

# INDEX

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## CORPORATE INFORMATION

### Board of Directors

S Sudhakiran Reddy	- Managing Director	
Prakash Tripathi	- Director	(Resigned w.e.f. 30.05.2016)
Ramakrishna Bhaskar	- Director & CFO	(Resigned w.e.f. 22.03.2016)
Sunder Raj Nyaypathi	- Independent Director	
SRS Srivastava	- Independent Director	(Resigned w.e.f.07.10.2015)
Suneetha Vishnupanthulu	- Independent Director	(Resigned w.e.f. 23.03.2016)
Devender Reddy K	- Independent Director – Additional	(Appointed w.e.f. 1.11.2015)
Sunitha Kuchakulla	- Independent Director –Additional	(Appointed w.e.f. 21.05.2016)

### Key Managerial Person

S Sudhakiran Reddy	(Managing Director)
Prakash Tripathi	(Whole Time Director)
Ramakrishna Bhaskar	(Wholetime Director and CFO)
Akshita Surana	(Company Secretary & Compliance Officer)

### BOARD COMMITTEES

#### AUDIT:

S Sudhakiran Reddy  
SRS Srivastava\*  
Sunder Raj N  
Devender Reddy K\*\*

(\*Resigned w.e.f. 07.10.2015\*\*Appointed w.e.f. 01.11.2015)

#### Nomination & Remuneration:

Sunder Raj N  
SRS Srivastava\*  
Suneetha Vishnupanthulu\*\*  
Devender Reddy K\*\*\*  
Sudhakiran Reddy

(\*Resigned w.e.f. 07.10.2015 \*\* Resigned w.e.f. 23.03.2016 \*\*\*Appointed w.e.f. 01.11.2015)

#### Stakeholders and Relationship:

Mr.Sunder Raj N  
Mr.Sudhakiran Reddy  
Mr.Devender Reddy K

## **Statutory Auditors**

Niranjan& Narayan  
103- Surabhi Nest, 3-6-361/16,  
Street No.20,Himayathnagar,  
Hyderabad,Andhra Pradesh

## **Registered and Corporate Office**

A-52, Road No 70,  
Journalist Colony, Jubilee Hills,  
Hyderabad -500033  
Tel: +91-40-2355 2284/85/86 Fax:+91-40-2355 2283  
E mail :cs@sphereglobal.in  
Website: www.sphereglobal.in  
Cin :L36999TG1990PLC011129  
ISIN :INE737B01033

## **Bankers:**

HDFC BANK

## **Registrar and Share Transfer Agents:**

Venture Capital and Corporate Investments Private  
Limited  
12-10-167,  
Bharat Nagar  
Hyderabad, 500018,  
Phone : +91 040-23818475/23818476/23868023  
Fax : +91 040-23868024  
E mail: info@vccilindia.com

## NOTICE

**NOTICE** is hereby given that the 26th Annual General Meeting (AGM) of the Members of **SPHERE GLOBAL SERVICES LIMITED** (the Company) will be held on Friday, 30th September, 2016 at 02.00 p.m. at ICWAI Bhavan, Beside Dena Bank, Sanath Nagar, Hyderabad, Telangana 500018 to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt:
  - (a) the Audited financial statements of the Company for the financial year ended March 31, 2016, the Reports of the Board of Directors and Auditors thereon; and
  - (b) the Audited Consolidated financial statements of the Company for the financial year ended March 31, 2016.
2. To appoint a Director in place of Mr. S Sudhakiran Reddy (DIN: 01436242), who retires by rotation and being eligible offers himself for re-appointment.
3. To ratify the re-appointment of M/s. Niranjan and Narayan, Chartered Accountants (Firm Registration No. 005899S ) as approved by Members at the 24th Annual General Meeting as Statutory Auditors of the company, to hold office until the conclusion of 27th Annual General Meeting, and to fix their remuneration for the financial year ending March 31, 2017.

### SPECIAL BUSINESS:

4. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** Mrs. Suneeta Kuchakulla (DIN: 07502066), who was appointed as an Additional Director with effect from 21.05.2016 on the Board of the Company in terms of Section 149, 152, 160 and 161 of the Companies Act, 2013 and Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and in respect of whom a notice has been received from a member in writing, under Section 160 of the Companies Act, 2013 along with requisite deposit, proposing her candidature for the office of Independent Director, be and is hereby appointed as an Independent director of the company, to hold office as such for a period of 5 (five) consecutive years, with effect from the date of appointment of additional director and that she shall not be liable to retire by rotation.”

5. **To consider and, if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:**

**“RESOLVED THAT** Mr. Devender Reddy K (DIN: 07329194), who was appointed as an Additional Director with effect from 01/11/2015 on the Board of the Company in terms of Section 149, 152, 160 and 161 of the Companies Act, 2013 and Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and in respect of whom a notice has been received from a member in writing, under Section 160 of the Companies Act, 2013 along with requisite deposit, proposing her candidature for the office of Independent Director, be and is hereby appointed as an Independent director of the company, to hold office as such for a period of 5 (five) consecutive years, with effect from the date of appointment of additional director and that she shall not be liable to retire by rotation.”

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

**“RESOLVED THAT** pursuant to the provisions of Sections 197, 198 and other applicable provisions, if any, of the Companies Act, 2013 (the Act) and the Rules made thereunder, as amended from time to time, read with Schedule V to the Act, consent of the members be and is hereby accorded for revision in the remuneration of Mr. S Sudhakiran Reddy as the Managing Director of the Company upto a sum of Rs. 11,00,000/- (Rupees Eleven Lakhs) per year, whether paid as salary, allowance(s), perquisites or a combination thereof, with effect from October 01, 2016 for a period of three years or till the date of his remaining tenure as Managing Director, whichever is earlier.

**RESOLVED FURTHER THAT** payment towards the following perquisites will not be included in the aforesaid limit of remuneration:

- a. Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income-tax Act, 1961;
- b. Encashment of leave at the end of tenure

**RESOLVED FURTHER THAT** in case of inadequacy of profit in any financial year, the remuneration payable to the Managing Director shall be limited to the extent, as provided under of Part-II of Schedule V of the Companies Act, 2013.

**RESOLVED FURTHER THAT** the Nomination and Remuneration Committee of the Company be and is hereby authorized to fix and vary the remuneration from time to time within the aforesaid limit to the extent it may deem appropriate.

**RESOLVED FURTHER THAT** the Board of Directors of the Company (including Nomination and Remuneration Committee) be and is hereby authorized to take all necessary steps to give effect to the aforesaid resolution.”

**7. To consider and, if thought fit, to pass, with or without modifications, the following resolution as a Special Resolution:**

“**RESOLVED THAT** in accordance with the provisions contained in the Memorandum and articles of Association and pursuant to the provisions of section 62, and all other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and the provisions contained in the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (“the Regulations”) and such other applicable laws (including any statutory modifications or re-enactment of the Act or the Regulations, for the time being in force) and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed by the Board of Directors of the Company herein after referred to as “the Board” which terms shall be deemed to include any committees thereof, including the Nomination and Remuneration Committee which the Board might constitute (hereinafter referred to as “the Committee”) to exercise its powers, including the powers conferred by this resolution), consent of the members of the company be and is hereby accorded to the Board, to introduce, offer, issue, and allot up to 10,00,000 Equity Shares, from time to time in one or more tranches to of for the benefit of employees who are in permanent employment of the company and its Subsidiaries whether working in India or out of India, including directors of the company, as may from time to time be allowed to be eligible for the benefits under the provisions of applicable laws and Regulations prevailing from time to time (all such persons are hereinafter collectively referred to as “Employees”) under a Scheme titled “SGSL Employees Stock Option Scheme-2016”, (hereinafter referred to as the “SGSL ESOP’S -2016”), on such terms and conditions as may be fixed or determined by the nomination and remuneration committee in accordance with the provisions of the law or Regulations issued by the relevant authority.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to make any modifications, change(s), variations(s), alteration(s) or revision(s) in the terms and conditions of “SGSL ESOP’S -2016” from time to time including, but not limited to, amendment(s) with respect to vesting period and schedule, exercise price, exercise period, eligibility criteria or to suspend, withdraw, terminate or revise “SGSL ESOP’S -2016”

**RESOLVED FURTHER THAT** in case of any corporate action(s) such as rights issues, bonus issues, merger and sale of division of the Company and others, the Board / Nomination and Remuneration Committee is authorized to do all such acts, deeds, matters and things as it may deem fit in its absolute discretion and as permitted under applicable laws, so as to ensure that fair and equitable benefits under the Scheme are passed on to the Employee.

**RESOLVED FURTHER THAT** all the new equity shares to be issued and allotted as aforesaid shall rank pari passu including dividend inter se with the then existing equity shares of the Company in all respects.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to take necessary steps for listing of the Securities allotted under “SGSL ESOP’S -2016” on the Stock Exchanges as per the provisions of the Listing Agreements with the Stock Exchanges concerned, the Guidelines and other applicable laws and regulations.

**RESOLVED FURTHER THAT** in case the Equity Shares of the Company are either sub-divided or consolidated, then the number of Shares to be allotted and the exercise price payable by the Option grantees under the Plan shall automatically stand reduced or augmented, as the case may be, in the same proportion as the present face value of Rs. 10 per Equity Share shall bear to the revised face value of the Equity Shares of the Company after such sub-division or consolidation, without affecting any other rights or obligations of the said allottees.

**RESOLVED FURTHER THAT** for the purpose of giving effect to any creation, offer; issue, allotment of securities, the Board be and is hereby authorized on behalf of the Company to evolve, decide upon and bring in to effect the Scheme and make any modifications, changes, variations, alterations or revisions in the said Scheme from time to time in its sole discretion in conformity with the provisions of the Act, the Memorandum and Articles of Association of the Company and any other applicable laws or to suspend, withdraw or revive the Scheme from time to time as may be specified by any statutory authority and to do all such acts, deeds, matters and things as it may in its absolute discretion deem fit or necessary or desirable for such purpose and with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the members of the Company.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to delegate all or any powers conferred herein to Nomination and Remuneration Committee or such other Committee, with power to further delegate to any Executives/Officers of the Company to do all such acts, deeds, matters and things as also to execute such documents, writings etc., as may be necessary in this regard”.

“**RESOLVED FURTHER THAT** the Board be and is hereby authorized and empowered to arrange or settle the terms and conditions on which all such monies are to be borrowed from time to time as to interest, repayment, security or otherwise howsoever as it may think fit and to do all such acts, deeds and things, to execute all such documents, instruments and writings as may be required.

**NOTES:**

- 1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (THE “MEETING”) IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING THE PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**

**A PERSON CAN ACT AS A PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. A MEMBER HOLDING MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS A PROXY FOR ANY OTHER PERSON OR SHAREHOLDER.**

- The business set out in the Notice will be transacted through electronic voting system and the Company is providing facility for voting by electronic means. Instructions and other information relating to Remote e-voting are given in this Notice under Note No. 27. The Company will also send communication relating to Remote e-voting which inter alia would contain details about User ID and password along with a copy of this Notice to the members, separately.
- During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, members would be entitled to inspect the proxies lodged, at any time during the business hours of the Company, provided not less than 3 days’ written notice is given to the Company.
- A Statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the Special Business to be transacted at the Meeting is annexed hereto.
- Shareholders are requested to bring their copy of annual report to the Meeting. In accordance with the provisions of the Companies Act, 2013 & SEBI Guidelines, only abridged standalone and consolidated annual accounts for the financial year ended March 31, 2016 are circulated. Any member desirous of having a copy of detailed accounts may apply to the Company and copies thereof will be available for reference at the venue of the Meeting.

6. Members are requested to bring their attendance slip along with their copy of Annual Report to the meeting. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
7. Brief details of Directors seeking re-appointment / appointment at the Annual General Meeting scheduled to be held on 30th September, 2016 forms part of the notice.
8. The Register of Members and Share Transfer Books will remain closed from 23rd September, 2016 to 30th September, 2016 (both days inclusive).
9. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
10. The members who have not surrendered their old share certificates (Issued by the then M/s. Color (chips) India Limited, now known as Sphere Global Services Limited, under the change of name) are requested to surrender their old share certificates to M/s. Sphere Global Services Limited at their registered office : A-52, Road no. 70, Journalist Colony, Jubilee Hills, Hyderabad- 500033 obtain their new share certificates of this Company.
11. Members holding shares in physical form are requested to consider converting their holding to dematerialized form to eliminate all risks associated with physical shares and for ease in portfolio management. Members may contact the Company or Registrar and Share Transfer Agent of the Company, for assistance in this regard.
12. No Dividend on equity shares as recommended by the Board of Directors for the financial year ended March 31, 2016.
13. a) The members who are holding shares in physical form are requested to intimate any change in their address with pin code immediately either to the Company or to the Registrar & Share Transfer Agent.  
b) The members who are holding shares in demat form are requested to intimate any change in their address with pin code immediately to their Depository Participants.
14. Non-Resident Indian Members are requested to inform Venture Capital, immediately of:
  - a) Change in their residential status on return to India for permanent settlement.
  - b) Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier.
15. The Securities and Exchange Board of India (SEBI) vide circular ref no. MRD/DoP/CIR-05/2007 dated April 27, 2007, made PAN the sole identification number for all participants transacting in the securities market, irrespective of the amount of transaction. In continuation of the aforesaid circular, it is hereby clarified that for securities market transactions and off market/private transactions involving transfer of shares of listed companies in physical form, it shall be mandatory for the transferee(s) to furnish a copy of their PAN card to the Company / RTAs for registration of such transfer of shares.
16. The Ministry of Corporate Affairs, Government of India (vide its circular nos. 17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011 respectively), has undertaken a 'Green Initiative in Corporate Governance' by allowing paperless compliances and recognizing delivery of Notices / Documents / Annual Reports, etc., to the shareholders through electronic medium. In view of the above the Company will send Notices / Documents / Annual Reports, etc., to the shareholders through email, wherever the email addresses are available; and through other modes of services where email addresses have not been registered. Accordingly, members are requested to support this initiative by registering their email addresses in respect of shares held in dematerialized form with their respective Depository Participants and in respect of shares held in physical form with the Company's Registrar and Transfer Agent, M/s. Venture Capital and Corporate Investments Private Limited

17. Pursuant to Section 108 of Companies Act, 2013 read with Rule 20 of Companies (Management and Administration) Rules, 2014, as amended and Clause 35B of the Listing Agreement, the Company is pleased to provide facility to the members to exercise their right to vote at the 26th AGM by electronic means and the business shall be transacted through Remote e-voting services provided by Central Depository Services Limited ("CDSL").
18. The facility for voting through ballot / polling paper shall be made available at the AGM, to all the members attending the AGM, who have not opted e-voting facility. Further, the members who have opted Remote e-voting facility may also attend the AGM but shall not be entitled to cast their vote again at the AGM.
19. The Board of Directors of the company has appointed Mr. Manoj Kumar Koyalkar M/s AGR Reddy & Co., Practicing Company Secretaries, Hyderabad as Scrutinizer for conducting the Remote e-voting process for the Annual General Meeting in a fair and transparent manner.
20. The login ID and password for Remote e-voting is being sent to the members who have not registered their e-mail IDs with the Company / their respective Depository Participants along with physical copy of the Notice. Those members who have registered their e-mail IDs with the Company / their respective Depository Participants are being forwarded the login ID and password for Remote e-voting by e-mail.
21. Voting rights shall be reckoned on the paid-up value of shares registered in the name of the member / beneficial owner (in case of electronic shareholding) as on the cut-off date i.e. 23rd September, 2016. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date, only shall be entitled to avail the facility of Remote e-voting / Poll.
22. Any person who become members of the Company after dispatch of the Notice of the Meeting and holding shares as on the cut-off date i.e. 23rd September, 2016 may obtain the User ID and password for Remote e-voting by sending email intimating DP ID and Client ID / Folio No. at [www.evotingindia.com](http://www.evotingindia.com) or can vote through ballot paper to be downloaded from the Company's website [www.sphereglobal.in](http://www.sphereglobal.in)
23. The Remote e-voting facility will be available during the following period:  
  
Commencement of Remote e-voting: From 9.00 a.m. (IST) on September 25, 2016  
End of Remote e-voting: Up to 5.00 p.m. (IST) on September, 29th, 2016
24. The Remote e-voting will not be allowed beyond the aforesaid date and time and the Remote e-voting module shall be disabled by CDSL upon expiry of aforesaid period.
25. The Scrutinizer, after scrutinizing the votes cast at the meeting (Poll) and through Remote e-voting, will, not later than three days of conclusion of the Meeting, make a consolidated scrutinizer's report and submit the same to the Chairman. The results declared along with the consolidated scrutinizer's report shall be placed on the website of the Company [www.sphereglobal.in](http://www.sphereglobal.in) and on the website of CDSL at [www.evotingindia.com](http://www.evotingindia.com). The results shall simultaneously be communicated to the Stock Exchanges.
26. Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the Meeting, i.e. September, 30th 2016.
27. Instructions and other information relating to Remote e-voting:
  - (i) The voting period begins on 25th September, 2016 at 09:00 a.m and ends on 29th day of September, 2016 at 5:00 p.m .During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 23.09.2016, may cast their vote electronically. The Remote e-voting module shall be disabled by CDSL for voting thereafter.
  - (ii) The shareholders should log on to the Remote e-voting website [www.evotingindia.com](http://www.evotingindia.com).
  - (iii) Click on Shareholders.
  - (iv) Now Enter your User ID
    - a. For CDSL: 16 digits beneficiary ID,
    - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
    - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

- (v) Next enter the Image Verification as displayed and Click on Login.  
 (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.  
 (vii) If you are a first time user follow the steps given below:

	<b>For Members holding shares in Demat Form and Physical Form</b>
<b>PAN</b>	<p><b>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</b></p> <ul style="list-style-type: none"> <li>• <b>Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</b></li> <li>• <b>In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter Ra00000001 in the PAN field.</b></li> </ul>
<b>DOB</b>	<p><b>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.</b></p>
<b>Dividend Bank Details</b>	<p><b>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</b></p> <ul style="list-style-type: none"> <li>• <b>Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).</b></li> </ul>

- (viii) After entering these details appropriately, click on "SUBMIT" tab.  
 (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for Remote 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.  
 (x) For Members holding shares in physical form, the details can be used only for Remote e-voting on the resolutions contained in this Notice.  
 (xi) Click on the EVSN for the relevant <Company Name> on which you choose to vote.  
 (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.  
 (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.  
 (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.

