

ANNUAL REPORT 2010-11

SANKHYA INFOTECH LIMITED

Regd. Office: # 405 NSIC EMDBP Bldg,
ECIL P.O., Hyderabad, AP, India 500 062.

Phone +91-40-3024 6300

Fax : +91-40-3024 6336

Email : investors@sankhya.net

website: www.sankhya.net

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Shareholders to bring their copy of Annual Report
(Annual Reports are not circulated at the meeting)

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. N.Sridhar : Chairman & Managing Director
 Mr. N.Srinivas : Vice Chairman
 Ms. M.Kavita Prasad : Independent Director
 Mr. Mahesh Bhandari : Independent Director
 Mr. C.Anand : Independent Director

AUDIT COMMITTEE

Mr. C.Anand
 Ms. M.Kavita Prasad
 Mr. N.Srinivas

INVESTORS GRIEVANCE COMMITTEE

Mr. C.Anand
 Ms. M.Kavita Prasad
 Mr. N.Sridhar
 Ms. Apeksha Mehta - Compliance Officer

REMUNERATION & COMPENSATION COMMITTEE

Mr. Mahesh Bhandari
 Ms. M.Kavita Prasad
 Mr. C.Anand

OUR EXECUTIVE LEADERSHIP TEAM

Head of R&D and CTO : Mr. BSS Srinivasa Rao
 Head of Simulation & Virtual Training : Brig.Vinay Sagar VSM
 Head of Corporate & International Sales : Mr. David Deepak
 Software Solutions Delivery : Mr. B.Anand
 Client Relations & Support : Mr. Jagadish Pai
 Finance & Compliance Officer : Ms. Apeksha Mehta

REGISTERED OFFICE

#405, NSIC EMDBP Building, ECIL POST
 HYDERABAD - 500062 INDIA
 Tel : +91-40-3024-6300
 Fax : +91-40-3024-6336
 Email: investors@sankhya.net
 URL: http://www.sankhya.net

REGISTRARS & TRANSFER AGENTS

CANBANK COMPUTER SERVICES LTD.,
 J P ROYALE, 1ST FLOOR, # 218, 2nd Main,
 Sampige Road, (Near 14th Cross),
 Malleswaram, Bengaluru- 560 003.
 Tel : 91-80-23469661 / 62, 23469664 / 65
 Fax : 91-80-23469667 / 668
 Email Id : canbank_computer@dataone.in
 URL: www.canbankrta.com

AUDITORS

M/s. P. Murali & Co
 Chartered Accountants
 6-3-655/2/3
 Somajiguda
 Hyderabad - 500082

BANKERS

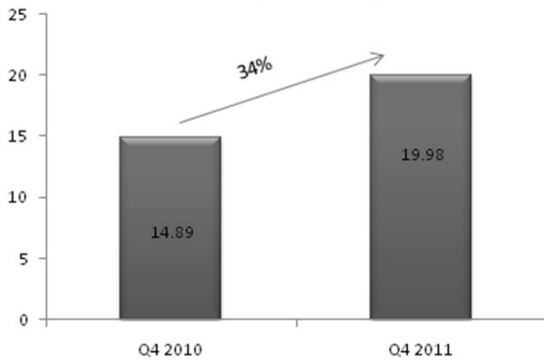
State Bank of India
 Commercial Branch
 Begumpet
 Secunderabad - 500003

LISTING

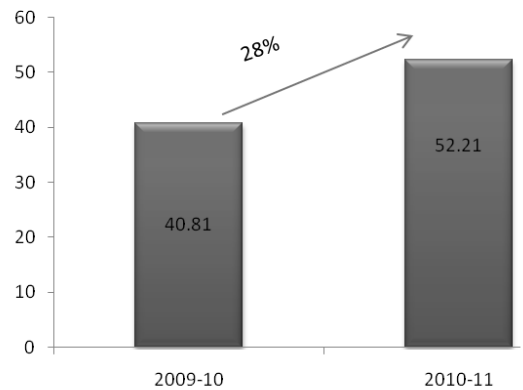
The Bombay Stock Exchange Ltd
 Scrip ID : SANKHYAIN
 Scrip Code : 532972
 Group : B
 Face value : 10.00

FINANCIAL HIGHLIGHTS

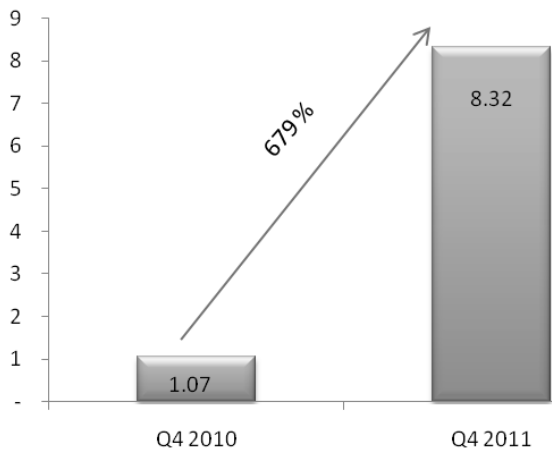
REVENUE (₹ Crores)



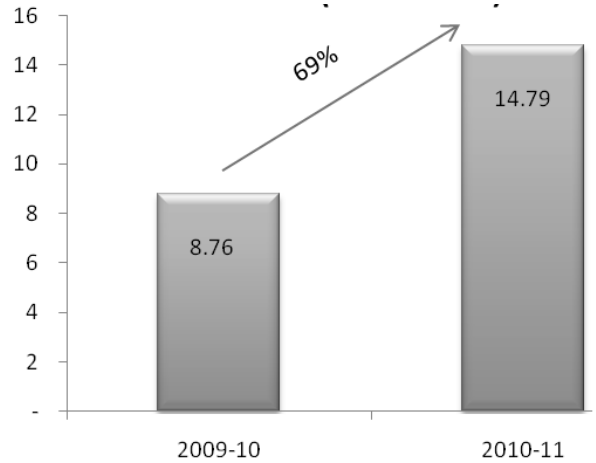
REVENUE (₹ Crores)



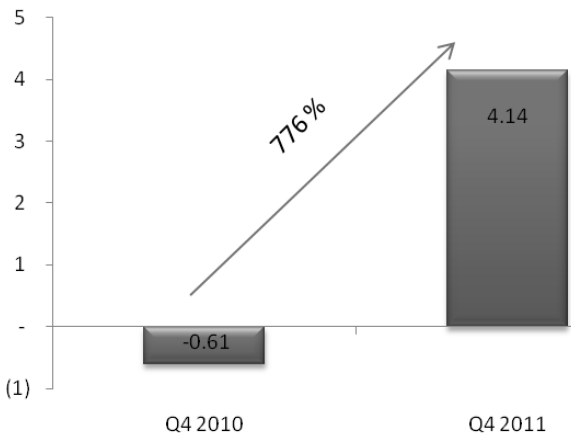
EBITDA (₹ Crores)



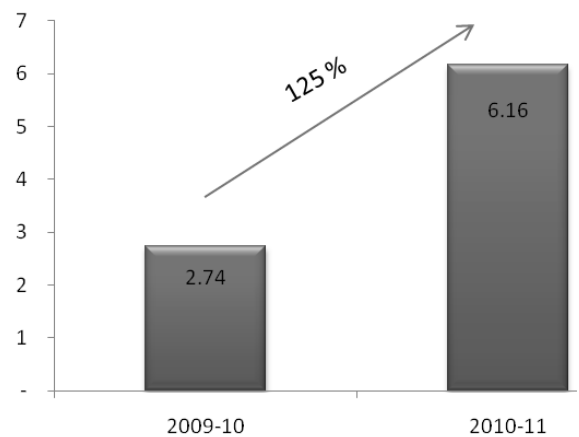
EBITDA (₹ Crores)



PAT (₹ Crores)



PAT (₹ Crores)



CHAIRMAN MESSAGE

Dear Shareowners,

It is an honour and a moment of great pride for me to serve this fascinating organization as its third Chairman. My distinguished predecessors have made exemplary contributions to the growth and provided leadership during various turbulent times. While thanking you for the support that you have so generously extended to the previous Chairmen, I urge you to guide my team and me in our task to build a much stronger Sankhya now.

"Tough times don't last but tough men do" is an apt statement that describes the leadership team of your company. Despite the pain, the company had to go through three successive years because of the problems associated with the Income Tax and the uncertainty in the global economy; we successfully stood the severe test it had put on our ability to sustain. We made some mistakes but kept our discipline and charged ourselves to emerge out of those challenging times.

My parents have themselves seen several challenges in their lives, and have imbibed the values of integrity, honesty and commitment into me. I take pledge to serve your organization with strong adherence to these values. I ask you not to simply trust me, but trust your values, our values, and hold me responsible to living up to them.

Some opportunities and precious time may have been lost during these three years, but they could not shake our will, commitment and the ability to grow the company to greater heights.

I am delighted that the company has emerged triumphantly and has marched ahead with better performance this year. This performance is all the more remarkable because our talented team achieved it. Confidently I can say that the raise of the company has only begun now.

In our pursuit to create a globally reputed organization, I can say with humility that we are the pioneers in many areas. Your company is the first company in the world to have launched the web-based simulation for the Aviation Industry - and was appreciated by the US Federal Aviation Administration. Your company holds the unique distinction of being the first ever Indian IT company to be able to sell a "Software Product" to any American Defense Organization.

The biggest strength that I derived when I took over as a Chairman is the strong support of its investors. Several of them met me directly to express their support. As a company, we have been able to emerge stronger only because of this help from all of you.

This is my first opportunity to be able to reach you. I assure you we will create an appropriate infrastructure to be in constant touch with you.

One of the major developments of the previous year has been the strategic investment from HBL Power Systems Limited. We work in similar markets, sometimes-same clients; however, the biggest advantage comes from the fact that we can provide collaborative services that enhances the value proposition to our clients.

Proven reliability of our products at several reputed clients makes us confident to pursue Business to Consumer (B2C) market even as we target to expand our footprint in the Business-to-Business (B2B) model.

Your company is expanding its market domains. Recently your company emerged highly successful in the Banking Finance Securities & Insurance (BFSI) market by winning the largest bank contract of India from State Bank Group and a follow on contract from Union Bank of India.

We crossed a major milestone in our pursuit to offer world class Simulation and Virtual Training products. Your company recently delivered an advanced simulation product to the Indian Defense forces.

As I said already, we have just begun a new journey now, experiences of our past mistakes, associations and failures have taught us lessons that we shall never forget. We will be vigilant and as famous American President Ronald Regan said, "To whatever history will recall about me, I hope you will recall, that I have appealed to your best hopes and not your worst fears, to your confidence rather than your doubts".

Sincere regards

N.Sridhar

Chairman & Managing Director

NOTICE

Notice is hereby given that the 14th Annual General Meeting of the Members of SANKHYA INFOTECH LIMITED will be held on Friday, September 30th, 2011 at 10.00 am, at NSIC BUILDING ECIL POST HYDERABAD -500062 to transact the following business:

Ordinary Business

1. To receive, consider and adopt the Balance Sheet and Profit & Loss Account as at 31st March 2011 together with Schedules there to and the Reports of Board of Directors' and Auditors' thereon.
2. To appoint a Director in place of Ms. Kavita Prasad, who retires by rotation, and being eligible offers herself for re-appointment.
3. To appoint M/s. P. Murali & Co. Chartered Accountants as Statutory Auditors of the Company to hold office from the Conclusion of this Annual General Meeting to the Conclusion of next Annual General Meeting at such remuneration as may be mutually agreed.

Special Business

4. **To consider, and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution.**

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 & 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 consent of the members of the Company be and is hereby accorded for reappointment of Mr. N. Sridhar as Chairman & Managing Director of the Company for period of 3 year w.e.f. 1st April, 2011 on the following terms and conditions:

Terms and Conditions of extension of Appointment of Mr. N. Sridhar, Chairman & Managing Director of the Company with effect from 1st April 2011 till 31st March 2014

- a. Salary : ₹ 3.00 Lakhs (Rupees Three Lakhs) per month inclusive of all Allowances and perquisites
- b. Perquisite: In addition to the salary, he shall also be entitled to perquisites like furnished accommodation, gas, electricity, water and furnishings, medical reimbursement for self and family, leave travel concession for self and family, club fees, personal accident insurance etc., in accordance with the rules of the Company, the monetary value of such perquisites being limited to the annual salary.
For the purposes of such limit perquisites shall be valued as per Income Tax Rules, wherever applicable and in the absence of any such Rule, shall be valued at actual cost;
- c. Provision for use of Company's Car with Driver and Telephone at Residence (including payment for local calls and long distance official calls) will be considered as perquisites.
- d. He shall also be eligible to the following perquisites, which shall not be included in the computation of the ceiling specified above.
- e. Company's contribution to the Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income

Tax Act, 1961.

- f. Gratuity payable at a rate not exceeding half a month's salary for each completed year of service and Encashment of earned leave as per the rules of the Company. Encashment of leave at the end of the tenure will not be included in the computation of ceiling on perquisites.
- g. Commission: In addition to the salary & perquisites he is entitled for a commission @ 1.5% on the net profit of the Company subject to Section 198 & 309 of the Companies Act, 1956.
His gross salary for the financial year 2010-11 was ₹ 36.09 Lacs.

"RESOLVED FURTHER that in pursuance of the provision of Section 198(4) and read with Schedule XIII to the Companies Act, 1956 the above may be paid as the minimum remuneration to Mr. N. Sridhar, Chairman & Managing Director in the absence or inadequacy of profits in any financial year."

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to take such steps and do all such acts, deeds, matters and things as may be considered necessary, proper and expedient to give effect to this resolution."

5. **To consider, and if thought fit, to pass with or without modification(s), the following resolution as Special Resolution:**

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 & 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 consent of the members of the Company be and is hereby accorded for reappointment of Mr. N. Srinivas as Vice Chairman of the Company for period of 3 year w.e.f. 1st April, 2011 on the following terms and conditions:

Terms and conditions of extension of Appointment of Mr. N. Srinivas as Vice Chairman of the Company with effect from 1st April 2011 till 31st March 2014

- a. Salary : ₹ 3.00 Lakhs (Rupees Three Lakhs) per month inclusive of all Allowances and perquisites
- b. Perquisite: In addition to the salary, he shall also be entitled to perquisites like furnished accommodation, gas, electricity, water and furnishings, medical reimbursement for self and family, leave travel concession for self and family, club fees, personal accident insurance etc., in accordance with the rules of the Company, the monetary value of such perquisites being limited to the annual salary.
For the purposes of such limit perquisites shall be valued as per Income Tax Rules, wherever applicable and in the absence of any such Rule, shall be valued at actual cost;
- c. Provision for use of Company's Car with Driver and Telephone at Residence (including payment for local calls and long distance official calls) will be considered as perquisites.
- d. He shall also be eligible to the following perquisites, which

shall not be included in the computation of the ceiling specified above.

- e. Company's contribution to the Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- f. Gratuity payable at a rate not exceeding half a month's salary for each completed year of service and Encashment of earned leave as per the rules of the Company. Encashment of leave at the end of the tenure will not be included in the computation of ceiling on perquisites.
- g. Commission: In addition to the salary & perquisites he is entitled for a commission @ 0.5% on the net profit of the Company subject to Section 198 & 309 of the Companies Act, 1956.
His gross salary for the financial year 2010-11 was ₹ 36.09 Lacs.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to take such steps and do all such acts, deeds, matters and things as may be considered necessary, proper and expedient to give effect to this resolution."

6. To consider, and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. Mahesh Bhandari who was appointed by the Board as an Additional Director of the Company with effect from 1st October 2010 and who holds office upto the date of this Annual General Meeting pursuant to Section 260 of the Companies Act, 1956 ("the Act") and in respect of whom the Company has received a notice in writing from a member under Section 257 of the Act proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company and whose office is subject to liable to retire by rotation."

7. To consider, and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. C. Anand who was appointed by the Board as an Additional Director of the Company with effect from 1st October, 2010 and who holds office upto the date of this Annual General Meeting pursuant to Section 260 of the Companies Act, 1956 ("the Act") and in respect of whom the Company has received a notice in writing from a member under Section 257 of the Act proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company and whose office is subject to liable to retire by rotation."

Place: Hyderabad
Date: 5-August-2011

By Order of the Board of Directors
N Sridhar
Chairman & Managing Director

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY OR PROXIES, TO ATTEND AND VOTE ON POLL, INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

The instrument appointing proxy should, however, be deposited at the registered office of the Company not later than 48 hours before the scheduled commencement of the meeting.

