



Saksoft Limited



Saksoft Limited

SP Infocity, Block A,
2nd Floor, 40, MGR Salai,
Perungudi, Kadanchavadi
Chennai – 600 096
P : 044– 2454 3500
F : +91–44– 2454 3510

Saksoft Pte Limited

3, Shenton Way
#15–06, Shenton House,
Singapore – 068805
P : +65–62242550
F : +65–62242783

Saksoft GmbH

Lyonerstr 14 60528,
Frankfurt, Germany
P : +49–69–6655 4218
F : +49–69–6688 4100

Saksoft Limited

B–35–36, Sector 80
Phase – II,
Noida – 201 305
Uttar Pradesh
P : +91– 0120 – 2462175
F : +91–0120 – 2462179

Saksoft Ltd. (UK Branch)

Waterside Court,
#1, Crewe Road,
Manchester M23 9BE, UK
P : +44–8707894321
F : +44–8707894002

Saksoft HK Limited

Flat/RM 701, 7/F
Far East Consortium Building
113-125, Des Voeux RD Central
Hong Kong

Saksoft Inc.

Suite 2562,
2500 Plaza 5,
Harborside Financial Centre
Jersey City, NJ 07311 4035.
P : +001 201 633 4744
F : +001 212 504 8026

Acuma Solutions Ltd

Waterside Court
#1, Crewe Road,
Manchester M23 9BE, UK
P : +44–8707894321
F : +44–8707894002



CONTENTS

Board of Directors	1
Notice to the Shareholders	2
Directors Report	20
Management Discussion and Analysis Report	28
Report on Corporate Governance	38
Auditors' Certification on Corporate Governance	48
Auditor's Report	49
Balance Sheet	52
Profit And Loss Account	53
Cash Flow Statement	54
Schedules	56
Balance Sheet Abstract	75
Consolidated Financial Statements	76

BOARD OF DIRECTORS	
Chairman (Non-Executive)	Mr. Autar Krishna
Managing Director	Mr. Aditya Krishna
Executive Director (Operations & Technology)	Mr. N.K. Subramaniam
Non-Executive Director	Mr. S C Agarwal
Independent Non-Executive Director	Mr. R.Rajagopalan
Independent Non-Executive Director	Mr. Amitava Mukherjee
Independent Non-Executive Director	Mr. Suresh Subramanian
Independent Non-Executive Director	Mr. Ajit Thomas
CHIEF FINANCIAL OFFICER	Mr. Niraj Kumar Ganeriwal
COMPANY SECRETARY & COMPLIANCE OFFICER	Mr. S Narayan
AUDITORS	M/s B S R & Co., Chartered Accountants No. 10, Mahatma Gandhi Road Nungambakkam Chennai – 600 034.
BANKERS	Citibank N.A., Chennai Deutsche Bank., Chennai ICICI Bank., Chennai HDFC Bank., Chennai IndusInd Bank., Chennai
REGISTERED AND CORPORATE OFFICE	“SP Infocity” Module1, 2nd Floor #40, Dr. MGR Salai, Kadanavadi, Perungudi, Chennai – 600 096. Ph: 91-44- 24543500 Fax: 91-44- 24543510
EMAIL	info@saksoft.com
WEB-SITE	www.saksoft.com
NOIDA DEVELOPMENT CENTRE	B-35-36, Sector 80, Phase – II, Noida – 201 305, Uttar Pradesh
SUBSIDIARIES	Saksoft Inc., USA Saksoft Pte Limited., Singapore Saksoft Investments Pvt Limited, UK Saksoft GmbH., Germany Saksoft HK Ltd, Hong Kong
REGISTRAR AND SHARE TRANSFER AGENT	Cameo Corporate Services Limited Subramanian Building No.1, Club House Road, Chennai – 600 002 Tel:+91-44-28460390, Fax: +91 – 44 – 28460129

NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the Eleventh Annual General Meeting of the members of the Company will be held on Friday, the 6th day of August 2010 at 10.00 AM at Naradha Gana Sabha Mini Hall, 314, T.T.K Road, Alwarpet, Chennai – 600 018 to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March 2010 and the Profit and loss Account of the Company for the year ended 31st March 2010 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. Suresh Subramanian, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in the place of Mr. Amitava Mukherjee, who retires by rotation, and being eligible, offers himself for re-appointment.
5. To re-appoint M/s. BSR & Co as auditors to hold the office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and to pass the following resolution thereof:

“**RESOLVED** that M/s. B S R & Co, Chartered Accountants be and are hereby appointed as auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company.”

“**RESOLVED FURTHER** that the Board of Directors or Committee thereof be and are hereby authorized to determine the remuneration of the auditors and the manner of its payment.”

Special Business:

6. Appointment of Mr. Ajit Thomas as Director:

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

“**RESOLVED THAT** Mr. Ajit Thomas who was

appointed as an Additional Director of the Company and who holds office until the date of this Annual General Meeting, pursuant to Section 260 of the Companies Act, 1956 and Article 89 of the Articles of Association of the Company and in respect of whom the Company has received a notice from a member under Section 257 of the Companies Act, 1956, proposing his candidature, be and is hereby appointed as a Director of the Company liable to retire by rotation”.

7. Approval for excess remuneration paid to Mr. Aditya Krishna, Managing Director:

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

“**RESOLVED THAT** consent/approval of the members of the Company be and is hereby accorded for the excess remuneration paid to Mr. Aditya Krishna, Managing Director amounting to Rs.31,20,000/- computed pursuant to Schedule XIII to the Companies Act, 1956 for the year 2009-10 owing to inadequacy of profits for the said year.”

8. Approval for excess remuneration paid to Mr. N.K. Subramaniyam, Executive Director (Operations & Technology):

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

“**RESOLVED THAT** consent/approval of the members of the Company be and is hereby accorded for the excess remuneration paid to Mr. N.K.Subramaniyam, Executive Director (Operations & Technology) amounting to Rs.21,79,992/- computed pursuant to Schedule XIII to the Companies Act, 1956 for the year 2009-10 owing to inadequacy of profits for the said year.”

9. Revision in the terms of remuneration of Mr. Aditya Krishna, Managing Director:

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

“RESOLVED THAT, in accordance with the provisions of Sections 198, 269, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956 (“the Act”), read with Schedule XIII, including any statutory modifications or re-enactments thereof for time being in force and in partial modification of the resolution No.6 passed at the Annual General Meeting of the Company held on 25th September 2008, the consent of the members be and is hereby granted for the revision in the remuneration of Mr. Aditya Krishna, Managing Director of the Company with effect from 1st April 2010 for remaining tenure up to 31st March 2011 with liberty to the Board of Directors to alter and vary the terms and conditions of remuneration, at their discretion from time to time.”

RESOLVED FURTHER THAT in the event of possible absence or inadequacy of profits in any financial year, Mr. Aditya Krishna, Managing Director shall be paid the same remuneration as stated hereinabove, as minimum remuneration subject to statutory approvals as may be required from time to time.”

10. Approval for the payment of remuneration as minimum remuneration to Mr. N.K. Subramaniam, Executive Director (Operations & Technology):

“RESOLVED THAT pursuant to Sections 198, 269, 309, 310 and other applicable provisions,

if any, of the Companies Act, 1956 (including any statutory modification or reenactment thereof, for the time being in force) and further to the approval given by the members at the Annual General Meeting held on 31st July 2009, consent, and approval of the members is now being accorded for treatment of the existing remuneration, as set out in the explanatory statement annexed hereto, being paid to Mr. N.K. Subramaniam Executive Director (Operations & Technology), as his minimum remuneration, during his remaining period of his tenure commencing from 1st April 2010 to 24th September 2013, in the event of a possible absence or inadequacy of profits in any financial year subject to statutory approvals as may be required from time to time.

RESOLVED FURTHER THAT subject to the recommendation of the Remuneration Committee, the Board of Directors of the Company be and are hereby authorized to make such modifications, alterations, variations in the terms and conditions relating to the remuneration of Mr. N.K. Subramaniam, at their discretion from time to time.”

By Order of The Board of Directors
For **Saksoft Limited**

Chennai
28 May 2010

S Narayan
Company Secretary

NOTES

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER. THE FORM OF PROXY IS ENCLOSED. THE INSTRUMENT APPOINTING PROXY SHOULD BE DEPOSITED AT THE OFFICE OF THE REGISTRAR AND SHARE TRANSFER AGENT OF THE COMPANY VIZ. CAMEO CORPORATE SERVICES LIMITED, "SUBRAMANIAN BUILDING" NO.1, CLUB HOUSE ROAD, CHENNAI 600 002 AT LEAST 48 HOURS BEFORE COMMENCEMENT OF THE MEETING.**
2. The Register of Members and the Share Transfer Books of the Company will remain closed from 30th July 2010 to 6th August 2010 (both days inclusive).
3. The dividend as recommended by the Board, if approved at the meeting, will be payable to those members whose names appear in the Register of Members as on 6th August 2010. The dividend in respect of shares held in the electronic form will be payable to the beneficial owners of the shares as on 30th July 2010 as per details furnished by the Depositories for this purpose.
4. Members holding shares in physical form are requested to immediately notify change in their address to the Company's Share Transfer Agent M/s. Cameo Corporate Services Limited, "Subramanian Building" No.1, Club House Road, Chennai 600 002 and those who wish to receive dividend in electronic mode are requested to forward a specimen cheque leaf duly marked as such to Registrar at the above address.
5. Members holding shares in electronic form may please note that, as per the applicable regulations of the depositories, the bank details as furnished by the respective depositories to the company will be printed on the dividend warrants issued from time to time. The Company / the Registrar will not entertain any direct request from members for deletion of or change in such bank details. It may please be noted that, dividend instructions, if any, already given by members in respect of shares in physical form will not be automatically applicable to the dividend payable on shares in electronic form. **Members may, therefore, give instructions directly to their Depository Participants regarding bank accounts for crediting the dividend.**
6. Members/proxies are requested to bring their attendance slips duly filled in and their copy of the Annual Report for the Meeting.
7. Members who hold shares in the dematerialized form are requested to bring their Client_ID and DP_ID to the meeting for easier identification.
8. Corporate members intending to depute their authorized representatives to attend the meeting are requested to send a certified copy of the board resolution authorizing their representative to attend and vote on their behalf at the meeting.
9. Relevant documents referred to in the accompanying notice are open for inspection by the members at the Registered Office of the Company on all working days, except Saturdays and Sundays between 11.00 AM and 01.00 PM upto the date of the meeting.
10. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to the Company's Registrar and Transfer Agent, M/s Cameo Corporate Services Limited for consolidation into a single folio.
11. In terms of clause 49 of the Listing Agreement with Stock Exchanges, a brief resume of the Directors who are proposed to be appointed / re-appointed at this meeting is given below.
 - a) **Mr. Suresh Subramanian**
DIN No: 02070440

Mr. Suresh Subramanian is a Fellow Chartered Accountant (FCA) of the Institute of Chartered Accountants of India by qualification and in his career spanning over 25 years, has extensive experience in accounting and auditing. He was leading the global operations of Quattro's Finance & Accounting vertical.

Prior to Quattro, Mr. Suresh Subramanian was a partner of the KPMG India member firm and head of the audit practice. The audit practice had more than 700 professionals with about 20 partners / directors and Suresh held overall responsibility for its growth, strategy and direction including monitoring of technical and quality standards. He also led audit and advisory engagements on several national / multinational companies including one of India's leading software and business process outsourcing companies.

Prior to joining KPMG, Mr. Suresh Subramanian was a Partner of the Ernst & Young India member firm. At Ernst & Young, Mr. Suresh Subramanian was a member of the National Audit Executive Team involved in determining future strategy and direction of the audit practice and also led their South India operations covering audit and advisory engagements of several national / multinational companies including key aspects of monitoring technical and quality standards.

Mr. Suresh Subramanian was also associated with leading organizations such as Arthur Andersen where he was the head of the South India assurance practice and leader of the National US GAAP practice and AF Ferguson & Co where he was the head of the Pune operations and led audit and advisory engagements of several leading national / multinational companies.

Mr. Suresh Subramanian has also contributed articles and made several presentations on accounting, audit and regulatory requirements at seminars organized by professional and business associations.

Mr. Suresh Subramanian is an Independent Director of our Company and also a member of Audit Committee and Shareholder's Grievance Committee. He does not hold any shares in Company and is not related to any Director of the Company.

(b) Mr. Amitava Mukherjee

DIN No: 00003285

Mr. Amitava Mukherjee has been a Director of our Company since 2003. He is an Independent

Director of our company and also a member of Audit Committee and Remuneration Committee.

He 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 20 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"

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

(c) 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, Teleflex Medical Pvt Ltd, A.V. Thomas Leather & Allied Products Pvt Ltd, AVT Infotech 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 and L&T Mutual Fund Trustee Ltd.

Mr. Ajit Thomas is an Independent Director of our Company and also a member of Audit Committee.

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

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

ITEM NO. 6

Appointment of Mr. Ajit Thomas as Director:

The Board of Directors of the Company appointed Mr. Ajit Thomas as an Additional Director of the Company with effect from 31st July 2009. In terms of Section 260 of the Companies Act, 1956, Mr. Ajit Thomas holds office up to the date of this Annual General Meeting. The Company has received a notice in writing from a member along with a deposit of Rs.500/- proposing the candidature of Mr. Ajit Thomas for the office of Director of the Company under Section 257 of the Companies Act, 1956.

Mr. Ajit Thomas is not disqualified from being appointed as Director under Section 274(1)(g) of the Companies Act, 1956 and has complied with the requirements of Section 266A of the Companies Act, 1956 in obtaining Director Identification Number. The Company has received form DD-A from Mr. Ajit Thomas in terms of Companies (Disqualification of Directors under Section 274(1)(g) of the Companies Act, 1956) Rules 2003 containing his eligibility for such appointment.

None of the Directors of the Company, other than Mr. Ajit Thomas is concerned or interested in the said resolution and the Board recommends the resolution set forth in the Item no.6 for the approval of the members.

ITEM NO.7

Approval for excess remuneration paid to Mr. Aditya Krishna, Managing Director

Mr. Aditya Krishna is the founder promoter of Saksoft Ltd and at present it's Managing Director. He did his M.A. (Economics) from St. Stephens College, New Delhi and MBA (Finance & Marketing) from Northeastern University, Boston, USA. He worked with Chase Manhattan Bank N.A, New York, USA from 1985 to 1987 responsible for cash management products including pricing decisions, institutional sales and sales to large corporate customers. He was with Citibank N.A, New York, USA from 1987 to 1990 as a member of the business analysis department of the Credit Card Business and specifically handled the Insurance

Products area. From 1990 to 1995 he was the Vice President – Credit Director & Financial Controller, Citibank N.A, India responsible for managing Citibank India's credit card portfolio. He was the founder promoter of Nation Wide Finance Ltd (now known as Citi Financial Consumer Finance India Limited) and was the Managing Director of the Company.

For the year 2009–2010, Mr. Aditya Krishna, Managing Director drew remuneration as approved by the Shareholders in their Ninth Annual General Meeting of the Company on 25th September 2008. At the end of the financial year 2009–2010 the Company faced with the situation of inadequacy of profits and consequently the remuneration that was paid to Mr. Aditya Krishna exceeded the limits specified in Schedule XIII of the Companies Act, 1956. The Board considering the contributions made by Mr. Aditya Krishna through his expertise in the field of business and the benefits derived out of his rich experience has approved the payment of the excess remuneration amounting to Rs. 31,20,000/- for the year 2009–10 with the recommendation of the Remuneration Committee. The Board also considers it desirable to approach the Central Government for waiver of the excess payment made during the financial year 2009–2010 and hence the Board recommends the resolution set forth in the Item no.7 for the approval of the members.

Statement pursuant to Schedule XIII of the Companies Act, 1956

1) GENERAL INFORMATION:

1) Nature of Industry:

The Company falls under the Information Technology Industry.

2) Date of commencement of commercial production:

Not Applicable

3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:

Not Applicable

4) Financial performance based on given indicators:

Total Revenue	: Rs.4267 Lakhs
Operating Expenses	: Rs.998 Lakhs.
Net Profit after Tax	: Rs.166 Lakhs.

5) Export performance and net foreign exchange collaborations:

Foreign Exchange Earning	: Rs.3290 Lakhs
Foreign Exchange Outgo	: Rs.263 Lakhs

6) Foreign Investments or collaborators, if any:

The Company has made investments in its foreign subsidiaries viz

1. Saksoft Inc (United States of America)
2. Saksoft Pte Limited. (Singapore)
3. Saksoft Investments Private Limited (UK)
4. Saksoft GmbH (Germany)

II) INFORMATION ABOUT THE APPOINTEE:

1) Background Details:

Mr. Aditya Krishna is the founder promoter and the Managing Director of Saksoft Limited. He spearheads Saksoft's growth across domains & geographies since inception and he is instrumental in driving the business development efforts of the Group. He brings with him over 27 years of experience in the banking and financial services industry.

2) Past Remuneration:

A sum of Rs.67,20,000/- has been paid to Mr. Aditya Krishna as remuneration for the year ended 31st March, 2010.

3) Recognition or Awards:

He is renowned personality in the field of Information Technology and had immensely contributed to development of the Company to greater heights. Mr. Aditya Krishna holds M.A. (Economics) from St. Stephens College, New Delhi and MBA (Finance & Marketing) from Northeastern University, Boston, USA.

4) Job Profile and his Suitability:

Mr. Aditya Krishna is the founder promoter and the Managing Director of Saksoft Limited. He spearheads Saksoft's growth across domains & geographies since inception and he is instrumental in driving the business development efforts of the Group. He brings with him over 27 years of experience in the banking and financial services industry. The Board considers it desirable to continue to derive the benefits out of his experience having regard to his qualification and experience.

Under his ablest guidance and leadership Saksoft has grown into a multi faceted conglomerate and hence the Board considers it desirable to continue to derive the benefits out of his experience having regard to his contribution towards the Company's growth and therefore the excess remuneration would be considered as in the best interest of the Company and its stakeholder.

5) Proposed remuneration:

Not Applicable.

6) Comparative remuneration Profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin):

The prevalent levels of remuneration paid to senior management personnel in software industries, in general are higher. Taking into account the turnover of the Company, Mr. Aditya Krishna's invaluable contribution to the Company, his role in placing the Company in eminent position in the Industry, his leadership role in turning around the Company from its difficult position, the remuneration paid to the appointee was found to be reasonable and in parlance with the remuneration levels in the Industry, across the country and befits his position.

7) Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any:

Mr. Aditya Krishna holds 36,36,023 shares of Saksoft Limited and he is related to Mr. Autar Krishna, Chairman of the Company.

III) OTHER INFORMATION:

1) Reasons for Inadequate Profits:

The company has its wider concentration of its business in western regions whose economies are still reeling under the Global economic slowdown and are showing slower signs of recovery. Also the wider fluctuation in currencies particularly the dollar to rupee and pound to rupee during the financial year 2009–2010 has created a dent in the Company's profits margins resulting in lower realization of exports, which forms substantial part of the revenue of the Company.

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

The Company is envisaging plans of expanding its business locally apart from the overseas markets in order to insulate itself from the wider fluctuation of foreign currencies and also taken proactive measures in conserving the cost to accommodate the effect of reduction on margins. The company has implemented cost control mechanisms aimed at exercising tighter controls on overhead expenses apart from addition of new client base to improve profitability. On the other hand to counter the foreign exchange exposures the company is also considering forward covers and hedging techniques to absorb a minimal impact on fluctuations in foreign exchange. With the results of the Company impacted by certain one off items, the business model continues to be strong and sustainable and will continue to drive profitability.

3) Expected increase in productivity and profit in measurable terms:

The Company will strive to widen its customer base, increase market share, develop new

products, enter new segments and step up market initiatives and look for overall growth. The aforesaid measures are expected to substantially increase the productivity and profits of the Company

IV) DISCLOSURES:

1) Remuneration package of Mr. Aditya Krishna:

Details of Remuneration:

The Basic salary of Rs.5,00,000/– per month.

Perquisites and allowances:

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

- a) Rent free residential accommodation or HRA in lieu thereof.
- b) Actual medical expenses incurred for self and family towards domiciliary and hospitalization expenses.
- c) Contribution to PF as per the rules of the Company.
- d) Club–Fees for two–clubs excluding admission and life membership fees.
- e) Leave travel concession once in a year for self and family to any place in India by Air/ Rail/Road.
- f) Company maintained car with driver.
- g) Telephone facility at residence.

