

25th

Annual Report
2012 - 2013



A Cautionary Note on Forward-looking Statements

The Annual Report contains statements regarding Ontrack's corporate strategies, objectives and views of future developments those are forward-looking in nature and are not simply reiterations of historical facts. These statements are presented to inform shareholders of the views of Ontrack's management but should not be relied on solely in making investment and other decisions. A number of important risk factors could lead to outcomes that differ materially from those presented in the forward-looking statements. These include, but are not limited, (i) changes in economic conditions that may lead to unforeseen developments in markets for products and services rendered by Ontrack, (ii) ability of the company to mobilize financial and human resources to execute the business plan, (iii) adverse political developments that may create unavoidable delays or postponement of transactions and projects, (iv) changes in laws, regulations, or policies in any of the countries where Ontrack conducts its operations that may affect Ontrack's ability to fulfill its commitments, and (v) significant changes in the competitive environment. In the course of its operations, Ontrack adopts measures to control these and other types of risks, but this does not constitute a guarantee that such measures will be effective. All trademarks and copyrights belong to their respective owners.

CONTENTS

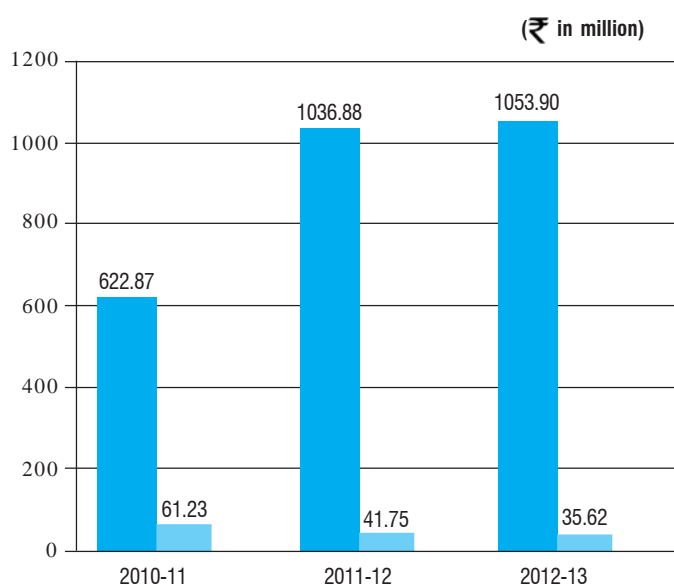
1	Financial Highlights
2	CMD's Message
3	Operating Groups & Subsidiaries
4	Organisational Structure
5	Board of Directors
6	Review of Business Groups
13	Directors' Report
17	Management Discussion & Analysis
19	Report on Corporate Governance
23	Shareholders' Information
28	Auditors' Report
32	Balance Sheet
33	Profit & Loss Account
34	Cash Flow Statement
36	Accounting Policies & Financial Notes
51	Auditors' Report
52	Consolidated Financial Statement
71	Financial Information of Subsidiary Companies
72	Notice
74	Proxy Form

FINANCIAL HIGHLIGHTS

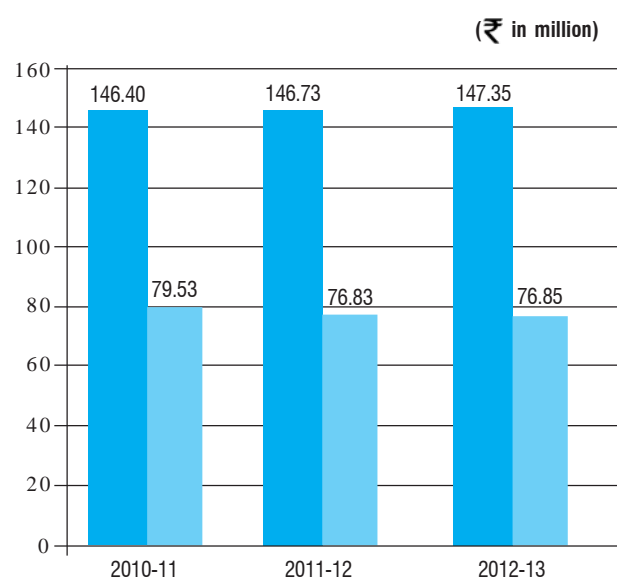
ONTRACK SYSTEMS LIMITED

(₹ in million)

Particulars	2012-2013	2011-2012	2010-2011
Export Sales	43.72	80.81	96.66
Domestic Sales	1000.88	951.97	522.70
Other Income	9.30	4.10	3.51
Total Revenue	1053.90	1036.88	622.87
Operating Profit (EBITDA)	35.62	41.75	61.23
Finance Expenses	18.87	17.34	19.90
Profit / (Loss) on sale of Assets	-	-	0.07
Preliminary & Deferred Rev. Exp. W/O	-	0.28	0.28
Depreciation & Impairment Loss	0.60	3.03	7.50
Income Tax (Net)	4.10	5.60	1.97
Net Income/(Loss) after tax	12.05	15.50	31.65
Face Value per equity share	₹ 10/-	₹ 10/-	₹ 10/-
EPS-after tax (₹)	0.62	0.80	1.95
Dividend (%)	Nil	Nil	Nil
Operating Income/(Loss) as % to Total Revenue (%)	3.38	4.03	9.83
Share Capital	193.42	193.42	193.42
Reserves & Surplus	98.96	86.90	86.77
Fixed Assets (Gross Block)	147.35	146.73	146.40



■ Turnover ■ Operating Profit



■ Gross Block ■ Net Block

Dear shareholders,



In 1986 I left my job in a leading Public Sector Engineering company and started as a young entrepreneur . I started a software consultancy business in Madras (as it was called those days) though my roots were from Calcutta where I grew up. Ontrack was incorporated in 1987 in Chennai in order to deal with Telecommunication products and equipment . In those days getting a phone connection was extremely difficult and one had to struggle to even find STD/PCO booths to make calls. In one of my trips to Kolkata , Ontrack was activated with the help and support of childhood friends and I had to relocate to Kolkata where Ontrack started its commercial operations.

In 2012-13 Ontrack has completed 25 years of existence . From a closely held private limited company we went public in 2000-2001 and Ontrack become a public limited company - your company. From very modest beginnings we were able to grow our business in the domestic and international markets and we have survived through the ups and downs of the market place and the challenges that came by.

This journey of 25 years with Ontrack has been extremely meaningful for me personally. Your company has reached a milestone by completing 25 years since inception. The company has the goodwill and support of its customers, employees and suppliers due to its strong commitment and values. I am confident that the next phase of the company's growth will be very meaningful and valuable to all stakeholders.

People and talent continue to be the core drivers and assets of our business. Our employees have once again shown tremendous commitment towards the customer and the company. On this 25 year we once again reiterate our commitment to deliver value to our shareholders, customers and employees.

I take this opportunity to thank our members, directors, customers, vendors, employees, partners, bankers, advisers, government agencies and all our well wishers for their continued support. I look forward to your continued guidance and support in the years to come.

With warm regards,



B. Hari
Chairman & Managing Director
Date: 1st August 2013
Kolkata, India.

Operating Groups, Subsidiaries and Associate Companies

Global Delivery Centre

- ❑ Enterprise Solutions Group
- ❑ Service & Support Division
- ❑ tendertimes.com
- ❑ IndiaOneStop.com
- ❑ FirstJob College

Ontrack Systems (UAE) Ltd.*

Ontrack Systems (UK) Ltd.*

Ontrack Systems (Aus.) Pty. Ltd.*

Ontrack Global Services Ltd.*

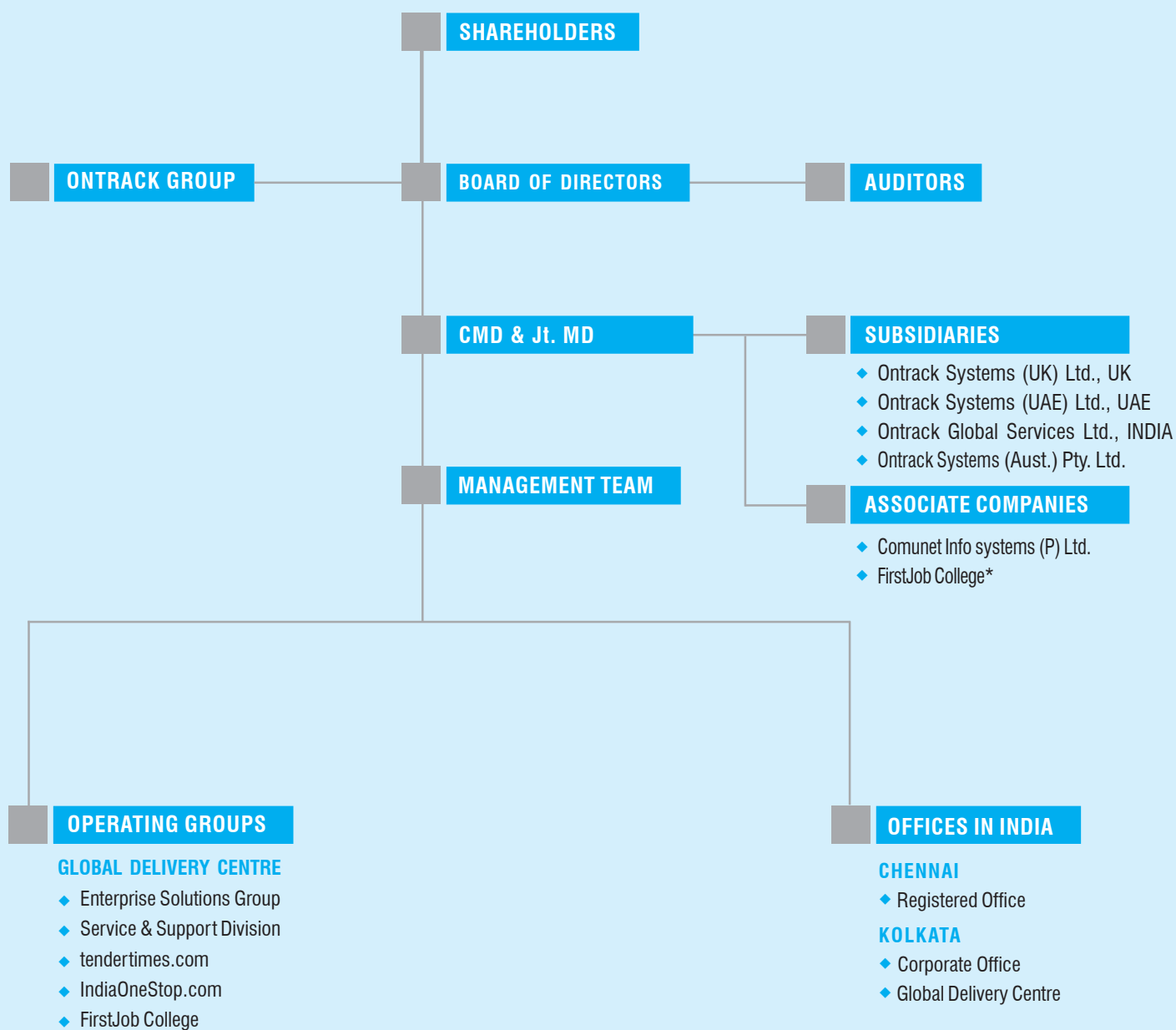
Comunet Info systems (P) Ltd.**

* 100% Subsidiary

** Associate Company

ORGANISATIONAL STRUCTURE

As of July, 2013



* Sponsored by Ontrack

BOARD OF DIRECTORS

BOARD OF DIRECTORS



B. Hari

Chairman & Managing Director



Kaustuv Ray

Joint Managing Director



S. V. Ramani

Whole-time Director & Secretary



Robin Ghosh

Independent Director



Ramdevan V Krishnaswamy

Independent Director



Vijay Kumar Chhinkwani

Independent Director

AUDITORS

M/s. Goenka Shaw & Co., India

HAMT & Associates, UAE

LEGAL ADVISORS

Bidyut Kumar Banerjee, India

BANKERS



Indian Bank, India



State Bank of India, India



Axis Bank, India



ANZ Grindlays, Australia



HSBC Bank, UK & UAE



Global Delivery Centre

Highlights

- SSD and TSG units added 55 new customers
- Retention of 95% existing clients by SSD
- SSD - order from Directorate of Treasuries & Accounts, Government of West Bengal
- Surge in Govt business – YoY 100%
- Primary data centre installed at a large microfinance company.
- First ever virtualization and High availability solution of Dynamics Axapta on Windows 2012 platform delivered.
- Prominent role in computerization of Bengal Excise department.
- BOROLINE, SUTHOL go for SAPB1 from Ontrack.
- Tie up with Checkpoint – the leader in Enterprise Security Solution

Strategy and Direction

With not much of corporate/ private buyers – the company is increasing its stake in the government vertical for Infrastructure sales. Focus is on increasing captive business across different divisions. Focus on business from government yielded substantial returns in terms of growth-over 100% YoY.

SSD & TSG successfully added 55 new customers and SSD managed to retain 95% of its existing clients.

Review of Activities

With increase in government spending we geared up our activity and ensured 100% growth of our business to government. Our focus from corporate sector remained steady and the response encouraging. Our technology prowess ensured we were a step ahead of competition in the technology front. This year also we excelled in next generation technologies like virtualization and high availability and initiated new tie ups that will enable us to maintain our leading position. Despite stiff competition in the IT domain SSD ensured its presence felt in the market.

Successfully delivered Primary Data centre and Disaster Recovery Solution with High Speed computing solution to a leading Microfinance Company in India.

Virtualization and high availability solution implemented at a leading Jewellery manufacturer and distribution company.

Outlook for fiscal 2013-14

Business is expected to remain unchanged for most part of the year. With improved economic environment expected from last quarter our strategy towards addressing the market would remain unchanged. Internally we will work towards more profitability by making the work process more efficient and agile and by shedding any extra weight that we might still have. We will be ready with a lean and thin

efficient technically advanced organization to make the best out of the market growth. We intend to consolidate our service revenues in the coming year. SSD is in negotiation with government as well as private entities that have shown interest in our services. SSD is also planning to penetrate into Tier II and Tier III cities.

ONTRACK

SYSTEMS (AUST.) PTY. LTD.



Highlights

- Market yet to pick up pace
- Agreement signed with a leading financial services company
- SAP B1 implementation at Gamma Illumination ongoing
- Focus on offshore-onshore combo model

Strategy and Direction

Ontrack Australia continued its focus in providing end to end IT solutions for SME companies.

The unit specialises in offering cost effective IT solutions for SMEs through offshore-onshore combo model of project development and deployment enabling organisations to cut down IT management costs. Our experience in implementation of SAP B1 gives us an edge in the market.

Review of Activities

Ontrack Australia continues to offer services from Ontrack India and has signed a partnership agreement with BCM Cost Management solution an Ireland based company which will provide additional income stream. We continue to provide TM 1 service to ANL. Implementation of SAP Business One at Gamma Illumination Company Pty. Ltd. bringing all departments under one roof and streamlining of their business and information flow across all departments that started last year is continuing through this year.

Outlook for fiscal 2013-14

Potential for mobiles application development expected to grow substantially. The economy in general and IT market in particular has been very slow and it is expected to continue with

elections looming. Any increase in economic activity is not expected until after the elections which means the coming year also will see slower growth.



ONTRACK

SYSTEMS (UK) LIMITED

Highlights

- **Projects in progress with a fortune 500 company in France and Italy.**
- **Ongoing projects a leading University.**
- **Software development and deployment for a UK based Pharmacy chain.**
- **Customers include many reputed Organisations.**

Strategy and Direction

UK market for the 5th consecutive year is struggling and fighting to break away from the recession. The Global slowdown, Euro crisis, turmoil in the banking sector and lack of confidence in general has made the UK market very fragile. Clients are either not spending or looking at cost saving activities. Companies however are looking at cost effective solutions and being cautious in their IT spend.. Companies are more open to outsourcing their entire or part of IT as they want a service without headaches of maintaining their own IT.

Review of Activities

Long term relationship with companies to bring to them the offshore advantage of skills and price advantage has been the Ontrack UK approach. Ontrack UK has partnered some good relationships winning some good projects. We are confident that these relationships will grow over the years as the economy gains momentum. Ontrack UK continues to service a fortune 5 company for onsite management of infrastructure support and other bespoke developments and a leading University of international repute. Ontrack UK has won several software projects that are ongoing with some of the leading private Organisations.

Outlook for fiscal 2013-14

Ontrack UK is working on a few projects with various UK based companies and this will all run till end December 2013 and possible

extension of other projects as a spin off to the ongoing projects.



Highlights

- Metro Railway, Kolkata continues to engage TTC
- Fresh contracts with various Eastern Railway units
- Strong order book position
- HEC, Ranchi runs 'Secure-T' e-Tendering solution for the FIFTH year
- New client added - Reserve Bank of India

Strategy and Direction

Despite inherent advantages of Tender Management Solution like our 'Secure-T' important issues like manpower utilisation that have a strong bearing on the country's economy are being addressed by tendertimes.com service model with the right mix of Web and IT solutions along with utilisation and skill development of manpower through knowledge sharing training sessions..

The strength of TTC lies on its strong captive client base. We will hold on to that base and offer improved proactive service. At the same time we will focus on e-procurement as our future business direction.

Review of Activities

Successfully renewed work order with Eastern Railway - Construction Department for a further period of TWO years.

Regular hosting of tender notices with bid documents by the new client Reserve Bank of India.

tendertime.com (TTC) continues to have a strong order book position; the top 5 clients contributing over 90% of the total revenue have again placed orders - Metro Railway, Kolkata HPCL & RITES Ltd. Heavy Engineering Corporation, Ranchi continues to use our 'Secure-T' Tender Management Solution for their e-Tendering needs. All the orders have been won through competitive bidding and tender process.

Our technology team successfully undertook the task of building a new e-procurement platform using the latest technology and security standard.

Outlook for fiscal 2013-14

Tendertimes.com enjoys its leadership position in the tendering domain. Promotional activities will be strengthened further to captivate and create awareness about electronic tendering. With new infrastructure projects being planned by the various divisions of Indian Railways hectic tendering activities are lined up for 2013-14.

TTC is aiming a growth of 100% in terms of order book position and aiming at a revenue

growth of 100%.Tendertimes.com will continue to add more value to its brand equity and enjoy its premium and leadership position in the e-tendering domain.

From the portal division's point of view this year is going to be a game changer. We will concentrate on creating awareness about e-procurement among the customer by strengthening our marketing activities and national presence.

Highlights

- Increase in visitor traffic to IndiaOneStop.com
- Project Report – Marginal increase in enquiries from overseas
- Over 4.5 million visitors monthly
- Revenue from Google AdSense Program picks up

Strategy and Direction

The Global recession that slowed down new investments in industry in previous fiscal year continued through large part of fiscal 2012-13 impacting revenue generation from our Projects Reports wing.

Review of Activities

Steps are being taken to add greater value to the existing 2500 plus content-rich pages. During the year under review the portal registered over 4.5 million hits/ Month from over 80 countries. While earnings from Project Reports continued to dominate the overall revenue generation, the portal is getting encouraging response from Google AdSense Program.

Outlook for fiscal 2013-14

In the light of initiatives being taken by the Indian government, IndiaOneStop will expand its international coverage, plan interviews with global trade leaders, international trade bodies on national, international and regional levels like ADB, IMF, World Bank, BIMSTEC, and SAARC etc.

With relaxation of FDI norms in different segments of the economy, both national and foreign investors are now increasingly focusing on sector-specific projects. SME and infrastructure sectors are increasingly becoming more attractive for investments.



Highlights

- Growth of ATP transactions and renewal of operational services for 2 years
- Digitisation of Building Plans & Installation of DMS in NDITA
- Proposal for commercialisation of concepts to DST approved
- Successful in the technical bidding for GRSE Industrial Kiosk

Strategy and Direction

Integrated Bill Payment Machine (IBPM) will find application in collecting utility bill payments from number of consumers of Electric Supply, Telecom operators and other service providers issuing periodical bills to their consumers. Being a cost effective, feature-rich bill payment machine, it will soon capture the bulk of automated bill payment collection arrangements operating round the clock in the utility bill collection field throughout the country. Each IBPM is to be attended manually for the purpose of support and to assist users as well as to safeguard the machine that offers opportunity for new employment too. Technical planning for the development of machine has already been done at the beginning of the project. In the 1st phase, parts of the machine have been made/procured and are being tested in our lab.

Review of Activities

Monthly transactions in Energy Bill Payment system of WBSEDCL (ATP) kiosks have reached to a stable figure and operational issues have been substantially reduced. Increase in minimum wages paid to the Customer Service Personnel reduced the profitability. The contract for operational services to ATP is under renewal with WBSEDCL for a period of two years. Supply of machineries for the digitisation completed; DMS software implemented at NDITA and over 22,000 documents scanned.

Outlook for fiscal 2013-14

New modules of the DMS are being planned and will be pitched soon. During the 2nd phase all of the parts will be integrated to complete the development of the machine. Being convinced with the idea of this IBPM, M/s Mahindra Finance has invited us to make a POC of the machine which has been accepted by them.