2. Corporate members are requested to send a duly certified copy of the Board Resolution authorizing their representative to attend and vote at the Annual General Meeting.
3. Explanatory Statement stating all the material facts relating to the aforesaid Special Business contained in item # 5 pursuant to Section 173(2) of the Companies Act, 1956 is annexed hereto.
4. The Register of Members and Share Transfer Books of the Company will be closed from 24th September 2011 to 30th September 2011 (both days inclusive).

Members are requested to intimate immediately any change in their address to the Share Transfer Agents Address: M/s. Canbank Computer Services Ltd., (A Subsidiary of Canara Bank), JP Royale, 1st Floor, # 218, 2nd Main Sampige Road, (Near 14th Cross), Malleswaram, BENGULURU - 560003. Tel: +91 80-23469661 / 62, 2349664/65 Fax: +91 80-23469667 /68 and in case their shares are held in dematerialized form, this information should be passed on to their respective Depository Participants without any delay.

5. Members / Proxies are requested to bring the Attendance slip duly filled in
6. Members holding shares in electronic form are hereby informed that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrars cannot act on any request received directly from the Members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the Members.
7. We wish to inform you that our Company shares have already been admitted in both M/s National Securities Depository Ltd (NSDL) and Central Depository Services India Ltd (CDSL) for the purpose of holding and trading of the shares in electronic mode. The ISIN allotted to M/s Sankhya Infotech Limited is INE877A01013. Members who are holding shares in physical form are advised in their own interest to immediately apply for Dematerialization of their shares to hold the same in an electronic form, In order to dematerialize your shares and convert them into the electronic form, you are requested to open a Beneficiary Account with a Depository Participant (DP) and submit a dematerialization request along with the original share certificate(s) to a DP with whom you open a Beneficiary Account. The DP in turn will send your share certificate(s) to M/s. Canbank Computer Services Ltd., (A Subsidiary of Canara Bank), JP Royale, 1st Floor, # 218, 2nd Main Sampige Road, (Near 14th Cross), Malleswaram, BENGULURU - 560003. Tel: +91 80-23469661 / 62, 2349664/65 Fax: +91 80-23469667 /68 for dematerialization of shares.

Thereafter, you will receive a confirmation from the DP that the shares have been dematerialized and held in the electronic form, subject to meeting the entire statutory requirement for conversion from physical mode to the electronic mode.

Further, as a part of green initiative in the Corporate Governance, the Ministry of Corporate Affairs, vide its Circular No.17/2011 dated 21st April 2011 permitted service of notices and documents in electronic mode. Hence, members are requested to register their e-mail ID's with the Company's Registrar and Transfer Agent as per the details given hereunder.

For further clarification, if any, please feel free to write to our Registrar & Share Transfer Agent at the following address:

CANBANK COMPUTER SERVICES LTD.,
Unit: M/s. Sankhya Infotech Ltd
J P ROYALE, 1ST FLOOR, # 218, 2nd Main,
Sampige Road, (Near 14th Cross),
Malleswaram, Bengaluru - 560 003.
Tel: 91-80-23469661 / 62, 23469664 / 65
Fax: 91-80-23469667 / 668
Email Id: canbank_computer@dataone.in
URL: www.canbankrta.com

EXPLANATORY STATEMENT

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

Item # 4

Mr. N Sridhar, Chairman & Managing Director is a promoter Director of the Company and has been associated with the Company since inception in several capacities. The Board recommends the adoption of the Resolution set out at Item 4.

Except Mr. N Sridhar and Mr. N Srinivas no other Director may be deemed to be concerned or interested in the Resolution.

Item # 5

Mr. N Srinivas, Vice Chairman is a promoter Director of the Company and has been associated with the Company since inception in several capacities. The Board recommends the adoption of the Resolution set out at Item 5.

Except Mr. N Srinivas and Mr. N Sridhar no other Director may be deemed to be concerned or interested in the Resolution.

Item # 6 & 7

The members are informed to observe the prudent Corporate Governance Practice, the Board has appointed Mr. Mahesh Bhandari and Mr. C Anand as Additional Directors of the Company whose proficiency and knowledge will significantly benefit the Company.

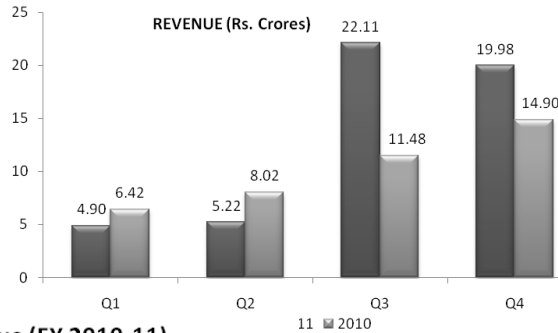
As per Section 260 of the Companies Act, 1956 they hold office only upto this Annual General Meeting. The Company has received a notice under Section 257 of the Companies Act 1956 along with the necessary deposit proposing the candidature of aforesaid Directors. The Board recommend the above Resolution set out at Item 6 & 7 for acceptance .

None of the Directors except Mr. Mahesh Bhandari and Mr. C Anand may be deemed to be concerned or interested in the Resolution.

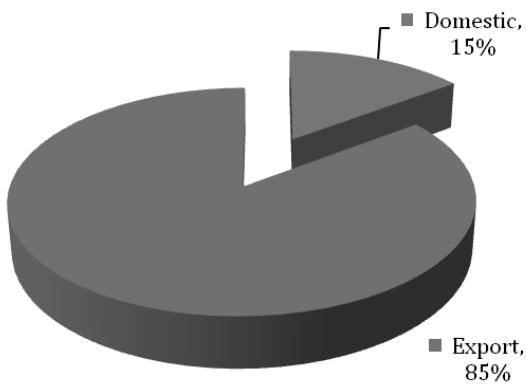
Place: Hyderabad
Date: 5-August-2011

By Order of the Board of Directors
N Sridhar
Chairman & Managing Director

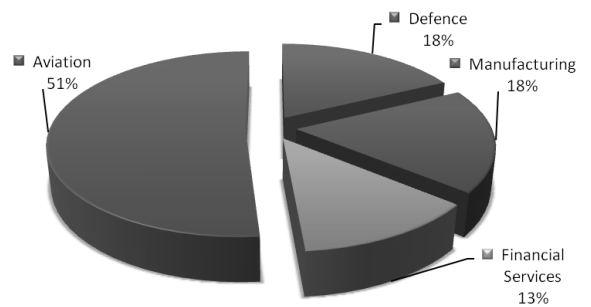
OPERATIONAL HIGHLIGHTS



Domestic - Export Revenue (FY 2010-11)



Sectorwise Revenue Break-up (FYE 2011)



- The Order book position as on 31.3.2011 is Rs. 149 crores
- Revenue 5 years CAGR from 2006-07 to 2010-11 is 19%
- EPS for FY 2010-11 is 7.25
- Return on Capital Employed for FY 2010-11 is 18.5%
- Increase customers base by adding 7 new clients during the financial year
- Business strategy to grow in new industry segments like Banking & Financial services

DIRECTORS' REPORT

To the members,

We are pleased to present the results of business and operations for the financial year ending March 31 2011. This year has been a year of recovery from the challenges that your company had to witness during the preceeding two years. The company has regained its growth and has achieved a modest 28% growth in sales at ₹ 52.11 crores as against the previous year's sales that was at ₹ 40.77.

Management of your company have taken measures to improve profitability and there has been a growth of 69% growth in Y-O-Y of EBITDA and 125% growth in Y-O-Y PAT.

During the Financial Year 2010-11, the Company recorded a Total Income of ₹ 5,211.56 lakhs (out of which Export Income accounted for ₹ 4443.45 compared to ₹ 3,386.01 lakhs for the previous Financial Year). The Profit before Interest, Depreciation and Tax is ₹ 1478.69 Lakhs compared to ₹ 876.43 Lakhs and the Earning per Equity Share to ₹ 7.25 from ₹ 3.22 in the previous year.

FINANCIAL HIGHLIGHTS 2010-11 (₹ in Lakhs)

FINANCIAL HIGHLIGHTS	2010-11	2009-10
Income from Operations	5,211.56	4,077.95
Other income	9.03	2.90
Total Income	5,220.59	4,080.86
Total Expenses	3,741.90	3,204.43
Earning before Depreciation Interest and Tax	1,478.69	876.43
Depreciation	303.68	248.15
Interest	391.48	208.40
Profit Before Tax	783.53	419.89
Provision for Tax (Incl FBT)	156.16	71.36
other provision	0.00	62.88
Prior Period Excess income written back	11.28	12.00
Profit after Tax	616.09	273.66
Earning Per Share	7.25	3.22

BUSINESS OPERATIONS

Your company has registered a significant win of the State Bank eLearning project. The order is to be executed in two parts the first part was successfully completed in time during this financial year.

This is the first foray of your company into the highly competitive BFSI segment. Your company successfully faced stiff competition from most of the major Indian and International IT solutions providers who bid for this prestigious contract. Over 300,000 employees of State Bank group spread across the globe are covered with the solution provided by Sankhya. According to one report, this is the largest eLearning application ever implemented in the globe in the BFSI sector.

Your company has signed a memorandum of understanding with defence public sector company Bharat Electronics Limited to collaborate in the field of Simulation and Virtual Training.

We have reported in our last year Annual report about securing a defence contract for supply of Simulation and Virtual Training suite. We are

delighted to announce that your company has successfully implemented the project in the current financial year and received payment for the project.

During the year, your company has won new clients in the Middle East. Gulf Air and Gulf Aviation Academy have become the new clients for your company from Bahrain.

During this year, the company has recorded a successful execution of its SILICON™ suite of products for the Indian Army.

Your company has been maintaining cordial relationship with all the existing clients. New work orders and extension of the existing work orders have been executed during this year. Your company has been able to successfully renew long term contracts with some of the existing clients.

The order book of the company stood at ₹ 149.17 crores to be executed in a maximum period of five years. The order pipeline is extremely good with an expectation of some large contracts that are expected within the FYE12.

RESEARCH AND DEVELOPMENT FUNCTIONS:

The company has a clear objective for Research and Development and is captured in its R&D vision statement as to "Create a breakthrough technology that will improve performance, is extremely affordable environmentally progressive and has enduring sustainability".

As reported in the Annual Report of last year your company has completed all the requisite paper work and presentations to the Ministry of Science and Technology for obtaining the recognition for its R&D center.

Your company was particularly focused in upgrading and improving the product portfolio through close interactions with prospective and existing clients, and has added several new functionality for existing products, and enhanced them to cater to a wider market audience.

As per a well-planned strategy, your company has built several configurable software modules that can be used in the main activity of Simulation and Virtual Training.

These configurable modules would be used in future projects for clients.

FINANCIAL CRISIS MANAGEMENT

During the financial year, the company faced a continuation of the financial challenges that affected the company in the previous years. Business growth, new contracts and execution of existing contracts was normal and the company was able to show modest growth. However, as the Institute of Chartered Accountants of India has invoked the bank guarantee of ₹ 60 lakhs issued to them. State Bank of India has debited our account and paid to ICAI despite an injunction from the Hon'able High Court of Andhra Pradesh against the invocation of the bank guarantee.

Consequently, the company has taken up the matter with SBI and lodged a formal claim, along with its claim for refund of excess interest that was wrongly debited to our account of over Rupees one crore.

Even while the company was regularizing the account SBI has classified the company's accounts as Stressed Managed Account without resolving the pending claim for refund of excess interest and resolving the dispute over payment of bank guarantee against the orders of the High Court.

The company was able to close all the loan accounts with State Bank of India with the help of an unsecured loan.

The company also faced further crisis due to the default in payment from the client Kingfisher Airlines. An amount of Rupees five crores was raised as per the contract. However, Kingfisher could not make the payment in time and consequently the company was forced to withdraw software license provided to Kingfisher. Consequently, Kingfisher proposed a phased payment plan with an initial Rupees sixty lakhs

payment. This proposal was accepted and the company has signed a revised contract with Kingfisher. Subsequently the company is pleased to inform that payments from Kingfisher are being received as per schedule.

CHANGE OF REGISTERED OFFICE & SOFTWARE DEVELOPMENT CENTRE

Your company has moved to a modern business park developed by the Government of India National Small Industries Corporations in the month of December 2010. Situated in a sprawling campus with ample parking space, clean environment and 24 hours uninterrupted power supply the new office has tremendously improved the ambiance and working conditions for the employees.

Besides the new premises is also close to the talent pool of large residential areas and therefore it has been easy to quickly attract good talent to the company.

The complete address is given in the COMPANY INFORMATION section of this Annual Report.

PREFERENTIAL OFFER

During the year, your company has issued 37,94,600 Share Warrants to Promoter and Non-Promoter at ₹ 32.03 each. An amount of ₹ 401.54 Lakhs is received towards first call money.

The amount received towards first call money has been utilised as stated in the Postal Ballot Notice.

SUBSIDIARY COMPANIES

The Financial details of the subsidiary companies as well as the extent of holdings therein are provided in a separate section of the Annual report at Annexure 1.

Under Section 212(8) of the Companies Act, 1956, the Ministry of Corporate Affairs has exempted from attaching a copy of Balance Sheet, Profit and Loss Account and schedules thereof, Director's Report and Auditors Report of the subsidiary Companies and other documents required to be attached under section 212(1) of the Act to the Balance Sheet of the Company. Accordingly the said documents are not attached with the Balance Sheet of the Company. The Annual Accounts of the subsidiary Companies are available for inspection by any member / investor and the Company will make available these documents / details upon request by any member of the Company or its subsidiaries interested in obtaining the same. However the data of the subsidiaries has been furnished along with the statement pursuant to Section 212 of the Companies Act, 1956 forming part of the Annual Report. Further, pursuant to Accounting Standard (AS)-21 issued by the Institute of Chartered Accountants of India, your company has presented the Consolidated Financial Statements which include financial information relating to its subsidiaries and forms part of the Annual Report.

CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements have been prepared by your Company in accordance with the requirements of the Accounting Standards 21, 23 & 27 issued by the Institute of Chartered Accountants of India. The Audited Consolidated Financial Statements together with Auditors' Report thereon forms part of the Annual Report.

DEPOSITS

The Company has not accepted any Deposits from the Public during the year pursuant to Section 58A of the Companies Act, 1956.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, with respect to the Directors' Responsibility Statement, it is hereby confirmed that:

1. In the preparation of Annual Accounts, the applicable Accounting Standards have been followed and that there are no material departures from the same.
2. Directors have selected the appropriate Accounting Policies and applied consistently and have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March 2011, and of the profit of the Company for that period.
3. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. The Annual Accounts have been prepared on a going concern basis

BOARD OF DIRECTORS

Ms. M. Kavita Prasad is retiring by rotation at the ensuing Annual General Meeting and is offering herself for re-appointment.

AUDITORS

The Company's auditors M/s. P. Murali & Co., Chartered Accountants retire at the ensuing Annual General Meeting and expressed their willingness to continue as Auditors of the Company.

CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

- I. Conservation of Energy Your Company's operations are software oriented and not energy intensive. Adequate measures are taken to conserve energy wherever possible.
- II. Foreign exchange earnings and outgo

(₹ in Lacs)

Particulars	Year ended	
	31- Mar-11	31-Mar-10
Earnings	4443.45	3386.01
Expenditure	2736.24	2746.54

MANAGEMENT DISCUSSION & ANALYSIS

Pursuant to the provisions of Clause 49 of the Listing Agreement, a report on Management Discussion & Analysis is enclosed as Annexure 2 to this Report.

CMD's DECLARATION

Pursuant to the provisions of Clause 49(I)(D)(ii) of the Listing Agreement, a declaration by the Chairman & Managing Director of the Company declaring that all the members of the Board and the Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct of the Company, is enclosed as Annexure 3 to this Report.

CORPORATE GOVERNANCE

As per Clause 49 of the Listing Agreement with the Stock Exchanges, a separate Report on Corporate Governance is enclosed as Annexure 4 forming part of the Annual Report.

A Certificate from a firm of Chartered Accountants in whole time practice confirming compliance with conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is annexed to this Report as Annexure 5.

PARTICULARS OF EMPLOYEES

"No employee of the Company was in receipt of remuneration during the financial year 2010-11 in excess of the sum prescribed under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975."

INDUSTRIAL RELATIONS

Your Company enjoys cordial employee relations, marked by empowerment and delegation.

ACKNOWLEDGEMENTS

Your Directors gratefully acknowledge the unstinted support extended by the esteemed Customers, Bankers and Institutions.

Your Directors also are pleased to record their appreciation for the services rendered by the Employees at all levels in bringing about a better performance.

Your Directors express their thanks to the Company's Shareholders, and the Investors for their sustained confidence in the Management of the Company.

