



V. NAGARAJAN & CO.,

Chartered Accountants

AUDITORS' REPORT TO THE MEMBERS OF BASIX CONSULTING AND TRAINING SERVICES LIMITED

1. We have audited the attached Balance Sheet of **BASIX Consulting and Training Services Limited (the 'Company')** as at March 31, 2011 and the Profit and Loss account for the period ended on that date both annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well evaluating the overall financial statement presentation. We believe that our audit provides reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 and as amended, issued by the Central Government of India in terms of section 227(4A) of the Companies Act, 1956 and on the basis of such checks as we considered appropriate and according to the information and explanation given to us, we enclose in the annexure, a statement of matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred above we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of accounts as required by the law have been kept by the Company, so far as appears from our examination of the books maintained at the head office and all the branches of the company visited by us;
 - c) The Balance Sheet and the Profit and Loss account dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet and the Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub section 3(C) of section 211 of the Companies Act, 1956;
 - e) On the basis of the written representations received from the directors as on March 31, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2011 from being appointed as director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - i. In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2011;
 - ii. In the case of Profit and Loss account, of the profits of the Company for the year ended on that date.

Date: April 30, 2011

Place: Hyderabad

for V. NAGARAJAN & Co.,
Chartered Accountants


(V. Nagarajan)

Partner

ICAI Firm Reg. No.: 04879X M. No.: 019959





Annexure to the Auditors' Report of even date to the members of BASIX Consulting and Training Services Limited ['the Company']

[Referred to in Paragraph (3) of our report of even date]

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, we report that:

- i. In respect of its fixed assets:
 - a) The Company has maintained proper records to show full particulars, including quantitative details and situation of fixed assets.
 - b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
 - c) In our opinion, no part of fixed assets has been disposed off during the year.
- ii. The Company does not have any inventory. Accordingly the provisions of clause 4(ii) of the order are not applicable.
- iii. The Company has not either granted/availed secured or unsecured loans to/from companies, firms or other parties listed in the register required to be maintain under section 301 of the Companies act, 1956.
- iv. The Company has an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for rendering of services. The activities of the Company do not involve purchase of inventory and the sale of goods. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
- v. (a) In our opinion, the particulars of all contracts or arrangements that need to be entered into the register maintained under section 301 of the Act have been so entered.
(b) Owing to the unique and specialized nature of the items involved and in the absence of any comparable prices, we are unable to comment as to whether the transactions made in pursuance of such contracts or arrangements have been made at prevailing market prices at the relevant time.
- vi. The Company has not accepted any deposits from the public within the meaning of sections 58A and 58AA of the Act and the Companies (Acceptance of Deposits) Rules, 1975. Accordingly, the provisions of clause 4 (vi) of the Order are not applicable.
- vii. In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
- viii. According to the information and explanations given to us in respect of its Statutory dues:
 - a) The Company has been generally regular in depositing undisputed statutory dues including provident fund, Service tax, Income Tax and other material statutory dues with the appropriate authorities during the year except for certain delays in remittance of Service Tax. On the reporting date The Company is in the process of registration for Employee State Insurance.
 - b) There were no undisputed amounts payable in respect of provident fund, ESI, Income Tax, Service Tax and other material statutory dues in arrears as at March 31, 2011 for a period of more than six months from the date they became payable.

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V. NAGARAJAN & CO.,

Chartered Accountants

- c) During the financial year there has been no statutory dues payable on account of pending disputes.
- ix. The Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, the provisions of clause 4 (xii) of the Order are not applicable.
- x. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
- xi. In our opinion and according to the information and explanations given to us, The Company has not given any guarantee for loans taken by others from bank or financial institutions.
- xii. According to the information and explanations given to us, during the year covered by our audit report, the Company has not made any preferential allotment of equity shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- xiii. The Company has neither issued nor had any outstanding debentures during the year.
- xiv. The Company has not raised any money by public issues during the year.
- xv. Based upon the audit procedure performed and information and explanation given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.
- xvi. The nature of the Company's business/activities during the year is such the clauses (viii), (x), (xi), (xiii), (xvi) and (xvii) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

Date: April 30, 2011
Place: Hyderabad

for V. NAGARAJAN & Co.,
Chartered Accountants




(V. Nagarajan)
Partner

ICAI Firm Reg. No.: 04879N M. No.: 019959

BASIX Consulting and Training Services Ltd

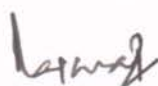
Rs.

