

**FOURTH GENERATION  
INFORMATION SYSTEMS LIMITED**

**16th  
ANNUAL REPORT  
2013-2014**

## **CONTENTS**

1. Corporate Information
2. Notice of Annual General Meeting
3. Directors' Report
4. Management's Discussion and Analysis
5. Report on Corporate Governance
6. Auditor's Certificate on Corporate Governance
7. Auditors' Report
8. Annexure to Auditors' Report
9. Balance Sheet
10. Statement of Profit and Loss
11. Cash Flow Statement
12. Notes to Accounts
13. Significant Accounting Policies and Notes to Accounts
14. Proxy Form & Attendance Slip

## **CORPORATE INFORMATION**

### **Board of Directors:**

|                                 |    |                                   |
|---------------------------------|----|-----------------------------------|
| 1. Mr. C. N. Somasekhar Reddy   | -- | Managing Director (DIN: 02441810) |
| 2. Mr. K. Sudheer               | -- | Director (DIN:01695664)           |
| 3. Mr. K. Santosh Reddy         | -- | Director (DIN: 02958418)          |
| 4. Mr. C. N. Mallikarjuna Reddy | -- | Director (DIN: 03094077)          |
| 5. Mr. T. Srivenkata Ramana     | -- | Director & CFO (DIN: 03195303)    |

### **Registered Office:**

1st Floor, Society Complex,  
MLA'S Colony, Road No.12,Banjara Hills,  
Hyderabad-500034Tel: 040 – 23373949

### **Auditors:**

M. M. Reddy & Co.,  
Chartered Accountants, Rajbhavan Road,  
Somajiguda, Hyderabad.

### **Audit Committee:**

- 1) Mr. C. N. Mallikarjuna Reddy
- 2) Mr. T. Srivenkata Ramana
- 3) Mr. K. Santosh Reddy

### **Nomination & Remuneration Committee:**

- 1) Mr. C. N. Mallikarjuna Reddy
- 2) Mr. K. Sudheer
- 3) Mr. K. Santosh Reddy

### **Satkeholders Relationship Committee:**

- 1) Mr. C. N. Mallikarjuna Reddy
- 2) Mr. T. Srivenkata Ramana
- 3) Mr. K. Santosh Reddy

### **Bankers:**

Indian Overseas Bank Main Branch, Abids,  
Hyderabad, Telangana.

### **Listed At:**

- 1) BSE Limited
- 2) Ahmedabad Stock Exchange Limited

### **Registrar & Share Transfer Agents:**

Big share Services Private Limited,E-2/3, Ansa Industrial Estate,  
Sakivihar Road, Saki Naka,Andheri (E), Mumbai – 400072

Corporate Identity Number:  
L72200TG1998PLC029999  
Website:fgislindia.com

**NOTICE**

NOTICE is hereby given that the 16th Annual General Meeting of the Shareholders of M/s Fourth Generation Information Systems Limited will be held on Tuesday the 30th day of September, 2014 at 10.30 a.m. at the registered office of the Company at 1st Floor, Society Complex, MLA'S Colony, Road No.12, Banjara Hills, Hyderabad - 500034, to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2014, the Statement of Profit & Loss and Cash Flow Statement for the year ended on that date together with the Notes attached thereto, along with the Reports of Auditors and Directors thereon.
2. To appoint a director in place of Mr. T. Srivenkata Ramana (DIN: 03195303) who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

**SPECIAL BUSINESS:**

4. To consider and if thought fit, to pass, with or without modification(s) the following resolution as an Ordinary Resolution:  
"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152, 160 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. K. Sudheer (holding DIN 01695664), Director of the Company who retires by rotation at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term up to 31st March, 2019, not liable to retire by rotation."
5. To consider and if thought fit, to pass, with or without modification(s) the following resolution as an Ordinary Resolution:  
"RESOLVED that pursuant to the provisions of Sections 149, 150, 152, 160 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. K. Santosh Reddy (holding DIN

02958418), Director of the Company who retires by rotation at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term up to 31st March, 2019." not liable to retire by rotation."

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

"RESOLVED that pursuant to the provisions of Sections 149, 150, 152, 160 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. C. N. Mallikarjuna Reddy (holding DIN 03094077), Director of the Company who retires by rotation at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term up to 31st March, 2019."not liable to retire by rotation."

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

Amendment of Articles of Association of the Company

"RESOLVED THAT pursuant to Section 14 of the Companies Act, 2013, the Articles of Association of the Company be and is hereby altered in the following manner:

- a) In interpretation clause of Article 1 the following definition is inserted after existing definition "writin and Writing "

**‘Electronic mode’** means carrying out electronically-based, transactions whether main server is installed in India or not, including, but not limited to:

- i. business to business and business-to-consumer transactions, data interchange and other digital supply transactions;
- ii. offering to accept deposits or inviting deposits or accepting deposits or subscriptions in securities, in India or from citizens of India;
- iii. financial statements, web-based marketing, advisory and transactional services, database services and products, supply chain management;
- iv. online services such as telemarketing, telecommuting, education and information research; and all related data communication services;
- v. facsimile telecommunication when directed to the facsimile number or electronic mail directed to electronic mail addresses, using any electronic communication mechanism that the message so sent, received or forwarded is storable and retrievable;

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#### Fourth Generation Information Systems Limited

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- vi. posting of an electronic message board or network that the company or the officer has designated for such communications, and which transmission shall be validly delivered upon the posting; or
  - vii. other means of electronic communication, in respect of which the Company or the officer has put in place reasonable systems to verify that the sender is the person purporting to send the transmission; and
  - viii. video conferencing, audio-visual mode, net conferencing and/or any other electronic communication facility.
- b) A new Article 140A is being inserted after Article 140 which is as under:

**“140A. Maintenance of registers and records in electronic mode**

Notwithstanding anything contained in these Articles, Registers, Index, Agreement, Memorandum, Minutes, Books of Accounts or any other documents required to be kept by the Company under the Companies Act, 2013 may be kept in electronic form in such form and manner as may be prescribed under Section 120 of the Companies Act, 2013 and rules made there under.”

- c) A new Article 72A is being inserted under Article 72 which is as under:

**“72A Voting by members through electronic mode**

A member may exercise his vote at a General Meeting or Postal Ballot by electronic mode in accordance with Section 108 of the Companies Act, 2013 and rules made thereunder and shall be eligible to vote only once for a single resolution.”

- d) A new article 105A is being inserted after Article 105 which is as under:

**“105A. Participation in Meeting of the Board by Directors through electronic mode**

Notwithstanding anything contained herein, the director(s) may participate in the meeting(s) of the Board or any committee thereof through electronic mode by video conferencing or other audio visual modes as may be prescribed, and the Director(s) so participating shall be deemed to be present at the meeting for the purposes of quorum, voting, recording of minutes and all other relevant provisions in this regard by following procedure specified under applicable laws for the time being in force and rules, regulations, circulars, notifications, guidelines etc. issued/to be issued from time to time by competent/statutory authority(ies).”

- e) Amendment of Article. 70 – Chairman After conclusion of the existing text in Article 70 the following words shall be inserted

“An individual shall be appointed or re-appointed as Chairperson of the Company as well as the Managing Director or Chief Executive officer of the Company at the same time or vice versa regardless of the Company whether operates in multiple segments of business or not.”

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#### **Fourth Generation Information Systems Limited**

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- f) A new Clause 141A is being inserted under Article 141 which is as under:

“141A. Service of documents through electronic mode

Notwithstanding anything contained in these Articles and as per Sections 20 & 134 of the Companies Act, 2013 read with rules made thereunder, a Company may serve copies of the Balance sheet, Statement of Profit and loss, Auditors' Report, Directors' Report, Notice of the General Meeting along with explanatory statements etc. and any other documents to the members through electronic mode, by following conditions laid down under the relevant Rules.”

- g) A new Article 166 is being inserted after Article 165 C which is as under:  
166. “General Clause – Overriding effect of Companies Act, 2013”

The intention of these Articles is to be in consonance with the contemporary Act, Rules and Regulations prevailing in India. If there is an amendment in any Act, Rules and Regulations allowing what was not previously allowed under the Statute, the Articles herein shall be deemed to have been amended to the extent that Articles will not be capable of restricting what has been allowed by the Act by virtue of an amendment subsequent to registration of the Articles. In case of any of the provisions contained in these Articles is inconsistent or contrary to the provisions of the Companies Act, 2013 and rules made thereunder, the provisions of Companies Act, 2013 and rules made thereunder shall override the provisions of these existing Articles and these Articles shall be deemed to have been amended to include such provisions of the Companies Act, 2013. All references to sections of Companies Act, 1956 shall be deemed to include the corresponding sections/provisions of the Companies Act, 2013 if any.”

**For and on behalf of the Board of  
Fourth Generation Information Systems Limited**

**Place: Hyderabad  
Date: 12.08.2014**

**Sd/-  
C. N. Somasekhar Reddy  
Managing Director  
(DIN: 02441810)**

**NOTES:**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.** The instrument of Proxy in order to be effective shall be deposited at the Corporate Office of the Company by not less than 48 hours before the commencement of the Meeting.
2. Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, in respect of the Special Business to be transacted at the Annual General Meeting as set out in the Notice is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 27.09.2014 to 30.09.2014 (Both days inclusive).
4. Members holding shares in the electronic form are requested to inform any changes in address/bank mandate directly to their respective Depository Participants.
5. Members are requested to hand over the enclosed Attendance Slip, duly signed in accordance with their specimen signature(s) registered with the Company for admission to the meeting hall. Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID Numbers for identification.
6. Corporate Members are requested to send to the Company's Registrar & Transfer Agent, a duly certified copy of the Board Resolution authorizing their representative to attend and vote at the Annual General Meeting.
7. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore requested to submit the PAN to their



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#### **Fourth Generation Information Systems Limited**

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Depository Participant with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company.