(xvi) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.

(xvii) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xviii) Shareholders can also cast their vote using CDSL’s mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Please follow the instructions as prompted by the mobile app while voting on your mobile.

(xix) Note for Non – Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
- The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xx) In case you have any queries or issues regarding Remote e-voting, you may refer the Frequently Asked Questions (“FAQs”) and Remote 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).

1. The log in ID and password for Remote e-voting along with process, manner and instructions for Remote e-voting is being sent to the members who have not registered their email IDS with the Company along with physical copy of notice. Those members who have registered their email IDS with the Company their respective Depository Participants are being forwarded the login ID and password for Remote e-voting along with process, manner and instructions by email.
2. The Company has appointed Mr. Manoj Kumar Koyalkar, Company Secretary in Practice as “Scrutinizer” for conducting the Remote e-voting process for the Extra-ordinary General Meeting in a fair and transparent manner.

**PROFILE OF DIRECTORS (SEEKING RE-APPOINTMENT)**

Name of the Director	Mr. S Sudhakiran Reddy	Mrs. Sunitha Kuchakulla	Mr.Devender Reddy K
<b>Brief Resume &amp; Expertise in specific functional areas</b>	Qualified CA. Has over 25 years of experience in finance. Rich experience in SAP.	Holds Graduate qualification. She possesses rich experience in Management and Administration Matters.	A Technocrat. Holds masters qualification. Over 3 decade of experience in IT and SAP market.
<b>Details of shares held in the Company as on 31.03.2016</b>	2503	Nil	Nil
<b>Listed Companies in which Directorships held as on 31.03.2016</b>	Nil	Nil	Nil
<b>Chairman / Member of the Committees of Listed Companies in which he is a Director as on 31.03.2016 other than sgsl.</b>	Nil	Nil	Nil
<b>Relationship with other Directors</b>	Nil	Nil	Nil

By order of the Board of Directors  
for **Sphere Global Services Limited**

**Sd/-**  
**Akshita Surana**  
**Company Secretary & Compliance Officer**  
Membership No: A32571

Hyderabad  
24 August, 2016

**Registered & Corporate Office:**  
Plot No. A-52, Journalist Colony,  
Jubilee Hills -500033,  
Hyderabad, Telangana

**CIN:** L36999TG1990PLC011129  
**Website:** www.sphereglobal.in  
**Email:** cs@sphereglobal.in

## Explanatory Statement to the Notice of the Annual General Meeting, as per Section 102(1) of the Companies Act, 2013.

### ITEM NO.4

Mrs. Suneeta Kuchakulla, was appointed as an Additional Director of the Company with effect from 21.05.2016 in accordance with the provisions of sections 149, 152, 160 and 161 of the Companies Act, 2013 and Articles of Association of the Company. Pursuant to Section 161 of the Companies Act, 2013 the above director holds office up to the date of the ensuing Annual General Meeting. In this regard the Company has received request in writing from a member of the company proposing Mrs. Suneeta Kuchakulla candidature for appointment as Director of the Company in accordance with the provisions of Section 160 and all other applicable provisions of the Companies Act, 2013. The Board feels that presence of Mrs. Suneeta Kuchakulla on the Board is desirable and would be beneficial to the company and hence recommends resolution No. 4 for adoption.

None of the Directors or KMP or relatives of Directors and KMP, except Mrs.Suneeta Kuchakulla, are in any way, concerned with or interested, financially or otherwise, in the resolution at Item No. 4 of the accompanying notice.

The Board recommends the resolution at Item No. 4 to be passed as an ordinary resolution.

### ITEM NO. 5

Mr. Devender Reddy K, was appointed as an Additional Director of the Company with effect from 01.11.2015 in accordance with the provisions of sections 149, 152, 160 and 161 of the Companies Act, 2013 and Articles of Association of the Company. Pursuant to Section 161 of the Companies Act, 2013 the above director holds office up to the date of the ensuing Annual General Meeting. In this regard the Company has received request in writing from a member of the company proposing Mr. Devender Reddy K candidature for appointment as Director of the Company in accordance with the provisions of Section 160 and all other applicable provisions of the Companies Act, 2013. The Board feels that presence of Mr. Devender Reddy K on the Board is desirable and would be beneficial to the company and hence recommends resolution No. 5 for adoption.

None of the Directors or KMP or relatives of Directors and KMP, except Mr. Devender Reddy K, are in any way, concerned with or interested, financially or otherwise, in the resolution at Item No. 5 of the accompanying notice.

The Board recommends the resolution at Item No. 5 to be passed as an ordinary resolution.

### ITEM NO. 6

Mr. S Sudhakiran Reddy , Managing Director of the Company has been associated with the Company since 2014. The Nomination and Remuneration Committee, in its meeting held on 24th August, 2016 recommended and the Board of Directors, in its meeting held on 24th August, 2016 approved the increase of remuneration of up to Rs. 11,00,000 per Annum payable to Mr. S Sudhakiran Reddy, (DIN 01436242), Managing Director of the company with effect from 1st October, 2016 subject to the approval of shareholders.

As per the provisions of section II of Part II of Schedule V of the Companies Act, 2013, a statement containing the information required under the said clause is as follows:

#### I General Information:

##### Nature of Industry:

Sphere Global Services Limited is engaged in the business of IT/ITES Services providing SAP & ERP Services.

**Date or expected date of commencement:** The Company obtained Certificate of Commencement in 1990 and has been into the business of IT service since 2014 .

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

**Financial Performance of the Company is given below:**

Particulars	Financial Year Ended		
	31st March 2016 (Rs.in Lacs)	31st March 2015 (Rs.in Lacs)	31st March 2014 (Rs.in Lacs)
Revenue from operations	1063.94	965.99	4.45
Other income	9.80	0.19	-
Total Revenue	1073.74	966.19	4.45
Total Expenses	837.47	945.07	19.03
Profit before tax	236.27	21.11	-1458521.00
Tax expenses	-0.55	20.70	-
Profit after tax	236.82	-56.26	-1458521.00
Paid -up share Capital	1746.88	1746.88	1746.88
Reserves and Surplus (excluding revaluation Reserve)	9.10	-229.05	-151.53

**Foreign investments or collaborators, if any :** The company has a new subsidiary – M/s. Sphere Global Inc USA. No other investments has been made in any subsidiaries.

**II. INFORMATION ABOUT THE APPOINTEE**

**Background details:** Mr. S Sudhakiran Reddy has been designated s Managing Director of the company since 2014. He is instrumental in the growth of our Company since appointment.

**Past remuneration:** Re.1/- Details of remuneration paid in last financial year are mentioned in the Board's report

**Recognition or awards:** NA

**Job profile and his suitability:** Mr. S Sudhakiran Reddy designated as Managing Director, he is one of the key members for the company. His knowledge of finance and SAP industry has been vital for company's growth activities. He has overall responsibility for the regular business development, inorganic growth and managing the regular affairs of the company.

**Remuneration proposed:**

Annual Remuneration of upto Rs. 11,00,000 (Rupees Eleven Lacs) whether paid as salary, allowance(s), perquisites or a combination thereof, as approved by the Nomination & Remuneration Committee from time to time. The following statutory perquisites will not be included in the aforesaid remuneration: a. Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income-tax Act, 1961; b. Encashment of leave at the end of tenure.

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

The exact figures are not readily available. However, the proposed remuneration is reasonably justified in comparison with the general market trends and remuneration package of top-level managerial persons having comparative qualifications and experience.

**Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any:** Mr. S Sudhakiran Reddy is the director of one of the promoter company. Save as the mentioned above, he does not have any other material pecuniary relationship with the Company.

**III. OTHER INFORMATION**

**Reasons for loss or inadequate profits:** The company has net profit before tax of Rs.236.27 lacs for the Financial Year ended 31st March, 2016. Hence, there is no loss or inadequate profit at present.

**Steps taken or proposed to be taken for improvement :** Your Directors are taking their best efforts for growth of the business and improve its topline and bottom-line.

Expected increase in productivity and profits in measurable terms : The company is expected to have improved sales and profitability figures in the next financial years.

**IV. DISCLOSURES**

The shareholders of the Company shall be informed of the remuneration package of the Managing Director as the same shall be disclosed under corporate governance report of the Board's Report of the Company.

The proposal for increase in remuneration of Mr. S Sudhakiran Reddy has already been considered by the Board of Directors and Nomination and Remuneration committee.

The details including the brief profile of Mr. S Sudhakiran Reddy is provided in annexure to this notice. The members' approval is required by way of a Special resolution for increase in remuneration to Mr. S Sudhakiran Reddy as the Managing Director of the Company.

Your directors recommend the adoption of resolution in the larger interests of the Company.

None of the Directors, Key managerial Persons or their relatives may be deemed to be concerned or interested in the proposed resolution.

No member of the company who is a related party shall be eligible to vote on the present special resolution.

**ITEM NO: 7 ESOPS**

The human resource plays a vital role in the growth and success of an organization. The Board has identified the need to reward the employees and to enable them to participate in the future growth and financial success of the Company, has proposed to offer the employees an option to acquire the equity shares of the Company under Employees Stock Option Scheme (ESOP'S) formulated in accordance with Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("the Regulations"). The Board has reserved an appropriate number of equity shares under the ESOP'S to be allotted against the stock options to be granted to the employees of the Company. The Board has duly approved the ESOP'S Scheme at its meeting held on 24.08.2016.

The Company has constituted a Nomination and Remuneration /Compensation Committee to administer the Stock Option Scheme of the Company.

The salient features of the "SGSL ESOP'S -2016" are as under

### 1. Brief Description of the Scheme(s):

This proposed Scheme called the ``SGSL Employees Stock Option Scheme-2016``SGSL ESOP'S -2015''is intended to reward the Eligible Employees of the Company and its Subsidiary Companies in India and abroad, for their performance and to motivate them to contribute to the growth and profitability of the Company.

The Company in terms of the said Regulations contemplates to enable the implementation of SGSL ESOP- 2016 by dealing in/acquiring Equity Shares directly from the Company ("Primary Shares").

### 2. Total number of Options to be granted:

Such number of Options would be available for grant to the eligible employees of the Company and eligible employees of the Subsidiary Company(ies) under SGSL ESOP 2016, not exceeding more than 10 Lakh (Ten lakhs only) Equity Shares in the Company of face value of Rs. 10/- each fully paid-up.

Vested Options lapsed due to non-exercise and/or unvested Options that get cancelled due to resignation/ termination of the employees or otherwise, would be available for being re-granted at a future date.

The Board is authorized to re-grant such lapsed / cancelled Options as per the provisions of SGSL ESOP 2016-17, within overall ceiling.

The SEBI (Share Based Employee Benefit) Regulations require that in case of any corporate action(s) such as rights issues, bonus issues, merger and sale of division, and others, a fair and reasonable adjustment needs to be made to the Options granted. Accordingly, if any additional Equity Shares are required to be issued pursuant to any corporate action, the above ceiling of Equity Shares shall be deemed to increase in proportion of such additional Equity Shares issued subject to compliance of the SEBI (Share Based Employee Benefit) Regulations.

### 3. Identification of classes of employees entitled to participate in SGSL ESOP 2016

#### Following classes of employees are entitled to participate

- Permanent employees of the Company working in India or out of India;
- Directors of the Company; and
- Permanent employees and Directors of the Subsidiary Company(ies).

Following persons are not eligible:

- an Independent Director within the meaning of the Companies Act, 2013.
- an employee who is a Promoter or belongs to the Promoter Group;
- a Director who either by himself or through his relatives or through any Body corporate, directly or indirectly holds more than 10% of the outstanding Equity Shares of the Company; and

### 4. Requirements of vesting and period of vesting:

The Options granted shall vest so long as an employee continues to be in the employment of the Company or the Subsidiary Company as the case may be. The Compensation Committee may, at its discretion, lay down certain performance metrics on the achievement of which such Options would vest, the detailed terms and conditions relating to such performance-based vesting, and the proportion in which Options granted would vest subject to the minimum vesting period of 1 (one) year.

### 5. Maximum period within which the Options shall be vested:

Options granted under SGSL ESOP-2016-would vest subject to maximum period of 5 (five) years from the date of grant of such Options.

## 6. Exercise price or pricing formula:

### (i) Exercise Price.

Exercise price per Options shall be equal to the Market price on the date of grant of Options or upto 25% of the discount to the Market Price on the date of grant, as decided by the Compensation Committee.

### (ii) Market price

Market price under the SEBI (Share Based Employee Benefit) Regulations means the latest available closing price on the stock exchange on which the equity shares of the company are listed on the date immediately prior to the Relevant Date. If such shares are listed on more than one stock exchange, then the closing price on the stock exchange having higher trade volume shall be considered as the market price.

### (iii) Relevant Date

under the SEBI (Share Based Employee Benefit) Regulations means:

- In the case of grant, the date of the meeting of the Compensation Committee on which the Grant is made; or
- In the case of exercise, the date on which the notice of exercise is given to the Company by the employee.

## 7. Exercise period and the process of Exercise:

The Vested Options shall be allowed for exercise on and from the date of vesting. The vested Options need to be exercised within a maximum period of 2 years from the date of vesting of such Options.

The Vested Options shall be exercisable by the employees by a written application to the Company expressing his/her desire to exercise such Options in such manner and on such format as may be prescribed by the Compensation Committee from time to time. The Options shall lapse if not exercised within the specified exercise period.

## 8. Appraisal process for determining the eligibility of employees under SGSL ESOP -2016:

The appraisal process for determining the eligibility of the employees will be decided by Compensation Committee from time to time.

The employees would be granted Options under the SGSL ESOP- 2015 based on various parameters such as performance rating, period of service, rank or designation and such other parameters as may be decided by the Compensation Committee from time to time.

## 9. Maximum number of Options to be issued per employee and in aggregate:

The number of Options that may be granted to any specific employee of the Company or of its Subsidiary Company under the Plan , in any financial year and in aggregate under the SGSL ESOP -2016 shall be less than 1% of the issued Equity Share Capital (excluding outstanding warrants and conversions) of the Company."

## 10. Maximum Quantum of benefits to be provided per employee under the SGSL ESOP -2016

The Maximum quantum of benefits underlying the Options issued to an eligible employee shall depend upon the Market Price of the shares as on the date of sale of shares arising out of Exercise of Options.

## 11. Source of Shares

The Scheme contemplates new Issue of Shares by the Company ("Primary Shares").

## 12. The amount of loan provided for implementation of the Scheme by the Company to the Trust, its tenure, utilisation, repayment terms etc.

Company is implementing SGSL ESOP- 2016 directly and no loan is provided for the purpose of ESOP.

## 13. Maximum percentage of Secondary Acquisition (subject to limits specified under the Regulations) that can be made by the Trust for the purchase of the scheme

The Company is implementing ESOP by dealing in/acquiring Equity Shares directly from the Company ("Primary Shares").

## 14. Accounting and Disclosure Policies:

The Company shall follow the 'Guidance Note on Accounting for Employee Share-based Payments' and/or any relevant Accounting Standards as may be prescribed by the Institute of Chartered Accountants of India from time to time, including the disclosure requirements prescribed therein.

**15. Method of Option Valuation:**

To calculate the employee compensation cost, the Company shall use the Intrinsic Value method for valuation of the Options granted. The difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the Options and the impact of this difference on profits and on Earnings per Share (EPS) of the company shall also be disclosed in the Boards' report.

**16. The Nomination and Remuneration/Compensation Committee shall be vest with all the powers as per the SEBI Regulations applicable to the ESOP'S.**

Consent of the members is being sought pursuant to Section 62(1)(b) and all other applicable provisions, if any, of the Companies Act, 2013 and rules framed there under and as per Regulation 6 of the SEBI Share Based Employee Benefit Regulations.

The Company shall comply with all necessary disclosures as may be prescribed under the Companies Act, 2013 (including rules thereof), SEBI (Share Based Employee Benefits) Regulations, 2014, and any other law as may be applicable and amended from time to time.

The options to be granted / shares to be issued under the Scheme shall not be treated as an offer or invitation made to public for subscription in the securities of the Company.

The Directors recommend the Resolution in the best interest of the Company for your approval.

None of the Directors of the Company is, in any way, concerned or interested in the resolutions, except to the extent of their shareholding in the Company and to the extent of the options / shares that may be offered to them under the Scheme.

By order of the Board of Directors  
for **Sphere Global Services Limited**

**Sd/-**  
**Akshita Surana**  
**Company Secretary & Compliance Officer**  
Membership No: A32571

Hyderabad  
24 August, 2016

**Registered & Corporate Office:**  
Plot No. A-52, Journalist Colony,  
Jubilee Hills -500033,  
Hyderabad, Telangana

**CIN:** L72300TG1990PLC011129  
**Website:** www.sphereglobal.in  
**Email:** cs@sphereglobal.in

## DIRECTORS' REPORT

Dear Members,

Your Directors have great pleasure in presenting the report of the Business and Operations of your Company ('the Company' or 'SGSL'), along with the audited financial statements, for the financial year ended March 31, 2016. The Consolidated Performance of your Company and its subsidiaries has been referred to wherever required.

### Financial Highlights

Particulars	Consolidated		Standalone	
	2015-2016	2014-2015	2015-2016	2014-2015
Total Income	1883.52	1924.03	1073.74	966.18
<b>Profit before Finance Cost, Depreciation &amp; Amortization, Taxation &amp; Exceptional item</b>	<b>250.73</b>	<b>240.66</b>	<b>242.34</b>	<b>128.28</b>
Less: Finance cost	16.59	8.9	0	0
Depreciation and Amortization Expenses	35.85	118.3	6.07	107.17
<b>Profit before tax &amp; Exceptional items</b>	<b>198.29</b>	<b>113.46</b>	<b>236.27</b>	<b>21.11</b>
Less: Exceptional items	0	56.68	0	56.68
<b>Profit before tax</b>	<b>198.29</b>	<b>56.78</b>	<b>236.27</b>	<b>-35.57</b>
Less: Tax expenses	0	0	0	0
<b>Profit before Minority Interest</b>	<b>198.29</b>	<b>56.78</b>	<b>236.27</b>	<b>-35.57</b>
Less: Minority Interest	0	0	0	0
<b>Profit after tax</b>	<b>198.29</b>	<b>56.78</b>	<b>236.27</b>	<b>-35.57</b>

### Dividend

Your Directors have not recommended dividend for the financial year ended March 31, 2016.

