

FORM A

Format of covering letter of the annual audit report to be filed with the stock exchanges

1.	Name of the Company:	Saksoft Limited
2.	Annual financial statements for the year ended	31st March 2014
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	Not Applicable
5.	Signed by- For M/s.Saksoft Limited  Aditya Krishna Managing Director  For M/s.Saksoft Limited  Niraj Kumar Ganeriwal Chief Financial Officer For M/s.Saksoft Limited  R.Rajagopalan Audit Committee Chairman Auditor of the company :  For SURI & CO. Firm Regn. No. 004283S  S. GANESAN Partner M.No. 18525	

Annual Report

2013 - 2014



OUR MOTTO:-

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

OUR VISION:-

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

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FORWARD - LOOKING STATEMENT

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

CORPORATE INFORMATION

BOARD OF DIRECTORS

Chairman (Non-Executive)

Autar Krishna

Independent Non-Executive Directors

R. Rajagopalan

Amitava Mukherjee

Ajit Thomas

Managing Director

Aditya Krishna

EXECUTIVE COMMITTEE

Managing Director

Aditya Krishna

Chief Financial Officer

Niraj Kumar Ganeriwal

Global Head of HR

Annu Thomas

Executive Vice President

Sampath Rengachari

Senior VP and Delivery Head - India

Dhiraj Mangla

VP – Professional Services Business

Bhaskar Narayanan

Senior VP and Business Head - US

Ramanan Madhu

Vice President - US

Milind Pandit

Commercial Director - UK

Nick Sullivan

Director - Consulting Services - UK

Jonathan Eeley

COMPANY SECRETARY & COMPLIANCE OFFICER

S. Narayan

WEBSITE

www.saksoft.com

www.acuma.co.uk

www.edprof.com

EMAIL

info@saksoft.com

DEVELOPMENT CENTERS

Chennai

SP Infocity

Module 1, 2nd Floor,

#40, Dr. MGR Salai,

Kandanchavadi,

Perungudi, Chennai- 600 096.

Phone : + 91 44 2454 3500

Fax : + 91 44 2454 3510

Noida

B 35 - 36, Sector 80, Phase II,

(Near Moserbaer),

Noida - 201 305.

Phone : + 91 120 2462 175

Fax : + 91 120 2462 179

Manchester

Waterside Court,

1 Crewe Road, Manchester,

M23 9BE.

Phone: +44 870 789 4321

Fax : +44 870 789 4002

AUDITORS

M/s Suri & Co.,

Chartered Accountants,

No. 4 (Old No.55A), Chevalier Sivaji Ganesan Salai
(South Boag Road),

T. Nagar, Chennai- 600 017

BANKERS

IndusInd Bank., Chennai

Citibank N.A, Chennai

Deutsche Bank., Chennai

State Bank of India, Chennai

REGISTERED AND CORPORATE OFFICE

SP Infocity,

Module 1, 2nd Floor,

#40, Dr. MGR Salai, Kandanchavadi,

Perungudi, Chennai- 600 096.

Ph: 91-44-24543500

Fax: 91-44-24543501

SUBSIDIARIES

Saksoft Inc., USA

Saksoft Pte Limited., Singapore

Saksoft Investments Pvt Limited, UK

Saksoft GmbH., Germany

Acuma Solutions Limited, UK

Electronic Data Professionals, USA

Synetairos Technologies Ltd, India

Saksoft Fr, France

REGISTRAR AND SHARE TRANSFER AGENT

Cameo Corporate Services Limited

Subramanian Building,

No. 1, Club House Road, Chennai- 600 002.

Ph: 91-44-28460390

Fax: 91-44-28460129

CORPORATE INFORMATION

FOUNDED: 24 NOVEMBER 1999

Organizational Structure

- | | |
|--|---|
| <ul style="list-style-type: none">• Saksoft is headquartered in Chennai, India. | <ul style="list-style-type: none">• Three global development centers at Chennai (India), Noida (India) and Manchester (UK), |
| <ul style="list-style-type: none">• International sales offices in London, Manchester, New Jersey, Chicago, Pennsylvania, Singapore, Paris and India | <ul style="list-style-type: none">• Listed on the National Stock Exchange of India and the Bombay Stock Exchange. |

Philosophy:

In the present scenario dealing with voluminous data has remained a formidable challenge for many enterprises and it is here we deliver success to enterprises by helping them to consolidate, organize and manage huge volumes of data. Working with data sources that are often disparate and complex, we provide accurate, high quality, relevant information readily available to the people who need it. By being better informed, they are empowered to make key decisions and implement strategies for making the enterprise successful. Based on the above philosophy we have tailored our offerings as detailed below to suit the requirements of the enterprise.

OUR OFFERINGS



Information Management Services

Expertise

Strategy, Assessment and Audits	Business Analytics
Architecture Consulting	Software Support
Datawarehouse Design	Reporting as a Service
Dashboards and Reporting	Enterprise Mobility
Data Quality Services	

Platforms Supported

Commercial – Business Objects, Informatica, KXEN, SAS, Qlikview, BIRST, SAP Mobile
Open Source – Jaspersoft, Talend



Web Application Services

Expertise

Enterprise Architecture Consulting	Data Modeling, Mapping
Custom Application Development	Messaging and Connectivity
Application Management Services	Product Platform Implementation
Service Oriented Architecture (SOA)	
Business Process Automation	

Platforms Supported

Commercial – Business Objects, Informatica, KXEN, SAS, Qlikview, BIRST, SAP Mobile
Open Source – Jaspersoft, Talend



Independent Testing Services

Expertise

Test Strategy Assessment, Audits	Mobile Testing
Functional testing	Cloud Testing
WebServices Testing	Datawarehouse Testing
Performance and Load Testing	Outsourced Testing Centers
Code Reviews	

Platforms Supported

Commercial – QTP, Performance Center, HP On Demand

Open Source – Selenium, SoapUI, CheckMarx, FoneMonkey

Industry experience includes

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

Technology partners include:

IBM, SAP BO, Microsoft, Oracle, Jaspersoft, Birst, SAS, Informatica, Qliktech

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

FAST FACTS

Multiple offshore centers seating capacity: **250+** in Chennai (India) and **750+** in Noida (India) and **50+** in Manchester (UK). We have a global presence with sales offices in New Jersey, Chicago, Singapore, London, Manchester, Paris, Chennai, Mumbai and Noida. The Company has been profitable in every year of its operation. The following are some of the intellectual property products:



Verisens is a ready-to-go comprehensive Business Intelligence solution (pre-built reports and dashboards) for retail banking organizations.



Acusend is an information schedule and distribution engine product that can generate personalized content dynamically from a variety of inputs and delivers in the desired output format (Word, Excel, PDF, XML, CSV)



Prima is a comprehensive loyalty and rewards management system for BFSI industry to manage multiple accruals, redemption programs, marketing partners and strategies.



Dedupe is a de-duplication tool for BFSI industry that can find duplicate records to ensure legal compliance, fraud prevention, risk and customer management

LETTER TO THE SHAREHOLDERS

Dear Shareholders,

Your company reported a record growth in revenues at 41% and 39% in profit for FY 2013-14. The outlook for next few years looks promising and your company is focused on meeting its growth aspirations. The credit for this excellent performance should go to all our employees who put in their best efforts to meet client requirements. Each of our top clients renewed their long term contracts and also grew their business with us in our service areas.

Our Partner-led strategy which is finally paying off and our key Technology partners such as SAP, Qlik, Jaspersoft, Logi Analytics, Birst and TIBCO have been quick to recognize our status as Information Management (IM) Specialists and clients have followed suit.

We are aware that, as services become commodities, scale and range of competencies will make your company the preferred IT services partner of successful companies around the globe. Our traditional service offerings in the areas of Information Management, Web Applications and Third Party testing would continue to get enhanced through internal skill building and selective talent acquisition. For specialized and in-demand offerings in specific geographies, your company would continue to seek the right partnerships and possible acquisitions to achieve the scale and competency building goals of the company.

Three key offerings continue to direct your company into the next tier in the IT industry; Enterprise Analytics which allows our clients to navigate the journey from the “What” of decision making to “Now What”. The second offering would be performance and ecommerce site testing for clients to have quicker “Go to Market” for their products and applications. Lastly, our Enterprise Mobility offering will enable our clients to access corporate information on their smart devices, ensuring faster and smarter decision making.

As a precursor to good future tidings and to thank our shareholders for their faith, we are proposing a 25% dividend for FY 2013-14. We are grateful to your support and guidance in taking the company to new highs.

For 2014-15, we will endeavour to meet our goals and position the company as the Preferred Information and Application Management provider to successful companies around the globe.

Thank you.

Autar Krishna
Chairman

BOARD OF DIRECTORS

Autar Krishna

Chairman

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



Aditya Krishna

Managing Director

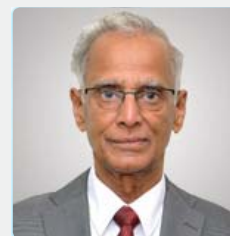
Aditya Krishna, the Founder and the Managing Director of the Saksoft Group, spearheads Saksoft's growth across domains and geographies. He brings with him over 28 years of experience in the banking and financial services industry. After a long career with Chase Manhattan Bank in New York and later with Citibank, New York, he relocated to India in 1990, as part of a four-member team to establish Citibank's Credit Card business in the country. Aditya was instrumental in developing City Bank's in-house software to run their credit card operations.



R. Rajagopalan

Independent Non-Executive Director

Accountants of India and Institute of Company Secretaries of India. In a career spanning over 35 years, Mr. R. Rajagopalan has served on the Board of several Companies in sectors like Financial Services, Textiles, Engineering and Software. He has authored a book on "Directors and Corporate Governance" in September 2003 which focussed on wide range of Director's responsibilities towards Corporate Governance and functioning of Corporate Management. Mr. R. Rajagopalan also held prestigious positions such as the National President of the Institute of Company Secretaries of India in 1979-1980, President of Employer's Federation Of South India in 1992-1993 besides being an active elected member of Southern Region of C.I.I for 12 years. He is presently on the Board of MRO-TEK Ltd, GTN Textiles Ltd and Patspin India Ltd. He is also the Chairman of the Audit Committee, Shareholders/Investors Grievances Committee and Remuneration Committee of the Company.

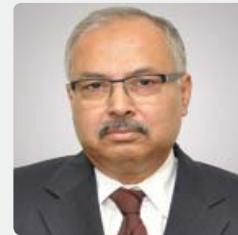


BOARD OF DIRECTORS

Amitava Mukherjee

Independent Non-Executive Director

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



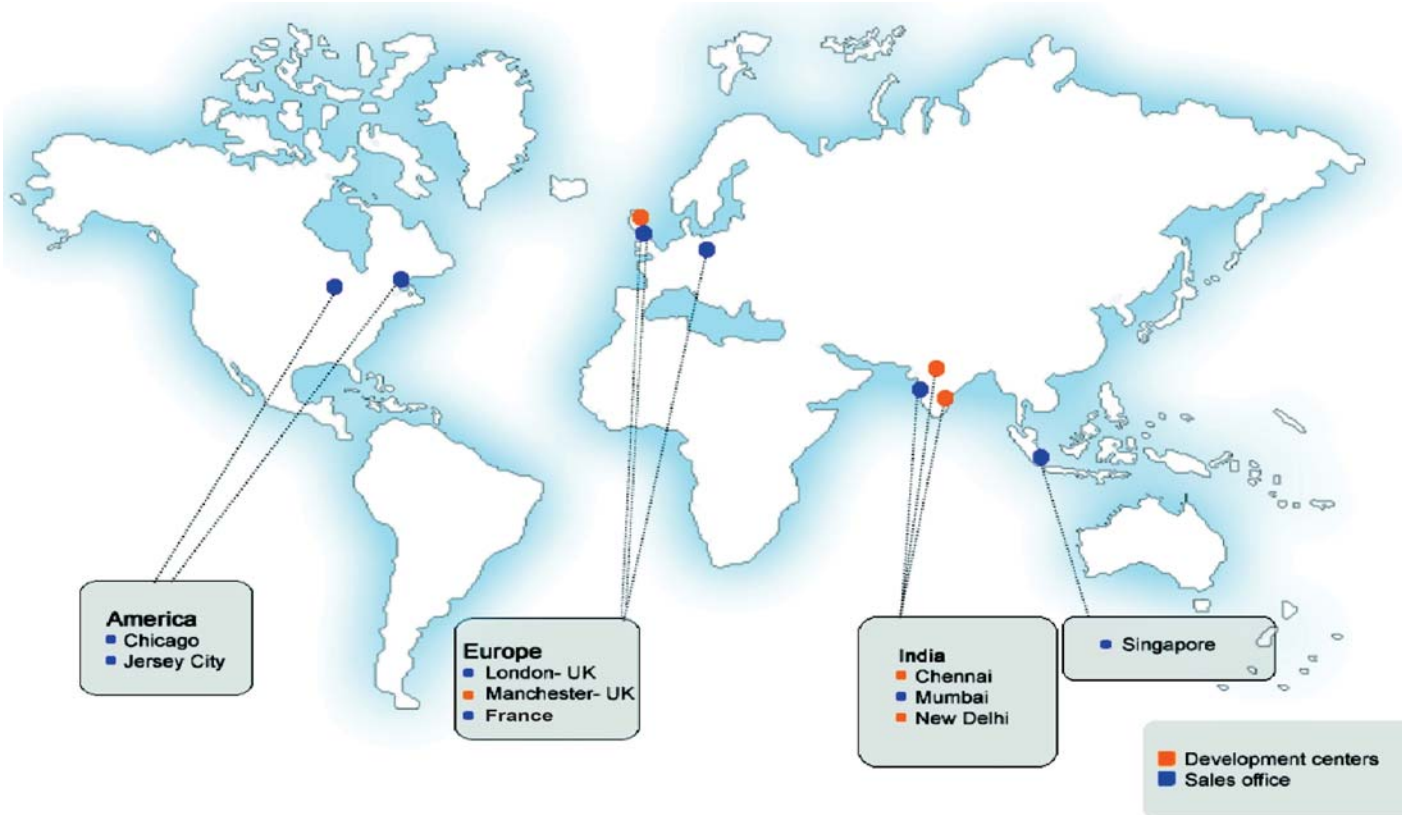
Ajit Thomas

Independent Non-Executive Director

Ajit Thomas is a renowned Industrialist, the promoter and Chairman of AVT Natural Products Ltd. He is associated with AVT Group of Companies for about three decades and has extensive experience and expertise in business and management. He holds a Bachelor's degree in Statistics. He is also on the board of Neelamalai Agro Industries Ltd, The Nellaimpathy Tea & Produce, The Midland Rubber & Produce Co Ltd, AVT Natural Products Ltd, Midland Latex Products Ltd, A. V. Thomas & Company Limited, A. V. Thomas Exports Ltd, A.V.Thomas Investments Co Ltd and L.J.International Ltd



GEOGRAPHIC PRESENCE

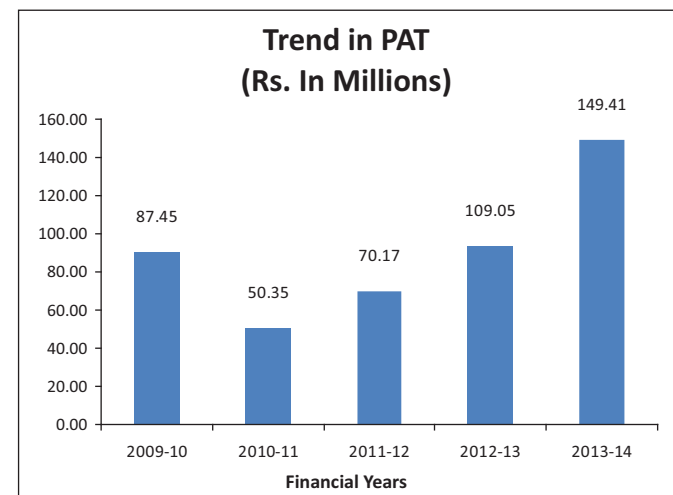
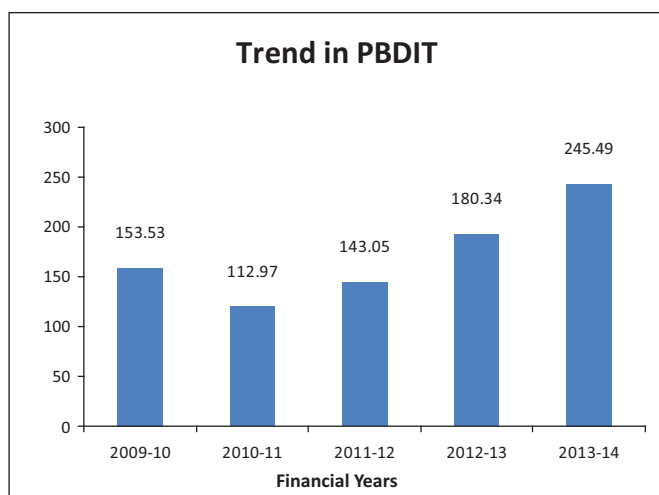
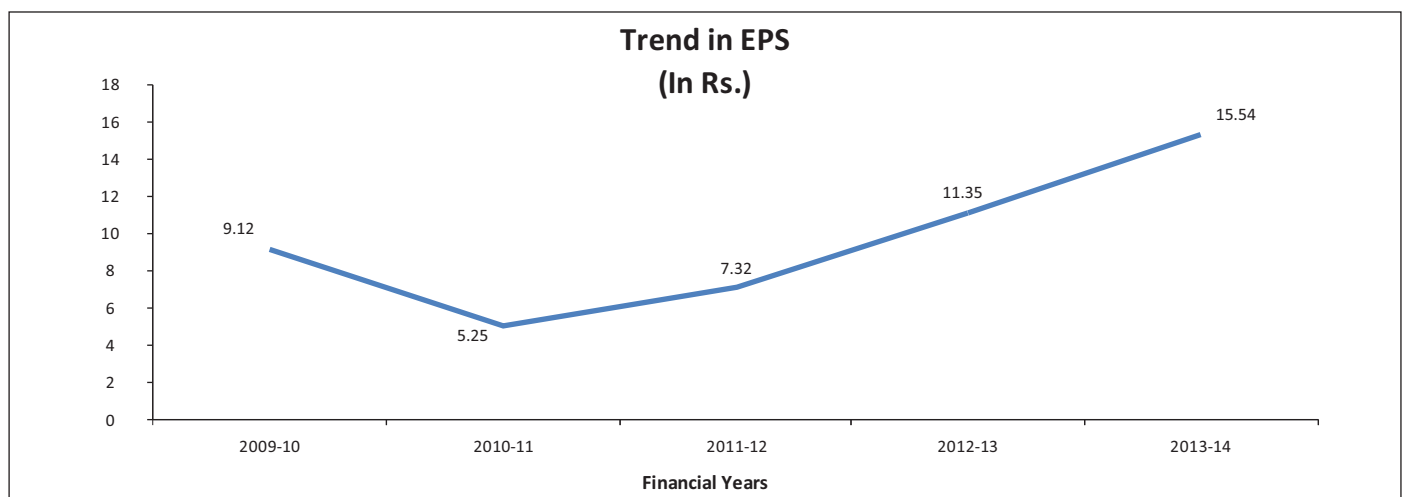
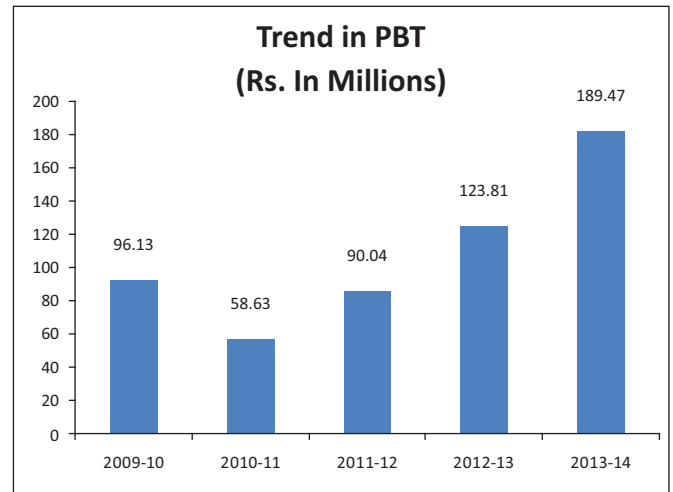
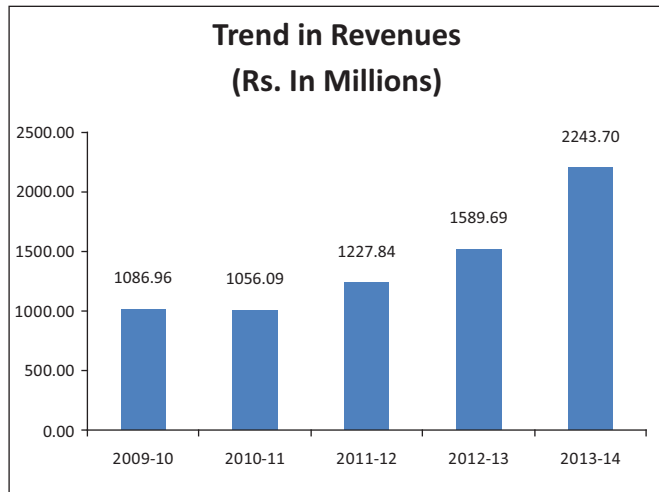


CONSOLIDATED FINANCIAL HIGHLIGHTS – LAST 5 YEARS

(Rs.in Millions)

PARTICULARS	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
Revenue from Operations	1086.96	1056.09	1227.84	1589.69	2243.70
Other Operating Income	6.51	7.90	10.49	7.75	10.82
Total Income	1093.47	1063.99	1238.33	1597.44	2254.52
Employee Cost	551.85	559.86	564.05	706.04	954.41
Operating, Admin & Other expenditure	388.09	391.16	531.23	711.06	1054.62
Total Expenses	939.94	951.02	1095.28	1417.10	2009.03
PBDIT	153.53	112.97	143.05	180.34	245.49
Interest & Finance Charges	38.23	35.99	36.18	42.33	39.71
PBDT	115.30	76.98	106.87	138.01	205.78
Depreciation	19.17	18.35	16.83	14.20	16.31
Profit before Taxation	96.13	58.63	90.04	123.81	189.47
Tax Expense	8.68	8.28	19.87	14.76	40.06
Profit/(Loss) after Taxation	87.45	50.35	70.17	109.05	149.41
EPS (Rs. per share)	9.12	5.25	7.32	11.35	15.54

FIVE YEAR FINANCIALS (GROUP)



NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the Fifteenth Annual General Meeting of the members of the Company will be held on Friday, the 26th day of September 2014 at 10.30 A.M at P. Obul Reddy Hall, Vani Mahal, 103, G.N. Chetty Road, T.Nagar, Chennai – 600 017 to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March 2014 and the Profit and loss Account of the Company for the year ended 31st March 2014 together with the Report of the Directors and the Auditors thereon.
2. To declare a dividend on equity shares.
3. To appoint a Director in the place of Mr. Autar Krishna (DIN 00031386), who retires by rotation, and being eligible, offers himself for re-appointment.
4. To re-appoint M/s.Suri & Co., Chartered Accountants (Firm Registration No. 004283S) retiring Statutory Auditors of the Company as Auditors of the Company to hold office for a period of 3 years i.e from the conclusion of this meeting until the conclusion of the 18th Annual General Meeting and to pass with or without modification(s), the following resolution, as an ORDINARY RESOLUTION:

“RESOLVED that M/s. Suri & Co., Chartered Accountants (Firm Registration No. 004283S), be and are hereby re-appointed as the Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the 18th Annual General Meeting subject to ratification by the Shareholders at the every Annual General Meeting, on such remuneration as may be determined by the Board of Directors, based on the recommendations of the Audit Committee.”