8. As a measure of austerity, copies of the annual report will not be distributed at the Annual General Meeting. Members are therefore, requested to bring their copies of the Annual Report to the Meeting.
9. Members holding shares in the same name under different ledger folios are requested to apply for Consolidation of such folios and send the relevant share certificates to M/s. Bigshare Services Pvt Ltd., Share Transfer Agents of the Company for their doing the needful.
10. Electronic copy of the Annual Report for 2013-14 is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for 2013-2014 is being sent in the permitted mode.
11. The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the Company's investor email id [info@fgisindia.com](mailto:info@fgisindia.com).

#### **12. Voting through electronic means**

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and

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#### Fourth Generation Information Systems Limited

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Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the 20th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services (India) Limited (CDSL).

The instructions for e-voting are as under:

**(A) In case of members receiving e-mail:**

- (i) Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
- (ii) Click on “Shareholders” tab to cast your votes.
- (iii) Now, select the Electronic Voting Sequence Number - “EVSN” along with “COMPANY NAME” from the drop down menu and click on “SUBMIT”
- (iv) Enter your User ID-For CDSL: 16 digits beneficiary ID, For NSDL: 8 Character DPID followed by 8 Digits Client ID, Members holding shares in physical form should enter Folio Number registered with the Company and then enter the Captcha code as displayed and click on login.
- (v) If you are holding shares in Demat form and have already voted earlier on [www.evotingindia.co.in](http://www.evotingindia.co.in) for a voting of any Company, then your existing login id and password are to be used. If you are a first time user follow the steps given below.
- (vi) Now, fill up the following details in the appropriate boxes:

|                        |   |
|------------------------|---|
| PAN*                   | Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department when prompted by the system while e-voting (applicable for both demat shareholders as well as physical shareholders) |
| 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.  |

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#### Fourth Generation Information Systems Limited

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\* 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 sequence number (available in the Address Label pasted in the cover and/or in the e-mail sent to Members) 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. Eg. If your name is Varun with sequence number 1 then enter VA00000001 in the PAN field.

# Please enter any one of the details in order to login. In case both the details are not recorded with the depository or Company, please enter the Member id/folio number in the Dividend Bank details field.

- (i) After entering these details appropriately, click on "SUBMIT" tab.
- (ii) Members holding shares in physical form will then reach directly the EVSN 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. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character(@ # \$ %& \*). 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 CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Kindly note that this changed password is to be also used by the Demat holders for voting for resolutions for the Company or any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform.
- (iii) Click on the relevant EVSN on which you choose to vote.
- (iv) 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.

- (v) Click on the “Resolutions File Link” if you wish to view the entire Resolutions.
- (vi) 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.
- (vii) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (viii) You can also take out print of the voting done by you by clicking on “Click here to print” option on the voting page.
- (ix) 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.

**(B) In case of members receiving the Physical copy of Notice of AGM [for members whose e-mail IDs are not registered with the company/ depository participant(s) or requesting physical copy]:**

- (i) Please follow all steps from sl. no. (ii) to sl. no. (xiv) above, to cast vote.
- (ii) Institutional shareholders (i.e., other than individuals, HUF, NRI etc.) are required to log on to and register themselves, link their account which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution and POA in favour of the Custodian who they have authorized to vote on their behalf, in PDF format in the system for the scrutinizer to verify the vote.
- (iii) The voting period begins on 25.09.2014 at 9.00 A.M. and ends on 26.09.2014 at 6.00.P.M. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on 29.08.2014, may cast their vote electronically. Members who have acquired shares after the dispatch of the Annual Report and

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#### **Fourth Generation Information Systems Limited**

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before the book closure may vote physically in the Annual General Meeting and approach the Company for copy of Annual Report.

- (iv) 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.evotingindia.com](http://www.evotingindia.com) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
13. Mr. Vivek Surana, Practicing Company Secretary, C.P. No.12901 has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
14. The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
15. The Results shall be declared on or after the AGM of the Company. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.fgisindia.com.com](http://www.fgisindia.com.com) and on the website of CDSL within two(2) days of passing of the resolutions at the AGM of the Company and communicated to the BSE Limited.

**For and on behalf of the Board of  
Fourth Generation Information Systems Limited**

**Place: Hyderabad  
Date: 12.08.2014**

**Sd/-  
C. N. Somasekhar Reddy  
Managing Director  
(DIN: 02441810)**

**EXPLANATORY STATEMENT**

(Pursuant to Section 102(2) of the Companies Act, 2013)

**Item No. 4**

Mr. K. Sudheer is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company in February, 2005. Mr. K. Sudheer is the member of the Nomination and Remuneration Committee of the Board of Directors of the Company.

Mr. **K. Sudheer** retires by rotation at the ensuing Annual General Meeting under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Mr. **K. Sudheer** being eligible and offering himself for appointment is proposed to be appointed as an Independent Director for five consecutive years for a term upto 31st March, 2019. A notice has been received from a member proposing Mr. **K. Sudheer** as a candidate for the office of Director of the Company.

In the opinion of the Board, Mr. **K. Sudheer** fulfils the conditions specified in the Companies Act, 2013 and rules made there under for his appointment as an Independent Director of the Company and is independent of the management.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. **K. Sudheer** as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. **K. Sudheer** as an Independent Director, for the approval by the shareholders of the Company.

Except Mr. **K. Sudheer**, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 4.

**Item No. 5:**

Mr. K. Santosh Reddy is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company in December, 2010. Mr. K. Santosh Reddy is the Chairman of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee of the Company.

Mr. K. Santosh Reddy is a director whose period of office is liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Mr. K. Santosh Reddy being eligible and offering

himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years for a term up to 31st March, 2019. A notice has been received from a member proposing Mr. K. Santosh Reddy as a candidate for the office of Director of the Company.

In the opinion of the Board, Mr. K. Santosh Reddy fulfils the conditions specified in the Companies Act, 2013 and rules made there under for his appointment as an Independent Director of the Company and is independent of the management.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. K. Santosh Reddy as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. K. Santosh Reddy as an Independent Director, for the approval by the shareholders of the Company.

Except Mr. K. Santosh Reddy, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 5.

**Item No. 6:**

Mr. C. N. Mallikarjuna Reddy is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company in February, 2011. Mr. C. N. Mallikarjuna Reddy is the Chairman of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee of the Company.

Mr. C. N. Mallikarjuna Reddy is a director whose period of office is liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Mr. C. N. Mallikarjuna Reddy being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years for a term up to 31st March, 2019. A notice has been received from a member proposing Mr. C. N. Mallikarjuna Reddy as a candidate for the office of Director of the Company.

In the opinion of the Board, Mr. C. N. Mallikarjuna Reddy fulfils the conditions specified in the Companies Act, 2013 and rules made there under for his appointment as an Independent Director of the Company and is independent of the management.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. C. N. Mallikarjuna Reddy as an Independent Director. Accordingly, the Board

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#### **Fourth Generation Information Systems Limited**

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recommends the resolution in relation to appointment of Mr. C. N. Mallikarjuna Reddy as an Independent Director, for the approval by the shareholders of the Company.

Except Mr. C. N. Mallikarjuna Reddy, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 6.

#### **Item No. 7:**

Due to the enactment of majority provisions of the Companies Act, 2013 certain changes are required to be made in the Articles of Association of the Company. Some new articles/clauses are proposed to be inserted in relation to use of electronic mode for voting by members, participation in meeting of the Board by Directors, service of documents and maintenance of registers and records.

A general clause is also proposed to be inserted to the effect that if any provision as mentioned in the articles is inconsistent with the provisions of the Companies Act, 2013 and Rules made therein, then the provisions of the Companies Act, 2013 and rules made therein shall override the provisions of these Articles.

The Board therefore recommends the resolution under section 14 of the Companies Act, 2013 as a special resolution for your approval.

None of the Directors or key managerial personnel of the Company or their relatives are concerned or interested in the resolution.

**For and on behalf of the Board of  
Fourth Generation Information Systems Limited**

**Place: Hyderabad  
Date: 12.08.2014**

**Sd/-  
C. N. Somasekhar Reddy  
Managing Director  
(DIN: 02441810)**



**DIRECTORS' REPORT**

To,  
The Members

We have pleasure in presenting the 16<sup>th</sup> Annual Report with Audited Statements of Accounts for the year ended 31<sup>st</sup> March 2014.

**FINANCIAL HIGHLIGHTS AND OPERATIONS:**

The operating results for the year are as follows:

(Rupees in Lakhs)

| Particulars              | 2013-2014 | 2012-2013 |
|--------------------------|-----------|-----------|
| Income                   | 43.51     | 66.28     |
| Expenditure              | 65.71     | 72.37     |
| Profit/(Loss) before tax | (22.20)   | (6.09)    |

**OPERATIONS:**

During the year 2013-14, the Company had a turnover of Rs. 43.51 lakhs against which the Company incurred a net loss of Rs. 22.20 lakhs as compared to the turnover of Rs. 66.28 Lakhs and a net loss of Rs. 6.09 Lakhs in the previous year 2012-13.

**DIVIDEND:**

Your Directors have decided not to recommend dividend for the year.

**PUBLIC DEPOSITS:**

Your Company has not accepted any deposits falling within the meaning of Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, during the financial year under review.

**LISTING:**

The equity shares of your company are listed on the BSE Limited and Ahmedabad Stock Exchange Limited.

**CAPITAL OF THE COMPANY:**

The Authorized capital of the company stands at Rs.12,95,00,000 divided into 1,29,50,000 equity shares of Rs. 10/- each. Paid up capital of the company stands at Rs.3,55,00,000 divided Into 35,50,000 equity shares of Rs. 10/- each.

**SUBSIDIARY COMPANY:**

The Company does not have any subsidiary company.

**MANAGEMENT DISCUSSION AND ANALYSIS:**

A detailed review of operations, performance and future outlook of your Company and its businesses is given in the Management Discussion and Analysis, which forms part of this Report.

**DIRECTORS:**

Pursuant to the notification of Section 149 and other applicable provisions of Companies Act, 2013, your Directors are seeking appointment of Mr. K. Sudheer, K. Santosh Reddy and Mr. C. N. Mallikarjuna Reddy as Independent Directors for five consecutive years for a term upto 31<sup>st</sup> March, 2019. Details of the proposal for appointment of Mr. K. Sudheer, K. Santosh Reddy and Mr. C. N. Mallikarjuna Reddy are mentioned in the Explanatory Statement under Section 102 of Companies Act, 2013 of the Notice of 16<sup>th</sup> Annual General Meeting.