Minimum remuneration:

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

Sitting Fees:

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

Therefore in light of the above circumstances the remuneration paid to Mr. Aditya Krishna, Managing Director was found to be in excess of the limits prescribed under Schedule XIII of the Companies Act, 1956 which needs to be approved by the Shareholders in this Annual General Meeting and accordingly, the resolution is placed before the members.

The Directors recommend the resolution for the approval of the members and also considers it desirable to approach the Central Government for waiver of the excess payment made during the financial year 2009–2010.

None of the Directors of the Company, other than Mr. Aditya Krishna is concerned or interested in the said resolution and the Board recommends the resolution set forth in the Item no.7 for the approval of the members.

Mr. Aditya Krishna is related to Mr. Autar Krishna, Director of the Company.

ITEM NO.8**Approval for excess remuneration paid to Mr. N.K. Subramaniam, Executive Director (Operations & Technology):**

Mr. N.K. Subramaniam joined Saksoft in the year 2008 and was appointed as an Executive Director (Operations & Technology) of the Company in September 2008. He is in charge of Operations and Technology in Saksoft and is equipped with vast knowledge on areas of technology, domain and the industry. He has the experience of being involved in product development and implementation, managing a large multi-vendor implementation project, training, software quality assurance and managing large teams. He has been instrumental in building a strong team of analysts, project managers and software professionals in short span of time. He has guided the Company to achieve reputation for software development

and testing services with its customers through his powerful insight and in depth knowledge of the operations of Saksoft.

For the year 2009–2010, Mr. N.K. Subramaniam, Executive Director (Operations & Technology) drew remuneration as approved by the shareholders in their tenth annual general meeting of the Company on 31st July 2009. At the end of the financial year 2009–2010 the Company faced with the situation of inadequacy of profits and consequently the remuneration that was paid to Mr. N.K. Subramaniam exceeded the limits specified in Schedule XIII of the Companies Act, 1956. The Board taking into account the managerial ability, skill and expertise of Mr. N.K. Subramaniam in driving the business and operations of the Company towards achievement of several milestones in competitive situations and the benefits derived out of his professional qualifications has approved the payment of the excess remuneration amounting to Rs.21,79,992/- for the year 2009–10 with the recommendation of the Remuneration Committee. The Board also considers it desirable to approach the Central Government for waiver of the excess payment made during the financial year 2009–2010 and hence the Board recommends the resolution set forth in the Item no.8 for the approval of the members.

Statement pursuant to Schedule XIII of the Companies Act, 1956**1) GENERAL INFORMATION:****1) Nature of Industry:**

The Company falls under the Information Technology Industry.

2) Date of commencement of commercial production

Not Applicable

3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:

Not Applicable

4) Financial performance based on given indicators:

Total Revenue : Rs.4267 Lakhs
Operating Expenses : Rs.998 Lakhs
Net Profit after Tax : Rs.166 Lakhs

5) Export performance and net foreign exchange collaborations:

Foreign Exchange Earning : Rs.3290 Lakhs
Foreign Exchange Outgo : Rs.263 Lakhs

6) Foreign Investments or collaborators, if any:

The Company has made investments in its foreign subsidiaries viz

1. Saksoft Inc (United States of America)
2. Saksoft Pte Limited. (Singapore)
3. Saksoft Investments Private Limited (UK)
4. Saksoft GmbH (Germany)

II) INFORMATION ABOUT THE APPOINTEE:

1) Background Details:

Mr. N.K. Subramaniam joined Saksoft in the year 2008 and was appointed as an Executive Director (Operations & Technology) of the Company in september 2008. He is in charge of Operations and Technology in Saksoft and is equipped with vast knowledge on areas of technology, domain and the industry. He has the experience of being involved in product development and implementation, managing a large multi-vendor implementation project, training, software quality assurance and managing large teams. He has been instrumental in building a strong team of analysts, project managers and software professionals in short span of time. He has guided the Company to achieve an excellent reputation for software development and testing services with its customers.

2) Past Remuneration:

A sum of Rs. 57,79,992/- has been paid to Mr. N K Subramaniam during the financial year 2010, being the remuneration and allowable perks for the year ended 31st March, 2010.

3) Recognition or Awards:

He is renowned personality in the field of

Information Technology and had immensely contributed to development of the Company to greater heights. Mr. N.K. Subramaniam holds M.Tech degree from the Indian Institute of Technology, Chennai and started his career as a scientist at ISRO.

4) Job Profile and his Suitability:

He joined Saksoft as Executive Director of the Company in the year 2008. He is in charge of Operations and Technology in Saksoft and is equipped with vast knowledge on areas of technology, domain and the industry. He has the experience of being involved in product development and implementation, managing a large multi-vendor implementation project, training, software quality assurance and managing large teams. He has been instrumental in building a strong team of analysts, project managers and software professionals in short span of time. He has guided the Company to achieve an excellent reputation for software development and testing services with its customers.

In view of his knowledge of the industry and business acumen, the Board considers it desirable in the interest of the company to continue to have the benefit of his knowledge and experience for its continued growth in future. It is, therefore essential to reward him the remuneration in line with the standards prevailing in the industry.

5) Proposed Remuneration:

Not Applicable.

6) Comparative remuneration Profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin)

The prevalent levels of remuneration paid to senior management personnel in Software industries, in general are higher. Taking into account the turnover of the Company, Mr. N.K. Subramaniam invaluable contribution to the Company, his role in placing the Company in eminent position in the Industry, his strategic

role in turning around the Company from its difficult position, the remuneration paid to the appointee was found to be reasonable and in parlance with the remuneration levels in the Industry, across the country and befits his position.

7) Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any.

Mr. N.K. Subramaniam does not hold any shares of Saksoft Limited and he is not related to any other managerial personnel of the Company.

III) OTHER INFORMATION:

1) Reasons for Inadequate Profits:

The company has its wider concentration of its business in western regions whose economies are still reeling under the global economic slowdown and are showing slower signs of recovery. Also the wider fluctuation in currencies particularly the dollar to rupee and pound to rupee during the financial year 2009–2010 has created a dent in the company's profits margins resulting in lower realization of exports, which forms substantial part of the revenue of the Company

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

The Company is envisaging plans of expanding its business locally apart from the overseas markets in order to insulate itself from the wider fluctuation of foreign currencies and also taken proactive measures in conserving the cost to accommodate the effect of reduction on margins. The company has implemented cost control mechanisms aimed at exercising tighter controls on overhead expenses apart from addition of new client base to improve profitability. On the other hand to counter the foreign exchange exposures the company is also considering forward covers and hedging techniques to absorb a minimal impact on fluctuations in foreign exchange. With the results of the Company impacted by certain

one off items, the business model continues to be strong and sustainable and will continue to drive profitability.

3) Expected increase in productivity and profit in measurable terms:

The Company will strive to widen its customer base, increase market share, develop new products, enter new segments and step up market initiatives and look for overall growth. The aforesaid measures are expected to substantially increase the productivity and profits of the Company

IV) DISCLOSURES:

1) Remuneration package of Mr. N.K. Subramaniam:

Details of Remuneration:

The Basic salary of Rs.222,049/– per month.

Perquisites and allowances:

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

Perquisites include the following:

1. Rent free residential accommodation or house rent allowance subject to a ceiling of 60% of his basic salary.
2. Actual medical expenses incurred for self and family towards domiciliary and hospitalization expenses.
3. Contribution to provident fund as per the rules of the Company.
4. Gratuity payable as per the rules of the Company.
5. Leave travel concession once in a year for self and family to any place in India by Air/Rail/Road.
6. Special allowance as per the rules of the Company.

- a. Conveyance Allowance as per the rules of the Company.
- b. Such other benefits, amenities and facilities as provided by the Company to all Senior Managerial Personnel.

Minimum remuneration:

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

Sitting Fees:

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

Therefore in light of the above circumstances the remuneration paid to Mr. N.K. Subramaniam, Executive Director (Operations & Technology) during the financial year 2009–2010 was found to be in excess of the limits prescribed under Schedule XIII of the Companies Act,1956 which requires the approval of the Shareholders in this Annual General Meeting and accordingly, the resolution is placed before the members.

The Directors recommend the resolution for the approval of the members and also considers it desirable to approach the Central Government for waiver of the excess payment made during the financial year 2009–2010.

None of the Directors of the Company, other than Mr. N.K Subramaniam is concerned or interested in the said resolution and the Board recommends the resolution set forth in the Item no.8 for the approval of the members.

Mr. N.K. Subramaniam is not related to any managerial person of the Company.

ITEM NO. 9

Revision in remuneration of Mr. Aditya Krishna, Managing Director:

Mr. Aditya Krishna is the founder promoter of Saksoft Ltd and at present its Managing Director. He did his M.A. (Economics) from St. Stephens College, New Delhi and MBA (Finance & Marketing) from Northeastern University, Boston, USA. He worked with Chase Manhattan Bank N.A, New York, USA from 1985 to 1987 responsible for cash management products including pricing decisions, institutional sales and sales to large corporate customers. He was with Citibank N.A, New York, USA from 1987 to 1990 as a member of the business analysis department of the Credit Card Business and specifically handled the Insurance Products area. From 1990 to 1995 he was the Vice President – Credit Director & Financial Controller, Citibank N.A, India responsible for managing Citibank India's credit card portfolio. He was the founder promoter of Nation Wide Finance Ltd (now known as Citi Financial Consumer Finance India Limited) and was the Managing Director of the company from 1995 to 2001.

The Shareholders had earlier approved the increase in the remuneration of Mr. Aditya Krishna, Managing Director at their ninth Annual General Meeting of the Company held on 25th September 2008 with his basic salary at Rs. 5,00,000 per month. Subsequently the Board on the recommendation of the remuneration committee decided at their meeting held on 28th January 2010 to recommend to the members the revision in the terms of remuneration of Mr. Aditya Krishna, Managing Director by way of reducing his basic salary from Rs.5,00,000 per month to Rs.2,50,000 per month with effect from 1st April 2010 the remaining period of his tenure with all other terms and conditions remaining same. The Board now decides to recommend to the members the revision in the terms of remuneration of Mr. Aditya Krishna, Managing Director.

Statement pursuant to Schedule XIII of the Companies Act, 1956 :

I) GENERAL INFORMATION:

1) Nature of Industry:

The Company falls under the Information Technology Industry.

2) Date of commencement of commercial production:

Not Applicable

3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:

Not Applicable

4) Financial performance based on given indicators:

Total Revenue	: Rs.4267 Lakhs
Operating Expenses	: Rs.998 Lakhs.
Net Profit after Tax	: Rs.166 Lakhs.

5) Export performance and net foreign exchange collaborations:

Foreign Exchange Earning	: Rs.3290 Lakhs
Foreign Exchange Outgo	: Rs.263 Lakhs

6) Foreign Investments or collaborators, if any:

The Company has made investments in its foreign subsidiaries viz

1. Saksoft Inc (United States of America)
2. Saksoft Pte Limited. (Singapore)
3. Saksoft Investments Private Limited (UK)
4. Saksoft GmbH (Germany)

II) INFORMATION ABOUT THE APPOINTEE:

1) Background Details:

Mr. Aditya Krishna is the founder promoter and the Managing Director of Saksoft Limited. He spearheads Saksoft's growth across domains & geographies since inception and he is instrumental in driving the business development efforts of the Group. He brings

with him over 27 years of experience in the banking and financial services industry.

2) Past Remuneration:

A sum of Rs.67,20,000/- has been paid to Mr. Aditya Krishna as remuneration for the year ended 31st March, 2010.

3) Recognition or Awards:

He is renowned personality in the field of Information Technology and had immensely contributed to development of the Company to greater heights. Mr. Aditya Krishna holds M.A. (Economics) from St. Stephens College, New Delhi and MBA (Finance & Marketing) from Northeastern University, Boston, USA.

4) Job Profile and his Suitability:

Mr. Aditya Krishna is the founder promoter and the Managing Director of Saksoft Limited. He spearheads Saksoft's growth across domains & geographies since inception and he is instrumental in driving the business development efforts of the Group. He brings with him over 27 years of experience in the banking and financial services industry. The Board considers it desirable to continue to derive the benefits out of his experience having regard to his qualification and experience.

Under his ablest guidance and leadership Saksoft has grown into a multi faceted conglomerate and hence the Board considers it desirable to continue to derive the benefits out of his experience having regard to his contribution towards the Company's growth and therefore the revision in remuneration would be considered as in the best interest of the Company and its Stakeholders.

5) Proposed Remuneration:

Details of Revised Remuneration:

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

Perquisites and allowances:

In addition to salary, the Managing Director shall be entitled to the following perquisites/

benefits, which shall be evaluated as per the Income Tax Rules wherever applicable. In the absence of any such rule, prerequisite shall be evaluated at actual cost.

- a. Rent free residential accommodation or HRA in lieu thereof.
- b. Actual Medical expenses incurred for self and family towards domiciliary and hospitalization expenses.
- c. Contribution to PF as per the rules of the Company.
- d. Club–Fees for two–clubs excluding admission and life membership fees.
- e. Leave Travel Concession once in a year for self and family to any place in India by Air/Rail/Road.
- f. Company maintained car with driver.
- g. Telephone facility at residence.

Minimum remuneration:

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

Sitting Fees:

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

6) Comparative remuneration Profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin):

The prevalent levels of remuneration paid to senior management personnel in Software industries, in general are higher. Taking into account the turnover of the Company, Mr. Aditya Krishna’s invaluable contribution to the Company, his role in placing the Company in eminent position in the Industry, his leadership

role in turning around the Company from its difficult position, the remuneration paid to the appointee was found to be reasonable and in parlance with the remuneration levels in the Industry, across the country and befits his position.

7) Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any:

Mr. Aditya Krishna holds 36,36,023 shares of Saksoft Limited and he is related to Mr. Autar Krishna, Director of the Company.

III) OTHER INFORMATION:

1) Reasons for Inadequate Profits:

The company has its wider concentration of its business in western regions whose economies are still reeling under the Global economic slowdown and are showing slower signs of recovery. Also the wider fluctuation in currencies particularly the dollar to rupee and pound to rupee during the financial year 2009–2010 has created a dent in the Company’s profits margins resulting in lower realization of exports, which forms substantial part of the revenue of the Company.

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

The Company is envisaging plans of expanding its business locally apart from the overseas markets in order to insulate itself from the wider fluctuation of foreign currencies and also taken proactive measures in conserving the cost to accommodate the effect of reduction on margins. The company has implemented cost control mechanisms aimed at exercising tighter controls on overhead expenses apart from addition of new client base to improve profitability. On the other hand to counter the foreign exchange exposures the company is also considering forward covers and hedging techniques to absorb a minimal impact on fluctuations in foreign exchange. With the results of the Company impacted by certain one off items, the business model continues to

be strong and sustainable and will continue to drive profitability.

3) Expected increase in productivity and profit in measurable terms:

The Company will strive to widen its customer base, increase market share, develop new products, enter new segments and step up market initiatives and look for overall growth. The aforesaid measures are expected to substantially increase the productivity and profits of the Company.

IV) DISCLOSURES:

Revised remuneration package of Mr. Aditya Krishna, Managing Director:

Details of Revised remuneration:

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

Perquisites and allowances:

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

Perquisites include the following:

- a. Rent free residential accommodation or HRA in lieu thereof.
- b. Actual medical expenses incurred for self and family towards domiciliary and hospitalization expenses.
- c. Contribution to PF as per the rules of the Company.
- d. Club-Fees for two-clubs excluding admission and life membership fees.
- e. Leave travel concession once in a year for self and family to any place in India by Air / Rail / Road.
- f. Company maintained car with driver.
- g. Telephone facility at residence.

Minimum remuneration:

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

Sitting Fees:

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

This may be construed as an "Abstract of the terms of appointment and Memorandum of Interest" pursuant to Section 302 of the Companies Act, 1956.

None of the Directors of the Company, other than Mr. Aditya Krishna is concerned or interested in the said resolution and the Board recommends the resolution set forth in the Item no.9 for the approval of the members

ITEM NO.10

Approval for the payment of remuneration as minimum remuneration to Mr. N.K. Subramaniyam, Executive Director (Operations & Technology):

Mr. N.K. Subramaniyam was appointed by the Board of Directors as Executive Director (Operations & Technology) with effect from 25th September 2008 and his appointment was subsequently approved by the members at the ninth annual general meeting of the Company held on 31st July 2009. Mr. N.K. Subramaniyam was receiving total remuneration of Rs.60 lacs per annum as approved by the Board and the members with effect from 25th September 2008. The Company now wish to approach the Central Government for approval of treatment of existing remuneration of Rs.60 lakhs per annum as minimum remuneration for the remaining period of his tenure commencing from 1st April 2010 to 24th September 2013 in the

event of possible absence or inadequacy of profits in any financial year falling within his tenure as Executive Director as the same is falling outside the limits specified under Part B of Schedule XIII of Companies Act, 1956.

The remuneration package of Rs.60 lakhs per annum to Mr.N.K.Subramaniyam as approved by Members at their Ninth Annual General Meeting held on 31st July 2009 is as under:

The Basic salary of Rs.222,049/- per month

Details of Perquisites and allowances:

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

Perquisites include the following:

1. Rent free residential accommodation or house rent allowance subject to a ceiling of 60% of his basic salary.
2. Actual Medical expenses incurred for self and family towards domiciliary and hospitalization expenses.
3. Contribution to Provident Fund as per the rules of the Company.
4. Gratuity payable as per the rules of the Company.
5. Leave travel concession once in a year for self and family to any place in India by Air/Rail/Road.
6. Special allowance as per the rules of the Company.
7. Conveyance allowance as per the rules of the Company.
8. Such other benefits, amenities and facilities as provided by the Company to all Senior Managerial Personnel.

Minimum remuneration:

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

Sitting Fees:

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

Memorandum of Interest:

None of the Directors of the Company are in any way concerned or interested in the above appointment except Mr. N.K. Subramaniyam, Executive Director (Operations & Technology). Mr. N.K. Subramaniyam is not related to any of the Directors of the Company.

Statement pursuant to Schedule XIII of the Companies Act, 1956

1) GENERAL INFORMATION:

1) Nature of Industry:

The Company falls under the Information Technology Industry.

2) Date of commencement of commercial production

Not Applicable

3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus.

Not Applicable

4) Financial performance based on given indicators:

Total Revenue	: Rs.4267 Lakhs
Operating Expenses	: Rs.998 Lakhs.
Net Profit after Tax	: Rs.166 Lakhs.

5) Export performance and net foreign exchange collaborations:

Foreign Exchange Earning : Rs.3290 Lakhs

Foreign Exchange Outgo : Rs.263 Lakhs

6) Foreign Investments or collaborators, if any:

The Company has made investments in its foreign subsidiaries viz

1. Saksoft Inc (United States of America)
2. Saksoft Pte Limited. (Singapore)
3. Saksoft Investments Private Limited (UK)
4. Saksoft GmbH (Germany)

II) INFORMATION ABOUT THE APPOINTEE:

1) Background Details:

Mr. N.K. Subramaniam joined Saksoft in the year 2008 and was appointed as an Executive Director (Operations & Technology) of the Company in 2008. He is in charge of Operations and Technology in Saksoft and is equipped with vast knowledge on areas of technology, domain and the industry. He has the experience of being involved in product development and implementation, managing a large multi-vendor implementation project, training, software quality assurance and managing large teams. He has been instrumental in building a strong team of analysts, project managers and software professionals in short span of time. He has guided the Company to achieve an excellent reputation for Software Development and testing services with its customers.

2) Past Remuneration:

A sum of Rs. 57,79,992/- has been paid to Mr. N.K. Subramaniam during the financial year 2010, being the remuneration and allowable perks for the year ended 31st March, 2010.

3) Recognition or Awards:

He is renowned personality in the field of Information Technology and had immensely contributed to development of the Company to greater heights. Mr. N.K. Subramaniam holds M.Tech degree from the Indian Institute

of Technology, Chennai and started his career as a scientist at ISRO.

4) Job Profile and his Suitability:

He joined Saksoft as Executive Director of the Company in the year 2008. He is in charge of Operations and Technology in Saksoft and is equipped with vast knowledge on areas of technology, domain and the industry. He has the experience of being involved in product development and implementation, managing a large multi-vendor implementation project, training, software quality assurance and managing large teams. He has been instrumental in building a strong team of analysts, project managers and software professionals in short span of time. He has guided the Company to achieve an excellent reputation for software development and testing services with its customers.

In view of his knowledge of the industry and business acumen, the Board considers it desirable in the interest of the company to continue to have the benefit of his knowledge and experience for its continued growth in future. It is, therefore essential to reward him the remuneration in line with the standards prevailing in the industry.

