

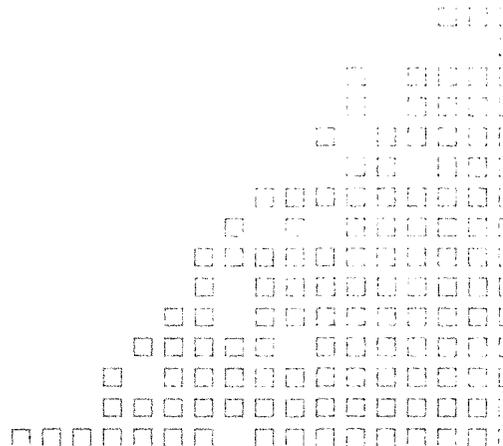
SARK SYSTEMS INDIA LIMITED

11th ANNUAL REPORT 2008-09



Enabling E Business

TO MAKE ORDINARY CITIZEN AN HONOURABLE CITIZEN BY WAY OF ICT
ENABLED APPLICATION & SERVICES DELIVERY AT CITIZEN'S DOORSTEP.





**TELE-MEDICINES INITIATED BY GOVERNMENT OF INDIA THROUGH
OUR CSCs IN HARYANA**



BOARD OF DIRECTORS:

Sri J.S.R. Durga Prasad

Sri J. Murali Krishna

Sri. P.V. Narasimham

Sri. Guhan Subramaniam

(Sara Fund Trustee Company (P) Ltd managed by IL & FS)

Sri V. Umapathi

Dr. G.T. Murthy

Chairman

Managing Director

Director

Nominee Director

Director

Director

AUDITORS:

Mahesh, Virender and Sriram

Chartered Accountants

6-3-788-36 & 37 A

Durga Nagar Colony

Hyderabad 500 016

BANKERS:

UCO Bank

Axis Bank Ltd

State Bank of India

REGD. & CORP. OFFICE:

6-3-801, 2nd Floor

Crystal Arcade

Ameerpet

Hyderabad - 500 016

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NOTICE

Notice is hereby given that the 11th Annual General Meeting of the members of SARK SYSTEMS INDIA LIMITED will be held on 30th day of September 2009 at 3:00 p.m at Seminar Hall, Institute of Engineers (India), Khairatabad, Hyderabad - 500 004 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider, approve and adopt the audited Balance Sheet as on 31st March, 2009 and Profit and Loss Account of the Company for the year ended 31st March, 2009 and reports of the Directors' and Auditors' thereon.
2. To appoint a Director in the place of Sri P V Narasimham, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint M/s Mahesh, Virender and Sriram as Auditors of the Company and fix their remuneration.

SPECIAL BUSINESS:

4. To consider and if thought fit, to pass with or without modification(s), the following as a **Special Resolution**.
"RESOLVED that pursuant to the provisions of Section 198, 269, 309, 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and such other approvals as may be required, Sri J.Murali Krishna, Managing Director be and is hereby re-appointed as Managing Director and for payment of remuneration, perquisites for a period of five years with effect from 24.01.2009 as set out hereunder:

SALARY: Rs. 1,20,000/- p.m., Variable pay of Rs. 30000 p.m. and commission on profits upto maximum of 1%.

"RESOLVED FURTHER that in the event of absence of or inadequacy of profits in any financial year, Sri J.Murali Krishna, Managing Director be paid salary and perquisites as minimum remuneration the limits specified under Section II of Par II of Schedule XIII to the Companies Act 1956".

"RESOLVED FURTHER that the Board of Directors of the company (hereinafter referred to as 'the board' which term shall be deemed to include any committee thereof) be and is hereby authorized to vary and / or revise the remuneration of Sri J.Murali Krishna, Managing Director within and in accordance with the limits prescribed in Schedule XIII of the Act or in accordance with the changes that may be effected in Schedule XIII of the Act and / or any amendments and / or modifications that may be made by the Central Government in that behalf from time to time or any amendments or re-enactment of the relevant provisions of the Act."

5. To alter Articles of Association to incorporate new Articles:
To consider and if thought fit to pass with or without modification(s), the following resolution as a **Special Resolution**.

"RESOLVED THAT pursuant to Section 31 and all other applicable provisions, if any, or the Companies Act, 1956, the Articles of Association of the Company be altered by inserting the following new Article as stated below :

Article 97-B after Article 97-A:

Article 97 - B : Notwithstanding anything to the contrary contained in these Articles, so long as any monies remains owing by the Company to the IFIN (hereafter in this Article referred to as "The Corporation"), the Nominee Director/s of IFIN shall have veto rights on key aspects viz.,

- (i) Expansion / Diversification
- (ii) Changes in Capital Structure
- (iii) Sale / Amalgamation / Restructuring
- (iv) IPO / issuance of equity
- (v) Annual Budgets
- (vi) Appointment / Change of Auditors
- (vii) Liquidation / Winding up

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorized to take all suitable steps and to do all the deeds, matters and things as may be required to implement the above said Resolution."

By Order of the Board

Place: Hyderabad
Date: 04.09.2009

J. Murali Krishna
Managing Director

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy and vote instead of himself / herself and such a proxy need not be a member of the company. The proxy forms in order to be valid shall be lodged with the company not later than 48 hours before the meeting.
2. An explanatory statement pursuant to section 173(2) of the Companies Act, 1956, in respect of Special Business Item No.4 is annexed hereto.
3. The Share Transfer Register and Register of members of the Company will remain closed from 23rd day of September, 2009 to 30th day of September, 2009 (both days inclusive).
4. Members / Proxies attending the meeting are requested to duly fill in and sign in the enclosed attendance slip with their copy of Annual Report to the Meeting.
5. Members who hold their shares in dematerialized form are requested to bring their Client ID and DP numbers for easy identification of attendance at the meeting.
6. Shareholders are requested to intimate immediately any change in their address and bank account details registered with the Company in case of physical holders and in case of demat holders to their DP holders directly.
7. Pursuant to the requirements of the Listing Agreement of Stock Exchanges on Corporate Governance, the information about the Directors proposed to be reappointed is given in the annexure to the Notice.
8. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
9. The copy of Memorandum & Articles of Association of the Company is available for inspection by the members on any working hours of the Company and also at the place of meeting till conclusion of meeting.

EXPLANATORY STATEMENT

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

Item No.4

The members at 5th Annual General Meeting held on 29.12.2003 reappointed Sri J.Murali Krishna, as the Managing Director of the Company for a period of 5 (five) years with effect from 24th January, 2004. The present tenure of Sri J. Murali Krishna as Managing Director expired on 23rd January, 2009.

Due to the global economic slowdown, your Directors anticipated the low financial performance and low profits for the year 2008-09. However considering the contribution of Sri J. Murali Krishna in progress of the Company during his tenure, the Remuneration Committee and Board of Directors in their meetings held on 29th January, 2009 approved the reappointment of Sri J.Murali Krishna, as Managing Director and decided to pay the remuneration in accordance with Schedule XIII subject to the approval of shareholders.

The explanatory statement read with the proposed resolution may be treated as an abstract of the terms and re-appointment and memorandum of interest under section 302 of the Companies Act, 1956.

The Board approved the resolution as set out at item no.4 of the notice subject to approval of general body by way of Special Resolution.

None of Directors except Sri J.Murali Krishna and Sri J.S.R.Durga Prasad is interested / concerned in the resolution.

I) General Information:

1. Nature of Industry: Software Industry.
2. Date of commencement of commercial production: 16th November,1998
3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospects : Not Applicable

4. Financial Performance:

Particulars	2008-09	2007-08	2006-07
Turnover	1336.93	1059.50	712.28
PBDT	555.74	538.20	382.48
Depreciation	470.54	330.04	211.82
Taxation	62.05	82.40	63.23
Net Profit	23.14	125.75	107.43
Dividend Paid	NIL	NIL	NIL

5. Export Performance and net foreign exchange earnings : NIL

6. Foreign Investments or collaborators : NIL

II) Information about the appointee:

1. Background Details:

Sri J.Murali Krishna aged around 47 years is a Master in Business Administration from Jamnalal Bajaj Institute of Management Studies, Mumbai and entrepreneur with extensive experience in the field. He is in-charge of the affairs of the management since inception of the company and only the Executive Director (Promoter) at the Board level and expanded the activities of the Company.

2. Past Remuneration:

(Rs. in Lacs)

Year	2008-09	2007-08	2006-07
Total Remuneration	12.00	12.00	12.00

3. Job Profile and his suitability:

Sri J.Murali Krishna is fully involved in the day-to-day operations and affairs of the Company and his position involved significant managerial responsibility. Taking into account Sri J. Murali Krishna's efforts and the growth, the Company has achieved during his tenure, his qualification, experience and expertise of over 15 years the Board considers that his remuneration must be revised. The Board is confident that Sri J.Murali Krishna's vision, leadership and management capabilities will enable the Company to grow further.