In accordance with the Companies Act, 2013, Mr. T. Srivenkata Ramana retires by rotation and is eligible for reappointment and your Board recommends the re-appointment of the Director above said.

**BRIEF PROFILE OF APPOINTING/RE-APPOINTING DIRECTOR:**

| Particulars   | Mr. K. Sudheer | Mr. K. Santosh Reddy | Mr. C. N. Mallikarjuna Reddy |
|---|----------------|----------------------|------------------------------|
| Date of Birth   | 04.06.1971     | 04.05.1984           | 29.10.1967                   |
| Date of Appointment   | 28.02.2005     | 15.02.2011           | 15.02.2011                   |
| Qualifications  | Graduate       | Graduate             | Graduate                     |
| No. of Shares held in the Company   | NIL            | NIL                  | NIL                          |
| Directorships held in other companies (excluding private limited and foreign companies) | NIL            | 1                    | 2                            |
| Positions held in mandatory committees of other companies                               | NIL            | NIL                  | NIL                          |

**DIRECTORS' RESPONSIBILITY STATEMENT:**

In pursuance of Section 217(2AA) of the Companies Amendment Act, 2000 your directors confirm:

- i) that the directors in the preparation of the annual accounts the applicable accounting standards have been followed along with proper explanations relating to material departures.
- ii) that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year.
- iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safe guarding the assets of the company and for preventing and deleting fraud and other irregularities.
- iv) that the directors had prepared the annual accounts on the going concern basis.

**COMPLIANCE CERTIFICATE:**

Your company has obtained a secretarial compliance certificate under proviso to subsection (1) of Section 383A of Companies Act, 1956 from M/s. S.S.Reddy & Associates, Practicing company secretary which forms part of this report.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUT GO :**

The required information as per Section 217 (1) (e) of the Companies Act 1956 is provided hereunder:

**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:**

1. Research and Development (R&D) : NIL

2. Technology absorption, adoption and innovation : NIL

**C. Foreign Exchange Earnings and Out Go:**

Foreign Exchange Earnings : NIL

Foreign Exchange Outgo : NIL

**PARTICULARS OF EMPLOYEES:**

There is no employee who is falling under Section 217 (2A). Therefore, the disclosures required to be made under Section 217 (2A) of the Companies Act, 1956 and the rules made there under are not applicable.

**CODE OF CONDUCT:**

The Code of conduct has been circulated to all the members of the Board and Senior Management and the compliance of the same has been affirmed by them. Code of conduct has also been placed on the website the company. A declaration signed by the Managing Director is given elsewhere in the Annual report.

**AUDITORS:**

Your directors propose the appointment of M/s. M. M. Reddy & Co., as statutory auditors to hold office until the conclusion of the next Annual General Meeting of the company.

**CORPORATE GOVERNANCE:**

As a listed company, necessary measures have been taken to comply with the listing agreements of Stock Exchanges. A report on Corporate Governance, along with a certificate of compliance from the Auditors forms part of this Report as Annexure.

**ACKNOWLEDGEMENTS:**

Your directors would like to express their grateful appreciation for assistance and co-operation received from clients, banks, investors, Government, other statutory authorities and all others associated with the company. Your directors also wish to place on record their deep sense of appreciation for the

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#### **Fourth Generation Information Systems Limited**

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excellent contribution made by the employees at all levels, which enabled the company to achieve sustained growth in the operational performance during the year under review.

#### **DECLARATION BY MANAGING DIRECTOR OF AFFIRMATION BY DIRECTORS AND SENIOR MANAGEMENT PERSONNEL OF COMPLIANCE WITH THE CODE OF CONDUCT:**

To

The shareholders

I, C. N. Somasekhar Reddy, Managing Director of the Company do hereby declare that the directors and senior management of the Company have exercised their authority and powers and discharged their duties and functions in accordance with the requirements of the code of conduct as prescribed by the company and have adhered to the provisions of the same.

**For and on behalf of the Board of  
Fourth Generation Information Systems Limited**

**Place: Hyderabad  
Date: 12.08.2014**

**Sd/-  
C. N. Somasekhar Reddy  
Managing Director  
(DIN: 02441810)**

**REPORT ON CORPORATE GOVERNANCE**

(Forming part of Directors' Report)

**I. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE**

Fairness, accountability, disclosures and transparency form the four pillars of your Company's philosophy of Corporate Governance. Your Company strongly believes that for attaining sustainable growth in this competitive corporate world, Corporate Governance is a pre-requisite. The governance practices followed by your Company have played a vital role in its journey of continued success. Our endeavor over the years has been to strengthen the governance processes and systems attributing to constant improvisations, sustainability, and profitable growth and creating long-term value for the stakeholders.

All the procedures, policies and practices followed by your Company are based on sound governance principles.

**II. BOARD OF DIRECTORS**

The Board of Directors consists of 5 Members of whom 3 are Non-Executive, Independent Directors and 2 are Promoter, Executive Directors. The Composition of the Board is in conformity with the listing requirements.

The details of the Directors being appointed/ re-appointed on retirement by rotation at the ensuing Annual General Meeting, as required pursuant to Clause 49(IV) (G) of the Listing Agreement, are mentioned in the Directors' Report, forming part of the Annual Report.

The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year and the number of Directorships and Committee Chairmanships/Memberships held by them in other companies is given below. Other Directorships do not include alternate directorships, directorships of the private limited companies, section 25 companies and of companies incorporated outside India. Chairmanship/Membership of board Committees includes only Audit and shareholders/ Investor Grievances Committees.

Pecuniary relationship or transaction of the Non-executive Directors vis-à-vis the company. None of the Non-executive Directors has any pecuniary relationship or transactions with the company.

The Board of Directors met 4 times during the year on 29.05.2013, 13.08.2013, 14.11.2013, 14.02.2014 and the maximum gap between any two meetings was less than four months, as stipulated under Clause 49.

The details of Composition of Board of Directors, directors' attendance at Board Meetings, AGM and details of other directorships, committee chairmanships/memberships held by the Directors during the year are as follows:

## Fourth Generation Information Systems Limited

| S. No | Name of the Directors        | Category                      | Attendance Particulars |          | No. of other Directorships and Committee memberships/chairmanships |                     |                       |                         |
|-------|------------------------------|-------------------------------|------------------------|----------|--|---------------------|-----------------------|-------------------------|
|       |                              |                               | No. of Board meetings  |          | Last AGM   | Other Directorships | Committee Memberships | Committee Chairmanships |
|       |                              |                               | Held                   | Attended |  |                     |                       |                         |
| 1.    | Mr. C. N. Somasekhar Reddy   | Promoter & Executive Director | 4                      | 4        | Yes  | 2                   | NIL                   | NIL                     |
| 2.    | Mr. T. Srivenkata Raman      | Promoter & Executive Director | 4                      | 4        | Yes  | 2                   | NIL                   | NIL                     |
| 3.    | Mr. C. N. Mallikarjuna Reddy | Independent Director          | 4                      | 4        | Yes  | 2                   | NIL                   | 2                       |
| 4.    | Mr. K. Santosh Reddy         | Independent Director          | 4                      | 4        | Yes  | 1                   | 1                     | 1                       |
| 5.    | Mr. K. Sudheer               | Independent Director          | 4                      | 4        | Yes  | NIL                 | NIL                   | NIL                     |

### Committees of the Board:

Currently, there are three (3) Committees of the Board, namely: Audit Committee, Nomination & Remuneration Committee, Stakeholders Relationship Committee. The Board decides the terms of reference for these Committees. The minutes of the meetings of the Committees are placed before the Board for information. The details as to the composition, terms of reference, number of meetings and related attendance, etc., of these Committees are provided hereunder:

### III. AUDIT COMMITTEE:

#### Composition, meetings and the attendance during the year:

- a) The Audit Committee of the Company is constituted in line with the provisions of Clause 49 of the Listing Agreements with the Stock Exchanges read with Section 292A of the Companies Act, 1956.
- b) The terms of reference of the Audit Committee include a review of;
  - Overview of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements reflect a true and fair position and that sufficient and credible information is disclosed.
  - Recommending the appointment and removal of external

## **Fourth Generation Information Systems Limited**

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auditors, fixation of audit fee and also approval for payment for any other services.

- Discussion with external auditors before the audit commences, of the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- Reviewing the financial statements and draft audit report including quarterly / half yearly financial information.
- Reviewing with management the annual financial statements before submission to the Board, focusing on:
  1. Any changes in accounting policies and practices;
  2. Qualification in draft audit report;
  3. Significant adjustments arising out of audit;
  4. The going concern concept;
  5. Compliance with accounting standards;
  6. Compliance with stock exchange and legal requirements concerning financial statements;
  7. Any related party transactions
- Reviewing the company's financial and risk management's policies.
- Disclosure of contingent liabilities.
- Reviewing with management, external and internal auditors, the adequacy of internal control systems.
- Reviewing the adequacy of internal audit function, including the audit character, the structure of the internal audit department, approval of the audit plan and its execution, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.



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#### Fourth Generation Information Systems Limited

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- Discussion with internal auditors of any significant findings and follow-up thereon.
  - Reviewing the findings of any internal investigations by the internal auditors into the matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
  - Looking into the reasons for substantial defaults in payments to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
  - Reviewing compliances as regards the Company's Whistle Blower Policy.
- c) The previous Annual General Meeting of the Company was held on 28th day of September, 2013 and Mr. C. N. Mallikarjuna Reddy, Chairman of the Audit Committee, attended previous AGM.
- d) The composition of the Audit Committee and the attendance of each member of the Audit Committee are given below:

The Company has complied with all the requirements of Clause 49 (II) (A) of the Listing Agreement relating to the composition of the Audit Committee. During the financial year 2012-2013, (4) four meetings of the Audit Committee were held on the 29.05.2013, 13.08.2013, 14.11.2013 and 14.02.2014.

