

The logo for SAKSOFT, featuring the word "SAKSOFT" in a bold, blue, sans-serif font. A stylized blue circle with a white gap is positioned to the left of the text, partially overlapping the letter 'S'.

SAKSOFT

Information Management Specialist

The background of the page is a light gray gradient. It is decorated with numerous blue squares of varying sizes and shades, scattered across the page. Some squares are solid blue, while others are lighter or semi-transparent. The squares are arranged in a somewhat random pattern, with some forming small clusters or lines.

# Saksoft Limited

Annual Report 2011 - 12



**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  
Ekambaram Ramachandran  
Vice-President  
Dhiraj Mangla  
Vice President of Web Technology  
Annu Thomas  
Global Head of HR  
Nick Sullivan  
Sales Director  
Jonathan Eeley  
Director - Consulting Services

### COMPANY SECRETARY & COMPLIANCE OFFICER

S. Narayan

### WEBSITE

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

### 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 Suri & Co.,  
Chartered Accountants  
No. 4 (Old No.55A),  
Chevalier Sivaji Ganesan Salai  
(South Boag Road), T.Nagar,  
Chennai- 600 017.

### BANKERS

Citibank N.A, Chennai  
Deutsche Bank., Chennai  
IndusInd Bank., Chennai  
State Bank of India, 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  
Acuma Solutions Limited, UK  
Synetairos Technologies Ltd, India

### 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 its operation.



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.



Verisens 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. Verisens 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,

I am excited and proud of the fact that your company has reported strong, industry comparable revenue growth for the year 2011-2012. The credit for this must go to all our employees across all our geographies who focused on meeting client requirements all the time; deepened their relationships across the client and partner organizations and enhanced our service offerings to offer more to our clients. Investments in new service offerings such as Mobile Development, Deployment Testing for e-commerce portals and Credit Information Management increased our reach to target client markets in a dynamic environment.

Our customers want us to deliver end to end solutions to realize the benefits of effective IT Management in the wake of shifts in technology and investment climate. Your company is aligning its delivery model and partner capabilities to address this strategic requirement of the customers. In the new paradigm shift, Collaboration is becoming the new model, where organizations with different capabilities join together to deliver an end-to-end solution to the customer.

Top clients continue to repose their faith in your company by maintaining and growing their IT investments through us. We added 16 new clients in our targeted domains using Information Management as an Arrowhead.

Your company attained the Leading partner status with SAP for SME market in the UK and also achieved the Second leading partner for SAP in Europe. We intend to leverage our SAP relationship to a global level, thereby increasing our footprint in the Information Management market.

Our customers in the emerging Small and Medium Enterprise segment are looking at cost-effective ways to manage their IT investments, online initiatives to catalyst innovation and efficient organization of their business processes. It is critical that your company builds a model that allows for core competencies to flourish while we use collaboration as a way of work to deliver outstanding solutions to our customers. We are working to be the trusted advisors to our clients and be their extended team than an outsourcing vendor.

It has been an exciting year for all of us and we would like to thank our employees, our suppliers, our partners and our society for getting us to where we are, and having the confidence to make us grow; We wish to express a special gratitude to you, our shareholders who have continued to keep the faith and belief in the company's growth potential and ambitions; For 2012-2013, we will endeavor to meet our goals and position the company as the Preferred Information and Application Management provider to successful companies around the globe.

Thank you.

Autar Krishna  
**CHAIRMAN**

## BOARD OF DIRECTORS

### **Autar Krishna**

Chairman

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. 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 26 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

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

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.



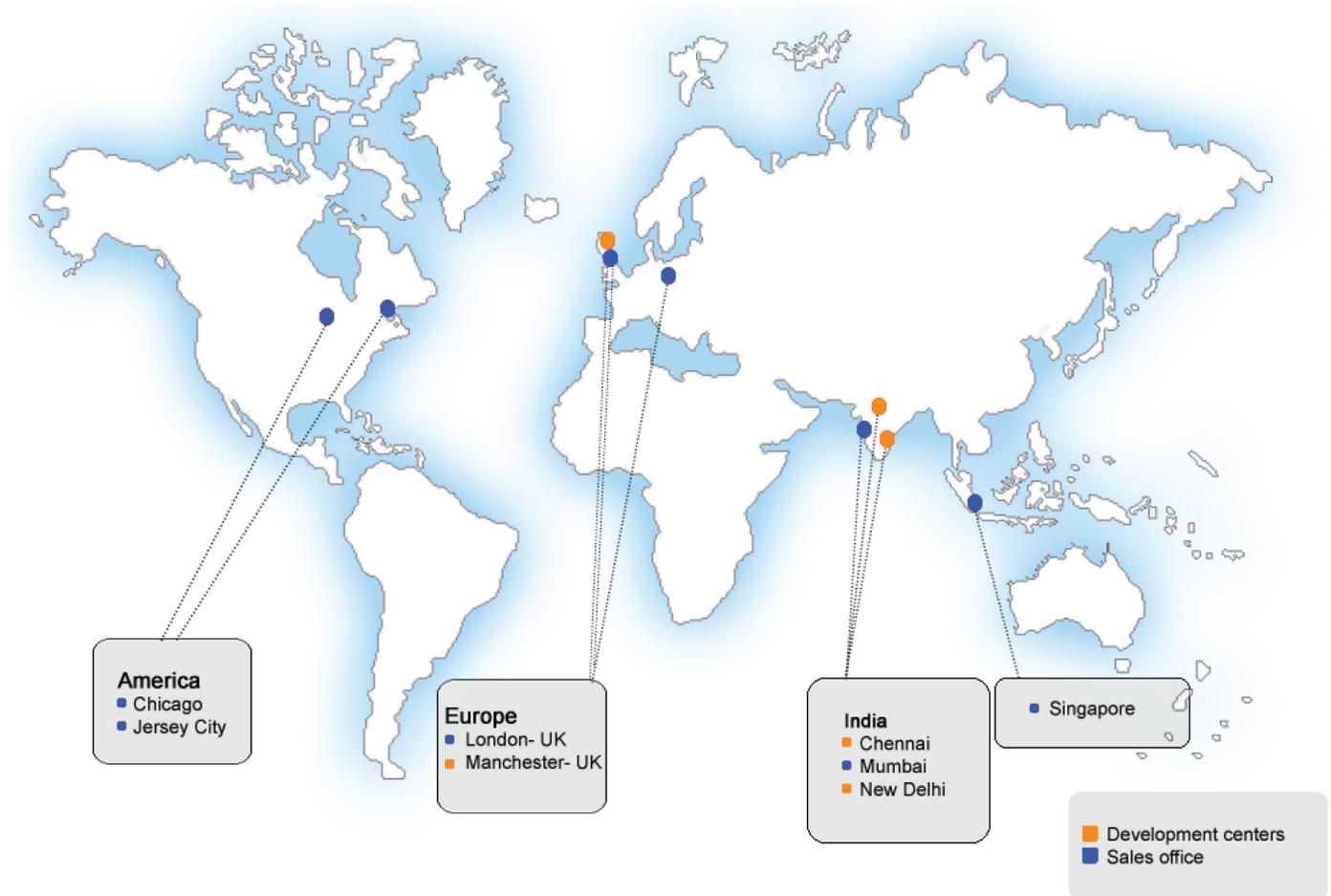
### **Ajit Thomas**

Independent Non-Executive Director

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 Neelamalai Agro Industries Ltd, The Nellaimpathy Tea & Produce, The Midland Rubber & Produce Co Ltd, AVT Natural Products Ltd, Midland Latex Products Ltd, A.V.Thomas & Company Limited, A.V. Thomas Exports Ltd, A.V.Thomas Investments Co Ltd and L.J.International Ltd.



## GEOGRAPHIC PRESENCE

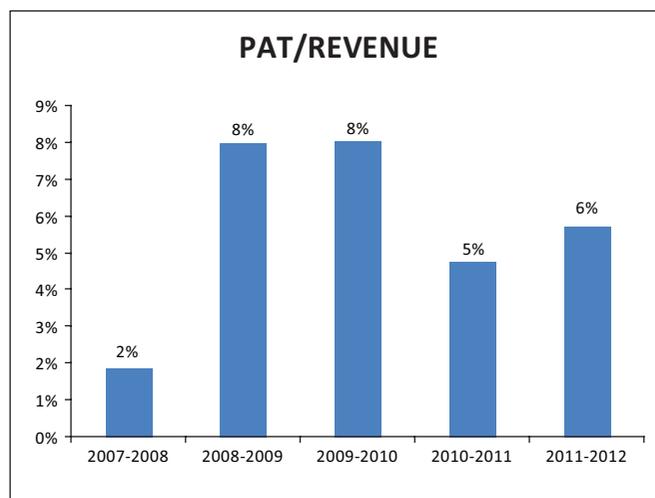
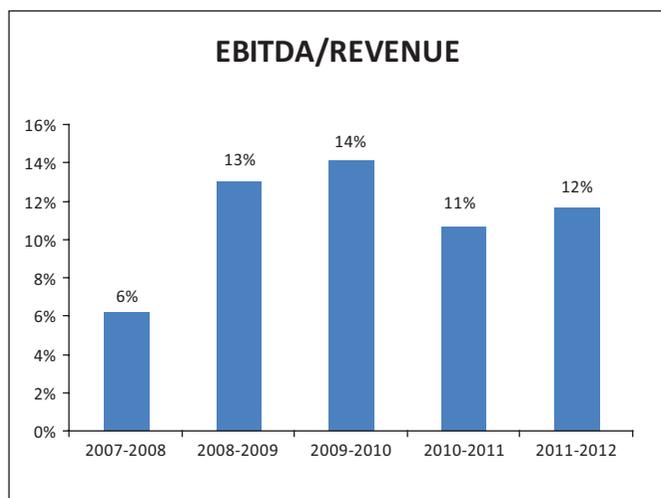
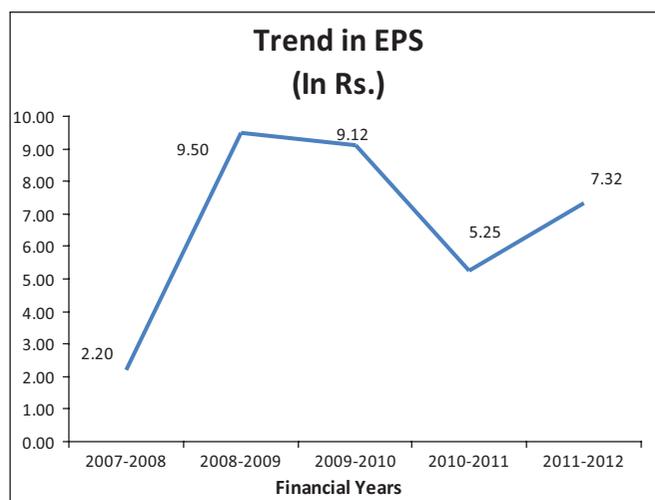
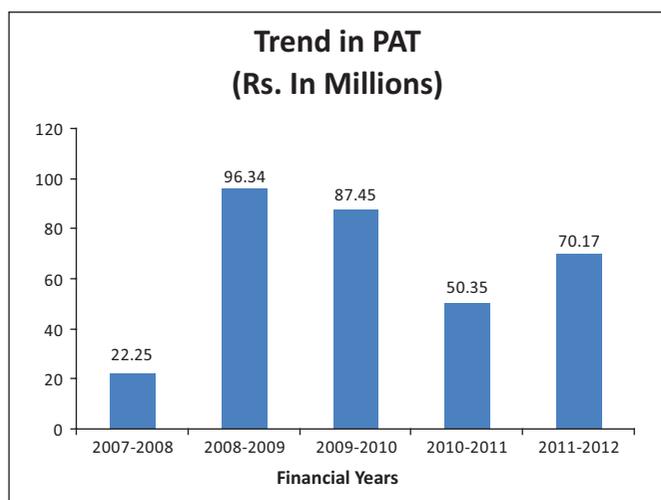
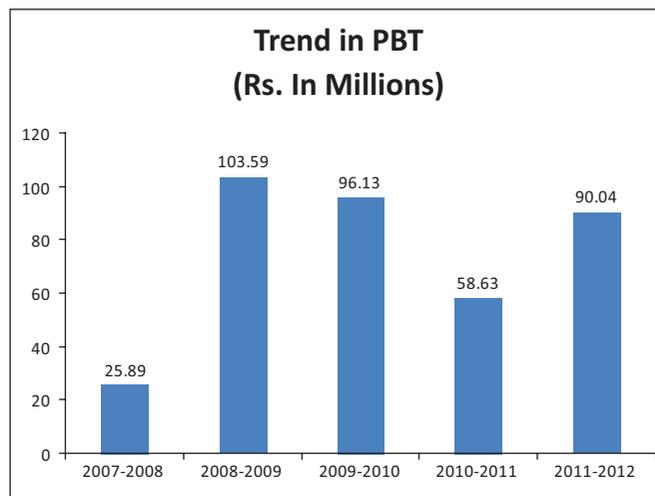
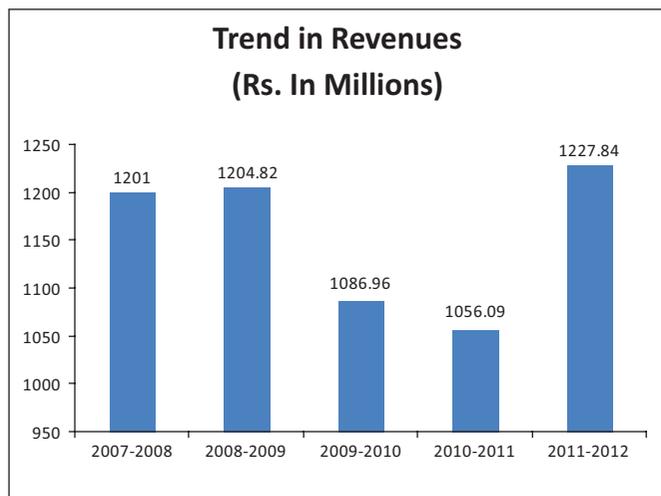


## CONSOLIDATED FINANCIAL HIGHLIGHTS – LAST 5 YEARS

(Rs.in Millions)

PARTICULARS	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
Revenue from Operations	1201.00	1204.82	1086.96	1056.09	1227.84
Other Operating Income	22.04	19.91	6.51	7.90	10.49
<b>Total Income</b>	<b>1223.04</b>	<b>1224.73</b>	<b>1093.47</b>	<b>1063.99</b>	<b>1238.33</b>
Employee Cost	705.95	632.18	551.85	559.86	564.05
Operating, Admin & Other expenditure	442.29	435.34	388.09	391.16	531.23
<b>Total Expenses</b>	<b>1148.24</b>	<b>1067.52</b>	<b>939.94</b>	<b>951.02</b>	<b>1095.28</b>
<b>PBDIT</b>	<b>74.80</b>	<b>157.21</b>	<b>153.53</b>	<b>112.97</b>	<b>143.05</b>
Interest & Finance Charges	28.57	33.87	38.23	35.99	36.18
<b>PBDT</b>	<b>46.23</b>	<b>123.34</b>	<b>115.30</b>	<b>76.98</b>	<b>106.87</b>
Depreciation	20.34	19.75	19.17	18.35	16.83
<b>Profit before Taxation</b>	<b>25.89</b>	<b>103.59</b>	<b>96.13</b>	<b>58.63</b>	<b>90.04</b>
Tax Expense	3.64	7.25	8.68	8.28	19.87
<b>Profit/(Loss) after Taxation</b>	<b>22.25</b>	<b>96.34</b>	<b>87.45</b>	<b>50.35</b>	<b>70.17</b>
<b>EPS (Rs. per share)</b>	<b>2.20</b>	<b>9.50</b>	<b>9.12</b>	<b>5.25</b>	<b>7.32</b>

## FIVE YEAR FINANCIALS (GROUP)



## NOTICE TO THE SHAREHOLDERS

**NOTICE** is hereby given that the Thirteenth Annual General Meeting of the members of the Company will be held on Monday, the 6<sup>th</sup> day of August 2012 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 2012 and the Profit and loss Account of the Company for the year ended 31<sup>st</sup> March 2012 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.Ajit Thomas, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To re-appoint M/s.Suri & Co., Chartered Accountants (Firm Registration No.004283S) as Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to pass with or without modification(s), the following resolution, as an ORDINARY RESOLUTION:

“**RESOLVED** that M/s. Suri & Co., Chartered Accountants (Firm Registration No.004283S), be and are hereby re-appointed as the Auditors of the Company to hold office from the conclusion of this Annual General Meeting to the conclusion of the next Annual General Meeting, on such remuneration as may be determined by the Board of Directors, based on the recommendations of the Audit Committee.”

