



SAKSOFT

Information Management Specialist



# Saksoft Limited

Annual Report 2010-11



**OUR MOTTO:-**

Saksoft is your trusted partner for Information Management;  
we deliver success.

**OUR VISION:-**

The Preferred Information Management partner to successful companies  
around the globe.

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## FORWARD - LOOKING STATEMENT

The Management Discussion and Analysis Report section of Annual Report contains certain forward looking statements in that may lead to risks and uncertainties. The usage of words like “anticipate”, “believe”, “estimate”, “intend”, “will” and “expect” and other similar expressions as they relate to the Company or its business are intended to identify such forward-looking statements. The Company undertakes no obligation to publicly update or revise any forward-looking statements. Actual results, performances or achievements could differ materially from those expressed or implied in such forward looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements.

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

Autar Krishna  
Chairman (Non-Executive)  
Aditya Krishna  
Managing Director  
R. Rajagopalan  
Independent Non-Executive Director  
Amitava Mukherjee  
Independent Non-Executive Director  
Ajit Thomas  
Independent Non-Executive Director

### EXECUTIVE COMMITTEE

Aditya Krishna  
Managing Director  
Niraj Kumar Ganeriwal  
Chief Financial Officer  
Sampath Rengachari  
Executive Vice President  
Naushad Ahmed  
Executive Vice President  
Sasikumar  
Vice President at Saksoft USA  
Ekambaram Ramachandran  
Vice-President for Products and Alliances  
Dhiraj Mangla  
Vice President of Web Technology  
Annu Thomas  
Global Head of HR  
Nick Sullivan  
Sales Director  
Jonathan Eeley  
Solution Development Manager

### COMPANY SECRETARY & COMPLIANCE OFFICER

S. Narayan

### WEBSITE

[www.saksoft.com](http://www.saksoft.com)  
[www.acuma.co.uk](http://www.acuma.co.uk)

### EMAIL

[info@saksoft.com](mailto:info@saksoft.com)

### DEVELOPMENT CENTERS

#### Chennai

SP Infocity  
Block A, 2nd Floor,  
40, MGR Salai,  
Perungudi, Kandanchavadi,  
Chennai - 600 096.  
Phone : + 91 44 2454 3500  
Fax : + 91 44 2454 3510

#### Noida

B 35 - 36, Sector 80, Phase II,  
(Near Moserbaer),  
Noida - 201305.  
Phone : + 91 120 2462 175  
Fax : + 91 120 2462 179

#### Manchester

Waterside Court,  
1 Crewe Road, Manchester,  
M23 9BE.  
Phone: +44 870 789 4321  
Fax : +44 -870 789 4002

### AUDITORS

M/s BSR &Co.,  
Chartered Accountants  
No. 10, Mahatma Gandhi Road  
Nungambakkam  
Chennai- 600 034.

### BANKERS

Citibank N.A, Chennai  
Deutsche Bank., Chennai  
IndusInd Bank., Chennai

### REGISTERED AND CORPORATE OFFICE

SP Infocity,  
Module 1, 2nd Floor,  
#40, Dr. MGR Salai, Kandanchavadi,  
Perungudi, Chennai- 600 096.  
Ph: 91-44-24543500  
Fax: 91-44-24543501

### SUBSIDIARIES

Saksoft Inc., USA  
Saksoft Pte Limited., Singapore  
Saksoft Investments Pvt Limited, UK  
Saksoft GmbH., Germany  
Saksoft HK Ltd., Hong Kong

### REGISTRAR AND SHARE TRANSFER AGENT

Cameo Corporate Services Limited  
Subramanian Building,  
No. 1, Club House Road, Chennai- 600 002.  
Ph: 91-44-28460390  
Fax: 91-44-28460129

## CORPORATE INFORMATION

Saksoft is the Preferred Information Management partner for successful companies around the globe

**Founded:** 24 November 1999

### Organizational Structure:

- Saksoft is headquartered in Chennai, India.
- Three global development centers at Manchester (UK), Chennai (India) and Noida (India)
- International sales offices in London, Manchester, Frankfurt, New York, Chicago, Singapore, India and Hong Kong
- Listed on the National Stock Exchange of India and the Bombay Stock Exchange.

### Philosophy:

We deliver success to your enterprise by helping to consolidate, organize and manage the huge volume of data collected by your business. Working with data sources that are often disparate and complex, we provide accurate, high quality, relevant information readily available to the people who need it. By being better informed, they are empowered to make key decisions and implement strategies for making the enterprise successful.

### Our Offerings:



### Industry experience includes:

Financial Services – Banking & Insurance, Telecom, Public Sector, Central Government, Retail – FMCG/CPG, Life Sciences, Hospitality, Travel and Leisure, Utilities.

### Technology partners include:

IBM, SAP, Microsoft and Oracle

## CORPORATE INFORMATION

Saksoft is an Information Management Specialist. Acuma, Saksoft's fully owned subsidiary is rated among the top 3 Information Management companies in the UK. Our solutions are a combination of domain knowledge and technical expertise. We build solutions that follow the best industry practices and deliver IT solutions that enhance your business value. Our services and products are modeled to aid corporates in identifying their pain points and providing solutions which will use available information to improve processes, maximize profitability and manage risk better.

### Fast Facts

Multiple offshore centers: 250+ in Chennai (India) and 750+ in Noida (India) and 50+ in Manchester(UK). We have a global presence with sales offices in New York, Chicago, Singapore, London, Manchester, Germany and Chennai, Mumbai and Noida. Established in 2000 the Company has been profitable in every year of operation CMMI Level 5 Accredited Quality Processes a Public Listed Company.



Saksoft provides you with a duplication system designed to suit the requirements of the BSFI industry. Saksoft Dedupe System presents consolidated, non- redundant and accurate customer data, which provides you with extra capability and reduces your time to market. It helps you improve the accuracy of your customer data through a combination of matching techniques, algorithms and phonetics.



Acusend is an information scheduling and distribution engine product, which ensures that information is distributed whilst maintaining the highest level of security. It is also capable of generating personalized content dynamically from a variety of inputs and delivers the same in a variety of output format (Word, Excel, PDF, XML, CSV)



Prima is a comprehensive Loyalty and Rewards Management System, which allows you to set up and manage multiple accruals, redemption programs and handle multiple marketing partners effectively. Prima has the flexibility to define cross partner programs and can be perfectly aligned with your marketing strategies.



Veri-sens is a ready-to-go comprehensive Business Intelligence solution (pre built reports and dashboards) for retail banking organizations that encompasses retail banking asset products ranging from credit cards to consumer finance. It is based on a proven solution framework (with Key Performance Indicators (KPI) that has been successfully implemented in some of the leading global retail banks across the world. It allows users to connect strategic and operational goals that evaluate, monitors and improve transparencies in the business. Veri-sens is a never ending BI project, but that which could be customized in a short period of time to reap immediate benefits.

## LETTER TO THE SHAREHOLDERS

Dear Shareholders,

The year 2010-11 saw a major shift from the classic proposition of offshoring into an era where domain expertise and transformational skills are fast becoming the core offering for the Indian IT services industry. Your company has held on to its core Information Management specialty and focused its efforts in maintaining relationships and investing in its sales and marketing efforts.

We took our Information Management Specialist tag to our 4 major markets viz USA, UK, India and Singapore and delivered solutions with a lower Total Cost of Ownership (TCO) to our clients, on time and most importantly keeping customer requirements right to the forefront.

During the year, we cemented our relationships with long tenure Managed Services contracts with our Top 4 clients, implemented projects successfully and expanded our basket of service offerings to become the Preferred Information Management Partner to successful companies around the globe. Markets in US have finally started delivering results for your company while our European and APAC markets have started showing signs of growth and improvement.

Our Information Management offering became an Arrowhead for our global Go-to-Market strategy. The addition of Credit Management and Managed services and an innovative partnership with FICO have ensured your company's positioning as an end to end Information Management Services provider.

Our Independent Testing Practice got strengthened with the addition of T24 (Core Banking Software used by EMEA banking industry) testing services in a partnership with a strategic vendor of T24 implementation. Our investments in Test Automation tools and a Testing Framework have begun to get appreciative nods from our clients.

Our Web technology team executed cutting edge solutions for some of the global digital marketing and credit management companies. These engagements also provided the much needed stability through long term managed services contracts with our key clients.

In 2010, as the markets were still coming out of their hibernation, we embarked on a global Customer Satisfaction Survey and based on feedback obtained from the survey, we have reorganized the company to serve our top 5 customers with a dedicated Global Account Management approach: each of the Top 5 customers have a Top Management mentor and a dedicated engagement manager at all their key locations.

During the year, we achieved revenue of Rs.105.60 Crores, covering all our service offerings and international subsidiaries

Our employees are our pillars and their stability and their passion to drive performance is what makes your company a unique organization. We needed to reward their ability to scale up, ignite their entrepreneurial instincts, and ensure that they deliver outstanding results in the coming years.

2010-11 has been a tough and challenging but it has been exciting as we discover what keeps us ticking and what makes us perform well. We intend to focus on building a scalable delivery organization, focus on core competencies, manage our costs and grow our customers. To achieve this objective, apart from organic growth opportunities, inorganic methods of enhancing the business levels are being explored.

We thank you for your faith and continued belief in our management and in the business environment in which we operate. We will endeavor to work towards our 2011-12 goals and position the company as the all-powerful Information Management Specialist.

Autar Krishna  
**CHAIRMAN**

## BOARD OF DIRECTORS

### **Autar Krishna**

Chairman

Mr. Autar Krishna is the founder promoter of Saksoft Ltd, and promoted The Sak Industries Ltd (TSIL) in 1962. Mr. Autar Krishna and TSIL promoted Widia (India) Limited, a joint venture with Meturit A.G.Switzerland, a subsidiary of Friedrich Krupp GmbH, for which Mr. Krishna was the Chairman 1986 to 2002. He is currently the Chairman of Banarsidas Chandiwala Sewa Smarak Trust Society and the Chairman of the Audit Committee of India Glycols Limited. He also serves as Director of Sak Abrasives Limited and Sak Technologies Limited. Mr. Autar Krishna holds 200,120 Equity Shares of Saksoft Limited.



### **Aditya Krishna**

Managing Director

Aditya Krishna, the Founder and the Managing Director of the Saksoft Group, spearheads Saksoft's growth across domains and geographies. He brings with him over 25 years of experience in the banking and financial services industry. After a long career with Chase Manhattan Bank in New York and later with Citibank, New York, he relocated to India in 1990, as part of a four-member team to establish Citibank's Credit Card business in the country. Instrumental in developing the in-house software to run credit card.



### **R. Rajagopalan**

Independent Non-Executive Director

Mr. R. Rajagopalan was appointed on 14th October 2004 as an Independent Director liable to retire by rotation and subsequently was elected as Chairman to the Board on 28th July 2008. He has been with Widia (India) Ltd as the Managing Director - Commercial & Secretary. He was the National President of the Institute of company Secretaries of India (ICSI) in 1979-80 and the President of the Institute of the Employer's Federation of Southern India (EFSI) in 1992-93. He is presently on the Board of MRO-TEK Ltd, GTN Textiles Ltd and Patspin India Ltd. He is also the Chairman of the Audit Committee, Shareholders/Investors Grievances Committee and Remuneration Committee of the Company.





## BOARD OF DIRECTORS

### **Amitava Mukherjee**

Independent Non-Executive Director

Mr. Amitava Mukherjee has been a director of our company since 2003. He is an independent Director of our company and also a member of audit committee and remuneration committee. He pursued his Masters in Management studies from Asian Institute of management, Manila, also a masters in Business Economics from Delhi School of Economics, New Delhi. He has rich and varied experience in investment banking having been involved with several transactions on behalf of large Indian Corporate houses and Multinationals. He has served as Managing Director and Board Member both at Lazard India and Ambit Corporate Finance.



### **Ajit Thomas**

Independent Non-Executive Director

Mr. Ajit Thomas is a renowned Industrialist, the promoter and chairman of AVT Natural Products Ltd. He is associated with AVT Group of Companies for about three decades and has extensive experience and expertise in business and management. He holds a Bachelor's degree in Statistics. He is also on the board of A.V. Thomas & company Limited, A.V. Thomas Investment & Co, Midland Corporate Advisory Services, AVT InfoTech Pvt Ltd and more.



## GEOGRAPHIC PRESENCE

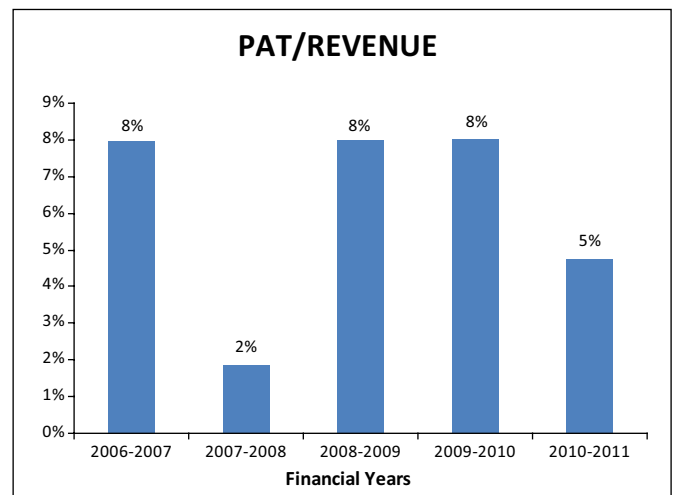
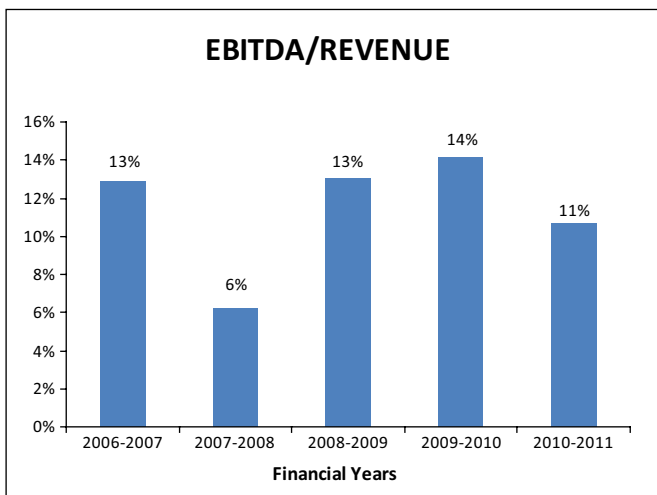
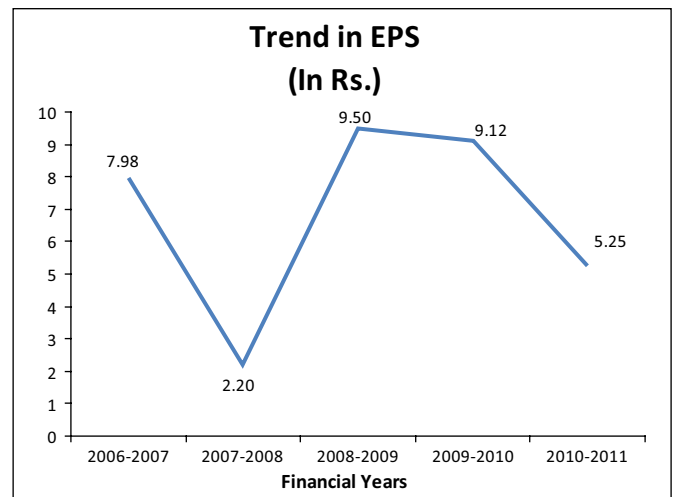
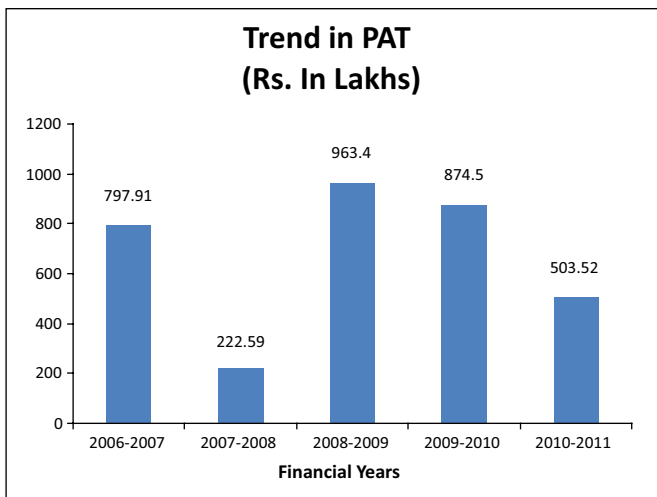
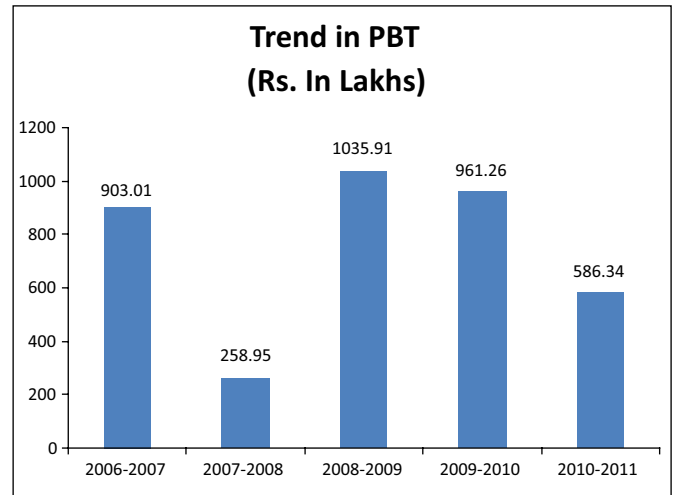
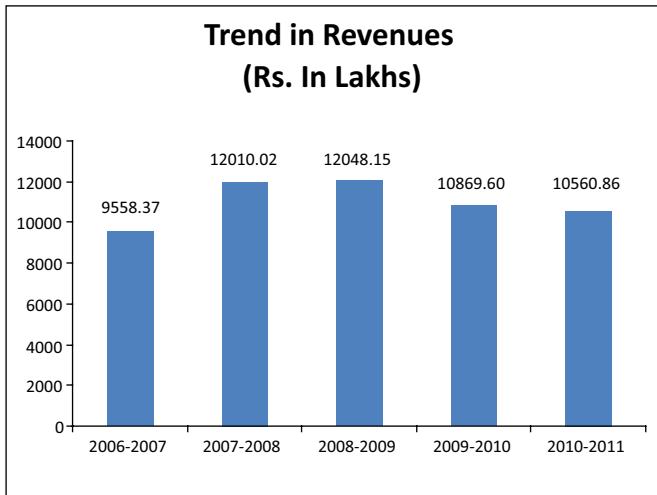


## CONSOLIDATED FINANCIAL HIGHLIGHTS – LAST 5 YEARS

(Rs.in Lakhs)

PARTICULARS	FY 2006-07	FY 2007-08	FY 2008- 09	FY 2009-10	FY 2010-11
Revenue from Operations	9,558.37	12,010.02	12,048.15	10,869.60	10,560.86
Other Operating Income	54.25	220.36	199.14	65.11	79.03
<b>Total Income</b>	<b>9,612.62</b>	<b>12,230.38</b>	<b>12,247.29</b>	<b>10,934.71</b>	<b>10,639.89</b>
Employee Cost	4,801.74	7,059.45	6,321.89	5,518.54	5,598.63
Operating, Admin & Other expenditure	3,580.03	4,422.89	4,353.35	3,880.86	3,911.60
<b>Total Expenses</b>	<b>8,381.77</b>	<b>11,482.34</b>	<b>10,675.24</b>	<b>9,399.40</b>	<b>9,510.23</b>
<b>PBDIT</b>	<b>1,230.85</b>	<b>748.04</b>	<b>1,572.05</b>	<b>1,535.31</b>	<b>1,129.66</b>
Interest & Finance Charges	198.87	285.72	338.66	382.29	359.85
<b>PBDT</b>	<b>1,031.98</b>	<b>462.32</b>	<b>1,233.39</b>	<b>1,153.02</b>	<b>769.81</b>
Depreciation	128.97	203.37	197.48	191.76	183.46
<b>Profit before Taxation</b>	<b>903.01</b>	<b>258.95</b>	<b>1,035.91</b>	<b>961.26</b>	<b>586.35</b>
Tax Expense	105.10	36.36	72.51	86.76	82.83
<b>Profit/(Loss) after Taxation</b>	<b>797.91</b>	<b>222.59</b>	<b>963.40</b>	<b>874.50</b>	<b>503.52</b>
<b>EPS (Rs. per share)</b>	<b>7.98</b>	<b>2.20</b>	<b>9.50</b>	<b>9.12</b>	<b>5.25</b>

## FIVE YEAR FINANCIALS (GROUP)



## NOTICE TO THE SHAREHOLDERS

**NOTICE** is hereby given that the Twelfth Annual General Meeting of the members of the Company will be held on Friday, the 5<sup>th</sup> day of August 2011 at 10.00 AM at P.Obul Reddy Hall, Vani Mahal, 103, G.N. Chetty Road, T.Nagar, Chennai – 600 017 to transact the following business:

### Ordinary Business:

1. To receive, consider and adopt the audited Balance Sheet as at 31<sup>st</sup> March 2011 and the Profit and loss Account of the Company for the year ended 31<sup>st</sup> March 2011 together with the Report of the Directors and the Auditors thereon.
2. To declare a dividend on equity shares.
3. To appoint a Director in the place of Mr.Autar Krishna, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To consider and if thought fit, to pass, with or without modification(s), the following resolution, as an ORDINARY RESOLUTION:

“**RESOLVED** that pursuant to the provisions of Sections 224 and other applicable provisions, if any, of the Companies Act, 1956, M/s. Suri & Co., Chartered Accountants, be appointed as Statutory Auditors of the Company, in place of retiring auditors, M/s. BSR & Co., Chartered Accountants, to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting, on a remuneration to be determined by the Board of Directors of the Company, based on the recommendations of the Audit Committee.”

### Special Business:

#### 5. Re-appointment of Mr. Aditya Krishna, as Managing Director:

To consider and if thought fit to pass with or without modifications the following resolution proposed as an **ORDINARY RESOLUTION**.

“**RESOLVED** that subject to the provisions contained in Sections 198, 269, 309, 310, 311 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, approval of the Members be and is hereby accorded for the re-appointment of Mr. Aditya Krishna as Managing Director of the Company, for a further period of 5 years with effect from 01.04.2011 to 31.03.2016 on the terms and conditions including remuneration, perquisites and benefits as set out in the Explanatory Statement annexed thereto.

**RESOLVED FURTHER THAT** in the event of possible absence or inadequacy of profits in any financial year, Mr. Aditya Krishna, Managing Director shall be paid the same remuneration as set out in the explanatory statement annexed thereto, as minimum remuneration subject to statutory approvals as may be required from time to time.

**RESOLVED FURTHER THAT**, subject to the recommendation of the Remuneration Committee, the Board of Directors of the Company be and is hereby authorized to make such other modifications, alterations, variations in the terms and conditions relating to remuneration of the Managing Director in terms of Schedule XIII and other applicable provisions of the Companies Act, 1956, at their own discretion from time to time.”

**6. Appointment under Section 314 of the Companies Act, 1956:**

To consider and if thought fit to pass with or without modification(s) the following resolution as **SPECIAL RESOLUTION**

“**RESOLVED THAT** pursuant to the provisions of Sub-Section (1) of Section 314 and other applicable provisions, if any, of the Companies Act, 1956 read with the Directors’ Relatives (Office or Place of Profit) Rules, 2003 including any statutory modifications or re-enactment thereof, consent and approval of the Company be and is hereby accorded to Ms. Avantika Krishna, who is a relative of Chairman and of Managing Director of the Company to hold and continue to hold an office as Executive – Human Resource with effect from February 1, 2011 on a monthly salary as may be decided by the Board and other benefits and amenities as applicable to other employees of the Company and further subject to revision from time to time.”

