

17th ANNUAL REPORT

2013-14

SANKHYA INFOTECH LTD.

Regd. Office : #405 NSIC Business Park,
ECIL PO, Hyderabad-500 062.

Phone : +91-40-3024 6300

Fax : +91-40-2713 6343

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Website : www.sankhya.net

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COMPANY INFORMATION

BOARD OF DIRECTORS

| | | |
|-----------------|---|------------------------------|
| Mr. N. Sridhar | : | Chairman & Managing Director |
| Mr. N. Srinivas | : | Vice Chairman |
| Dr. J. V. Rao | : | Independent Director |
| CA. Ch. Anand | : | Independent Director |

BANKERS

IDBI BANK Ltd.
CBG – Specialized Corporate Branch
#5 -9-89/1 & 2, Chapel Road, Hyderabad - 500 001.

STATUTORY AUDITORS

T.R. Chadha & Co., Chartered Accountants,
Office No.2, 2nd Floor, 6-3-1092/S/3 - Shanti Shikara Complex,
Block A, Rajbhavan Road, Somajiguda,
Hyderabad - 500 082, INDIA.

REGISTRARS & TRANSFER AGENTS

CANBANK COMPUTER SERVICES LTD.
JP ROYALE, 1st FLOOR, #218, 2nd Main,
Sampige Road, (Near 14th Cross),
Malleswaram, Bengaluru-560003
Tel: 91-80-23469661/62, 23469664/65
Fax: 91-80-23469667/668
Email Id: canbank_computer@dataone.in
URL: www.canbankrta.com

NOTICE

Notice is hereby given that the 17th Annual General Meeting of the Members of **SANKHYA INFOTECH LTD.** will be held on Saturday, the 27th September 2014 at 11.00 A.M at its registered office situated at #405, NSIC Business Park, ECIL PO, Hyderabad-500062 to transact the following business.

Ordinary Business

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2014 and Statement of Profit & Loss for the year ended on that date together with Notes thereto and the Reports of Board of Directors' and Auditors' thereon.
2. To appoint a director in the place of Mr. N. Srinivas who retires by rotation, and being eligible, offers himself for re appointment.
3. To appoint M/s.T.R. Chadha & Co. Chartered Accountants as Statutory Auditors of the Company and fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modifications(s), the following resolution as an Ordinary resolution:

"RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made there under, including any statutory modifications and re-enactments thereof from time to time, M/s. T.R. Chadha & Co., Chartered Accountants, (Firm Reg. No. 006711N) be and is hereby appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of next AGM of the company on such remuneration as shall be fixed by the Board of Directors.

Special Business

4. Appointment of Dr. J. Venkateswara Rao, as an Independent Director of the Company.

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

"RESOLVED that pursuant to the provisions of sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Rules framed there under, read with Schedule IV to the Act, as amended from time to time, Dr. J.Venkateswara Rao (DIN 06758800), a non-executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in section 149 (6) of the Act and in respect of whom the Company has received a notice in writing from a member, under Section 160 of the Companies Act, 2013, proposing his

candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company with effect from 27th September, 2014 up to 26th September, 2019."

NOTES:

1. The relative Explanatory Statement pursuant to section 102 of the Companies Act, 2013 (Act) in respect of the business under Item No. 4 of the Notice, is annexed hereto. The relevant details as required under clause 49 of the Listing Agreements entered into with the Stock Exchanges, of persons seeking appointment/re-appointment as Directors under Item No. 4 of the Notice, are also annexed.
2. A Member entitled to attend and vote at the annual general meeting is entitled to appoint a proxy or proxies, to attend and vote on poll, instead of himself and the proxy need not be a member of the company. The instrument appointing proxy should, however, be deposited at the registered office of the Company not later than 48 hours before the scheduled commencement of the meeting.
3. Corporate members are requested to send a duly certified copy of the Board Resolution authorizing their representative to attend and vote at the Annual General Meeting.
4. The Register of Members and Share Transfer Books of the Company will be closed from 20th Sept. 2014 to 27th Sept. 2014 (both days inclusive).