Special Business

5. Approval for Borrowing in excess of Paid-up capital and Free Reserves:-

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

“RESOLVED that in supersession of the Ordinary Resolution adopted through postal ballot on 8th March 2011 and pursuant to Section 180(1)(c) and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of the Company be and is hereby accorded to the Board of Directors to borrow moneys in excess of the aggregate of the paid up share capital and free reserves of the Company, provided that the total amount borrowed and outstanding at any point of time, apart from temporary loans obtained/to be obtained from the Company’s Bankers in the ordinary course of business, shall not be in excess of 500 Crores (Rupees Five hundred crores) over and above the aggregate of the paid up share capital and free reserves of the Company.”

6. Appointment of Mr. R. Rajagopalan as an Independent Director:-

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

RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. R. Rajagopalan (holding DIN 00003642), Director of the company whose period of office was liable to determination by retirement of directors by rotation has submitted a declaration that he meets the criteria for Independence as provided in Section 149(6) of the Act, and is eligible for appointment and in respect of whom the Company has received a notice in writing from a member proposing that his term as Independent Director be for a period of five consecutive years from 26th September 2014 to 26th September 2019 be and is hereby appointed as an Independent Director of the Company.”

7. Appointment of Mr. Amitava Mukherjee as an Independent Director:-

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

RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Amitava Mukherjee (holding DIN 00003285), Director of the company whose period of office was liable to determination by retirement of directors by rotation has submitted a declaration that he meets the criteria for Independence as provided in Section 149(6) of the Act, and is eligible for appointment and in respect of whom the Company has received a notice in writing from a member proposing that his term as Independent Director be for a period of five consecutive years from 26th September 2014 to 26th September 2019 be and is hereby appointed as an Independent Director of the Company.”

8. Appointment of Mr. Ajit Thomas as an Independent Director:-

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

RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Ajit Thomas (holding DIN 00018691), Director of the company whose period of office was liable to determination by retirement of directors by rotation has submitted a declaration that he meets the criteria for Independence as provided in Section 149(6) of the Act, and is eligible for appointment and in respect of whom the Company has received a notice in writing from a member proposing that his term as Independent Director be for a period of five consecutive years from 26th September 2014 to 26th September 2019 be and is hereby appointed as an Independent Director of the Company.”

9. Appointment of Ms. Kanika Krishna as a Non-Executive Director:-

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

“RESOLVED that Ms. Kanika Krishna (holding DIN 06954593), in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing her candidature for the office of Non-Executive Director be and is hereby appointed as Non-Executive Director of the Company whose period of office shall be liable to retire by rotation in the Annual General Meeting.”

10. Amendment to the Employee Stock Option Plan 2009:-

“RESOLVED that in accordance with the provisions contained in the Companies Act, 2013 (“the Act”) and the provisions contained in the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (“the Guidelines”) (including any statutory modification(s) or re-enactment of the Act or the Guidelines, for the time being in force) and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the company (hereinafter referred to as “The Board” which term shall be deemed to include any committees thereof), consent of the members be and is hereby accorded for the amendment of the following clause for extending the exercise period to 10 years from the date of granting of options under the ESOP 2009 scheme of the Company”.

Clause 8.3 – Options can be exercised within the exercise period of 10 years from the date of granting of option by paying in full the stipulated exercise price per share either by

- a) cheque payable at the registered office of the Company and the amount of tax calculated with the prevalent laws at that particular time,
- b) the employee authorizes the Company to deduct such amount from his salary due and payable for exercise of the Option. The allotment of securities shall be made only after receipt of the full amount.
- c) Such other consideration as may be approved by the Board/Compensation Committee from time to time to the extent permitted by applicable law or
- d) Any combination of any two or more of the above mentioned methods.

BY ORDER OF THE BOARD OF DIRECTORS

FOR SAKSOFT LIMITED

**S NARAYAN
COMPANY SECRETARY**

Place: CHENNAI

Date : August 4, 2014

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER. THE FORM OF PROXY IS ENCLOSED. THE INSTRUMENT APPOINTING PROXY SHOULD BE DEPOSITED AT THE OFFICE OF THE REGISTRAR AND SHARE TRANSFER AGENTS OF THE COMPANY VIZ. CAMEO CORPORATE SERVICES LIMITED, "SUBRAMANIAM BUILDING" NO. 1, CLUB HOUSE ROAD, CHENNAI 600 002 AT LEAST 48 HOURS BEFORE COMMENCEMENT OF THE MEETING.** A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten per cent of the total share capital of the Company. Proxies submitted on behalf of the companies, societies etc., must be supported by an appropriate resolution/authority, as applicable.
2. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged at any time during the business hours of the Company, provided that not less than three days of notice in writing is given to the Company.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from 22nd September 2014 to 26th September 2014 (both days inclusive).
4. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013 will be available for inspection by the members at the AGM.
5. The Register of contracts or Arrangements in which Directors are interested, maintained under Section 189 of the Companies Act, 2013 will be available for inspection by the members at the AGM.
6. The final dividend of Rs. 2.50/- per share has been recommended by the Board of Directors for the year ended 31st March 2014, and if, approved by the shareholders at the meeting, will be payable to those members whose names appear in the Register of Members as on 26th September 2014. The dividend in respect of share held in the electronic form will be payable to the beneficial owners of the shares as on 20th September 2014 as per details furnished by the Depositories for this purpose.
7. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the meeting, is annexed hereto.
8. Members holding shares in physical form are requested to immediately notify change in their address to the Company's Share Transfer Agents Cameo Corporate Services Limited, "Subramaniam Building" No. 1, Club House Road, Chennai 600 002 and those who wish to receive dividend in electronic mode are requested to forward a specimen cheque leaf duly marked as such to Registrars at the above address.
9. Members holding Shares in electronic form may please note that, as per the applicable regulations of the Depositories, the bank details as furnished by the respective depositories to the company will be printed on the dividend warrants issued from time to time. The company/ the Registrar will not entertain any direct request from members for deletion of or change in such bank details. It may please be noted that, dividend instructions, if any, already given by members in respect of shares in physical form will not be automatically applicable to the dividend payable on shares in electronic form. **Members may, therefore, give instructions directly to their Depository Participants regarding bank accounts for crediting the dividend.**
10. Members/proxies are requested to bring their attendance slips duly filled in and their copy of the Annual Report for the Meeting.
11. Members who hold shares in the dematerialized form are requested to bring their Client_ID and DP_ID to the meeting for easier identification.
12. Corporate members intending to depute their authorized representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.
13. Relevant documents referred to in the accompanying Notice are open for inspection by the members at the Registered Office of the Company on all working days, except Saturdays and Sundays between 11.00 AM and 01.00 PM upto the date of the meeting.
14. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to the Company's Registrars and Transfer Agents, M/s Cameo Corporate Services Limited for consolidation into a single folio.

15. In terms of Section 124 (erstwhile Section 205C of the Companies Act, 1956) of Companies Act, 2013 the dividends declared by the Company, which remain unclaimed for a period of seven years will be transferred on due dates to the Investor Education and Protection Fund (IEPF) established by the Central Government. Members who have not encashed their dividend warrants in respect of the above period are requested to make their claim(s) by surrendering the unencashed warrants immediately to the Company.
16. The Ministry of Corporate Affairs (“MCA”) has taken a “Green Initiative in the Corporate Governance” by allowing paperless compliances by companies vide a Circular No. 18/2011 dated April 29, 2011 stating that a company would have complied with Section 53 of the Act, if the service of document has been made through electronic mode. Pursuant to this circular we give an advance opportunity to every shareholder to register his/ her email address and changes therein, if any, from time to time with Company’s Registrars and Transfer Agents, M/s Cameo Corporate Services Limited.
17. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.
18. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company.
19. In terms of clause 49 of the Listing Agreement with Stock Exchanges, a brief resume of the directors who are proposed to be appointed at this meeting is given below.

Mr. Autar Krishna

DIN No: 00031386

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

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

Mr. R. Rajagopalan

DIN No: 00003642

Mr. R. Rajagopalan, is a fellow member of Institute of Chartered Accountants of India and Institute of Company Secretaries of India. In a career spanning over 35 years, Mr. R. Rajagopalan has served on the Board of several Companies in sectors like Financial Services, Textiles, Engineering and Software. He has authored a book on “Directors and Corporate Governance” in September 2003 which focussed on wide range of Director’s responsibilities towards Corporate Governance and functioning of Corporate Management. Mr. R. Rajagopalan also held prestigious positions such as the National President of the Institute of Company Secretaries of India in 1979-1980, President of Employer’s Federation Of South India in 1992-1993 besides being an active elected member of Southern Region of C.I.I for 12 years. He is presently on the Board of GTN Textiles Ltd and Patspin India Ltd. He is also the Chairman of the Audit Committee, Shareholders/Investors Grievances Committee and Remuneration Committee of the Company.

Mr. R. Rajagopalan does not hold any shares in the Company and is not related to any Director of the Company.

Mr. Amitava Mukherjee

DIN No: 00003285

Mr. Amitava Mukherjee holds a Masters Degree in Management from Asian Institute of Management, Manila, a Masters Degree in Business Economics from Delhi School of Economics, New Delhi. He has over 24 years of Investment Banking experience having served as Managing Director and Board member both at Lazard India and Ambit Corporate Finance. Currently he spends a major part of his time with organizations in the social sector. He is also the Member of the Audit Committee, Shareholders/ Investors Grievances Committee and Remuneration Committee of the Company.

Mr. Amitava Mukherjee does not hold any shares in the Company and is not related to any Director of the Company.

Mr. Ajit Thomas

DIN No: 00018691

Mr. Ajit Thomas is a renowned Industrialist and is a promoter and chairman of AVT Natural Products Limited. He is associated with AVT Group of Companies for about three decades and has extensive experience and expertise in business and management. He holds a Bachelor's degree in Statistics. Mr. Ajit Thomas is also on the Board of A.V. Thomas & Company Limited, The Nelliampathy Tea & Produce Company Limited, Neelamalai Agro Industries Ltd, The Midland Rubber & Produce Company Limited, AVT McCormick Ingredients Pvt Ltd, AVT Natural Products Limited, A.V. Thomas Leather & Allied Products Pvt Ltd, Midland Latex Products Ltd, Ajit Thomas Holdings Pvt Ltd, Midland Corporate Advisory Services Pvt Ltd, A.V. Thomas Investments Co. Ltd, A.V. Thomas Exports Ltd, L.J. International Ltd, AVT Gavia Foods Pvt Ltd.

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

Ms. Kanika Krishna

DIN No: 06954593

Kanika Krishna has an MBA in Financial Management from Pace University, New York, USA. Prior to this she has completed the Master's program in International Business from the Manchester Business School, UK. She is also an alumnus of Stella Maris College, Chennai where she completed her Bachelor of commerce degree.

Kanika Krishna joined Sak Abrasives Limited in 2012 and is responsible for the company's growth in new markets and new areas. In the short time that she has been with the company, Kanika has grown the export business multifold with focus on the UK and US markets. She has appointed manufacturer representatives and distributors in these markets to sell the company's products and established a fully stocked warehouse for the company's products in New Jersey, USA. Under her initiative and guidance the company has developed and established a new range of rice-polishing wheels for the agriculture segment – a new area for the company. Initial feedback on these wheels is positive and the OEM and dealer market has begun to place orders for this new range of wheels. She has demonstrated a quick understanding of the business and good leadership in her role with the company.

Prior to joining Sak Abrasives, Kanika worked with Deutsche Bank in India and Merrill Lynch in New York.

20. Electronic copy of the Annual Report for 2014 is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for 2014 is being sent in the permitted mode.
21. Electronic copy of the Notice of the 15th Annual General Meeting of the Company *inter alia* indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 15th Annual General Meeting of the Company *inter alia* indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.
22. Members may also note that the Notice of the 15th Annual General Meeting and the Annual Report for 2014 will also be available on the Company's website www.saksoft.com for their download.
23. As per Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the 15th Annual General Meeting by electronic means and the business may be transacted through e-voting services provided by National Securities Depository Limited (NSDL). The instructions for e-voting are enclosed herewith.
24. Electronic copy of the Notice of the 15th Annual General Meeting of the Company *inter alia* indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 15th Annual General Meeting of the Company *inter alia* indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.

25. Members may also note that the Notice of the 15th Annual General Meeting and the Annual Report for 2014 will also be available on the Company's website www.saksoft.com for their download.

26. Voting through electronic means

I. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the 15th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by National Securities Depository Limited (NSDL):

The instructions for e-voting are as under:

A. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/Depository Participants(s)]:

- (i) Open email and open PDF file with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for e-voting. Please note that the password is an initial password.
- (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
- (iii) Click on Shareholder - Login
- (iv) Put user ID and password as initial password/PIN noted in step (i) above. Click Login.
- (v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (vi) Home page of e-voting opens. Click on e-Voting: Active Voting Cycles.
- (vii) Select "EVEN" of **SAKSOFT LIMITED**.
- (viii) Now you are ready for e-voting as Cast Vote page opens.
- (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted
- (x) Upon confirmation, the message "Vote cast successfully" will be displayed
- (xi) Once you have voted on the resolution, you will not be allowed to modify your vote
- (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to vscrutinizer@gmail.com with a copy marked to evoting@nsdl.co.in

B. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/ Depository Participants(s) or requesting physical copy] :

- (i) Initial password is provided as below/at the bottom of the Attendance Slip for the AGM :

EVEN (E Voting Event Number) USER ID PASSWORD/PIN


- (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.

II. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the Downloads section of www.evoting.nsdl.com

III. If you are already registered with NSDL for e-voting then you can use your existing user ID and password/PIN for casting your vote.

IV. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).

V. The e-voting period commences on 20th September 2014 (9:00 am) and ends on 22nd September 2014 (6:00 pm). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 22nd August, 2014, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.

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- VI. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date (record date) of 22nd August 2014.
- VII. Mr. V. Suresh, Practising Company Secretary (PCS No. 6035) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- VIII. The Scrutinizer shall within a period not exceeding three(3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- IX. The Results shall be declared on the AGM of the Company. The Results declared alongwith the Scrutinizer's Report shall be on company's website www.saksoft.com and on the website of NSDL within two(2) days of passing of the resolutions at the AGM of the Company and communicated to the Stock Exchanges.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 5:-

Approval for Borrowing in excess of Paid-up capital and Free Reserves :-

The members of the Company through the postal ballot process on 8th March 2011 approved by way of an Ordinary Resolution under Section 293(1)(d) of the Companies Act, 1956 borrowings over and above the aggregate of paid up share capital and free reserves of the Company provided that the total amount of such borrowings together with the amounts already borrowed and outstanding at any point of time shall not be in excess of 250 Crores (Rupees Two hundred and Fifty Crores). As the Companies Act, 1956 is being repealed and replaced with Companies Act, 2013 the Section 180(1)(c) of the Companies Act, 2013 effective from 12th September, 2013 requires that the Board of Directors shall not borrow money in excess of the company's paid up share capital and free reserves, apart from temporary loans obtained from the company's bankers in the ordinary course of business, except with the consent of the company accorded by way of a special resolution.

It is, therefore, necessary for the members to pass a Special Resolution under Section 180(1)(c) and other applicable provisions of the Companies Act, 2013, as set out at Item No. 6 of the Notice, to enable to the Board of Directors to borrow money in excess of the aggregate of the paid up share capital and free reserves of the Company. Approval of members is being sought to borrow money upto 500 Crores (Rupees Five hundred Crores) in excess of the aggregate of the paid up share capital and free reserves of the Company.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No.5.

Item No.6:-

Appointment of Mr. R. Rajagopalan as Independent Director for 5 years till 26th September 2019:-

Pursuant to the provisions of Section 149 of the Companies Act, 2013 read with Schedule IV of the Act, it is intended to appoint existing Independent Director under the Companies Act, 2013 in view of the transitional period of one year provided under Section 149 (5) of the Companies Act, 2013.

The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013 from a member along with a deposit of Rs. 1 lakh proposing the candidature of Mr. R. Rajagopalan for the office of Independent Director to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

The Company has received from Mr. R. Rajagopalan (i) consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules 2014, (ii) Intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules 2014 to the effect that he is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013 and (iii) a declaration to the effect that he meets the criteria of independence as provided in sub section (6) of Section 149 of the Companies Act, 2013.

The resolution seeks the approval of members for the appointment of Mr. R. Rajagopalan as an Independent Director of the Company up to 26th September 2019 pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder. Mr. R. Rajagopalan shall not be liable to retire by rotation.

In the opinion of the Board of Directors, Mr. R. Rajagopalan, the Independent Director proposed to be appointed, fulfills the conditions specified in the Act and the Rules made thereunder and he is Independent of the Management.

No Director, Key Managerial Personnel or their relatives, except Mr. R. Rajagopalan to whom the resolution relates, is interested or concerned in the resolution.

The Board recommends the resolution set forth in terms of Item No.6 for the approval of the members.

Item No. 7:-

Appointment of Mr. Amitava Mukherjee as Independent Director for 5 years till 26th September 2019:-

Pursuant to the provisions of Section 149 of the Companies Act, 2013 read with Schedule IV of the Act, it is intended to appoint existing Independent Director under the Companies Act, 2013 in view of the transitional period of one year provided under Section 149 (5) of the Companies Act, 2013.

The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013 from a member along with a deposit of Rs. 1 lakh proposing the candidature of Mr. Amitava Mukherjee for the office of Independent Director to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

The Company has received from Mr. Amitava Mukherjee (i) consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules 2014, (ii) Intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules 2014 to the effect that he is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013 and (iii) a declaration to the effect that he meets the criteria of independence as provided in sub section (6) of Section 149 of the Companies Act, 2013.

The resolution seeks the approval of members for the appointment of Mr. Amitava Mukherjee as an Independent Director of the Company up to 26th September 2019 pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder. Mr. Amitava Mukherjee shall not be liable to retire by rotation.

In the opinion of the Board of Directors, Mr. Amitava Mukherjee, the Independent Director proposed to be appointed, fulfills the conditions specified in the Act and the Rules made thereunder and he is Independent of the Management.

No Director, Key Managerial Personnel or their relatives, except Mr. Amitava Mukherjee to whom the resolution relates, is interested or concerned in the resolution.

The Board recommends the resolution set forth in terms of Item No.7 for the approval of the members.

Item No. 8:-

Appointment of Mr. Ajit Thomas as Independent Director for 5 years till 26th September 2019 :-

Pursuant to the provisions of Section 149 of the Companies Act, 2013 read with Schedule IV of the Act, it is intended to appoint existing Independent Director under the Companies Act, 2013 in view of the transitional period of one year provided under Section 149 (5) of the Companies Act, 2013.

The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013 from a member along with a deposit of Rs. 1 lakh proposing the candidature of Mr. Ajit Thomas for the office of Independent Director to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

The Company has received from Mr. Ajit Thomas (i) consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules 2014, (ii) Intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules 2014 to the effect that he is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013 and (iii) a declaration to the effect that he meets the criteria of independence as provided in sub section (6) of Section 149 of the Companies Act, 2013.

The resolution seeks the approval of members for the appointment of Mr. Ajit Thomas as an Independent Director of the Company up to 26th September 2019 pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder. Mr. Ajit Thomas shall not be liable to retire by rotation.

In the opinion of the Board of Directors, Mr. Ajit Thomas, the Independent Director proposed to be appointed, fulfills the conditions specified in the Act and the Rules made thereunder and he is Independent of the Management.

No Director, Key Managerial Personnel or their relatives, except Mr. Ajit Thomas to whom the resolution relates, is interested or concerned in the resolution.

The Board recommends the resolution set forth in terms of Item No. 8 for the approval of the members.

Item No. 9:-

Appointment of Ms. Kanika Krishna as Non-Executive Director:-

In terms of the provisions of Section 149(1) of the Companies Act, 2013 read with amended Clause 49 of the Listing Agreement, the Company should have at least one woman Director in the Board of Directors. Keeping in view the above legal compliance, the Board of Directors has proposed that Ms. Kanika Krishna be appointed as a Director of the Company whose period of office is liable to retire by rotation. Consequently, proposal of such appointment is made at the ensuing 15th Annual General Meeting of the Company.

The Company has received a notice in writing from a member along with the deposit of requisite amount under Section 160 of the Companies Act, 2013 proposing the candidature of Ms. Kanika Krishna for the office of Director of the Company. She holds the office of a Director within the limit given under Section 165 of the Companies Act, 2013 and fulfils other provisions laid down under the Companies (Appointment and Qualification of Directors) Rules, 2014.

Ms. Kanika Krishna is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013.

Mr. Aditya Krishna, Managing Director and Mr. Autar Krishna, Chairman may be deemed to be concerned or interested in the resolution set out at Item No. 9 of the Notice.

Directors other than the Managing Director and Chairman of the Company and Key Management Personnel of the Company and their relatives are not concerned or interested, financial or otherwise, in the resolution set out at Item No. 9 of the Notice.

Item No. 10:-

Amendment to the Employee Stock Option Plan 2009:-

The Members through Postal Ballot conducted on 7th December 2009 have approved Employee Stock Option Scheme 2009. As per the plan, the exercise period for the options granted is 5 year from the date of grant. The Company now wishes to extend the exercise period to 10 years from the date of grant for the benefit of its employees who shall have a longer exercise period to take an informed decision on exercising the options. By extending the exercise period the Company also seeks to avoid the vested options getting lapsed due to non-exercise by its employees.

As per the SEBI Guidelines, a separate resolution is required to be passed if there is a variation in the terms of the Employee Stock Option Scheme. Therefore your directors recommend the resolution No. 11 to be passed as special resolution by the members.

No Director, or relatives of Key Management Personnel are interested or concerned in the resolution.

Certain Key Management Personnel who have been offered ESOP-S may deemed to be interested in the resolution set out in item No.10 of the Notice.

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

**Place: CHENNAI
Date : August 04, 2014**

**S NARAYAN
COMPANY SECRETARY**

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting their Fifteenth Report on the business and operations of your Company together with the Audited Accounts for the financial year ended 31st March 2014 .

Financial Results

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

	Standalone Results (Rs. In Millions)		Consolidated Results (Rs. In Millions)	
	Year ended 31 st March 2014	Year ended 31 st March 2013	Year ended 31 st March 2014	Year ended 31 st March 2013
Export Revenue	308.84	310.27	2113.15	1475.37
Domestic Revenue	130.55	114.32	130.55	114.32
Other Income	19.37	3.62	10.82	7.75
Total Income	458.76	428.21	2254.52	1597.44
Operating expenses	340.88	344.04	2009.03	1417.10
Operating Profits	117.88	84.17	245.49	180.34
Depreciation	13.96	11.38	16.31	14.20
Interest and Finance Charges	26.39	32.22	39.71	42.33
Net Profit before Tax	77.53	40.57	189.47	123.81
Current Tax	23.20	15.00	40.52	17.27
Deferred Tax	(0.46)	(2.59)	(0.46)	(2.51)
Net Profit after Tax	54.79	28.16	149.41	109.05
Profit brought forward	292.88	290.62	560.64	477.50
Available for Appropriation	347.67	318.78	710.05	586.54
Transfer to General Reserve	5.48	2.11	5.48	2.11
Dividend and Dividend Tax	28.26	23.79	28.26	23.79
Balance Carried forward	313.93	292.88	676.31	560.64

RESULTS OF OPERATIONS:

Standalone Accounts

- Total income for the year 2013-2014 was Rs. 458.76 Million as against Rs. 428.21 Million during the year 2012-2013, registering an increase of 7.13%.
- Profit after tax was Rs.54.79 Million during the year 2013-2014 as compared to Rs.28.16 Million during 2012-2013, resulting an impressive growth of 94.57%.
- Basic earnings per share was Rs.5.70 for the financial year 2013-2014 as compared to earnings per share of Rs. 2.93 for the financial year 2013.
- Operating and other expenses during the year were at Rs.340.88 Million as compared to Rs. 344.04 Million in the previous year.