### Review of Operations

During the year under review, at consolidated level, your Company achieved a revenue of Rs. 1,883.52 Lakhs, EBITDA of Rs. 250.73 Lakhs, PBT of Rs. 198.29 Lakhs and PAT of Rs. 198.29 Lakhs as against a revenue of Rs. 1,924.03 Lakhs, EBITDA of Rs. 240.66 Lakhs, PBT of Rs. 113.46 Lakhs and PAT of Rs. 56.78 Lakhs respectively in the previous year.

At standalone level, your Company recorded a revenue of Rs. 1,073.74 lakhs, EBITDA of Rs. 242.34 Lakhs, PBT of Rs. 236.27 Lakhs and PAT of Rs. 236.27 Lakhs as against a revenue of Rs. 966.18 Lakhs, EBITDA of Rs. 128.28 Lakhs, PBT of Rs. 21.11 Lakhs and PAT of Rs. (35.57)Lakhs in the previous year.

## Consolidated Financial Statements (CFS)

The Consolidated Financial Statements of your Company for the financial year 2015-16 are prepared in compliance with applicable provisions of the Companies Act, 2013 read with the Rules issued thereunder, applicable Accounting Standards and the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as the "Listing Regulations"). The consolidated financial statements have been prepared on the basis of audited financial statements of your Company, its subsidiaries, as approved by the respective Board of Directors.

The CFS should therefore be read in conjunction with the directors' report, financial notes, cash flow statements and the individual auditor reports of the subsidiaries.

Pursuant to provisions of section 129(3) of the Companies Act, 2013, a statement containing salient features of the financial statements of the Company's subsidiaries is attached to the financial statements of the Company.

## Abridged Annual Accounts

Pursuant to the provisions of the first proviso to Section 136(1) of the Act and Rule 10 of Companies (Accounts) Rules, 2014, the abridged annual accounts are being sent to all shareholders whose e-mail id's are not registered with the Company. The full annual report is available on the website of your Company at [www.sphereglobal.in](http://www.sphereglobal.in) and available for inspection at the registered office of the Company during working hours. Any member interested in obtaining the full annual report may write to the Company Secretary and the same will be furnished on request.

## Companies which have become or ceased to be its Subsidiaries, joint ventures or associate companies during the year:

Adroit InfoTech Private Limited became subsidiary of the company on 07.11.2014

## Material Changes and Commitments, if any, affecting the financial position of the company

The company has acquired a subsidiary in USA M/s. Sphere Global INC USA in April 2016. The same is also into the business of IT.

## Directors & Key Managerial Personnel (KMP)

In accordance with the provisions of Section 152 of the Companies Act, 2013, Mr. S Sudhakiran Reddy, Managing Director who retires by rotation and being eligible, has offered himself for re-appointment.

Mr. SRS Srivastava resigned w.e.f 07.10.15

Mr. Ramakrisna Bhaskar resigned as director and CFO w.e.f 22.03.2016.

Mrs. Sunitha Vishnupanthulu resigned w.e.f. 23.03.2016

Mr. Devender Reddy K appointed as independent director w.e.f. 01.11.2015 to be regularized in AGM 2015-16

Mrs. Sunitha Kuchakulla appointed as independent director w.e.f. 21.05.2016 to be regularized in AGM 2015-16

In compliance with Regulation 36(3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015, brief resume of all the Directors proposed to be appointed / re-appointed are attached along with the Notice of the ensuing Annual General Meeting.

Your directors place on record their sincere appreciation for the valuable contribution made by both by the resigning directors during their tenure.

Apart from the above, there have been no changes in Directors and KMP.

### **Particulars of Employees and related disclosures**

The remuneration paid to your Directors is in accordance with the Nomination and Remuneration Policy formulated in accordance with Section 178 of the Companies Act, 2013 and Regulation 19 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) for the time being in force). The salient aspects covered in the Nomination and Remuneration Policy have been outlined in the Corporate Governance Report which forms part of this report.

The information required under Section 197 (12) of the Act read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed as **Annexure – A**.

### **Declaration on Independent Directors**

Pursuant to sub section (6) of Section 149 of the Companies Act, 2013 and Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015, all the Independent Directors of your Company have given declaration that they have met the criteria of independence as required under the Act and the regulations.

### **Remuneration Policy**

Your Directors have, on the recommendation of the Nomination & Remuneration Committee, framed a policy for selection and appointment of Directors, Senior Management Personnel and their remuneration. The Remuneration Policy forms part of the Corporate Governance Report.

### **Board Evaluation**

Pursuant to the provisions of the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015, the Board of Directors has carried out an annual performance evaluation of their own, the directors individually as well as the evaluation of the working of its Audit, Nomination & Remuneration and other Committees. The manner in which the evaluation has been carried out has been explained hereunder.

A structured questionnaire was prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance.

A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of attendance, engagement and contribution, independence of judgement, safeguarding the interest of the Company and its minority shareholders etc. The performance evaluation of the Independent Directors was carried out by the entire Board, excluding the director being evaluated. The performance evaluation of the Chairman and the Non-Independent Directors was carried out by the Independent Directors. The Directors expressed their satisfaction with the evaluation process.

### **Board Committees**

Detailed composition of the mandatory Board committees namely Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Stakeholders Relationship Committee, number of meetings held during the year under review and other related details are set out in the Corporate Governance Report which forms a part of this Report.

### **Particulars of Loans, Guarantees and Investments**

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014, forms part of the Financial Statements.

## Meetings of the Board and Committees

Eight Meetings of the Board of Directors were held during the year. For further details on the meetings and the attendance of directors/members, please refer report on Corporate Governance of this Annual Report.

## Vigil Mechanism

Pursuant to the provisions of section 177(9) & (10) of the Companies Act, 2013 and Regulation 22 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015, a Vigil Mechanism for directors and employees to report genuine concerns about any instance of any irregularity, unethical practice and/or misconduct has been established. Further, the details as aforesaid is available on the website of your company at [www.sphereglobal.in](http://www.sphereglobal.in)

## Familiarisation Programme for Independent Directors

Pursuant to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015, the Company shall familiarise the Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc., through various programmes.

Accordingly, your Company arranged a technical session on February 26, 2016 to familiarize the Independent Directors, the details of which are disclosed on the website of the company at <http://www.sphereglobal.in/policies-our-company.html>

## Directors' Responsibility Statement

Pursuant to the requirement under section 134(5) of the Companies Act, 2013, with respect to the Directors' Responsibility Statement relating to the Company (Standalone), it is hereby confirmed:

1. That in the preparation of the Accounts for the financial year ended March 31, 2016, the applicable accounting standards and schedule III of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) for the time being in force), have been followed and there is no material departure;
2. That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as at March 31, 2016 and of the profit and loss of the Company for the financial year ended March 31, 2016;
3. That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) for the time being in force), for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. That the accounts have been prepared on 'going concern' basis, for the financial year ended March 31, 2016;
5. That the Company, had laid down internal financial controls and that such internal financial controls are adequate and were operating effectively;
6. The directors have devised proper systems to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.

## Extract of Annual Return

The details forming part of the extract of the Annual Return in **Form MGT-9** in accordance with Section 92(3) of the Companies Act, 2013, read with Companies (Management and Administration) Rules, 2014, is annexed as **Annexure – C**.

### **Development and Implementation of Risk Management Policy**

Your Company has an elaborate risk Management process and has adopted systematic approach to mitigate risk associated with accomplishment of objectives, operations and revenues etc. The details of Risk Management as practiced by your company is provided as part of Management Discussion and Analysis Report which forms part of this Annual Report.

### **Internal Financial Controls**

Your Company has established and maintained a framework of internal financial controls and compliance systems. Based on the same and the work performed by the internal auditors, statutory auditors and external agencies and the reviews performed by Top Management team and the Audit Committee, your Directors are of the opinion that your Company's Internal Financial Controls were adequate and effective during the financial year 2015-16.

Further the statutory auditors of your company has also issued an attestation report on internal control over financial reporting (as defined in section 143 of Companies Act 2013) for the financial year ended March 31, 2016, which forms part to the Statutory Auditors Report.

### **Auditors**

#### **a) Statutory Auditors**

Pursuant to the provisions of section 139 of the Act and the rules framed thereafter, M/s. Niranjana and Narayan, Chartered Accountants (Firm Registration No. 005899S ) to be appointed for a period of 3 years subject to ratification by members at every consequent Annual General Meeting. Therefore, ratification of appointment of Statutory Auditors for financial year 2016-2017 is being sought from the members of the Company at the ensuing AGM.

#### **b) Secretarial Audit**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your Company has appointed Mr. Manoj Kumar Koyalkar - M/s. AGR Reddy & Co, Practising Company Secretaries, to undertake the Secretarial Audit of your Company. The Report of the Secretarial Audit is annexed as **Annexure – B**.

Further, M/s. AGR Reddy & Co, Practising Company Secretaries, carries out Reconciliation of Share Capital Audit every quarter and the report thereon is submitted to the Stock Exchanges. The Company will ensure timely payment under various provisions of the law.

### **Reply to Secretarial Audit Report:**

The Company shall file the form and comply with the provisions of Companies Act, 2013.

### **Conservation of Energy, Technology Absorption and Foreign Exchange Earnings & Outgo**

The above information as required under the Companies Act, 2013, is annexed as **Annexure – E**.

### **Change in Capital Structure and Listing at Stock Exchanges**

The equity shares of your Company continue to be listed and traded on the BSE Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE). No Change in the Capital Structure of the Company.

### **Corporate Governance**

Your Company is committed to maintain the high standards of corporate governance and adhere to the corporate governance requirements set out by Securities and Exchange Board of India. The Report on corporate governance as stipulated under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 forms part of the Annual Report and is annexed as Annexure - G. The requisite certificate from the Practising Company Secretary confirming compliance with the conditions of corporate governance as stipulated under the aforesaid Regulations is part of this report.

## Management Discussion and Analysis (MD&A)

MD & A Report for the financial year under review, as stipulated under Regulation 34 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015, is presented in a separate section forming part of the Annual Report.

### General

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the financial year under review:

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. Issue of shares (including sweat equity shares) to employees of your Company under any scheme save and except ESOS referred to in this Report.
3. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.
4. During the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.
5. There were no material changes commitments affecting the financial position of your Company between the end of financial year (March 31, 2016) and the date of the report (April 27, 2016).
6. There was no Foreign Exchange earned in terms of actual inflows during the year and the Foreign Exchange outgo during the year in terms of actual outflows.
7. During the year under review, your Company did not accept any public deposits.
8. During the year under review, your company has not declared any dividend neither has transferred any amount to reserves.
9. Non-applicability of Corporate Social Responsibility under Section 135 of the Companies Act, 2013.
10. There is no Related Party Transaction entered during the financial year under review **Annexure-D** as mentioned in annual report.
11. There were no qualifications mentioned by the Auditors in their report.
12. The policies, as framed by the company is available on the web link as provided hereunder:  
<http://www.sphereglobal.in/policies-our-company.html>

### Acknowledgment

Your Directors thank various departments of Central and State Government, Organizations and Agencies for the continued help and co-operation extended by them to your company. Your Directors also gratefully acknowledge all stakeholders of the Company viz. members, customers, dealers, vendors, Financial Institutions, banks and other business partners for the excellent support received from them during the year. Your Directors place on record their sincere appreciation to all employees of the Company for their unstinted commitment and continued contribution to the Company.

For and on behalf of the Board

Place: Hyderabad  
Date: August 24, 2016

**Sd/-**  
**S Sudhakiran Reddy**  
**CMD**  
**DIN: 001436242**

## Annexure – A

### Particulars of Employees information as per Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

- i) The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2015-16 and percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2015-16, are as under:

Non-Executive Directors	Ratio of remuneration of each Director to median remuneration of employees	% increase in Remuneration in the Financial Year 2015-16
Mr. N SunderRaj, Independent Director	1: 30000	Nil
Devender Reddy K, Independent Director	1: 30000	Nil
<b>Executive Directors and KMP</b>		
Mr. S Sudhakiran Reddy, CMD	1: 30000	Nil
Mr. Prakash Tripathi	1: 30000	Nil
MS.Akshita Surana, Company Secretary	1: 30000	Nil

- ii) The median remuneration is Rs.3,60,000 p.a. and the percentage increase in the median remuneration of employees in the financial year is Nil%.
- iii) The number of permanent employees on the rolls of company as on March 31, 2016: 128
- iv) The explanation on the relationship between average increase in remuneration and company performance.

The Profit before Tax for the financial year ended March 31, 2016 Increased by 1120% whereas the increase in median remuneration was nil. Net revenues of the Company during the financial year of Rs.1,073.74 Lakhs were more than previous year of Rs. 966.18 Lakhs. The total employee cost for the Year ended March 31, 2016 was Rs 194.21 Lakhs against Rs.104.98 Lakhs for the Year March 31, 2015. The total employee cost as a percentage of net revenues was 18 % (last year 10.86%). Average increase in remuneration is guided by factors like inflation, normal salary increase, industry trend, future growth prospect etc.

- v) It is hereby affirmed that the remuneration paid is as per the Remuneration Policy of the Company.
- vi) The statement containing particulars of employees as required under Section 197(12) of the Act read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided as below:

Details of Employees who were in Receipt of Remuneration not less than 1,02,00,000 : Nil

Details of Employees for the part of financial year was in receipt of Remuneration for the part not less than 8,50,0000: Nil

## Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

### Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

#### Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in Rs.)

Sl.No.	Particular	Details
a	<b>Name of the subsidiary</b>	<b>Adroit InfoTech Private Limited</b>
b	Reporting period for the subsidiary concerned, if different	Same
c	from the holding company's reporting period	
d	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Nil
e	Share capital	10,00,000/-
	Reserves & surplus	1,46,39,122/-
f	Total assets	5,51,41,755/-
g	Total Liabilities	3,95,2,633/-
h	Investments	NIL
	Turnover	8,19,57,988/-
	Profit before taxation	(28,18,837)
	Provision for taxation	NIL
	Profit after taxation	(20,84,185)
	Proposed Dividend	NIL
	% of shareholding	100%

**Notes:** The following information shall be furnished at the end of the statement:

- Names of subsidiaries which are yet to commence operations
- Names of subsidiaries which have been liquidated or sold during the year.

## Form AOC-1

### Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Name of associates/Joint Ventures	Not Applicable		
Latest audited Balance Sheet Date	—	—	—
Shares of Associate/Joint Ventures held by the company on the year end	—	—	—
No.	—	—	—
Amount of Investment in Associates/Joint Venture	—	—	—
Extend of Holding%	—	—	—
Description of how there is significant influence	—	—	—
Reason why the associate/joint venture is not consolidated	—	—	—
Net worth attributable to shareholding as per latest audited Balance Sheet	—	—	—
Profit/Loss for the year	—	—	—
Considered in Consolidation	—	—	—
Not Considered in Consolidation	—	—	—

- Names of associates or joint ventures which are yet to commence operations: NA
- Names of associates or joint ventures which have been liquidated or sold during the year: NA

## Annexure – B

**FORM NO. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED MARCH 31, 2016**

*[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies  
(Appointment and Remuneration Personnel) Rules, 2014]*

The Members,

**M/s SPHERE GLOBAL SERVICES LIMITED**

Plot No. A-52, Journalist Colony,  
Jubilee Hills, Hyderabad-500033,  
Telangana

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. Sphere Global Services Limited, (hereinafter called the “**Company**”). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company’s books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has during the audit period covering the financial year ended on March 31, 2016, (“**Audit Period**”) complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2016 according to the provisions of:

- (1) The Companies Act, 2013 (the “Act”) and the rules made there under and other applicable provisions of the Companies Act, 1956 which are still in force;
- (2) The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the rules made there under;
- (3) The Depositories Act, 1996 and the Regulations and Bye-laws framed under that Act;
- (4) Foreign Exchange Management Act, 1999 and the rules and Regulations.  
Not Applicable to company during the financial year under review.
- (5) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (‘SEBI Act’):-
  - (a) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulation, 2009;
  - (d) The Securities and Exchange Board of India (Share based Employee Benefits) Regulations, 2014  
Not Applicable to company during the financial year under review.
  - (e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

- (f) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and Not Applicable to company during the financial year under review.
  - (g) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; Not Applicable to company during the financial year under review.
- (6) Other laws applicable to the Company as per the representations made by the Management.
- (7) I have also examined compliance with the applicable clauses of the following:
- (i) Secretarial Standard-1 and Secretarial Standard-2, with respect to Board and General Meetings respectively, issued by The Institute of Company Secretaries of India and,
  - (ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange Limited.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

**I further report that:**

1. There were delay in payment of Provident fund for December and March Quarter which was later paid with interest and penalties.
2. Pursuant to the provisions of section 138 read with Rule 13 of Companies (Accounts) Rules, 2014, every listed Company is required to appoint an internal auditor or a firm of internal auditor though the Company appointed Internal Auditor the e-form (MGT-14) was not filed with The Registrar of Companies.

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors.

The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, Agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decisions are carried out unanimously and are captured and recorded as part of the minutes.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

for **AGR Reddy & Co.**  
**Company Secretaries**

**Sd/-**  
**Manoj Kumar Koyalkar**  
**Certificate of Practice No.10004**  
**Membership No.19445**

Hyderabad, August 24th , 2016

Note: This report is to be read with my letter of even date which is annexed as 'Annexure-A' and forms an integral part of this report.

**Annexure-A**

To  
The Members,

**M/s SPHERE GLOBAL SERVICES LIMITED**

Plot No. A-52, Journalist Colony,  
Jubilee Hills, Hyderabad-500033,  
Telangana

My report of even date is to be read with this letter.