The details of the composition of the Committee and attendance of the members at the meetings are given below:

| Name                         | Designation | Category | No. of meetings attended |
|------------------------------|-------------|----------|--------------------------|
| Mr. C. N. Mallikarjuna Reddy | Chairman    | NED (I)  | 4                        |
| Mr. T. Srivenkata Ramana     | Member      | ED (P)   | 4                        |
| Mr. K. Santosh Reddy         | Member      | NED (I)  | 4                        |

**NED (I): Non-Executive Independent Director**  
**ED (P): Executive Director Promoter**

**The necessary quorum was present at all the meetings.**

***IV. NOMINATION & REMUNERATION COMMITTEE:***

The details of composition of the Committee are given below:

| <b>Name</b>                  | <b>Designation</b> | <b>Category</b> |
|------------------------------|--------------------|-----------------|
| Mr. C. N. Mallikarjuna Reddy | Chairman           | NED (I)         |
| Mr. K. Sudheer               | Member             | NED (I)         |
| Mr. K. Santosh Reddy         | Member             | NED (I)         |

**Terms of reference:**

The main term of reference of the Committee is to approve the fixation/revision of remuneration of the Managing Director/Whole Time Director/ other key employees of the Company and while approving:

- To take into account the financial position of the Company, trend in the industry, appointee's qualification, experience, past performance, past remuneration etc.
- To bring out objectivity in determining the remuneration package while striking a balance between the interest of the Company and the Shareholders.

**Remuneration Policy:**

The objectives of the remuneration policy are to motivate Directors to excel in their performance, recognize their contribution and retain talent in the organization and reward merit.

The remuneration levels are governed by industry pattern, qualifications and experience of the Directors, responsibilities shouldered, individual performance etc.

During the year, no remuneration was paid to either executive or non executive directors.

**V. STAKEHOLDERS RELATIONSHIP COMMITTEE:****A) Composition during the year:**

The Shareholders/Investors Grievance Committee was constituted to look into the redressing of Shareholders and Investors complaints concerning transfer of shares, non receipt of Annual Reports, and non receipt of Dividend and other allied complaints.

The Details of composition of the Committee and attendance of the members at the meetings are given below:

| <b>Name</b>                  | <b>Designation</b> | <b>Category</b> |
|------------------------------|--------------------|-----------------|
| Mr. C. N. Mallikarjuna Reddy | Chairman           | NED (I)         |
| Mr. K. Sudheer               | Member             | ED (P)          |
| Mr. K. Santosh Reddy         | Member             | NED (I)         |

**A) Powers:****The committee has been delegated with the following powers:**

- To redress shareholders and investor complaints relating to transfer of shares, dematerialization of shares, non-receipt of balance sheet, non-receipt of declared dividend etc.
- To approve, transfer, transmission, and issue of duplicate/ fresh share certificate(s).
- Consolidate and sub-division of share certificate etc.
- To redress, approve and dispose off any, other complaints, transactions and requests etc. received from any shareholder of the company and investor in general.

The Board has delegated the power to process the transfer and transmission of shares to the Registrar and share Transfer Agents, who process share transfers within a week of lodgment in the case of shares held in physical form.

The Board has designated Mr. C. N. Somasekhar Reddy, Managing Director as the Compliance Officer.

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## Fourth Generation Information Systems Limited

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The Company has designated email id [info@fgisindia.com](mailto:info@fgisindia.com) & [cns@fgisindia.com](mailto:cns@fgisindia.com) for redressal of shareholders' complaints/grievances.

### Complaints received and redressed by the Company during the financial year:

During the year no complaints were received.

| S.No | Particulars                  | Remarks |
|------|------------------------------|---------|
| 1.   | At the beginning of the year | NIL     |
| 2.   | Received during the year     | NIL     |
| 3.   | At the end of the year       | NIL     |

### VI. GENERAL BODY MEETINGS:

| Financial Year   | Date       | Time       | Venue   | Special Resolution   |
|------------------|------------|------------|---|--|
| 15th AGM 2012-13 | 28.09.2013 | 11.00 AM   | 1st Floor, Society Complex, MLA's Colony, Road No.12, Banjara Hills, Hyderabad. | Special resolution was passed for voluntarily delisting of securities from Ahmedabad Stock Exchange Limited  |
| 14th AGM 2011-12 | 29.09.2012 | 10.00 A.M. | 1st Floor, Society Complex, MLA's Colony, Road No.12, Banjara Hills, Hyderabad. | Alteration of articles to permit participation by the Directors and members in the meetings through electronic mode including video conferencing.  |
| 13th AGM 2010-11 | 30.09.2011 | 11.00 AM   | 1st Floor, Society Complex, MLA's Colony, Road No.12, Banjara Hills, Hyderabad. | 1) Regularization of Mr. Santosh Reddy Kattamidi, as a Director.<br>2) Regularization of Mr. C. N. Mallikarjuna Reddy, as a Director.<br>3) Appointment of Mr. C. N. Somasekhar Reddy, as Managing Director. |

**OTHER DISCLOSURES:**

- (a) There were no significant related party transactions that may have potential conflict with the interests of the Company at large.
- (b) In the preparation of financial statements, no treatment materially different from that prescribed in Accounting Standards had been followed.
- (c) There were no penalties or strictures imposed on the Company by the Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets at any time during the last 3 years.
- (d) **Whistle Blower policy:** The Company established a mechanism for employees to report concerns about unethical behavior, fraud or violation of code of conduct of the company. The mechanism provided direct access to the Managing Director/Chairman of the Audit Committee for exceptional cases. All employees can also directly meet the Audit Committee members of the company.
- (e) The Company has complied with the non –mandatory requirements to relating to remuneration committee and Whistle Blower policy.
- (f) Managing Director of the Company has furnished the requisite Certificates to the Board of Directors under Clause 49 of the Listing Agreement.

**VIII. MEANS OF COMMUNICATION:**

**The quarterly, half yearly and yearly financial results will be sent to the stock Exchanges immediately after the Board approves the same and these results will also be published in one English newspaper and at one vernacular newspaper. These financial statements, press releases are also posted on the company's website, at [www.fgisindia.com](http://www.fgisindia.com)**

**IX. GENERAL SHAREHOLDERS INFORMATION:**

- a) 16<sup>th</sup> Annual General Meeting:

|                      |   |
|----------------------|---|
| <b>Date and Time</b> | Tuesday the 30th day of September, 2014 at 10.300 a.m.                              |
| <b>Venue</b>         | 1st Floor, Society Complex, MLA'S Colony, Road No.12,Banjara Hills,Hyderabad-500034 |

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**Fourth Generation Information Systems Limited**

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b) Book Closure Date : 27.09.2013 to 30.09.2013 (Both days inclusive)

**c) Financial Year and Calendar (Tentative) 2014-15:**

The Company follows April to March as its Financial Year. The results of every quarter beginning from April are declared in the first month following each quarter as follows:

**Financial Calendar**

| <b>Financial Reporting for 2014-2015 (tentative)</b> | <b>On or before</b> |
|--|---------------------|
| The First Quarter results                            | 12.08.2014          |
| The Second quarter results                           | 14.11.2014          |
| The Third quarter results                            | 14.02.2015          |
| The Fourth quarter results                           | 30.05.2015          |

**d) Listing on Stock Exchanges:** 1) BSE Limited  
2) Ahmedabad Stock Exchange

**e) Listing Fees:** Listing fee for the year 2014-15 has been paid

**f) Stock Code** : For equity shares: - BSE: **532403**

**g) ISIN No.** : For equity shares: INE739B01039

**h) Stock Price Data:** The monthly high / low prices of shares of the Company from April, 2013 to March, 2014 at BSE Limited.

| <b>Month</b>    | <b>High (Rs.)</b> | <b>Low (Rs.)</b> |
|-----------------|-------------------|------------------|
| April, 2013     | -                 | -                |
| May, 2013       | 48.95             | 19.78            |
| June, 2013      | 18.90             | 8.20             |
| July, 2013      | 9.47              | 7.63             |
| August, 2013    | 10.39             | 8.02             |
| September, 2013 | 13.20             | 8.13             |
| October, 2013   | 13.18             | 8.03             |
| November, 2013  | 15.75             | 11.30            |
| December, 2013  | 23.95             | 15.00            |
| January, 2014   | 24.50             | 22.05            |
| February, 2014  | 22.15             | 21.05            |
| March, 2014     | 22.00             | 18.10            |

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#### Fourth Generation Information Systems Limited

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**i) Registrar & Share Transfer Agents (for shares held in both physical and demat mode):**

Bigshare Services Pvt Ltd, E-2/3, Ansa Industrial Estate,  
Sakivihar Road, Saki Naka, Andheri (E), Mumbai – 400072

**j) Share Transfer System:**

The Physical shares transfers are processed and the share certificates are returned to the shareholders within a maximum period of 15 days from the date of receipt, subject to the document being valid and complete in all respects.

Any transferee who wishes to demat the shares may approach a Depository Participant along with a duly filled Demat Request Form, who shall, on the basis of the Share Certificate, generate a demat request and send the same to the Registrar and Share Transfer Agents (RTA). On receipt, the Depository Registrar confirms the request.

All the requests for Dematerialization of shares are processed and the confirmation is given to the respective Depositories i.e., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) within 21 days on receipt.

