated as a period cost and are expensed in the year of occurrence.



NOTES TO FINANCIAL STATEMENTS

23. During the year the company has acquired a Foreign Company called Cigniti INC for a consideration of 57,00,000 Equity Shares of Rs.10/- each with premium of Rs.29/- per share towards 100% stake on preferential basis (SWAP).
24. During the year the company has acquired an Indian Company called Cigniti Software Services Private Limited for a consideration of 1,00,000 Equity Shares of Rs.10/- each with premium of Rs.29/- per share towards 100% stake on preferential basis (SWAP).
25. The Company is engaged in the development of Computer Software and services. The production and sale of such software and services cannot be expressed in any generic unit. Hence, it is not possible to give the quantitative details of sales and the information as required under Paragraphs 3 and 4C of Part II of Schedule VI to the Companies Act, 1956.
26. There are no dues to SSI Units outstanding for more than 30 days.
27. No confirmations were obtained from debtors/creditors as to the balances receivable from/payable to them as at year end.
28. Employee Benefits (AS-15)
The Company has made provision based on actuarial valuation in respect of Gratuity as per AS-15. The details are as follows.

Particulars	31.03.2012 Rs.
Gratuity	5,85,486/ -

29. Earnings Per Share (EPS) (AS-20)
Calculation of EPS

Particulars	2011-12
Profit after tax during the year (Rs.)	118,05,432
Earnings available to Equity Shareholders for Basic & Diluted EPS (Rs.)	118,05,432
Weighted Average Number of Shares taken for Computation of EPS	10531152
Earning per Share	
-Basic	0.70
-Diluted	1.12
Face Value of the Share	10.00

30. Previous years figures have been regrouped wherever necessary.
31. The figures have been rounded off to the nearest rupee.

SIGNATURES TO FINANCIAL STATEMENTS

As per our report of even date
For P.MURALI & CO.,
CHARTERED ACCOUNTANTS

For and on behalf of the Board
CIGNITI TECHNOLOGIES LIMITED

PMURALI MOHANA RAO
PARTNER

C.V.SUBRAMANYAM
MANAGING DIRECTOR

P. SUDHAKAR
DIRECTOR

PLACE: HYDERABAD
DATE : 14-06-2012



AUDITORS' REPORT

To
The Members,
M/s Cigniti Technologies Limited

1. We have audited the attached Balance Sheet of M/s Cigniti Technologies Limited as at 31st March, 2012 and also the Profit and Loss Account for the period ended on the date annexed thereto and the cash flow statement for the period ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 and as amended by the Companies (Auditor's Report) (Amendment) Order 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - a) 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.
 - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - c) The Balance Sheet & Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet & Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Sub Section (3C) of Section 211 of the Companies Act, 1956;
 - e) 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 give a true and fair view in conformity with the accounting principles generally accepted in India.
 - i) In the case of the Balance Sheet, of the State of affairs of the Company as at 31st March, 2012.
 - ii) In the case of the Profit and Loss Account, of the Profit for the year ended on that date;
and
 - iii) In the case of the Cash Flow, of the cash flows for the period ended on that date;

For P. MURALI & CO.,
CHARTERED ACCOUNTANTS

PLACE : Hyderabad
DATE : 14-06-2012

P.MURALI MOHANA RAO
PARTNER
M.No.23412

ANNEXURE TO THE AUDITOR'S REPORT:

- I.
 - a) The Company has maintained proper records showing full particulars including quantitative details and situation of its Fixed Assets.
 - b) As explained to us, the fixed assets have been physically verified by the management reasonable intervals and no discrepancies between the book records and the physical inventory have been noticed on such verification.
 - c) During the year, the Company has not disposed off major fixed assets.
- II.
 - a) The company has no inventory. Hence this clause is not applicable.
- III.
 - a) The Company has not taken any unsecured loans from the related parties covered in the register maintained under section 301 of the Companies Act, 1956.
 - b) As the Company has not granted any loans to any parties to be listed in the register maintained U/s 301 of the Companies Act, 1956, hence the clause of whether the rate of interest & other terms and conditions on which loans have been granted to parties listed in the register maintained under section 301 is prejudicial to the interest of Company, is not applicable.
 - c) As no loans are granted by Company to parties as per sec 301, the clause of receipt of interest & principal amount from parties is not applicable.
 - d) No loans have been granted to Companies, Firms & other parties listed in the register U/s. 301 of the Companies Act, 1956, hence overdue amount of more than rupees one Lac does not arise and the clause is not applicable.
 - e) The company has not taken any Loans, Secured or Un secured from companies, firms or other Parties covered in the register maintained U/s. 301 of the Companies Act 1956.
 - f) As the has not taken any Loans, the Clause of whether the rate of interest & other terms and conditions on which loans have been taken from parties listed in the register maintained under section 301 is prejudicial to the interest of the company is not applicable.
 - g) As no Loans are taken by the company the clause of repayment of the interest & Principal amount to parties, is not applicable to the company.
- IV. In our opinion and according to the information and explanation given to us, there are generally adequate internal controls commensurate with the size of the Company and the nature of its business with regard to purchases of fixed assets and for sale of goods and services. There is no continuing failure by the Company to correct any major weaknesses in internal control.
- V.
 - a) In our opinion and according to the information and explanations given to us, since no contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been made by the Company in respect of any party in the financial year, the entry in the register U/s. 301 of the Companies Act, 1956 does not arise.
 - b) According to the information and explanations given to us, as no such contracts or arrangements made by the Company, the applicability of the clause of charging the reasonable price having regards to the prevailing market prices at the relevant time does not arise.
- VI. The Company has not accepted any deposits from the public and hence the applicability of the clause of directives issued by the Reserve Bank of India and provisions of section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under does not arise. As per information and explanations given to us the order from the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal has not been received by the Company.
- VII. In our opinion, the Company is having an internal audit system commensurate with its size and nature of its business.
- VIII. In respect of the Company, the Central Government has not prescribed maintenance of cost records under clause (d) of Sub Section (1) of Section 209 of the Companies Act, 1956.
- IX.
 - a) The Company is regular in depositing statutory dues including Income Tax, and any other statutory dues with the appropriate authorities and at the last of the financial year there were no amounts outstanding which were due for more than 6 months from the date they became payable.
 - b) According to the information and explanations given to us, no undisputed amounts are payable in respect of Income Tax and any other statutory dues as at the end of the period, for a period more than six months from the date they are disputed.



