

18th ANNUAL REPORT

2014-15

SANKHYA INFOTECH LTD.

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

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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
Ms. Nalini. N	:	Woman 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

Karvy Computershare Private Limited, # Karvy Selenium Tower B, Plot No. 31-32,
Gachibowli, Financial District, Nanakramguda, Hyderabad 500 032
Tel: 91-40-67161602, 67162222
Fax: 91-40-23311968, 23469667/668
E-mail: einward.ris@karvy.com
URL: www.karvycomputershare.com

NOTICE

Notice is hereby given that the 18th Annual General Meeting of the Members of **SANKHYA INFOTECH LIMITED** will be held on Tuesday, the 29th September, 2015 at 11.00 A.M. at its Corporate office situated at # 405, NSIC Business Park, ECIL PO, Hyderabad – 500 062 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2015 and Statement of Profit and Loss for the year ended on that date, together with Notes thereto and Reports of Directors' and Auditors' thereon.
2. To appoint a director in the place of Mr. N. Sridhar, who retires by rotation, and being eligible, offers himself for re appointment.
3. To Appoint M/s. Komandoor & Co as Statutory Auditors of the Company and to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modifications and re-enactments thereof from time to time, M/s. Komandoor & Co., Chartered Accountants, (Firm Reg. No. 001420S 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.

"RESOLVED THAT pursuant to the provisions of section 139, 142 read with (Audit and Auditors Rules), 2014, (the rules), (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) M/s. Komandoor & Co. Chartered Accountants, Hyderabad (Firm Registration number 001420S with the Institute of Chartered Accountants of India), have confirmed their eligibility to be appointed as Auditors, in terms of provisions of Section 141 of the Act, and Rule 4 of the Rules, be and are hereby appointed as Statutory Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of next Annual General Meeting subject to the ratification of their appointment by the members in every AGM of the Company on such remuneration as may be agreed upon by the Audit Committee / Board of Directors in consultation with the Auditors."

SPECIAL BUSINESS

4. To Appointment of Ms. Nalini Nadupalli, as a 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, Ms. Nalini Nadupalli (DIN 07244427), a non-executive Director of the Company, who has submitted a declaration that she is eligible to appoint as Director 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 her candidature for the office of Director, be and is hereby appointed as an Director of the Company with effect from 14th February, 2015."

Hyderabad
Date: 29.08.2015
For & On behalf of Board of Directors
N. Sridhar
Chairman & Managing Director
DIN: 00089548

NOTES

1. A Member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of himself/ herself and such proxy need not be a member of the Company. Proxies in order to be effective must be received at the Registrar office of the Company at least 48 hours before the Meeting.
2. Explanatory Statement as per Section 102 of the Companies Act, 2013 is attached hereto.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from 22nd September, 2015 to 29th September, 2015 (both days inclusive).
4. All correspondences relating to change of Address, Transfer and Demat of Shares may be addressed to our Registrar and Share Transfer Agent, M/s. Karvy Computer share Pvt Ltd Phone: 040-67162222 Fax: 040-23311968 E-mail: einward.ris@karvy.com
5. Members are requested to quote the Folio Numbers or Demat Account Numbers and Depository Participant ID (DPID) in all correspondence to the Registrar and Share Transfer Agents of the Company.
6. Members holding shares in physical form are requested to consider converting their holding to dematerialized form to eliminate all risks associated with physical shares and for ease of portfolio management. Members can contact the Company or Karvy Computer share Pvt Ltd for assistance in this regard.
7. Members holding shares in physical form in identical orders of names in more than one folio are requested to send to the Company, or Karvy Computer share Pvt Ltd. The details of such folio together with the Share Certificates for consolidating their holding in one folio. A consolidated Share Certificate will be returned to such Members after making requisite changes thereon.
8. In case of joint holders attending the meeting, the Member whose name appears first in the order of names as per the Register of Members of the Company will be entitled to vote.
9. Members seeking any information with regard to the Annual Accounts are requested to write to the Company at an early date, so as to enable the Management to keep the information ready at the Meeting.
10. Pursuant to SEBI notification No. MED/ DOP/ Circular/ 05/ 2009 dated 20th May, 2009, it has become mandatory for the transferee(s) to furnish copy of PAN Card to the Company/ RTA to enable/ effect transfer of Shares in physical form.
11. The Equity Shares of the Company are available for trading in dematerialized form (electronic form) through depository participants. The Company has entered into agreements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited. ISIN Code No. INE877A01013 All Shareholders holding Shares in physical form are requested to make use of this facility. Members are requested to open De-mat account with any of the depository participants to enable transactions in electronic mode.
12. In terms of Section 205A read with Section 205C of the Companies Act, 1956, the Dividend declared for the year ended 31st March, 2007 and for all the preceding financial years which remain unclaimed for a period of seven years will be transferred to the Investor Education and Protection Fund established by the Central Government. Members are requested to note that no claims shall lie against the