**k) Shareholding Pattern as on 31<sup>st</sup> March, 2014:**

| Particulars | Category                                    | No. of shares held | Percentage of shareholding |
|-------------|---|--------------------|----------------------------|
| A.          | Shareholding of Promoter and promoter group |                    |                            |
| 1.          | Promoters & Persons acting in concert       | 1296038            | 36.51                      |
|             | <b>Sub- Total A</b>                         | <b>1296038</b>     | <b>36.51</b>               |
| B.          | Public Shareholding                         |                    |                            |
| 1.          | Institutions                                | Nil                | Nil                        |
| 2.          | Non-Institutions                            |                    |                            |
| a)          | Bodies Corporate                            | 61240              | 1.73                       |
| b)          | Indian public and others                    | 2182319            | 61.47                      |
| c)          | Any others                                  |                    |                            |
|             | i) NRI's                                    | 5312               | 0.15                       |
|             | ii) Clearing Members                        | 5091               | 0.14                       |
|             | Sub Total B                                 | 2253962            | 63.49                      |
|             | <b>Grand Total (A+B)</b>                    | <b>3550000</b>     | <b>100</b>                 |
|             |   |                    |                            |

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## Fourth Generation Information Systems Limited

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**l) Distribution of shareholding of the Company by number of shares held as on 31st March, 2014 is as follows:**

| SL NO | Particulars    | Shareholders |       | Shareholders |       |
|-------|----------------|--------------|-------|--------------|-------|
|       |                | Number       | %     | Number       | %     |
| 1     | UPTO - 5000    | 6612         | 94.71 | 5387080      | 15.17 |
| 2     | 5001-10000     | 208          | 2.98  | 1540420      | 4.34  |
| 3     | 10001-20000    | 77           | 1.10  | 1164320      | 3.28  |
| 4     | 20001-30000    | 24           | 0.35  | 591750       | 1.67  |
| 5     | 30001-40000    | 13           | 0.19  | 440480       | 1.24  |
| 6     | 40001-50000    | 1            | 0.01  | 48380        | 0.14  |
| 7     | 50001-100000   | 12           | 0.17  | 902740       | 2.54  |
| 8     | 100001 & ABOVE | 34           | 0.49  | 25424830     | 71.62 |
|       | Total          | 6981         | 100   | 3550000      | 100   |

**m) Dematerialization of Shares:**

The Company's shares are dematerialized on National Securities Depositories limited (NSDL) and Central Depository Services (India) Limited. The Company's ISIN is - INE739B01039. As on 31<sup>st</sup> March, 2014, **26,17,433** equity shares are dematerialized which is 73.73% of the paid up capital of the company and out of which 13,63,613 shares are in NDSL and 12,53,820 shares are in CDSL and the balance are in physical form.

**n) Address for Investors Correspondence:**

The Shareholders may correspond with the Company for the redressal of their grievances, if any to the registered office of the company.

Bigshare Services Private Limited,  
E-2/3, Ansa Industrial Estate, Sakivihar Road, Saki Naka,  
Andheri (E), Mumbai – 400072

**o) CEO/MD Certification:**

As required by the clause 49 (V) of the Listing Agreement, the certificate from CEO is attached elsewhere in the annual report.

**p) Compliance Certificate of the Auditors:**

The Statutory Auditor has certified that the company has complied with the conditions of the Corporate Governance as stipulated in clause 49 of the listing agreement and the same forms part of the Annual Report. The Certificate from the statutory auditor will be sent to the stock exchange along with the Annual Report of the Company.

For and on behalf of the Board of  
Fourth Generation Information Systems Limited

Sd/-  
C. N. Somasekhar Reddy  
Managing Director  
(DIN: 02441810)

Place: Hyderabad  
Date: 12.08.2014



**MANAGEMENT DISCUSSIONS AND ANALYSIS**

**1. Overview**

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1956, guidelines issued by the Securities and Exchange Board of India (SEBI) and the Generally Accepted Accounting Principles (GAAP) in India. Our Management accepts responsibility for the integrity and objectivity of these financial statements, as well as for the various estimates and judgments used therein. The estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis, so that the financial statements reflect in a true and fair manner the form and substance of transactions, and reasonably present our state of affairs, profits and cash flows for the year.

**2. Industry Structure and Developments:**

Changing economic and business conditions, evolving consumer preferences, rapid technological innovation and adoption and globalization are creating an increasingly competitive market environment that is driving corporations to transform the manner in which they operate. Companies in this environment are now focusing even more on their core business objectives, such as revenue growth, profitability and asset efficiency.

Technology has evolved from merely driving cost efficiency. It is now also driving tangible business value. The ability to define, design, develop, implement and maintain advanced technology platforms and business solutions to address business needs has become a competitive advantage and a priority for corporations worldwide.

As a result there is an increasing need for highly-skilled professionals in the market to help corporations transform their business, optimize operations and drive innovation by leveraging technology. At the same time, enterprises are reluctant to expand their internal IT department and increase costs. These factors have led to the increased reliance of corporations on their outsourcing providers and are expected to continue to drive future growth for outsourced technology services.

**3. Opportunities and Threats**

Though the overall scenario for the smaller companies is extremely competitive, there are some niche areas where there are some opportunities for growth. The management is exploring these areas to consider entering these areas and develop expertise in such areas.

**4. Segment wise or Product wise Performance:** Not applicable

**5. Outlook**

The management is doing its best to forge relations with other companies and take the company forward in the new business lines. However, the outlook of the management is cautious in view of the competitive nature of the market.

**6. Risks and Concerns**

While venturing into new business lines, the company would need access to funds. The risk of not being able to raise funds at the timer needed is the biggest risk that the management foresees.

**7. Internal Control Systems**

The Company maintains a system of well established policies and procedures for internal control of operations and activities, and these are continually reviewed for effectiveness.

The internal control system is supported by qualified personnel and a continuous program of internal audit. The prime objective of such audits is to test the adequacy and effectiveness of all internal control systems laid down by the management and to suggest improvements. We believe that the company's overall system of internal control is adequate given the size and nature of operations and effective implementation of internal control self assessment procedures and ensure compliance to policies, plans and statutory requirements.

The internal control system of the company is also reviewed by the Audit Committee periodically. The Management duly considers and takes appropriate action on the recommendations made by the statutory auditors, internal auditors and the independent Audit committee.

**8. Discussion on financial performance with respect to operational performance**

In view of the fall in extent of operations and the delay in materialization of the new business lines, the revenue of the company has seen a further dip. Also, the management has decided to adopt even more prudential accounting norms as a matter of conservative accounting. This measure, which will definitely help the company in the future, has led to certain write offs.

**9. Human resource development and industrial relations**

During the year under review the company has taken several HR initiatives to

train and develop talent pool. The company has also taken up a root cause analysis on bringing down the attrition rates. In order to improve the performance of management and to scale up the business operations, the company has recruited experienced personnel at senior level apart from strengthening other departments with competent people.

**CAUTIONARY STATEMENT:**

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations may be "forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand/supply and price conditions in the domestic and international markets in which the Company operates, changes in the Government regulations, tax laws and other statutes and other incidental factors.

Dear Shareholder,

Please find below the Managing Director certificate as per Clause 49(V) of the Listing Agreement:

**MANAGING DIRECTOR CERTIFICATE**

I, C. N. Somasekhara Reddy, Managing Director of M/s Fourth Generation Information Systems Limited certify that:

1. We have reviewed the financial statements for the year and that to the best of our knowledge and belief:
  - (a) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (b) These statements present a true and fair view of the state of affairs of the Company and of the results of the operations and cash flows. The financial statements have been prepared in conformity, in all material respects, with the existing generally accepted accounting principles including accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in

violation of Company's code of conduct.

3. We accept overall responsibility for establishing and monitoring the Company's internal control system for financial reporting and evaluating its effectiveness. Internal Audit function monitors the internal control system for financial reporting, which encompasses the examination and evaluation of the adequacy and effectiveness. Internal Audit works with all levels of management and Statutory Auditors, and reports significant issues to the Audit Committee of the Board. The Auditors and Audit Committee are apprised of any corrective action taken with regard to significant deficiencies and material weakness.
4. We indicate to the Auditors and to the Audit Committee:
  - (a) Significant changes in internal controls over financial reporting during the year;
  - (b) Significant changes in the accounting policies during the year;
  - (c) No instances of significant fraud of which we have become aware of and which involve the management or other employees who have significant role in the Company's internal control system over financial reporting.

However, during the year there were no such changes and instances.

**For and on behalf of the Board of  
Fourth Generation Information Systems Limited**

**Place: Hyderabad  
Date: 12.08.2014**

**Sd/-  
C. N. Somasekhar Reddy  
Managing Director  
(DIN: 02441810)**

**AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE**

To  
The Members of  
Fourth Generation Information Systems Limited

We have examined the Compliance with conditions of Corporate Governance of M/s. Fourth Generation Information Systems Limited for the year ended 31<sup>st</sup> March, 2014 as stipulated in clause 49 of the Listing Agreement with stock Exchanges.

The Compliance with the conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to review the procedures and implementations thereof adopted by the Company for ensuring the compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.

In our opinion and to the best of our information and according to the explanations given to us and representations made by the Directors and the Management's, we certify that the company has complied with conditions of the Corporate Governance as stipulated in Clause 49 of the above mentioned Listing agreement.

As required by the guidance note issued by the institute of Chartered Accountants of India, we have to state that no grievances of investors are pending for a period exceeding one month against the Company as per the records maintained by the Company.

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

**For and on behalf of the Board of  
Fourth Generation Information Systems Limited**

**Place: Hyderabad  
Date: 12.08.2014**

**Sd/-  
C. N. Somasekhar Reddy  
Managing Director  
(DIN: 02441810)**

**Independent Auditors Opinion**

To The Members of

**FOURTH GENERATION INFORMATION SYSTEMS LTD**

Hyderabad. **Report on the financial Statements**

We have audited the accompanying financial Statements of M/s FOURTH GENERATION INFORMATION SYSTEMS LTD which comprise the Balance Sheet as at 31<sup>st</sup> March 2014, The statement of Profit & Loss Account and the cash flow Statement for the year ended, and a summary of the significant accounting policies and other explanatory information.

**Managements Responsibility for the Financial Statements**

The Companies management is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the company in accordance with the accounting standards referred to in Sub-section (3C) of section 211 of the companies Act, 1956. This responsibility includes the design, Implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

**Auditors Responsibility**

We have audited the attached Balance Sheet of M/s FOURTH GENERATION INFORMATION SYSTEMS LTD, Hyderabad as at 31<sup>st</sup> March 2014, the Profit & Loss Account and also the Cash Flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall financial statement presentation.