5) Proposed Remuneration:

Not Applicable.

6) Comparative remuneration Profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin):

The prevalent levels of remuneration paid to senior management personnel in Software industries, in general are higher. Taking into account the turnover of the Company, Mr. N.K. Subramaniam invaluable contribution to the Company, his role in placing the Company in eminent position in the Industry, his strategic role in turning around the Company from its difficult position, the remuneration paid to the appointee was found to be reasonable and in

parlance with the remuneration levels in the Industry, across the country and befits his position.

7) Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any:

Mr. N.K. Subramaniam does not hold any shares of Saksoft Limited and he is not related to any other managerial personnel of the Company.

III) OTHER INFORMATION:

1) Reasons for Inadequate Profits:

The company has its wider concentration of its business in western regions whose economies are still reeling under the global economic slowdown and are showing slower signs of recovery. Also the wider fluctuation in currencies particularly the dollar to rupee and pound to rupee during the financial year 2009–2010 has created a dent in the company's profits margins resulting in lower realization of exports, which forms substantial part of the revenue of the Company.

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

The Company is envisaging plans of expanding its business locally apart from the overseas markets in order to insulate itself from the wider fluctuation of foreign currencies and also taken proactive measures in conserving the cost to accommodate the effect of reduction on margins. The company has implemented cost control mechanisms aimed at exercising tighter controls on overhead expenses apart from addition of new client base to improve profitability. On the other hand to counter the foreign exchange exposures the company is also considering forward covers and hedging techniques to absorb a minimal impact on fluctuations in foreign exchange. With the results of the Company impacted by certain one off items, the business model continues to be strong and sustainable and will continue to drive profitability.

3) Expected increase in productivity and profit in measurable terms:

The Company will strive to widen its customer base, increase market share, develop new products, enter new segments and step up market initiatives and look for overall growth. The aforesaid measures are expected to substantially increase the productivity and profits of the Company

IV) DISCLOSURES:

Remuneration package of Mr. N.K. Subramaniam:

Details of Remuneration:

The Basic salary of Rs.222,049/- per month.

Perquisites and allowances:

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

Perquisites include the following:

1. Rent free residential accommodation or house rent allowance subject to a ceiling of 60% of his basic salary.
2. Actual medical expenses incurred for self and family towards domiciliary and hospitalization expenses.
3. Contribution to Provident Fund as per the rules of the Company.
4. Gratuity payable as per the rules of the Company.
5. Leave travel concession once in a year for self and family to any place in India by Air/Rail/Road.
6. Special allowance as per the rules of the Company.
 - a. Conveyance allowance as per the rules of the Company.

- b. Such other benefits, amenities and facilities as provided by the Company to all Senior Managerial Personnel.

Minimum remuneration:

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

Sitting Fees:

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

The Directors recommend the above resolution for the approval of the members as it considers desirable to approach the Central Government

for payment of above remuneration as minimum remuneration in the event of possible absence or inadequate of profiles during any financial year falling within his tenure as Executive Director.

None of the Directors of the Company, other than Mr. N.K. Subramaniam is concerned or interested in the said resolution and the Board recommends the resolution set forth in the Item no.8 for the approval of the members.

Mr. N.K. Subramaniam is not related to any managerial person of the Company.

By Order of the Board of Directors
For **Saksoft Limited**

Chennai
28 May 2010

S Narayan
Company Secretary

REPORT OF THE BOARD OF DIRECTORS TO THE MEMBERS

Your Directors are pleased to present their Eleventh Annual Report, to the members, on the business and operations of your Company together with the Audited Accounts for the financial year ended 31st March 2010.

Financial Highlights

	Year ended 31st March 2010 (Rs. In Lakhs)	Year ended 31st March 2009 (Rs. In Lakhs)
Export Revenue	3289.72	3730.30
Domestic Revenue	968.04	544.68
Other Income	9.03	192.70
Total Revenue	4266.79	4467.68
Operating expenses	3589.16	3555.37
Operating Profits	677.63	912.31
Depreciation	160.90	138.04
Interest and Finance Charges	270.93	263.67
Net Profit before Tax	245.80	510.60
Current Tax	114.00	30.00
Deferred Tax	(34.31)	(4.74)
Fringe Benefit Tax	NIL	22.00
Net Profit after Tax	166.11	463.34
Profit brought forward	2592.65	2247.94
Available for Appropriation	2758.76	2711.28
Transfer to General Reserve	0.00	0.00
Dividend and Dividend Tax	118.63	118.63
Balance Carried Forward	2640.13	2592.65

RESULTS OF OPERATIONS:

Your Company's total income during the year 2009–2010 amounted to Rs.4266.79 lakhs compared to previous year total income of Rs.4467.68 lakhs. Though there has been a marginal dip in the total revenue from software services, the revenues generated through the domestic market has increased remarkably compared to the previous year. The net profit after tax for the year was Rs.166.11 lakhs as compared to Rs.463.34 Lakhs in 2008–09. As per consolidated accounts the total income was Rs.10934.71 lakhs as against the previous year total income of Rs.12247.29 lakhs. Your Company during the year witnessed wide foreign exchange fluctuations with rupee appreciating against major currencies, including dollar, pound and euro which had an impact on our profit margins. Steps are being taken to hedge the exposure and thereby minimizing the impact in the future. Operating and other expenses during the year were at Rs.998.70 lakhs as compared to Rs.1281.17 lakhs in the previous year. Deployment of various rationalization measures by your company during the year has contributed to the decrease in the operating expenses signaling positive signs of company's better efficiency in controlling the cost and adoption of economy of scale of its operations.

DIVIDEND:

Based on Company's performance, the Directors are pleased to recommend for approval of the members a Final dividend of Re.1 per share (10 % on the face value of Rs.10) for the financial year 2009–10. The final dividend on the equity shares, if declared as above would involve an outflow of Rs.101.40 lakhs towards dividend and Rs.17.23 lakhs towards dividend tax, thereby resulting in total outflow of Rs.118.63 lakhs.

TRANSFER TO RESERVE:

The Board of Directors have decided to retain entire surplus in the Profit and Loss account and hence no transfer has been made to the general reserve during this year.

BUSINESS:

Your Company continues to operate as a key player in the Information Technology sector and has traversed successfully through the challenging times of recession that cruised through the year 2008–2009 and continued with the rippling effect in the year 2009–2010. During the year, your company has achieved a major milestone on its successful launch of its flagship product "PRIMA" – a Pan Banking Customer Loyalty Management System focusing on BFSI segment and has succeeded in its implementation of the product in one of the leading financial institution in India. Your Company has successfully developed new potentially growth opportunities in the areas of enterprise solutions wherein it seeks to leverage strong domain expertise to offer support to its customers by putting processes and services in place and has won a major project with one of the leading bank in India towards implementation of enterprise solution "Dedupe" developed by your company.

Your company adopts various strategies to achieve and stabilize long-term relationship with its clients and undertook various initiatives involving campaigning and promoting its flagship licensed products in Banks and Financial Institutions, following up with existing customers on improvisation of the services and focusing on

winning of new deals with a view to achieve better momentum in the growth of the Company.

SUBSIDIARY COMPANIES:

Your company has wholly owned subsidiaries set up at the United States of America, the United Kingdom, Singapore, Germany and Hong Kong. These subsidiaries enable the company to work closely with several large corporations across the world. 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. The Company has obtained an exemption from attaching the financial results of subsidiaries pursuant to Section 212(8) of the Companies Act, 1956 vide Ministry of Corporate Affairs, Government of India, Letter No.47/300/2010–CL–III dated 15th April 2010. The annual accounts of the subsidiary Companies and the related detailed information will be available at the registered office of the holding company and shall be given to the investors on request. The books of accounts shall be available and be kept for inspection during business hours by the Investors at our Registered Office as well as the office of the concerned subsidiaries.

Your company has incorporated a wholly owned subsidiary M/s.Saksoft HK Limited in Hong Kong on 20th April 2010 with a view of creating an expansion in the business opportunities for the Company on Asia Pacific markets thorough its subsidiary in Hong Kong.

DEVELOPMENT CENTRES:

Your Company has development centers in Chennai, Noida and Manchester, UK. All the development centers are well equipped with alternate sources of power to operate 24X7 and have voice lines, conference halls, recreation halls, and a cafeteria for a customer centric and employee friendly approach.

HUMAN RESOURCES MANAGEMENT:

After a substantial dip in hiring levels at the start of 2009, confidence seems to be returning as the professional jobs market in India has made a substantive recovery after a major loss of confidence at the start of 2009. The Indian Information Technology (IT) sector has seen significant growth in terms of employment and is expected to provide quality employment to a large number of workers in the coming years.

During the year Saksoft has 535 employees as at 31st March 2010. Saksoft has robust human resource management process tailored to retain high caliber employees who significantly contribute towards company's growth strategies. There has been significant addition of employees with high caliber and experience at the delivery management level during the year with the recruitment strategy being focused on bringing more business prospects for the company and stewarding towards the growth of success.

Saksoft's recruiting model also attracts resources possessing strong technical and domain knowledge needed to deliver greater value to our clients. Your company values and rewards its employees in a fair manner through a robust performance management process and constantly focuses on training and career development initiatives to motivate employees who in turn will benefit the organization with increased operating efficiencies and enhanced delivery capabilities. Saksoft aims to build a strong commitment among the employees through various initiatives and measurement tools to capture satisfaction scores over the year.

CORPORATE SOCIAL RESPONSIBILITY:

Corporate Social Responsibility initiative (CSR) has always remained on the top of the agenda of non-core business activities of the Company and which constitutes an integral part of organizational vision. During the year your company had taken notable CSR initiatives to outreach the society thorough organizing free blood camp in association with Jeevan Blood Bank, Chennai and diabetes camp. Significant voluntary contribution from the employees of their one day's salary has been

made towards Andhra flood relief fund. Amongst the agenda on CSR activities, your Company contributed garments to the handicapped and needy children maintained by Anbu Karangal, an NGO in Chennai. There was overwhelming and enthusiastic voluntary participation of our employees for all the CSR activities of the Company which displayed their solidarity and commitment towards the society.

QUALITY:

High degree of quality on services has always been the ideology advocated by your company till recent times. To substantiate the same, your company being a process oriented organization has evolved and maintained the quality management system known as "Optima" which defines the process improvement initiatives and activities. The quality management system Optima has been evolved on strong foundations of Expectations, Communications, Delivery and Quality Management principles of Saksoft. Optima defines the software development life cycle in any project as being created to deliver, manage and exceed expectations of the Stakeholders.

Optima's scope covers all of Saksoft's development centers. The appraisal spans Company's entire service offerings, from design, development & support of software applications, to testing. Optima is built towards excellence and customer satisfaction, the CMMI appraisal confirms continual commitment to excellence in quality in every aspect from addressing customer needs, ensuring predictable delivery, minimizing the error-rate, and providing defect-free software. Optima is supported by an internally developed project management system called ProXi. Processes under Optima span all stages of the project, from pre-sales to project closure, and covers every person in the organization who contributes to the quality of the deliverables.

CORPORATE GOVERNANCE:

Your Company strongly believes that adopting good corporate governance practices will form a fulcrum of strong business commitments to the stakeholders. Good corporate governance

encompasses the practices and procedures to be observed by the management with regard to laws, regulations, procedures and disclosures that must be adhered to at all times. Your Company as a responsible partner in society has been showing consistency in maintaining corporate governance towards its shareholders, customers, employees, the Government and business partners, in all the geographies wherever it operates.

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

DEPOSITS:

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

DIRECTORS:

Mr. Suresh Subramanian and Mr. Amitava Mukherjee, Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. The Board recommends the re-appointment of Mr. Suresh Subramanian and Mr. Amitava Mukherjee.

During the year the Board of Directors at its meeting held on 31st July 2009 co-opted Mr. Ajit Thomas as an Additional Director who holds office until the commencement of the forth coming Annual General Meeting. A notice under Section 257 of the Companies Act, 1956 has been received from a member, in writing, proposing his candidature for the office of Director at the ensuing Annual General Meeting.

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

DIRECTORS' RESPONSIBILITY STATEMENT:

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

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

AUDITORS:

The Statutory Auditors of the Company, M/s. B S R & Co., Chartered Accountants hold office until the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for reappointment. A Certificate pursuant to Section 224(1B) of the Companies Act, 1956 has been received to the effect that, if re-appointed would be with in the limits provided under that Section.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION:

The Company is a software company, located in a gold rated green building 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.3290 Lakhs
Foreign Exchange Outgo : Rs.263 Lakhs

MATERIAL CHANGES AFTER 31ST MARCH 2010:

There have been no material changes and commitments between 31st March 2010 and the

date of this report having an adverse bearing on the financial position of the Company.

PARTICULARS OF EMPLOYEES:

Information pursuant to Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employee's) Rules, 1975 as amended from time to time, the names and other particulars of employees are set out in Annexure I to this report. The Department of Company Affairs vide NOTIFICATION NO. G.S.R. 212(E), DATED 24-3-2004 has given an exemption whereby employees employed in Information Technology Sector and posted and working outside India, not being directors or their relatives, and draw a salary of more than 24 Lakhs per annum per financial year or more than 2 lakhs per month if employed during the part of the financial year need not be included in the aforesaid statement. Accordingly the statement does not contain the particulars of such employees who are posted and working outside India and draw a salary as prescribed under Section 217(2A) of the Companies Act, 1956.

EMPLOYEES STOCK OPTION SCHEME:

Your Company has floated a new Employee Stock Option Plan 2009 and in accordance with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 with the consent of the Shareholders obtained through the postal ballot process on 7th December 2009. The total volume of options considered under the plan amounts to 5,00,000 options to be vested and exercised in accordance with the ESOP 2009 plan as approved by the Compensation Committee. The Compensation Committee has granted 1,20,000 options on 23rd December 2009 to eligible employees of Saksoft and its Subsidiaries at the rate of Rs.70.65 per option. Your company has made an application to the Stock Exchanges towards obtaining in-principle listing approval for the total quantum of options covered under the ESOP 2009.

Under the Employee Stock Option Scheme, 2006 no options have been further re-issued during the

year. Details that are required to be provided under the SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 are set out in Annexure II to 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 liaise 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 2010.

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 : 28 May 2010

Autar Krishna
Chairman

ANNEXURE I TO DIRECTORS' REPORT

Information as per section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the financial year ended 31st March 2010.

Employment throughout the financial year:

Name	Age	Designation	Remuneration paid (Gross)	Qualification	Experience	Date of Commencement of employment	Last Employer	Last Designation
Aditya Krishna	49	Managing Director	67,20,000	MBA	27 Years	01.04.2001	Citifinancial Retail Services India Limited	Managing Director
N.K. Subramaniyam	45	Executive Director (Operations & Technology)	57,79,992	M. Tech	25 Years	15.09.2008	Birlasoft Ltd	Vice President
Vivek Agarwal	35	Business Development Head – India	29,99,590	MBA	14.5 Years	01.12.2008	Oriflamme India Ltd.	Regional Manager – West

Employed during Part of the financial year

Name	Age	Designation	Remuneration paid	Qualification	Experience	Date of Commencement of employment	Last Employer	Last Designation
Nalla Senapathi Periasamy*	39	Head–Delivery	4,78,346	BSc, MBA	17 Years	09.10.2000	SSBCITI Asset Management Group, USA	Team Lead
Govindarajan S	43	Global Head of Delivery	2,07,742	MSc, CSC	21 + Years	04.03.2010	Geneva Software Technologies, Bangalore	COO
Dravidamani	39	Solutions Manager	8,20,000	MBA	17 Years	01.12.2009	Oasys Information Systems Inc., US	Principal Consultant

*Mr. Nalla Senapathi Periasamy resigned from the company with effect from 31st May 2009 during the financial year 2009–2010.

Notes:

1. Remuneration includes Salary, Allowances, perquisites and Company's contribution to Provident Funds.
2. Nature of employment: The above employees are whole time employee of the company and the nature of their employment are contractual.
3. The above employees except Mr.Aditya Krishna are not related to any of the Directors of the Company.

ANNEXURE II TO THE DIRECTORS' REPORT

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

Name of the Plan	ESOP 2006	ESOP 2009
a) Options Granted	NIL	1,20,000 on 23 rd December 2009
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 2009–10	82,250	Vesting commences after 22 nd December 2010
Options Exercised	NIL	NIL
The total number of shares arising as a result of exercise of Options	NIL	NIL
Options Lapsed	89,750	NIL
Variation of terms of Options	NIL	NIL
Money Realised on exercise of options	NIL	NIL
Total Number of options in force.	2,11,750	5,00,000
Employee wise details of Options granted to		
1) Senior Management Personnel.	NIL	Mr. N.K. Subramaniam – 50,000 Ms. Annu Thomas – 20,000 Mr. Niraj Kumar Ganeriwal – 20,000
2) Any other employee who receives a grant in any year of option amounting to 5% or more of options granted during the year.	NIL	NIL
3) Identified employees who were granted options during any one year, equal to or exceeding 1% of the issued capital of the Company at the time of grant.	NIL	NIL

Name of the Plan	ESOP 2006	ESOP 2009
Diluted Earnings per share pursuant to issue of shares on exercise of options calculated in accordance with Accounting Standard (AS) – 20 (Earnings per share)	Not Applicable	Not Applicable
Where the Company has calculated the employee compensation cost using intrinsic value of Stock option, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of options, shall be disclosed. The impact of this difference in Profit on EPS of the Company shall also be deducted.	The Company has calculated the employee compensation cost using the intrinsic value of stock options. Had the fair value method been used, in respect of stock options granted, the employee compensation cost would have been higher by Rs.47,17,316, Profit after tax lower by Rs.47,17,316 and the basic and diluted earnings per share would have been lower by Rs.0.47 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.62,758 Profit after tax lower by Rs.62,758 and the basic and diluted earnings per share would have been lower by Rs.0.0062 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 or is less than the market price of the Stock.	No options granted during the year.	Options grant Date: 23 rd December 2009 Grant Price: Rs.70.65 Fair Value : Rs.31.17
A description of the method and significant assumptions used during the year to estimate the fair value of options, including the following weighted average information	NIL	The Fair value of the stock options granted on 23 rd December 2009 has been calculated using the Black–Scholes options pricing formula and the significant assumptions made in this regard are as follows
i) risk–free interest rate ii) expected life iii) expected volatility iv) expected dividend v) the price of the underlying share in market at the time of option grant	NIL	7% 5 years 67.70% 1.8% 70.65

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (MDA)

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

Overview:

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

Industry structure and Developments:

The Indian IT and software industry has had a phenomenal growth for the last two decades with year-on-year growth exceeding 30 percent. In spite of the worldwide recessionary trends of the last two years, the total revenue of Indian IT-BPO industry for FY2009-10 is estimated at \$71.7 billion, accounting for 5.8 percent of India's GDP. The software and BPO export revenue is estimated at \$47 billion, with an annual growth of about 16 percent for FY2009-10. The industry currently provides direct employment to about 2.2 million professionals and indirect employment to eight million people.

The growth of this industry till date has been mainly due to availability of highly competent, cost competitive, software professionals in the country. A large number of corporate training centers have come into existence to meet the increasing demand for software professionals. Since Indian software industry essentially works as a service provider in multiple domains, it needs professionals at middle management level, who have software technology expertise, domain knowledge, managerial competencies, and project management capabilities. The task of growing middle managers with multiple competencies becomes more complex due to the high growth rate of IT industry in India and also due to the high rate of attrition. The industry has reached a level where it needs to move up on the value chain for maintaining its growth. While the industry has been essentially export oriented, it needs to build a global mindset in terms of building capabilities to attract and retain international talents.

The Indian IT industry has been badly impacted by the extreme fluctuations in the currency market also. Following a strategy to reduce its dependency on the U.S. market, the industry is trying to diversify geographically. As a result, the export to Continental Europe has registered the highest growth rate in the recent years, although the U.S. remains the dominant market for the industry.

At a time when protectionist sentiments are rising high in a number of overseas markets, the Indian IT industry is trying to convey the message that they are best placed to help the customers in cost savings and efficiency. In a sense, the Indian IT industry has the potential to utilize the current crisis as an opportunity. The industry has been successful in its attempt up to an extent, which is visible in the number of new clients won by the bigger companies.

With consistently rapid growth rates over the last eight years, the Indian software industry has rarely had time to sit back, introspect and weed out inefficiencies. The current slowdown is thus also being viewed as an opportunity to re-evaluate existing models, and gauge whether the linear

growth model is still the right way to measure growth and profitability. Clearly, apart from the usual diversification strategies and touting the 'move up the value chain' mantra, the Indian software industry seems eager to formulate new strategies that will help it emerge stronger and more profitable when global spending on IT gets back on track.