DST has accepted the proposal of Comunet for Development of Self Service Multiple transactions

Kiosk and sectioned a soft loan of Rs.6.25 Lakh for the same. Development program is going on satisfactorily. The strategy of manufacturing high quality of interactive kiosk maintaining IP standards has been successful. With the credential of supplying IP standard industrial kiosks, Comunet looks forward to bulk business in new industrial kiosks market in India.

FirstJob College

Your first job begins here

Highlights

- First batch of students graduating in September 2013
- Job Placement for all successful candidates
- Distance Education program launched
- Tie-up with IASBM

Strategy and Direction

Through our association with IASBM we have launched the distance education program. IASBM (authorized study centre of Government Universities) offers 250 + (UG/PG/DIPLOMA/CERTIFICATE) different courses in 'Distance Education mode'. All the universities conducting these courses are approved by both UGC & DEC. The main feature of these courses include Nominal Fees with instalment payment facilities, rigorous curriculum, special weekend classes, special offers for corporate etc.

Review of Activities

The first batch (Periyar University) of students are ready to take up their respective positions at Ontrack or any of its partnering companies after their final exam scheduled in September 2013.

This batch successfully completed their project work (Internship) at Ontrack, through different live projects from January to March 2013 and the students are ready to take up their respective assignments after September 2013.

In its 3rd year (academic year 2012-2013) of operation the marketing activities included organizing seminar in a number of State Government funded higher secondary schools during December-January 2013. We have received positive response from students, parents & admission consultants. Our present objective is to get the FirstJob College name more familiar among students, teachers, tutorial homes, consultants etc. Publicity through TV medium has also generated number of enquiries from districts of West Bengal.

Outlook for fiscal 2013-14

Our mission is to empower the people with knowledge in order to excel and surpass the expectation of the employers.

Technical education and Industrial training through introduction of professional training course in IT related domains including Dot.Net/

J2EE/PHP/Linux, ERP Solutions- SAPB1 and MSD NAV. The courses provide an opportunity for fresh as well as working executives to get a flying start as an IT/ ERP professional.

DIRECTORS' REPORT

To

The Members of Ontrack Systems Limited

Your Directors are pleased to present the Twenty Fifth Annual Report together with the Audited Statement of Accounts and the Auditor's Report of your Company for the Financial Year ended March 31, 2013. The financial highlights for the year under review are given below:

(₹ in Lacs)

Sl. No.	Description	Amount for the year ended 31.03.2013	Amount for the year ended 31.03.2012
1.	Total Income	10,446.07	10,327.83
2.	Total Expenditure	10,182.77	9,954.07
3.	Profit before interest, depreciation & tax	263.30	373.76
4.	Finance Charges	188.68	173.43
5.	Depreciation & impairment loss	6.01	30.30
6.	Other income	92.95	40.98
7.	Profit before tax	161.56	211.01
8.	Provision for tax	41.14	27.66
9.	Deferred Tax - Asset	(0.10)	28.33
10.	Profit after tax	120.52	155.02

RESULTS OF OPERATIONS

- The operations of the company significantly improved during this year principally due to increase in domestic business. Overseas operation continues to be sluggish except for some improvement in Australia.
- Our total revenue increased to ₹ 10539.02 Lakhs from ₹ 10368.81 Lakhs in the previous year at a growth rate of 1.64%..
- Profit before tax is ₹ 161.56 Lakhs during the year as against ₹ 211.01 Lakhs in the previous year.
- The Net profit after tax of ₹ 120.52 Lakhs as against ₹ 155.02 Lakhs in the previous year.

PERFORMANCE REVIEW OF BUSINESS UNITS

■ Technology Solutions Group (TSG)

Technology Solutions Group since its inception in the year 2005 has helped its customers create a secure IT Infrastructure geared for meeting ever challenging and evolving requirements in different business environment. The team has enabled IT to be transitioned into an asset rather than just being a cost to the business.

TSG has invested in deploying Green IT solutions thereby enabling customers to reduce their carbon footprint and have environment friendly solutions.

Virtualization technologies deployed by TSG has enabled many companies to convert their physical servers into virtual machines with 99.99% availability – thereby creating valuable space in the data centers, reduced consumption of energy and ease of manageability and agility of the IT Infrastructure.

TSG has helped customers design their infrastructure to support big data, assisting them to store data securely and access efficiently. TSG deployed storage efficiency solutions that helped many customers get the most out their storage investments by improving productivity while reducing their costs.

TSG aims to provide customers with a range of consultancy services that will enable them to implement and manage IPv6 successfully and migration from IPv4 technology.

■ SAP Business One

Considering the challenges for the SME organization in selecting and investing in a branded ERP, the risk for success is one of the major key concerns of the decision making process SAP B1 has mitigated from time to time in re-modeling the implementation service approach and putting more focus on Change Management and User Acceptance Training and Testing.

Some of the new Launch includes:

Configured Solution for Process Manufacturing Industry vertical, Add-on Modules, Gate Pass Management, Discrete Manufacturing (Process

Routing Management). Sub-Contracting and Jobbing, Localized and Government Acknowledged Payroll Solution as per Localization, Purchase/ Production Indenting/Requisitions and Approvals, PF Trust Management, Purchase Tendering, Pre-Configured Solutions for Iron and Steel Industry and IT Hardware/Software Distributors, Solutions for College/Campus Management integrated with SAP Business One, Readymade SAP B1 solution for Healthcare Industry Vertical.

■ **Tendertimes.com**

The company's offering of Secure 'T' tender Management solution has been very widely received by the customers. E-procurements with e-auction and e-reverse auction suits are now being offered to clients on a trial basis. E-procurement has been universally recognized as a method to reduce and manage enterprise costs.

The company has now embarked on offering on-line end to end tender management solutions keeping in mind the market demands for such cost effective technology for transparent tendering process.

Tender times will continue to add more value to its brand equity and enjoy its premium and leadership position in the e-tendering domain.

■ **Indiaonestop.com**

The revenue from Sales of Project reports maintained a healthy upward trend. Overseas clients were added from as far as Germany, Libya, UAE, USA, Egypt, Venezuela, Bahrain, Saudi Arabia and Sri Lanka. Indiaonestop.com is continuing its efforts to strengthen its e-platform in providing more and more valuable and updated information for its Indian business and industry helping exchange of information, views between India and other countries. During the year under review the portal registered over 4.7 million visitors monthly from over 90 countries.

■ **ERP Solutions**

ERP implementations were closed on different platform including SAP B1 with major clients across the country.

MS Dynamics practice has expanded providing solution to clients' length and breadth of the country. SME segment have been targeted offerings different suits depending on the client's needs. A Memorandum of Understanding was signed between West Bengal Industry Development Corporation Ltd. (Webel – a nodal agency for development of IT and ITES industry in West Bengal) and our company by offering a six months certificate course for training in ERP and Management practice in Microsoft Dynamics NAV and Axapta. The response has been encouraging. Some of the training personnel are absorbed in the company for execution of various projects in hand.

■ **Microsoft Dynamics NAV**

In spite of the not so favorable market condition this division could add several new clients during last financial years and came out as the highest revenue contributor in the East for Microsoft.

With a vision to enter into the league of top five partners your company is now focused on enhancing its geographical reach both nationally

and internationally. Initially the target is to cover the Eastern India and reach out to Western India. Globally UK and UAE where we already has a strong presence have been identified as potential marketplace.

Subsidiary Companies

- **UK:** Ontrack UK WOS approach is partnering for long term relationship with companies to bring to them the offshore advantage of skills and price advantage. The relationships grown over the year will make into long term business partners once the economy gets confident and companies begin to reinvest in its IT spend.

Ontrack UK WOS continues to service Dresser Inc a GE company for onsite management of infrastructure support and other bespoke developments. The final Market launch of the UK based Pharmacy chains POS and Web based application for the huge chain of single owner pharmacy is ongoing.

Outlook for 2013 - 14

Ontrack UK WOS is working on a few proposed POC with GE Ontrack UK has delayed launching its Microsoft Dynamics offshore support practice in the UK due to the slowdown. It is looking into launching the same in 1st quarter of 2013 as there is decent demand in MS Dynamics Axapta.

- **UAE:** The African crisis contributed to a large extent in the poor business environment in Middle East. However, client retention and renewal of existing contracts continued. The Google Apps initiative was started and yielded results, with clients acquired in UAE and the GCC region. The need to expand and consider new markets was addressed through delegation visits to Africa and regional partnership augmentation. Sales and marketing initiatives were undertaken in the region through these partnerships, primarily in Oman.

Government departments and projects were the main stay for the last fiscal. We continue to provide technical and infrastructure support to Government entities in Dubai and Abu Dhabi.

Expansions of markets were targeted through visits to Nigeria and Kenya. Partnerships for project execution and delivery have been identified and lead generation for promising projects were undertaken through local partners. Regional partners in Oman and Bahrain were identified, as well.

- **Australia:** Oz subsidiary signed Partnership agreement with SAP Australia for selling and implementing SAP Business One in various industries vertical especially in the SMB industry segment. The focus would be offshore- onshore combo model including getting new IT Managed service contracts.

Business outlook is improved substantially, Australia subsidiary portfolio now includes pre-configured solutions for logistics, end to end single window, service IT consultancy besides extended SAP R/ 3 through cost effective SAP remote support.

■ Associates:

First Job College:

The objective of the college is to prepare +2 passed students, industry ready by imparting hands on training while enrolling them full time BBA & BCA degree course awarded by the UGC recognized State Govt. University.

The response for enrolment in the academic year 2012-13 has been very encouraging. Adequate infrastructures for both physical and training faculty are available. The best amongst first batch from the college is likely to be absorbed with the Company.

■ Comunet Info-systems Pvt. Ltd.

Energy Bill Payment system of WBSEDCL called ATP.

Comunet Info-systems Pvt. Ltd. has been able to grow more than three times in terms of turnover during the year. Daily transactions made by the Automatic Bill Payment Kiosks of WBSEDCL, managed by Comunet, have also increased significantly.

The company has executed successfully a 'Proof of Concepts' on the prototype already developed by them and supplied to a NBFC. The product will fetch new business in the coming years. Two more prototypes of transaction machine are being designed in the laboratory of the company which will be developed in next year with the financial support from MSME and Technology Development Board under Department of Science and Technology, Govt. of India.

The company achieved a turnover of ₹ 367.84 Lakhs during the year as against ₹ 1144.00 Lakhs in the previous year. Profit after Tax being ₹ 1.21 Lakhs against that of last year's ₹ 5.55 Lakhs for making substantial expenses in POC.

The Company has also explored new areas of ICT based services which will contribute to the business of the co. from next year.

■ Subsidiary companies Consolidated Financial Statement

The Board of Directors by a resolution at the meeting held on 30.05.2012 given consent for not attaching the Balance Sheet and Financial statements in terms of the Central Govt. Ministry of Corporate Affairs Circular No.2/11 dated 08.02.2011. The consolidated financial statements however have full details of the financial portion of the subsidiaries as per the general approval of the Central Govt. Circular dated 08.02.2011.

■ MATERIAL CHANGES AND COMMITMENTS:

There are no material changes and commitments affecting the financial position of your Company between the end of the Financial Year of your Company to which the Balance Sheet relates and the date of this report.

■ Increase in Share Capital

During the year under review the equity capital of the company has remained unchanged since the company had not issued any new equity shares.

■ Corporate Social Responsibility

The company has taken initiatives in sponsoring building road connecting two small villages to the nearest Block level offices in the Nadia district of West Bengal. The Company through its Educational Society proposes to impart skill development to at least 100 students so that they are industry ready and employable.

■ HUMAN RESOURCE DEVELOPMENT

The Company's recruitment policy ensures suitable candidate with merit are selected from campus. Your Company constantly strives on improvement in the project management competency of its associates and personnel by continuous up gradation of their skills by training and development. The Company's expansion globally has resulted in global cultural integration since the Company employs people from various foreign countries. The Company's HR policies and processes are aligned to effectively drive its expanding business and emerging opportunities. Attrition during the fiscal remained within reasonable proportion.

■ QUALITY

The ISO 9001-2008 certification includes Company's state-of-the art Global Delivery Centre at Salt Lake, Kolkata, Technology Solutions Group, Human Resource Department, Accounts Department Tendertimes.com and IndiaOneStop.com. Internal audit checks are conducted once every quarter for all the units. The software division of the Company plans to implement ISMS (Information Security Management System) in its salt lake facility.

■ CORPORATE GOVERNANCE

The Company has complied with the requirement of Corporate Governance as stipulated under clause 49 of the Equity listing agreement with the Stock Exchanges and accordingly, the Report on Corporate Governance forms part of the Annual Report.

The requisite certificate from the Auditors of the Company, M/s. Goenka, Shaw & Co., regarding compliances with the conditions of the Corporate Governance is annexed to this Report as also the Management Discussion and Analysis which is given as Annexure to this Report.

■ CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, R & D AND FOREIGN EXCHANGE EARNING AND OUTGO U/s 217(1) (e)

Your company continuously strives to conserve energy, adopt environment-friendly practices and employ technology for efficient operations.

The Company operates in various state-of-art technology areas and has developed the necessary related skills.

The Technology Change Management Group of the Company continuously scans the market for new technologies, design systems and processes to induct such new technologies.

The foreign exchange earnings and outgoes for the year ended 31st March, 2013.

(Amount in ₹)

	2013	2012
Earnings	437.16	808.10
Outgoes	0.43	1.18

■ PERSONNEL

The Particulars of Employees, as per Section 217(2A) of The Companies Act, 1956 read with The Companies (Particulars of Employees) Rules, 1975 is Nil.

■ DIRECTOR'S RESPONSIBILITY STATEMENT U/s 217(2AA)

The Financial statements are prepared in accordance with the accounting standards issued by the Institute of Chartered Accountants of India and the requirements of the Companies Act, 1956, to the extent applicable to us, and guidelines issued by SEBI on the historical cost convention as a going concern and on the actual basis. There are no material departures from prescribed accounting standards in the adoption of the accounting standards.

We accept responsibility for the integrity and objectivity of these financial statements. The accounting policies used in the preparation of the financial statements have been followed consistently except as otherwise stated in the notes. The estimates and judgments related to the financial statements have been made on a prudent and reasonable basis, in order that the financial statements reflect in a true and fair manner the form and substance of transactions, and reasonably present our state of affairs and profits for the year.

■ FIXED DEPOSITS

The Company has not accepted any fixed deposit and, as such, no amount of principal or interest was outstanding as of the Balance Sheet date.

■ DIRECTORS

Shri. Ramdevan V Krishnaswamy retires by rotation and being eligible offers himself for re-appointment.

■ AUDITORS

M/s. Goenka Shaw & Co., Chartered Accountants, the Auditors of the Company, retire at the ensuing Annual General Meeting and have confirmed their eligibility and willingness to continue till conclusion of next AGM of the company, if re-appointed.

■ ACKNOWLEDGEMENT

Your Directors take this opportunity to thank its customers both in India and abroad, investors, business partners, bankers, financial institutions, business associates and advisors for their consistent support to the Company. Your Directors place on record their appreciation of the contributions made by employees at all level through hard work, cooperation and dedication, which has enabled the Company to move forward. Your Directors once again take this opportunity to thank the Governments of India, UK, UAE, Holland, Australia & USA for their cooperation and assistance in enabling your Company to enter the global marketplace.

For and on behalf of the Board of Directors

Place : Kolkata, India
Date : 30.05.2013

Sd/-
S. V. Ramani
Whole-time Director
and Secretary

Sd/-
B. Hari
Chairman and
Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

ECONOMIC OVERVIEW

The Global business environment during the calendar year 2012 remained uncertain with Europe continuing to be in negative growth and North America showing slight signs of improvement in slow growth of just about 1 %. In the emerging markets like Asia-Pacific the growth is at a faster pace than the mature geographies on account of Government and big corporation spending to bring the IT on par with the global standards.

INDUSTRY OVERVIEW

According to the NASSCOM Performance Review 2013, IT-BPM exports (IT services and Business Process Management) from India are estimated to grow in fiscal 2014 by 12-14% to US\$ 85 billion. According to the Global Tech Market Outlook for 2013 and 2014 an independent report published by Forrester Research Inc in January 2013, purchases of IT consulting, system integration services and IT outsourcing by Global businesses and government are estimated to grow by 4% in the calendar year 2013 when calculated in US dollars.

There are several factors contributing to the growth of IT and IT enabled services (ITES) in India and by Indian Companies. The nature of technology outsourcing is changing. Historically enterprises either outsourced their technology requirements entirely or on a standalone, project-project basis. In an environment of rapid technological change, globalization and regulatory changes, the complete outsourcing model is often perceived to limit a company's operational flexibility and not fully deliver potential cost savings and efficiency benefits. To address these issues, companies are looking at outsourcing approach that require their technology service providers to develop specialized systems, processes and solutions along cost effective delivery capabilities for both domestic and global markets.

The companies major offering in the industry are broadly divided into four groups:

1. Technology Solution Group
2. Flagship portal tendertimes.com and Indiaonestop.com
3. IT service , support and networking
4. ERP implementation as Business associate of Microsoft , SAP and Open Bravo (details review of each division is given separately elsewhere in the report).

Technology Solution Group provides technical consultancies and advise the clients to upgrade their IT infrastructure with technical and hard ware support to face up to the challenges in the competitive business arena. We use in-house tools for project management for software delivery.

Tendertimes.com continues to hold a key position in the market by giving solution like reverse auction, e-tendering to major Government and Quasi Govt. appearing across the length and breadth of the country. Indiaone-stop continues to grow offering online business project report across the globe.

3. The Networking and Systems integration verticals has been the Company's first unit of business and has consistently been growing. This division has been rendering support to various e-governance within the locality in the state of West Bengal apart from continuing

to focus on small and medium stage business segment by offering one stop solution.

4. Specialized Team delivers ERP solution on various packaged software platform like Microsoft Dynamics, SAP B1 based on the customers requirement across the country.

FINANCIAL CONDITION

Share Capital:

The Company's paid up capital remained at ₹ 1934.20 Lakhs and there were no fresh issue of any capital.

Revenue:

The Company earned total revenue of ₹ 10539.02 Lakhs in the fiscal 2012-13 compared to ₹ 10368.81 Lakhs in fiscal 2011-12

Share Premium A/c.

There was no change in the share premium account and the present Share Premium a/c stood at ₹ 772.48 Lakhs.

Shareholders Fund:

The total shareholders fund increased to ₹ 2923.76 Lakhs as at 31st March, 2013 as against ₹ 2803.24 Lakhs in the previous year.

Net Worth	:	₹ 2923.76 Lakhs
Application of Fund:		
Gross Block	:	₹ 1467.31 Lakhs
Addition	:	₹ 6.22 Lakhs
Deduction	:	Nil
Investments:		
Subsidiary	:	₹ 657.05 Lakhs
Associates	:	₹ 30.72 Lakhs
Deferred Tax Assets/(Liabilities)	:	₹ 32.99 Lakhs
Sundry Debtors	:	₹ 7307.44 Lakhs
Loans & Advances	:	₹ 48.20 Lakhs
Current Liabilities	:	₹ 7136.07 Lakhs
Provisions	:	₹ 10.21 Lakhs

Segment-wise performance:

Separately given

Risk & Concerns:

Revenue and expenses are difficult to predict and can vary significantly from period to period. Profit margin may be affected either positively or negatively as per circumstances. Revenue are dependent on a very small pool of clients, loss of any one or more client may affect the bottom line. Ability to retain highly paid skilled power in a competitive business environment for a small company like us. Competition from large national and international companies always with new crop up technologically

superior to small & medium size companies would affect climatically new orders book position.

Risk Management:

The global economic slowdown continues to be cause of worry. Macro economic development in the Euro zone with possibility of sovereign default is an area of concern since our company is has greater exposure to currencies from this zone. The Middle East business environment also remains bleak to the unstable political situation. Australia is stable but not much new business is

At the macro level the Company has devised a mechanism for identification and prioritization of risks to include risk survey, business risk, introductory risk, financial risk, scanning and focused on the prospective client's business activities.

Identified risks are used as one of the key inputs to the marketing team for formulating the business development plan.

Outlook:

We seek to further strengthen our presence both domestically and internationally by offering repertoires .of service in our basket.

Details outlook for each verticals are separately given under the revised of operating group.

Human Capital:

The total employees' strength as on 31st March, 2013 is 145. The company has created a performance driven environment where innovation is encouraged and performance is recognized and employees motivated to realize their potential. The company encourages both external and in-house training program to upgrade the skill sets of the existing pool of executive to the new challenges in the technological field. Employee's health and safety are of crucial importance. All the employees are covered under the group medical insurance and time to time health checks up is undertaken in consultation with the medical insurance company.

Quality:

The ISO 9001-2008 certification includes Company's state-of-the art Global Delivery Centre at Salt Lake, Kolkata, Enterprise Solutions Group, Service & Support Division, Human Resource Department, Accounts Department, Tendertimes.com, IndiaOneStop.com. Internal audit checks are conducted once every quarter for all the units. The software division of the Company is continuing its efforts to be CMM level 4/5 compliant and to implement ISMS (Information Security Management System) in its salt lake facility.