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

**Opinion**

In our opinion and to the best of our information and according to the

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#### **Fourth Generation Information Systems Limited**

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explanations given to us the said accounts read with other notes to accounts and accounting policies give the information required by the Companies Act 1956, in the manner so required and give a true and fair view:-

- i) In the case of Balance Sheet of the state of the affairs of the Company as at 31st March 2014 and
- ii) In the case of Profit & Loss Account of the Loss of the Company for the year ended on that date.
- iii) In the Cash Flow statement of the Cash Flow for the year ended on that date.

#### **Report on Other Legal and Regulatory Requirements**

As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

As required by Section 227(3) of the Act, we report that:

- (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Act.
- (e) On the basis of the written representations received from the directors as on 31st March, 2014 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2014 from being appointed as a director in terms of Section 274(1)(g) of the

**For M M REDDY & CO.,  
Chartered Accountants  
Firm Reg. No: 010371S**

**Place: Hyderabad  
Date : May 30th, 2014**

**M. Madhusudhana Reddy  
Partner  
Membership No.213077**

**ANNEXURE TO THE AUDITOR'S REPORT**

1. (a) The company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.  
  
    (b) According to the information and explanations given to us, fixed assets were physically verified by the management during the year and no material discrepancies were noticed on such verification.  
  
    (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the company during the year.
2. As per books of accounts, there is no inventory existing in the company and hence sub clauses 2(a), 2(b) and 2(c) of this Order are not applicable.
3. According to the information and explanation given to us, the Company has not granted/taken any loan, secured or unsecured to/from Companies/firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Sub clauses 3(b), 3(c) and 3(d) of this Order are not applicable.
4. In our opinion and according to the information & explanations given to us, there are adequate internal control procedures commensurate with the size of the company and nature of business for the purchase of inventory and fixed assets and for sale of goods. In our opinion and according to the information and explanations given to us, there is no continuing failure to correct major weakness in internal control.
5. As per information & explanations given and on the basis of records provided to us, there is no transaction that need to be entered in the register maintained under Section 301 of the Companies Act. In view of this clause, clause 5(b) of this Order is not applicable for the current year.
6. According to information and explanations given to us, the company has not accepted any deposits from the public for the period under



consideration.

7. The Company has an adequate internal audit system commensurate with its size and nature of its business.
8. The Company is not required to maintain cost records u/s 209 (1) (d) of the Companies Act, 1956.
9. (a) According to the information and explanations given to us and the records of the company examined by us, the Company is regular in depositing with appropriate authorities undisputed statutory dues including income-tax, and other material statutory dues as applicable with the appropriate authorities. According to the information and explanations given to us and the records of the company examined by us, excise duty and cess are not applicable to the company for the current year.  
  
(b) According to the information and explanations given to us and the records of the company examined by us, there are no dues of income-tax, sales-tax, wealth tax, service tax, customs duty which have not been deposited on account of any dispute.
10. The company has accumulated losses Rs.20377597/- at the end of the financial year and Rs. 1973449 /- incurred cash losses during the year.
11. In our opinion and on verification of records, the company has not defaulted in repayment of loan to bank. No loan has been taken from Financial Institutions and company has not issued any debenture.
12. In our opinion and according to information and explanations given to us and as per verification of records, the company has not granted any loan or advance on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion and according to explanations given to us, the clause relating to chit or nidhi or mutual benefit fund or society is not applicable to the company.

#### **Fourth Generation Information Systems Limited**

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14. The Company is not dealing or trading in shares, securities, debentures and other investments. Hence no records are required to be maintained.
15. As per information and explanations given to us, the company has not given any guarantee for loans taken by others from banks and financial institutions during the year.
16. The company has not taken any term loan during the year.
17. In our opinion and according to the explanations given to us and as per verification of records produced before us the company during the period under consideration has not raised any fund on short-term basis.
18. The company has made preferential allotment of shares to parties covered under section 301 of the Companies Act, 1956.
19. The company during the year has not issued any debentures.
20. The company has not raised any money by public issue during the year.
21. In our opinion and according to the information and explanations given to us, no fraud has been noticed or reported during the period under consideration.

**For M M REDDY & CO.,  
Chartered Accountants  
Firm Reg. No: 010371S**

**Place: Hyderabad  
Date : May 30th, 2014**

**M. Madhusudhana Reddy  
Partner  
Membership No.213077**

# Fourth Generation Information Systems Limited

## BALANCE SHEET AS ON 31.03.2014

(All amounts in Indian Rupees except for share data or otherwise stated)

(Amount in Rs.)

| Particulars                      | Note No.     | As at             |                   |
|----------------------------------|--------------|-------------------|-------------------|
|                                  |              | 31-03-2014        | 31-03-2013        |
| <b>EQUITY AND LIABILITIES</b>    |              |                   |                   |
| <b>Shareholders' Funds</b>       |              |                   |                   |
| Share Capital                    | 1            | 35,500,000        | 35,500,000        |
| Reserves and Surplus             | 2            | (19,777,597)      | (17,555,982)      |
| Preference Share Warrant         |              | -                 | -                 |
|                                  | A            | <b>15,722,403</b> | <b>17,944,018</b> |
| <b>Non - current liabilities</b> |              |                   |                   |
| Long - term borrowings           | 3            | -                 | 26,000            |
| Deferred tax liabilities (Net)   | 4            | 454,636           | 454,636           |
| Long term provisions             |              | -                 | -                 |
|                                  | B            | <b>454,636</b>    | <b>480,636</b>    |
| <b>Current liabilities</b>       |              |                   |                   |
| Short - term borrowings          |              | -                 | -                 |
| Trade Payables                   | 5            | 7,178,151         | 6,879,469         |
| Short - term provisions          | 6            | 525,001           | 525,001           |
|                                  | C            | 7,703,152         | 7,404,470         |
|                                  | (A+B+C)      | <b>23,880,191</b> | <b>25,829,124</b> |
| <b>ASSETS</b>                    |              |                   |                   |
| Non-current assets               |              |                   |                   |
| Fixed assets                     |              |                   |                   |
| (i) Tangible Assets              | 7            | 1,792,729         | 2,040,895         |
| (ii) Intangible Assets           |              | -                 | -                 |
| (iii) Capital work- in- progress |              | -                 | -                 |
| Deferred tax assets (Net)        |              | -                 | -                 |
| Long - term loans and advances   | 8            | 5,712,100         | 5,712,100         |
| Non-current investments          |              | -                 | -                 |
| Other Non- Current Assets        |              | -                 | -                 |
|                                  | A            | <b>7,504,829</b>  | <b>7,752,995</b>  |
| <b>Current assets</b>            |              |                   |                   |
| Inventories                      |              |                   |                   |
| Trade receivables                | 9            | 6,161,352         | 5,621,976         |
| Cash and cash equivalents        | 10           | 856,539           | 1,896,682         |
| Short - term loans and advances  | 11           | 9,357,471         | 10,557,471        |
| Other current assets             |              | -                 | -                 |
|                                  | B            | <b>16,375,362</b> | <b>18,076,129</b> |
| <b>TOTAL</b>                     | <b>(A+B)</b> | <b>23,880,191</b> | <b>25,829,124</b> |

The Notes referred to above and the notes to accounts form an integral part of the Balance Sheet

For M M REDDY & CO.,  
Firm Registration Number : 010371S  
Chartered Accountants

For and on behalf of the Board of Directors of  
FOURTH GENERATION INFORMATION SYSTEMS LTD.

M Madhusudhana Reddy  
Partner  
Membership No. 213077

C.N. Somasekhar Reddy  
Managing Director  
(DIN: 02441810)

T. Srivenkata Ramana  
Director  
(DIN: 03195303)

Place : Hyderabad  
Date : 30-05-2014

## Fourth Generation Information Systems Limited

### Profit and Loss Account for the Period ended

(All amounts in Indian Rupees except for share data or otherwise stated)

(Amount in Rs.)

| Particulars                                | Note No. | Year Ended          |                     |
|--|----------|---------------------|---------------------|
|  |          | 31-03-2014          | 31-03-2013          |
| <b>INCOME</b>                              |          |                     |                     |
| <b>Turnover (Gross)</b>                    |          |                     |                     |
| Revenue from operations                    |          | 4,351,250           | 6,627,500           |
|  |          | 4,351,250           | 6,627,500           |
| <b>EXPENDITURE</b>                         |          |                     |                     |
| Operating Expenses                         | 12       | 462,525             | 1,761,905           |
| Personal Cost                              | 13       | 3,384,721           | 3,685,853           |
| Administration expenses                    | 14       | 2,477,453           | 1,556,827           |
| Depreciation/amortization                  | 7        | 248,166             | 231,731             |
| <b>Total</b>                               |          | <b>6,572,865</b>    | <b>7,236,316</b>    |
| <b>Profit / (Loss) before tax</b>          |          | (2,221,615)         | (608,816)           |
| Profit before tax                          |          |                     |                     |
| Provision for taxation                     |          |                     |                     |
| - Current Year Tax                         |          | -                   | -                   |
| - Deferred tax                             |          | -                   | -                   |
| <b>Total tax expense</b>                   |          | -                   | -                   |
| Profit/(Loss) from continuing operations   |          | (2,221,615)         | (608,816)           |
| Balance brought forward from previous year |          | (18,155,982)        | (17,547,166)        |
| Balance carried to Balance Sheet           |          | <b>(20,377,597)</b> | <b>(18,155,982)</b> |
| <b>Earnings per share</b>                  |          |                     |                     |
| Basic                                      |          | (0.63)              | (0.17)              |
| Weighted Number of Shares                  |          | 3,550,000           | 3,550,000           |
| Nominal value                              |          | 10                  | 10                  |
| <b>Notes to accounts</b>                   | 15       |                     |                     |

The Notes referred to above and the notes to accounts form an integral part of the Balance Sheet

For M M REDDY & CO.,  
Firm Registration Number : 010371S  
Chartered Accountants

M Madhusudhana Reddy  
Partner  
Membership No. 213077

Place : Hyderabad  
Date : 30-05-2014

For and on behalf of the Board of Directors of  
FOURTH GENERATION INFORMATION SYSTEMS LTD.