- X. The Company has been registered for a period of not less than 5 years and the company has no accumulated losses at the of the financial year and the company has not incurred cash losses in this financial year and in the immediate preceding financial year.
- XI. According to information and explanations given to us, the Company has not defaulted in repayment of dues to financial Institutions or banks.
- XII. According to the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities and hence the applicability of the clause regarding maintenance of adequate documents in respect of loans does not arise.
- XIII. This clause is not applicable to this Company as the Company is not covered by the provision of special statute applicable to Chit Fund in respect of Nidhi/Mutual Benefit Fund/Societies.
- XIV. According to the information and explanations given to us, the Company is not dealing or trading in shares securities, Debentures and other investments and hence the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order 2003, are not applicable to the Company.
- XV. According to the information explanations given to us, the Company has not given any guarantee for loans taken by others from Banks or Financial Institutions, and hence the applicability of this clause regarding terms and conditions which are prejudicial to the interest of the Company does not arise. In our opinion, the terms and conditions on which the Company has given guarantees for loans taken by others from banks or financial institutions are not prejudicial to the interest of the Company.
- XVI. According to the information and explanation given to us the Term Loans were applied by the Company for the purpose for which the loans were obtained.
- XVII. According to the information and explanations given to us, no funds are raised by the company on short term basis hence the clause of short term funds being used for long term investments does not arise.
- XVIII. According to the information and explanation given to us, the Company has not made preferential allotment to parties covered in the Register maintained Under Section 301 of the Companies Act, 1956 and hence the applicability of the clause regarding the price at which share have been issued and whether the same is prejudicial to the interest of the company does not arise.
- XIX. According to the information and explanations given to us, the Company has not issued debentures and hence the applicability of the clause regarding the creation of security or charge in respect of debentures issued does not arise.
- XX. According to information and explanations given to us, the Company has not raised any money by way of public issues during the year, hence the clause regarding the disclosure by the management on the end use of money raised by Public Issue is not applicable.
- XXI. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year under audit.

For P. MURALI & CO.,
CHARTERED ACCOUNTANTS

PLACE : Hyderabad
DATE : 14-06-2012

P. MURALI MOHANA RAO
PARTNER
M.No.23412

CIGNITI TECHNOLOGIES LIMITED
Formerly Known as CHAKKILAM INFOTECH LIMITED

Balance Sheet as at 31st March, 2012

Particulars	Note No	As on 31-03-2012	As on 31-03-2011
		Rupees	Rupees
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	1	168,913,980	93,413,980
(b) Reserves and Surplus	2	204,456,952	32,354,716
(c) Money received against share warrants		-	4,375,000
(2) Non-Current Liabilities			
(a) Long-Term Borrowings	3	14,766,596	14,831,117
(b) Deferred Tax Liabilities (Net)	4	8,012,001	7,838,335
(c) Long Term Provisions	5	1,713,693	1,128,207
(3) Current Liabilities			
(a) Trade Payables	6	1,403,393	370,356
(b) Other Current Liabilities	7	31,123,751	8,517,754
(c) Short-Term Provisions	8	10,630,603	4,189,810
Total		441,020,969	167,019,275
II. Assets			
(1) Non-Current Assets			
(a) Fixed assets			
(i) Tangible assets	9	60,419,207	61,662,567
(ii) Intangible assets	9	-	-
(iii) Capital work-in-progress	9	35,116,610	35,116,610
(b) Non-current investments	10	226,200,000	-
(c) Long Term Loans and advances	11	10,501,538	5,366,100
(d) Other Non-Current assets	12	116,568	237,694
(2) Current assets			
(a) Trade receivables	13	27,907,490	24,276,102
(b) Cash and Bank Balances	14	10,120,846	8,289,236
(c) Short-Term Loans and Advances	15	70,638,710	32,070,966
Total		441,020,969	167,019,275

Summary of Significant Accounting Policies - -

The accompanying Notes are an Integral Part of the Financial Statements

AS PER OUR REPORT OF EVEN DATE

For PMurali & Co.,

Firm Regn. No: 007257S

Chartered Accountants

P.Murali Mohana Rao
Partner
M.No. 023412

C.V. Subramanyam
Managing Director

P Sudhakar
Director

Place : Hyderabad

Date : 14-06-2012

For. CIGNITI TECHNOLOGIES LIMITED

Company Secretary



CIGNITI TECHNOLOGIES LIMITED
Formerly Known as CHAKKILAM INFOTECH LIMITED

Profit and Loss statement for the year ended 31st March, 2012

Particulars	Note No	Year Ending	Year Ending
		31-03-2012	31-03-2011
		Rupees	Rupees
Revenue from Operations	16	102,388,645	75,642,368
Other Income	17	756,995	236,477
Total Revenue		103,145,640	75,878,845
Expenses:			
Employee Benefit expenses	18	63,941,358	40,424,946
Other Operating Expenses	19	6,121,562	5,042,184
Administrative Expenses	20	14,984,105	15,052,091
Financial costs	21	2,941,942	2,344,522
Depreciation and amortization expense	9	9,509,440	10,084,765
Total Expenses		97,498,407	72,948,508
Profit Before Tax		5,647,233	2,930,337
Tax Expenses			
(1) Current tax		1,571,331	915,430
(2) Deferred tax		173,666	112,291
Profit After Tax		3,902,236	1,902,616
Earning per equity share: (Refer Note no. 30)			
(1) Basic		0.23	0.21
(2) Diluted		0.37	0.18