Members are requested to intimate immediately any change in their address to the Share Transfer Agents Address: M/s. Canbank Computer Services Ltd., (A Subsidiary of Canara Bank), JP Royale, 1st Floor, # 218, 2nd Main Sampige Road, (Near 14th Cross), Malleswaram, BENGULURU – 560003. Tel: +91 802 3469661/62, 2349664/65 Fax: +91 802 3469667/68 and in case their shares are held in dematerialized form, this information should be passed on to their respective Depository Participants without any delay.

5. Members / Proxies are requested to bring the Attendance slip duly filled in.
6. Members holding shares in electronic form are hereby informed that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrars cannot act on any request received directly from the Members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the Members.
7. We wish to inform you that our Company shares have already been admitted in both M/s National Securities

Depository Ltd. (NSDL) and Central Depository Services India Ltd. (CDSL) for the purpose of holding and trading of the shares in electronic mode. The ISIN allotted to **M/s. Sankhya Infotech Ltd.** is INE877A01013. Members who are holding shares in physical form are advised in their own interest to immediately apply for Dematerialization of their shares to hold the same in an electronic form. In order to dematerialize your shares and convert them into the electronic form, you are requested to open a Beneficiary Account with a Depository Participant (DP) and submit a dematerialization request along with the original share certificate(s) to a DP with whom you open a Beneficiary Account. The DP in turn will send your share certificate(s) to M/s. Canbank Computer Services Ltd., (A Subsidiary of Canara Bank), JP Royale, 1st Floor, # 218, 2nd Main Sampige Road, (Near 14th Cross), Malleswaram, BENGULURU – 560003. Tel: +91 802 3469661 / 62, 2349664/65 Fax: +91 802 3469667/68 for dematerialization of shares. Thereafter, you will receive a confirmation from the DP that the shares have been dematerialized and held in the electronic form, subject to meeting the entire statutory requirement for conversion from physical mode to the electronic mode.

8. The Notice of the AGM along with the Annual Report 2013-14 is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company/Depositories, unless any member has requested for a physical copy of the same. For members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode.

To support the "Green Initiative" the Members who have not registered their email addresses are requested to register the same with Company's Registrar and Transfer Agent as per the details given hereunder..

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

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

9. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities

market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company / Canbank Computer Services Ltd.

10. In Compliance with the provisions of Section 108 of the Act and the Rules framed there under, the members are provided with the facility to cast their vote electronically, through the e-voting services provided by NSDL, on all resolutions set forth in this Notice. It may be noted that this e-voting facility is optional.

The Instructions for e-voting are as under:

- A. In case a Member receives an e-mail from NSDL (for Members whose e-mail addresses are registered with the Company/Depositories):
 - i. Open the e-mail and also open PDF file namely "Sankhya e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password for e-voting. Please note that the password is an initial password.
 - ii. Open the internet browser and type the following URL:
<https://www.evoting.nsdl.com>.
 - iii. Click on Shareholder – Login.
 - iv. If you are already registered with NSDL for e-voting then you can use your existing user ID and password.
 - v. If you are logging in for the first time, please enter the user ID and password provided in the PDF file attached with the e-mail as initial password.
 - vi. The Password Change Menu will appear on your screen. Change to a new password of your choice, making sure that it contains a minimum of 8 digits or characters or a combination of both. Please take utmost care to keep your password confidential.
 - vii. Once the e-voting home page opens, click on e-voting> Active Voting Cycles.
 - viii. Select "EVEN" (E-Voting Event Number) of **Sankhya InfoTech Ltd.** (The number is provided in this Document). Once you enter the number, the cast vote page will open. Now you are ready for e-voting.
 - ix. Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
 - x. Upon confirmation, the message "Vote cast successfully" will be displayed.