**BY ORDER OF THE BOARD OF DIRECTORS  
FOR SAKSOFT LIMITED**

**Place: CHENNAI  
Date : May 27, 2011**

**S NARAYAN  
COMPANY SECRETARY**

## NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER. THE FORM OF PROXY IS ENCLOSED. THE INSTRUMENT APPOINTING PROXY SHOULD BE DEPOSITED AT THE OFFICE OF THE REGISTRAR AND SHARE TRANSFER AGENTS OF THE COMPANY VIZ. CAMEO CORPORATE SERVICES LIMITED, "SUBRAMANIAM BUILDING" NO.1, CLUB HOUSE ROAD, CHENNAI 600 002 AT LEAST 48 HOURS BEFORE COMMENCEMENT OF THE MEETING.**
2. The Register of Members and the Share Transfer Books of the Company will remain closed from 29<sup>th</sup> July 2011 to 5<sup>th</sup> August 2011 (both days inclusive).
3. The dividend as recommended by the Board, if approved at the meeting, will be payable to those members whose names appear in the Register of Members as on 5<sup>th</sup> August 2011. The dividend in respect of share held in the electronic form will be payable to the beneficial owners of the shares as on 29<sup>th</sup> July 2011 per details furnished by the Depositories for this purpose.
4. Members holding shares in physical form are requested to immediately notify change in their address to the Company's Share Transfer Agents Cameo Corporate Services Limited, "Subramanian Building" No.1, Club House Road, Chennai 600 002 and those who wish to receive dividend in electronic mode are requested to forward a specimen cheque leaf duly marked as such to Registrars at the above address.
5. Members holding Shares in electronic form may please note that, as per the applicable regulations of the Depositories, the bank details as furnished by the respective depositories to the company will be printed on the dividend warrants issued from time to time. The company/ the Registrar will not entertain any direct request from members for deletion of or change in such bank details. It may please be noted that, dividend instructions, if any, already given by members in respect of shares in physical form will not be automatically applicable to the dividend payable on shares in electronic form. **Members may, therefore, give instructions directly to their Depository Participants regarding bank accounts for crediting the dividend.**
6. Members/proxies are requested to bring their attendance slips duly filled in and their copy of the Annual Report for the Meeting.
7. Members who hold shares in the dematerialized form are requested to bring their Client\_ID and DP\_ID to the meeting for easier identification.
8. Corporate members intending to depute their authorized representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.
9. Relevant documents referred to in the accompanying Notice are open for inspection by the members at the Registered Office of the Company on all working days, except Saturdays and Sundays between 11.00 AM and 01.00 PM upto the date of the meeting.
10. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to the Company's Registrars and Transfer Agents, M/s Cameo Corporate Services Limited for consolidation into a single folio.
11. The Ministry of Corporate Affairs ("MCA") has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by companies vide a Circular No.18/2011 dated April 29, 2011 stating that a company would have complied with Section 53 of the Act, if the service of document has been made through electronic mode. Pursuant to this circular we give an advance opportunity to every shareholder to register his / her email address and changes therein, if any, from time to time with Company's Registrars and Transfer Agents, M/s Cameo Corporate Services Limited.

12. In terms of clause 49 of the Listing Agreement with Stock Exchanges, a brief resume of the directors who are proposed to be re-appointed at this meeting is given below.

**Mr. Autar Krishna**

DIN No: 00031386

Mr.Autar Krishna is the founder promoter of Saksoft Ltd. He has completed his B.Sc from St. Stephens College, New Delhi and G.M.Mech (E) in London. He has over 37 years of experience in the Steel and Engineering industry. He promoted The Sak Industries Ltd (TSIL) in 1962. Mr.Autar Krishna and Sak Industries promoted Widia (India) Limited, a joint venture with Meturit A.G. Switzerland, a subsidiary of Friedrich Krupp GmbH, and was the Chairman of the Company from 1986 to 2002. He is the Chairman of Banarsidas Chandiwala Sewa Smarak Trust Society. He is also the Chairman of the Audit Committee of India Glycols Limited. He also serves as Director of Sak Abrasives Limited.

Mr.Autar Krishna holds 200,120 Equity Shares of Saksoft Limited. Mr.Autar Krishna is related to Mr. Aditya Krishna, Managing Director of the Company.



## EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

### Item No.5

#### Re-appointment of Mr.Aditya Krishna as Managing Director

Mr. Aditya Krishna, the founder promoter and the Managing Director of Saksoft Limited has been instrumental in driving the business development efforts of the Group with over 28 years of his experience in the banking and financial services industry. He has contributed significantly to the growth of the company in every year of its operation and under his able leadership Saksoft today has grown into a multi- faceted conglomerate with an excellent reputation for software development and testing services with multinational banks. In view of his valuable contribution and his profound knowledge of the industry and business acumen, the Board considers it desirable in the interest of the company to reap the benefit of his leadership for its continued growth in future and has approved his reappointment for a further period of five years, subject to the approval of the shareholders in the Annual General Meeting on the following terms of remuneration. Mr.Aditya Krishna is the lone Wholetime Director of the Company.

#### Details of terms of remuneration:

The Basic salary of Rs.2,50,000/- per month.

#### Perquisites and allowances:

In addition to salary, the Managing Director shall be entitled to the following perquisites/benefits, which shall be evaluated as per the Income Tax Rules wherever applicable. In the absence of any such rule, perquisite shall be evaluated at actual cost.

Perquisites include the following:

- A. Rent free residential accommodation or house rent allowance in lieu thereof.
- B. Actual Medical expenses incurred for self and family towards domiciliary and hospitalization expenses.
- C. Contribution to Provident Fund as per the rules of the Company.
- D. Club fees for two-clubs excluding admission and life membership fees.
- E. Leave Travel Concession once in a year for self and family to any place in India by Air/Rail/Road.
- F. Company maintained car with Driver.
- G. Telephone facility at residence.

#### Minimum remuneration:

Notwithstanding anything contained above, where in any financial year during the currency of the tenure of the Managing Director, the company has no profits or the profits are inadequate, the company shall pay the aforesaid remuneration as minimum remuneration subject to all statutory approvals as may be required from time to time.

#### Sitting Fees:

He shall not be paid any sitting fees for attending the meeting of the Board of Directors or any committee thereof from the date of his appointment.

#### Memorandum of Interest:

Mr.Aditya Krishna being a director of the Company is interested in his re-appointment as Managing Director.

Mr.Autar Krishna, Director is a "Relative" within the meaning of the Companies Act, 1956 being the father of Mr.Aditya Krishna and may be deemed to be interested in his re-appointment as Managing Director.

No other Directors of the Company is concerned or interested in the re-appointment of Mr.Aditya Krishna as Managing Director.

## Item No.6

### **Appointment of Ms.Avantika Krishna as an employee of the Company.**

Ms. Avantika Krishna was recently been accredited with Masters in Human Resource Management and Organisational Analysis from Kings College, London. She has been specializing in the core area of Human Resource Management and as a part of building her career in her chosen field has accepted appointment as Executive – HR with the Company.

Since Ms.Avantika Krishna is the daughter of Mr.Aditya Krishna, Managing Director and the relative of Mr.Autar Krishna, Chairman, and that the total monthly remuneration received by the said appointee falls below Rs.50,000 per month, the said appointment is governed by the provisions of Section 314 (1) of the Companies Act, 1956, and it is necessary to obtain the consent of the shareholders at this Annual General Meeting being the first general meeting held after the holding of office by Ms.Avantika Krishna as Executive-HR. Hence the Board recommends the resolution for your approval by way of Special Resolution.

None of the Directors except Mr.Aditya Krishna, Managing Director and Mr.Autar Krishna, Chairman may be deemed to be concerned or interested in the above resolution.

**BY ORDER OF THE BOARD OF DIRECTORS  
FOR SAKSOFT LIMITED**

**Place: CHENNAI  
Date : May 27, 2011**

**S NARAYAN  
COMPANY SECRETARY**

## DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting their Twelfth report on the business and operations of your Company together with the Audited Accounts for the financial year ended 31<sup>st</sup> March 2011.

### Financial Results

Your Board is pleased to provide the highlights on the performance of your Company and its subsidiaries and as a Standalone entity.

	Standalone Results (Rs. In Lakhs)		Consolidated Results (Rs. In Lakhs)	
	Year ended 31 <sup>st</sup> March 2011	Year ended 31 <sup>st</sup> March 2010	Year ended 31 <sup>st</sup> March 2011	Year ended 31 <sup>st</sup> March 2010
Export Revenue	3,295.88	3,289.72	9,638.44	9,901.56
Domestic Revenue	922.42	968.04	922.42	968.04
Other Income	74.94	9.03	79.03	65.11
<b>Total Income</b>	<b>4,293.24</b>	<b>4,266.79</b>	<b>10,639.89</b>	<b>10,934.71</b>
Operating expenses	3,610.82	3,589.16	9,510.23	9,399.40
<b>Operating Profits</b>	<b>682.42</b>	<b>677.63</b>	<b>1,129.66</b>	<b>1,535.31</b>
Depreciation	164.37	160.90	183.46	191.76
Interest and Finance Charges	286.66	270.93	359.85	382.29
<b>Net Profit before Tax</b>	<b>231.39</b>	<b>245.80</b>	<b>586.35</b>	<b>961.26</b>
Current Tax	114.30	114.00	119.81	121.07
Deferred Tax	(36.98)	(34.31)	(36.98)	(34.31)
<b>Net Profit after Tax</b>	<b>154.07</b>	<b>166.11</b>	<b>503.52</b>	<b>874.50</b>
<b>Profit brought forward</b>	<b>2,640.13</b>	<b>2,592.65</b>	<b>3,805.71</b>	<b>3,049.84</b>
Available for Appropriation	2,794.20	2,758.76	4,309.23	3,924.34
Transfer to General Reserve	-	-	-	-
Dividend and Dividend Tax	117.85	118.63	117.85	118.63
<b>Balance Carried forward</b>	<b>2,676.35</b>	<b>2,640.13</b>	<b>4,191.38</b>	<b>3,805.71</b>

## RESULTS OF OPERATIONS:

### Standalone Accounts

- Total income for the year 2010-2011 was Rs. 4,293.24 lakhs as against Rs. 4,266.79 lakhs during the year 2009-2010, achieving a marginal growth of 0.62%.
- Profit after tax was Rs. 154.07 lakhs during the year 2010-2011 as compared to Rs.166.11 lakhs during 2009-2010, registering a decline of 7.25%.
- Basic earnings per share was Rs. 1.61 for the financial year 2010-2011 as compared to earnings per share of Rs. 1.73 for the financial year 2010.
- Operating and other expenses during the year were at Rs.3,610.82 lakhs as compared to Rs.3,589.16 lakhs in the previous year

### Consolidated Accounts

- Consolidated total income for the year 2010-2011 was Rs. 10,639.89 lakhs as against Rs. 10,934.71 lakhs during the year 2009-2010, registering a decline of 2.70%.
- Profit after taxes was Rs.503.52 lakhs during the year 2010-2011 as compared to Rs. 874.50 lakhs during 2009-2010, a decline of 42.42%.
- Basic earnings per share was Rs. 5.25 for the financial year 2010-2011 as compared to earnings per share of Rs. 9.12 for the financial year 2009-2010.

## DIVIDEND:

Based on Company's performance, the Directors are pleased to recommend for approval of the members a Final dividend of Re.1 per share (10 % on the face value of Rs.10) for the financial year 2010-11. The final dividend on the equity shares, if declared as above would involve an outflow of Rs.101.40 Lakhs towards dividend and Rs.16.45 lakhs towards dividend tax, thereby resulting in total outflow of Rs.117.85 lakhs.

## TRANSFER TO RESERVE:

The Board of Directors has decided to retain entire surplus in the Profit and Loss Account and hence no transfer has been made to the General Reserve during this year.

## BUSINESS:

Saksoft offers the full range of business consulting and technology services - which can successfully align our customers to their Information Management objectives. We consult, design, implement, train and support on major IM platforms such as Cognos, Datastage, Business Objects, Hyperion, Microsoft and Informatica. Whether you require services in all areas or on select areas, Saksoft is ready to partner with you in delivering success.

At Saksoft, we have built our practice and reputation on enabling better decision making through optimized information flow to executive and business leaders. This allows us to help our clients define their strategy, optimize their processes and select technology to further develop their capabilities. Saksoft has recently launched its Managed Services initiative to provide value added services to its growing client base. Our Managed Services offering takes away the routine and drudgery associated with application maintenance and allows you to focus on your core IT Management tasks. Saksoft offers a range of exciting offerings in Managed Services for Information Management.

Saksoft is a specialized provider of software services & staffing to the Banking and Financial Services Industry (BFSI). Our expertise in testing methodologies and tools, combined with our domain knowledge, has given a substantial cost reduction, enhanced revenue generation and also improved customer satisfaction by the usage of our custom built financial software solutions

We have a strong process orientation and an eye for detail to deliver high quality solutions. We have a proven track record in working with global, multi-location clients and the ability to work and communicate effectively with cross-cultural teams. Saksoft's web development capabilities allow organizations to manage their web applications and e-Business frameworks. Our expertise in Open Source, our Gold Partner status with Microsoft and our ability to integrate applications across multiple platforms makes us a preferred partner for discerning clients.

Our passion is to deliver solutions to our customers who are rearing to go to market with innovative products and solutions. We take pride in our key attribute of creating value in all our engagements and this is achieved through frameworks, delivery supremacy and an approach to do it right the first time. Needless to mention that our customers value our relationship, and this allows us to operate as Partners and not as Vendors.

#### **SUBSIDIARY COMPANIES:**

Your company has five wholly owned subsidiaries as of 31<sup>st</sup> March 2011. The performance of these subsidiaries are embodied and disclosed in the Consolidated Financial Statements prepared in accordance with the provisions of Accounting Standards 21 issued by the Institute of Chartered Accountants of India and the Listing Agreement of the Stock Exchanges as prescribed by the Securities and Exchange Board of India from time to time. We strongly believe the Consolidated Financial Results represent a full picture of the details of the group.

During the year, the Ministry of Corporate Affairs had issued a circular dated 8th February 2011 providing common exemption to all companies under Section 212 (8) of the Companies Act, 1956 with respect to attaching full annual accounts of subsidiary companies along with financials of the Company for the year 2010-2011. A statement containing brief financial details of the Company's subsidiaries for the financial year ended March 31, 2011 is included in the Annual Report. The annual accounts of these subsidiaries and the related detailed information will be available for inspection at the registered office of the holding company as well as the office of the concerned subsidiaries during the business hours and shall be given to the investors on request at any point of time.

#### **DELIVERY CENTRES:**

Saksoft has three global delivery centers in Chennai, Noida and Manchester. Between them, they use more than 120,000 sq. ft. of development space and have a seating capacity of 700+ people. Our Manchester center supports our UK customers with tools and application support. The center is also used to conduct custom built and public education in IM areas for our UK customers. The Chennai center houses the corporate office and delivers our support, development and managed services operations. Chennai also has a dedicated center for one of our Credit Management clients. Our Noida center runs our Credit Management clients' international development and support projects. One of Saksoft's large clients uses all three centers for their entire outsourcing needs and Saksoft has established a dedicated connectivity between Saksoft offices and the client's network in UK.

#### **HUMAN RESOURCES MANAGEMENT:**

The organized sector in India is set to create close to a million new jobs in the year 2010 -2011 reveals Ma Foi Employment Trends Survey. The overall picture looks bright for the year with the intention of creating close to a million new jobs. However, in the immediate future, the hiring intentions of employers are not loud and clear. Most of them are cautious but optimistic about the FY 2011-12.

Bench strength in the IT industry is still not used up fully. Hiring is expected to take place due to continued international demand in the IT sector. As far as ITES is concerned, domestic demand is growing though many international contracts have not yet come back to normalcy. Having dominated the job market with the greatest number of new job additions year after year, India's IT and ITES industry is showing signs of stabilizing. Indian industry is showing signs of climbing the value chain and winning deals in knowledge-intensive applications. This sector being the 4th largest amongst all sectors is expected to create substantial amount of new jobs.

Saksoft has 427 employees as at March 31, 2011. Saksoft has robust human resource management processes tailored to retain high caliber employees who significantly contribute towards the company's growth strategies. Your Company has business tie ups with various leading recruitment agencies to identify and engage highly talented resources both at the senior management and middle management levels. Saksoft's recruiting model also attracts resources possessing strong technical and domain knowledge needed to deliver greater value to our clients. Your company values and rewards its employees in a fair manner through a robust performance management process and a consistent focus on training and career development initiatives to motivate employees who in turn will benefit the organization with increased operating efficiencies and enhanced delivery capabilities. Saksoft aims to build a strong commitment among employees through various initiatives and measurement tools to capture satisfaction scores over the year.

#### **CORPORATE SOCIAL RESPONSIBILITY:**

Saksoft supports and encourages employee participation across various corporate social responsibility (CSR) initiatives. One such significant activity that was taken up this year which drew good response from our employees was the Chennai Marathon. A big team of vibrant Sakians participated in the 7 km City Run of the Chennai Marathon that took place on 29 August, 2010. The annual marathon had over 100,000 participants in the general run and our Saksoft team, led by the Managing Director Aditya Krishna sprinted, jogged and walked the distance proudly holding aloft the Saksoft banner. The proceeds of the event ultimately benefit the education of underprivileged children. At Saksoft, we take steps to build resource efficiency by making our contribution in reducing the impact on our environment. Our efforts in ensuring resource efficiency involve working toward conserving energy, reducing and reusing paper, reducing and recycling water and effective waste management

#### **QUALITY:**

Your Company, in all its endeavours, is committed to provide cost effective & quality services to its valued customers thereby deriving high customer satisfaction. To achieve this, quality improvement measures/ techniques are being adopted at every stage from the conceptualisation of project till commissioning and subsequently during the operation phases to identify areas of improvement and to develop action plans for achieving the desired level of quality in all of its activities. Saksoft continues to be compliant with SEI CMM Level 5 standards. Our delivery centers have also been certified as IS security compliant by some of our key clients

#### **CORPORATE GOVERNANCE:**

Your Company strongly believes that adopting good corporate governance practices will form a fulcrum of strong business commitments to the stakeholders. Good corporate governance encompasses the practices and procedures to be observed by Management with regard to laws, regulations, procedures and disclosures that must be adhered to at all times. Your Company as a responsible partner in society has been showing consistency in maintaining corporate governance towards its shareholders, customers, employees, the government and business partners, in all the geographies where it operates.

A detailed Corporate Governance Report and Management Discussion and Analysis Report are included as a part of this Annual Report together with the Auditor's Certificate thereon, as required under Clause 49 of the Listing Agreement.

#### **DEPOSITS:**

The Company has not accepted any fixed deposits pursuant to section 58A of the Companies Act, 1956 and consequently there are no amounts by way of interest or principal that are outstanding at the end of the year.

#### **DIRECTORS:**

Mr. Autar Krishna, Director of the Company retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. The Board recommends the re-appointment of Mr.Autar Krishna.

During the year Mr.N.K.Subramaniam, Executive Director – Operations & Technology, Mr.S.C.Agarwal – Non-Executive Director and Mr.Suresh Subramanian, Independent Director resigned from the Board and the Board of Directors placed on record its deep sense of appreciation for the services rendered by them during their tenure as Directors on the Board.

As per disclosures made by the Directors, none of the Directors are disqualified pursuant to Section 274(1)(g) of the Companies Act, 1956 and the disclosures have been taken on record by the Board of Directors.

#### **DIRECTORS' RESPONSIBILITY STATEMENT:**

As required under Section 217(2AA) of the Companies Act, 1956, the Directors' hereby confirm as follows:

1. That in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
2. That the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and a fair view of the state of affairs of the Company at the end of the financial year and the profits of the Company for that period;
3. That the directors had taken proper and sufficient care for the maintenance of adequate records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. That the directors had prepared the annual accounts on a going concern basis.

#### **AUDITORS**

The Board decides to recommend the appointment of M/s. Suri & Co, Chartered Accountants as Statutory Auditors who shall be holding office from the conclusion of the ensuing Annual General Meeting until the conclusion of the next Annual General Meeting in place of M/s. BSR & Co, Chartered Accountants as they have expressed their unwillingness to be re-appointed in the forth coming Annual General meeting. A certificate pursuant to Section 224(1B) of the Companies Act, 1956 has been received from M/s. Suri & Co, Chartered Accountants to the effect that, if appointed, it would be within the limits provided under that Section.

The Board also wishes to place on record the appreciation to M/s. BSR & Co, Chartered Accountants, Auditors of the Company for their valuable service rendered during their association with the Company.

#### **CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION :**

The Company is a software company and hence the operations of the Company are not energy intensive. The Company employs energy efficient computers and office equipments. The company strives to evolve new technologies to see to that the infrastructure is more energy efficient.

#### **FOREIGN EXCHANGE EARNINGS AND OUTGO :**

Foreign Exchange Earning : Rs. 3,295.88 Lakhs

Foreign Exchange Outgo : Rs. 313.18 Lakhs

#### **MATERIAL CHANGES AFTER 31<sup>ST</sup> MARCH 2011 :**

There have been no material changes and commitments between 31<sup>st</sup> March 2011 and the date of this report having an adverse bearing on the financial position of the Company.

#### **PARTICULARS OF EMPLOYEES:**

The Ministry of Corporate Affairs has notified an amendment to Companies (Particulars of Employees) Rules, 1975 which may now be called as Companies (Particulars of Employees) Amendment Rules, 2011 wherein the disclosure of names and other particulars of those employees who draw remuneration of more than 60 lakhs per annum or more than Rs.5,00,000 per month are to be disclosed in the Director's report. Accordingly the names and other particulars of employees are set out in Annexure I to this report.

## **EMPLOYEES STOCK OPTION SCHEME:**

During the year the Compensation committee has cancelled the earlier grant of 1,20,000 options under ESOP 2009 as the option grantees voluntarily surrendered their options owing to market conditions and subsequently granted 5,00,000 options under the Employees Stock Option plan 2009 on 3<sup>rd</sup> December 2010 to eligible employees of Saksoft and its subsidiaries at the rate of Rs.44.25 per option.

The approval of the shareholders was obtained through the postal ballot process on 8<sup>th</sup> March 2011 for extending the exercise period to 5 years from the date of granting of options to the option holders under Employee Stock Option Scheme, 2006 with an objective of providing the option holders to take an informed decision on exercising their options. Under the Employee Stock Option Scheme, 2006 no options have been further re-issued during the year.

Details that are required to be provided under the SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 are set out in Annexure I to this Report.

## **INVESTOR SERVICES**

Investor Services are pivotal to the operations of the Company and hence your company always lays tremendous importance to redressing investor grievances and requests. The Compliance officer directly liaises with the Investor in matters relating to Investor services. The web-site of Saksoft ([www.saksoft.com](http://www.saksoft.com)) is designed in a manner which is investor friendly. The Company has established an investor grievances committee to redress the grievances of the investor. The Company has designated an exclusive e-mail ID [investorqueries@saksoft.co.in](mailto:investorqueries@saksoft.co.in) for investor queries to enable the investors to make their complaints, grievances and other requests. Investor relations remained cordial during the year under review and there are no investor complaints pending as on 31<sup>st</sup> March 2011.

## **ACKNOWLEDGEMENT**

Your Company takes this opportunity to thank its customers, vendors, investors, business associates and bankers for their support extended during the year to the Company.

The Directors also thank the Government of India, the Governments of various countries, the concerned State Governments, Government Departments and Governmental Agencies for their co-operation. The Directors wish to place their appreciation to the employees of the Company for the excellent contributions extended at all levels in achieving growth and results.

**BY ORDER OF THE BOARD OF DIRECTORS  
FOR SAKSOFT LIMITED**

**Place: Chennai  
Dated : MAY 27, 2011**

**AUTAR KRISHNA  
CHAIRMAN**



## ANNEXURE I TO DIRECTORS' REPORT

Information as per section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the financial year ended 31st March 2011

Employment throughout the financial year:

Name	Age	Designation	Remuneration paid (Gross)	Qualification	Experience	Date of Commencement of employment	Last Employer	Last Designation
NK Subramaniyam*	45	Executive Director (Operations & Technology)	Rs.56,97,185	MBA	26 Years	15.09.2008	Birlasoft Ltd	Vice President

\*Mr. N.K.Subramaniyam resigned from the Board as Whole-Time Director with effect from 23<sup>rd</sup> August 2010 and subsequently from the services of the company with effect from 31<sup>st</sup> March 2011.