Disaster Management & Recovery:

The Company has established an independent data center to mitigate against any type of disaster against loss of any live data. The Company has also laid out a disaster recovery and prevention plan. The Company can replicate and maintain within shortest possible time.

REPORT ON CORPORATE GOVERNANCE

■ COMPANY'S PHILOSOPHY

Our pursuit to achieve good governance is an ongoing process, thereby ensuring truth, transparency, accountability and responsibility in all our dealings with our employees, shareholders, customers and community at large.

We believe that Corporate Governance is a systemic process by which companies are directed and controlled to enhance their wealth generating capacity. The Company believes that the governance process should ensure that management of the company should be in such manner that meets stakeholders' aspirations and societal expectations.

We view corporate governance in its widest sense, almost like a trusteeship; it is a policy to be professed, a value to be imbibed and an ideology to be ingrained in corporate culture. Corporate governance goes much beyond mere compliance; it is not a simple matter of creating checks and balances. The Company aims to develop capabilities and identify opportunity that best serve the goal of value creation, thereby creating an outstanding organization.

In so far as compliance with requirements of Clause 49 of the listing Agreement with the Stock Exchanges are concerned, the Company is in full compliance with the norms and disclosures that have to be made on Corporate Governance format.

■ BOARD OF DIRECTORS

A. Composition

The details of the Board of your Company for the year 2012–2013 are given below :-

SI. No.	Name of Director	Category of Directorship	Designation
1.	Mr. B. Hari	Promoter	Chairman & Managing Director
2.	Mr. Kaustuv Ray	Co-Promoter	Jt. Managing Director
3.	Mr. S. V. Ramani	Executive Director	Whole-time Director & Secretary
4.	Mr. Vijay Kumar Chhinkwani	Independent Non-executive Director	Director
5.	Mr. Robin Ghosh	Independent Non-executive Director	Director
6.	Mr. Ramdevan V Krishnaswamy	Independent Non-executive Director	Director

Note: Independent Director means a director who, apart from receiving director's remuneration, does not have any other material pecuniary or other relationship with the Company, its promoters, its management or its subsidiaries, which in the judgment of the Board may affect the independence of judgment of Directors.

■ NO OF BOARD MEETINGS:

Five Board Meetings were held during the year ended 31st March 2013. The Board Meetings were held on 30th May 2012, 13th August 2012, 8th November 2012, 13th February 2013 and 20th March 2013.

B. Attendance at each meeting of the Board

The attendance of the Directors at the Board Meetings held during the year are given below:-

Name of Directors	No. of meetings held during the Year	No. of meetings attended during the year	No. of memberships on Board of other companies	Whether attended last AGM
Mr. B. Hari	5	5	5	Yes
Mr. Kaustuv Ray	5	2	16	No
Mr. S. V. Ramani	5	5	4	Yes
Mr. Vijay Kumar Chhinkwani	5	1	0	No
Mr. Robin Ghosh	5	4	3	Yes
Mr. Ramdevan V Krishnaswamy	5	3	4	Yes

At the end of the year, none of the Directors were members in more than 10 committees or acted as Chairman of more than 5 such Committees, as required under clause 49 of the Listing agreement.

INFORMATION SUPPLIED TO THE BOARD

Among others, these include the following:

Review of annual operating plans of business, capital budgets, updates.

- Quarterly results of the Company and its operating divisions or business segments.
- Minutes of the meeting of audit committee and other committees.
- Information on recruitment and remuneration of Officers just below the Board level.
- Materially important show cause, demand, prosecution and penalty notices.
- Any materially relevant default in financial obligations to and by the Company and substantial non payment for the goods and services provided by the Company.
- Any issues which involves potential public or product liability claims of a substantial nature.
- Details of any Joint ventures or collaboration or acquisition or reconstruction by the Company.
- Significant labour problems and their proposed solutions.
- Significant development on the human resources and industrial relations fronts.
- Sale or purchase of material nature, of investments, subsidiaries, assets which is not in normal course of business.
- Quarterly results of foreign exchange exposure and the steps taken by management to limit the impact of adverse exchange rate movement.
- Non compliance of any regulatory or statutory provision or listing requirements as well as shareholder services such as non payment of dividend and delay in share transfer.

The Board of Ontrack Systems is routinely presented with all the information under the above heads whenever applicable or materially significant. These are submitted either as part of agenda papers well in advance of the Board meetings or tabled in the course of Board meetings before the appropriate committees of the Board.

MATERIALLY SIGNIFICANT RELATED PARTY TRANSACTIONS

There have been no materially significant related party transactions, pecuniary transactions or relationships between Ontrack Systems Limited and its Directors for the year ended 31st March, 2013 that may have the potential conflict with the interests of the Company at large.

All non material related party transactions in the normal course of business and conducted at the arms length are duly recorded in the Register of Contracts maintained by the Company pursuant to Section 301 of the Companies Act, 1956.

COMMITTEES OF THE BOARD

Audit Committee

The Audit Committee of the Company performs the following functions:

- Overseeing the Company's financial reporting process and disclosure of the financial reports to ensure that the financial statement is correct, sufficient and credible.
- Recommending the appointment of Statutory auditors of the Company.
- Constitution and review of internal control and internal audit system.
- Review of accounting and financial practice.
- Advice on risk management policies.

COMPOSITION:

The Audit Committee comprises of two Independent Non-executive Directors and one Executive Director. All the members including the Chairman have adequate financial and accounting knowledge. The details of the Audit Committee of your Company for the year 2012-2013 are given below:-

Sl. No.	Name of Member	Position	No. of Meetings held during the year	No. of Meetings attended during the year
1.	Mr. V. K. Chhinkwani	Chairman	4	3
2.	Mr. S. V. Ramani	Member	4	4
3.	Mr. Ramdevan V Krishnaswamy	Member	4	3
4.	Mr. S. Prasad	Convenor	4	4
5.	Mr. Saroj Swain (Statutory Auditor)	Invitee	4	4

Remuneration Committee

- (i) The Company has a full-fledged Remuneration Committee.
- (ii) The broad terms of reference of the Remuneration Committee are as under:
- To approve the Annual Remuneration Plan of the Company
 - To approve the remuneration and commission/incentive payable to the Chairman & Managing Director for each financial year.
 - To approve the remuneration and annual performance bonus payable to the Whole-time Director and Chief Financial Officer.
 - Such other matters as the Board may from time to time request the Remuneration Committee to examine and recommend/approve.
- (iii) The Composition of the Remuneration Committee and the details of meetings attended by the members of the Remuneration Committee are given below:

Name	Category	No. of Meetings during the year 2012-13	
		Held	Attended
Mr. Robin Ghosh	Independent, Non executive Director	1	1
Mr. Ramdevan V Krishnaswamy	Independent Non-executive Director	1	1
Mr. Vijay Kumar Chhinkwani	Independent Non-executive Director	1	1
Mr. Subhamoy Roychoudhury	Convenor	1	1

- (iv) A meeting of the Remuneration Committee was held on 15th April 2013.

- (v) Remuneration Policy:

The Company's remuneration policy is driven by performance of the employee and the Company. The Company follows a compensation mix of fixed pay, benefits and variable pay.

The Company pays remuneration by way of salary, benefits, perquisites and allowances (fixed component) to its Managing Director. Annual increments are decided by the Remuneration Committee within the salary scale approved by the Members and are effective from April 1, each year.

The Company provides benefits to the Employees by way of PF, ESI, Gratuity and Mediclaim Insurance.

The Company pays sitting fee of Rs. 5000/- per meeting to its Non-executive Directors (NEDs) for attending meetings of the Board and no fees is paid for attending meetings of other committees.

- (vi) Details of Remuneration for the year ended 31st March, 2013

- (a) **NON EXECUTIVE DIRECTORS:**

Name	Commission (₹)	Sitting Fees (₹)
Mr. Ramdevan V Krishnaswamy	Nil	20000
Mr. V. K. Chhinkwani	Nil	Nil
Mr. Robin Ghosh	Nil	20000

- (b) **WHOLE – TIME DIRECTOR:**

Name	Remuneration (₹)	PF Contribution (₹)	Commission (₹)	Stock Options
Mr. S. V. Ramani	15,00,000.00	70,464.00	Nil	Nil

- (c) **CHIEF EXECUTIVE OFFICER & MANAGING DIRECTOR**

Name	Remuneration (₹)	PF Contribution (₹)	Commission (₹)	Stock Options
Mr. B. Hari	29,10,000.00	1,38,960.00	Nil	Nil

- (d) Period of Contract of CMD & CEO: 5 years from 4th February, 2010
- (e) Period of Contract of Whole-time Director: 5 Years from 4th February, 2010
- (f) Details of the shares of the Company held by Directors as on 31st March, 2013 are given below:

Name	No .of Shares
Mr. B. Hari	31,59,395
Mr. S.V. Ramani	2,975
Mr. Ramdevan V Krishnaswamy	10,873

■ SHARE TRANSFER & SHAREHOLDER GRIEVANCE COMMITTEE

The Shareholder / Investor grievance committee specially looks into redressing of shareholders and Investors' complaints such as transfer of shares, non-receipt of shares, non-receipt of declared dividends and to ensure expeditious share transfer process. The committee consists of Mr. Robin Ghosh, Chairman (Independent and Non Executive Director), Mr. Vijay Kumar Chhinkwani (Independent and Non Executive Director) and Mr. S. V. Ramani (Whole time Director & Secretary).

The Shareholders / Investors grievance committee met for 4 times during the year. There is no valid request pending for share transfer as on date of the Director's Report.

■ MANAGEMENT

The Management discussion and analysis Reports is dealt with elsewhere in the Report.

■ CEO & CFO CERTIFICATION TO THE BOARD

The CEO & CFO have certified to the Board that Financial Statement together with Cash Flow Statement for the year 2012-13 to the best of their knowledge is true and fair.

SHAREHOLDERS' INFORMATION

GENERAL INFORMATION FOR SHAREHOLDERS

- (a) As indicated in the Notice to our Shareholders, the 25th Annual General Meeting of the Company will be held on Wednesday the 11th day of September 2013 at 11.30 A.M. at Sabha Hall, Savera Hotel, 146, Dr. Radhakrishnan Salai, Mylapore, Chennai, India
- (b) The Financial Year of the Company is April to March
- (c) Date of book closure: From 6th September, 2013 to 11th September, 2013 (both days inclusive) for the purpose of the Annual General Meeting.
- (d) The Shares of the Company are listed on
- | | | | | |
|-----|--------------------------------|-----------------|---|----------|
| (1) | Madras Stock Exchange | Stock Code No. | : | OTL |
| (2) | Calcutta Stock Exchange | Script Code No. | : | 10025152 |
| (3) | Bombay Stock Exchange | Stock Code No | : | 532607 |
- (e) Share Transfer System: The Share Transfer Committee of the Company meets every Week for approving share transfers. The Transfers are normally completed within 7 working days from the date of receipt of request.
- (f) Demat Depository : NSDL / CSDL : ISIN No. INE 426B01033
- (g) Dematerialisation of Shares: The Shares of the Company are compulsorily traded in demat form and are available for trading on both the Depository Systems in India – NSDL (National Securities Depository Limited) and CDSL (Central Depository Services (India) Limited). As on 31st March, 2013, approximately 90% of shares of the Company has been dematerialized.
- (h) **Address for correspondence :**

- | | | | |
|-------|---|---|---|
| (i) | Registered Office | : | Bhatad Towers, Office No.1, Third Floor, No. 30,
West Cott Road, Royapettah, Chennai - 600 014
Phone: +91-44-42085258,& 28411633 |
| (ii) | Compliance Office and
Secretarial Department | : | Plot Y-18, EP-Block, Sector-V, Salt Lake, Kolkata – 700 091
Phone: 2357 2555/2560/, Fax : 2357 2564
Email: info@ontrackindia.com |
| (iii) | Share Registrar and
Transfer Agents | : | Cameo Corporate Services Ltd.
Subramanian Building, 1, Club House Road, Chennai – 600 002
Phone: 044-2846 0390–95, Fax : 044 2846 0129
Email: cameo@cameoindia.com |

DISCLOSURE

Disclosure regarding materially significant related party transactions:

No transaction of material nature has been entered into by the Company with its Promoters, Directors or the Management, their subsidiaries or relatives etc. that may have potential conflict with the interest of the Company.

DISCLOSURE OF NON-COMPLIANCE BY THE COMPANY

There were no instances of non-compliance or penalty, strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets, during the last three years.

MEANS OF COMMUNICATION

The Quarterly Results of the Company were published during the financial year under review in leading national newspapers namely, The Business Standard and The Malaichudar (Chennai Edition) and posted in the website of the Company www.ontrackindia.com.

Management Discussion and Analysis Report forms part of this Annual Report.

PATTERN OF SHARE HOLDINGSAS ON 31ST MARCH, 2013**PHYSICAL & ELECTRONIC**

Categories of Shareholders	No. of Shareholders	No. of Shares	% of Holding
Resident	2195	2659318	13.7489
NRI	19	66940	0.3461
Body Corporate	111	12853000	66.4513
Promoters	6	3715787	19.2109
Directors / relatives	23	45960	0.2376
Trusts	2	1000	0.0052
TOTAL	2356	19342005	100.00

DISTRIBUTION OF SHAREHOLDINGSAS ON 31ST MARCH, 2013**PHYSICAL & ELECTRONIC**

Shareholding of Nominal Value of Re. 1	Share Holders No.	Percentage to Total	No. of Shares	Percentage of Total Shares
(1)	(2)	(3)	(4)	(5)
Upto – 5000	1769	75.09	275195	1.42
5001 – 10000	246	10.45	191478	1.00
10001 – 20000	120	5.09	176702	0.91
20001 – 30000	55	2.33	142129	0.73
30001 – 40000	38	1.61	134749	0.70
40001 – 50000	14	0.59	65583	0.34
50001 – 100000	49	2.08	350496	1.81
100001 and above	65	2.76	18005673	93.09
TOTAL	2356	100.00	19342005	100.00

STOCK MARKET PRICE MOVEMENT

The monthly high and low quotations and volume of shares traded at the Bombay Stock Exchange (BSE) during the financial year 2012-13 (12 months) are given in the table below:

Period	BSE		Total No. of shares traded
	High (Rs.)	Low (Rs.)	
April, 2012	21.65	17.65	94
May, 2012	25.05	16.00	221
June, 2012	21.45	16.05	229
July, 2012	19.45	14.20	193
August, 2012	17.60	12.35	157
September, 2012	16.10	12.40	28
October, 2012	15.37	12.30	67
November, 2012	13.12	11.42	35
December, 2012	15.40	12.36	78
January, 2013	15.65	12.75	44
February, 2013	15.60	14.10	72
March, 2013	15.75	13.80	20

■ GENERAL BODY MEETING

(i) GENERAL MEETINGS:

(a) Annual General Meetings:

YEAR	LOCATION	DATE	TIME
2009-2010	Hotel Savera 146, Dr. Radhakrishnan Salai, Mylapore, Chennai - 600 017	22nd September, 2010	11.30 A.M
2010-11	Hotel Savera 146, Dr. Radhakrishnan Salai, Mylapore, Chennai - 600 017	23rd September, 2011	11.30 A.M.
2011-2012	Hotel Savera 146, Dr. Radhakrishnan Salai, Mylapore, Chennai - 600 017	28th September, 2012	11.30 A.M.

■ NOMINATION FACILITY

Individual Shareholders can now avail the facility of nomination. The nominee shall be the person in whom all rights of transfer and / or amount payable in respect of the shares shall vest-in the event of the death of shareholder (s). A minor also can be a nominee provided the name of the guardian is given in the Nomination Form. The facility of nomination is not available to non-individual shareholders such as bodies corporate, financial institutions, Kartas of Hindu Undivided Families and holders of Power of Attorney. In case of any assistance, please contact Cameo Corporate Services Ltd., Subramanian Building, 1, Club House Road, Chennai - 600 001 at the R & TA of the Company.

■ SPECIAL RESOLUTION IN THE LAST THREE FINANCIAL YEARS :

FINANCIAL YEAR	DATE OF AGM/EGM	SPECIAL RESOLUTION PASSED
2009-10	AGM dated 22.09.2010	(i). Under Section 293(1)(d) of the companies act, 1956, power has been given to Board for borrowings not exceeding the limit of Rs. 30 Crores.
2010-11	AGM dated 23.09.2011	NIL
2011-12	AGM dated 28.09.2012	NIL

POSTAL BALLOT:

During the year, no resolutions were passed through Postal Ballot.

DISCLOSURES

Related party Disclosure

None of the transactions with any of the related parties were in conflict with the interest of the company.

OTHER SHAREHOLDER'S INFORMATION

1. Financial Calendar: (Tentative)	:	Results for the quarter ended 1st August 2013
	:	Results for the quarter ended 12th November 2013
	:	Results for the quarter ended 12th February 2014
	:	Results for the quarter ended 30th May 2014
2. Dates of book closure	:	06.09.2013 to 11.09.2013
3. Venue of the Annual General Meeting (AGM)	:	Savera Hotel, 146, Dr. Radhakrishnan Salai, Mylapore, Chennai.
4. Time & Date of AGM	:	11.30 A.M. on 11th September 2013
5. Dividend Payment Date	:	N.A
6. The Equity Shares of ₹ 10/- each are Listed at	:	Bombay Stock Exchange Madras Stock Exchange Limited The Calcutta stock Exchange Association Ltd. Annual Listing fees to Bombay Stock Exchange, the Madras Stock Exchange, and the Calcutta Stock Exchange for the financial year 2012-2013 has been paid.

For and on behalf of the Board of Directors

Place : Kolkata, India
Date : 30.05.2013

Sd/-
S. V. Ramani
Whole-time Director and Secretary

Sd/-
B. Hari
Chairman and & Managing Director

DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT

This is to confirm that the Company has adopted a Code of Conduct for its employees including the Managing Director. In addition, the Company has adopted a Code of Conduct for its Non-Executive Directors. Both these Codes are available on the Company's web site at www.ontrackindia.com.

I confirm that the Company has in respect of the financial year ended March 31, 2013, received from the senior management team of the Company and the Members of the Board a declaration of compliance with the Code of Conduct as applicable to them.

For the purpose of this declaration, Senior Management Team means the Chief Financial Officer, the Company Secretary and employees in the Vice-President cadre as on March 31, 2013.

Place : Kolkata
Dated : 30.05.2013

B. Hari
Chairman & Managing Director

AUDITOR'S CERTIFICATE

To the Members of Ontrack Systems Limited.

We have examined the compliance of conditions of corporate governance by Ontrack Systems Limited for the year ended March 31, 2013, as stipulated in Clause 49 of the Listing Agreement of the Company with Stock Exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in 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 **GOENKA SHAW & CO.**
Chartered Accountants
FR No. 319075E

Sd/-

(CA Saroj Kumar Swain)
Partner
Membership No. 061912

Kolkata, India
30th May, 2013

INDEPENDENT AUDITORS' REPORT

THE MEMBERS OF ONTRACK SYSTEMS LTD.

Report on the Financial Statements

1. We have audited the accompanying financial statements of **M/s. Ontrack Systems Ltd.** which comprise the Balance Sheet as at 31st March 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Company Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) In the case of the balance sheet, of the state of affairs of the Company as at 31st March 2013;
 - (ii) In the case of the statement of profit and loss, of the profit for the year ended on that date; and
 - (iii) In the case of the cash flow statement, of the cash flows for the year ended on that date.

Matter of Emphasis

7. Without qualifying our report, we draw attention to :
 - (i) Note No. 7.05 and 18.01 of the Notes forming part of the financial statements regarding the cheques worth of ₹1900.00

lacs issued to the creditor's, which have not been presented to the bank on the request of the company, pending the realization of the cheques worth of ₹ 1992.57 lacs collected from customer and lying on hand. As per the management, the amount collected from the customers will be realized and cheque issued to the creditors will be honoured within the validity of the respective instruments.

- (ii) Note No. 14.01 regarding the advance of ₹ 10.00 lacs under litigation, the recoverability thereof is uncertain upon the final outcome of the judicial proceeding.
- (iii) Note No.14.02 regarding the advance of ₹187.48 lacs on account of encashment of performance Bank guarantee, which was subsequently acknowledged by the customer with a commitment to repay. The recoverability thereof is uncertain till the fulfillment of the commitment of the customer.
- (iv) Note No.11.03 regarding non-recognition of the share of the company on the asset constructed under joint development agreement, which in opinion of the management is not ascertainable.