- a. Maintenance of secretarial records is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
- b. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices I followed provide a reasonable basis for my opinion.
- c. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
- d. Where ever required, I have obtained Management Representation about the compliance, laws, rules and regulations and happening of events etc.
- e. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
- f. The Secretarial Audit Report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

for AGR Reddy & Co.  
Company Secretaries

Sd/-

**Manoj Kumar Koyalkar**  
**Certificate of Practice No.10004**  
**Membership No.19445**

**Hyderabad, August 24th , 2016**

## Annexure – C

### EXTRACT OF ANNUAL RETURN As on the financial year ended March 31, 2016

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

#### I. REGISTRATION AND OTHER DETAILS

- i) CIN : L72300TG1990PLC011129
- ii) Registration Date : March 19, 1990
- iii) Name of the Company : Sphere Global Services Limited
- iv) Category / Sub-Category of the Company : Public Company/Company having share capital, Indian Non-Government Company.
- v) Address of the Registered Office and Contact details : Plot No. A-52, Road No.70, Journalist Colony, Jubilee Hills -500033, Hyderabad, Telangana  
Phone No.: +91-40-2355 2284/85/86  
Fax No.: +91-40-2355 2283  
E-mail Id: cs@sphereglobal.in  
Website: www.sphereglobal.in
- vi) Whether listed Company : Yes,  
a) BSE Limited &  
B) National Stock Exchange of India Limited
- vii) Name, Address and Contact details of Registrar and Transfer Agent, if any : Venture Capital and Corporate Investments Private Ltd  
12-10-167, Bharat Nagar, Hyderabad-500018  
Ph: 040-23818475/476  
Fax: 040-23868024  
Ph. No: 040 – 40144967

#### II. PRINCIPLE BUSINESS ACTIVITY OF THE COMPANY

Sl.No.	Name and Description of main products / services	NIC Code of the product / service	% to total turnover of the Company
1)	Information Technology	620	100

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl.No.	Name and Address of the Company & PIN	CIN / GLN	Holding / Subsidiary / Associate	% of Shares held	Applicable Section of Companies Act, 2013
	Adroit Infotech Private Limited	U72200PN2000PTC015633	Wholly owned Subsidiary	100	2

Category of Shareholders		No. of shares held at the beginning of the year				No. of shares held at the end of the				% Change during the year
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A	Promoters									
(1)	Indian	-	-	-	-	-	-	-	-	--
a)	Individual / HUF	700004	0	700004	4.01%	700004	0	700004	4.01%	0%
b)	Central Govt.	-	-	-	-	-	-	-	-	--
c)	State Govt.	-	-	-	-	-	-	-	-	--
d)	Bodies Corporate	11853056	0	11853056	67.85%	11247923	0	11247923	64.39%	-3.46%
e)	Banks / FI	-	-	-	-	-	-	-	-	--
f)	Any Other (Trusts)	-	-	-	-	-	-	-	-	--
	<b>Sub-Total (A) (1)</b>	12553060	0	12553060	71.86%	11947927	0	11947927	68.4%	-3.46%
2)	Foreign	-	-	-	-	-	-	-	-	--
a)	NRI - Individual	-	-	-	-	-	-	-	-	--
b)	Other - Individual	-	-	-	-	-	-	-	-	--
c)	Bodies Corporate	-	-	-	-	-	-	-	-	--
d)	Banks / FI	-	-	-	-	-	-	-	-	--
e)	Any Other	-	-	-	-	-	-	-	-	--
	<b>Sub-Total (A) (2)</b>	-	-	-	-	-	-	-	-	-
	Total promoter shareholding (A) = (A)(1) + (A)(2)	12553060	0	12553060	71.86%	11947927	0	11947927	68.40%	-3.46%
	<b>B) Public Shareholding</b>	-	-	-	-	-	-	-	-	-
1)	Institutions	-	-	-	-	-	-	-	-	-
a)	Mutual Funds	-	-	-	-	-	-	-	-	-
b)	Banks / FI	-	-	-	-	-	-	-	-	-
c)	Central Govt.	-	-	-	-	-	-	-	-	-
d)	State Govt.	-	-	-	-	-	-	-	-	-
e)	Venture Capital Fund	-	-	-	-	-	-	-	-	-
f)	Insurance Companies	-	-	-	-	-	-	-	-	-
g)	FIs	-	-	-	-	-	-	-	-	-
h)	Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
l)	Others (Specify)	-	-	-	-	-	-	-	-	-
	<b>Sub-Total (B) (1)</b>	-	-	-	-	-	-	-	-	-
2)	<b>Non-Institutional</b>	-	-	-	-	-	-	-	-	-
a)	Bodies Corporate	-	-	-	-	-	-	-	-	--

Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the				% Change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
I) Indian	132932	1164981	1297913	7.43%	1125354	106224	1231578	7.05%	-0.38%
ii) Overseas	0	0	0	0	7308	0	7308	0.04	+0.04%
b) Individual									
i) Individual shareholders holding nominal share capital upto Rs. 2 Lakh	1351481	33103	1384584	7.93%	1839283	33083	1872366	10.72%	+2.79%
ii) Individual shareholders holding nominal share capital in excess of Rs.2Lakh	1030402	1097842	2128244	12.18%	1984222	100000	2084222	11.93	+0.25%
c) Others (specify)									
i) Non Resident Indians	56849	20	56869	0.33%	55147	20	55167	0.32%	-0.01%
ii) Clearing Members	44361	0	44361	0.25%	266463	0	266463	1.53%	+1.28%
iii) Trusts	3841	0	3841	0.02%	3841	0	3841	0.02%	0%
Sub-Total (B)(2)	2619866	2295946	4915812	28.14%	5281618	239327	5520945	31.60%	+3.46%
Total Public shareholding (B) = (B)(1) + (B)(2)	2619866	2295946	4915812	28.14%	5281618	239327	5520945	31.60%	+3.46%
c) Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	--
<b>Grand Total (A+B+C)</b>	15172926	2295946	17468872	100%	17229545	239327	17468872	100%	0%

Note : 1,00,000 share warrants are issued and In principle Approval obtained, pending for conversion in to equity

Category of Shareholders	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
	No. of shares	% of total shares of the Company	% of shares pledged / encumbered to total shares	No. of shares	% of total shares of the Company	% of shares pledged / encumbered to total shares	
SUDISH S RAMBOTLA*	700004	4.01%	Nil	700004	4.01%	Nil	0%
MILLITOON ANIMATIONS PVT LTD	564106	3.23%	Nil	564106	3.23%	Nil	0%
RAVIKAANTH PORTFOLIO SERVICES PVT LTD*	1310055	7.5%	Nil	403022	2.31%	Nil	-5.19%
SOFTPOINT TECHNOLOGIES PRIVATE LIMITED	9978895	57.12%	Nil	10280795	58.85%	Nil	+1.73%
Total	12553060	71.86%	Nil	11947927	68.40%	Nil	-3.46%

\* Have been reclassified as Public approvals from the exchange has been obtained.

iii) Change in Promoter's Shareholding (please specify if there is no change)

Shareholders Name	Shareholding at the beginning of the year		Date wise increase / (decrease) in promoter shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.)			Cumulative shareholding at the end of the year	
	No. of shares	% of total shares of the Company	Date	No. of shares	Nature	No. of shares	% of total shares of the Company
RAVIKAANTH PORTFOLIO SERVICES PVT LTD	1310055	7.5%	31.03.2016	907033	Transfer (Sell)	403022	2.31%
SOFTPOINT TECHNOLOGIES PRIVATE LIMITED	9978895	57.12%	01.04.2016	301900	Transfer	10280795	58.85%

iv) Shareholding Pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

Sl. No.	Shareholders Name	Shareholding at the beginning of the year		Date wise increase / (decrease) in shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.)			Cumulative Shareholding at the end of the year	
		No. of shares	% of total shares of the Company	Date	No. of shares	Nature	No. of shares	% of total shares of the Company
1.	PRABHAKAR RAO MANDAVA	0	0	18.09.2015 22.09.2015 25.09.2015 09.10.2015 16.10.2015 23.10.2015 20.11.2015 27.11.2015 04.12.2015 08.01.2016	93341 98650 195416 199000 239462 250000 276221 299982 300000 298000	Transfer (buy and sell)	298000	1.71
2.	VIJAY KUMAR MAISTRY	200000	1.14	—	—		200000	1.14
3.	JAISON JOHN	0	0	13.11.2015 20.11.2015 27.11.2015 04.12.2015 08.01.2016 21.01.2016 29.01.2016 25.02.2016 12.02.2016 19.02.2016 26.02.2016 31.03.2016	9755 19197 55159 55500 85500 87000 87025 87804 100500 101417 101878 101378	Transfer (buy and sell)	101378	0.58
4.	MUKESH KUMAR MEENA	100000	0.57	—	—	--	100000	0.57
5.	JASBINDER KAUR CHADHA	100000	0.57	—	—	--	100000	0.57
6.	M VIJAY KUMAR	100000	0.57	—	—	--	100000	0.57
7.	RIDDHIMA KAUR CHADHA	100000	0.57	—	—	--	100000	0.57
8.	RANI KANCHETI	0	0	09.10.2015	90000	Transfer (buy and sell)	90000	0.52
9.	SATEESHKUMAR PULIGUNDLA	0	0	02.10.2015 09.10.2015	49110 75000	Transfer (buy and sell)	75000	0.43
10.	ALLURI SAHADEVA RAJU	0	0	14.08.2015 28.08.2015 09.10.2015 30.10.2015 06.11.2015 27.11.2015 04.12.2015 31.12.2015	31 78129 88129 89972 72472 72497 72499 73200	Transfer (buy and sell)	73200	0.42

Note: The above information is based on the weekly beneficiary position received from Depositories.

V) Shareholding of Directors and Key Managerial Personnel

Sl. No	For each the Directors and KMP	Shareholding at the beginning of the year		Date wise increase / (decrease) in shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.)			Cumulative shareholding at the end of the year	
		No. of shares	% of total shares of the Company	Date	No. of shares	Nature	No. of shares	% of total shares of the Company
1.	S Sudhakaran Reddy	2473	0.04	02.09.2016	30	Transfer	2503	0.04
2.	Ram Mohan Reddy Yakkanti *	-	-	-	-	-	-	-
3.	Prakash Tripathi	-	-	-	-	-	-	-
4.	Ramakrishna Bhaskar	-	-	-	-	-	-	-
5.	Devender Reddy K	-	-	-	-	-	-	-
6.	N SunderRaj	-	-	-	-	-	-	-
7.	Sunitha Kuchakulla	-	-	-	-	-	-	-
8.	Suneetha Vishnupanthulu	-	-	-	-	-	-	-
9.	Akshita Surana	-	-	-	-	-	-	-

\* Additional Director appointed but not regularized in the AGM

**V. INDEBTEDNESS**

Indebtedness of the Company including interest outstanding / accrued but not due for payment.

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial Year</b>	-	-	-	-
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	-	-	-	-
<b>Change in Indebtedness during the financial year</b>	-	-	-	-
Addition	-	-	-	-
Reduction	-	39,182,643/-	-	39,182,643/-
<b>Net Change</b>	-	39,182,643/-	-	39,182,643/-
<b>Indebtedness at the end of the financial Year</b>	-	-	-	-
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	-	39,182,643/-	-	39,182,643/-

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration of Managing Director, Whole-time Directors and/or Manager:

Sl. No	Particular of Remuneration	Mr. S Sudha Kiran Reddy	Mr.PrakashTripathi Executive director (Resigned w.e.f. 30.05.2016)	Mr. Ramakrisna Bhaskar CFO (Resigned w.e.f. 22.03.2016)	Total
1.	Gross Salary a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961. b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961. c) Profit in lieu of salary 17(3) of the Income Tax Act, 1961.	Rs. 1/-	Rs 1/-	Rs 1/-	Rs 3-/-
2.	Stock Option (no. of options)	Nil	Nil	Nil	Nil
3.	Sweat Equity	Nil	Nil	Nil	Nil
4.	Commission - as a % of profit - others, specify	Nil	Nil	Nil	Nil
5.	Others, please specify – (Gratuity, Provident & Superannuation funds)	Nil	Nil	Nil	Nil
	Total (A)	Rs. 1/-	Rs 1/-	Rs 1/-	Rs 3-/-
		Ceiling as per Section 197 of the Companies Act, 2013 applicable to all of the above			11,84,000

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration of Managing Director, Whole-time Directors and/or Manager:

Sl. No.	Particular of Remuneration	N SunderRaj	Suneetha Vishnupanthulu*	SRS Srivastava*	Devender Reddy K	Total
1.	Independent Directors	Nil	Nil	Nil	Nil	Nil
	(a) Fee for attending board / committee meetings	Nil	Nil	Nil	Nil	Nil
	(b) Commission	Nil	Nil	Nil	Nil	Nil
	(c) Others, please specify	Nil	Nil	Nil	Nil	Nil
	Total (1)	Nil	Nil	Nil	Nil	Nil
2.	Other Non-Executive Directors	Nil	Nil	Nil	Nil	Nil
	a) Fee for attending board / committee meetings	Nil	Nil	Nil	Nil	Nil
	b) Commission	Nil	Nil	Nil	Nil	Nil
	c) Others, please specify	Nil	Nil	Nil	Nil	Nil
	Total (2)	Nil	Nil	Nil	Nil	Nil
	Total B = (1+2)	Nil	Nil	Nil	Nil	Nil

\* Resigned from the Board

C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD

Sl. No	Particular of Remuneration	Akshita Surana, Company Secretary	Mr. Rama Krishna Bhaskar, CFO (resigned w.e.f.22.03.2016)	Total
1.	Gross Salary	30,000	Rs.1/-	300001
	(a) Salary as per provisions contained in section 17(1) of Income-tax Act, 1961	Nil	Nil	Nil
	(b) Value of perquisites u/s 17 (2) Income tax Act, 1961	Nil	Nil	Nil
	c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	Nil	Nil
2.	Stock Option (nos.)	Nil	Nil	Nil
3.	Sweat Equity	Nil	Nil	Nil
4.	Commission - as % of profits - others, specify	Nil	Nil	Nil
5.	Others, please specify – (Gratuity, Provident & Superannuation funds)	Nil	Nil	Nil
	Total	30,000	Rs. 1/-	300001

**VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES**

There were no penalties, Punishment or Compounding of offences during the year ended March 31, 2016

## Annexure D

### FORM NO. AOC - 2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto.

#### 1. Details of contracts or arrangements or transactions not at Arm's length basis.

SI.No.	Particular	Details
a	Name (s) of the related party & nature of relationship	Nil
b	Nature of contracts/arrangements/transaction	Nil
c	Duration of the contracts/arrangements/transaction	Nil
d	Salient terms of the contracts or arrangements or transaction including the value, if any	Nil
e	Justification for entering into such contracts or arrangements or transactions'	Nil
f	Date of approval by the Board	Nil
g	Amount paid as advances, if any	Nil
h	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	Nil

#### 2. Details of contracts or arrangements or transactions at Arm's length basis

SI.No.	Particular	Details
a	Name (s) of the related party & nature of relationship	Nil
b	Nature of contracts/arrangements/transaction	Nil
c	Duration of the contracts/arrangements/transaction	Nil
d	Salient terms of the contracts or arrangements or transaction including the value, if any	Nil
e	Date of approval by the Board	Nil
f	Amount paid as advances, if any	Nil

## Annexure E

### REPORT ON CORPORATE GOVERNANCE

Corporate governance is the set of processes, customs, policies, laws and institutions affecting the way a company is directed, administered or controlled. It is a system of structuring, operating and controlling a company with a view to achieve long term strategic goals to satisfy shareholders, creditors, employees, customers and suppliers.

Corporate governance is based on principles such as conducting the business with all integrity and fairness, being transparent with regard to all transactions, making all the necessary disclosures and decisions, complying with all the laws of the land, accountability and responsibility towards the stakeholders and commitment to conducting business in an ethical manner.

#### Company's Philosophy

Sphere Global Services Limited ('SGSL' or 'the Company') believes that timely disclosures, transparent accounting policies and a strong and independent Board go a long way in maintaining good corporate governance, preserving shareholders' trust and maximizing long-term corporate value.

The Company's philosophy on Corporate Governance focuses on the attainment of the highest standards of transparency, accountability, ethics and equity with management flexibility, empowerment and responsiveness in the interest of shareholders, customers, employees, business associates and the society at large.

SGSL's corporate governance framework is based on the following main principles:

- Appropriate composition and size of the Board;
- Timely flow of information to the members of the Board and Board Committees;
- Well developed systems and processes for risk management and financial reporting;
- Timely and accurate disclosure of all material operational and financial information.

#### Board of Directors

A majority of the Board, 2 out of 4, are Independent Directors. The Board's actions and decisions are aligned with the Company's best interests. It is committed to the goal of sustainably elevating the Company's value creation. The Board critically evaluates the Company's strategic direction, management policies and their effectiveness.

As on March 31, 2016, the Board has Four Directors, comprising (i) Two Independent Directors, (ii) Two Executive Directors. The composition of the Board is in conformity with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations).

Name	Designation	Audit	Stakeholder Relationship	Nomination & Remuneration
N SunderRaj	Independent Director	Chairman	Chairman	Chairman
Prakash Tripathi	Executive Director	--	--	--
Devender Reddy K	Independent Director	Member	Member	Member
S Sudhakaran Reddy	Executive Director	Member	Member	Member

- \* As on 14th November, 2015 the Audit committee and Nomination & Remuneration Committee were re-constituted to keep in compliance with SEBI Regulations. None of the above Directors are related to each other.
- \* As on 23rd March, 2015 the Stakeholders Relationship Committee were re-constituted to keep in compliance with SEBI Regulations. None of the above Directors are related to each other.

The composition of Board/Committees is available on the website of the Company i.e. <http://sphereglobal.in/committees.htm>

Each Director informs the Company on an annual basis about the Board and Board Committee positions he occupies in other companies including Chairmanships and notifies changes periodically and regularly during the term of their directorship in the Company. None of the Directors on the Board are Members of more than ten Committees or Chairman of more than five Committees across all the public companies in which they are Directors.

The number of other directorships, committee chairmanships/memberships held in other companies by each of the Directors is tabled below:

Name	No. of other Directorships and Committee Membership / Chairmanship		
	Other Directorships*	Committee **	
		Membership	Chairmanship
N SunderRaj	Nil	3	–
Prakash Tripathi	Nil	–	–
Devender Reddy K	Nil	3	–
Sunder Raj N	Nil	3	3

\*Other directorships do not include Section 8 Companies, Private Limited companies incorporated outside India.

\*\*Chairmanships / Memberships of Board Committees include only Audit and Stakeholders Relationship Committees.