4. Remuneration Proposed:

The remuneration proposed is Salary of Rs. 1,20,000/- p.m., Variable pay of Rs. 30000 p.m. and commission on profits upto maximum of 1% w.e.f 24th January, 2009

Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case expatriates the relevant details would w.r.t. the country of his origin): The remuneration proposed to be paid to him is comparable to others with the same experience handling responsibilities of same nature of a company. There is, however, not much comparison available in the market.

5. Pecuniary relationship:

Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel, if any : Apart from receiving remuneration and holding equity shares of the company, Sri J.Murali Krishna is not having any other pecuniary relationship with the company.

Sri J.S.R. Durga Prasad, Chairman is brother of Sri J. Murali Krishna.

III) Other Information:

1. Reasons for inadequate profits:

Due to the global economic slowdown the business of the company has got affected during the year 2008-09.

2. Steps taken or proposed to be taken for improvement:

The Company is expecting good business in second half of 2009-10 as new Government is with sound economic policies.

3. Expected increase in productivity and profits in measurable terms:

The Company is expecting an increase of 25% in sales during the year 2009-10 as compared to 2008-09.

IV) Disclosures:

1. The shareholders of the company shall be informed of the remuneration package of the managerial person: Yes, this information has been furnished above.
2. The following disclosures shall be mentioned in the Board of Directors' report under the heading "Corporate Governance", if any attached to the annual report: This information has been furnished in this report.

Item No. 5

The Company has received sanction from IL & FS Financial Services Limited (IFIN) for a sum up to Rs.120mn for the project being put up by the Company vide its sanctioned letter Ref.BBY/OTL/08/23 February 13, 2008.

One of the conditions of the said sanction is that the Nominee Directors of IFIN shall have veto rights on all key aspects as mentioned in the Resolution, but the Articles are silent about the above referred requirement of IFIN. Hence, it is proposed to include Article 97-B.

Members are, therefore requested to pas this resolution as a Special Resolution.

None of the Directors of the Company, except the present Nominee of IFIN is concerned / interested in the proposed Resolution.

DIRECTORS' REPORT AND MANAGEMENT DISCUSSION & ANALYSIS

The Directors have pleasure in presenting their 11th Annual Report together with the Audited Accounts for the financial year ended 31st March 2009.

FINANCIAL RESULTS:

(Rupees in Lakhs)

Particulars	2008-2009	2007-2008
Total Income	1336.93	1059.50
Profit before Interest, Depreciation and Taxation	629.59	591.99
Interest	73.86	53.79
Depreciation	467.47	326.97
Preliminary & Public issue expenses w/off	3.07	3.07
Profit before Taxation	85.20	208.16
Provision for Taxation		
Fringe Benefit Tax	1.08	1.04
Income Tax	8.80	23.58
Deferred Tax	52.17	57.78
Profit after Taxation	23.14	125.75
Balance brought forward from previous year	413.35	296.95
Amount available for the appropriations	436.49	422.70
Preference Dividend	8.00	8.00
Corporate Dividend tax	1.36	1.36
Surplus carried forward	427.13	413.34

BUSINESS OUTLOOK AND MANAGEMENT DISCUSSION:

Your directors have pleased to share with you that your company has completed eleven years.

Evolution:

The company started as an ERP Implementation and Client Server applications provider in the year 1998. SARK acquired the implementation partnership of BaaN and has many implementations in India and Abroad to its credit, in SME segment. It had one of the best implementation teams trained by BaaN itself. In the year 2001 as BaaN went into crisis, SARK tied up with Electronic Corporation of India Limited (ECIL), a public sector undertaking and entered into e-Governance Applications development and deployment.

Service to State Road Transport Sector:

SARK implemented computerized bus pass services and served many RTCs – Delhi Transport Corporation (2001-2007), North West Karnataka Transport Corporation (2003-4), North East Karnataka Corporation (2003-2004), Thane Municipal Transport Corporation (2004-2005), Navi Mumbai Municipal Transport Corporation (2004-2006), Metropolitan Transport Corporation Chennai (2004-2005). It has acquired the skills for rapid deployment of infrastructure and services management, multi location e-retailing services, citizen centric services management.

Entry into Local Body Management Applications:

SARK signed up with ECIL to implement the citizen services bureaus (CSB) project for Municipal Corporation, Delhi (MCD). The project went live in 2003 with SARK establishing state of the art data center and 12 CSBs to render range of G2C services include Issue of Birth and Death Certificates, Booking of Parks and Community Halls, Registration and Renewal of Licenses, Collection of property tax and other

Municipal Dues. The project was expanded to setup ward wise CSBs at the desire of MCD, to include many other B2C and G2C services.

SARK was the first to facilitate in India launch of online registration of Births and Deaths by Institutions and facility for citizens to order certificates over internet. The portal enables the payment for Municipal services using electronic payment gateways.

MCD won many national and international awards in e-governance for applications and services render by SARK. Shri Abdul Kalam former President of India, Bimal Jalan, Former Governor of Reserve Bank of India have covered these developments in their publications in praise of these services. The MCD CSB project is due for renewal in the current year and your management is making the best possible efforts and hopeful of getting the extension of the same.

SARK has become an established player in the field of local body applications development and deployment. These applications development experience is being leveraged in CSC project, under implementation by SARK.

Common Service Centers (CSC):

The success of citizen service bureaus as single window service for all G2C services in AP (ESeva) and Delhi lead to adoption of this concept in many other State Head Quarters.

Ministry of IT, Government of India under national e-governance program (NeGP) launched a massive initiative to setup 100,000 common service centers in rural India to provide IT enabled citizen services of G2C and B2C. IL & FS is the national level service agency facilitating government in implementation of the same.

SARK bagged the order for setting up CSCs in two states - Haryana and Bihar for two divisions each in 2007-08. SARK is in the process of setting 2000 CSCs in both the states put together. SARK has completed the installation of 600 plus CSCs in the state of Haryana out of which 300 centers have been setup on franchise basis making the local village level enterpreneur (VLE) as the lead partner in rendering the services. SARK has setup over 700 centers in Bihar on the VLE model and expected to complete the installation of the remaining centers in the next two quarters. In this endeavour, we are helped by IL & FS and their sister concerns in Business Modeling, Services Innovation, and IL & FS has extended financial assistance to rollout the centers.

VLE (Franchisee) Business Model:

SARK has implemented the VLE (Franchisee) model to operate the CSC that has dual edge of operations cost control and leveraging local enterpreneurial skill. The franchisee model envisages collecting a caution deposit against the hardware and infrastructure being provided to facilitate the IT enabled services in rural India. To encourage rural development and enterpreneurship, the company offered the revenues from incidental services such as typing, printing and photography to VLE and entered into an agreement with VLE to charge Rs 1000/- as monthly infrastructure fee, thus over the period of contract the caution deposit gets self liquidated over the contract period.

The company has signed up agreement with Microsoft to provide digital literacy services which are expected to yield good revenues in the times to come. The company has signed up with State Bank of India (SBI) to offer banking services. Implementation of various government schemes such as ole age pension, Kisan credit card, crop insurance, NREGA, are expected to result in huge opportunity in rural banking services where your company is taking a significant position. Your company received the mandate in Haryana for electricity bill collection services in one of the divisions and the same is expected to be extended to the other division also.

Portals for Rural Market:

The company developed rural specific portals for Rural Employment Registration services, Matrimony Services and Auctions for Rural produce and services. These portal are expected to mature in the next two years to generate substantial revenues.

The company expects to reach a realization of Rs 2500 to Rs 3000 per center this year with 25% growth rate in Haryana and Bihar. These business models are expected to mature and yield good quantum of revenues in the later part of the project duration viz., 3rd year of implementation onwards. Some of the centers are being operated by own staff resulting in significant input cost is taken by the company to understand and drive the business.

Debtors Management:

The significant portion of the receivables are from Government - from Govt of AP, towards Ration card implementation (Rs 1.68Cr), CSB project Implementation at MCD (Rs 1 CR) and over Rs 3.6 Crs receivable but not yet due from Govt of Bihar towards BIC project (Receivable at the rate of RS 13 lakhs a month). All these debts are recoverable but delay in release of the same by governments is causing strain on the working capital. The company is exploring long term working capital funding sources.

FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE:**Share capital:**

The paid up share capital now stands at Rs.9,35,00,000 represented by 93,50,000 equity shares of Rs.10/- each and Rs.1,00,00,000 represented by 10,00,000 8 % Preference Shares of Rs.10/-each.

Reserves and surplus:

During the year under review the reserves and surplus stood at Rs.1163.73 lakhs as compared to Rs.1152.95 lakhs in the previous year.