Report on Other Legal and Regulatory Requirements

8. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
9. As required by section 227(3) of the Act, 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 and proper returns/statements adequate for the purposes of our audit have been received.
 - (c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956; and
 - (e) On the basis of written representations received from the directors as on 31st March 2013, and taken on record by the Board of Directors, none of the directors of the company is disqualified as on 31st March 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;

For **GOENKA SHAW & CO.**

Chartered Accountants
FR No. 319075E

Sd/-

(CA Saroj Kumar Swain)
Partner

Membership No. 061912

Kolkata, India
30th May, 2013

ANNEXURE TO THE AUDITORS' REPORT

The Annexure referred to in our report to the members of **M/s. ONTRACK SYSTEMS LTD.** for the year ended 31 March 2013. We report that:

- i. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- (b) As informed, the fixed assets have been physically verified by the management at the year end and no material discrepancies are reported to have been noticed on such verification.
- (c) During the year the company has not disposed off of substantial part of its fixed assets. Therefore the provision of the clause (ic) of paragraph 4 of the aforesaid Order in our opinion is not applicable to the Company.
- ii. (a) The inventory has been physically verified by the management during the year. In our opinion the frequency of verification is reasonable.
- (b) In our opinion and according to the information & explanations given to us, the procedures of physical verification of inventories followed by the Management are reasonable and adequate in relation to the size of the Company and nature of its business.
- (c) On the basis of our examination of records of inventory and in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material in relation to the operation of the company.
- iii. (a) On the basis of our examination of the books of account and according to the information and explanations given to us, the Company has during the year accepted interest free unsecured loan from a Company covered in the Register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved was ₹ 289.00 lacs and the year end balance was ₹ 289.00 lacs.
- (b) In our opinion and according to the information and explanations given to us, the other terms and conditions of the loans taken by the company are not prima facie prejudicial to the interest of the company.
- (c) On the basis of our examination of the books of account and according to the information and explanations given to us, the Company has not granted any loans secured or unsecured to Companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
- iv. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods and services. Further during the course of our audit, we have neither come across, nor have we been informed of any continuing failure to correct major weaknesses in internal control system.
- v. (a) On the basis of our examination of the books of account and according to the information and explanations given to us, the Company has during the year entered into transaction that needs to be entered into the Register maintained under Section 301 of the Companies Act, 1956.
- (b) According to the information and explanations given to us, the transaction made in pursuance of such contract or arrangement have been made at prices, which are reasonable having regard to the prevailing market prices as on the date of such transaction.
- vi. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposit from the public within the meaning of section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rule 1975. To the best of our knowledge and according to the information and explanations given to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any other Tribunal against the company.
- vii. The Company has an internal audit system commensurate with the size and nature of its business during the year.
- viii. On the basis of information & explanations made available to us, we are of the opinion that, The Central Government has not prescribed for the maintenance of any cost records under Section 209(1)(d) of the Companies Act, 1956 for the Company.
- ix. (a) On the basis of our examination of the books of account and according to the information & explanations given to us, the Company is regular in depositing with appropriate authorities undisputed statutory dues, except Employee state insurance, Income Tax (T.D.S.), Fringe Benefit Tax, Service Tax and Professional Tax.

According to the information and explanations given to us, the undisputed amounts payable are Employees state insurance of ₹ 21.89 lacs, Income Tax (T.D.S.) of ₹ 36.71 lacs, Fringe benefit tax of ₹ 12.63 lacs, and Professional Tax of ₹ 8.38 lacs and Service tax of ₹ 0.47 lacs, which were outstanding as at 31st March 2013 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues of sales tax, customs duty, excise duty, service tax, wealth tax and cess which have not been deposited on account of any dispute, except the disputed

tax demand. The amounts involved and the forum where the dispute is pending are detailed in the statement given below:

Sl.	Name of the statute	Nature of Dues	Rs. in lacs	Forum where dispute is pending
01	Income Tax	Assessed demand for A.Y: 2003-04	8.36	ITAT, Chennai
02	Income Tax	Assessed demand for A.Y: 2004-05	2.95	CIT (A), Chennai
03	Income Tax	Assessed demand for A.Y: 2005-06	17.57	CIT (A), Chennai
04	Income Tax	Assessed demand for A.Y: 2006-07	4.81	CIT (A), Chennai
05	Income Tax	Assessed demand for A.Y: 2007-08	460.47	CIT (A), Chennai
06	Income Tax	Assessed demand for A.Y: 2008-09	306.43	CIT (A), Chennai
07	Central Sales Tax	Demand for the Yr. 2006-07	1.80	JCCT, W.B.
08	Central Sales Tax	Demand for the Yr. 2009-10	46.31	JCCT, W.B.
09	Value Added Tax	Demand for the Yr. 2006-07	11.96	JCCT, W.B.
10	Value Added Tax	Demand for the Yr. 2009-10	464.98	JCCT, W.B.

- x. The Company has no accumulated losses during the year. It has incurred no cash loss during the financial year covered by our report and also in the immediately preceding financial year.
- xi. Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to financial institution, banks or debenture holders during the year.
- xii. The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other similar securities.
- xiii. In our opinion the Company is not a chit fund or a nidhi / mutual benefit fund / society, therefore the provision of clause (xiii) of paragraph 4 of the aforesaid Order is not applicable to the Company.
- xiv. As per records of the Company and the information & explanations given to us by the management, the Company is dealing in or trading in shares, securities, debenture and other investments and in our opinion, proper records have been maintained of the transactions and contracts, and timely entries have been made therein, also the shares, securities, debentures and the other investments have been held by the Company in its own name.
- 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, the terms & conditions whereof are prejudicial to the interest of the Company.
- xvi. On the basis of our examinations and according to the information and explanations given to us, the company has during the year not raised any term loan.
- xvii. According to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that no fund raised during the year on short-term basis have been used for long-term investment.
- xviii. The Company has during the year not made any preferential allotment of shares to a party covered in the register maintained U/s.301 of the Companies Act, 1956.
- xix. The Company has not issued any debentures during the year under audit. Accordingly, the provision of clause (xix) of paragraph 4 of the aforesaid Order is not applicable to the Company.
- xx. The Company has not raised any money by way of public issue during the year. Therefore the provisions of clause (xx) of the paragraph 4 of the aforesaid Order are not applicable to the Company.
- xxi. During the course of our examination of the books of accounts carried out in accordance with Generally Accepted Auditing Practices, we have neither come across any instance of fraud on or by the Company nor have we been informed of any such case by the Management.

For **GOENKA SHAW & CO.**
Chartered Accountants
FR No. 319075E

Sd/-

(CA Saroj Kumar Swain)
Partner
Membership No. 061912

Kolkata, India
30th May, 2013

BALANCE SHEETAS ON 31ST MARCH, 2013

	NOTE NO.		As on 31.03.2013 (₹ in lakh)	As on 31.03.2012 (₹ in lakh)
I. EQUITY AND LIABILITIES				
1. SHAREHOLDERS' FUNDS				
(a) Share Capital	3	1,934.20		1,934.20
(b) Reserves and surplus	4	989.56		869.04
			2,923.76	2,803.24
2. NON-CURRENT LIABILITIES				
(a) Long Term Borrowings	5	289.00		292.59
(b) Other Long term liabilities	6	2,200.00		1,100.00
			2,489.00	1,392.59
3. Current Liabilities				
(a) Short -Term Borrowings	7	3,710.36		1,243.45
(b) Trade Payables	8	3,067.44		2,116.90
(c) Other Current liabilities	9	358.27		388.02
(d) Short -Term Provisions	10	10.21		10.21
			7,146.28	3,758.58
TOTAL			12,559.04	7,954.41
II ASSETS				
1. Non-Current Assets				
(a) Fixed Assets	11			
(i) Tangible Assets		768.48		768.26
(ii) Intangible Assets		—		—
(b) Non-current Investments	12	687.77		687.77
(c) Deferred tax Assets (Net)	13	32.99		32.89
(d) Long term Loans & Advances	14	722.24		681.41
			2,211.48	2,170.33
2. Current Assets				
(a) Current Investments	15	0.12		0.12
(b) Inventories	16	866.45		974.67
(c) Trade Receivables	17	7,307.44		4,669.88
(d) Cash & Bank Balances	18	2,125.35		99.15
(e) Short Term Loans & Advances	19	48.20		40.26
(f) Other Current Assets	20	—		—
			10,347.56	5,784.08
TOTAL			12,559.04	7,954.41

Notes forming part of the financial statement 1 to 37

The accompanying notes are an integral part of the financial statements.

This is the Balance Sheet referred to in our report of even date.

For and on behalf of the Board of Directors

For **GOENKA SHAW & CO.**
Chartered AccountantsKolkata, India
30th May, 2013Sd/-
(CA Saroj Kumar Swain)
PartnerSd/-
(S. V. Ramani)
Whole-time Director and SecretarySd/-
(B. Hari)
Chairman and Managing Director

PROFIT & LOSS ACCOUNT

FOR THE YEAR ENDED 31ST MARCH, 2013

	NOTE NO.	Year ended 31.03.2013 (₹ in lakh)	Year ended 31.03.2012 (₹ in lakh)
INCOME			
Revenue From Operations	21	10,446.07	10,327.83
Other income	22	92.95	40.98
TOTAL REVENUE		10,539.02	10,368.81
EXPENDITURE			
Purchases of Stock-in-Trade	23	8,827.88	9,013.95
Changes in Inventories of Stock-in-Trade & Work-In-Progress	24	99.32	(37.96)
Employees Benefits Expense	25	324.06	307.11
Finance Costs	26	188.68	173.43
Depreciation and Impairment Loss	11	37.27	30.30
Other Expenses	27	931.51	665.95
Provision for Diminution	12	—	5.02
Prior period adjustment (Depreciation)	11	(31.26)	—
Total Expenses		10,377.46	10,157.80
Profit Before tax		161.56	211.01
Tax Expenses			
Current Tax		46.56	39.66
Deferred Tax charge/(credit)		(0.10)	28.33
Income tax for earlier yr.		11.99	(12.00)
MAT Credit availed		(17.41)	—
Profit/(Loss) for the period		120.52	155.02
Earning Per Equity Share of Face Value of ₹ 10 each			
Basic and Diluted (in ₹)		0.62	0.80

Notes forming part of financial statement 1 to 37

The accompanying notes are an integral part of the financial statements.
This is the Statement of Profit & Loss referred to in our report of even date.

For and on behalf of the Board of Directors

For **GOENKA SHAW & CO.**
Chartered Accountants

Sd/-
(CA Saroj Kumar Swain)
Partner
Kolkata, India
30th May, 2013

Sd/-
(S. V. Ramani)
Whole-time Director and Secretary

Sd/-
(B. Hari)
Chairman and Managing Director

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2013

	31.03.2013 (₹ in lakh)	31.03.2012 (₹ in lakh)
A. Cash flow from operating activities		
Net profit/(loss) before extraordinary items and tax	161.56	211.01
Adjustment for		
– Depreciation and amortisation (Net)	6.00	30.30
– Finance costs (Net)	188.68	173.44
– Interest income	(44.56)	(35.73)
– Dividend income	(0.13)	(0.14)
– Adjustments to the carrying amount of investments	–	5.02
– Exchange difference on translation of foreign currency cash & cash equivalents	(0.97)	(0.24)
– Other non-cash charges (specify) (deferred revenue exp. w/o)	–	2.85
– Deffered Revenue Exp.	–	–
	<u>149.02</u>	<u>175.50</u>
Operating profit / (loss) before working capital changes	310.58	386.51
Changes in working capital:		
Adjustments for (increase)/decrease in operating assets:		
– Inventories	108.22	(41.20)
– Trade receivables	(2637.56)	(1836.41)
– Short-Term loans and advances	20.92	51.93
– Long-Term loans and advances	(38.34)	(14.19)
Adjustments for increase / (decrease) in operating liabilities:		
– Trade payables	2050.54	1,314.38
– Other current liabilities	(28.71)	9.61
– Short-Term liabilities	–	(41.34)
	<u>(524.93)</u>	<u>(557.22)</u>
Cash generated from operations	(214.35)	(170.71)
Net income tax (paid) / refunds	(70.00)	(26.17)
Net cash flow from / (used in) operating activities (A)	(284.35)	(196.88)
B. Cash flow from investing activities		
– Capital expenditure on fixed assets, including capital advances	(8.71)	(3.96)
– Proceeds from sale of fixed assets	–	–
Interest received		
– Others	44.56	35.73
Dividend received		
– Others	0.13	0.14
– Fixed Deposit with banks (Invested)/matured	(72.00)	47.89
	<u>(36.02)</u>	<u>79.80</u>
Cash flow from extraordinary items	–	249.83
	<u>(36.02)</u>	<u>329.63</u>
Net income tax (paid) / refunds	–	–
Net cash flow from / (used in) investing activities (B)	(36.02)	329.63

CASH FLOW STATEMENT (Contd.....)

FOR THE YEAR ENDED 31ST MARCH, 2013

	31.03.2013 (₹ in lakh)	31.03.2012 (₹ in lakh)
C. Cash flow from financing activities		
– Share Application money received/(refunded)	–	–
– Repayment of long-term borrowings	(4.63)	(89.03)
Net increase / (decrease) in working capital borrowings	2,438.77	166.03
Net increase/(decrease) of other Short-Term borrowings	28.14	–
Finance cost	(188.68)	(173.44)
	2,273.60	(96.44)
Cash flow from extraordinary items	–	–
Net cash flow from / (used in) financing activities (C)	2,273.60	(96.44)
Net increase / (decrease) in Cash and cash equivalents (A+B+C)	1,953.23	36.31
Cash and cash equivalents at the beginning of the year	44.51	7.96
Effect of exchange differences on restatement of foreign currency Cash and cash equivalents	0.97	0.23
Cash and cash equivalents at end of the year	1,998.71	44.50
Earmarked balances with banks	4.64	4.65
Short term bank deposits	122.00	50.00
Cash and Bank balances at the end of the year	2,125.35	99.15

Notes:

(i) Figures in parenthesis represent cash outflow

(ii) These earmarked account balances with banks can be utilised only for the specific identified purposes.

(iii) Previous year figures have been regrouped/rearranged wherever found necessary to make them comparable with current year figures.

For and on behalf of the Board of Directors

For **GOENKA SHAW & CO.**
Chartered Accountants

Sd/-

Kolkata, India
30th May, 2013

(CA Saroj Kumar Swain)
Partner

Sd/-

(S. V. Ramani)
Whole-time Director and Secretary

Sd/-

(B. Hari)
Chairman and Managing Director

NOTE NO. 1**CORPORATE INFORMATION**

Ontrack Systems Limited and its subsidiaries provide a wide range of information technology and consultancy services including system, hardware and software, communication and networking, software management solution etc. The Company's registered office is at Chennai and it has four subsidiaries across the globe.

NOTE NO. 2**A. Significant accounting policies****i) Accounting Convention:**

The financial statement has been prepared under the historical cost convention in accordance with the generally accepted accounting principles as adopted consistently by the company.

ii) Use of Estimates:

The preparation of financial statements, in conformity with the generally accepted accounting principles, requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of financial statements and the reported amount of revenues and expenses during the reported year. Differences between the actual results and estimates are recognized in the year in which the results are known / materialized.

iii) Fixed Assets :

Fixed Assets are stated at cost less accumulated depreciation.

iv) Depreciation :

Depreciation on Fixed Assets has been provided on Straight Line Method and Written Off over a period as estimated by the management

Computer and its Accessories including Software	3 Years
Building - freehold	20 Years
Other Fixed Assets	5 Years

Lease hold Land & Building is amortized for the lease period.

v) Impairments:

At each Balance Sheet date, the Company reviews the carrying amount of its fixed Assets to determine whether there are any indications that those assets suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. The recoverable amount is the higher of an asset net selling price and value in use. In assessing value in use, the estimated future cash flow expected from the continuing use of the assets and from its disposal are discounted to their present value using a pre-determined rate that reflect the current market assessment of time value of money and the risks specific to the assets. Reversal of impairment loss is recognized immediately as income in the Profit & Loss Account.

vi) Investments:

Long term investments are stated at cost. Provision for diminution in

the value of long-term investment is made only if such a decline is other than temporary in nature in the opinion of the Management. If the value of Investment for take over of a going concern is much higher than estimated cost of Net Assets Value including their intrinsic value as estimated by management, the additional payment in lieu of takeover value is considered as Goodwill and if it is reverse the amount will be transferred to Capital Reserve.

vii) Inventories:

Inventories of trading goods, spare parts and consumable stores are valued at lower of cost or net realizable value. Outdated and damaged stocks are written off on technical evaluation. The WIP is valued at direct cost attributed to projects based on stages of completion as certified by the management.

viii) Recognition of Revenue:**Sales:**

The sales are recognized at the point of dispatch of material to the customers and bills are raised to them. Sales are shown net of goods return, rebates, rate differences etc. Revenue from maintenance contracts are recognized pro-rata over the period of the contract. Revenue from software development is recognized on the basis of achievement of prescribed milestone as relevant to terms of contract or proportionate completion method as applicable.

Income & Expenditure:

The Company follows mercantile system of accounting and recognizes significant items of Income & Expenditure on accrual basis.

ix) Foreign Currencies Transactions :

Foreign currency transactions are accounted for at the prevailing exchange rate as on the date of execution of the transaction or of the rate cover under forward contract as applicable. Foreign currency monetary items not covered under forward exchange contract and due at the end of the year are converted at the exchange rate prevailing as on that date. Exchange differences arising on the settlement of the transactions or on reporting at the year end rates are recognized as Income or as Expenses in the period in which arise, except in respect of fixed assets acquired from out side India, where exchange variance is adjusted to the carrying amount of the respective fixed assets.

x) Employees Benefit:

Short Term Employees Benefits: The undiscounted amount of short term employee benefit expected to be paid in exchange for the services rendered by the employees are recognized during the period when the employees render the service.

Post Employment benefit plans:

a) **Defined Contribution Plan:** Contribution under defined contribution plan payable in keeping with the related scheme are recognized as expenses for the year.

b) **Defined benefit plan:** The Group gratuity scheme provided by the

company is a defined benefit plan. Benefit under the define benefit plan are generally based on the years of service rendered and the employee's eligible compensation (immediately before retirement). The scheme covers substantially all regular employees and the company contributes funds to the Life Insurance Corporation of India, which administers the scheme on behalf of the company.

Other Long Term employment benefit (unfunded): The cost of providing other long term employee benefit is generally recognised on cash basis.

xi) Segment Reporting:

The geographical segments have been identified as primary segment on the basis of location of the major customers of the Company. These segments represent a strategic business unit that offers different places of unit having different risk and returns. Inter-segment sales and transfers if any are accounted for, as if the sales or transfers were to third parties at current market prices. Income & expenditure and Assets & Liabilities not allocable to any specific geographical segment, are classified as unallocated. The company's secondary segment is business segment and it operates only in one business segment namely Trading/dealing with computer hardware and software. Therefore no separate secondary segment is identifiable as required by Accounting Standard 17 issued by ICAI.

xii) Borrowing Costs :

Borrowing costs attributable to qualifying assets are capitalized up to the date when such assets are ready for their intend use, other borrowing cost are recognized as expenses in the period in which they are incurred.

xiii) Earning per Share:

Basic earning per share are calculated by dividing the net profit or loss for the period attributable to equity share holders (after deducting

attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue, bonus element in a rights issue to existing shareholders, share split and reverse shares split (consolidation of shares).

For the purpose of calculating diluted earning per share, the net profit or loss after tax for the period attributable to equity share holders and the weighted average number of shares outstanding during the period are adjusted for the effects for all dilutive potential equity shares.

xiv) Tax on Income:

Current Tax represents the amount that would be payable based on the computation of tax as per prevailing taxation laws under IT Act 1961. Deferred tax is recognized subject to consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is calculated using the tax rates and tax laws that has been enacted and/or substantially enacted as at the Balance Sheet date. Deferred tax assets are not recognized unless there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

xv) Contingent Liabilities & Assets:

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the Notes to the Financial Statements. Contingent Assets are neither recognized nor disclosed in the financial statements.

xvi) Cash and cash equivalents:

The Company considers all highly liquid financial instruments, which are readily convertible into cash and have original maturities of three months or less from the date of purchase, to be cash equivalents.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (...CONTD.)

■ NOTE NO. 3

SHARE CAPITAL

Authorised:

2,50,00,000 (2,50,00,000) Equity shares of ₹ 10/- each

Issued, subscribed & paid up :

1,93,42,005 (1,93,42,005) Equity Shares of ₹ 10/- each fully paid up

	As at 31 st March 2013 (₹ in lakh)	As at 31 st March 2012 (₹ in lakh)
	2,500.00	2,500.00
	1,934.20	1,934.20
	1,934.20	1,934.20

3.01 Rights and Preferences attached to Equity Shares:

The Company has only one class of equity shares having at par value of ₹ 10 each. Each shareholder is eligible to one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amounts in proportion to their shareholding.

3.02 Aggregate number shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:

During the year 2007-08, 450,000 Equity Shares were issued for acquisition of Intellisys (Aust.) Pty. Ltd, which is subsequently renamed as Ontrack Systems (Aust.) Pty Ltd.

3.03 The details of shareholders holding more than 5% shares in the company

Name of the Shareholder	As at 31st March, 2013		As at 31st March, 2012	
	No. of Shares	% held	No. of Shares	% held
R. P. INFO SYSTEMS LTD.	9,007,500	46.57%	9,007,500	46.57%
B. HARI	3,159,395	16.33%	3,159,395	16.33%
KANT & COMPANY LIMITED	1,191,705	6.16%	1,191,705	6.16%

■ NOTE NO. 4

RESERVES & SURPLUS

Securities Premium

As Per Last Balance Sheet 772.48 772.48

General Reserves

As Per Last Balance Sheet 94.00 94.00

Share Options Outstanding Account

Employee Stock Option Outstanding 1.26 1.26

Surplus in Statement of Profit & Loss

As Per Last Balance Sheet 1.30 (153.72)

Add: Transfer from Statement of Profit and Loss for the year 120.52 121.82 155.02 1.30

TOTAL **989.56** **869.04**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (...CONTD.)