Company or the said Fund in respect of any amounts which are unclaimed and unpaid for a period of seven years from the dates that they first became due for payment and no payment shall be made in respect of any such claims.

13. The notice of the 18th Annual General Meeting along with the Annual Report 2014-2015 is being forwarded in electronic mode to those Members whose e-mail address 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 address, physical copies are being sent through the permitted mode.

To support the **'Green Initiative'**, the Members who have not registered their e-mail address are requested to register the same with **Karvy Computershare Pvt Limited**.

Voting through electronic means:

Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, the Company is pleased to offer e-voting facility to the members to cast their votes electronically on all resolutions set forth in the Notice convening the 18th Annual General Meeting to be held on 29th September, 2015 at the Corporate office of the Company situated at # 405, NSIC Business Park, ECIL PO, Hyderabad – 500 062. The Company has engaged the services of Karvy Computer share Pvt Ltd to provide the e-voting facility. The instructions for E-voting are as under:

- (A) The instructions for Shareholders voting electronically are as under:
 - (i) The voting period begins on 25th September, 2015 (9.00 A.M. IST) and ends on 28th September, 2015 (6.00 P.M. IST). During this period Shareholders of the Company, holding Shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 25th September, 2015, may cast their vote electronically. The e-voting module shall be disabled by Karvy Computershare Pvt Ltd for voting thereafter.
 - (ii) The Shareholders should log on to the e-voting website <https://evoting.karvy.com>
 - (iii) Click on Shareholders.
 - (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
 - (v) Next enter the Image Verification as displayed and Click on Login.
 - (vi) If you are holding shares in demat form and had logged on to <https://evoting.karvy.com> and voted on an earlier voting of any Company, then your existing password is to be used.
 - (vii) If you are a first time user follow the steps given below:

	For Members holding Shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> • Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. • In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN Field.
DOB	Enter the Date of Birth as recorded in your demat account or in the Company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the Company records for the said demat account or folio. <ul style="list-style-type: none"> • Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or Company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-voting through Karvy platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT." A confirmation box will be displayed. If you wish to confirm your vote, click on "OK," else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If Demat account holder has forgotten the same password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Note for Non – Individual Shareholders and Custodians
- Non-Individual Shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to <https://evoting.karvy.com> register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to Mr. Chandrasekhar Raman, Senior Manager, Karvy Computershare Private Limited, (Unit: Sankhya Infotech Limited), # Karvy Selenium Tower B, Plot No. 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad 500 032 e-mail id evoting@karvy.com Phone No.040 - 6716 1602 or may write to the Company Secretary at the registered office of the Company. After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on
 - The list of accounts should be mailed to evoting@karvy.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favor of the Custodian, if any, should be uploaded in PDF format in the system for the Scrutinizer to verify the same.
- (xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evoting.karvy.com, under help section or write an email to evoting@karvy.com.

Other instructions:

- In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at <https://evoting.karvy.com> under help section or write an email to evoting@karvy.com
- The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 21st September, 2015.
- The Board of Directors has appointed Mr. K. Bhima Sankara Rao, Practicing Company Secretary, (Membership No. ACS 34124 & CP- 12730) as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner. Mr. K. Bhima Sankara Rao has conveyed to the Company his willingness to act as such.
- The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favor or against, if any, forthwith to the Chairman/Designated Director of the Company.
- The Results shall be declared within three (3) days from the conclusion of the AGM. 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 RTA <https://evoting.karvy.com> within three (3) days of passing of

the Resolutions at the AGM of the Company and communicated to the Stock Exchanges, where the Equity Shares of the Company are listed.