Meetings of the Board,

The Board of Directors must meet at least four times a year, with a maximum time gap of 120 days between two Board meetings. During the financial year 2015-16, the Board met Eight times: on 13 May 2015 , 29 May 2015 , 29 Jun 2015 , 05 Aug 2015, 16 Oct 2015 , 14 Nov 2015 , 14 Feb 2016 , 26 Feb 2016 The necessary quorum was present at all the meetings.

The below table gives the composition of the Board, their attendance at the board meetings held during the year and at the previous Annual General Meeting held on July 30, 2015 and also the shareholding.

Name	Category and Designation	Attendance particulars		No. of Equity shares
		Board meetings	Last AGM	
S Sudhakiran Reddy	CMD	8	Yes	2503
Prakash Tripathi	Executive Director	6	Yes	Nil
Ramakrishna Bhaskar*	Executive Director	7	Yes	Nil
S Srivastava*	Independent Director	4	Yes	Nil
Suneetha Vishnupanthulu*	Independent Director	8	Yes	Nil
Devender Reddy K	Independent Director	6	No	Nil
Sunder Raj N	Independent Director	8	Yes	Nil

- \* As on 14th November, 2015 the Audit committee and Nomination & Remuneration Committee were re-constituted to keep in compliance with SEBI Regulations. None of the above Directors are related to each other.
- \* As on 23rd March, 2015 the Stakeholders Relationship Committee were re-constituted to keep in compliance with SEBI Regulations. None of the above Directors are related to each other.

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Name	No. of other Directorships and Committee Membership / Chairmanship		
	Other Directorships*	Committee **	
		Membership	Chairmanship
N SunderRaj	Nil	3	–
Prakash Tripathi	Nil	–	–
Devender Reddy K	Nil	3	–
Sunder Raj N	Nil	3	3

\*Other directorships do not include Section 8 Companies, Private Limited companies incorporated outside India.

\*\*Chairmanships / Memberships of Board Committees include only Audit and Stakeholders Relationship Committees.

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		Board meetings	Last AGM	
S Sudhakiran Reddy	CMD	8	Yes	2503
Prakash Tripathi	Executive Director	6	Yes	Nil
Ramakrishna Bhaskar*	Executive Director	7	Yes	Nil
S Srivastava*	Independent Director	4	Yes	Nil
Suneetha Vishnupanthulu*	Independent Director	8	Yes	Nil
Devender Reddy K	Independent Director	6	No	Nil
Sunder Raj N	Independent Director	8	Yes	Nil

\*Resigned from the Board as on 22.03.2016, 07.10.15, 23.03.2016 respectively.

### Information given to the Board:

The Company provides the following information to the Board and the Board Committees. Such information is submitted either as part of the agenda papers in advance of the meetings or by way of presentations and discussion materials during the meetings.

- Annual operating plans and budgets, capital budgets, updates and all variances;
- Quarterly, Half yearly, Nine months and Annual results of the Company and its subsidiaries;
- Detailed presentations on the business performance of the Company and its material subsidiaries;
- Minutes of meetings of the Audit Committee and other Committees;
- Contract in which Directors and Senior Management Personnel are interested, if any ;
- Update on the significant legal cases of the Company;
- Subsidiary companies minutes, financial statements and significant investments;
- reviews the compliance reports of all laws applicable to the Company;
- evaluates the Company's strategic direction, management policies, performance objectives and effectiveness of Corporate Governance practices.

### Code of Conduct

The Company has adopted a code of conduct for all Board Members and Designated Senior Management of the Company. The duties of Independent Directors as laid down in the Companies Act, 2013, are incorporated in the Code of Conduct. The Code of Conduct is available on the website of the Company i.e. <http://sphereworld.in/code-of-conduct.htm>. All Board members and senior management personnel have affirmed compliance with the code of conduct. A declaration signed by the Managing Director to this effect is annexed at the end of this report.

### Declaration by Independent Directors

Independent Directors are non-executive directors as defined under Regulation 16(1)(b) of the SEBI Listing Regulations read with Section 149(6) of the Act. The maximum tenure of independent directors is in compliance with the Act. All the Independent Directors have confirmed that they meet the criteria as mentioned under Regulation 16(1)(b) of the SEBI Listing Regulations read with Section 149(6) of the Act.

During the financial year 2015-16, information as mentioned in Schedule II Part A of the SEBI Listing Regulations, has been placed before the Board for its consideration.

The terms and conditions of appointment of the Independent Directors are disclosed on the website of the Company.

### Separate meetings of the Independent Directors

During the year under review, the Independent Directors met on January 19, 2016, inter alia, to discuss:

- Evaluation of the performance of Non-Independent Directors and the Board of Directors as a whole;
- Evaluation of the performance of the Chairman of the company, taking into account the views of the Executive and Non-Executive Directors;
- Evaluation of the quality, content and timeliness of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All the Independent Directors were present at the Meeting.

### Familiarisation programmes to Independent directors

Brief details of the familiarisation programme is available on the website of the Company: <http://sphereglobe.in/policies-our-company.htm>

### Committees of the Board

The Board Committees focus on specific areas and make informed decisions within the authority delegated. Each such Committee is guided by its Charter, which defines the composition, scope and powers. The Committees also make specific recommendations to the Board on various matters whenever required. All observations, recommendations and decisions of the Committees are placed before the Board for information or for approval.

The Company has Three Board-level Committees, namely:

1. Audit Committee
2. Nomination & Remuneration Committee/Compensation Committee
3. Stakeholders Relationship Committee

### Audit Committee

The management is responsible for the Company's internal controls and the financial reporting process while the statutory auditors are responsible for performing independent audits of the Company's financial statements in accordance with generally accepted auditing practices and for issuing reports based on such audits. The Board of Directors has constituted and entrusted the Audit Committee with the responsibility to supervise these processes and thus ensure accurate and timely disclosures that maintain the transparency, integrity and quality of financial control and reporting. The constitution of the Audit Committee also meets with the requirements of Section 177 of the Companies Act, 2013 and SEBI Listing Regulations.

The primary responsibilities of the Audit Committee are to:

1. Supervise the financial reporting process;
2. Review the quarterly and annual financial results before placing them to the Board along with related disclosures and filing requirements;
3. Review the adequacy of internal controls in the Company, including the plan, scope and performance of the internal audit function and remuneration of the Chief Internal Auditor;
4. Discuss with management, the Company's major policies with respect to risk assessment and risk management;
5. Hold discussions with statutory auditors on the nature and scope of audits and any views that they have about the financial control and reporting processes;
6. Ensure compliance with accounting standards and with listing requirements with respect to the financial statements;
7. Recommend the appointment and removal of statutory auditors and their fees;
8. Ensure that adequate safeguards have been taken for legal compliance for the Company;
9. Review related party transactions.

The Audit Committee entirely comprises of Independent Directors. All members of the Audit Committee are financially literate and bring in expertise in the fields of finance, economics, strategy and management.

During the financial year 2015-16, the Audit Committee met four times viz., on 27.07.2015, 05.08.2015, 14.11.2015, 14.02.2016. The below table gives the composition and attendance record of the Audit Committee.

S. No.	Name	Category and Designation	Number of meetings during the financial year	
			Held	Attended
1	S Sudhakiran Reddy	Member	4	4
2	SRS Srivastava*	Member	4	2
3	SunderRaj N	Chairman	4	4
4	Devender Reddy K**	Member	4	2

\*Resigned w.e.f. 07.10.2015 \*\*Appointed w.e.f. 01.11.2015

The Audit Committee invites such of the executives, as it considers appropriate, Statutory Auditors and Internal Auditors to be present at its meetings. The Company Secretary acts as the Secretary to the Audit Committee. The Audit Committee also meets the Statutory Auditors and Internal Auditors separately, without the presence of management representative.

Mr. SunderRaj N, Chairman of the Audit Committee has attended the previous Annual General Meeting held on September 30, 2015.

#### Nomination & Remuneration Committee:

The Board has constituted Nomination & Remuneration Committee consisting of three Independent Directors. The terms of reference of the Committee cover evaluation of compensation and benefits for Executive Director(s), Non-Executive Director(s), Key Managerial Personnel, framing of policies and systems of the Employee Stock Option Scheme and looking after the issues relating to major HR policies.

During the financial year 2015-16, the Committee met three times viz., 08.10.2015, 02.11.2015 23.03.2016, on The below table gives the composition and attendance record of the Nomination & Remuneration Committee.

S. No.	Name	Position	Number of meetings during the financial year	
			Held	Attended
1	SunderRaj N	Chairman	3	3
2	SRS Srivastava*	Member	3	–
3	Suneetha Vishnupanthulu**	Member	3	2
4	Devender Reddy K***	Member	3	2

\* Resigned w.e.f. 07.10.2015 \*\* Resigned w.e.f. 23.03.2016 \*\*\*Appointed w.e.f. 01.11.2015

#### Remuneration policy:

The Nomination and Remuneration (N&R) Committee has adopted a Charter which, inter alia, deals with the manner of selection of Board of Directors and CFO & Managing Director and their remuneration.

This Policy is accordingly derived from the said Charter.

#### 1. Criteria of Selection Of Non-Executive Directors

- a. The Non-Executive Directors shall be of high integrity with relevant expertise and experience so as to have a diverse Board with Directors having expertise in the fields of manufacturing, marketing, finance, taxation, law, governance and general management.
- b. In case of appointment of Independent Directors, the N&R Committee shall satisfy itself with regard to the criteria of independence of the Directors vis-à-vis the Company so as to enable the Board to discharge its function and duties effectively.
- c. The N&R Committee shall ensure that the candidate identified for appointment as a Director is not disqualified for appointment under Section 164 of the Companies Act, 2013.
- d. The N&R Committee shall consider the following attributes / criteria, whilst recommending to the Board the candidature for appointment as Director:
  - a) Qualification, expertise and experience of the Directors in their respective fields;
  - b) Personal, Professional or business standing;
  - c) Diversity of the Board.
  - e. In case of re-appointment of Non-Executive Directors, the Board shall take into consideration the performance evaluation of the Director and his engagement level.

## 2. Remuneration

The Non-Executive Directors shall not be entitled to receive remuneration by way of sitting fees, reimbursement of expenses for participation in the Board / Committee meetings and commission. The Independent Directors of the Company shall not be entitled to participate in the Stock Option Scheme of the Company, if any, introduced by the Company.

## 3. Criteria for selection/appointment of CEO, CFO & Managing Director

For the purpose of selection of the CEO/CFO & Managing Director, the N&R Committee shall identify persons of integrity who possess relevant expertise, experience and leadership qualities required for the position and shall take into consideration recommendation, if any, received from any member of the Board.

The Committee will also ensure that the incumbent fulfils such other criteria with regard to age and other qualifications as laid down under the Companies Act, 2013, or other applicable laws.

## 4. Remuneration for the CEO, CFO & Managing Director

i. At the time of appointment or re-appointment, the CEO & Managing Director shall be paid such remuneration as may be mutually agreed between the Company (which includes the N&R Committee and the Board of Directors) and the CEO & Managing Director, within the overall limits prescribed under the Companies Act, 2013;

ii. The remuneration shall be subject to the approval of the Members of the Company in General Meeting;

iii. The remuneration of the CEO & Managing Director is broadly divided into fixed and variable components. The fixed component comprises salary, allowances, perquisites, amenities and retiral benefits. The variable component comprises performance bonus; as mutually agreed.

iv. In determining the remuneration (including the fixed increment and performance bonus) the N&R Committee shall ensure / consider the following:

- a) the relationship of remuneration and performance benchmarks is clear;
- b) the balance between fixed and variable pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals;
- c) the responsibility required to be shouldered by the CEO & Managing Director, the industry benchmarks and the current trends;
- d) the Company's performance vis-à-vis the annual budget achievement and individual performance vis-à-vis the KRAs / KPIs.

## 5. Remuneration Policy for the Senior Management Employees

In determining the remuneration of the Senior Management Employees (i.e. KMP and Executive Committee Members) the N&R Committee shall ensure / consider the following:

i. the relationship of remuneration and performance benchmark is clear;

ii. the balance between fixed and variable pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals; as mutually agreed.

iii. the remuneration is divided into two components viz. fixed component comprising salaries, perquisites and retirement benefits and a variable component comprising performance bonus;

iv. the remuneration including annual increment and performance bonus is decided based on the criticality of the roles and responsibilities, the Company's performance vis-à-vis the annual budget achievement, individuals performance vis-à-vis KRAs / KPIs, industry benchmark and current compensation trends in the market. as mutually agreed.

The Managing Director will carry out the individual performance review based on the standard appraisal matrix and shall take into account the appraisal score card and other factors mentioned hereinabove, whilst recommending the annual increment and performance incentive to the N&R Committee for its review and approval.

## Directors Remuneration

The remuneration paid/payable to the Executive Directors is given below:

### a) Executive Director: -

S. No.	Particulars	Mr. S Sudhakiran, CMD	Mr.Prakash Tripathi Executive Director
1	Salary (p.a)	Re.1/-	Re.1/-
2	Contribution to Provident & other funds (p.a)	Nil	Nil
3	Rent Free Accommodation / Perks (p.a)	Nil	Nil
4	TOTAL		

Stock Option (nos.): Nil Notice period: Nil

### b) Non-Executive Directors: -

The Sitting fee and commission payable to the Non-Executive Directors during the year under review is in conformity with the applicable provisions of the Companies Act, 2013, and duly considered and approved by the Board and the shareholders.

The details of sitting fee paid to the Non-Executive Directors (Independent) during the financial year 2015-16 and, proposed commission, stock options granted, accepted & outstanding are as follows:

Name	Sitting fee	Commission	Stock options *
	(Rs.)	(Rs.)	(Non.)
Sunderraj N	Nil	Nil	Nil
Srs Srivastava	Nil	Nil	Nil
Devender Reddy	Nil	Nil	Nil
Sunitha Vishnupanhulu	Nil	Nil	Nil
Sunitha Kuchakulla	Nil	Nil	Nil
TOTAL	Nil	Nil	Nil

Other than above, there is no pecuniary or business relationship between the Non-Executive directors and the company. A declaration to this effect is also submitted by all the Directors at the beginning of each financial year.

## Stakeholders Relationship Committee

The Stakeholders Relationship Committee is empowered to perform the functions of the Board relating to handling of stakeholders' queries and grievances. It primarily focuses on:

1. consider and resolve the grievances of shareholders of the Company with respect to transfer of shares, non-receipt of annual report, non-receipt of declared dividend, etc;
2. Evaluate performance and service standards of the Registrar and Share Transfer Agent of the Company;
3. Provide guidance and make recommendations to improve investor service levels for the investors.

The Committee consists of three Directors viz., Mr. SunderRaj N, Chairman Mr. Sudhakiran Reddy, Member and Mr. Devender Reddy K, Member. During the financial year 2015-16, the Investors' Grievance Committee met once on 14.11.2015 and all the members were present for the meeting.

The Company Secretary of the Company act as the secretary of the Committee and also designated as Compliance Officer.

In order to expedite the process of transfers of shares, transmission of shares etc. the Board has delegated the powers to certain officers of the Company.

An analysis of the investor complaints received and redressed during the financial year 2015-16 is given below:

Sl. No.	Nature of Complaint	Received	Disposed	Pending	Not resolved to the satisfaction of shareholders
1.	Non receipt of dividend warrants	--	--	--	--
2.	Non receipt of Annual Report	--	--	--	--
3.	Non-receipt of stock split shares	--	--	--	--

**Name, designation and address of Compliance Officer:**

Company Secretary & Chief Investor Relations & Compliance Officer  
Plot No. A-52, Journalist Colony,  
Jubilee Hills -500033, Hyderabad, Telangana  
Telephone No: 040-23552283/84/85  
E-mail:cs@sphereglobal.in

**General Body Meetings**

**(a) Annual General Meeting:**

Year(s)	Date of AGM	Time	Venue
2014-15	30.09. 2015	02.00 p.m.	ICWAI Bhavan, Beside Dena Bank, Sanath Nagar, Hyderabad, Telangana 500018
2013-14	30.12.2013	09.00 a.m.	Plot No.91 Road No 7B , Women Housing Co-operative society, Jubilee Hills Hyderabad
2012-13	20.09.2014	09.00 a.m.	Plot No.91 Road No 7B , Women Housing Co-operative society, Jubilee Hills Hyderabad

**(b) Extraordinary General Meeting:**

During the year, company has Two Extraordinary General Meetings dated 15.06.2015 and 25.03.2016.

**Postal Ballot:**

During the year, company has one postal ballot conducted on 01.02.2016.  
No Special Resolution is proposed to be conducted through Postal Ballot in the ensuing Annual General Meeting to be held on Friday, September 30, 2016.

**Disclosures**

- (a) Disclosures on materially significant related party transactions, which may have potential conflict with the interest of the Company at large:

There are no materially significant related party transactions that may have potential conflict with the interest of the Company at large. However, the other related party transactions forms part of the financial statements. The related party transactions policy is available on the website of the Company i.e. <http://sphereglobal.in/policies-our-company.htm>

- (b) There were no non-compliance by the Company, penalties, and strictures imposed on the Company by the Stock Exchanges or Securities and Exchange Board of India or any statutory authority, on any matter related to capital markets, during the last three years

- (c) Whistle blower policy:

The Company has adopted a Whistle Blower Policy and has established the necessary vigil mechanism as defined under Regulation 22 of SEBI Listing Regulations for directors and employees to report concerns about unethical behavior. No person has been denied access to the Chairman of the audit committee. The Vigil Mechanism Policy is available on the website of the Company i.e. <http://sphereglobal.in/policies-our-company.htm>

(d) The Company has complied with all mandatory requirements of SEBI Listing Regulations.

**(e) Subsidiary Companies:**

The Board of Directors has reviewed the financial statements and minutes of the board meetings of Adroit Infotech Private Limited (AIPL), the materially unlisted subsidiary company. Ms. Suneetha Kuchakulla, Independent Director of the Company is also on the Board of AIPL. The policy for determining 'material' subsidiaries is available on the website of the Company i.e. <http://sphereregional.in/policies-our-company.htm>.

(f) Disclosure of commodity price risks and commodity hedging activities: Not Applicable. The Company is preparing its financial statements in line with the accounting standards issued by the Institute of Chartered Accountants of India and the company has not raised any fresh funds from the public or through Right or Preferential Issue.

**Details of compliance with mandatory requirements**

The Company has complied with all mandatory requirements specified in regulation 17 to 27 and clause (b) to (i) of sub regulation (2) of regulation 46 of SEBI Listing Regulations.