For and on behalf of the Board of Directors

Place: Hyderabad
Dated: 5th August 2011

N.Sridhar
Chairman & Managing Director

Annexure-1
(Amount in ₹)

S.No.	Particulars	1	2	3
1	Name of Subsidiary	SANKHYA SARL FRANCE	MAHASENA INFO TECHNOLOGIES (INDIA) PVT LTD (MITPL) *	SANKHYA US CORPORATION
2	Financial year end	31 st March,2011	31 st March,2011	31 st March,2011
3	Extent of interest of the Holding Company in the capital of the Subsidiary.	100%	100%	100%
4	Date from which it became a subsidiary	13 th April,2005	01 st May,2006	17 th August,2006
5	Net aggregate amount of Subsidiary's profit or loss not dealt with in the Holding Company's accounts.			
	Current year	*	*	34,22,798
	Previous year	*	*	1,55,19,703
6	Net aggregate of the Subsidiary's profit less losses dealt with in the Holding Company's Accounts:			
	Current year	Nil	Nil	Nil
	Previous year	Nil	Nil	Nil

* MITPL (formerly known as Sankhya Information Technologies India Private Ltd) is yet to commence its commercial operations.

For and on behalf of the Board of Directors

Place: Hyderabad
Dated: 5th August 2011

N.Sridhar
Chairman & Managing Director

Annexure - 2

Annexure - 3

MANAGEMENT'S DISCUSSION AND ANALYSIS

BUSINESS OUTLOOK: Your Company enjoys the unbroken patronage of all its long-term clients and has added several new clients during this year. Contracts with these clients are renewed and are current for the next five to seven years. Order book position therefore is good and the company has several multi-crore bids that are in advance stage of finalization. The company is consistently winning new clients. The company therefore is optimistic of bright outlook based on the above two factors. Further, efforts restructure the business model and improve productivity would not only help win new business but also yield better financial results.

The year has opened several business opportunities that are being vigorously pursued. Efforts of the team have been to stay focused to long term strategic and continuous revenue stream led business. The company has a strong order book and further interest from potential clients is strong. Business perspective of your company is therefore very good. The company has finalized a business transaction with a major cloud computing infrastructure providers for a potential direct sale of our Skill Development products and courseware.

NEW CLIENT ACQUISITION STRATEGY

The company has taken the services of a reputed strategic planner for acquisition of new clients. The new client acquisition strategy is based on successful models adopted by other major IT companies.

Currently the company is putting in place teams and process. The plan is to roll out the new strategy in new client acquisition strategy in two phases and the first phase is likely to be completed within the next financial year and the second phase in the FYE2013.

Core objective of the new client acquisition strategy is to take a quantum jump in sales. Strengthen services, focus on strategic alliances in the BFSI segment and leverage global markets based on the success of State Bank of India.

FINANCIAL MANAGEMENT: Your Company has approached several nationalized banks for sanction of working capital and term loan facilities. Your company is fully engaged with these banks for the Sanction. As on the date of this report the company has been informed that one of the nationalized bank has given an in principle approval for sanction working capital, term loan and bank guarantees.

Once sanctioned the company would have a formal banking support after a gap of nearly three years. The company proposes to repay a substantial part of the unsecured loans by utilizing the sanctioned limits.

The management of the company has drawn several measures to reduce the interest burden on the company and steadily repay all debts within certain targeted period.

AWARDS AND RECOGNITION : The Company is in the process of getting recognition as a Research organization from Government of India.

COMPETITION: The Company has successfully been able to meet the growing demands of the existing and prospective customers in bringing our products and services which take care of the future requirements.

RISKS: The uncertainty in Global situations may result in lower margins, and late realizations which can hamper the cash flows.

INTERNAL CONTROLS: There are adequate internal control system at all levels of the company.

HUMAN RESOURCES: Your Company has added several highly qualified professionals who have worked in prestigious organizations around the world. The Board conveys its sincere appreciation for the excellent and dedicated efforts put in by the employees despite of the challenges faced by the Company.

REPORT ON CORPORATE GOVERNANCE**(A) COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE**

At Sankhya Infotech Ltd, corporate governance practices are based on the principles of integrity, transparency, fairness, independent monitoring and adequate disclosure of the state of affairs of the Company. Adoption of such governance practices ensures accountability of the persons in charge of the Company at the highest levels and benefits not just the investors, but also the Company's customers, creditors, employees and the society at large. It is the Company's philosophy and strong belief that adhering to such high levels of corporate governance practices go a long way in establishing the credibility of the Company and creates significant long term value for all its stakeholders.

The Company's activities are carried out in accordance with good corporate practices and the Company is constantly striving to better them and adopt the best practices. It is firmly believed that good governance practices would ensure efficient conduct of the affairs of the Company and help the Company, achieve its goal of maximizing value for all its stakeholders. The Company maintains highest business ethics and complies with all the statutory and regulatory requirements.

In India, Corporate Governance standards for listed companies are regulated by the Securities and Exchange Board of India (SEBI) through Clause 49 of the Listing Agreement of the Stock Exchanges. The Company is in compliance with all the requirements of the corporate governance code as enshrined in Clause 49 of the listing agreement. All the relevant Corporate Governance standards have been fully adhered to.

(B) BOARD OF DIRECTORS

The Company is managed by the Board of Directors, which formulates strategies, policies and reviews its performance periodically and manages the business of the Company. The Board of Directors of the Company promotes the success of the company for the benefit of its members as a whole and a director regards in fulfilling the duty to promote success. The director monitors the likely consequences of any decision in the long term in the interests of the company's employees, suppliers, customers, shareholders and others to foster the company's business relationships with them that impact of the company's operations on the community and the environment with the desirability of the company maintaining a reputation for high standards of business conduct, and the need to act fairly as between members of a company.

Mr. N. Sridhar, Chairman and Managing Director of the Company and Mr. N. Srinivas, Vice Chairman of the Company, Executive Directors of the Company, are in whole time employment of the Holding Company, Sankhya Infotech Ltd. and draw remuneration from it.

Mr. N. Ramakrishna Rao, Non-Executive Director and Chairman of the Company, has resigned with effect from the close of working hours on 30th October, 2010. Mr. N. R. Mohanty Non-Executive, Independent Director and Chairman of the Company, has resigned with effect from the close of working hours on 20th September, 2010. Dr.Sridhar Seshadari, Non- Executive and Independent Director of the Company, has resigned with effect from the close of working hours on 20th September, 2010 and Mr. Mahesh Bhandari is appointed as Non- Executive and Independent Director of the Company with effect from 20th September, 2010. Mr.Santhana Krishnan, Non- Executive and Independent Director of the Company, has resigned with effect from the close of working hours on 20th September, 2010 and Mr. Anand Cherukupalli is appointed as Non-

Executive and Independent Director of the Company with effect from 20th September, 2010.

COMPOSITION OF BOARD

The composition of the Board is in conformity with Clause 49 of the Listing Agreement, as amended from time to time. The Executive Chairman of the Company is a Promoter and the number of Non-Executive Independent Directors is more than one-half of the total number of Directors.

Currently, the Company's Board comprises of five Directors including the Managing Director. The Chairman is an Executive Director and is a

professional Director in his individual capacity. There are three Independent, Non - Executive Directors who are professionals, with expertise and experience in their individual allied fields.

FIVE (5) Board Meetings were held during the year 2010-11 (i.e., from 1st April, 2010 to 31st March, 2011) on 01st May 2010, 22nd May 2010, 14th August 2010, 28th October 2010 & 15th February 2011.

The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year and the number of Directorships and Committee Chairmanships/Memberships held by them in other companies are given herein below:

Name & Designation	Category	No of Meetings held during the Last Financial Year	No of Meetings attended	Attendance at the Last Annual General Meeting held on 30-11-09	No of Directorships in other public companies		No of Committee positions held in other public Companies @	
					Chairman	Member	Chairman	Member
N SRIDHAR CHAIRMAN & MANAGING DIRECTOR	WTD	5	5	YES	NIL	NIL	NIL	NIL
N SRINIVAS VICE -CHAIRMAN	WTD	5	5	YES	NIL	NIL	NIL	NIL
MS. KAVITA PRASAD DIRECTOR	NED-I	5	2	NO	NIL	5	1	1
MAHESH BHANDARI * DIRECTOR	NED-I	5	2	NO	NIL	NIL	NIL	NIL
C.ANAND * DIRECTOR	NED-I	5	2	NO	NIL	NIL	NIL	NIL

NED-Non Executive Director, WTD-Whole Time Director, NED-I-Non Executive Director-Independent.

@Chairmanship/ membership in Investor Grievances Committee and Audit Committee are only considered.

* Appointed w.e.f 01.10.2010

Notes:

- The directorships held by the directors, as mentioned above do not include the directorships held in foreign companies and companies under Section-25 of the Companies Act, 1956.
- The committees considered for the purpose are those prescribed under Clause 49(I)(C)(ii) of the Listing Agreement(s) viz. audit committee and shareholders/investors grievance committee of public limited companies and private limited companies which are public limited companies in terms of section 3(1)(iv)(c) of the Companies Act, 1956
- Except Mr.N.Sridhar and Mr.N.Srinivas, who are relatives (Mr.N.Sridhar is Brother of Mr.N.Srinivas) and promoter directors, none of the directors are relatives of any other director.

BOARD PROCEDURE

A detailed agenda folder is sent to each Director in advance of Board and Committee Meetings. To enable the Board to discharge its responsibilities effectively, The Managing Director appraises the Board at every meeting of the overall performance of the Company. A detailed functional report is also placed at Board Meetings.

The Board reviews strategy and business plans, annual operating and capital expenditure budgets, investment and exposure limits, compliance reports of all laws applicable to the Company, as well as steps taken by the Company to rectify instances of non-compliances, if any. The Board

also reviews major legal issues, minutes of the Board Meetings of the Company's subsidiary companies, significant transactions and arrangements entered into by the subsidiary companies, adoption of financial results, transactions pertaining to purchase or disposal of properties, major accounting provisions and write-offs, corporate restructuring, minutes of meetings of the Audit and other Committees of the Board, and information on recruitment of officers just below the Board level, including the Company Secretary and the Compliance Officer.

PROMOTERS AND BOARD OF DIRECTORS PROFILE

Mr. N. Sridhar, Chairman and Managing Director: Technocrat business man with a Master's degree in Computer Science and 27 years of experience in the Software Industry, Mr. Sridhar has been one of the founding members of Sankhya Info Tech Ltd.

Mr. N. Srinivas, Vice Chairman: He is one of the founding members of Sankhya with a Master's degree in Commerce and a professional qualification of ICWA.

Independent Directors:

Ms. Kavita Prasad (Director in HBL): She is a Graduate in Commerce from Osmania University and Postgraduate diploma holder from NIIT in computer application. She becomes a Director in HBL Power Systems Ltd in the year 1995. She has been looking after the exports Market and Finance of the HBL Power Systems Limited, presently servicing as Whole Time Director.

Mr. Mahesh Bhandari: He is a Chartered Accountant, CPA from USA, and MSM from USA, Lawyer with experience spanning all spectrums of the business such as Power, Mining, Information Technology, Legal & International Finance. He was the Executive Vice President of TCS, and President of Tata Power. He was also the CEO of Essel Group of Companies. He is currently the Managing Director of NSL Power Ltd at Hyderabad.

Mr. C Anand: He holds a Bachelor Degree from Osmania University. He is a practicing Chartered Accountant for the last 20 years with extensive experience in the fields of Audit, Taxation and Finance.

CODE OF CONDUCT

The Company has established a Code of Conduct for its Board Members and Senior Management personnel. The Code of Conduct for the Board Members and Senior Management personnel is posted on the Company's Website www.sankhya.net. All the Board Members and Senior Management personnel have complied with the Code of Conduct.

(C) AUDIT COMMITTEE

The Board of Directors of the Company have re-constituted the Audit Committee on 1st October 2010. The Terms of reference of the Audit Committee covers the matters specified for Audit Committees under clause 49 of the Listing agreement and also as required under Section 292A of the Companies Act, 1956. The Audit Committee comprises of the following members

- | | | |
|----|------------------|-----------------------------------|
| 1. | Mr.C.Anand | - Independent Director & Chairman |
| 2. | Ms.Kavita Prasad | - Independent Director & Member |
| 3. | Mr.N.Srinivas | - Member |

The Statutory Auditors are also the invitee to the meetings. During the year under review (i.e., from 1st April, 2010 to 31st March, 2011), the Committee met 4 times on 22nd May 2010, 10th July 2010, 14th August 2010, 28th October 2010 & 15th February 2011.

All the Members of the Committee possess strong accounting and financial management knowledge. The terms of reference of this Committee are very wide. Besides having access to all the required information from within the Company, the Committee can obtain external professional advice whenever required. The Committee acts as a link between the Statutory Auditors and the Board of Directors of the Company. It is authorized to select and establish accounting policies, review reports of the Statutory Auditors and meet with them to discuss their findings, suggestions and other related matters. The Committee is empowered to inter alia review the remuneration payable to the Statutory Auditors and to recommend a change in Auditors, if felt necessary. It is also empowered to review Financial Statements and investments of unlisted subsidiary companies, Management Discussion & Analysis, material individual transactions with related parties not in normal course of business or which are not on an arm's length basis. Generally all items listed in

Clause 49 II (D) of the Listing Agreement are covered in the terms of reference. The Audit Committee has been granted powers as prescribed under Clause 49 II (C). The Meetings of the Audit Committee are also attended by the Chairman & Managing Director.

SUBSIDIARY COMPANIES

The Company has following subsidiaries:

1. Sankhya SARL, France.
2. Sankhya US Corporation, USA;
3. Mahasena Info Technologies (India) Private Limited

The Audit Committee reviews the financial statements of the Subsidiaries M/s Sankhya SARL, France, M/s Sankhya US Corporation and M/s Mahasena Info Technologies (India) Pvt Ltd.

(D) REMUNERATION COMMITTEE

REMUNERATION POLICY

While deciding on the remuneration for Directors, the Board, Remuneration Committee (Committee) considers the performance of the Company, the current trends in industry, the qualification of the appointee(s), their experience, past performance and other relevant factors. The Board / Committee regularly keeps track of the market trends in terms of compensation levels and practices in relevant industries through participation in structured surveys. This information is used to review the Company's remuneration policies.

The Company pays remuneration by way of salary, benefits, perquisites and allowances (fixed component) to its Managing Director and Executive Directors. Annual increments are decided by the Remuneration Committee within the salary scale approved by the Members and are effective April 1, each year. The Remuneration Committee decides on the commission payable to the Managing Director and the Executive Directors out of the profits for the financial year and within the ceilings prescribed under the Companies Act, 1956, based on the performance of the Company as well as that of the Managing Director and each Executive Director.

During the year, 2010-11, the Company paid Sitting Fees of Rupees Twenty Thousand to its Non-Executive Directors for attending meetings of the Board and meetings of Committees of the Board. The Company also reimburses the out-of-pocket expenses incurred by the Directors for attending meetings.

COMPOSITION OF REMUNERATION COMMITTEE

The Company reconstituted the Remuneration Committee on 1st October 2010 consisting of the following Independent Non Executive Directors:

- | | | |
|----|---------------------|------------|
| a. | Mr. Mahesh Bhandari | - Chairman |
| b. | Ms.Kavita Prasad | - Member |
| c. | Mr.C.Anand | - Member |

Details of Remuneration paid to all the Whole Time Directors during the year 2010-11

(Amount in ₹)

Name & Designation	Category	Salary	Allowance / Perquisites	Commission	Total
Mr. N SRIDHAR Chairman & Managing Director	WTD	36,00,000	9,360	--	36,09,360
Mr. N SRINIVAS Vice -Chairman	WTD	36,00,000	9,360	--	36,09,360

For Non-Executive Directors:

Sitting fee is paid to all Non -Executive Directors.

(Amount in ₹)

Name	Amount
Mr.Mahesh Bhandari	20,000
Ms.Kavita Prasad	20,000
Mr.C.Anand	20,000
Total	60,000

(E) SHAREHOLDERS / INVESTORS GREIVANCE COMMITTEE**TERMS OF REFERENCE**

The Committee, inter alia, approves issue of duplicate certificates and oversees and reviews all matters connected with transfer of securities of the Company. The Committee also looks into redressal of shareholders'/ investors' complaints related to transfer of shares, non-receipt of Balance Sheet, non-receipt of declared dividend, etc. The Committee oversees performance of the Registrar and Transfer Agents of the Company and recommends measures for overall improvement in the quality of investor services.

COMPOSITION, MEETINGS AND ATTENDANCE

In compliance with the Listing Agreement requirements and provisions of the Companies Act, 1956, the Company has constituted an Investor Grievance Committee consisting of majority of Non-Executive Independent Directors. Committee consists of three members comprising of:

Name	Designation & Category
Mr. C. Anand	Independent Director & Member
Ms. Kavita Prasad	Independent Director & Member
Mr. N Sridhar	Director & Member

During the year, no complaint was received from the shareholder. As on 31st March, 2011, there are no pending grievances of the shareholder or investors.