**Notes:**

1. Remuneration includes Salary, Allowances, perquisites and Company's contribution to Provident Funds.
2. Nature of employment: The above employee is a whole time employee of the company and the nature of his employment is contractual.

## ANNEXURE II TO THE DIRECTORS' REPORT

Information to be disclosed under the SEBI (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

Name of the Plan	ESOP 2006	ESOP 2009
(a) Options Granted	NIL	500,000 on 3 <sup>rd</sup> December 2010
(b) Pricing Formula	NIL	The Stock Options granted were priced at the prevailing market price for the Company's equity shares quoted on the National Stock Exchange of India on the date prior to the date on which the Compensation Committee decided to recommend to the grant of options to eligible employees.
Options Vested during the year 2010-11	20500	Vesting commences after 2 <sup>nd</sup> December 2011
Options Exercised	NIL	NIL
The total number of shares arising as a result of exercise of Options	NIL	NIL
Options Lapsed	104250	100000
Variation of terms of Options	NIL	NIL
Money Realised on exercise of options	NIL	NIL
Total Number of options in force.	50500	400000
Employee wise details of Options granted to		Mr.N K Subramaniam – 100,000 Ms.Annu Thomas – 100,000 Mr.Niraj Kumar Ganeriwal – 100,000 Mr.Dhiraj Mangla – 50,000 Mr.Sampath Rengachari – 100,000 Mr.Sasikumar- 50,000
(1) Senior Management Personnel.	NIL	
(2) Any other employee who receives a grant in any year of option amounting to 5% or more of options granted during the year.	NIL	NIL
(3) Identified employees who were granted options during any one year, equal to or exceeding 1% of the issued capital of the Company at the time of grant.	NIL	NIL

Name of the Plan	ESOP 2006	ESOP 2009
Diluted Earnings per share pursuant to issue of shares on exercise of options calculated in accordance with Accounting Standard (AS) – 20 (Earnings per share)	Not Applicable	Not Applicable
Where the Company has calculated the employee compensation cost using intrinsic value of Stock option, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of options, shall be disclosed. The impact of this difference in Profit on EPS of the Company shall also be deducted.	The Company has calculated the employee compensation cost using the intrinsic value of stock options. Had the fair value method been used, in respect of stock options granted, the employee compensation cost would have been higher by Rs.29,80,194 Profit after tax lower by Rs.29,80,194 and the basic and diluted earnings per share would have been lower by Rs.0.29 respectively.	The Company has calculated the employee compensation cost using the intrinsic value of stock options. Had the fair value method been used, in respect of stock options granted, the employee compensation cost would have been higher by Rs.1,90,567 Profit after tax lower by Rs.1,90,567 and the basic and diluted earnings per share would have been lower by Rs.0.0187 respectively.
Weighted-average exercise prices and weighted average fair values of options shall have been disclosed separately for options whose exercise price either equals or exceeds of is less than the market price of the Stock.	No options granted during the year.	Options grant Date : 3 <sup>rd</sup> December 2010 Grant Price : Rs.44.25 Fair Value : Rs.23.58
A description of the method and significant assumptions used during the year to estimate the fair value of options, including the following weighted average information	NIL	The Fair value of the stock options granted on 3 <sup>rd</sup> December 2010 has been calculated using the Black-Scholes options pricing formula and the significant assumptions made in this regard are as follows
		<b>3<sup>rd</sup> December 2010</b>
(i) risk-free interest rate (ii) expected life (iii) expected volatility (iv) expected dividend (v) the price of the underlying share in market at the time of option grant	NIL	7% 8 years 62.84% 1.91% 44.25

## **REPORT ON CORPORATE GOVERNANCE**

### **(PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT)**

#### **Company's Philosophy on Corporate Governance:**

The Board of Directors ('the Board') of Saksoft Limited is at the core of our corporate governance practice and oversees how the Management serves and protects the long-term interests of all our stakeholders. We believe that an active, well-informed and independent Board is necessary to ensure highest standards of corporate governance. Our values are always integrated into every aspect of our work and we believe it to be a core attribute of being socially responsible. The Company has adopted a Code of Conduct for its senior management including the Whole-time Directors and the Managing Director.

Saksoft's philosophy on corporate governance has evolved over a period of time and strives to achieve balance between individual interests and corporate goals through the efficient conduct of its business and meeting its stakeholder obligations in a manner that is guided by transparency, accountability and integrity. Accountability improves decision-making and transparency helps to explain the rationale behind decisions and to build stakeholder confidence. We believe that sound corporate governance is critical to enhancing and retaining investor trust. Accordingly, we always seek to ensure that we attain our performance goals with integrity. Our Board exercises its fiduciary responsibilities in the widest sense of the term.

It has been the endeavour of the Company to be one of the best practitioners of Corporate Governance and ensure compliance with Clause 49 of the Listing Agreement. The Company fosters a culture in which high standards of ethical behaviour, individual accountability and transparent disclosure are ingrained in all its business dealings and shared by its board of directors, management and employees.

The following is a report on the status and progress on Corporate Governance and its implementation as per Clause 49 of the Listing Agreement with the Stock Exchanges.

#### **BOARD OF DIRECTORS:**

The Board of Directors along with its Committees provides leadership and guidance to the Company's management and directs, supervises and controls the performance of the Company. The Board currently comprises of five Directors. The Company has a Non-Executive Chairman and the three Independent Directors comprise of more than half of the total strength of the Board. All the Independent Directors have confirmed that they meet the 'independence' criteria as mentioned under Clause 49 of the Listing Agreement.

None of the Directors on the Company's Board is a Member of more than ten Committees and Chairman of more than five Committees (Committees being, Audit Committee and Investors' Grievance Committee) across all the companies in which there are Directors. All the Directors have made necessary disclosures regarding Committee positions held by them in other companies.

The required information as enumerated in Annexure IA to Clause 49 of the Listing Agreement is made available to the Board of Directors for discussions and consideration at Board Meetings. The Board reviews the declaration made by the Company Secretary regarding compliance with all applicable laws on a quarterly basis as also steps taken to remediate instances of non-compliance. The Managing Director and the Chief Financial Officer (CFO) have certified to the Board in accordance with Clause 49 V of the Listing Agreement pertaining to CEO and CFO certification for the Financial Year ended March 31, 2011.

### Composition and category of Directors:

Name of the Directors	Designation	Category
Autar Krishna	Chairman	Non-Executive and Promoter
Aditya Krishna	Managing Director	Executive and Promoter
R Rajagopalan	Director	Independent Non-Executive
Amitava Mukherjee	Director	Independent Non-Executive
Ajit Thomas	Director	Independent Non-Executive
N K Subramaniam*	Executive Director (Operations & Technology)	Whole Time Director - Executive
S C Agarwal**	Director	Non-Executive
Suresh Subramanian***	Director	Independent Non-Executive

Note:-

During the year under review the following Directors have resigned from the Board.

\* Mr.N.K.Subramaniam resigned from the Board on 23<sup>rd</sup> August 2010.

\*\* Mr.S.C Agarwal resigned from the Board on 8<sup>th</sup> September 2010.

\*\*\* Mr.Suresh Subramanian resigned from the Board on 27<sup>th</sup> September 2010.

### Shares held by Non-executive Directors:

The Non-executive Directors of the Company other than Mr. Autar Krishna do not hold any shares of Saksoft. Mr. Autar Krishna holds 200,120 Equity Shares of Saksoft Limited.

### Board Meetings

The meetings of the Board deliberate among other things, key issues like periodic operating and financial results, capital/operating budgets, findings/comments of the Statutory, and Internal auditors, risk management, internal controls, issue of capital and other resource mobilization efforts. The Board also deliberates on the Company's strategy for medium and long term growth.

The annual calendar of Board Meetings is agreed upon at the beginning of the year to ensure that there is full attendance and participation in the Board meetings. The Company conducts Board meetings in compliance with the requirements of the Companies Act, 1956 and the Listing Agreement. During the financial year 2010-11, the Board met 4 times on 28<sup>th</sup> May 2010, 6<sup>th</sup> August 2010, 28<sup>th</sup> October 2010 and 21<sup>st</sup> January 2011.

The attendance of each director at Board Meetings and last Annual General Meeting and the number of other chairmanship/ membership of the committees of each director in various companies are as under.

Name of the Director	Particulars of the attendance in		Directorship in other Indian Public Companies	Position on Audit & Investor Grievance Committees in other Indian Public Companies	
	Board Meetings	Last AGM		As Chairman	As Member
Autar Krishna	4/4	Yes	3	-	2
Aditya Krishna	4/4	Yes	2	-	1
N K Subramaniam	1/2	Yes	-	-	-
S C Agarwal	2/2	Yes	1	-	-
R Rajagopalan	4/4	Yes	3	2	3
Amitava Mukherjee	3/4	Yes	1	-	-
Suresh Subramanian	2/2	Yes	-	-	-
Ajit Thomas	3/4	No	9	-	-

Notes :

1. Mr.N.K.Subramaniam, Mr.S.C.Agarwal and Mr.Suresh Subramanian resigned from the Board on 23<sup>rd</sup> August 2010, 8<sup>th</sup> September 2010 and 27<sup>th</sup> September 2010 respectively.
2. None of the Directors of the Company hold membership of more than ten Committees nor is a Chairman of more than five committees (as specified in Clause 49), across all companies of which he is a director. Necessary disclosures regarding Committee positions in other Indian public companies as at March 31, 2011 have been made by the Directors.
3. The committees considered for above purpose are those as specified in existing Clause 49 of the Standard Listing Agreement(s) i.e. Audit Committee and Shareholders/Investors grievance Committee.

#### BOARD PROCEDURE:

The Board meets at least once in a quarter and the interval between two meetings is not more than 4 months. Apart from the statutory requirements, the role of the board includes setting the annual business plan, periodic review of operations and considering proposals for diversification, investments, and business re- organization. The information periodically placed before the board includes status of statutory compliance, proceedings/minutes of all committees including the audit committee.

#### AUDIT COMMITTEE:

The terms of reference stipulated by the Board to the audit committee cover the matters specified under clause 49 of the Listing Agreements with the Stock Exchanges.

The Audit committee of the company consists of 3 non-executive and independent directors. The composition of the committee and the qualification prescribed for the members are in compliance with the requirements of clause 49 of the Listing Agreement. All the members of the Committee are financially literate and have sufficient accounting and financial management expertise.

The members of the Audit Committee are as follows:

- |                      |   |                      |   |          |
|----------------------|---|----------------------|---|----------|
| 1. R Rajagopalan     | - | Independent Director | - | Chairman |
| 2. Amitava Mukherjee | - | Independent Director | - | Member   |
| 3. Ajit Thomas       | - | Independent Director | - | Member   |

During the year 2010-11, the Audit Committee met four times on 28<sup>th</sup> May 2010, 6<sup>th</sup> August 2010, 28<sup>th</sup> October 2010 and 21<sup>st</sup> January 2011. The interval between two meetings convened was not more than four months. Majority of the members maintaining requisite quorum of the committee have attended all the audit committee meetings. The Company also adheres to the Companies Act, 1956, the Listing Agreement and the SEBI Guidelines in relation to the quorum for the meetings, role and powers of the committee.

#### REMUNERATION COMMITTEE:

The company's Remuneration committee consists of three non-executive independent directors. Mr. R Rajagopalan, Mr. Amitava Mukherjee and Mr. Ajit Thomas are the members of the committee. The scope/role of the committee is to recommend to the Board of Directors, the remuneration payable to the whole time directors as and when they come up for review and also administers the Employees Stock Option plans of Saksoft Limited.

Mr. Rajagopalan is the chairman of the Remuneration committee. During the year, the committee met twice on 28<sup>th</sup> May 2010 and 21<sup>st</sup> January 2011 and majority of the committee members have attended all the meetings.

The details of remuneration paid to the Managing Director and Executive Director (Operations & Technology) of the Company for the year ended 31<sup>st</sup> March 2011 are as under:

Name	Salary	Commission	Total
Aditya Krishna, Managing Director	<b>30,00,000</b>	<b>NIL</b>	<b>30,00,000</b>
N K Subramaniam Executive Director (Operations & Technology) till 23 <sup>rd</sup> August 2010	<b>23,75,000</b>	<b>NIL</b>	<b>23,75,000</b>

Note: During the year ended March 31, 2011, the Company had received approval from the Ministry of Corporate Affairs towards payment of remuneration of Rs.60 lakhs per annum to Mr.N.K Subramaniam, Executive Director – Operations & Technology with effect from 1<sup>st</sup> April 2010 to 24<sup>th</sup> September 2013 or till he remains as Whole-time Director in the Company whichever is earlier. In the light of the above circumstances the remuneration shown in the above table is calculated till 22<sup>nd</sup> August 2010 as he has resigned from the Board with effect from 23<sup>rd</sup> August 2010 as Whole-time Director.

#### REMUNERATION OF NON-EXECUTIVE DIRECTORS:

The Company pays Sitting Fees of (a) Rs. 20,000/- per meeting to its Non-executive and Independent Directors for attending meetings of the Board and (b) Rs. 5,000/- per meeting to its Non-executive and Independent Directors for attending meetings of Committees of the Board. Your Company has obtained approval from the Ministry vide their letter dated 3<sup>rd</sup> February 2010 towards payment of commission within the ceiling of 1% of net profits computed under the applicable provisions of the Companies Act, 1956 for five (5) financial years commencing from 1<sup>st</sup> April 2008 and as approved by the members at the Ninth Annual General Meeting of the Company. The said commission will be decided each year by the Board of Directors and distributed amongst the Non-executive and Independent Directors based on the period of their association with the Company during the year.

The summary of sitting fees paid for the year ended 31<sup>st</sup> March 2011 to the directors and the Commission are as follows:

S.No.	Names of Directors	Sitting Fees (Board Meetings)	Sitting Fees (Committee Meetings)	Managerial Commission Payable.	Total
1.	Autar Krishna	Rs.80,000	Nil	Rs.75,500	Rs.1,55,500
2.	R.Rajagopalan	Rs.80,000	Rs.45,000	Rs.75,500	Rs.2,00,500
3.	Amitava Mukherjee	Rs.60,000	Rs.30,000	Rs.75,500	Rs.1,65,500
4.	Suresh Subramanian	Rs.40,000	Rs.20,000	NIL	Rs.60,000
5.	S.C.Agarwal	Rs.40,000	Rs.25,000	NIL	Rs.65,000
6.	Ajit Thomas	Rs.40,000	Rs.20,000	Rs.75,500	Rs.1,35,500

#### SHAREHOLDERS' GRIEVANCES COMMITTEE:

The Board has constituted a shareholder/Investors grievance committee comprising of Mr. R Rajagopalan, Mr. Amitava Mukherjee and Mr.Ajit Thomas. The Committee looks into redressing of shareholders' complaints like share transfers, non-receipt of dividend warrants etc. Mr. R Rajagopalan is the chairman of the Committee. Mr. S Narayan, the Company Secretary and Compliance Officer of the Company is the secretary of the committee. During the year, the committee met 3 times on 28<sup>th</sup> May 2010, 6<sup>th</sup> August 2010, and 21<sup>st</sup> January 2011.

During the year under review your Company had received only one request from a shareholder towards reissue of dividend warrant with respect to the dividend declared for the year 2010 and has been duly resolved by the Company after verification of details to the satisfaction of the Company and the Registrar. Apart from the above there was no investor complaints received for the year ended 31<sup>st</sup> March 2011.

#### GENERAL BODY MEETINGS

##### (i) Location and Time, where last three Annual General Meetings were held:

Year	Location	Date	Time
2007-08	Naradha Gana Sabha, Mini Hall, 314, TTK Road, Chennai – 600 018	25.09.2008	10.00 AM
2008-09	The Music Academy, Kasturi Srinivasan Hall, New No.168, TTK Road, Royapettah, Chennai – 600 014	31.07.2009	10.00 AM
2009-10	Naradha Gana Sabha, Mini Hall, 314, TTK Road, Chennai – 600 018	06.08.2010	10.00 AM

##### (ii) Special Resolution passed during the last three Annual General Meetings

Financial Year	General Meeting	S.No.	Particulars of Special Resolution passed.
2007-08	<b>9<sup>th</sup> Annual General Meeting</b>	1.	A special resolution was passed for approval of excess remuneration paid to Mr. V.Ramanathan, Chief Executive Officer.
		2.	A special resolution was passed for payment of commission to Non-Executive Directors.
2008-09	<b>10<sup>th</sup> Annual General Meeting</b>	1.	A special resolution was passed for approval of excess remuneration paid to Mr.Aditya Krishna. Managing Director.
		2.	A special resolution was passed for approval of excess remuneration paid to Mr.N.K.Subramaniam, Executive Director (Operations & Technology).
		3.	A special resolution was passed for approval of excess remuneration paid to Mr.V.Ramanathan, erstwhile Chief Executive Officer.



Financial Year	General Meeting	S.No.	Particulars of Special Resolution passed.
2009-10	<b>11<sup>th</sup> Annual General Meeting</b>	<b>1.</b>	A special resolution was passed for approval of excess remuneration paid to Mr.Aditya Krishna. Managing Director.
		<b>2.</b>	A special resolution was passed for approval of excess remuneration paid to Mr.N.K.Subramaniam, Executive Director (Operations & Technology).
		<b>3.</b>	A special resolution for revision in terms of remuneration of Mr.Aditya Krishna, Managing Director.
		<b>4.</b>	A special resolution for approval for payment of remuneration as minimum remuneration to Mr.N.K.Subramaniam, Executive Director (Operations & Technology)

**(iii) Special Resolutions passed through Postal Ballot:**

On 8<sup>th</sup> March 2011 two special resolutions on inter-corporate investments and an amendment to the exercise period for the options granted under Employee Stock Option Plan 2006 for the benefit of eligible permanent employees including Directors of Saksoft Limited and Permanent employees including Directors of Subsidiary Companies of Saksoft Limited and two ordinary resolutions on borrowings in excess of paid up capital and free reserves and creation of charges with respect to the borrowings were passed through Postal Ballot.

**(iv) Special resolution to be conducted by way of postal ballot:**

The Company does not envisage any special resolution to be conducted by way of postal ballot. However this is subject to any other contingencies or event that may happen in near future.

**DISCLOSURES:**

A statement of related party transaction has been disclosed as a part of the accounts as required under Accounting Standard 18 issued by the Institute of Chartered Accounting Standards of India.

There have been no instances of non-compliances by the Company. Hence there are no penalties, strictures imposed by the Stock Exchanges or SEBI or any other statutory authority on any matter related to the Capital Markets during the last three years on the Company.

The Company has established the Whistle Blower policy and the company affirms that there are no personnel who were denied access to the Audit committee.

**Details of Compliance with the Mandatory Requirements:**

The Company has complied with all the mandatory requirements prescribed under the Listing Agreement. The Remuneration committee of the Directors is constituted in compliance with the non-mandatory requirements prescribed under the Listing Agreement.

**MEANS OF COMMUNICATION**

The Company publishes the quarterly financial results in the manner prescribed by the National Stock Exchange. For the financial year ending 31<sup>st</sup> March 2011, the quarterly results were filed and published in the manner set forth below

Quarter	Date of Filing with the Stock Exchange	Date of publication in English News paper	Date of publication in Vernacular daily
I	28 <sup>th</sup> May 2010	29 <sup>th</sup> May 2010 – Trinity Mirror	29 <sup>th</sup> May 2010 – Makkal Kural
II	6 <sup>th</sup> August 2010	7 <sup>th</sup> August 2010 – Trinity Mirror	7 <sup>th</sup> August 2010 – Makkal Kural
III	28 <sup>th</sup> October 2010	29 <sup>th</sup> October 2010 – Trinity Mirror	29 <sup>th</sup> October 2010 – Makkal Kural
IV	21 <sup>st</sup> January 2011	22 <sup>nd</sup> January 2011 – Trinity Mirror	22 <sup>nd</sup> January 2011 – Makkal Kural

The quarterly and annual financial results are posted in the Company's web-site [www.saksoft.com](http://www.saksoft.com).

#### UPDATED WEBSITE:

SEBI vide its circular CIR/CFD/DIL/10/2010 dated 16<sup>th</sup> December 2010 has amended the listing agreement and introduced a new clause 54 towards maintenance of website wherein all listed companies are mandated to maintain a functional website that contains basis information about the Company and duly updated statutory filings if any. Your company has recently re-designed its website to provide more information on management and service offerings and also has a dedicated page for the Investors wherein all the annual reports and the latest filing of the shareholding patterns are readily accessible.

#### CEO / CFO CERTIFICATION

As required by Clause 49 of the Listing Agreement, a Certificate on the financial statements and Cash Flow statement of the company for the year ended March 31, 2011 has been duly signed by the Managing Director and Chief Financial Officer.

#### GENERAL SHAREHOLDER INFORMATION: (TENTATIVE)

Particulars	Details
<b>Annual General Meeting</b>	Date : 5 <sup>th</sup> August 2011 Time : 10.00 A.M Venue : P.Obul Reddy Hall, Vani Mahal, 103, G.N. Chetty Road, T.Nagar, Chennai – 600 017
<b>Financial Year</b>	1 <sup>ST</sup> April to 31 <sup>st</sup> March
<b>Periodical results</b> Results for I Quarter ending 30 <sup>th</sup> June 2011 Results for II Quarter ending 30 <sup>th</sup> September 2011 Results for III Quarter ending 31 <sup>st</sup> December 2011 Results for the year ending 31 <sup>st</sup> March 2012	First week of August 2011 First week of November 2011 First week of February 2012 Last week of May 2012  *The schedule is tentative.
<b>Book Closure Date</b>	29 <sup>th</sup> July 2011 to 5 <sup>th</sup> August 2011 (both days inclusive)
<b>Dividend Payment Date</b>	Between 16 <sup>th</sup> August 2011 and 4 <sup>th</sup> September 2011
<b>Listing on Stock Exchanges</b>	The Equity shares of the Company are listed at the National Stock Exchange of India Limited and are permitted to be traded on the Bombay Stock Exchange under the category permitted securities.  The annual listing fee as prescribed by the National Stock Exchange has been paid to them within the prescribed time limit.
<b>Stock Code</b> <b>DEMAT ISIN Number in NSDL and CDSL for Equity Shares.</b>	SAKSOFT EQ INE667G01015
<b>Market Price Data: High and Low during each month in last financial year</b>	The National Stock Exchange of India Limited, Mumbai (Provided below)

National Stock Exchange		
Month, Year	Price High	Price Low
April 2010	65.75	47.00
May 2010	76.95	55.30
June 2010	63.65	50.00
July 2010	58.00	50.40
August 2010	58.75	48.00
September 2010	50.85	45.00
October 2010	51.50	43.00
November 2010	46.00	37.35
December 2010	57.30	35.65
January 2011	54.00	41.25
February 2011	68.50	49.65
March 2011	55.90	46.00

#### Stock Movement Chart



### Registrar and Transfer Agents:

Cameo Corporate Services Limited  
Subramanian Buildings  
No.1, Club House Road, Chennai – 600 002.  
Tel:+91-44-28460390, Fax: +91 – 44 – 28460129  
Email: saksoft@cameoindia.com  
Web-site: www.cameoindia.com

**Share Transfer System:** The Company's shares are traded in the Stock Exchanges compulsorily in DEMAT mode. Pursuant to the directives issued by the Securities and Exchange Board of India, the share transfers, both physical and demat are handled by our transfer agents, M/s Cameo Corporate Services Limited, Chennai. Shares in physical mode which are lodged for transfer either with the company or with the share transfer agents are processed subject to the exercise of option under Compulsory Transfer cum demat procedure.