- (vi) Further, members may note the following:
- Remote e-voting shall not be allowed beyond the said date and time.
 - The Company is providing facility to vote on a poll to the members present at the meeting.
 - The members who have cast their vote by remote e-voting may also attend the Meeting but shall not be entitled to cast their vote again.
 - A person whose name is recorded in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting or voting in the General Meeting.
 - All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal hours (10.00 am to 12.00 noon) on all working days, up to and including the date of the Annual General Meeting of the Company.

**For & On behalf of the Board
M/s. Sankhya Infotech Limited**

**Date : 29.08.2015
Place: Hyderabad**

**N. Sridhar
Chairman & Managing Director**

EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF COMPANIES ACT, 2013

Item No. 4

The Company has appointed Ms. Nalini Nadupalli, as an Additional Director of the Company on 14th February, 2015. According to the provisions of Section 160 of the Companies Act, 2013 Ms. Nalini hold the office till the conclusion of this AGM.

Pursuant to the provisions of the Companies Act, 2013 her appointment requires approval of the members in the general meeting. Hence, the Board placed the resolution for the consent of the members.

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.

None of the Directors expect Ms. Nalini Nadupalli, Mr. N. Sridhar and Mr. N. Srinivas 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.

**For & On behalf of the Board
M/s. Sankhya Infotech Limited**

**Date : 29.08.2015
Place: Hyderabad**

**N. Sridhar
Chairman & Managing Director**

FINANCIAL DATA & ANALYSIS

Comparative Income Statement (Rs. In Cr)			
Particulars	Actuals	Actuals	Actuals
Financial Year	FY 2012-13	FY 2013-14	FY 2014-15
Revenues	105.71	138.81	181.98
Growth % of Revenue	38.11	39.00	31.09
Employee Cost	64.93	86.13	106.33
% of sales	61.42	62.05	58.43
Other Expenses	28.55	45.40	60.58
% of sales	27.01	32.71	33.29
EBITDA	12.23	7.28	15.07
EBITDA Margin%	11.57	5.24	8.28
Depreciation	4.80	4.71	5.11
PBIT	7.43	2.57	9.96
Interest Expenses	4.01	4.58	4.77
PBT from Operations	3.42	-2.01	5.19
Other Non Operating Income	-0.53	6.46	0.09
PBT from Operations	2.89	4.45	5.28
PBT Margin%	2.73	3.20	2.90
Provision for Tax	0.06	1.37	3.81
other provision	2.77	2.19	0.00
PAT	0.06	0.89	1.47
Net profit Margin%	0.06	0.64	0.81

Comparative Balance Sheet (Rs. In Cr)			
Particulars	Actuals	Actuals	Actuals
Financial Year	FY 2012-13	FY 2013-14	FY 2014-15
Share Capital	11.25	11.25	11.25
Reserves	56.89	57.78	59.10
Share application money allotment	0.00	0.00	0
Shareholders fund	68.14	69.03	70.35
Long term Debt	8.88	7.84	8.78
Other Long Term Liabilities	0.62	1.81	3.47
Short term debt	21.61	22.00	24.12
Short term loan	0.00	0.00	0.00
Other Short Term Liabilities	6.28	9.16	14.23
Total Capital Employed	105.53	109.84	120.95
Non current Assets			
Fixed Assests			
Tangible	0.65	0.53	0.18
Intangible	43.69	48.48	47.38
Net Fixed Assets/Net Block after accumulated dep	44.34	49.01	47.57
Capital work in progress	6.96	6.95	6.95
Non- current Investments	0.58	0.58	0.58
Long Term Loans and Advances	6.05	6.01	6.02
	13.59	13.54	13.55
Current Assets			
Debtors	39.80	40.91	54.73
Cash & Bank Balances	0.23	0.15	0.34
Other Current Assets	7.53	5.74	4.32
Short term loans and advances	0.04	0.49	0.44
Total Assets	105.53	109.84	120.95

