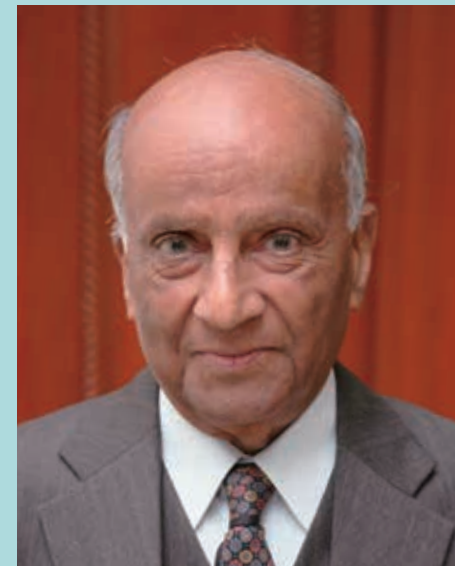


A photograph of two men in business suits shaking hands on a glass-enclosed balcony or walkway. In the background, a dense urban skyline with tall skyscrapers is visible under a bright sky. The image has a blue and white color palette with a slight blur effect, suggesting a fast-paced business environment.

Saksoft. India's leading...

Saksoft Limited | Annual report 2014-15

Tribute to our late Chairman



Mr Autar Krishna
8 September 1931 – 4 July 2015

Mr. Autar Krishna was the founder promoter of Sak Group of Companies.

Mr. Krishna, an entrepreneur, set up the Sak Group through sheer grit and determination. Today, the companies he has founded have marked their strong presence across multiple sectors and industries.

Mr. Krishna, along with his son Aditya Krishna, founded Saksoft in 1999. Today, Saksoft has emerged among the top mid-tier, listed information technology companies in India. The company has garnered a reputation globally as one of the top go-to-companies for high end business intelligence and information management services and consulting.

Mr. Autar Krishna's vision and business acumen will continue to be our guiding light as we grow and achieve his dreams and visions for the company and pursue corporate excellence.

... information management
and business intelligence
enterprise!



Corporate Information

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Board of Directors

Chairman (Non-Executive)

Autar Krishna

[Deceased on 04th July, 2015]

Independent Non-Executive Directors

R. Rajagopalan

Amitava Mukherjee

Ajit Thomas

Managing Director

Aditya Krishna

Non-Executive Director

Kanika Krishna

Executive Committee

Managing Director

Aditya Krishna

Chief Financial Officer

Niraj Kumar Ganeriwal

Global Head of HR

Annu Thomas

Executive Vice President & Global Delivery Head

Dhiraj Mangla

Senior Vice President and Head - Europe

Amit Chatterjee

Vice President of APAC sales

Bhaskar Narayanan

Senior Vice President and Business Head - US

Ramanan Madhu

Director - Consulting Services

Jonathan Eeley

Company Secretary & Compliance Officer

Vivekanandan Babu

Website

www.saksoft.com • www.acuma.co.uk

www.edprof.com • www.360logica.com

Email

info@saksoft.com; complianceofficer@saksoft.co.in;

investorqueries@saksoft.co.in

Auditors

M/s Suri & Co.,

Chartered Accountants No.4 (Old No.55A),

Chevalier Sivaji Ganesan Salai

(South Boag Road),

T. Nagar, Chennai - 600 017

Bankers

IndusInd Bank., Chennai

The Ratnakar Bank Limited, Chennai

Citibank N.A, Chennai

Deutsche Bank., Chennai

State Bank of India, Chennai

Registered and Corporate Office

SP Infocity,

Block A, 2nd Floor,

#40, Dr. MGR Salai, Kandanchavadi,

Perungudi, Chennai - 600 096.

Ph: 91-44-24543500, Fax: 91-44-24543501

Subsidiaries

Saksoft Inc., USA

Saksoft Pte Limited., Singapore

Saksoft Solutions Limited, UK

(Formerly Saksoft Investments Pvt Limited)

Saksoft GmbH., Germany

Saksoft FR SARL, France

Electronic Data Professionals, Inc US

Acuma Solutions Limited, UK

Acuma Software Limited, UK

ThreeSixty Logica Testing Services Private Limited, India and

ThreeSixty Logica Testing Services, Inc US.