- xi. Once the vote on the resolution is cast, the Member shall not be allowed to change it subsequently.
 - xii. Institutional shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF/JPG format) of the relevant Board Resolution/Authority letter, etc., together with attested specimen signature of the duly authorized signatory (ies) who are authorized to vote, to the Scrutinizer through e-mail to comp.officer@sankhya.net, with a copy marked to evoting@nsdl.co.in.
 - xiii. In case of any queries, you may refer the Frequently Asked Questions (FAQs) -Shareholders and E-voting user manual -Shareholders, available at the download section of www.evoting.nsdl.com.
- B. In case a Member receives physical copy of the Notice of AGM (for Members whose email addresses are not registered with the Company/Depositories):**
- i. Initial password is provided in the enclosed ballot form: EVEN (E-Voting Event Number), User ID and password.
 - ii. Please follow all steps from Sl. No. (ii) to Sl. No. (xiii) above, to cast vote.
- C. Other Instructions:**
- i. The e-voting period commences on Monday, September 22, 2014 (9.00 a.m. IST) and ends on Tuesday, September 23, 2014 (6.00 p.m. IST). During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on August 22nd, 2014, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Member, he shall not be allowed to change it subsequently.
 - ii. The voting rights of Members shall be in proportion to their shares of the paid up equity share capital of the Company as on August 22nd, 2014.
 - iii. Ms. Rekha Gadwal, Practicing Company Secretary (Membership No. ACS 28335), has been appointed as the Scrutinizer to scrutinize the e-voting process (including the Ballot Form received from the Members who do not have access to the e-voting process) in a fair and transparent manner.
 - iv. The Scrutinizer shall, within a period not exceeding three working days from the conclusion of the e-voting period, unblock the votes in the presence of at least two witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
 - v. Members who do not have access to e-voting facility may send duly completed Ballot Form (enclosed with the Annual Report) so as to reach the Scrutinizer appointed by the Board of Directors of the Company, Ms. Rekha Gadwal Practicing Company Secretary, (Membership No.ACS 28335), at the Registered Office of the Company not later than Tuesday, Sept., 23rd, 2014 (6.00 p.m. IST).
 - vi. Members have the option to request for physical copy of the Ballot Form by sending an e-mail to comp.officer@sankhya.net by mentioning their Folio / DP ID and Client ID No. However, the duly completed Ballot Form should reach the Registered Office of the Company not later than Tuesday, Sept., 23rd, 2014 (6.00 p.m. IST).
- Ballot Form received after this date will be treated as invalid.
- A Member can opt for only one mode of voting i.e. either through e-voting or by Ballot. If a Member casts vote by both modes, then voting done through e-voting shall prevail and Ballot shall be treated as invalid.
- vii. The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.sankhya.net and on the website of NSDL www.evoting.nsdl.com within two days of the passing of the resolutions at the Seventeenth AGM of the Company on Sept. 27th 2014 and communicated to the BSE Limited, where the shares of the Company are listed.

N. Sridhar
Chairman & Managing Director

Date : 14.08.2014
Place : Hyderabad

EXPLANATORY STATEMENT

(Pursuant to Section 102 of the Companies Act, 2013)

As required by section 102 of the Companies Act, 2013 (Act), the following explanatory statement sets out all material facts relating to the business mentioned under Item Nos. 4 of the accompanying Notice:

Item No. 4 :

The Company had, pursuant to the provisions of clause 49 of the Listing Agreements entered with the Stock Exchanges, appointed Dr. J. Venkateswara Rao, as Independent Director in compliance with the requirements of the clause.

Pursuant to the provisions of section 149 of the Act, which came in to effect from April 1, 2014, every listed public company is required to have at least one-third of the total number of directors as independent directors, who are not liable to retire by rotation.

In the opinion of the Board, each of these directors fulfill the conditions specified in the Act and the Rules framed there under for appointment as Independent Director and they are independent of the management.

In compliance with the provisions of section 149 read with Schedule IV of the Act, the appointment of these directors as Independent Directors is now being placed before the Members for their approval.