Fixed Assets:

The gross fixed assets of the company stood at Rs.4587.45 lakhs as at the end of the current year as compared to Rs.3110.41 lakhs of previous year.

Net Current Assets:

The net current assets of the company have increased to Rs.633.53 lakhs as on 31st March, 2009 from Rs.928.79 lakhs as at 31st March, 2008.

Dividend on Equity:

Your Directors do not recommend any appropriation towards dividend on Equity Share Capital for the year ended 31st March, 2009.

Fixed Deposits:

The Company has not invited / accepted any fixed deposits within purview of Section 58 A during the year under review.

DIRECTORS:

In accordance with the provisions of Section 255 of the Companies Act, 1956 and the Company's Articles of Association, the Director Sri P V Narasimham who retires by rotation and being eligible offer himself for re-appointment at the ensuing Annual General Meeting.

DIRECTORS RESPONSIBILITY STATEMENT:

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following in terms of Section 217 (2AA) of the Companies Act, 1956.

- i. That in accordance with the preparation of the accounts for the financial year ended 31st March, 2009, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii. That the directors have 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 fair view of the state of affairs of the Company at the end of the financial year and of the profit of the company for the year under review.



- iii. That the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv. That the directors have prepared the annual accounts on a going concern basis.

STATUTORY AUDITORS:

The Auditors, M/s Mahesh, Virender & Sriram, Chartered Accountants, Hyderabad retire at the conclusion of the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment. The Company has received letter from the auditors to the effect that their appointment as Auditors, if made, would be within the limits under Section 224 (1-B) of the Companies Act, 1956.

REPLIES TO AUDITORS' REPORT:

Since the company is engaged in infrastructure establishment and maintenance projects, and without adequate bank support, there were certain delays in depositing statutory dues. However, the instances are kept to the minimum and efforts are in place to ensure such instances do not happen in future:

CASH FLOW STATEMENT:

A Cash Flow Statement for the year ended 31st March, 2009 is attached with the Annual Audited Accounts of the Company.

LISTING INFORMATION:

The Securities of the Company are listed with and traded in dematerialized form at Bombay Stock Exchange Ltd from March 17th, 2009 onwards. The BSE Scrip Code is 533056 and ISIN No of the Company is INE359B01010. The Company has paid the Annual Listing Fees for the year 2009-10 to the Bombay Stock Exchange Ltd.

CORPORATE GOVERNANCE:

The Corporate Governance report is set out as Annexure to this Report.

AUDIT COMMITTEE:

Audit Committee consists of the Directors namely Sri V.Umapathi, Sri P.V.Narasimham and Sri J.S.R.Durga Prasad

ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE:

The particulars as prescribed under Section 217(1)(e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988:

A. Conservation of Energy:

The operations of the Company involve low energy consumption. Adequate measures have, however, been taken to conserve energy.

B. Technology Absorption:

Since business and technologies are changing constantly, investment in research and development activities is of paramount importance.

Your Company continues its focus on quality upgradation of product and services development.

	2008-2009	Rs. in Lakhs. 2007-2008
C. Foreign Exchange Earnings :		74.18
Foreign Exchange out go :		-

PERSONNEL:

As regards, information pursuant to Section 217(2AA) of the Companies Act, 1956 read with Companies (particulars of employees) Rules, 1975 (as amended), there are no employees governed by the said provisions.

INDUSTRIAL RELATIONS:

Industrial relations have been cordial and your Directors appreciate the sincere and efficient services rendered by the employees of the Company at all levels towards the successful working of the Company.



INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

Adequate internal control systems are in vogue commensurate with the size of the operations of the organization. Continuous efforts are being made by constant review to improve the same.

DECLARATION:

The Company is filing all Forms and Returns with the Registrar of Companies as required under the Companies Act, 1956. The Company has not committed any of the defaults specified under Section 274 (1)(g) of the Companies Act, 1956 (as amended by the Companies Act, 2000) disqualifying its Directors to act as Directors of other Public Limited Companies.

APPRECIATION:

Your Directors take this opportunity to thank all the investors, business partners, clients, bankers, regulatory and Governmental authorities, stock exchanges and employees for their continued support and confidence in the Company.

For & on behalf of the Board

Place: Hyderabad

J.S.R. Durga Prasad

J. Murali Krishna

Date : 04.09.2009

Chairman

Managing Director

CAUTIONARY STATEMENT:

Statements made in the Management Discussion and Analysis Report relating the Company's objectives, projections, outlook, expectations, estimates etc., may constitute 'forward looking statements' within the meaning of applicable laws and regulations. These statements are based on certain assumptions in respect of future events and Company assumes no responsibility in case the actual results differ materially due to change in internal or external factors.

CORPORATE GOVERNANCE REPORT

In terms of the amended Clause 49 of the Listing Agreement, compliance with the requirement of Corporate Governance is set out below.

1. Company's Philosophy on Code of Governance:

Corporate Governance contains a set of principles, process and systems to be followed by Directors, management and all employees of the Company for increasing the shareholders' value keeping in view of other stakeholders. While adhering to the above, the Company is committed to integrity, accountability, transparency and compliance with laws in all dealings with the Government, Customers, Employees, other stakeholders and general public.

2. Board of Directors:

Composition of Board.

Category	No. of Directors	%
Executive Promoter Directors	1	12.50
Non-Executive Promoter Directors	1	12.50
Independent Non-Executive Directors	4	75.00
Total	6	100.00

Sri J.S.R. Durga Prasad chaired all the Board Meetings and Annual General Meeting. The Chairman being a Non-Executive Director (Promoter) of the Company, the Board has two-thirds of its strength comprising of Independent and non-executive directors. Non-executive Directors do not have any pecuniary relationship with the Company except as stated below:

S.No.	Name of the Director	No. of Equity Shares held
1.	Sri V.Umapathi	5000
2.	Sri P.V.Narasimham	NIL
3.	Sri Guhan Subrahmaniam	NIL
4.	Sri G.T.Murthy	1000

The functions, responsibility, role and accountability of the Board are well defined. The detailed reports of the company's activities are placed before the Board for effective decision-making. Various committees support the Board in its functions. The Board of Directors and its committees meet at regular intervals. The board has constituted three committees viz., Audit Committee, Share Transfer and Shareholders' Grievance Committee and Remuneration Committee.

Board Meetings held during the year 2008-2009:

The Company's Corporate Governance Policy requires the Board to meet at least four times in a year. The Board met Five (5) times in the year 2008-2009 on 28.04.2008, 29.07.2008, 18.08.2008, 30.10.2008 and on 29.01.2009.

Sl.No.	Name	Category	Attendance		Particulars of other Directorships		
			B.M	AGM	Directorships*	Committee	Chairman
1.	Sri J.S.R.Durga Prasad Chairman	PromoterNon-Executive	5	Yes	-	-	-
2.	Sri J.Murali Krishna Managing Director	PromoterExecutive	5	Yes	-	-	-
3.	Sri P.V.Narasimham	Independent Non-Executive	3	Yes	3	-	3
4.	Sri Guhan Subramaniam	Independent Non-Executive	5	No	6	-	-
5.	Dr.G.T.Murthy	Independent Non-Executive	-	No	-	-	-
6.	Sri V.Umapathi	Independent Non-Executive	3	No	2	-	-

* Alternate Directorships, Directorships in Private Bodies and Membership in governing councils, chambers and other bodies not considered.

Information on Director(s) seeking re-election at the ensuing Annual General Meeting :

Sri P V Narasimham Age 68 years:

Sri P V Narasimham, a Director is due to retire by rotation at the forthcoming Annual General Meeting of the Company and being eligible offers himself for reappointment.

Qualification: M.A., (Economics)

He is an independent Director (Non -Executive) of the Company.

Other Directorship(s)

S.No	Name of the Company	Position Held
1	National Securities Clearing Corporation Limited	Director
2.	Credit Analysis & Research Limited	Chairman
3.	Appu Hôtels Limited	Director
4.	Maheswar Hydel Power Corporation Limited	Chairman
5.	Ramkey Infrastructure Limited	Director
6.	Taj Tristar Limited	Chairman

Committee Membership: NIL

3. Audit Committee:

During the year, the Audit Committee was reconstituted and Committee consists of 1. Sri V.Umapathi -Chairman (Independent, Non-executive) 2. Sri P.V.Narasimham - Member (Independent, Non-executive) 3. Sri J.S.R.Durga Prasad - Member (Non-Independent, Non Executive). All the members have good financial knowledge. The terms of the reference of the Audit Committee specified by the Board are as contained in Clause 49 of the Listing Agreement.

Details of the meetings:

Five (5) Audit Committee meetings were held during the year 2008-09. They are 28th April, 2008; 29th July, 2008; 18th August, 2008 ; 30th October, 2008 and on 29th January, 2009.