(F) GENERAL BODY MEETINGS

The particulars of the Annual General Meetings of the Company for the last three financial years are as follows: -

Financial year	Location	Date of AGM	Time of AGM held
2007-08	Taj Tri-Star Hotel, Secunderabad	29-12-2008	3.00 pm
2008-09	Taj Tri-Star Hotel, Secunderabad	30-11-2009	11.30 am
2009-10	Taj Tri-Star Hotel, Secunderabad	30-09-2010	10.00 am

DETAILS OF RESOLUTIONS PASSED LAST YEAR THROUGH POSTAL BALLOT, THE PERSONS WHO CONDUCTED THE POSTAL BALLOT EXERCISE AND DETAILS OF THE VOTING PATTERN.

During the year ended March 31, 2011 the Company sought approval from its shareholders on two occasions for passing Special / Ordinary resolutions through the process of Postal Ballot in accordance with the Provisions of 192A of the Act read with the Companies Passing of the Resolutions by Postal Ballot / Rules, 2001. The Board of Directors of the Company, at its meetings had appointed Scrutinizers for conducting the Postal Ballot in fair and transparent manner. The postal ballot forms received were kept in boxes sealed by the scrutinizers. The declared results of the Postal Ballot were announced through newspaper and were also displayed on the website of the Company. www.sankhya.net. Details of the same are given below:-

(i) Resolutions passed on September 3, 2010 (Notice dated 22.05.2010)

Sl.No	Particulars	Details / Dates
1	Date of Board Meeting	22.05.2010
2	Scrutinizer appointed by the Board of Directors at its meeting Practicing Company Secretary.	Mr.D.V.M.GOPAL, M.Com. ACS
3	Date of Notice seeking Shareholders approval	22.05.2010
4	Date of Completion of Dispatch of Notice	30.06.2010
5	Last date of receipt of duly filled Postal ballot form	31.07.2010
6	Date of submission of scrutinizers report to the Chairman	05.08.2010
7	Date of declaration of result	05.08.2010

Particulars of Resolutions passed
Special:-

Sl.No	Particulars
1	Issue of 22,69,400 share warrants to Non promoters
2	Issue of 30,00,600 share warrants to Promoters.

VOTING PATTERN:-

Particulars	Total Votes	Total Valid votes Cast	Total valid votes case in favor of the resolution	Total valid votes case against the resolution
Resolution 1	85,00,005	36,76,573	36,71,173	300
Resolution 2	85,00,005	36,76,573	36,71,173	300

(ii) Resolutions passed on October 28, 2010 (Notice dated 22.05.2010)

Sl.No	Particulars	Details / Dates
1	Date of Board Meeting	22.05.2010
2	Scrutinizer appointed by the Board of Directors at its meeting	Mr.D.V.M.GOPAL, M.Com. ACS Practicing Company Secretary.
3	Date of Notice seeking Shareholders approval	22.05.2010
4	Date of Completion of Dispatch of Notice	30.06.2010
5	Last date of receipt of duly filled Postal ballot form	31.07.2010
6	Date of submission of scrutinizers report to the Chairman	05.08.2010
7	Date of declaration of result	05.08.2010

Particulars of Resolutions passed
Special:-

Sl.No	Particulars
1	Issue of 14,75,400 share warrants to Promoters.

VOTING PATTERN:-

Particulars	Total Votes	Total Valid votes Cast	Total valid votes case in favor of the resolution	Total valid votes case against the resolution
Resolution 1	85,50,005	65	58	7

(G) DISCLOSURES

Disclosures of transactions with Related Parties

There were no materially significant related party transactions made by the Company with its Promoters, Directors or relatives or the Management, their subsidiaries etc., which have potential conflict with the interests of the Company at large. The Register of Contracts containing the transactions in which Directors are interested, if any, is placed before the Board at every Board Meeting for approval. Transactions with related parties are disclosed in Note No.6 of Schedule 12 to the Accounts in the Annual Report.

Disclosure of Accounting Treatment in preparation of Financial Statements

The Company has followed the guidelines of Accounting Standards laid down by The Institute of Chartered Accountants of India (ICAI) and the Companies (Accounting Standards) Rules, 2006 in preparation of its financial statements.

Details of non-compliance with regard to Capital Market

There were no instances of non-compliances by the Company on any matter related to capital markets. The Company has complied with the requirements of listing agreement as well as the regulations and guidelines prescribed by the Securities and Exchange Board of India (SEBI). The Company has paid listing fees to the stock exchanges and annual custodial fees to the depositories for the financial year 2010-11 in terms of Clause 38 of listing agreement. There were no penalties imposed nor strictures passed on the Company by the Stock Exchanges, SEBI or any other statutory authority on any matter related to capital markets, during last three years.

SECRETARIAL AUDIT FOR RECONCILIATION OF CAPITAL.

A qualified practicing Company Secretary carried out quarterly Secretarial Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited and the total issued and listed capital. The audit confirmed that the total

issued / paid up capital was in agreement with the aggregate of the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

MEANS OF COMMUNICATION

- The Quarterly, Half yearly un-audited financial results are generally published in widely circulating national and local newspapers. These results are also published in the website of the Company www.sankhya.net and sent to stock exchanges.
- The Management Discussion & Analysis Report forms part of this Annual Report.

(H) GENERAL SHAREHOLDERS INFORMATION

Annual General Meeting

- Day, date and time : Friday, the 30th September 2011 at 10.00 a.m.
Venue : NSIC BUILDING, ECIL PO, HYDERABAD - 500062.

Financial Calendar

- First Quarter results : 2nd week of August 2011
- Half yearly results : 2nd week of November 2011
- Third Quarter results : 2nd week of February 2012
- Last Quarter results /
Results for the year
Ending 31st March 2012 : Last week of May 2012 (Audited)
- Book Closure date : from 24-09-2011 to 30-09-2011
(Both days inclusive)
- Listing of Equity shares on
Stock Exchanges and Stock
Code : Bombay Stock Exchange Limited (BSE)
Scrip Id: SANKHYAIN
Stock Code: 532972

Listing fees has been paid to Bombay Stock Exchange for the financial year 2010-11.

- Demat ISIN for NSDL & CDSL : INE877A01013
- 81,82,162 Equity shares, representing 96.26 % of the total Equity Capital are held in dematerialized form as on 31st March 2011.
- Market price data (High /Low) on BSE during the each month

Month	High Price	Low Price
Apr-10	39.20	26.00
May-10	40.10	30.25
Jun-10	36.00	30.20
Jul-10	37.40	30.00
Aug-10	35.00	27.00
Sep-10	34.75	28.00
Oct-10	31.95	27.50
Nov-10	31.75	22.00
Dec-10	31.50	20.25
Jan-11	27.95	21.55
Feb-11	24.50	15.90
Mar-11	19.25	16.45



BSE - INDEX vs SANKHYA PRICE MOVEMENT

Share Holding Distribution Schedule:

RANGE	NUMBER	% of TOTAL	IN Rs.	% of TOTAL	
0	5000	6159	86.88	8147270	9.59
5001	10000	383	5.40	3247460	3.82
10001	20000	225	3.17	3531640	4.15
20001	30000	99	1.40	2485990	2.92
30001	40000	36	0.51	1244460	1.46
40001	50000	46	0.65	2191220	2.58
50001	100000	61	0.86	4761130	5.60
100001	And above	80	1.13	59390880	69.87
		7089	100.00	85000050	100.00

Registrar & Share Transfer Agent:**CANBANK COMPUTER SERVICES LTD.,**

Unit: M/s. Sankhya Infotech Ltd

J P ROYALE, 1ST FLOOR, # 218, 2nd Main, Sampige Road,
(Near 14th Cross), Malleswaram, Bengaluru - 560 003.

Tel: 91-80-23469661 / 62, 23469664 / 65

Fax: 91-80-23469667 / 668

Email Id: canbank_computer@dataone.in

URL: www.canbankrta.com

Share Transfer System:

Presently the share transfers which are received in physical form are processed by the Registrar and Share Transfer Agent and approved by the Compliance Officer and the share certificates are returned within 15 days from the date of lodgment, subject to the transfer instruments being valid and complete in all respects.

Shareholding Pattern of the Company as on March 31, 2011 was as follows:-

Category	% age of total Capital
Promoters Holding	31.90
Non-Promoter Holding	
Corporate Bodies	20.83
Indian Public	46.87
NRIs/ OCBs	0.37
BANKS	0.04
TOTAL	100.00

Dematerialization of shares and liquidity

The shares of the Company are in compulsory demat segment and are available for trading in the depository systems of both NSDL & CDSL. As on March 31, 2011 96.26% of the shares are in the dematerialized form. Consequent to the listing of Company's equity shares at BSE there has been regular trading at BSE in the Company's scrip.

Unclaimed Dividends

Dividend History & transfer of Unclaimed Dividend to Investor Education & Protection Fund (IEPF)

(Amount in ₹)

Sl. No	Financial year	Interim / Final	Date of declaration	Rate of dividend	Dividend amount Excluding Tax	Dividend distribution Tax (Rs. Crs)	Amount remaining unclaimed as on 31.03.2011	Due date of transfer to IEPF
1	2006-07	Final	28-09-2007	10%	99,44,156	14,44,151	3,13,227.00	28-09-2014
2	2007-08	Final	29-12-2008	12%	1,02,00,006	17,33,491	2,40,424.80	29-12-2015

For and on behalf of the Board of Directors

Place: Hyderabad
Dated: 5-August-2011**Mr. N. Sridhar**
Chairman & Managing Director

Annexure - 4**CEO's Declaration**

I, N.Sridhar, Chairman and Managing Director do hereby declare that pursuant to the provisions of Clause 49 (I) (D) (ii) of Listing Agreement, all the members of the Board and Senior Management Personnel of the Company have furnished their affirmation of compliance with the Code of Conduct of the Company.

Place: Hyderabad

Dated: 5-August-2011

Mr. N. Sridhar
Chairman & Managing Director

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE**Annexure - 5**

To
The Members,
M/s. SANKHYA INFOTECH LIMITED.

We have examined the compliance of conditions of Corporate Governance by M/s. SANKHYA INFOTECH LIMITED, for the year ended 31st March 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to procedures and implementations thereof, adopted by the Company for ensuring compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We state that no investor grievances were pending for a period exceeding one month against the Company as per the records maintained by the Shareholders / Investors Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For M/s P. Murali & Co
Chartered Accountants

P. Murali Mohana Rao
Partner
Membership No: 23412

Place: Hyderabad
Date: 13th May, 2011

AUDITOR'S REPORT

To
The Members of
M/s. SANKHYA INFOTECH LIMITED

We have audited the attached Balance Sheet of SANKHYA INFOTECH LIMITED as at 31st March, 2011 and also the Profit & Loss Account for the period ended on the date annexed thereto and the cash flow statement for the period ended on that date. 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.

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 statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement presentation. We believe that our audit provides a reasonable basis of our opinion.

As required by the Companies (Auditors Report) Order 2003, issued by the Central Government of India in terms of the sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said order. Further to our comments in the Annexure referred to above, we report that:

- (i) 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;
- (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books ;
- (iii) The Balance Sheet & Profit & Loss Account dealt with by this report are in agreement with the books of account;
- (iv) In our opinion, the Balance Sheet & Profit & Loss Account dealt with by this report comply with the Accounting standards referred to in sub-section (3C) of Section 211 of Companies Act, 1956 ;
- (v) On the basis of written representations received from the Directors, as on 31st March , 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March , 2011 from being appointed Director in terms of clause(g) of sub-section(1) of section 274 of the Companies Act, 1956 ;
- (vi) 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 ;
- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;
- (b) In the case of the Profit & Loss Account, of the Profit for the period ended on that date;

And

- (c) In the case of the Cash Flow, of the cash flows for the period ended on that date.,

For P.MURALI & CO.,
CHARTERED ACCOUNTANTS
Regn. No. 007257S
P. MURALI MOHANA RAO
PARTNER
M. No. 23412

PLACE: HYDERABAD
DATE : 13th May, 2011

ANNEXURE TO THE AUDITORS' REPORT

- I.
 - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.
 - (b) As explained to us, the fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies between the book records and the physical inventory have been noticed on such verification.
 - (c) The Company has not disposed off substantial part of the Fixed Assets during the year.
- II.
 - (a) The Company's nature of operations does not require it to hold Inventories. Accordingly, Clause 4(ii) of the Order is not applicable.
- III. The Company has granted and taken loans, unsecured to / from Companies, Firms or other Parties covered in the register maintained U/s.301 of the Companies Act, 1956 and registers are being maintained by the company.
- IV. In our opinion and according to the information and explanations given to us, there are generally adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of fixed assets and for sale of goods.

There is no continuing failure by the company to correct any major weaknesses in internal control.
- V. In respect of transactions entered in the register maintained in pursuance of section 301 of the Companies Act, 1956.
 - (a) In our opinion and according to the information and explanation given to us, we are of the opinion that the transactions that need to be entered into register maintained under section 301 of the Companies Act, 1956 have been so entered.
 - (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of arrangements entered in the register maintained under section 301 of the Companies Act, 1956 in respect of other parties are reasonable.
- VI. In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 58A and 58AA of the Companies Act, 1956 and the Companies(Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from public. No order is passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- VII. In our opinion, the company is having internal audit system, commensurate with its size and nature of its business.

- VIII. In respect of the Company, the Central Government has not prescribed maintenance of cost records under clause(d) of sub-section(1) of section 209 of the Companies Act, 1956.
- IX. The Company is regular in depositing statutory dues including PF, ESI, and any other statutory dues with the appropriate authorities and at the last of the financial year there were no amounts outstanding which were due for more than 6\ months from the date.
- X. The Company has been registered for a period of not less than 5 years, and the company has no accumulated losses at the end of the financial year and the company has not incurred cash losses in this financial year and in the immediately preceding such financial year.
- XI. According to information and explanations given to us, the Company has not defaulted in repayment of dues to financial Institutions or banks.
- XII. According to the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities and hence the applicability of the clause regarding maintenance of adequate documents in respect of loans does not arise.
- XIII. This clause is not applicable to this Company as the Company is not covered by the provisions of special statute applicable to Chit Fund in respect of Nidhi/Mutual Benefit Fund/Societies.
- XIV. According to the information and explanations given to us, the company is not dealing or trading in shares, Securities, Debentures and other investments and hence the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order 2003, are not applicable to the Company.
- 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, and hence the applicability of this clause regarding terms and conditions which are prejudicial to the interest of the company does not arise.
- XVI. According to the information and explanations given to us, there are No Term Loans availed by the company.
- XVII. According to the information given to us and on an overall examination of the Balance Sheet of the Company, we report that the funds raised on short-term basis have not been used for long term investment and vice-versa during the year under audit.
- XVIII. According to the information and explanations given to us, the Company has not made preferential allotment of Shares to parties and Companies covered in the Register maintained under section 301 of the Companies Act, 1956 and hence the applicability of the clause regarding the price at which shares have been issued and whether the same is not prejudicial to the interest of the Company.
- XIX. According to the information and explanations given to us, the company has not issued any debentures.
- XX. According to information and explanations given to us, the company has not raised money by way of public issues during the year; hence the clause regarding the disclosure by the management on the end use of money raised by Public Issue is not applicable.
- XXI. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year under audit.