The terms and conditions of appointment of the above Directors shall be open for inspection by the Members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday.

Except Dr. J. Venkateswara Rao, none of the Directors and key managerial personnel of the Company or their respective relatives is concerned or interested in the Resolution mentioned at Item No. 4 of the Notice.

Details of Directors seeking appointment/re-appointment at the Annual General Meeting

| Particulars | Dr. J. Venkateswara Rao | N. Srinivas |
|--|--|---|
| Date of birth | 23-02-2054 | 02.02.1959 |
| Date of Appointment | 01.12.2013 | 21.07.1997 |
| Qualifications | M.Sc, Phd. | M.COM, ICWA |
| Expertise in specific functional areas | Strategic Planning and Advisory in IT, Telecom and Financial Sectors | Entrepreneur, Accounts and Business Development |
| Directorships held in other companies (excluding foreign companies) | Nil | 3 |
| Memberships/Chairmanships of committees of other companies (includes only Audit Committee and Shareholders/ Investors Grievance Committee) | Nil | Nil |
| Number of shares held in the company | 12,000 | 8,21,953 |

FINANCIAL DATA & ANALYSIS

| Comparative Income Statement (Rs. In Lacs) | | | |
|---|------------|--------------|------------|
| Particulars | Actuals | Actuals | Actuals |
| | FY 2011-12 | FY 2012-13 | FY 2013-14 |
| Revenues | 7,654 | 10,571 | 13,881 |
| Growth % of Revenue | 47 | 38 | 39 |
| Employee Cost | 5,000 | 6,493 | 8,624 |
| % of sales | 65 | 61 | 62 |
| Other Expenses | 1,905 | 2,855 | 4,529 |
| % of sales | 25 | 27 | 33 |
| EBITDA | 749 | 1,223 | 728 |
| EBITDA Margin% | 10 | 12 | 5 |
| Depreciation | 346 | 480 | 471 |
| PBIT | 403 | 743 | 257 |
| Interest Expenses | 298 | 401 | 458 |
| PBT from Operations | 105 | 342 | (201) |
| Other Non Operating Income | 49 | (53) | 647 |
| PBT from Operations | 154 | 289 | 445 |
| PBT Margin% | 2 | 3 | 3 |
| Provision for Tax | 81 | 6 | 137 |
| other provision | - | 277 | 219 |
| PAT | 73 | 6 | 90 |
| Adj. for Extraordinary items | - | - | - |
| Adjusted PAT | 73 | 6 | 90 |
| Net profit Margin% | 1 | 0 | 1 |

| Comparative Balance Sheet (Rs. In Lacs) | | | |
|--|---------------|---------------|---------------|
| Particulars | Actuals | Actuals | Actuals |
| | FY 2011-12 | FY 2012-13 | FY 2013-14 |
| Share Capital | 1,125 | 1,125 | 1,125 |
| Reserves | 5,683 | 5,689 | 5,778 |
| Share application money allotment | - | - | - |
| Shareholders fund | 6,807 | 6,813 | 6,903 |
| Long term Debt | 725 | 888 | 784 |
| Other Long Term Liabilities | 50 | 62 | 181 |
| Shor term debt | 2,000 | 2,161 | 2,200 |
| short term loan | - | - | - |
| Other Short Term Liabilities | 695 | 628 | 916 |
| Total Capital Employed | 10,277 | 10,553 | 10,984 |
| Non current Assets | | | |
| Fixed Assets | | | |
| Tangible | 78 | 65 | 53 |
| Intangible | 4,247 | 4,368 | 4,848 |
| Net Fixed Assets/Net Block after accumulated depreciation | 4,325 | 4,434 | 4,902 |
| Capital work in progress | 696 | 696 | 696 |
| Non-current Investments | 58 | 58 | 58 |
| Long Term Loans and Advances | 598 | 605 | 601 |
| | 1,352 | 1,359 | 1,355 |
| Current Assets | | | |
| Debtors | 3,404 | 3,980 | 4,091 |
| Cash & Bank Balances | 265 | 23 | 15 |
| Other Current Assets | 836 | 753 | 578 |
| Short term loans and advances | 95 | 4 | 44 |
| Total Assets | 10,277 | 10,553 | 10,984 |