Consolidated Accounts

- Consolidated total income for the year 2013-2014 was Rs.2254.52 Million as against Rs. 1597.44 Million during the year 2012-2013, registering an impressive growth of 41.13%.
- Profit after taxes was Rs.149.41 Million during the year 2013-2014 as compared to Rs. 109.05 Million during 2012-2013, a staggering growth of 37.01%.
- Basic earnings per share was Rs.15.54 for the financial year 2013-2014 as compared to earnings per share of Rs.11.35 for the financial year 2012-2013.

DIVIDEND:

Based on Company's performance, the Directors are pleased to recommend for approval of the members a Final dividend of Rs.2.50 per share (25% on the face value of Rs. 10) for the financial year 2013-14. The final dividend on the equity shares, if declared as above would involve an outflow of Rs.25.83 Million towards dividend and Rs.2.43 Million towards dividend tax, thereby resulting in total outflow of Rs.28.26 Million.

TRANSFER TO RESERVE:

As stipulated under the provision of the Companies Act, 1956 read with Companies (Transfer to Reserves) Rules, 1975, your Directors have proposed to transfer 10% of the current profits to General Reserve out of the profits earned by the Company.

BUSINESS:

Saksoft is the preferred partner to deliver Total Application Management solutions to our clients. We bring success to our customers by providing end to end Information Management Services and robust framework and technologies to support their transition of data, Information and Intelligence at ease. Saksoft has extensive experience delivering Information Management solutions and have helped many public and private sector clients utilize their data to gain information. We have a tried, tested and trusted methodology which enables us to offer end-to-end Information Management services backed by our experience.

Saksoft have created the capability to deliver "continuous insight". Our proven approach and methodology have helped customers stay ahead in the competitive environment. Our analytical solutions have brought tremendous benefits to our Customers by improving their operational efficiency and bringing IT cost effectiveness.

Many Corporates have started focusing on analysis of data that are often disparate and complex so as to gain access to accurate, relevant and high quality information. The business have sensitized on the value of these data to obtain real time information on their growth and their positioning in the competitive market. It is in this space, Saksoft sees a tremendous opportunity and believes that analytics and Information Management (IM) will drive the business growth and profits in the years to come.

Apart from end to end Information Management Services, Saksoft also offers strategic consultancy and value driven strategic road map for solutions and service delivery at one end and services to support the ongoing use and exploitation of the delivered solution, including training, skill transfer and managed services at the other.

The Staffing Services initiative in India and United States has turned out to be a revenue generating services offering during the current year with growing client base. Our Staffing Services offering brings several advantages to the Clients In terms of expertise, cost, availability of resources with skill sets and employee retention.

Saksoft's unique business model of Reporting as a Managed Service (RaaS) is a packaged offering to satisfy all decision support needs of an enterprise. RaaS will remove the hassle of building, enhancing, managing and monitoring of reporting environment and will enable business focus on decision making and assist line managers with instant access to enterprise data.

Saksoft is recognized as one of the Top 20 Most Promising IT Services companies by CIO Services 2013 Review Magazine in its publication in the month of December 2013 which has been a spring board to bring visibility of our offerings in the US market.

Saksoft's continued focus on Mobile application development has brought expertise in Mobile Application Development across various platforms such as iPhone Application Development, Android, Windows Mobile Application, Blackberry and all J2ME based devices. Saksoft is currently credited with developing the above applications. Our strong mobile development team has been driving force for this new initiative.

SUBSIDIARY COMPANIES:

Your company has 6 (Six) wholly owned subsidiaries and 3 (Three) Step down Subsidiaries as of 31st March 2014. The performance of these subsidiaries are embodied and disclosed in the Consolidated Financial Statements prepared in accordance with the provisions of Accounting Standards 21 issued by the Institute of Chartered Accountants of India and the Listing Agreement of the Stock Exchanges as prescribed by the Securities and Exchange Board of India from time to time. We strongly believe the Consolidated Financial Results represent a full picture of the details of the group.

Ministry of Corporate Affairs had earlier issued a circular No. 2/2011 dated 8th February 2011 providing common exemption to all companies under Section 212 (8) of the Companies Act, 1956 with respect to attaching full annual accounts of subsidiary companies along with financials of the Company. A statement containing brief financial details of the Company's subsidiaries for the financial year ended March 31, 2014 is included in the Annual Report. The audited accounts of and related information of our subsidiaries, where applicable, will be made available on request. These documents will also be available for inspection during business hours at our registered office in Chennai, India.

During the year M/s.Synetairos Technologies Limited, a wholly owned subsidiary of the Company filed the petition in the High Court of Madras for merging itself with M/s.Saksoft Limited which subsequently came up for final hearing and final order was passed by Honorable High Court of Madras on 17th July 2014 sanctioning the merger with the appointed date as 1st April 2013. The said merger was carried out to bring greater integration, greater financial strength and flexibility for the Company which would result in maximizing overall shareholder value and will improve the competitive position apart from resulting in economy in the scale of operations, reduction in overheads, administrative convenience and more productive utilization of various services and resources.

A wholly owned subsidiary was incorporated in the country of France in the name and style of Saksoft FR SARL on 11th April 2014. The said subsidiary was formed with a view to create an expansion in the business opportunities for the Company in the western part of Europe.

The name of wholly owned subsidiary in United Kingdom M/s.Saksoft Investments Private Limited, UK has been changed to M/s.Saksoft Solutions Limited with effect from 10th April 2014.

DELIVERY CENTRES:

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

HUMAN RESOURCES MANAGEMENT:

India's position as the leading player in the global sourcing market has been the availability of an abundant talent pool and the multi-pronged skills of the existing employee base. India is the world's largest source of employable talent one of the key parameters for clients choosing India as the most preferred sourcing market. Given the importance of human resources to the IT-BPO Industry, the large size of employee base and the need to attract future talent, the industry has been initiating various measures that ensure an employee friendly work environment.

The major challenges inducing the industry to develop various innovative talent management practices can be categorized as

- Employee engagement
- Ensuring Career Progression while enabling a balanced personal life.
- HR policies focussing on localizing talent, while business goes global
- Industry constantly developing talent ecosystem to mould future leaders

Saksoft has 394 employees as at March 31, 2014. Your Company has imbibed and conceptualized its core human resource values that makes a difference in many ways and in the process provide lot of ways for people to grow to the next level. More importantly the Company's human resource management process has been designed to create a mindset among the employees where they have the opportunity to work with some talented, interesting and inspiring people who at the same time display discipline and humility. Saksoft 's enlightened approach to employee development also focuses on giving people whatever they need to succeed and this ensures that people are given continuous support, learning, recognition and transformation to next level.

From the talent acquisition front, your Company has various businesses tie ups with leading recruitment agencies to identify and engage highly talented resources both at the senior management and middle management levels. Saksoft's recruiting model also attracts resources possessing strong technical and domain knowledge needed to deliver greater value to our clients and is committed to attracting, retaining, and developing the highest quality and most dedicated workforce possible in today's market. Your company has a robust performance management system which aims to improve communication and understanding of employee's goals and concerns and is built to reward employees in a fair and transparent manner with consistent focus on training and career development initiatives to motivate employees who in turn will benefit the organization with increased operating efficiencies and enhanced delivery capabilities.

CORPORATE SOCIAL RESPONSIBILITY:

The Corporate Social Responsibility (CSR) has become an integral part of the agenda for corporate world that mandate them to plan and allocate funds to contribute for the societal measures aimed towards wellbeing of the society. With the enactment of the Companies (Corporate Social Responsibility) Rules 2014 by the Ministry of Corporate Affairs, the Corporate Social Responsibility has become mandatory for companies fulfilling the threshold prescribed under the rules with effect from 1st April 2014.

Every year, Saksoft has been carrying out initiatives on social front by way of organizing camps, blood donations, contribution to relief work etc. During the year there were some notable social events undertaken by Saksoft viz., provided support to relief efforts, relief materials like blankets, food packets for the Uttarakhand victims, distributed clothes to all the children at the Nethaji Mercy Home Orphanage and organized a Corporate Foundation Program Workshop aimed to minimize the gaps between the learning in college campus and corporate demands for the fresher's on industry requirements. It is a tradition set by Saksoft to contribute to the society apart from the business. Saksoft advocates this tradition to each and every employee and make them participate voluntarily and create a sense of pride in them by their involvement in various Corporate Social Responsibility (CSR) initiatives.

With the CSR rules being notified by the Ministry, Saksoft shall ensure compliance subject to satisfying the threshold limits notified under the rules and accordingly establish CSR committee and define its CSR policy for 2014-2015.

QUALITY:

Maintaining high degree of quality on whatever we commit to deliver to our valued customers is our core mantra and mission reverberated at all levels of our management. Your Company deploys various quality improvement measures/ techniques at every stage from the conceptualization of a project till commissioning and subsequently during the operation phases to identify areas of improvement and to develop action plans for achieving the desired level of quality in all of its activities.

CORPORATE GOVERNANCE:

For Saksoft, good Corporate Governance is the key for creating and maintaining public/stakeholders' trust in the Company. Your Company continuously strives for best corporate governance practices and ensures better transparency, accountability and fairness in the dissemination of information to its stakeholders. Obeying the law, both in letter and in spirit, is the foundation on which the Company's ethical standards are built. The Company would constantly endeavor to improve on these aspects. Your Company as a responsible partner in society has been showing consistency in maintaining corporate governance towards its shareholders, customers, employees, the government and business partners, in all the geographies where it operates.

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

CORPORATE GOVERNANCE VOLUNTARY GUIDELINES:

By complying with the provisions of the Companies Act, 1956 and Clause 49 of the Listing Agreement, the Company is complying with all the major clauses of the Corporate Governance Voluntary Guidelines, 2009. We have reported in Annexure 'II' to the Directors' Report - Corporate Governance, the extent of our compliance of the Corporate Governance Voluntary Guidelines, 2009.

DEPOSITS:

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

DIRECTORS:

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

As per disclosures made by the Directors, none of the Directors are disqualified pursuant to Section 274(1)(g) of the Companies Act, 1956 (now notified as Section 164 in Companies Act, 2013) and the disclosures have been taken on record by the Board of Directors.

DIRECTORS' RESPONSIBILITY STATEMENT:

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

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

A STATEMENT OF DECLARATION BY INDEPENDENT DIRECTORS:

A statement on declaration of Independence required to be made under section 149 of the Companies Act, 2013 has been obtained from each of the Independent Directors confirming their independence.

AUDITORS

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

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION :

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

FOREIGN EXCHANGE EARNINGS AND OUTGO :

Foreign Exchange Earning : Rs.320.31 Million

Foreign Exchange Outgo : Rs.23.93 Million

MATERIAL CHANGES AFTER 31ST MARCH 2014 :

There have been no material changes and commitments between 31st March 2014 and the date of this report having an adverse bearing on the financial position of the Company.

PARTICULARS OF EMPLOYEES:

The Ministry of Corporate Affairs has notified an amendment to Companies (Particulars of Employees) Rules, 1975 which may now be called as Companies (Particulars of Employees) Amendment Rules, 2011 wherein the disclosure of names and other particulars of those employees who draw remuneration of more than 60 lakhs per annum or more than Rs.5,00,000 per month are to be disclosed in the Director's report. During the financial year 2013-2014 none of the employees drew remuneration of more than 60 lakhs per annum or more than Rs.5,00,000 per month and hence the specific disclosure did not arise during the relevant period.

EMPLOYEES STOCK OPTION SCHEME:

During the year the Board has allotted 70,000 equity shares consequent to the exercise of options by certain eligible employees of the Company who were granted options on 3rd December 2010 at grant price of Rs.42.50 per option under ESOP 2009 plan. Subsequent to the exercise, the listing and trading approval was obtained from National Stock Exchange on 24th March 2014. The paid up share capital of the Company after allotment of 70,000 equity shares stands at 10235000 Equity Shares as of 31st March 2014. Apart from the above allotment, during the year the Compensation Committee has granted 50,000 options to an eligible employee of subsidiary of Saksoft Limited on 4th July 2013 at a grant price of Rs.41.55/-. Subsequent to the financial year 31st March 2014, the Board by passing circular resolution on 8th July 2014 has allotted 95,000 equity shares consequent to the exercise of options by certain eligible employees of the Company who were granted options on 3rd December 2010 at grant price of Rs.42.50 per option under ESOP 2009 plan. Subsequent to the exercise, the listing and trading approval was obtained from National Stock Exchange on 23rd July 2014.

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

INVESTOR SERVICES

Investor Services are pivotal to the operations of the Company and hence your company always lays tremendous importance to redressing investor grievances and requests. The Compliance officer directly liaises with the Investor in matters relating to Investor services. The web-site of Saksoft (www.saksoft.com) is designed in a manner which is investor friendly. The Company has established an investor grievances committee to redress the grievances of the investor. The Company has designated an exclusive e-mail ID investorqueries@saksoft.co.in for investor queries to enable the investors to make their complaints, grievances and other requests. Investor relations remained cordial during the year under review and there are no investor complaints pending as on 31st March 2014.

ACKNOWLEDGEMENT

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

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

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

**Place: Chennai
Dated : August 4, 2014**

**AUTAR KRISHNA
CHAIRMAN**

ANNEXURE I TO THE DIRECTORS' REPORT

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

Name of the Plan	ESOP 2006	ESOP 2009
(a) Options Granted	NIL	50,000 options on 4 th July 2013
(b) Pricing Formula	NIL	The Stock Options granted were priced at the prevailing market price for the Company's equity shares quoted on the National Stock Exchange of India on the date prior to the date on which the Compensation Committee decided to recommend to the grant of options to eligible employees.
Options Vested during the year 2013-14	50,000	87,500
Options Exercised	NIL	70,000
The total number of shares arising as a result of exercise of Options	NIL	70,000
Options Lapsed	NIL	NIL
Variation of terms of Options	NIL	NIL
Money Realised on exercise of options	NIL	30,97,500
Total Number of options in force.	200,000	3,05,000
Employee wise details of Options granted to		
(1) Senior Management Personnel.	NIL	Mr. Milind Pandit – 50,000 options
(2) Any other employee who receives a grant in any year of option amounting to 5% or more of options granted during the year.	NIL	NIL
(3) Identified employees who were granted options during any one year, equal to or exceeding 1% of the issued capital of the Company at the time of grant.	NIL	NIL

Name of the Plan	ESOP 2006	ESOP 2009
Diluted Earnings per share pursuant to issue of shares on exercise of options calculated in accordance with Accounting Standard (AS) – 20 (Earnings per share)	Not Applicable	
Where the Company has calculated the employee compensation cost using intrinsic value of Stock option, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of options, shall be disclosed. The impact of this difference in Profit on EPS of the Company shall also be deducted.	The Company has calculated the employee compensation cost using the intrinsic value of stock options. Had the fair value method been used, in respect of stock options granted, the employee compensation cost would have been higher by Rs.463554 Profit after tax lower by Rs.463554 and the basic and diluted earnings per share would have been lower by Rs.0.0453 respectively.	The Company has calculated the employee compensation cost using the intrinsic value of stock options. Had the fair value method been used, in respect of stock options granted, the employee compensation cost would have been higher by Rs.2042412 Profit after tax lower by Rs.2042412 and the basic and diluted earnings per share would have been lower by Rs.0.1996 respectively.
Weighted-average exercise prices and weighted average fair values of options shall have been disclosed separately for options whose exercise price either equals or exceeds of is less than the market price of the Stock.	No options granted during the year	Options grant Date : 4 th July 2013 Grant Price : Rs.41.55 Fair Value : Rs.15.31
A description of the method and significant assumptions used during the year to estimate the fair value of options, including the following weighted average information		The Fair value of the stock options granted on 4 th July 2013 has been calculated using the Black-Scholes options pricing formula and the significant assumptions made in this regard are as follows
		4th July 2013
(i) risk-free interest rate (ii) expected life (iii) expected volatility (iv) expected dividend (v) the price of the underlying share in market at the time of option grant		7% 9 years 44.56% 3.84% Rs.41.55

ANNEXURE II TO THE DIRECTORS' REPORT

A. CORPORATE GOVERNANCE - AN OVERVIEW

The term "Corporate Governance" refers to a set of laws, regulations and good practices that enable an organization to perform efficiently and create value for all its stakeholders. The Company believes that Corporate Governance is critical for retaining investor confidence and your Company always seeks to ensure to meet this objective. The Company has established systems and procedures to ensure that its Board of Directors are well informed and well equipped to provide management with the strategic direction needed to create shareholders value.

B. SAKSOFT CORPORATE GOVERNANCE PHILOSOPHY

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

C. GOVERNANCE

The Directors of the Company are in a fiduciary position, empowered to oversee the management functions with a view to ensure its effectiveness and enhancement of shareholder value. The Board reviews and approves management's strategic plan & business objectives and monitors the Company's strategic decisions. The Board of Directors exercises overall governance of Corporate Governance of the Company. The Board of Directors is being assisted by Corporate Management and Operational Management.

The two-tier governance structure encompasses the Corporate Management comprising of Managing Director and Senior Management Personnel from Finance, Human Resources and Administration and Operations Management comprising of Strategic Business Heads, Executive Vice Presidents and Delivery Heads.

Both the Management Divisions play an important role in ensuring greater management accountability and credibility which facilitates increased autonomy of businesses, performance discipline and development of business leaders, leading to increased public confidence.

D. BOARD OF DIRECTORS:


The Board of Directors provides leadership and guidance to the Company's management and directs, supervises and controls the performance of the Company. The Board currently comprises of five Directors. The Company has a Non-Executive Chairman and the three Independent Directors comprise of more than half of the total strength of the Board. The roles of the Managing Director and Chairman are clearly demarcated to prevent unfettered decision making power from being rested with single individual.

E. BOARD RESPONSIBILITIES

All the members of the Board are experienced and seasoned professionals and financially literate. The Board members also possess expertise in accounting and financial Management and they focus substantial time to study the data and contribute effectively to Board discussions.

F. AUDIT COMMITTEE

The Audit committee of the company consists of 3 non-executive and independent directors. The composition of the committee and the qualification prescribed for the members are in compliance with the requirements of clause 49 of the Listing Agreement. All the members of the Committee are financially literate and have sufficient accounting and financial management expertise. The role of Audit Committee includes overseeing the Company's financial reporting process and disclosure of its financial information, recommending the appointment of the Statutory Auditors and fixation of their remuneration, reviewing about internal control



systems, reviewing major accounting entries involving exercise of judgment by the management, reviewing the risk management mechanisms of the Company, reviewing of compliance with Listing Agreement and various other legal requirements concerning financial statements and related party transaction, reviewing the Quarterly and Half yearly financial results and the Annual financial statements before they are submitted to the Board of Directors.

G. REMUNERATION COMMITTEE

The company's Remuneration committee consists of three non-executive independent directors. The scope/role of the committee is to review, assess and recommend the appointment of Executive and Non Executive Directors (NED) and, to review their remuneration package, to recommend compensation to the NEDs in accordance with the provisions of the Companies Act, 1956, to consider and recommend Employee Stock Option Schemes and to administer and superintend the same. During the year there were no new Directors being inducted to the Board.

H. APPOINTMENT OF INTERNAL AUDITOR

The Board has in place an Internal Auditor to ensure the independence and credibility of the internal audit process, and such Auditor is not an employee of the Company.

REPORT ON CORPORATE GOVERNANCE (PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT)

Company's Philosophy on Corporate Governance:

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

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

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

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

BOARD OF DIRECTORS:

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

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

The required information as enumerated in AnnexureIA to Clause 49 of the Listing Agreement is made available to the Board of Directors for discussions and consideration at Board Meetings. The Board reviews the declaration made by the Company Secretary regarding compliance with all applicable laws on a quarterly basis as also steps taken to remediate instances of non-compliance. The Managing Director and the Chief Financial Officer (CFO) have certified to the Board in accordance with Clause 49 V of the Listing Agreement for the Financial Year ended March 31, 2014.

Composition and category of Directors:

Name of the Directors	Designation	Category
Autar Krishna	Chairman	Non-Executive and Promoter
Aditya Krishna	Managing Director	Executive and Promoter
R Rajagopalan	Director	Independent Non-Executive
Amitava Mukherjee	Director	Independent Non-Executive
Ajit Thomas	Director	Independent Non-Executive

Shares held by Non-executive Directors:

The Non-executive Directors of the Company other than Mr. Autar Krishna and Mr. Ajit Thomas do not hold any shares of Saksoft. Mr. Autar Krishna holds 200,120 Equity Shares of Saksoft Limited and Mr. Ajit Thomas holds 200,000 Equity Shares of Saksoft Limited.

Board Meetings

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

The annual calendar of Board Meetings is agreed upon at the beginning of the year to ensure that there is full attendance and participation in the Board meetings. The Company conducts Board meetings in compliance with the requirements of the Companies Act, 1956 and the Listing Agreement. During the financial year 2013-14, the Board met 4 times on 27th May 2013, 5th August 2013, 29th October 2013, 31st January 2014.

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

Name of the Director	Particulars of the attendance in		Directorship in other Indian Public Companies	Position on Audit & Investor Grievance Committees in other Indian Public Companies	
	Board Meetings	Last AGM		As Chairman	As Member
Autar Krishna	5/5	Yes	4	-	2
Aditya Krishna	5/5	Yes	2	-	-
R Rajagopalan	5/5	Yes	2	1	2
Amitava Mukherjee	5/5	Yes	1	-	1
Ajit Thomas	5/5	Yes	9	-	-

Notes :

- None of the Directors of the Company holds membership of more than ten Committees nor is a Chairman of more than five committees (as specified in Clause 49), across all companies of which he is a director. Necessary disclosures regarding Committee positions in other Indian public companies as at March 31, 2014 have been made by the Directors.
- The committees considered for above purpose are those as specified in existing Clause 49 of the Standard Listing Agreement(s) i.e. Audit Committee and Shareholders/Investors grievance Committee.

BOARD PROCEDURE:

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

AUDIT COMMITTEE:

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

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

The members of the Audit Committee are as follows:

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

During the year 2013-14, the Audit Committee met four times on 27th May 2013, 5th August 2013, 29th October 2013, 31st January 2014. The interval between two meetings convened was not more than four months. Majority of the members maintaining requisite quorum of the committee have attended all the audit committee meetings. The Company also adheres to the Companies Act, 1956, the Listing Agreement and the SEBI Guidelines in relation to the quorum for the meetings, role and powers of the committee.

REMUNERATION COMMITTEE:

The company's Remuneration committee consists of three non-executive independent directors.

Mr. R. Rajagopalan, Mr. Amitava Mukherjee and Mr. Ajit Thomas are the members of the committee. The scope/role of the committee is to recommend to the Board of Directors, the remuneration payable to the Managing Director as and when they come up for review, administering the Employees Stock Option plans of Saksoft Limited and evaluation of performance of Independent Directors and Key Managerial Personnel.

Mr. Rajagopalan is the chairman of the Remuneration committee. During the year, the committee met 1 time on 5th August 2013.