Comparative Cash Flow statement (Rs. In Cr)			
Particulars	Actuals	Actuals	Actuals
Financial Year	FY 2012-13	FY 2013-14	FY 2014-15
Cash flow from operations			
profit before tax	0.12	2.26	5.28
Depreciation	4.80	4.71	5.10
interest expenses	3.85	4.58	4.77
OP profit before WC changes	8.71	11.56	15.15
Working capital adjustment	(4.64)	4.74	(6.87)
Cash from operations	4.07	14.94	8.28
Cash flow from investing			
capex	(5.89)	(9.40)	(3.80)
CWIP	-	-	-
Cash from investment	(5.89)	(9.40)	(3.80)
Cash flow from financing			
interest paid	(3.85)	(4.58)	(4.77)
other financing	3.25	(1.03)	0.48
cash from financing activities	(0.60)	(5.61)	(4.29)
Opening Cash & cash equivalents	2.65	0.23	0.15
Net cash increase/dec	(2.42)	(0.08)	0.19
Closing cash & Cash Equivalents	0.23	0.15	0.34

Comparative Key Ratios			
Particulars	Actuals	Actuals	Actuals
Financial Year	FY 2012-13	FY 2013-14	FY 2014-15
Margin Ratios (%)			
EBIDTA Margin	11.57	5.24	8.28
PBIT Margin	7.03	1.85	5.47
PBT Margin	2.73	3.20	2.90
PAT Margin	0.06	0.64	0.81
Growth Ratios (%)			
Revenues	38.11	39.00	31.09
Return Ratios (%)			
ROCE	11.59	6.62	12.46
ROIC	11.53	5.38	9.31
Reported EPS	0.05	0.80	1.31
Liquid Analysis			
Current Ratio	1.42	1.37	1.46
Quick Ratio	1.19	1.20	1.36
Solvency Ratios			
Total Debt/Equity%	0.09	0.08	0.13

BOARD'S REPORT

To the Members,

The Directors have pleasure in presenting before you the 18th Annual Report of the Company together with the Audited Statements of Accounts on standalone & consolidated basis for the year ended 31st March, 2015.

FINANCIAL SUMMARY/HIGHLIGHTS, OPERATIONS, STATE OF AFFAIRS:

The performance during the period ended 31st March, 2015 has been as under:

(Amount in Lakhs)

Particulars	2014-15	2013-14
Income from Operations	18,197	13,881
Other Income	90	647
Total Income	18,198	14,528
Total Expenditure	16,683	13,153
Earnings before depreciation and tax	1,515	1,375
Depreciation	511	471
Interest	477	458
Profit Before tax	527	445
Provision for tax including	113	137
Other provisions	267	219
Profit after tax	147	90
Earnings Per Share	1.31	1

BUSINESS OPERATIONS:

The total revenue of the Company for the financial year under review on consolidated basis was Rs.18,198.46 Lakhs as against Rs.14,528.82 lakhs. The net profit was Rs.146.18 lakhs for the financial year as against the net profit of Rs. 88.81 lakhs for the previous year.

OUT LOOK:

Over the past three years, your company has been showing low profitability due to shifting of offshore jobs to onsite. The company experienced stress on margins in the past two years and due to the combined effect of low margins, lack of adequate working capital the company has experienced stress on margins.

Annual Report of FYE'14 mentioned of the company's efforts to bring the onsite jobs back to India. The company has the pleasure to share that it is now reversing the trend and positive impact on profitability can be seen from the first quarter of FYE'16.

Your company has an excellent order book and has renewed contracts with all the major customers. Your company projects that it would be able to return to good profitability and with steady growth.

DIVIDEND:

The Board of Directors are confident that with their efforts to strive hard to maximize the shareholders returns, the company would be able to declare dividend in the near future.

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.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

The Management Discussion and Analysis as required under clause 49(VIII)(D) of the Listing Agreement forms a part of this Report.

CORPORATE GOVERNANCE

A Separate section titled "Report on Corporate Governance" along with the Auditors' Certificate on Corporate Governance as stipulated under Clause 49 of the Listing Agreement forms a part of this report.

EXTRACT OF ANNUAL RETURN:

As required pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of annual return in MGT 9 as a part of this Annual Report.

DIRECTORS AND KEY MANAGERIAL PERSONNEL:

During the year, Ms. Nalini Nadupalli was appointed as an Additional Director. Now the Board proposes to appoint her as a Director of the Company.