S.No	Name of Director	Meetings held	Meetings Attended
1	Sri V.Umapathi	5	3
2	Sri P.V.Narasimham	5	3
3	Sri J.S.R.Durga Prasad	5	5

The Statutory Auditors also attended the above meetings on invitation.

4. Remuneration Committee:

The Remuneration Committee, which is a non-mandatory requirement of Clause 49 was constituted. The Committee comprises of two Independent Directors and one Promoter Director, namely:

S.No	Name of Director	Meetings held	Meetings Attended
1	Sri V.Umapathi	1	1
2	Sri P.V.Narasimham	1	1
3	Sri J.S.R.Durga Prasad	1	1

During the year the Committee held its meeting on 29th January, 2009.

a) Remuneration Policy

The Remuneration Committee recommends the remuneration package for the Managing Director and other senior executives. In framing the remuneration policy, the Committee takes into consideration the remuneration practices of companies of similar size and stature, the industry standards and the nature of responsibilities.

Subject to the approval of the Board and of the Company in General Meeting and such other approvals as may be necessary; the Managing Director is paid remuneration. The present remuneration packages of the Company to the Managing Director includes salary, perks etc.

b) Remuneration paid to Directors during 2008-09

i) Executive Director

S. No.	Name	Position	Salary Rs. (PA)	Commission	P.F & HRA	Total Rs. (PA)
1.	J.Murali Krishna	Managing Director	12,00,000	-	-	12,00,000

ii) Non- Executive Directors

The sitting fees is paid to the Directors is Rs.1500/- (Rupees One thousand Five hundred only) for attending each Board / Committee meeting, apart from reimbursement of conveyance / incidental expenses. The Company has not granted stock options to its Directors during the year.

Sl. No.	Name of the Director	Total Sitting Fees Paid (Rs.)
1	Sri J.S.R. Durga Prasad	7,500
2	Sri V. Umaphathi	4,500
3	Sri Guhan Subramaniam	7,500
4	Sri P.V. Narasimham	4,500
5	Dr G.T. Murthy	Nil

5. Investors' Grievance & Share Transfers Committee:

The Board of Directors constituted Investors' Grievance & Share Transfers Committee comprising of Sri J Murali Krishna, Sri V Umaphathi and Dr. G.T. Murthy, Chairman of the meeting. The Committee, interalia, oversees and reviews all matters connected with the investor services and ensures that the shareholders grievances are redressed in time.

Four(4) Committee meetings were held viz., 28th April, 2008; 29th July, 2008; 30th October, 2008 and on 29th January, 2009 and attended by all the members. The Company received one query during the year 2008-09 and it was replied / resolved to the satisfaction of the investor.

There were no pending valid requisitions for transfer of shares as on 31st March, 2009.

6. General Body Meetings:

a) The following are details of the location and time of the last three Annual General Meetings (AGM) of the Company:

AGM	Date of AGM	Time of meeting	Venue of the meeting	No. of Special Resolutions passed
8 th	29.09.2006	10.00 A.M.	ISE Conference Hall, 3 rd Floor Stock Exchange Building Himayatnagar, Hyderabad	NIL
9 th	29.09.2007	10.00 A.M.	ISE Conference Hall, 3 rd Floor Stock Exchange Building Himayatnagar, Hyderabad	NIL
10 th	24.09.2008	11.00 A.M.	J S Krishna Murthy Conference Hall, The FAPCCI, Red Hills, Hyderabad	1

b) None of the resolutions had been proposed to be passed through postal ballot.



- c) No Extraordinary General Meeting was held during the year 2008-09.
- d) Information on Directors seeking re-appointment as required under Clause 49 VI (A) of Listing Agreement with Stock Exchanges is provided in the Notes to the Notice under the heading "Information on Directors seeking election / re-election at the ensuing Annual General Meeting."

7. Disclosures:

- a) Materially significant related party transactions of the company of material nature with its promoters, the directors or the management their subsidiaries or relatives if that may have potential conflict with the interests of the company at large. As per item no. 7 under part II notes on accounts forming part of accounts as AS-18.
- b) The Company has complied with all the mandatory requirements as specified in the Clause 49 to the extent these apply and extend to the Company.
- c) There were no strictures or penalties imposed by either SEBI or Stock Exchanges or any statutory authority for non-compliance of any matter relating to the Capital Market during the last three years.
- d) The Company has constituted a Remuneration Committee and also separately maintaining office of the Chairman at the Registered Office of the Company. Other non-mandatory requirements have not been adopted by the Company for the time being.
- e) At every Board Meeting, a statement of compliance with all laws, regulations as certified by the Managing Director is placed for noting by the Board. The Board reviews the compliance of all applicable laws and gives appropriate directions, wherever necessary.

8. Means of Communication:

The Quarterly, Half-yearly and Annual Results of the Company are sent to the Stock Exchanges, immediately after they are approved by the Board. These are also published in the prescribed proforma within 48 hours of the conclusion of the meeting of the Board, in the Newspapers Business Standard (English) and Andhra Prabha (Telugu). Annual Report containing, interalia, Directors' Report, Auditors' Report, Audited Annual Accounts and other important information is circulated to Members and other entitled thereto.

9. Share Holders Information:

Annual General Meeting Date & Time	: 30 th day of September 2009 at 3 pm Venue: Seminar Hall, Institute of Engineers (India), Khairatabad, Hyderabad - 500 004
Financial Calendar (tentative and subject to change)	
Un-Audited results for Quarter ending 30th September 2009	: End October 2009
Un-Audited results for Quarter ending 31st December 2009	: End January 2010
Un-Audited results for Quarter ending 31st March 2010	: End April 2010
Un-Audited results for the Quarter ending 30 th June 2010	: End July 2010
Date of Book Closure	: 23 rd September, 2009 to 30 th September, 2009 (both days inclusive)
Dividend Payment Date	: N.A.
Stock Exchanges where shares are listed	: Bombay Stock Exchange Limited
BSE Scrip Code	: 533056
Demat ISIN Number for NSDL and CDSL	: INE359B01010
CIN	: L72200AP1998PLC029240
Outstanding ADRs/GDRs/Warrants/ any Convertible Instruments	: NIL

10. Market Price Data:

Company's equity shares were listed on Bombay Stock Exchange Ltd from March 17th, 2009. High and Low (based on closing prices) and the number of shares traded in the financial year (2008-09) on BSE are:

Month	High (Rs)	Low (Rs)	Total No. of Shares traded
March 2009	34.00	7.00	11,32,516

11. Demat Registrar and Share Transfer Agents:

M/s. Venture Capital & Corporate Investments Ltd, having its office at 12-10-167, MIG- 167, Bharat Nagar Colony, Hyderabad - 500 018. Tel. No: 040- 23818475/76 Fax No: 040-23868024 E-mail: info@vccilindia.com, are the Company's Share Transfer Agents in both physical and dematerialized form.

12. Dematerialization & Liquidity:

Majority of the shares i.e. 74.66 % of your Company were dematerialized as on 31-3-2009. As the trading is being conducted in electronic form only, members are requested to go for dematerialization of shares.

a) Distribution of Shareholdings as on 31st March 2009:

Nominal Value	Holders		Amount	
	Number	% of Total	In Rs.	% of Total
Upto - 5000	2777	77.67	60,68,700	6.49
5001 - 10000	323	9.03	26,99,900	2.88
10001 - 20000	169	4.72	26,21,560	2.80
20001 - 30000	79	2.21	20,06,310	2.14
30001 - 40000	40	1.11	14,94,660	1.59
40001 - 50000	51	1.42	25,01,000	2.67
50001 - 100000	61	1.70	48,98,950	5.24
100001 and above	75	2.09	7,12,08,920	76.15
TOTAL	3575	100.00	9,35,00,000	100.00

b) Shareholding Pattern as on 31st March 2009:

S.No.	Category	No. of Shares	Percentage
1.	Promoters	2395400	25.62
2.	Persons Acting in concert	638850	6.83
3.	Mutual Funds	-	-
4.	Banks/ Financial Institutions	-	-
5.	Private Bodies Corporate	1804045	19.30
6.	Public	4510705	48.24
7.	NRIs / OCBs	1000	00.01
8.	Clearing Members	-	-
	TOTAL	9,35,00,000	100.00

13. Address for Shareholders' Correspondence:

M/s. Venture Capital & Corporate Investments Ltd; MIG-167, D.No.12-10-167, Bharatnagar Colony Hyderabad - 500 018 Ph: 040-23818475/76

14. Code of Conduct for the Board and Senior Management Personnel:

The Company has laid down a Code of Conduct for all its Board Members and Senior Management Personnel of the Company. The Code of Conduct has been posted in the website of the Company. The said members will be affirming compliance with the Code on Annual Basis.