C.N. Somasekhar Reddy  
Managing Director  
(DIN: 02441810)

T. Srivenkata Ramana  
Director  
(DIN: 03195303)

# Fourth Generation Information Systems Limited

## Cash Flow Statement for the year ended March 31, 2014

(All amounts in Indian Rupees except for share data or otherwise stated)

(Amount in Rs.)

| Particulars   | As at              |                    |
|---|--------------------|--------------------|
|   | 31-03-2014         | 31-03-2013         |
| <b>A. Cash flow from operating activities</b>                           |                    |                    |
| Net profit / (Loss) before tax  | (2,221,615)        | (608,816)          |
| Adjustments for:  |                    |                    |
| Preliminary Expenses Written Off  |                    |                    |
| Depreciation  | 248,166            | 231,731            |
| Diminution in value of investments                                      | -                  | -                  |
| Advances written off  | -                  | -                  |
| Operating profit before working capital changes                         | (1,973,449)        | (377,085)          |
| Movements in working capital :  |                    |                    |
| (Increase)/Decrease in Trade Receivables                                | (539,376)          | (1,106,241)        |
| (Increase)/Decrease in inventories                                      | -                  | -                  |
| (Increase)/Decrease in Long term loans and advances                     | -                  | -                  |
| (Increase)/Decrease in Short term loans and advances                    | 1,200,000          | (6,625,000)        |
| Increase/ (Decrease) in Trade Payables                                  | 298,682            | (1,353,563)        |
| <b>Cash generated from /(used in) operations</b>                        | <b>(1,014,143)</b> | <b>(9,461,889)</b> |
| Taxes paid  | -                  | -                  |
| <b>Net cash used in /(generated from ) operating activities</b>         | <b>(1,014,143)</b> | <b>(9,461,889)</b> |
| <b>B. Cash flows from investing activities</b>                          |                    |                    |
| Purchase of fixed assets  | -                  | (1,150,085)        |
| Sale of fixed assets  | -                  | -                  |
| Fixed deposits  | -                  | -                  |
| Dividends received  | -                  | -                  |
| <b>Net cash used in investing activities</b>                            | <b>-</b>           | <b>(1,150,085)</b> |
| <b>C. Cash flows from financing activities</b>                          |                    |                    |
| Realisation of calls in arrears   | -                  | 23,026,601         |
| Other Long term Borrowings  | (26,000)           | (11,024,000)       |
| Other Short term Unsecured Loans (Net)                                  | -                  | -                  |
| Interest received   | -                  | -                  |
| Interest paid   | -                  | -                  |
| <b>Net cash generated from /(used in) financing activities</b>          | <b>(26,000)</b>    | <b>12,002,601</b>  |
| <b>Net increase/(decrease) in cash and cash equivalents (A + B + C)</b> | <b>(1,040,143)</b> | <b>1,390,627</b>   |
| Cash and cash equivalents at the beginning of the year                  | 1,896,682          | 506,055            |
| <b>Cash and cash equivalents at the end of the year</b>                 | <b>856,539</b>     | <b>1,896,682</b>   |

**For M M REDDY & CO.,**  
Firm Registration Number : 010371S  
Chartered Accountants

**M Madhusudhana Reddy**  
Partner  
Membership No. 213077

Place : Hyderabad  
Date : 30-05-2014

**For and on behalf of the Board of Directors of**  
**FOURTH GENERATION INFORMATION SYSTEMS LTD.**

**C.N. Somasekhar Reddy**  
Managing Director  
(DIN: 02441810)

**T. Srivenkata Ramana**  
Director  
(DIN: 03195303)

**Fourth Generation Information Systems Limited**

**NOTES TO THE FINANCIAL STATEMENTS**

| <b>Particulars</b>   | <b>As at<br/>31-3-2014<br/>Rs.</b> | <b>As at<br/>31-3-2013<br/>Rs.</b> |
|--|------------------------------------|------------------------------------|
| <b>Note 1 : Share Capital</b>  |                                    |                                    |
| <b>Authorised:</b>   |                                    |                                    |
| 12950000 Equity Shares of Rs.10/- each   | 129,500,000                        | 129,500,000                        |
| <br>Issues, Subscribed and Paid up   |                                    |                                    |
| 3550000 equity shares of Rs.10 each  | 35,500,000                         | 35,500,000                         |
| (In the Previous Year 62367000 equity shares of Rs.2 each)   |                                    |                                    |
| <b>TOTAL</b>   | <u>35,500,000</u>                  | <u>35,500,000</u>                  |
| <br><b>1.a) Reconciliation of shares outstanding at the beginning and at the end of the reporting period</b>   |                                    |                                    |
| Equity Shares outstanding at the beginning of the year   | 3,550,000                          | 62,367,000                         |
| Add: Additional shares issued during the year  | -                                  | 2,302,660                          |
| Less: Shares reduction during the year   | -                                  | 61,119,660                         |
| Equity Shares outstanding at the closing of the year   | <u>3,550,000</u>                   | <u>3,550,000</u>                   |
| <br><b>1.b) Terms/rights attached to equity shares</b>   |                                    |                                    |
| The company has only one class of equity shares having a par value of Rs. 10/- per share. Each holder of equity shares is entitled to one vote per share.  |                                    |                                    |
| <br>In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held |                                    |                                    |
| <br><b>1.c) Names of shareholders holding more than 5 % shares</b>   |                                    |                                    |
| <b>Equity Shares</b>   | No of Shares<br>NIL                | No of Shares<br>NIL                |
| No Shareholder holds more than 5% Shares of the company  |                                    |                                    |

**Fourth Generation Information Systems Limited**

**NOTES TO THE FINANCIAL STATEMENTS**

| <b>Particulars</b>                                  | <b>As at<br/>31-3-2014<br/>Rs.</b> | <b>As at<br/>31-3-2013<br/>Rs.</b> |
|---|------------------------------------|------------------------------------|
| <b>Note 2 : Reserves and Surplus</b>                |                                    |                                    |
| General Reserve                                     |                                    |                                    |
| Balance as per last account                         | 600,000                            | 600,000                            |
| <b>Capital Reserve</b>                              |                                    |                                    |
| Forfeiture of shares on Capital Reduction           |                                    |                                    |
| <b>Profit &amp; Loss A/c Surplus</b>                |                                    |                                    |
| Balance in the statement of profit & loss           | (18,155,982)                       | (129,807,766)                      |
| Less: Loss Adjusted on Account of Capital reduction | -                                  | 112,260,600                        |
| Additions during the year                           | (2,221,615)                        | (608,816)                          |
| <b>TOTAL</b>  | <b>(19,777,597)</b>                | <b>(17,555,982)</b>                |
| <b>Note 3 : Long - term borrowings</b>              |                                    |                                    |
| Loans and advances from banks                       |                                    |                                    |
| Term loans  | -                                  | -                                  |
| From banks  |                                    |                                    |
| Unsecured Loans from Others                         | -                                  | 26,000                             |
| <b>TOTAL</b>  | <b>-</b>                           | <b>26,000</b>                      |
| <b>Note 4 : Deferred tax liabilities (Net)</b>      |                                    |                                    |
| Opening Balance                                     | 454,636                            | 454,636                            |
| Add/Less: Current year Provision                    | -                                  | -                                  |
| <b>TOTAL</b>  | <b>454,636</b>                     | <b>454,636</b>                     |
| <b>Note 5 : Trade Payables</b>                      |                                    |                                    |
| Sundry Creditors                                    | 6,680,852                          | 6,555,367                          |
| Expenses payable                                    | 497,299                            | 324,102                            |
| <b>TOTAL</b>  | <b>7,178,151</b>                   | <b>6,879,469</b>                   |

**Fourth Generation Information Systems Limited**

**NOTES TO THE FINANCIAL STATEMENTS**

| <b>Particulars</b>                                    | <b>As at<br/>31-3-2014<br/>Rs.</b> | <b>As at<br/>31-3-2013<br/>Rs.</b> |
|---|------------------------------------|------------------------------------|
| <b>Note 6 : Short - term provisions</b>               |                                    |                                    |
| Provision for Income tax                              | 220,250                            | 220,250                            |
| Others Provisions                                     | 304,751                            | 304,751                            |
| <b>TOTAL</b>  | <b>525,001</b>                     | <b>525,001</b>                     |
| <b>Note 8 : Long - term loans and advances</b>        |                                    |                                    |
| Unsecured Loans & Advances to Others                  |                                    |                                    |
| Security deposits                                     | 5,712,100                          | 5,712,100                          |
| Others  | -                                  | -                                  |
| <b>TOTAL</b>  | <b>5,712,100</b>                   | <b>5,712,100</b>                   |
| <b>Note 9 : Trade receivables</b>                     |                                    |                                    |
| (Unsecured, considered good, unless otherwise stated) |                                    |                                    |
| Debts outstanding for a period exceeding six months   |                                    |                                    |
| Considered good                                       | 3,324,501                          | 2,785,125                          |
| Considered doubtful                                   |                                    |                                    |
| Other debts   |                                    |                                    |
| Considered good                                       | 2,836,851                          | 2,836,851                          |
|   | 6,161,352                          | 5,621,976                          |
| Less: Provision for doubtful debts                    | -                                  | -                                  |
| <b>TOTAL</b>  | <b>6,161,352</b>                   | <b>5,621,976</b>                   |
| <b>Note 10 : Cash and cash equivalents</b>            |                                    |                                    |
| Cash on hand  | 538,700                            | 1,605,437                          |
| Balances with scheduled banks                         |                                    |                                    |
| On current accounts                                   | 317,839                            | 291,245                            |
| On deposit accounts                                   | -                                  | -                                  |
| <b>TOTAL</b>  | <b>856,539</b>                     | <b>1,896,682</b>                   |
| <b>Note 11 : Short - term loans and advances</b>      |                                    |                                    |
| Advances to Customers                                 | 5,425,000                          | 6,625,000                          |
| Other receivables                                     | 3,932,471                          | 3,932,471                          |
| Advance tax   | -                                  | -                                  |
| <b>TOTAL</b>  | <b>9,357,471</b>                   | <b>10,557,471</b>                  |