The details of remuneration paid to the Managing Director of the Company for the year ended 31st March 2014 is as under:

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

REMUNERATION OF NON-EXECUTIVE DIRECTORS:

The Company pays Sitting Fees of (a) Rs. 20,000/- per meeting to its Non-executive and Independent Directors for attending meetings of the Board and (b) Rs. 5,000/- per meeting to its Non-executive and Independent Directors for attending meetings of Committees of the Board. Your Company has obtained approval from its Shareholders at 13th Annual General Meeting of the Company towards payment of commission of 1% of the net profits of the Company for further period of 5 years commencing from 1st April 2013. The said commission will be decided each year by the Board of Directors and distributed amongst the Non-executive and Independent Directors based on the period of their association with the Company during the year.

The summary of sitting fees paid for the year ended 31st March 2014 to the directors and the Commission are as follows:

S.No.	Names of Directors	Sitting Fees (Board Meetings)	Sitting Fees (Committee Meetings)	Managerial Commission Payable	Total
1.	Autar Krishna	Rs. 80,000	Nil	Rs. 100000	Rs. 1,80,000
2.	R.Rajagopalan	Rs. 80,000	Rs.45,000	Rs. 100000	Rs. 2,25,000
3.	Amitava Mukherjee	Rs. 80,000	Rs.45,000	Rs. 100000	Rs. 2,25,000
4.	Ajit Thomas	Rs. 80,000	Rs.45,000	Rs. 100000	Rs. 2,25,000

INVESTOR GRIEVANCE COMMITTEE:

The Board has constituted a shareholder/Investors grievance committee comprising of Mr. R Rajagopalan, Mr. Amitava Mukherjee and Mr. Ajit Thomas. The Committee looks into redressing of shareholders' complaints like share transfers, non-receipt of dividend warrants etc. Mr. R Rajagopalan is the chairman of the Committee. Mr. S Narayan, the Company Secretary and Compliance Officer of the Company is the secretary of the committee. During the year, the committee met 4 times on 27th May 2013, 5th August 2013, 29th October 2013, 31st January 20.

During the year there was no investor complaints received for the year ended 31st March 2014.

GENERAL BODY MEETINGS

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

Year	Location	Date	Time
2010-11	P. Obul Reddy Hall, Vani Mahal, 103, G.N.Chetty Road, T.Nagar, Chennai – 600017.	05.08.2011	10.00 AM
2011-12	P. Obul Reddy Hall, Vani Mahal, 103, G.N.Chetty Road, T.Nagar, Chennai – 600017.	06.08.2012	10.00 AM
2012-13	P. Obul Reddy Hall, Vani Mahal, 103, G.N.Chetty Road, T.Nagar, Chennai – 600017.	05.08.2013	10.30 AM

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

Financial Year	General Meeting	S.No.	Particulars of Special Resolution passed.
2010-11	12 th Annual General Meeting	1.	A special resolution was passed for appointment of a relative of Director under Section 314 of the Companies Act, 1956.
2011-12	13 th Annual General Meeting	1.	A special resolution was passed for payment of commission to Non-Executive Directors for further period of 5 years from financial year commencing from 1st April 2013.
2012-13	14 th Annual General Meeting	1.	Amendment to ESOP Plan 2009 for increasing the quantum of options under the plan from 5 Lakhs to 10 Lakhs.

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

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

DISCLOSURES:

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

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

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

Details of Compliance with the Mandatory Requirements:

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

MEANS OF COMMUNICATION

The Company publishes the quarterly financial results in the manner prescribed by the National Stock Exchange. For the financial year ending 31st March 2014, the quarterly results were filed and published in the manner set forth below:-

Quarter	Date of Filing with the Stock Exchange	Date of publication in English Newspaper	Date of publication in Vernacular daily
I	27 th May 2013	28 th May 2013 – Trinity Mirror	28 th May 2013 – Makkal Kural
II	5 th August 2013	6 th August 2013 – Trinity Mirror	6 th August 2013 – Makkal Kural
III	29 th October 2013	30 th October 2013– Trinity Mirror	30 th October 2013 – Makkal Kural
IV	31 st January 2014	1 st February 2014 – Trinity Mirror	1 st February 2014 – Makkal Kural

The quarterly and annual financial results are posted in the Company's web-site www.saksoft.com

UPDATED WEBSITE:

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

CEO / CFO CERTIFICATION

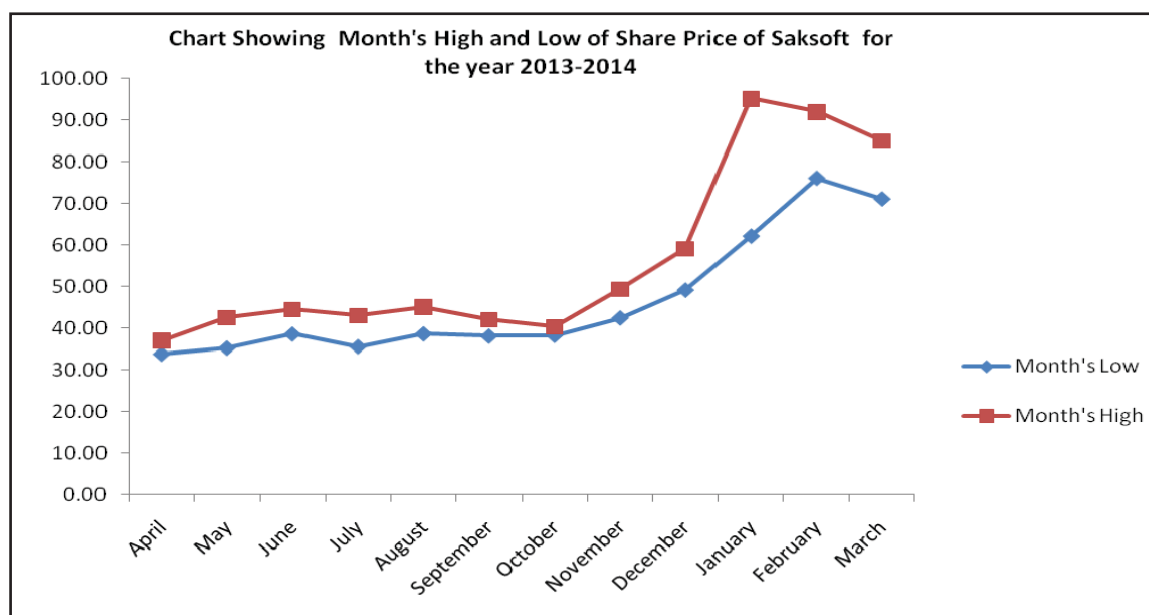
As required by Clause 49 of the Listing Agreement, a Certificate on the financial statements and Cash Flow statement of the Company for the year ended March 31, 2014 has been duly signed by the Managing Director and Chief Financial Officer.

GENERAL SHAREHOLDER INFORMATION: (TENTATIVE)

Particulars	Details
Annual General Meeting	Date : 26 th September 2014 Time : 10.30 A.M Venue : P. Obul Reddy Hall, Vani Mahal, 103, G.N. Chetty Road, T.Nagar, Chennai – 600 017
Financial Year Periodical results Results for I Quarter ending 30 th June 2014 Results for II Quarter ending 30 th September 2014 Results for III Quarter ending 31 st December 2014 Results for the year ending 31 st March 2015	1 st April to 31 st March First week of August 2014 First week of October 2014 First week of February 2015 Last week of May 2015 *The schedule is tentative.
Book Closure Date	22 nd September 2014 to 26 th September 2014 (both days inclusive)
Dividend Payment Date	Between 7 th October 2014 and 25 th October 2014
Listing on Stock Exchanges	The Equity shares of the Company are listed at the National Stock Exchange of India Limited and are permitted to be traded on the Bombay Stock Exchange under the category permitted securities. The annual listing fee as prescribed by the National Stock Exchange has been paid to them within the prescribed time limit.
Stock Code	SAKSOFT EQ
DEMAT ISIN Number in NSDL and CDSL for Equity Shares.	INE667G01015
Market Price Data: High and Low during each month in last financial year	The National Stock Exchange of India Limited, Mumbai (Provided below)

National Stock Exchange		
Month, Year	Price High	Price Low
April 2013	36.95	33.70
May 2013	42.55	35.15
June 2013	44.50	38.50
July 2013	43.00	35.50
August 2013	45.00	38.55
September 2013	42.00	38.00
October 2013	40.35	38.20
November 2013	49.30	42.35
December 2013	59.10	49.05
January 2014	95.20	62.05
February 2014	92.00	75.95
March 2014	85.00	71.00

Stock Movement Chart



Registrar and Transfer Agents:

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

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

Distribution of shareholding as on 31st March 2014:

Number of Shares	Shareholders		No of Shares	
	Number	%	Number	%
Upto 5000	1851	87.55	196268	1.92
5001-10000	99	4.68	78464	0.77
10001-20000	59	2.79	85481	0.84
20001-30000	28	1.32	66310	0.65
30001-40000	10	0.47	34068	0.33
40001-50000	6	0.28	27489	0.27
50001-100000	19	0.90	147445	1.44
100001 and above	42	1.99	9599475	93.79
Total	2114	100	10235000	100

Pattern of Shareholding as on 31st March 2014

Category	No of Shares	% holding
Promoters	7611300	74.37
Mutual Funds & UTI	Nil	Nil
Banks/Financial Institutions	101297	1.00
NRI's/OCB	30265	0.30
FII	20000	0.29
Corporate Bodies	71773	0.70
Public	2203257	21.41
Others	197108	1.93
Total	10235000	100.00

Dematerialization of shares and liquidity

As at 31.03.2014, 99.81% of equity shares have been dematerialized. These shares are traded in the National Stock Exchange and Bombay Stock Exchange. The Company has not issued any ADRs/GDRs or any convertible bonds.

During the year under review the Board of Directors has allotted 70,000 equity shares consequent to the exercise of options by certain eligible employees of the Company who were granted options on 3rd December 2010 at grant price of Rs.42.50 per option under ESOP 2009 plan. Subsequent to the exercise, the listing and trading approval was obtained from National Stock Exchange on 24th March 2014. The paid up share capital of the Company after allotment of 70,000 equity shares stands at 10235000 Equity Shares as of 31st March 2014.

Requests to Shareholders

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

Demat of Shares:

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

Registration of Electronic Clearing Service (ECS) mandate:

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

Transfer of shares in physical mode:

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

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

Consolidation of Multiple Folios:

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

Registration of Nominations:

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

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

Updation of address:

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

SMS Alerts:

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

Timely encashment of dividends:

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

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

Shareholders, who have not encashed their dividend warrants, in respect of dividends declared for the year ended 31st March 2007 and for any financial year thereafter may contact the Company and surrender their warrants for payment.

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

Green initiative:

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

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

Accordingly, the annual report for 2013-14, notice for AGM, etc., are being sent in electronic mode to such of the members whose email addresses are available and registered with the Company / DPs and who have not opted to receive the same, are being sent in physical form. To support this green initiative of the Government, members are requested to register their email addresses, with the DPs, in case shares are held in dematerialized form and with the STA, in case the shares are held in physical form and also intimate changes, if any, in their registered email addresses to the Company / DPs from time to time.

Office Locations:

Saksoft Limited SP Infocity, Block A, 2 nd Floor, 40, MGR Salai, Perungudi, Kandanchavadi, Chennai – 600 096 Ph: 044- 2454 3500 Fax: +91-44- 2454 3510	Saksoft Limited B-35-36, Sector 80 Phase – II, Noida – 201 305 Uttar Pradesh Tel :+91- 0120 – 2462175 Fax : +91-0120 - 2462179	Saksoft Inc., Suite 1240, 30 Montgomery Street, Jersey City, NJ 07302. P: +001 201 451 4609/4612 F: +001 212 504 8026
Saksoft Pte Limited 100A, Eu Tong Sen Street, #04-01(Office 9), Pearls Centre Office Podium, Singapore – 059813 P:+65-62242550 F:+65-62242783	Saksoft Solutions Limited, (Previously known as Saksoft Investments Pvt Ltd) Waterside Court, #1, Crewe Road, ManchesterM23 9BE, UK P:+44-8707894321 F:+44-8707894002	Saksoft GmbH Lyonerstr 14 60528, Frankfurt, Germany P:+49-69-6655 4218 F:+49-69-6688 4100
Saksoft FR SARL 7 rue Galilee 75116 Paris	Electronic Data Professionals 3070 Bristol Pike, BLDG 2, Suite 107, Bensalem, PA 19020 Ph: +1 215-639-0304 Fax: +1 866-876-9151	

Address for Correspondence:

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

Exclusive E-mail ID for redressal of investor complaints:

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

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

Compliance with Code of Conduct

The Board of Directors has affirmed compliance with the Code of Conduct for Board of Directors & Senior Management adopted by the Company for the year ended 31st March 2014.

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

In accordance with Clause 49 of the Listing Agreement with the Stock Exchanges, I hereby confirm that, all the Directors and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct, as applicable to them for the Financial Year ended 31st March 2014.

For **Saksoft Limited**

Place: Chennai
Date : August 04, 2014

Aditya Krishna
Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

Overview:

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

1.1 Economic Overview

Just when five years of worst financial turmoil and recession ended since the Great Depression, the developed and emerging economies are showing stability in output growth and hiring last witnessed in the two decades prior to the crisis, in an era dubbed the “Great Moderation” by economists and media. The trend points to a worldwide economic expansion that will stay longer than most. Volatility in growth among the main industrial countries is the lowest since 2007 and half that of the 20 years starting in 1987, according to Bloomberg calculations based on International Monetary Fund data. Investment Market (Investors and Traders) seem to be comfortable as the risk measure that uses options to forecast fluctuations in equities, currencies, commodities and bonds around the weakest level in almost seven years as per Bloomberg estimates.

The IMF’s latest forecasts suggest output volatility in the Group of Seven nations will ease to 0.4 per cent this year compared with almost 3 per cent in 2010 and a 0.8 per cent average in the two decades ending 2007, according to the Bloomberg calculations, which measure the standard deviation in gross-domestic-product growth over rolling four-year periods.

For India the news continues to be favorable. The World Bank is projecting an economic growth rate of 5.7 per cent in fiscal year 2014 for India on the back of a more competitive exchange rate and many large investments going forward.

“Bolstered by permanently more competitive exchange rate and progress towards clearance of important investment projects, India may see an acceleration of growth (factor costs) in FY 2014 to 4.8 per cent, further increase to 5.7 per cent in FY 2015,” the World Bank said in its latest edition of ‘South Asia Economy Focus’. The same prediction is also reflected by IMF in its various reports. The problems of economic growth could be held back by unstable banking sectors, inflation, fiscal deficits and debt, and persistent shortfalls in energy and transport infrastructure across the region as per the World Bank report.

1.2 IT Industry outlook

1.2.1 World IT industry Outlook:

Global economy is showing signs of gradual recovery and the worldwide IT spending is on estimated to a total \$3.8 trillion in 2014, around 3.2% increase according to the latest forecast by Gartner, Inc.

SMAC – Social, Mobile, Analytics and Cloud are expected to drive growth across key major software markets, such as CRM, database management systems, data integration tools and data quality tools. The enterprise software market is expected to be fastest growing segment in 2014.

In 2013, the traditional IT market experienced flat growth, growing by around 0.4 per cent Y-o-Y. IT services is forecast to total \$964 billion in 2014, up 4.6 per cent from 2013. IT services buyers are shifting spending from consulting (planning projects) to implementation (doing projects), and Gartner expect steady growth in the IT services market as the economic outlook improves.

Table: Worldwide IT Spending Forecast (Billions of U.S. Dollars)

	2013 Spending	2013 Growth (%)	2014 Spending	2014 Growth (%)
Devices	660	-1.4	689	4.4
Data Center Systems	140	-0.2	143	2.3
Enterprise Software	299	4.9	320	6.9
IT Services	922	1.8	964	4.6
Telecom Services	1,633	-0.5	1,655	1.3
Overall IT	3,654	0.4	3,771	3.2

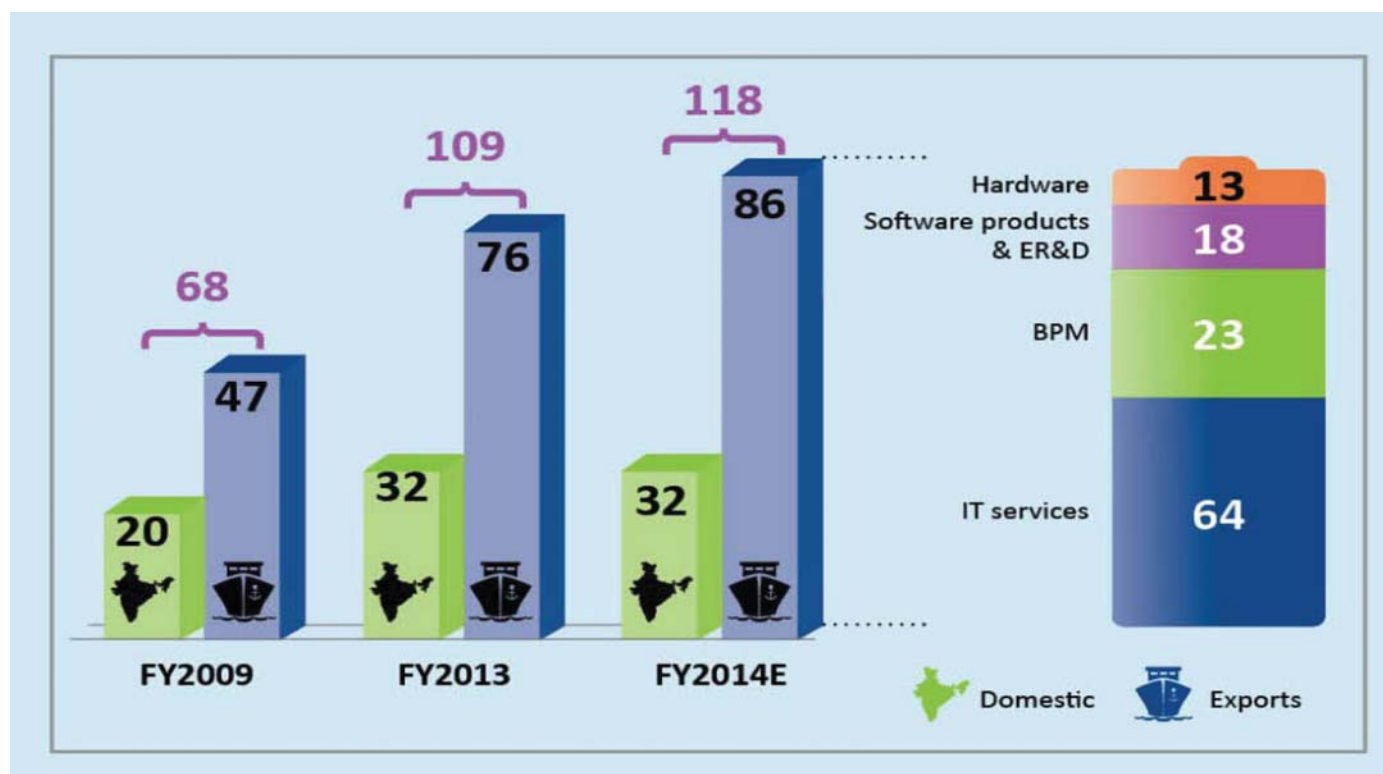
Source: April 2014, Gartner

1.2.2 Indian IT-BPM Sector:

Various research agencies forecast a positive outlook for the Indian IT industry for the FY2015. With improving signs of global economic climate and rise in the technology spend, FY2014 brought optimism for the Indian IT-BPM industry. Business is fueled by speeding up of delivery services and driving innovation capabilities across practices and operations.

A gradual revival in consumer confidence leading to return of discretionary spending, and increased demand from US and Europe is expected to be seen this year. While US continues to be the largest geographic market for India, accounting for 62%, the highlight for the year will be revival in demand from Europe, which grew by 14% in FY14.

From existing industry revenue of USD 118 billion, NASSCOM expects the industry to grow by revenues of USD 13-14 billion in FY2015. Export revenues are projected at 13-15% in FY2015 and are set to reach around USD 97-99 billion, while domestic revenues for the same period will grow at a rate of 9-12% per cent and is expected to reach INR 1250 - 1280 billion during this financial year.



Source: NASSCOM

Uptick in discretionary spend*

USD billion



Revival in demand both from US and Europe driving growth

Project oriented: To grow 14 per cent, driven by increase in discretionary spend

Outsourcing: 15 per cent growth – clients' need to focus on core business, the key driver

Support & training: Focussed around emerging technologies

Source: NASSCOM

Review – FY2014

- Industry export's estimated at USD 86 billion with a Y-o-Y growth rate of 13 per cent
- Domestic revenues were INR 1910 billion with a growth of around 9.7 per cent

FY2015 and way forward

- Global IT spending projected to grow faster in 2014 - IT by 3.9 per cent, BPM by 5.9 per cent
- Increased contract volume for global sourcing
- Disruptive technologies, digitization and entrepreneurship will fuel growth
- IT industry is expected to Collaborate, Connect and Co-Create specifically tailored business models
- Business models is expected to shift from traditional labour-based onsite-offshore model to cloud-based and off-premise solutions

Our Service Offerings

Information Management

The strategic consideration of Information Management is becoming increasingly important for organisations for a number of reasons:

- The volume of information held and required to be analysed is increasing significantly
- Regulatory pressures are increasing, requiring more accurate, consistent, transparent and auditable reporting and management of key business information.
- Technology advances are enabling more information to be analysed faster and to be personalised to meet specific consumer needs, whenever and wherever required.

An Information Management Strategy articulates the overall vision, objective and approach in the context of managing the organisation's information assets to derive business value. In organizations that use an enterprise approach to Information Management, the IM Strategy sets the direction to establish and maintain a co-ordinated, integrated - IM environment across the enterprise.

Saksoft's IM Environment model encapsulates all elements of the information environment within an organisation and looks at the human and technical factors from a business and technical perspective. The model has 28 key areas which are further subdivided to over 125 elements to ensure a comprehensive understanding.

Saksoft's definition of an organisation's IM Strategy will typically address :

- IM Vision and its alignment to the overall business strategy and objectives
- Information Environment - current and projected
- IM Roadmap

Information Management - Reporting as a Managed Service (RaaMS)

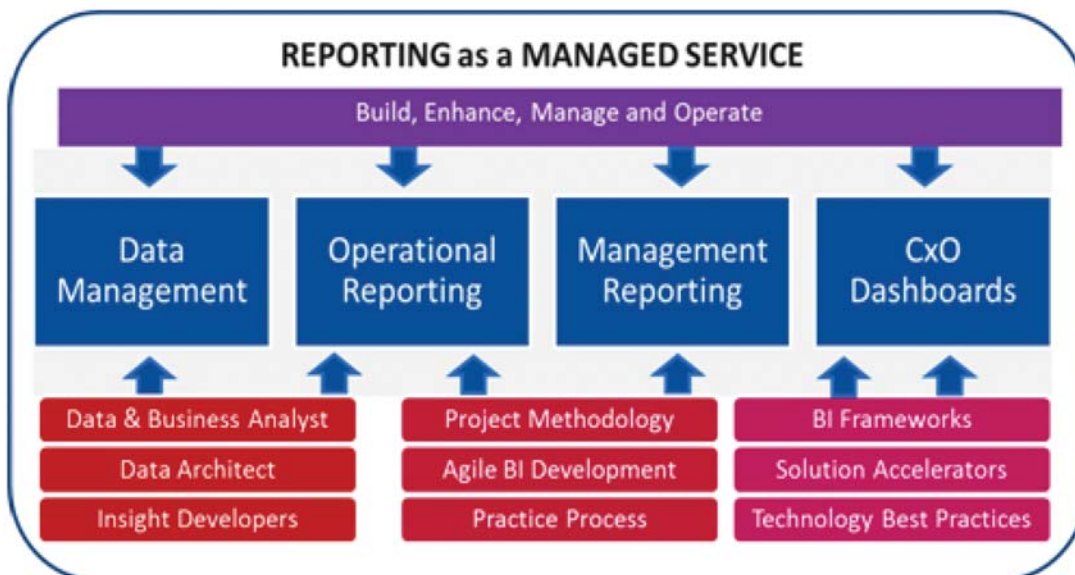
Saksoft's Reporting as a Managed Service (RaaMS) is a packaged offering to satisfy all decision support needs of an enterprise. RaaMS will remove the hassle of building, enhancing, managing and monitoring of reporting environment and will enable business focus on decision making.