■ NOTE NO. 5

LONG TERM BORROWINGS

Secured Loans

Vehicle Loan from SBI- Commercial Br. (Ref note : 5.01)

Unsecured Loans

Vehicle Loan from other bank

From Corporate bodies

TOTAL

	As at 31 st March 2013 (₹ in lakh)	As at 31 st March 2012 (₹ in lakh)
Vehicle Loan from SBI- Commercial Br. (Ref note : 5.01)	—	3.20
Vehicle Loan from other bank	—	0.39
From Corporate bodies	289.00	289.00
TOTAL	289.00	292.59

5.01 Vehicle loan from SBI - Commercial Branch is secured by hypothecation of respective vehicle and further secured by pledge of FDR.

5.02 Terms of repayment and Rate of Interest for Long Term Borrowings

Borrowings	2012 -13		2011 -12	
	Terms of Repayment	Rate Of Interest	Terms of Repayment	Rate Of Interest
1. Vehicle Loan From SBI	Repayable in 36 installments starting from 28th Jan, 2011	Interest to be paid @9.5% p.a	Repayable in 36 installments starting from 28th Jan, 2011	Interest to be paid @9.5% p.a
2. Vehicle Loan From HDFC	Repayable in 60 installments starting from 7th feb, 2009	Interest to be paid @ 14.75% p.a compounded monthly	Repayable in 60 installments starting from 7th feb , 2009	Interest to be paid @ 14.75% p.a compounded monthly

■ NOTE NO. 6

OTHER LONG TERM LIABILITIES

Security deposit against development of property

Long Term Trade Payble

TOTAL

	As at 31 st March 2013 (₹ in lakh)	As at 31 st March 2012 (₹ in lakh)
Security deposit against development of property	200.00	200.00
Long Term Trade Payble	2,000.00	900.00
TOTAL	2,200.00	1,100.00

6.01 Trade payable with maturity over 12 months for the ended of the financial year have been classified as non current liabilities

■ NOTE NO. 7

SHORT TERM BORROWINGS

Loans Repayable on Demand (Secured)

Working Capital loan from SBI, Commercial Br. (Ref note : 7.01)

Working capital loan from Indian Bank, Strand Road Br. (Ref note : 7.01 & 7.02)

Stand by Line of Credit from SBI, Commercial Br. (Ref note : 7.01)

Loans and Advances from Related Parties (Unsecured)

Other advances

TOTAL

	As at 31 st March 2013 (₹ in lakh)	As at 31 st March 2012 (₹ in lakh)
Working Capital loan from SBI, Commercial Br. (Ref note : 7.01)	2,910.54	746.27
Working capital loan from Indian Bank, Strand Road Br. (Ref note : 7.01 & 7.02)	460.74	447.35
Stand by Line of Credit from SBI, Commercial Br. (Ref note : 7.01)	261.12	—
Loans and Advances from Related Parties (Unsecured)	77.96	49.83
TOTAL	3,710.36	1,243.45

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (...CONTD.)

- 7.01 Working Capital Loans from banks are secured against hypothecation of stocks, book debts & other moveable assets of the company of paripasu basis ,charge of mortgage on the basis of paripasu inter-se on the entire immovable properties of the company at Salt Lake, Rajarhat and Ekdalia Road and personal guarantee of Managing Director.The loan guaranteed by director : SBI ₹ 1220 lacs (previous yr. ₹ 960 lacs) and Indian Bank ₹ 453 lacs (Previous yr. ₹ 453 lacs)
- 7.02 The working capital loan from SBI is availed @ 15% p.a and from Indian Bank @ 15.75% p.a
- 7.03 Stand by line of credit from SBI is availed at an interest rate of @ 15.70% p.a. and is repayable within period of three months at any one instance.
- 7.04 Cheques worth of ₹ 1900.00 lacs issued to the creditors which have not been presented to the bank on the request of the company, pending the realisation of amount collected from customers. As a result, the Working Capital from SBI, Commercial Br. represents a book overdraft to that extent (Pr. Year Nil).

■ NOTE NO. 8.

TRADE PAYABLES

3,067.44

2,116.90

- 8.01 Sundry Creditors do not include any dues to micro, small and medium enterprises on account of principal amount together with interest and accordingly no additional disclosure have been made. The above information regarding micro, small and medium enterprises have been determined to the extent such parties have been identified on the basis of information available with the company.

■ NOTE NO. 9

OTHER CURRENT LIABILITIES :-

Current Maturity of Long Term Debt :

Vehicle Loan from Banks (See Note No. 9.01)		3.24	4.28
Unexpired AMC		6.08	5.35
Unpaid Dividends (See Note No. 9.02)		4.62	4.62
Advance from Customers		34.32	10.24
Others :			
Payable to Subsidiaries	18.81		36.78
Other Liabilities	291.20		326.75
		310.01	363.53
TOTAL		358.27	388.02

- 9.01 Vehicle loan from SBI - Commercial Branch is secured by hypothecation of respective vehicle and further secured by pledge of FDR.
- 9.02 Unpaid dividends Include amount of ₹ 1.40 lacs (P.Y. ₹ 0.74 lacs) due to be transferred / Credited to Investor Education Protection Fund.

■ NOTE NO. 10

SHORT TERM PROVISIONS

Provision for FBT(Net Off)		10.21	10.21
		10.21	10.21

NOTE NO. 11
FIXED ASSETS

Sl. No.	Description of Assets	GROSS BLOCK		DEPRECIATION & IMPAIRMENT LOSS		NET BLOCK						
		As On 01.04.2012	Addition during year	Deletion during year	As On 31.03.2013	Up to 01.04.2012	For the Year	Deletion during year	Up to 31.03.2013	As on 31.03.2012	As on 31.03.2013	
A. TANGIBLE ASSETS												
1.	Land											
	— Leasehold	162.04	—	—	162.04	—	162.04	2.13	11.18	13.31	148.73	498.11
	— Freehold	259.28	0.76	—	260.04	—	260.04	—	—	—	260.04	199.40
2.	Land & Building											
	— Leasehold	369.92	—	—	369.92	—	369.92	6.04	22.67	33.67	336.25	—
	— Freehold	36.82	—	—	36.82	—	36.82	18.03	51.07	36.82	—	45.63
3.	Computer (Plant & Machinery)	316.21	—	—	316.21	—	316.21	—	316.21	316.21	—	—
4.	Computer Accessories	124.99	4.90	—	129.89	—	129.89	1.46	121.13	122.59	7.30	3.86
5.	Electrical Equipments	46.17	—	—	46.17	—	46.17	1.90	38.61	40.51	5.66	7.56
6.	Vehicles	16.18	—	—	16.18	—	16.18	3.24	5.15	8.39	7.79	11.02
7.	Furniture & Fittings	102.28	0.05	—	102.33	—	102.33	3.47	100.99	100.52	1.81	1.29
8.	Office Equipments	10.39	0.51	—	10.90	—	10.90	1.00	9.00	10.00	0.90	1.39
	TOTAL	1,444.28	6.22	—	1,450.50	—	1,450.50	37.27	676.01	682.02	768.48	768.26
B. INTANGIBLE ASSETS												
9.	Software	23.03	—	—	23.03	—	23.03	—	23.03	23.03	—	—
	TOTAL	23.03	—	—	23.03	—	23.03	—	23.03	23.03	—	—
	Grand Total	1,467.31	6.22	—	1,473.53	—	1,473.53	37.27	699.04	705.05	768.48	768.26
	Previous Year	1,464.05	3.26	—	1,467.31	—	1,467.31	30.30	668.75	699.05	768.26	795.30

11.01 Depreciation has been provided for in the Accounts on "Straight Line Method" and the assets are depreciated over the useful life of the assets based on the estimation made by the management and using the rates which are not less than those prescribed in Sch-XIV to the Companies Act 1956.

11.02. The company has entered in to two separate agreement for the development of the Properties at 19, Ekdalia Road, Kolkata-700019 and at Rajarhat.

11.03. In terms of the joint venture agreement the Ekdalia building has been demolished during the year and the book value of the assets as appears in the books has been provided as Impairment Loss as per AS-28 issued by the ICAI

11.04. Deduction of depreciation during the year represents net of reversal/(change) of excess/(short) depreciation provided in earlier years.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (...CONTD.)

■ NOTE NO. 12

NON CURRENT INVESTMENTS

Long Term Trade Investments (At cost) In Equity Shares of Subsidiary Companies, Unquoted, fully paid up	NO. OF SHARES	AMOUNT (₹)	NO. OF SHARES	AMOUNT (₹)
Ontrack Systems (UK) Ltd. (100% wholly owned subsidiary) (Face value of 10 pence each)	1750000	131.99	1750000	131.99
Ontrack Systems (UAE) Ltd. (100% wholly owned subsidiary) (Face value of AED 150/- each)	3000	48.65	3000	48.65
Ontrack Systems (Aust) Pty. Ltd. (100% wholly owned subsidiary) (Face value of AUD 1/- each)	394010	382.15	394010	382.15
Ontrack Global Services Ltd. (99.99% Shares holding) (Face value of ₹ 10/- each)	942594	94.26	942594	94.26
In Equity Shares of Associate Companies, Unquoted, fully paid up				
Comunet Info-Systems Pvt. Ltd. (48% Shares holding) (Face value of ₹ 10/-each)	96000	30.72	96000	30.72
Ontrack Systems B.V. Netherland (26% Shares holding) (Face value of Euro 1/- each)	9256	5.02	9256	5.02
		692.79		692.79
Less: Provision for Diminution in value of investment		5.02		5.02
TOTAL		687.77		687.77

12.01 In view of non-functioning of business of the associate company Ontrack Systems B.V, Netherland due to death of it's key managerial person, the management is of the opinion that the book value of investmnt in Ontrack Systems B.V, Ntherland is nil as at 31st March' 2012. Therefore provision for diminution in value has been made in the accounts.

■ NOTE NO. 13

DEFFERED TAX ASSETS

Major components effecting deferred tax assets

Opening Balance	32.89	61.21
Add/(Less) Excess created in prior years	—	(24.27)
	32.89	36.94
Add/(less):Deferred tax credit/(charge) for the year	0.10	(4.05)
TOTAL	32.99	32.89

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (...CONTD.)

■ NOTE NO. 14

LONG TERM LOAN AND ADVANCES

(Unsecured & Considered Good)

	As at 31 st March 2013 (₹ in lakh)	As at 31 st March 2012 (₹ in lakh)
Capital Advance	3.20	0.70
Security Deposits	62.30	57.03
Loan to other bodies corporate	346.28	283.61
Other Trade Advances	207.19	229.01
Loans & Advances to Related Parties :		
Unsecured, Considered doubtful	8.84	-
Unsecured, Considered good	103.27	111.06
TOTAL	731.08	681.41
Less Provision for Doubtful Advance	8.84	-
TOTAL	722.24	681.41

- 14.01 Other Trade Advances include ₹ 10.00 lacs (Previous Year ₹ 10.00 lacs) due from a party, against which the company has filed money suit and the matter is subject to judicial proceedings. Pending the outcome of the legal proceedings, the extent of amounts recoverable there against is not ascertainable and therefore no provision has been made in the accounts.
- 14.02 Other Trade advances include ₹ 187.48 lacs (previous year ₹ 219.01 lacs) due from a customer on account of encashment of performance bank guarantee, which is subsequently settled amicably and the debt has been acknowledged by the customer with a schedule to repay the amount over a period of 2 years from the end of the financial year 2011-12. During the year ₹ 31.53 lacs has been received. Based on the acknowledgement of debt, relying on the commitment of the customer and the extent of amount realised during the year, it is considered good.
- 14.03 Loan & advances to related parties represent advances to subsidiaries & associates companies.

■ NOTE NO. 15

CURRENT INVESTMENTS

Investment in Equity Instruments

Quoted, Fully Paid Up	No. of Shares	No. of Shares
Tata Consultancy Services Ltd (Face value of ₹ 1/- each) (includes 28 nos. bonus shares allotted during the year 2010-11)	56	56
	0.12	0.12
Aggregate Amount of Quoted Investments	<u>0.12</u>	<u>0.12</u>
Market Value of Quoted Investments	0.88	0.65

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (...CONTD.)

	As at 31 st March 2013 (₹ in lakh)	As at 31 st March 2012 (₹ in lakh)
■ NOTE NO. 16		
INVENTORIES		
(As taken, valid & certified by the management)		
Work-in-progress	90.67	99.36
Stock-in-trade	775.23	865.87
Consumables Spares	0.55	9.44
TOTAL	866.45	974.67
■ NOTE NO. 17		
TRADE RECEIVABLES		
(Unsecured & Considered Good)		
Exceeding 6 Months	2,924.94	1,123.07
Others	4,382.50	3,546.81
TOTAL	7,307.44	4,669.88
■ NOTE NO. 18		
CASH & BANK BALANCES		
Cash and Cash Equivalents		
(i) Balance with Banks - In current A/c.	2.23	7.08
(ii) Cheque on hand	1,992.57	36.00
(iii) Cash on Hand	3.91	1.43
Other Bank Balances		
(i) Earmarked Balance with Bank		
Dividend unpaid A/c	4.62	4.62
Gratuity A/c	0.02	0.02
(ii) Fixed Deposit with bank *	122.00	50.00
TOTAL	2,125.35	99.15
* Fixed deposits with bank are held as margin money for both bank guarantee & letter of credit and also as security for borrowings. Fixed deposits include deposits of ₹ 38.37 lacs (Previous year ₹ 25.97 lacs) with a maturity period over 1 year.		
18.01 Cheques on hand represent cheques collected from customers have been kept on hand pending their deposit into bank account, relying on commitment of customers to honour the payment within the validity of the respective instruments.		
■ NOTE NO. 19		
SHORT TERM LOANS & ADVANCES :-		
(Unsecured & Considered Good)		
Advance Income Tax / TDS (Net of Provision)	35.08	11.64
MAT Credit availed	5.42	—
Accrued Interest	2.65	2.69
Prepaid Expenses	5.05	5.19
Advance to Directors	—	5.85
Other Advances	—	14.89
TOTAL	48.20	40.26

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (...CONTD.)

	As at 31 st March 2013 (₹ in lakh)	As at 31 st March 2012 (₹ in lakh)
■ NOTE NO. 20		
OTHER CURRENT ASSET		
Deferred Revenue Exp. 1/5 written off	— —	2.85 2.85
	—	—
■ NOTE NO. 21		
REVENUE FROM OPERATIONS		
Sale of Products	9,221.82	9,293.30
Sale of Services	1,224.25	1,034.53
TOTAL	10,446.07	10,327.83
21.01 PARTICULARS OF SALE OF PRODUCTS		
Software License	283.90	180.04
Hardware	8,937.92	9113.26
TOTAL	9,221.82	9,293.30
■ NOTE NO. 22		
OTHER INCOME		
Interest	44.56	35.73
Dividend	0.13	0.14
Other Non- Operating Income:		
Hire Purchase Income	46.92	—
Miscellaneous Income	1.32	5.11
Commission, Incentive & Discount Received	0.02	—
TOTAL	92.95	40.98
■ NOTE NO. 23		
PURCHASES OF STOCK-IN-TRADE		
Traded Goods	8,827.88	9,013.95
TOTAL	8,827.88	9,013.95

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (...CONTD.)

■ NOTE NO. 24

CHANGE IN INVENTORIES OF STOCK-IN-TRADE & WORK-IN-PROGRESS

Inventories (As at 01.04.2012)

Stock-in- Trade	865.87		859.34	
Work-in Progress	99.36	965.23	67.93	927.27

Inventories (As at 31.03.2013)

Stock-in- Trade	775.23		865.87	
Work-in Progress	90.68	865.91	99.36	965.23

TOTAL (INCREASE)/DECREASE

	99.32		(37.96)	
--	--------------	--	----------------	--

■ NOTE NO. 25

EMPLOYEE'S BENEFIT EXPENSES

Salaries	293.10	285.15
Contribution to Provident & Other Funds :-		
Employer's Contribution to ESI	4.24	3.85
Provident Fund -Employer's Contribution	8.64	7.31
Employer's Contribution to Gratuity Fund	6.25	3.09
Staff Welfare Expenses:-		
Insurance benefit to Staff	4.91	6.28
Staff Training & Development	3.86	0.10
Others	3.06	1.33
TOTAL	324.06	307.11

- 25.01 No provision for the present value of leave accrued in respect of the eligible employees is required to be made, based on the actuarial valuation using the Project Unit Cost Method. Leave benefit as per management's policy is not to be accrued beyond 30 days but availed of and the employees have been advised to plan their leave in advance while in service and immediately before superannuation. Leave not availed of is not encashable.
- 25.02 The employees' gratuity fund scheme managed by Life Insurance Corporation of India is a defined benefit plan. The present value of the obligation is currently ascertained by the corporation based on the actuarial valuation using the Projected Unit Cost Method and the recommended contribution to the fund managed by the corporation has been provided in the accounts during the year.

The following table sets out the funded status and amounts recognized in the Company's Financial Statements for Gratuity.

DESCRIPTION	2012-2013	2011-2012
Net Asset/(Liability) recognized in the Balance Sheet		
Present value funded obligation	(29.66)	(25.13)
Current service cost & others	(3.21)	(1.77)
Fund value as on date	8.75	6.90
Net Assets/(Liabilities)	(24.12)	(20.00)
Expenses recognized in Profit & Loss Account		
Difference in current service cost	1.44	(0.33)
Other cost	0.29	0.12
Net Actuarial (Gain)/Loss to be recognized	4.52	3.30
Total expense recognized in the P& L Account	6.25	3.09

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (...CONTD.)

Actuarial Assumptions	2012-13	2011-12
Mortality Rate	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate
Withdrawal Rate	1% to 3% depending on age	1% to 3% depending on age
Discounted Rate	8% p.a.	8% p.a.
Salary Escalation	6%	7.5%

■ NOTE NO. 26

FINANCE COST

Bank Interest	205.87	199.37
Bank Charges	31.69	28.24
Loss/(Profit) on Foreign Currency Transactions and Translation (Net)	(48.88)	(54.18)
TOTAL	188.68	173.43

■ NOTE NO. 27

OTHER EXPENSES

Operating Expenses

Electricity Expenses	20.21	11.92
Stores & Spares Consumed	28.58	16.26
Professional & Consultancy Charges	637.58	418.39
Repairs & Maintenance	11.89	11.87
Bandwidth Charges	6.86	9.10
Insurance Premium	1.28	1.67
	706.40	469.21

Administrative Expenses

Director Remuneration	46.19	42.12
Printing & Stationery	6.63	5.33
Hire Charges	46.47	—
Business Promotion	5.22	3.07
Advertisement & Publicity	2.14	3.09
Office Expenses	15.51	15.05
Discount Allowed	7.69	2.96
Rent, Rates & Taxes	10.22	24.69
Travelling & Conveyance	55.64	65.87
Postage & Telephone	8.74	10.93
Provision for Doubtful advance	8.84	—
Miscellaneous Expenses	11.82	20.78
Deferred Revenue Expenditure	—	2.85
	225.11	196.74
TOTAL	931.51	665.95

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (...CONTD.)

	As at 31 st March 2013 (₹ in lakh)	As at 31 st March 2012 (₹ in lakh)
27.01 Professional & Consultancy charges include payment to Auditors as follows:		
a) Statutory Audit Fees	2.55	2.55
b) Tax Audit Fees	0.20	0.20
c) Certification & others	0.21	0.09
d) Re-imbursement of expenses	—	0.10
	2.96	2.94
■ NOTE NO. 28		
EARNINGS PER SHARE(EPS)		
Net Profit after tax as per Statement of Profit & Loss attributable to Equity Shareholders (₹)	120.52	155.02
Weighted Average Number of equity shares used as denominator for calculating EPS	193.42	193.42
Basic/Diluted Earnings per share (₹)	0.62	0.80
Face Value per equity shares (₹)	10.00	10.00
■ NOTE NO. 29		
CONTINGENT LIABILITIES:		
Contingent liabilities not provided for :		
i) Income tax demand against which appeals/rectification are pending	815.75	1,047.10
ii) Central Sales Tax (CST) demand, against which appeal are pending	48.11	-
iii) Value Added Tax (VAT) demand, against which appeal are pending	476.94	-
■ NOTE NO. 30		

Related Party Transaction

Name of the Related parties and description of relationship:

Name	Relationship
Ontrack Systems (UK) Ltd.	Entity under common control
Ontrack Systems (UAE) Ltd.	Entity under common control
Ontrack Systems (Aust) Pty. Ltd.	Entity under common control
Ontrack Global Services Ltd.	Entity under common control
R.P. Infosystems Ltd.	Entity under common control
Comunet Info-Systems Pvt. Ltd.	Associated Enterprise
Mr. B. Hari	Key Managerial Personnel
Mr. S.V.Ramani	Key Managerial Personnel
Mrs. Simi Hari	Relatives of Key Managerial Personnel

Particulars of Transactions and closing balances at the end of the year

(₹ In Lacs)

Nature of Transactions	Entity under Common control	Associate Enterprises	Key Managerial Personnel & relatives	Balance as at 31.03.2013
Remuneration	— (—)	— (—)	52.47 (48.12)	9.06 (4.01)
Sales	— (715.06)	10.91 (—)	— (—)	152.66 (141.75)
Investment	— —	30.72 (30.72)	— (—)	687.77 (687.77)
Advance Received/{refunded}	25.81 {17.96} (43.77)	— 36.63 (—)	— — —	— 62.44 (43.77)
Advance Paid/{adjusted}	— —	{8.84} —	— —	102.22 (111.06)

Figures in parenthesis represent for the previous year.