**Non-Mandatory Requirements**

**Audit qualification**

The Company is in the regime of unqualified financial statements.

**Reporting of Internal Auditor**

The Internal Auditor directly reports to the Audit Committee.

**CEO and CFO Certification:**

The Chief Executive Officer and the Chief Financial Officer of the Company give certification on financial reporting and internal controls for the financial year 2015-16 to the Board of Directors at their meeting held on August 24, 2016, as required under regulation 17(8) of SEBI Listing Regulations.

**Means of Communication**

**(a) Publication of results**

The quarterly, half-yearly & nine months un-audited financial results and annual audited results of the Company were generally published in Business Standard, national level English newspaper(s) as well as Vishal Andhra, regional language newspaper circulating in the state of Telangana.

**(b) Website and News Release**

The quarterly, half-yearly & nine months un-audited financial results and annual audited results of the company are available on the website of the Company i.e. "www.sphereregional.in". Official news releases, detailed presentations made to media, analysts, institutional investors, etc are available on the website of the Company i.e. www.sphereregional.in. Official media releases are sent to BSE Limited and National Stock Exchange of India Limited. Your Company also make timely disclosure of necessary information to BSE Limited and National Stock Exchange of India Limited in terms of the SEBI Listing Regulation and other rules and regulation issued by the Securities and Exchange Board of India.

Further following information is available on the website of the Company i.e. [www.sphereglobal.in](http://www.sphereglobal.in) :

- Details of business of the Company;
- Terms and conditions of appointment of Independent Directors;
- Composition of various Committees of Board of Directors;
- Code of Conduct for Board of Directors and Senior Management Personnel;
- Details of establishment of vigil mechanism/ Whistle Blower policy;
- Criteria of making payments to Non-Executive Directors;
- Policy on dealing with Related Party Transactions;
- Policy for determining 'material' subsidiaries;
- Details of familiarization programmes imparted to Independent Directors;
- Policy for determination of materiality of events.

#### **NSE Electronic Application Processing System (NEAPS):**

The NEAPS is a web-based application designed by NSE for corporates. All periodical compliance filings like shareholding pattern, corporate governance report, media releases, among others are filed electronically on NEAPS.

#### **BSE Corporate Compliance & Listing Centre (the 'Listing Centre'):**

BSE's Listing Centre is a web-based application designed for corporates. All periodical compliance filings like shareholding pattern, corporate governance report, media releases, among others are also filed electronically on the Listing Centre.

#### **E-voting**

Pursuant to the requirements of the Companies Act, 2013 and the SEBI Listing Regulations, company is providing e-voting facility to its shareholders, in respect of all shareholders' resolutions, to be passed at the General Meetings.

#### **Additional Shareholders' Information**

##### **Annual General Meeting:**

Date: Friday, September 30, 2016

Time: 10:00 a.m.

Venue: ICWAI Bhavan, Beside Dena Bank, Sanath Nagar, Hyderabad, Telangana 500018

#### **Financial Calendar**

##### **Financial Year - 1st April to 31st March**

<b>Tentative calendar for declaration of financial results in financial year 2016-17</b>	
Results for the quarter ended June 30, 2016	on or before August 14, 2016
Results for the quarter ended September 30, 2016	on or before November 14, 2016
Results for the quarter ended December 31, 2016	on or before February 14, 2017
Results for the year ended March 31, 2017	on or before May 30, 2017

**Book Closure dates:** The dates for book closure are from Friday, September 23, 2016 to Friday, September 30, 2016 (both days inclusive).

**Dividend / Unclaimed dividend**

The Company has not declared any Dividend.

**Unclaimed Shares**

The Company is in the process of sending reminders to the shareholders whose shares were lying with the Company unclaimed/undelivered. These will be transferred to the Demat Suspense Account /unclaimed suspense account as required in accordance with the procedural requirements of the SEBI Listing Regulations.

**Code of Conduct for prohibition of Insider trading**

Your company had adopted a Code of conduct as per Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time. All Directors, Senior Management Personnel, person forming part of Promoter(s)/Promoter(s) Group(s) and such other Designated Employees who could have access to the Unpublished Price Sensitive Information of the Company are governed by this Code. During the year under review, the Company had made due compliance with Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015. The code of conduct is available on the website of the Company i.e. [www.sphereglobal.in](http://www.sphereglobal.in) Company Secretary of the Company was appointed as the Compliance Officer by the Board to ensure compliance and effective implementation of the Insider Trading Code.

**Listing on Stock Exchanges**

The Company's shares are listed on BSE Limited (BSE), Floor 25, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001 and The National Stock Exchange of India Limited (NSE), Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051.

The listing fee for the financial year 2016-17 has been paid to all the above stock exchanges.

**Stock Code:**

- a) Trading scrip code on BSE: 532172
- b) Trading scrip code on NSE : SPHEREGSL

**International Securities Identification Number (ISIN):**

ISIN is a unique identification number of traded scrip. The Company's' ISIN for equity shares is INE737B01033

**Market Price Data**

The Monthly high and low prices of your company's share at BSE and NSE for the year ended March 31, 2016 are as under

Month	NSE		BSE	
	High	Low	High	Low
Apr-2015	--	--	46.9	34.6
May-2015	--	--	51.7	38.45
Jun-2015	--	--	56.8	38
Jul-2015	--	--	54	45
Aug-2015	--	--	59.45	45.6
Sep-2015	--	--	55.8	31.15
Oct-2015	45.05	69.00	68.8	34
Nov-2015	80.40	59.00	80.4	60
Dec-2015	78.80	61.50	77.5	62.1
Jan-2016	90.00	68.35	90.35	67.3
Feb-2016	71.65	49.35	72.7	48.1
Mar-2016	70.00	38.00	69.5	38.25

#### Share price performance in comparison to broad based indices - BSE Sensex

Particulars	SGSL share price v/s NSE		SGSL share price v/s BSE	
	Share price(Rs.)	NSE Nifty	Share price(Rs.)	BSE Sensex
As on April 1, 2015	--	8483.70	36.50	27954.89
As on March 31, 2016	45.00	7738.40	44.80	25341.86
Changes (%)	--	(8.79)	8.34	(9.35)

Total equity as on March 31, 2016 was 1,74,68,872 (previous year 1,74,68,872) equity shares of Rs.10/- each. Scrip was traded on NSE from October 2015.

#### Share Transfer System

All queries and requests relating to share transfers/transmissions may be addressed to our Registrar and Transfer Agent:

Venture Capital and Corporate Investments Pvt. Ltd.  
12-10-167, Bharat Nagar  
Hyderabad, 500018,  
Contact Person: Mr. Prasad  
Phone : +91 040-23818475/23818476/23868023  
Fax : +91 040-23868024  
E mail: info@vccilindia.com

98.63% of the shares of the company are in demat form. Transfer of these shares are done through the depositories. As regards transfer of shares held in physical form the transfer documents can be lodged with M/s. Venture Capital and Corporate Investments Pvt. Ltd. Share transfers, if documents are found to be in order, are registered and returned within stipulated time from the date of receipt of the documents.

## Dematerialization of Shares and liquidity

98.63% of the total shares have been dematerialized upto March 31, 2016. Dematerialization of shares is done through M/s. Venture Capital and Corporate Investments Pvt. Ltd. and on an average the dematerialization process is completed within 7 days from the date of receipt of a valid dematerialization request along with the relevant documents.

Particulars	Shares on March 31, 2016	%
Physical Shares	239327	1.37
NSDL	3923063	22.46
CDSL	13306482	76.17
Total	17468872	100.00

Total equity as on March 31, 2016 was 1,74,68,872 (previous year 1,74,68,872) equity shares of Rs.10/- each. Scrip was traded on NSE from October 2015.

## Secretarial Audit

The Company has undertaken secretarial audit for the financial year 2015-16 which, inter alia, includes audit of compliance with the Companies Act, 2013, and the rules made under the Act, SEBI Listing Regulations and applicable regulations prescribed by the Securities and Exchange Board of India and Foreign Exchange Management Act, 1999 and Secretarial Standard issued by the Institute of the Company Secretaries of India. The Secretarial Audit Report forms part of the Annual Report.

As stipulated by Securities and Exchange Board of India, a Qualified Practicing Company Secretary carries out Reconciliation of Share Capital Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. This audit is carried out every quarter and the report thereon is submitted to the Stock Exchanges. The Audit confirms that the total Listed and Paid-up capital is in agreement with the aggregate of the total number of shares in dematerialized form and in physical form.

## Distribution Schedule as on March 31, 2016:

No. of shares		No. of Share holders	% of total Shareholders	No. of shares	% to Total Capital
Upto	5,00	9802	94.17	708002	4.05
501	1000	258	2.48	197864	1.13
1001	2000	131	1.26	194687	1.11
2001	3000	49	0.47	125264	0.72
3001	4000	20	0.19	72505	0.42
4001	5000	20	0.19	93078	0.53
5001	10000	43	0.41	330229	1.89
10001	And above	86	0.83	15747243	90.14
Total		10409	100	17468872	100

**Distribution Schedule as on March 31, 2016:**

Sl. No	Description	No. of shares	% of total capital
1	Company Promoter / Promoter group	1,08,44,901	62.08
2	Foreign Institutional Investors	Nil	Nil
3	Banks / Mutual Funds / NBFC	Nil	Nil
4	Bodies Corporates and Any others	1231578	7.05
5	Individuals / HUF	5063455	28.98
6	Non Resident Indians	55167	0.32
7	Foreign Bodies	7308	0.04
8	Clearing Members / Trusts	266463	1.53
	<b>Total</b>	<b>17468872</b>	<b>100</b>

**Outstanding GDRs / ADRs / Warrants or any convertible instruments, conversion date and likely impact on equity**

The Company has not issued any GDRs / ADRs / Warrants / any convertible instruments.

**Plant Locations:**

The Company does not have any plant locations; however the Company has its IT centre at Plot No. A-52, Road No.70, Journalist Colony, Jubilee Hills -500033, Hyderabad, Telangana

**Investor Correspondence**

**For queries relating to shares:**

Venture Capital and Corporate Investments Pvt. Ltd.  
12-10-167, Bharat Nagar  
Hyderabad, 500018,  
Phone : +91 040-23818475/23818476/23868023  
Fax : +91 040-23868024  
E mail: [info@vccilindia.com](mailto:info@vccilindia.com)

**For queries relating to Financial Statements and other contents of Annual Report:**

Sphere Global Services Limited  
Company Secretary & Compliance Officer  
A-52, Road No 70,  
Journalist Colony, Jubilee Hills,  
Hyderabad -500033  
Tel: +91-40-2355 2284/85/86  
Fax: +91-40-2355 2283  
E mail : [cs@sphereglobal.in](mailto:cs@sphereglobal.in)

**Certificate of Compliance from Auditors as stipulated under Clause 49 of Listing Agreement  
with the Stock Exchanges in India**

**Certificate**

**To  
The Members of Sphere Global Services Limited  
Hyderabad**

We have examined the compliance of conditions of corporate governance by Sphere Global Services Limited (“the Company”) for the year ended on March 31, 2016, as stipulated in Clause 49 of Listing Agreement with the Stock Exchanges in India.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company as complied with the conditions of corporate governance as stipulated in the above mentioned listing agreement.

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

**For Niranjan & Narayan  
Chartered Accountants  
(FRN:005899S)**

**Sd/-  
P Venumadhava Rao  
Partner  
M. No. 202785**

Date:- 24.08.2016  
Place: Hyderabad

**Declaration**

As provided under regulation 26(3) of the SEBI (LODR) Regulations, 2015, the Board Members and the Senior Management Personnel have confirmed compliance with the Code of Conduct for Board of Directors and Senior Management for the year ended March 31, 2016.

**for Sphere Global Services Limited**

**Sd/-  
S Sudhakiran Reddy  
CMD  
DIN: 01436242**

Date: August 24, 2016  
Place: Hyderabad

## Management Discussion & Analysis

**To**  
**The Members of Sphere Global Services Limited**  
**Hyderabad**

We have examined the compliance of conditions of corporate governance by Sphere Global Services Limited (“the Company”) for the year ended on March 31, 2016, as stipulated in Clause 49 of Listing Agreement with the Stock Exchanges in India.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company as complied with the conditions of corporate governance as stipulated in the above mentioned listing agreement.

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

### Management Discussion & Analysis

#### Overview of the Economy

#### 1. INDUSTRY STRUCTURE AND DEVELOPMENTS:

Software and computing technology are transforming businesses in every industry around the world in a very profound and fundamental way. The continued reduction in the unit cost of hardware, the explosion of network bandwidth, advanced software technologies and technology-enabled services are fuelling the rapid digitization of business processes and information. Traditional business models are being disrupted in every industry with digital and software-based business models. This disruption is characterized by highly desirable user experiences, an extreme scale-of-cost performance that has become available in computing infrastructure and disintermediation of the supply chain. Leveraging technologies and models of the digital era to both extend the value of existing investments and, in parallel, transform and future-proof their businesses is increasingly becoming a top priority for business leaders. This duality – to renew existing core businesses and innovate new businesses – is the essence of what companies are faced with as strategic imperatives today.

From an IT perspective, the renewal translates to harnessing the efficiency of distributed cloud computing, enabling legacy systems for mobile and sensor access, extracting value out of digitized data, keeping systems relevant and optimizing the costs of building and running technology systems. And as businesses look to new areas and new economics, new and intelligent systems are required to be built with next-generation technologies and with exponentially superior cost-benefit performance.

The rapid pace at which technology is changing and the need for highly-skilled professionals in both the renewed and new technology areas are driving businesses to rely on third parties to realize their IT transformation. Several technology solution and service providers have emerged over the years, offering different models for clients to consume their solution and service offerings?

- Technology consulting companies – who take on niche and time bound projects for their clients
- Global IT outsourcing companies – who leverage global talent pools to systematically optimize the IT operations of clients

- Business process outsourcing firms – who leverage global talent pools to manage the outsourced core business processes of their clients
- Software firms – who provide licensed software that enable the automation of business processes
- Specialty platform and Software-As-A-Service companies – who provide utility-based models for clients to consume software features
- Data analytics companies – who specialize in designing, analyzing and reporting insights from the vast amount of data that corporations are collecting about their customers, operations and markets
- Internal IT departments of the companies themselves – usually cost centers for the corporations

There is an increasing need for highly-skilled technology professionals in the markets in which we operate and in the industries to which we provide services. At the same time, companies are reluctant to expand their internal IT departments and increase costs. These factors have increased the reliance of companies on their outsourcing service providers and are expected to continue to drive future growth for outsourcing services. We believe that because the effective use of offshore technology services offers lower total costs of ownership of IT infrastructure, lower labor costs, improved quality and innovation and faster delivery of technology solutions, companies are increasingly turning to offshore technology service providers. The key factors contributing to the growth of IT and IT-enabled services in India include high-quality delivery, significant cost benefits and the availability of a large and growing skilled and English-speaking IT professionals. Our proven Global Delivery Model, our comprehensive end-to-end solutions, our commitment to superior quality and process execution, our long-standing client relationships, and our ability to scale and to service clients across industries make us one of the leading offshore service providers in India.

## Global Delivery Model

Our Global Delivery Model is based on a scalable infrastructure that results in multiple efficiencies for our clients. We divide projects into components that we execute simultaneously at client sites and at our Development Centers in India and around the world. We optimize our cost structure by maintaining the flexibility to execute project components where it is most cost effective. We are then able to execute project components round the clock and across time zones, to reduce project delivery times.

## 2. Opportunities and threats

### Our strengths

We believe our strengths give us the competitive advantage to position ourselves as the leading global solutions and services company.

Consulting and domain expertise? Our specific industry, domain, process, and technology expertise allows us to enable clients to transform their businesses with innovative strategies and solutions. Our expertise helps our clients enhance their performance, gain process and IT efficiencies, increase agility and flexibility, reduce costs, and achieve measurable business value.

Breadth of offerings? Our suite of comprehensive end-to-end business solutions includes business and technology consulting, enterprise solutions, systems integration, custom application development, application maintenance and production support, infrastructure management, cloud ecosystem integration, product engineering and lifecycle solutions, business process management, software products, and business platforms and solutions.

Experience and expertise in large-scale outsourcing? We have developed processes and frameworks for large-scale outsourcing of technology projects that minimize financial and business risk to our clients. Our Global Delivery Model divides projects into components that can be executed simultaneously at client sites and at our development centers in India and around the world. We optimize our cost structure by maintaining the flexibility to execute project components where it is most cost-effective. This is further strengthened with automation, intelligence and collaboration technologies.

Deep client relationships and brand? We have long-standing relationships with large corporations and other organizations. Our track record in delivering high-quality solutions across the entire software lifecycle and our strong domain expertise help us solidify these relationships and gain increased business from existing clients. This history of client retention allows us to showcase and strengthen our brand.

Quality and process execution? Our sophisticated processes, standards and quality frameworks allow us to continuously optimize service delivery of various engagements on key performance indicators like business value, productivity, quality and cycle-time.

High-quality talent? We have a strong ecosystem for employee attraction, career development, engagement and retention through a trusted partnership with our stakeholders. Competency development of our workforce has always been one of our key strategic focus areas. We have a culture of performance and innovation in an open and collaborative environment.

## Our strategy

Our strategic objective is to build a sustainable organization that remains relevant to the agenda of our clients, while generating profitable growth for our investors. In order to do this, we will apply the priorities of 'renew' and 'new' to our own business and cascade it to everything we do.

## These translate to the following strategic focus areas?

Build expansive, lasting relationships with our clients by delivering differentiated market offerings? Our strategy is to engage with clients on their large transformative programs, both in traditional IT areas as well as for their new digital business initiatives. We expand existing client relationships by providing them with a broad set of end-to-end service offerings and increase the size, nature and number of projects we do with them. Our specific industry, domain, process, and technology expertise allows us to enable clients transform their businesses with innovative strategies and solutions. We offer an end-to-end suite of high-quality, highly responsive and innovation-led services spanning business consulting, IT services, software platform-based services and business process management. This enables us to partner with our clients on large, multi-year engagements.

We also plan to acquire new clients and increase our presence in new geographies and market segments by investing in targeted business development and marketing. We will position our brand as differentiated, global and respected.