Saksoft's Reporting as a Managed Service (RaaMS) offering helps Organizations generate actionable insights by the provision of data management, operational reporting, strategic reporting and CXO Dashboards as On Premise services besides packaging the following in all phases of the managed services to its Client globally.



Saksoft as a Key Differentiator:

Your Company has extensive global Information Management experience across multiple industries and encapsulates wide variety of skills to offer best of services to its Clients in the areas ranging from data management to insight delivery. Certainly we are the preferred Information Management solutions provider and a clear differentiator in the IM space for those enterprise management seeking for greater business agility solutions to their complex business problems.



Going by the Industry review, Saksoft firmly believes that there is growing demand for Information Management solutions in form of RaaS model and the Company has identified a number of clients with the potential to provide revenue of more than US \$5 Million. Growth within this account will be driven by dedicated client engagement teams and more focus on developing deeper customer relationship and satisfaction. From a Go-to-market perspective, the Company is focusing on expanding its sales bandwidth and market reach through value-added partnerships with both product and business partners.

Information Management – Business Intelligence, Data Warehousing and BO Migration

Saksoft has an extensive understanding of BI solution definition, development and deployment. As an integral part of our methodology, Saksoft have successfully delivered BI solutions using all of the leading and many niche BI toolsets. Saksoft is equipped to provide a comprehensive and proven BI delivery capability and constantly engage in research & develop in understanding new BI products.

Saksoft has developed a data warehouse development and deployment methodology. This incorporates an iterative design and development approach that has proven to be a very successful among its Clients.

Saksoft delivers innovation to Clients by driving user productivity and self-service, and exploits the value of existing investment into SAP Business Objects, migrates and upgrades to latest releases. Saksoft has the experience of building BO Migration solutions using latest technology and has developed different phases consisting of assessment, planning, migration, validation and training for its Clients.

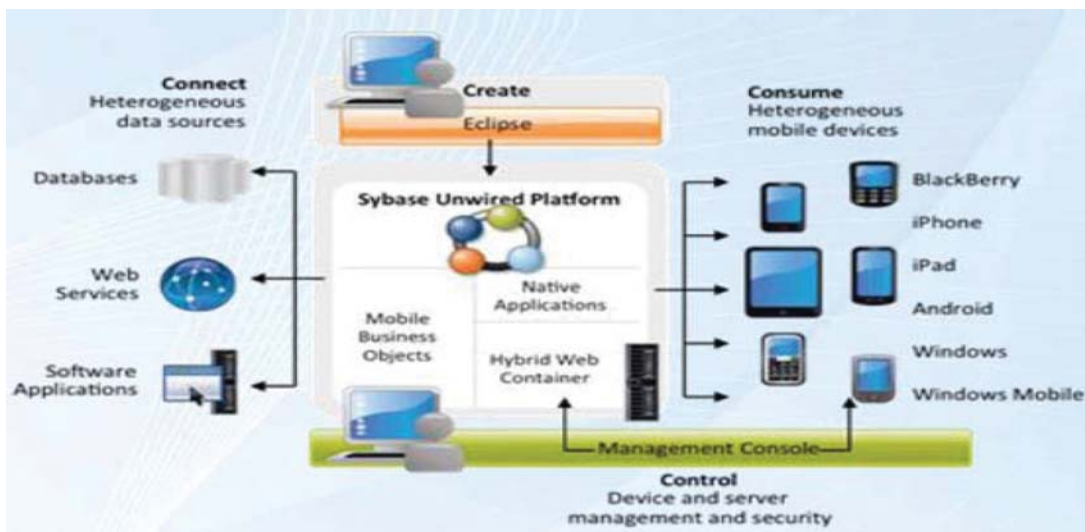
Information Management – Mobile Application Development

“Information on the go” has become today’s mantra which has lead to tremendous growth in the use of smartphones worldwide and with them the much sought after mobile applications. Your Company sees abundance opportunity in Mobile applications development and to keep with the latest trends in business and consumer centric mobile applications, Saksoft has added Mobile Application Development to its service offerings.

Saksoft has a strong focus on newer technology, domain knowledge and support and it delivers products that are of high standards and quality to its Clients. Your Company has built a very strong mobile development team and capable of working across all platforms such as iPhone Application Development, Android, Windows Mobile Application, Blackberry and all J2ME based devices.

Saksoft, in 2013-14 , focused on Enterprise Mobility being the key offering in our Mobile space. We provide enterprises and their partners access to corporate data and provide work flows, BI applications and shared workspaces using mobile devices.

Saksoft has partnered with SAP a renowned market and technology leader in business management software and this partnership has opened up new horizons and capabilities for Saksoft in SUP Hybrid Web Container applications and SUP Native Apps (iPhone, iPad, Android & Blackberry). Your Company has built a very strong dedicated team of people who are capable of providing these services on a project basis or on a resource augmentation basis.



Saksoft has implemented a path-breaking mobile application for a housing group at UK which has been praised for its features, ability to provide seamless workflows and an outstanding UI design. We have received the runners up award for the Development and Marketing of the Community Housing Group App from SAP, who are our mobility technology partner. We expect to replicate the housing application across to other similar groups and gain additional revenue in 2014.

Saksoft has gone way ahead to offer to its Clients custom based Mobile Applications of ERP, CRM and BI dashboards besides offering conversion of web pages into Mobile device compatible versions across a range of advanced platforms.

Independent testing

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

Your Company has a strong process orientation and brings with it an eye for detail to deliver high quality solutions while performing the following types of Testing services to Clients.



We have a proven track record in working with global, multi-location clients and the ability to work and communicate effectively with cross-cultural teams.

Web Application Services

Saksoft has wide range of software application services to cater the needs of the client. Saksoft has adopted new innovative engineering concepts to create state of art services for customers.

Custom development

We specialize in custom-build application based on specifications. We provide scalable, flexible and extensible architectures that can support any business. We have pre-defined process to serve varied customers with custom software development.

Managed Services

We have a framework for managed services covering scope management, pricing models, governance & reporting mechanisms and delivery structures.

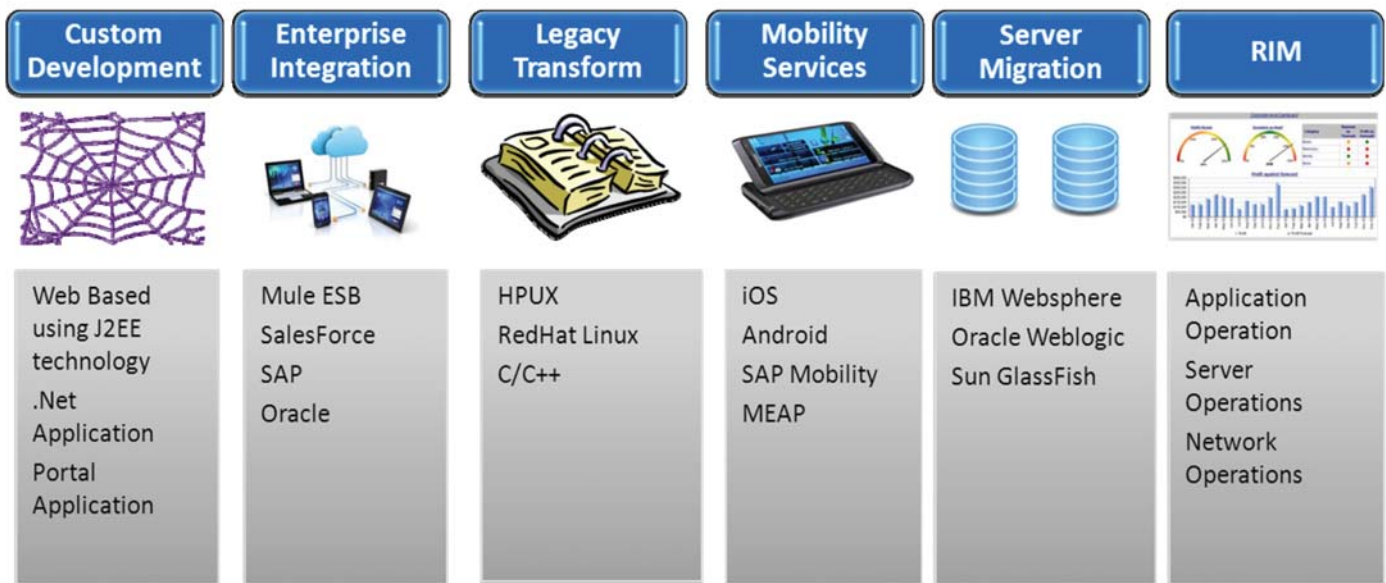
Enterprise Integration

We have ready to implement frameworks available for different integration scenarios, like Cloud to Cloud or Cloud to On-premise or On-Premise to On-Premise. We have expertise in both Open-Source and Licensed EI products available in the market.

Legacy Transformations

Saksoft provides end to end transformation for legacy applications. Over the time we have devised a process which can aid in the modernization of the applications. Saksoft's implementation approach contains the following key steps in the transformations

1. Assess
2. Roadmap definition
3. Analysis/Design
4. Build
5. Test
6. Deploy
7. Post Production support



2.3 What makes Saksoft a unique Service provider

Indepth understanding of our Business:

Saksoft's endeavour in understanding the nuances of offering best of solutions to Clients through its niche offerings has proven successful since its inception. Our deep insight of our business is one of our biggest competitive advantages. Each of our offerings is being managed by dedicated team of specialists and fall under direct supervision of our senior delivery management team. We have a Core Team comprising of senior members from delivery and management to evaluate and oversee the progress of our commitments to our Clients and to review new client additions to our business.

Creating Success and Value Creation

Making our customers successful is our passion and we achieve this by delivering solutions that allow our customers to go to market with innovative products and solutions. We create value by providing innovation as a key attribute in our engagements. Innovation is achieved through frameworks, delivery supremacy and an approach to do it right the first time.

Credible, Niche Partner

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

Business Models

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

2.4 Company Partnerships

SAP

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

Jaspersoft:

Saksoft and Jaspersoft provide a complete spectrum of on-premise, multi-tenant SaaS and cloud-based deployment options for both embedded and standalone Business Intelligence. Saksoft are a value added reseller also also a UK authorised Jaspersoft Training provider. In addition, we offer end-to-end Jaspersoft services spanning licenses, consultancy, support and education making us your ideal Jaspersoft Partner.

Logi Analytics

Logi Analytics enables organisations to put information to work by allowing them to create web-based BI and analytic applications that can be integrated directly within the applications, systems, and processes that support their business.

As an agnostic provider, Saksoft have the knowledge and experience of deploying, enhancing and personalising Logi Analytics installations. Together, Saksoft and Logi Analytics enables organisations to rapidly develop, deploy, and adapt applications to serve business users without extensive development or professional services.

Birst

Acuma, our UK Company, is a Champion partner of Birst, and brings valuable experience and expertise to the Birst solution. Acuma and Birst's combined approach brings Agile Business Analytics to clients. Combined, we offer a single place to manage all of any organisation's analytics along with the agility to answer questions that span departments, data sources, and deployments.

Qlik

Saksoft is a solution services partner for Qlik. QlikView, is the leading Business Discovery Platform, providing user-driven business intelligence (BI) to a variety of organizations worldwide. QlikView makes data associative, creating easily-understandable visual relationships across multiple, complex data sources. It's also mobile, social and collaborative.

2.6 Our delivery centers

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

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

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

The Noida center runs our Credit Management clients' international development and support projects. One of Saksoft's large clients uses all three centers for their entire outsourcing needs and Saksoft has established a dedicated connectivity between Saksoft offices and the client network in UK.

2.7 Quality assessments

Maintaining high degree of quality on whatever we commit to deliver to our valued customers is our core mantra and mission reverberated at all levels of our management. Your Company deploys various quality improvement measures/ techniques at every stage from the conceptualization of project till commissioning and subsequently during the operation phases to identify areas of improvement and to develop action plans for achieving the desired level of quality in all of its activities.

2.8 Human Capital

Saksoft's HR philosophy attracts resources possessing strong technical and domain knowledge that is key to deliver greater value to our clients. The company values and rewards its employees in a fair manner through a robust performance management

process and constantly focuses on training and career development initiatives to motivate employees who in turn will benefit the organization with increased productivity and enhanced delivery capabilities. Saksoft aims to build a strong commitment among the employees through various engaging initiatives and measurement tools to capture employee satisfaction scores over the year.

2.9 Sustainability Initiatives

CSR

The Corporate Social Responsibility (CSR) has become an integral part of the agenda for corporate world that mandate them to plan and allocate funds to contribute for the societal measures aimed towards wellbeing of the society. With the enactment of the Companies (Corporate Social Responsibility) Rules 2014 by the Ministry of Corporate Affairs, the Corporate Social Responsibility has become mandatory for companies fulfilling the threshold prescribed under the rules with effect from 1st April 2014.

Every year, Saksoft has been carrying out initiatives on social front by way of organizing camps, blood donations, contribution to relief work etc. During the year there were some notable social events undertaken by Saksoft viz., provided support to relief efforts, relief materials like blankets, food packets for the Uttarakhand victims, distributed of clothes to all the children at the Nethaji Mercy Home Orphanage and organized a Corporate Foundation Program Workshop aimed to minimize the gaps between the learning in college campus and corporate demands for the fresher's on industry requirements. It is a tradition set by Saksoft to contribute to the society apart from the business. Saksoft advocates this tradition to each and every employee and make them participate voluntarily and create a sense of pride in them by their involvement in various Corporate Social Responsibility (CSR) initiatives.

With the CSR rules being notified by the Ministry, Saksoft shall ensure compliance subject to satisfying the threshold limits notified under the rules and accordingly establish CSR committee and define its CSR policy for 2014-2015.

Resource efficiency

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

3.0 Opportunities and Risks

3.1 Opportunities

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

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

3.2 Risks

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

Economic

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

Business

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

Currency volatility

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

People

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

4.0 Internal Control Systems:

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

5.0 Financial Performance

Income

The total income of the Company comprises income from operations and other income. In FY 13-14, income from operations was Rs 439.39 million as compared to Rs 424.59 million for the previous year. Exports contributed 70% of the income from operations. The income from other sources increased from Rs 3.62 million to Rs 19.37 million primarily on account of gain on foreign exchange fluctuation, due to effective management of foreign exchange.

The group revenues for the year 2013-14 are at Rs.2243.70 million.

Operating Profits

The group Operating profit has increased significantly from Rs.180.34 Million to Rs.245.49 Million registering an impressive growth of 36.13%. There has been a considerable increase in the Company's operating profit from Rs.84.17 million to Rs.117.88 Million largely due to increase in revenue coupled with currency fluctuations on account of volatile currency market.

Authorised Share Capital

The Company has an authorised share capital of Rs.20 Crores comprising of 20 million equity shares of Rs. 10/- each as of March 31, 2014.

Paid up Share Capital

During the year the paid-up capital of the Company has increased from Rs.10.16 crores to Rs.10.23 crores on allotment of 70,000 equity shares consequent to the exercise of options by certain eligible employees of the Company who were granted options on 3rd December 2010 at grant price of Rs.42.50 per option under ESOP 2009 plan. The Company has now the paid-up capital of Rs.10.23 Crores, comprising of 10.23 million equity shares of Rs.10/- each as of March 31, 2014.

Reserves and Surplus

As stipulated under the provision of the Companies Act, 1956 read with Companies (Transfer to Reserves) Rules, 1975, your Directors have proposed to transfer 10% of the current profits to General Reserve out of the profits earned by the Company and an addition of 2.40 Million to Securities Premium Account resulting from allotment of shares under ESOP 2009 plan.

Secured Loan

During the year the secured loan outstanding was Rs.19.50 million.

Unsecured Loan

During the year the balance reduced to Rs.220 Million as against previous year balance of Rs.250 Million owing to repayments made during the year.

Fixed Assets

The company incurred capital expenditure to the tune of Rs.6.12 million compared to Rs.5.04 Million comprising additions to gross block, which was funded out of internal accruals. Net block of fixed assets stood at Rs.18.14 million as against Rs.17.95 million for the previous year.

Sundry Debtors

Sundry Debtors (net of provision) for the current year is at Rs.149.28 Million as against Rs.131.84 Million in the previous year.

Current Liabilities & Provisions

Sundry Creditors represent the amount payable to vendors and employees for supply of goods and services. Other liabilities comprise amounts due for operational expenses. Other liabilities have increased by Rs.10.27million during the year ended March 31, 2014. Provisions of Rs.13.54 Million for employee retirement benefit relate to liability for gratuity benefits. For fiscal 2014, the Directors of the Company have proposed a cash dividend of Rs.2.50 per share on equity shares.

Foreign exchange earnings and outgo

Foreign Exchange Earning :Rs. 320.31 Million

Foreign Exchange Outgo : Rs.23.93 Million

Dividend

Your Directors recommend a Final dividend of Rs.2.50 per share (25% on the face value of Rs.10). The total dividend for the year ended 31st March 2014 is Rs.25.83 Million. This dividend is subject to the approval of the shareholders in the ensuing Annual General Meeting.

Appropriations

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

6.0 Employee Stock Options

During the year the Compensation committee has granted 50,000 options under ESOP 2009 plan on 4th July 2013 to an eligible employee of subsidiary of Saksoft Limited at the rate of Rs.41.55 per option.

During the year the Board has also allotted 70,000 equity shares consequent to the exercise of options by certain eligible employees of the Company who were granted options on 3rd December 2010 at grant price of Rs.42.50 per option under ESOP 2009 plan. Subsequent to the exercise, the listing and trading approval was obtained from National Stock Exchange on 24th March 2014. The paid up share capital of the Company after allotment of 70,000 equity shares stands at 10235000 Equity Shares as of 31st March 2014. Apart from the above allotment, during the year the Compensation Committee has granted 50,000 options to an eligible employee of subsidiary of Saksoft Limited on 4th July 2013 at a grant price of Rs.41.55/-.

For Saksoft Limited

Place: Chennai

Date: August 04, 2014

**Aditya Krishna
Managing Director**

RISK MANAGEMENT

Overview

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

Structure of our Risk Management

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

Level	Key roles and Responsibilities
Board of Directors	Oversight the risk management performed by the Executive Management
Risk Management Committee	Comprises of Executive Management viz., 1. Aditya Krishna – Managing Director 2. Sampath Rengachari – Executive Vice President 3. Dhiraj Mangla – Senior Vice President and Delivery Head, India 4. Niraj Kumar Ganeriwal – Chief Financial Officer
Role of Risk Management Committee	<ul style="list-style-type: none">Assisting the Board on identification of risk factorsEvaluation of Operational, Strategic and External Risk elements.Mitigation of RiskMonitoring the Risk Management practicesPeriodic reviewing of Risk assessmentFormulation and deploying Risk Management policiesProviding updates to the Board from time to time

Categories of Risk

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

Economy

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

Business

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

Currency volatility

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

People

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

Management perception of Risk Management:-

Risk identification

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

Risk Measurement

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

Risk Reporting

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

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



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

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

Risk assessments and review

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

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

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

To

The Members of Saksoft Limited

We have examined the compliance of the conditions of Corporate Governance by Saksoft Limited ("the Company") for the year ended 31st March 2014, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

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

Place: Chennai
Date: August 04, 2014

S. Ganesan
Partner
Membership No: 018525

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF M/S. SAKSOFT LIMITED

Report on the Financial Statements

The Financial Statements of M/S SAKSOFT LIMITED, which comprise the Balance Sheet as at 31st March, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information were duly approved by the Board of Directors of the Company on 26th May, 2014. These Financial Statements were audited by us and our Audit Report dated 26th May, 2014 had been issued. Subsequent to the issue of our Report, the accounts were revised consequent to the receipt of the order of the Hon'ble High Court of Madras dated 17th July 2014 sanctioning the scheme of amalgamation of Synetairos Technologies Limited, a wholly owned subsidiary of the Company with itself as indicated in Note No. 23(b) to the Notes to the Financial Statements for the year ended 31st March, 2014.

These revised Financial Statements duly authenticated and approved by the Board of Directors in their meeting on 4th August 2014 have been audited by us.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act 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, 2014;
- (b) in the case of the Statement of Profit & Loss, of the PROFIT for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to Note No. 23(b) to the Notes to the Financial Statements regarding the revision of accounts consequent to the receipt of the order of the Hon'ble High Court of Madras dated 17th July 2014 sanctioning the scheme of amalgamation of Synetairos Technologies Limited, a wholly owned subsidiary of the Company with itself. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) the Balance Sheet, Statement of Profit and Loss and Cash flow Statement dealt with by this Report are in agreement with the books of account;
 - d) in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956 read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013; and
 - e) on the basis of written representations received from the Directors, as on 31st March, 2014, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2014 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 - f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Act nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

for Suri & Co.
Chartered Accountants
Firm Regn. No. 0042835

S. Ganesan
Partner
Memb.No.018525

Place: **Chennai**
Date: **August 04, 2014**

ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in our report of even date)

- (i) a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b. The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified over a period of two years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- c. Fixed assets disposed off during the year were not substantial, and therefore, do not affect the going concern assumption.
- (ii) The Company is a service company, primarily rendering software development and support services. Accordingly it does not hold any physical inventories. Thus, paragraph 4(ii) of the Order is not applicable.
- (iii) a. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Thus, paragraph 4(iii) (b), (c) and (d) of the Order is not applicable.
- b. The Company has taken an unsecured loan from a company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount outstanding during the year is Rs. 250 Million and the year-end balance of such loan was Rs 220 million.
- c. In our opinion, the rate of interest and other terms and conditions on which loans have been taken from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the Company.
- d. The company is regular in the repayment of principal amount as stipulated and has been regular in the payment of interest.
- (iv) The company has adequate internal control system commensurate with the size of the company and the nature of its business, for purchase of fixed assets and for sale of goods and services. During the course of audit, we have not observed any major weakness in internal control system.
- (v) a. The particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that are required to be entered in the register have been so entered.
- b. According to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements entered in the register maintained u/s 301 of the Companies Act, 1956 has been made at prices, that are reasonable having regard to the prevalent market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public.
- (vii) The Company has an internal audit system commensurate with the size and nature of its business.
- (viii) The Central Government has not prescribed the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 in respect of the activities of the Company.
- (ix) a. The company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Income Tax, Wealth Tax, Service Tax, Customs, cess and other statutory dues with the appropriate authorities and there are no outstanding statutory dues as at the last day of the financial year concerned for a period of more than six months from the date they became payable.
- b. According to the information and explanations given to us, there are no dues of Income tax, Sales tax, Wealth tax, Service tax, Customs duty and Cess which have not been deposited with the appropriate authorities on account of any dispute, except as stated below:

Name of the statute	Nature of dues	Amount Disputed (Rs.)	Amount Paid (Rs.)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income tax dues	22,783,883	15,379,843	Financial year 2008-09	Commissioner of Income Tax Appeals-VI Chennai.
Income Tax Act, 1961	Income tax dues	5,186,058	Nil	Financial year 2009-10	Commissioner of Income Tax Appeals-VI Chennai.
The Finance Act, 1994	Service Tax dues	32,609,738	2,500,000	October 2004 to March 2009	Customs, Excise & Service Tax Appellate Tribunal, Chennai.