### Special Business:

#### 5. Commission to Non-Executive Directors:

To consider and if thought fit to pass with or without modifications the following resolution as a **SPECIAL RESOLUTION**.

“**RESOLVED** pursuant to Section 309 and all other applicable provisions, if any, of the Companies Act, 1956 (“the Act”) and subject to all permissions, sanctions and approvals as may be necessary, approval of the Company be and is hereby accorded for the payment of commission of 1% of net profits of the Company, computed as per Section 198, 349 and 350 of the Companies Act, 1956, to the non-executive Directors for further period of 5 years from the financial year commencing 1st April, 2013, in such manner and up to such extent as the Board may, from time to time, determine.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board and/or Remuneration Committee constituted by the Board be and are hereby authorized to take all actions and do all such deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard.”

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

Place: CHENNAI  
Date : May 30, 2012

**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 30<sup>th</sup> July 2012 to 6<sup>th</sup> August 2012 (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 6<sup>th</sup> August 2012. The dividend in respect of share held in the electronic form will be payable to the beneficial owners of the shares as on 30<sup>th</sup> July 2012 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. In terms of Section 205A read with Section 205C of the Companies Act, 1956, the dividends declared by the Company, which remain unclaimed for a period of seven years will be transferred on due dates to the Investor Education and Protection Fund (IEPF) established by the Central Government. Members who have not encashed their dividend warrants in respect of the above period are requested to make their claim(s) by surrendering the unencashed warrants immediately to the Company.

12. 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.
13. 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. Ajit Thomas**

DIN No: 00018691

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 Neelamalai Agro Industries Ltd, The Nellaimpathy Tea & Produce, The Midland Rubber & Produce Co Ltd., AVT Natural Products Ltd, Midland Latex Products Ltd, A.V.Thomas & Company Limited, A.V. Thomas Exports Ltd, A.V.Thomas Investments Co Ltd and L.J.International Ltd.

Mr.Ajit Thomas does not hold any Shares in the Company and is not related to any Director of the Company.

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

### **Item No.5**

#### **Commission to Non-Executive Directors**

The Shareholders of the Company at their Ninth Annual General Meeting held on 25th September 2008, had by a special resolution approved the payment of remuneration by way of commission to non-executive Directors not exceeding 1% of the net profits of the Company for five (5) financial years commencing from April 1, 2008 and ending on March 31, 2013.

Considering the valuable contribution of the non-executive Directors who devotes more time and attention for the growth of the business of the Company in all its facets, the Board, recognizes the need to suitably remunerate the non-executive Directors with such commission up to a ceiling of 1% of the net profits of the Company, every year, computed in the manner specified in the Act, or such other limit as may be approved by the Central Government, for a further period of five (5) years commencing from the financial year April 1, 2013. In view of their involvement and value additions they provide for the Company's overall growth, it is essential that they should be paid a commission which should be in accordance with the provisions of Section 309 of the Companies Act, 1956.

The Board of Directors accordingly recommends the resolution set out at Item No. 5 of the accompanying Notice for the approval of the Members.

All the non-executive Directors of the Company, may be deemed to be concerned or interested in this resolution to the extent of commission that may be payable to them from time to time.

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

**Place: CHENNAI  
Date : May 30, 2012**

**S NARAYAN  
COMPANY SECRETARY**

## DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting their Thirteenth report on the business and operations of your Company together with the Audited Accounts for the financial year ended 31<sup>st</sup> March 2012.

### 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 Millions)		Consolidated Results (Rs. In Millions)	
	Year ended 31 <sup>st</sup> March 2012	Year ended 31 <sup>st</sup> March 2011	Year ended 31 <sup>st</sup> March 2012	Year ended 31 <sup>st</sup> March 2011
Export Revenue	303.02	329.59	1115.43	963.85
Domestic Revenue	112.41	92.24	112.41	92.24
Other Income	14.53	7.50	10.49	7.90
<b>Total Income</b>	<b>429.96</b>	<b>429.33</b>	<b>1238.33</b>	<b>1063.99</b>
Operating expenses	333.68	361.08	1095.28	951.02
<b>Operating Profits</b>	<b>96.28</b>	<b>68.25</b>	<b>143.05</b>	<b>112.97</b>
Depreciation	14.99	16.44	16.83	18.35
Interest and Finance Charges	28.76	28.67	36.18	35.99
<b>Net Profit before Tax</b>	<b>52.53</b>	<b>23.14</b>	<b>90.04</b>	<b>58.63</b>
Current Tax	18.90	11.43	20.74	11.98
Deferred Tax	(1.17)	(3.70)	(0.87)	(3.70)
<b>Net Profit after Tax</b>	<b>34.80</b>	<b>15.41</b>	<b>70.17</b>	<b>50.35</b>
<b>Profit brought forward</b>	<b>267.64</b>	<b>264.01</b>	<b>419.15</b>	<b>380.58</b>
Available for Appropriation	302.44	279.42	489.32	430.93
Transfer to General Reserve	-	-	-	-
Dividend and Dividend Tax	11.82	11.78	11.82	11.78
<b>Balance Carried forward</b>	<b>290.62</b>	<b>267.64</b>	<b>477.50</b>	<b>419.15</b>

## RESULTS OF OPERATIONS:

### Standalone Accounts

- Total income for the year 2011-2012 was Rs.429.96 Million as against Rs.429.33 Million during the year 2010-2011, achieving a marginal growth of 0.15%.
- Profit after tax was Rs.34.80 Million during the year 2011-2012 as compared to Rs.15.41 Million during 2010-2011, registering a staggering growth of 125.89%.
- Basic earnings per share was Rs.3.63 for the financial year 2011-2012 as compared to earnings per share of Rs.1.61 for the financial year 2011.
- Operating and other expenses during the year were at Rs.333.68 lakhs as compared to Rs.361.08 lakhs in the previous year.

### Consolidated Accounts

- Consolidated total income for the year 2011-2012 was Rs.1238.33 Million as against Rs.1063.99 Million during the year 2010-2011, registering a growth of 16.39%.
- Profit after taxes was Rs.70.17 Million during the year 2011-2012 as compared to Rs. 50.35 Million during 2010-2011, a growth of 39.36%.
- Basic earnings per share was Rs. 7.32 for the financial year 2011-2012 as compared to earnings per share of Rs. 5.25 for the financial year 2010-2011.

## 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 2011-2012. The final dividend on the equity shares, if declared as above would involve an outflow of Rs.10.17 Million towards dividend and Rs.1.65 Million towards dividend tax, thereby resulting in total outflow of Rs.11.82 Million.

## 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.

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 Staffing Services initiative in India and United States to provide value added services to its growing client base. Our Staffing Services offering brings several advantages to the Clients In terms of expertise, cost, availability of resources with skill sets and employee retention and allows our clients to focus on their core IT Management tasks. Saksoft offers a range of exciting offerings in Managed Services for Information Management.

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 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:**

In July 2011, your Company announced the acquisition of Synetairos Technologies Limited, a Pune based unlisted public limited Company which is in the business of providing specialized staff augmentation services to clients in the field of technology and financial services space. Synetairos also has wider focus and specialization in managing onsite services team besides sourcing various multi-national companies with rightly skilled technical teams.

Subsequently to this strategic acquisition Synetairos Technologies Limited became a wholly owned subsidiary of your Company. It continues to provide specialized staff augmentation services to various clients and the acquisition has progressed well and we are seeing many areas of synergy.

#### **INCREASE IN SHARE CAPITAL:**

During the year, we issued 25,000 shares on the exercise of stock options under the Employee Stock Option Plan 2009. As a result of this, the outstanding issued, subscribed and paid-up equity shares increased from 10,140,000 shares to 10,165,000 shares as at March 31, 2012.

#### **SUBSIDIARY COMPANIES:**

Your Company has 6 (Six) wholly owned subsidiaries as of 31<sup>st</sup> March 2012. 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.

Ministry of Corporate Affairs had earlier issued a circular no.2/2011 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. A statement containing brief financial details of the Company's subsidiaries for the financial year ended March 31, 2012 is included in the Annual Report. The audited accounts of and related information of our subsidiaries, where applicable, will be made available on request. These documents will also be available for inspection during business hours at our registered office in Chennai, India.

#### **DELIVERY CENTRES:**

Saksoft has three global delivery centers in Chennai, Noida and Manchester. 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.

## **HUMAN RESOURCES MANAGEMENT:**

According to a NASSCOM 2010 study, titled the 'Indian IT-BPO Industry: Driving India's Socio Economic Transformation (Source – NASSCOM website Resource centre), Tier II and III cities in India have emerged as talent hubs, from where the sector is drawing its manpower resources. According to the study around 58 per cent of the IT-BPO workforce today is from Tier II/III cities, with around four million direct employees from these locations. Around 49 delivery centers were set up in Tier II/III locations in the last year, as opposed to 25 in India's Tier I cities. The industry in fact, accounted for 4.5 per cent of the GDP from these areas.

While the above trend appears to rejuvenate the Indian IT industry, there is a constant search of new opportunities and new sources of growth, not merely in the overseas markets, but also on domestic turf. At the same time, the Indian IT industry is also exploring new investment destinations across India, where it can set up offices and centers, to tap the talent available.

Saksoft has directly and indirectly employees around 600 resources. Your Company has imbibed and conceptualized its core human resource values that makes a difference in many ways and in the process provide lot of ways for people to grow to the next level. More importantly the Company's human resource management process has been designed to create a mindset among the employees where they cherish to get to work with some real talented, interesting and inspiring people who at the same time display discipline and humility. Saksoft's enlightened approach to employee development also focuses on giving people whatever they need to succeed and this ensures that people are given continuous support, learning, recognition and transformation to next level.

From the talent acquisition front, your Company has various businesses tie ups with 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 and is committed to attracting, retaining, and developing the highest quality and most dedicated work force possible in today's market. Your Company has a robust performance management system which aims to improve communication and understanding of employee's goals and concerns and is being built to reward employees in a fair and transparent manner with 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.

## **CORPORATE SOCIAL RESPONSIBILITY:**

Keeping the tradition year on year to do service to the society apart from the business, Saksoft has retained a collective focus and taken a step forward to support and encourage employee participation across its 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 voluntary contribution of clothes to "Kakkum Karangal", a Non-Profit Social Organization. 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:**

Maintaining high degree of quality on whatever we commit to deliver to our valued customers is our core mantra and mission reverberated at all levels of our management. Your Company deploys various quality improvement measures/ techniques at every stage from the conceptualization 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.

## **CORPORATE GOVERNANCE:**

For Saksoft, good Corporate Governance is the key for creating and maintaining public/stakeholders' trust in the Company. Your Company continuously strives for best corporate governance practices and ensures better transparency, accountability and fairness in dissemination of information to its stakeholders. Obeying the law, both in letter and in spirit, is the foundation on which the Company's ethical standards are built. The Company would constantly endeavor to improve on these aspects. 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. Ajit Thomas, 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.Ajit Thomas.

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 auditors M/s. Suri & Co., Chartered Accountants, retire at the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept office, if re-appointed.

## **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. 290.15 Million

Foreign Exchange Outgo : Rs. 33.86 Million

## **MATERIAL CHANGES AFTER 31<sup>ST</sup> MARCH 2012 :**

There have been no material changes and commitments between 31<sup>st</sup> March 2012 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. During the financial year 2011-2012 none of the employees drew remuneration of more than 60 lakhs per annum or more than Rs.5,00,000 per month and hence the specific disclosure did not arise during the relevant period.

## **EMPLOYEES STOCK OPTION SCHEME:**

During the year the Compensation committee has granted 1,00,000 options under ESOP 2009 under the Employees Stock Option plan 2009 on 17<sup>th</sup> February 2012 to eligible employee of subsidiary of Saksoft at the rate of Rs.68.50 per option and also during the year your Board of Directors vide circular resolution passed on 17<sup>th</sup> February 2012 has allotted 25000 Equity Shares under Employees Stock Option plan 2009 pursuant to the exercise of 25000 options by one of our eligible employee at the grant price fixed on the date of grant being 3<sup>rd</sup> December 2010. Further to the allotment of the 25000 equity shares, your Company has obtained the listing and trading approval from the National Stock Exchange on 29<sup>th</sup> February 2012.

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 2012.