Business Outlook:

Rapidly changing global economic & business conditions and technological innovation are creating an increasingly competitive environment that is driving companies to transform their operations globally. While the expectations of the customers have increased manifold; your Company is committed to satisfy the clients with improved quality of service and accelerated delivery schedules with a focus on developing long term relationships and strengthening strategic partnerships.

The role of technology has evolved from support to transformation for global companies. The ability to design, develop, implement and maintain business and technology solutions, addressing the business and customer needs has become a competitive advantage and a priority. On the other hand, the prevalence of multiple technology platforms and a greater emphasis on network, data and information security and redundancy have increased the complexity and cost of IT systems, resulting in greater technological risks.

Your Company expects to witness and participate in significant advances towards new developments like Service Oriented Architecture (SOA), Software as a Service (SaaS) and working on innovative business models while continuing to drive growth through cross-selling and stronger account mining. In addition to that your Company is confident to win new businesses with the focused approach along the verticals and with the newer domain-intensive service offerings. With the vertical organization in place, your Company is confident of strengthening business in terms of quality, client base, geographies, verticals & horizontal services

by which every stakeholder's value is expected to be enhanced.

Alignment of the Organization along select Verticals:

Saksoft is at the forefront of IT service providers that offer differentiated services and is adept in delivering specific business consulting and technology services. Your Company's position as a leader in its niches gives it the strength to invest in domains and technology capabilities to differentiate through flexible business models and value added services.

Your Company is more focused on growing the existing customer base by offering them the various service lines we operate in, thereby becoming more strategic. Apart from our specialization in the horizontals, the focus is now on developing the vertical competencies that help us understand the business of our customers better and hence be able to serve them better

The verticals that have been selected for this focus are:

- Banking
- Financial Services
- Insurance
- Telecommunications

Your Company's strength revolves on the ability to understand the requirements of its clients and to continuously build the competencies and capabilities to provide integrated IT solutions unique to client specific needs and industry demands. Your Company's unique capabilities augmented by a clear understanding of industry trends and deep knowledge of global business models allows it to leverage strong partnerships, technology innovations and talent to deliver excellence through global delivery models.

Recognizing the need for scale and capacity in competing for large contracts against larger players, your Company is making substantial investments in expanding its base of people and world class infrastructure facilities.

Key Business Areas:

Your Company provides end-to-end business solutions, leveraging domain expertise and latest tools and technologies, thereby enabling its customers to enhance business performance.

- Information Management
- Products, Solutions
- Enterprise Banking Solutions
- Web Technology Solutions
- Mobility Platform Solutions
- Business Intelligence & Data Analytics
- Master Data Management
- Testing Services
- Center for Excellence

Your Company offers a range of end-to-end Enterprise Solutions services, anchored around process driven solutions and in keeping with the changing market conditions, for major industry segments such as Banking and Financial services, Telecommunication and Others.

Your Company has built solution accelerators (Veri-sens & Prima) around Banking Solution packages that guarantee a huge reduction in project time lines and corresponding benefits in cost for its customers.

Saksoft is also foreseeing a major growth in the information management vertical as corporates seek to upgrade their data quality and establish better information management systems. There is a trend across organizations that companies are now opting for a dissemination system in which different levels of managers subscribe to corporate information based on the relevance levels, instead of being overloaded with information of all kinds. There is also a trend in organizations towards making information easier to understand, as against "lengthy reports in which the relevant data is often hard to find for the manager concerned". This thinking has led to organizations opting for specialized management dashboards that give information like key indicators or performance highlights at a glance. Saksoft has the mixed

model of having a team of high-value consultancy operations based in the UK and the offshore development being done in India, giving an edge to the company in operational and delivery costs.

Saksoft's Core Competencies:

Saksoft displays its highest level of competency in four major areas namely Information Management, Independent Testing, Web Development and Open Source technologies.

• Information Management :

It is critical that the business data provides meaningful and resourceful business information to the senior management to enable timely decision making and strategic direction setting. Most organizations have multiple business applications to support the operational activity of the business which create significant amounts of data. Harnessing this data to deliver information can be a complex and difficult task without business intelligence (BI) capability.

BI provides the 'window into the information' through for example: balanced scorecards, performance reporting, advanced visualization, data mining and predictive modelling techniques. Saksoft delivers business solutions focused on vertical markets by bringing together the appropriate market leading technologies and integrating them into a business solution that is designed around the specific needs of the customer.

• Independent Testing :

At Saksoft, we strongly believe Testing should be carried out at every step of a new product / application development. The process of testing commences from the time a document on business requirements is written – to ensure that the document is complete, clear and comprehensive. Adoption of shortcut methods in the testing phase often results in poor quality or in some cases complete failure of software solutions in the production environment.

Saksoft's portfolio of verification and validation (V&V) services provides organizations with complete third party testing services from test process consulting, test artifacts preparation and execution to overall test management.

These solutions play an essential role in ensuring the proper development of application software, maintenance of quality standards and ensure conformance with industry standard APIs and customer specifications. Through these test suites, we help our clients create robust and reliable applications, protecting their current investments while at the same time, optimizing their future value.

- **Web Development :**

Saksoft's approach towards Web Development is that of 'driving business value' rather than 'Specifications to code'. Besides, Saksoft understand that each business is unique and treat each application development requirements as such. Application of extensive knowledge in building innovative custom applications from concept to completion is one of the core competency of Saksoft.

Saksoft's technical expertise is nurtured through a dedicated Center of Excellence on Web technologies that has multiple R&D labs, provides support to various projects and inculcates Thought Leadership in a chosen area and leads to sharing of best practices.

Saksoft has an extensive practice in various J2EE technologies, MVC1 architecture, Service Oriented Architecture, Business Process Manager (BPM Suite) and Rule Engines like Corticon. Other areas of expertise include developing Web applications, Web Services, Client – Server applications, Big clients & Smart clients using various technologies like C#, VB.Net, ASP. Net, SQL Server and reporting services, SharePoint services and portals. Saksoft also has experience in migrating VB/MS Access/ASP application to Microsoft .Net platform.

- **Open Source Technologies :**

Saksoft provides a gamut of consultancy and development services across all phases of the Software Development Life cycle that helps to harness the potential of Open Source technologies. Key Strength areas include IT Management Consultancy services, Application Migration, Application Testing, and Application Development which includes development on SOA, Open Source portals and Open Source BI applications. Saksoft's proven expertise eliminate application redundancies, enhances IT system performance while controlling the support costs, and provides measurable improvements to maximize IT investments.

Saksoft Services:

Saksoft provides a comprehensive suite of services, in the Banking, Financial Services and Insurance (BFSI) space to help our clients gain market differentiation and / or competitive advantage. Our products and services are aimed at identifying customer's needs and providing solutions to their satisfactory levels with zero tolerance on Quality.

- **C2C (Concept to Completion):** Saksoft provides end-to-end solutions covering the entire Software Development Life Cycle from concept to completion. This involves working with the customer's starting from the conceptualization of a project till the successful completion of the project. We collaborate with the customer in defining the technical requirements, resulting in a truly robust & complete solution. This eliminates the need to unnecessarily revisit the requirements at a later stage of the project. This program is designed to provide maximum flexibility and overcome all of the challenges faced by the Customer.

- **Assure – Professional Testing Services** Including Automated Testing is a complete Service offering, as it not only verifies whether the application/product is working, but also validates that it is the right application/product for the expected business use, thus ensuring that it is deployable and useful. Our

Business Application Testing services include Test Strategy Definition, Test Plan Creation, Test Case Writing, Test Automation, Script Creation, Test Execution and also Certification that the user requirements have been met.

- **Xtend (Extend Your Resources):** Xtend is a Partner program for customers who have adopted IT outsourcing as a proactive strategy. It has proven to be a cost effective program to sustain a large IT team without building it in-house. In the Xtend program we become a long-term outsourcing partner; we work on a mixed model (onsite and offshore).
- **Support** – Maintenance, Operations and Production Support. Support provides services to maintain applications developed in-house, or by a third party vendor. It also includes maintenance of COTS (Commercial Off The Shelf) products with or without customization.

Saksoft Products:

Saksoft has conceptualized and developed in-house products catering to wide and unique requirements of customers in the Banking, Financial Services and Insurance (BFSI) space. As a niche business solution provider, Saksoft through its flagship products provide multi dimensional specialist offerings that bring unique values with proven quality delivery processes. All of the products are being built after detailed study of the business requirements of customers and with constant endurance on our Research and Development activities.

- **PRIMA:**

Saksoft successfully launched one of its flagship product “PRIMA – a Pan banking Customer Loyalty Management System” during February 2010 designed exclusively for the Banking and Financial Services Industry (BFSI). Prima enables users to define loyalty programs at multiple levels to ease the promotion programs to reward the loyal customers of the financial institution. Prima is designed for a Pan-banking implementation allowing customers to define

programs on different products across the bank and then holding the points at the customer level. This enables the bank to reward the customer based on Total Relationship Value. The product is built on powerful technology architecture and is packaged into five modules namely Admin, System Configuration, Accruals, Redemptions and Reports. Prima supports enterprise wide, multi currency and multi product implementations, dual currency credit cards and all types of retail finance products. Prima automates the redemption life cycle, thereby ensuring operational efficiency. What-if analysis or simulation programs help in defining the ideal loyalty programs based on projected outcome.

- **VERI-SENS:**

Veri-Sens is a comprehensive Ready-to-Go Business Intelligence solution for Retail Banking and Credit cards. It reads, transforms and integrates data from multiple banking operational systems, builds information cubes with business logic, and finally presents pre-defined intelligent dashboards and reports. Veri-Sens combines the domain knowledge of experienced bankers, with the technical expertise of a skilled development team and provides with accurate and powerful insights into the key performance indicators of the business

- **DEDUPE:**

The Dedupe solution is a web-based product that provides with the flexibility to create and modify search algorithms and define accuracy thresholds based on multiple parameters. The solution assist in identifying unique records across multiple data sources and build a Unique customer view. Through a component called “Flexi Formatter”, it makes it simple to map the data and use for matching. Accurate and consistent customer information is also the foundation for 'Know Your Customer' (KYC) compliance.

- **ACUSEND:**

For organisations to distribute information, internally and externally, acusend™ automates and personalises information generation and distribution, in multiple formats, saving organisations significant costs whilst simultaneously speeding and enhancing the decision making process.

Gaining access to the right information to make business critical decisions can often be more difficult than it first appears. Organisations own a huge amount of data and business information, but can often find it difficult to get this to the right people in the right timescale to effect changes that will benefit the organisation.

Research shows that many members of organisations may receive regular reports but often they are not tailored to their needs or in helpful formats. Many organisations also face the problem of finding information because no index of historical data has been kept. It therefore becomes easier to create new files and reports than find ones that already exist – adding to the problem of data overload and inefficiencies in the storage of information. This information needs to be delivered in the right format and at the right time/phase to the right place to ensure that informed business decisions can be made – for example, receiving monthly reports initiated by trigger warnings.

Acusend overcomes these problems by managing the distribution of personalized information to decision makers and information consumers of all types – including employees, customers and business partners. Acusend also routes the exact information that is needed, in the right format, at the right time, to the right person.

Internal Control Systems:

Adequate internal checks are built in to cover all monetary transactions. The Company's Internal

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

Opportunities and Strengths:

I. Opportunities:

Your Company being a multi-niche player has always remained alert in grabbing opportunities and also gains substantially out of the opportunities available in its chosen line of business. Your company's capabilities has increased manifold and stronger through continuous efforts and learning from various client engagements over the years and places itself ready to win the opportunities in its niches.

Business opportunities have always been imminent as your Company offers unique range of products and services to its customers spread across the Globe. Your Company has successfully built competencies in the areas of Information Management, Independent Testing, Web Development and Open Source technologies thereby developing itself into a comprehensive Solutions provider. This multi-pronged strategy of offering specialized services and products to the requirements of customers has opened new vistas of growth for your Company.

Your Company has built a strong sales force team in US and UK as the demand for the Company's products and services are expected to increase and open gates for various significant business opportunities for the Company.

Your Company has recently opened up Open Source Lab as there exist good scope for expansion in business offerings. Your Company has plans to set-up Centre of Excellence in the Credit Management domain. The ability of your Company to provide service and products offerings suitable to customers operating in different regions and domains should open a world of new opportunities and this will enable the company not only grow its existing accounts but also win new customers.

II. Strengths :

Customer Centric:

Your Company has always been customer centric in its approach which is evident from its methodologies adopted in delivering products and services to them. All our products and services are built with the focus of providing maximum benefit and utility to the customers on utilization of our services in their business which not only brings economies of scale in their operations but also cater to their unique requirements.

Clientele :

Your Company's client portfolio ranges from several multi national corporations to medium sized firms. Your Company always advocates and has been consistent in maintaining long term mutually rewarding relationship with its clients which is evident from its various testimonials conferred on every successful implementations. Your Company has added 7 new big clients during the year.

Enhancement in Business Offerings:

Your Company's strength lies in its pro-active and result-oriented approach towards its clients through maintenance of standards of excellence in its delivery operations. Your Company has robust quality management system known as "Optima" which defines the process improvement initiatives and activities. The quality management system Optima

has been evolved on strong foundations of Expectations, Communications, Delivery and Quality Management principles of Saksoft. Optima defines the software development life cycle in any project as being created to deliver, manage and exceed expectations of the stakeholders.

Employee Oriented:

Your Company has robust human resource management process tailored to retain high caliber employees who significantly contribute towards company's growth strategies. There has been significant addition of employees with high caliber and experience at the delivery management level during the year with the recruitment strategy being focused on bringing more business prospects for the company and stewarding towards the growth of success.

Saksoft's recruiting model also attracts resources possessing strong technical and domain knowledge needed to deliver greater value to our clients. Your company values and rewards its employees in a fair manner through a robust performance management process and constantly focuses on training and career development initiatives to motivate employees who in turn will benefit the organization with increased operating efficiencies and enhanced delivery capabilities. Saksoft aims to build a strong commitment among the employees through various initiatives and measurement tools to capture satisfaction scores over the year.

Your Company's training programs ensure that employees enhance their skills in alignment with its requirements and are readily deployable. Your Company also organizes seminars and training programs on a regular basis to help improve overall personality of its employees. The training programs include induction programs for the fresh graduate engineers and lateral hires. Role based leadership and management programs for the existing employees help them take on larger responsibilities.

Threats, Risks and Concerns:

Demand Depletion:

As the western economies are slowly reeling from the Global recessionary effects, uncertainty still remains with regard to the reaction of the economic situation to the stimulus package offered by their respective Governments. To insulate ourselves your company has been adoption economies of scale of operation by resorting to cost containment measures wherever practically possible. Apart from rationalization measures Your Company has increased focus on maintaining the existing client base till these measures make us comfortable that we are well prepared for the future.

Law promulgation:

Your Company has majority of its clients situated in the regions of US and UK. As these western economies are slowly reviving from the Global crisis there is risk of passing of any bill or law by these countries restricting the out sourcing functions with a view to generate employment opportunities to their residents and if this bill or law introduced it may have an impact on our growth prospects. Though there is possibility of this element of risk no substantive anti-outsourcing legislation has been introduced to date.

Price discounts or reductions:

There may be situations wherein customers may expect discounts and special pricing incentives on account of their budget constraints. With a view to sustain the prospective client and competition being more intense your company may be under the pressurized situation to revisit the commercials as the focus has been to provide 'Value Addition' to the customer rather than just IT solutions.

Competition:

The market for Business Information (BI) solutions is highly competitive and rapidly evolving. Our competitors basically are IT companies of multinational firms who allocate heavy budgets towards their R&D activities and thereby pose a stiff competition to our service offerings. Though

there are big conglomerates in the industry still some renowned clients prefer to avail services from us owing to our delivery capabilities and commitments which differentiate us from our competitors.

Foreign currency fluctuations:

Your Company's business is highly responsive to the volatility in the forex markets as our majority of the clients are based in US and UK. As. The dollar to rupee and pound to rupee rate has fluctuated unexpectedly during 2009–10 and is expected to do so in future. In spite of the forex fluctuations your Company resort to various forex management measures to adequately insulate itself from the fluctuations which we expect to manage this risk appropriately.

Attrition:

As the employment markets are slowly gaining pace and several IT mid-sized companies are adopting various strategies to attract the best talent available in the market, it pose a challenge to your Company to maintain the attrition levels under control through adoption of innovative strategies on Human Resource Management as attrition has always been an area of concern.

Financial Performance:

- Your Company's software exports aggregated to Rs.3289.72 lakhs, as against the previous year exports of Rs.3730.30 lakhs in the previous year. Western regions continue to contribute more revenues for your Company. Your Company has been successful in continuing to add a healthy number of new customers in addition to actively mining its existing customers.
- Operating profit decreased from Rs.912.31 lakhs to Rs.677.63 lakhs primarily due to increase in the operational cost.
- The net block of fixed assets during the year is Rs.457.13 lakhs as compared to the previous year of Rs.322.17 lakhs.

Foreign exchange earnings and outgo

Foreign Exchange Earning : Rs.3290 Lakhs

Foreign Exchange Outgo : Rs.263 Lakhs

DIVIDEND:

Based on Company's performance, the Directors are pleased to recommend for approval of the members a Final dividend of Re.1 per share (10 % on the face value of Rs.10) for the financial year 2009–10. The final dividend on the equity shares, if declared as above would involve an outflow of Rs.101.40 lakhs towards dividend and Rs.17.23 lakhs towards dividend tax, thereby resulting in total outflow of Rs.118.63 lakhs.

Appropriations:

The Board of Directors have decided to retain entire surplus in the Profit and Loss Account and hence not transfer will be made to the General Reserve during this year.

Human Resource Management:

After a substantial dip in hiring levels at the start of 2009, confidence seems to be returning as the professional jobs market in India has made a substantive recovery after a major loss of confidence at the start of 2009. The Indian Information Technology (IT) sector has seen significant growth in terms of employment and is expected to provide quality employment to a large number of workers in the coming years.

During the year Saksoft has 535 employees as at March 31, 2010. Saksoft has robust human resource management process tailored to retain high caliber employees who significantly contribute towards company's growth strategies. There has been significant addition of employees with high caliber and experience at the delivery management level during the year with the recruitment strategy being focused on bringing more business prospects for the company and stewarding towards the growth of success.

Saksoft's recruiting model also attracts resources possessing strong technical and domain knowledge

needed to deliver greater value to our clients. Your company values and rewards its employees in a fair manner through a robust performance management process and constantly focuses on training and career development initiatives to motivate employees who in turn will benefit the organization with increased operating efficiencies and enhanced delivery capabilities. Saksoft aims to build a strong commitment among the employees through various initiatives and measurement tools to capture satisfaction scores over the year.

Employee Stock Options:

Your Company has floated a new Employee Stock Option Plan 2009 direct route and in accordance with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and with the consent of the shareholders obtained through the Postal Ballot process on 7th December 2009. The total volume of options considered under the plan amounts to 5,00,000 options to be vested and exercised in accordance with the ESOP 2009 plan as approved by the Compensation Committee. The Compensation committee has granted 1,20,000 options on 23rd December 2009 to eligible employees of Saksoft and its subsidiaries at the rate of Rs.70.65 per option. Your company has made application to the stock exchanges towards obtaining in-principle listing approval for the total quantum of options covered under the ESOP 2009.

Under the Employee Stock Option Scheme, 2006 no options have been further re-issued during the year. Details that are required to be provided under the SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 are set out in Annexure II to the Director's Report.

Quality:

Ensuring high degree of quality on services has always been the ideology advocated by your company till recent times. To substantiate the same, your company being a process oriented organization has evolved and maintained the

quality management system known as “Optima” which defines the process improvement initiatives and activities. The quality management system Optima has been evolved on strong foundations of Expectations, Communications, Delivery and Quality Management principles of Saksoft. Optima defines the software development life cycle in any project as being created to deliver, manage and exceed expectations of the stakeholders.

Optima’s scope covers all of Saksoft’s development centers. The appraisal spans Company’s entire service offerings, from design, development & support of software applications, to testing. Optima is built towards excellence and customer satisfaction, The CMMI appraisal confirms continual commitment to excellence in quality in every aspect from addressing customer needs, ensuring

predictable delivery, minimizing the error-rate, and providing defect-free software. Saksoft being a process-oriented organization takes pride in building processes for ‘change tolerant software’ development methodology. Optima is supported by an internally developed project management system called ProXi. Processes under Optima span all stages of the project, from pre-sales to project closure, and covers every person in the organization who contributes to the quality of the deliverables.