■ NOTE NO. 31

SEGMENT INFORMATION :

Primary: Geographical Segment

Segment wise Revenue Results

(₹ In lacs)

Particulars	Domestic	UAE	Europe & Others	Total
Segment Revenue	10,008.91 (9,519.73)	— (583.02)	437.16 (225.08)	10,446.07 (10,327.83)
Segment Result	271.27 (364.40)	— (84.68)	54.29 (23.67)	325.56 (472.75)
Unallocated income (excluding interest income)				48.39 (5.25)
Unallocated Expenditure				62.27 (98.99)
Finance Charges (Net)				144.12 (137.70)
Depreciations (Net)				6.00 (30.30)
Profit/(Loss) before tax				161.56 (211.01)
Tax expense				41.04 (55.99)
Profit/(Loss) after tax				120.52 (155.02)
Segment Assets	9,729.14 (4,841.75)	1,340.36 (1,535.55)	639.87 (775.96)	11,709.37 (7,153.26)
Unallocated Assets				849.67 (801.15)
Segment Liabilities	7,914.71 (5,151.17)			7,914.71 (5,151.17)
Unallocated Liabilities				4,644.33 (2,803.24)
Capital Expenditure				6.22 (3.26)
Non cash expenditure other than depreciation				— (2.85)
Capital Employed				2,923.76 (2,803.24)

Figures in parenthesis represent for the previous year.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (...CONTD.)

■ NOTE NO. 32

Disclosure under clause 32 of the Listing Agreement:

Amount of Long term loans and advances in the nature of advances outstanding from subsidiaries:

Subsidiary Company

Ontrack Systems Ltd-UK

Ontrack Systems (Aus) Pty Ltd

Ontrack Systems Ltd-UAE

■ NOTE NO. 33

Income in foreign currencies

FOB value of Exports

■ NOTE NO. 34

Expenditure in foreign currencies

Foreign Travel

■ NOTE NO. 35

Balance of the sundry creditors, sundry debtors and some of the loans & advances given & accepted are subject to confirmation

■ NOTE NO. 36

During the year, the company has cancelled all MOU agreement with it's foreign subsidiaries for the re-imbusement and accounting for their expenditure/income and accordingly no expenditure/income has been recognised.

■ NOTE NO. 37

Previous year figures have been regrouped, rearranged and recasted, wherever considered necessary to make it comparable with that of current year figures.

	As at 31 st March 2013 (₹ in lakh)	As at 31 st March 2012 (₹ in lakh)
	Outstanding as at 31st Mar' 2013	Maximum amount outstanding during the year
	22.43	22.43
	(22.43)	(22.43)
	28.67	28.67
	(28.67)	(28.67)
	51.13	51.13
	(51.13)	(51.13)
	437.16	808.10
	0.43	1.18

For and on behalf of the Board of Directors

For **GOENKA SHAW & CO.**
Chartered Accountants

Sd/-

Kolkata, India
30th May, 2013

(CA **Saroj Kumar Swain**)
Partner

Sd/-

(**S. V. Ramani**)
Whole-time Director and Secretary

Sd/-

(**B. Hari**)
Chairman and Managing Director

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS OF ONTRACK SYSTEMS LIMITED

Report on the Consolidated Financial Statements

- We have audited the accompanying Consolidated financial statements of **ONTRACK SYSTEMS LIMITED** ("the Company"), its subsidiaries and its associates entities (the Company, its subsidiaries and its associates entities constitute "the Group"), which comprises the consolidated Balance Sheet as at 31st March, 2013, the consolidated Statement of Profit & Loss and also the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory statement.

Management's Responsibility for the Consolidated Financial Statements

- The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

- Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
- An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
- We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

- In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Company Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - In the case of the consolidated balance sheet, of the state of affairs of the Company as at 31st March 2013;
 - In the case of the consolidated statement of profit and loss, of the profit for the year ended on that date; and
 - In the case of the consolidated cash flow statement, of the cash flows for the year ended on that date.

Matter of Emphasis:

- Without qualifying our report, we draw attention to :
 - Note No. 7.05 and 19.01 of the Notes forming part of the consolidated financial statements regarding the cheques worth of ₹ 1900.00 lacs issued to the creditors , which have not been presented to the bank on the request of the company, pending the realization of the cheques worth of ₹ 1992.57 lacs collected from customer and lying on hand. As per the management, the amount collected from the customers will be realized and cheque issued to the creditors will be honoured within the validity of the respective instruments
 - Note No. 14.01 regarding the advance of ₹ 10.00 lacs under litigation, the recoverability thereof is uncertain upon the final outcome of the judicial proceeding.
 - Note No.14.02 regarding the advance of ₹ 187.48 lacs on account encashment of performance bank guarantee, which was subsequently acknowledged by the customer with a commitment to repay. The recoverability thereof is uncertain till the fulfillment of the commitment of the customer.
 - Note No.11.03 regarding non-recognition of the share of the company on the asset constructed under joint development agreement, which in view of the management is not ascertainable.
 - Note No. 12.01, regarding non-availability of the financial statement of the overseas associates company "Ontrack Systems B.V., Netherland" and it's impact if any on the consolidated financial statement is currently not ascertainable.

Other Matter

- As stated in Note 31, 32 and 33, in case of two foreign subsidiaries of the Company having total assets (net) of ₹ 28.02 lacs as at 31st March 2013 and total revenue of ₹ 362.30 lacs and net cash outflows amounting to ₹ 44.33 lacs for the year ended on that date, the figures used for the consolidation are based on their unaudited financial statement.
- The financial statements of Indian and overseas subsidiaries having total assets (Net) of ₹ 129.65 lacs as at 31st March 2013, total revenue net of consolidation adjustment of ₹ 48.29 lacs and net cash inflows amounting to ₹ 9.58 lacs for the year ended on that date and associate companies having a carrying value of ₹ 38.68 lacs as at 31st March 2013, have been audited by their auditors in respective countries. The reports of those auditors have been furnished to us and in our opinion, so far as it relates to the amounts disclosures included in respect of these subsidiaries and associates is based solely on the reports of those auditors. Our opinion is not qualified in respect of these matters.

For **GOENKA SHAW & CO.**
Chartered Accountants
FR No. 319075E

Sd/-
(CA Saroj Kumar Swain)
Partner
Membership No. 061912

Kolkata, India
30th May, 2013

CONSOLIDATED BALANCE SHEET
AS ON 31ST MARCH 2013

	NOTE NO.	As on 31.03.2013 (₹ in lakh)	As on 31.03.2012 (₹ in lakh)
I EQUITY AND LIABILITIES			
1. Shareholder's Funds			
(a) Share Capital	3	1,934.20	1,934.20
(b) Reserves and Surplus	4	959.35	690.47
		2,893.55	2,624.67
2. Non- current liabilities			
(a) Long Term Borrowings	5	289.00	292.59
(b) Other Long term liabilities	6	2,200.00	1,100.00
		2,489.00	1,392.59
3. Current Liabilities			
(a) Short -term Borrowings	7	4,024.15	1,551.05
(b) Trade Payables	8	3,868.54	2,645.16
(c) Other Current liabilities	9	629.68	573.09
(d) Short -Term Provisions	10	10.21	10.21
		8,532.58	4,779.51
TOTAL		13,915.13	8,796.77
II ASSETS			
1. Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	11	787.59	787.81
(ii) Intangible Assets	11	442.92	442.92
(b) Non-current Investments	12	41.04	40.46
(c) Deferred tax Assets (Net)	13	33.91	33.83
(d) Long term Loans & Advances	14	866.86	631.28
(e) Other non-Current Assets	15	54.96	54.96
		2,227.28	1,991.26
2. Current Assets			
(a) Current Investments	16	0.12	0.12
(b) Inventories	17	866.46	974.67
(c) Trade Receivables	18	8,518.36	5,525.52
(d) Cash & Bank Balances	19	2,151.90	161.59
(e) Short Term Loans & Advances	20	151.01	143.61
		11,687.85	6,805.51
TOTAL		13,915.13	8,796.77

Notes forming part of the financial statement 1 to 38

The accompanying notes are an integral part of the financial statements.
This is the Balance Sheet referred to in our report of even date.

For and on behalf of the Board of Directors

For **GOENKA SHAW & CO.**
Chartered Accountants

Sd/-
(CA Saroj Kumar Swain)
Partner
Kolkata, India
30th May, 2013

Sd/-
(S. V. Ramani)
Whole-time Director and Secretary

Sd/-
(B. Hari)
Chairman and Managing Director

CONSOLIDATED PROFIT & LOSS ACCOUNTFOR THE YEAR ENDED 31ST MARCH, 2013

	NOTE NO.	As on 31.03.2013 (₹ in lakh)	As on 31.03.2012 (₹ in lakh)
INCOME			
Revenue From Operations	21	10,820.20	11,183.93
Other income	22	149.37	74.67
Total Revenue		10,969.57	11,258.60
EXPENDITURE			
Purchases of Stock-in-Trade	23	8,828.21	9,013.94
Changes in Inventories of Stock-in-Trade & Work-In-Progress	24	99.32	(37.96)
Employees Benefits Expense	25	695.03	544.32
Finance Costs	26	195.49	188.14
Depreciation and Impairment Loss	11	37.70	30.93
Other Expenses	27	995.86	1,273.65
Provision for Diminution	12	—	—
Prior period adjustment (Depreciation)	11	(31.26)	—
Total Expenses		10,820.35	11,013.02
Profit Before tax		149.22	245.58
Tax Expenses			
Current Tax		48.62	45.52
Deferred Tax charge/(credit)		(0.08)	—
Earlier Provision for Tax written back		11.99	—
MAT Credit Availed		(17.41)	—
Profit/(Loss) for the period		106.10	200.06
Earning Per Equity Share of Face Value of ₹ 10 each			
Basic and Diluted (in ₹)		0.55	1.03

Notes forming part of financial statement 1 to 38

The accompanying notes are an integral part of the financial statements.
This is the Statement of Profit & Loss referred to in our report of even date.

For and on behalf of the Board of Directors

For **GOENKA SHAW & CO.**
Chartered Accountants

Kolkata, India
30th May, 2013

Sd/-
(CA Saroj Kumar Swain)
Partner

Sd/-
(S. V. Ramani)
Whole-time Director and Secretary

Sd/-
(B. Hari)
Chairman and Managing Director

CONSOLIDATED CASH FLOW STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2013

	31.03.2013 (₹ in lakh)	31.03.2012 (₹ in lakh)
A. Cash flow from operating activities		
Net Profit / (Loss) before extraordinary items and tax	149.22	245.58
Adjustments for:		
Depreciation and amortisation	6.44	30.93
Provision for impairment of fixed assets and intangibles	-	-
(Profit) / loss on sale / write off of assets	-	-
Finance costs	195.49	188.14
Interest income	(44.56)	(66.75)
Dividend income	(0.13)	(0.14)
Net (gain) / loss on sale of investments	-	-
Share of (profit) /loss from Associates company	(0.58)	(2.67)
Other non-cash charges (specify) (deferred revenue exp. w/o)	-	2.85
Currency fluctuation profit/(Unrealised loss)	160.00	(163.33)
	<u>316.66</u>	<u>(10.97)</u>
Operating profit / (loss) before working capital changes	465.88	234.61
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets:		
Inventories	108.21	(41.20)
Trade receivables	(2,992.84)	(2,238.49)
Short-term loans and advances	21.61	(162.19)
Long-term loans and advances	(233.08)	252.02
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	2,323.38	1677.38
Other current liabilities	56.59	61.81
	<u>(716.13)</u>	<u>(450.67)</u>
Cash generated from operations	(250.25)	(216.06)
Net income tax (paid) / refunds	(70.00)	(47.61)
Net cash flow from / (used in) operating activities (A)	<u>(320.25)</u>	<u>(263.67)</u>
B. Cash flow from investing activities		
Capital expenditure on fixed assets, including capital advances	(8.72)	(3.26)
Proceeds from sale of fixed assets	-	-
Purchase of Investments	-	-
Interest received		
- Others	44.56	66.75
Dividend received		
- Others	0.13	0.14
Income from Associates	0.58	2.67
	<u>36.55</u>	<u>66.30</u>
Fixed Deposit placed with bank	(72.00)	47.89
Cash flow from extraordinary items	-	249.83
Net cash flow from / (used in) investing activities (B)	<u>(35.45)</u>	<u>364.02</u>

CONSOLIDATED CASH FLOW STATEMENTS (Contd...)FOR THE YEAR ENDED 31ST MARCH, 2013

	31.03.2013 (₹ in lakh)	31.03.2012 (₹ in lakh)
C. Cash flow from financing activities		
Proceeds from equity shares issue	-	-
Proceeds from long-term borrowings	-	-
Repayment of long-term borrowings	(3.59)	(89.03)
Net increase / (decrease) in working capital borrowings	2,438.77	166.03
Proceeds from other short-term borrowings	46.84	79.03
Repayment of other short-term borrowings	(12.51)	(8.73)
Finance cost	(195.49)	(188.13)
	2,274.02	(40.83)
Cash flow from extraordinary items	-	-
Net cash flow from / (used in) financing activities (C)	2,274.02	(40.83)
Net increase/(decrease) in Cash and cash equivalents (A+B+C)	1,918.32	59.52
Cash and cash equivalents at the beginning of the year	106.94	47.42
Effect of exchange differences on restatement of foreign currency cash and cash equivalents	-	-
Cash and cash equivalents at end of the year	2,025.26	106.94
Earmarked balances with banks	4.64	4.65
Short term bank deposits	122.00	50.00
Overdrawn Bank Balance	(4.60)	(17.12)
Cash and Bank balances at the end of the year	2,147.30	144.47

Notes:

- (i) Figures in parenthesis represent cash outflow
(ii) These earmarked account balances with banks can be utilised only for the specific identified purposes.
(iii) Previous year figures have been regrouped/rearranged wherever found necessary to make them comparable with current year figures.

For and on behalf of the Board of Directors

For **GOENKA SHAW & CO.**
Chartered Accountants

Sd/-
(CA Saroj Kumar Swain)
Partner

Sd/-
(S. V. Ramani)
Whole-time Director and Secretary

Sd/-
(B. Hari)
Chairman and Managing Director

Kolkata, India
30th May, 2013

■ **NOTE NO. 1**

■ **COMPANY OVERVIEW**

Ontrack Systems Limited along with its wholly owned and controlled subsidiaries Ontrack Systems (UK) Ltd., Ontrack Systems (UAE) Ltd., Ontrack Systems (Aust) Pty. Ltd. and Ontrack Global Services Ltd. is a leading global Information Technology service provider. The Company has Associate Companies namely and Communit Info-Systems Pvt. Ltd. The Company has an established line of business in India, UK, UAE, and Australia which mainly deals with computer software development both onsite and offshore. The Company is headquartered in India.

OSL Group is formed to provide Information Technology solutions and Information Technology consultancy & Development services globally, enhancing competitive advantage of its customers. The Company also provides both onsite as well as offshore services in the area of internet, migration projects, data warehousing, e-commerce and web-based solutions amongst others.

■ **NOTE NO. 2**

SIGNIFICANT ACCOUNTING POLICIES

■ **BASIS OF PREPARING**

The consolidated financial statements of Ontrack Systems Limited (The Company), its subsidiaries and associates ("The Group") are prepared under the historical cost convention and in accordance with the requirements of the Companies Act, 1956.

■ **PRINCIPLES OF CONSOLIDATION**

The financial statements of the subsidiary companies used in the consolidated are drawn up to the same reporting date as of the company. The consolidated financial statement have been prepared on the following basis in accordance with Accounting Standard on "Consolidated Financial Statement" (AS-21), "Accounting for Investments in Associates in Consolidated Financial Statements" (AS-23) and "Financial Reporting of Interest in Joint Ventures" (AS-27), notified under the Companies (Accounting Standard) Rules, 2006.

- a) The financial statements of the company and its subsidiary companies have been combined on a line – by- line basis by adding together like items of assets, liabilities, income & expenses. Inter – company balances and transactions and unrealized profits and losses have been fully eliminated.
- b) Interest in a jointly controlled entity is reported using proportionate consolidation.
- c) The consolidated financial statement includes the share of profit/ loss of associate companies, which are accounted under the "Equity Method" as per which the share of profit the associate company has been added to the cost of investment. An associate is an enterprise in which the investor has significant influence and which is neither a subsidiary nor a joint venture.
- d) The Consolidated financial statement includes three subsidiaries incorporated outside India whose financial statements have been drawn up in accordance with the generally accepted accounting

practices (GAAP) as applicable locally. These financial statements have been re-stated in Indian Rupees considering them as non-integral part of the Group's operations and the resultant exchange gain / loss on conversion has been carried forward as Currency Translation Reserve. In the opinion of the Management, based on the analysis of the significant transaction of those subsidiaries, no material adjustments are required to be made to comply with group accounting policies/Indian GAAP.

- e) The excess of cost to the company of its investments in subsidiary companies over its share of the equity of the subsidiary companies at the dates, on which the investments in the subsidiary companies are made, is recognized as "Goodwill" being an asset in the consolidated financial statements. Alternatively, where the share of equity in the subsidiary companies as on the date of investments is in excess of cost of investment of the Company, it is recognized as "Capital Reserve" and shown under the head "Reserves & Surplus", in the consolidated financial statements.
- f) Minority interest in the net assets of consolidated subsidiaries, consists of the amount of equity attributable to the minority share holders at the dates, on which investments are made by the Company in the subsidiary companies and further movements in their share in the equity, subsequent to the parent subsidiary relationship come in to existence.

(i) The list of subsidiaries companies, associates and joint ventures, which are included in the consolidation and the companies holdings therein are as under:

Name of the Company	Country of Incorporation	% Shareholding and Voting Power 2013	% Shareholding and Voting Power 2012
Subsidiary Companies			
a) Ontrack Systems (UK) Ltd.	UK	100	100
b) Ontrack Systems (UAE) Ltd.	UAE	100	100
c) Ontrack Systems (Aust) Pty. Ltd.	Australia	100	100
d) Ontrack Global Services Ltd.	India	99.99	99.99
Associates			
a) Comunit Info-Systems Pvt. Ltd	India	48	48

■ **USE OF ESTIMATES**

The preparation of financial statements, in conformity with the generally accepted accounting principles, requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of financial statements and the reported amount of revenues and expenses during the reported year. Differences between the actual results and estimates are recognized in the year in which the results are known / materialized.

■ **FIXED ASSETS**

Fixed Assets are stated at cost less accumulated depreciation

■ **DEPRECIATION**

Depreciation on Fixed Assets has been provided on Straight Line Method and written off over a period as estimated by the management, except for Ontrack Systems (Aust.) Pty Ltd.

Computer and its Accessories including Software 3 Years

Building - freehold 20 Years

Vehicles of Ontrack Systems(UAE) Ltd. 4 years

Other Fixed Assets 5 to 6 Years

Lease hold Land & Building is amortized over the period of lease.

In respect of Fixed assets in Ontrack Systems (Aust.) Pty. Ltd, the depreciation has been provided on Written Down Value(WDV) method and in accordance with Australian Tax Rule. The depreciation charge is not significant in the context of the consolidated financial statements.

■ **IMPAIRMENTS**

At each Balance Sheet date, the Company reviews the carrying amount of its fixed Assets to determine whether there are any indications that those assets suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. The recoverable amount is the higher of an asset net selling price and value in use. In assessing value in use, the estimated future cash flow expected from the continuing use of the assets and from its disposal are discounted to their present value using a pre-determined rate that reflect the current market assessment of time value of money and the risks specific to the assets. Reversal of impairment loss is recognized immediately as income in the Profit & Loss Account.

■ **INVESTMENTS**

Long term investments are stated at cost. Provision for diminution in the value of long-term investment is made only if such a decline is other than temporary in nature in the opinion of the Management. If the values of Investment for take over of a going concern are much higher than estimated cost of Net Assets Value including their intrinsic value as estimated by management, the additional payment in lieu of takeover value is considered as Goodwill and if it is reverse the amount will be transferred to Capital Reserve.

■ **INVENTORIES**

Inventories of trading goods, spare parts and consumable stores are valued at lower of cost or net realizable value. Outdated and damaged stocks are written off on technical evaluation. The WIP is valued at direct cost attributed to projects based on stages of completion as certified by the management.