Registrar and Share Transfer Agent (RTA)

Cameo Corporate Services Limited

Subramanian Building,

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

Ph: 91-44-28460390

Fax: 91-44-28460129

Development Centers

INDIA

Chennai

SP Infocity

Block A, 2nd Floor, #40,

Dr. MGR Salai,

Kandanchavadi,

Perungudi,

Chennai - 600 096.

Phone : + 91 44 2454 3500

Fax: + 91 44 2454 3510

Noida

B 35 - 36, Sector 80, Phase II,

(Near Moserbaer), Noida - 201305.

Phone : + 91 120 2462 175,

Fax : + 91 120 2462 179

Noida

ThreeSixtyLogica Testing Services Pvt Ltd

H-50, Sector-63, Noida-201301

P: +91 120 487 8300

Manchester

Waterside Court,

1 Crewe Road,

Manchester, M23 9BE.

Phone: +44 870 789 4321

Fax : +44-870 789 4002

Caution regarding forward-looking statements

This document contains statements about expected future events and financial and operating results of Saksoft Limited, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the management's discussion and analysis of the Saksoft Limited Annual Report 2014-15.



The Saksoft dashboard



Positioning

Saksoft is India's leading information management (IM) and business intelligence (BI) enterprise.

Industry prospects

The company belongs to an industry that is expected to grow multifold. This growth is expected to be derived from mid- and mid-to-large customers looking to harness the power of information management, enterprise integration, testing and analytics with the objective to strengthen the business.

Sustainability

Saksoft has remained profitable and dividend-paying since inception. The company's revenues and profits have grown at a 22% and 35% CAGR respectively in the years leading from 2010-11 to 2014-15.

Integrated

The company provides integrated solutions (following the acquisition of Acuma Solutions Ltd in 2006 and Three Sixty Logica Testing Services Pvt Ltd in end 2014) across multiple verticals, customers and geographies.

Presence

The Company is present across a range of sectors (banking, financial services, public sector; travel/ tourism, manufacturing, retail, telecom, logistics and distribution).

Employee base; gender diversity

The group's headcount stood at 685 as on 31 March 2015; the ratio of men-women employees stood at 4:1 (as on 31 March 2015)

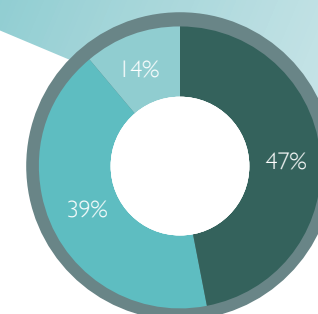
Listing and market capitalization

Saksoft is listed on the NSE (code: SAKSOFT) and BSE under permitted trading category (code: 590051); the Company's market capitalization was ₹1,423mn (31 March 2015).

Promoter experience

Mr. Aditya Krishna is the founder promoter of Saksoft Ltd and is at present the Managing Director of the Saksoft Group. Aditya served for many years in the banking and financial services industry, beginning with Chase Manhattan Bank and later with Citibank, New York. He relocated to India in 1990 as part of a four-member team to establish Citibank's Credit Card business in the country. Aditya founded Saksoft in 1999 and drives our global business development efforts and strategy, is responsible for the exponential growth of the company from a startup in 1999 to the IT services company it is today.

Sales footprint



- UK – 47% of revenues, 2014-15
- US – 39% of revenues, 2014-15
- ROW – 14% of revenues, 2014-15

Technology partners



The Managing Director's perspective



→ *Dear fellow shareholders,*
The robustness of a business model is appraised by the ability to report incremental revenues and profitable growth during challenging times.

In 2014-15, Saksoft reported a 3% increase in revenues to ₹2,314mn, even as net profit increased 12% to ₹167mn. We sustained our dividend payouts history and declared a 25% dividend for 2014-15.

What makes this performance even more creditable is that we achieved this growth with the same physical infrastructure, which indicates the responsiveness of our profitability to increase in revenues and the underlying robustness of the business model.

This performance indicates that we didn't just grow the size of our business during the year under review; we strengthened business quality as well. We didn't just respond to the challenges of the day; we strengthened the business to address the future.