59

Summary of Significant Accounting Policies

The accompanying Notes are an Integral Part of the Financial Statements

AS PER OUR REPORT OF EVEN DATE

For P.Murali & Co.,
Firm Regn. No: 007257S
Chartered Accountants

For. CIGNITI TECHNOLOGIES LIMITED

PMurali Mohana Rao
Partner
M.No. 23412

C.V. Subramanyam
Managing Director

P Sudhakar
Director

Place : Hyderabad
Date : 14-06-2012

Company Secretary

CIGNITI TECHNOLOGIES LIMITED

Formerly Known as CHAKKILAM INFOTECH LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31-03-2012

	(Rs. In lakhs) Current Year	(Rs. In lakhs) Previous Year
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net profit before taxation, and extraordinary Items	56.47	29.30
Adjustments for:		
Depreciation	95.09	100.85
Interest expenses	29.42	23.45
Written off Expenses	1.21	1.21
Operating Profit before working capital changes	182.19	154.81
Trade Receivables	(36.31)	(94.11)
Increase in Short-Term Loans and Advances	(385.68)	0.00
Increase in Trade payables	10.33	(5.79)
Increase in Other Current Liabilities	226.06	0.00
Increase in Short Term provisions	48.69	0.00
NET CASH FLOW OPERATING ACTIVITIES	45.28	54.91
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	(82.66)	(142.85)
Increase in Long term Loans & Advances	(51.35)	0.00
NET CASH USED IN INVESTING ACTIVITIES	(134.01)	(142.85)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from Issue of Share Capital/Share Premium	175.00	75.00
Conversion of Share Warrants	(43.75)	43.75
Increase/(Decrease) in Long Term borrowings	(0.65)	34.73
Increase/(Decrease) in Long Term provisions	5.86	(9.50)
Interest paid	(29.41)	(23.45)
NET CASH FLOW FROM FINANCING ACTIVITIES	107.05	120.53
NET INCREASE IN CASH AND CASH EQUIVALENTS	18.32	32.59
Cash and Cash equivalents as at (Opening Balance) 01-04-2011	82.89	50.30
Cash and Cash equivalents as at (Closing Balance) 31-03-2012	101.21	82.89

for and on behalf of the Board

C.V. Subramanyam
Managing DirectorP Sudhakar
Director

Place : Hyderabad

Date : 14.06.2012



To
The Board of Directors
M/s Cigniti Technologies Limited

We have examined the attached Cash Flow Statement of M/s Cigniti Technologies Limited for the year ended 31st March, 2012. The Statement has been prepared by the company in accordance with the requirement of Clause 32 of listing agreement with Stock Exchange and is based on and in agreement of 31-03-2012 to the member of the company.

For P.Murali & Co.,
Firm Regn. No: 007257S
Chartered Accountants

PLACE : HYDERABAD
DATE : 14.06.2012

PMurali Mohana Rao
Partner
M.No. 023412

CIGNITI TECHNOLOGIES LIMITED

Formerly Known as CHAKKILAM INFOTECH LIMITED

Notes to Financial Statements for the year ended March 31, 2012

NOTE NO. 1 : SHARE CAPITAL

S.No.	Particulars	As on 31-03-2012	As on 31-03-2011
		Rupees	Rupees
a	Equity Share Capital		
	(i) Authorised		
	(No. of Shares 2,00,00,000 Current Year)	200,000,000	
	(No. of Shares 1,20,00,000 Previous Year)		120,000,000
		200,000,000	120,000,000
	(ii) Issued		
	(No. of Shares 1,68,91,398 Current Year)	168,913,980	
	(No. of Shares 93,41,398 Previous Year)		93,413,980
	(iii) Subscribed & Fully Paid Up		
	(No. of Shares 1,68,91,398 Current Year)	168,913,980	
	(No. of Shares 93,41,398 Previous Year)		93,413,980
	(iv) Subscribed & not fully paid up	-	-
	(v) Par Value per share Rs. 10/-		
	Total Equity Share capital	168,913,980	93,413,980
b	<u>A Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period:</u>	No. of Shares	No. of Shares
	Equity Shares of Rs.10Each, Fully paid up		
	At the Beginning	9,341,398	8,591,398
	Issued during the year - Cash Issue*	1,750,000	750,000
	Issued during the year - Issued Other than Cash	5,800,000	-
	At the end	16,891,398	9,341,398
c	<u>Details of Shareholder holding more than 5% shares of the company:</u>	% of Share Holding	
	Equity Shares of Rs. 10 each Held By		
	S. Swapna - No.Of Shares (C.Y) 3690000 (P.Y) NIL	22.31%	-
	C. Srikanth - No.Of Shares (C.Y) 3250000 (P.Y) 750000	14.80%	8.03%
	Kumar Bapuji - No.Of Shares (C.Y) 2029000 (P.Y) NIL	12.01%	-
	Chakkilam Constructions Pvt Ltd - No. Of Shares (C.Y) 1430000 (P.Y) 1430000	8.47%	15.31%
	Suresh Doki - No.Of Shares (C.Y) NIL (P.Y) 604000	-	6.47%
	Madhavi Dok - No.Of Shares (C.Y) NIL (P.Y) 502000	-	5.37%
	C. Durga - No.Of Shares (C.Y) 500300 (P.Y) 500300	-	5.36%
	Chakkilam Employees Trust - No.Of Shares (C.Y) 500000 (P.Y) 500000	-	5.36%