BALANCE SHEET AS AT	Sch	31-Mar-11
SOURCES OF FUNDS		
Shareholders' funds		
Share Capital	1	12,500,000
Reserves and Surplus	2	13,831,492
Deferred tax liability (arising out of depreciation)		1,203,200
Total		27,534,692
APPLICATION OF FUNDS		
Fixed Assets		
Gross Block	3	30,007,184
Less Depreciation		142,475
Net Block		29,864,709
Current Assets, Loans and Advances		
Cash and Bank balances	4	3,823,183
Loans and advances		8,834,558
		12,657,741
Less: Current Liabilities and Provisions		
Other Current Liabilities	5	12,806,122
Other Provisions		2,528,452
		15,334,574
Net Current Assets		(2,676,833)
Miscellaneous Expenditure		
Preliminary Expenses (to the extent not written off)		346,816
Total		27,534,692
Accounting Policies and Notes on Accounts	8	

As per our report of even date
For V. Nagarajan & Co.,
Chartered Accountants

for BASIX Consulting & Training
Services Ltd

30/Apr/11
Hyderabad


(V. Nagarajan)
Partner


Chairman


Managing Director



BASIX Consulting and Training Services Ltd

Rs.

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED	Sch	31-Mar-11
INCOME:		
Income from operations		
Domestic Consulting Services		23,753,038
Information Technology Services		4,460,784
International Consulting Services		2,466,954
B-A-LAMP Course fee		1,706,333
Total		32,387,109
EXPENDITURE:		
Personnel Cost	6	11,628,294
Travel Expenses		4,281,354
Consultancy Charges		5,837,923
Loss on foreign currency fluctuations		101,336
Administrative Expenses	7	1,524,331
Preliminary Expenses		86,704
Depreciation		142,475
Total		23,602,417
Profit before tax		8,784,692
Provision for Taxation		
Current tax		1,750,000
Deferred Tax		1,203,200
Profit after Tax		5,831,492
APPROPRIATIONS:		
Transfer to General Reserve		-
Balance transferred to Balance Sheet		5,831,492
Earning per share - [Face Value - Rs. 10 per share]		
-Basic		106.49
-Diluted		102.05
Accounting Policies and Notes on Accounts	8	

As per our report of even date
For V. Nagarajan & Co.,
 Chartered Accountants

for **BASIX Consulting & Training
 Services Ltd**

30/Apr/11
 Hyderabad


(V. Nagarajan)
 Partner


 Chairman


 Managing Director



Firm Reg. No.: 04879N | M.No. 019959

BASIX Consulting and Training Services Ltd

Rs.

SCHEDULES TO BALANCE SHEET AS AT	31-Mar-11
Sch 1: Share Capital	
Authorised:	
Equity Shares	
2,500,000 Equity Share of Rs 10 each	25,000,000
Preference Shares	
2,500,000 Equity Share of Rs 10 each	25,000,000
Total	50,000,000
Issues Subscribed and Paid up:	
Equity Share Capital	
2,50,000 equity shares of Rs 10 each fully paid up in Cash (of which 2,00,000 equity shares issued for consideration other than cash at a premium of Rs. 40)	2,500,000
Preference Share Capital	
10,00,000, 9% Cumulative Compulsory Convertible Preference shares of Rs 10 each fully paid up in kind (All are issued for consideration other than cash)	10,000,000
Total	12,500,000
Sch 2: Reserves and Surplus	
Share Premium Account	
Received during the period	8,000,000
Income and Expenditure Account	
For the Period	5,831,492
Total	13,831,492
Sch 4: Current Assets, Loans and Advances	
A: Current Assets	
Balances with Scheduled banks:	
In current accounts	3,823,183
Sub Total	3,823,183



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BASIX Consulting and Training Services Ltd

Rs.