Patience and foresight

The recent past has been marked by the emergence of technologies like Cloud computing and Analytics. A number of large customers began to evolve their technology platforms towards these emerging technologies.

At Saksoft, we are at the right place at the right time with the right competencies.

Saksoft invested patiently in its niche and has now emerged as a focused specialized service provider with top-of-the-line consulting and delivery capabilities. Saksoft possesses capabilities from problem identification to solution implementation. The result is that in the short span of a few years, Saksoft enjoys a go-to reputation for integrated, one-stop capabilities.

At Saksoft we believe in building capabilities an inch wide but a mile deep. In line with this conviction, we engaged in strategic and timely acquisitions. In October 2006, we acquired a 100% stake in the UK-based Acuma Group, an information management solutions firm almost our size. The buy-out was complementary; enabling us to combine Acuma's consulting competence with our global service delivery competence.

Besides, Saksoft made another strategic acquisition when it acquired a 51% share in Three SixtyLogica Testing Services Pvt Ltd in end-December 2014. This company

provides independent testing, services and QA consulting across multiple domains, businesses and technologies for US and UK clients. This acquisition addressed a key competence –testing – that will now make it possible for Saksoft to cross-sell and up-sell while retaining its niche specialness. What is creditable is Three Sixty Logica's full-fledged R&D set-up and 100-plus devices inventory, facilitating testing and simulation across platforms and operating systems.

We are optimistic that the acquisition of Three Sixty Logica will be margins-accretive for more reasons than technology competence. The acquisition was funded out of accruals and debt, protecting the integrity of the Balance Sheet and positioning the company attractively to sustainably enhance shareholder value.

Business transformation

Saksoft's acquisitions did not only seamlessly enhance synergies but also widened the customer base and geographic footprint. In addition to providing these companies with opportunities to enhance transaction value with a larger customer set (growing value over growing customer volumes), the company also possesses global infrastructure that enhances delivery flexibility.

Saksoft Group along with its UK subsidiary undertaking Saksoft Solutions Ltd and its flagship step down subsidiary Acuma Solutions Ltd were ranked 21st among the Top Indian companies in the UK as per Grant Thornton UK India Tracker 2015.



This transformation has not happened a day too soon. Saksoft's focus is to increasingly shift its business to a 'global delivery model' that makes it possible to drive a larger business pie offshore and open up the potential of enhancing margins. Having built complementary capabilities in resources, services and geographies, we are convincing customers to offshore a larger part of their work to attractive destinations like India, while being assured of work delivery as well as timelines through our front-end teams.

Outlook and the way forward

I am often asked to describe the potential of our business.

As per the IBM Big Data and Analytics Hub, over a 24-hour span there are 294 mn e-mails sent, a billion Google searches take place, 30+petabytes of user generated data is accessed, stored and analysed and 230 mn tweets are registered. The world of big data is changing dramatically right before our eyes – from the increase in big data

growth to the way in which it's structured and used. The trend of big data growth presents enormous challenges, but it also presents incredible business opportunities.

At Saksoft, we are India's leading information management and business intelligence enterprise, reinforcing customer competitiveness by providing complementary capabilities in data warehousing, information reporting, software testing and enterprise mobility solutions.

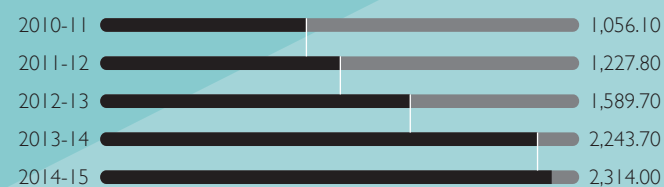
Having built cutting-edge competencies and capabilities, we are optimistic of business growth and enhancing value for our stakeholders.

Aditya Krishna,
Managing Director



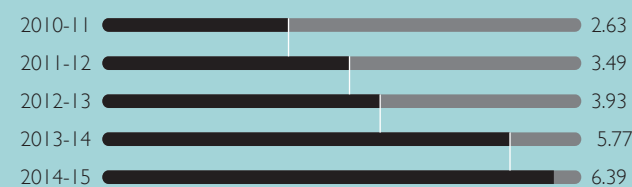
Solidity of the past.
Excitement of the future.