| Comparative Cash flow from operations (Rs. In Lacs) | | | |
|--|-------------------|-----------------|-----------------|
| Particulars | Actuals | Actuals | Actuals |
| | FY 2011-12 | FY 2012-13 | FY 2013-14 |
| Cash flow from operations | | | |
| Profit after tax | 73.31 | 6.05 | 89.59 |
| Depreciation | 345.97 | 479.89 | 471.21 |
| Interest expenses | 298.34 | 385.02 | 458.29 |
| OP profit before WC changes | 717.62 | 870.96 | 1,019.09 |
| Working capital adjustment | (260.67) | (464.21) | 474.48 |
| Cash from operations | 456.95 | 406.74 | 1,493.57 |
| Cash flow from investing | | | |
| capex | (1,206.58) | (588.56) | (939.60) |
| CWIP | (62.69) | - | - |
| Cash from investment | (1,269.27) | (588.56) | (939.60) |
| Cash flow from financing | | | |
| interest paid | (298.34) | (385.02) | (458.29) |
| other financing | 1,223.60 | 324.67 | (103.81) |
| Increase in share capital | - | - | - |
| cash from financing activities | 925.27 | (60.35) | (562.10) |
| Opening Cash & cash equivalents | 152.19 | 265.14 | 22.97 |
| Net cash increase/decrease | 112.94 | (242.16) | (8.12) |
| Closing cash & Cash Equivalents | 265.14 | 22.97 | 14.85 |

| Comparative Key Ratios | | | |
|-------------------------|------------|------------|------------|
| Particulars | Actuals | Actuals | Actuals |
| | FY 2011-12 | FY 2012-13 | FY 2013-14 |
| Margin Ratios(%) | | | |
| EBITDA Margin | 9.79 | 11.57 | 5.25 |
| PBIT Margin | 5.27 | 7.03 | 1.85 |
| PBT Margin | 2.01 | 2.74 | 3.21 |
| PAT Margin | 0.96 | 0.06 | 0.65 |
| Growth Ratios(%) | | | |
| Revenues | 47.00 | 38.00 | 39.00 |
| Return Ratios(%) | | | |
| ROCE | 7.29 | 11.59 | 6.63 |
| ROIC | 6.50 | 11.53 | 5.39 |
| Reported EPS | 0.65 | 0.05 | 0.80 |
| Liquid Analysis | | | |
| Current Ratio | 1.39 | 1.42 | 1.36 |
| Quick Ratio | 1.10 | 1.19 | 1.20 |
| Solvency Ratios | | | |
| Total Debt/Equity% | 0.1 | 0.1 | 0.1 |

DIRECTOR'S REPORT

Dear Shareholders,

Your directors are pleased to present the 17th Annual Report and Audited accounts for the financial year ending 2013-14. Focus in this financial year was to achieve improvement in margins. The key success has been that the company has started to bring back works from Onsite to offshore. This process will continue with an aim to bring over 60% of onsite jobs to offshore that would have a good impact on the margins. This year sales recorded 39% growth.