Notice has been received from a Member proposing candidature of the Director namely Mr. Nadupalli Sridhar for the office of Director of the Company. In the opinion of the Board, she fulfils the conditions specified in the Companies Act, 2013 and the Rules made there under for appointment as Director of the Company.

In line with the requirements of the Companies Act, 2013, it is therefore proposed to appoint a new additional director in the promoter category, as Director on the Board. A brief profile of the proposed Director, including nature of her expertise, is provided in the Annual Report.

Mr. N. Sridhar will retire by rotation at the ensuing Annual General Meeting in terms of Section 152 and any other applicable provisions of the Companies act, 2013 and being eligible offers himself for re-appointment.

Details of re-appointment / appointment of the Directors:

Name of the Director	Mr. N. Sridhar	Ms. Nalini Nadupalli
Date of Appointment	21.07.1997	14.02.2015
Qualifications	Msc. Computer Science	MS
No. of Shares held in the Company	410852	50000
Directorships held in other companies (excluding foreign companies)	NIL	NIL
Positions held in mandatory committees of other companies	NIL	NIL

DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS

The Company has received a declaration from Mr. ANAND CHERUKUPALLI and Mr. VENKATESWARA RAO KRISHNA MURTHY JUJHVARAPU, Independent directors of the company to the effect that they are meeting the criteria of independence as provided in Sub-section (6) of Section 149 of the Companies Act, 2013 and are annexed herewith.

VIGIL MECHANISM:

Vigil Mechanism Policy has been established by the Company for directors and employees to report genuine concerns pursuant to the provisions of section 177(9) & (10) of the Companies Act, 2013. The same has been placed on the website of the Company.

DIRECTOR'S RESPONSIBILITY STATEMENT:

In pursuance of section 134 (5) of the Companies Act, 2013, the Directors hereby confirm that:

- In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- 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 fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- The Directors had taken proper and sufficient care for the maintenance of adequate accounting 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;
- The Directors had prepared the annual accounts on a going concern basis; and
- The Directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

AUDITORS AND AUDITORS REPORT

Your Company has decided to appoint M/s. Komandoor & Co., Chartered accountants as statutory Auditors for the current Financial Year 2015-16. The Board of Directors records its deepest appreciation to M/S T.R. Chadha & Co for the excellent services they have rendered during the previous two years.

INTERNAL AUDIT:

The Company has adequate internal audit control mechanism at all levels of the organisation.

SECRETARIAL AUDIT:

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of managerial personnel) Rules 2014, Mr. K. Bhima Sankara Rao, Practicing Company Secretary has conducted Secretarial Audit of the Company for the FY 2014-15. The Secretarial Audit Report for the FY 2014-15 is annexed hereto and forms part of this Annual report.

The following observations has made by the Secretarial Auditor during his audit.

- The Company has not been regular in depositing its undisputed statutory dues in respect of Provident Fund, Employee State Insurance, Investor Education and Protection Fund, Income Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues as applicable with the appropriate authorities in India during the year.
- The Company has created provision for TDS but the same has not been remitting with the Income Tax Department.

The company has been fulfilling its obligations irregularly due to cash flow issues and low working capital availability.

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

A. Conservation of Energy:

Your Company's operations are not energy intensive. Adequate measures have been taken to conserve energy wherever possible by using energy efficient computers and purchase of energy efficient equipment.

B. Technology Absorption:

Your Company has not undertaken any research and development activity for any manufacturing activity nor was any specific technology obtained from any external sources which needs to be absorbed or adapted.

C. Foreign Exchange Earnings and Out Go:

Foreign Exchange Earnings : Rs. 17899.72 Lacs

Foreign Exchange Outgo : Rs. 15714.60 Lacs

PUBLIC DEPOSITS:

Your Company has not accepted any deposits falling within the meaning of Sec. 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules 2014, during the financial year under review.

DETAILS OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS:

Your Company has well established procedures for internal control across its various locations, commensurate with its size and operations. The organization is adequately staffed with qualified and experienced personnel for implementing and monitoring the internal control environment. The internal audit function is adequately resourced commensurate with the operations of the Company and reports to the Audit Committee of the Board.