- (x) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its bankers or to any financial institutions. The Company did not have any outstanding debentures during the year.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledging of shares, debentures and other securities.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi/mutual benefit fund/society.
- (xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) Term loan has been utilized for the purpose for which they were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we are of the opinion that the funds raised on short-term basis have not been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to companies/firms/parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money by public issues during the year.
- (xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

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

S. Ganesan
Partner
Membership No: 018525

Place: Chennai
Date: August 04, 2014

BALANCE SHEET AS AT 31 MARCH 2014

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

	Note No.	As at March 31, 2014	As at March 31, 2013
I. EQUITY AND LIABILITIES			
(1) Share Holders' Funds			
(a) Share Capital	2	102.35	101.65
(b) Reserves and Surplus	3	435.32	403.46
(2) Non-Current Liabilities			
(a) Long-Term Borrowings	4	221.12	251.41
(b) Long-Term Provisions	5	10.04	12.56
(3) Current Liabilities			
(a) Short-Term Borrowings	6	19.50	31.87
(b) Trade Payables		18.03	11.47
(c) Other Current Liabilities	7	15.99	5.72
(d) Short-Term Provisions	8	42.41	33.64
		864.76	851.78
II. ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	9	12.59	15.75
(ii) Intangible Assets	10	5.55	2.20
(b) Non-Current Investments	11	624.67	664.35
(c) Deferred Tax Assets (Net)	12	14.37	13.46
(d) Long term Loans and Advances	13	6.27	6.50
(2) Current Assets			
(a) Current Investments	14	13.59	–
(b) Trade Receivables	15	149.28	131.84
(c) Cash and Bank Balances	16	5.00	3.93
(d) Short-Term Loans and Advances	17	31.73	12.49
(e) Other Current assets	18	1.71	1.26
		864.76	851.78

See accompanying notes to the financial statements

Vide our report of even date attached

For and on behalf of the Board of Directors

for **Suri & Co.**

Chartered Accountants
Firm Registration No: 004283S

Aditya Krishna
Managing Director

R Rajagopalan
Director

S Ganesan

Partner
Membership No. 018525

Niraj Kumar Ganeriwal
Chief Financial Officer

S Narayan
Company Secretary

Date: August 04, 2014

Place: Chennai

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2014

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

	Note No.	Year ended March 31, 2014	Year ended March 31, 2013
Revenue			
I. Revenue from Operations			
Sales of services		439.39	424.59
II. Other Income	19	19.37	3.62
III. Total Revenue (I + II)		458.76	428.21
Expenses			
Employee benefits expense	20	219.79	240.97
Finance Costs	21	26.39	32.22
Depreciation and amortization expense		13.96	11.38
Other expenses	22	121.09	103.07
IV. Total Expenses		381.23	387.64
V. Profit before exceptional and extraordinary items (III – IV)		77.53	40.57
VI. Exceptional Items		–	–
VII. Profit before extraordinary items		77.53	40.57
VIII. Extraordinary Items		–	–
IX. Profit before Tax (PBT)		77.53	40.57
X. Tax Expense:			
(a) Current Tax		23.20	15.00
(b) Deferred Tax		(0.46)	(2.59)
XI. Profit/(loss) for the period [Profit After Tax (PAT)]		54.79	28.16
XII. Earnings per equity share of Rs. 10 each (in Rs.)			
(1) Basic		5.70	2.93
(2) Diluted		5.36	2.75

See accompanying notes to the financial statements

Vide our report of even date attached

For and on behalf of the Board of Directors

for **Suri & Co.**

Chartered Accountants

Firm Registration No: 0042835

Aditya Krishna
Managing Director

R Rajagopalan
Director

S Ganesan

Partner

Membership No. 018525

Niraj Kumar Ganeriwal
Chief Financial Officer

S Narayan
Company Secretary

Date: August 04, 2014

Place: Chennai

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2014

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

	Year ended March 31, 2014	Year ended March 31, 2013
A CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	77.53	40.57
Adjustments for:		
Depreciation and amortisation	13.96	11.38
(Profit) / Loss on sale of fixed assets, net	(0.34)	(0.14)
(Profit) / Loss on sale of investments	(0.81)	–
Interest and other Income	(0.23)	(0.20)
Dividend income	(12.58)	(0.14)
Interest and Finance charges	26.39	32.22
Unrealised foreign exchange loss/ (gain), net	4.01	1.43
Operating capital before working capital changes	107.93	85.12
(Increase)/ decrease in sundry debtors	(21.98)	(33.38)
(Increase)/ decrease in other current assets, loans and advances	(20.37)	4.21
Increase/(decrease) in current liabilities and provisions	22.84	(3.07)
Cash generated from operations	88.42	52.88
Taxes paid, net	(26.97)	(18.23)
Net cash flow from operating activities	61.45	34.65
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed asset	(7.63)	(5.04)
Fixed assets transferred pursuant to scheme of amalgamation	(6.52)	–
Proceeds from sale of Fixed assets	0.34	0.14
Interest and other Income	0.23	0.20
Sale / (Purchase) of Current Investments, (net)	(13.59)	0.89
Sale / (Purchase) of Non Current Investments, (net)	16.39	40.64
Adjustment of Investment pursuant to scheme of amalgamation	24.10	–
Dividend income Received	12.58	0.14
Net cash flow from Investing activities	25.90	36.97

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2014

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

	Year ended March 31, 2014	Year ended March 31, 2013
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds/ (repayment) of Long term borrowings	(42.66)	(56.88)
Interest and Finance charges	(26.39)	(32.22)
Surplus on account of amalgamation	2.93	–
Proceeds from allotment of shares	3.10	–
Dividend paid	(23.79)	(11.81)
Net cash flow from Financing activities	(86.81)	(100.91)
D EXCHANGE DIFFERENCE ON TRANSLATION OF FOREIGN CURRENCY CASH & CASH EQUIVALENTS	0.53	0.99
Net (Decrease)/ Increase of cash and cash equivalents (A+B+C+D)	1.07	(28.30)
Cash and cash equivalents at the beginning of the year	3.93	32.23
Cash and cash equivalents at the end of the year	5.00	3.93

See accompanying notes to the financial statements

Vide our report of even date attached

for **Suri & Co.**

Chartered Accountants

Firm Registration No: 004283S

S Ganesan

Partner

Membership No. 018525

Date: August 4, 2014

Place: Chennai

Aditya Krishna
Managing Director

Niraj Kumar Ganeriwal
Chief Financial Officer

For and on behalf of the Board of Directors

R Rajagopalan
Director

S Narayan
Company Secretary

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

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

I. Background

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

Note-1: Significant accounting policies

a. Basis of preparation of financial statements

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

b. Use of estimates

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

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

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

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

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

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

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

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

d. Intangible assets and amortization

Intangible assets comprising intellectual property rights and software costs are amortized over a period of 36 and 60 months respectively from the date of acquisition. Self-generated intellectual property rights / software assets are generally not capitalized.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

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

Note-1: Significant accounting policies (Continued)

e. Leases

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

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

f. Impairment of assets

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

g. Investments

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

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

h. Foreign currency transactions

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

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

i. Revenue recognition

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

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

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

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

Note-1: Significant accounting policies (Continued)

i. Revenue recognition (Continued)

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

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

Interest income is recognized on the time proportionate method.

j. Employee benefits

Provident Fund

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

Gratuity

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

Compensated Absences

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

k. Taxation

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

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

l. Earnings Per Share

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

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

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

Note-1: Significant accounting policies (Continued)

i. Earnings Per Share (Continued)

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

m. Employees stock option schemes

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

n. Provisions, Contingent liabilities and Contingent assets

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

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

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

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

Particulars	As at March 31, 2014	As at March 31, 2013
Note 2: Share Capital		
A) Authorised, Issued, Subscribed and Paid up Share capital		
Authorised:		
20,100,000 Equity Shares of Rs.10 each	201.00	200.00
(Previous year:20,000,000 equity shares of Rs.10 each)		
(Refer Note no.23 a)		
Issued & Subscribed & Paid-up:		
10,235,000 Equity Shares of Rs.10 each	102.35	101.65
Total	102.35	101.65
(B) Reconciliation of number of equity shares outstanding at the beginning and at the end of the year		
Outstanding as at the beginning of the year	10,165,000	10,165,000
Add:		
Shares allotted to employees pursuant to ESOP 2009	70,000	–
Outstanding as at the end of the year	10,235,000	10,165,000

(C) Rights attached to Equity shares

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

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

Sl.No.	Name of the shareholder	As at March 31, 2014		As at March 31, 2013	
		Number of shares held in the company	Percentage of shares held	Number of shares held in the company	Percentage of shares held
1	Aditya Krishna	3,673,070	35.89%	3,673,070	36.13%
2	Sak Industries Private Limited	3,000,000	29.31%	3,000,000	29.51%
3	Saksoft Employees Welfare Trust	554,960	5.42%	554,960	5.46%
	Total	7,228,030	70.62%	7,228,030	71.10%

(E) Shares reserved for issue under options and contracts [Refer Note - 23(j)]

Sl.No.	Number and class of shares reserved for issue	Party in whose favour reserved	Details of contracts/ options under which shares reserved for issue
1	305,000 Options (PY: 375,000 Options)	Employees	ESOP 2009

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

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

Particulars	As at March 31, 2014	As at March 31, 2013
Note 3: Reserves and Surplus		
(A) Capital Redemption Reserve		
Opening balance	–	–
Add: Amount transferred from transferor company pursuant to scheme of amalgamation (Refer Note no.23 a.)	0.21	–
Closing balance	0.21	–
(B) Securities Premium Reserve :		
Opening Balance	74.48	74.48
Add: Additions during the year		
– On issue of Shares	2.40	–
– Amount transferred from transferor company pursuant to scheme of amalgamation (Refer Note no.23 a.)	3.58	–
Closing Balance	80.46	74.48
(C) Other Reserves:		
(i) General Reserve :		
Opening balance	36.10	33.99
Add: Additions during the year		
– Amount transferred from Surplus in Statement of Profit and Loss	5.48	2.11
– Amount transferred from transferor company pursuant to scheme of amalgamation (Refer Note no.23 a.)	0.50	–
Less: Difference in book value of investment in transferor company adjusted pursuant to scheme of amalgamation (Refer Note no.23 a.)	(1.36)	–
Closing Balance	40.72	36.10
(D) Surplus in Statement of Profit and Loss		
Opening balance	292.88	290.62
Add: Additions during the year		
– Profit for the year	54.79	28.16
– Surplus transferred from transferor company pursuant to scheme of amalgamation (Refer Note no.23 a.)	22.10	–
– Less : Difference in book value of investment in transferor company adjusted pursuant to scheme of amalgamation (Refer Note no.23 a.)	(22.10)	–
Total	347.67	318.78
Appropriations :		
– Transfer to General Reserve	5.48	2.11
– Proposed Dividend -	25.83	20.33
– Amount per Share Rs. 2.50 (Previous Year Rs. 2 per share)		
– Tax on proposed Dividend	2.43	3.46
Total	33.74	25.90
Net Surplus in Statement of Profit and Loss	313.93	292.88
	435.32	403.46

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

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

Particulars	As at March 31, 2014	As at March 31, 2013
Note 4 : Long Term Borrowings		
(A) Term Loans		
From Banks - Secured		
Secured by hypothecation of vehicle purchased	0.16	1.06
Repayment Terms:		
Principal amount repayable as per the EMI		
Schedule given by the bank with an interest rate of 10.50%		
Period and amount of continuing default: NIL		
(B) Loans and Advances from Related Parties		
Unsecured	220.00	250.00
From Sak Industries Private Limited		
Repayment Terms:		
The Loan is repayable in full by 9th September 2016.		
Period and amount of continuing default: NIL		
(C) Long Term Maturities of Finance Lease Obligations	0.96	0.35
Secured by hypothecation of cars taken on lease		
	221.12	251.41
Note 5 : Long Term Provisions		
Provision for Gratuity	4.79	6.72
Rent Straight lining	5.25	5.84
	10.04	12.56
Note 6 : Short Term Borrowings		
Loans Repayable on Demand		
From Banks - Secured		
Secured by first charge on the current assets, unencumbered		
movable fixed assets of the company and the personal guarantee		
of the Managing Director	19.50	31.87
Period and amount of default : NIL		
	19.50	31.87
Note 7 : Other Current Liabilities		
Current maturities of long term loans	0.90	0.81
Current maturities of finance lease obligations	0.80	0.76
Income received in advance	9.55	0.64
Unclaimed Dividend	0.25	0.23
Other payables:		
Tax deducted at source	2.79	1.62
Professional tax	0.10	0.06
Provident Fund	1.60	1.60
	15.99	5.72
Note 8 : Short Term Provisions		
Employee benefits	13.54	9.35
Rent Straight lining	0.61	0.50
Provision for proposed dividends (including dividend distribution tax)	28.26	23.79
	42.41	33.64

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

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

Note 9 : Tangible Assets

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

Description	Gross Carrying Amount				Accumulated Depreciation				Net Carrying Amount		
	As at March 31, 2013	Additions Pursuant to Scheme of Amalgamation	Disposals	As at March 31, 2014	As at March 31, 2013	Additions Pursuant to Scheme of Amalgamation	Depreciation for the year	Deductions during the year	As at March 31, 2014	As at March 31, 2014	As at March 31, 2013
1. Plant & Equipment	54.08	0.67	1.83	55.84	50.26	0.55	1.82	1.83	50.80	5.04	3.82
- Owned											
2. Furniture & Fixtures	15.71	-	0.24	15.47	15.25	-	0.45	0.24	15.46	0.01	0.46
- Owned											
3. Vehicles	3.47	-	-	3.47	0.64	-	0.68	-	1.32	2.15	2.83
- Owned											
- Leased	2.68	1.51	-	4.19	1.68	-	0.81	-	2.49	1.70	1.00
4. Office equipments	29.42	1.69	-	31.11	21.78	-	5.64	-	27.42	3.69	7.64
- Owned											
Total	105.36	0.67	2.07	110.08	89.61	0.55	9.40	2.07	97.49	12.59	15.75
Previous year	105.09	5.04	4.77	105.36	84.85		9.54	4.78	89.61	15.75	

Note 10 : Intangible Assets

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

Description	Gross Carrying Amount				Accumulated amortization				Net Carrying Amount		
	As at March 31, 2013	Additions Pursuant to Scheme of Amalgamation	Disposals	As at March 31, 2014	As at March 31, 2013	Additions Pursuant to Scheme of Amalgamation	Amortization for the year	Deductions during the year	As at March 31, 2014	As at March 31, 2014	As at March 31, 2013
1. Computer software	9.76	10.10	1.51	21.37	7.56	3.70	4.56	-	15.82	5.55	2.20
- Acquired											
2. Intellectual property right - Acquired	4.50	-	-	4.50	4.50	-	-	-	4.50	-	-
Total	14.26	10.10	1.51	25.87	12.06	3.70	4.56	-	20.32	5.55	2.20
Previous year	14.26		-	14.26	10.22		1.84	-	12.06	2.20	

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

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

Particulars	Face value (fully paid up)	As at March 31, 2014		As at March 31, 2013	
		No. of shares / units	Cost	No. of shares / units	Cost
Note 11 : Non Current Investments					
Trade Investments - Unquoted					
1. Equity shares					
(i) In subsidiary companies					
Saksoft Inc, USA	USD 1	1,95,000	9.24	1,95,000	9.24
Saksoft Pte Limited, Singapore	SGD 1	5,55,002	19.17	5,55,002	19.17
Saksoft GmbH, Germany	EUR 1	50,000	3.01	25,000	1.20
Saksoft Investments Private Limited, United Kingdom	GBP 1	5,001,000	434.45	5,001,000	434.45
Synetairios Technologies Limited (Refer Note No.23 a)	INR 10	–	–	64,341	24.10
(ii) In Joint Venture					
Sofgen Testing Services Pvt Ltd	INR 10	5,000	0.05	5,000	0.05
Total		5,806,002	465.92	5,845,343	488.21
2. Preference Shares					
(i) In Subsidiary Company					
5% redeemable preference shares					
Saksoft Investments Private Limited (SIPL), United Kingdom#	GBP 1	1,826,000	158.75	2,026,000	176.14
		1,826,000	158.75	2,026,000	176.14
Total			624.67		664.35

200,000 preference shares have been redeemed by SIPL during the year

Particulars	As at March 31, 2014	As at March 31, 2013
Note 12 : Deferred Tax Assets (Net)		
Arising from timing difference in respect of:		
Fixed Assets	9.94	8.45
Retirement Benefits	2.44	2.83
Other tax disallowances	1.99	2.18
	14.37	13.46
Note 13 : Long Term Loans and Advances		
(A) Security Deposits		
(i) Unsecured, Considered good	6.00	6.23
(B) Related Party		
Unsecured, Considered good	0.27	0.27
Sak employees welfare trust and gratuity trust		
	6.27	6.50

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

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

Note 14 Current Investments

Non Trade - Unquoted

In Liquid Mutual Fund Units

Particulars	As at 31 March 2014		As at 31 March 2013	
	No. of shares / units	Cost	No. of shares / units	Cost
Opening balance	-	-	88,705	0.89
Add: Investments transferred pursuant to scheme of amalgamation (Refer Note no. 23 a.)	8,440	8.45	-	-
Additions during the year	7,929	7.94	5,613,354	56.42
Deletions during the year	(2,796)	(2.80)	(5,702,059)	(57.31)
Total	13,573	13.59	-	-
Aggregate fair value of unquoted investments				
Current year (31 March 2014)		13.60		
Previous year (31 March 2013)		NIL		

Particulars	As at March 31, 2014	As at March 31, 2013
Note 15 Trade Receivables		
A) Debts outstanding for a period exceeding six months		
(i) Unsecured, Considered good	1.90	0.64
	1.90	0.64
(B) Others		
(i) Unsecured, Considered good	147.38	131.20
	147.38	131.20
	149.28	131.84
Note 16 : Cash and Bank Balances		
(A) Balance with Banks		
(i) Balance in Current account	4.52	3.47
(ii) In Deposit accounts		
- With Maturity within 12 months	0.04	0.03
- With Maturity after 12 months	0.16	0.16
(iii) Unpaid dividend accounts	0.25	0.23
(B) Cash on hand	0.03	0.04
	5.00	3.93

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

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

Particulars	As at March 31, 2014	As at March 31, 2013
Note 17 : Short Terms Loans and Advances		
Loans and Advances to Others		
Unsecured, Considered good		
Tax payment pending adjustments (Net)	18.21	9.04
Balance with service tax authorities	4.09	0.68
Prepaid Expenses	2.40	2.24
Employee Advances	2.23	0.23
Advance to Suppliers	0.54	0.30
Advance towards share capital of Saksoft Fr.	4.26	—
	31.73	12.49
Note 18 : Other Current Assets		
Interest accrued but not due on fixed deposits	0.04	0.04
Unbilled Revenue	1.67	1.22
	1.71	1.26
Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Note 19 : Other Income		
(A) Income from investments		
Dividends	12.58	0.14
	12.58	0.14
(B) Others		
Exchange Fluctuation (net)	4.98	2.97
Interest income	0.23	0.20
Profit on Sale of Assets	0.34	0.13
Profit on Sale / redemption of investments	0.81	0.13
Miscellaneous Receipts	0.43	0.05
	6.79	3.48
	19.37	3.62
Note 20 : Employee Benefit Expense		
Salaries and wages	204.57	222.52
Contribution to Provident and other funds	10.24	11.08
Staff Welfare Expenses	4.98	7.37
	219.79	240.97

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

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

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Note 21 : Finance Costs		
Interest Expense	24.97	30.83
Other borrowing cost	1.42	1.39
	26.39	32.22
Note 22 : Other Expenses		
Rent	18.07	19.83
Travel and conveyance	25.77	27.67
Insurance	0.77	0.76
Rates and Taxes	0.21	0.73
Power and Fuel	13.52	12.97
Repairs to Buildings	8.86	7.84
Repairs to Plant	1.47	1.37
Communication Expenses	3.99	4.15
Payment to statutory auditors		
– As Auditors	0.70	0.70
– For Tax Audit	0.24	0.18
– For Certification	0.20	0.18
– For Taxation matters	0.08	0.32
– reimbursement of expenses	0.05	0.05
Subcontracting / Third party charges	41.62	19.18
Legal, Professional and consultancy charges	1.86	2.08
Bad debts written off	–	2.37
Advertisement, Publicity and Sale Promotion	0.71	0.55
Miscellaneous expenses	2.97	2.14
	121.09	103.07

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

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

23. Additional notes:

a. Scheme of Amalgamation

A) Disclosure in respect of Amalgamation in accordance with Accounting Standard (AS) 14 - Accounting for Amalgamation.

a) Names and general nature of Business of the Amalgamating Companies:

Names:

Transferor Company – Synetairos Technologies Limited

Transferee Company – Saksoft Limited

General nature of Business:

Transferor Company – Development and maintenance of computing software

Transferee Company – Analysis, design, development and implementation of computer software.

b) Effective date of Amalgamation for accounting purposes : 01-04-2013

c) Method of Accounting used to reflect Amalgamation : Pooling of Interest Method

d) Particulars of the Scheme sanctioned

i) The Authorised Share Capital of the Transferee Company is increased by transfer of the Authorised Share Capital of the Transferor Company aggregating Rs. 1 million, comprising of 100,000 Equity Shares of Rs. 10/- each.

ii) Since the Transferor Company is a wholly owned subsidiary of the Transferee Company, shares held by the Transferee Company along with nominee in the Transferor Company shall be cancelled and extinguished. Accordingly there will be no issue and allotment of equity shares by the Transferee Company to the shareholders of the Transferor Company.

iii) The Value of all assets and liabilities of the Transferor Company, as on the appointed date, at their respective book values vest with the Transferee Company.

iv) The Inter-Corporate deposits/loans and advances, receivables/payables outstanding as on the Appointed date between the Transferee Company and Transferor Company shall stand cancelled.

v) Treatment of difference between the share capital of Transferor Company and Book value of investment in the books of the Transferee Company:

Book Value of Investment in Transferee Company	Rs. 24,103,768
Less : Share Capital of Transferor Company	Rs. 643,410
Difference adjusted against Surplus in statement of Profit & Loss and General Reserve.	Rs. 23,460,358

vi) In terms of the Scheme the Transferor Company continued the Operations as Trustee of Transferee Company. The results of such operations have been duly incorporated in the accounts of the Transferee Company.

vii) The Scheme of Amalgamation of Transferor Company with Transferee Company was sanctioned by the Hon'ble High Court of Madras, vide its Order dated 17th July 2014 and accordingly these accounts have been prepared giving effect to the Scheme of Amalgamation.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

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

23. Additional notes (Continued)

b. Revision of Accounts

The Financial Statements for the year ended 31st March 2014 approved by the Board of Directors in their meeting held on 26th May 2014 and reported upon by the statutory auditors, have been revised to give effect to the order of the Hon'ble High Court of Madras, dated 17th July 2014 sanctioning the scheme of amalgamation of Synetairos Technologies Limited, a wholly owned subsidiary of the Company with itself. These revised Financial Statements have been reviewed by the Audit Committee and approved by the Board of Directors in their meeting held on 4th August 2014.

c. Contingent Liabilities

Particulars	As at March 31, 2014	As at March 31, 2013
Income-tax matters	27.97	22.78
Service-tax matters	32.61	32.61

d. Finance lease obligations

Particulars	As at March 31, 2014	As at March 31, 2013
Future obligations for assets taken on lease		
Not later than 1 year	1.07	0.91
Later than 1 year but not later than 5 years	1.12	0.39
	2.19	1.30
Less: Amounts representing future interest		
Not later than 1 year	0.27	0.15
Later than 1 year but not later than 5 years	0.17	0.04
	0.44	0.19
Present value of minimum lease rentals		
Not later than 1 year	0.80	0.76
Later than 1 year but not later than 5 years	0.95	0.35
	1.75	1.11

e. Earnings in foreign currency

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Income from software services	308.81	307.46
Dividend Income	11.50	–

f. Expenditure in foreign currency

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Salaries, travel and other expenses	23.93	31.49