### Distribution of shareholding as on 31<sup>st</sup> March 2011:

Number of Shares	Shareholders		No of Shares	
	Number	%	Number	%
Upto 5000	1787	86.83	2059400	2.03
5001-10000	112	5.44	910000	0.90
10001-20000	49	2.38	729450	0.72
20001-30000	30	1.46	767080	0.76
30001-40000	12	0.58	410860	0.40
40001-50000	8	0.39	358370	0.35
50001-100000	24	1.17	1834000	1.81
100001 and above	36	1.75	94330840	93.03
Total	2058	100	10140000	100

### Pattern of Shareholding as on 31<sup>st</sup> March 2011

Category	No of Shares	% holding
Promoters	7578300	74.74
Mutual Funds & UTI	Nil	Nil
Banks/Financial Institutions	101297	1.00
NRI's/OCB	162305	1.60
Corporate Bodies	394127	3.89
Public	1772836	17.48
Others	131135	1.29
Total	10140000	100.00

## Dematerialization of shares and liquidity

As at 31.03.2011, 68.25% of equity shares have been dematerialized. These shares are traded in the National Stock Exchange and Bombay Stock Exchange. The Company has not issued any ADRs/GDRs or any convertible bonds.

During the year under review, Mr. Aditya Krishna, Promoter, purchased 4047 Shares of the Company from the open market amounting to 0.04% of the total Paid-up Capital. Adequate disclosure has been made to the Stock Exchanges under SEBI Takeover Regulations 1997.

### Office Locations:

<b>Saksoft Limited</b> SP Infocity, Block A, 2 <sup>nd</sup> Floor, 40, MGR Salai, Perungudi, Kadanchavadi Chennai – 600 096 Ph: 044- 2454 3500 Fax: +91-44- 2454 3510	<b>Saksoft Limited</b> B-35-36, Sector 80 Phase – II, Noida – 201 305 Uttar Pradesh Tel :+91- 0120 – 2462175 Fax : +91-0120 - 2462179	<b>Saksoft Inc.,</b> Suite 2562, 2500 Plaza 5, Harborside Financial Centre Jersey City, NJ 07311 4035. P: +001 201 633 4744 F: +001 212 504 8026
<b>Saksoft Pte Limited</b> 3, Shenton Way #15-06, Shenton House, Singapore – 068805 P:+65-62242550 F:+65-62242783	<b>Saksoft Ltd.,</b> Waterside Court, #1, Crewe Road, Manchester M23 9BE, UK P:+44-8707894321 F:+44-8707894002	<b>Saksoft Investments Private Limited,</b> Waterside Court, #1, Crewe Road, Manchester M23 9BE, UK P:+44-8707894321 F:+44-8707894002
<b>Saksoft GmbH</b> Lyonerstr 14 60528, Frankfurt, Germany P:+49-69-6655 4218 F:+49-69-6688 4100	<b>Saksoft HK Limited</b> Flat/RM 701, 7/F Far East Consortium Building 113-125, Des Voeux RD Central Hong Kong	

### Address for Correspondence:

**Saksoft Limited,**  
SP Infocity, Block A,  
2<sup>nd</sup> Floor, 40, MGR Salai,  
Perungudi, Kadanchavadi  
Chennai – 600 096  
Ph: 044 - 24543500  
Fax: +91-44-24543510

### Exclusive E-mail ID for redressal of investor complaints:

In terms of Clause 47(F) of the listing agreement, please use the following contacts for redressal of investor Complaints

E-mail : complianceofficer@saksoft.co.in  
Compliance Officer : Mr. S Narayan  
Tel Nos : +91 – 44 - 24543500

### **Compliance with Code of Conduct**

The Board of Directors has affirmed compliance with the Code of Conduct for Board of Directors & Senior Management adopted by the Company for the year ended 31<sup>st</sup> March 2011.

### **Declaration by the Managing Director under Clause 49 of the Listing Agreement regarding adherence to the Code of Conduct**

In accordance with Clause 49 of the Listing Agreement with the Stock Exchanges, I hereby confirm that, all the Directors and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct, as applicable to them for the Financial Year ended 31<sup>st</sup> March 2011.

For **Saksoft Limited**

**Aditya Krishna**  
Managing Director

**Place: Chennai**

**Date : May 27, 2011**

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion and Analysis Report contain certain forward looking statements that may lead to risks and uncertainties. The usage of words like “anticipate”, “believe”, “estimate”, “intend”, “will” and “expect” and other similar expressions as they relate to the Company or its business are intended to identify such forward-looking statements. The Company undertakes no obligation to publicly update or revise any forward-looking statements. Actual results, performances or achievements could differ materially from those expressed or implied in such forward looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements.

### Overview:

The financial statements have been prepared in accordance and in compliance with the requirements of Companies Act, 1956, Listing Agreement, Accounting Standards and other statutory accounting pronouncements in India. The management accepts the responsibility for the integrity and objectivity of these financial statements, as well as for estimates and judgements used herein. The estimates and judgements relating to the financial statements have been made on a prudent and reasonable basis, in order to ensure that the financial statements reflects a true and fair view of the form and substance of transactions and reasonably present our state of affairs of the Company and profits for the year.

### 1.0 Business Overview

#### 1.1 Global Economy

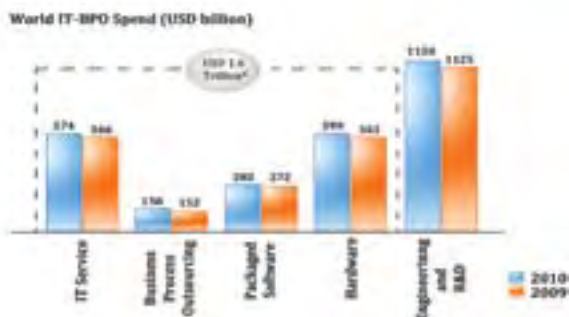
The US economy grew by 2.9% in 2010, the most in five years after shrinking 2.6% in 2009. Consumer spending rose close to 4% in the last few quarters triggering the economic recovery. The UK economy has started coming out of recession the economy grew by 1% in 2010 but then the growth in the economy is subject to the effectiveness of public sector spending cuts as envisaged by the new coalition government .

The Indian economy continues to grow at 7% and above and this growth is riding on the high growth in manufacturing and government initiatives to promote global businesses to set up Indian bases.

Rising oil prices, political turmoil in Middle East and Africa, economic climates in India and China and consumer spending in USA would continue to affect the way global economy behaves in the next 12-24 months.

#### 1.2 IT Industry outlook

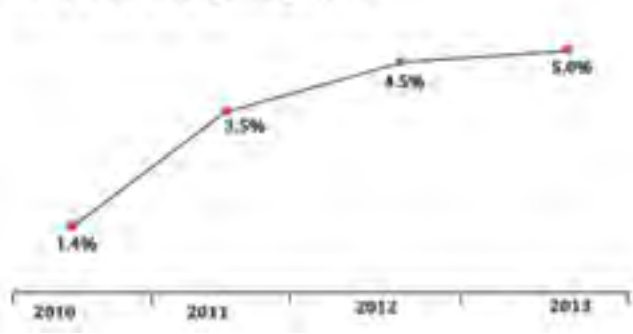
Global Technology spending is continuing to grow despite economic and political events that cause blips in the growth trajectory. Stabilization of global economic conditions and the financial services sector will set the pace for the industry’s growth.



Per Nasscom estimates, The Global IT/BPO spend crossed \$1.6 trillion mark. Almost all constituents of IT industry grew, though marginally.

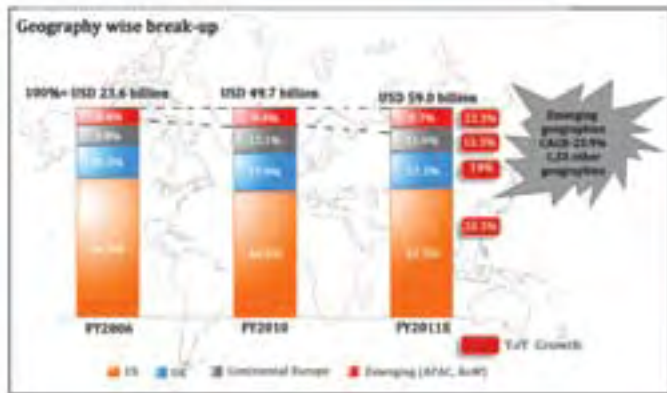
Figure 1: NASSCOM estimates on World-IT BPO spend

### World IT Services spending Growth



As the picture on IT Services spending indicates, enterprise spending on IT services is likely to increase by more than 150 basis points over the next 24 months. This should augur well for the Indian IT services industry

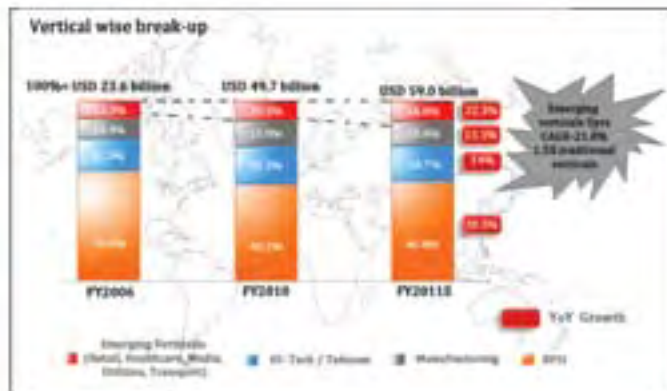
Figure 2: NASSCOM estimates on growth of World-IT services spending



Amongst major markets for IT outsourcing, USA accounts for and will continue to account for higher growth in the coming years. Saksoft is already seeing its US pipeline on a growth spree and expects to use the market growth as a driver to achieve its growth ambitions.

APAC market is growing very aggressively with China and India leading the domestic growth in IT services. Saksoft is rolling out a series of initiatives to grow in the APAC market.

Figure 3: NASSCOM estimates of growth across geographies



Amongst the verticals, BFSI vertical continues to drive large offshoring and outsourcing revenues. This is followed by Hi-tech and telecom industry. Saksoft has a strong presence and recognition in these two market segments.

Figure 4: NASSCOM estimates of growth across business verticals



## Key data projections for 2011:

- Worldwide technology products and services estimated to cross \$3.6 trillion in 2011, a growth of 5.6% over 2010
- Overall IT services spending will grow by 5% to reach a target of \$824 billion in 2011.
- North America and Europe will account for 70% of IT spending.
- The Indian IT industry has grown by 14% to reach \$ 70 billion size
- Domestic market in India is growing by 11% fuelled by huge governmental spend on IT

## 2.0 Company Business

### 2.1 Saksoft Overview

Saksoft is a leading provider of Information Management Solutions to successful companies around the world. We deliver success to the enterprise by helping to consolidate, organize and manage the huge volume of data collected by your business. Working with data sources that are often disparate and complex, we make accurate, high quality, relevant information readily available to the people that need it. And by being better informed, they are empowered to make key decisions and implement strategies for making the enterprise successful.

### 2.2 Our businesses

#### Information Management

Saksoft offers the full range of business consulting and technology services - which can successfully align our customers in their Information Management objectives. We consult, design, implement, train and support on major IM platforms such as Cognos, Datastage, Business Objects, Hyperion, Microsoft and Informatica. Whether you require services in all areas or on select areas, Saksoft is ready to partner with you in delivering success.

At Saksoft, we have built our practice and reputation on enabling better decision making through optimized information flow to executive and business leaders. This allows us to help our clients define their strategy, optimize their processes and select technology to further develop their capabilities. Saksoft has recently launched its Managed Services initiative to provide value added services to its growing client base. Our Managed Services offering takes away the routine and drudgery associated with application maintenance and allows you to focus on your core IT Management tasks. Saksoft offers a range of exciting offerings in Managed Services for Information Management.

Consulting	Solutions	Services	Education
<ul style="list-style-type: none"><li>• IM Strategy</li><li>• IM Assessment</li><li>• IM Governance</li><li>• IM Transformation</li><li>• DWH Design &amp; Architecture</li><li>• Data Quality Management</li><li>• Master Data Management</li><li>• Meta Data Management</li><li>• Knowledge Management</li></ul>	<ul style="list-style-type: none"><li>• Portfolio Performance Management</li><li>• Campaign Management</li><li>• Unified Customer View</li><li>• Customer Loyalty Management</li><li>• Merchant Management Solution</li><li>• Basel II Compliance</li><li>• Financial Reporting</li></ul>	<ul style="list-style-type: none"><li>• DWH Build &amp; Implementation</li><li>• Tools Migration &amp; Re-Engineering</li><li>• Data Migration</li><li>• DWH Testing and Quality Assurance</li><li>• DWH Support Services</li><li>• Outsourced Centres of Excellence</li><li>• Customer Analytics Services</li></ul>	<ul style="list-style-type: none"><li>• Experienced consultant trainers</li><li>• Consultancy-led training</li><li>• Information Management expertise</li><li>• Extensive course portfolio</li><li>• Flexible delivery options</li><li>• IITT accreditation to gold standard</li></ul>

## Independent testing

Saksoft is a specialized provider of software services & staffing to the Banking and Financial Services Industry (BFSI). Our expertise in testing methodologies and tools, combined with our domain knowledge, has given a substantial cost reduction, enhanced revenue generation and also improved customer satisfaction from the usage of our custom built financial software solutions.

We have a strong process orientation and we bring with us an eye for detail to deliver high quality solutions. We have a proven track record in working with global, multi-location clients and the ability to work and communicate effectively with cross-cultural teams.

Through the SakAssure program we provide the full gamut of testing services for software applications (product or custom application) including:

- Functional Testing
- Automated Regression Testing
- Usability & Reliability Testing
- Site and Content Testing
- Performance/Load Testing
- Security Testing
- User Acceptance Testing



## Web technologies

Saksoft's web development capabilities allow organizations to manage their web applications and e-Business frameworks. Our expertise in Open Source, our Gold Partner status with Microsoft and our ability to integrate applications across multiple platforms makes us a preferred partner for discerning clients.

Our Web development services include

- Portal and Content Management using Sharepoint Portal, Fatwire & Open Source CMS
- Web 2.0 services include using collaborative development tools to deliver innovative solutions
- .NET based application development services using C#, VC++, VB and MS-SQL server
- Application Integration Services
- Web development using J2EE and open source framework
- Setting up and managing an enterprise wide web presence
- Intranet development



## 2.3 What sets us apart

### Creating Success

Making our customers successful is our passion and we achieve this by delivering solutions that allow our customers to go to market with innovative products and solutions.

### Value Creation

We create value by providing innovation as a key attribute in our engagements. Innovation is achieved through frameworks, delivery supremacy and an approach to do it right the first time.

### Credible, Niche Partner

Our growth has been possible by focus, return on attention and our ability to reference every customer successfully all the time. We have created relationships that allow us to operate as Partners and not as Vendors.

### Business Models

Our niche business model is built on the premise of Global Delivery, Capacity Pooling, Multi-Sourcing and Pay-Per-Service. At Saksoft, Business Model is an engagement attribute and allows the customer the flexibility in managing their process.

## 2.4 Company Strategy

The company has chalked out a realistic growth strategy which is based on the following key drivers:

- a. Information Management (IM) as an Arrow Head: The Company has been recognized as the niche IM player in Financial Services, Telecom domains. With a marquee client base, referencable clients and strong domain expertise, our ability to win new clients using IM has been successfully proven.

- b. **Credit Information Management:** Saksoft has been a niche player in providing solutions to Credit Management companies. Over the last ten years, we have developed products, deployed complex applications, provided cutting edge integrations services and continue to provide 24x7 managed services to clients in this area. With new wins and a clearly defined target market in place, we expect business to grow in this area.
- c. **Solutions selling and leveraging the Acuma brand in Europe:** Saksoft acquired and has completed the integration of Acuma, its UK acquisition. The sales efforts in UK are now integrated and this offers an interesting opportunity to cross-sell Saksoft's solutions to the clients of Acuma
- d. **New Initiatives:** Our partnership with FICO, our alliance with a T24 implementation company and our agreement with SAP-Business Objects in UK are some of the new initiatives that Saksoft is currently embarking on for its new growth areas.

## 2.5 Company partnerships

### SAP

Acuma (UK entity) is a Gold Partner of SAP- Business Objects. We are one of their successful resellers and we provide Education, technical support and consultancy services under this partnership.

### FICO

Saksoft has strategically partnered with FICO in India for distribution and implementation of FICO's decision management solutions and custom analytics – including FICO® TRIAD® Customer Manager and FICO™ Blaze Advisor® business rules management – in combination with Saksoft's technology, products and systems integration services. This partnership immensely strengthens the offering, with Saksoft— being a world-class information management company with significant experience in the BFSI and Telecommunication sectors. This translates into offering the solution faster and offers a more expansive path to adopting technology for risk management, fraud detection, business rules management and more.

### Microsoft

Saksoft is a part of the Gold certified Partnership with Microsoft, which enables us to deliver solutions based on Microsoft technologies. Saksoft will receive a host of benefits under this Partnership Program. Benefits include sales, marketing, training, technology, services, technology development programs, and the ability to purchase, use and distribute Microsoft course materials. Microsoft will also assist the Company with sales lead generation and support in the form of access to information, tools, templates and reports (e.g., the Partner Sales Management system).

## 2.6 Our delivery centers

Saksoft has three global delivery centers in Chennai, Noida and Manchester. Between them, we use more than 120,000 sq. ft. of development space and have a seating capacity of 700+ people.

The Manchester center supports our UK customers with tools and application support. The center is also used to conduct custom built and public education in IM areas for our UK customers.

The Chennai center houses the corporate office and delivers our support, development and managed services operations. Chennai also has a dedicated center for one of our Credit Management clients.

The Noida center runs our Credit Management clients' international development and support projects.

One of Saksoft's large clients uses all three centers for their entire outsourcing needs and Saksoft has established a dedicated connectivity between Saksoft offices and the client network in UK.

## 2.7 Quality assessments

Saksoft continues to be compliant with SEI CMM Level 5 standards. Our delivery centers have also been certified as IS security compliant by some of our key clients.

## 2.8 Human Capital

Saksoft's HR philosophy attracts resources possessing strong technical and domain knowledge that is key to deliver greater value to our clients. The company values and rewards its employees in a fair manner through a robust performance management process and constantly focuses on training and career development initiatives to motivate employees who in turn will benefit the organization with increased productivity and enhanced delivery capabilities. Saksoft aims to build a strong commitment among the employees through various engaging initiatives and measurement tools to capture employee satisfaction scores over the year.

## 2.9 Sustainability Initiatives

### CSR

Saksoft supports and encourages employee participation across various corporate social responsibility (CSR) initiatives. One such significant activity that was taken up this year which drew good response from our employees was the Chennai Marathon. A big team of vibrant Sakians participated in the 7 km City Run of the Chennai Marathon that took place on 29 August, 2010. The annual marathon had over 100,000 participants in the general run and our Saksoft team, led by the Managing Director Aditya Krishna sprinted, jogged and walked the distance carrying the Saksoft banner high. The proceeds of the event ultimately benefit the education of underprivileged children.

### Resource efficiency

At Saksoft, we take steps to build resource efficiency by making our little contribution in reducing the impact on our environment. Our efforts in ensuring resource efficiency involve working toward conserving energy, reducing and reusing paper, reducing and recycling water and effective waste management.

## 3.0 Opportunities and Risks

### 3.1 Opportunities

1. Highest Growth in DW and BI amongst all IT services
2. Credit Management expertise and growth of e-tailers globally
3. Compliance and risk management awareness in India
4. Independent testing market growth

### 3.2 Risks

Globalization, shifting demographics, rapidly accelerating technological changes, increased connectivity, economic uncertainty, growing multiplicity of extrinsic and intrinsic factors combine to make operating in this world unprecedentedly complex and challenging for corporations.

#### Economic

The economic risk landscape looks good but for a high probability of a fiscal crisis. In emerging economies, this fiscal uncertainty combined with slow growth in advanced economies implies increase in gross capital flows, fuelling asset bubbles. Such a bubble could lead to asset price collapse and severe damage to both emerging markets and the global economy. Economic disparity and global governance failures are also macroeconomic factors that might pose a risk to global businesses.

Source: World Economic Forum – Global risks report 2011

## **Business**

IT services market will continue to have the risks associated with large players climbing down the food chain to acquire the clients of niche companies such as Saksoft. In addition, rate pressures and economics of scale would continue to affect the way our business will grow. Longer term contracts, high efficiency execution, happy customers and running an agile organization are the methods by which we will mitigate these risks.

## **Currency volatility**

Global savings and investment imbalances are predicted to foster unsustainable current account imbalances, unsustainable levels of external debt and ultimately wide swings in foreign exchange rates. Since we at Saksoft operate businesses in multiple currencies, we plan to mitigate the unforeseen by entering into various forward contracts that could possibly even out the fluctuations.

## **People**

With the job markets all set for a revival and the competitors all set to lure prospects with a bag of a benefits, the biggest challenge posed will be retention of talent. Saksoft will continue its people oriented policies and niche provider services to attract and retain the best talent.

## **4.0 Internal Control Systems:**

Adequate internal checks are built in to cover all monetary transactions. The Company's Internal Auditors conducts regular audits on quarterly basis and report to the Audit Committee their findings for the review. The Audit Committee reviews the suggestions and observations of the Internal Auditors and puts the same into action and reviews on a periodical basis. The terms of reference of the Audit Committee covers the areas mentioned in Clause 49 of the Listing Agreement with the Stock Exchanges and Section 292A of the Companies Act, 1956. The Company continues to lay emphasis on the recommendations of the Audit Committee. Your Directors believes that the internal control system established in the Company is operating effectively.

## **5.0 Financial Performance**

### **Income**

The total income of the Company comprises income from operations and other income. In FY 10-11, income from operations was Rs 4,218.30 lakhs as compared to Rs 4,257.76 lakhs for the previous year. Exports contributed 78% of the income from operations. The income from other sources increased from Rs 9 lakhs to Rs 74.94 lakhs primarily on account of gain on foreign exchange fluctuation, due to effective management of foreign exchange.

The group revenues for the year 2010-11 are at Rs 10,560.86 lakhs.

### **Operating Profits**

Operating profit increased from Rs.677.63 lakhs to Rs.683 lakhs largely due to quality deliverables, co-ordinated sales efforts and effective cost management.

### **Authorised share capital**

The Company has an authorised share capital of Rs.20 Crores comprising of 20 million equity shares of Rs. 10/- each as of March 31, 2011.



### **Paid up Share Capital**

The Company has a paid-up capital of Rs.10 Crores, comprising of 10.14 million equity shares of Rs.10/- each as of March 31, 2011.

### **Reserves and Surplus**

During the year there were no additions to the General Reserve and the securities premium account.

### **Secured Loan**

During the year a short term loan of Rs.50 lakhs was availed by the company from IndusInd Bank Limited towards meeting its operational commitments.

### **Unsecured Loan**

During the year the balance stood at Rs.3,423 lakhs as compared to previous year of Rs.3,422 lakhs.

### **Fixed Assets**

The company incurred capital expenditure to the tune of Rs.75.51 lakhs compared to Rs.302.60 lakhs comprising additions to gross block, which was funded out of internal accruals. Net block of fixed assets stood at Rs.352.10 lakhs as against Rs.457.13 lakhs for the previous year.

### **Investments**

During the year your Company has infused additional equity to the extent of SGD 5,00,000 in its wholly owned subsidiary Saksoft Pte Limited, Singapore for the purpose of generating cash flows for the subsidiary to meet its operational commitments. Investments in units of liquid mutual funds have decreased from Rs. 55.62 lakhs in fiscal 2010 to Rs.2.74 lakhs in fiscal 2011.

### **Sundry Debtors**

Sundry Debtors (net of provision) for the current year is at Rs.1,120.14 lakhs against Rs. 832.01 lakhs in the previous year. Provision for doubtful debts has increased from Rs 8.39 lakhs to Rs.21.08 lakhs in fiscal 2011. The provision for doubtful debts primarily includes provision recorded upon customers who has defaulted in payments and on whom legal proceedings are proposed to be initiated.

### **Current Liabilities & Provisions**

Sundry Creditors represent the amount payable to vendors and employees for supply of goods and services. Other liabilities comprise amounts due for operational expenses. Other liabilities have increased by Rs. 9.40 lakhs during the year ended March 31, 2011. Provisions of Rs.73.50 lakhs for employee retirement benefit relate to liability for gratuity benefits. For fiscal 2011, the Directors of the Company have proposed a cash dividend of Re.1/- per share on equity shares.