d	<p>The Company had allotted 25,00,000 share warrants to promoter/promoter group in the Board Meeting held on 26th October 2010. These warrants are convertible into equal numbers of equity shares at the option of the warrant holder within 18 months from the date of the allotment. Out of the total warrants, Mr. C Srikanth exercised the option to convert 25,00,000 share warrants into equal number of equity shares on 30th October 2010 allotted 7,50,000 equity shares and balance of 17,50,000 also converted in equity Shares on December 20, 2011 in the boarding meetings and pursuant to this allotment the paid-up capital of the company has been increased accordingly.</p>		
e	<p>As per FIPB approval letter dated 17.02.2012, the company has allotted 57,00,000 equity shares of Rs.10/- each with premium of Rs. 29/- per share to the shareholders of M/s. Cigniti Inc., USA and 100000 Equity Shares of Rs.10/- each with premium of Rs. 29/- per share to the shareholders of M/s. Cigniti Software Services Private Limited on swap basis towards consideration for acquisition of business and there is no involvement of cash outflow.</p>		

NOTE NO. 2 : RESERVES AND SURPLUS

S.No.	Particulars	As on 31-03-2012	As on 31-03-2011
		Rupees	Rupees
	RESERVES AND SURPLUS		
	a) Capital Reserve	2,240,000	2,240,000
	b) Investment Subsidy Reserve	1,250,000	1,250,000
	c) Securities Premium Reserve		
	As at the commencement of the year	-	-
	Add: Additions during the year	168,200,000	-
		168,200,000	-
	h) Surplus :		
	i) Opening Balance - Profit and Loss Account	28,864,716	26,962,100
	Add: Transfer from Profit & Loss Account	3,902,236	1,902,616
		32,766,952	28,864,716
	Total Reserves and Surplus	204,456,952	32,354,716

NOTE NO. 3 : LONG TERM BORROWINGS

S.No.	Particulars	As on 31-03-2012	As on 31-03-2011
		Rupees	Rupees
I	Long Term Borrowings		
	i) Term Loans - Secured		
	From Financial Institutions	8,122,096	14,631,117
	Vehicle Loan from Kotak Mahindra bank	269,500	-
		8,391,596	14,631,117
	ii) Un Secured Loans		
	From Others	6,375,000	200,000
	Total	14,766,596	14,831,117

Notes: Term Loans from Financial Institutions

1. Corporate Loan Sanction by APSFC on 20th December, 2007 of Rs. 100 Lakhs repayable in 50 monthly installments of Rs.2 lakhs each with 15% interest. Period of loan 5 Years including moratorium of 11 months

2. Working Capital Term Loan Sanction by APSFC on 26th October, 2009 of Rs. 120 Lakhs repayable in 43 monthly installments. 42 Installments @Rs.2.80 lakhs each and 43rd installment @ Rs.2,40 lakhs with 14% interest. Period of loan 4 Years including moratorium of 6 months

3. Medium Term Loan Sanction by APSFC on 19th January, 2011 of Rs. 100 Lakhs repayable in 55 monthly installments. 54 Installments @Rs.1.80 lakhs each and 55th installment @ Rs.2.80 lakhs with 14% interest. Period of loan 5 Years including moratorium of 6 months

4. PRIMARY SECURITY: The above all Term loans secured by ways Equitable Mortgage of free hold interest in commercial Space bearing municipal No. 6-3-456/C/F1& 6-3-456/C/F2, part of First Floor Nos. 106 & 107, admeasuring 4450 sft at MGR Estate, Dwarakapuri Colony, Panjagutta, Hyderabad together with undivided share of land admeasuring 95 sq yds out of 2900 sa yds in the Sy. No. 145 and Hypothecation of Plant & Machinery / equipments existing and all other future acquisitions of fixed assets in nature

5. COLLATERAL SECURITY: The above all Term loans are secured by way of Extension of equitable Mortgage of plots bearing Nos. 56 & 63 admeasuring 976 sq yds and 986 sq yds respectively covered by Sy. Nos. 57 Part, 58 Part on Black Diamond Enclave Layout at Bachpally (V) , Pragathinagar, Gram Panchayat, Outbullapur (M), Ranga Reddy District, belonging to Smt Chakkilam Rajeswari and Sri Chakkilam Venkat Subramanyam.

6. The collateral Security holders shall guarantee the Corporation's Medium Term Loan in their individual capacity as co-obligants



NOTE NO. 4 : DEFERRED TAX LIABILITY (NET)

S.No.	Particulars	As on 31-03-2012	As on 31-03-2011
		Rupees	Rupees
I	Opening Deferred Tax Liability	7,838,335	7,726,044
	Add:		
	Deferred Tax Liability for the year (Due to SLM and WDV Difference)	354,581	112,291
	Gross Deferred Tax Liability	8,192,916	7,838,335
	Opening Deferred Tax Asset	-	-
	Provision for Gratuity	180,915	-
	Gross Deferred tax Asset	180,915	-
	Deferred Tax Liability/ (Asset) - Net	8,012,001	7,838,335

NOTE NO. 5 : LONG TERM PROVISIONS

S.No.	Particulars	As on 31-03-2012	As on 31-03-2011
		Rupees	Rupees
I	a) Provisions for Employee Benefits		
	- Provision for Gratuity (Refer Note No.29)	1,713,693	1,128,207
	Total Long Term Provisions	1,713,693	1,128,207