■ **RECOGNITION OF REVENUE**

Sales:

The sales are recognized at the point of dispatch of material to the customers and bills are raised to them. Sales are shown net of goods return, rebates, rate differences etc. Revenue from maintenance contracts are recognized on pro-rata over the period of contract. Revenue from software development is recognized on the basis of achievement of prescribed milestone as relevant to terms of contract or proportionate completion method as applicable.

Income & Expenditure:

The Company follows mercantile system of accounting and recognizes significant items of Income & Expenditure on accrual basis.

■ **PRELIMINARY EXPENSES AND DEFERRED REVENUE EXPENDITURE**

Preliminary expenses and deferred revenue expenditure are amortized over a period of five years, except the deferred revenue expenditure of Ontrack Global Services Ltd.

In respect of Ontrack Global Services Ltd, Deferred Revenue Expenditure includes Management expenses and Project expenses on pilot project, which will be amortized after the commencement of the Pilot Project.

■ **FOREIGN CURRENCY TRANSACTIONS**

Foreign currency transactions are accounted for at the prevailing exchange rate as on the date of execution of the transaction or of the rate cover under forward contract as applicable. Foreign currency monetary items due at the end of the year are converted at the exchange rate prevailing as on that date. Exchange differences arising on the settlement of the transactions or on reporting at the year end rates are recognized as Income or as expenses in the period in which arise, except in respect of fixed assets acquired from outside India, where exchange variance is adjusted to the carrying amount of the respective fixed assets.

■ **Employees Benefit**

Short Term Employees Benefits: The undiscounted amount of short term employee benefit expected to be paid in exchange for the services rendered by the employees are recognized during the period when the employees render the service.

Post Employment benefits plans:

- a) Defined Contribution Plan: Contribution under defined contribution plan payable in keeping with the related scheme are recognized as expenses for the year.

b) **Defined benefit plan:** The Group gratuity scheme provided by the company is a defined benefit plan. Benefits under the defined benefit plan are generally based on the years of service rendered and the employee's eligible compensation (immediately before retirement). The scheme covers substantially all regular employees and the company contributes funds to the Life Insurance corporation of India, which administers the scheme on behalf of the company.

Other Long Term employment benefit (unfunded): The cost of providing other long term employee benefit is generally recognized on cash basis.

The employees benefit if applicable to the subsidiaries are recognized during the year, based on the law as prevailing in their respective country of incorporation, except for Ontrack System (UK) Ltd, where the applicability and/or the provision requirement for employees benefit is not disclosed/reported in its Financial statement.

■ SEGMENT REPORTING

The geographical segments have been identified as primary segment on the basis of location of the major customers of the Company. These segments represent a strategic business unit that offers different places of unit having different risk and returns. Inter-segment sales and transfers if any are accounted for, as if the sales or transfers were to third parties at current market prices. Income & expenditure and Assets & Liabilities not allocable to any specific geographical segment, are classified as unallocated. The company's secondary segment is business segment and it operates only in one business segment namely Trading/dealing with computer hardware and software. Therefore no separate secondary segment is identifiable as required by accounting standard 17 issued by ICAI.

■ Borrowing Costs

Borrowing costs attributable to qualifying assets are capitalized up to the date when such assets are ready for their intended use, other borrowing cost are recognized as expenses in the period in which they are incurred.

■ Earning per Share

Basic earning per share are calculated by dividing the net profit or loss for the period attributable to equity share holders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue, bonus element in a rights issue to existing shareholders, share split and reverse shares split (consolidation of shares).

For the purpose of calculating diluted earning per share, the net profit or loss after tax for the period attributable to equity share holders and the weighted average number of shares outstanding during the period are adjusted for the effects for all dilutive potential equity shares.

■ Tax on Income

Current Tax represents the amount that would be payable

based on the computation of tax as per prevailing taxation laws under IT Act 1961. Deferred tax is recognized subject to consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is calculated using the tax rates and tax laws that has been enacted and/or substantially enacted as at the Balance Sheet date. Deferred tax assets are not recognized unless there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

In respect of Ontrack Systems (UK) Ltd., provision for deferred tax is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that at the Balance Sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold. Further provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint venture only to the extent that, at the balance sheet date, dividends have been accrued has receivable.

■ Contingent Liabilities & Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the Notes to the accounts. Contingent Assets are neither recognized nor disclosed in the financial statements.

■ Cash and cash equivalents:

The Company considers all highly liquid financial instruments, which are readily convertible into cash and have original maturities of three months or less from the date of purchase, to be cash equivalents.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (...CONTD.)

NOTE NO. 3

Share Capital

Authorised :

250,00,000 (250,00,000) Equity Shares of ₹ 10/- each

Issued, Subscribed & Paid Up :

193,42,005 (193,42,005) Equity Shares of ₹ 10/- each fully paid up

	As at 31 st March 2013 (₹ in lakh)	As at 31 st March 2012 (₹ in lakh)
	2,500.00	2,500.00
	1,934.20	1,934.20
	1,934.20	1,934.20

3.01 Rights and Preferences attached to Equity Shares:

The Company has only one class of equity shares having at par value of ₹ 10 each. Each shareholder is eligible to one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amounts in proportion to their shareholding.

3.02 Aggregate number shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:

During the year 2007-08, 450,000 Equity Shares were issued for acquisition of Intellisys (Aust.) Pty. Ltd, which is subsequently renamed as Ontrack Systems (Aust.) Pty Ltd.

3.03 The details of shareholders holding more than 5% shares in the company

Name of the Shareholder	As at 31st March, 2013		As at 31st March, 2012	
	No. of Shares	% held	No. of Shares	% held
R. P. INFO SYSTEMS LTD.	9,007,500	46.57%	9,007,500	46.57%
B. HARI	3,159,395	16.33%	3,159,395	16.33%
KANT & COMPANY LIMITED	1,191,705	6.16%	1,191,705	6.16%

NOTE NO. 4

RESERVES & SURPLUS

Securities Premium

As Per Last Balance Sheet

772.48

772.48

General Reserves

As Per Last Balance Sheet

94.00

94.00

Share Options Outstanding Account

Employee Stock Option Outstanding

1.26

1.26

Currency Fluctuation Reserve

(205.87)

(368.65)

Surplus in Statement of Profit & Loss

As Per Last Balance Sheet

191.38

15.59

Less : Earlier Excess DTA reversed

—

24.27

191.38

(8.68)

Add: Transfer from Statement of Profit and Loss for the year

106.10

200.06

Balance carried forward to next year

297.48

191.38

TOTAL

959.35

690.47

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (...CONTD.)

NOTE NO. 5

LONG TERM BORROWINGS

Secured Loans

Vehicle Loan from SBI- Commercial Br. (Ref note : 5.01)

Unsecured Loans

Vehicle Loan from other bank

From Corporate bodies

TOTAL

	As at 31 st March 2013 (₹ in lakh)	As at 31 st March 2012 (₹ in lakh)
Vehicle Loan from SBI- Commercial Br. (Ref note : 5.01)	—	3.20
Vehicle Loan from other bank	—	0.39
From Corporate bodies	289.00	289.00
TOTAL	289.00	292.59

5.01 Vehicle loan from SBI - Commercial Branch is secured by hypothecation of respective vehicle and further secured by pledge of FDR.

5.02 Terms Of repayment and Rate of Interest for Long Term Borrowings

Borrowings	2012 -13		2011 -12	
	Terms of Repayment	Rate Of Interest	Terms of Repayment	Rate Of Interest
1. Vehicle Loan From SBI	Repayable in 36 installments starting from 28th Jan,2011	Interest to be paid @9.5% p.a	Repayable in 36 installments starting from 28th Jan,2011	Interest to be paid @9.5% p.a
2. Vehicle Loan From HDFC	Repayable in 60 installments starting from 7th feb, 2009	Interest to be paid @ 14.75% p.a compounded monthly	Repayable in 60 installments starting from 7th feb , 2009	Interest to be paid @ 14.75% p.a compounded monthly

NOTE NO. 6

OTHER LONG TERM LIABILITIES

Security deposit against development of property

Long Term Trade Payble

TOTAL

	2012 -13	2011 -12
Security deposit against development of property	200.00	200.00
Long Term Trade Payble	2,000.00	900.00
TOTAL	2,200.00	1,100.00

6.01 Trade payable with maturity over 12 months for the ended of the financial year have been classified as non current liabilities

NOTE NO. 7

SHORT TERM BORROWINGS

Loans Repayable on Demand (Secured)

Working Capital loan from SBI, Commercial Br. (Ref note : 7.01)

Working capital loan from Indian Bank,Strand Road Br.(Ref note : 7.01)

Standby Line of Credit from SBI, Commercial Br. (Ref note : 7.01)

Loans and Advances from Related Parties (Unsecured)

Other advances

TOTAL

	2012 -13	2011 -12
Working Capital loan from SBI, Commercial Br. (Ref note : 7.01)	2,910.54	746.27
Working capital loan from Indian Bank,Strand Road Br.(Ref note : 7.01)	460.74	447.35
Standby Line of Credit from SBI, Commercial Br. (Ref note : 7.01)	261.12	—
Other advances	391.75	357.43
TOTAL	4,024.15	1,551.05

7.01 Working Capital Loans from banks are secured against hypothecation of stocks, book debts & other moveable assets of the company of paripasu basis ,charge of mortgagage on the basis of paripasu inter-se on the entire immovable properties of the company at Salt Lake, Rajarhat and Ekdalia Road and personal guarantee of Managing Director.The loan guaranteed by director : SBI ₹ 1220 lacs (previous yr. ₹ 960 lacs) and Indian Bank ₹ 453 lacs (Previous yr. ₹ 453 lacs).

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (...CONTD.)

- 7.02 The working capital loan from SBI is availed @ 15% p.a and from Indian Bank @ 15.75% p.a
- 7.03 Stand by line of credit from SBI is availed at an interest rate of @ 15.70% p.a. and is repayable within period of three months at any one instance.
- 7.04 Cheques worth of ₹ 1900.00 lacs issued to the creditors which have not been presented to the bank on the request of the company, pending the realisation of amount collected from customers. As a result, the Working Capital Loan from SBI, Commercial Br. represents a book overdraft to that extent (Pr. Year Nil).

	As at 31 st March 2013 (₹ in lakh)	As at 31 st March 2012 (₹ in lakh)
NOTE NO. 8		
TRADE PAYABLES	3,868.54	2,645.16

- 8.01 Sundry Creditors do not include any dues to micro, small and medium enterprises on account of principal amount together with interest and accordingly no additional disclosure have been made. The above information regarding micro, small and medium enterprises have been determined to the extent such parties have been identified on the basis of information available with the company.

	As at 31 st March 2013 (₹ in lakh)	As at 31 st March 2012 (₹ in lakh)
NOTE NO. 9		
OTHER CURRENT LIABILITIES		
Vehicle Loan from Banks (See Note No. 9.01)	3.24	4.28
Unexpired AMC	6.08	5.35
Unpaid Dividends (See Note No. 9.02)	4.62	4.62
Advance from Customers	34.32	10.24
Others :		
Payable to Subsidiaries	49.46	—
Other Liabilities	531.96	548.60
TOTAL	629.68	573.09

- 9.01 Vehicle loan from SBI - Commercial Branch is secured by hypothecation of respective vehicle and further secured by pledge of FDR.
- 9.02 Unpaid dividends Include amount of ₹ 1,40,304.24 (P.Y. ₹ 73,757.60) due to be transferred / Credited to Investor Education Protection Fund.

	As at 31 st March 2013 (₹ in lakh)	As at 31 st March 2012 (₹ in lakh)
NOTE NO. 10		
SHORT TERM PROVISIONS		
Provision for FBT (Net Off)	10.21	10.21
	10.21	10.21

NOTE NO. 11
FIXED ASSETS

Sl. No.	Description of Assets	GROSS BLOCK		DEPRECIATION & IMPAIRMENT LOSS		NET BLOCK						
		As On 01.04.2012	Addition during year	Deletion during year	As On 31.03.2013	Up to 01.04.2012	For the Year	Deletion during year	Up to 31.03.2013	As on 31.03.2012	As on 31.03.2013	
A. TANGIBLE ASSETS												
1.	Land											
	— Leasehold	162.04	—	—	162.04	11.18	2.13	—	13.31	148.73	498.11	
	— Freehold	259.29	0.76	—	260.05	—	—	—	—	260.05	199.40	
2.	Land & Building											
	— Leasehold	369.92	—	—	369.92	22.67	6.03	(4.96)	33.66	336.26	—	
	— Freehold	36.82	—	—	36.82	51.08	18.02	32.28	36.82	—	45.63	
3.	Computer (Plant & Machinery)	412.40	—	—	412.40	407.23	—	—	407.23	5.17	5.17	
4.	Computer Accessories	124.99	4.90	—	129.89	121.60	1.80	—	123.40	6.49	3.39	
5.	Electrical Equipments	46.17	—	—	46.17	38.61	1.90	—	40.51	5.66	7.56	
6.	Vehicles	24.02	—	—	24.02	12.69	3.23	—	15.92	8.10	11.33	
7.	Furniture & Fittings	143.82	0.05	—	143.87	128.68	3.59	3.94	128.33	15.54	15.14	
8.	Office Equipments	13.31	0.51	—	13.82	11.23	1.00	—	12.23	1.59	2.08	
	TOTAL	1,592.78	6.22	—	1,599.00	804.97	37.70	31.26	811.41	787.59	787.81	
B. INTANGIBLE ASSETS												
1.	Goodwill	442.92	—	—	442.92	—	—	—	—	442.92	442.92	
2.	Software	23.03	—	—	23.03	23.03	—	—	23.03	—	—	
	TOTAL	465.95	—	—	465.95	23.03	—	—	23.03	442.92	442.92	
	Grand Total	2,058.73	6.22	—	2,064.95	828.00	37.70	31.26	834.44	1,230.51	1,230.73	
	Previous Year	2,055.47	3.26	—	2,058.73	797.07	30.93	—	828.00	1,230.73	1,258.41	

11.01 Depreciation has been provided for in the Accounts on "Straight Line Method" and the assets are depreciated over the useful life of the assets based on the estimation made by the management and using the rates, which are not less than those prescribed in Sch-XIV to the Companies Act 1956, except in case of Ontrack Systems (Aust) Pty. Ltd, where written down value (WDV) method is used.

11.02. The company has entered in to two separate agreement for the development of the Properties at 19, Ekdalia Road, Kolkata-700019 and at Rajarhat.

11.03. In terms of the joint venture agreement the Ekdalia building has been demolished during the year and the book value of the assets as appears in the books has been provided as Impairment Loss as per AS issued by the ICAI

11.04. Deduction of depreciation during the year represents net of reversal/(change) of excess/(short) depreciation provided in earlier years.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (...CONTD.)

NOTE NO. 12

NON CURRENT INVESTMENTS

	NO. OF SHARES	AMOUNT (₹)	NO. OF SHARES	AMOUNT (₹)
In Equity Shares of Associate Companies, Unquoted, fully paid up				
Comunet Info-Systems Pvt. Ltd. (48% Shares holding) (Face value of ₹ 10/-each)	9,600	38.69	9,600	38.11
Investment to Domain Name		2.35		2.35
		<u>41.04</u>		<u>40.46</u>

- 12.01 Due to death of the key managerial person, the financial statements of Ontrack Systems B.V. Netherland were not made available since from the year 2011-12. Therefore, adjustment for share of profit/(loss) in the carrying amount of investment in the associate company is not made since then as per Accounting Standard (AS)-23.

NOTE NO. 13

DEFERRED TAX ASSETS

Major components effecting deferred tax assets

	As at 31 st March 2013 (₹ in lakh)	As at 31 st March 2012 (₹ in lakh)
Opening Balance	33.83	67.86
Add/(Less) Excess created in prior years	—	(24.27)
	<u>33.83</u>	<u>43.59</u>
Add/(less) : Deferred tax credit/(charge) for the year	0.08	(10.87)
Add/(Less) : Currency Trasaction (loss)/gain	—	1.11
TOTAL	<u>33.91</u>	<u>33.83</u>

NOTE NO. 14

LONG TERM LOAN AND ADVANCES (Unsecured & Considered Good)

	As at 31 st March 2013 (₹ in lakh)	As at 31 st March 2012 (₹ in lakh)
Capital Advance	3.20	0.70
Security Deposits	72.37	76.47
Loan to other Bodies Corporates	424.41	283.61
Other Trade Advances	207.19	270.50
Loans & advances to related parties		
Unsecured, considered doubtful	8.84	—
Unsecured, considered good	159.69	—
	<u>875.70</u>	<u>631.28</u>
Less: Provision for Doubtful advance	8.84	—
TOTAL	<u>866.86</u>	<u>631.28</u>

- 14.01 Other Trade Advances include ₹ 10.00 lacs (Previous Year ₹ 10.00 lacs) due from a party, against which the company has filed money suit and the matter is subjudice. Pending the outcome of the judgement, the extent of amounts recoverable there against is not ascertainable, hence considered good.
- 14.02 Other Trade advances include ₹ 187.48 lacs(previous year ₹ 219.01 lacs) due from a customer on account of encashment of performance bank guarantee, which is subsequently settled amicably and the debt has been acknowledged by the customer with a schedule to repay the amount over a period of 2 years from the end of the current financial year 2011-12. During the year ₹ 31.53 lacs has been received. Based on the acknowledgement of debt, relying on the commitment of the customer and the extent of amount realised during the year, it is considered good.
- 14.03 Loan & advances to related parties represent advances to subsidiaries & associates companies.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (...CONTD.)

	As at 31 st March 2013 (₹ in lakh)	As at 31 st March 2012 (₹ in lakh)
NOTE NO. 15		
OTHER CURRENT ASSET		
Deferred Revenue Exp. 1/5 written off	54.96	54.96
	54.96	54.96
NOTE NO. 16		
CURRENT INVESTMENTS		
Investment in Equity Instruments Quoted, Fully Paid Up		
Tata Consultancy Services Ltd (Face value of ₹ 1/- each) (includes 28 nos. bonus shares allotted during the year 2010-11)	0.12	0.12
Aggregate Amount of Quoted Investments	0.12	0.12
Market Value of Quoted Investments	0.88	0.65
NOTE NO. 17		
INVENTORIES		
(As taken, valed & certified by the management)		
Work-in-progress	90.68	99.36
Stock-in-trade	775.23	865.87
Consumables Spares	0.55	9.44
TOTAL	866.46	974.67
NOTE NO. 18		
TRADE RECEIVABLES		
(Unsecured & Considered Good)		
Exceeding 6 Months	3,466.15	1,675.58
Others	5,052.21	3,849.94
TOTAL	8,518.36	5,525.52
NOTE NO. 19		
CASH & BANK BALANCES		
Cash and Cash Equivalents		
(i) Balance with Banks	24.15	65.15
(ii) Cheque on hand	1,992.57	36.00
(iii) Cash on Hand	8.54	5.79
Other Bank Balances		
(i) Earmarked Balance with Bank		
Dividend unpaid A/c	4.62	4.63
Gratuity A/c	0.02	0.02
(ii) Fixed Deposit with bank *	122.00	50.00
TOTAL	2,151.90	161.59

* Fixed deposits with bank are held as margin money for both bank guarantee & letter of credit and also as security for borrowings. Fixed deposits include deposits of ₹ 38.37 lacs (Previous year ₹ 25.97 lacs) with a maturity period over 1 year.

19.01 Cheques on hand represent cheques collected from customers have been kept on hand pending their deposit into bank account, relying on commitment of customers to honour the payment within the validity of the respective instruments.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (...CONTD.)

	As at 31 st March 2013 (₹ in lakh)	As at 31 st March 2012 (₹ in lakh)
■ NOTE NO. 20		
SHORT TERM LOANS & ADVANCES :- (Unsecured & Considered Good)		
Advance Income Tax / TDS (Net of Provision)	46.60	23.01
Mat Credit Aailed	5.42	—
Accrued Interest	2.65	2.69
Prepaid Expenses	5.05	35.71
Advance to Directors	—	5.85
Advance to Associates	91.29	8.84
Other Advances	—	67.51
TOTAL	151.01	143.61
■ NOTE NO. 21		
REVENUE FROM OPERATIONS		
Sale of Products	9,221.81	9,293.30
Sale of Services	1,598.39	1,890.63
TOTAL	10,820.20	11,183.93
21.01 PARTICULARS OF SALE OF PRODUCTS		
Software License	283.90	180.04
Hardware	8,937.91	9,113.26
TOTAL	9,221.81	9,293.30
■ NOTE NO. 22		
OTHER INCOME		
Recovery of bad debt written off in earlier year	25.83	—
Interest	44.56	66.76
Dividend	0.13	0.13
Other Non- Operating Income:		
Hire Purchase Income	46.91	—
Miscellaneous Income	31.33	5.11
Commission, Incentive & Discount Received	0.03	—
Income from Comunet	0.58	2.67
TOTAL	149.37	74.67
■ NOTE NO. 23		
PURCHASES OF STOCK-IN-TRADE		
Traded Goods	8,828.21	9,013.94
TOTAL	8,828.21	9,013.94

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (...CONTD.)