For **Saksoft Limited**

Place: Chennai
Date : 28 May 2010

Aditya Krishna
Managing Director

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

Company's Philosophy on Corporate Governance:

At Saksoft Limited, we strongly believe in ethical business conduct, integrity and commitment to values which enhance and retain stakeholders' trust that form the basis of good corporate governance. Our values are always integrated into every aspect of our work and we believe it to be a core attribute of being socially responsible. The Company has adopted a Code of Conduct for its senior management including the Whole-time Directors and the Managing Director.

Saksoft's philosophy on corporate governance encompasses achieving 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.

The corporate governance principles of the Company ensures that the Board be informed about the various facets of the business and industrial requirements and the ways and means of mitigating both business and non-business risks. Saksoft is committed to lawful and ethical business conduct which it believes to be fundamental value of the Board, Senior Management Personnel and other employees of Saksoft.

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 Saksoft is constituted on highest professional ethics, integrity and values and are committed to represent the long-term interests of the stakeholders. The Board of Directors' are characterized in Independence, professionalism, transparency in decision making and accountability. The Board of Directors of the Company, consisting of a number of professionals from various walks of corporate life, is at the core of the corporate governance practices followed by the Company. The Board has laid down a well defined policy framework for strategic planning, risk management and financial reporting. The Board comprises of 8 directors as of 31st March 2010 who are specialized and equipped with knowledge and experience in different fields like software, manufacturing, finance and business management. The Board has a balanced mix of Executive, Non-Executive and Independent Directors so as to ensure proper governance and management.

The Committees of the Board act as the second constituent of the Board. The Board, along with its Committees, such as Audit Committee, Shareholders' and Investors' Grievance Committee, Compensation Committee lays down strategic paths, develops systems, processes and reviews mechanisms, to steer the Company on the right track of growth and help the Company to mitigate the various risks associated with the business.

The Board functions both as a full Board and through Committees. The Board and the Committees meet at regular intervals. Policy formulation, evaluation of performance and control functions vest with Board while the committees oversee operational issues.

Composition and category of Directors:

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

* Mr. Ajit Thomas has been co-opted by the Board with effect from 31st July 2009

Shares held by Non-executive Directors:

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

Board Meetings

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

The annual calendar of Board Meetings is agreed upon at the beginning of the year to ensure that there is full attendance and participation in the Board meetings. The Company conducts Board meetings in compliance with the requirements of the Companies Act, 1956 and the Listing Agreement. During the financial year 2009-10, the Board met 5 times on 2nd May 2009, 29th June 2009, 31st July 2009, 30th October 2009 and 28th January 2010.

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
Mr. Autar Krishna	5/5	Yes	5	–	2
Mr. Aditya Krishna	5/5	Yes	3	–	1
Mr. N.K. Subramaniam	4/5	Yes	–	–	–
Mr. S C Agarwal	5/5	Yes	1	–	–
Mr. R. Rajagopalan	5/5	Yes	4	2	3
Mr. Amitava Mukherjee	2/5	No	–	–	–
Mr. Suresh Subramanian	3/5	No	–	–	–
Mr. Ajit Thomas	2/2	NA	9	–	–

Notes :

1. Mr. Ajit Thomas has been co-opted by the Board with effect from 31st July 2009.
2. None of the Directors of the Company hold membership of more than ten Committees nor is a Chairman of more than five committees (as specified in Clause 49), across all companies of which he is a director. Necessary disclosures regarding Committee positions in other Indian public companies as at 31st March 2010 have been made by the Directors.
3. The Committees considered for above purpose are those as specified in existing Clause 49 of the Standard Listing Agreement(s) i.e. Audit Committee and Shareholders/Investors grievance Committee.

BOARD PROCEDURE:

The Board meets at least once in a quarter and the interval between two meetings is not more than 4 months. Apart from the statutory requirements, the role of the board includes setting 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 5 non-executive directors of which 4 of them are 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. Mr. R. Rajagopalan	Independent Director	Chairman
2. Mr. Amitava Mukherjee	Independent Director	Member
3. Mr. Suresh Subramanian	Independent Director	Member
4. Mr. Ajit Thomas	Independent Director	Member
5. Mr. S C Agarwal	Non-Executive Director	Member

During the year 2009–10, the Audit Committee met four times on 29th June 2009, 31st July 2009, 30th October 2009 and 28th January 2010. 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 directors of whom two of them are independent directors. Mr. R. Rajagopalan, Mr. Amitava Mukherjee and Mr. S C Agarwal are the members of the Committee. The scope/role of the committee is to recommend to the Board of Directors,

the remuneration payable to the whole time directors as and when they come up for review and also administers the Employees Stock Option plan of Saksoft Limited.

Mr. R. Rajagopalan is the chairman of the Remuneration Committee. During the year, the committee met three times on 29th June 2009, 30th October 2009 and 28th January 2010 and majority of the Committee members have attended all the meetings.

The details of remuneration paid to the Managing Director and Executive Director (Operations & Technology) of the Company for the year ended 31st March 2010 are as under:

Name	Salary	Commission	Total
Mr. Aditya Krishna, <i>Managing Director</i>	36,00,000	NIL	36,00,000
Mr. N.K. Subramaniam, <i>Executive Director (Operations & Technology)</i>	36,00,000	NIL	36,00,000

Note: During the year ended March 31, 2010 the Company has paid an amount of Rs. 52,99,992 to its Managing Director and Whole Time–Director that are in excess of the limits prescribed under Company Act, 1956. The Company is in the process of making an application to the Central Government for approval in respect of such excess amount. Pending such approval the excess amount of Rs. 52,99,992 paid to them has been shown as recoverable under schedule 10 to the financial statements.

REMUNERATION OF NON–EXECUTIVE DIRECTORS:

All Non–Executive Directors received sitting fee of Rs.5000/– till 31st July 2009 for each meeting of the Board attended by them and subsequently the sitting fees was revised from Rs.5000/– to Rs.20,000/– at the Board meeting held on 31st July 2009. The Company now pays Sitting Fees of (a) Rs. 20,000/– per meeting to its Non–executive and Independent Directors for attending meetings of the Board with effect from meetings held after 31st July 2009 and (b) Rs. 5,000/– per meeting to its Non–executive and Independent Directors for attending meetings of Committees of the Board. Your Company has obtained approval from the Ministry vide their letter dated 3rd February 2010 towards payment of commission within the ceiling of 1% of net profits computed under the applicable provisions of the Companies Act, 1956 for five (5) financial years commencing from 1st April 2008 and as approved by the members at the Ninth Annual General Meeting of the Company. The said commission will be decided each year by the Board of Directors and distributed amongst the Non–executive and Independent Directors based on the period of their association with the Company during the year.

The summary of sitting fees paid for the year ended 31st March 2010 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.	Mr. Autar Krishna	Rs. 55,000	Nil	Rs. 54,000	Rs. 1,09,000
2.	Mr. R.Rajagopalan	Rs. 55,000	Rs. 55,000	Rs. 54,000	Rs. 1,64,000
3.	Mr. Amitava Mukherjee	Rs. 25,000	Rs. 10,000	Rs. 54,000	Rs. 89,000
4.	Mr. Suresh Subramanian	Rs. 30,000	Rs. 20,000	Rs. 54,000	Rs. 1,04,000
5.	Mr. S.C. Agarwal	Rs. 50,000	Rs. 55,000	Rs. 54,000	Rs. 1,59,000
6.	Mr. Ajit Thomas	Rs. 40,000	Rs. 5,000	Rs. 54,000	Rs. 99,000

SHAREHOLDERS' GRIEVANCES COMMITTEE:

The Board has constituted a shareholder/Investors grievance Committee comprising of Mr. R. Rajagopalan, Mr. S C Agarwal and Mr. Suresh Subramanian. 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 29th June 2009, 31st July 2009, 30th October 2009 and 28th January 2010.

The Company received no complaints during the year and therefore there are no pending complaints for the year ended 31st March 2010.

GENERAL BODY MEETINGS

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

Year	Location	Date	Time
2006-07	Naradha Gana Sabha Mini Hall, 314, TTK Road, Chennai – 600 018	11.07.2007	10.00 AM
2007-08	Naradha Gana Sabha Mini Hall, 314, TTK Road, Chennai – 600 018	25.09.2008	10.00 AM
2008-09	The Music Academy, Kasturi Srinivasan Hall, New No.168, TTK Road, Royapettah, Chennai – 600 014	31.07.2009	10.00 AM

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

Financial Year	General Meeting	Sr. No.	Particulars of Special Resolution passed.
2006-07	8th Annual General Meeting	1.	A special resolution was passed for altering Article 3 of the Articles of Association relating to the increase of authorized capital.
		2.	A special resolution was passed for issue of shares on a preferential basis pursuant to Section 81(1A) of the Companies Act, 1956 read with Chapter XIII of the SEBI (Disclosure and Investor Protection) Guidelines, 2000.
		3.	A special resolution was passed for issue of shares on Qualified Institutional Placement basis pursuant to Section 81(1A) of the Companies Act, 1956 read with Chapter XIII-A of the SEBI (Disclosure and Investor Protection) Guidelines, 2000.
2007-08	9th Annual General Meeting	1.	A special resolution was passed for approval of excess remuneration paid to Mr.V.Ramanathan, Chief Executive Officer.
		2.	A special resolution was passed for payment of commission to Non-Executive Directors.
2008-09	10th Annual General Meeting	1.	A special resolution was passed for approval of excess remuneration paid to Mr.Aditya Krishna, Managing Director.
		2.	A special resolution was passed for approval of excess remuneration paid to Mr. N.K. Subramaniam, Executive Director (Operations & Technology).
		3.	A special resolution was passed for approval of excess remuneration paid to Mr.V.Ramanathan, erstwhile Chief Executive Officer.

iii) Special Resolutions passed through Postal Ballot:

On 7th December 2009 two special resolutions were passed through Postal Ballot with respect to implementation of Employee Stock Option Plan 2009 for the benefit of eligible permanent employees including Directors of Saksoft Limited and Permanent employees including Directors of Subsidiary Companies of Saksoft Limited.

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

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

DISCLOSURES:

A statement of related party transaction has been disclosed as a part of the Financial Statement 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 2010, the quarterly results were filed and published in the manner set forth below

Quarter	Date of Filing with the Stock Exchange	Date of publication in English News paper	Date of publication in Vernacular daily
I	29 th June 2009	1 st July 2009 – Economic Times	30 th June 2009 – Makkal Kural
II	31 st July 2009	1 st August 2009 – Trinity Mirror	1 st August 2009 – Makkal Kural
III	30 th October 2009	31 st October 2009 – Trinity Mirror	31 st October 2009 – Makkal Kural
IV	28 th January 2010	29 th January 2010 – Trinity Mirror	29 th January 2010 – Makkal Kural

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

SEBI EDIFAR:

The applicable disclosures were also posted in SEBI EDIFAR website www.sebiedifar.nic.in till the third quarter ended 31st December 2009 and beginning with the last quarter ended 31st March 2010 all

applicable disclosures are being posted in Corporate Filing and Dissemination System (www.corpfiling.co.in), a common filing and dissemination portal for all companies listed on BSE and NSE and the system being developed and maintained on behalf of NSE and BSE.

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 31st March 2010 has been duly signed by the Managing Director and Chief Financial Officer.

GENERAL SHAREHOLDER INFORMATION: (TENTATIVE)

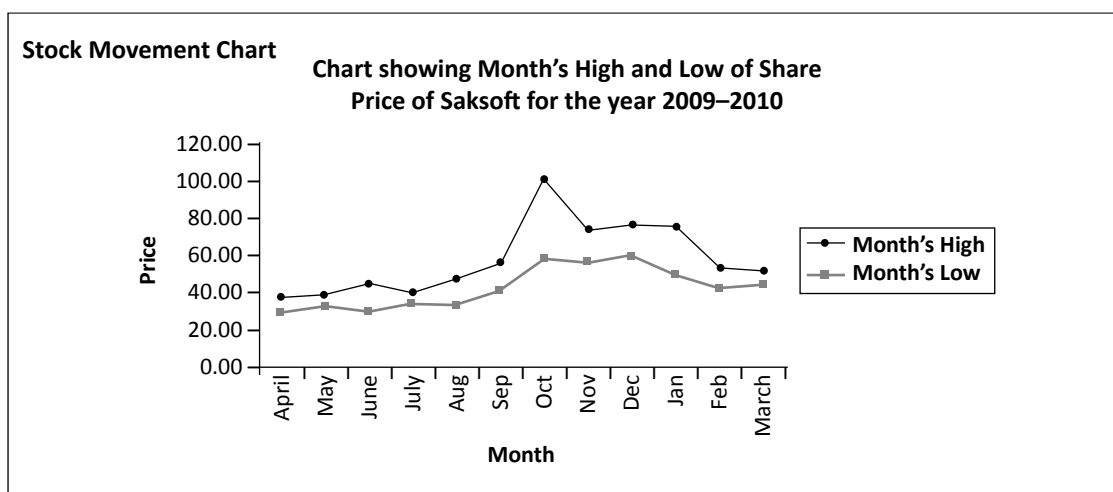
Particulars	Details
Annual General Meeting	Date : 6 th August 2010 Time : 10.00 A.M Venue : Naradha Gana Sabha Mini Hall, 314, T.T.K Road, Alwarpet, Chennai 600 018.
Financial Year	1 st April to 31 st March
Periodical results Results for I Quarter ending 30 th June 2010 Results for II Quarter ending 30 th September 2010 Results for III Quarter ending 31 st December 2010 Results for the year ending 31 st March 2011	Last week of July 2010 Last week of October 2010 Second week of February 2011 Last week of May 2011 * The schedule is tentative.
Book Closure Date	30 th July 2010 to 6 th August 2010 (Both days inclusive)
Dividend Payment Date	Between 16 th August 2010 and 5 th September 2010
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	The National Stock Exchange of India Limited,

each month in last financial year

Mumbai (Provided below)

National Stock Exchange

Month, Year	Price High	Price Low
April 2009	38.25	30.00
May 2009	39.55	33.00
June 2009	45.15	30.65
July 2009	40.80	34.35
August 2009	48.30	34.00
September 2009	56.55	41.35
October 2009	101.85	59.30
November 2009	74.50	56.80
December 2009	77.00	60.40
January 2010	76.50	50.00
February 2010	53.85	42.85
March 2010	52.50	45.00



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 agent, 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 2010:

Number of Shares	Shareholders		No of Shares	
	Number	%	Number	%
Upto 5000	1847	86.47	2241480	2.21
5001–10000	123	5.76	1000810	0.99
10001–20000	59	2.76	901090	0.89
20001–30000	28	1.31	711430	0.70
30001–40000	13	0.61	455600	0.45
40001–50000	10	0.47	456070	0.45
50001–100000	19	0.89	1425320	1.40
100001 and above	37	1.73	94208200	92.91
Total	2136	100	10140000	100

Pattern of Shareholding as on 31st March 2010

Category	No of Shares	% holding
Promoters	7574253	74.69
Mutual Funds & UTI	101297	1.00
Banks/Financial Institutions	Nil	Nil
NRI's/OCB	160934	1.59
Corporate Bodies	354839	3.50
Public	1769856	17.46
Others	178821	1.76
Total	10140000	100.00

Dematerialization of shares and liquidity:

As at 31st March 2010, 68.22% of equity shares have been dematerialized. These shares are traded in the National Stock Exchange and Bombay Stock Exchange. The Company has not issued any ADRs/GDRs or any convertible bonds.

During the year under review, Mr. Aditya Krishna, Promoter, purchased 36003 Shares of the Company from the open market amounting to 0.36% of the total Paid-up Capital. Adequate disclosure has been made to the Stock Exchanges under SEBI Takeover Regulations 1997.

Office Locations:

Saksoft Limited

SP Infocity, Block A
2nd Floor, 40, MGR Salai
Perungudi, Kadanchavadi
Chennai – 600 096
P : 044– 2454 3500
F : +91–44– 2454 3510

Saksoft Limited

B–35–36, Sector 80
Phase – II
Noida – 201 305
Uttar Pradesh
P : +91– 0120 – 2462175
F : +91–0120 – 2462179

Saksoft Inc.

Suite 2562
2500 Plaza 5
Harborside Financial Centre
Jersey City, NJ 07311 4035
P : +001 201 633 4744
F : +001 212 504 8026

Saksoft Pte Limited

3, Shenton Way
#15–06, Shenton House
Singapore – 068805
P : +65–62242550
F : +65–62242783

Saksoft Ltd. (UK Branch)

Waterside Court
#1, Crewe Road
Manchester M23 9BE, UK
P : +44–8707894321
F : +44–8707894002

Saksoft Investments Private Limited

Waterside Court
#1, Crewe Road
Manchester M23 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 HK Limited

Flat/RM 701, 7/F
Far East Consortium Building
113-125, Des Voeux RD Central
Hong Kong

Address for Correspondence:

Saksoft Limited

SP Infocity, Block A, 2nd Floor, 40, MGR Salai,
Kadanchavadi, Perungudi, Chennai – 600 096
P : +91–44–24543500
F : +91–44–24243510

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 2010.

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 2010.

For **Saksoft Limited**

Place: Chennai
Date : 28 May 2010

Aditya Krishna
Managing Director

AUDITORS' CERTIFICATION ON CORPORATE GOVERNANCE

To

The members of Saksoft Limited

We have examined the compliance of conditions of Corporate Governance by Saksoft Limited ("the Company") for the year ended on 31 March 2010 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

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

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

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

for **B S R & Co.**

Chartered Accountants

Firm registration number: 101248W

Place : Chennai

Date : 28 May 2010

S Sethuraman

Partner

Membership No: 203491

AUDITOR'S REPORT TO THE MEMBERS OF SAKSOFT LIMITED

1. We have audited the attached Balance Sheet of Saksoft Limited as at 31st March 2010, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended, ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 ("the Act"), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - a) we have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of the books;
 - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion the Balance Sheet, Profit and Loss Account and Cash Flow statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - e) On the basis of written representations received from the Directors, as on 31 March 2010, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31 March 2010 from being appointed as a Director in terms of clause (g) to sub-section (1) of Section 274 of the Companies Act, 1956.
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the Balance Sheet, of the state of the affairs of the Company as at 31 March 2010; and
 - ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date and
 - iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Place : Chennai
Date : 28 May 2010

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

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in our report of even date)

- i)
 - a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b. The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified over a period of two years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
 - c. Fixed assets disposed of during the year were not substantial, and therefore, do not affect the going concern assumption.
- ii) The Company is a service company, primarily rendering software development and support services. Accordingly it does not hold any physical inventories. Thus, paragraph 4(ii) of the Order is not applicable.
- iii)
 - a. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Thus, paragraph 4(iii) (b), (c) and (d) of the Order is not applicable.
 - b. The Company has taken an unsecured loan from a company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount outstanding during the year was Rs. 360 million and the year-end balance of such loan was Rs 342 million.
 - c. In our opinion, the rate of interest and other terms and conditions on which loans have been taken from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the Company.
 - d. The terms of the arrangement do not stipulate any repayment schedule. Accordingly, paragraph 4(iii)(g) of the Order is not applicable.
- iv) In our opinion and according to the information and explanations given to us, and having regard to the explanation that sale of certain services are for the specialized requirements of the buyers and suitable alternative sources are not available to obtain comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets and with regard to the sale of services. The activities of the Company do not involve purchase of inventory and sale of goods. In our opinion and according to the information and explanations given to us, we have not observed any major weakness in the internal control system during the course of the audit.
- v)
 - a. The particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that are required to be entered in the register have been so entered.
 - b. According to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements entered in the register maintained u/s 301 of the Companies Act, 1956 has been made at prices that are reasonable having regard to the prevalent market prices at the relevant time.
- vi) The Company has not accepted any deposits from the public.
- vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- viii) The Central Government has not prescribed the maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 in respect of the activities of the Company.
- ix)
 - a. According to the information and explanations given to us and on the basis of our examination of the records of the company, the Company is generally regular in depositing amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Service tax, Customs duty, Cess and other material statutory dues during the year with the appropriate authorities.

As explained to us, the Company did not have any dues on account of Investor Education and Protection Fund, wealth tax and Excise duty. There were no dues on account of cess under Section 441A of the Companies Act, 1956 since the aforesaid section has not yet been made effective by the Central Government.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income tax, Sales tax, Service tax, Customs duty and other material statutory dues were in arrears as at March 31, 2010 for a period of more than six months from the date they became payable.