### **Foreign exchange earnings and outgo**

Foreign Exchange Earning : Rs. 3,295.88 Lakhs  
Foreign Exchange Outgo : Rs. 313.18 Lakhs

## **Dividend**

Your Directors recommend a Final dividend of Re.1 per share (10% on the face value of Rs.10). The total dividend for the year ended 31st March 2011 is Rs.101.40 Lakhs being maintained at same level as the previous year. This dividend is subject to the approval of the shareholders in the ensuing Annual General Meeting.

## **Appropriations**

The Board of Directors have decided to retain entire surplus in the Profit and Loss Account and hence no transfer will be made to the General Reserve during this year.

## **6.0 Employee Stock Options**

During the year the Compensation committee has cancelled the earlier grant of 1,20,000 options under ESOP 2009 as the option grantees voluntarily surrendered their options owing to market conditions and subsequently granted 5,00,000 options under the Employees Stock Option plan 2009 on 3<sup>rd</sup> December 2010 to eligible employees of Saksoft and its subsidiaries at the rate of Rs.44.25 per option.

The approval of the shareholders was obtained through the postal ballot process on 8<sup>th</sup> March 2011 for extending the exercise period to 5 years from the date of granting of options to the option holders under Employee Stock Option Scheme, 2006 with an objective of providing the option holders to take an informed decision on exercising their options. Under the Employee Stock Option Scheme, 2006 no options have been further re-issued during the year

Details that are required to be provided under the SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 are set out in Annexure II to the Director's Report.

**For Saksoft Limited**

**Aditya Krishna  
Managing Director**

**Place: Chennai**

**Date : May 27, 2011**



## RISK MANAGEMENT

### Overview

The Management team at Saksoft perceives the risk management as a monitoring tool to identify, assess and mitigate various risks affecting and impacting the business. Further the risk management practices seek to sustain and enhance the long term competitive advantage for the Company. Risk management, more than being considered as an analyzing tool, is being treated, as an integral part of our business.

### Structure of our Risk Management

Our risk management occurs across the enterprise at various levels. The key roles and responsibilities regarding risk management in the Company are as follows:

Level	Key roles and Responsibilities
Board of Directors	Oversight the risk management performed by the Executive Management.
Risk Management Committee	Comprises of Executive Management viz., 1. Aditya Krishna – Managing Director 2. Sampath Rengachari – Executive Vice President 3. Ekambaram R – Vice President - Products & Alliances 4. Niraj Kumar Ganeriwal – Chief Financial Officer
Role of Risk Management Committee	<ul style="list-style-type: none"><li>• Assisting the Board on identification of risk factors</li><li>• Evaluation of Operational, Strategic and External Risk elements.</li><li>• Mitigation of Risk</li><li>• Monitoring the Risk Management practices</li><li>• Periodic reviewing of Risk assessment</li><li>• Formulation and deploying Risk Management policies</li><li>• Providing updates to the Board from time to time</li></ul>

### Categories of Risk

The Risk Management Committee broadens its views on the following list of risk elements as perceived by business.

#### Economy

The economic risk landscape looks good but for a high probability of a fiscal crisis. In emerging economies, this fiscal uncertainty combined with slow growth in advanced economies implies increase in gross capital flows, fuelling asset bubbles. Such a bubble could lead to asset price collapse and severe damage to both emerging markets and the global economy. Economic disparity and global governance failures are also macroeconomic factors that might pose a risk to global businesses.

#### Business

IT services market will continue to have the risks associated with large players climbing down the food chain to acquire the clients of niche companies such as Saksoft. In addition, rate pressures and economics of scale would continue to affect the way our business will grow. Longer term contracts, high efficiency execution, happy customers and running an agile organization are the methods by which we will mitigate these risks

## Currency volatility

Global savings and investment imbalances are predicted to foster unsustainable current account imbalances, unsustainable levels of external debt and ultimately wide swings in foreign exchange rates. Since we at Saksoft operate businesses in multiple currencies, we plan to mitigate the unforeseen by entering into various forward contracts that could possibly even out the fluctuations.

## People

With the job markets all set for a revival and the competitors all set to lure prospects, the biggest challenge posed will be retention of talent. Saksoft will continue its people oriented policies and niche provider services to attract and retain the best talent.

## Management perception of Risk Management:-

### Risk identification

Identifying the risk forms the fulcrum of the risk management process since all our efforts are being tailored in countering and eliminating them successfully. As part of identification process mechanism are put in place which includes risk survey, risk scanning, In-depth analysis, detailed discussions across functions and internal audit findings. These mechanisms throw high level data which provide pointers for risk identification.

### Risk Measurement

Once the risks are being identified, the risk management team focuses on dividing the risk level into high risk category, medium and low risk category. Undivided attention will be focussed on the high risk category items to ascertain the exposure and potential impact on the business and mitigation plans are put in place immediately. The medium and low risk categories are discussed with the process owners and ensured that adequate control systems are put in place to avoid redundancy.

### Risk Reporting

The Risk Management Committee peruses the risk report outlining the level of the risk and analyses the trend, exposure and the significant impact it could make on the business and also derive comprehensive solutions to mitigate the same. Depending upon the severity level of the risk the Risk Management Committee brings it to the attention of the Board who shall deliberate on the actions to be adopted to minimize the impact on the business and are being used as inputs for devolving strategic and business plans.

The process flow of Risk Identification and the action plan revolving around it is depicted below:



## Management perception on risk environment and key risk management activities of the year

The effect of the global economic slowdown on our clients and the resultant impact on our business seem to have gradually improved during the year. As major part of our revenues are being generated through overseas contracts, the Risk Management Committee perceives risk from the stand point of regulatory environment, Visa regulations and taxation which requires close monitoring and continuous assessment. Also the global currencies which attribute to our revenues demonstrated high volatility during the year. Our periodic quality assessment on credit and fervent follow up on collections has improved our credit risk indicators.

### Risk assessments and review

We have put in place procedures to carry out risk management activities as described below which involves monitoring and mitigation at appropriate levels.

- Periodic assessment of business risks
- Assessment of Currency risk and mitigation plans viz., forward covers
- Constant updation of Visa rules.
- Analysis of order pipeline and top client revenues viz., MIS reporting
- Review of service delivery
- Adoption of Quality control measures Viz., OPTIMA

## AUDITOR'S CERTIFICATION ON CORPORATE GOVERNANCE

To

The members of Saksoft Limited

We have examined the compliance of conditions of Corporate Governance by Saksoft Limited ("the Company") for the year ended on 31 March 2011 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

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 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 B S R & Co.*  
*Chartered Accountants*  
Firm registration No.: 101248W

**S Sethuraman**  
*Partner*  
Membership No: 203491

**Place: Chennai**  
**Date: May 27, 2011**

## AUDITOR'S REPORT TO THE MEMBERS OF SAKSOFT LIMITED

1. We have audited the attached Balance Sheet of Saksoft Limited as at 31 March 2011, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended, ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 ("the Act"), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
  - (a) we have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purposes of our audit;
  - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of the books;
  - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (d) In our opinion the Balance Sheet, Profit and Loss Account and Cash Flow statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
  - (e) On the basis of written representations received from the directors, as on 31 March 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31 March 2011 from being appointed as a director in terms of clause (g) to 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 the affairs of the Company as at 31 March 2011; and
    - ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date and
    - iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Place: Chennai  
Date: May 27, 2011

*for B S R & Co.*  
*Chartered Accountants*  
Firm registration number: 101248W  
**S Sethuraman**  
*Partner*  
Membership No: 203491

## ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in our report of even date)

- (i) a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b. The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified over a period of two years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- c. Fixed assets disposed of during the year were not substantial, and therefore, do not affect the going concern assumption.
- (ii) The Company is a service company, primarily rendering software development and support services. Accordingly it does not hold any physical inventories. Thus, paragraph 4(ii) of the Order is not applicable.
- (iii) a. 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. Thus, paragraph 4(iii) (b), (c) and (d) of the Order is not applicable.
- b. The Company has taken an unsecured loan from a company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount outstanding during the year was Rs. 353 million and the year-end balance of such loan was Rs. 342 million.
- c. In our opinion, the rate of interest and other terms and conditions on which loans have been taken from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the Company.
- d. The terms of the arrangement do not stipulate any repayment schedule. Accordingly, paragraph 4(iii)(g) of the Order is not applicable.
- (iv) In our opinion and according to the information and explanations given to us, and having regard to the explanation that sale of certain services are for the specialized requirements of the buyers and suitable alternative sources are not available to obtain comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets and with regard to the rendering of services. The activities of the Company do not involve purchase of inventory and sale of goods. In our opinion and according to the information and explanations given to us, we have not observed any major weakness in the internal control system during the course of the audit.
- (v) a. In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
- b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements referred to in (a) above and exceeding the value of Rs. 5 lakh with any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time except for procurement / rendering of certain services which are for the specialized requirements of the buyers and suitable alternative sources are not available to obtain comparable quotations. However, on the basis of information and explanations provided, the same appear reasonable.
- (vi) The Company has not accepted any deposits from the public.

## ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in our report of even date)

- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) The Central Government has not prescribed the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 in respect of the activities of the Company.
- (ix) a. According to the information and explanations given to us and on the basis of our examination of the records of the company, the Company is generally regular in depositing amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Income-tax, Service tax, Customs duty, and other material statutory dues during the year with the appropriate authorities. As explained to us, the Company did not have any dues on account of Employees State Insurance, Sales tax, Wealth tax and Excise duty, Investor Education and Protection Fund, Cess. There were no dues on account of Cess under Section 441A of the Companies Act, 1956 since the aforesaid section has not yet been made effective by the Central Government.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Income tax, Service tax, Customs duty and other material statutory dues were in arrears as at March 31, 2011 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 Income tax, Sales tax, Wealth tax, Service tax, Customs duty and Cess which have not been deposited with the appropriate authorities on account of any dispute, except as stated below:

Name of the statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax dues	26,999,722	April 2006 to March 2007	Commissioner of Income Tax Appeals.

- (x) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its bankers or to any financial institutions. The Company did not have any outstanding debentures 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 securities.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi/mutual benefit fund/society.
- (xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) In our opinion and according to the information and explanations given to us, the Company did not have any term loans outstanding during the year.

## ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in our report of even date)

- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we are of the opinion that the funds raised on short-term basis have not been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to companies/firms/parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money by public issues during the year.
- (xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

**Place: Chennai**  
**Date: May 27, 2011**

*for B S R & Co.*  
*Chartered Accountants*  
Firm registration number: 101248W  
**S Sethuraman**  
*Partner*  
Membership No: 203491



## BALANCE SHEET AS AT 31 MARCH 2011

(All amounts are in Indian rupees thousands, except share data and as otherwise stated)

	Schedule	As at March 31, 2011	As at March 31, 2010
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' funds</b>			
Share capital	1	101,400	101,400
Reserves & surplus	2	375,248	371,626
<b>Loan funds</b>			
Secured loans	3	5,826	2,651
Unsecured loan	4	342,333	342,194
		<b>824,807</b>	<b>817,871</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed assets</b>			
Gross block	5	117,846	114,278
Less: Accumulated depreciation and amortisation		82,636	68,565
Net block		35,210	45,713
Capital work-in-progress, including capital advances		-	708
		<b>35,210</b>	<b>46,421</b>
<b>Investments</b>	6	673,079	660,682
<b>Deferred tax asset</b>	17(3)(j)	9,705	6,007
<b>Current assets, loans and advances</b>			
Sundry debtors	7	112,014	83,201
Cash and bank balances	8	11,047	4,380
Other current assets	9	5,113	6,222
Loans and advances	10	33,924	63,366
		<b>162,098</b>	<b>157,169</b>
<b>Current liabilities and provisions</b>			
Current liabilities	11	36,150	35,397
Provisions	12	19,135	17,011
		<b>55,285</b>	<b>52,408</b>
<b>Net current assets</b>		106,813	104,761
		<b>824,807</b>	<b>817,871</b>

Significant accounting policies and notes to the financial statements 17

The schedules referred to above and the notes thereon form an integral part of the financial statements.

As per our report attached  
for **B S R & Co.**  
Chartered Accountants  
Firm Registration No: 101248W

S Sethuraman  
Partner  
Membership No: 203491

Date: May 27, 2011  
Place: Chennai

**Aditya Krishna**  
Managing Director

**Niraj Kumar Ganeriwal**  
Chief Financial Officer

For and on behalf of the Board of Directors

**R.Rajagopalan**  
Director

**S Narayan**  
Company Secretary

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2011

(All amounts are in Indian rupees thousands, except share data and as otherwise stated)

	Schedule	Year ended March 31, 2011	Year ended March 31, 2010
<b>INCOME</b>			
Software services			
Overseas		329,588	328,972
Domestic		92,242	96,804
Other Income	13	7,494	903
		<b>429,324</b>	<b>426,679</b>
<b>EXPENDITURE</b>			
Employee costs	14	267,053	259,046
Operating and other expenses	15	94,029	99,870
Depreciation and amortisation	5	16,437	16,090
Interest and finance charges	16	28,666	27,093
		<b>406,185</b>	<b>402,099</b>
<b>Profit before tax</b>		<b>23,139</b>	<b>24,580</b>
Provision for taxes			
Current tax		11,430	11,400
Deferred tax		(3,698)	(3,431)
<b>Net profit after tax</b>		<b>15,407</b>	<b>16,611</b>
Profit brought forward from previous year		264,013	259,265
Amount available for appropriation		<b>279,420</b>	<b>275,876</b>
<b>Appropriations</b>			
Proposed dividend		10,140	10,140
Dividend distribution tax		1,645	1,723
Balance in profit and loss account		267,635	264,013
		<b>279,420</b>	<b>275,876</b>
<b>Earnings per share</b>			
Equity shares of par value Rs. 10/- each			
Basic		1.61	1.73
Diluted		1.48	1.63
<b>Number of shares used in computing earnings per share</b>			
Basic		9,585,040	9,585,040
Diluted		10,386,667	10,180,000
<b>Significant accounting policies and notes to the financial statements</b>	17		

The schedules referred to above and the notes thereon form an integral part of the financial statements.

As per our report attached  
for **B S R & Co.**  
*Chartered Accountants*  
Firm Registration No: 101248W

S Sethuraman  
Partner  
Membership No: 203491

**Date: May 27, 2011**  
**Place: Chennai**

**Aditya Krishna**  
Managing Director

**Niraj Kumar Ganeriwal**  
Chief Financial Officer

For and on behalf of the Board of Directors  
**R.Rajagopalan**  
Director

**S Narayan**  
Company Secretary

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2011

(All amounts are in Indian rupees thousands, except share data and as otherwise stated)

	Year ended March 31, 2011	Year ended March 31, 2010
<b>A CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	23,139	24,580
<b>Adjustments for:</b>		
Depreciation and amortisation	16,437	16,090
(Profit) / loss on sale of fixed assets, net	(23)	(486)
Provision for bad and doubtful debts	1,269	839
Provision for diminution/ Loss on disposal of investments	-	74
Profit on redemption of mutual fund units	-	(157)
Dividend income	(112)	(232)
Interest and finance charges	28,666	27,093
Unrealised foreign exchange loss / (gain), net	(2,820)	(130)
<b>Operating profit before working capital changes</b>	<b>66,556</b>	<b>67,671</b>
(Increase) / decrease in sundry debtors	(26,692)	24,098
(Increase) / decrease in other current assets, loans and advances	27,769	1,595
Increase / (decrease) in current liabilities and provisions	2,880	(69,445)
<b>Cash generated from operations</b>	<b>70,513</b>	<b>23,919</b>
Taxes paid, net	10,773	13,897
<b>Net cash flows (used in) / from operating activities</b>	<b>59,740</b>	<b>10,022</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(6,843)	(28,598)
Proceeds from sale of fixed assets	1,639	1,160
Purchase of mutual fund units	(79,112)	(205,145)
Sale of mutual fund units	84,400	210,783
Investment in subsidiary	(17,685)	-
Dividend income received	112	232
<b>Net cash flows (used in) / from investing activities</b>	<b>(17,489)</b>	<b>(21,568)</b>

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2011

(All amounts are in Indian rupees thousands, except share data and as otherwise stated)

	Year ended March 31, 2011	Year ended March 31, 2010
<b>C CASH FLOW FROM FINANCING ACTIVITES</b>		
Proceeds / (repayment) from long term borrowings	3,174	40,114
Interest and finance charges paid	(28,526)	(26,476)
Dividend and dividend tax paid	(11,863)	(11,863)
<b>Net cash flows (used in) / from financing activities</b>	<b>(37,215)</b>	<b>1,775</b>
<b>D EXCHANGE DIFFERENCE ON TRANSLATION OF FOREIGN CURRENCY CASH AND CASH EQUIVALENTS</b>	<b>1,631</b>	<b>(654)</b>
<b>Net (decrease) / increase in cash and cash equivalents (A+B+C+D)</b>	<b>6,667</b>	<b>(10,425)</b>
Cash and cash equivalents at the beginning of the year	4,380	14,805
<b>Cash and cash equivalents at the end of the year</b>	<b>11,047</b>	<b>4,380</b>
(Refer to schedule 8 - Cash and bank balances)		
Cash and cash equivalents include the following which in the view of the management are restricted in nature:		
in dividend account	141	92
in fixed deposit account	145	145
in share application money due for refund	196	196

**Significant accounting policies and notes to the financial statements** 17

The schedules referred to above and the notes thereon form an integral part of the financial statements.

As per our report attached  
for **B S R & Co.**  
*Chartered Accountants*  
Firm Registration No: 101248W

**Aditya Krishna**  
Managing Director

For and on behalf of the Board of Directors  
**R.Rajagopalan**  
Director

S Sethuraman  
Partner  
Membership No: 203491

**Niraj Kumar Ganeriwal**  
Chief Financial Officer

**S Narayan**  
Company Secretary

**Date: May 27, 2011**  
**Place: Chennai**

## SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

(All amounts are in Indian rupees thousands, except share data and as otherwise stated)

	As at March 31, 2011	As at March 31, 2010
<b>SCHEDULE 1:</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised:</b>		
20,000,000 (Previous year - 20,000,000) equity shares of Rs.10/- each	200,000	200,000
<b>Issued, Subscribed and Paid-up</b>		
10,140,000 (Previous year - 10,140,000) equity shares of Rs.10/- each fully paid up	101,400	101,400
Of the above, 3,400,070 (Previous year - 3,400,070) equity shares have been issued as bonus shares by capitalisation of the general reserve. (Refer note 3(m) of schedule 17 for details of options in respect of equity shares)		
<b>Schedule 2:</b>		
<b>RESERVES &amp; SURPLUS</b>		
General reserve	33,986	33,986
Securities premium	73,627	73,627
Balance in Profit and loss account	267,635	264,013
	<b>375,248</b>	<b>371,626</b>
<b>Schedule 3:</b>		
<b>SECURED LOANS</b>		
From a bank (refer Note 1)	5,000	-
Finance lease obligations (refer Note 2)	826	2,651
	<b>5,826</b>	<b>2,651</b>
<b>Note:</b>		
1. Short term loan from a bank is secured by first charge on the current assets and unencumbered movable fixed assets of the Company.		
2. Finance lease obligations are secured by the assets taken on lease. (refer Note 3(d) of Schedule 17)		
Amount repayable within one year Rs. 5,000 (Previous year - Rs. Nil)		
<b>Schedule 4:</b>		
<b>UNSECURED LOAN</b>		
From Sak Industries Private Limited	342,333	342,194
	<b>342,333</b>	<b>342,194</b>
<b>Note:</b>		
Includes interest accrued and due Rs. 2,333 (Previous year - Rs. 2,194)		
Amount repayable within one year Rs. Nil (Previous year - Rs. Nil)		

## SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

(All amounts are in Indian rupees thousands, except share data and as otherwise stated)

### SCHEDULE 5: FIXED ASSETS

Asset category	Gross block			Accumulated depreciation / Amortisation				Net Block	
	As at April 1, 2010	Additions	Deletions	As at March 31, 2011	As at April 1, 2010	For the year	Deletions	As at March 31, 2011	As at March 31, 2010
<b>Tangible assets</b>									
Plant and machinery	8,338	1,504	150	9,692	5,697	1,446	75	7,068	2,641
Computer equipments	39,817	751	-	40,568	31,286	4,027	-	35,313	8,531
Office equipments	2,575	429	166	2,838	1,965	353	46	2,272	610
Electrical installations	7,033	-	-	7,033	5,282	935	-	6,217	1,751
Furniture and fixtures	15,850	1	232	15,619	10,607	2,200	58	12,749	5,243
Vehicles	166	49	43	172	134	7	43	98	32
Lease hold improvements	24,841	258	-	25,099	3,728	4,991	-	8,719	21,113
<b>Intangible assets</b>									
Software	5,757	4,000	-	9,757	2,377	1,491	-	3,868	3,380
Intellectual property rights	4,500	-	-	4,500	4,500	-	-	4,500	-
	<b>108,877</b>	<b>6,992</b>	<b>591</b>	<b>115,278</b>	<b>65,576</b>	<b>15,450</b>	<b>222</b>	<b>80,804</b>	<b>43,301</b>
<b>Assets acquired under finance lease</b>									
Vehicles	5,401	559	3,392	2,568	2,989	988	2,145	1,832	2,412
<b>Grand Total</b>	<b>114,278</b>	<b>7,551</b>	<b>3,983</b>	<b>117,846</b>	<b>68,565</b>	<b>16,438</b>	<b>2,367</b>	<b>82,636</b>	<b>45,713</b>
Previous year	100,642	30,260	16,624	114,278	68,425	16,090	15,950	68,565	-

## SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

(All amounts are in Indian rupees thousands, except share data and as otherwise stated)

### SCHEDULE 6: INVESTMENTS

	Face value (fully paid up)	Balance as at April 1, 2010		Additions		Sales / Redemption		Balance as at March 31, 2011	
		No. of shares / units	Cost	No. of shares / units	Cost	No. of shares / units	Cost	No. of shares / units	Cost
<b>Long term, non-trade, unquoted, at cost</b>									
<b>In subsidiary companies</b>									
<b>Equity shares</b>									
Saksoft Inc, USA	USD 1	195,000	9,240	-	-	-	-	195,000	9,240
Saksoft Pte Limited, Singapore	SGD 1	55,002	1,485	500,000	17,685	-	-	555,002	19,170
Saksoft GmbH, Germany	EUR 1	25,000	1,202	-	-	-	-	25,000	1,202
Saksoft Investments Private Limited, United Kingdom	GBP 1	5,001,000	434,453	-	-	-	-	5,001,000	434,453
<b>5% redeemable preference shares</b>									
Saksoft Investments Private Limited, United Kingdom	GBP 1	2,401,000	208,740	-	-	-	-	2,401,000	208,740
		<b>7,677,002</b>	<b>655,120</b>	<b>500,000</b>	<b>17,685</b>	<b>-</b>	<b>-</b>	<b>8,177,002</b>	<b>672,805</b>
<b>Current, non-trade, unquoted, at the lower of cost and fair value</b>									
<b>In liquid mutual fund units</b>									
DWS Insta cash plus fund - Regular	Rs 10 / unit	553,334	5,562	7,373,089	79,112	7,899,239	84,400	27,184	274
		<b>553,334</b>	<b>5,562</b>	<b>7,373,089</b>	<b>79,112</b>	<b>7,899,239</b>	<b>84,400</b>	<b>27,184</b>	<b>274</b>
<b>Total</b>			<b>660,682</b>		<b>96,797</b>		<b>84,400</b>		<b>673,079</b>

### Aggregate fair value of unquoted investments

Current year (31 March 2011)	<b>274</b>
Previous year (31 March 2010)	5,562

## SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

(All amounts are in Indian rupees thousands, except share data and as otherwise stated)