SCHEDULES TO BALANCE SHEET AS AT		31-Mar-11
B: Loans and Advances		
[Advances receivable in cash or in kind or for value to be received, considered good]		
Sundry Debtors (Less than six months)		1,934,247
Tax Deducted at Source		1,256,820
Advances to Staff & Others		681,175
Advances for services		4,938,420
Prepaid Expenses		23,896
Sub Total		8,834,558
Total		12,657,741
Sch 5: Current Liabilities and Provisions		
A: Current Liabilities		
Consultancy fees received in advance		4,312,751
Statutory Dues		2,473,747
Other Liabilities		3,405,758
Due to Bhartiya Samruddhi Investments & Consulting Services Ltd (Holding Company)		2,613,866
Sub Total		12,806,122
B: Provisions		
Taxation		1,750,000
Gratuity		778,452
Sub Total		2,528,452
Total		15,334,574

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BASIX Consulting and Training Services Ltd

Schedules to Balance Sheet as at 31 March, 2011




Schedule 3: Fixed assets

Rs.

Nature of Asset	GROSS BLOCK		DEPRECIATION		NET BLOCK
	Additions during the period	As on 31.03.2011	For the period	Up to 31.03.2011	As on 31.03.2011
A. Fixed Assets					
Computers & Peripherals	183,388	183,388	501	501	182,887
Office Equipment	86,648	86,648	101	101	86,547
Furniture & Fixtures	187,037	187,037	195	195	186,842
Sub Total	457,073	457,073	797	797	456,276
B. Intangible Assets					
Technical Know-how, logo usage charges, brand, business commercial rights *	29,550,111	29,550,111	141,679	141,679	29,408,432
Sub Total	29,550,111	29,550,111	141,679	141,679	29,408,432
TOTAL	30,007,184	30,007,184	142,475	142,475	29,864,709

* Acquired under the Business Transfer agreement with the Holding Company



BASIX Consulting and Training Services Ltd

Rs.

SCHEDULES TO PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED	31-Mar-11
Sch 6: Personnel Cost	
Salaries , allowances and other benefits	10,541,356
Contribution to Provident Fund	308,486
Gratuity	778,452
Total	11,628,294
Sch 7: Administrative Expenses	
Rent, Rates & Taxes	435,500
Office Maintenance	294,868
Meeting Expenses	211,094
Postage and telecommunications	209,734
Electricity expenses	117,310
Auditor's remuneration and expenses	100,000
Other Administrative expenses	75,172
Printing & Stationary	55,055
Miscellaneous Expenses	25,598
Total	1,524,331

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BASIX CONSULTING AND TRAINING SERVICES LIMITED

NOTES FORMING PART OF BALANCE SHEET AND PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED MARCH 31, 2011

SCHEDULE 8: ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

I) ACCOUNTING POLICIES:

a) Basis of preparation of financial statements:

The financial statements are prepared under the historical cost convention and comply in all material aspects with the applicable accounting principles in India, accounting Standards notified under sub-section (3C) of Section 211 of the Companies Act, 1956 and the other relevant provisions of the Companies Act, 1956.

b) Use of Estimates:

The preparation of financial statements in conformity with Indian Generally Accepted Accounting Policies requires management to make certain estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of financial statements and reported amounts of revenue and expenses during the reported period. Although such estimates are made on a reasonable and prudent basis taking into account all available information, actual results could differ from those estimates.

c) Revenue Recognition:

- i) In respect of service contracts income is recognized on the basis of proportionate completion of the contract with reference to the stage of performance and corresponding income.
- ii) Interest income on deposits with banks is recognized on time proportion accrual basis taking into the account, the amount outstanding and rate applicable.

d) Fixed Assets:

Fixed assets are stated at cost net of depreciation. The cost of an asset comprises its purchase price (net of capital grants) and any cost directly attributable for bringing the asset to its working condition and location for its intended use.

Fixed Assets includes Intangible Assets for the value of the Business Transfer made from Bhartiya Samruddhi Investments and Consulting Services Limited which will be charged off over four years from the year on which surplus generated.

e) Depreciation:

- i) Depreciation is provided on the Straight-line method at the following stated rates specified under Schedule XIV of the Companies Act, 1956:

Class of fixed assets	Rate
Furniture & Fixtures	6.33%
Office Equipment	7.07%
Computers & Peripherals	16.21%
Intangible Assets	25.00%

- ii) Depreciation is provided on the pro-rata basis from the date the asset is being put to use.

f) Employee Benefits:

- i) Short term employee benefits including salaries, social security contributions, short term compensated absences (such as paid annual leave) where the absences are expected to occur within twelve months after the end of the period in which the employees render the related service, profit sharing and bonuses payable within twelve months after the end of the period in which the employees render the related services and non monetary benefits (such as medical care) for current employees are estimated and measured on an un-discounted basis.

ii) Defined Contribution Plan

Company's contributions paid / payable during the year to Provident Fund and Pension fund are recognized in the Profit and Loss Account.

iii) Defined Benefit Plan

Liabilities for gratuity funded in terms of a scheme administered by the Life Insurance Corporation of India, are determined by Actuarial Valuation on Projected Unit Credit Method made at the end of each financial year. Provision for liabilities pending remittance to the fund is carried in the Balance Sheet.

Actuarial gains and losses are recognized immediately in the statement of Profit and Loss Account as income or expense. Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to market yields at the Balance Sheet date on Government bonds.

g) Income Taxes & Deferred Taxes

- i) Provision for current year tax is made after taking into consideration benefits



Audited Financial Statements for the period ended March 31, 2011

BASIX CONSULTING AND TRAINING SERVICES LIMITED

NOTES FORMING PART OF BALANCE SHEET AND PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED MARCH 31, 2011

/disallowances admissible under the provisions of the Income Tax Act, 1961. Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax is recognized, on timing difference, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets on unabsorbed depreciation and carried forward business losses, are recognized only if there is virtual certainty that they will be realized and are reviewed every year. The tax effect is calculated on the accumulated timing differences at the end of the year based on enacted or substantially enacted tax rates.

h) Foreign Currency Transactions:

- i) **Initial Recognition:** Foreign currency transactions are recorded in the reporting currency by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of transaction.
- ii) **Conversion:** Foreign currency monetary items are reported using the exchange rate prevailing at the close of the financial year.
- iii) **Exchange Difference:** Exchange differences arising on the settlement of monetary items, or on reporting monetary items of the Company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

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BASIX CONSULTING AND TRAINING SERVICES LIMITED

NOTES FORMING PART OF BALANCE SHEET AND PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED MARCH 31, 2011

NOTES TO ACCOUNTS:

1) Business Operation:

a) The company has various business services namely,

- Providing Information Technology solutions including transaction automation for Micro-Finance Institutions and Livelihood Promotion Organizations.
- Providing holistic development consulting and training services NGO-MFIs /CB-MFIs/ APEX organizations including Rural Financial Institutions, which are supporting poor and livelihoods, to help build their capacity on various systems and procedures including governance, operations, funds management, HR, automated Management information systems etc., to transform them into strong organizations capable of managing expansion and scale.
- Identifying potential individuals, including from rural poor and socially disadvantaged communities, training them in building their competencies (knowledge, skill and attitude) and deploy as required by the livelihood sector from time to time, which is known as BASIX Academy for Livelihood and Microfinance Promotion (B-A-LAMP).

2. Business Combinations:

The Company acquired an existing business as well business under incubation viz.

- BASIX Academy for Livelihood and Microfinance Practice,
- IT Consulting Services
- Livelihood Consulting Services (National)

from Bhartiya Samruddhi Investments and Consulting Services Ltd (the Holding Company) for a consideration of Rs. 300 lakhs, which was settled by payment of Rs. 100 Lakh and by issue of 200,000 equity shares of Rs. 10 each, issued at a premium of Rs. 40 and 10,00,000 cumulative, convertible, preference shares of Rs. 10 each, with 9% coupon rate. The transfer was effected through a business (Know how, Technology and Rights) transfer deed dated March 26, 2011.

3. Employee Benefits:

The following table summarizes the components of net benefit recognised in the Balance sheet for the plan.

Particulars	Rs.
	Gratuity 31-Mar-11
Current service cost	1,07,102
Interest cost on benefit obligation	Nil
Expected return on plan assets	Nil
Net actuarial (gain) / loss recognized in the year	6,71,350
Past service cost	Nil
Net benefit expense	7,78,452

Particulars	Rs.
	Gratuity 31-Mar-11
Defined benefit obligation	7,78,452
Fair value of plan assets	Nil
Less: Unrecognized past service cost	Nil
Plan asset / (liability)	(7,78,452)



Audited Financial Statements for the period ended March 31, 2011

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BASIX CONSULTING AND TRAINING SERVICES LIMITED

NOTES FORMING PART OF BALANCE SHEET AND PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED MARCH 31, 2011

The principal assumptions used in determining gratuity benefit obligations for the company's plans are shown below:

Particulars	Gratuity
	31-Mar-11
Discount rate	8.00%
Salary Escalation	7.50%
Attrition rate	10.00%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in employment market.