Turnover (₹ mn)

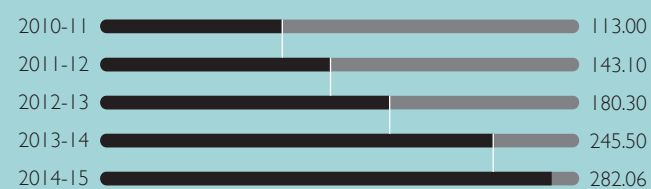


CAGR of 22%

Interest cover (x)

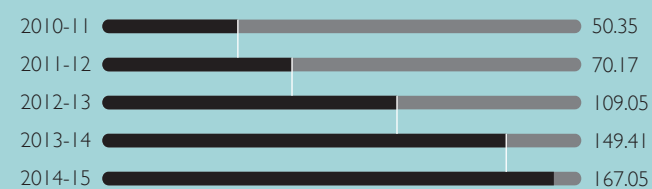


EBIDTA (₹ mn)



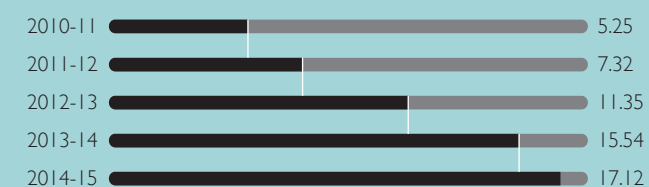
CAGR of 26%

Net profit (₹ mn)



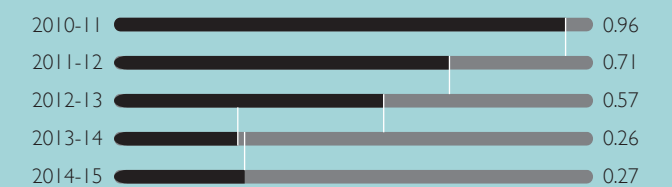
CAGR of 35%

Earnings per share (₹)



CAGR of 34%

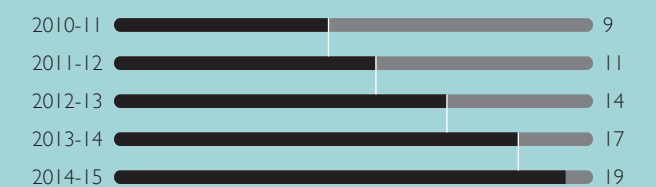
Debt-equity ratio (x)



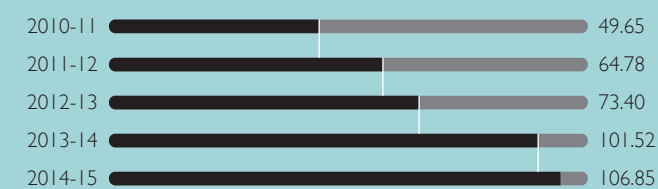
Dividend (%)



RoCE (%)



Book value per share (₹)



Based on consolidated financials

RoE (%)





8 reasons why one should take notice of Saksoft

Business integration enhances our ability to cross-sell and up-sell proprietary products and services

Saksoft provides integrated solutions in the business intelligence and information management spaces. This makes it possible for us to engage with the customer deeply, resulting in upsell and cross-sell opportunities in the application development and testing spaces.