15. Company's Policy on prevention of insider trading:

Pursuant to the requirements of SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended, the Company had framed a Code of Conduct for prevention of insider trading. Sri J. Murali Krishna, Managing Director is the Compliance Officer for this purpose. The code is applicable to all such employees of the Company who are expected to have access to the unpublished sensitive information relating to the Company and the same is being implemented as a self-regulatory mechanism.

16. Nomination Facility:

The Companies Act, 1956 provides facility for making nominations by shareholders in respect of their holding of shares. However large number of shareholders is yet to make nominations in respect of their holdings in physical form. Such nomination greatly facilitates transmission of shares from the deceased shareholder to his /her Nominee without having to go through the time consuming and cumbersome process of obtaining the Succession Certificate / Probate / Will. Therefore, it would be in the best interest of shareholders holding shares in Physical form as sole registered holders to make Nomination without any delay. The Nominee shall be the person in whom all the rights of transfer and / or amount payable in respect of the shares shall vest in the event of death of shareholder(s). A minor can also be a Nominee provided the name of the Guardian is given in the Nomination form.

The facility of Nomination is not available to Non-individual shareholder such as Bodies Corporate, Financial Institutions, Kartas of Hindu Undivided Family and Holders of Power of Attorney. Nominations will have to be made in the prescribed form (Form 2B) is annexed to this report.

Shareholders are requested to submit their Nomination Forms to the Company's Share Transfer Agents M/s. Venture Capital & Corporate Investments Ltd; MIG-167, D.No.12-10-167, Bharatnagar Colony ,Hyderabad - 500 018. Nomination facility in respect of shares held in Electronic form is also available with the Depository Participant (DP) as per the Byelaws and Business Rules applicable to NSDL and CDSL.

ANNUAL CERTIFICATION

- a. We have reviewed the financial statements and the cash flow statement for the year and that to the best of our knowledge and belief.
 - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
 - ii. these statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal, violative of the Company's code of conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d. We have indicated to the Auditors and the Audit Committee
 - i. Significant changes in internal controls over financial reporting during the year.
 - ii. Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements ; and
 - iii. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For SARK Systems India Limited

Place: Hyderabad
Date: 04.09.2009

J.Murali Krishna
Managing Director

CERTIFICATE OF COMPLIANCE WITH THE CODE OF CONDUCT

Declaration under Clause 49 (I) (D)

This is to certify that:

1. In pursuance of the provisions of Clause 49 (I)(D) of the Listing Agreement, a Code of Conduct has been laid down by the Company for all the Board members and the Senior Management Personnel of the Company.
2. The said Code of Conduct is also uploaded on the website of the Company.
3. All the Board Members and Senior Management Personnel have affirmed having complied with the said Code of Conduct during the year ended 31st March, 2009

For SARK Systems India Limited

Place : Hyderabad
Date : 04.09.2009

J. Murali Krishna
Managing Director



AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of
SARK Systems India Ltd

We have examined the compliance of conditions of corporate governance of M/s SARK Systems India Ltd for the year ended on 31st March 2009, as stipulated in clause 49 of the Listing agreement of the company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the company for ensuring compliance with the conditions of corporate governance as stipulated in the said clause. 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, and based on the representations made by the directors and the management, we certify that the company has complied with the conditions of corporate governance as stipulated in the above mentioned listing agreement.

We state that no investor grievances are pending for a period exceeding on month against the company as per records maintained by the shareholders / investors grievances committee.

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 **MAHESH, VIRENDER & SRIRAM**
Chartered Accountants

Place: Hyderabad
Date: 04.09.2009

S Sriram Gopal
Partner
M no. 25484



AUDITORS' REPORT

To
The Shareholders of
M/s SARK SYSTEMS INDIA LIMITED
Hyderabad.

1. We have audited the attached Balance Sheet of **M/s SARK Systems India Limited**, Hyderabad as at 31st March, 2009, Profit and Loss Account and the Cash Flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with the 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 by Companies (Auditor's Report) (Amendment) Order, 2004 (together 'the Order'), issued by the Central Government of India in terms of sub-section (4A) of section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give 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 in paragraphs 3 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 appears from our examination of those books;
 - c. the Balance Sheet, Profit and Loss Account and Cash Flow statement dealt with by this report are in agreement with the books of account;
 - d. in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow statement dealt with by this report comply with the mandatory Accounting Standards referred to in section 211 (3C) of the Companies Act, 1956;
 - e. based on information and explanations given to us, we report that none of directors are disqualified as on 31st March, 2009 from being appointed as directors in terms of section 274(1)(g) 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 read with the Significant Accounting Policies and notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view, in conformity with the accounting principles generally accepted in India:
 - (i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009;
 - (ii) In the case of the Profit and Loss Account, of the **Profit** for the year ended on that date;
and
 - (iii) In the case of the Cash Flow statement, of the Cash Flows for the year ended on that date.

for MAHESH, VIRENDER & SRIRAM
Chartered Accountants

S.Sriram Gopal

Partner

M.No.25484

Place : Hyderabad

Date : 04.09.2009

ANNEXURE TO AUDITORS' REPORT

Referred to in paragraph 3 of our report of even date.

- i. a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
- b) The fixed assets have been physically verified by the management during the year. No material discrepancies were noticed on such physical verification.
- c) The Company has not disposed of substantial part of fixed assets during the year.
- ii. a) As explained to us, inventories have been physically verified by the management at regular intervals during the year.
- b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- c) The company has maintained proper records of inventories. As explained to us there were not material discrepancies noticed on physical verification of inventory as compared to the book records.
- iii. The Company has not granted or taken any loans, secured or unsecured, from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
- iv. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of fixed assets and also with regard to the sale of goods. During the course of our audit, we have not observed any major weaknesses in internal controls.
- v. a) According to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements that need to be entered into in the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
- b) According to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of rupees five lacs in respect of any party have been made at prices which are reasonable having regard to prevailing market price at the relevant time.
- vi. According to the information and explanations given to us the Company has not accepted any deposits from the public with in the meaning of section 58A & 58AA of the Companies Act, 1956.
- vii. In our opinion, the internal audit functions carried out during the year have been commensurate with its size of the Company and the nature of its business.
- viii. According to the information and explanations given to us the Company is not required to maintain cost records under section 209(1)(d) of the Companies Act, 1956 in respect of the services carried out by the Company.
- ix. (a) According to the information & explanations given to us and the records of the Company examined by us, in our opinion the Company is generally regular in depositing the undisputed statutory dues including Provident Fund, Employee's State Insurance, Sales Tax, Customs Duty, Excise Duty, Cess, Investor Education and Protection Fund and other material statutory dues with the appropriate authorities. According to the information and explanations given to us, TDS of Rs. 9,93,094 has not yet been deposited with the appropriate authorities.
- (b) According to the information and explanations given to us, the undisputed amounts payable in respect of Income Tax and FBT is Rs. 15,98,040 as on 31st March 2009.



- x. The Company does not have accumulated losses and has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- xi. According to the information and explanations given to us and the record of the Company examined by us, we are of the opinion that the Company has not defaulted in repayment of dues to banks and financial institutions.
- xii. In our opinion and according to the information and explanations given to us, 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 provisions of any special statute applicable to a chit fund or a nidhi/ mutual benefit fund/ societies are not applicable to the Company.
- xiv. In our opinion and according to the information and explanations given to us the Company is not dealing or trading in shares, securities, debentures and other investments.
- xv. In our opinion and according to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from Banks or Financial Institutions.
- xvi. According to the information and explanations given to us, in our opinion term loans availed by the Company were, prima facie, applied for the purpose for which they were raised.
- xvii. According to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, funds raised on a short term basis have prima facie not been used during the year for long term investment, and vice versa.
- xviii. According to the information and explanations given to us, the company has not made any preferential allotment of shares during the year to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- xix. The Company has not issued any Debentures & hence the creation of securities in respect of the same does not arise.
- xx. The Company has not raised any money by public issues during the year.
- xxi. In our opinion and according to the information and explanations given to us, considering the size and nature of the Company's operations, no fraud of material significance on or by the Company has been noticed or reported during the course of the audit.