## **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 30, 2012**

**AUTAR KRISHNA  
CHAIRMAN**

## ANNEXURE I 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	100,000 on 17 <sup>th</sup> February 2012
(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 2011-12	17500	100000
Options Exercised	NIL	25000
The total number of shares arising as a result of exercise of Options	NIL	25000
Options Lapsed	10500	NIL
Variation of terms of Options	NIL	NIL
Money Realised on exercise of options	NIL	NIL
Total Number of options in force.	47500	475000
Employee wise details of Options granted to		
(1) Senior Management Personnel.	NIL	Mr. Naushad – 100,000
(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.41,01,268 Profit after tax lower by Rs.41,01,268 and the basic and diluted earnings per share would have been lower by Rs.0.4035 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.8,72,668 Profit after tax lower by Rs.8,72,668 and the basic and diluted earnings per share would have been lower by Rs.0.0858 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 : 17 <sup>th</sup> February 2012 Grant Price : Rs.68.50 Fair Value : Rs.39.54
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 17 <sup>th</sup> February 2012 has been calculated using the Black-Scholes options pricing formula and the significant assumptions made in this regard are as follows
		<b>17<sup>th</sup> February 2012</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% 9 years 66.06% 1.65% 68.50

## **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 Directors.

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 they 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 for the Financial Year ended March 31, 2012.

### 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

### 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 2011-12, the Board met 4 times on 27<sup>th</sup> May 2011, 5<sup>th</sup> August 2011, 31<sup>st</sup> October 2011 and 23<sup>rd</sup> January 2012.

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	3/4	Yes	4	-	2
Aditya Krishna	4/4	Yes	3	1	1
R Rajagopalan	4/4	Yes	3	2	3
Amitava Mukherjee	4/4	Yes	1	-	-
Ajit Thomas	2/4	No	9	-	-

### Notes :

- 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, 2012 have been made by the Directors.
- 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 2011-12, the Audit Committee met four times on on 27<sup>th</sup> May 2011, 5<sup>th</sup> August 2011, 31<sup>st</sup> October 2011 and 23<sup>rd</sup> January 2012. 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.

The details of remuneration paid to the Managing Director of the Company for the year ended 31<sup>st</sup> March 2012 is as under:

Name	Salary	Commission	Total
Aditya Krishna, Managing Director	30,00,000	NIL	30,00,000

## 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 2012 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.60,000	Nil	Rs.1,00,000	Rs. 1,60,000
2.	R.Rajagopalan	Rs.80,000	Rs.40,000	Rs. 1,00,000	Rs.2,20,000
3.	Amitava Mukherjee	Rs.80,000	Rs.40,000	Rs. 1,00,000	Rs.2,20,000
4.	Ajit Thomas	Rs.40,000	Rs.20,000	Rs. 1,00,000	Rs.1,60,000

#### 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 4 times on 27<sup>th</sup> May 2011, 5<sup>th</sup> August 2011, 31<sup>st</sup> October 2011 and 23<sup>rd</sup> January 2012.

During the year there was no investor complaints received for the year ended 31<sup>st</sup> March 2012.

#### GENERAL BODY MEETINGS

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

Year	Location	Date	Time
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
2010-11	P.Obul Reddy Hall, Vani Mahal, 103, G.N.Chetty Road, T.Nagar, Chennai – 600017.	05.08.2011	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
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.
2009-10	<b>11<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 for revision in terms of remuneration of Mr.Aditya Krishna, Managing Director.
		4.	A special resolution for approval for payment of remuneration as minimum remuneration to Mr.N.K.Subramaniam, Executive Director (Operations & Technology)
2010-11	<b>12<sup>th</sup> Annual General Meeting</b>	1.	A special resolution was passed for appointment of a relative of Director under Section 314 of the Companies Act, 1956.

### **(iii) 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 2012, the quarterly results were filed and published in the manner set forth below.

<b>Quarter</b>	<b>Date of Filing with the Stock Exchange</b>	<b>Date of publication in English News paper</b>	<b>Date of publication in Vernacular daily</b>
I	27 <sup>th</sup> May 2011	28 <sup>th</sup> May 2011 – Trinity Mirror	28 <sup>th</sup> May 2011 – Makkal Kural
II	5 <sup>th</sup> August 2011	6 <sup>th</sup> August 2011 – Trinity Mirror	6 <sup>th</sup> August 2011 – Makkal Kural
III	31 <sup>st</sup> October 2011	1 <sup>st</sup> November 2011 – Trinity Mirror	1 <sup>st</sup> November 2011 – Makkal Kural
IV	23 <sup>rd</sup> January 2012	24 <sup>th</sup> January 2012 – Trinity Mirror	24 <sup>th</sup> January 2012 – 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. Accordingly your Company has 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**

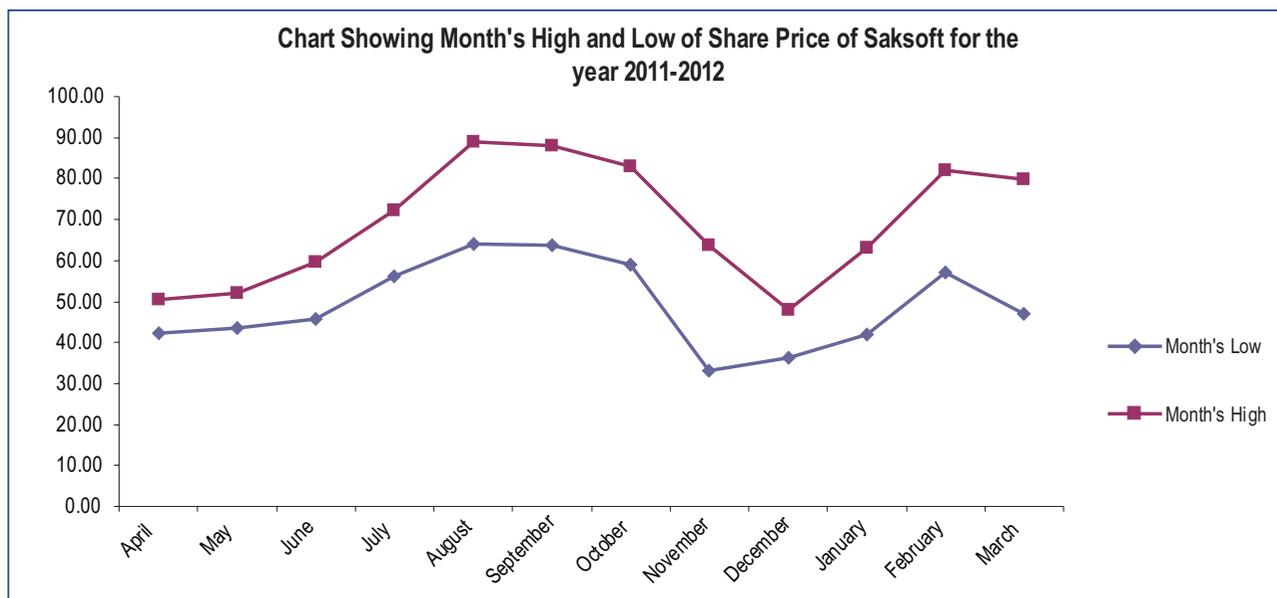
As required by Clause 49 of the Listing Agreement, a Certificate on the financial statements and Cash Flow statement of the Company for the year ended March 31, 2012 has been duly signed by the Managing Director and Chief Financial Officer.

**GENERAL SHAREHOLDER INFORMATION: (TENTATIVE)**

Particulars	Details
<b>Annual General Meeting</b>	Date : 6 <sup>th</sup> August 2012 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 2012 Results for II Quarter ending 30 <sup>th</sup> September 2012 Results for III Quarter ending 31 <sup>st</sup> December 2012 Results for the year ending 31 <sup>st</sup> March 2013	First week of August 2012 First week of November 2012 First week of February 2013 Last week of May 2013
<b>Book Closure Date</b>	30 <sup>th</sup> July 2012 to 6 <sup>th</sup> August 2012 (both days inclusive)
<b>Dividend Payment Date</b>	Between 14 <sup>th</sup> August 2012 and 5 <sup>th</sup> September 2012
<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 2011	50.35	42.25
May 2011	52.00	43.50
June 2011	59.50	45.60
July 2011	72.20	56.30
August 2011	89.00	64.00
September 2011	88.00	63.80
October 2011	83.00	58.95
November 2011	63.70	33.10
December 2011	48.00	36.15
January 2012	63.20	42.00
February 2012	82.00	57.00
March 2012	79.95	47.00

## 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 2012:

Number of Shares	Shareholders		No of Shares	
	Number	%	Number	%
Upto 5000	1574	87.44	169737	1.67
5001-10000	89	4.94	70701	0.67
10001-20000	35	1.94	52514	0.52
20001-30000	26	1.44	63806	0.63
30001-40000	10	0.56	34230	0.34
40001-50000	3	0.17	14120	0.14
50001-100000	22	1.22	169617	1.67
100001 and above	41	2.29	9590275	94.36
Total	1800	100	10165000	100

## Pattern of Shareholding as on 31<sup>st</sup> March 2012

Category	No of Shares	% holding
Promoters	7603300	74.79
Mutual Funds & UTI	Nil	Nil
Banks/Financial Institutions	101297	1.00
NRI's/OCB	18523	0.18
Corporate Bodies	581215	5.72
Public	1699268	16.72
Others	161397	1.59
Total	10165000	100.00

### Dematerialization of shares and liquidity

As at 31.03.2012, 99.81% 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 25000 Shares of the Company from the open market amounting to 0.25% of the total Paid-up Capital. Adequate disclosure has been made to the Stock Exchanges under SEBI Takeover Regulations 1997.

### Requests to Shareholders

Shareholders are requested to follow the general safeguards / procedures as detailed hereunder in order to serve them efficiently and avoid risks while dealing in securities of the Company.

#### Demat of Shares:

Shareholders are requested to convert their physical holding to demat/ electronic form through any of the DPs to avoid any possibility of loss, mutilation etc., of physical share certificates and also to ensure safe and speedy transaction in securities.

#### Registration of Electronic Clearing Service (ECS) mandate:

The Securities Exchange Board of India has made it mandatory for all companies to use the bank account details furnished by the Depositories for payment of dividend through ECS to investors wherever ECS and bank details are available. The Company will not entertain any direct request from members holding shares in electronic mode for deletion of / change in such bank details. Members who wish to change such bank account details are therefore requested to advise their DPs about such change, with complete details of bank account. ECS helps in quick remittance of dividend without possible loss/delay in postal transit. Shareholders, who have not earlier availed this facility, are requested to register their ECS details with the STA or their respective DPs

#### Transfer of shares in physical mode:

Shareholders should fill up complete and correct particulars in the transfer deed, for expeditious transfer of shares. Wherever applicable, registration number of power of attorney should also be quoted in the transfer deed at the appropriate place. Shareholders, whose signatures have undergone any change over a period of time, are requested to lodge their new specimen signature duly attested by a bank manager to the STA.

In terms of SEBI's circular no. MRD/DoP/Cir-05/1009 dated 20th May 2009, it has become mandatory for transferees to furnish a copy of Permanent Account Number (PAN) for registration of transfer of shares to be held in physical mode. In case of loss / misplacement of share certificates, shareholders should immediately lodge a FIR /Complaint with the police and inform the Company / STA with original or certified copy of FIR / acknowledged copy of complaint for marking stop transfer of shares.

### **Consolidation of Multiple Folios:**

Shareholders, who have multiple folios in identical names, are requested to apply for consolidation of such folios and send the relevant share certificates to the Company.

### **Registration of Nominations:**

Nomination in respect of shares - Section 109A of the Companies Act, 1956 provides facility for making nominations by shareholders in respect of their holding of shares. Such nomination greatly facilitates transmission of shares from the deceased shareholder to his / her nominee without having to go through the process of obtaining succession certificate / probate of the Will, etc. It would therefore be in the best interest of the shareholders holding shares in physical form registered as a sole holder to make such nominations.

Shareholders, who have not availed nomination facility, are requested to avail the same by submitting the nomination in Form 2B. This form is attached at the end of this report. Investors holding shares in demat form are advised to contact their DPs for making nominations.

### **Updation of address:**

Shareholders are requested to update their address registered with the Company, directly through the STA located at the address mentioned elsewhere in the annual report, to receive all communications promptly. Shareholders, holding shares in electronic form, are requested to deal only with their DPs in respect of change of address and furnishing bank account number, etc.

### **SMS Alerts:**

Shareholders are requested to note that NSDL and CDSL have announced the launch of SMS alert facility for demat account holders whereby shareholders will receive alerts for debits / credits (transfers) to their demat accounts a day after the transaction. These alerts will be sent to those account holders who have provided their mobile numbers to their DPs. No charge will be levied by NSDL / CDSL on DPs providing this facility to investors. This facility will be available to investors who request for the same and provide their mobile numbers to the DPs. Further information is available on the website of NSDL and CDSL namely [www.nsdl.co.in](http://www.nsdl.co.in) and [www.cdslindia.com](http://www.cdslindia.com), respectively.

### **Timely encashment of dividends:**

Shareholders are requested to encash their dividends promptly to avoid hassles of revalidation/ losing your right of claim owing to transfer of unclaimed dividends beyond seven years to Investor Education and Protection Fund (IEPF).

As required by SEBI, shareholders are requested to furnish details of their bank account number and name and address of the bank for incorporating the same in the warrants. This would avoid wrong credits being obtained by unauthorized persons.

Shareholders, who have not encashed their dividend warrants, in respect of dividends declared for the year ended 31st March 2005 and for any financial year thereafter may contact the Company and surrender their warrants for payment.

Shareholders are requested to note that the dividends, not claimed for a period of seven years from the date they first became due for payment, shall be transferred to IEPF in terms of Section 205C of the Act. Shareholders are requested to note that as per the applicable provisions of the Act, unclaimed dividends, once transferred to IEPF, will not be refunded.

### **Green initiative:**

MCA has undertaken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and issued circulars stating that service of notice, annual report, etc., can be sent by email to its members. The advantages of sending such documents in email are to:

- Receive communication promptly;
- Reduce paper consumption and save trees;
- Eliminate wastage of paper;
- Avoid loss of document in postal transit; and
- Save costs on paper and on postage.

To support this green initiative of the Government, members are requested to register their email addresses, with the DPs, in case shares are held in dematerialized form and with the STA, in case the shares are held in physical form and also intimate changes, if any, in their registered email addresses to the Company / DPs from time to time.

## 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 1240, 30 Montgomery Street, Jersey City, NJ 07302. P: +001 201 451 4609/4612 F: +001 212 504 8026
<b>Saksoft Pte Limited</b> 100A, Eu Tong Sen Street, #04-01(Office 9), Pearls Centre Office Podium, Singapore – 059813 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	<b>Synetairos Technologies Limited Corp Office :-</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

## 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 2012.

## 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 2012.

For Saksoft Limited

Place: Chennai  
Date : May 30, 2012

Aditya Krishna  
Managing Director

## 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.

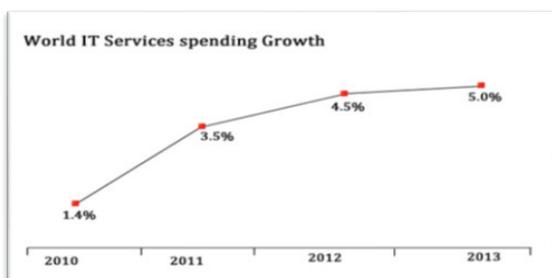
### 1.0 Business Overview

#### 1.1 Global Economy

The Global macro-economic indicators are looking sluggish and analysts do not see an uptrend for the immediate future. Per NASSCOM report, global GDP growth for 2012 will be a tad lower at 2.5% compared to 2.8% for 2011. The European Economy is still in its recessionary phase and delayed policy decisions at the EU level would keep the economy in mild recession for 2012\*.