	As at March 31, 2011	As at March 31, 2010
<b>Schedule 7:</b>		
<b>SUNDRY DEBTORS (UNSECURED)</b>		
Debts outstanding for a period exceeding six months		
Considered good	18,225	12,613
Considered doubtful	2,108	839
	20,333	13,452
Other debts, considered good	93,789	70,588
Less: Provision for doubtful debts	2,108	839
	<b>112,014</b>	<b>83,201</b>
<i>Amount due from company under same management</i>		
Saksoft Inc, USA	37,331	12,849
Saksoft Pte Limited, Singapore	32,098	30,411
Acuma Solutions Limited, United Kingdom	10,983	6,651
<b>Schedule 8:</b>		
<b>CASH AND BANK BALANCES</b>		
Cash on hand	20	8
<b>Balances with scheduled banks</b>		
In Current accounts	8,925	2,158
In Unclaimed dividend accounts	141	92
In Deposit accounts *	161	161
In Share application - Saksoft Limited refund account	196	196
<b>Balances with non-scheduled bank</b>		
In current account with ICICI Bank UK Limited, London **	1,604	1,765
	<b>11,047</b>	<b>4,380</b>
* includes Rs.145 (Previous year - Rs.145) under lien with the customs authorities		
** maximum amount outstanding during the year - Rs. 1,604 (Previous year - Rs. 2,355)		
<b>Schedule 9:</b>		
<b>OTHER CURRENT ASSETS</b>		
Unbilled revenues	5,113	6,222
	<b>5,113</b>	<b>6,222</b>



## SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

(All amounts are in Indian rupees thousands, except share data and as otherwise stated)

	As at March 31, 2011	As at March 31, 2010
<b>Schedule 10:</b>		
<b>LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD)</b>		
Advances to subsidiaries *	1,334	25,520
Deposits	5,935	6,874
Prepaid expenses	1,746	4,267
Advance tax and tax deducted at source, net of provision for tax Rs.50,757 (Previous year - Rs.39,327)	15,154	15,811
MAT credit entitlement	27	27
Other advances	9,478	5,317
Due from Whole time directors of the Company (refer Note 3(b) to Schedule 17)	-	5,300
Loan to Saksoft Employees Welfare Trust (refer Note 3(m) to Schedule 17)	250	250
	<b>33,924</b>	<b>63,366</b>
<i>* Amount due from company under same management</i>		
Saksoft Inc, USA	1,334	3,476
Saksoft Pte Limited, Singapore	-	16,410
Acuma Solutions Limited, United Kingdom	-	5,634
<b>Schedule 11:</b>		
<b>CURRENT LIABILITIES</b>		
Sundry creditors		
Micro and small enterprises (refer Note 3(o) of Schedule 17)	-	-
Others	29,864	30,029
Subsidiary Companies	40	111
Unclaimed dividend	141	92
Share application money due for refund	196	196
Other liabilities	5,909	4,969
	<b>36,150</b>	<b>35,397</b>
<b>Schedule 12:</b>		
<b>PROVISIONS</b>		
Proposed dividend	10,140	10,140
Dividend distribution tax	1,645	1,723
Provision for gratuity (refer Note 3(l) of Schedule 17)	7,350	5,148
	<b>19,135</b>	<b>17,011</b>

## SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

(All amounts are in Indian rupees thousands, except share data and as otherwise stated)

	Year ended March 31, 2011	Year ended March 31, 2010
<b>Schedule 13:</b>		
<b>OTHER INCOME</b>		
Dividend received on investment in liquid mutual funds	112	232
Profit on sale of fixed assets	23	486
Profit on sale of investments	-	157
Foreign exchange fluctuation gain, net	7,359	-
Miscellaneous income	-	28
	<b>7,494</b>	<b>903</b>
<b>Schedule 14:</b>		
<b>EMPLOYEE COSTS</b>		
Salaries, wages and bonus	242,858	239,170
Contribution to provident and other funds	13,091	13,244
Staff welfare expenses	11,104	6,632
	<b>267,053</b>	<b>259,046</b>
<b>Schedule 15:</b>		
<b>OPERATING AND OTHER EXPENSES</b>		
Power and fuel	10,154	10,832
Rent	20,814	18,425
Repairs and maintenance		
Building	3,071	4,281
Machinery	1,023	1,075
Others	6,609	4,115
Professional charges (refer Note 3(g) of Schedule 17)	21,969	10,497
Insurance	641	483
Rates and taxes	528	432
Travel and conveyance	19,100	25,611
Recruitment and training expenses	1,795	3,077
Communication expenses	4,465	5,353
Printing and stationery	605	556
Advertisement and business promotion expenses	967	1,135
Foreign exchange fluctuation loss, net	-	11,856
Provision for diminution in the value/ loss on disposal of investments	-	74
Provision for doubtful debts	1,269	839
Commission to non-executive directors (refer Note 3(c) of Schedule 17)	302	324
Sitting fees to directors	505	400
Miscellaneous expenses	212	505
	<b>94,029</b>	<b>99,870</b>
<b>Schedule 16:</b>		
<b>INTEREST AND FINANCE CHARGES</b>		
Interest on loan	27,704	26,319
Finance charges	962	774
	<b>28,666</b>	<b>27,093</b>

## SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

(All amounts are in Indian rupees thousands, except share data and as otherwise stated)

### 17. Significant accounting policies and notes to the financial statements

#### 1. Background

Saksoft Limited ('Saksoft' or 'the Company') is an Information technology Company. Saksoft provides end-to-end business solutions that leverage technology and enables its clients to enhance business performance. The Company provides the entire gamut of software solutions including consulting, design, development, re-engineering, systems integration, implementation and testing.

#### 2. Significant accounting policies

##### a. Basis of preparation of financial statements

The financial statements are prepared and presented in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis. GAAP comprises accounting standards notified by the Central Government of India under Section 211 (3C) of the Companies Act, 1956, other pronouncements of the Institute of Chartered Accountants of India, provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India ('SEBI').

##### b. Use of estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period, reported balances of assets and liabilities, and disclosure of contingent liabilities as at the date of the financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

##### c. Tangible fixed assets, Capital work-in-progress and depreciation/amortisation

Fixed assets are carried at cost of acquisition less accumulated depreciation. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Depreciation is provided on the straight line method at rates of depreciation prescribed in Schedule XIV to the Companies Act, 1956 or based on the estimated useful life of the assets whichever is higher as follows:

Description	Rate of depreciation
Plant and machinery	20%
Computer equipments	20%
Furniture and fixtures	20%
Office equipments	20%
Vehicles	20%
Electrical installations	20%

Individual assets costing Rs 5,000/- or less are depreciated at 100% in the year of purchase.

Capital work-in-progress includes the cost of fixed assets that are not ready for their intended use and advances paid to acquire fixed assets.

Depreciation on leased assets is charged over the period of lease or the life of the asset whichever is lower.

## SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

(All amounts are in Indian rupees thousands, except share data and as otherwise stated)

### 17. Significant accounting policies and notes to the financial statements (continued)

#### 2. Significant accounting policies (continued)

##### d. Intangible assets and amortization

Intangible assets comprising intellectual property rights and software costs are amortized over a period of 36 and 60 months respectively from the date of acquisition.

##### e. Leases

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. If there is reasonable certainty that the lessee will obtain ownership by the end of the lease term, the period of expected use is the useful life of the asset; otherwise the asset is depreciated over the lease term or its useful life, whichever is shorter. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income.

Leases that do not transfer substantially all the risks and rewards of ownership are classified as operating leases and are recorded as expense on a straight line basis over the lease term.

##### f. Impairment of assets

The Company assesses at each balance sheet whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. Recoverable amount is the higher of an asset's net selling price and value in use. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Profit and Loss Account. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

##### g. Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long term investments.

- Long term investments are stated at cost and any decline other than temporary in the value of investments is charged to profit and loss account.
- Current investments are stated at the lower of cost and fair value.

##### h. Foreign currency transactions

Transactions in foreign currencies are recorded at exchange rates that approximate the rate prevailing on the dates of the transaction. Monetary assets and liabilities denominated in foreign currency are translated at rates of exchange on the balance sheet date. Exchange differences arising on foreign currency transactions are recognised in the profit and loss account.

In accordance with the announcement of "Accounting for Derivatives" made by the Institute of Chartered Accountants of India ("ICAI") on 29 March 2008, derivatives are marked to market and the changes in the value of such derivatives, to the extent they reflect a loss or recognized in profit or loss account.

## SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

(All amounts are in Indian rupees thousands, except share data and as otherwise stated)

### 17. Significant accounting policies and notes to the financial statements (continued)

#### 2. Significant accounting policies (continued)

##### i. Revenue recognition

Revenue from software services comprises revenue from time and material and fixed price contracts.

Revenue from time-and-material contracts is recognized based on the time / efforts spent and billed to clients.

In case of fixed-price contracts, revenue is recognized based on the milestones achieved as specified in the contracts on percentage of completion basis.

Revenue from annual maintenance contracts are recognized proportionately over the period in which services are rendered.

Dividend income is recognized when the Company's right to receive dividend is established.

Interest income is recognized on the time proportionate method.

##### j. Employee benefits

###### Provident Fund

Contributions payable to the recognized provident fund which is a defined contribution scheme are charged to the profit and loss account.

###### Gratuity

Gratuity liability is a defined benefit obligation and is recorded based on actuarial valuation on projected unit credit method made at the end of the year. The gratuity liability and net periodic gratuity cost is actuarially determined after considering discount rates, expected long term return on plan assets and increase in compensation levels. All actuarial gain/loss are immediately recorded to the profit and loss account and are not deferred. The Company makes contributions to a fund administered and managed by the Saksoft Employees' Gratuity Trust to fund the gratuity liability.

###### Compensated Absences

As per the employment policy of the Company, employees are required to avail their annual leave by the end of the respective calendar year and leave is not allowed to be encashed. At the end of the financial year, the Company accounts for the remaining short term compensated absences.

##### k. Taxation

Income-tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in the future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets.

## SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

(All amounts are in Indian rupees thousands, except share data and as otherwise stated)

### 17. Significant accounting policies and notes to the financial statements (continued)

#### 2. Significant accounting policies (continued)

##### k. Taxation (continued)

Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realised. Current tax and deferred tax assets and liabilities are offset to the extent to which the Company has a legally enforceable right to set off and they relate to taxes on income levied by the same governing taxation laws.

##### l. Earnings per share

Basic earnings per share ('EPS') amounts are computed by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all measurable dilutive potential equity shares.

The shares issued to the Saksoft Employees Welfare Trust have been considered as outstanding for basic EPS purposes, to the extent the options have been exercised by the employees. For diluted EPS purpose, the shares, which are not yet eligible for exercise, have also been considered as outstanding to the extent these shares are dilutive.

##### m. Employees stock option schemes

The Company uses the intrinsic value method of accounting for its employee share based compensation plan and other share based arrangements. Under this method compensation expense is recorded over the vesting period of the option, if the fair market value of the underlying stock on the date of the grant exceeds the exercise price.

##### n. Provisions, Contingent liabilities and Contingent assets

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

A disclosure for contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are neither recognised nor disclosed in the financial statements.

## SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

(All amounts are in Indian rupees thousands, except share data and as otherwise stated)

### 17. Significant accounting policies and notes to the financial statements (continued)

#### 3. Notes to the financial statements

##### a. Capital commitments and contingencies

Particulars	As at March 31, 2011	As at March 31, 2010
Estimated amount of contracts remaining to be executed on capital account (net of capital advances) and not provided for	Nil	675
Income-tax matters	26,700	12,494

##### b. Managerial remuneration

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
Salaries and allowances	4,892	6,168
Contribution to provident fund and other funds	483	1,032
	<b>5,375</b>	<b>7,200</b>

The whole-time directors are covered under the Company's group gratuity scheme along with other employees of the Company. Contribution to gratuity is based on actuarial valuation done on an overall Company basis and hence is excluded above.

The remuneration payable to the Whole time directors of the Company was in excess of the limits prescribed under the Companies Act, 1956 by Rs 5,300 in previous year. During the year, the Company has received the approval from the Central Government in respect of such excess amount. Accordingly, the amount of Rs 5,300 has been paid during the year.

##### c. Remuneration to Non whole time directors

Computation of net profit in accordance with section 198 read with Section 349 of the Companies Act, 1956 and calculation of commission payable to Non-Executive Directors.

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
Net Profit after tax from ordinary activities	15,407	16,611
<i>Add:-</i>		
Whole time director's remuneration	5,375	7,200
Sitting fees	505	400
Loss on disposal of investments	-	32
Provision for doubtful debts	1,269	839
Provision for tax	7,732	7,969
Depreciation as per books of account	16,437	16,090
<i>Less:-</i>		
Profit on sale of fixed assets	23	486
Profit on redemption of mutual funds units	-	157

## SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

(All amounts are in Indian rupees thousands, except share data and as otherwise stated)

### 17. Significant accounting policies and notes to the financial statements (continued)

#### 3. Notes to the financial statements (continued)

##### c. Remuneration to Non whole time directors (continued)

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
Depreciation as envisaged under section 350 of the Companies Act*	16,437	16,090
Profit on which commission is payable	<b>30,265</b>	<b>32,408</b>
Maximum approved by the Shareholders at 1%	<b>302</b>	<b>324</b>

During the year the Company has provided for Commission of Rs. 302 (Previous year - Rs. 324) to non whole time Directors as approved by the Shareholders at the Annual General Meeting.

\* The Company depreciates fixed assets based on estimated useful lives that are lower than those implicit in schedule XIV of the Companies Act, 1956. Accordingly the rates of the depreciation used by the Company are higher than the minimum prescribed by the Schedule XIV.

##### d. Finance lease obligations

Particulars	As at March 31, 2011	As at March 31, 2010
<b>Future obligations for assets taken on lease</b>		
Not later than 1 year	680	1,825
Later than 1 year but not later than 5 years	257	1,332
	<b>937</b>	<b>3,157</b>
<b>Less: Amounts representing future interest</b>		
Not later than 1 year	98	388
Later than 1 year but not later than 5 years	13	118
	<b>111</b>	<b>506</b>
<b>Present value of minimum lease rentals</b>		
Not later than 1 year	582	1,437
Later than 1 year but not later than 5 years	244	1,214
	<b>826</b>	<b>2,651</b>

##### e. Earnings in foreign currency

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
Income from software services	329,588	328,972

##### f. Expenditure in foreign currency

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
Salaries, travel and other expenses	31,318	26,304



## SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

(All amounts are in Indian rupees thousands, except share data and as otherwise stated)

### 17. Significant accounting policies and notes to the financial statements (continued)

#### 3. Notes to the financial statements (continued)

##### g. Auditors' remuneration (included under Schedule 15 - Professional charges)

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
Statutory audit *	1,750	1,750
Other services *	150	200
Out of pocket expenses *	36	59
	<b>1,936</b>	<b>2,009</b>

\* excluding service tax

##### h. Quantitative details

The Company is primarily engaged in the development and maintenance of computer software and IT related services. The production and sale of such software etc cannot be expressed in any generic unit. Hence, it is not possible to give the quantitative details of sales and certain information as required under paragraphs 3,4C and 4D of Part II of Schedule VI to the Companies Act, 1956.

##### i. Related party disclosures

Enterprises in which key management personnel exercise significant influence	Sak Industries Private Limited Sak Technologies Limited Sak Abrasives Limited Sakserve Private Limited Saksoft Limited Employees Welfare Trust Saksoft Limited Employees Gratuity Trust Sonnet Investments Pvt. Ltd. Sak Industries Pte Ltd
Subsidiaries and step down subsidiaries	Saksoft Inc, USA Saksoft Pte Ltd, Singapore Saksoft GmbH, Germany Saksoft Investments Pvt Limited, UK Saksoft HK Limited, Hong Kong Acuma Solutions Limited, UK Acuma Software Limited, UK Acuma Holdings Limited, UK GA Information Systems Limited, UK * GA Information Services Limited, UK *
Key management personnel	Mr Aditya Krishna – Managing Director Mr N K Subramaniam – Whole Time Director (till August 22, 2010)

\*(Refer note 3(p) of Schedule 17)

## SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

(All amounts are in Indian rupees thousands, except share data and as otherwise stated)

### 17. Significant accounting policies and notes to the financial statements (continued)

#### 3. Notes to the financial statements (continued)

##### i. Related party disclosures (continued)

##### Transactions entered during the year

Description	Year ended March 31, 2011	Year ended March 31, 2010
<b>Revenues</b>		
Acuma Solutions Limited, United Kingdom	92,442	33,975
Saksoft Inc, USA	167,104	191,088
Saksoft Pte Limited, Singapore	35,162	61,342
<b>Reimbursement of expenses (Net)</b>		
Acuma Solutions Limited, United Kingdom	4,503	(20,155)
Saksoft Inc, USA	8,906	3,775
Saksoft Pte Limited, Singapore	2,192	5,404
Saksoft Pty Limited, Australia	-	(50)
Sak Abrasives Limited	555	454
Saksoft employees welfare trust	-	(242)
Sakserve Private Limited	-	64
<b>Rent expense</b>		
Sak Industries Private Limited	7,952	4,990
<b>Interest on loan</b>		
Sak Industries Private Limited	27,691	25,634
<b>Investment made during the year</b>		
Saksoft Pte Limited, Singapore	17,685	-
<b>Borrowings / (Repayment), net</b>		
Sak Industries Private Limited	-	40,000
<b>Key management Personnel</b>		
<b>Managerial remuneration</b>		
Mr Aditya Krishna – Managing Director	3,000	3,600
Mr N K Subramaniam – Whole Time Director (till August 22, 2010)	2,375	3,600

##### Year end balances

Description	As at March 31, 2011	As at March 31, 2010
<b>Investments</b>		
Saksoft Inc, USA	9,240	9,240
Saksoft Pte Limited, Singapore	19,170	1,485
Saksoft GmbH, Germany	1,202	1,202
Saksoft Investments Private Limited, United Kingdom	643,193	643,193

## SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

(All amounts are in Indian rupees thousands, except share data and as otherwise stated)

### 17. Significant accounting policies and notes to the financial statements (continued)

#### 3. Notes to the financial statements (continued)

##### i. Related party disclosures (continued)

##### Year end balances (continued)

Description	As at March 31, 2011	As at March 31, 2010
<b>Receivables</b>		
Acuma Solutions Limited, United Kingdom	10,983	6,651
Saksoft Inc, USA	37,331	12,849
Saksoft Pte Limited, Singapore	32,098	30,411
<b>Loans and advances</b>		
Acuma Solutions Limited, United Kingdom	-	5,634
Saksoft Inc, USA	1,334	3,476
Saksoft Pte Limited, Singapore	-	16,410
Sak Abrasives Limited	381	953
Saksoft employees welfare trust	250	250
Saksoft employees gratuity trust	25	25
Sakserve Private Limited	23	23
Dues from whole time directors		
- Mr Aditya Krishna	-	3,120
- Mr N K Subramaniam (till August 22, 2010)	-	2,180
<b>Accounts payable</b>		
Acuma Solutions Limited, United Kingdom	47	111
<b>Borrowings</b>		
Sak Industries Private Limited	342,333	342,193

##### j. Deferred taxes, net

Particulars	As at March 31, 2011	As at March 31, 2010
<b>Deferred tax assets</b>		
Arising from timing differences in respect of:		
Fixed assets	4,742	2,404
Retirement benefits	2,813	2,070
Other tax disallowances	2,150	1,533
<b>Net Deferred tax assets</b>	<b>9,705</b>	<b>6,007</b>

## SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

(All amounts are in Indian rupees thousands, except share data and as otherwise stated)

### 17. Significant accounting policies and notes to the financial statements (continued)

#### 3. Notes to the financial statements (continued)

##### k. Segment information

The Company's operations primarily relate to providing information technology ('IT') services. Accordingly, the Company operates in a single segment, which represents the primary segment. Secondary segmental reporting is performed on the basis of the geographical location of customers

Geographic location of customers	Year ended March 31, 2011	Year ended March 31, 2010
<b>Revenue</b>		
India	92,242	96,804
United Kingdom	124,890	74,336
USA	167,104	191,088
Singapore	35,163	61,343
Rest of the world	2,431	2,205
	<b>421,830</b>	<b>425,776</b>

Fixed assets used in the Company's business, assets or liabilities contracted, other than those specifically identifiable, have not been identified to any of the reportable segments, as the fixed assets are used interchangeably between segments.

#### l. Gratuity

##### Reconciliation of benefit obligation and plan assets

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
<b>Change in Defined Benefit Obligation</b>		
Opening defined benefit obligation	<b>8,678</b>	<b>8,901</b>
Current service cost	2,926	2,904
Interest cost	885	822
Actuarial losses/ (gain)	(1,698)	(3,599)
Past service cost	950	-
Benefits paid	(2,232)	(350)
<b>Closing defined benefit obligation</b>	<b>9,509</b>	<b>8,678</b>
<b>Change in fair value of assets</b>		
Opening fair value of plan assets	<b>3,530</b>	<b>2,603</b>
Expected return on plan assets	310	428
Actuarial gain/ (losses)	(308)	(151)
Contribution by Employers	859	1000
Benefits paid	(2,232)	(350)
<b>Closing fair value of plan assets</b>	<b>2,159</b>	<b>3,530</b>
<b>Liability recognised in the balance sheet</b>	<b>7,350</b>	<b>5,148</b>

## SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

(All amounts are in Indian rupees thousands, except share data and as otherwise stated)

### 17. Significant accounting policies and notes to the financial statements (continued)

#### 3. Notes to the financial statements (continued)

##### I. Gratuity (continued)

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
<b>Expense recognized in the profit and loss account</b>		
Current service cost	2,925	2,904
Interest cost on defined benefit obligation	885	822
Expected return on plan assets	(310)	(428)
Net Actuarial losses / (gains) recognised in a year	(1390)	(3,448)
Part service cost	950	-
<b>Net gratuity cost ( included in contribution to provident fund and other fund of schedule 14 )</b>	<b>3,060</b>	<b>(150)</b>
<b>Actual return on plan assets</b>	<b>1</b>	<b>277</b>
Assumptions		
Discount rate	8.10%	7.90%
Expected rate of return on assets	7.50%	7.50%
Salary escalation	10% for first 2 years & 7% thereafter	10% for first 4 years & 7% thereafter

The plan asset comprise of contribution to group gratuity scheme of insurer managed fund.

##### m. Employee Stock option plans ('ESOP')

#### ESOP 2006 Plan

The ESOP 2006 Plan was introduced by the Company in 2006 under which the Company grants options from time to time to employees of the Company and its subsidiaries. This Plan was approved by the Board of Directors in January 2006 and by the shareholders in February 2006. The Plan issued in accordance with Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, is administered by the Saksoft Employees Welfare Trust ('the Trust') through the compensation committee. The Trust purchased the shares of the Company using the proceeds of loans obtained from the Company and administers the allotment of shares to employees and other related matters. The eligible employees exercise the options under the terms of the Plan at an exercise price, which equals the fair value on the date of the grant, until which the shares are held by the Trust.

The Company has allotted 582,460 equity shares of Rs.10 each to the Trust to give effect to the ESOP Plan. As at the balance sheet date, the employees have exercised 27,500 options under this Plan and accordingly, 554,960 equity shares of Rs 10 each represent shares held by the Trust.

## SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

(All amounts are in Indian rupees thousands, except share data and as otherwise stated)

### 17. Significant accounting policies and notes to the financial statements (continued)

#### 3. Notes to the financial statements (continued)

##### m. Employee Stock option plans ('ESOP') (continued)

The details of options granted under this ESOP 2006 plan are:

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
Options outstanding at the beginning of the year	211,750	301,500
Options granted during the year	-	-
Options exercised during the year	-	-
Options forfeited during the year	(57,000)	-
Options lapsed during the year	(104,250)	(89,750)
Options outstanding at the end of the year	<b>50,500</b>	<b>211,750</b>

##### **ESOP 2009 Plan**

The ESOP 2009 Plan was introduced by the Company during the year under which the Company grants options from time to time to employees of the Company and its subsidiaries. This Plan issued in accordance with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 received the consent of the shareholders in December 2009.

The plan considers an aggregate of 500,000 options to be vested and exercised in accordance with the ESOP 2009 plan as approved by the Compensation Committee. During the year the Compensation Committee had cancelled the earlier grant of 1,20,000 options under ESOP 2009 as the option grantees voluntarily surrendered their options owing to market conditions. The Compensation Committee subsequently granted 5,00,000 options under the Employees Stock Option plan 2009 on 3rd December 2010 to eligible employees of Saksoft and its subsidiaries at the rate of Rs.44.25 per option.