for **MAHESH, VIRENDER & SRIRAM**
Chartered Accountants

Place : Hyderabad
Date : 04.09.2009

S.Sriram Gopal
Partner
M.No.25484

BALANCE SHEET

	Schedule	As at March 31, 2009 Rs.	As at March 31, 2008 Rs.
I. SOURCES OF FUNDS:			
1 Shareholders' Funds			
(a) Share Capital	A	103,500,000	103,500,000
(b) Reserves & Surplus	B	116,672,792	115,294,672
2 Loan Funds			
(a) Secured Loans	C	117,234,684	57,500,353
(b) Unsecured Loans	D	30,966,258	6,487,096
3 Deferred Tax Liability	E	32,909,013	27,691,549
TOTAL		401,282,747	310,473,670
II. APPLICATION OF FUNDS			
1 Fixed Assets	F		
(a) Gross Block		458,745,213	311,040,677
(b) Less: Accumulated Depreciation		159,232,249	112,485,328
(c) Net Block		299,512,964	198,555,349
(d) Capital Work In progress		9,043,061	9,032,769
2 Investments	G	100,000	3,600,000
3 Current Assets, Loans & Advances	H		
(a) Inventory		2,766,234	2,647,605
(b) Sundry Debtors		86,172,444	113,678,084
(c) Cash & Bank balances		2,135,400	4,860,363
(d) Loans & Advances		31,176,276	22,942,571
4 Current Liabilities & Provisions	I		
(a) Current Liabilities		18,379,865	30,296,008
(b) Provisions		11,490,089	16,561,975
5 Net Current Assets		92,380,400	97,270,640
6 Miscellaneous Expenditure (To the extent not written off or adjusted)	J	246,322	2,014,912
TOTAL		401,282,747	310,473,670
Significant Accounting Policies & Notes on accounts	O	-	-

Schedules referred to above and the notes thereon form an integral part of Balance sheet
Vide our report of even date

for MAHESH, VIRENDER & SRIRAM
Chartered Accountants

for and on behalf of the Board of Directors

S Sriram Gopal
Partner (M.No.25484)

JSR Durga Prasad
Chairman

J Murali Krishna
Managing Director

Place : Hyderabad

Date : 04.09.2009

PROFIT & LOSS ACCOUNT

	Schedule	for the year ended March 31, 2009 Rs.	for the year ended March 31, 2008 Rs.
INCOME			
Sales & Services		133,451,306	105,882,708
Other Income		242,195	67,338
TOTAL		133,693,501	105,950,046
EXPENDITURE			
Software Development / Project Expenses	K	61,709,964	40,816,113
Payment & Benefits to Employees	L	3,717,073	1,908,562
Administrative & Marketing Expenses	M	5,307,079	4,025,634
Financial Expenses	N	7,383,703	5,379,347
TOTAL		78,119,819	52,129,656
PROFIT BEFORE DEPRECIATION, TAXES & EXCEPTIONAL ITEMS			
Depreciation	F	55,573,682	53,820,390
Preliminary & Public Issue Expenses written off		46,746,921	32,697,362
		307,217	307,217
PROFIT BEFORE TAXATION			
Fringe Benefit Tax		8,519,544	20,815,811
Income Tax		108,000	103,984
Deferred Tax		880,000	2,358,431
		5,217,464	5,777,971
PROFIT AFTER TAXATION			
Balance brought forward from previous year		2,314,080	12,575,425
		41,334,509	29,695,044
AMOUNT AVAILABLE FOR APPROPRIATION			
Preference dividend		43,648,589	42,270,469
Dividend tax		800,000	800,000
		135,960	135,960
SURPLUS CARRIED TO BALANCE SHEET			
Significant Accounting Policies & Notes on accounts	O	42,712,629	41,334,509

Schedules referred to above and the notes thereon form an integral part of Profit & Loss Account
Vide our report of even date

for MAHESH, VIRENDER & SRIRAM
Chartered Accountants

for and on behalf of the Board of Directors

S Sriram Gopal
Partner (M.No.25484)

JSR Durga Prasad
Chairman

J Murali Krishna
Managing Director

Place : Hyderabad
Date : 04.09.2009

SCHEDULES FORMING PART OF BALANCE SHEET

	As at March 31, 2009 Rs.	As at March 31, 2008 Rs.
A SHARE CAPITAL		
<i>Authorised Capital :</i>		
1,00,00,000 Equity Shares of Rs. 10/- each	100,000,000	100,000,000
10,00,000 8% Preference Shares of Rs. 10/- each	10,000,000	10,000,000
	110,000,000	110,000,000
<i>Issued, Subscribed and Paid up Capital:</i>		
93,50,000 Equity Shares of Rs. 10/- each	93,500,000	93,500,000
10,00,000 8% Preference Shares of Rs. 10/- each	10,000,000	10,000,000
TOTAL	103,500,000	103,500,000
B RESERVES & SURPLUS		
Profit & Loss Account	42,712,629	41,334,509
Share Premium	63,000,000	63,000,000
Capital Reserve	10,667,080	10,667,080
Mat Credit Reserve	293,083	293,083
TOTAL	116,672,792	115,294,672
C SECURED LOANS		
Term loan - IL & FS Financial Services Ltd	113,841,755	56,000,000
Cash credit - UCO Bank	2,451,129	-
Vehicle Loan - Axis Bank	465,465	169,235
Equipment Loan - ICICI Bank	476,335	1,331,118
TOTAL	117,234,684	57,500,353
D UNSECURED LOANS		
Inter Corporate Deposit	1,928,399	1,928,399
Deposits from VLEs	29,037,859	4,391,700
Others	-	166,997
TOTAL	30,966,258	6,487,096
E DEFERRED TAX LIABILITY		
Opening Balance	27,691,549	21,913,578
Add: Liability for the year	5,217,464	5,777,971
TOTAL	32,909,013	27,691,549

SCHEDULES FORMING PART OF BALANCE SHEET

F FIXED ASSETS

Item	Rate of depn.	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As at 1.4.2008	Additions	Delitions	As at 31.03.2009	As at 1.4.2008	Delitions	for the year	As at 31.03.2009	As at 31.03.2009	As at 31.03.2008
Computer Hardware	16.21%	239,787,534	77,594,809	-	317,382,343	88,878,060	-	40,612,035	129,490,095	187,892,248	150,909,474
Computer software	16.21%	19,925,419	21,575,000	-	41,500,419	16,022,494	-	3,358,069	19,380,563	22,119,856	3,902,925
Library	4.75%	56,005	-	-	56,005	23,472	-	2,660	26,132	29,873	32,533
Air Conditioners	4.75%	1,433,842	22,000	-	1,455,842	426,580	-	68,717	495,298	960,544	1,007,262
Electrical Fittings	4.75%	8,302,719	7,049,700	-	15,352,419	1,630,662	-	476,948	2,107,610	13,244,809	6,672,057
Office Equipment	4.75%	243,935	-	-	243,935	86,760	-	11,587	98,347	145,588	157,175
Furniture & Fittings	6.33%	20,700,476	40,883,365	-	61,583,841	3,449,392	-	1,711,877	5,161,269	56,422,572	17,251,084
Vehicles	9.75%	1,140,800	579,662	-	1,720,462	588,760	-	125,319	714,079	1,006,383	552,040
Wireless Towers	3.34%	11,368,543	-	-	11,368,543	1,379,146	-	379,709	1,758,856	9,609,687	9,989,397
Project Dev. In progress	-	8,081,404	-	-	8,081,404	-	-	-	-	8,081,404	8,081,404
Total		311,040,677	147,704,536	-	458,745,213	112,485,328	-	46,746,921	159,232,249	299,512,964	198,555,349
Previous Year Figures		210,849,292	100,191,385	-	311,040,677	79,787,966	-	32,697,362	112,485,328	198,555,349	

SCHEDULES FORMING PART OF BALANCE SHEET

	As at March 31, 2009 Rs.	As at March 31, 2008 Rs.
G INVESTMENTS		
Quoted		
Unquoted		
3,50,000 Equity Shares in Vijnana Manjusha Informatics Private Limited @ Rs. 10/- each	-	3,500,000
Unquoted		
Sarksys Haryana Pvt Ltd (10000 Equity Shares Of Rs.10/-each)	100,000	100,000
TOTAL	100,000	3,600,000
H CURRENT ASSETS, LOANS & ADVANCES		
(a) <i>Inventory</i>	2,766,234	2,647,605
(b) <i>Sundry Debtors</i> (Unsecured - Considered Good)		
(a) Debts outstanding for more than six months		
- Due from Government	27,214,644	32,478,121
- Due from Others	8,822,474	401,767
(b) Other Debts		
- Due from Government	2,669,939	-
- Due from Others	11,054,400	33,058,182
(c) Deferred Debtors		
- Due from Government	36,410,987	47,740,014
- Due from Others	-	-
(c) <i>Cash & Bank Balances</i>		
Cash on hand	678,396	1,847,459
Balance with Banks - in current accounts	1,457,004	3,012,904
(d) <i>Loans & Advances</i>		
Deposits	13,691,271	13,689,110
Staff Advances	1,539,787	223,812
Tax Deducted at Source	3,127,122	2,492,617
Other Advances	12,818,096	6,537,033
TOTAL	122,250,354	144,128,623
I CURRENT LIABILITIES & PROVISIONS		
(a) <i>Current Liabilities</i>		
Sundry Creditors - due to SSI undertakings	-	-
- due to other undertakings	13,194,862	23,836,958
Outstanding liabilities	5,185,003	6,459,049
	18,379,865	30,296,008
(b) <i>Provisions</i>		
Provision for income tax	5,216,589	5,464,475
Others	6,273,500	11,097,500
	11,490,089	16,561,975
J MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)		
Preliminary Expenses	4,966	70,826
Public Issue Expenses	241,356	482,713
Deferred Revenue Expenditure	-	1,461,373
TOTAL	246,322	2,014,912

SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT

	for the year ended March 31, 2009 Rs.	for the year ended March 31, 2008 Rs.
K SOFTWARE DEVELOPMENT / PROJECT EXPENSES		
Software Training	22,244	25,000
Man Power and Data Entry Expenses	13,494,640	2,799,236
Purchases and Consumables	33,866,312	23,397,915
Electricity Charges	381,240	284,154
Repairs & Maintenance - Gensets	19,482	836,067
Business Communication, Internet Subscription	1,070,851	970,568
	-	7,490
Profession Development Expenses	277,000	230,258
Rent - Projects	99,752	247,124
Transportation	585,477	107,881
Project Allowances & expenses	11,892,966	11,910,420
TOTAL	61,709,964	40,816,113
L PAYMENT & BENEFIT TO EMPLOYEES		
Managing Director's Remuneration	1,200,000	300,000
Salaries & Allowance to Employees	2,252,548	1,532,711
Staff Welfare	264,525	75,851
TOTAL	3,717,073	1,908,562
M ADMINISTRATIVE & MARKETING EXPENSES		
Audit Fee	112,360	112,360
Internal Audit fee	48,000	48,000
Advertisement	78,788	154,813
Bank Charges	255,132	113,236
Books & Periodicals	2,794	710
Consultancy	268,500	-
Conveyance	793,577	311,570
Directors sitting fee	24,000	36,000
Insurance	145,604	169,798
Legal Expenses	330,117	-
Licence fee, taxes	82,600	151,878
Miscellaneous expenses	128,741	588,467
Office maintenance	250,506	241,031
Postage, telegrams	19,901	76,026
Printing & stationery	351,068	265,508
Repairs & Maintenance - others	374,653	67,590

contd.

SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT

	for the year ended March 31, 2009 Rs.	for the year ended March 31, 2008 Rs.
Rent, rates & taxes	121,422	442,656
Security charges	176,197	655,684
Vehicle Maintenance	96,545	39,134
Hire Charges	1,100	15,800
Meeting expenses	44,146	22,596
Share Service Charges	56,146	58,617
Listing Fee	81,826	68,676
Sales tax	789,810	-
Telephone, & Fax	397,405	353,308
Travelling expenses	276,141	32,176
TOTAL	5,307,079	4,025,634
N FINANCIAL EXPENSES		
Interest On term loan & CC loan	5,786,851	878,251
Interest on other loans	112,177	1,991,613
Interest on Vehicle loan	25,302	24,883
Deferred revenue expenses written off	1,461,373	2,484,600
TOTAL	7,385,703	5,379,347

SCHEDULE: O

NOTES FORMING PART OF ACCOUNTS :

Significant Accounting Policies and Notes on Accounts

I Significant Accounting Policies :

- | | | |
|----|------------------------------|--|
| 1 | Basis of Accounting | <p>a) The financial statements have been prepared under the Historical Cost convention and in accordance with applicable accounting standards issued by the Institute of Chartered Accountants of India and relevant presentational requirements of the Companies Act, 1956.</p> <p>b) Accounting Policies not specifically referred to otherwise are in accordance with prudent accounting principles.</p> <p>c) All Income and Expenditure items having material bearing on the financial statements are recognised on accrual basis.</p> |
| 2 | Fixed Assets | Fixed assets are stated at cost including related incidental expenditure. |
| 3 | Capital work in progress | Advance paid towards acquisition of fixed assets and the cost of assets not put to use before the year end are disclosed under this head. |
| 4 | Depreciation | Depreciation on fixed assets has been provided on Straight Line method and depreciation is provided on pro-rata basis as per Schedule VI of Companies Act, 1956. |
| 5 | Revenue Recognition | <p>Revenue from technical services is recognised on a prorata basis over the period in which services are rendered.</p> <p>Income is recognised fully in case of supply and maintenance contracts where delivery is complete.</p> |
| 6 | Inventory | Inventories are valued at cost or net realisable value whichever is lower. |
| 7 | Misc. Expenditure | Preliminary expenses and Public issue expenses are amortised over a period of 10 years. |
| 8 | Provision for taxation | Provision is made for income tax annually based on the tax liability computed after considering tax allowances and exemptions. |
| 9 | Foreign Exchange Policy | <p>Fixed Assets and Long Term Liabilities are accounted at the rates prevailing on the date of transactions. Current assets and current liabilities are accounted at rate prevailing on the date of Balance Sheet.</p> <p>All the Income items other than those pertaining to the Foreign Branches are accounted on the basis of exchange rate prevailing on the dates of transactions. All the expenditure items during a month other than those pertaining to the Foreign Branch are reported at a rate that approximates the actual rate during that month.</p> <p>Sale proceeds are converted into Indian Rupees at the rates prevailing on the date of receipt.</p> <p>Net foreign exchange difference on foreign currency transactions is recognised in the profit & loss account during the year.</p> |
| 10 | Retirement Benefits | <p>Contributions to Provident and Superannuation Funds are recognised as expense when incurred.</p> <p>Liability for gratuity and encashable leave are actuarially determined at the Balance sheet date.</p> |
| 11 | Deferred Tax Liability/Asset | To provide and recognise deferred tax on timing differences between taxable income and accounting income subject to consideration of prudence. |
| 12 | Impairment of assets | The carrying amount of assets are reviewed at each Balance sheet date to assess whether they are recorded in excess of their recoverable amounts. Where carrying values exceed the estimated recoverable amount, impairment loss is recognised and assets are written down to their recoverable amount. |

SCHEDULE: O

NOTES FORMING PART OF ACCOUNTS :

Significant Accounting Policies and Notes on Accounts

II Notes On accounts

1 Contingent Liabilities:

a	Claims against the company not acknowledged as debts:	Rs.	11,056,323
b	Other money for which the company is contingently liable: <i>Counter guarantees given in favour of company's bankers for guarantees issued by them</i>	Rs.	845,754

2 Secured Loans:

- a The term loan from IL & FS Financial Services Ltd has been secured by hypothecation of all assets of the company. The liability as at the balance sheet date includes interest due of Rs. 1356652 and interest accrued but not due of Rs.2075103.
- b Working capital loan by way of Cash Credit from UCO Bank, Suryanagar Branch, Hyderabad has been secured by first charge on the current assets of the company.
- c Vehicle loan from Axis Bank, Patna has been secured by hypothecation of the vehicle purchased from the loan amount.
- d Equipment loan from ICICI Bank, Hyderabad has been secured by hypothecation of the equipments purchased from the loan amount.

		2008-09	2007-08
3 Managerial Remuneration	Remuneration paid to Managing Director		
	Salaries	1,200,000	1,200,000
4 Auditors' remuneration	For Statutory Audit	60,000	60,000
	For Tax Audit	25,000	25,000
	Out of Pocket expenses	15,000	15,000
	Service Tax	12,360	7,650
5 Foreign Exchange Earnings & Out go	Earnings	-	7,417,615
	Outgo	-	-

6 Quantitative Details

The company is engaged in the business of development of computer software and delivering turn key solutions on Build, Operate and Own - BOO basis. The production and sale of such software is not capable of being expressed in any generic unit. Hence, it is not possible to give the quantitative details of such sale and information required under paragraphs 3, 4C and 4 D of Part II of Schedule VI of the Companies Act, 1956.

7 Related Party Disclosures as per AS 18

Transactions with related parties in the ordinary course of business

Name of the Related Party	J S R Durga Prasad	J Murali Krishna
Description of the relationship between the parties	Promoter Director, Chairman and brother of Sri J Murali Krishna, Managing Director	Key management personnel, Managing director and brother of Sri J S R Durga rasad, Chairman
Description of the nature of transactions	-	Remuneration
Volume of the transactions either as an amount or as appropriate proportion	-	Rs. 12,00,000/-



		for the Year Ended	
8	Earning Per share (EPS)	31-Mar-09	31-Mar-08
	Net profit for the year	2,314,080	12,575,425
	Less: Preference dividend (including dividend tax)	935,960	935,960
	Amount available for equity share holdes	1,378,120	11,639,465
	Weighted average no. of shares	9,350,000	9,350,000
	Earning per share basic and diluted Rs.	0.15	1.24
	Face value of equity share Rs.	10	10

9 **Deferred Tax Liability**

The composition of deferred tax liability as at 31.03.2009 of Rs. 329.09 lakhs (previous year Rs. 276.91 lakhs) is on account of timing differences relating to depreciation.