Developed countries still are grappling with how to manage fiscal consolidation and credit stringency while the BRICS economies are living with tight money, declining capital flows, and high currency volatility. Top US Corporations are reporting good earnings primarily from their International Operations than from local markets

#### 1.2 IT Industry outlook

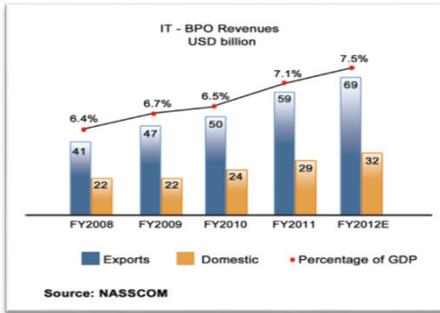


IT Services spending indicates, enterprise spending on IT services is likely to increase by more than 50 basis points over the next 12 months. This should augur well for the Indian IT services industry.

Figure 1: NASSCOM estimates on World-IT BPO spend

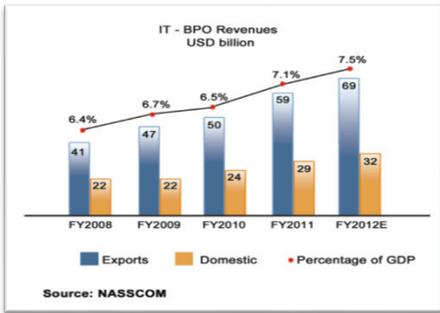
\*Source – Nasscom Report

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



Export revenues (including Hardware) estimated to reach USD 69.1 billion in FY2012 growing by over 16 per cent; Domestic revenues (including Hardware) at about USD 31.7 billion, growing by over 9 per cent

Figure 2: Estimated growth in IT BPO Revenue



IT Services exhibiting fastest growth at 19 percent, BPO growing by 13 percent, ER&D by 15 percent. Domestic IT services growth at 17.8 percent, driven by localized strategies by service providers. Domestic BPO – 16.9 percent driven by demand from new verticals and technology platforms

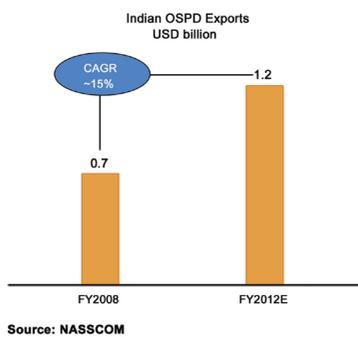
Figure 3: Estimated growth in Domestic Market



Software services are estimated to grow by 16 percent

Figure 4: Estimated growth in Indian IT Service export

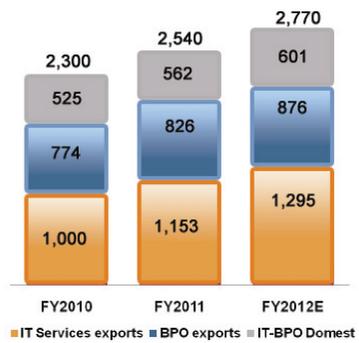
\*Source – Nasscom Report



New wave of startups is expected to fuel software products' growth by 13.3 percent

Figure 5: Estimated growth in Indian IT Product exports

\*Source – Nasscom Report



The industry continues to be a net employment generator - expected to add 230,000 jobs in FY2012, thus providing direct employment to about 2.8 million, and indirectly employing 8.9 million people.

Figure 6: Estimated growth in Indian IT Product exports

\*Source – Nasscom Report

### Key data projections for 2012:

Global Technology spending is continuing to grow despite economic and political events that cause blips in the growth trajectory.

- Worldwide technology products and services estimated to grow by a decent 4.5% to \$ 220 Billion
- Milestone year for Indian IT-BPO industry-aggregate revenues cross the USD 100 billion mark, exports at USD 69 billion
- Within the global sourcing industry, India was able to increase its market share from 51 per cent in 2009, to 58 per cent in 2011, highlighting India's continued competitiveness and the effectiveness of India-based providers delivering transformational benefits. The Indian IT industry has grown by 14% to reach \$ 70 billion size
- Export revenues (including Hardware) estimated to reach USD 69.1 billion in FY2012 growing by over 16 per cent; Domestic revenues (including Hardware) at about USD 31.7 billion, growing by over 9 per cent
- Software and services revenues (excluding Hardware), comprising nearly 87 per cent of the total industry revenues, expected to post USD 87.6 billion in FY2012; estimated growth of about 14.9 per cent over FY2011
- Within Software and services exports, IT services accounts for 58 per cent, BPO is nearly 23 per cent and ER&D and Software Products account for 19 per cent.

## 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 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

Life Cycle Testing	Deployment Testing	Technical Testing
<ul style="list-style-type: none"> <li>System /Product Integration</li> <li>Functional /Regression Configuration Testing</li> <li>Tool Evaluation Services</li> </ul>	<ul style="list-style-type: none"> <li>Application /Data Migration</li> <li>Mobile Applications Testing</li> <li>Website Testing</li> <li>Temenos Testing</li> <li>Core Banking Testing</li> </ul>	<ul style="list-style-type: none"> <li>Datawarehouse &amp; Web Services testing</li> <li>Automation &amp; Performance</li> <li>Independent Test Assessment</li> </ul>

## 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 places emphasis on meeting the complete IT requirements of small and medium enterprises. Saksoft will provide solutions through an innovative risk-reward model by using own and partner driven solutions to provide cost savings and reduction in total cost of ownership to our clients.

### 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 certified Partner 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

Keeping the tradition year on year to do service to the society apart from the business, Saksoft has retained a collective focus and taken a step forward to support and encourage employee participation across its 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 voluntary contribution of clothes to "Kakkum Karangal", a Non-Profit Social Organization. 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.

### 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

Saksoft intends to focus on the following opportunities for its growth:

- Total Solutions support required by Small and Medium Enterprise customers
- Third Party deployment testing for e-commerce portals and product companies
- Mobile Development and Solution Provisioning on Mobile
- Information Management solutions in the areas of Dashboards, Analytics and Performance Management

### 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

#### 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 11-12, income from operations was Rs.415.43 Million as compared to Rs.421.83 Million for the previous year. Exports contributed 72.94% of the income from operations. The income from other sources increased from Rs.7.50 Million to Rs.14.53 Million primarily on account of gain on foreign exchange fluctuation, due to effective management of foreign exchange.

The group revenues for the year 2011-12 are at Rs.1227.84 Million.

### **Operating Profits**

Operating profit increased from Rs.68.25 Million to Rs.96.28 Million 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 20,000,000 equity shares of Rs. 10/- each as of March 31, 2012.

### **Paid up Share Capital**

The Company has a paid-up capital of Rs.10.16 Crores, comprising of 10,165,000 equity shares of Rs.10/- each as of March 31, 2012.

During the year, we issued 25,000 shares on the exercise of stock options under the Employee Stock Option Plan 2009. As a result of this, the outstanding issued, subscribed and paid-up equity shares increased from 10,140,000 shares to 10,165,000 shares as at March 31, 2012.

### **Reserves and Surplus**

During the year there were no additions to the General Reserve.

## Secured Loan

During the year the secured loan outstanding was Rs. 2.19 Million.

## Unsecured Loan

During the year the balance stood at Rs .340 Million.

## Fixed Assets

The Company incurred capital expenditure to the tune of Rs.4.27 Million compared as against Rs.7.55 Million in the previous year. Net block of fixed assets stood at Rs.24.28 Million as against Rs.35.21 Million for the previous year.

## Sundry Debtors

Sundry Debtors (net of provision) for the current year is at Rs.100.72 Million as against Rs. 119.02 Million in the previous year.

## 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 decreased by Rs.2.63 Million during the year ended March 31, 2012. Provisions of Rs.8.41 Million for employee retirement benefit relate to liability for gratuity benefits. For fiscal 2012, 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.290.15 Million

Foreign Exchange Outgo : Rs.33.86 Million

## 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 2012 is Rs.10.16 Million. 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 granted 1,00,000 options under ESOP 2009 under the Employees Stock Option plan 2009 on 17th February 2012 to eligible employee of Saksoft subsidiary at the rate of Rs.68.50 per option and also during the year your Board of Directors vide circular resolution passed on 17th February 2012 has allotted 25000 Equity Shares under Employees Stock Option plan 2009 pursuant to the exercise of 25000 options by one of our eligible employee at the grant price fixed on the date of grant being 3rd December 2010. Further to the allotment of the 25000 equity shares, your Company has obtained the listing and trading approval from the National Stock Exchange on 29th February 2012.

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 this Report.

For **Saksoft Limited**

Place: Chennai

Date : May 30, 2012

**Aditya Krishna**  
Managing Director

## 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 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.

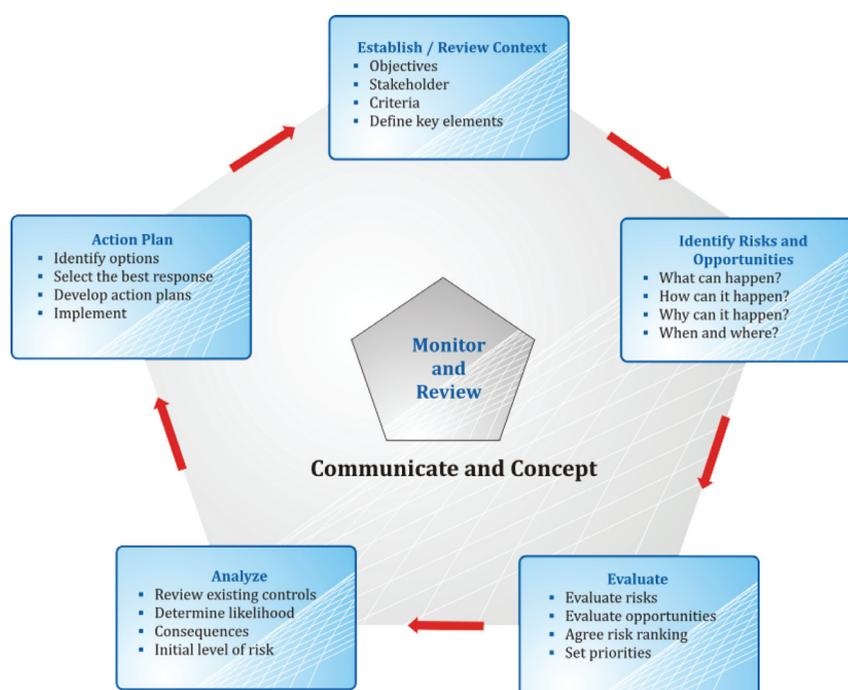
### Risk Measurement

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.
- 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

## AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT

To

The Members of Saksoft Limited

We have examined the compliance of the conditions of Corporate Governance by Saksoft Limited ("the Company") for the year ended 31st March 2012, 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 **Suri & Co.**  
Chartered Accountants  
Firm registration number: 0042835*

**S .Ganesan**  
*Partner  
Membership No: 018525*

**Place: Chennai**  
**Date: May 30, 2012**

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

1. We have audited the attached Balance Sheet of Saksoft Limited as at 31st March 2012, the statement of Profit and Loss 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, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (d) In our opinion the Balance Sheet, Statement of Profit and Loss and Cash Flow statement 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 31st March 2012, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2012 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 2012; and
    - ii) in the case of the Statement of Profit and Loss, 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.

*for Suri & Co.*  
*Chartered Accountants*  
*Firm registration number: 0042835*

**S .Ganesan**  
*Partner*  
*Membership No: 018525*

Place: Chennai  
Date: May 30, 2012

## 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 and the year-end balance of such loan was Rs.340 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 Company is regular in the repayment of principal amount as stipulated and has been regular in the payment of interest.
- (iv) The Company has adequate internal control system commensurate with the size of the Company and the nature of its business, for purchase of fixed assets and for sale of goods and services. During the course of audit, we have not observed any major weakness in internal control system.
- (v) a. The particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that are required to be entered in the register have been so entered.
- b. According to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements entered in the register maintained u/s 301 of the Companies Act,1956 has been made at prices, that are reasonable having regard to the prevalent market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public.
- (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. The Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Income Tax, Wealth Tax, Service Tax, Custom Duty, cess and other statutory dues with the appropriate authorities and there are no outstanding statutory dues as at the last day of the financial year concerned for a period of more than six months from the date they became payable.

## ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in our report of even date)

- 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.
The Finance Act 1994	Service Tax dues	32,609,738	October 2004 to March 2009	Customs, Excise & Service Tax Appellate Tribunal, Chennai.

- (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.
- (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.