NOTE NO. 6 : TRADE PAYABLES

S.No.	Particulars	As on 31-03-2012	As on 31-03-2011
		Rupees	Rupees
I	a) Trade Payables	1,403,393	370,356
	Total Trade Payables	1,403,393	370,356

NOTE NO. 7 : OTHER CURRENT LIABILITES

S.No.	Particulars	As on 31-03-2012	As on 31-03-2011
		Rupees	Rupees
I	a) Current maturities of long term debt	7,520,000	7,920,000
	b) Current maturities of Vehicle Hire Purchase obligation	34,479	-
	c) Advance from customers	22,929,931	-
	d) Outstanding Expenses	435,997	315,332
	e) Interest on Term Loans	203,344	282,422
	Total Other Current Liabilities	31,123,751	8,517,754

NOTE NO. 8 : SHORT TERM PROVISIONS

S.No.	Particulars	As on 31-03-2012	As on 31-03-2011
		Rupees	Rupees
I	a) Provisions for employee benefits	169,566	17,736
	PF Payable	8,306,147	3,046,361
	Salaries Payable	30,000	30,000
	Provision for Audit fee		
	b) Others	553,559	180,283
	Statutory Liabilities	1,571,331	915,430
	Provision for Income Tax		
	Total Short Term Provisions	10,630,603	4,189,810

CIGNITI TECHNOLOGIES LIMITED

Formerly Known as CHAKKILAM INFOTECH LIMITED

NOTE NO 9 : TANGIBLE & INTANGIBLE ASSETS AS AT 31-03-2012

Sl. No.	Particulars	Gross Block				Depreciation/Amortization			Net Block as on 31.03.2012	Net Block as on 31.03.2011
		As on 01.04.2011	Additions during the year	Deletions during the year	As on 31.03.2012	Dep. As on 01.04.2011	Dep. For the year 2011-2012	Total Depreciation		
I	<u>TANGIBLE FIXED ASSETS:</u>									
	Buildings	25,526,560	-	-	25,526,560	2,823,581	852,587	3,676,168	21,850,392	22,702,979
	Air Conditioners	5,503,921	-	-	5,503,921	2,574,231	261,436	2,835,667	2,668,254	2,929,690
	Interiors	16,382,811	-	-	16,382,811	7,882,823	1,037,032	8,919,855	7,462,956	8,499,988
	Computers	80,109,268	622,450	-	80,731,718	61,082,168	6,382,435	67,464,603	13,267,115	19,027,100
	Furniture	9,028,847	7,148,750	-	16,177,597	5,124,949	592,602	5,717,551	10,460,046	3,903,898
	Vehicles	-	494,880	-	494,880	-	31,049	31,049	463,831	-
	Misc. Fixed Assets	7,416,816	-	-	7,416,816	2,817,904	352,299	3,170,203	4,246,613	4,598,912
	Total Tangible Fixed Assets	143,968,223	8,266,080	-	152,234,303	82,305,656	9,509,440	91,815,096	60,419,207	61,662,567
II	INTANGIBLE FIXED ASSETS	-	-	-	-	-	-	-	-	-
III	CAPITAL WORK IN PROGRESS	35,116,610	-	-	35,116,610	-	-	-	35,116,610	35,116,610
	TOTAL	179,084,833	8,266,080	-	187,350,913	82,305,656	9,509,440	91,815,096	95,535,817	96,779,177
	PREVIOUS YEAR	129,682,867	14,285,356	-	143,968,223	72,220,891	10,084,765	82,305,656	61,662,567	57,461,976

CIGNITI TECHNOLOGIES LIMITED
Formerly Known as CHAKKILAM INFOTECH LIMITED

Notes to Financial Statements for the year ended March 31, 2012

NOTE NO. 10 : NON- CURRENT INVESTMENTS

S.No.	Particulars	As on 31-03-2012	As on 31-03-2011
		Rupees	Rupees
I	Non- Current Investmens		
	1) Investment in Subsidiaries		
	a) Equity Shares		
	Cigniti INC - (Refer Note No.23)	222,300,000	-
	Cigniti Software Services Pvt Ltd - (Refer Note No.24)	3,900,000	-
	Total Non - Current Investments	226,200,000	-

NOTE NO. 11 : LONG TERM LOANS AND ADVANCES

S. No.	Particulars	Non Current	
		As on 31-03-2012	As on 31-03-2011
		Rupees	Rupees
	Security Deposit		
	Secured, Considered Good	366,100	366,100
	Unsecured, Considered Good	5,135,438	-
	Sub Total	5,501,538	366,100
	Secured, Considered Good		
	Advances Recoverable in Cash or in kind	5,000,000	5,000,000
	Total Long term Deposits, Loans & Advances	10,501,538	5,366,100

NOTE NO. 12 : OTHER NON CURRENT ASSETS

S. No.	Particulars	Non Current	
		As on 31-03-2012	As on 31-03-2011
		Rupees	Rupees
I	Preliminary Expenses to the extent not written off	116,568	237,694
	Total Other Assets	116,568	237,694

NOTE NO. 13 : TRADE RECEIVABLES

S. No.	Particulars	As on 31-03-2012	As on 31-03-2011
		Rupees	Rupees
a	Outstanding for a period exceeding six months from the date they are due for payment	-	-
b	Other Receivables:		
	Unsecured, Considered Good	27,907,490	24,276,102
	Total Trade Receivables	27,907,490	24,276,102