Saksoft is transforming its business model

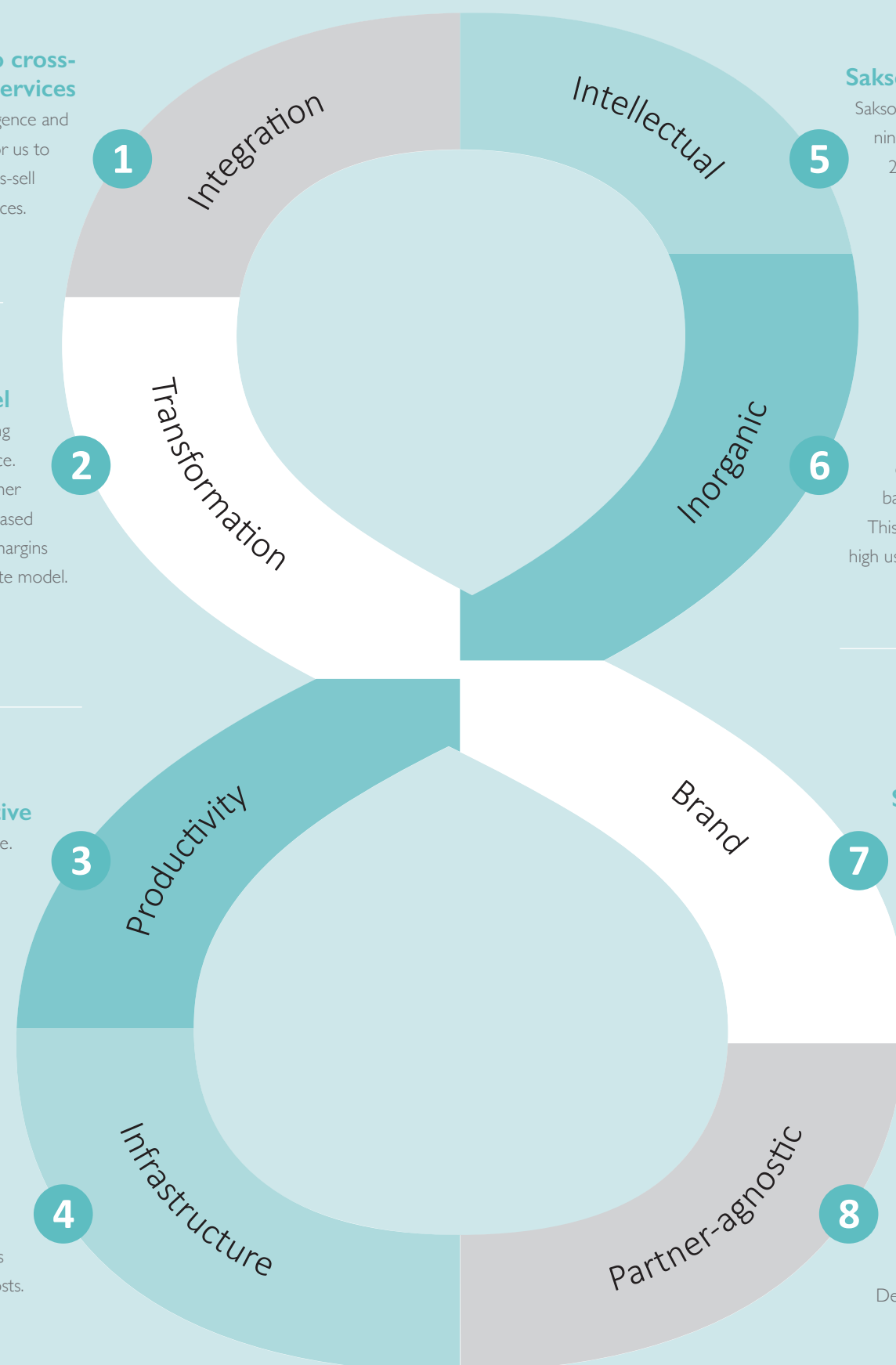
Saksoft is graduating towards a global delivery model, leveraging experienced resources and a multi-locational global presence. This graduation will enable the company to enhance its customer value proposition and enrich earnings quality. An increased offshoring will enable the company to significantly enhance margins over the onsite model.

Saksoft is engaged and productive

Saksoft employs a productive, focused and professional workforce. A transparent and entrepreneurial environment has helped moderate attrition to almost half the industry level. A right-sized bench makes it possible to ramp operations with speed.

Saksoft enjoys attractive operating leverage on account of untapped infrastructure

Saksoft's 50-seat Manchester centre and 650-seat India facilities (Chennai and Noida) were 60% utilized. This provides the company with attractive head room to scale operations without enhancing infrastructure costs.



Saksoft retained its core intellectual capital

Saksoft's senior management has been with the company for more than nine years (average). The senior management possesses a cumulative 200 person-years of experience (strategy, technology, sales and marketing, administration, finance and operations).