The details of the ESOP 2009 Plan are

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
Options outstanding at the beginning of the year	120,000	-
Options granted during the year	500,000	120,000
Options exercised during the year	-	-
Options forfeited during the year	(120,000)	-
Options lapsed during the year	(100,000)	-
Options outstanding at the end of the year	<b>400,000</b>	<b>120,000</b>

## SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

(All amounts are in Indian rupees thousands, except share data and as otherwise stated)

### 17. Significant accounting policies and notes to the financial statements (continued)

#### 3. Notes to the financial statements (continued)

##### n. Earnings Per Share (EPS)

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
<b>Earnings</b>		
Net profit for the year	15,407	16,611
<b>Shares</b>		
Equity shares as at the balance sheet date	10,140,000	10,140,000
<b>Less:</b> Shares held by Saksoft employees welfare trust	554,960	554,960
<b>Total number of equity shares outstanding at the end of the year – Basic</b>	<b>9,585,040</b>	<b>9,585,040</b>
<b>Diluted Shares</b>		
Weighted average number of equity shares outstanding as at the end of the year – Basic	9,585,040	9,585,040
<b>Add:</b> Shares held by Saksoft employees welfare trust	554,960	554,960
<b>Add:</b> Weighted average number of equity shares arising out of outstanding stock options that have dilutive effect on the EPS	246,667	40,000
<b>Weighted average number of equity shares outstanding during the year – Diluted</b>	<b>10,386,667</b>	<b>10,180,000</b>
<b>Earnings per share of par value Rs.10 – Basic (Rs.)</b>	1.61	1.73
<b>Earnings per share of par value Rs.10 – Diluted (Rs.)</b>	1.48	1.63

##### o. Dues to Micro and small enterprises

The management has identified enterprises which have provided goods and services to the Company and which qualify under the definition of micro and small enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2011 has been made in the financial statements based on information received and available with the Company and relied upon by auditors. Further in the view of the management, the impact of the interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material.

p. GA Information Systems Limited, UK and GA Information Services Limited, UK have been wound up on 26 October 2010 and on 22 January 2011 respectively.

q. Prior year comparatives have been regrouped / reclassified, wherever necessary, to conform to the current year's presentation.

As per our report attached  
for **B S R & Co.**  
Chartered Accountants

Firm Registration No: 101248W

**S Sethuraman**

Partner

Membership No: 203491

Date: May 27, 2011

Place: Chennai

For and on behalf of the Board of Directors

**Aditya Krishna**

Managing Director

**R Rajagopalan**

Director

**Niraj Kumar Ganeriwal**

Chief Financial Officer

**S Narayan**

Company Secretary

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

### I Registration Details

<u>Registration No.</u>	18-54429	<u>State Code</u>	18
<u>Balance Sheet Date</u>	31 03 2011	Date	Month Year

### II Capital raised during the year (Amount in Rs. Thousands)

<u>Public Issue</u>	<u>Rights Issue</u>
NIL	NIL
<u>Bonus Issue</u>	<u>Private Placement</u>
NIL	NIL

### III Position Of Mobilisation and Deployment of Funds(Amount in Rs. Thousands)

<u>Total Liabilities</u>	<u>Total Assets</u>
824,807	824,807

#### Sources of Funds

<u>Paid-Up Capital</u>	<u>Reserves &amp; Surplus</u>
101,400	375,248
<u>Secured Liabilities</u>	<u>Unsecured Loans</u>
5,826	342,333

#### Application of Funds

<u>Net Fixed Assets</u>	<u>Investments</u>
35,210	673,079
<u>Net Current Assets</u>	<u>Misc.Expenditure</u>
106,813	NIL
<u>Accumulated Losses</u>	<u>Deferred Tax Assets</u>
NIL	9,705

### IV Performance of Company (Amount in Rs. Thousands)

<u>Turn Over*</u>	<u>Total Expenditure</u>
429,324	406,185
<u>Profit /Loss before tax</u>	<u>Profit/Loss after tax</u>
23,139	15,407

\* including 'Other Income'

<u>Earnings per Share in Rs.</u>	<u>Dividend rate %</u>
1.61	10

### V Generic Names of Three Principal Products/Services of Company (as per monetary terms)

<u>Item Code Number</u> (ITC)	NA
<u>Product Description</u>	Software Development Services Software Project Assignments Software Product Management

For and on behalf of the Board of Directors

**Aditya Krishna**  
Managing Director

**R.Rajagopalan**  
Director

**Place: Chennai**  
**Date: May 27, 2011**

**Niraj Kumar Ganeriwala**  
Chief Financial Officer

**S Narayan**  
Company Secretary





## **CONSOLIDATED FINANCIAL STATEMENTS**

**2010-11**

## AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF SAKSOFT LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF SAKSOFT LIMITED AND ITS SUBSIDIARIES

- 1 We have audited the attached consolidated Balance Sheet of Saksoft Limited ("the Company") and its subsidiaries (collectively referred to as the "Saksoft Group") as at March 31, 2011 and also the consolidated Profit and Loss Account and the consolidated Cash Flow Statement for the year ended on that date, annexed thereto. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
- 2 We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3 We did not audit the financial statements and other financial information of certain subsidiaries, which have been audited by other auditors whose reports have been furnished to us, and our opinion is based on the report of other auditors. The attached consolidated financial statements include assets of Rs. 135.98 million as at 31 March 2011, revenues of Rs. 407.66 million and cash inflows amounting to Rs. 9.72 million in respect of the aforementioned subsidiaries for the year then ended.
- 4 The consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard 21– Consolidated Financial Statements.
- 5 In our opinion and to the best of our information and according to the explanations given to us, the said consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
  - i. in the case of the Consolidated Balance Sheet, of the consolidated state of affairs of Saksoft Group as at 31 March 2011;
  - ii. in the case of Consolidated Profit and Loss Account, of the consolidated results of operations of Saksoft Group for the year ended on that date; and
  - iii. in the case of Consolidated Cash Flow Statement, of the consolidated cash flows of Saksoft Group for the year ended on that date.

*for B S R & Co.*  
*Chartered Accountants*  
Firm registration number: 101248W

S Sethuraman  
*Partner*  
Membership No: 203491

**Place: Chennai**  
**Date: May 27, 2011**

## CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2011

(All amounts are in Indian rupees thousands, except share data and as otherwise stated)

	Schedule	As at March 31, 2011	As at March 31, 2010
<b>Sources of funds</b>			
<b>Shareholders' funds</b>			
Share capital	1	101,400	101,400
Reserves & surplus	2	402,053	322,452
<b>Loan funds</b>			
Secured loans	3	5,826	2,651
Unsecured loans	4	485,817	476,450
		<b>995,096</b>	<b>902,953</b>
<b>Application of funds</b>			
<b>Fixed assets</b>			
Gross block	5	921,494	861,851
Less: Accumulated depreciation and amortisation		157,248	136,837
Net block		764,246	725,014
Capital work-in-progress		-	708
		764,246	725,722
<b>Investments</b>	6	274	5,562
<b>Deferred tax asset</b>	17(3)(e)	9,705	6,007
<b>Current assets, loans and advances</b>			
Sundry debtors	7	234,544	175,610
Cash and bank balances	8	85,841	52,954
Other current assets	9	35,535	20,818
Loans and advances	10	112,231	107,258
		<b>468,151</b>	<b>356,640</b>
<b>Current liabilities and provisions</b>			
Current liabilities	11	228,145	173,967
Provisions	12	19,135	17,011
		247,280	190,978
<b>Net current assets</b>		<b>220,871</b>	<b>165,662</b>
		<b>995,096</b>	<b>902,953</b>
<b>Significant accounting policies and notes to the consolidated financial statements</b>	17		

The schedules referred to above and the notes thereon form an integral part of the consolidated financial statements.

As per our report attached  
for **B S R & Co.**  
*Chartered Accountants*  
Firm Registration No: 101248W

**Aditya Krishna**  
Managing Director

For and on behalf of the Board of Directors  
**R.Rajagopalan**  
Director

S Sethuraman  
Partner  
Membership No: 203491

**Niraj Kumar Ganeriwal**  
Chief Financial Officer

**S Narayan**  
Company Secretary

**Date: May 27, 2011**

**Place: Chennai**

## CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2011

(All amounts are in Indian rupees thousands, except share data and as otherwise stated)

	Schedule	Year ended March 31, 2011	Year ended March 31, 2010
<b>Income</b>			
Software services		1,056,086	1,086,960
Other income	13	7,903	6,511
		<b>1,063,989</b>	<b>1,093,471</b>
<b>Expenditure</b>			
Employee costs	14	559,863	551,854
Operating and other expenses	15	391,160	388,086
Depreciation and amortisation	5	18,346	19,176
Interest and finance charges	16	35,985	38,229
		<b>1,005,354</b>	<b>997,345</b>
<b>Profit before tax</b>		<b>58,635</b>	<b>96,126</b>
Provision for taxes			
Current tax		11,981	12,107
Deferred tax		(3,698)	(3,431)
<b>Net profit after tax</b>		<b>50,352</b>	<b>87,450</b>
Profit brought forward from previous year		380,571	304,984
Amount available for appropriation		<b>430,923</b>	<b>392,434</b>
<b>Appropriations</b>			
Proposed dividend		10,140	10,140
Dividend distribution tax		1,645	1,723
Balance in profit and loss account		419,138	380,571
		<b>430,923</b>	<b>392,434</b>
<b>Earnings per share</b>			
Equity shares of par value Rs. 10/- each			
Basic		5.25	9.12
Diluted		4.85	8.59
<b>Number of shares used in computing earnings per share</b>			
Basic		9,585,040	9,585,040
Diluted		10,386,667	10,180,000

### Significant accounting policies and notes to the consolidated

#### financial statements

17

The schedules referred to above and the notes thereon form an integral part of the consolidated financial statements.

As per our report attached  
for **B S R & Co.**  
Chartered Accountants  
Firm Registration No: 101248W

**Aditya Krishna**  
Managing Director

For and on behalf of the Board of Directors  
**R.Rajagopalan**  
Director

S Sethuraman  
Partner  
Membership No: 203491

**Niraj Kumar Ganeriwal**  
Chief Financial Officer

**S Narayan**  
Company Secretary

**Date: May 27, 2011**

**Place: Chennai**

## STATEMENT OF CONSOLIDATED CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2011

(All amounts are in Indian rupees thousands, except share data and as otherwise stated)

	Year ended March 31, 2011	Year ended March 31, 2010
<b>A Cash flows from operating activities</b>		
<b>Profit before tax</b>	58,635	96,126
<b>Adjustments for:</b>		
Depreciation and amortisation	18,346	19,176
(Profit) / Loss on sale of fixed assets, net	(23)	(488)
Provision for bad and doubtful debts	(2,612)	464
Profit on redemption of mutual fund units	-	(157)
Dividend income	(145)	(249)
Interest and finance charges	35,985	38,229
Unrealised foreign exchange loss, net	(11,969)	2,374
<b>Operating profit before working capital changes</b>	<b>98,217</b>	<b>155,475</b>
(Increase) / decrease in sundry debtors	(51,554)	38,451
(Increase) / decrease in other current assets, loans and advances	(19,916)	(26,150)
Increase / (decrease) in current liabilities and provisions	56,380	(39,664)
<b>Cash generated from operations</b>	<b>83,127</b>	<b>128,112</b>
Taxes paid, net	10,773	15,659
<b>Net cash flows (used in) / from operating activities</b>	<b>72,354</b>	<b>112,453</b>
<b>B Cash flow from investing activities</b>		
Purchase of fixed assets	(9,291)	(29,014)
Sale of fixed assets	1,641	1,160
Purchase of mutual fund units	(79,112)	(205,145)
Sale of mutual fund units	84,400	210,783
Dividend income received	145	249
<b>Net cash flows (used in) / from investing activities</b>	<b>(2,217)</b>	<b>(21,967)</b>

## STATEMENT OF CONSOLIDATED CASH FLOWS FOR THE YEAR ENDED 31ST MARCH 2011

(All amounts are in Indian rupees thousands, except share data and as otherwise stated)

	Year ended March 31, 2011	Year ended March 31, 2010
<b>C Cash flow from financing activities</b>		
Proceeds / (repayment) from long term borrowings	12,563	(74,461)
Interest and finance charges paid	(36,006)	(37,926)
Dividend and dividend tax paid	(11,863)	(11,863)
<b>Net cash flows (used in) / from financing activities</b>	<b>(35,306)</b>	<b>(124,250)</b>
<b>D Exchange difference on translation of foreign currency</b>	<b>(1,944)</b>	<b>(1,198)</b>
<b>Net (decrease) / increase in cash and cash equivalents (A+B+C+D)</b>	<b>32,887</b>	<b>(34,962)</b>
Cash and cash equivalents at the beginning of the year	52,954	87,916
<b>Cash and cash equivalents at the end of the year</b>	<b>85,841</b>	<b>52,954</b>
(Refer to schedule 8 - Cash and bank balances)		
Cash and cash equivalents include the following which in the view of the management are restricted in nature:		
in dividend account	141	92
in fixed deposit account	161	145
in share application money due for refund	196	196
<b>Significant accounting policies and notes to the consolidated financial statements</b>	17	

The schedules referred to above and the notes thereon form an integral part of the consolidated financial statements.

As per our report attached

for **B S R & Co.**  
Chartered Accountants  
Firm Registration No: 101248W

S Sethuraman  
Partner  
Membership No: 203491

**Date: May 27, 2011**

**Place: Chennai**

**Aditya Krishna**  
Managing Director

**Niraj Kumar Ganeriwal**  
Chief Financial Officer

For and on behalf of the Board of Directors

**R.Rajagopalan**  
Director

**S Narayan**  
Company Secretary

## SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Indian rupees thousands, except share data and as otherwise stated)

	As at March 31, 2011	As at March 31, 2010
<b>Schedule 1:</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised:</b>		
20,000,000 (Previous year 20,000,000) equity shares of Rs.10/- each	200,000	200,000
<b>Issued, Subscribed and Paid-up</b>		
10,140,000 (Previous year - 10,140,000) equity Shares of Rs.10/- each fully paid up	101,400	101,400
<b>Schedule 2:</b>		
<b>RESERVES &amp; SURPLUS</b>		
General reserve	33,986	33,986
Securities premium	73,627	73,627
Balance in Profit and loss account	419,138	380,571
Foreign currency translation reserve	(124,698)	(165,732)
	<b>402,053</b>	<b>322,452</b>
<b>Schedule 3:</b>		
<b>SECURED LOANS</b>		
From a bank (refer Note 1)	5,000	2,651
Finance lease obligations (refer Note 2)	826	-
	<b>5,826</b>	<b>2,651</b>
Note:		
1. Short term loan from a bank is secured by first charge on the current assets and unencumbered movable fixed assets of the Company.		
2. Finance lease obligations are secured by the assets taken on lease. (refer Note 3(b) of Schedule 17)		
Amount repayable within one year Rs. 5,000 (Previous year - Rs. Nil)		
<b>Schedule 4:</b>		
<b>Unsecured loans</b>		
From Sak Industries Private limited	342,333	342,193
From Sak Industries Pte Limited	143,484	134,257
	<b>485,817</b>	<b>476,450</b>
Note:		
Interest accrued and due - Rs. 4,083 (Previous year - Rs. 4,104)		
Amount repayable within one year Rs. Nil (Previous year - Rs. Nil)		

## SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Indian rupees thousands, except share data and as otherwise stated)

### Schedule 5: FIXED ASSETS

Asset category	Gross block				Accumulated depreciation / Amortisation				Net block		
	As at April 1, 2010	Translation adjustment	Additions	Deletions	As at March 31, 2011	As at April 1, 2010	Translation adjustment	For the year	Deletions	As at March 31, 2011	As at March 31, 2010
Goodwill on consolidation	677,933	49,141		-	727,074	-				727,074	677,933
<b>Tangible assets</b>											
Plant and machinery	8,339		1,504	150	9,693	5,697	-	1,446	74	2,624	2,642
Computer equipments	71,093	1,909	3,200	-	76,202	61,453	1,868	5,706	-	7,175	9,640
Office equipments	6,357	264	429	166	6,884	5,674	259	399	46	598	683
Electrical installations	7,033		-	-	7,033	5,282		935	-	816	1,751
Furnitures and fixtures	45,241	2,131	1	232	47,141	39,996	2,131	2,200	57	2,871	5,245
Lease hold improvements	24,841		258		25,099	3,728		4,991		16,380	21,113
Vehicles	166		49	43	172	134		7	43	74	32
<b>Intangible assets</b>											
Goodwill on acquisition	3,029	25			3,054	3,029	25	-		-	-
Intellectual property	4,500		-		4,500	4,500		-		-	-
Software	7,918	157	4,000		12,075	4,355	147	1,674		5,899	3,563
	<b>856,450</b>	<b>53,627</b>	<b>9,441</b>	<b>591</b>	<b>918,927</b>	<b>133,848</b>	<b>4,430</b>	<b>17,358</b>	<b>220</b>	<b>155,416</b>	<b>722,602</b>
<b>Assets acquired under finance lease</b>											
Vehicles	5,401		558	3,392	2,567	2,989		988	2,145	735	2,412
<b>Total</b>	<b>861,851</b>	<b>53,627</b>	<b>9,999</b>	<b>3,983</b>	<b>921,494</b>	<b>136,837</b>	<b>4,430</b>	<b>18,346</b>	<b>2,365</b>	<b>157,248</b>	<b>725,014</b>
<b>Previous year</b>	916,581	(68,781)	30,676	16,625	861,851	139,771	(6,161)	19,176	15,949	725,014	



## SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Indian rupees thousands, except share data and as otherwise stated)

### Schedule 6: INVESTMENTS

	Face value	Balance as at April 1, 2010		Additions		Sales / Redemption		Balance as at March 31, 2011	
		No. of shares / units	Cost	No. of shares / units	Cost	No. of shares / units	Cost	No. of shares / units	Cost
<b>Current, non-trade, unquoted, at the lower of cost and fair value</b>									
<b>In mutual fund units</b>									
DWS Insta Cash Plus Fund - Regular	Rs 10 / unit	553,334	5,562	7,373,089	79,112	7,899,239	84,400	27,184	274
<b>Total</b>		<b>553,334</b>	<b>5,562</b>	<b>7,373,089</b>	<b>79,112</b>	<b>7,899,239</b>	<b>84,400</b>	<b>27,184</b>	<b>274</b>

Aggregate amount of fair value of unquoted investments

Current year (31 March 2011)

274

Current year (31 March 2010)

5,562

## SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Indian rupees thousands, except share data and as otherwise stated)

	As at March 31, 2011	As at March 31, 2010
<b>Schedule 7:</b>		
<b>SUNDRY DEBTORS (UNSECURED)</b>		
Debts outstanding for a period exceeding six months		
Considered good	36,879	12,363
Considered doubtful	4,692	7,304
	<b>41,571</b>	<b>19,667</b>
Other debts, considered good	197,665	163,247
Less: Provision for doubtful debts	4,692	7,304
	<b>234,544</b>	<b>175,610</b>
<b>Schedule 8:</b>		
<b>CASH AND BANK BALANCES</b>		
Cash on hand	25	13
<b>Balances with scheduled banks</b>		
In Current accounts	8,925	2,158
In Unclaimed dividend accounts	141	92
In Deposit accounts *	161	161
In Share application - Saksoft Limited refund account	196	196
<b>Balances with non scheduled banks</b>		
In Current accounts **		
ICICI Bank UK Limited, London	1,604	1,765
Citibank N.A, Newyork, USA	20,802	19,290
Citibank N.A, Singapore	13,222	5,011
Dresdner Bank, Frankfurt, Germany	974	1,639
Citibank N.A, Australia	-	-
HSBC Bank Plc, Manchester, United Kingdom	39,791	22,629
	<b>85,841</b>	<b>52,954</b>
<b>Schedule 9:</b>		
<b>OTHER CURRENT ASSETS</b>		
Unbilled revenues	35,535	20,818
	<b>35,535</b>	<b>20,818</b>

## SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Indian rupees thousands, except share data and as otherwise stated)

	As at March 31,2011	As at March 31,2010
<b>Schedule 10:</b>		
<b>LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD)</b>		
Deposits	7,767	7,845
Prepaid expenses	75,857	68,611
Advance tax and taxes deducted at source, net of provision for tax Rs.50,798 (Previous year - Rs.39,366)	17,140	18,300
MAT credit entitlement	27	27
Other advances	11,190	6,925
Due from Whole time directors of the Company	-	5,300
Loan to Saksoft Employees Welfare Trust (refer note 3(h) to Schedule 17)	250	250
	<b>112,231</b>	<b>107,258</b>
<b>Schedule 11:</b>		
<b>CURRENT LIABILITIES</b>		
Sundry Creditors		
Micro and small enterprises (refer note 3(j) of Schedule 17)	-	-
Others	220,214	166,151
Unclaimed dividend	141	92
Share application money due for refund	196	196
Other liabilities	7,594	7,528
	<b>228,145</b>	<b>173,967</b>
<b>Schedule 12:</b>		
<b>PROVISIONS</b>		
Proposed dividend	10,140	10,140
Dividend distribution tax	1,645	1,723
Provision for gratuity	7,350	5,148
	<b>19,135</b>	<b>17,011</b>

## SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Indian rupees thousands, except share data and as otherwise stated)

	Year ended March 31, 2011	Year ended March 31, 2010
<b>Schedule 13:</b>		
<b>OTHER INCOME</b>		
Dividend received on investment in liquid mutual funds	138	232
Interest on deposits with banks	7	17
Profit on sale of fixed assets, net	23	488
Provision for liabilities no longer required written back	1,254	622
Foreign exchange fluctuation gain, net	5,876	-
Miscellaneous income	605	5,152
	<b>7,903</b>	<b>6,511</b>
<b>Schedule 14:</b>		
<b>EMPLOYEE COSTS</b>		
Salaries, wages and bonus	532,285	529,735
Contribution to provident and other funds	14,163	13,983
Staff welfare expenses	13,415	8,136
	<b>559,863</b>	<b>551,854</b>
<b>Schedule 15:</b>		
<b>OPERATING AND OTHER EXPENSES</b>		
Education and support costs	178,627	182,159
License costs	40,119	11,225
Power and fuel	10,198	10,865
Rent	36,631	36,868
Repairs and maintenance		
Building	3,158	4,349
Machinery	1,034	1,076
Others	7,436	5,061
Professional charges	30,017	18,729
Audit fees	4,741	4,741
Insurance	8,775	9,516
Rates and taxes	4,576	3,981
Travel and conveyance	42,745	61,210
Recruitment and training expenses	1,229	1,470
Communication expenses	12,541	13,196
Printing and stationery	1,127	1,271
Advertisement and business promotion expenses	2,747	2,977
Foreign exchange fluctuation loss, net	-	14,825
Provision for diminution in the value / loss on disposal of investments	-	74
Bad debts written off (net off of provision for doubtful debts)	1,396	473
Provision for doubtful debts	-	464
Commission to non- executive directors	302	324
Sitting fees to directors	505	400
Miscellaneous expenses	3,256	2,832
	<b>391,160</b>	<b>388,086</b>
<b>Schedule 16:</b>		
<b>INTEREST AND FINANCE CHARGES</b>		
Interest on fixed period loans	34,666	37,099
Finance charges	1,319	1,130
	<b>35,985</b>	<b>38,229</b>

## SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Indian rupees thousands, except share data and as otherwise stated)

### 17. Significant accounting policies and notes to the consolidated financial statements

#### 1. Background

Saksoft Limited ('Saksoft' or 'the Company') is an Information technology Company. Saksoft provides end-to-end business solutions that leverage technology and enables its clients to enhance business performance. Saksoft Limited and its Subsidiaries ("The Group") provide the entire gamut of software solutions including consulting, design, development, re-engineering, systems integration, implementation and testing. The subsidiaries including the step down in the Group considered in the presentation of these consolidated financial statements are:

Name of the subsidiary	Country of incorporation	Percentage of ownership interest
Saksoft Inc	United States of America	100%
Saksoft Pte Limited	Singapore	100%
Saksoft GmbH	Germany	100%
Saksoft HK	Hong Kong	100%
Saksoft Investments Private Limited	United Kingdom	100%
Step down subsidiaries of Saksoft Investments Private Limited:		
Acuma Holdings Limited	United Kingdom	100%
Acuma Solutions Limited	United Kingdom	100%
Acuma Software Limited	United Kingdom	100%
GA Information Services Limited ( refer note 3 (k))	United Kingdom	100%
GA Information Systems Limited ( refer note 3 (k))	United Kingdom	100%

#### 2. Significant accounting policies

##### a. Basis of preparation of financial statements

The consolidated financial statements are prepared and presented in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis. GAAP comprises accounting standards notified by the Central Government of India under Section 211 (3C) of the Companies Act, 1956, other pronouncements of the Institute of Chartered Accountants of India, provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India ('SEBI').