Deliver solutions and services leveraging highly cost-effective models? Our strategy is to leverage software-based automation and our Global Delivery Model to deliver solutions and services to our clients in the most cost-effective manner, while at the same time optimizing our cost structure to remain competitive.

We are embracing artificial intelligence-based automation techniques and software automation platforms to boost productivity of our projects. We are leveraging software process engineering and collaboration technologies to improve process productivity.

Our Global Delivery Model provides scale, quality, expertise and cost and time-to-market advantages to our client projects. The model enables us to perform work at the location where the best talent is available and where it makes the best economic sense with the least amount of acceptable risk. Over the last 30 years, we have developed our distributed execution capabilities to deliver high-quality and scalable services. This scalable infrastructure complements our ability to deliver project components that are executed round the clock and across time zones enabling us to reduce project delivery times.

Enhance our operational processes for agility and optimal cost? We periodically assess the effectiveness of our organization structure and processes to optimize it for alignment with our strategic objectives and agility. We continually evaluate critical cross-functional processes and benchmark them with best-in-class practices to optimize costs and enable swift and effective response to our clients. We constantly monitor and optimize various operational parameters, such as the cost and utilization of resources, distribution of employees around the world, the cost of operating our campuses and whether we are optimally realizing the efficiencies of scale.

Attract and retain a global, diverse, motivated and high-performing employee base? Our employees are our biggest assets. To meet the evolving needs of our clients, our priority is to attract and engage the best talent in the right locations with the right skills. We offer our employees challenging work assignments, benchmarked compensation and a collaborative, productive work environment. Our performance management system is objective and rewards performance. We invest substantially in employee engagement to motivate employees and encourage social communication and collaboration.

We will deploy our capital in making selective business acquisitions that augment our expertise, complement our presence in certain market segments and accelerate the execution of our strategies.

### **Our competition**

We experience intense competition in traditional services and see a rapidly-changing marketplace with new competitors arising in new technologies who are focused on agility, flexibility and innovation.

We typically compete with other technology services providers in response to requests for proposals. Clients often cite our industry expertise, comprehensive end-to-end solutions, ability to scale, superior quality and process execution, Global Delivery Model, experienced management team, talented professionals and track record as reasons for awarding us contracts.

### **We believe that the principal competitive factors in our business are?**

- the ability to keep pace with ever-changing technology and customer requirements;
- the ability to increase the scale and breadth of service offerings to provide one-stop solutions for customer needs;
- the ability to articulate and demonstrate long-term value to existing and potential customers;
- the ability to attract and retain high-quality management, technology professionals, and sales personnel;
- the ability to effectively integrate onsite and offshore execution capabilities to deliver high-quality, seamless, scalable, cost-effective services;
- a strong and well-recognized brand;
- a proven track record of performance excellence and customer satisfaction;
- the financial strength to be able to invest in personnel and infrastructure to support the evolving demands of customers; and
- high ethical and corporate governance standards to ensure honest and professional business practices and protect the reputation of the Company and its customers.

## **3. OUTLOOK, RISKS AND CONCERNS.**

### **OUTLOOK:**

In order to meet the changing market realities, your Company has been following the philosophy of providing the highest quality products and services at the lowest possible prices

All endeavours are made to achieve possible cost reduction in every area of operations.

Your Company's philosophy to provide high class quality products i.e. full value for money, to consumers would greatly benefit in the long run. In the otherwise increasing cost arena, every expense, whether capital or revenue is minutely reviewed to achieve all possible savings.

There are many challenges faced by nearly every industry in today's global marketplace. The uncertainties in the global market, business model redundancy, supply side risks and financial risks are the major threats faced by IT industry.

The Company believes in building and maintaining deep customer relationships and become a trusted business partner to global enterprises.

#### **RISKS AND CONCERNS:**

The Company has been initiating various risk management programmes to combat strategic, operational and financial as well as compliance-related risks across various levels of the organisation. It includes risk assessment and mitigation at the company level, business/ functional unit level, relationship level and project level. The risk management process is continuously improved and adapted to the changing global risk scenario. The agility of the risk management process is monitored and reviewed for appropriateness with the changing risk landscape. The process of continuous evaluation of risks includes taking stock of the risk landscape on an event driven as well as quarterly basis.

#### **4. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The Company has a proper and adequate system of internal control to ensure all the assets are safeguarded and protected against loss from unauthorized use or disposition and the transactions are authorized, regarded and reported correctly.

The internal control is supplemented by an extensive program of internal audits, review by management and procedures. The internal control is designed to ensure that the financial and other records are reliable for preparing financial statements and other data, and for maintaining accountability of assets. The Company's Internal Audit Department is regularly carrying out the Audit in all areas. Additionally the Audit committee is reviewing all Audit Reports with significant control, all issues raised by internal and external auditing regularly, reports on the business development, all the past and the future plans are given to the Board of Directors, Internal Auditor's reports are regularly circulated to all the senior management to comply with the findings.

Normal forcible risks of the Company's Assets are adequately covered by comprehensive insurances.

#### **5 DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE – STANDALONE & CONSOLIDATED.**

During the year under review, your company has earned revenue of Rs 1,073.74 lacs and Profit of 236.27 lacs and consolidated revenue of Rs. 1,883.52 lacs and profit of Rs. 198.29 lacs.

#### **6. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES.**

During the year under review, the Company has undertaken extensive steps in optimizing the manpower at the Plant, corporate office and Field locations. Employee/employer relations were cordial throughout the year. Measures for safety of the employees, training and development continued to receive top priorities. Our professionals are our most important assets. We believe that the quality and level of service that our professionals deliver are among the highest in the global technology services industry. We are committed to remaining among the industry's leading employers.

As at March 31, 2016, the Group employed 154 employees. During fiscal 2016, we added 40 new hires, net of attrition. Our culture and reputation as a leader in the technology services industry enables us to recruit and retain some of the best available talent in India. The key elements that define our culture include recruitment, training and development, and compensation.

#### **CAUTIONARY STATEMENT**

Certain statements made in the management discussion and analysis report relating to the Company's objectives, projections, outlook, expectations, estimates and others may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may differ from such expectations, projections and so on whether express or implied. Several factors could make significant difference to the Company's operations. These include climatic conditions and economic conditions affecting demand and supply, government regulations and taxation, natural calamities and so on over which the Company does not have any direct control.

## Independent Auditor's Report

To the Members of  
**Sphere Global Services Limited**

### Report on the Financial Statements

We have audited the accompanying financial statements of M/s. Sphere Global Services Limited ("the Company"), which comprise the Balance Sheet as on March 31, 2016, the Statement of Profit and Loss, Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

The Management and Board of Directors of the Company are responsible for the matters stated in section 134(5) of the Companies Act, 2013("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards referred to in section 133 of the Act, read with rule 7 of companies (Accounts) Rules, 2014. This responsibility includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; design, implementation and maintenance of adequate internal financial controls, that are operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amount and disclosures in the financial statements. The procedures selected depend on the auditor's judgment including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion whether the Company has in place an adequate internal Financial control system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements. We believe that the 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 explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31 March 2016 and its profit and its Cash Flow for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) order, 2016("the order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the order.
2. As required by Section 143(3) of the Act, We further report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. In our opinion proper books of account as required by law have been kept by the Company so far as 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 aforesaid standalone financial statements comply with the accounting standards referred to in Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules 2014;
  - e. On the basis of the written representations received from the directors as on March 31, 2016, taken on record by the board of directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164(2) of the Act.
  - f. In our opinion and to the best of our information and according to the explanations given to us, we report as under with respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014::
    - i. The Company has, in accordance with the generally accepted accounting practice, disclosed the impact of pending litigations on its financial position in its financial statements.
    - ii. The Company did not have any long-term contracts including derivative contracts; as such the question of commenting on any material foreseeable losses thereon does not arise
    - iii. There has not been an occasion in case of the Company during the year under report to transfer any sums to the Investor Education and Protection Fund. The question of delay in transferring such sums does not arise

**For Niranjana & Narayan  
Chartered Accountants  
Firm Reg.No.005899S**

**Sd./-  
P Venumadhava Rao  
Partner  
No. 202785**

Date : 24.08.2016

Place: Hyderabad

## Annexure to the independent Auditors Report

The Annexure referred to in our report to the members of Sphere Global Services Limited ('The Company') for the year ended 31st March 2016. We report that:

- i. In respect of the fixed assets of the Company:
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) These Fixed assets have been physically verified by the management at reasonable intervals, no material discrepancies were noticed on such verification.
  - (c) The title deeds of immovable properties are held in the name of the company.
- ii. In respect of the inventory of the Company:
  - (a) The management has conducted the physical verification of inventory at reasonable intervals .
  - (b) No material discrepancies were noticed on such verification.
- iii. In respect of loans, secured or unsecured, garanted or taken by the company to / from companies, firms or other parties covered by the clause 76 of section 2 of the Companies Act,2013:
  - (a) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions of the loans given by the company, are not prima facie prejudicial to the interest of the company.
  - (b) The company is regular in receipt of interest on such loans.
  - (c) There is no overdue for more than 5lakhs rupees.
- iv. In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees, and security.
- v. In our opinion and according to the information given to us, the Company has not accepted deposits. Therefore, the provisions of the clause (v) of paragraph 3 of the Order are not applicable to the Company.
- vi. As per the notification no.G.S.R.425 (E) dated 30th June 2014 issued by Ministry of corporate affairs, as per clause 3(B) (iii) of the Companies (Cost Records and Audit) Rules,2014 company is falling under the category for maintaining the cost records but company's turnover is less than the threshold limit prescribed under the rule. And as per notification G.S.R. 425 (E) dated 30th June 2014 issued by Ministry of corporate affairs, as per clause 4 of the companies (Cost Records and Audit) Rules,2014 cost audit is not mandatory for the company.
- vii. According to the information and explanations given to us, in respect of statutory dues:
  - (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has been regular in depositing the undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues where ever applicable to it with the appropriate authorities and there were no arrears of outstanding statutory dues as at the last day of the financial year concerned for a period of more than six months from the date they became payable.
  - (b) According to the information and explanations given to us, there are no dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess which have not been deposited on account of any dispute.
- viii. In our opinion and on verification of records, the company has not defaulted in repayment of dues to its bankers and financial institutions.

- ix. In our opinion, the term loans have been applied for the purpose for which they were raised.
- x. In our opinion, Based upon audit procedures performed and the information and explanations given by the management, we report that no fraud by the company or on the company by its officers or employees has been noticed or reported during the year.
- xi. In our opinion, based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act.
- xii. In our opinion, the company is not a Nidhi Company. Therefore, the provisions of clause 4(xii) of the Order are not applicable to the Company.
- xiii. Based upon the audit procedures performed and according to the information and explanations given to us, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. In our opinion, based upon the audit procedures performed and the information and explanations given by the management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company.
- xv. In our opinion, based upon the audit procedures performed and information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected by him. Accordingly, the provisions of clause 3(xv) of the Order are not applicable to the Company.
- xvi. In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3(xvi) of the Order are not applicable to the Company.

**For Niranjana & Narayan  
Chartered Accountants  
Firm Reg.No.005899S**

**Sd./-**

**P Venumadhava Rao  
Partner  
M No. 202785**

Place: Hyderabad

Date : 24.08.2016

<b>SPHERE GLOBAL SERVICES LIMITED</b>			
Plot No. A-52, Journalist Colony , Jubilee Hills , Hyderabad - 500033			
<b>Balance Sheet as at 31ST March 2016</b>			
Particulars	Notes	As at March 31,2016	As at March 31,2015
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's Funds</b>			
(a) Share Capital	1	17,46,88,720	17,46,88,720
(b) Reserves and Surplus	2	9,10,113	2,29,05,800
<b>(2) Share Application money pending allotment</b>			
	3	1,25,00,000	-
<b>(3) Non-Current Liabilities</b>			
(a) Long-Term Borrowings	4	-	3,91,82,643
(b) Deferred Tax Liabilities (Net)		-	-
<b>(4) Current Liabilities</b>			
(a) Short-Term Borrowings	5	50,160	-
(b) Trade Payables	6	-	4,39,552
(c) Other Current Liabilities	7	31,82,366	39,99,736
(d) Short-Term Provisions	8	11,66,375	1,46,803
<b>Total Equity &amp; Liabilities</b>		<b>19,24,97,735</b>	<b>19,55,51,655</b>
<b>II. ASSETS</b>			
<b>(1) Non-Current Assets</b>			
<b>(a) Fixed Assets</b>			
(i) Tangible assets	9	5,79,285	4,28,296
(ii) Intangible assets		2,90,00,724	2,90,04,163
(b) Non - Current Investment	10	6,25,25,707	-
(c) Deferred tax assets (Net)	11	13,25,541	12,70,378
(d) Long term loans and advances	12	1,80,04,287	7,21,000
<b>(2) Current Assets</b>			
(a) Inventories	13	-	4,46,20,566
(b) Current Investment	14	10,00,000	10,00,000
(c) Trade Receivables	15	6,16,61,106	9,68,97,536
(d) Cash and cash equivalents	16	4,05,188	2,76,002
(e) Short-term loans and advances	17	15,69,454	2,13,33,714
(e) Other Current Assets	18	1,64,26,443	-
<b>Total Assets</b>		<b>19,24,97,735</b>	<b>19,55,51,655</b>
<b>SIGNIFICANT ACCOUNT POLICIES &amp; NOTES TO ACCOUNTS</b>		1	
<i>The Notes referred to above, forms an integral part of these financial statements</i>			
<p>For Niranjan &amp; Narayan Chartered Accountants (FRN:005899S)</p> <p>Sd./- P Venumadhava Rao Partner M.No. 202785 Place : Hyderabad Date: 24.08.2016</p>	<p>Sd./- S.Sudha Kiran Reddy <b>Managing Director</b> DIN: 01436242</p>	<p>Sd./- Sunder Raj N <b>Director</b> DIN: 1679215</p>	
	Sd./- Akshita Surana <b>Company Secretary &amp; Compliance Officer</b>		

**SPHERE GLOBAL SERVICES LIMITED**

A-52, Road No. 70, Journalist Colony, Jubilee Hills, Hyderabad - 500033

**Profit & Loss Statement For The Period Ended On 31st March 2016**

Sr. No	Particulars	Notes	As at March 31,2016	As at March 31,2015
I	Revenue from operations	19	10,63,94,857	9,65,99,831
II	Other Income	20	9,80,082	19,579
III	<b>Total Revenue (I+II)</b>		<b>10,73,74,939</b>	<b>9,66,19,410</b>
IV	<b>Expenses:</b>			
	Cost of materials consumed	21	5,37,93,425	5,42,56,017
	Direct / Production Expenses			
	Employee Benefit Expense	22	1,94,21,099	1,04,98,808
	Depreciation and Amortization Expense	23	6,06,832	1,07,17,790
	Other Administrative Expenses	24	99,26,332	1,90,35,004
	<b>Total Expenses (IV)</b>		<b>8,37,47,688</b>	<b>9,45,07,619</b>
V	Profit before exceptional and extraordinary items a tax	(III - IV)	<b>2,36,27,251</b>	<b>21,11,791</b>
VI	Extraordinary Items	25	-	56,68,471
VII	Profit before tax (V - VI)		<b>2,36,27,251</b>	<b>35,56,680</b>
VIII	<b>Tax expense:</b>			
	(1) Current tax		-	-
	(2) Deferred tax		55,163	20,70,206
IX	Profit(Loss) from the period from continuing operations	(VII-VIII)	<b>2,36,82,414</b>	<b>56,26,886</b>
X	Earning per equity share:			
	(1) Basic		1.36	(0.32)
	(2) Diluted		1.36	(0.32)

The Notes referred to above, forms an integral part of these financial statements

For Niranjana & Narayan  
Chartered Accountants  
(FRN:005899S)

Sd./-  
P Venumadhava Rao  
Partner  
M.No. 202785  
Place : Hyderabad  
Date: 24.08.2016

Sd/-  
S.Sudha Kiran Reddy  
**Managing Director**  
DIN:01436242

Sd/-  
Sunder Raj N  
**Director**  
DIN: 01679215

Sd/-  
Akshita Surana  
**Company Secretary & Compliance Officer**

SPHERE GLOBAL SERVICES LIMITED			
Plot No. A-52, Journalist Colony , Jubilee Hills , Hyderabad - 500033			
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016			
	PARTICULARS	31st March,2016	31st March,2015
<b>A</b>	<b><u>CASH FLOW FROM OPERATING ACTIVITIES</u></b>		
	Net profit /Loss before tax and extra-ordinary items	2,36,27,251	21,11,791
	<b>Adjustments For :</b>		
	Loss on sales of assets		56,68,471
	Depreciation	6,06,832	1,07,17,790
	Interest - Income	9,80,082	(19,579)
	Interest - Expenditure	-	2,63,055
	<b>Operating Profit /Loss Before working Capital Charges</b>	<b>2,52,14,166</b>	<b>1,87,41,528</b>
	<b>Adjustments For :</b>		
	Increase/ (Decrease) in Long Term Provisions	(3,91,82,643)	3,91,82,643
	increase/ Decrease in Short Tem Provisions	10,19,572	1,46,803
	increase/ Decrease in Other Current Liabilities	(12,06,762)	21,61,796
	increase/ Decrease in Trade receivables	3,52,36,430	(8,17,05,107)
	increase/ Decrease in Inventories	4,46,20,566	5,42,56,017
	increase/ Decrease in Long Term Loans and advances	(1,72,83,287)	(5,65,000)
	increase/ Decrease in Short Term Loans and advances	1,97,64,260	(19,52,678)
	increase/ Decrease in Other Current Assets	(1,64,26,443)	-
	<b>Cash Generated from operations</b>	<b>5,17,55,858</b>	<b>3,02,66,002</b>
	Interest Paid	-	(2,63,055)
	Direct Taxes	-	-
	<b>Cash Flow before Extra-ordinary Items</b>	<b>5,17,55,858</b>	<b>3,00,02,947</b>
	<b>Extra-ordinary / Prior period Items</b>		
	Prior Period Expenses	-	(56,68,471)
	<b>Net Cash Flow from operating Activities</b>	<b>5,17,55,858</b>	<b>2,43,34,476</b>
<b>B</b>	<b><u>CASH FLOW FROM INVESTING ACTIVITIES</u></b>		
	Loans to Companies	-	-
	Purchase of Fixed Assets	(7,54,382)	(2,96,87,548)
	Decrease in Capital work in progress	-	-
	Decrease/ (Increase) in Investment	(6,25,25,707)	(10,00,000)
	Sale of Fixed Assets (Gross Value)		40,56,931
	Interest Received	(9,80,082)	19,579
	<b>Net Cash Flow From Investing Activities</b>	<b>(6,42,60,171)</b>	<b>(2,66,11,038)</b>
<b>C</b>	<b><u>CASH FLOW FROM FINANCING ACTIVITIES</u></b>		
	Proceeds from Issue of share capital (net of Share Issue Expenses)	-	-
	Proceeds received / (Repayment) of Share Application Money	1,25,00,000	-
	Proceeds from/repayment of Long Term Borrowings	-	-
	Transfer form Reserves	1,33,499	-
	Transfer to Investor Protection Fund	-	-
	Dividend	-	-
	<b>Net Cash Flows from Financing Activities</b>	<b>1,26,33,499</b>	<b>-</b>
	<b>Net Increase / Decrease in Cash + Cash equivalents</b>	<b>1,29,186</b>	<b>(22,76,562)</b>
	<b>Opening Balance</b>	<b>2,76,002</b>	<b>25,52,563</b>
	<b>Closing Balance</b>	<b>4,05,188</b>	<b>2,76,002</b>
	For Niranjana & Narayan Chartered Accountants (FRN:0058995)	Sd/- S.Sudha Kiran Reddy <b>Managing Director</b> DIN: 01436242	Sd/- Sunder Raj N <b>Director</b> DIN: 01679215
	Sd./- P Venumadhava Rao Partner M.No. 202785 Place : Hyderabad Date: 24.08.2016	Sd/- Akshita Surana <b>Company Secretary &amp; Compliance Officer</b>	