**Fourth Generation Information Systems Limited**

**NOTES TO THE FINANCIAL STATEMENTS**

| <b>Particulars</b>                       | <b>As at<br/>31-3-2014<br/>Rs.</b> | <b>As at<br/>31-3-2013<br/>Rs.</b> |
|--|------------------------------------|------------------------------------|
| <b>Note 12 : Operating Expenses</b>      |                                    |                                    |
| Direct Expenditure                       | 462,525                            | 1,761,905                          |
| <b>TOTAL</b>                             | <b><u>462,525</u></b>              | <b><u>1,761,905</u></b>            |
| <b>Note 13 : Personal Cost</b>           |                                    |                                    |
| Salaries and incentives                  | 3,349,403                          | 2,453,151                          |
| Directors Remuneration                   | -                                  | 1,200,000                          |
| Staff welfare expenses                   | 35,318                             | 32,702                             |
| <b>TOTAL</b>                             | <b><u>3,384,721</u></b>            | <b><u>3,685,853</u></b>            |
| <b>Note 14 : Administration expenses</b> |                                    |                                    |
| Power Charges                            | 47,940                             | 44,389                             |
| Office Rent                              | 168,000                            | 168,000                            |
| Audit Fee                                | 30,000                             | 30,000                             |
| Legal & Professional Fee                 | 77,914                             | 72,143                             |
| Miscellaneous Expenses                   | 206,533                            | 98,642                             |
| Bank Charges                             | 260                                | 1,742                              |
| Office Maintenance                       | 228,030                            | 118,546                            |
| Postage & Courier                        | 26,888                             | 24,896                             |
| Printing & Stationery                    | 63,867                             | 59,136                             |
| Repairs & Maintenance                    | 42,753                             | 39,586                             |
| Communication Charges                    | 23,480                             | 21,741                             |
| Traveling & Conveyance                   | 253,004                            | 234,263                            |
| Listing Fees                             | 241,699                            | 184,885                            |
| Computers Rents & Maintenance            | 397,000                            | 75,000                             |
| Directors Sitting Fee                    | -                                  | 120,000                            |
| Certification & Accounting Charges       | 60,000                             | 45,000                             |
| Business Promotion                       | 575,455                            | 162,458                            |
| Forex Loss                               | -                                  | 1,720                              |
| Advertisement                            | 34,630                             | 54,680                             |
| <b>TOTAL</b>                             | <b><u>2,477,453</u></b>            | <b><u>1,556,827</u></b>            |

### **NOTE 15:**

#### **Notes forming part of the Accounts:**

#### **Significant Accounting Policies and Notes on Accounts:**

##### **I. Significant Accounting Policies**

##### **1. Basis of Accounting:**

- a) The financial statements have been prepared on the basis of going concern under historical cost convention in accordance with generally accepted principles and provisions of the Companies Act, 1956 with revenue recognized and expenses accounted on accrual basis unless otherwise stated.
- b) Accounting policies not specifically referred to otherwise are in consonance with prudent accounting principles.
- c) All Income and Expenditure items, having material bearing on the financial statements are recognized on accrual basis.

##### **2. Fixed Assets:**

Fixed assets are stated at cost less accumulated depreciation. All costs, directly attributable to bringing the asset to the present condition for the intended use, are capitalized. Advances paid to capital creditors continuously shown under capital work in progress. The position of the advances given and their acknowledgements is yet to be confirmed.

##### **3. Depreciation:**

Depreciation on fixed assets has been provided on straight-line method.

##### **4. Foreign Currency Transactions:**

There are no transactions involving foreign exchange took place during the year under consideration.

##### **6. Retirement Benefits:**

- a) No provision has been made for retirement benefits, as they are not applicable to the company

##### **7. Related Party Transactions:**

- a) Associate enterprises and amounts due from them: Nil
- b) Key Management Personnel and relatives: Nil
- c) Transactions with associate companies/firms/individuals: Nil

- 8. In accordance with the provisions of Accounting Standard 17, the company has only one reportable primary segment consisting of information technology services. Hence segment reporting not applicable.

##### **9. Cash flow statement**

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the company are segregated.

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## Fourth Generation Information Systems Limited

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### 10. Earnings per share

In determining earnings per share, the company considers the net profit after tax expense. The number of shares used in computing basic earnings per is the weighted average shares used in outstanding during the period.

## II. Notes on Accounts:

1. Contingent Liabilities: Nil

2. Figures have been rounded off to the nearest rupee.

3. Previous year figures have been regrouped, reclassified and recast wherever necessary to conform to current year's classification.

4. **Managerial Remuneration:** Managerial Remuneration paid to the Managing Director and Whole time Directors: Nil

No computation of Profit under Sec. 350 of the Companies Act, 1956 has been given as no Commission is paid to directors

### 5. Auditors Remuneration:

|                     | 2013-14    | 2012-13   |
|---------------------|------------|-----------|
| For Statutory Audit | Rs. 30,000 | Rs.30,000 |
| For Tax Audits      | Rs. Nil    | Rs. Nil   |
| For Other Services  | Rs. Nil    | Rs. Nil   |

### 6. Foreign Exchange Earnings and outgo:

|   | 2013-14 | 2012-13 |
|---|---------|---------|
| Export sales                                | Rs. Nil | Rs. Nil |
| Profit due to foreign<br>exchange Variation | Rs. Nil | Rs. Nil |
| Investment in joint<br>venture              | Rs. Nil | Rs. Nil |

7. The Company has not received any information from any of the suppliers of their being Small Scale Industrial Unit. Hence, the amounts due to Small Scale Industrial Units outstanding as on 31st March 2013 are not ascertainable.

### 8. Quantitative Details:

The Company is engaged in the business of development of Computer Software. The production and sale of such software is not capable of being expressed in any generic unit. Hence, it is not possible to give the quantitative details of such

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## Fourth Generation Information Systems Limited

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sale and the information required under paragraphs 3, 4C and 4D of the Part II of Schedule VI of the Companies Act, 1956.

9. Some of the Sundry Debtors, Loans and Advances, Deposits, Other Receivables and Sundry Creditors are subject to confirmation, reconciliations and adjustments if any.

10. Unclaimed dividend pertaining to the year 2000-01 to the extent of Rs. 15,765 has not been transferred to Central Govt. account for unclaimed dividends.

11. Earnings per share

|  | 2013-14     | 2012-13    |
|--|-------------|------------|
| Net profit after tax                     | (22,21,615) | (6,08,816) |
| Weighted average number of equity shares | 35,50,000   | 35,50,000  |
| Nominal value of shares                  | 10.00       | 10.00      |
| Earnings per share (basic/diluted)       | (0.63)      | (0.17)     |

12. Notes 1 to 15 form part of Balance Sheet and have been authenticated.

**For M M REDDY & CO.,**  
Firm Registration Number : 010371S  
Chartered Accountants

**M Madhusudhana Reddy**  
Partner  
Membership No. 213077

Place : Hyderabad  
Date : 30-05-2014

**For and on behalf of the Board of Directors of**  
**FOURTH GENERATION INFORMATION SYSTEMS LTD.**

**C.N. Somasekhar Reddy**  
Managing Director  
(DIN: 02441810)

**T. Srivenkata Ramana**  
Director  
(DIN: 03195303)

## Fourth Generation Information Systems Limited

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### **FORM**

#### **Form No. MGT-11**

#### **Proxy form**

*[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]*

CIN: L72200TG1998PLC029999  
Name of the company: Fourth Generation Information Systems Limited  
Registered office: 1st floor, Society Complex, MLA's Colony,  
Road No.12,Banjara Hills, Hyderabad – 500034.

Name of the member(s):

Registered Address:

E-mail Id:

Folio No./Client Id:

DP ID:

I/We, being the member (s) of ..... shares of the above named company, hereby appoint

1. Name : .....

Address :

E-mail Id :

Signature: ....., or failing him

2. Name : .....

Address:

E-mail Id :

Signature: ....., or failing him

3. Name : .....

Address:

E-mail Id:

Signature: .....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 16<sup>th</sup> Annual General Meeting of the company, to be held on Tuesday the 30th day of September, 2014 at 10.30 a.m. any adjournment thereof in respect of such resolutions as are indicated below:

## Fourth Generation Information Systems Limited

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Resolution No.

1. Approval of financial statements for the year ended 31.03.2014
2. Appointment of Mr. T. Srivenkata Ramana as Director who retires by rotation.
3. Appointment of statutory auditors and fixation of their remuneration.
4. Appointment of Mr. K. Sudheer as Independent director.
5. Appointment of Mr. K. Santosh Reddy as Independent director.
6. Appointment of Mr. C. N. Mallikarjuna Reddy as Independent director.
7. Amendment of Articles of Association.

Signed this ..... day of..... 2014

Signature of shareholder

Affix  
Revenue  
Stamp

Signature of Proxy holder(s)

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

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### Fourth Generation Information Systems Limited

1st floor, Society Complex, MLA's Colony, Road No.12, Banjara Hills, Hyderabad  
– 500034

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#### **ATTENDANCE SLIP**

(Please present this slip at the Meeting venue)

I hereby record my presence at the 16<sup>th</sup> Annual General Meeting of the members of the company to be held at registered office of the company 1st Floor, Society Complex, MLA'S Colony, Road No.12, Banjara Hills, Hyderabad - 500034 on Tuesday the 30<sup>th</sup> day of September, 2013 at 10.30 A.M.

Shareholders/Proxy's Signature\_\_\_\_\_

Shareholders/Proxy's full name\_\_\_\_\_  
(In block letters)

Folio No. / Client ID\_\_\_\_\_

No. of shares held\_\_\_\_\_

Note:

Shareholders attending the meeting in person or by proxy are required to complete the attendance slip and hand it over at the entrance of the meeting hall.

**PRINTER MATTER**  
**BOOK - POST**

*If undelivered please return to :*

**Fourth Generation Information Systems Ltd**

1st Floor, Society Complex, MLA's Colony,  
Road No. 12, Banjara Hills, Hyderabad - 34, A.P.  
Telefax : 040-23373949