NOTE NO. 14 : CASH AND BANK BALANCES

S. No.	Particulars	As on 31-03-2012	As on 31-03-2011
		Rupees	Rupees
I	Cash and cash equivalents :		
	a) Balances with banks :		
	On Current Accounts	10,081,386	8,243,588
	b) Cash on hand	39,460	45,648
	Total Cash and Cash Equivalents	10,120,846	8,289,236

NOTE NO. 15 : SHORT TERM LOANS AND ADVANCES

S. No.	Particulars	Current	
		As on 31-03-2012	As on 31-03-2011
		Rupees	Rupees
	Loans & Advances		
	Unsecured, Considered Good		
	Advances Recoverable In Cash or In Kind	70,638,710	32,070,966
	Total Short Term Loans and Advances	70,638,710	32,070,966

Notes to Financial Statements for the year ended March 31, 2012

69

NOTE NO. 16 : REVENUE FROM OPERATIONS

S.No.	Particulars	Year Ended	Year Ended
		31-03-2012	31-03-2011
		Rupees	Rupees
(i)	Revenue from operations		
	Sale of Services		
	Domestic	15,829,290	14,814,343
	Export	86,559,355	60,828,025
	Total Revenue from Operations	102,388,645	75,642,368

NOTE NO. 17 : OTHER INCOME

S.No.	Particulars	Year Ended	Year Ended
		03-2012	31-03-2011
		Rupees	Rupees
	Net gain on Foreign Currency Transactions	756,995	236,477
	Total Other Income	756,995	236,477

NOTE NO. 18 : EMPLOYEE BENEFIT EXPENSES

S.No.	Particulars	Year Ended 31-03-2012	Year Ended 31-03-2011
		Rupees	Rupees
I	(a) Salaries & Wages	60,244,756	39,724,157
	(b) Contribution to Provident & Other Funds	2,656,602	640,789
	(c) Managerial Remuneration	1,040,000	60,000
	Total Employee Benefit Expenses	63,941,358	40,424,946

NOTE NO. 19 : OTHER OPERATING EXPENSES

S.No.	Particulars	Year Ended 31-03-2012	Year Ended 31-03-2011
		Rupees	Rupees
I	(a) Consumption of Stores & Spares		
	(b) Power & Fuel	2,137,656	1,873,109
	(c) Rent	1,200,240	1,200,240
	(d) Rates & Taxes (excluding Income Tax)	2,753,666	1,938,835
	(e) Payment to Auditors:		
	(i) As Auditor	20,000	20,000
	(ii) For Taxation Matters	10,000	10,000
	Total Other Expenses	6,121,562.00	5,042,184

NOTE NO. 20 : ADMINISTRATIVE EXPENSES

S.No.	Particulars	Year Ended 31-03-2012	Year Ended 31-03-2011
		Rupees	Rupees
I	(a) Telephone, Postage and Others	1,227,137	1,124,771
	(b) Business Promotion Expenses	6,331,056	5,892,773
	(c) Travelling & Conveyance	2,096,134	2,939,174
	(d) Office Maintenance	4,484,760	4,148,273
	(e) Printing & Stationery Expenses	723,892	825,974
	(f) Miscellaneous Expenses Written Off	121,126	121,126
	Total Administrative Expenses	14,984,105	15,052,091

NOTE NO. 21 : FINANCE COST

S.No.	Particulars	Year Ended 31-03-2012	Year Ended 31-03-2011
		Rupees	Rupees
I	(a) Interest Expenses		
	- Interest on Working Capital Loan	2,917,273	2,344,522
	- Interest on Car Loan	24,669	-
	Total Finance Cost	2,941,942	2,344,522



SIGNIFICANT ACCOUNTING POLICIES

1. General:
 - (i) The financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles ("GAAP") under the historical cost convention on accrual basis. GAAP comprises mandatory accounting standards as specified in the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Indian Companies Act, 1956. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. The management evaluates all recently issued or revised accounting standards on an ongoing basis
 - (ii) Accounting policies not specifically referred to otherwise are consistent and in consonance with generally accepted accounting principles.
2. Revenue Recognition:
 - (i) Income from software development is accounted for on the basis of Software developed and billed to clients on acceptance and / or on the basis of man days / man hours as per the terms of contract.
 - (ii) Revenue from professional services consist primarily of revenue earned from services performed on a 'time and material' basis. The related revenue is recognised as and when the services are performed.
 - (iii) Revenue from software development services includes revenue from time and material and fixed piece contracts are recognised as related services are performed.
 - (iv) Revenue on fixed price contracts is recognised in accordance with percentage of completion and method of account.
 - (v) Revenue is not recognized on the grounds of prudence, until realised in respect of liquidated damages, delayed payments as recovery of the amounts are not certain.
3. Fixed Assets:
 - (i) Fixed Assets are stated at cost less accumulated depreciation. Cost of acquisition of fixed assets is inclusive of freight duties, taxes and incidental expenses thereto.
 - (ii) The cost and the accumulated depreciation for fixed assets retired from active use are removed from the stated values. Assets fully depreciated are removed from the Gross Block and accumulated depreciation.
4. Depreciation and Amortization:
 - (i) Depreciation is provided on straight line method on pro-rata basis and at the rates and manner specified in the Schedule XIV of the Companies Act, 1956.
 - (ii) Preliminary Expenses are amortised over the period of 10 years
 - (iii) Public Issue Expenses are amortised over the period of 10 years.
5. Taxation:

Deferred tax asset and liability is recognized for future tax consequences attributable to the timing differences that result between profit offered for Income tax and the profit as per the financial statements. Deferred tax asset & liability are measured as per the tax rates/laws that have been enacted or substantively enacted by the Balance Sheet date.
6. Earnings per Share:

The earning considered in ascertaining the companies earning per share comprise net profit after tax. The number of shares used in computing basic earning per share is the weighed average number of shares outstanding during the year. Detailed calculations of EPS are shown in the notes to accounts.
7. Retirement Benefits:

Company makes monthly contribution to the Employees Provident Fund and Pension Fund under the provisions of Employees Provident Fund and Miscellaneous Provisions Act, 1952. Company provides for accrued liability in respect of gratuity on accrual basis.
8. Foreign Exchange Transaction:
 - i) Realised gains & loss in foreign exchange transactions are recognised in Profit & Loss Account.
 - ii) Transactions in foreign currency will be recorded at the rates of exchange prevailing on the date of the transaction. Current assets and liabilities denominated in foreign currency will be translated at the rate of exchange as at Balance Sheet date.
9. Borrowing Costs:

Borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset are capitalized as part of cost of such asset. Other borrowing costs are treated as a period cost and are expensed in the year of occurrence.

NOTES TO FINANCIAL STATEMENTS

22. Particulars of Employees in accordance with Sub-section (2A) of Section 217 of the Companies Act, 1956 read with Companies (Particulars of Employees) Rule 1975.

S.No	Name	DOJ	Designation	Per Month	Last Year Total Salary paid
1.	Sriram Rajaram	1-Mar-09	President	7,16,667	26,77,467
2.	Sai Chintala	5-Mar-12	SVP-Pre-Sales	5,39,505	3,87,576

23. During the year the company has acquired a Foreign Company called Cigniti INC for a consideration of 57,00,000 Equity Shares of Rs.10/- each with premium of Rs.29/- per share towards 100% stake on preferential basis (SWAP).
24. During the year the company has acquired an Indian Company called Cigniti Software Services Private Limited for a consideration of 1,00,000 Equity Shares of Rs.10/- each with premium of Rs.29/- per share towards 100% stake on preferential basis (SWAP).
25. The Company is engaged in the development of Computer Software and services. The production and

30. Earnings Per Share (EPS) (AS-20)

Calculation of EPS

Particulars	2011-12	2010-11
Profit after tax during the year (Rs.)	56,47,233	19,02,616
Earnings available to Equity Shareholders for Basic & Diluted EPS (Rs.)	56,47,233	19,02,616
Weighted Average Number of Shares taken for Computation of EPS	10531152	8905782
Earning per Share		
- Basic	0.23	0.21
- Diluted	0.37	0.18
Face Value of the Share	10.00	10.00

31. Previous years figures have been regrouped wherever necessary.
32. The figures have been rounded off to the nearest rupee.

SIGNATURES TO FINANCIAL STATEMENTS

As per our report of even date
For P.MURALI & CO.,
CHARTERED ACCOUNTANTS

P.MURALI MOHANA RAO
PARTNER

PLACE: HYDERABAD

DATE : 14-06-2012

For and on behalf of the Board
CIGNITI TECHNOLOGIES LIMITED

C.V.SUBRAMANYAM
MANAGING DIRECTOR

P. SUDHAKAR
DIRECTOR

sale of such software and services cannot be expressed in any generic unit. Hence, it is not possible to give the quantitative details of sales and the information as required under Paragraphs 3 and 4C of Part II of Schedule VI to the Companies Act, 1956.

26. Earnings in Foreign Exchange as reported by the Company to Government of India and as certified by Management.

Current Year (Rs.)	Previous Year Rs.)
--------------------	--------------------

Foreign Exchange Inflow

6,40,12,486/-	4,88,56,105/-
---------------	---------------

27. There are no dues to SSI Units outstanding for more than 30 days.
28. No confirmations were obtained from debtors/creditors as to the balances receivable from/payable to them as at year end.
29. Employee Benefits (AS-15)

The Company has made provision based on actuarial valuation in respect of Gratuity as per AS-15. The details are as follows.

Particulars	31.03.2012 Rs.	31.03.2011 Rs.
Gratuity	5,85,486/-	3,95,611/-



Statement pursuant to part IV of schedule VI to the companies Act, 1956

Balance Sheet Abstract and Company's General Business Profile

I. I. REGISTRATION DETAILS

CIN No. L 7 2 2 0 0 A P 1 9 9 8 P L C 0 3 0 0 8 1

Balance Sheet Date 3 1 0 3 2 0 1 2
Date Month Year

II. CAPITAL RAISED DURING THE YEAR (AMOUNT IN RS. THOUSANDS)

PUBLIC ISSUE						RIGHTS ISSUE					
				7	5						
BONUS ISSUE						PRIVATE PLACEMENT					

III. POSITION OF MOBILISATION AND DEPOLOYMNET OF FUNDS (AMOUN IN RS. THOUSANDS)

TOTAL LIABILITIES						TOTAL ASSETS					
				4	4					4	4

SOURCE OF FUNDS

PAID - UP CAPITAL						RESERVES & SURPLUS					
				1	6					2	0
SECURED LOANS						UNSECURED LOANS					
					8					6	3

APPLICATION OF FUNDS

NET FIXED ASSETS						INVESTMENTS					
				9	5					2	2
NET CURRENT ASSETS						MISC. EXPENDITURE					
				6	6						1
ACCUMULATED LOSSES											

IV PERFORMANCE OF COMPANY (AMOUNT IN RS. THOUSANDS)

TURNOVER						TOTAL EXPENDITURE					
				1	0					9	7
PROFIT / LOSS BEFORE TAX						PROFIT / LOSS AFTER TAX					
					6					3	8
EARNING PER SHARE IN RS.						DIVIDEND RATE %					
					.0						

V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS / SERVICES OF COMPANY

Item Code No. (ITC Code) 8 5 2 4 9 0 - 1 0

PRODUCT DESCRIPTIONS S O F T W A R E S E R V I C E S

for and on behalf of the Board
CIGNITI TECHNOLOGIES LIMITEDPLACE : HYDERABAD
DATE : 14-06-2012C.V. Subramanyam
Managing DirectorP. Sudhakar
Director

Dear Shareholder(s),

Sub: Request for registration of e-mail ID under "Green Initiative" issued by Ministry of Corporate Affairs, Govt. of India.