- b. According to the information and explanations given to us, there are no dues of Income tax, Sales tax, Wealth tax, Service tax, Customs duty and Cess which have not been deposited with the appropriate authorities on account of any dispute, except as stated below:

Name of the statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax dues	12,493,856	April 2004 to March 2006	Commissioner of Income Tax Appeals

- x) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.
- xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its bankers or to any financial institutions. The Company did not have any outstanding debentures during the year.
- xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi/mutual benefit fund/society.
- xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
- xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- xvi) In our opinion and according to the information and explanations given to us, the Company did not have any term loans outstanding during the year.
- 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 **B S R & Co.**
Chartered Accountants
Firm registration number: 101248W

S Sethuraman
Partner
Membership No. 203491

Place : Chennai
Date : 28 May 2010

Saksoft Limited
Balance sheet as at 31 March 2010

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

	Schedule	As at March 31, 2010	As at March 31, 2009
Sources of funds			
Shareholders' funds			
Share capital	1	101,400	101,400
Reserves & surplus	2	371,626	366,878
Loan funds			
Secured loans	3	2,651	2,539
Unsecured loan	4	342,194	301,576
		817,871	772,393
Application of funds			
Fixed assets			
Gross block	5	114,278	100,642
Less: Accumulated depreciation and amortisation		68,565	68,425
Net block		45,713	32,217
Capital work-in-progress, including capital advances		708	2,370
		46,421	34,587
Investments	6	660,682	457,455
Deferred tax asset	17 (3)(j)	6,007	2,575
Current assets, loans and advances			
Sundry debtors	7	83,201	110,213
Cash and bank balances	8	4,380	14,805
Other current assets	9	6,222	7,637
Loans and advances	10	63,366	267,055
		157,169	399,710
Current liabilities and provisions			
Current liabilities	11	35,397	103,773
Provisions	12	17,011	18,161
		52,408	121,934
Net current assets		104,761	277,776
		817,871	772,393
Significant accounting policies and notes to the financial statements	17		

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

As per our report attached
for **B S R & Co.**
Chartered Accountants
Firm Registration No: 101248W
S Sethuraman
Partner
Membership No: 203491
Date : 28 May 2010
Place: Chennai

For and on behalf of the Board of Directors
Aditya Krishna
Managing Director
R Rajagopalan
Director
Niraj Kumar Ganeriwal
Chief Financial Officer
S Narayan
Company Secretary

Saksoft Limited

Profit and loss account for the year ended 31 March 2010

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

	Schedule	Year ended March 31, 2010	Year ended March 31, 2009
Income			
Software services			
Overseas		328,972	373,030
Domestic		96,804	54,468
Other Income	13	903	19,270
		426,679	446,768
Expenditure			
Employee costs	14	259,046	227,420
Operating and other expenses	15	99,870	128,117
Depreciation and amortisation	5	16,090	13,804
Interest and finance charges	16	27,093	26,367
		402,099	395,708
Profit before tax		24,580	51,060
Provision for taxes			
Current tax		11,400	3,000
(net of MAT credit entitlement Rs. Nil (previous year – Rs. 2,600)			
Fringe benefit tax		–	2,200
Deferred tax		(3,431)	(474)
Net profit after tax		16,611	46,334
Profit brought forward from previous year		259,265	224,794
Amount available for appropriation		275,876	271,128
Appropriations			
Proposed dividend		10,140	10,140
Dividend distribution tax		1,723	1,723
Balance in profit and loss account		264,013	259,265
		275,876	271,128
Earnings per share			
Equity shares of par value Rs. 10/– each			
Basic		1.73	4.83
Diluted		1.63	4.57
Number of shares used in computing earnings per share			
Basic		9,585,040	9,585,040
Diluted		10,180,000	10,140,000

Significant accounting policies and notes to the financial statements

17

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

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

For and on behalf of the Board of Directors

Aditya Krishna
Managing Director

R Rajagopalan
Director

S Sethuraman
Partner
Membership No: 203491
Date : 28 May 2010
Place: Chennai

Niraj Kumar Ganeriwala
Chief Financial Officer

S Narayan
Company Secretary

Saksoft Limited

Cash flow statement for the year ended 31 March 2010

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

	Year ended March 31, 2010	Year ended March 31, 2009
A Cash flows from operating activities		
Profit before tax	24,580	51,060
Adjustments for:		
Depreciation and amortisation	16,090	13,804
(Profit) / loss on sale of fixed assets, net	(486)	(107)
Provision for bad and doubtful debts	839	–
Provision for diminution/ Loss on disposal of investments	74	469
Profit on redemption of mutual fund units	(157)	(54)
Interest and dividend income	(232)	(196)
Interest and finance charges	27,093	26,367
Unrealised foreign exchange loss / (gain), net	(130)	4,259
Operating profit before working capital changes	67,671	95,602
(Increase) / decrease in sundry debtors	24,098	35,449
(Increase) / decrease in other current assets, loans and advances	1,595	1,087
Increase / (decrease) in current liabilities and provisions	(69,445)	3,573
Cash generated from operations	23,919	135,711
Taxes paid, net	13,897	9,124
Net cash flows (used in) / from operating activities	10,022	126,587
B Cash flow from investing activities		
Purchase of fixed assets	(28,598)	(6,598)
Proceeds from sale of fixed assets	1,160	283
Purchase of mutual fund units	(205,145)	(220,038)
Sale of mutual fund units	210,783	211,350
Interest and dividend income received	232	196
Net cash flows (used in) / from investing activities	(21,568)	(14,807)

Saksoft Limited

Cash flow statement for the year ended 31 March 2010

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

	Year ended March 31, 2010	Year ended March 31, 2009
C Cash flow from financing activities		
Proceeds / (repayment) from long term borrowings	40,114	(67,529)
Interest and finance charges paid	(26,476)	(26,733)
Dividend and dividend tax paid	(11,863)	(5,932)
Net cash flows (used in) / from financing activities	1,775	(100,194)
D Exchange difference on translation of foreign currency cash and cash equivalents	(654)	(4,259)
Net (decrease) / increase in cash and cash equivalents (A+B+C+D)	(10,425)	7,327
Cash and cash equivalents at the beginning of the year	14,805	7,478
Cash and cash equivalents at the end of the year (Refer to schedule 8 – Cash and bank balances)	4,380	14,805
Cash and cash equivalents include the following which in the view of the management are restricted in nature:		
in dividend account	92	34
in fixed deposit account	145	113

Significant accounting policies and notes to the financial statements

17

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

As per our report attached

For and on behalf of the Board of Directors

for **B S R & Co.**

Chartered Accountants

Firm Registration No: 101248W

S Sethuraman

Partner

Membership No: 203491

Date : 28 May 2010

Place: Chennai

Aditya Krishna

Managing Director

R Rajagopalan

Director

Niraj Kumar Ganeriwal

Chief Financial Officer

S Narayan

Company Secretary

Saksoft Limited
Schedules forming part of the financial statements

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

	As at March 31, 2010	As at March 31, 2009
SCHEDULE 1:		
SHARE CAPITAL		
Authorised:		
20,000,000 (Previous year 20,000,000) equity shares of Rs. 10/- each	200,000	200,000
Issued, Subscribed and Paid-up		
10,140,000 (Previous year – 10,140,000) equity shares of Rs.10/- each fully paid up	101,400	101,400
Of the above 3,400,070 (Previous year – 3,400,070) equity shares have been Issues as bonus shares by Capitalization of the general reserve. Refer note 3 (m) of schedule 17 for details of options in respect of equity shares.		
SCHEDULE 2:		
RESERVES & SURPLUS		
General reserve	33,986	33,986
Securities premium	73,627	73,627
Balance in Profit and loss account	264,013	259,265
	371,626	366,878
SCHEDULE 3:		
SECURED LOANS		
Finance lease obligations	2,651	2,539
	2,651	2,539
Note: Finance lease obligations are secured by the assets taken on lease. (refer note 3(d) of Schedule 17)		
SCHEDULE 4:		
UNSECURED LOAN		
From Sak Industries Private Limited	342,194	301,576
	342,194	301,576

Note: Interest accrued and due Rs. 2,193 (Previous year Rs.1,576)
Loan repayable within one year Rs. Nil (Previous year Rs. Nil)

Saksoft Limited

Schedules forming part of the financial statements (continued)

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

SCHEDULE 5: Fixed assets

Asset category	Gross block			Accumulated depreciation / Amortisation				Net block	
	As at April 1, 2009	Additions	Deletions	As at March 31, 2010	As at April 1, 2009	For the year	Deletions	As at March 31, 2010	As at March 31, 2009
Tangible assets									
Plant and machinery	12,199	205	4,066	8,338	8,291	1,306	3,900	2,641	3,908
Computer equipments	38,114	1,703	-	39,817	26,372	4,914	-	8,531	11,742
Office equipments	2,374	201	-	2,575	1,567	398	-	610	807
Electrical installations	9,927	-	2,894	7,033	7,055	952	2,725	1,751	2,872
Furnitures and fixtures	23,570	1,944	9,664	15,850	17,769	2,163	9,325	5,243	5,801
Lease hold improvements	-	24,841	-	24,841	-	3,728	-	21,113	-
Vehicles	129	37	-	166	117	17	-	32	12
Intangible assets									
Intellectual property	4,500	-	-	4,500	4,500	-	-	-	-
Software	5,741	16	-	5,757	1,173	1,204	-	3,380	4,568
	96,554	28,947	16,624	108,877	66,844	14,682	15,950	43,301	29,710
Assets acquired under finance lease									
Vehicles	4,088	1,313	-	5,401	1,581	1,408	-	2,412	2,507
Total	100,642	30,260	16,624	114,278	68,425	16,090	15,950	45,713	32,217
Previous year	97,219	4,227	804	100,642	55,249	13,804	628	32,217	

Schedules forming part of the financial statements (continued)

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

SCHEDULE 6: Investments

	Face value	Balance as at April 1, 2009		Additions		Sales / Redemption		Balance as at March 31, 2010	
		No. of shares/units	Cost	No. of shares/units	Cost	No. of shares/units	Cost	No. of shares/units	Cost
Long term, trade, unquoted, at cost									
In subsidiary companies									
Equity shares									
Saksoft Inc, USA	USD 1	195,000	9,240	-	-	-	-	195,000	9,240
Saksoft Pte Limited, Singapore	SGD 1	55,002	1,485	-	-	-	-	55,002	1,485
Saksoft GmbH, Germany	EUR 1	25,000	1,202	-	-	-	-	25,000	1,202
Sak Investments Private Limited, United Kingdom	GBP 1	5,001,000	434,453	-	-	-	-	5,001,000	434,453
Saksoft Pty Limited, Australia	AUD 1	15,000	32	-	-	15,000	32	-	-
5% redeemable preference shares									
Sak Investments Private Limited, United Kingdom	GBP 1	-	-	2,401,000	208,740	-	-	2,401,000	208,740
Current, Non-trade, unquoted, at the lower of cost and fair value									
In Liquid mutual fund units									
DWS Insta cash plus fund – Regular	Rs 10 / unit	1,099,866	11,043	20,407,936	205,145	20,954,468	210,626	553,334	5,562
Total		1,099,866	11,043	20,407,936	205,145	20,954,468	210,626	553,334	5,562
			457,455		413,885		210,658		660,682

Aggregate amount of unquoted investments :

Current year – 31 March 2010

Previous year – 31 March 2009

5,562

11,043

Schedules forming part of the financial statements (continued)

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

	As at March 31, 2010	As at March 31, 2009
SCHEDULE 7:		
SUNDRY DEBTORS (UNSECURED)		
Debts outstanding for a period exceeding six months		
Considered good	12,613	25,612
Considered doubtful	839	–
	13,452	25,612
Other debts, considered good	70,588	84,601
Less: Provision for doubtful debts	839	–
	83,201	110,213
Amounts receivable from subsidiaries:		
Saksoft Inc, USA	12,849	33,575
Saksoft Pte Limited, Singapore	30,411	18,898
Acuma Solutions Limited, UK	6,651	31,287
Saksoft Pty Limited, Australia	–	250
SCHEDULE 8:		
CASH AND BANK BALANCES		
Cash on hand	8	29
Balances with scheduled banks		
In Current accounts	2,158	12,060
In Unclaimed dividend accounts	92	34
In Deposit accounts *	161	131
In Share application – Saksoft Limited refund account	196	196
Balances with a non scheduled bank		
In current account with ICICI Bank UK Limited, London **	1,765	2,355
	4,380	14,805
* includes Rs.145 (Previous year – Rs.113) under lien with the customs authorities		
** maximum amount outstanding during the year – Rs. 2,355 (Previous year – Rs.4,453)		
SCHEDULE 9:		
OTHER CURRENT ASSETS		
Unbilled revenues	6,222	7,637
	6,222	7,637

Schedules forming part of the financial statements (continued)

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

	As at March 31, 2010	As at March 31, 2009
SCHEDULE 10:		
LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD)		
Advances to subsidiaries *	25,520	29,115
Advance towards share capital of Saksoft Investments Private Limited, United Kingdom (refer note 3(p) of Schedule 17)	–	208,740
Deposits **	6,874	9,645
Prepaid expenses	4,267	1,231
Advance tax and taxes deducted at source, net of provision for tax Rs.39,327 (previous year – Rs.32,179)	15,811	9,583
MAT credit entitlement	27	4,279
Other advances	5,317	3,971
Due from Whole time directors of the Company (refer note 3(b) to Schedule 17)	5,300	–
Loan to Saksoft Employees Welfare Trust (refer note 3(m) to Schedule 17)	250	491
	63,366	267,055
* Amount due from company under same management		
Saksoft Inc, USA	3,476	7,251
Saksoft Pte Limited, Singapore	16,410	21,814
Acuma Solutions Limited, United Kingdom	5,634	–
Saksoft Pty Limited, Australia	–	50
** Deposits include Rs.Nil (Previous year – Rs.358) being security deposit for office premises paid to Sakserve Private Limited, a company under the same management.		
SCHEDULE 11:		
CURRENT LIABILITIES		
Sundry creditors		
Micro and small enterprises (refer note 3(o) of Schedule 17)	–	–
Others	30,029	16,781
Subsidiary Companies	111	79,358
Unclaimed dividend	92	34
Share application money due for refund	196	196
Other liabilities	4,969	7,404
	35,397	103,773
SCHEDULE 12:		
PROVISIONS		
Proposed dividend	10,140	10,140
Corporate dividend tax	1,723	1,723
Provision for gratuity (refer note 3(l) of Schedule 17)	5,148	6,298
	17,011	18,161

Schedules forming part of the financial statements (continued)

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

	Year ended March 31, 2010	Year ended March 31, 2009
SCHEDULE 13:		
OTHER INCOME		
Dividend received on investment in liquid mutual funds	232	193
Interest received on deposits with banks	–	3
Profit on sale of fixed assets	486	107
Provision for expenses written back	–	10
Foreign exchange fluctuation gain, net	–	18,749
Profit on sale of investments	157	54
Miscellaneous income	28	154
	<u>903</u>	<u>19,270</u>
SCHEDULE 14:		
EMPLOYEE COSTS		
Salaries, wages and bonus	239,170	210,253
Contribution to provident and other funds	13,244	11,921
Staff welfare expenses	6,632	5,246
	<u>259,046</u>	<u>227,420</u>
SCHEDULE 15:		
OPERATING AND OTHER EXPENSES		
Power and fuel	10,832	6,880
Rent	18,425	11,823
Repairs and maintenance		
Building	4,281	3,116
Machinery	1,075	827
Others	4,115	2,474
Professional charges (refer note 3(g) of Schedule 17)	10,497	66,095
Insurance	483	272
Rates and taxes	432	721
Travel and conveyance	25,611	25,005
Recruitment and training expenses	3,077	2,028
Communication expenses	5,353	4,937
Printing and stationery	556	459
Advertisement and business promotion expenses	1,135	773
Foreign exchange fluctuation loss, net	11,856	–
Provision for diminution in the value/ loss on disposal of investments	74	469
Provision for doubtful debts	839	–
Commission to non executive directors (refer note 3(c) of Schedule 17)	324	500
Sitting fees	400	245
Miscellaneous expenses	505	1,493
	<u>99,870</u>	<u>128,117</u>
SCHEDULE 16:		
INTEREST AND FINANCE CHARGES		
Interest on loan	26,319	25,823
Finance charges	774	544
	<u>27,093</u>	<u>26,367</u>

Schedules forming part of the financial statements

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

17. Significant accounting policies and notes to the financial statements

1. Background

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

2. Significant accounting policies

a. Basis of preparation of financial statements

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

b. Use of estimates

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

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

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

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

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

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

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

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

Schedules forming part of the financial statements (continued)

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

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

2. Significant accounting policies (continued)

d. Intangible assets and amortization

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

e. Leases

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

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

f. Impairment of assets

The Company assesses at each balance sheet whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. Recoverable amount is the higher of an 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.

i. Revenue recognition

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

Schedules forming part of the financial statements (continued)

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

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

2. Significant accounting policies (continued)

2.i. Revenue recognition policies (continued)

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

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

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

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

Interest income is recognized on the time proportionate method.

j. Employee benefits

Provident Fund

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

Gratuity

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

Compensated Absences

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

k. Taxation

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

Schedules forming part of the financial statements (continued)

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

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

2. Significant accounting policies (continued)

2. k. Taxation (Continued)

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

i. Earnings per share

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

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

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

m. Employees stock option schemes

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

n. Provisions, Contingent liabilities and Contingent assets

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

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

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

Schedules forming part of the financial statements (continued)

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

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

3. Notes to the financial statements

a. Capital commitments and contingencies

Particulars	As at March 31, 2010	As at March 31, 2009
Estimated amount of contracts remaining to be executed on capital account (net of capital advances) and not provided for Income-tax matters	675	22,676
	12,494	4,709

b. Managerial remuneration

Particulars	Year ended March 31, 2010	Year ended March 31, 2009
Basic salary	6,168	8,943
Contribution to Provident fund	1,032	1,070
Other allowances	–	2,095
	7,200	12,108

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

The remuneration payable to the Whole time directors of the Company is in excess of the limits prescribed under the Companies Act, 1956 by Rs 5,300. The Company is in the process of making an application to the Central Government for approval in respect of such excess amount. Pending such approval the excess amount of Rs. 5,300 paid to them has been shown as recoverable under Schedule 10 to the financial statements.

c. Remuneration to Non whole time directors

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

Particulars	Year ended March 31, 2010	Year ended March 31, 2009
Net Profit after tax from ordinary activities	16,611	46,334
<i>Add:</i>		
Whole time director's remuneration	7,200	12,108
Sitting Fees	400	245
Loss on disposal of Investments	32	Nil
Provision for doubtful debts	839	Nil
Provision for tax	7,969	4,726
Depreciation as per books of account	16,090	13,804
<i>Less:</i>		
Profit on sale of Fixed assets	486	Nil
Profit on redemption of Mutual funds units	157	Nil

Schedules forming part of the financial statements (continued)

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

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

3. Notes to the financial statements (continued)

3c. Remuneration to Non whole time directors (continued)

Particulars	Year ended March 31, 2010	Year ended March 31, 2009
Depreciation as envisaged under section 350 of the Companies Act*	16,090	13,804
Profit on which commission is payable	32,408	63,413
Maximum approved by the Shareholders at 1%	324	634

During the year the Company has provided for Commission of Rs. 324 (previous year – Rs.500) to non whole time Directors as approved by the Shareholders at the Annual General Meeting.

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

d. Finance lease obligations

Particulars	As at March 31, 2010	As at March 31, 2009
Future obligations for assets taken on lease		
Not later than 1 year	1,825	1,387
Later than 1 year but not later than 5 years	1,332	1,731
	3,157	3,118
Less: Amounts representing future interest		
Not later than 1 year	388	356
Later than 1 year but not later than 5 years	118	223
	506	579
Present value of minimum lease rentals		
Not later than 1 year	1,437	1,031
Later than 1 year but not later than 5 years	1,214	1,508
	2,651	2,539

e. Earnings in foreign currency

Particulars	Year ended March 31, 2010	Year ended March 31, 2009
Income from software services	328,972	373,030

f. Expenditure in foreign currency

Particulars	Year ended March 31, 2010	Year ended March 31, 2009
Salaries, travel and other expenses	26,304	70,823

Schedules forming part of the financial statements (continued)

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

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

3. Notes to the financial statements (continued)

g. Auditors' remuneration (included under Schedule 15 – Legal and professional charges)

Particulars**	Year ended	Year ended
	March 31, 2010	March 31, 2009
Statutory audit	1,750	250
Tax audit	–	25
Other services	200	350
Out of pocket expenses	59	5
	2,009	630*

* Represents fees charged by a firm other than B S R & Co.