*for Suri & Co.*  
Chartered Accountants  
Firm registration number: 0042835

**S. Ganesan**  
Partner

Membership No: 018525

Place: Chennai

Date: May 30, 2012

## BALANCE SHEET AS AT 31 MARCH 2012

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

	Note	As at March 31, 2012	As at March 31, 2011
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Share Holders' Funds</b>			
(a) Share Capital	2	101.65	101.40
(b) Reserves and Surplus	3	399.10	375.26
<b>(2) Non-Current Liabilities</b>			
(a) Long-Term borrowings	4	341.05	340.40
(b) Long-Term Provisions	5	11.82	11.29
<b>(3) Current Liabilities</b>			
(a) Short- Term Borrowings	6	—	5.00
(b) Trade payables		14.15	15.79
(c) Other Current Liabilities	7	7.31	9.94
(d) Short-Term Provisions	8	20.22	19.23
		<b>895.30</b>	<b>878.31</b>
<b>II. ASSETS</b>			
<b>(1) Non-Current Assets</b>			
(a) Fixed Assets			
(i) Tangible Assets	9	20.24	29.32
(ii) Intangible Assets	10	4.04	5.89
(b) Non-Current Investments	11	704.99	672.80
(c) Deferred Tax Assets (Net)	12	10.87	9.70
(d) Long term Loans and Advances	13	5.82	6.21
<b>(2) Current Assets</b>			
(a) Current Investments	14	0.89	0.27
(b) Trade Receivables	15	100.72	119.02
(c) Cash and cash equivalents	16	32.23	10.85
(d) Short-Term Loans and Advances	17	10.18	18.01
(e) Other Current assets	18	5.32	6.24
		<b>895.30</b>	<b>878.31</b>

See accompanying notes to the financial statements

Vide our report of even date attached

for **Suri & Co.**

Chartered Accountants

Firm Registration No: 004283S

**S Ganesan**

Partner

Membership No. 018525

Date: **May 30, 2012**

Place: **Chennai**

**Aditya Krishna**

Managing Director

**Niraj Kumar Ganeriwal**

Chief Financial Officer

For and on behalf of the Board of Directors

**Ajit Thomas**

Director

**S Narayan**

Company Secretary

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2012

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

	Note	Year ended March 31, 2012	Year ended March 31, 2011
<b>REVENUE</b>			
<b>I. Revenue from Operations</b>			
Sales of services		415.43	421.83
<b>II. Other Income</b>	19	14.53	7.50
<b>III.Total Revenue (I+II)</b>		<b>429.96</b>	<b>429.33</b>
<b>EXPENSES</b>			
Employee benefits expense	20	233.76	267.05
Finance Costs	21	28.76	28.67
Depreciation and amortization expense		14.99	16.44
Other expense	22	99.92	94.03
<b>IV.Total Expenses</b>		<b>377.43</b>	<b>406.19</b>
<b>V. Profit before exceptional and extraordinary items</b>		<b>52.53</b>	<b>23.14</b>
<b>VI. Exceptional Items</b>		–	–
<b>VII.Profit before extraordinary items</b>		52.53	23.14
<b>VIII. Extraordinary Items</b>		–	–
<b>IX. Profit before Tax (PBT)</b>		<b>52.53</b>	<b>23.14</b>
<b>X. Tax Expense:</b>			
Current Tax		<b>18.90</b>	<b>11.43</b>
Deferred Tax		<b>(1.17)</b>	<b>(3.70)</b>
<b>XI. Profit/(loss) for the period [Profit After Tax (PAT)]</b>		<b>34.80</b>	<b>15.41</b>
<b>XII.Earnings per equity share of Rs.10 each (in Rs.)</b>			
(1) Basic		<b>3.63</b>	<b>1.61</b>
(2) Diluted		<b>3.38</b>	<b>1.48</b>

See accompanying notes to the financial statements

Vide our report of even date attached

For and on behalf of the Board of Directors

for **Suri & Co.**

Chartered Accountants  
Firm Registration No: 004283S

**Aditya Krishna**  
Managing Director

**Ajit Thomas**  
Director

**S Ganesan**

Partner  
Membership No. 018525

**Niraj Kumar Ganeriwal**  
Chief Financial Officer

**S Narayan**  
Company Secretary

**Date: May 30, 2012**

**Place: Chennai**

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2012

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

	Year ended March 31, 2012	Year ended March 31, 2011
<b>A CASH FLOWS FROM OPERATING ACITIVITIES</b>		
<b>Profit before tax</b>	52.53	23.14
<b>Adjustments for:</b>		
Depreciation and amortisation	14.99	16.44
(Profit) / Loss on sale of fixed assets, net	(0.05)	(0.02)
(Written back)/Provided provision for bad and doubtful debts	(2.11)	1.27
Interest and other Income	(0.95)	–
Dividend income	(0.42)	(0.11)
Interest and Finance charges	28.76	28.46
Unrealised foreign exchange loss/ (gain), net	(1.56)	(2.82)
<b>Operating capital before working capital changes</b>	<b>91.19</b>	<b>66.36</b>
(Increase)/ decrease in sundry debtors	19.20	(26.69)
(Increase)/ decrease in other current assets, loans and advances	0.25	27.77
Increase/(decrease) in current liabilities and provisions	(0.72)	2.88
<b>Cash generated from operations</b>	<b>109.92</b>	<b>70.32</b>
Taxes paid, net	(9.55)	(10.77)
<b>Net cash flow from operating activities</b>	<b>100.37</b>	<b>59.55</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed asset	(4.27)	(6.84)
Proceeds from sale of Fixed assets	0.26	1.64
Interest and other Income	0.49	–
Purchase of Mutual funds units (net)	(0.62)	5.29
Investment in Subsidiaries	(32.19)	(17.69)
Dividend income Received	0.42	0.11
<b>Net cash flow from Investing activities</b>	<b>(35.91)</b>	<b>(17.49)</b>

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2012

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

	Year ended March 31, 2012	Year ended March 31, 2011
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds/ (repayment) of borrowings	(4.10)	3.17
Interest and Finance charges	(28.77)	(28.53)
Proceeds from allotment of shares	1.11	–
Dividend paid	(11.78)	(11.86)
<b>Net cash flow from Financing activities</b>	<b>(43.54)</b>	<b>(37.22)</b>
<b>D EXCHANGE DIFFERENCE ON TRANSLATION OF FOREIGN CURRENCY CASH &amp; CASH EQUIVALENTS</b>	<b>0.46</b>	<b>1.63</b>
<b>Net (decrease)/ increase of cash and cash equivalents (A+B+C)</b>	<b>21.38</b>	<b>6.47</b>
Cash and cash equivalents at the beginning of the year	10.85	4.38
<b>Cash and cash equivalents at the end of the year</b>	<b>32.23</b>	<b>10.85</b>

See accompanying notes to the financial statements

Vide our report of even date attached

for **Suri & Co.**

*Chartered Accountants*

Firm Registration No: 004283S

**S Ganesan**

Partner

Membership No. 018525

**Date: May 30, 2012**

**Place: Chennai**

**Aditya Krishna**  
Managing Director

**Niraj Kumar Ganeriwal**  
Chief Financial Officer

For and on behalf of the Board of Directors

**Ajit Thomas**  
Director

**S Narayan**  
Company Secretary

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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

### Note-1: Significant accounting policies

#### I. 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.

#### II. 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.

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

##### 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. Self-generated intellectual property rights / software assets are generally not capitalized.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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

### II. Significant accounting policies (Contd.)

#### 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 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.

#### 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, are recognized in profit or loss account.

#### 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

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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

### II. Significant accounting policies (Contd.)

#### 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.

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.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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

### II. Significant accounting policies (Contd.)

#### 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.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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

### Note 2: Share Capital

#### A) Issued, Subscribed and Paid up Share capital and par value per share

Particulars	As at March 31, 2012	As at March 31, 2011
<b>Authorised:</b>		
20,000,000 Equity Shares of Rs.10 each	200.00	200.00
<b>Issued &amp; Subscribed &amp; Paid-up:</b>		
10,165,000 Equity Shares of Rs.10 each	101.65	101.40
Total	101.65	101.40
<b>(B) Reconciliation of number of equity shares outstanding at the beginning and at the end of the year</b>		
<b>Outstanding as at the beginning of the year</b>	10,140,000	10,140,000
<b>Add:</b>		
Shares allotted to employees pursuant to ESOP 2009	25,000	–
Outstanding as at the end of the year	10,165,000	10,140,000

#### (C) Rights attached to Equity shares

Each share entitles to a pari passu right to vote, to receive dividend and surplus at the time of liquidation.

#### (D) Shares in the company held by each shareholder holding more than 5% shares

Sl.No.	Name of the shareholder	As at March 31, 2012		As at March 31, 2011	
		Number of shares held in the company	Percentage of shares held	Number of shares held in the company	Percentage of shares held
1	Aditya Krishna	3,665,070	36.06%	3,640,070	35.90%
2	Sak Industries Private Limited	3,000,000	29.51%	3,000,000	29.59%
3	Saksoft Employees Welfare Trust	554,960	5.46%	554,960	5.47%
	<b>Total</b>	<b>7,220,030</b>	<b>71.03%</b>	7,195,030	70.96%

#### (E) Shares reserved for issue under options and contracts (Refer Note -23)

Sl.No.	Number and class of shares reserved for issue	Party in whose favour reserved	Details of contracts/ options under which shares reserved for issue
1	475,000 Options (PY: 500,000 Options)	Employees	ESOP 2009

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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

Particulars	As at March 31, 2012	As at March 31, 2011
<b>Note 3: Reserves and Surplus</b>		
<b>(A) Securities Premium Reserve</b>		
Opening balance	73.63	73.63
Add: Additions during the year	0.86	–
Closing balance	74.49	73.63
<b>(B) Other Reserves :</b>		
<b>(i) General Reserve</b>		
Opening Balance	33.99	33.99
Add: Amount transferred from Surplus in Statement of Profit and Loss	–	–
Closing Balance	33.99	33.99
<b>(C) Surplus in Statement of Profit and Loss :</b>		
Opening balance	267.64	264.01
Profit for the year	34.80	15.41
Total	302.44	279.42
Appropriations :		
– Transfer to General Reserve	–	–
– Proposed Dividend - Amount per Share Re. 1 (Previous Year Re. 1 per share)	10.17	10.14
Tax on proposed Dividend	1.65	1.64
<b>Total</b>	<b>11.82</b>	<b>11.78</b>
Net Surplus in Statement of Profit and Loss	290.62	267.64
	<b>399.10</b>	<b>375.26</b>
<b>Note 4 : Long Term Borrowings</b>		
<b>(A) LOANS AND ADVANCES FROM RELATED PARTIES</b>		
<b>UNSECURED</b>		
From Sak Industries Private Limited	340.00	340.00
<b>Repayment Terms:</b>		
The Loan is repayable in full by 9th September 2016		
Period and amount of continuing default: NIL		
<b>(B) LONG TERM MATURITIES OF FINANCE LEASE OBLIGATIONS</b>		
Secured by hypothecation of cars taken on lease	1.05	0.40
	<b>341.05</b>	<b>340.40</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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

Particulars	As at March 31, 2012	As at March 31, 2011
<b>Note 5 : Long Term Provisions</b>		
Provision for gratuity	7.22	7.35
Rent Straight lining	4.60	3.94
	<b>11.82</b>	<b>11.29</b>
<b>Note 6 : Short Term Borrowings</b>		
<b>Loans Repayable on Demand - From Banks - Secured</b>		
Secured by first charge on the current assets and unencumbered movable fixed assets of the company.	–	5.00
	–	5.00
<b>Note 7 : Other Current Liabilities</b>		
Current maturities of finance lease obligations	0.68	0.43
Interest accrued but not due on borrowings	2.21	2.11
Income received in advance	0.93	1.93
Unpaid Dividend	0.13	0.14
<b>Other payables:</b>		
Service tax	–	1.41
Tax deducted at source	1.68	1.90
Professional tax	0.03	0.24
Provident fund	1.65	1.78
	<b>7.31</b>	<b>9.94</b>
<b>Note 8 : Short Term Provisions</b>		
Provision for employee benefits	8.41	7.45
Provision for proposed dividends (including dividend distribution tax)	11.81	11.78
	<b>20.22</b>	<b>19.23</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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

### Note 9 : Tangible Assets

Reconciliation of the gross carrying amounts and net carrying amounts at the beginning and at the end of the year

Description	Gross Carrying Amount			Accumulated Depreciation			Net Carrying Amount	
	As at March 31, 2011	Additional adjustment during the year	Deductions during the year	As at March 31, 2011	Additional adjustment during the year	Deductions during the year	As at March 31, 2011	As at March 31, 2012
1. Plant & Equipment								
- Owned	57.29	1.20	0.92	48.60	5.09	0.92	8.69	4.80
2. Furniture & Fixtures								
- Owned	15.62	0.09	-	12.75	1.80	-	2.87	1.16
3. Vehicles								
- Owned	0.17	-	-	0.10	0.02	-	0.07	0.05
- Leased	2.57	1.96	1.85	1.83	0.88	1.64	0.74	1.61
4. Office equipments								
- Owned	27.94	1.02	-	10.99	5.35	-	16.95	12.62
<b>Total</b>	<b>103.59</b>	<b>4.27</b>	<b>2.77</b>	<b>74.27</b>	<b>13.14</b>	<b>2.56</b>	<b>29.32</b>	<b>20.24</b>
Previous year	104.02	3.55	3.98	61.68	14.95	2.37		29.32

### Note 10 : Intangible Assets

Reconciliation of the gross carrying amounts and net carrying amounts at the beginning and at the end of the year

Description	Gross Carrying Amount			Accumulated Depreciation			Net Carrying Amount	
	As at March 31, 2011	Additional adjustment during the year	Deductions during the year	As at March 31, 2011	Additional adjustment during the year	Deductions during the year	As at March 31, 2011	As at March 31, 2012
1. Computer software								
- Acquired	9.76	-	-	3.87	1.85	-	5.89	4.04
2. Intellectual property right								
- Acquired	4.50	-	-	4.50	-	-	0.00	0.00
<b>Total</b>	<b>14.26</b>	<b>-</b>	<b>-</b>	<b>8.37</b>	<b>1.85</b>	<b>-</b>	<b>5.89</b>	<b>4.04</b>
Previous year	10.26	4.00	-	6.88	1.49	-		5.89

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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

### Note 11 : Non Current Investments

#### TRADE INVESTMENTS

##### Unquoted

Particulars	Face value (fully paid up)	As at March 31, 2012		As at March 31, 2011	
		No. of shares / units	Cost	No. of shares / units	Cost
<b>1. Equity shares</b>					
<b>(i) In subsidiary companies</b>					
Saksoft Inc, USA	USD 1	1,95,000	9.24	1,95,000	9.24
Saksoft Pte Limited, Singapore	SGD 1	5,55,002	19.17	5,55,002	19.17
Saksoft GmbH, Germany	EUR 1	25,000	1.20	25,000	1.20
Saksoft Investments Private Limited, United Kingdom	GBP 1	50,01,000	434.45	50,01,000	434.45
Synetairios Technologies Limited	INR	8,57,880	32.14	–	–
<b>(ii) In Joint Venture</b>					
Sofgen Testing Pvt Ltd	INR	5,000	0.05	–	–
<b>Total</b>		<b>66,38,882</b>	<b>496.25</b>	<b>57,76,002</b>	<b>464.06</b>
<b>2. Preference Shares</b>					
<b>5% redeemable preference shares</b>					
Saksoft Investments Private Limited, United Kingdom	GBP 1	24,01,000	208.74	24,01,000	208.74
<b>Total</b>		<b>90,39,882</b>	<b>704.99</b>	<b>81,77,002</b>	<b>672.80</b>

Particulars	As at March 31, 2012	As at March 31, 2011
<b>Note 12 : Deferred Tax Assets (Net)</b>		
<b>Arising from timing difference in respect of:</b>		
Fixed Assets	6.77	4.74
Retirement Benefits	2.61	2.81
Other tax disallowances	1.49	2.15
	<b>10.87</b>	<b>9.70</b>
<b>Note 13 : Long Term Loans and Advances</b>		
<b>(A) Security Deposits</b>		
(i) Unsecured, Considered good	5.55	5.94
<b>(B) Others</b>		
Unsecured, Considered good		
Sak employees welfare trust and gratuity trust	0.27	0.27
	<b>5.82</b>	<b>6.21</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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