Saksoft grew inorganically without straining its Balance Sheet

Saksoft invested nearly ₹1,000mn in strategic acquisitions over the past decade. And yet the company closed 2014-15 with a comfortable debt-equity ratio of 0.27, attractive cash and bank balances of ₹152.78mn, and having open and unutilized credit lines. This financial comfort was achieved through prudent deal negotiation, high use of accruals and timely promoter funding.

Saksoft's brand is strong

Saksoft is a niche player with a large growing clientele. A high customer confidence was reflected in almost 53% of revenues being derived from customers working with the company for five years or more.

Saksoft is partner-agnostic

Saksoft is partner-agnostic, which makes it possible to select the most suitable partner in line with customer needs. The company forged several partnerships to enhance offerings, provide multiple platforms (licensed, open source or pay-per-use) and enhance customer flexibility. The company also deploys a range of proprietary products (Verisens, Acusend, Prima and Dedupe, among others).



“Highlight of the year was the acquisition of Three Sixty Logica, a testing company.”

Discussion with the management

Q What really makes Saksoft relevant in today's world?

A While managing data remains critical for growing companies, analyzing it and building actionable insights has emerged critical to competitiveness in a fast-changing business environment. Our information management and business intelligence competence is complemented with capabilities in application development and software testing. This combination makes it possible for us to grow clients and win new accounts. It would be relevant to indicate that our account management builds value and trust with clients that cannot just be derived from offering solutions but also in being able to resolve them in a timely and cost-effective manner.

Q What were some highlights of the company's working last year?

A It was the acquisition in end December 2014 of a 51% stake in Three Sixty Logica Testing Services, an independent testing company. Three Sixty Logica possesses the capability to develop test modules for diverse software products around client requirements; it offers

complete quality assurance services and software testing solutions.

Three Sixty Logica is headquartered in Noida with sales offices in California. The acquired company provides software product testing services across businesses, domains and technologies. The Company's software testing team comprises professionals from diverse backgrounds and sectoral experiences. Three Sixty Logica markets high-end software testing programs and test solutions to independent software vendors, software product companies and SMEs.

We are optimistic that following this acquisition, Saksoft will reinforce its position as a niche technology services provider with a focus on information management coupled with expertise in independent testing.

The other highlight was the establishment of the SAS Analytics near-shore facility for a large bank in India. This initiative will make it possible to deliver cost-effective solutions. Besides, Saksoft set up a 100% subsidiary in France to cater to the European market and grow its UK business.

Q What is the strength of the company's resources and infrastructure?

A Saksoft's 680-plus team is deployed in offices across US, UK, India and Singapore. In an industry that witnesses high churn levels for want of better opportunities and global postings, we have been able to control attrition by keeping our employees motivated, offering them global relocation opportunities and clear career roadmaps.

Q What differentiators strengthen Saksoft's competitive advantages over peers?

A There are a number of relevant differentiators. **One**, Saksoft possesses the capability to undertake end-to-end (data-to-decision) services in information management and business intelligence, making it a complete solution provider. **Two**, Saksoft possesses robust quality assurance practices, fortified with mobile testing with a real-time devices (100+) inventory. **Three**, Saksoft possess a strong expertise in application services leading to enduring client relationships.

Q What are some of our core strengths

A Saksoft is not a single-technology shop. The company has partnered multiple technology vendors to provide best-of-breed solutions. We bring to our clients' table more than a decade's rich experience in application development and maintenance. Moreover, the company's domain-specific frameworks and solution accelerators facilitate a quick turnaround. The company's strong quality assurance practice, with a specialty in mobile testing, is reinforced by a 100+ mobile device inventory and mobile testing simulators. Our agile process approach, quality adherence practices and managed services capabilities help customise services around client needs. Our offices are strategically proximate to key client locations, translating into long-term engagements.

Q How does Saksoft expect to extend partnerships into long-term business value?

A Saksoft is forging technology partnerships in the information management niche with specialized companies like Qlik Tech, Logi Analytics, Jaspersoft and SAP BO., among others. This is being done with the objective to cross-sell, upsell and collaborates in generating product and services revenues. This empowers the Company to widen its bouquet of offerings on the one hand and also enables the client to choose from a variety of products and services on the other.

Q What trends are shaping the digital world and how is the company addressing them?