- 10 There are no small scale industrial undertakings to whom the company owes a sum exceeding Rs. 1.00 lakh which is outstanding for more than 30 days of the Balance sheet date.
- 11 Confirmation of balances from parties as at the end of the the year has not been received and adjustments, if any, shall be made as on ongoing process.
- 12 Previous year figures have been regrouped and rearranged wherever necessary.
- 13 All figures have been rounded off to the nearest rupee.

III Information pursuant to part IV of Schedule Vi of the Companies Act, 1956
Balance Sheet Abstract and Company's General Business Profile

1 Registration Details	Registration No: 01-29240	State Code : 01
	Balance Sheet Date: 31-Mar-09	
2 Capital Raised during the year (Amount in Rs. Thousands)	Public Issue: NIL	Right Issue: NIL
	Bonus Issue: NIL	Private Placement: -
3 Position of Mobilisation and deployment of funds (Amount in Rs. Thousands)	Total Liabilities: 401,283	Total Assets: 401,283
	Sources of Funds:	
	Paid-up capital: 103,500	Reserves & Surplus: 116,673
	Secured Loans: 117,235	Unsecured Loans: 30,966
	Application of Funds:	
	Net Fixed Assets: 299,513	Investments: 100
	Net Current Assets: 92,380	Misc. Expenditure: 246
	Accumulated Losses: NIL	
4 Performance of the company (Amount in Rs. Thousands)	Turn Over: 133,694	
	Profit/Loss Before tax: 8,520	
	Earning per share in Rs. 0.15	
5 Generic Names of three principal products/services of company	Product Description Computer Software	Item Code 001

Signatures for Schedule A - N

Vide our report of even date

for Mahesh, Virender & Sriram
Chartered Accountants

for and on behalf of the Board of Directors

S Sriram Gopal
Partner (M.No.25484)

JSR Durga Prasad
Chairman

J Murali Krishna
Managing Director

Place : Hyderabad

Date : 04.09.2009

CASH FLOW STATEMENT

	for the Year ended March 31, 2009 Rs.	for the Year ended March 31, 2008 Rs.
a. Cash Flow from Operating Activity		
Net Profit before interest and Tax	15,905,247	26,195,158
Adjustments for :		
Fringe Benefit tax	(108,000)	(103,984)
Income Tax	(880,000)	(2,358,431)
Deferred Tax	(5,217,464)	(5,777,971)
Depreciation	46,746,921	32,697,362
Preliminary & Public Issue Expenses written off	307,217	307,217
Increase / Decrease in Inventory	(118,629)	(605,460)
Increase / Decrease in Receivables	27,505,640	(56,446,003)
Increase / Decrease in Loans & Advances	(8,233,705)	(5,898,814)
Increase / Decrease in Current Liabilities & Provisions	(16,988,029)	33,723,719
Increase / Decrease in Deferred Revenue Expenses	-	-
Increase / Decrease in Deferred Tax	5,217,464	5,777,971
Loss on sale of fixed assets	-	-
Net Cash Flow from Operating Activities	64,136,662	27,510,764
b. Cash Flow from Financing Activity		
Purchase of Fixed Assets	(147,714,828)	(85,269,642)
Sale of fixed asset	-	-
Net Cash used for Investing activities	(147,714,828)	(85,269,642)
c. Cash Flow from Financing Activity		
Proceeds from allotment of Equity and Preference Shares	-	(10,500,000)
Share premium	-	31,500,000
Proceeds from borrowings - Term loans	59,734,331	45,651,661
Proceeds from borrowings - Unsecured loans	24,479,162	(1,985,288)
Interest Paid	(5,924,330)	(2,894,747)
Dividends paid	(935,960)	(935,960)
Investments	3,500,000	(100,000)
Net Cash Flow from Financing Activities	80,853,203	60,735,666
Net increase in cash and cash equivalents during the year	(2,724,963)	2,976,788
Cash and cash equivalents at the beginning of the year	4,860,363	1,883,575
Cash and cash equivalents at the end of the year	2,135,400	4,860,363

Vide our report of even date

for MAHESH, VIRENDER & SRIRAM
Chartered Accountants

for and on behalf of the Board of Directors

S Sriram Gopal
Partner (M. No. 25484)

JSR Durga Prasad
Chairman

J Murali Krishna
Managing Director

Place : Hyderabad

Date : 04.09.2009



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SARK SYSTEMS INDIA LIMITED

PROXY FORM

I/We _____ of _____ being a Member/s of SARK Systems India Limited, here by appoint _____ of _____ or, failing him/her

of _____ as my/our proxy to vote for me/us on my/our behalf at the 11th Annual General Meeting of the Company to be held on the 30th day of September 2009, at 3.00 P.M. at Seminar Hall, Institute of Engineers (India), Khairatabad, Hyderabad - 500 004 and at any adjournment thereof.

Signed this _____ Day of _____ 2009. Signature _____

Revenue
Stamp of
Rs.1/-

Note : THIS FORM SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FOR HOLDING THE MEETING.

SARK SYSTEMS INDIA LIMITED

ATTENDANCE SLIP

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.

Folio/D.P. Id. :
Name of the Shareholders :
No. of Shares :

I hereby record my presence at the 11th Annual General Meeting of the Company held on 30th September, 2009 at 3.00 P.M. at Seminar Hall, Institute of Engineers (India), Khairatabad, Hyderabad - 500 004

Full Name of the Share Holder /Proxy

Signature of the Share Holders / Proxy

Note : No additional / duplicate Attendance Slip will be issued at the Meeting Hall.



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No. of Shares :	_____
Account No. :	_____

**FORM 2B
NOMINATION FORM**

(To be filled individual(s) applying singly or jointly)

I/We _____ and _____ and _____ the Members of SARK Systems India Limited, holding shares bearing Distinctive Numbers _____ wish to make a nomination and do hereby nominate the following person in whom all rights of transfer and/or amount payable in respect of shares shall vest in the event of my or our death.

Name and Address of Nominee

Name: : _____

Address: _____

Date of Birth _____

(If nominee is a minor)

Guardian of the Minor is (to be furnished only if nominee is a minor)

Name: _____

Address: _____

SHAREHOLDERS' INFORMATION

1. Signature: _____
 Name: _____
 Address _____
 Date _____
2. Signature: _____
 Name _____
 Address _____
 Date _____
3. Signature: _____
 Name _____
 Address _____
 Date _____

Name, Address and Signature of two Witnesses

Name and Address	Signature with Date
1. _____	_____
2. _____	_____



Instructions:

1. The Nomination can be made by individuals holding shares on their behalf singly or jointly. Non-individuals including Society, Trust, Body Corporate, Partnership Firm, Karta of Hindu Undivided Family, Holder of Power of Attorney cannot nominee. If the Shares are held jointly, all Joint holders shall sign the nomination form.
2. A Minor can be nominated by a Holder of shares and in that event, the name and address of the Guardian should be provided.
3. The Nominee shall not be a Trust, Society, Body Corporate, Partnership firm, Karta of Hindu Undivided Family or a Power of Attorney Holder. A Non-Resident Indian can be a nominee on repatriable basis.
4. Nomination stands rescinded upon transfer of shares.
5. Transfer of shares in favour of Nominee shall be valid discharge by the Company against the Legal heir.
6. The Nomination form shall be filed in duplicate with the Company's Share Transfer Agents M/s Venture Capital and Corporate Investments Pvt. Limited, 12-10-167, Bharat Nagar, HYDERABAD - 500 018, which will return one copy thereof to the Shareholder.

FOR OFFICE USE ONLY

Nomination Registration Number:

Date of Registration:

Checked by (Name and Signature):



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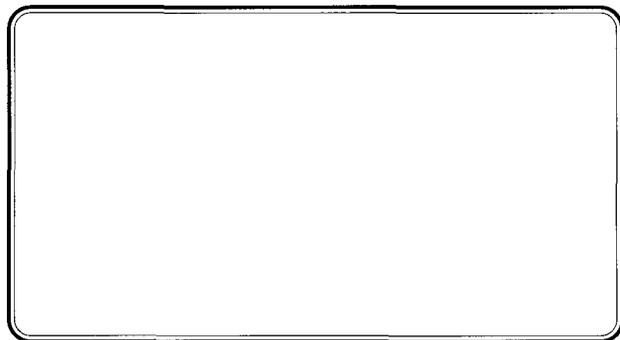
TRAINING PROGRAM AT CSCs



HEALTH CAMP AT CSC

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If Undelivered Please return to
SARK Systems India Limited
6-3-801, 2nd Floor,
Crystal Arcade, Ameerpet,
Hyderabad - 500 016