- 1) Ministry of Corporate Affairs, Government of India (MCA) has issued a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the Companies, stating that the service of notice / document by a company to its shareholders can be made through electronic mode, vide circular nos. 17/2011 dt.21.04.2011 & 18/2011 dt. 29.04.2011. For full text of the said circulars, please refer to MCA's website www.mca.gov.in. The said Circulars inter-alia stipulates that the Companies have to obtain e-mail address by giving an advance opportunity to every shareholder to register their e-mail address and changes therein from time to time with the Company or Depository Participant (DP).
- 2) In view of the above, your company proposes to send Annual Reports (Audited Financial Statements, Directors Report, Auditors Report, etc..) and also other documents including Notice of the Annual General Meeting, henceforth to the shareholders in electronic mode. Accordingly, an advance opportunity is given to you to register your e-mail address to receive the notice/ document in electronic mode as under

Shares held in Electronic Mode	If Email ID is already registered with DP	Please inform changes, if any therein to DP and also update the same.
	If Email ID is not registered	Please register Email ID with DP immediately.
Shares held in Physical Mode	If Email ID is already registered	Please inform changes, if any therein to Share Transfer Agent (STA) and also update the same
	If Email ID is not registered	Please register immediately with Share Transfer Agent (STA)

- 3) In case, you are interested in receiving the notices / documents in physical form only, irrespective of your shareholding in demat or physical, please inform to our STA at the addresses given below:

M/s Aarthi Consultants Pvt. Ltd Unit: Cigniti Technologies Limited Suit No. 106 & 107,6-3- 456/C, MGR Estates, Dwarakapuri Colony, Punjagutta, Hyderabad – 500 082.Tel:(040) 30702255 Fax: (040) 23353980 Website: www.cigniti.com Email: info@cigniti.com	or	Click Button on "Green Initiative" on websitewww.aarthiconsultants.com
--	----	---

- 4) Please note that the e-mail address indicated in your DP account, with depositories viz. NSDL/CDSL and e-mail address received by our STA will be deemed to be your registered email address for serving notices/documents etc., including those covered under Section 219 of the Companies Act, 1956, (the Act) read with section 53 of the Act.
- 5) Further, the documents electronically sent to you, would be displayed on our website www.cigniti.com well in advance for your ready reference and an advertisement would be issued in newspapers to this effect for information of the shareholders.
- 6) This move by the Ministry is welcome initiative, since it will benefit the society at large through reduction in paper consumption and contribution towards a Green Environment. It will also ensure prompt receipt of communication and avoid loss in postal transit.
- 7) We are sure you would appreciate the "Green Initiative" undertaken by MCA and your company's desire to participate in such initiatives. We are also sure that you would join hands with the Company in complying "Green Initiative" by registering/ updating your e-mail address with concerned depository including dividend mandate/ECS and change of address, if any for prompt receipt of communications/dividend and avoid loss in postal transit.

Yours faithfully
For Cigniti Technologies Limited

C.V. Subramanyam
Managing Director



CIGNITI TECHNOLOGIES LIMITED

Suit No. 106 & 107, 6-3-456/C, MGR Estates, Dwarakapuri Colony, Punjagutta, Hyderabad – 500 082.

PROXY FORM

Folio No. DP ID No.* Client ID No.*

I/We.....of in the district of being a member/members of the above named company, hereby appoint Mr./Ms..... in the district of as my/our proxy to attend and vote for me/us on my/our behalf at the Fourteenth Annual General Meeting of the Company to be held on Thursday, the 12th day of July, 2012 at 11.00 A.M at "The V (Ascendas) Auditorium", Plot No# 17, Software Units Layout, Madhapur, Hyderabad – 500 081 and at any adjournment thereof.

Signed this..... day of _____ 2012.

Address

Affix ` 1
Revenue
Stamp

Signed

* Applicable for investors holding shares in electronic form.

- NOTE :
- a. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy and vote instead of himself.
 - b. Proxy need not be a member.
 - c. The proxy form duly completed should be deposited at the registered office of the company not less than 48 hours before the time fixed for holding the meeting.

.....cut here.....

CIGNITI TECHNOLOGIES LIMITED

Suit No. 106 & 107, 6-3-456/C, MGR Estates, Dwarakapuri Colony, Punjagutta, Hyderabad – 500 082.

ATTENDANCE SLIP

Folio No. DP ID No.* Client ID No.*

No. of Shares held

I hereby record my presence at the Fourteenth Annual General Meeting of the Company to be held on Thursday, the 12th day of July, 2012 at 11.00 A.M at "The V (Ascendas) Auditorium", Plot No# 17, Software Units Layout, Madhapur, Hyderabad – 500 081.

Name of the Shareholder :

Name of the Proxy :

Signature of member/proxy :

NOTE : 1) To be signed at the time of handing over this slip.

2) Members are requested to register their names at least 15 minutes prior to the commencement of the meeting.



Cigniti Technologies Limited

Suite No. 106 & 107
6-3-456\C, MGR, Estates,
Dwarakapuri Colony,
Panjagutta, Hyderabad-500 082