PLACE:HYDERABAD
DATE: 13th May, 2011

For P.MURALI & CO.,
CHARTERED ACCOUNTANTS
Regn. No. 007257S
P. MURALI MOHANA RAO
PARTNER
M. No. 23412

BALANCE SHEET AS AT 31ST MARCH, 2011**(₹ in Lakhs)**

Particulars	Sch	As at 31-Mar-11	As at 31-Mar-10
SOURCES OF FUNDS			
Shareholder's Fund			
Equity Share Capital	1	850.00	850.00
Share Warrants Application Money		401.54	
Reserves & Surplus	2	4920.40	4304.31
Total Shareholder's Fund		6171.94	5154.31
Loan Fund			
	3		
Secured Loan		200.00	1201.84
Unsecured Loan		1862.79	817.08
TOTAL OF SOURCES		8234.73	7173.24
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	4	5224.45	3843.51
Less: Accu. Depreciation		1760.18	1456.49
Net Block		3464.27	2387.02
Capital Work in Process		633.22	532.22
		4097.49	2919.23
Investments	5	58.45	58.45
Current Assets, Loans and Advances	6	5366.50	4741.90
Less: Current Liabilities and Provisions	7	1287.71	546.35
Net Current Assets		4078.79	4195.55
TOTAL OF APPLICATION		8234.73	7173.24

As per our report of even date

for M/s.P. Murali & Co
Chartered Accountants

for and on behalf of the Board

P. Murali Mohana Rao
Partner
Membership No.: 23412

N. Sridhar
Chairman & Managing Director

N. Srinivas
Vice Chairman

Place : Hyderabad
Date : 13th May, 2011

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011**(₹ in Lakhs)**

Particulars	Sch	Year Ended 31-Mar-11	Year Ended 31-Mar-10
INCOME			
Software Income	8	5211.56	4077.95
Other Income	9	9.03	2.90
TOTAL INCOME		<u>5220.59</u>	<u>4080.86</u>
EXPENDITURE			
Employee Cost	10	2807.62	2771.38
Operations & Other Expenses	11	1325.76	641.45
TOTAL EXPENDITURE		<u>4133.38</u>	<u>3412.84</u>
PROFIT BEFORE DEPRECIATION & TAXES		1087.21	668.02
Depreciation	4	303.68	248.15
PROFIT BEFORE TAX		<u>783.53</u>	<u>419.87</u>
Provision for			
Income Tax - Current year		156.16	71.36
Other Provision			62.88
Prior Period Excess Income written Back		11.28	12.00
NET PROFIT		<u>616.09</u>	<u>273.64</u>
Profit after Tax & Prior Period Adjustments		616.09	273.64
Amount Transferred to Balance Sheet		616.09	273.64
EPS- Basic		7.25	3.22

As per our report of even date

for M/s.P. Murali & Co
Chartered Accountants

for and on behalf of the Board

P. Murali Mohana Rao
Partner
Membership No.: 23412

N. Sridhar
Chairman & Managing Director

N. Srinivas
Vice Chairman

Place : Hyderabad
Date : 13th May 2011

Schedules Forming Part of Balance Sheet

(₹ in Lakhs)

Particulars	Sch	As at 31-Mar-11	As at 31-Mar-10
EQUITY SHARE CAPITAL	1		
A. Authorized Capital			
1,50,00,000 Equity Shares of ₹10 Each		1500.00	1500.00
		1500.00	1500.00
B. Issued, Subscribed and Paid-up Capital			
85,00,005 equity shares of ₹10 each fully paid up		850.00	850.00
Total		850.00	850.00
RESERVES & SURPLUS	2		
- General Reserve		37.40	37.40
- Share Premium		917.12	917.12
- Profit & Loss Account (Opening)		3349.80	3076.14
- Add: Profit for the Year		616.09	273.66
Total		4920.40	4304.31
SHARE WARRANTS APPLICATION MONEY			
37,94,600 Share warrants allotted to Promoters and Non promoters at ₹32.03.		401.54	-
LOAN FUND	3		
Secured Loans		200.00	1201.84
(Secured by pledge of shares belonging to Promoter Directors in favour of Merlin Holdings ltd) (PREVIOUS YEAR -> State Bank of India, Commercial Branch, Secunderabad)			
Sub-total		200.00	1201.84
Unsecured Loans		1862.79	817.08
(The unsecured loan is taken from the Shareholders and others)			
Total		2062.79	2018.93

Depreciation Schedule IV SCHEDULES FORMING PART OF BALANCE SHEET

(₹ in Lakhs)

S. No.	Name of the Asset	GROSS BLOCK (AT COST)			DEPRECIATION			Net Block		
		Rate %	As at 01-Apr-10	Additions During the Year	As at 31-03-2011	As at 01-Apr-10	For the Period ending 31.03.11	As at 31-Mar-11	AS AT 31-3-2011	AS AT 31-3-2010
1	Plant & Machinery	15.33%	65.81	9.88	75.69	51.40	2.83	54.24	21.45	14.40
2	Air Conditioners	15.33%	11.99	4.70	16.69	9.52	0.56	10.08	6.61	2.46
3	Computers	40.00%	339.65	0.79	340.44	334.88	2.06	336.94	3.50	4.77
4	Projector	20.00%	3.41	0.00	3.41	2.81	0.12	2.93	0.48	0.60
7	Furniture	18.10%	165.09	37.40	202.49	143.54	5.57	149.11	53.38	21.55
8	Vehicles	25.89%	6.92	0.00	6.92	6.58	0.09	6.67	0.25	0.33
	Software Products :									
9	Learning Management Products	40.00%	1,126.19	0.00	1,126.19	849.81	110.55	960.36	165.83	276.38
10	Training Management Products**	40.00%	1,142.74	257.00	1,399.74	0.00	0.00	0.00	1,399.74	1,142.74
11	Simulator Products**	40.00%	234.00	306.18	540.18	0.00	0.00	0.00	540.18	234.00
12	Knowledge based Content	40.00%	503.00	660.00	1,163.00	50.30	181.08	231.38	931.62	452.70
13	Optimization Products**	40.00%	235.00	105.00	340.00	0.00	0.00	0.00	340.00	235.00
14	Sage CRM Server 200	40.00%	4.21	0.00	4.21	3.43	0.31	3.74	0.47	0.78
15	Service Capture #	40.00%	0.01	0.00	0.01	0.01	0.01	0.01	0.00	0.00
16	Tally 9 Gold Multi User #	40.00%	0.09	0.00	0.09	0.09	0.09	0.09	0.00	0.00
17	Teamprise / Eclipse 3.0 #	40.00%	0.10	0.00	0.10	0.10	0.10	0.10	0.00	0.00
18	Vstudio Team Ed(5 Users)	40.00%	4.08	0.00	4.08	2.79	0.52	3.31	0.78	1.29
19	Adobe Ilog Elixir with Media Kit #	40.00%	0.32	0.00	0.32	0.32	0.32	0.32	0.00	0.00
20	Device Lock Software #	40.00%	0.73	0.00	0.73	0.73	0.73	0.73	0.00	0.00
21	Logitek G 25 Maming Wheel #	40.00%	0.17	0.00	0.17	0.17	0.17	0.17	0.00	0.00
	Total		3,843.51	1,380.94	5,224.45	1,456.49	303.68	1,760.18	3,464.28	2,387.02
	Previous Year		3,609.51	234.00	3,843.51	1,208.34	248.15	1,456.49	2,387.02	2,401.17

Note : 1 ** No depreciation has been charged as the Asset has not been put to use.

2 # 100% Depreciation made during current financial year.

Schedules Forming Part of Balance Sheet

(₹ in Lakhs)

Particulars	Sch	As at 31-Mar-11	As at 31-Mar-10
INVESTMENTS	5		
Longterm Investments (Unquoted)			
Investments in Wholly Owned Subsidiaries			
- Sankhya SARL, France		1.73	1.73
- Sankhya US Corporation, US		46.72	46.72
- Mahasena Info Technologies (India) Pvt Ltd		10.00	10.00
Total		58.45	58.45
CURRENTS ASSETS, LOANS AND ADVANCES	6		
A. Cash and Bank Balances			
Cash on Hand		0.12	0.36
Bank			
- in Current Account		145.54	9.98
- in Overseas Account		0.99	1.04
- Un Paid Dividend A/c		5.53	5.56
<i>Sub-total</i>		<u>152.18</u>	<u>16.94</u>
B. Unbilled Revenues (at cost)		2289.30	1667.36
C. Sundry Debtors (Un-secured and considered good)			
- Exceeding Six Months		576.56	276.50
- Less than Six Months		1713.64	2163.70
<i>Sub-total</i>		<u>2290.20</u>	<u>2440.19</u>
D. Loans & Advances			
- Advances for Expenditure		0.14	29.55
- Deposits		90.20	47.35
- Advance Taxes & TDS		0.08	-
- Prepaid Expenses		3.89	-
- Advance to Sankhya US (wos)		540.51	540.51
<i>Sub-total</i>		<u>634.82</u>	<u>617.41</u>
Total		5366.50	4741.90
CURRENT LIABILITIES AND PROVISIONS	7		
- Sundry Creditors		1026.60	315.10
- Provisions		261.11	231.25
Total		1287.71	546.35

Schedules Forming Part of Profit & Loss**(₹ in Lakhs)**

Particulars	Sch	Year Ended 31-Mar-11	Year Ended 31-Mar-10
INCOME	8		
SOFTWARE INCOME		5211.56	4077.95
Domestic Income		768.11	691.94
Export Income		4443.45	3386.01
Gross Income:		5211.56	4077.95
OTHER INCOME	9	9.03	2.90
Misc. Income		4.96	0.04
Interest on FD's		0.83	
Foreign Exchange Fluctuation		3.24	2.87
Interest on Advances to WOS		-	-
TOTAL INCOME		5220.59	4080.86
EMPLOYEE COST	10	2807.62	2771.38
Salaries		2307.73	2461.91
Employee Benefits		10.14	17.29
Staff Welfare Expenses		0.79	0.81
Staff Recruitment & Training Expenditure		2.07	0.03
Managerial Remuneration		72.19	72.14
Technical Consultancy		414.70	219.19
OPERATIONS & OTHER EXPENSES¹¹		1325.76	641.45
COMPUTER PERIPHERALS		559.72	43.36
Computer hardware & accessories		518.49	
Computer Maintenance & Others		41.23	43.36
ADMINISTRATIVE COST		156.88	170.37
Advertisement		0.64	1.39
Audit Remuneration		1.14	1.10
Audit Expenses		0.01	
Bank Charges		1.46	2.89
Communication Charges		15.39	17.66
Board Meeting Expenses		1.00	1.15
Books & Periodicals		0.01	0.02
Business Promotion		0.32	0.41
Electricity		17.63	14.65
Insurance		3.13	1.33
Membership & Subscriptions		0.22	-
Miscellaneous Expenditure		0.06	0.52
Office Maintenance		19.42	22.07
Postage & Courier		1.53	1.01
Printing & Stationery		5.01	4.18
Rates & Taxes		4.51	4.12
Rents		83.27	93.70
Telephones Charges		1.30	3.35
Travel & Conveyance		0.84	0.81
SELLING & MARKETING EXPENDITURE		217.68	219.32
Other Exp		0.58	0.15
Travel Expenditure		217.10	219.17
FINANCIAL CHARGES		391.48	208.40
TOTAL EXPENDITURE		4133.38	3412.82

Cash Flow Statement for the Year Ended 31 March, 2011**(₹ in Lakhs)**

Particulars	Year Ended 31-Mar-11	Year Ended 31-Mar-10
A. CASH FROM OPERATING ACTIVITIES		
Net Profit/(Loss) after tax and extra Ordinary Items	616.09	273.64
Adjustment for:		
Depreciation	303.68	248.15
Interest	391.48	208.40
Operating Profit Before WC Changes	<u>1311.25</u>	<u>730.19</u>
Adjustment for:		
Trade and Other Receivables	132.58	-123.04
Work In Progress	-621.94	-720.60
Trade payables	741.36	57.27
Net Cash Flow from Operating Activities	<u>1563.25</u>	<u>-56.19</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Fixed Assets Additions	-1380.94	-382.22
Capital Work in process	-101.00	
Change in Investments		
Net Cash from/(Used) in Investing Activities	<u>-1481.95</u>	<u>-382.22</u>
C. CASH FLOW FROM FINANCING ACTIVITIES		
Increase in Short term borrowings	-43.86	642.99
Increase in the Share warrants application money	401.54	
Interest & dividend and tax on dividend	-391.48	-208.40
Net Cash from/(Used) in Financing Activities	<u>-33.80</u>	<u>434.59</u>
Opening Cash and Cash Equivalents	16.94	20.76
Net increase in Cash and Cash Equivalents	<u>47.50</u>	<u>-3.81</u>
Closing Cash and Cash Equivalents	<u>152.18</u>	<u>16.94</u>

As per our report of even date

for M/s.P. Murali & Co
Chartered Accountants

for and on behalf of the Board

P. Murali Mohana Rao
Partner
Membership No.: 23412

N. Sridhar
Chairman & Managing Director

N. Srinivas
Vice Chairman

Place : Hyderabad
Date : 13th May, 2011

**NOTES TO ACCOUNTS FORMING PART OF
ACCOUNTS FOR THE YEAR ENDED
MARCH 31, 2011**

Company Overview

Sankhya Infotech Ltd ("Sankhya") and its 100% owned and controlled subsidiaries, Sankhya US Corporation, Sankhya SARL, France and Mahasena Info technologies India Pvt Ltd (formerly known as Sankhya Information Technologies India Pvt Ltd) is a leading "simulation and training solutions company". Sankhya provides end to end simulation solutions which are customized to the end user and the company has developed customizable products for imparting training which can cater to any industry.

A. SIGNIFICANT ACCOUNTING POLICIES**1. Basis of preparation of financial statements**

The financial statements have been prepared to comply in all material respects in with the Indian Generally Accepted Accounting Principles (IGAAP) in India under the historical cost basis. IGAAP comprises mandatory accounting standards as specified in Companies Accounting Standards Rules, 2006, relevant guidelines issued by Securities Exchange Board of India, and relevant provisions of Companies Act, 1956 as issued from time to time.. The financial statements are prepared under the historical cost convention and accrual basis and in accordance with the Generally Accepted Accounting Principles in India and the requirements of the Companies Act 1956.

2. Use of estimates

The preparation of the financial statements in conformity with Generally Accepted Accounting Practices requires Management to make estimates and assumptions that affect the reported Assets and Liabilities and disclosures relating to contingent assets and liabilities as at the date of the Financial Statements and reported amounts of Income and Expenses during the period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

3. Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can reliably be measured.

Revenue from Services:

- Time and material contracts - Revenues are recognized on the basis of time spent duly approved by the respective customers.
- Fixed price contracts - Revenues are recognized on the basis of approval received from the respective customers in accordance with the "Percentage of Completion" method.
- Internal timesheets or timesheets submitted by vendors for time and material contracts and for fixed price contracts based upon assessment of work done. Unbilled revenue recognized is subsequently billed to customers after receipt of approval.
- Other Income - In other income such as income from interest is recognized using the time proportion method, based on rates implicit in the transaction.

4. Expenditure

All software development and services purchased are charged to cost of revenue in at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise the year of acquisition. Provisions are made for all known losses and liabilities. Where ever applicable leave encashment liability is provided on the basis of actuarial valuation.

5. Fixed assets, intangible assets and Capital work in progress.

Fixed assets are stated at cost less accumulated depreciation. Direct costs are capitalized until fixed assets are ready for use. "Cost means" cost of bringing the asset to its working condition for its intended use. Fixed assets are capitalized as per the statement issued by the Institute of Chartered Accountants of India. Capital work in progress comprises of the expenditure incurred in the process of developing the intangible assets for the time being and the assets are not yet ready for their intended use as at the date of Balance sheet.

An Intangible asset is recognized, where it is probable that the future economic benefits attributable to the asset will flow to the enterprise and where its cost can be reliably measured. The company frequently expends resources, and incurs liabilities, on the acquisition, development, maintenance and enhancement of intangible resources such as scientific or technical knowledge, design and implementation of new processes or systems, licences, intellectual property, market knowledge and trademarks in order to make software and brands. These internally generated softwares having future economic benefits to the business as a whole are capitalized as per AS 26 of IGAAP.

6. Depreciation

Depreciation on fixed assets is applied on the written down value method by following the rates prescribed in Schedule XIV of the Companies Act, 1956. Depreciation on addition to fixed assets is provided on pro-rata basis from the date the assets are put to use. Depreciation on sale / deduction from fixed assets is provided for upto the date of sale, deduction, discardment as the case may be. Individual low cost assets (acquired for less than ₹5000/-) are entirely depreciated in the year of acquisition.

Intangible assets are amortized as per AS 26 of IAS. The assets in the development stage are amortized only after the first sale is made. The intangible assets which are treated as "not fully developed" and only after the first sale is made depreciation are provided as per AS 26 of IAS. As the company has registered sales for these products and billing would commence in the next financial year depreciation of these products would commence from FY 2011-2012 and without significant effect on profitability.

7. Unbilled Revenues:

The Work in progress is the unbilled amount for contracts that are in execution stage and client

deliverables are either in testing phase or certification / acceptance stage, Therefore revenue is not recognized.

8. Investments

Investments in wholly owned subsidiary are at cost.

9. Research and development

Capital Expenditure incurred on research and development is depreciated over the estimated life of related assets and the revenue expenditure is expensed as incurred.

The company has In-House Research & Development Centre involved in developmental activities for new products in the fields of Simulation and Training. Details of Capital & Revenue Expenditure incurred are as detailed below:

	EXPENDITURE (₹ Lakhs)	2010-11
A	Revenue	
	Employees Cost	232.88
	Travelling Exp.	1.00
	Conveyance exp	2.27
	Testing Charges	5.00
	Sub TOTAL	241.15
B	Capital	80.00
	Total Research & Development Expenditure (A+B)	321.15

10. Employee Benefits

Provident fund:

Employees receive benefits from a provident fund. The contributions to the Provident Fund are made as per the Employee Provident Fund Act as amended from time to time.