### Note 14 : Current Investments

#### Non-Trade - Unquoted - In Liquid Mutual Funds

Particulars	Face value (fully paid up)	As at March 31, 2012		As at March 31, 2011	
		No. of shares / units	Cost	No. of shares / units	Cost
<b>DWS Insta cash plus fund - Regular</b>	Rs 10/unit				
Opening balance		27,287	0.27	553,437	5.56
Additions during the year		16,168,305	162.52	7,373,089	79.11
Deletions during the year		16,106,887	161.90	7,899,239	84.40
<b>Closing balance</b>		<b>88,705</b>	<b>0.89</b>	<b>27,287</b>	<b>0.27</b>
<b>Aggregate fair value of unquoted investments</b>					
Current year (31 March 2012)					<b>0.89</b>
Previous year (31 March 2011)					0.27

Particulars	As at March 31, 2012	As at March 31, 2011
<b>Note 15 : Trade Receivables</b>		
<b>(A) Debts outstanding for a period exceeding six months</b>		
(i) Unsecured, Considered good	14.64	16.12
(ii) Doubtful	–	2.11
Less: Allowance for bad and doubtful debts	–	(2.11)
	<b>14.64</b>	<b>16.12</b>
<b>(B) Others</b>		
(i) Unsecured, Considered good	86.08	102.90
	<b>100.72</b>	<b>119.02</b>
<b>Note 16 : Cash and cash equivalents</b>		
<b>(A) Balance with Banks</b>		
(i) Balance in Current account	16.76	10.53
(ii) In Deposit accounts		
- With Maturity within 12 months	15.11	–
- With Maturity after 12 months	0.19	0.16
(iii) Unpaid dividend accounts	0.13	0.14
<b>(B) Cash on hand</b>	<b>0.04</b>	0.02
	<b>32.23</b>	10.85

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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

Particulars	As at March 31, 2012	As at March 31, 2011
<b>Note 17 : Short Terms Loans and Advances</b>		
<b>Loans and Advances to Others</b>		
Unsecured, Considered good		
Tax payment pending adjustments (Net)	6.28	15.18
Balance with service tax authorities	0.51	–
Prepaid Expenses	2.66	1.75
Employee Advances	0.35	0.92
Supplier Advances	0.38	0.16
	<b>10.18</b>	<b>18.01</b>
<b>Note 18 : Other Current Assets</b>		
Interest accrued but not due on fixed deposits	0.22	–
Unbilled Revenue	5.10	6.24
	<b>5.32</b>	<b>6.24</b>
Particulars	Year ended March 31, 2012	Year ended March 31, 2011
<b>Note 19 : Other Income</b>		
<b>(A) Income from current investments</b>		
Dividends	0.42	0.11
<b>(B) Others</b>		
Exchange Fluctuation	10.32	7.36
Interest income	0.95	–
Provision no longer required written back	2.11	–
Profit on Sale of Assets	0.05	0.03
Miscellaneous Receipts	0.68	–
	<b>14.11</b>	<b>7.39</b>
	<b>14.53</b>	<b>7.50</b>
<b>Note 20 : Employee Benefit Expenses</b>		
Salaries and wages	213.45	242.86
Contribution to Provident and other funds	11.06	13.09
Staff Welfare Expenses	9.25	11.10
	<b>233.76</b>	<b>267.05</b>
<b>Note 21 : Finance Costs</b>		
Interest Expense	28.33	28.07
Bank charges	0.43	0.60
	<b>28.76</b>	<b>28.67</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
<b>Note 22 : Other Expenses</b>		
Rent	17.94	20.81
Travel and conveyance	20.05	19.09
Insurance	0.63	0.64
Rates and Taxes	0.21	0.53
Power and Fuel	9.35	10.15
Repairs to Buildings	8.18	7.98
Repairs to Plant	2.05	2.72
Communication Expenses	3.82	4.47
Payment to statutory auditors		
- As Auditors	0.70	1.75
- For Tax Audit	0.18	–
- For Certification/Limited Review	0.10	0.15
- For Taxation matters	0.08	–
- Reimbursement of expenses	0.04	0.04
Legal, Professional and consultancy charges	31.89	20.56
Bad debts written off	2.08	–
Advertisement, Publicity and Sale Promotion	0.71	0.97
Miscellaneous expenses	1.91	4.17
	<b>99.92</b>	<b>94.03</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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

### 23. Additional notes

#### a. Contingent Liabilities

Particulars	As at March 31, 2012	As at March 31, 2011
Income-tax matters	26.70	26.70
Service-tax matters	32.61	Nil

#### b. Finance lease obligations

Particulars	As at March 31, 2012	As at March 31, 2011
<b>Future obligations for assets taken on lease</b>		
Not later than 1 year	0.93	0.68
Later than 1 year but not later than 5 years	1.26	0.26
	<b>2.19</b>	<b>0.94</b>
<b>Less: Amounts representing future interest</b>		
Not later than 1 year	0.28	0.10
Later than 1 year but not later than 5 years	0.17	0.01
	<b>0.45</b>	<b>0.11</b>
<b>Present value of minimum lease rentals</b>		
Not later than 1 year	0.65	0.58
Later than 1 year but not later than 5 years	1.09	0.24
	<b>1.74</b>	<b>0.82</b>

#### c. Earnings in foreign currency

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Income from software services	290.15	329.59

#### d. Expenditure in foreign currency

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Salaries, travel and other expenses	33.86	31.32

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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

### 23. Additional notes (Contd.)

#### e. Related party disclosures

**Enterprises in which key management personnel exercise significant influence**

Sak Industries Private Limited  
Sak Abrasives Limited  
Sakserve Private Limited  
Saksoft Limited Employees Welfare Trust  
Saksoft Limited Employees Gratuity Trust  
Sonnet Investments Private Limited.  
Sak Industries Pte Ltd

**Subsidiaries and step down subsidiaries**

Saksoft Inc, USA  
Saksoft Pte Ltd, Singapore  
Saksoft GmbH, Germany  
Saksoft Investments Private Limited, UK  
Saksoft HK Limited, Hong Kong  
Acuma Solutions Limited, UK  
Acuma Software Limited, UK  
Synetairos Technologies Limited

**Joint venture**

Sofgen Testing Services Private Limited

**Key Management Personnel**

Mr Aditya Krishna – Managing Director

#### Transactions entered during the year

Description	Year ended March 31, 2012	Year ended March 31, 2011
<b>Revenue</b>		
Acuma Solutions Limited, United Kingdom	54.46	92.44
Saksoft Inc, USA	208.72	167.10
Saksoft Pte Limited, Singapore	20.55	35.16
Synetairos Technologies Limited, India	12.57	–
<b>Reimbursement of expenses (Net)</b>		
Acuma Solutions Limited, United Kingdom	4.41	4.50
Saksoft Inc, USA	8.73	8.91
Saksoft Pte Limited, Singapore	2.68	2.19
Sak Abrasives Limited	0.77	0.56
<b>Rent expense</b>		
Sak Industries Private Limited	5.70	7.95
<b>Interest on loan</b>		
Sak Industries Private Limited	28.02	27.69
<b>Investment made during the year</b>		
Saksoft Pte Limited, Singapore	–	17.69
Synetairos Technologies Limited, India	32.14	–
<b>Key management Personnel</b>		
<b>Managerial remuneration</b>		
Mr Aditya Krishna – Managing Director	3.00	3.00

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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

### 23. Additional notes (Contd.)

#### e. Related party disclosures (Contd.)

##### Year end balances

Description	As at March 31, 2012	As at March 31, 2011
<b>Investments</b>		
Saksoft Inc, USA	9.24	9.24
Saksoft Pte Limited, Singapore	19.17	19.17
Saksoft GmbH, Germany	1.20	1.20
Saksoft Investments Private Limited, United Kingdom	643.19	643.19
Synetairos Technologies Limited, India	32.14	–
<b>Receivables</b>		
Acuma Solutions Limited, United Kingdom	5.30	10.98
Saksoft Inc, USA	48.21	37.33
Saksoft Pte Limited, Singapore	27.71	32.10
Synetairos Technologies Limited	1.98	–
<b>Loans and advances</b>		
Saksoft Inc, USA	0.07	1.33
Saksoft Pte Limited, Singapore	2.08	–
Sak Abrasives Limited	–	0.38
Saksoft employees welfare trust	0.25	0.25
Saksoft employees gratuity trust	0.02	0.02
Sakserve Private Limited	0.02	0.02
<b>Accounts payable</b>		
Acuma Solutions Limited, United Kingdom	0.19	0,05
<b>Borrowings</b>		
Sak Industries Private Limited	342.31	342.33

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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

### 23. Additional notes (Contd.)

#### 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, 2012	Year ended March 31, 2011
<b>Revenue</b>		
India	112.43	92.25
United Kingdom	54.46	124.89
USA	208.72	167.10
Singapore	20.55	35.16
Rest of the world	19.27	2.43
	<b>415.43</b>	<b>421.83</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

#### g. Gratuity

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

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
<b>Change in Defined Benefit Obligation</b>		
Opening defined benefit obligation	<b>9.51</b>	<b>8.68</b>
Current service cost	2.74	2.93
Interest cost	0.94	0.89
Actuarial losses/ (gain)	(1.63)	(1.71)
Past service cost	–	0.95
Benefits paid	(1.73)	(2.23)
<b>Closing defined benefit obligation</b>	<b>9.83</b>	<b>9.51</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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

### 23. Additional notes (Contd.)

#### g. Gratuity (Contd.)

##### Reconciliation of benefit obligation and plan assets (Contd.)

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
<b>Change in fair value of assets</b>		
Opening fair value of plan assets	2.16	3.53
Expected return on plan assets	0.23	0.31
Actuarial gain/ (losses)	(0.05)	(0.31)
Contribution by Employers	2.00	0.86
Benefits paid	(1.73)	(2.23)
<b>Closing fair value of plan assets</b>	<b>2.61</b>	<b>2.16</b>
<b>Liability recognised in the balance sheet</b>	<b>7.22</b>	<b>7.35</b>
<b>Expense recognized in the profit and loss account</b>		
Current service cost	2.74	2.93
Interest cost on defined benefit obligation	0.94	0.89
Expected return on plan assets	(0.23)	(0.32)
Net Actuarial losses / (gains) recognised in a year	(1.58)	(1.39)
Part service cost	–	0.95
<b>Net gratuity cost (included in contribution to provident fund and other fund of schedule 14)</b>	<b>1.87</b>	<b>3.06</b>
<b>Actual return on plan assets</b>	<b>0.17</b>	–
Assumptions		
Discount rate	8.45%	8.10%
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.

#### 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.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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

### 23. Additional notes (Contd.)

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

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

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Options outstanding at the beginning of the year	50,500	211,750
Options granted during the year	–	–
Options exercised during the year	–	–
Options forfeited during the year	–	(57,000)
Options lapsed during the year	(10,500)	(104,250)
Options outstanding at the end of the year	<b>40,000</b>	<b>50,500</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 granted 1,00,000 options under ESOP 2009 at the rate of Rs.68.50 per option. The Board of Directors of the Company vide its circular resolution passed on 17th February 2012 has allotted 25000 Equity Shares under Employees Stock Option plan 2009 pursuant to the exercise of 25000 options by one of our eligible employee at the grant price fixed on the date of grant being 3rd December 2010.

The details of the ESOP 2009 Plan are

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Options outstanding at the beginning of the year	400,000	1,20,000
Options granted during the year	100,000	500,000
Options exercised during the year	(25,000)	–
Options forfeited during the year	–	(120,000)
Options lapsed during the year	–	(100,000)
Options outstanding at the end of the year	<b>475,000</b>	<b>400,000</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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

### 23. Additional notes (Contd.)

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

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
<b>Earnings</b>		
Net profit for the year	34.80	15.41
<b>Shares</b>		
Equity shares as at the balance sheet date	10,165,000	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>9,610,040</b>	9,585,040
<b>Diluted Shares</b>		
Weighted average number of equity shares outstanding as at the end of the year – Basic	9,587,123	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	117,332	246,667
<b>Weighted average number of equity shares outstanding during the year – Diluted</b>	<b>10,259,415</b>	10,387,667
<b>Earnings per share of par value Rs.10 – Basic (Rs.)</b>	<b>3.63</b>	<b>1.61</b>
<b>Earnings per share of par value Rs.10 – Diluted (Rs.)</b>	<b>3.38</b>	<b>1.48</b>

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

The Company has initiated the process of obtaining confirmation from suppliers who have registered under the Micro, Small and Medium Enterprises Development Act, 2006. Based on the information available with the company there is no amount outstanding as on 31.03.2012. There are no overdue principle amounts and therefore no interest is paid or payable.

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

As per our report attached  
for **Suri & Co.**  
Chartered Accountants  
Firm Registration No: 004283S

For and on behalf of the Board of Directors

**S Ganesan**  
Partner  
Membership No: 18525

**Aditya Krishna**  
Managing Director

**Ajit Thomas**  
Director

**Date: May 30, 2012**  
**Place: Chennai**

**Niraj Kumar Ganeriwal**  
Chief Financial Officer

**S Narayan**  
Company Secretary



## **CONSOLIDATED FINANCIAL STATEMENTS**

**2011-12**



## 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, 2012, the consolidated Statement of Profit and Loss 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. 834.47 million as at 31st March 2012, and revenues of Rs.985.14 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 2012;
  - ii. in the case of Consolidated Statement of Profit and Loss, of the profit of the Saksoft Group for the year ended on that date.
  - 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 Suri & Co.*  
*Chartered Accountants*  
*Firm registration number: 0042835*

**S .Ganesan**  
*Partner*  
*Membership No: 018525*

**Place: Chennai**  
**Date: May 30, 2012**

## CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2012

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

	Note	As at March 31, 2012	As at March 31, 2011
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Share Holders' Funds</b>			
(a) Share Capital	2	101.65	101.40
(b) Reserves and Surplus	3	556.93	402.06
<b>(2) Non-Current Liabilities</b>			
(a) Long-Term borrowings	4	470.12	482.34
(b) Long-Term Provisions	5	12.75	11.78
<b>(3) Current Liabilities</b>			
(a) Short-Term Borrowings	6	-	5.00
(b) Trade payables		106.89	85.99
(c) Other Current Liabilities	7	128.54	119.75
(d) Short-Term Provisions	8	24.58	19.23
		<b>1,401.46</b>	<b>1,227.55</b>
<b>II. ASSETS</b>			
<b>(1) Non-Current Assets</b>			
(a) Fixed Assets			
(i) Tangible Assets	9	27.14	37.17
(ii) Intangible Assets	10	832.89	727.07
(b) Deferred Tax Assets (Net)	11	11.40	9.71
(c) Long term Loans and advances	12	7.84	8.04
<b>(2) Current Assets</b>			
(a) Current Investments	13	0.89	0.27
<b>(b) Trade Receivables</b>	14	243.00	240.45
(c) Cash and cash equivalents	15	129.29	85.84
<b>(d) Short-Term Loans and advances</b>	16	111.57	95.75
<b>(e) Other Current assets</b>	17	37.44	23.25
		<b>1,401.46</b>	<b>1,227.55</b>

See accompanying notes to the financial statements.