4. Earnings Per Share:

Earnings per share is calculated as per Accounting Standard -20 "Earnings per share" issued by Institute of Chartered Accountants of India.

Particulars	31-Mar-11	
	Basic	Diluted
Profit after tax as per Accounts (Rs.)	58,31,492	58,31,492
Weighted Average No. of shares outstanding	54,762	57,143
Earnings Per share [Face Value - Rs. 10 per share]	106.49	102.05

5. Related Party transactions:

The Company has transacted with following related parties during the year, which comes under the purview of Accounting Standards 18 issued by ICAI. The details are as follows:

a) List of related parties:

S No.	Party	Relationship
1.	Bhartiya Samruddhi Investment and Consulting Services Limited	Holding Company
2.	BASIX Krishi Samruddhi Limited	Fellow Subsidiary
3.	BASIX SUB-K ITransactions Limited	Fellow Subsidiary
4.	C-TRAN Consulting (P) Limited	Fellow Subsidiary
5.	BASIX Academy for Building Lifelong Employability Limited	Fellow Subsidiary
6.	Krishna Bhima Samruddhi Local Area Bank Limited	Fellow Subsidiary
7.	Bhartiya Samruddhi Finance Limited	Associate to Holding Company
8.	Indian Grameen Services	Entity in which directors are interested
9.	Mr. Vijay Mahajan	Key Management Person
10.	BL Parthasarathy	Key Management Person

b) List of related parties transactions during the year.

Name of the Related Party	Nature of Transaction	Type of Transaction	Amount (Rs.)
Bhartiya Samruddhi Investments and Consulting Services Ltd	Allotment of shares	Receipt	3,80,000
	Acquisition of Technical-Know-how, logo rights, brand, business commercial rights by issue of Equity and preference shares	Kind	2,00,00,000
		Payment	1,00,00,000
Indian Grameen Services	Rent for FY 2010-11	Payment	4,35,500
The Livelihood School	Fee incurred for sessions for fundamentals of livelihood	Payment	24,817



Audited Financial Statements for the period ended March 31, 2011

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BASIX CONSULTING AND TRAINING SERVICES LIMITED

NOTES FORMING PART OF BALANCE SHEET AND PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED MARCH 31, 2011

BASIX Krishi Samruddhi Limited	Consultancy Services	Payment	15,00,000
BASIX SUB-K iTransactions Limited	Consultancy Services	Payment	45,00,000
Vijay Mahajan	Investment in equity shares	Receipt	50,000
BL Parthasarathy	Investment in equity shares	Receipt	30,000

6. Details of Auditors' remuneration

Particulars	31-Mar-11
Audit Fees	1,00,000
Total	1,00,000

7. Details of Earnings and Expenses in Foreign currency:

a. Earnings/Receipts:

Particulars	31-Mar-11
Consulting Services	2,886

b. Expenses:

Particulars	31-Mar-11
Consultancy Charges	389
Traveling Expenses	669
Total	1,058

8. MISCELLANEOUS

- Additional information pursuant to paragraph 4-C and 4-D of Part B to Schedule VI of the Companies Act, 1956 – None, other than stated above.
- The Company is in the process of identifying the suppliers, who would be covered under the Micro, Small and Medium Enterprises Development Act, 2006. Under these circumstances, the information, if any, required to be disclosed under the Act, has not yet been ascertained.
- The company was incorporated as on July 22, 2010 and it obtained certificate of commencement of business on August 3, 2010. The Profit and Loss account is prepared for the period August 3, 2010 to March 31, 2011.
- This being the first year of operations, corresponding figures of previous year have not been furnished.

April 30, 2011
Hyderabad

As per our report of even date
for **V. Nagarajan & Co.,**
Chartered Accountants


(V. Nagarajan)
Partner



ICAI Firm Reg. No.: 04879N | M.No. 019959

for **BASIX Consulting and
Training Services Limited**


Chairman


Managing Director