Compensated absences:

The employees of the Company are entitled to compensate absence. The employees can carry-forward a portion of the unutilized accrued compensated absence and utilize it in future periods or receive cash compensation at retirement or termination of employment for the unutilized accrued compensated absence. The Company records an obligation for compensated absences in the period in which the employee renders the services that increase this entitlement. The Company measures the expected cost of compensated absence as the additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the balance sheet date. Long term compensated absences is accrued based on actuarial valuation at the balance sheet date carried out by an independent actuary.

Gratuity:

The contributions to Gratuity are made in accordance with the Payment of Gratuity Act, 1972, and for this the Company is using fund managed by the Life Insurance Corporation of India (LIC).

11. Foreign currency transactions Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of transaction.

Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

Exchange Differences

Exchange differences arising on the settlement of monetary items at rates difference from those at which they were initially recorded during the year, or reported in previous financial expenses in the year in which they arise.

Exchange Contracts not intended for trading or speculation purposes

The premium or discount arising at the inception of forward exchange contracts is amortized as expense or income over the life of the contract. Exchange differences on such contracts are recognized in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense for the year.

Translation of foreign branch

The financial statements of an integral foreign operation are translated as if the transactions of the foreign operation have been those of the company itself.

12. Income Tax

As there is no tax on timing difference between the taxable income and accounting income that originate in accordance with the Accounting Standards-22 issued by The Institute of Chartered Accountants of India, no deferred tax liability has been provided for.

13. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

14. Cash flow statement

Cash flows are reported taking the indirect method, wherein net profit before tax is adjusted for the transactions of non-cash nature and others or other accruals of past or future receipts and / or payments. The cash flows from regular revenue generating, investing and financing activities of the company are segregated.

B. NOTES ON ACCOUNTS

1. Fixed Assets

During the year the following fixed assets have been added

(₹)

Particulars	31-Mar-11	31-Mar-10
Computers	78,500	-
Air Conditioner	4,70,000	-
Plant & Machinery	9,87,945	
Furniture	37,40,000	
Software	8,42,17,900	2,34,00,000
Advanced Simulation Lab (Hardware / Software)	4,86,00,000	
Total	13,80,94,345	2,34,00,000

2. Investments

Investments in wholly owned subsidiary are at cost. During the current financial year "NIL" investments.

Warrant Application Money :

During the current year company on 03.09.2010 has issued 37,94,600 Share warrants of ₹32.03 each to promoters & non promoters and has received an amount of ₹ 401.54 Lakhs as application money. These will be converted into Equity shares within a period of 18 months from the date of issue after they are fully paid up.

3. Foreign Travel

The foreign travel includes Director's travel amounting to ₹1.24 Lakhs.

4. Differed Taxes:

Company is following the Written down value method of depreciation as per AS-22 of the Indian Accounting standard, hence has not provided any amount towards Differed Tax.

5. Contingent Liabilities not provided for in respect of

The Income Tax appeal for the Financial Year 2001-02 to 2005-06 is won by the Company. The Assessing officer has passed Consequential orders with the following demand. Rectification petition U/s. 134 of IT Act, has been filed for deletion of the Current demand in the Consequential order. The same is pending. Amount demanded is as follows:-

Asst. Year	Principal Amount (₹)	Interest (₹)	Less : U/s. 140A	Less- U/s 143(1)	Total
2002-03	2,23,434	1,56,240			3,79,974
2003-04	10,69,836	6,09,806			16,79,642
2004-05	22,46,303	10,10,836			32,57,139
2005-06	5,38,620	1,77,744	-34,855		6,81,509
2006-07	4,06,335	1,57,700	-5,07,585	-42,200	11.250

6. Loans

a) Secured Loan

During the current year company has repaid an amount of ₹12.02 Crores towards the Working capital loan availed from State Bank of India.

An amount of ₹2.00 Crs is taken from M/s.Merlin Holdings Ltd., by pledging the shares of the promoter and the loan carries 19.5% interest per annum.

b) Un Secured Loans:

The Company has taken unsecured loans from shareholders and the amount outstanding at the end of the year is ₹18.63 Crores which includes ₹13.00 crs from HBL Power systems Ltd.

7. Directors Remuneration

(₹)

Particulars	31-Mar-11	31-Mar-10
Salary including Allowances		
Chairman & Managing Director	36,09,360	36,07,200
Vice Chairman	36,09,360	36,07,200

Note: As the future liability for gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to the Directors is not ascertained and therefore not included above.

8. Remuneration to Statutory Auditors

(₹)

Particulars	31-Mar-11	31-Mar-10
As Auditors	75,000	75,000
Certification Fee	25,000	25,000
Service Tax	10,300	10,300
Total	110,300	110,300

9. Earnings Per Share

(₹ in Lakhs)

Particulars	31-Mar-11	31-Mar-10
Net Profit for the year	616.09	273.63
Weighted average No of shares outstanding during the year	85,00,005	85,00,005
Earnings per share (₹)	7.25	3.22
Nominal Value of the Share (₹)	10	10

10. Related Party Disclosures

a) Related Parties

Sl.No.	Name	Relationship
1	SANKHYA SARL, France	Wholly Owned Subsidiary
2	SANKHYA US Corporation	Wholly Owned Subsidiary
3	Mahasena Info Technologies (India) Pvt Ltd	Wholly Owned Subsidiary
4	Sri. N.Sridhar	Chairman & Managing Director
5	Sri. N.Srinivas	Vice Chairman

b) Transactions with Related Parties Subsidiary companies

(₹)

Sl.No.	Name	31-03-2011	31-03-2010
1.	SANKHYA SARL, France (Investment)	1,72,920	1,72,920
	SANKHYA US Corporation (Investment)	46,71,607	46,71,607
2.	Advance for Expenses	5,40,50,991	5,40,50,991
3.	Mahasena Info Technologies (India) Pvt Ltd	10,00,000	10,00,000

Key Managerial Personnel

(₹)

Sl.No.	Name	31-03-2011	31-03-2010
1.	Sri. N.Sridhar (Remuneration)	36,09,360	36,07,200
2	Sri.N.Srinivas (Remuneration)	36,09,360	36,07,200

11. Micro, Small and Medium Enterprise.

There are no Micro, Small and Medium Enterprise, to whom the Company owes dues, which are outstanding at the Balance Sheet date, computed on unit wise basis.

12. EOU's Exemptions

The Company's operations are carried through 100% Export Oriented Unit ("EOU"). Income from EOU's are exempt for the earlier of 10 years commencing from the fiscal year in which the Software development commenced by the Unit. Exemptions if any applicable are applied with the relevant rules of the Income Tax, 1961 and other laws. Hence, the company has not provided any deferred tax liability as per AS 22 issued by the Institute of Chartered Accountants of India.

13. Segment Reporting

The company's operations relate to providing IT services, delivered to customers globally operating in transportation segment. Income and expenses which are direct in nature in relation to segments is categorized based on items that are identifiable individually to that segment, rest are categorized in relation to the associated turnover of the segment.

Expenses such as Depreciation and Interest, which form a significant component of total expenses, are not specifically allocable to specific segment as the underlying services are used interchangeably.

(₹ In Lakhs)

Industry Segment	Service	Product	Total
Revenue 31.03.2011	4246.55	965.01	5211.56
31.03.2010	3416.12	661.83	4077.95
Operating Profit 31.03.2011	1197.53	272.13	1469.66
31.03.2010	731.76	141.77	873.53

14. Write off

The Company has not made any provision for Bad and Doubtful Debt in respect of the invoices raised on The Institute of Chartered Accountants of India amounting to ₹ 276.49 Lakhs. The company referred the same for Arbitration.

15. Balance Confirmation

Balances as appearing under Unsecured Loan, creditors, Sundry Debtors, Capital Work In process, Unbilled Revenues, Loans and advances are as per the confirmations received from the respective heads of account holders.

16. Income Tax

The Company has Income Tax Payable amounting to ₹156.16 lakhs for the Financial Year ending 31.03.2011.

17. Unclaimed Dividend

The Company has an amount of ₹5.53 Lakhs representing unclaimed Dividend.

(₹ In Lakhs)

Sl. No	Financial year	Interim / Final	Date of declaration	Rate of dividend	Dividend amount Excluding Tax	Dividend distribution Tax	Amount remaining unclaimed as on 31.03.2011
1	2006-07	Final	28-09-2007	10%	99,44,156	14,44,151	3,13,227
2	2007-08	Final	29-12-2008	12%	1,02,00,006	17,33,491	2,40,424

18. Regrouping & Rounding off

The previous year's figures have been reclassified and regrouped, wherever necessary to confirm the Current Year classification and to confirm to the relevant laws. Paise have been rounded off to the nearest rupee.

Schedules 1 to 12 form an integral part of the accounts.

As per our report of even date

for M/s. P. Murali & Co.

Chartered Accountants

Regn. No. : 00725S

P. Murali Mohana Rao

Partner

Membership No.: 23412

Place : Hyderabad

Date : 13th May 2011

for and on behalf of the Board

N. Sridhar

Chairman & Managing Director

N. Srinivas

Vice Chairman

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE.

I.	Registration Details:	
	Registration No:	01-45306
	State Code	01
	Balance Sheet Date:	31st March 2011.
	Capital Raised during the year	[Rupees in Lakhs]
	Public Issue	Nil
	Pref Issue	Nil
	Rights Issue	Nil
	Bonus Issue	Nil
	Private Placement	Nil
III.	Position of Modification and deployment of Funds	
	Total Assets	8234.73
	Total Liabilities	8234.73
	Sources of Funds	
	Paid Up Capital	850.00
	Share Application Money	Nil
	Secured Loans	200.00
	Reserves & Surplus	4920.40
	Application of Funds	
	Net Fixed Assets	3464.27
	Net Current Assets	4078.79
	Miscellaneous Expenditure	Nil
IV.	Performance of the Company	
	Turnover	5211.56
	Profit / Loss before tax	783.53
	Earnings per share in ₹(Annualized)	7.25
	Dividend	Nil
V.	Generic Name of Three Principle products / Services of the Company (as per monetary terms) Item Code No: [ITC CODE]	Nil

As per our report of even date

for M/s. P. Murali & Co.
Chartered Accountants
Regn. No. : 00725S

for and on behalf of the Board

P. Murali Mohana Rao
Partner
Membership No.: 23412

N. Sridhar
Chairman & Managing Director

N. Srinivas
Vice Chairman

Place : Hyderabad
Date : 13th May 2011

CONSOLIDATED AUDITORS REPORT

To.

The Board of Directors,

Sankhya Infotech Limited.

Consolidated Financial Statements of **SANKHYA INFOTECH LIMITED.** and its subsidiaries.

We have examined the attached Consolidated Balance Sheet of M/s. SANKHYA INFOTECH LIMITED ('the Company') and its wholly owned subsidiaries as at 31st March, 2011 and the Consolidated Profit & Loss Account for the year ended on the date annexed thereto and Consolidated Cash flow Statement for the period ended on that date. 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.

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 prepared, in all material respects, in accordance with an identified financial reporting framework and 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. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of its subsidiaries Sankhya SARL France and Sankhya US Corporation as at 31st March, 2011. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion, in so far as it relates to the amounts included in respect of the subsidiaries is based solely on the report of the other auditors.

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21 for Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of the Company and its subsidiaries included in the consolidated financial statements.

On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of the Company and its subsidiaries, we are of the opinion that the said consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India.

- (a) in the case of the Consolidated balance Sheet, of the consolidated state of affairs of the company and its subsidiaries as at 31st March, 2011.
- (b) In the case of the Consolidated Profit and Loss Account of the consolidated results of operations of the Company and its subsidiaries for the year then ended and
- (c) In the case of the Consolidated cash flows Statement, of the Consolidated Cash flows of the company and its subsidiaries for the year then ended.

For M/s. P. MURALI & CO.,
CHARTERED ACCOUNTANTS.

Regn.No:007257S

P.Murali Mohana Rao

Partner

Membership No:23412

Place : Hyderabad
Date : 13th May 2011

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011

(₹)

Particulars	Sch	As at 31-Mar-11	As at 31-Mar-10
SOURCES OF FUNDS			
Shareholder's Fund			
Equity Share Capital	1	850.00	850.00
Reserves & Surplus	2	4,661.54	4,046.71
Total		5,511.54	4,896.71
Share application money		401.54	
Loan Fund	3		
Secured Loan		200.00	1,201.84
Unsecured Loan		1862.79	817.08
TOTAL OF SOURCES		7,975.87	6,915.64
APPLICATION OF FUNDS			
Fixed Assets	4		
Gross Block		5224.45	3,843.51
Less: Accu. Depreciation		1760.18	1,456.49
Capital work in progress		633.22	532.22
Net Block		4,097.49	2,919.23
Current Assets, Loans and Advances	5	5,166.80	4,543.42
Less: Current Liabilities and Provisions	6	1,290.30	548.90
Net Current Assets		3,876.49	3,994.52
Misc. Expenditure (to the extent not written off)		1.88	1.88
TOTAL OF APPLICATION		7,975.87	6,915.64
Significant accounting policies & notes to accounts		11	

As per our report of even date

for M/s.P. Murali & Co
Chartered Accountants

for and on behalf of the Board

P. Murali Mohana Rao
Partner
Membership No.: 23412

N. Sridhar
Chairman & Managing Director

N. Srinivas
Vice Chairman

Place : Hyderabad
Date : 13th May 2011

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

(₹)

Particulars	Sch	Year Ended 31-Mar-11	Year Ended 31-Mar-10
INCOME			
Software Income	7	5,211.56	4,077.95
Other Income	8	9.03	2.90
TOTAL INCOME		5,220.59	4,080.86
EXPENDITURE			
Employee Cost	9	2,807.62	2,784.85
Operations & Other Expenses	10	1327.02	649.40
Total Expenditure		4,134.64	3,434.25
Profit Before Depreciation & Taxes		1,085.95	646.61
Depreciation		303.68	248.15
Profit Before Tax		782.27	398.46
Provision for Income Tax - Current Year		156.16	71.36
Other Provision		11.28	62.88
Net Profit		614.83	264.22
Profit After Tax & Prior Period Adjustments		614.83	264.22
Amount transferred to Balance Sheet		614.83	264.22
EPS		7.23	3.11

Significant accounting policies & notes on accounts 11

As per our report of even date

for M/s.P. Murali & Co
Chartered Accountants

for and on behalf of the Board

P. Murali Mohana Rao
Partner
Membership No.: 23412

N. Sridhar
Chairman & Managing Director

N. Srinivas
Vice Chairman

Place : Hyderabad
Date : 13th May 2011

SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET (₹ in Lakhs)

Particulars	Sch	As at 31-Mar-11	As at 31-Mar-10
EQUITY SHARE CAPITAL	1		
A. Authorized Capital		1,500.00	1,500.00
15,000,000 Equity Shares of ₹10 Each		<u>1,500.00</u>	<u>1,500.00</u>
B. Issued, Subscribed and Paid-up Capital			
85,00,005 equity shares of ₹10 each fully paid up in Sankhya Infotech Limited, Sec-Bad.		850.00	850.00
Total		<u>850.00</u>	<u>850.00</u>
RESERVES & SURPLUS	2		
- General Reserve		37.40	37.40
- Share Premium		917.12	917.12
- Profit & Loss Account (Opening)		3,092.19	2,827.97
- Add: Profit for the Year		614.83	264.22
Total		<u>4,661.54</u>	<u>4,046.71</u>
SHARE WARRANTS APPLICATION MONEY			
37,94,600 Share warrants allotted to Promoters and Non promoters at ₹32.03.		401.54	-
LOAN FUND	3		
Secured Loans			
Term Loan from SBI			
(Secured by pledge of shares belonging to Promoter Directors in favour of Merlin Holdings Ltd) (PREVIOUS YEAR -> State Bank of India, Commercial Branch, Secunderabad)		200.00	1,201.84
Sub-total		200.00	1201.84
Unsecured Loans		1862.79	817.08
(The unsecured loan is taken from the Shareholders and others)			
Total		<u>2062.79</u>	<u>2018.93</u>

(₹ in Lakhs)

Depreciation Schedule IV SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET

S. No.	Name of the Asset	GROSS BLOCK (AT COST)				DEPRECIATION			Net Block	
		Rate %	As at 01-Apr-10	During the Year	As at 31-03-2011	As at 01-Apr-10	For the Period ending 31.03.11	As at 31-Mar-11	AS AT 31-3-2011	AS AT 31-3-2010
1	Plant & Machinery	15.33%	65.81	9.88	75.69	51.40	2.83	54.24	21.45	14.40
2	Air Conditioners	15.33%	11.99	4.70	16.69	9.52	0.56	10.08	6.61	2.46
3	Computers	40.00%	339.65	0.79	340.44	334.88	2.06	336.94	3.50	4.77
4	Projector	20.00%	3.41		3.41	2.81	0.12	2.93	0.48	0.60
7	Furniture	18.10%	165.09	37.40	202.49	143.54	5.57	149.11	53.38	21.55
8	Vehicles	25.89%	6.92		6.92	6.58	0.09	6.67	0.25	0.33
	Software Products :									
9	Learning Management Products	40.00%	1,126.19		1,126.19	849.81	110.55	960.36	165.83	276.38
10	Training Management Products**	40.00%	1,142.74	257.00	1,399.74	0.00	0.00	0.00	1,399.74	1,142.74
11	Simulator Products**	40.00%	234.00	306.18	540.18	0.00	0.00	0.00	540.18	234.00
12	Knowledge based Content	40.00%	503.00	660.00	1,163.00	50.30	181.08	231.38	931.62	452.70
13	Optimization Products**	40.00%	235.00	105.00	340.00	0.00	0.00	0.00	340.00	235.00
14	Sage CRM Server 200	40.00%	4.21		4.21	3.43	0.31	3.74	0.47	0.78
15	Service Capture ##	40.00%	0.01		0.01	0.01		0.01	0.00	0.00
16	Tally 9 Gold Multi User ##	40.00%	0.09		0.09	0.09		0.09	0.00	0.00
17	Teamprise / Eclipse 3.0 ##	40.00%	0.10		0.10	0.10		0.10	0.00	0.00
18	Vstudio Team Ed(5 Users)	40.00%	4.08		4.08	2.79	0.52	3.31	0.78	1.29
19	Adobe Ilog Ellixir with Media Kit ##	40.00%	0.32		0.32	0.32		0.32	0.00	0.00
20	Device Lock Software ##	40.00%	0.73		0.73	0.73		0.73	0.00	0.00
21	Logitek G 25 Marning Wheel ##	40.00%	0.17		0.17	0.17		0.17	0.00	0.00
	Total		3,843.51	1,380.94	5,224.45	1,456.49	303.68	1,760.18	3,464.28	2,387.02
	Previous Year		3,609.51	234.00	3,843.51	1,208.34	248.15	1,456.49	2,387.02	2,401.17

Note : 1 ** No depreciation has been charged as the Asset has not been put to use.
 2 ## 100% Depreciation made during current financial year.

SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET

(₹ in Lakhs)

Particulars	Sch	As at 31-Mar-11	As at 31-Mar-10
CURRENTS ASSETS, LOANS AND ADVANCES 5			
A. Cash and Bank Balances			
Cash on Hand		0.12	0.36
Bank		-	
- in Current Account		153.07	18.15
- in Overseas Account		0.99	1.04
Sub-total		154.18	19.55
B. Unbilled Revenues (at cost)		2,289.30	1,667.36
C. Sundry Debtors		-	
(Un-secured and considered good)		-	
- Exceeding Six Months		576.56	276.50
- Less than Six Months		1,713.64	2,163.70
Sub-total		2,290.20	2,440.19
D. Loans & Advances		-	
- Advances for Expenditure		338.95	368.97
- Deposits		90.20	47.35
- Advance Taxes & TDS		0.08	-
- Prepaid Expenses		3.89	-
Sub-total		433.12	416.32
Total		5,166.80	4,543.42
CURRENT LIABILITIES AND PROVISIONS 6			
- Sundry Creditors		1,029.19	317.65
- Provisions		261.11	231.25
Total		1,290.30	548.90

SCHEDULES FORMING PART OF CONSOLIDATED PROFIT & LOSS ACCOUNT

(₹ in Lakhs)

Particulars	Sch	Year Ended 31-Mar-11	Year Ended 31-Mar-10
INCOME			
Domestic Income		768.11	691.94
Export Income		4,443.45	3,386.01
Other Income	8	9.03	2.90
Total Income		5,220.59	4,080.86
EXPENDITURE			
EMPLOYEE COST	9	2,807.62	2,784.85
Employee Benefits		10.14	17.29
Salaries		2,307.73	2,475.38
Staff Welfare Expenses		0.79	0.81
Staff Recruitment & Training Expenditure		2.07	0.03
Managerial Remuneration		72.19	72.14
Other Administrative Cost		414.70	219.19
OPERATION AND OTHER EXPENSES	10	1,327.02	649.40
COMPUTER PERIPHERALS		559.72	43.36
Computer Hardware & Accessories		518.49	0.00
Computer Maintenance & Others		41.23	43.36
ADMINISTRATIVE COST		158.14	178.33
Advertisement		0.64	1.63
Audit remuneration		2.33	1.59
Communication Charges		15.39	17.66
Bank Charges		1.53	2.99
Board Meeting expenses		1.00	1.15
Books & Periodicals		0.01	0.02
Business Promotion		0.32	0.41
Electricity		17.63	14.65
Insurance		3.13	3.78
Membership & Subscriptions		0.22	0.00
Miscellaneous Expenditure		0.06	0.52
Office maintenance		19.42	22.07
Postage & Courier		1.53	1.01
Printing & stationery		5.01	4.21
Rates & Taxes		4.51	5.69
Rents		83.27	93.72
Telephones Charges		1.30	3.87
Travel & conveyance		0.84	3.36
SELLING & MARKETING EXPENDITURE		217.68	219.32
Other Exp		0.58	0.15
Travel Expenditure		217.10	219.17
FINANCIAL CHARGES		391.48	208.40
Total Expenditure excluding Depreciation		4,134.64	3,434.25

CONSOLIDATED CASH FLOW STATEMENT FOR YEAR ENDED 31 MARCH 2011

(₹ in Lakhs)

	Year Ended 31st March 2011	Year Ended 31st March 2010
A. CASH FROM OPERATING ACTIVITIES		
Net Profit/(Loss) after tax and extra Ordinary Items	614.83	264.22
Adjustment for:		
Depreciation	303.68	248.15
Interest	391.48	208.40
Operating Profit Before WC Changes	<u>1,309.99</u>	<u>720.77</u>
Adjustment for:		
Trade and Other Receivables	133.19	-464.43
Work In Progress	-621.94	-720.60
Trade payables	844.74	50.43
Net Cash Flow from Operating Activities	<u>1,665.97</u>	<u>-413.84</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Fixed Assets Additions	-1,380.94	-382.22
Capital Work in process	-101.00	
Net Cash from/(Used) in Investing Activities	<u>-1,481.95</u>	<u>-382.22</u>
C. CASH FLOW FROM FINANCING ACTIVITIES		
Increase in Short term borrowings	-43.86	642.99
Increase in Share warrant application money	401.54	
Increase in Misc. Expenditure		-0.07
Interest & dividend and tax on dividend	-5.53	-208.40
Net Cash from/(Used) in Financing Activities	<u>-49.39</u>	<u>434.52</u>
Opening Cash and Cash Equivalents	19.55	381.08
Net increase in Cash and Cash Equivalents	<u>134.63</u>	<u>-361.53</u>
Closing Cash and Cash Equivalents	<u>154.18</u>	<u>19.55</u>

As per our report of even date

for M/s.P. Murali & Co

Chartered Accountants

for and on behalf of the Board

P. Murali Mohana Rao

Partner

Membership No.: 23412

N. Sridhar

Chairman & Managing Director

N. Srinivas

Vice Chairman

Place : Hyderabad

Date : 13th May 2011

SCHEDULE 11**SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO CONSOLIDATED ACCOUNTS****(A) Significant Accounting Policies****1) Basis of preparation of consolidated Financial Statements :**

- a. The consolidated Financial Statements are prepared in accordance with accounting Standards (AS21) on consolidated financial statements.
- b. Accounts are prepared on the historical cost basis and on the principles of a going concern
- c. Accounting policies not specifically referred to otherwise are consistent and in consonance with generally accepted accounting principles

2) Principles of Consolidation

- a. The Financial Statements of Sankhya Infotech Ltd and its subsidiaries are consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities and income & expenses.
- b. The Financial statements of Sankhya Infotech Ltd and its subsidiaries are consolidated using uniform accounting policies for like transactions.

3) Revenue recognition

Fixed-price, fixed-time frame contracts or mile stone contracts revenue for the software is recognized as per the proportion/stage/time completion method, in all other contracts such as time and material the revenue is recognized as and when the related services are rendered. In technical services contracts which are on annual basis revenue from fixed price maintenance contracts are recognized proportionately over the period in which services are rendered. In other income such as income from interest is recognized using the time proportion method, based on rates implicit in the transaction.

4) Fixed assets

Fixed assets are stated at cost less accumulated depreciation. Direct costs are capitalized until fixed assets are ready for use. "Cost means" cost of bringing the asset to its working condition for its intended use. Fixed assets are capitalized as per the statement issued by the Institute of Chartered Accountants of India.

5) Depreciation

Depreciation on fixed assets is applied on the written down value method based by following the rates prescribed in Schedule XIV of the Companies Act, 1956. Individual low cost assets (acquired for less than Rs.5,000/-) are entirely depreciated in the year of acquisition.

6) Investments

Investments in Wholly owned subsidiary are at cost.

7) Retirement Benefits

Provident fund is administered through Regional Provident Fund Commissioner. The Gratuity Fund is administered through the scheme of Life Insurance Corporation of India. The contributions to the above said funds are charged against revenue. Provision for Leave encashment is made on an estimated basis on the assumption that such benefits are payable to all the eligible employees at the end of the accounting year.

8) Foreign currency transactions

Transactions in foreign currencies are recorded in the Books of Account in Indian Rupees at the rate of exchange as given by RBI.

Monetary Assets and Liabilities related to Foreign Currency transactions and outstanding at the close of the year are expressed in Indian Rupees at the rate of exchange prevailing on the date of Balance sheet.

Exchange differences arising on foreign currency transactions are being recognized as income or expense in the period in which they arise.

9) Earnings per share

Basic earnings per equity share are computed by dividing net profit after tax by the weighted average number of equity shares outstanding during the year.

(B) Notes to Consolidated Accounts**1. Basis of consolidation:**

The consolidated financial statements relate to Sankhya Infotech Limited, the holding company and its wholly owned subsidiaries (the Group). The consolidation of the Financial Statements of the Company with its subsidiaries has been prepared in accordance with the requirements of Accounting Standard (AS21) 'Consolidated Financial Statements'. The financial statements of the parent and its subsidiaries are combined on a line by line and intra group balances, intra group transactions and unrealized profits or losses are fully eliminated.

In case of foreign subsidiaries, revenue items are consolidated at the rate as mentioned above. All Assets and Liabilities are converted at the rates prevailing at the end of the year. Exchange gains / losses arising on conversion are charged to Profit & Loss account under Gain/Loss on Foreign Exchange fluctuations.

2. The financial statements of the subsidiaries used in the consolidation are drawn in accordance with the prevailing local laws of the respective countries upto the same reporting date as that of Sankhya Infotech Ltd i.e. year ended March 31, 2011.

3. The subsidiary companies considered in the consolidated financial statements are:-

Sl. No	Name of the Company	Country of Incorporation	% of holding
1	Sankhya USA	U.S.A	100%
2.	Sankhya SARL	FRANCE	100%
3.	Mahasena Info Technologies (India) Private Limited	INDIA	100%

4. Fixed Assets

Particulars	31-Mar -2011	31-Mar-2010
Computers	78,500	-
Air Conditioner	4,70,000	-
Plant & Machinery	9,87,945	
Furniture	37,40,000	
Software	8,42,17,900	2,34,00,000
Advanced Simulation Lab (Hardware / Software)	4,86,00,000	
Total	13,80,94,345	2,34,00,000

5. Investments

Investments in Wholly owned subsidiary are at cost.

6. Provisions

Provision for Taxation:

Provision for Current Income Tax is made on the basis of the Assessable Income under the Income Tax Act 1961.

Provision & Contingent Liabilities:

Provisions are recognized in the accounts in respect of present probable obligations, the amount of which can be reliably estimated.

7. Segment reporting

The company's operations relate to providing IT services, delivered to customers globally operating in transportation segment.

Income and expenses which are direct in nature in relation to segments is categorized based on items that are identifiable individually to that segment, rest are categorized in relation to the associated turnover of the segment. Expenses such as Depreciation and Interest, which form a significant component of total expenses, are not specifically allocable to specific segment as the underlying services are used interchangeably. (Rs. In Lakhs)

Industry Segment	Service	Aviation	Total
Revenue			
31.03.2011	4537.05	674.51	5211.56
31-03-2010	3416.12	661.83	4077.95
Segment Operating Profit			
31.03.2011	1037.64	154.26	1191.90
31-03-2010	713.81	138.29	852.10

8. Related Party Disclosures

The disclosure of the transactions with related parties is as per Accounting Standard 18 are given below:

a. Related Parties

Sl.No.	Name	Relationship
1	Sankhya SARL France	Wholly owned subsidiary
2	Sankhya US Corporation	Wholly owned Subsidiary
3	Mahasena Info Technologies (India) Pvt Ltd	Wholly owned Subsidiary
4	Sri N.Sridhar	Chairman & Managing Director
5	Sri N.Srinivas	Vice-Chairman

b. Transactions with Related Parties Subsidiary Companies

(Amount ₹.)

Sl.No.	Name	31-03-2011	31-03-2010
1.	Sankhya SARL France - Investment	1,72,920	1,72,920
2.	Sankhya US Corporation		
	Investment	46,71,607	46,71,607
	Advances given	5,40,50,991	5,40,50,991
3.	Mahasena Info Technologies (India) Pvt Ltd - Investment	10,00,000	10,00,000

c. Key Managerial Personnel

(₹)

Sl.No.	Name	31-03-2011	31-03-2010
1.	Sri N. Ramakrishna Rao (Sitting fee)	Nil	4,000
2.	Sri N.Srinivas (Remuneration)	36,07,200	36,07,200
3.	Sri N.Sridhar	36,07,200	36,07,200

9. Micro, Small and Medium Enterprise.

There are no Micro, Small and Medium Enterprise, to whom the Company owes dues, which are outstanding at the Balance Sheet date, computed on unit wise basis.

10. Earnings Per Share

	31-03-2011	31-03-2010
Net profit for the Year (₹)	614.83	264.22
Weighted Average No. of Shares outstanding during the year	85,00,005	85,00,005
Earnings Per Share (₹)	7.23	3.11
Nominal Value of the Share (₹)	10	10

11. Write off

The Company has not made any provision for Bad and Doubtful Debt in respect of the invoices raised on The Institute of Chartered Accountants of India amounting to ₹ 276.49 Lakhs. The company referred the same for Arbitration.

12. Regrouping

The previous year's figures have been recast/restated and regrouped, wherever necessary to confirm the Current Year's classification.

Schedules 1 to 11 form an integral part of our accounts.

As per our report of even date

for M/s.P. Murali & Co

Chartered Accountants

P. Murali Mohana Rao

Partner

Membership No.: 23412

for and on behalf of the Board

N. Sridhar

Chairman & Managing Director

N. Srinivas

Vice Chairman

Place : Hyderabad

Date : 13th May 2011

DETAILS OF THE SUBSIDIARIES

(Amount in ₹)

Sl. No	Particulars	SANKHYA SARL FRANCE 31-Mar-11	SANKHYA US CORPORATION US 31-Mar-11	MAHASENA INFO TECHNOLOGIES (INDIA) PVT LTD 31-Mar-11	SANKHYA CONSOLIDATED 31-Mar-11
a)	Capital	1,79,920	5,15,657	10,00,000	8,50,00,050
i)	Share Application money	-	41,55,950	-	-
ii)	Loan Fund	-	5,40,50,991	-	-
b)	Reserves	-	-	-	40,46,70,922
c)	Total Assets	1,79,920	5,87,22,598	10,00,000	69,15,63,630
d)	Total Liabilities	1,79,920	5,87,22,598	10,00,000	69,15,63,630
e)	Details of Investments (Except incase of investment in subsidiaries)	-	-	-	-
f)	Turnover	-	-	-	-
g)	Profit Before Taxation	-	-	-	-
h)	Provision for taxation	-	-	-	-
i)	Other Provision	-	-	-	-
j)	Prior period expenses	-	-	-	-
k)	Profit after Taxation	-	-	-	-
l)	Proposed Dividend	-	-	-	-

ATTENDANCE SLIP
SANKHYA INFOTECH LIMITED

Regd Office: Module 405, NSIC, EMDBP BLDG, ECIL PO, HYDERABAD 500062

(PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL)
Joint shareholders may obtain additional slip at the venue of the meeting.

DP. ID*		Master Folio No.	
Client ID*		No. of Shares	

NAME AND ADDRESS OF SHAREHOLDER

No of share(s) Held

I hereby record my presence at the 14th ANNUAL GENERAL MEETING of the Company held on 30th September, 2011 at 10:00 AM, NSIC Bldg, ECIL PO, Hyderabad - 500062.