Vide our report of even date attached

For and on behalf of the Board of Directors

for **Suri & Co.**

Chartered Accountants  
Firm Registration No: 004283S

**S Ganesan**  
Partner  
Membership No: 018525

**Date: May 30, 2012**  
**Place : Chennai**

**Aditya Krishna**  
Managing Director

**Niraj Kumar Ganeriwal**  
Chief Financial Officer

**Ajit Thomas**  
Director

**S Narayan**  
Company Secretary

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2012

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

	Note	Year ended March 31, 2012	Year ended March 31, 2011
<b>REVENUE</b>			
<b>I. Revenue from Operations</b>			
Sales of services		1,227.84	1,056.09
<b>II. Other Income</b>	18	10.49	7.90
<b>III. Total Revenue (I+II)</b>		<b>1,238.33</b>	<b>1,063.99</b>
<b>EXPENSES</b>			
Employee benefits expense	19	564.05	559.86
Finance Costs	20	36.18	35.99
Depreciation and amortization expense		16.83	18.35
Other expense	21	531.23	391.16
<b>IV. Total Expenses</b>		<b>1,148.29</b>	<b>1,005.36</b>
<b>V. Profit before exceptional and extraordinary items</b>		90.04	58.63
<b>VI. Exceptional Items</b>		-	-
<b>VII. Profit before extraordinary items</b>		90.04	58.63
<b>VIII. Extraordinary Items</b>		-	-
<b>IX. Profit before Tax (PBT)</b>		<b>90.04</b>	<b>58.63</b>
<b>X. Tax Expense:</b>			
Current Tax		20.74	11.98
Deferred Tax		(0.87)	(3.70)
<b>XI. Profit/(loss) for the period [Profit After Tax (PAT)]</b>		<b>70.17</b>	<b>50.35</b>
<b>XII. Earnings per equity share of Rs.10 each (in Rs.)</b>			
(1) Basic		7.32	5.25
(2) Diluted		6.84	4.85

See accompanying notes to the financial statements.

Vide our report of even date attached

for **Suri & Co.**

Chartered Accountants  
Firm Registration No: 004283S

**S Ganesan**  
Partner  
Membership No: 018525

**Date: May 30, 2012**  
**Place : Chennai**

**Aditya Krishna**  
Managing Director

**Niraj Kumar Ganeriwal**  
Chief Financial Officer

For and on behalf of the Board of Directors

**Ajit Thomas**  
Director

**S Narayan**  
Company Secretary

## STATEMENT OF CONSOLIDATED CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2012

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

	Year ended March 31, 2012	Year ended March 31, 2011
<b>A. CASH FLOWS FROM OPERATING ACITIVITIES</b>		
<b>Profit before tax:</b>	90.04	58.63
<b>Adjustments for:</b>		
Depreciation and amortisation	16.83	18.35
(Profit)/Loss on sale of fixed assets, net	0.44	(0.02)
(Written back)/Provided provision for bad and doubtful debts	(1.24)	(2.61)
Interest Income	(1.98)	(0.01)
Dividend Income	(0.42)	(0.14)
Interest and Finance charges	36.18	35.99
Unrealised foreign exchange loss/ (gain), net	(10.42)	(11.97)
<b>Operating capital before working capital changes</b>	<b>129.43</b>	<b>98.21</b>
(Increase)/ decrease in sundry debtors	(0.63)	(51.55)
(Increase)/ decrease in other current assets, loans and advances	(30.91)	(19.92)
Increase/(decrease) in current liabilities and provisions	47.78	56.38
<b>Cash generated from operations</b>	<b>145.67</b>	<b>83.12</b>
Taxes paid, net	29.11	10.77
<b>Net Cash flow from operating activities</b>	<b>116.56</b>	<b>72.35</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed asset	(7.58)	(9.29)
Proceeds from sale of Fixed assets	1.51	1.64
Purchase of Mutual funds units (net)	(162.52)	(79.11)
Sale of Mutual funds units	161.90	84.39
Dividend and Interest income Received	2.40	0.15
<b>Net cash flow from Investing activities</b>	<b>(4.29)</b>	<b>(2.22)</b>

## STATEMENT OF CONSOLIDATED CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2012

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

	Year ended March 31, 2012	Year ended March 31, 2011
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds/ (repayment) of borrowings	(17.22)	12.56
Interest and Finance charges	(36.18)	(36.01)
Proceeds from allotment of shares	1.11	–
Dividend and Dividend tax paid	(11.78)	(11.86)
<b>Net cash flow from Financing activities</b>	<b>(64.07)</b>	<b>(35.31)</b>
<b>D. EXCHANGE DIFFERENCE ON TRANSLATION OF FOREIGN CURRENCY CASH &amp; CASH EQUIVALENTS</b>	<b>(4.74)</b>	<b>(1.94)</b>
<b>Net (decrease)/ increase of cash and cash equivalents (A+B+C)</b>	<b>43.45</b>	<b>32.88</b>
Cash and cash equivalents at the beginning of the year	85.84	52.95
Cash and cash equivalents at the end of the year	<b>129.29</b>	<b>85.84</b>

See accompanying notes to the financial statements.

Vide our report of even date attached

for **Suri & Co.**

Chartered Accountants

Firm Registration No: 004283S

**S Ganesan**

Partner

Membership No: 018525

**Date: May 30, 2012**

**Place : Chennai**

**Aditya Krishna**

Managing Director

**Niraj Kumar Ganeriwal**

Chief Financial Officer

**Ajit Thomas**

Director

**S Narayan**

Company Secretary

For and on behalf of the Board of Directors

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

### Note-1: Significant accounting policies

#### I. 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%
Synetairos Technologies Limited	India	100%
Step down Subsidiaries of Saksoft Investments Private Limited:		
Acuma Solutions Limited	United Kingdom	100%
Acuma Software Limited	United Kingdom	100%

#### II. 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 the 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'.

The financial statements of Saksoft Limited – the parent Company, Saksoft Inc., Saksoft Pte Ltd, Saksoft GmbH, Saksoft HK, Saksoft Investments Private Limited, Synetairos Technologies Limited and Sofgen Testing Services 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,

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

### II. Significant accounting policies (Contd.)

#### b. Principles of Consolidation (Contd.)

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 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/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.

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. Self-generated intellectual property rights / software assets are generally not capitalized.

#### 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.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

### II. Significant accounting policies (Contd.)

#### f. Leases (Contd.)

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.

#### 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.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

### II. Significant accounting policies (Contd.)

#### 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.

#### l. 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.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

### II. Significant accounting policies (Contd.)

#### n. Employees stock option schemes

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

#### 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.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

### Note 2: Share Capital

#### A) Issued, Subscribed and Paid up Share capital and par value per share

Particulars	As at March 31, 2012	As at March 31, 2011
<b>Authorised:</b>		
20,000,000 Equity Shares of Rs.10 each	200.00	200.00
<b>Issued &amp; Subscribed &amp; Paid-up:</b>		
10,165,000 Equity Shares of Rs.10 each	101.65	101.40
Total	101.65	101.40
<b>(B) Reconciliation of number of equity shares outstanding at the beginning and at the end of the year</b>		
<b>Outstanding as at the beginning of the year</b>	10,140,000	10,140,000
<b>Add:</b>		
Shares allotted to employees pursuant to ESOP 2009	25,000	–
Outstanding as at the end of the year	10,165,000	10,140,000

#### (C) Rights attached to Equity shares

Each share entitles to a pari passu right to vote, to receive dividend and surplus at the time of liquidation

#### (D) Shares in the company held by each shareholder holding more than 5% shares

Sl.No	Name of the shareholder	As at 31-Mar-2012		As at 31-Mar-2011	
		Number of shares held in the company	Percentage of shares held	Number of shares held in the company	Percentage of shares held
1	Aditya Krishna	3,665,070	36.06%	3,640,070	35.90%
2	Sak Industries Private Limite	3,000,000	29.51%	3,000,000	29.59%
3	Saksoft Employees Welfare Trust	554,960	5.46%	554,960	5.47%
	<b>Total</b>	<b>7,220,030</b>	<b>71.03%</b>	<b>7,195,030</b>	<b>70.96%</b>

#### (E) Shares reserved for issue under options and contracts (Refer Note -22)

Sl. No	Number and class of shares reserved for issue	Party in whose favour reserved	Details of contracts/ options under which shares reserved for issue
1	475,000 Options (PY: 500,000 Options)	Employees	ESOP 2009

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

Particulars	As at March 31, 2012	As at March 31, 2011
<b>Note 3: Reserves and Surplus</b>		
<b>(A) Securities Premium Reserve</b>		
Opening balance	73.63	73.63
Add: Additions during the year	0.86	–
Closing balance	<b>74.49</b>	73.63
<b>(B) Other Reserves :</b>		
<b>(i) General Reserve</b>		
Opening Balance	33.99	33.99
Add: Amount transferred from Surplus in Statement of Profit and Loss	–	–
Closing Balance	33.99	33.99
<b>(ii) Foreign Currency Translation Reserve</b>		
	(29.04)	(124.70)
<b>(C) Surplus in Statement of Profit and Loss :</b>		
Opening balance	419.14	380.57
Profit for the year	70.17	50.35
Total	<b>489.31</b>	430.92
Appropriations :		
– Transfer to General Reserve	–	–
– Proposed Dividend -	10.17	10.14
Amount per Share Re. 1 (Previous Year Re. 1 per share)		
Tax on proposed Dividend	1.65	1.64
<b>Total</b>	<b>11.82</b>	11.78
Net Surplus in Statement of Profit and Loss	477.49	419.14
	<b>556.93</b>	402.06
<b>Note 4 : Long Term Borrowings</b>		
<b>(A) LOANS AND ADVANCES FROM RELATED PARTIES UNSECURED</b>		
From Sak Industries Private Limited	340.00	340.00
<b>Repayment Terms:</b>		
The Loan is repayable in full by 9th September 2016		
Period and amount of continuing default: NIL		
From Sak Industries Pte Limited	129.07	141.94
<b>Repayment Terms:</b>		
The Loan is repayable in full by 9th September 2016		
Period and amount of continuing default: NIL		
<b>(B) LONG TERM MATURITIES OF FINANCE LEASE</b>		
Secured by hypothecation of cars taken on lease	1.05	0.40
	<b>470.12</b>	482.34

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

Particulars	As at March 31, 2012	As at March 31, 2011
<b>Note 5 : Long Term Provisions</b>		
Provision for Employee Benefits	8.15	7.35
Rent Straight lining	4.60	4.43
	<b>12.75</b>	<b>11.78</b>
<b>Note 6 : Short Term Borrowings</b>		
<b>Loans Repayable on Demand - From Banks - Secured</b>		
Secured by first charge on the current assets and unencumbered movable fixed assets of the company.	–	5.00
	–	<b>5.00</b>
<b>Note 7 : Other Current Liabilities</b>		
Current maturities of finance lease obligations	0.68	0.43
Interest accrued but not due on borrowings	3.56	3.65
Income received in advance	107.92	91.76
Unpaid Dividend	0.13	0.14
<b>Other payables:</b>		
Service tax	8.83	15.22
Tax deducted at source	5.17	6.19
Professional tax	0.02	0.24
Provident fund	2.23	2.12
	<b>128.54</b>	<b>119.75</b>
<b>Note 8 : Short Term Provisions</b>		
Provision for employee benefits	12.76	7.45
Provision for proposed dividends (including dividend distribution tax)	11.82	11.78
	<b>24.58</b>	<b>19.23</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

### Note 9 : Tangible Assets

#### Reconciliation of the gross carrying amounts and net carrying amounts at the beginning and at the end of the year

Description	Gross Carrying Amount				Accumulated Depreciation				Net Carrying Amount			
	As at March 31, 2011	Translation / Consolidation Adjustment	Additions during the year	Deductions during the year	As at March 31, 2012	As at March 31, 2011	Translation / Consolidation Adjustment	Additional adjustment during the year	Deductions during the year	As at March 31, 2012	As at March 31, 2011	As at March 31, 2012
1. Plant & Equipment	92.93	0.32	2.33	0.99	94.59	82.31	(0.21)	6.44	0.97	87.57	10.62	7.02
2. Furniture & Fixtures	47.14	5.03	0.09	0.50	51.76	44.27	4.66	1.83	0.15	50.61	2.87	1.15
3. Vehicles	0.17	0.21	0.32	-	0.70	0.10	0.28	0.10	-	0.48	0.07	0.22
- Owned	2.57	-	1.96	1.85	2.68	1.83	-	0.88	1.63	1.08	0.74	1.60
- Leased	31.98	1.13	1.75	0.54	34.32	15.01	0.62	5.42	0.07	20.98	16.97	13.34
4. Office equipments												
- Owned												
<b>Total</b>	<b>174.79</b>	<b>6.69</b>	<b>6.45</b>	<b>3.88</b>	<b>184.05</b>	<b>143.52</b>	<b>5.35</b>	<b>14.67</b>	<b>2.82</b>	<b>160.72</b>	<b>31.27</b>	<b>23.33</b>
Previous year	168.47	4.30	5.99	3.98	174.79	124.96	4.26	16.67	2.36	143.52	-	31.27

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

**Note 10 : Intangible Assets**  
**Reconciliation of the gross carrying amounts and net carrying amounts at the beginning and at the end of the year**

Description	Gross Carrying Amount				Accumulated Depreciation				Net Carrying Amount			
	As at March 31, 2011	Translation / Consolidation Adjustment	Additional adjustment during the year	Deductions during the year	As at March 31, 2012	As at March 31, 2011	Translation / Consolidation Adjustment	Additional adjustment during the year	Deductions during the year	As at March 31, 2012	As at March 31, 2011	As at March 31, 2012
1. Goodwill												
- Goodwill on consolidation	727.08	104.68	1.14	-	832.90	-	-	-	-	-	727.08	832.90
- Acquired Goodwill	3.05	0.45	-	-	3.50	3.05	0.45	-	-	3.50	-	-
2. Computer software												
- Acquired	12.08	0.43	-	-	12.51	6.18	0.37	2.16	-	8.71	5.90	3.80
3. Intellectual property rights												
- Acquired	4.50	12.00	-	-	16.50	4.50	12.00	-	-	16.50	-	-
<b>Total</b>	<b>746.71</b>	<b>117.56</b>	<b>1.14</b>	<b>-</b>	<b>865.41</b>	<b>13.73</b>	<b>12.82</b>	<b>2.16</b>	<b>-</b>	<b>28.71</b>	<b>732.98</b>	<b>836.70</b>
Previous year	693.38	49.32	4.00	-	746.71	11.88	0.17	1.67	-	13.73	-	732.98