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

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

23. Additional notes (Continued)

g. Related party disclosures

Enterprises in which key management personnel exercise significant influence

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

Subsidiaries and step down subsidiaries and Joint Venture

Saksoft Inc, USA
Saksoft Pte Ltd, Singapore
Saksoft GmbH, Germany
Saksoft Investments Private Limited, UK
Acuma Solutions Limited, UK
Acuma Software Limited, UK
Electronic Data Professionals, USA
Sofgen Testing Services Private Limited

Key Management Personnel

Mr Aditya Krishna – Managing Director

Transactions entered during the year

Description	Year ended March 31, 2014	Year ended March 31, 2013
Revenues		
Acuma Solutions Limited, United Kingdom	78.84	89.94
Saksoft Inc, USA	221.62	197.00
Saksoft Pte Limited, Singapore	8.36	9.92
Synetairios Technologies Limited, India	–	2.80
Dividend Income		
Saksoft Pte Limited, Singapore	11.50	–
Reimbursement of expenses (Net)		
Acuma Solutions Limited, United Kingdom	0.82	4.41
Saksoft Inc, USA	2.96	3.46
Saksoft Pte Limited, Singapore	0.33	1.40
Sak Abrasives Limited	0.93	0.73
Rent expense		
Sak Industries Private Limited	6.84	5.99

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

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

23. Additional notes (Continued)

g. Related party disclosures (Continued)

Description	Year ended March 31, 2014	Year ended March 31, 2013
Dividend Paid		
Sak Industries Private Limited	6.00	3.00
Mr. Aditya Krishna—Managing Director	7.35	3.67
Interest on loan		
Sak Industries Private Limited	23.91	29.11
Borrowings/(Repayment), net		
Sak Industries Private Limited	(30.00)	(90.00)
Asset Purchase		
Sak Industries Private Limited	0.33	—
Investment/(Redemption) made during the year		
Redemption of shares during the year – Synetairos Technologies Limited	—	(8.04)
Redemption of 5% Redeemable Preference shares of Saksoft Investments Private Limited, United Kingdom	(17.39)	(32.60)
Managerial remuneration		
Mr Aditya Krishna – Managing Director	3.00	3.00

Year end balances

Description	As at March 31, 2014	As at March 31, 2013
Investments		
Saksoft Inc, USA	9.24	9.24
Saksoft Pte Limited, Singapore	19.17	19.17
Saksoft GmbH, Germany	3.01	1.20
Saksoft Investments Private Limited, United Kingdom	593.20	610.59
Synetairos Technologies Limited, India	—	24.10
Sofgen Testing Services Private Limited, India	0.05	0.05
Receivables		
Acuma Solutions Limited, United Kingdom	9.38	45.63
Saksoft Inc, USA	111.43	53.83
Saksoft Pte Limited, Singapore	—	7.87
Synetairos Technologies Limited	—	0.30
Loans and advances		
Saksoft Inc, USA	—	0.60
Sak Abrasives Limited	—	0.17
Saksoft employees welfare trust	0.25	0.25
Saksoft employees gratuity trust	0.02	0.02
Sakserve Private Limited	—	0.02
Accounts payable		
Sak Industries Private Limited, India	—	0.20
Acuma Solutions Limited, United Kingdom	—	0.19
Borrowings		
Sak Industries Private Limited	220.00	250.00

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

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

23. Additional notes (Continued)

h. Segment information

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

Geographic location of customers	Year ended March 31, 2014	Year ended March 31, 2013
Revenue		
India	130.55	114.32
United Kingdom	78.84	89.95
USA	221.62	197.00
Singapore	8.38	9.92
Rest of the world	—	13.40
	439.39	424.59

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

i. Gratuity

Reconciliation of benefit obligation and plan assets

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Change in Defined Benefit Obligation		
Opening defined benefit obligation	10.25	9.83
Current service cost	2.49	2.48
Interest cost	0.97	0.99
Actuarial losses/ (gain)	(1.94)	(1.87)
Past service cost	-	-
Benefits paid	(2.20)	(1.18)
Closing defined benefit obligation	9.57	10.25
Change in fair value of assets		
Opening fair value of plan assets	3.53	2.61
Pursuant to scheme of amalgamation (Refer Note No.23a)	0.22	-
Expected return on plan assets	0.34	0.26
Actuarial gain/ (losses)	(0.10)	(0.16)
Contribution by Employers	3.00	2.00
Benefits paid	(2.21)	(1.18)
Closing fair value of plan assets	4.78	3.53
Liability recognised in the balance sheet	4.79	6.72

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

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

23. Additional notes (Continued)

i. Gratuity (Continued)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Expense recognized in the profit and loss account		
Current service cost	2.49	2.48
Interest cost on defined benefit obligation	0.97	0.99
Expected return on plan assets	(0.34)	(0.27)
Net Actuarial losses / (gains) recognised in a year	(1.83)	(1.71)
Past service cost	-	-
Net gratuity cost	1.29	1.49
Actual return on plan assets	0.24	0.11
Assumptions		
Discount rate	9.35%	7.95%
Expected rate of return on assets	7.50%	7.50%
Salary escalation	7%	7%

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

Experience Adjustments

Particulars	31-Mar-10	31-Mar-11	31-Mar-12	31-Mar-13	31-Mar-14
Defined Benefit Obligation	8.68	9.51	9.83	10.25	9.57
Plan Assets	3.53	2.16	2.60	3.53	4.78
Surplus/(Deficit)	(5.15)	(7.35)	(7.22)	(6.72)	(4.79)
Exp.Adj.on Plan Liabilities	(3.06)	(1.54)	(1.34)	(2.28)	(0.83)
Exp.Adj.on Plan Assets	(0.15)	(0.31)	(0.06)	(0.16)	(0.10)

j. Employee Stock Option Plans ('ESOP')

ESOP 2006 Plan

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

The Company has allotted 582,460 equity shares of Rs.10 each to the Trust to give effect to the ESOP Plan. As at the balance sheet date, the employees have exercised 27,500 options under this Plan and accordingly, 554,960 equity shares of Rs 10 each represent shares held by the Trust. During the year no options have been granted under this plan.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

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

23. Additional notes (Continued)

j. Employee Stock option plans ('ESOP') (Contd.)

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

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Options outstanding at the beginning of the year	2,00,000	40,000
Options granted during the year	–	2,00,000
Options exercised during the year	–	-
Options forfeited during the year	–	(10,000)
Options lapsed during the year	–	(30,000)
Options outstanding at the end of the year	2,00,000	2,00,000

ESOP 2009 Plan

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

The plan considers an aggregate of 5,00,000 options to be vested and exercised in accordance with the ESOP 2009 plan as approved by the Compensation Committee. The outstanding options available for vesting under the ESOP 2009 as on 31st March 2014 is 3,05,000 options.

During the year the Board of Directors have allotted 70,000 equity shares consequent to the exercise of options by certain eligible employees of the Company who were granted options on 3rd December 2010 at grant price of Rs. 42.50 per option under ESOP 2009 plan. Subsequent to the exercise, the listing and trading approval was obtained from National Stock Exchange on 24th March 2014. The paid up share capital of the Company after allotment of 70,000 equity shares stands at 1,02,35,000 Equity Shares as of 31st March 2014.

Apart from the above allotment, during the year the Compensation Committee has granted 50,000 options to an eligible employee of subsidiary of Saksoft Limited on 4th July 2013 at a grant price of Rs. 41.55/-.

The details of the ESOP 2009 Plan are

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Options outstanding at the beginning of the year	375,000	475,000
Options granted during the year	50,000	–
Options exercised during the year	(70,000)	–
Options forfeited during the year	-	–
Options lapsed during the year	(50,000)	100,000
Options outstanding at the end of the year	305,000	375,000

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

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

23. Additional notes (Continued)

k. Proposed Dividend

Proposed Dividend Includes a sum of Rs. 2,37,500 being the dividend on 95,000 shares allotted under ESOP 2009 Scheme after 31st March 2014 and before the book closure.

l. Earnings Per Share (EPS)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Earnings		
Net profit for the year	54.79	28.16
Shares		
Equity shares as at the balance sheet date	10,235,000	10,165,000
Less: Shares held by Saksoft employees welfare trust	554,960	554,960
Total number of equity shares outstanding at the end of the year – Basic	9,680,040	9,610,040
Weighted average number of equity shares outstanding as at the end of the year–Basic	9,613,876	9,610,040
Diluted Shares		
Weighted average number of equity shares outstanding as at the end of the year	9,613,876	9,610,040
Add: Shares held by Saksoft employees welfare trust	554,960	554,960
Add: Weighted average number of equity shares arising out of outstanding stock options that have dilutive effect on the EPS	49,522	62,647
Weighted average number of equity shares outstanding during the year – Diluted	10,218,358	10,227,647
Earnings per share of par value Rs.10 – Basic (Rs.)	5.70	2.93
Earnings per share of par value Rs.10 – Diluted (Rs.)	5.36	2.75

m. Dues to Micro and small enterprises

The Company has initiated the process of obtaining confirmation from suppliers who have registered under the Micro, Small and Medium Enterprises Development Act, 2006. Based on the information available with the company there is no amount outstanding as on 31.03.2014. There are no overdue principle amounts and therefore no interest is paid or payable.

n. Current year's figures are not comparable with previous year's figures due to amalgamation of Synetairos Technologies Limited, a wholly owned subsidiary of the company with itself with effect from 1st April 2013.

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

For and on behalf of the Board of Directors

S Ganesan
Partner
Membership No: 18525

Aditya Krishna
Managing Director

R Rajagopalan
Director

Date: August 4, 2014
Place: Chennai

Niraj Kumar Ganeriwal
Chief Financial Officer

S Narayan
Company Secretary



CONSOLIDATED FINANCIAL STATEMENTS

2013-14

INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF M/S. SAKSOFT LIMITED

The Financial Statements of M/S SAKSOFT LIMITED and its subsidiaries, which comprise the consolidated Balance Sheet as at 31st March, 2014, the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information were duly approved by the Board of Directors of the Company on 26th May, 2014. These Financial Statements were audited by us and our Audit Report dated 26th May, 2014 had been issued. Subsequent to the issue of our Report, the accounts were revised consequent to the receipt of the order of the Hon'ble High Court of Madras dated 17th July 2014 sanctioning the scheme of amalgamation of Synetairos Technologies Limited, a wholly owned subsidiary of the Company with itself as indicated in Note No. 22(b) to the Notes to the Financial Statements for the year ended 31st March, 2014.

These revised Financial Statements duly authenticated and approved by the Board of Directors in their meeting on 4th August 2014 have been audited by us.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

We did not audit the financial statements and other financial information of certain subsidiaries, which have been audited by other auditors whose reports have been furnished to us, and our opinion is based on the report of other auditors. The attached consolidated financial statements include assets of Rs. 1864.48 million as at 31st March 2014, and revenues of Rs. 2113.13 million in respect of the aforementioned subsidiaries for the year then ended.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give the information required by the Act 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 consolidated Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;
- (b) in the case of the consolidated Statement of Profit & Loss, of the PROFIT for the year ended on that date; and
- (c) in the case of the consolidated Cash Flows Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to Note No. 22(b) to the Notes to the Financial Statements regarding the revision of accounts consequent to the receipt of the order of the Hon'ble High Court of Madras dated 17th July 2014 sanctioning the scheme of amalgamation of Synetairos Technologies Limited, a wholly owned subsidiary of the Company with itself. Our opinion is not qualified in respect of this matter.

Place: Chennai
Date: August 4, 2014

For Suri & Co.
Chartered Accountants
Firm Regn. No. 0042835
S. GANESAN
Partner
Memb.No.018525

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2014

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

	Note No.	As at March 31, 2014	As at March 31, 2013
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	2	102.35	101.65
(b) Reserves and Surplus	3	936.70	644.54
(2) Non-Current Liabilities			
(a) Long-Term Borrowings	4	272.96	427.69
(b) Long-Term Provisions	5	10.03	12.56
(3) Current Liabilities			
(a) Short-Term Borrowings	6	48.29	64.05
(b) Trade payables		251.36	154.10
(c) Other Current Liabilities	7	217.07	207.76
(d) Short-Term Provisions	8	62.89	45.98
		1,901.65	1,658.33
II. ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	9	16.72	19.87
(ii) Intangible Assets	10	1,080.95	895.96
(b) Deferred Tax Assets (Net)	11	14.37	13.91
(c) Long term Loans and advances	12	9.73	10.31
(2) Current Assets			
(a) Current Investments	13	13.59	8.45
(b) Trade Receivables	14	492.10	490.92
(c) Cash and Bank balances	15	91.95	92.23
(d) Short-Term Loans and advances	16	171.18	119.51
(e) Other Current assets	17	11.06	7.17
		1,901.65	1,658.33

See accompanying notes to the financial statements.

Vide our report of even date attached

For and on behalf of the Board of Directors

for **Suri & Co.**

Chartered Accountants

Firm Registration No: 004283S

S Ganesan

Partner

Membership No: 018525

Aditya Krishna

Managing Director

Niraj Kumar Ganeriwal

Chief Financial Officer

R Rajagopalan

Director

S Narayan
Company Secretary

Date: August 4, 2014

Place : Chennai

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2014

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

	Note No.	Year ended March 31, 2014	Year ended March 31, 2013
Revenue			
I. Revenue from Operations			
Sales of services		2,243.70	1,589.69
II. Other Income	18	10.82	7.75
III. Total Revenue		2,254.52	1,597.44
Expenses			
Employee benefits expense	19	954.41	706.04
Finance Costs	20	39.71	42.33
Depreciation and amortization expense		16.31	14.20
Other expenses	21	1,054.62	711.06
IV. Total Expenses		2,065.05	1,473.63
V. Profit before exceptional and extraordinary items		189.47	123.81
VI. Exceptional Items		-	-
VII. Profit before extraordinary items		189.47	123.81
VIII. Extraordinary Items		-	-
IX. Profit before Tax (PBT)		189.47	123.81
X. Tax Expense:			
(a) Current Tax		40.52	17.27
(b) Deferred Tax		(0.46)	(2.51)
XI. Profit/(loss) for the period [Profit After Tax (PAT)]		149.41	109.05
XII. Earnings per equity share of Rs.10 each (in Rs.)			
(1) Basic		15.54	11.35
(2) Diluted		14.62	10.67

Vide our report of even date attached

For and on behalf of the Board of Directors

for **Suri & Co.**
Chartered Accountants
Firm Registration No: 0042835

S Ganesan
Partner
Membership No: 018525

Aditya Krishna
Managing Director

Niraj Kumar Ganeriwal
Chief Financial Officer

R Rajagopalan
Director

S Narayan
Company Secretary

Date: August 4, 2014
Place : Chennai

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2014

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

	Year ended March 31, 2014	Year ended March 31, 2013
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax:	189.47	123.82
Adjustments for:		
Depreciation and amortisation	16.31	14.17
(Profit)/Loss on sale of fixed assets, net	(0.35)	(0.15)
Dividend Income	(1.08)	(0.69)
Interest and Finance charges	39.71	42.34
Unrealised foreign exchange loss, net	–	(0.95)
Operating profit before working capital changes	244.06	178.54
(Increase)/ decrease in sundry debtors	(1.18)	(247.93)
(Increase)/ decrease in other current assets, loans and advances	(65.17)	20.24
Increase / (decrease) in current liabilities and provisions	116.44	136.62
Cash generated from operations	294.15	87.47
Taxes paid, net	(30.33)	(17.67)
Net Cash flows (used in)/from operating activities	263.82	69.80
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(8.15)	(8.78)
Sale of fixed assets	0.35	0.29
Purchase of mutual funds units	(7.94)	(7.56)
Sale of Mutual funds units	2.80	–
Dividend income received	1.08	0.69
(Increase) / decrease on account of goodwill on consolidation	1.14	(61.80)
Exchange Difference on Translation of Foreign Currency	(191.14)	–
Net cash flow (used in) / from Investing activities	(201.86)	(77.16)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2014

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

	Year ended March 31, 2014	Year ended March 31, 2013
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds / (repayment) from borrowings	(170.49)	21.62
Interest and finance charges paid	(39.71)	(42.34)
Proceeds from allotment of shares	3.10	–
Dividend and Dividend tax paid	(23.75)	(11.81)
Surplus on account of amalgamation	2.93	–
Net cash flows (used in) / from financing activities	(227.92)	(32.53)
D. EXCHANGE DIFFERENCE ON TRANSLATION OF FOREIGN CURRENCY	165.68	2.83
Net (decrease)/ increase in cash and cash equivalents (A+B+C+D)	(0.28)	(37.06)
Cash and cash equivalents at the beginning of the year	92.23	129.29
Cash and cash equivalents at the end of the year	91.95	92.23

See accompanying notes to the financial statements.

Vide our report of even date attached

For and on behalf of the Board of Directors

for **Suri & Co.**

Chartered Accountants

Firm Registration No: 0042835

S Ganesan

Partner

Membership No: 018525

Aditya Krishna

Managing Director

R Rajagopalan

Director

Niraj Kumar Ganeriwal

Chief Financial Officer

S Narayan

Company Secretary

Date: August 4, 2014

Place : Chennai

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

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

I. Background

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

Name of the subsidiary	Country of incorporation	Percentage of ownership interest
Saksoft Inc	United States of America	100%
Step down Subsidiaries of Saksoft Inc:		
Electronic Data Professionals	United States of America	100%
Saksoft Pte Limited	Singapore	100%
Saksoft GmbH	Germany	100%
Saksoft Investments Private Limited	United Kingdom	100%
Step down Subsidiaries of Saksoft Investments Private Limited:		
Acuma Solutions Limited	United Kingdom	100%
Acuma Software Limited	United Kingdom	100%

Note 1. Significant accounting policies

a. Basis of preparation of financial statements

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

b. Principles of Consolidation

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

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

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

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

Note 1. Significant accounting policies (Continued.)

b. Principles of Consolidation (Continued)

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

c. Use of estimates

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

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

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

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

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

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

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

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

e. Intangible assets and amortization

Intangible assets comprising intellectual property rights and software costs are amortized over a period of 36 and 60 months respectively from the date of acquisition. Self-generated intellectual property rights / software assets are generally not capitalized.

f. Leases

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. If there is reasonable certainty that the lessee will obtain ownership by the end of the lease term, the period of expected use is the useful life of the asset; otherwise the asset

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

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

Note 1. Significant accounting policies (Continued)

f. Leases (Continued)

is depreciated over the lease term or its useful life, whichever is shorter. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income.

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

g. Impairment of assets

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

h. Investments

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

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

i. Foreign currency transactions

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

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

j. Revenue recognition

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

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

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

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

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

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

Note 1. Significant accounting policies (Continued)

j. Revenue recognition (Continued)

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

Interest income is recognized on the time proportionate method.

k. Employee benefits

Provident Fund

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

Gratuity

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

Compensated Absences

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

l. Taxation

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

m. Earnings Per Share

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

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

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

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

Note 1. Significant accounting policies (Continued)

m. Earnings Per Share (Continued)

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

n. Employees stock option schemes

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

o. Provisions, Contingent liabilities and Contingent assets

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

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

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

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

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

Particulars	As at March 31, 2014	As at March 31, 2013
Note 2: Share Capital		
A) Authorised, Issued, Subscribed and Paid up Share capital		
Authorised:		
201,00,000 Equity Shares of Rs.10 each (Previous year: 20,000,000 equity shares of Rs.10 each) (Refer Note no. 22 a.)	201.00	200.00
Issued & Subscribed & Paid-up:		
102,35,000 Equity Shares of Rs.10 each	102.35	101.65
Total	102.35	101.65
(B) Reconciliation of number of equity shares outstanding at the beginning and at the end of the year		
Outstanding as at the beginning of the year	10,165,000	10,165,000
Add: Shares allotted to employees pursuant to ESOP 2009	70,000	–
Outstanding as at the end of the year	10,235,000	10,165,000

(C) Rights attached to Equity shares

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

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

Sl.No	Name of the shareholder	As at March 31, 2014		As at March 31, 2013	
		Number of shares held in the company	Percentage of shares held	Number of shares held in the company	Percentage of shares held
1	Aditya Krishna	3,673,070	35.89%	3,673,070	36.13%
2	Sak Industries Private Limited	3,000,000	29.31%	3,000,000	29.51%
3	Saksoft Employees Welfare Trust	554,960	5.42%	554,960	5.46%
	Total	7,228,030	70.62%	7,228,030	71.10%

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

Sl. No	Number and class of shares reserved for issue	Party in whose favour reserved	Details of contracts/ options under which shares reserved for issue
1	3,05,000 Options (PY: 3,75,000 Options)	Employees	ESOP 2009

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

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

Particulars	As at March 31, 2014	As at March 31, 2013
Note 3 Reserves and Surplus		
(A) Capital Redemption Reserve		
Opening balance	-	-
Add: Amount transferred from transferor company pursuant to scheme of amalgamation (Refer Note no. 22 a.)	0.21	-
Closing balance	0.21	-
(B) Securities Premium Reserve		
Opening balance	74.48	74.48
Add: Additions during the year		
– On issue of Shares	2.40	-
– Amount transferred from transferor company pursuant to scheme of amalgamation (Refer Note no. 22 a.)	3.58	-
Closing balance	80.46	74.48
(C) Other Reserves:		
(i) General Reserve		
Opening Balance	36.10	33.99
Add: Additions during the year		
- Amount transferred from Surplus in Statement of Profit and Loss	5.48	2.11
- Amount transferred from transferor company pursuant to scheme of amalgamation (Refer Note no. 22 a.)	0.50	
Less : Difference in book value of investment in transferor company adjusted pursuant to scheme of amalgamation (Refer Note no. 22 a.)	(1.36)	
Closing Balance	40.72	36.10
(ii) Foreign currency translation reserve	139.00	(26.68)
(D) Surplus in Statement of Profit and Loss :		
Opening balance	560.64	477.49
Add: Additions during the year		
- Profit for the year	149.41	109.05
- Surplus transferred from transferor company pursuant to scheme of amalgamation (Refer Note no. 22 a.)	22.10	
Less : Difference in book value of investment in transferor company adjusted pursuant to scheme of amalgamation (Refer Note no. 22 a.)	(22.10)	
Total	710.05	586.54
Appropriations :		
– Transfer to General Reserve	5.48	2.11
– Proposed Dividend -		
Amount per Share Rs.2.50 (Previous year - Rs. 2 per Share)		
– Tax on proposed Dividend	2.43	3.46
Total	33.74	25.90
Net Surplus in Statement of Profit and Loss	676.31	560.64
	936.70	644.54

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

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

Particulars	As at March 31, 2014	As at March 31, 2013
Note 4 : Long Term Borrowings		
(A) Term Loans		
From Banks - Secured	0.16	1.06
Secured by hypothecation of vehicle purchased		
Repayment Terms:		
Principal amount repayable as per the EMI		
Schedule given by the bank with an interest rate of 10.50%		
Period and amount of continuing default: NIL		
(B) Loans and Advances From Related Parties		
Unsecured		
(i) From Sak Industries Private Limited	220.00	250.00
Repayment Terms:		
The Loan is repayable in full by 9th September 2016.		
Period and amount of continuing default: NIL		
(ii) From Sak Industries Pte. Limited	51.84	176.28
Repayment Terms:		
Rs.2,69,37,000/- payable in full before 26th December 2015 and for balance there is no fixed repayment schedule.		
Period and amount of continuing default: NIL		
(C) Long Term Maturities of Finance Lease Obligations		
Secured by hypothecation of cars taken on lease	0.96	0.35
	272.96	427.69
Note 5 : Long Term Provisions		
Provision for Gratuity	4.79	6.72
Rent Straight lining	5.24	5.84
	10.03	12.56
Note 6 : Short Term Borrowings		
Loans Repayable on Demand		
From Banks - Secured		
Secured by first charge on the current assets and unencumbered movable fixed assets of the company, and personal guarantee of the Managing Director.	48.29	64.05
Period and amount of default : NIL	48.29	64.05