NOTE NO. 24

CHANGE IN INVENTORIES OF STOCK-IN-TRADE & WORK-IN-PROGRESS

Inventories (As at 01.04.2012)

Stock-in- Trade	865.87	859.34
Work-in Progress	99.36	67.93

Inventories (As at 31.03.2013)

Stock-in- Trade	775.23	865.87
Work-in Progress	90.68	99.36

(INCREASE)/DECREASE

	As at 31 st March 2013 (₹ in lakh)	As at 31 st March 2012 (₹ in lakh)
	965.23	927.27
	775.23	865.87
	90.68	99.36
	865.91	965.23
	99.32	(37.96)
	656.47	504.87
	4.25	3.85
	15.76	24.41
	6.25	3.09
	4.91	6.28
	4.33	0.49
	3.06	1.33
TOTAL	695.03	544.32

NOTE NO. 25

EMPLOYEE'S BENEFIT EXPENSES

Salaries	656.47	504.87
Contribution to Provident & Other Funds :-		
Employer's Contribution to ESI	4.25	3.85
Provident Fund -Employer's Contribution	15.76	24.41
Employer's Contribution to Gratuity	6.25	3.09
Staff Welfare Expenses:-		
Insurance benefit to Staff	4.91	6.28
Staff Training & Development	4.33	0.49
Others	3.06	1.33
TOTAL	695.03	544.32

25.01 No provision has been made for the present value of leave accrued in respect of the eligible employees is required to be made, based on the actuarial valuation using the Project Unit Cost Method. Leave benefit as per management' s policy is not to be accrued beyond 30 days but availed of and the employees have been advised to plan their leave in advance while in service and immediately before superannuation. Leave not availed of is not encashable.

25.02 The employees' gratuity fund scheme managed by Life Insurance Corporation of India is a defined benefit plan. The present value of the obligation is currently ascertained by the corporation based on the actuarial valuation using the Projected Unit Cost Method and the recommended contribution to the fund managed by the corporation has been provided in the accounts during the year.

The following table sets out the funded status and amounts recognized in the Company's Financial Statements for Gratuity.

DESCRIPTION	2012-2013	2011-2012
Net Asset/(Liability) recognized in the Balance Sheet		
Present value funded obligation	(29.66)	(25.13)
Current service cost & others	(3.21)	(1.77)
Fund value as on date	8.75	6.90
Net Assets/(Liabilities)	(24.12)	(20.00)
Expenses recognized in Profit & Loss Account		
Difference in current service cost	1.44	(0.33)
Other cost	0.29	0.12
Net Actuarial (Gain)/Loss to be recognized	4.52	3.30
Total expense recognized in the P& L Account	6.25	3.09

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (...CONTD.)

Actuarial Assumptions	2012-13	2011-12
Mortality Rate	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate
Withdrawal Rate	1% to 3% depending on age	1% to 3% depending on age
Discounted Rate	8% p.a.	8% p.a.
Salary Escalation	6%	7.5%

25.03 The estimated amounts required to cover employees' end of service indemnity as at date of financial statement of Ontrack Systems (UAE) Ltd. are computed in pursuant to the United Arab Emirates federal labour law No. 8 of 1980 base on the employees' accumulated period of service and current remuneration. However the management is of the opinion that no significant difference would have arisen had the liability been calculated on an actuarial basis, as salary inflation and discount rates are likely to have approximately equal and opposite affects.

	As at 31 st March 2013 (₹ in lakh)	As at 31 st March 2012 (₹ in lakh)
■ NOTE NO. 26		
FINANCE COST		
Bank Interest	210.24	199.37
Bank Charges	34.12	42.69
Loss/(Profit) on Foreign Currency Transactions and Translation (Net)	(48.87)	(53.92)
TOTAL	195.49	188.14
■ NOTE NO. 27		
OTHER EXPENSES		
Operating Expenses		
Electricity Expenses	20.21	11.92
Stores & Spares Consumed	28.58	16.26
Professional & Consultancy Charges	636.06	975.17
Repairs & Maintenance	11.89	11.88
Bandwith Charges	6.86	9.10
Insurance Premium	5.66	1.33
	709.26	1,025.66
Administrative Expenses		
Director Remuneration	46.19	42.12
Printing & Stationery	7.09	6.04
Hire Charges	46.47	—
Business Promotion	5.54	2.53
Advertisement & Publicity	3.77	10.00
Office Expenses	15.64	15.16
Discount Allowed	7.71	2.96
Rent, Rates & Taxes	36.78	—
Travelling & Conveyance	79.38	30.13
Postage & Telephone	11.14	101.80
Provision for Doubt Advance	8.84	12.79
Other Charges	18.05	21.61
Deferred Revenue Expenditure	—	2.85
	286.60	247.99
TOTAL	995.86	1,273.65

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (...CONTD.)

	As at 31 st March 2013 (₹ in lakh)	As at 31 st March 2012 (₹ in lakh)
27.01 Professional & Consultancy charges include payment to Auditors as follows:		
a) Statutory Audit Fees	3.44	3.49
b) Tax Audit Fees	0.20	0.20
c) Certification & others	0.20	0.09
d) Re-imbursement of expenses	—	0.10
	3.84	3.88
NOTE NO. 28		
EARNINGS PER SHARE(EPS)		
Net Profit after tax as per Statement of Profit & Loss attributable to Equity Shareholders (₹)	106.10	200.06
Weighted Average Number of equity shares used as denominator for calculating EPS	193.42	193.42
Basic/Diluted Earnings per share(₹)	0.55	1.03
Face Value per equity shares (₹)	10.00	10.00
NOTE NO. 29		
CONTINGENT LIABILITIES:		
Contingent liabilities not provided for :		
i) Income tax demand against which appeals/rectification are pending or necessary steps are taken for filing of appeals/rectification.	815.75	1,047.10
ii) Central Sales Tax (CST) demand, against which appeal are pending	48.11	-
iii) Value Added Tax (VAT) demand, against which appeal are pending	476.94	-
NOTE NO. 30		
The accounts of Ontrack Systems (UK) Ltd is exempted from statutory audit in term of Sec 477 of the UK Companies Act., 2006. Therefore it's unaudited financial statement as approved by the board of directors of the company are considered for the consolidation of the accounts.		
NOTE NO. 31		
The Audited accounts of Ontrack Systems (Australia) Pty. Ltd. is not available. The unaudited financial statement as approved by the board of directors and compilation report issued thereon in terms of Australian Professional Ethic Standard (APES)-315 has been considered in the consolidation of the accounts.		

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (...CONTD.)

NOTE NO. 32

The financial statement of following subsidiaries have been considered on Unaudited basis. Details of the same are as under:

	Ontrack Systems (UK) Ltd. ₹ in lakh	Ontrack Systems (Aust) Pty. Ltd ₹ In lakh
As at 31st March' 2013		
Net Worth	322.18	(294.16)
For the year ended on 31st March' 2013		
Total Revenue	247.34	114.96
Net Increase/(Decrease) in Cash & Cash Equivalent	(19.02)	(25.31)

* Net of Consolidation adjustment

NOTE NO. 33

Related Party Transaction

Name of the Related parties and description of relationship:

Name	Relationship
Ontrack Systems (UK) Ltd.	Entity under common control
Ontrack Systems (UAE) Ltd.	Entity under common control
Ontrack Systems (Aust) Pty. Ltd.	Entity under common control
Ontrack Global Services Ltd.	Entity under common control
R.P. Infosystems Ltd.	Entity under common control
Comunet Info-Systems Pvt. Ltd.	Associated Enterprise
Mr. B. Hari	Key Managerial Personnel
Mr. S.V.Ramani	Key Managerial Personnel
Mrs. Simi Hari	Relatives of Key Managerial Personnel

Particulars of Transactions and closing balances at the end of the year

Nature of Transactions	Entity under Common control	Associate Enterprises	Key Managerial Personnel and Their Relatives	Balance as at 31.03.2013
Remuneration	—	—	52.47	9.06
	(—)	(—)	(48.12)	(4.01)
Sales	—	10.91	—	10.91
	(—)	(—)	(—)	(—)
Investment	—	—	—	38.10
	(—)	(38.10)	(—)	(38.10)
Advance Received	—	36.63	—	36.63
	(—)	(—)	(—)	(—)
Advance Paid	—	—	—	—
	(—)	(8.84)	(—)	(8.84)

Figures in parenthesis represent for the previous year.

■ **NOTE NO. 34****SEGMENT INFORMATION :****Primary: Geographical Segment
Segment wise Revenue Results**

₹ In lacs

Particulars	Domestic	UAE	Europe & Others	Total
Segment Revenue	10,010.40	45.79	764.01	10,820.20
	(10,015.05)	(686.13)	(482.75)	(11,183.93)
Segment Result	271.76	(10.55)	2.84	264.05
	(395.69)	(68.22)	(22.84)	(486.75)
Unallocated income (excluding interest income)				104.81
Unallocated Expenditure				(8.00)
				62.27
				(96.76)
Finance Charges (Net)				150.93
				(121.48)
Depreciations (Net)				6.44
				(30.93)
Profit/(Loss) before tax				149.22
				(245.58)
Tax expense				43.12
				(45.52)
Profit/(Loss) after tax				106.10
				(200.06)
Segment Assets	11,468.91	498.08	423.54	12,390.53
	(5,298.68)	(1,685.33)	(493.24)	(7,477.25)
Unallocated Assets				1,524.60
				(1,319.52)
Segment Liabilities	8,735.97	119.74	131.51	8,987.22
	(5,404.88)	(133.07)	(634.15)	(6,172.10)
Unallocated Liabilities				4,927.91
				(2,624.67)
Capital Expenditure				6.22
				(3.26)
Non cash expenditure other than depreciation				—
				(2.85)
Capital Employed				2,838.59
				(2,569.71)

Figures in parenthesis represent for the previous year.

■ **NOTE NO. 35**

Figures pertaining to the subsidiary companies have been reclassified/regrouped, wherever necessary to bring them in line with the Company's financial statements

■ **NOTE NO. 36**

Balance of the sundry creditors, sundry debtors and some of the loans & advances given & accepted are subject to confirmation.

■ **NOTE NO. 37**

During the year, the company has cancelled all MOU agreement with it's foreign subsidiaries for the re-imbursement and account their expenditure/income and accordingly no expenditure/income.

■ **NOTE NO. 38**

Previous year figures have been regrouped, rearranged and recasted, wherever considered necessary to make it comparable with that of current year figures.

For and on behalf of the Board of Directors

For **GOENKA SHAW & CO.**
Chartered Accountants

Sd/-

Kolkata, India
30th May, 2013

(**CA Saroj Kumar Swain**)
Partner

Sd/-

(**S. V. Ramani**)
Whole-time Director and Secretary

Sd/-

(**B. Hari**)
Chairman and Managing Director

FINANCIAL STATEMENT OF SUBSIDIARY COMPANIES

₹ In lacs

As at March 31, 2013

Sl. No.	Name of the Subsidiary Company	Reporting Currency	Exchange Rate	Capital	Reserves	Total Assets	Total Liabilities	Turnover	Profit before Taxation	Dividend	Country
1	Ontrack Systems (UK) Ltd	GBP	82.40	144.20	177.98	398.62	76.44	247.34	10.66	-	UK
2	Ontrack Systems (UAE) Ltd	AED	14.78	66.51	7.08	671.81	598.22	45.79	(16.65)	-	UAE
3	Ontrack Systems (Aus.) Ltd.	AUD	56.60	223.01	-	61.57	(161.44)	114.96	(7.37)	-	Australia
4	Ontrack Global Services Ltd	INR	1.00	94.26	-	686.90	592.64	2.50	0.43	-	INDIA

Notes :

1. Indian rupee equivalents of the figures given in foreign currencies in the accounts of the subsidiary companies are based on the exchange rates as on 31.03.2013

NOTICE

Notice is hereby given that the 25th Annual General Meeting of the Shareholders of the Company will be held at 11.30 A.M. on Wednesday, 11th September 2013 at Savera Hotel, 146, Dr. Radhakrishnan Salai, Mylapore, Chennai – 600 004, India to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt
 - a) The Audited balance Sheet as at 31.03.2013;
 - b) The Audited Profit and Loss account for the year ended as on that date;
 - c) Directors' report for the year 2012-2013 and
 - d) The Auditors' report, thereon.
2. To Re-appoint a Director in place of Mr. Ramdevan V Krishnaswamy, who retires by rotation, being eligible offers, himself for reappointment.
3. To Re-appoint M/s. Goenka Shaw & Co., Chartered Accountants as the Auditors of the Company who retires at the conclusion of this Annual General Meeting and who has consented to continue as Auditors, if re-appointed, to hold office for the period commencing from the conclusion of this meeting till the conclusion of next annual general meeting and to fix their remuneration.

By Order of the Board of Directors of the Company.

SD/-

(S.V. Ramani)

Place: Chennai

Dated: 01.08.2013

Whole-time Director and Secretary

NOTES

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on his behalf and proxy need not be a member. The instrument appointing a proxy should be deposited at the Registered Office of the Company, not later than 48 hours before the meeting.
2. The Register of members and share transfer books will remain closed from 06.09.2013 to 11.09.2013 (both days inclusive).
3. Members are requested to bring their copies of the Report and Accounts to the meeting. Please bring the attendance slip with you duly filled in and hand over the same at the entrance of the meeting hall.
4. Members are requested to notify any changes in their address immediately.
5. Members desirous of getting any information about the accounts and operations of the Company are requested to address their queries to the Company Secretary at least seven days in advance of the meeting so that information required can be made readily available at the meeting. Members may also login to the Company's Website: <http://www.ontrackindia.com> for details information on the financial performance of the Company.
6. Members holding shares in physical form are requested to dematerialize the shares into electronic form to facilitate faster transfer and avoid rejections for bad deliveries. The share certificates may be sent directly to our Share Transfer Agent: Cameo Corporate Services Ltd., No. 1, Club House road, Chetpet, Chennai -600002
7. Pursuant to the provisions of Section 109A of the Companies Act, 1956, Shareholders are requested to file Nomination Form in respect of their shareholdings. Any shareholder wishing to avail of this facility may submit to the Company Statutory Form 2B.
8. Members wishing to claim their dividend, which remain unclaimed, are requested to correspond with Company Secretary at the Corporate Office in Kolkata with a copy to the R & TA, Cameo Corporate Services Ltd., Chennai. Members are requested to note that dividend not encashed or claimed within 7 years from the date of transfer to the Company's unpaid dividend account, will as per 205A of the Companies Act, 1956, be transferred to the Investors Education and Protection Fund.
9. Members are requested to address all communications including dividend mandates to the Register and Share Transfer Agent: Cameo Corporate Services Ltd., Subramanian Building, 1, Club House road, Chetpet, Chennai -600002, India, E-mail : cameo@cameoindia.com
10. Pursuant to sections 205A and 205C and other applicable provisions, if any, of the act, all unclaimed/unpaid dividend and application money, remaining unclaimed/unpaid for a period of seven years from the date they became due for payment, have been transferred to IEPF established by the Central Government. No claim shall lie against the IEPF or the Company for the amounts so transferred nor shall any payment be made in respect of such claim.
11. Members who have not yet encashed their dividend warrant(s) for the financial years 2005-06 onwards, are requested to make their claims without any delay to CAMEO CORPORATE SERVICES LIMITED. It may be noted that the unclaimed dividend for the financial year 2005-06 declared on 27.09.2006 can be claimed by the shareholders by 30.08.2013.
12. The Ministry of Corporate Affairs (vide circular nos. 17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011 respectively), has undertaken a 'Green Initiative in Corporate Governance' and allowed companies to share documents with its shareholders through an electronic mode. A recent amendment to the Listing Agreement with the stock exchanges permits companies to send soft copies of the Annual Report to all those shareholders who have registered their e-mail address for the said purpose. Members are requested to support this Green Initiative by registering/updating their e-mail addresses for receiving electronic communications.

**Details of the Director seeking Re-appointment
in the Annual General Meeting dated 11.09.2013.**

Name of Director	Mr. Ramdevan V Krishnaswamy
Date of Birth	25th September 1962
Date of Appointment	30th July 2008
Experience in specific functional areas	Specialist in Manager & Acquisition
Qualification	Management Graduate
List of Outside Directorship held	Nil
Chairman/Membership of the Committee of Directors	Audit Committee Chairman
Chairman/Membership of the Committee of Directors of Other Companies in which he/she is a Director	Nil

TWENTY FIFTH ANNUAL GENERAL MEETING



ONTRACK SYSTEMS LIMITED

Registered Office: Bhatad Towers, Office No.1, 3rd Floor, No.30, West Cott Road, Royapettah, Chennai-600014, India
Phone: +91-44-42085258, & 28411633

PROXY FORM

DP ID/Client-ID	No. of Shares

I/We.....
of being a Member/Members of Ontrack Systems Limited, hereby appoint.....
of..... or failing him.....
of..... or failing him.....
of.....
as my/our proxy to attend and vote for me/us on my/our behalf at the **Twenty Fifth Annual General Meeting** of the Company to be held on Wednesday, the **11th day of September, 2013** and at any adjournment thereof.
As witness my/our hand (s) this day of 2013.....

Signed by the said _____



Note : (i) The proxy must be returned so as to reach the Investor Service Centre, Ontrack Systems Limited, Bhatad Towers, Office No.1, 3rd Floor, No.30, West Cott Road, Royapettah, Chennai-600014, India, not less than FORTY-EIGHT HOURS before the commencement of the aforesaid meeting.
(ii) Please mark the envelope 'ONTRACK SYSTEMS-PROXY'.



ONTRACK SYSTEMS LIMITED

Registered Office: Bhatad Towers, Office No.1, 3rd Floor, No.30, West Cott Road, Royapettah, Chennai-600014, India
Phone: +91-44-42085258, & 28411633

ADMISSION SLIP

DATE :	VENUE :	TIME :
11th September, 2013	Savera Hotel, 146, Dr. Radhakrishnan Salai, Mylapore, Chennai, India	11.30 A.M.

DP ID/Client-ID	No. of Shares

I hereby record my presence at the Twenty Fifth Annual General Meeting of the Company on 11th September, 2013. Please tick in the appropriate box.
 Member Proxy

Name of the Proxy in Block Letter

Member's Signature

Proxy's Signature

NOTE :

- Member/Proxyholder wishing to attend the meeting must bring the Admission Slip to the meeting and hand over at the entrance duly signed.
- Representatives of body(ies) corporate to bring to the meeting Board Resolution authorising their presence together with proof of identity.



Global Delivery Centre, Salt Lake*



Ontrack business Park, New Town*



Training Centre, Ekdalia*

COMPANY DATA

as on March 31, 2013

ONTRACK SYSTEMS LIMITED

Registered Office:

Bhatad Towers, Office No.1,
3rd Floor, No.30,
West Cott Road, Royapettah,
Chennai-600014, India
Phone: +91-44-42085258, & 28411633

Corporate Office & Global Delivery Centre

Plot Y-18, EP Block, Sector - V
Salt Lake, Kolkata - 700 091, India
Phone: +91 (33) 2357 2555/2556/
2560/2561, 98318 98561/98562
Fax: +91 (33) 2357 2564
Email: info@ontrackindia.com

Ontrack Systems Limited

Level 6, Pentagon P-2
Magarpatta City, Hadapsar
Pune – 411013, India
Email: sachin.n@ontrackuk.com
Web: www.ontrackindia.com
Fax : +91 20 6628 0011

Year of Establishment

15th February, 1988

Stock Exchange Listings

Bombay Stock Exchange
Madras Stock Exchange
Calcutta Stock Exchange

Number of Offices

India : 3
Overseas : 3

SHARE TRANSFER AGENT

Cameo Corporate Services Ltd.
Subramanian Building, 1 Club House Road
Chennai - 600 002, India
Phone: +91 (44) 2846 0390-95
Fax: +91 (44) 2846 0129
Email: Cameo@cameoindia.com

Overseas subsidiaries

Ontrack Systems (UK) Limited

Abbey House
18-24 Stoke Road, Slough
Berks SL2 5AG
Phone: 01753 722160
Fax: 01753 722165
Email: info@ontrackuk.net
Web: www.ontrackuk.com

Ontrack Systems (Aust) Pty. Ltd.

Level 14, 309 Kent Street
Sydney, NSW 2000
Phone: + 61 2 9248 0162
Fax: + 61 2 9232 1799
Email: info@ontrackus.com
Web: www.ontrackaus.com

Ontrack Systems (UAE) Limited

P.O. Box 3153, Fujairah, UAE
Phone: +971 (9) 228 1464
Fax: +971 (9) 228 1465
Email: info@ontrackuae.com
Website: www.ontrackuae.com

ASSOCIATE COMPANIES

Comunet Info-systems Pvt. Ltd.

AQ 13/1, Sector V, Salt Lake City
Kolkata - 700 091
Phone: + 91-33 6450 6416
Email: info@comunetsystems.com

For additional copies of this Annual Report and other information contact:

S. V. Ramani
Ontrack Systems Limited
Plot Y-18, EP Block, Sector - V
Salt Lake, Kolkata - 700 091, India
Phone: +91 (33) 2357 2555/2556/
Fax: +91 (33) 2357 2564
Email: ramani@ontrackindia.com

Design and Editorial supervision:

C. V. Aiyar, Head - Corporate Communication

Printed at:

Sajit Print, Kolkata