FINANCIAL HIGHLIGHTS 2013-14

| | (Rs. In Lakhs) | |
|--|----------------|---------|
| FINANCIAL HIGHLIGHTS | 2013-14 | 2012-13 |
| Income from Operations | 13,881 | 10,571 |
| Other Income | 647 | (53) |
| Total Income | 14,528 | 10,518 |
| Total Expenditure | 13,153 | 9,348 |
| Earnings before Depreciation, Interest & Tax | 1,375 | 1,170 |
| Depreciation | 471 | 480 |
| Interest | 458 | 401 |
| Profit Before Tax | 445 | 289 |
| Provision for Tax including | 137 | 6 |
| Other Provisions | 219 | 277 |
| Profit after Tax | 90 | 6 |
| Earnings Per Share | 1 | 0 |

BUSINESS OPERATIONS

The company has successfully completed the execution of the prestigious Mumbai Rail Vikas Corporation Simulation project. Dubbed as the most complex rail network in the world Sankhya successfully completed the simulation project for MRVC that would help the corporation prepare train schedules for improved productivity and efficiency of rail assets utilization. Won against stiff international competition this World Bank project has been completed in a record time.

The company has also won another prestigious contract from Delhi Metro Rail Corporation for Simulation of the rail track maintenance. The company is scheduled to complete the execution of this project within the time.

Your company has won the CBSE online education project that aims to provide online education to over 11.5 million students.

Management focus this year has been in improving margin, therefore the company focused on bringing the onsite jobs back to offshore, and this process has been successfully started.

OUTLOOK

Your company has collaborated with Microsoft and ported its applications on Windows AZURE platform, the company has won its first customer for its online delivery model. This is a significant development and paves way for a tremendous growth in the future.

Your company has excellent order book that got better with the CBSE contract and the company aims to both achieve a target growth of above 20% and substantially improved margins.

Your Company aims to bring over 60% of the jobs from onsite to offshore. This would substantially improve the margins of the company.

SUBSIDIARY COMPANIES

The financial details of the subsidiary companies as well as the extent of holding therein are provided in a separate section of the Annual Report at **Annexure 1**:

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

CONSOLIDATED FINANCIAL STATEMENTS

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

DEPOSITS

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

1. In the preparation of Annual Accounts, the applicable Accounting Standards have been followed and that there are no material departures from the same.
2. Directors have selected the appropriate Accounting Policies and applied consistently and have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March 2014, and of the profit of the Company for that period.
3. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. The Annual Accounts have been prepared on a going concern basis.

THE BOARD OF DIRECTORS

The Company had, pursuant to the provisions of clause 49 of the Listing Agreements entered into with Stock Exchange, appointed Dr. J. Venkateswara Rao as Independent Director of the Company.

Mr. N. Srinivas is retiring by rotation at the AGM and is offering himself for re-appointment.

AUDITORS

The Company's auditors M/s. T.R. Chadha & Co., Chartered Accountants retire at the ensuing Annual General Meeting and expressed their willingness to continue as Auditors of the Company.

CONSERVATION OF ENERGY & ABSORPTION.

Your company's operations are software oriented and not energy intensive. Adequate measures are taken to conserve energy wherever possible.

MANAGEMENT DISCUSSION & ANALYSIS

Pursuant to the provision of clause 49 of the listing agreement, a report on Management Discussion & Analysis is enclosed as **Annexure 2** to this report.

CORPORATE GOVERNANCE

As per clause 49 of the listing agreement with the stock exchanges, a separate report on Corporate Governance is enclosed as **Annexure 3** forming part of the Annual Report

A certificate from a firm of Chartered Accountant in whole time practice confirming compliance with the conditions of Corporate Governance as stipulated under clause 49 of the Listing Agreement is annexed to this report as **Annexure 4**.

CMD's DECLARATION

Pursuant to the provision of clause 49 (I) (D) (ii) of the Listing Agreement, a declaration by the Chairman & Managing Director of the company declaring that all the members of the Board and the senior Management personnel of the company have affirmed compliance with the code of conduct of the company, is enclosed as **Annexure 5** of this report.

PARTICULARS OF EMPLOYEES

"No Employee of the company was in receipt of remuneration during the financial year 2013-14 in excess of the sum prescribed under section 217(2A) of the companies Act, 1956 read with the companies (Particulars of Employees) Rule, 1975."

INDUSTRIAL RELATIONS

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

ACKNOWLEDGEMENTS

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

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

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

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

Place : Hyderabad
Date : 14.08.2014