A At Saksoft, we clearly see business intelligence/analytics moving from 'good to have' to 'analytics everywhere' in the next few years. With IOT (internet of things), big data, cloud and mobility emerging as disruptive technologies, business intelligence/analytics will start making in-roads into our daily lives. We are fairly optimistic that this will encourage businesses to embed analytics into their products.

In the business intelligence space, we partnered large incumbent players like SAP and new age discovery and visualization tools like Qlik, Jaspersoft and Logi Analytics (among others). This technology and product-agnostic approach will make it possible for Saksoft to emerge as a trusted client partner.

Besides, IT applications are moving from desktops to mobile devices following an explosion in mobile data traffic. Cisco estimates that mobile data is expected to grow 11x in four years - a mind-boggling 18 exabytes each month by 2018 (an exabyte is one billion gigabytes). Cisco also estimates that mobile data traffic will grow 61% annually into 2018; the incremental traffic from just one year (2017) is expected to be three times the entire mobile Internet traffic of 2013. Besides, the number of mobile users is expected to increase from 4.1 billion in 2013 to nearly five billion by 2018; the number of mobile-ready devices, including machine-to-machine connections, is

expected to increase from 7 billion in 2013 to more than 10 billion.

Besides, the sophistication of mobile devices is graduating well beyond smartphones, tablets and phablets. We are optimistic that this will require specialized testing/QA services on different smart devices and different versions. Saksoft's mobile QA lab possesses a competence of working with more than 100 smart devices, making it possible for customers to upgrade their IT applications and remain compatible with new devices and operating software versions.

Q How does the company intend to enhance shareholder value?

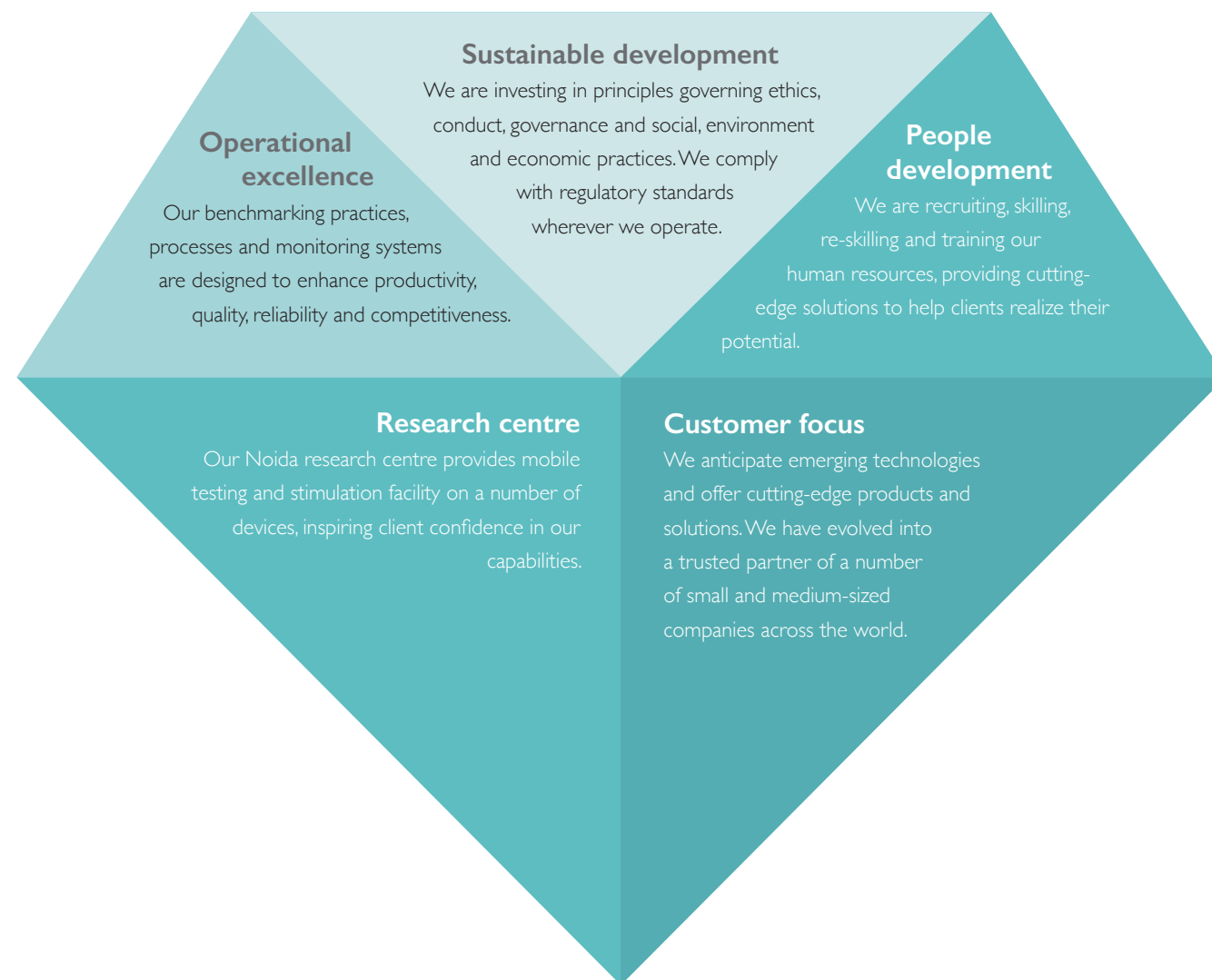
A We are optimistic of enhancing shareholder value by building a robust, scalable business. We expect to strike a balance between surplus re-investment and dividend distribution. We believe that increases in revenues and margins will reinforce shareholder value through dividend payout and capital appreciation. We declared ₹2.5 per share dividend for 2014-15, translating into an attractive payout of 25%.