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

Particulars	As at March 31, 2012	As at March 31, 2011
<b>Note 11 : Deferred Tax Assets (Net)</b>		
<b>Arising from timing difference in respect of:</b>		
Fixed Assets	7.01	4.75
Retirement Benefits	2.90	2.81
Other tax disallowances	1.49	2.15
	<b>11.40</b>	<b>9.71</b>
<b>Note 12 : Long Term Loans and Advances</b>		
(A) Security Deposits		
(i) Unsecured, Considered good	7.57	7.77
(B) Others		
Unsecured, Considered good		
Sak employees welfare trust and gratuity trust	0.27	0.27
	<b>7.84</b>	<b>8.04</b>

### Note 13 : Current Investments

Non- Trade - Unquoted - In Liquid Mutual Funds

Particulars	Face value (fully paid up) Rs 10/unit	As at March 31, 2012		As at March 31, 2011	
		No. of shares / units	Cost	No. of shares / units	Cost
<b>DWS Insta cash plus fund - Regular</b>					
Opening balance		27,287	0.27	553,437	5.56
Additions during the year		16,168,305	162.52	7,373,089	79.11
Deletions during the year		16,106,887	161.90	7,899,239	84.40
Closing balance		<b>88,705</b>	<b>0.89</b>	27,287	0.27
Aggregate fair value of unquoted investments					
Current year (31 March 2012)				-	0.89

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

Particulars	As at March 31, 2012	As at March 31, 2011
<b>Note 14 : Trade Receivables</b>		
<b>(A) Debts outstanding for a period exceeding six months</b>		
(i) Unsecured, Considered good	10.66	36.88
(ii) Doubtful	3.46	4.69
Less: Allowance for bad and doubtful debts	(3.46)	(4.69)
	<b>10.66</b>	<b>36.88</b>
<b>(B) Others</b>		
(i) Unsecured, Considered good	232.34	203.57
	<b>243.00</b>	<b>240.45</b>
<b>Note 15 : Cash and cash equivalents</b>		
<b>(A) Balance with Banks</b>		
(i) Balance in Current account	104.97	85.51
(ii) In Deposit accounts		
- With Maturity within 12 months	23.96	-
- With Maturity after 12 months	0.19	0.16
(iii) Unpaid dividend accounts	0.13	0.14
<b>(B) Cash on hand</b>	0.04	0.03
	<b>129.29</b>	<b>85.84</b>
<b>Note 16 : Short Terms Loans and Advances</b>		
<b>Loans and Advances to Others</b>		
Unsecured, Considered good		
Tax payment pending adjustments (Net)	16.40	17.62
Prepaid Expenses	92.71	75.86
Employee Advances	0.71	1.27
Supplier Advances	1.75	1.00
	<b>111.57</b>	<b>95.75</b>
<b>Note 17 : Other Current Assets</b>		
Interest accrued but not due on fixed deposits	0.45	-
Unbilled Revenue	36.99	23.25
	<b>37.44</b>	<b>23.25</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
<b>Note 18 : Other Income</b>		
<b>(A) Income from current investments</b>		
Dividends	0.42	0.14
	<b>0.42</b>	<b>0.14</b>
<b>(B) Others</b>		
Exchange Fluctuation	7.96	5.88
Interest income	1.99	0.01
Provision no longer required written back	0.12	1.25
Profit on Sale of Assets	–	0.02
Miscellaneous Receipts	–	0.60
	<b>10.07</b>	<b>7.76</b>
	<b>10.49</b>	<b>7.90</b>
<b>Note 19 : Employee Benefit Expenses</b>		
Salaries and wages	534.34	528.07
Contribution to Provident and other funds	17.81	18.38
Staff Welfare Expenses	11.90	13.41
	<b>564.05</b>	<b>559.86</b>
<b>Note 20 : Finance Costs</b>		
Interest Expense	35.30	35.03
Bank charges	0.88	0.96
	<b>36.18</b>	<b>35.99</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
<b>Note 21 : Other Expenses</b>		
Education and Support costs	249.78	171.82
License Costs	76.79	40.12
Rent	40.80	36.63
Travel and conveyance	50.53	42.73
Insurance	7.07	8.78
Rates and Taxes	5.17	4.58
Power and Fuel	9.39	10.20
Repairs to Buildings	7.99	7.57
Repairs to Plant	3.35	4.06
Communication Expenses	13.66	12.54
Payment to statutory auditors		
- As Auditors	4.27	5.41
- For Tax Audit	0.22	0.33
Legal, Professional and consultancy charges	41.36	29.54
Advertisement, Publicity and Sale Promotion	3.14	2.75
Miscellaneous expenses	17.71	14.10
	<b>531.23</b>	<b>391.16</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

### 22. Additional notes

#### a. Contingent Liabilities

Particulars	As at March 31, 2012	As at March 31, 2011
Income-tax matters	26.70	26.70
Service-tax matters	32.61	Nil

#### b. Finance lease obligations

Particulars	As at March 31, 2012	As at March 31, 2011
<b>Future obligations for assets taken on lease</b>		
Not later than 1 year	0.93	0.68
Later than 1 year but not later than 5 years	1.26	0.26
	<b>2.19</b>	<b>0.94</b>
<b>Less: Amounts representing future interest</b>		
Not later than 1 year	0.28	0.10
Later than 1 year but not later than 5 years	0.17	0.01
	<b>0.45</b>	<b>0.11</b>
<b>Less: Amounts representing future interest</b>		
Not later than 1 year	0.65	0.58
Later than 1 year but not later than 5 years	1.09	0.24
	<b>1.74</b>	<b>0.82</b>

#### c. Related party disclosures

<b>Enterprises in which key management personnel exercise significant influence</b>	<ul style="list-style-type: none"> <li>Sak Industries Private Limited</li> <li>Sak Abrasives Limited</li> <li>Sakserve Private Limited</li> <li>Saksoft Limited Employees Welfare Trust</li> <li>Saksoft Limited Employees Gratuity Trust</li> <li>Sonnet Investments Private Limited.</li> <li>Sak Industries Pte Ltd</li> <li>Sofgen Testing Services Private Limited</li> </ul>
<b>Key Management Personnel</b>	Mr Aditya Krishna – Managing Director

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

### 22. Additional notes (Contd.)

#### c. Related party disclosures (Contd.)

##### Transactions entered during the year

Description	Year ended March 31, 2012	Year ended March 31, 2011
<b>Revenue</b>		
Sak Industries Private Limited	3.20	–
<b>Rent expense</b>		
Sak Industries Private Limited	5.70	7.95
<b>Interest on loan</b>		
Sak Industries Private Limited	28.02	27.69
Sak Industries Pte Limited	6.94	6.96
<b>Borrowings / (Repayments), net</b>		
Sak Industries Pte Ltd	(12.87)	–
<b>Reimbursement of expenses</b>		
Sak Abrasives Limited	0.77	0.56
<b>Key management Personnel</b>		
<b>Managerial remuneration</b>		
Mr Aditya Krishna – Managing Director	3.00	3.00

##### Year end balances

Description	As at March 31, 2012	As at March 31, 2011
<b>Loans and advances</b>		
Sak Abrasives Limited	–	0.38
Saksoft employees welfare trust	0.25	0.25
Saksoft employees gratuity trust	0.02	0.02
Sakserve Private Limited	0.02	0.02
<b>Borrowings</b>		
Sak Industries Private Limited	342.31	342.33
Sak Industries Pte Ltd	129.07	143.48

#### d. 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, 2012	Year ended March 31, 2011
<b>Revenue</b>		
India	148.17	92.25
United Kingdom	582.92	553.75
USA	361.65	289.34
Singapore	134.79	118.35
Rest of the world	0.31	2.40
	<b>1227.84</b>	<b>1056.09</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

### 22. Additional notes (Contd.)

#### e. Gratuity

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

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
<b>Change in Defined Benefit Obligation</b>		
Opening defined benefit obligation	10.64	8.68
Current service cost	3.04	2.93
Interest cost	1.04	0.89
Actuarial losses/ (gain)	(2.05)	(1.70)
Past service cost	–	0.94
Benefits paid	(2.07)	(2.23)
<b>Closing defined benefit obligation</b>	<b>10.60</b>	<b>9.51</b>
<b>Change in fair value of assets</b>		
Opening fair value of plan assets	2.94	3.53
Expected return on plan assets	0.32	0.31
Actuarial gain/ (losses)	(0.10)	(0.31)
Contribution by Employers	2.00	0.86
Benefits paid	(2.07)	(2.23)
<b>Closing fair value of plan assets</b>	<b>3.09</b>	<b>2.16</b>
<b>Liability recognised in the balance sheet</b>	<b>7.51</b>	<b>7.35</b>
<b>Expense recognized in the profit and loss account</b>		
Current service cost	3.04	2.93
Interest cost on defined benefit obligation	1.04	0.89
Expected return on plan assets	(0.31)	(0.31)
Net Actuarial losses / (gains) recognised in a year	(1.97)	(1.40)
Part service cost	–	0.95
<b>Net gratuity cost ( included in contribution to provident fund)</b>	<b>1.80</b>	<b>3.06</b>
<b>Actual return on plan assets</b>	<b>0.17</b>	<b>–</b>
Assumptions		
Discount rate	8.45%	8.10%
Expected rate of return on assets	7.50%	7.50%
Salary escalation	10% for first 2 years &	10% for first 4 years

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

#### f. 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

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

### 22. Additional notes (Contd.)

#### f. Employee Stock option plans ('ESOP') (Contd.)

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, 2012	Year ended March 31, 2011
Options outstanding at the beginning of the year	50,500	211,750
Options granted during the year	–	–
Options exercised during the year	–	–
Options forfeited during the year	–	(57,000)
Options lapsed during the year	(10,500)	(104,250)
Options outstanding at the end of the year	<b>40,000</b>	<b>50,500</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 granted 1,00,000 options under ESOP 2009 at the rate of Rs.68.50 per option. The Board of Directors of the Company vide its circular resolution passed on 17th February 2012 has allotted 25000 Equity Shares under Employees Stock Option plan 2009 pursuant to the exercise of 25000 options by one of our eligible employee at the grant price fixed on the date of grant being 3rd December 2010.

The details of the ESOP 2009 Plan are

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Options outstanding at the beginning of the year	400,000	1,20,000
Options granted during the year	100,000	500,000
Options exercised during the year	(25,000)	-
Options forfeited during the year	–	(120,000)
Options lapsed during the year	–	(100,000)
Options outstanding at the end of the year	<b>475,000</b>	<b>400,000</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

### 22. Additional notes (Contd.)

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

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
<b>Earnings</b>		
Net profit for the year	70.17	50.35
<b>Shares</b>		
Equity shares as at the balance sheet date	10,165,000	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>9,610,040</b>	9,585,040
<b>Diluted Shares</b>		
Weighted average number of equity shares outstanding as at the end of the year – Basic	9,587,123	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	117,332	246,667
<b>Weighted average number of equity shares outstanding during the year – Diluted</b>	<b>10,259,415</b>	10,387,667
<b>Earnings per share of par value Rs.10 – Basic (Rs.)</b>	<b>7.32</b>	<b>5.25</b>
<b>Earnings per share of par value Rs.10 – Diluted (Rs.)</b>	<b>6.84</b>	<b>4.85</b>

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

The Company has initiated the process of obtaining confirmation from suppliers who have registered under the Micro, Small and Medium Enterprises Development Act, 2006. Based on the information available with the company there is no amount outstanding as on March 31, 2012. There are no overdue principle amounts and therefore no interest is paid or payable.

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

Vide our report of even date attached

For and on behalf of the Board of Directors

for **Suri & Co.**

Chartered Accountants

Firm Registration No: 004283S

**S Ganesan**

Partner

Membership No: 018525

Date: May 30, 2012

Place: Chennai

**Aditya Krishna**

Managing Director

**Niraj Kumar Ganeriwal**

Chief Financial Officer

**Ajit Thomas**

Director

**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	Synetairios Technologies Limited, India
The Financial year of the Subsidiary Company ended on	March 31, 2012	March 31, 2012	March 31, 2012	March 31, 2012	March 31, 2012
Holding Company	Saksoft Limited	Saksoft Limited	Saksoft Limited	Saksoft Limited	Saksoft Limited
Holding Company Interest	100%	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	85788 equity shares of Rs. 10 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, 2012	1.24	15.68	(0.93)	20.99	46.05
For the previous financial years for the subsidiary since it became a subsidiary	23.98	(14.63)	(1.35)	118.92	–
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, 2012 (Rs)	NA	NA	NA	NA	NA
For the previous Financial Years of the Subsidiary since it became a Subsidiary	NA	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 31.03.2012	Saksoft Pte Limited, Singapore as at 31.03.2012	Saksoft GmbH, Germany as at 31.03.2012	Saksoft Investments Private Limited, UK as at 31.03.2012	Synetairos Technologies Limited, India 31.03.2012
Issued and Subscribed Capital	9.24	19.17	1.20	643.19	0.85
Reserves	30.31	2.29	(1.76)	135.93	33.60
Loans	-	-	-	-	0.15
Total Assets	116.26	54.28	0.45	1110.22	43.49
Total Liabilities	76.71	32.92	1.01	331.10	8.89
Details of Investments	-	-	-	-	-
	<b>Year ended 31.03.2012</b>	<b>Year ended 31.03.2012</b>	<b>Year ended 31.03.2012</b>	<b>Year ended 31.03.2012</b>	<b>Year ended 31.03.2012</b>
Turnover	361.65	134.98	-	582.94	42.26
Profit before Taxation	1.76	15.68	(0.93)	20.99	6.75
Provision for Taxation	0.52	-	-	-	2.15
Profit after Taxation	1.24	15.68	(0.93)	20.99	4.60
Proposed Dividend	-	-	-	-	-

For and on behalf of the Board of Directors

**Aditya Krishna**  
*Managing Director*

**Ajit Thomas**  
*Director*

**Date: May 30, 2012**  
**Place: Chennai**

**Niraj Kumar Ganeriwal**  
*Chief Financial Officer*

**S Narayan**  
*Company Secretary*





## 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 **THIRTEENTH ANNUAL GENERAL MEETING** held at P.Obul Reddy Hall, Vani Mahal, 103, G.N. Chetty Road, T.Nagar, Chennai – 600 017 on **Monday, the 6<sup>th</sup> August 2012 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 **Thirteenth Annual General Meeting** of the Company to be held on **Monday, the 6<sup>th</sup> August 2012 at 10.00 A.M** and at any adjournment thereof.

Signed this ..... Day of ..... 2012

Affix  
30 Paise  
Revenue  
Stamp



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Find out more: [www.saksoft.com](http://www.saksoft.com)  
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