Signature of the Share holder or Proxy

*Applicable for investors holding shares in Dematerialized form

PROXY FORM

SANKHYA INFOTECH LIMITED

Regd Office: Module 405, NSIC, EMDBP BLDG, ECIL PO, HYDERABAD 500062

DP. ID*		Master Folio No.	
Client ID*		No. of Shares	

I/We _____ of _____ being a member / members of Sankhya Infotech Ltd hereby appoint _____ of _____ or failing him _____ of _____ as my / our proxy to vote for me/us and on my/our behalf at the 14th ANNUAL GENERAL MEETING to be held on 30th September, 2011 at 10:00 AM, NSIC Bldg, ECIL PO, Hyderabad - 500062 or at any adjournment thereof.

Signed this _____ day of _____ 2011.

* Applicable for investors holding shares in dematerialized form.

Note:

- I. The proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the registered office of the Company not less than 48 hours before the time for holding the aforesaid meeting. The Proxy need not be a member of the company.
- II. Members holding shares under more than one folio may use photocopy of the proxy form for other folios. The company shall provide additional forms on request.

Printed Matter
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To,

If undelivered Please return to :



Regd Office:
Sankhya Infotech Limited,
Module 405, NSIC,
EMDBP BLDG, ECIL PO,
HYDERABAD 500062

આ શ્રેષ્ઠ સંગઠનના ત્રીજા ચેરમેન (અધ્યક્ષ) તરીકે કામ કરવું એ મારા માટે એક સન્માન અને ગર્વની વાત છે. મારા ભૂતપૂર્વ અધ્યક્ષોએ વિકાસ માટે અનુકરણીય(શ્રેષ્ઠ) યોગદાન આપ્યું છે અને ઉતાર-ચડાવના વિવિધ સમયમાં કુશળ નેતૃત્વ પ્રદાન કર્યું છે. તમે લોકોએ ભૂતકાળમાં ભૂતપૂર્વ અધ્યક્ષોને જે ઉદારતાથી સહયોગ આપ્યો છે, તે માટે હું તમારો આભાર માનું છું અને આપને અનુરોધ કરું છું કે, "સંખ્યા"ને વધારે મજબૂત બનાવવા માટે આપણાં લક્ષમાં મારી ટીમ અને મને માર્ગદર્શન આપતા રહો. "મુશ્કેલ સમય હંમેશા રહેતો નથી, પરંતુ મજબૂત ઈરાદા વાળો માણસ આવી પરિસ્થિતમાં હંમેશા ટકી રહે છે." આ એક શ્રેષ્ઠ ઉક્તિ છે, જે આપણી કંપનીના નેતૃત્વનું વર્ણન કરે છે. વૈશ્વિક અર્થવ્યવસ્થામાં ઈન્કમ ટેક્સ અને અનિશ્ચિતતાની સાથે જોડાયેલી સમસ્યાઓની મુશ્કેલીઓ છતાં કંપનીએ સફળતાપૂર્વક ત્રણ વર્ષ પૂર્ણ કર્યાં છે. કઠિન પરીક્ષાની આ પળમાં પણ પોતાને સાબિત કરવાની આપણી ક્ષમતાએ આપણને સફળતાપૂર્વક અડીખમ રાખ્યા છે. આપણે થોડી ભૂલો કરી છે, પરંતુ આ પડકારપૂર્ણ સમયમાંથી બહાર નીકળવા માટે આપણે સૌએ તેમની શિસ્ત અને અંદરની શક્તિને જાળવી રાખી છે. મારા માતા પિતાએ તેમના જીવનમાં અનેક પડકારોનો સામનો કર્યો છે. તેમણે મારામાં અખંડતા, ઈમાનદારી અને પ્રતિબદ્ધતાના ગુણોને (સંસ્કારો) આત્મસાત કર્યાં છે. હું આ મૂલ્યોનું મજબૂતાઈથી પાલન કરતાં આપણાં સંગઠનની સેવા કરવાની પ્રતિજ્ઞા લઉં છું. હું તમને કહું છું કે, તમે મારા પર એમ જ વિશ્વાસ ન કરો, પરંતુ તમારા મૂલ્યો અને અમારા મૂલ્યો પર ભરોસો કરો અને તેના પર અડીખમ રહેવાની જવાબદારી મારા પર છોડી દો. આ ત્રણ વર્ષોમાં કેટલીક તકો અને સમય આપણે જરૂર ગુમાવ્યો છે, પરંતુ તેનાથી આપણાં ઈરાદા, પ્રતિબદ્ધતા અને કંપનીને ઊંચાઈઓ પર પહોંચાડવા માટેની ક્ષમતા ડગમગી નથી. હું બહુ જ ખુશ છું કે કંપની વિજયી બનીને ઊભરી છે અને આ વર્ષે શાનદાર ઉપલબ્ધિઓ પ્રાપ્ત કરતાં આગળ વધી છે. આ સફળતાં ખાસ છે, કારણ કે તેને આપણી પ્રતિભાશાળી ટીમે પ્રાપ્ત કરી છે. હું આ વિશ્વાસ સાથે કહી શકું છું કે, કંપનીએ ઉન્નતિ હવે શરૂ કરી છે. અમારા સંશોધનમાં એક વિશ્વ સ્તરીય પ્રતિષ્ઠિત સંગઠન બનાવવા માટે, હું વિનમ્રતાથી કહી શકું છું કે, આપણે અનેક ક્ષેત્રમાં અગ્રણી છીએ. આપણી કંપની દુનિયાની એવી પહેલી કંપની છે, જેણે ઉદ્યન ઉદ્યોગ માટે વેબ પર આધારિત સિમુલેશન એટલે કે અનુકરણ લૉચ કરવામાં આવ્યું અને જેને અમેરિકન ફેડરલ ઉદ્યન પ્રશાસને પણ વખાણ્યું છે. આપણી કંપની દેશની પ્રથમ એવી આઈટી (ઈન્ફોર્મેશન ટેકનોલોજી) કંપની છે જે અમેરિકન ડિકેન્સ સંસ્થાનને "સોફ્ટવેર પ્રોડક્ટ" વેચવામાં સફળ રહ્યું

છે. જ્યારે મેં ચેરમેનના રૂપમાં પદગ્રહણ કર્યું, ત્યારે મેં જોયું કે આપણી સૌથી મોટી તાકાત આપણાં રોકાણકારોનું મજબૂત સમર્થન છે. આમાંથી અનેક તેમનું સમર્થન આપવા માટે મને સીધા જ મળ્યાં. એક કંપનીના રૂપમાં અમે તમારા સૌની મદદને લીધે જ મજબૂતીથી જ ઉભરીને આગળ આવ્યા છીએ. તમારા સુધી પહોંચવાનો આ મારો પહેલો અવસર છે. હું આપને વિશ્વાસ આપુ છું કે તમારા સુધી સતત સંપર્ક બનાવી રાખવા માટે અમે એક યોગ્ય માળખાની રચના કરીશું. પાછલા વર્ષની મુખ્ય ઉપલબ્ધિઓમાંથી એક છે, એચબીએલ પાવર સિસ્ટમ્સ લિમિટેડ દ્વારા વ્યુહાત્મક રીતે કરવામાં આવેલું રોકાણ. આપણે એક સમાન માર્કેટમાં કામ કરીએ છીએ. ક્યારેક ક્યારેક એક જ ગ્રાહક હોય છે. પરંતુ સૌથી મોટો ફાયદો આ વાતથી જ છે કે, આપણે સહયોગી સેવાઓ આપી શકીએ છીએ. જે આપણા ગ્રાહકોના મૂલ્ય પ્રસ્તાવને વધારે છે. આપણી બનાવેલી વસ્તુ અનેક પ્રતિષ્ઠિત ગ્રાહકોમાં પોતાની મહત્તા સાબિત કરી ચૂકી છે. આ વિશ્વસનીયતાએ આપણને ગ્રાહકો સુધી વેપાર (B2C)નું અનુકરણ કરવાનો વિશ્વાસ અપાવ્યો છે. એ ત્યાં સુધી છે કે, આપણે હવે વેપારથી વેપારના મોડેલમાં પણ આપણાં ડગ વધારવાનું લક્ષ બનાવ્યું છે. આપણી કંપની પોતાના બજારમાં એટલે કે માર્કેટ ડોમેન્સમાં વિસ્તાર કરી રહી છે. હાલમાં જ આપણી કંપનીએ સ્ટેટ બેંક ગ્રુપ સાથે ભારતનો સૌથી મોટો અનુબંધ અને આ પછી યુનિયન બેંક ઓફ ઈન્ડિયા સાથેનો અનુબંધ મેળવીને બેંકિંગ ફાયનાન્સ સિક્યુરિટીઝ અને ઈન્સ્યુરન્સ(BFSI) માર્કેટમાં સૌથી વધુ સફળ બનીને ઉભરી છે. આપણે વિશ્વ સ્તરીય સિમ્લુલેશન અને વરચ્યુલ પ્રશિક્ષણ વાળા ઉત્પાદનની રજૂઆત સાથે પોતાના સંશોધનમાં એક મુખ્ય સિદ્ધિ મેળવી છે. આપણી કંપનીએ હાલમાં જ ભારતીય રક્ષા બળ એટલે તે ઈન્ડિયન ડિફેન્સ ફોર્સને એક શ્રેષ્ઠ વસ્તુ બનાવીને આપી છે. જેમ કે હું પહેલાં જ કહી ચૂક્યો છું કે, હવે આપણે એક નવી સફર શરૂ કરી છે. આપણે પાછળની ભૂલો, મુશ્કેલીઓ અને અસફળતાથી મળેલી શીખને ભૂલવી ન જોઈએ. આપણે સતર્ક રહેવું પડશે. જેમ કે, અમેરિકાના વિખ્યાત રાષ્ટ્રપ્રમુખ રોનાલ્ડ રેગને કહેલું કે, મારા અંગે જે પણ ઈતિહાસને યાદ હશે, તે તમે પણ યાદ કરશો કે મેં તમારી સર્વોત્તમ આશા અને તમારા સૌથી મોટા ભયને તમારી શંકાઓના બદલે તમારા આત્મવિશ્વાસને અપીલ કરી છે.

प्रिय Shareowners (अंशधारीयों),

इस बेहतरीन संगठन के तीसरे चेयरमैन के रूप में कार्य करना मेरे लिए एक सम्मान और बड़े गर्व की बात है। मेरे विशिष्ट पूर्ववर्तियों ने विकास के लिए अनुकरणीय योगदान दिया है और उथल-पुथल के विभिन्न समय में कुशल नेतृत्व प्रदान किया। आपने पिछले सभी चेयरमैनों को जिस उदारता से अपना सहयोग दिया है उसके लिए मैं आपका शुक्रगुजार हूँ, और आपसे अनुरोध करता हूँ कि “संख्या” को अधिक मजबूत बनाने के हमारे लक्ष्य में मेरी टीम और मेरा मार्गदर्शन करें।

“Tough times don't last but tough men do” एक उचित कथन है, जो आपकी कम्पनी की टीम के नेतृत्व का वर्णन करता है। वैश्विक अर्थव्यवस्था में आयकर और अनिश्चितता के साथ जुड़ी समस्याओं के कष्टों के बावजूद कंपनी ने सफलतापूर्वक तीन वर्ष पूरे किये। काठिन परीक्षा की इस घड़ी में भी खुद को साबित करने की हमारी क्षमता ने हमें सफलतापूर्वक खड़ा रखा है। हमने कुछ गलतियाँ की हैं, लेकिन इस चुनौतीपूर्ण समय से बहार निकलने के लिए हमने अपने अनुशासन और भीतरी शक्ति को बरकरार रखा।

मेरे माता-पिता ने अपने जीवन में कई चुनौतियाँ देखी हैं, और उन्होंने मुझमें अखंडता, ईमानदारी और प्रतिबद्धता को आत्मसात किया है। मैं इन मूल्यों का मजबूती से पालन करते हुए आपके संगठन की सेवा करने की प्रतिज्ञा लेता हूँ। मैं आपसे कहता हूँ कि आप मुझ पर ऐसे ही भरोसा न करें, लेकिन अपने मूल्यों, हमारे मूल्यों पर भरोसा करें और उन पर बने रहने की जिम्मेदारी मुझ पर छोड़ें। इन तीन वर्षों के दौरान कुछ अवसर और समय हमने जरूर खोया होगा, लेकिन इससे हमारे इरादे, प्रतिबद्धता और कंपनी को बुलंदियों पर पहुंचाने की क्षमता डगमगाई नहीं।

मैं बहुत खुश हूँ कि कंपनी विजयी होकर उभरी है और इस वर्ष शानदार उपलब्धि हासिल करते हुए आगे बढ़ी है। यह उपलब्धि इसीलिए खास है, क्योंकि इसे हमारी प्रतिभाशाली टीम ने हासिल किया है। मैं यह विश्वास के साथ कह सकता हूँ कि कंपनी की उनकी अब शुरू हुई है।

हमारी खोज में एक विश्व स्तरीय प्रतिष्ठित संगठन बनाने के लिए, मैं विनम्रता से कह सकता हूँ कि हम कई क्षेत्रों में अग्रणी हैं। आपकी कंपनी दुनिया की पहली कंपनी है, जिसने उड्डयन उद्योग के लिए वेब पर आधारित सिमुलेशन यानि अनुकरण लॉन्च किया - और जिसे अमेरिकी फेडरल उड्डयन प्रशासन ने काफी सराहा है। आपकी कंपनी देश की पहली ऐसी आईटी कंपनी है, जो अमेरिकी डिफेन्स संस्थान को "सॉफ्टवेर प्रोडक्ट" बेचने में सफल हुई है।

जब मैंने चेयरमैन के रूप में पदभार संभाला, मैंने देखा कि हमारी सबसे बड़ी ताकत अपने निवेशकों का मजबूत समर्थन है। इनमें से कई अपना समर्थन जताने के लिए सीधे मुझसे मिले। एक कंपनी के रूप में हम आप सभी की मदद के कारण ही मजबूती से उभरकर आगे आ सके हैं। आप तक पहुँचने का यह मेरा पहला अवसर है। मैं आपको विश्वास दिलाता हूँ कि आपके साथ लगातार संपर्क बनाये रखने के लिए हम एक उपयुक्त ढाँचा बनायेंगे।

एचबीएल पावर सिस्टम्स लिमिटेड से रणनीतिक निवेश किया जाना पिछले वर्ष की प्रमुख उपलब्धियों में से एक है। हम एक समान मार्केट में काम करते हैं, कभी-कभी एक ही ग्राहक होता है, लेकिन सबसे बड़ा फायदा इस बात से है कि हम सहयोगी सेवाएं प्रदान कर सकते हैं, जो हमारे ग्राहकों के मूल्य प्रस्ताव को बढ़ता है।

कई प्रतिष्ठित ग्राहकों में साबित की गई हमारे उत्पादों की विश्वसनीयता ने हमें Business to Consumer (B2C) का अनुकरण करने का विश्वास दिया, यहां तक हमने Business-to-Business (B2B) model में भी अपने कदम बढ़ाने का लक्ष्य बनाया है।

आपकी कंपनी अपने बाजार यानि मार्केट डोमेन्स का विस्तार कर रही है। हाल ही में आपकी कंपनी स्टेट बैंक ग्रुप से भारत का सबसे बड़ा अनुबंध और उसके बाद यूनियन बैंक ऑफ इंडिया से अनुबंध हासिल कर Banking Finance Securities & Insurance (BFSI) मार्केट में अत्याधिक सफल बनकर उभरी है।

हमने विश्व स्तरीय simulation और virtual प्रशिक्षण उत्पादों की पेशकश के साथ अपनी खोज में एक प्रमुख मील का पत्थर पार किया। आपकी कंपनी ने हाल ही में भारतीय रक्षा बल यानि Indian Defense Force को एक उन्नत simulation उत्पाद वितरित किया।

जैसा कि मैं पहले कह चुका हूँ, कि अब हमने नई यात्रा शुरू की है, हमें पिछली गलतियों, संघों और असफलताओं से मिले सबक को नहीं भूलना चाहिए। हमें सतर्क होना होगा, जैसे कि विख्यात अमेरिकि राष्ट्रपति रोनार्ल्ड रेगन ने कहा “जो कुछ भी मेरे बारे में इतिहास को याद होगा, मुझे आशा है कि आप याद करेंगे, कि मैंने आपकी सर्वोत्तम उम्मीद ना कि आपके सबसे बुरे भय की, आपके संदेहों के बजाय आपके आत्मविश्वास की अपील की है।”

Sincere regards
Sridhar

Famous American President Ronald Regan said, “To whatever history will recall about me, I hope you will recall, that I have appealed to your best hopes and not your worst fears, to your confidence rather than your doubts”.