** excluding service tax

h. Quantitative details

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

i. Related party disclosures

Enterprises in which key management personnel exercise significant influence

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

Subsidiaries and step down subsidiaries

Saksoft Inc, USA
Saksoft Pte Ltd, Singapore
Saksoft GmbH, Germany
Saksoft Investments Pvt Limited, UK
Acuma Solutions Limited, UK
Acuma Software Limited, UK
Acuma Holdings Limited, UK
GA Information Systems Limited, UK
GA Information Services Limited, UK
Saksoft Pty Limited, Australia
(Refer note 3 (q) of Schedule 17)

Key management personnel

Mr Aditya Krishna – Managing Director
Mr N K Subramaniyam – Whole Time Director
(w.e.f September 25, 2008)
Mr. V. Ramanathan – Whole Time Director
(resigned on October 1, 2008)

Schedules forming part of the financial statements (continued)

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

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

3. Notes to the financial statements (continued)

3. i. Related party disclosures (continued)

Transactions entered during the year

Description	Year ended March 31, 2010	Year ended March 31, 2009
Revenues		
Acuma Solutions Limited, United Kingdom	33,975	30,975
Saksoft Inc, USA	191,088	196,810
Saksoft Pte Limited, Singapore	61,342	48,916
Professional charges		
Acuma Solutions Limited, United Kingdom	–	56,511
Reimbursement of expenses		
Acuma Solutions Limited, United Kingdom	(20,155)	(14,921)
Saksoft Inc, USA	3,775	(12,185)
Saksoft Pte Limited, Singapore	5,404	11,012
Saksoft Pty Limited, Australia	(50)	–
Sak Abrasives Limited	454	(212)
Saksoft employees welfare trust	(242)	–
Sakserve Private Limited	64	75
Rent expense		
Sak Industries Private Limited	4,990	5,964
Interest on loan		
Sak Industries Private Limited	25,634	25,822
Borrowings / (Repayment), net		
Sak Industries Private Limited	40,000	(69,500)
Key management Personnel		
Managerial remuneration		
Mr Aditya Krishna – Managing Director	3,600	6,750
Mr N K Subramaniyam – Whole Time Director	3,600	3,138
Mr.V.Ramanathan – Whole Time Director	–	2,220
Year end balances		
Description	As at March 31, 2010	As at March 31, 2009
Investments		
Saksoft Inc, USA	9,240	9,240
Saksoft Pte Limited, Singapore	1,485	1,485
Saksoft GmbH, Germany	1,202	1,202
Saksoft Pty Limited, Australia	–	32
Saksoft Investments Pvt Limited, United Kingdom	643,193	434,453

Schedules forming part of the financial statements (continued)

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

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

3. Notes to the financial statements (continued)

3.i. Related party disclosures (continued)

Year end balances (continued)

Description	As a March 31, 2010	As at March 31, 2009
Receivables		
Acuma Solutions Limited, United Kingdom	6,651	31,287
Saksoft Inc, USA	12,849	33,575
Saksoft Pte Limited, Singapore	30,411	18,898
Saksoft Pty Limited, Australia	–	250
Advance against share capital		
Saksoft Investments Pvt Limited, United Kingdom	–	208,740
Loans and advances		
Acuma Solutions Limited, United Kingdom	5,634	–
Saksoft Inc, USA	3,476	7,251
Saksoft Pte Limited, Singapore	16,410	21,814
Saksoft Pty Limited, Australia	–	50
Sak Abrasives Limited	953	499
Saksoft employees welfare trust	250	491
Saksoft employees gratuity trust	25	25
Sakserve Private Limited	23	(41)
Dues from whole time directors (refer note 3(b) above)		
– Mr Aditya Krishna	3,120	–
– Mr N K Subramaniam	2,180	–
Accounts payable		
Acuma Solutions Limited, United Kingdom	111	79,358
Borrowings		
Sak Industries Private Limited	342,193	301,576
j. Deferred taxes, net		
Particulars	As at March 31, 2010	As at March 31, 2009
Deferred tax assets		
Arising from timing differences in respect of:		
Fixed assets	2,404	–
Retirement benefits	2,070	2,464
Other tax disallowances	1,533	111
Net Deferred tax assets	6,007	2,575

Schedules forming part of the financial statements (continued)

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

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

3. Notes to the financial statements (continued)

k. Segment information

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

Geographic location of customers

	Year ended March 31, 2010	Year ended March 31, 2009
Revenue		
India	96,804	54,468
United Kingdom	74,336	114,884
USA	191,088	197,622
Singapore	61,343	51,791
Rest of the world	2,205	8,733
	425,776	427,498

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, 2010	Year ended March 31, 2009
Change in Defined Benefit Obligation		
Opening Defined Benefit Obligation	8,901	6,886
Current service cost	2,904	2,565
Interest cost	822	695
Actuarial losses/ (gain)	(3,599)	43
Benefits paid	(350)	(1,288)
Closing Defined Benefit Obligation	8,678	8,901
Change in Fair value of assets		
Opening fair value of plan assets	2,603	1,842
Expected return on plan assets	428	138
Actuarial gain/ (losses)	(151)	(88)
Contribution by Employers	1000	1,999
Benefits paid	(350)	(1,288)
Closing Fair Value of Plan Assets	3,031	2,603
Liability recognised in the balance sheet	5,148	6,298

Schedules forming part of the financial statements (continued)

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

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

3. Notes to the financial statements (continued)

3.1. Gratuity (continued)

Particulars	Year ended March 31, 2010	Year ended March 31, 2009
Expense recognized in the Profit and loss account		
Current service cost	2,904	2,565
Interest cost on defined benefit obligation	822	695
Expected return on plan assets	(428)	(138)
Net Actuarial losses / (gains) recognised in a year	(3,448)	131
	150	3,253
Actual return on plan assets	277	50
Assumptions		
Discount rate	7.90%	7.20%
Expected rate of return on assets	7.50%	7.50%
Salary escalation	10% for first 4 years & 7% thereafter	10% for first 4 years & 7% thereafter

m. Employee Stock option plans ('ESOP')

ESOP 2006 Plan

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

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

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

Particulars	Year ended March 31, 2010	Year ended March 31, 2009
Options outstanding at the beginning of the year	301,500	347,000
Options granted during the year	–	340,000
Options exercised during the year	–	(500)
Options forfeited during the year	–	(240,000)
Options lapsed during the year	(89,750)	(145,000)
Options outstanding at the end of the year	211,750	301,500

Schedules forming part of the financial statements (continued)

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

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

3. Notes to the financial statements (continued)

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

ESOP 2009 Plan

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

The plan considers an aggregate of 500,000 options to be vested and exercised in accordance with the ESOP 2009 plan as approved by the Compensation Committee. As at the balance sheet date, the Compensation Committee has approved the grant of 120,000 options (date of grant: 23rd December 2009) to eligible employees of the Company and its subsidiaries at an exercise price of Rs.70.65 per option.

The details of the ESOP 2009 Plan are

Particulars	Year ended March 31, 2010	Year ended March 31, 2009
Options granted during the year	120,000	–
Options exercised during the year	–	–
Options forfeited during the year	–	–
Options lapsed during the year	–	–
Options outstanding at the end of the year	120,000	–
n. Earnings Per Share (EPS)		
Particulars	Year ended March 31, 2010	Year ended March 31, 2009
Earnings		
Net profit for the year	16,611	46,334
Shares		
Equity shares as at the balance sheet date	10,140,000	10,140,000
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	9,585,040	9,585,040

Schedules forming part of the financial statements (continued)

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

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

3. Notes to the financial statements (continued)

3.n. Earnings Per Share (EPS) (continued)

Diluted Shares

Weighted average number of equity shares outstanding as at the end of the year – Basic

9,585,040 9,585,040

Add: Shares held by Saksoft employees welfare trust

554,960 554,960

Add: Weighted average number of equity shares arising out of outstanding stock options that have dilutive effect on the EPS

40,000 NIL

Weighted average number of equity shares outstanding during the year – Diluted

10,180,000 10,140,000

Earnings per share of par value Rs.10 – Basic (Rs.)

1.73 4.83

Earnings per share of par value Rs.10 – Diluted (Rs.)

1.63 4.57

o. Dues to Micro and small enterprises

The management has identified enterprises which have provided goods and services to the Company and which qualify under the definition of micro and small enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2010 has been made in the financial statements based on information received and available with the Company and relied upon by auditors. Further in the view of the management, the impact of the interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material.

- p. The advance towards share capital of Saksoft Investments Private Limited, UK has been converted into 2,401,000 5% redeemable preference share of GBP 1 each during the year.
- q. The Company had applied for voluntary deregistration of Saksoft Pty. Ltd. The Australian Securities and Investments Commission has vide letter dated June 9, 2009, accorded approval for deregistration of Saksoft Pty Ltd.
- r. Prior year comparatives have been regrouped / reclassified, wherever necessary, to conform to the current year's presentation.

For and on behalf of the Board of Directors

Aditya Krishna
Managing Director

R Rajagopalan
Director

Date : 28 May 2010
Place: Chennai

Niraj Kumar Ganeriwal
Chief Financial Officer

S Narayan
Company Secretary

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I Registration Details				
Registration No.	18-54429			State Code 18
Balance Sheet Date	31	03	2010	
	Date	Month	Year	
II Capital raised during the year (Amount in Rs.Thousands)				
Public Issue	NIL			Rights Issue NIL
Bonus Issue	NIL			Private Placement NIL
III Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)				
Total Liabilities	817,871			Total Assets 817,871
SOURCES OF FUNDS				
Paid-Up Capital	101,400			Reserves & Surplus 371,626
Secured Liabilities	2,651			Unsecured Loans 342,194
APPLICATION OF FUNDS				
Net Fixed Assets	45,713			Investments 660,682
Net Current Assets	104,761			Misc. Expenditure NIL
Accumulated Losses	NIL			Deferred Tax Assets 6,007
IV Performance of Company (Amount in Rs. Thousands)				
Turn Over*	426,679			Total Expenditure 402,099
Profit /Loss before tax	24,580			Profit/Loss after tax 16,611
* including 'Other Income'				
Earnings per Share in Rs.	1.73			Dividend rate % 10
V Generic Names of Three Principal Products/Services of Company (as per monetary terms)				
Item Code Number (ITC)	NA			
Product Description	Software Development Services Software Project Assignments Software Product Management			

For and on behalf of the Board of Directors

Aditya Krishna
Managing Director

R Rajagopalan
Director

Date : 28 May 2010
Place: Chennai

Niraj Kumar Ganeriwala
Chief Financial Officer

S Narayan
Company Secretary

*Consolidated
Financial
Statements
2009–10*

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

- 1 We have audited the attached consolidated Balance Sheet of Saksoft Limited (“the Company”) and its subsidiaries (collectively referred to as the “Saksoft Group”) as at March 31, 2010 and also the consolidated Profit and Loss Account and the consolidated Cash Flow Statement for the year ended on that date, annexed thereto. These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
- 2 We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3 We did not audit the financial statements and other financial information of certain subsidiaries, which have been audited by other auditors whose reports have been furnished to us, and our opinion is based on the report of other auditors. The attached consolidated financial statements include assets of Rs. 118.58 million as at 31 March 2010, revenues of Rs. 470.37 million and cash flows amounting to Rs. 5.67 million in respect of the aforementioned subsidiaries for the year then ended.
- 4 The consolidated financial statements have been prepared by the Company’s management in accordance with the requirements of Accounting Standard 21– Consolidated Financial Statements.
- 5 In our opinion and to the best of our information and according to the explanations given to us, the said consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i. in the case of the Consolidated Balance Sheet, of the consolidated state of affairs of Saksoft Group as at 31 March 2010;
 - ii. in the case of Consolidated Profit and Loss Account, of the consolidated results of operations of Saksoft Group for the year ended on that date; and
 - iii. in the case of Consolidated Cash Flow Statement, of the consolidated cash flows of Saksoft Group for the year ended on that date.

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

S Sethuraman
Partner
Membership No: 203491

Place : Chennai
Date : 28 May 2010

Saksoft Limited and its Subsidiaries
Balance sheet as at 31 March 2010

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

	Schedule	As at March 31, 2010	As at March 31, 2009
Sources of funds			
Shareholders' funds			
Share capital	1	101,400	101,400
Reserves & surplus	2	322,452	311,420
Loan funds			
Secured loan	3	2,651	2,539
Unsecured loan	4	476,450	550,720
		902,953	966,079
Application of funds			
Fixed assets			
Gross block	5	861,851	916,581
Less: Accumulated depreciation and amortisation		136,837	139,771
Net block		725,014	776,810
Capital work-in-progress		708	2,370
		725,722	779,180
Investments	6	5,562	11,043
Deferred tax asset	17(3)(e)	6,007	2,575
Current assets, loans and advances			
Sundry debtors	7	175,610	217,634
Cash and bank balances	8	52,954	87,916
Other current assets	9	20,818	15,593
Loans and advances	10	107,258	82,780
		356,640	403,923
Current liabilities and provisions			
Current liabilities	11	173,967	212,481
Provisions	12	17,011	18,161
		190,978	230,642
Net current assets		165,662	173,281
		902,953	966,079

Significant accounting policies and notes to the financial statements

17

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

As per our report attached

For and on behalf of the Board of Directors

for **B S R & Co.**

Chartered Accountants

Firm Registration No: 101248W

S Sethuraman

Partner

Membership No: 203491

Date : 28 May 2010

Place: Chennai

Aditya Krishna

Managing Director

R Rajagopalan

Director

Niraj Kumar Ganeriwal

Chief Financial Officer

S Narayan

Company Secretary

Saksoft Limited and its Subsidiaries
Profit and loss account for the year ended 31 March 2010

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

	Schedule	Year ended March 31, 2010	Year ended March 31, 2009
Income			
Software services		1,086,960	1,204,815
Other income	13	6,511	19,914
		1,093,471	1,224,729
Expenditure			
Employee costs	14	551,854	633,160
Operating and other expenses	15	388,086	434,364
Depreciation and amortisation	5	19,176	19,748
Interest and finance charges	16	38,229	33,866
		997,345	1,121,138
Profit before tax			
		96,126	103,591
Provision for taxes			
Current tax (net of MAT credit entitlement Rs. Nil (previous year – Rs. 2,600)		12,107	5,525
Fringe benefit tax		–	2,200
Deferred tax		(3,431)	(474)
Net profit after tax			
		87,450	96,340
Profit brought forward from previous year		304,984	220,507
Amount available for appropriation		392,434	316,847
Appropriations			
Proposed dividend		10,140	10,140
Dividend distribution tax		1,723	1,723
Amount transferred to general reserve		–	–
Balance in profit and loss account		380,571	304,984
		392,434	316,847
Earnings per share			
Equity shares of par value Rs. 10/– each			
Basic		9.12	10.05
Diluted		8.59	9.50
Number of shares used in computing earnings per share			
Basic		9,585,040	9,585,040
Diluted		10,180,000	10,140,000

Significant accounting policies and notes to the financial statements

17

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

As per our report attached

For and on behalf of the Board of Directors

for **B S R & Co.**

Chartered Accountants

Firm Registration No: 101248W

S Sethuraman

Partner

Membership No: 203491

Date : 28 May 2010

Place: Chennai

Aditya Krishna

Managing Director

R Rajagopalan

Director

Niraj Kumar Ganeriwal

Chief Financial Officer

S Narayan

Company Secretary

Saksoft Limited and its Subsidiaries
Cash flow statement for the year ended 31 March 2010

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

	Year ended March 31, 2010	Year ended March 31, 2009
A Cash flows from operating activities		
Profit before tax	96,126	103,591
Adjustments for:		
Depreciation and amortisation	19,176	19,748
(Profit) / Loss on sale of fixed assets, net	(488)	636
Provision for bad and doubtful debts	464	–
Profit on redemption of mutual fund units	(157)	(54)
Interest and dividend income	(249)	(638)
Interest and finance charges	38,229	33,866
Unrealised foreign exchange loss, net	2374	667
Operating profit before working capital changes	155,475	157,816
(Increase) / decrease in sundry debtors	38,451	(1,563)
(Increase) / decrease in other current assets, loans and advances	(26,150)	(30,605)
Increase / (decrease) in current liabilities and provisions	(39,664)	86,691
Cash generated from operations	128,112	212,339
Taxes paid, net	15,659	8,058
Net cash flows (used in) / from operating activities	112,453	204,281
B Cash flow from investing activities		
Purchase of fixed assets	(29,014)	(10,151)
Sale of fixed assets	1,160	344
Purchase of mutual fund units	(205,145)	(220,038)
Sale of mutual fund units	210,783	211,350
Interest and dividend income received	249	638
Net cash flows (used in) / from investing activities	(21,967)	(17,857)

Saksoft Limited and its Subsidiaries
Cash flow statement for the year ended 31 March 2010

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

	Year ended March 31, 2010	Year ended March 31, 2009
C Cash flow from financing activities		
Proceeds / (repayment) from long term borrowings	(74,461)	(121,107)
Interest and finance charges paid	(37,926)	(33,866)
Dividend and dividend tax paid	(11,863)	(5,931)
Net cash flows (used in) / from financing activities	(124,250)	(160,904)
D Exchange difference on translation of foreign currency	(1,198)	9,858
Net (decrease) / increase in cash and cash equivalents (A+B+C+D)	(34,962)	35,378
Cash and cash equivalents at the beginning of the year	87,916	52,538
Cash and cash equivalents at the end of the year (Refer to schedule 8 – Cash and bank balances)	52,954	87,916
Cash and cash equivalents include the following which in the view of the management are restricted in nature:	–	–
– in dividend account	92	34
– in fixed deposit account	145	113

Significant accounting policies and notes to the financial statements

17

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

As per our report attached

For and on behalf of the Board of Directors

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

Aditya Krishna
Managing Director

R Rajagopalan
Director

S Sethuraman
Partner
 Membership No: 203491
 Date : 28 May 2010
 Place: Chennai

Niraj Kumar Ganeriwal
Chief Financial Officer

S Narayan
Company Secretary

Saksoft Limited and its Subsidiaries
Schedules forming part of the financial statements

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

	As at March 31, 2010	As at March 31, 2009
SCHEDULE 1:		
SHARE CAPITAL		
Authorised:		
20,000,000 (Previous year 20,000,000) equity shares of Rs.10/- each	<u>200,000</u>	<u>200,000</u>
Issued, Subscribed and Paid-up		
10,140,000 (Previous year – 10,140,000) equity Shares of Rs.10/- each fully paid up	<u>101,400</u>	<u>101,400</u>
SCHEDULE 2:		
RESERVES & SURPLUS		
General reserve	33,986	33,986
Securities premium	73,627	73,627
Balance in Profit and loss account	380,571	304,984
Foreign currency translation reserve	(165,732)	(101,177)
	<u>322,452</u>	<u>311,420</u>
SCHEDULE 3:		
SECURED LOANS		
Finance lease obligations	<u>2,651</u>	<u>2,539</u>
	<u>2,651</u>	<u>2,539</u>
Note: Finance lease obligations are secured by the assets taken on lease.(refer note 3(b) of Schedule 17)		
SCHEDULE 4:		
UNSECURED LOAN		
From Sak Industries Private limited	342,193	301,576
From Sak Industries Pte Limited, Singapore	134,257	249,144
	<u>476,450</u>	<u>550,720</u>
Note: Interest accrued and due – Rs. 4,104 (Previous year – Rs. 3,801)) Loan repayable within one year Rs. Nil (Previous year Rs. Nil)		

Schedules forming part of the financial statements (continued)