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

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

Particulars	As at March 31, 2014	As at March 31, 2013
Note 7 : Other Current Liabilities		
Current maturities of long term loans	0.90	0.81
Current maturities of finance lease obligations	0.80	0.76
Interest accrued but not due on borrowings	0.66	1.09
Income received in advance	184.60	155.02
Unpaid Dividend	0.25	0.23
Other payables:		
Service tax	6.42	23.73
Tax deducted at source	13.24	9.08
Professional tax	0.10	0.06
Provident fund	2.02	1.95
Others *	8.08	15.03
	217.07	207.76
* Amount payable to erstwhile shareholders of EDP pursuant to share purchase agreement		
Note 8 : Short Term Provisions		
Employee benefits	34.02	20.96
Rent Straight lining	0.61	1.23
Provision for proposed dividends (including dividend distribution tax)	28.26	23.79
	62.89	45.98

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

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

Note 9 : Tangible Assets

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

Description	Gross Carrying Amount				Accumulated Depreciation				Net Carrying Amount		
	As at March 31, 2013	Translation / Consolidation Adjustment	Additions during the year	Deductions during the year	As at March 31, 2014	As at March 31, 2013	Translation / Consolidation Adjustment	Additional adjustment during the year	Deductions during the year	As at March 31, 2014	As at March 31, 2013
1. Plant & Equipment											
- Owned	93.53	7.47	3.44	1.83	102.61	87.26	4.86	3.82	1.83	94.11	6.27
2. Furniture & Fixtures											
- Owned	53.00	7.33	-	0.24	60.09	51.36	8.10	0.56	0.24	59.78	1.64
3. Vehicles											
- Owned	3.48	-	-	-	3.48	0.64	-	0.68	-	1.32	2.84
- Leased	2.68	-	1.51	-	4.19	1.70	-	0.81	-	2.51	0.98
4. Office equipments											
- Owned	34.86	0.98	1.69	-	37.53	26.72	0.86	5.88	-	33.46	8.14
Total	187.55	15.78	6.64	2.07	207.90	167.68	13.82	11.75	2.07	191.18	19.87
Previous year	184.05	-	8.80	5.30	187.55	160.72	(0.23)	12.35	5.16	167.68	19.87

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

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

Note 10 : Intangible Assets

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

Description	Gross Carrying Amount			Accumulated Amortization				Net Carrying Amount			
	As at March 31, 2013	Translation / Consolidation Adjustment	Additions during the year	Deductions during the year	As at March 31, 2014	As at March 31, 2013	Translation / Consolidation Adjustment	Amortisation for the year	Deductions during the year	As at March 31, 2014	As at March 31, 2013
1. Goodwill											
- Goodwill on consolidation	893.31	184.19	-	1.14	1,076.36	-	-	-	-	-	893.31
- Acquired Goodwill	3.68	0.35	-	-	4.03	3.68	0.35	-	-	4.03	-
2. Computer software											
- Acquired	12.98	10.61	1.51	-	25.10	10.33	5.62	4.56	-	20.51	2.65
3. Intellectual property rights											
- Acquired	16.50	-	-	12.00	4.50	16.50	-	-	12.00	4.50	-
Total	926.47	195.15	1.51	13.14	1,109.99	30.51	5.97	4.56	12.00	29.04	895.96
Previous year	865.41	(0.75)	61.81	-	926.47	28.71	(0.05)	1.85	-	30.51	895.96

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

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

Particulars	As at March 31, 2014	As at March 31, 2013
Note 11 : Deferred Tax Assets (Net)		
Arising from timing difference in respect of:		
Fixed Assets	9.94	8.95
Retirement Benefits	2.44	2.78
Other tax disallowances	1.99	2.18
	14.37	13.91
Note 12 : Long Term Loans and Advances		
(A) Security Deposits		
(i) Unsecured, Considered good	9.46	10.04
(B) Related Party		
Unsecured, Considered good		
Sak employees welfare trust and gratuity trust	0.27	0.27
	9.73	10.31

Note 13 : Current Investments

Non-Trade - Unquoted - In Liquid Mutual Funds

Particulars	As at March 31, 2014		As at March 31, 2013	
	No. of shares / units	Cost	No. of shares / units	Cost
Reliance Money Manager Fund – Daily Dividend Plan				
Opening balance	8,440	8.45	–	–
Additions during the year	7,929	7.94	24,222	24.25
Deletions during the year	(2,796)	(2.80)	(15,782)	(15.80)
Total	13,573	13.59	8,440	8.45

Aggregate fair value of unquoted investments

Current year (31 March 2014)	13.60
Previous year (31 March 2013)	8.45

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

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

Particulars	As at March 31, 2014	As at March 31, 2013
Note 14 : Trade Receivables		
(A) Debts Outstanding for a period exceeding six months		
(i) Unsecured, Considered good	30.12	5.63
(ii) Doubtful	2.41	3.16
Less: Allowance for bad and doubtful debts	(2.41)	(3.16)
	30.12	5.63
(B) Others		
(i) Unsecured, Considered good	461.98	485.29
	461.98	485.29
	492.10	490.92
Note 15 : Cash and Bank balances		
(A) Balance with Banks		
(i) Balance in Current account	91.47	91.77
(ii) In Deposit accounts		
- With Maturity within 12 months	0.04	0.03
- With Maturity after 12 months	0.16	0.16
(iii) Unpaid dividend accounts	0.25	0.23
(B) Cash on hand	0.03	0.04
	91.95	92.23
Note 16 : Short Terms Loans and Advances		
(A) Loans and Advances to Others		
(i) Unsecured, Considered good		
Tax payment pending adjustments (Net)	9.60	13.54
Balance with gratuity fund	-	0.22
Prepaid Expenses	150.95	101.25
Employee Advances	3.46	2.36
Advances to suppliers	2.91	2.14
Advance towards share capital of Saksoft Fr.	4.26	-
	171.18	119.51
Note 17 : Other Current Assets		
Interest accrued but not due on fixed deposits	0.04	0.04
Unbilled Revenue	11.02	7.13
	11.06	7.17

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

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

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Note 18 : Other Income		
(A) Income from current investments		
Dividends	1.08	0.69
	1.08	0.69
(B) Others		
Exchange Fluctuation	1.60	4.14
Interest income	0.25	0.36
Provision no longer required written back	5.07	0.63
Profit on Sale of Assets	0.35	0.15
Profit on Sale / Redemption of investments	0.81	0.13
Miscellaneous Receipts	1.66	1.65
	9.74	7.06
	10.82	7.75
Note 19 : Employee Benefits Expense		
Salaries and wages	926.66	677.31
Contribution to Provident and other funds	18.64	18.68
Staff Welfare Expenses	9.11	10.05
	954.41	706.04
Note 20 : Finance Costs		
Interest Expense	36.94	40.22
Other borrowing cost	2.77	2.11
	39.71	42.33

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

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

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Note 21 : Other Expenses		
Education and Support costs	783.35	471.22
License costs	52.79	35.12
Rent	45.05	44.12
Travel and conveyance	73.20	70.35
Insurance	19.59	10.77
Rates and Taxes	7.07	5.38
Power and Fuel	13.52	12.97
Repairs to Buildings	8.86	7.94
Repairs to Plant	3.15	3.13
Communication Expenses	12.84	13.30
Audit fee	4.27	4.72
Legal, Professional and consultancy charges	4.35	3.90
Advertisement, Publicity and Sale Promotion	4.13	2.49
Miscellaneous expenses	22.45	25.65
	1,054.62	711.06

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

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

22. Additional notes

- a. The Scheme of Amalgamation
- A) Disclosure in respect of Amalgamation in accordance with Accounting Standard (AS) 14 - Accounting for Amalgamation.
- a) Names and general nature of Business of the Amalgamating Companies:
- Names:**
- Transferor Company – Synetairos Technologies Limited
- Transferee Company – Saksoft Limited
- General nature of Business:**
- Transferor Company – Development and maintenance of computing software
- Transferee Company – Analysis, design, development and implementation of computer software.
- b) Effective date of Amalgamation for accounting purposes : 01-04-2013
- c) Method of Accounting used to reflect Amalgamation : Pooling of Interest Method
- d) Particulars of the Scheme sanctioned
- i) The Authorised Share Capital of the Transferee Company is increased by transfer of the Authorised Share Capital of the Transferor Company aggregating Rs. 1 million, comprising of 100,000 Equity Shares of Rs. 10/- each.
- ii) Since the Transferor Company is a wholly owned subsidiary of the Transferee Company, shares held by the Transferee Company along with nominee in the Transferor Company shall be cancelled and extinguished. Accordingly there will be no issue and allotment of equity shares by the Transferee Company to the shareholders of the Transferor Company.
- iii) The Value of all assets and liabilities of the Transferor Company, as on the appointed date, at their respective book values vest with the Transferee Company.
- iv) The Inter-Corporate deposits/loans and advances, receivables/payables outstanding as on the Appointed date between the Transferee Company and Transferor Company shall stand cancelled.
- v) Treatment of difference between the share capital of Transferor Company and Book value of investment in the books of the Transferee Company:
- | | |
|--|--------------------|
| Book Value of Investment in Transferee Company | Rs. 24,103,768 |
| Less : Share Capital of Transferor Company | <u>Rs. 643,410</u> |
| Difference adjusted against Surplus in statement of Profit & Loss and General Reserve. | Rs. 23,460,358 |
- vi) In terms of the Scheme the Transferor Company continued the Operations as Trustee of Transferee Company. The results of such operations have been duly incorporated in the accounts of the Transferee Company.
- vii) The Scheme of Amalgamation of Transferor Company with Transferee Company was sanctioned by the Hon'ble High Court of Madras, vide its Order dated 17th July 2014 and accordingly these accounts have been prepared giving effect to the Scheme of Amalgamation.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

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

22. Additional notes (Continued)

b. Revision of Accounts

The Financial Statements for the year ended 31st March 2014 approved by the Board of Directors in their meeting held on 26th May 2014 and reported upon by the statutory auditors, have been revised to give effect to the order of the Hon'ble High Court of Madras, dated 17th July 2014 sanctioning the scheme of amalgamation of Synetairos Technologies Limited, a wholly owned subsidiary of Saksoft Limited with the holding Company. These revised Financial Statements have been reviewed by the Audit Committee and approved by the Board of Directors in their meeting held on 4th August 2014.

c. Contingent Liabilities

Particulars	As at March 31, 2014	As at March 31, 2013
Income-tax matters	27.97	22.78
Service-tax matters	32.61	32.61

d. Finance lease obligations

Particulars	As at March 31, 2014	As at March 31, 2013
Future obligations for assets taken on lease		
Not later than 1 year	1.07	0.91
Later than 1 year but not later than 5 years	1.12	0.39
	2.19	1.30
Less: Amounts representing future interest		
Not later than 1 year	0.27	0.15
Later than 1 year but not later than 5 years	0.17	0.04
	0.44	0.19
Present value of minimum lease rentals		
Not later than 1 year	0.80	0.76
Later than 1 year but not later than 5 years	0.95	0.35
	1.75	1.11

e. Related party disclosures

Enterprises in which key management personnel exercise significant influence	Sak Industries Private Limited Sak Abrasives Limited Sakserve Private Limited Saksoft Limited Employees Welfare Trust Saksoft Limited Employees Gratuity Trust Sonnet Investments Private Limited Sak Industries Pte Ltd.
Key Management Personnel	Mr Aditya Krishna – Managing Director

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

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

22. Additional notes (Continued)

e. Related party disclosures (Continued)

Transactions entered during the year

Description	Year ended March 31, 2014	Year ended March 31, 2013
Revenue		
Sak Industries Private Limited	–	3.50
Rent expense		
Sak Industries Private Limited	6.84	5.99
Dividend paid		
Sak Industries Private Limited	6.00	3.00
Mr Aditya Krishna – Managing Director	7.35	3.67
Interest on loan		
Sak Industries Private Limited	23.91	29.11
Sak Industries Pte Limited	5.82	7.27
Asset Purchase		
Sak Industries Private Limited	0.33	-
Borrowings / (Repayments), net		
Sak Industries Pte Ltd.	(151.50)	40.19
Sak Industries Private Limited	(30.00)	(90.00)
Reimbursement of expenses		
Sak Abrasives Limited	0.93	0.73
Managerial remuneration		
Mr Aditya Krishna – Managing Director	3.00	3.00

Year end balances

Description	As at March 31, 2014	As at March 31, 2013
Loans and advances		
Sak Abrasives Limited	–	0.17
Saksoft employees Welfare Trust	0.25	0.25
Saksoft Employees Gratuity Trust	0.02	0.02
Sakserve Private Limited	–	0.02
Accounts Payable		
Sak Industries Private Limited, India	–	0.20
Borrowings		
Sak Industries Private Limited	220.00	250.00
Sak Industries Pte Ltd	51.84	176.28

f. Segment information

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

Geographic location of customers	Year ended March 31, 2014	Year ended March 31, 2013
Revenue		
India	130.57	143.49
Europe	1151.94	851.26
USA	874.13	487.38
Singapore	87.06	107.54
Rest of the World	–	0.02
	2243.70	1589.69

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

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

22. Additional notes (Continued)

f. Segment information (Continued)

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

g. Gratuity

Reconciliation of benefit obligation and plan assets

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Change in Defined Benefit Obligation		
Opening defined benefit obligation	10.25	9.83
Current service cost	2.49	2.48
Interest cost	0.97	0.99
Actuarial losses/ (gain)	(1.94)	(1.87)
Past service cost	—	—
Benefits paid	(2.20)	(1.18)
Closing defined benefit obligation	9.57	10.25
Change in fair value of assets		
Opening fair value of plan assets	3.53	2.61
Pursuant to scheme of amalgamation (Refer Note No.22a)	0.22	-
Expected return on plan assets	0.34	0.26
Actuarial gain/ (losses)	(0.10)	(0.16)
Contribution by Employers	3.00	2.00
Benefits paid	(2.21)	(1.18)
Closing fair value of plan assets	4.78	3.53
Liability recognised in the balance sheet	4.79	6.72
Expense recognized in the profit and loss account		
Current service cost	2.49	2.51
Interest cost on defined benefit obligation	0.97	0.99
Expected return on plan assets	(0.34)	(0.52)
Net Actuarial losses / (gains) recognised in a year	(1.83)	(1.69)
Past service cost	—	—
Net gratuity cost	1.29	1.29
Actual return on plan assets	0.24	0.11
Assumptions		
Discount rate	9.35%	7.95%
Expected rate of return on assets	7.50%	7.50%
Salary escalation	7%	7%

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

Experience Adjustments

Particulars	31-Mar-10	31-Mar-11	31-Mar-12	31-Mar-13	31-Mar-14
Defined Benefit Obligation	8.68	9.51	9.83	10.25	9.57
Plan Assets	3.53	2.16	2.60	3.53	4.78
Surplus/(Deficit)	(5.15)	(7.35)	(7.22)	(6.72)	(4.79)
Exp.Adj.on Plan Liabilities	(3.06)	(1.54)	(1.34)	(2.28)	(0.83)
Exp.Adj.on Plan Assets	(0.15)	(0.31)	(0.06)	(0.16)	(0.10)

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

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

22. Additional notes (Continued)

h. Employee Stock Option Plans ('ESOP')

ESOP 2006 Plan

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

The Company has allotted 582,460 equity shares of Rs. 10 each to the Trust to give effect to the ESOP Plan. As at the balance sheet date, the employees have exercised 27,500 options under this Plan and accordingly, 554,960 equity shares of Rs 10 each represent shares held by the Trust. During the year no options have been granted under this plan.

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

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Options outstanding at the beginning of the year	2,00,000	40,000
Options granted during the year	–	2,00,000
Options exercised during the year	–	–
Options forfeited during the year	–	(10,000)
Options lapsed during the year	–	(30,000)
Options outstanding at the end of the year	2,00,000	2,00,000

ESOP 2009 Plan

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

The plan considers an aggregate of 5,00,000 options to be vested and exercised in accordance with the ESOP 2009 plan as approved by the Compensation Committee. The outstanding options available for vesting under the ESOP 2009 as on 31st March 2014 is 3,05,000 options.

During the year the Board of Directors have allotted 70,000 equity shares consequent to the exercise of options by certain eligible employees of the Company who were granted options on 3rd December 2010 at grant price of Rs. 42.50 per option under ESOP 2009 plan. Subsequent to the exercise, the listing and trading approval was obtained from National Stock Exchange on 24th March 2014. The paid up share capital of the Company after allotment of 70,000 equity shares stands at 1,02,35,000 Equity Shares as of 31st March 2014.

Apart from the above allotment, during the year the Compensation Committee has granted 50,000 options to an eligible employee of subsidiary of Saksoft Limited on 4th July 2013 at a grant price of Rs. 41.55/-.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

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

22. Additional notes (Continued)

h. Employee Stock Option Plans ('ESOP') (Continued)

ESOP 2009 Plan (Continued)

The details of the ESOP 2009 Plan are

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Options outstanding at the beginning of the year	375,000	475,000
Options granted during the year	50,000	–
Options exercised during the year	(70,000)	–
Options forfeited during the year	–	–
Options lapsed during the year	(50,000)	(100,000)
Options outstanding at the end of the year	305,000	375,000

i. Proposed Dividend

Proposed Dividend includes a sum of Rs. 2,37,500 being the dividend on 95,000 shares allotted under ESOP 2009 Scheme after 31st March 2014 and before the book closure.

j. Earnings Per Share (EPS)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Earnings		
Net profit for the year	149.41	109.05
Shares		
Equity shares as at the balance sheet date	10,235,000	10,165,000
Less: Shares held by Saksoft employees welfare trust	554,960	554,960
Total number of equity shares outstanding at the end of the year – Basic	9,680,040	9,610,040
Weighted average number of equity shares outstanding as at the end of the year – Basic	9,613,876	9,610,040
Diluted Shares		
Weighted average number of equity shares outstanding as at the end of the year	9,613,876	9,610,040
Add: Shares held by Saksoft Employees Welfare Trust	554,960	554,960
Add: Weighted average number of equity shares arising out of outstanding stock options that have dilutive effect on the EPS	49,522	62,647
Weighted average number of equity shares outstanding during the year – Diluted	10,218,358	10,227,647
Earnings per share of par value Rs. 10 – Basic (Rs.)	15.54	11.35
Earnings per share of par value Rs. 10 – Diluted (Rs.)	14.62	10.67

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

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

22. Additional notes (Continued)

k. Dues to Micro and small enterprises

The Company has initiated the process of obtaining confirmation from suppliers who have registered under the Micro, Small and Medium Enterprises Development Act, 2006. Based on the information available with the company there is no amount outstanding as on 31.03.2014. There are no overdue principle amounts and therefore no interest is paid or payable.

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

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

S. Ganesan
Partner
Membership No: 018525

Date: August 4, 2014
Place: Chennai

For and on behalf of the Board of Directors

Aditya Krishna
Managing Director

Niraj Kumar Ganeriwal
Chief Financial Officer

R. Rajagopalan
Director

S. Narayan
Company Secretary

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

Name of the Subsidiary	Saksoft Inc., USA	Saksoft Pte Limited, Singapore	Saksoft GmbH, Germany	Saksoft Investments Private Limited, UK
The Financial year of the Subsidiary Company ended on	March 31, 2014	March 31, 2014	March 31, 2014	March 31, 2014
Holding Company	Saksoft Limited	Saksoft Limited	Saksoft Limited	Saksoft Limited
Holding Company Interest	100%	100%	100%	100%
Shares held by Holding Company in Subsidiary	195000 equity shares of USD 1 each fully paid up	555002 equity shares of SGD 1 each fully paid up	50000 equity shares of Euros 1 each fully paid up	5001000 equity shares of GBP 1 each fully paid up 1826000 5% Cumulative Redeemable Preference Shares of GBP 1 each fully paid up
Net Amount of profit/losses of subsidiary so far as it concerns the members of the holding company and is not dealt with in the accounts of the holding company:				
For the Financial Year Ended March 31, 2014 (Rs in Millions)	22.63	1.02	(0.49)	70.54
For the previous financial years for the subsidiary since it became a subsidiary (Rs in Millions)	30.36	14.34	(2.63)	195.97
Net Amount of profit/losses of subsidiary so far as it concerns the members of the holding company and is dealt with or provided for in the accounts of the holding company:				
For the Financial Year ended March 31, 2014 (Rs)	NA	NA	NA	NA
For the previous Financial Years of the Subsidiary since it became a Subsidiary	NA	NA	NA	NA

STATEMENT OF FINANCIAL INFORMATION ON EACH OF THE SUBSIDIARY COMPANIES

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

Name of the Subsidiary	Saksoft Inc., USA as at 31.03.2014	Saksoft Pte Limited, Singapore as at 31.03.2014	Saksoft GmbH, Germany as at 31.03.2014	Saksoft Investments Private Limited, UK as at 31.03.2014
Issued and Subscribed Capital	9.24	19.17	3.51	434.45
Reserves	66.64	9.82	(2.83)	113.57
Loans	76.68	-	-	24.91
Total Assets	400.75	47.82	1.66	1497.78
Total Liabilities	248.19	18.83	0.98	924.85
Details of Investments	-	-	-	-
	Year ended 31.03.2014	Year ended 31.03.2014	Year ended 31.03.2014	Year ended 31.03.2014
Turnover	874.13	87.06	-	1151.94
Profit before Taxation	38.30	2.68	(0.49)	70.54
Provision for Taxation	15.67	1.66	-	-
Profit after Taxation	22.63	1.02	(0.49)	70.54
Proposed Dividend	-	-	-	-

For and on behalf of the Board of Directors

Aditya Krishna
Managing Director

R. Rajagopalan
Director

Date: August 4, 2014
Place: Chennai

Niraj Kumar Ganeriwal
Chief Financial Officer

S Narayan
Company Secretary

SAKSOFT LIMITED

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

PROXY FORM

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

D.P. ID*
Client ID*

No. of Shares held

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I/We of in the district of being a member/members of Saksoft Limited hereby appoint of in the district of or failing him of in the district of as my/our Proxy to vote for me/us on my/us behalf at the **Fifteenth Annual General Meeting** of the Company to be held on Friday, the **26th September, 2014 at 10.30 A.M.** and at any adjournment thereof.

Signed this Day of 2014

Affix 30 Paise Revenue Stamp

Particulars	Votes	
	For	Against
1. Adoption of Accounts for the year ended 31 st March 2014 together with the Report of the Directors and Auditors thereon.		
2. Declaration of Dividend on Equity shares		
3. Re-appointment of Mr. Autar Krishna as Director		
4. Re-appointment of Auditors M/s. Suri & Co., Chartered Accountants for 3 years.		
5. Approval for borrowing in excess of paid up capital and free reserves.		
6. Appointment of Mr. R. Rajagopalan as an Independent Director		
7. Appointment of Mr. Amitava Mukherjee as an Independent Director.		
8. Appointment of Mr. Ajit Thomas as an Independent Director		
9. Appointment of Ms. Kanika Krishna as Non-Executive Director		
10. Amendment to the Employee Stock Option Plan 2009		

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