INSURANCE:

The properties and assets of your Company are adequately insured.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:

Details of loans, guarantees or investments made under section 186 of the companies Act, 2013 are given in the note to the financial statements.

RISK MANAGEMENT POLICY:

Your Company follows a comprehensive system of Risk Management. Your Company has adopted a procedure for assessment and minimization of probable risks. It ensures that all the risks are timely defined and mitigated in accordance with the well structured risk management process.

CORPORATE SOCIAL RESPONSIBILITY:

It is not applicable as it does meet the criteria mentioned as per the company's act 2013.

RELATED PARTY TRANSACTIONS:

All related party transactions that were entered into during the financial year were on arm's length basis and were in the ordinary course of business. There were no materially significant related party transactions made by the Company with the promoters, directors, key managerial personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

DISCLOSURE ABOUT COST AUDIT:

Cost Audit is not applicable to your Company.

LISTING WITH STOCK EXCHANGES:

The Company confirms that it has paid the Annual Listing Fees for the year 2015-2016 to BSE limited where the Company's Shares are listed.

CORPORATE GOVERNANCE AND SHAREHOLDERS INFORMATION:

Directors are happy to report that your Company is compliant with the Corporate Governance requirements as per Clause 49 of the Listing Agreement with the Stock Exchanges. A separate section on Corporate Governance and Management Discussion and Analysis together with a certificate from the Statutory Auditor confirming compliance is set out in the Annexure forming part of this report.

INDUSTRY BASED DISCLOSURES AS MANDATED BY THE RESPECTIVE LAWS GOVERNING THE COMPANY

The Company is not a NBFC, Housing Companies etc., and hence Industry based disclosures is not required.

SECRETARIAL STANDARDS

EVENT BASED DISCLOSURES

During the year under review, the Company has not taken up

any of the following activities:

1. Issue of sweat equity share: NA
2. Issue of shares with differential rights: NA
3. Issue of shares under employee's stock option scheme: NA
4. Disclosure on purchase by company or giving of loans by it for purchase of its shares: NA
5. Buy back shares: NA
6. Disclosure about revision: NA
7. Preferential Allotment of Shares: NA

EMPLOYEE RELATIONS:

Your Directors are pleased to record their sincere appreciation of the contribution by the staff at all levels in the improved performance of the Company.

None of the employees is drawing Rs. 5,00,000/- and above per month or Rs.60,00,000/- and above in aggregate per annum, the limits prescribed under Section 134 of the Companies Act, 2013

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013.

The Company has in place an Anti Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaint Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees are covered under this policy.

The following is the summary of sexual harassment complaints received and disposed during the calendar year.

- No. of complaints received : Nil
- No. of complaints disposed off : Nil

ACKNOWLEDGEMENTS:

Your Directors wish to place on record their appreciation of the contribution made by the employees at all levels, to the continued growth and prosperity of your Company.

Your Directors also wish to place on record their appreciation of business constituents, banks and other financial institutions and shareholders of the Company like SEBI, BSE, NSE, MCX, NSDL, CDSL, Canara Bank, HDFC Bank etc. for their continued support for the growth of the Company.

Annexure I (Subsidiary Companies Details)				(Rs .In Lacs)
Sl.no	Particulars	1	2	3
1	Name of Subsidiary	Sankhya SARL, France	Mahasena Information Technologies (India) Pvt. Ltd. (MITPL)	Sankhya US Corporation
2	Financial year end	31st March 2015	31st March 2015	31st March 2015
3	Extent of interest of the Holding Company in the capital of the Subsidiary	100%	100%	100%
4	Date from which it became a subsidiary	13th April 2005	1st May 2006	17th August 2006
5	Net aggregate amount of Subsidiary's profit or loss not dealt with in the Holding Company's accounts.			
	Current Year	0	-0.72	0
	Previous Year	0.89	0	0
6	Net aggregate amount of Subsidiary's profit less and losses dealt with in the Holding Company's accounts:			
	Current Year	Nil	Nil	Nil
	Previous Year	Nil	Nil	Nil

By order of the Governing Board
For Sankhya Infotech Limited

Place : Hyderabad
Date : 29.08.2015

N.Sridhar
Chairman & Managing Director