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

SCHEDULE 5: FIXED ASSETS

Asset category	Gross block						Accumulated depreciation / Amortisation				Net block	
	As at April 1, 2009	Translation adjustment	Additions	Deletions	As at March 31, 2010	As at April 1, 2009	Translation adjustment	For the year	Deletions	As at March 31, 2010	As at March 31, 2010	As at March 31, 2009
Goodwill on consolidation	740,662	(62,729)	-	-	677,933	-	-	-	-	677,933	740,662	
Tangible assets												
Plant and machinery	12,199	-	206	4,066	8,339	8,291	1,306	3,900	5,697	2,642	3,908	
Computer equipments	71,421	(2,305)	1,977	-	71,093	57,039	6,810	-	61,453	9,640	14,382	
Office equipments	6,511	(360)	206	-	6,357	5,008	1,037	-	5,674	683	1,503	
Electrical installations	9,928	-	-	2,895	7,033	7,055	952	2,725	5,282	1,751	2,873	
Furnitures and fixtures	55,677	(2,719)	1,947	9,664	45,241	49,875	2,164	9,324	39,996	5,245	5,802	
Lease hold improvements	-	-	24,841	-	24,841	-	3,728	-	3,728	21,113	-	
Vehicles	129	-	37	-	166	118	16	-	134	32	11	
Intangible assets												
Goodwill on acquisition	3,509	(480)	-	-	3,029	3,509	-	-	3,029	-	-	
Intellectual property	4,500	-	-	-	4,500	4,500	-	-	4,500	-	-	
Software	7,957	(188)	149	-	7,918	2,795	1,755	-	4,355	3,563	5,162	
	912,493	(68,781)	29,363	16,625	856,450	138,190	17,768	15,949	133,848	722,602	774,303	
Assets acquired under finance lease												
Vehicles	4,088	-	1,313	-	5,401	1,581	1,408	-	2,989	2,412	2,507	
Total	916,581	(68,781)	30,676	16,625	861,851	139,771	19,176	15,949	136,837	725,014	776,810	
Previous year	1,022,360	(111,702)	7,781	1,858	916,581	120,901	19,748	878	139,771	776,810		

Schedules forming part of the financial statements (continued)

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

SCHEDULE 6: INVESTMENTS

	Face value	Balance as at April 1, 2009		Additions		Sales / Redemption		Balance as at March 31, 2010	
		No. of shares/units	Cost	No. of shares/units	Cost	No. of shares/units	Cost	No. of shares/units	Cost
Current, Non-trade, unquoted, at the lower of cost and fair value In Liquid mutual fund units DWS Insta Cash Plus Fund – Regular	Rs 10/- unit	1,099,866	11,043	20,407,936	205,145	20,954,468	210,626	553,334	5,562
Total		1,099,866	11,043	20,407,936	205,145	20,954,468	210,626	553,334	5,562

Aggregate amount of unquoted investments

Current year (31 March 2010)

5,562

Previous year (31 March 2009)

11,043

Saksoft Limited and its Subsidiaries
Schedules forming part of the financial statements (continued)

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

	As at March 31, 2010	As at March 31, 2009
SCHEDULE 7:		
SUNDRY DEBTORS (UNSECURED)		
Debts outstanding for a period exceeding six months		
Considered good	12,363	49,134
Considered doubtful	7,304	6,840
	19,667	55,974
Other debts, considered good	163,247	168,500
Less: Provision for doubtful debts	7,304	6,840
	175,610	217,634
SCHEDULE 8:		
CASH AND BANK BALANCES		
Cash on hand	13	40
Balances with scheduled banks		
In Current accounts	2,158	37,110
In Unclaimed dividend accounts	92	34
In Deposit accounts *	161	131
In Share application – Saksoft Limited refund account	196	196
Balances with a non scheduled bank		
In Current accounts **		
ICICI Bank UK Limited, London	1,765	2,355
Citibank N.A, Newyork, USA	19,290	14,063
Citibank N.A, Singapore	5,011	4,993
Dresdner Bank, Frankfurt, Germany	1,639	1,841
Citibank N.A, Australia	–	28
HSBC Bank Plc, Manchester, United Kingdom	22,629	27,125
	52,954	87,916
* includes Rs.145 (Previous year – Rs.113) under lien with the customs authorities		
** maximum amount outstanding during the year		
ICICI Bank UK Limited, London	2,355	4,453
Citibank N.A, Newyork, USA	21,086	28,864
Citibank N.A, Singapore	26,243	7,427
Dresdner Bank, Frankfurt, Germany	1,894	1,841
Citibank N.A, Australia	28	472
HSBC Bank Plc, Manchester, United Kingdom	35,083	28,322
SCHEDULE 9:		
OTHER CURRENT ASSETS		
Unbilled revenues	20,818	15,593
	20,818	15,593

Saksoft Limited and its Subsidiaries
Schedules forming part of the financial statements (continued)

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

	As at March 31, 2010	As at March 31, 2009
SCHEDULE 10:		
LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD)		
Deposits *	7,845	11,358
Prepaid expenses	68,611	55,619
Advance tax and taxes deducted at source, net of provision for tax Rs.39,366 (Previous year – Rs.34,893)	18,300	7,114
MAT credit entitlement	27	4,279
Other advances	6,925	4,410
Due from Whole time directors of the Company	5,300	–
Loan to Saksoft Employees Welfare Trust (refer note 3(h) to Schedule 17)	250	–
	107,258	82,780
* Deposits include Rs.Nil (Previous year – Rs.358) being security deposit for office premises paid to Sakserve Private Limited, a company under the same management		
SCHEDULE 11:		
CURRENT LIABILITIES		
Sundry Creditors		
Micro and small enterprises (refer note 3(j) of Schedule 17)	–	–
Others	166,151	202,941
Unclaimed dividend	92	34
Share application money due for refund	196	196
Other liabilities	7,528	9,310
	173,967	212,481
SCHEDULE 12:		
PROVISIONS		
Proposed dividend	10,140	10,140
Corporate dividend tax	1,723	1,723
Provision for gratuity	5,148	6,298
	17,011	18,161

Saksoft Limited and its Subsidiaries

Schedules forming part of the financial statements (continued)

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

	Year ended March 31, 2010	Year ended March 31, 2009
SCHEDULE 13:		
OTHER INCOME		
Dividend received on investment in liquid mutual funds	232	193
Interest received on deposits with banks	17	445
Profit on sale of fixed assets, net	488	–
Provision for expenses written back	622	–
Foreign exchange fluctuation gain, net	–	18,829
Miscellaneous income	5,152	447
	6,511	19,914
SCHEDULE 14:		
EMPLOYEE COSTS		
Salaries, wages and bonus	529,735	611,196
Contribution to provident and other funds	13,983	11,404
Staff welfare expenses	8,136	10,560
	551,854	633,160
SCHEDULE 15:		
OPERATING AND OTHER EXPENSES		
Education and support costs	182,159	145,333
License costs	11,225	90,488
Power and fuel	10,865	6,971
Rent	36,868	29,643
Repairs and maintenance		
Building	4,349	3,187
Machinery	1,076	842
Others	5,061	4,086
Professional charges	18,729	15,721
Audit Fees	4,741	3,867
Insurance	9,516	9,695
Rates and taxes	3,981	6,080
Travel and conveyance	61,210	84,860
Recruitment and training expenses	1,470	2,160
Communication expenses	13,196	15,368
Printing and stationery	1,271	999
Advertisement and business promotion expenses	2,977	2,515
Foreign exchange fluctuation loss, net	14,825	–
Provision for diminution in the value/ loss on disposal of investments	74	469
Bad debts written off	473	
Provision for doubtful debts	464	6,311
Loss on sale of assets, net	–	636
Commission to non executive directors	324	500
Sitting fees	400	245
Miscellaneous expenses	2,832	4,388
	388,086	434,364
SCHEDULE 16:		
INTEREST AND FINANCE CHARGES		
Interest on fixed period loan	37,099	32,911
Finance charges	1,130	955
	38,229	33,866

Saksoft Limited and its Subsidiaries

Schedules forming part of the financial statements

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

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

1. Background

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

Name of the subsidiary	Country of incorporation	Percentage of ownership interest
Saksoft Inc	United States of America	100%
Saksoft Pte Limited	Singapore	100%
Saksoft GmbH	Germany	100%
Saksoft Pty Limited (refer note 3(k) below)	Australia	100%
Saksoft Investments Private Limited	United Kingdom	100%

Step down subsidiaries of Saksoft Investments Private Limited:

Acuma Holding Limited	United Kingdom	100%
Acuma Solutions Limited	United Kingdom	100%
Acuma Software Limited	United Kingdom	100%
GA Information Services Limited	United Kingdom	100%
GA Information Systems Limited	United Kingdom	100%

2. Significant accounting policies

a. Basis of preparation of financial statements

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

Saksoft Limited and its Subsidiaries

Schedules forming part of the financial statements (continued)

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

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

2. Significant accounting policies (continued)

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 identifies that the goodwill has been impaired, the goodwill to the extent impaired is recognized in the Consolidated Profit and Loss Account.

c. Use of estimates

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

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

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

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

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

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

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

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

Saksoft Limited and its Subsidiaries

Schedules forming part of the financial statements (continued)

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

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

2. Significant accounting policies (continued)

e. Intangible assets and amortization

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

f. Leases

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

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

g. Impairment of assets

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

h. Investments

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

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

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.

Saksoft Limited and its Subsidiaries

Schedules forming part of the financial statements (continued)

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

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

2. Significant accounting policies (continued)

j. Revenue recognition

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

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

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

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

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

Interest income is recognized on the time proportionate method.

k. Employee benefits

Provident Fund

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

Gratuity

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

Compensated Absences

As per the employment policy of the Company, employees are required to encash 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.

Saksoft Limited and its Subsidiaries

Schedules forming part of the financial statements (continued)

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

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

2. Significant accounting policies (continued)

m. Earnings per share

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

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

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

n. Employees stock option schemes

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

o. Provisions, Contingent liabilities and Contingent assets

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

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

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

Saksoft Limited and its Subsidiaries

Schedules forming part of the financial statements (continued)

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

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

3. Notes to the financial statements

a. Capital commitments and contingencies

Particulars	As at March 31, 2010	As at March 31, 2009
Estimated amount of contracts remaining to be executed on capital account (net of capital advances) and not provided for Income-tax matters	675 12,494	22,676 4,709

b. Finance lease obligations

Particulars	As at March 31, 2010	As at March 31, 2009
Future obligations for assets taken on lease		
Not later than 1 year	1,825	1,387
Later than 1 year but not later than 5 years	1,332	1,731
	3,157	3,118
Less: Amounts representing future interest		
Not later than 1 year	388	356
Later than 1 year but not later than 5 years	118	223
	506	579
Present value of minimum lease rentals		
Not later than 1 year	1,437	1,031
Later than 1 year but not later than 5 years	1,214	1,508
	2,651	2,539

c. Quantitative details

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

d. Related party disclosures

Enterprises in which key management personnel exercise significant influence

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

Key management personnel

Mr Aditya Krishna – Managing Director
Mr N K Subramaniam – Whole Time Director
(w.e.f 25th September 2008)
Mr.V.Ramanathan – Whole Time Director
(resigned on 1st October 2008)

Saksoft Limited and its Subsidiaries
Schedules forming part of the financial statements (continued)

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

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

3. Notes to the financial statements (continued)

3.d.Related party disclosures (continued)

Transactions entered during the year

Description	Year ended March 31, 2010	Year ended March 31, 2009
Rent expense		
Sak Industries Private Limited	4,990	5,964
Interest on loan		
Sak Industries Private Limited	25,634	25,822
Sak Industries Pte Ltd	10,780	7,088
Borrowings / (Repayment), net		
Sak Industries Private Limited	40,000	(69,500)
Sak Industries Pte Ltd	(93,660)	(12,472)
Reimbursement of expenses		
Sak Abrasives Limited	454	(212)
Saksoft employees welfare trust	(242)	–
Sakserve Private Limited	64	75
Key management Personnel		
Managerial remuneration		
Mr Aditya Krishna – Managing Director	3,600	6,750
Mr N K Subramaniam – Whole Time Director	3,600	3,138
Mr.V.Ramanathan – Whole Time Director	–	2,220

Year end balances

Description	As at March 31, 2010	As at March 31, 2009
Loans and advances		
Sak Abrasives Limited	953	499
Saksoft employees welfare trust	250	491
Saksoft employees gratuity trust	25	25
Sakserve Private Limited	23	(41)
Dues from whole time directors		
– Mr Aditya Krishna	3,120	–
– Mr N K Subramaniam	2,180	–
Borrowings		
Sak Industries Private Limited	342,193	301,576
Sak Industries Pte Ltd	134,257	249,144

Saksoft Limited and its Subsidiaries
Schedules forming part of the financial statements (continued)

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

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

3. Notes to the financial statements (continued)

e. Deferred taxes, net

Particulars	As at March 31, 2010	As at March 31, 2009
Deferred tax assets		
Arising from timing differences in respect of:		
Fixed assets	2,404	–
Retirement benefits	2,070	2,464
Other tax disallowances	1,533	111
Net Deferred tax assets	6,007	2,575

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, 2010	Year ended March 31, 2009
Revenue		
India	96,804	54,468
United Kingdom	517,580	622,233
USA	347,229	371,629
Singapore	123,142	147,752
Rest of the world	2,205	8,733
	1,086,960	1,204,815

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.

Saksoft Limited and its Subsidiaries

Schedules forming part of the financial statements (continued)

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

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

3. Notes to the financial statements (continued)

g. Gratuity

Reconciliation of benefit obligation and plan assets

Particulars	Year ended March 31, 2010	Year ended March 31, 2009
Change in Defined Benefit Obligation		
Opening Defined Benefit Obligation	8,901	6,886
Current service cost	2,904	2,565
Interest cost	822	695
Actuarial losses/ (gain)	(3,599)	43
Benefits paid	(350)	(1,288)
Closing Defined Benefit Obligation	8,678	8,901
Change in Fair value of assets		
Opening fair value of plan assets	2,603	1,842
Expected return on plan assets	428	138
Actuarial gain/ (losses)	(151)	(88)
Contribution by Employers	1000	1,999
Benefits paid	(350)	(1,288)
Closing Fair Value of Plan Assets	3,530	2,603
Liability recognised in the balance sheet	5,148	6,298
Expense recognised in the Profit and loss account		
Current service cost	2,904	2,565
Interest cost on defined benefit obligation	822	695
Expected return on plan assets	(428)	(138)
Net Actuarial losses / (gains) recognised in a year	(3,448)	131
	150	3,253
Actual return on plan assets	277	50
Assumptions		
Discount rate	7.90%	7.20%
Expected rate of return on assets	7.50%	7.50%
Salary escalation	10% for first 4 years & 7% thereafter	10% for first 4 years & 7% thereafter

Saksoft Limited and its Subsidiaries

Schedules forming part of the financial statements (continued)

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

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

3. Notes to the financial statements (continued)

h. Employee Stock option plans ('ESOP')

ESOP 2006 Plan

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

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

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

Particulars	Year ended March 31, 2010	Year ended March 31, 2009
Options outstanding at the beginning of the year	301,500	347,000
Options granted during the year	–	340,000
Options exercised during the year	–	(500)
Options forfeited during the year	–	(240,000)
Options lapsed during the year	(89,750)	(145,000)
Options outstanding at the end of the year	211,750	301,500

ESOP 2009 Plan

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

The plan considers an aggregate of 500,000 options to be vested and exercised in accordance with the ESOP 2009 plan as approved by the Compensation Committee. As at the balance sheet date, the Compensation Committee has approved the grant of 120,000 options (date of grant: 23rd December 2009) to eligible employees of the Company and its subsidiaries at an exercise price of Rs.70.65 per option.

Saksoft Limited and its Subsidiaries
Schedules forming part of the financial statements (continued)

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

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

3. Notes to the financial statements (continued)

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

The details of the ESOP 2009 Plan are

Particulars	Year ended March 31, 2010	Year ended March 31, 2009
Options granted during the year	120,000	–
Options exercised during the year	–	–
Options forfeited during the year	–	–
Options lapsed during the year	–	–
Options outstanding at the end of the year	120,000	–

i. Earnings Per Share (EPS)

Particulars	Year ended March 31, 2010	Year ended March 31, 2009
Earnings		
Net profit for the year	87,450	96,340
Shares		
Equity shares as at the balance sheet date	10,140,000	10,140,000
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	9,585,040	9,585,040
Diluted Shares		
Weighted average number of equity shares outstanding during the year – Basic	9,585,040	9,585,040
Add: Shares held by Saksoft employees welfare trust	554,960	554,960
Add: Weighted average number of equity shares arising out of outstanding stock options that have dilutive effect on the EPS	40,000	NIL
Weighted average number of equity shares outstanding during the year – Diluted	10,180,000	10,140,000
Earnings per share of par value Rs.10 – Basic (Rs.)	9.12	10.05
Earnings per share of par value Rs.10 – Diluted (Rs.)	8.59	9.50

Saksoft Limited and its Subsidiaries

Schedules forming part of the financial statements (continued)

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

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

3. Notes to the financial statements (continued)

j. Dues to Micro and small enterprises

The management has identified enterprises which have provided goods and services to the Company and which qualify under the definition of micro and small enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2010 has been made in the financial statements based on information received and available with the Company and relied upon by auditors. Further in the view of the management, the impact of the interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material.

- k. The Company had applied for voluntary deregistration of Saksoft Pty. Ltd. The Australian Securities and Investments Commission has vide letter dated June 9, 2009, accorded approval for deregistration of Saksoft Pty Ltd.
- l. Prior year comparatives have been regrouped / reclassified, wherever necessary, to conform to the current year's presentation.

For and on behalf of the Board of Directors

Aditya Krishna
Managing Director

R Rajagopalan
Director

Date : 28 May 2010
Place: Chennai

Niraj Kumar Ganeriwal
Chief Financial Officer

S Narayan
Company Secretary

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

Name of the Subsidiary	Saksoft Inc., USA	Saksoft Pte Limited, Singapore	Saksoft GmbH Germany	Saksoft Investments Private Limited UK
The financial year of the Subsidiary Company ended on	31 st March 2010	31 st March 2010	31 st March 2010	31 st March 2010
Holding Company	Saksoft Limited	Saksoft Limited	Saksoft Limited	Saksoft Limited
Holding Company's Interest	100%	100%	100%	100%
Shares held by the Holding Company in the subsidiary	195000 equity shares of USD 1 each fully paid up	55002 equity shares of SGD 1 each fully paid up	25000 equity shares of Euros 1 each fully paid up	5001000 equity shares of GBP 1 each fully paid up
Net aggregate 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:				
a) For the Financial Year ended March 31, 2010 (Rs.in '000)	3,054	(4,131)	(711)	68,744
b) For the previous financial years of the Subsidiary since it became a subsidiary (Rs.)	19,339	(1,691)	(97)	14,778
Net aggregate amount of profit/losses of subsidiary so far as it concerns the members of the Holding Company dealt with or provided for in the accounts of the Holding Company:				
a) For the Financial Year ended March 31, 2010 (Rs.in '000).	NA	NA	NA	NA
b) For the previous financial years of the Subsidiary since it became a subsidiary (Rs.)	NA	NA	NA	NA

STATEMENT OF FINANCIAL INFORMATION ON EACH OF THE SUBSIDIARY COMPANIES PURSUANT TO SECTION 212(8) OF THE COMPANIES ACT, 1956

(Amount in Rs. '000)

Particulars	Saksoft Inc., USA 31 st March 2010	Saksoft Pte Limited, Singapore 31 st March 2010	Saksoft GmbH Germany 31 st March 2010	Saksoft Investments Private Limited, UK 31 st March 2010
Issued and Subscribed Capital	9,240	1,485	1,202	643,193
Reserves	22,240	(5,740)	(300)	(60,213)
Loans				134,257
Total Assets	66,697.00	53,041.00	1,772.00	854,062.00
Total Liabilities	35,217.00	57,296.00	870.00	136,825.00
Details of Investments	-	-	-	-
	Year ended 31st March 2010	Year ended 31st March 2010	Year ended 31st March 2010	Year ended 31st March 2010
Turnover	347,229	123,142	-	486,108
Profit Before Taxation	3,759	(4,131)	(710)	68,744
Provision for Taxation	706			
Profit after Taxation	3,053	(4,131)	(710)	68,744
Proposed Dividend	-	-	-	-

For and on behalf of the Board of Directors

Aditya Krishna
Managing Director

R Rajagopalan
Director

Niraj Kumar Ganerwal
Chief Financial Officer

S Narayan
Company Secretary

Date : 28 May 2010
Place: Chennai

SAKSOFT

SAKSOFT LIMITED

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

ATTENDANCE SLIP

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

Folio No. No. of Shares held

D.P. ID*	<input type="text"/>
Client ID*	<input type="text"/>

* Applicable to investors holding shares in electronic form.

I hereby record my presence at the **ELEVENTH ANNUAL GENERAL MEETING** held at Naradha Gana Sabha Mini Hall, No.314, T.T.K. Road, Alwarpet, Chennai 600 018 on **Friday, the 6th August 2010 at 10.00 am** as Shareholder/Proxy*

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

* Strike whichever is not applicable

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

SAKSOFT

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*	<input type="text"/>	No. of Shares held <input type="text"/>
Client ID*	<input type="text"/>	

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
Eleventh Annual General Meeting of the Company to be held on Friday, the 6th August 2010 at 10.00 A.M and at any
adjournment thereof.

Signed this Day of 2010

Affix
30 Paise
Revenue
Stamp

Signature