##### b. Principles of consolidation

The consolidated financial statements are prepared in accordance with the principles and procedures required for the preparation and presentation of consolidated financial statements as laid down under the Accounting Standard (AS) 21, 'Consolidated Financial Statements'.

## SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Indian rupees thousands, except share data and as otherwise stated)

### 17. Significant accounting policies and notes to the consolidated financial statements (continued)

#### 2. Significant accounting policies (continued)

##### 2b Principles of consolidation (continued)

The financial statements of Saksoft Limited – the parent Company, Saksoft Inc., Saksoft Pte Ltd, Saksoft GmbH, Saksoft HK and Saksoft Investments Private Limited, have been combined on a line-by-line basis by adding together book values of like items of assets, liabilities, income and expenses after eliminating intra-Group balances and transactions and resulting unrealised gain/loss. The consolidated financial statements are prepared by applying uniform accounting policies in use by the Group. The excess/deficit of cost to the parent company of its investment in the subsidiaries over its portion of equity at the respective dates on which investment in such entities were made are recognized in the financial statements as goodwill / capital reserve. The Group tests for impairment of goodwill at each balance sheet date. When the company identified that the goodwill has been impaired, the goodwill to the extent impaired is recognized in the Consolidated Profit and Loss Account.

In translating the financial statements of a non-integral foreign operation for incorporation in consolidated financial statements, the assets and liabilities, both monetary and non-monetary, of the non-integral foreign operation are translated at the closing rate; income and expense items of the non-integral foreign operation are translated using average exchange rates prevailing during the reporting period. All resulting exchange differences are accumulated in a foreign currency translation reserve until the disposal of the net investment.

##### c. Use of estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period, reported balances of assets and liabilities, and disclosure of contingent liabilities as at the date of the consolidated financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

##### d. Tangible fixed assets, Capital work-in-progress and depreciation/amortization

Fixed assets are carried at cost of acquisition less accumulated depreciation. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use

Depreciation is provided on the straight line method at rates of depreciation prescribed in schedule XIV to the Companies Act, 1956 or based on the estimated useful life of the assets whichever is higher as follows:

Description	Rate of depreciation
Plant and machinery	20%
Computer equipments	20%
Furniture and fixtures	20%
Office equipments	20%
Vehicles	20%
Electrical installations	20%

Individual assets costing Rs 5,000/- or less are depreciated at 100% in the year of purchase.

## SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Indian rupees thousands, except share data and as otherwise stated)

### 17. Significant accounting policies and notes to the consolidated financial statements (continued)

#### 2. Significant accounting policies (continued)

#### d. Tangible fixed assets, Capital work-in-progress and depreciation/amortization (continued)

Capital work-in-progress includes the cost of fixed assets that are not ready for their intended use and advances paid to acquire fixed assets.

Depreciation on leased assets is charged over the period of lease or the life of the asset whichever is lower.

#### e. Intangible assets and amortization

Intangible assets comprising intellectual property rights and software costs are amortized over a period of 36 and 60 months respectively from the date of acquisition

#### f. Leases

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. If there is reasonable certainty that the lessee will obtain ownership by the end of the lease term, the period of expected use is the useful life of the asset; otherwise the asset is depreciated over the lease term or its useful life, whichever is shorter. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income.

Leases that do not transfer substantially all the risks and rewards of ownership are classified as operating leases and are recorded as expense on a straight line basis over the lease term.

#### g. Impairment of assets

The Group assesses at each balance sheet whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset. Recoverable amount is the higher of an assets net selling price and value in use. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Profit and Loss Account. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

#### h. Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long term investments.

- Long term investments are stated at cost and any decline other than temporary in the value of investments is charged to profit and loss account.
- Current investments are stated at the lower of cost and fair value.

## SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Indian rupees thousands, except share data and as otherwise stated)

### 17. Significant accounting policies and notes to the consolidated financial statements (continued)

#### 2. Significant accounting policies (continued)

##### i. Foreign currency transactions

Transactions in foreign currencies are recorded at exchange rates that approximate the rate prevailing on the dates of the transaction. Monetary assets and liabilities denominated in foreign currency are translated at rates of exchange on the balance sheet date. Exchange differences arising on foreign currency transactions are recognised in the profit and loss account.

In accordance with the announcement of "Accounting for Derivatives" made by the Institute of Chartered Accountants of India ("ICAI") on 29 March 2008, Derivatives are marked to market and the changes in the value of such Derivatives, to the extent they reflect a loss, are recognized in Profit or loss account.

##### j. Revenue recognition

Revenue from software services comprises revenue from time and material and fixed price contracts.

Revenue from time-and-material contracts is recognized based on the time / efforts spent and billed to clients.

In case of fixed-price contracts, revenue is recognized based on the milestones achieved as specified in the contracts on percentage of completion basis.

Revenue from annual maintenance contracts are recognized proportionately over the period in which services are rendered.

Dividend income is recognized when the Company's right to receive dividend is established.

Interest income is recognized on the time proportionate method.

##### k. Employee benefits

###### **Provident fund**

Contributions payable to the recognized provident fund which is a defined contribution scheme are charged to the profit and loss account.

###### **Gratuity**

Gratuity liability is a defined benefit obligation and is recorded based on actuarial valuation on projected unit credit method made at the end of the year. The gratuity liability and net periodic gratuity cost is actuarially determined after considering discount rates, expected long term return on plan assets and increase in compensation levels. All actuarial gain/loss are immediately recorded to the profit and loss account and are not deferred. The Company makes contributions to a fund administered and managed by the Saksoft Employees' Gratuity Trust to fund the gratuity liability.

###### **Compensated absences**

As per the employment policy of the Company, employees are required to avail their annual leave by the end of the respective calendar year and leave is not allowed to be encashed. At the end of the financial year, the Company accounts for the remaining short term compensated absences.



## SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Indian rupees thousands, except share data and as otherwise stated)

### 17. Significant accounting policies and notes to the consolidated financial statements (continued)

#### 2. Significant accounting policies (continued)

##### I. Taxation

Income-tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in the future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realised. Current tax and deferred tax assets and liabilities are offset to the extent to which the Company has a legally enforceable right to set off and they relate to taxes on income levied by the same governing taxation laws

##### m. Earnings per share

Basic earnings per share ('EPS') amounts are computed by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all measurable dilutive potential equity shares.

The shares issued to the Saksoft Employees Welfare Trust have been considered as outstanding for basic EPS purposes, to the extent the options have been exercised by the employees. For diluted EPS purpose, the shares, which are not yet eligible for exercise, have also been considered as outstanding to the extent these shares are dilutive.

##### n. Employees stock option schemes

The Company uses the intrinsic value method of accounting for its employee share based compensation plan and other share based arrangements. Under this method compensation expense is recorded over the vesting period of the option, if the fair market value of the underlying stock on the date of the grant exceeds the exercise price.

##### o. Provisions, Contingent liabilities and Contingent assets

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

A disclosure for contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are neither recognised nor disclosed in the financial statements.

## SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Indian rupees thousands, except share data and as otherwise stated)

### 17. Significant accounting policies and notes to the consolidated financial statements (continued)

#### 3. Notes to the financial statements

##### a. Capital commitments and contingencies

Particulars	As at March 31, 2011	As at March 31, 2010
Estimated amount of contracts remaining to be executed on capital account (net of capital advances) and not provided for	Nil	675
Income-tax matters	26,700	12,494

##### b. Finance lease obligations

Particulars	As at March 31, 2011	As at March 31, 2010
<b>Future obligations for assets taken on lease</b>		
Not later than 1 year	680	1,825
Later than 1 year but not later than 5 years	257	1,332
	<b>937</b>	<b>3,157</b>
<b>Less: Amounts representing future interest</b>		
Not later than 1 year	98	388
Later than 1 year but not later than 5 years	13	118
	<b>111</b>	<b>506</b>
<b>Present value of minimum lease rentals</b>		
Not later than 1 year	582	1,437
Later than 1 year but not later than 5 years	244	1,214
	<b>826</b>	<b>2,651</b>

##### c. Quantitative details

The Group is primarily engaged in the development and maintenance of computer software and IT related services. The production and sale of such software etc cannot be expressed in any generic unit. Hence, it is not possible to give the quantitative details of sales and certain information as required under paragraphs 3,4C and 4D of Part II of Schedule VI to the Companies Act, 1956.

##### d. Related party disclosures

Enterprises in which key management personnel exercise significant influence	Sak Industries Private Limited Sak Technologies Limited Sak Abrasives Limited Sakserve Private Limited Saksoft Limited Employees Welfare Trust Saksoft Limited Employees Gratuity Trust Sonnet Investments Pvt. Ltd. Sak Industries Pte Ltd
Key management personnel	Mr Aditya Krishna – Managing Director Mr N K Subramaniam – Whole Time Director (till August 22, 2010)

## SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Indian rupees thousands, except share data and as otherwise stated)

### 17. Significant accounting policies and notes to the consolidated financial statements (continued)

#### 3. Notes to the financial statements (continued)

#### d. Related party disclosures (continued)

##### Transactions entered during the year

Description	Year ended March 31, 2011	Year ended March 31, 2010
<b>Rent expense</b>		
Sak Industries Private Limited	7,952	4,990
<b>Interest on loan</b>		
Sak Industries Private Limited	27,691	25,634
Sak Industries Pte Ltd	-	10,780
<b>Borrowings / (Repayments), net</b>		
Sak Industries Private Limited	-	40,000
Sak Industries Pte Ltd	-	(93,660)
<b>Reimbursement of expenses</b>		
Sak Abrasives Limited	555	454
Saksoft employees welfare trust	-	(242)
Sakserve Private Limited	-	64
<b>Key management Personnel</b>		
<b>Managerial remuneration</b>		
Mr Aditya Krishna – Managing Director	3,000	3,600
Mr N K Subramaniam – Whole Time Director	2,375	3,600

##### Year end balances

Description	As at March 31, 2011	As at March 31, 2010
<b>Loans and advances</b>		
Sak Abrasives Limited	381	953
Saksoft employees welfare trust	250	250
Saksoft employees gratuity trust	25	25
Sakserve Private Limited	23	23
Dues from whole time directors		
- Mr Aditya Krishna	-	3,120
- Mr N K Subramaniam	-	2,180
<b>Borrowings</b>		
Sak Industries Private Limited	342,333	342,193
Sak Industries Pte Ltd	143,483	134,257

## SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Indian rupees thousands, except share data and as otherwise stated)

### 17. Significant accounting policies and notes to the consolidated financial statements (continued)

#### 3. Notes to the financial statements (continued)

##### e. Deferred taxes, net

Particulars	As at March 31, 2011	As at March 31, 2010
<b>Deferred tax assets</b>		
Arising from timing differences in respect of:		
Fixed assets	4,742	2,404
Retirement benefits	2,813	2,070
Other tax disallowances	2,150	1,533
<b>Net Deferred tax assets</b>	<b>9,705</b>	<b>6,007</b>

##### f. Segment information

The Company's operations primarily relate to providing information technology ('IT') services. Accordingly, the Company operates in a single segment, which represents the primary segment. Secondary segmental reporting is performed on the basis of the geographical location of customers.

Geographic location of customers	Year ended March 31,2011	Year ended March 31,2010
<b>Revenue</b>		
India	92,242	96,804
United Kingdom	553,753	517,580
USA	289,345	347,229
Singapore	118,346	123,142
Rest of the world	2,400	2,205
	<b>1,056,086</b>	<b>1,086,960</b>

Fixed assets used in the Company's business, assets or liabilities contracted, other than those specifically identifiable, have not been identified to any of the reportable segments, as the fixed assets are used interchangeably between segments.

## SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Indian rupees thousands, except share data and as otherwise stated)

### 17. Significant accounting policies and notes to the consolidated financial statements (continued)

#### 3. Notes to the financial statements (continued)

##### g. Gratuity

##### Reconciliation of benefit obligation and plan assets

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
<b>Change in Defined Benefit Obligation</b>		
Opening Defined Benefit Obligation	8,678	8,901
Current service cost	2,926	2,904
Interest cost	885	822
Actuarial losses/ (gain)	(1,698)	(3,599)
Past service cost	950	-
Benefits paid	(2,232)	(350)
<b>Closing Defined Benefit Obligation</b>	<b>9,509</b>	<b>8,678</b>
<b>Change in Fair value of assets</b>		
Opening fair value of plan assets	3,530	2,603
Expected return on plan assets	310	428
Actuarial gain/ (losses)	(308)	(151)
Contribution by Employers	859	1000
Benefits paid	(2,232)	(350)
<b>Closing Fair Value of Plan Assets</b>	<b>2,159</b>	<b>3,530</b>
<b>Liability recognised in the balance sheet</b>	<b>7,350</b>	<b>5,148</b>
<b>Expense recognized in the Profit and loss account</b>		
Current service cost	2,925	2,904
Interest cost on defined benefit obligation	885	822
Expected return on plan assets	(310)	(428)
Net Actuarial losses / (gains) recognised in a year	(1390)	(3,448)
Part service cost	950	-
<b>Net gratuity cost ( included in contribution to provident fund and other fund of schedule 14 )</b>	<b>3,060</b>	<b>(150)</b>
Actual return on plan assets	1	277
<b>Assumptions</b>		
Discount rate	8.10%	7.90%
Expected rate of return on assets	7.50%	7.50%
Salary escalation	10% for first 2 years & 7% thereafter	10% for first 4 years & 7% thereafter

The plan asset comprise of contribution to group gratuity scheme of insurer managed fund.

## SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Indian rupees thousands, except share data and as otherwise stated)

### 17. Significant accounting policies and notes to the consolidated financial statements (continued)

#### 3. Notes to the financial statements (continued)

#### h. Employee Stock option plans ('ESOP')

##### ESOP 2006 Plan

The ESOP 2006 Plan was introduced by the Company in 2006 under which the Company grants options from time to time to employees of the Company and its subsidiaries. This Plan was approved by the Board of Directors in January 2006 and by the shareholders in February 2006. The Plan issued in accordance with Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, is administered by the Saksoft Employees Welfare Trust ('the Trust') through the compensation committee. The Trust purchased the shares of the Company using the proceeds of loans obtained from the Company and administers the allotment of shares to employees and other related matters. The eligible employees exercise the options under the terms of the Plan at an exercise price, which equals the fair value on the date of the grant, until which the shares are held by the Trust.

The Company has allotted 582,460 equity shares of Rs.10 each to the Trust to give effect to the ESOP Plan. As at the balance sheet date, the employees have exercised 27,500 options under this Plan and accordingly, 554,960 equity shares of Rs 10 each represent shares held by the Trust.

The details of options granted under this ESOP 2006 plan are:

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
Options outstanding at the beginning of the year	211,750	301,500
Options granted during the year	-	-
Options exercised during the year	-	-
Options forfeited during the year	(57,000)	-
Options lapsed during the year	(104,250)	(89,750)
Options outstanding at the end of the year	<b>50,500</b>	<b>211,750</b>

##### ESOP 2009 Plan

The ESOP 2009 Plan was introduced by the Company during the year under which the Company grants options from time to time to employees of the Company and its subsidiaries. This Plan issued in accordance with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 received the consent of the shareholders in December 2009.

The plan considers an aggregate of 500,000 options to be vested and exercised in accordance with the ESOP 2009 plan as approved by the Compensation Committee. During the year the Compensation Committee had cancelled the earlier grant of 1,20,000 options under ESOP 2009 as the option grantees voluntarily surrendered their options owing to market conditions. The Compensation Committee subsequently granted 5,00,000 options under the Employees Stock Option plan 2009 on 3rd December 2010 to eligible employees of Saksoft and its subsidiaries at the rate of Rs.44.25 per option.

## SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Indian rupees thousands, except share data and as otherwise stated)

### 17. Significant accounting policies and notes to the consolidated financial statements (continued)

#### 3. Notes to the financial statements (continued)

#### 3 h. Employee Stock option plans ('ESOP') (continued)

The details of the ESOP 2009 Plan are

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
Options outstanding at the beginning of the year	120,000	-
Options granted during the year	500,000	120,000
Options exercised during the year	-	-
Options forfeited during the year	(120,000)	-
Options lapsed during the year	(100,000)	-
Options outstanding at the end of the year	<b>400,000</b>	<b>120,000</b>

#### i. Earnings Per Share (EPS)

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
Earnings		
Net profit for the year	50,352	87,450
Shares		
Equity shares as at the balance sheet date	10,140,000	10,140,000
Less : Shares held by Saksoft employees welfare trust	5,54,960	554,960
<b>Total number of equity shares outstanding at the end of the year – Basic</b>	<b>9,585,040</b>	<b>9,585,040</b>
<b>Diluted Shares</b>		
Weighted average number of equity shares outstanding during the year – Basic	9,585,040	9,585,040
Add: Shares held by Saksoft employees welfare trust	554,960	554,960
Add: Weighted average number of equity shares arising out of outstanding stock options that have dilutive effect on the EPS	246,667	40,000
<b>Weighted average number of equity shares outstanding during the year – Diluted</b>	<b>10,386,667</b>	<b>10,180,000</b>
<b>Earnings per share of par value Rs.10 – Basic (Rs.)</b>	<b>5.25</b>	<b>9.12</b>
<b>Earnings per share of par value Rs.10 – Diluted (Rs.)</b>	<b>4.85</b>	<b>8.59</b>

## SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Indian rupees thousands, except share data and as otherwise stated)

### 17. Significant accounting policies and notes to the consolidated financial statements (continued)

#### 3. Notes to the financial statements (continued)

##### j. Dues to Micro and small enterprises

The management has identified enterprises which have provided goods and services to the Company and which qualify under the definition of micro and small enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2011 has been made in the financial statements based on information received and available with the Company and relied upon by auditors. Further in the view of the management, the impact of the interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material.

k. GA Information Systems Limited, UK and GA Information Services Limited, UK have been wound up on 26 October 2010 and 22 January 2011 respectively.

l. Prior year comparatives have been regrouped / reclassified, wherever necessary, to conform to the current year's presentation.

As per our report attached

for **B S R & Co.**

*Chartered Accountants*

Firm Registration No: 101248W

For and on behalf of the Board of Directors

**S Sethuraman**

*Partner*

Membership No: 203491

**Aditya Krishna**

*Managing Director*

**R Rajagopalan**

*Director*

**Date: May 27, 2011**

**Place: Chennai**

**Niraj Kumar Ganeriwal**

*Chief Financial Officer*

**S Narayan**

*Company Secretary*



## STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARIES

Name of the Subsidiary	Saksoft Inc., USA	Saksoft Pte Limited, Singapore	Saksoft GmbH, Germany	Saksoft Investments Private Limited, UK
The Financial year of the Subsidiary Company ended on	March 31, 2011	March 31, 2011	March 31, 2011	March 31, 2011
Holding Company	Saksoft Limited	Saksoft Limited	Saksoft Limited	Saksoft Limited
Holding Company Interest	100%	100%	100%	100%
Shares held by Holding Company in Subsidiary	195000 equity shares of USD 1 each fully paid up	555002 equity shares of SGD 1 each fully paid up	25000 equity shares of Euros 1 each fully paid up	5001000 equity shares of GBP 1 each fully paid up 2401000 5% Cumulative Redeemable Preference Shares of GBP 1 each fully paid up
Net Amount of profit/losses of subsidiary so far as it concerns the members of the holding company and is dealt with in the accounts of the holding company:				
For the Financial Year Ended March 31, 2011	1,592	(8,811)	539	35,394
For the previous financial years for the subsidiary since it became a subsidiary	22,393	(5,822)	(808)	83,523
Net Amount of profit/losses of subsidiary so far as it concerns the members of the holding company and is dealt with or provided for in the accounts of the holding company:				
For the Financial Year ended March 31, 2011 (Rs)	NA	NA	NA	NA
For the previous Financial Years of the Subsidiary since it became a Subsidiary	NA	NA	NA	NA

## STATEMENT OF FINANCIAL INFORMATION ON EACH OF THE SUBSIDIARY COMPANIES

PURSUANT TO SECTION 212(8) OF THE COMPANIES ACT, 1956

Name of the Subsidiary	Saksoft Inc., USA as at 31.03.2011	Saksoft Pte Limited, Singapore as at 31.03.2011	Saksoft GmbH, Germany as at 31.03.2011	Saksoft Investments Private Limited, UK as at 31.03.2011
Issued and Subscribed Capital	9,240	19,170	1,202	643,193
Reserves	24,074	(15,123)	259	18,045
Loans	-	-	-	143,484
Total Assets	90,901	46,212	2,496	1,786,751
Total Liabilities	57,587	42,165	1,035	982,029
Details of Investments	-	-	-	-
	<b>Year ended 31.03.2011</b>	<b>Year ended 31.03.2011</b>	<b>Year ended 31.03.2011</b>	<b>Year ended 31.03.2011</b>
Turnover	289,344	118,316	-	520,304
Profit before Taxation	2,143	(8,811)	539	35,394
Provision for Taxation	551	-	-	-
Profit after Taxation	1,592	(8,811)	539	35,394
Proposed Dividend	-	-	-	-

For and on behalf of the Board of Directors

**Aditya Krishna**  
Managing Director

**R Rajagopalan**  
Director

**Niraj Kumar Ganeriwal**  
Chief Financial Officer

**S Narayan**  
Company Secretary

**Date: 27 May 2011**  
**Place: Chennai**



## SAKSOFT LIMITED

(Regd. & Corporate Office "SP Infocity" Module 1, 2nd Floor No.40, Dr. MGR Salai, Perungudi, Kandanchavadi, Chennai - 600 096.)

### ATTENDANCE SLIP

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL. ONLY MEMBERS OR THEIR PROXIES ARE ENTITLED TO BE PRESENT AT THE MEETING.

Folio No.

No. of Shares held

D.P. ID\*

Client ID\*

\* Applicable to investors holding shares in electronic form.

I hereby record my presence at the **TWELFTH ANNUAL GENERAL MEETING** held at P.Obul Reddy Hall, Vani Mahal, 103, G.N. Chetty Road, T.Nagar, Chennai – 600 017 on **Friday, the 5<sup>th</sup> August 2011 at 10.00 A.M.** as Shareholder/Proxy\*

.....  
NAME OF THE SHAREHOLDER/PROXY\*

\* Strike whichever is not applicable

.....  
SIGNATURE OF THE SHAREHOLDER/PROXY\*

#

#

## SAKSOFT LIMITED

(Regd. & Corporate Office "SP Infocity" Module 1, 2nd Floor No.40, Dr. MGR Salai, Perungudi, Kandanchavadi, Chennai - 600 096.)

### PROXY FORM

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL. ONLY MEMBERS OR THEIR PROXIES ARE ENTITLED TO BE PRESENT AT THE MEETING.

D.P. ID\*

No. of Shares held

Client ID\*

I/We ..... of ..... in the district of ..... being a member/members of Saksoft Limited hereby appoint ..... of ..... in the district of ..... or failing him ..... of ..... in the district of ..... as my/our Proxy to vote for me/us on my/us behalf at the **Twelfth Annual General Meeting** of the Company to be held on **Friday, the 5<sup>th</sup> August 2011 at 10.00 A.M** and at any adjournment thereof.

Signed this ..... Day of ..... 2011

Affix  
30 Paise  
Revenue  
Stamp



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