Q What is your big picture vision across a five-year period?

A Our vision is to emerge as a preferred Information Management and Quality Assurance partner of successful companies around the world. We will continue to invest in our core offerings and build domain competence. We are growing our focus on the UK and US markets with the objective to emerge as a more valuable company.

Our operating framework

The Saksoft diamond, our operating framework, focuses on five elements that drive performance across all our business areas.



Our capacity, capability and competence – case study

Background

Saksoft's customer, one of the largest global financial institutions, is also the largest credit card issuer in the world. Saksoft manages the operations of the client's credit card business in 42 countries (Asia, Europe, Australia and Latin America) from the International Card Centre situated in Singapore and operational systems spread across multiple datacenters (Asia and Europe).

Problem analysis

The credit cards business uses either VisionPlus or CardPac to run its business with several customer-specific enhancements and add-on sub-systems. For example, the credit card businesses in Latin America and Europe runs on the VisionPlus system, where using the Query Management Facility package, users extract information from mainframe systems. The bank felt the need to build a solution with the following capabilities:

- Integrating information from 42 different countries that have multiple card products and currencies to meet the reporting needs of senior executives across the four regions – Asia, Europe, Latin America and Australia

- A robust architecture that can hold and process a 20 mn card base and provide MIS within four hours (from the time of a receipt of the feeds)
- 24x7 availability of MIS with drill-down and 'peel the onion' features
- Web-enabling report generation and dissemination
- Application system that is scalable, flexible and adaptable across countries

Solution

Saksoft Business Consulting Group studied the system followed by meetings at the Card Centre in Singapore. The result was a feed extracts finalization and common feed structure to cater to VisionPlus and CardPac systems. Saksoft's technical team engaged in a series of interactions with ICC technical teams and proposed an MIS application built on a warehouse possessing major components, each designed for specific jobs:

- File transmission from various operational and other systems
- Conversion tool to convert the EBCDIC feed files into ASCII feeds
- Transformation and loading (Sak DCOL) tool

- Comprehensive DB architecture
- Internal/ external component-based process engine
- Web/ application server with reusable components
- Web-based query tool
- Standardized, predefined information for reports

Technology

The technical architecture comprised Java™ /HTML at the front-end, PL/SQL as back-end data processing tool and Java Beans and IBM Web Sphere™ as middleware. The MIS system was hosted on Oracle™ 9i on a Sun Enterprise server with Solaris™ operating system.

Result

The Saksoft solution, developed in less than six months, was implemented across more than 40 countries. The solution provides senior management - globally, regionally and locally - with information across performance metrics with drill-downs across geographies, time and products. The application has reduced the 'wait' for key information across several countries.