**SPHERE GLOBAL SERVICES LIMITED**

Notes Forming Integral Part of the Balance Sheet as at 31ST MARCH 2016

**Note : 1 Share Capital**

Sr. No	Particulars	As at 31st March 2016		As at 31st March 2015	
		Number	Rs.	Number	Rs.
	<b>Authorized</b> Equity Shares of Rs. 10/- each.	3,93,15,000	39,31,50,000	3,93,15,000	39,31,50,000
	<b>Issued</b> Equity Shares of Rs. 10/- each.	1,74,68,872	17,46,88,720	1,74,68,872	17,46,88,720
	<b>Subscribed &amp; Paid Up</b> Equity Shares of Rs. 10/- each.	1,74,68,872	17,46,88,720	1,74,68,872	17,46,88,720
	<b>Less:-</b> Calls In Arrears	-	-	-	-
	<b>Subscribed but not fully Paid Up</b> Equity Shares not fully Paid Up	1,74,68,872	17,46,88,720	1,74,68,872	17,46,88,720
		-	-	-	-
	<b>Total</b>	<b>1,74,68,872</b>	<b>17,46,88,720</b>	<b>1,74,68,872</b>	<b>17,46,88,720</b>

**Reconciliation of number of shares outstanding for the period**

Particulars	As at 31st March 2016		As at 31st March 2015	
	Number	Rs.	Number	Rs.
shares outstanding at beginning of the year	-	-	-	-
shares Issued during the year	-	-	-	-
shares bought back/Reduced during year	-	-	-	-
shares outstanding at end of the year	1,74,68,872	17,46,88,720	1,74,68,872	17,46,88,720

**Details of share holders holding more than 5% of shares.**

Particulars	As at 31st March 2016		As at 31st March 2015	
	Number	% of holding	Number	% of holding
SoftPoint Technologies Private Limited	1,02,80,795	58.85%	92,78,895	53.12%
Ravikaanth Portfolio services Private Limited	3,00,000	1.72%	13,10,055	7.50%
G.Srinivasulu	7,00,004	4.01%	4,00,000	2.29%
Millitoons Animations Private Limited	5,64,106	3.23%	5,64,106	3.23%
Cybertoons Entertainments Private Limited	3,18,910	1.83%	11,58,757	6.63%

**Note : 2 Reserve & Surplus**

Sr. No	Particulars	As at 31st March 2016	As at 31st March 2015
	<b>General Reserve Surplus (Profit &amp; Loss Account)</b>		
	Balance brought forward from previous year	- 2,29,05,800	- 1,51,53,706
	<b>Add:-</b> Net Profit / (Net Loss) for the current year	2,36,82,414	- 56,26,886
	<b>Add:-</b> Transfer from Reserves	1,33,499	-
	<b>Add:-</b> Transfer from Share Capital		-
	<b>Less:-</b> Increase in Liabilities		- 19,37,212
	<b>Less:-</b> Assets Written off		- 1,87,996
	<b>Less:-</b> Transfer to Reserves		
	<b>Total</b>	<b>9,10,113</b>	<b>- 2,29,05,800</b>

**SPHERE GLOBAL SERVICES LIMITED**

Notes Forming Integral Part of the Balance Sheet as at 31ST MARCH 2016

**Note : 3 Share Application Money Pending for Allotment**

Sr. No	Particulars	As at 31st March 2016	As at 31st March 2015
	Share Application Money Pending for Allotment	1,25,00,000	-
	<b>Total</b>	<b>1,25,00,000</b>	<b>-</b>

**Note : 4 Long Term Borrowings**

Sr. No	Particulars	As at 31st March 2016	As at 31st March 2015
	<b>From Associated Companies</b>		
	Unsecured Loans	-	-
	<b>Less:-</b> Converted into Equity by issue (If any)	-	-
	Unsecured and considered good	-	3,91,82,643
	<b>Total</b>	<b>-</b>	<b>3,91,82,643</b>

**Note : 5 Short Term Borrowings**

Sr. No	Particulars	As at 31st March 2016	As at 31st March 2015
	<b>From Associated Companies</b>		
	Unsecured Loans	-	-
	<b>Less:-</b> Converted into Equity by issue (If any)	-	-
	Unsecured and considered good	50,160	-
	<b>Total</b>	<b>50,160</b>	<b>-</b>

**Note : 6 Trades Payable**

Sr. No	Particulars	As at 31st March 2016	As at 31st March 2015
	<b>Balance b/d</b>	-	4,39,552
1	<i>Sundry Creditors for Services:</i>	-	-
	<i>Sundry Creditors for Material</i>	-	-
	<b>Total</b>	<b>-</b>	<b>4,39,552</b>

**SPHERE GLOBAL SERVICES LIMITED**

Notes Forming Integral Part of the Balance Sheet as at 31ST MARCH 2016

**Note : 7 Other Current Liabilities**

Sr. No	Particulars	As at 31st March 2016	As at 31st March 2015
	Others - Unsecured	14,05,160	3,73,329
	Salaries Payable	11,96,723	33,93,523
	TDS Payable	4,77,053	1,81,704
	Audit Fee Payable	1,03,430	51,180
	<b>Total</b>	<b>31,82,366</b>	<b>39,99,736</b>

**Note : 8 Short Term Provisions**

Sr. No	Particulars	Current Year	Previous Year
	<b>Short Term Provisions</b>		
	Service Tax Payable	- 7,587	-
	Provident Fund Payable	8,67,547	-
	ESI Payable	- 4,976	-
	Vat Payable	- 5,354	-
	Rent Payable	3,16,745	1,26,000
	Other Payables	-	20,803
	<b>Total in</b>	<b>11,66,375</b>	<b>1,46,803</b>

**NOTE NO: 9**

Fixed Assets for the year 2015-16

SL NO	DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		VALUE AT THE BEGINNING	ADDITION DURING THE YEAR	DELETION DURING THE YEAR	VALUE AT THE END	VALUE AT THE BEGINNING	ADDITION DURING THE YEAR	DELETION DURING THE YEAR	VALUE AT THE END	VALUE AS ON 31-03-2016	VALUE AS ON 31-03-2015
<b>1</b>	<b>TANGIBLE ASSETS</b>										
	Computers	1,16,58,566	3,41,100	-	1,19,99,666	1,16,32,409	2,47,679	-	1,18,80,088	1,19,578	26,157
	Furniture & Fixtures	3,17,076	2,00,723	-	5,17,799	82,129	1,24,605	-	2,06,734	3,11,065	2,34,947
	Electrical Equipment	46,420	10,300	-	56,720	12,017	12,913	-	24,930	31,790	34,403
	Office Equipment	2,41,750	-	-	2,41,750	1,08,961	75,331	-	1,84,292	57,458	1,32,789
	Building(Temp Strute)	-	2,02,259	-	2,02,259	-	1,42,866	-	1,42,866	59,393	-
	<b>TOTALS</b>	<b>1,22,63,812</b>	<b>7,54,382</b>	<b>-</b>	<b>1,30,18,194</b>	<b>1,18,35,516</b>	<b>6,03,393</b>	<b>-</b>	<b>1,24,38,909</b>	<b>5,79,285</b>	<b>4,28,296</b>
<b>2</b>	<b>INTANGIBLE ASSETS</b>										
	Computer Software	11,301	-	-	11,301	7,138	3,439	-	10,577	724	4,163
	Goodwill	2,90,00,000	-	-	2,90,00,000	-	-	-	-	2,90,00,000	2,90,00,000
	<b>TOTALS</b>	<b>2,90,11,301</b>	<b>-</b>	<b>-</b>	<b>2,90,11,301</b>	<b>7,138</b>	<b>3,439</b>	<b>-</b>	<b>10,577</b>	<b>2,90,00,724</b>	<b>2,90,04,163</b>
	<b>Grand Total</b>	<b>4,12,75,113</b>	<b>7,54,382</b>	<b>-</b>	<b>4,20,29,495</b>	<b>1,18,42,654</b>	<b>6,06,832</b>	<b>-</b>	<b>1,24,49,486</b>	<b>2,95,80,009</b>	<b>2,94,32,459</b>

**SPHERE GLOBAL SERVICES LIMITED**

Notes Forming Integral Part of the Balance Sheet as at 31ST MARCH 2016

**Note : 10 Non-current Investments**

Sr. No	Particulars	Current Year	Previous Year
	Investements	6,25,25,707	-
	<b>Total</b>	<b>6,25,25,707</b>	<b>-</b>

**Note : 11 Deffered Tax Net**

Sr. No	Particulars	Current Year	Previous Year
	Deffered Tax Assets	12,70,378	-
	Current year DTL	55,163	12,70,378
	<b>Total</b>	<b>13,25,541</b>	<b>12,70,378</b>

**Note : 12 Long Term Loans and Advances**

Sr. No	Particulars	Current Year	Previous Year
	<b>Security Deposits</b>		
	- Electricity Deposit	1,50,000	1,50,000
	- Sales Tax Deposit	6,000	6,000
	- Rent Deposit	8,40,000	5,40,000
	- Other Deposit	25,000	25,000
	- Unsecured, considered good	1,69,83,287	-
	<b>Total</b>	<b>1,80,04,287</b>	<b>7,21,000</b>

**Note : 13 Inventories**

Sr. No	Particulars	Current Year	Previous Year
1	Stock-in-Trade	-	4,46,20,566
	<b>Total</b>	<b>-</b>	<b>4,46,20,566</b>

**Note : 14 Current Investments**

Sr. No	Particulars	Current Year	Previous Year
	Adroit Infotech Pvt Ltd	10,00,000	10,00,000
	<b>Total</b>	<b>10,00,000</b>	<b>10,00,000</b>

**Note : 15 Trade Receivables**

Sr. No	Particulars	Current Year	Previous Year
	Trade receivables outstanding for a period less than six months from the date they are due for payment		
	- Unsecured, considered good	33,82,073	5,98,54,096
	<b>Less:-</b> Provision for doubtful debts	-	-
	Trade receivables outstanding for a period more than six months from the date they are due for payment	33,82,073	5,98,54,096
	- Unsecured, considered good	5,82,79,033	3,70,43,440
	- Unsecured, considered doubtful	-	-
	<b>Less:-</b> Provision for doubtful debts	-	-
		5,82,79,033	3,70,43,440
	<b>Total</b>	<b>6,16,61,106</b>	<b>9,68,97,536</b>

**SPHERE GLOBAL SERVICES LIMITED**

Notes Forming Integral Part of the Balance Sheet as at 31ST MARCH 2016

**Note : 16 Cash & Cash Equivalent**

Sr. No	Particulars	Current Year	Previous Year
1	<b>Cash-in-Hand</b>		
	Cash Balance	1,45,059	2,17,738
	<b>Sub Total (A)</b>	<b>1,45,059</b>	<b>2,17,738</b>
2	<b>Bank Balance</b>		
	This includes Bank deposits with more than 12 months maturity cheques, drafts on hand		
	- Axis Bank	7,630	7,035
	- HDFC Bank	2,52,499	65,299
	<b>Sub Total (B)</b>	<b>2,60,129</b>	<b>58,264</b>
	<b>Total [ A + B ]</b>	<b>4,05,188</b>	<b>2,76,002</b>

**Note :17 Short Terms Loans and Advances**

Sr. No	Particulars	Current Year	Previous Year
	<b>Trade Advances</b>		
	Trade Advances	-	-
	Total (a)	-	-
	- Adroit Infotech Pvt Ltd	-	30,00,000
	- Kamptos Technologies Pvt Ltd	-	10,66,673
	- Millitoons Entertainment Ltd	-	1,74,45,856
	Total (b)		1,93,79,183
	<b>Other Short Terms Loans and Advances</b>		
	- Sales Tax Recovery	-	10,19,082
	- ESI Recovery	-	4,16,098
	- Investment Subsidy Receivable	-	5,00,000
	- Salary Advance	1,05,140	19,351
	- Interest Receivable	8,81,894	-
	TDS Receivables - Fy. 15-16	5,82,420	-
	Total (c)	15,69,454	19,54,531
	<b>Total ( a + b + c )</b>	<b>15,69,454</b>	<b>2,13,33,714</b>

**Note :18 Other Current Assets**

Sr. No	Particulars	Current Year	Previous Year
	- Adroit Infotech Pvt Ltd	49,40,000	-
	- Kamptos Technologies Pvt Ltd	51,327	-
	- Millitoons Entertainment Ltd	1,14,35,116	-
	<b>Total</b>	<b>1,64,26,443</b>	<b>-</b>

## I. Significant accounting policies

### 1.1 Basis of preparation of financial statements

These financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis. GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('the Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

### 1.2 Use of estimates

The preparation of the financial statements in conformity with GAAP requires the Management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include computation of percentage of completion which requires the Company to estimate the efforts or costs expended to date as a proportion of the total efforts or costs to be expended, provisions for doubtful debts, future obligations under employee retirement benefit plans, income taxes, post-sales customer support and the useful lives of fixed tangible assets and intangible assets. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial Statements.

### 1.3 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, Investing and financing activities of the Company are segregated.

### 1.4 Revenue recognition

Company generally follows the mercantile system of accounting and recognizes incomes and expenses on accrual basis, including Provisions or adjustments for committed obligations and amounts demined as payable of receivable during the year.

### 1.5 Tangible assets

Tangible assets are stated at cost, less accumulated depreciation and impairment, if any. Direct costs are capitalized until such assets are ready for use.

### 1.6 Intangible assets

Intangible assets are recorded at the consideration paid for acquisition of such assets and are carried at cost less accumulated amortization and impairment.

### 1.7 Depreciation and amortization

Depreciation on tangible assets is provided on the written down value method over the useful lives of assets estimated by the Management. Depreciation for assets purchased / sold during a period is proportionately charged. Intangible assets are amortized over their respective individual estimated useful lives on a Written down Value basis, commencing from the date the asset is available to the Company for its use. The Management estimates the useful lives for the other fixed As Follows:

Tangible Asset	Actual Useful life
Computers	3 years
Motor Vehicles	15 years
Electrical equipment	10 years
Furniture	10 years
Office equipment	5 years

Tangible Asset	Actual Useful life
Software	3 years

Depreciation and amortization methods, useful life and residual values are reviewed periodically, including at each financial year end.

### 1.8 Investments

Trade investments are the investments made to enhance the Company's business interests. Investments are either classified as current or long-term based on Management's intention. Current investments are carried at the lower of cost and fair value of investment.

### 1.9 Foreign currency transactions

Foreign-currency denominated monetary assets and liabilities are translated at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in the Statement of Profit and Loss. Revenue, expense and cash-flow items denominated in foreign currencies are translated using the exchange rate in effect on the date of the transaction. Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled.

### 1.10 Employee Benefits

Employee benefit in the form of provident fund is a defined contribution scheme and the contribution scheme and the contributions are charged to the statement of profit and loss in the year when employee renders the related service. There are no other obligations other than the contribution payable to the respective authorities.

Gratuity is defined benefit obligation and is provided for on the basis of an actuarial valuation made at the end of the year.

Short term compensated absences are provided for based on estimates. The actuarial valuation is done at the end of the year.

Actuarial gains/losses are immediately taken to statement of profit and loss and are not deferred.

### 1.11 Cash and cash equivalents

Cash and cash equivalents comprise cash and cash on deposit with banks and corporations.

### 1.12 Earnings per share

Basic earnings per share are computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period.

### 1.13 Related party transaction

As per AS-18 the Related Parties and Related Party Transactions are given below:

Name Of the Related Party	S.No	Nature Of Relationship	Amount	Nature of Amount
Adroit Infotech Limited	1.	Subsidiary Company	49,40,000/-	Unsecured Loan

### 1.14 Taxes on Income

Income Tax expense Comprises Current Tax and Deferred tax charge or credit. Provision for current Tax is made on the basis of the assessable income at the tax rate applicable to the relevant assessment year.

## Independent Auditor's Report - Consolidated

TO THE MEMBERS OF

**SPHERE GLOBAL SERVICES LIMITED**

### **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of SPHERE GLOBAL SERVICES LIMITED (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") its associates and jointly controlled entities comprising of the Consolidated Balance Sheet as at 31st March, 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

#### **Management's Responsibility for the Consolidated Financial Statements**

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its Associates and Jointly controlled entities in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements

that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken in to account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments; the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associates and

jointly controlled entities as at 31st March, 2016, and their consolidated profit and their consolidated cash flows for the year ended on that date. Our opinion is not modified in respect of this matter.

### **Other Matters**

(a) We did not audit the financial statements of the subsidiaries, whose financial statements reflect total assets of Rs. 43.36 lakhs as at 31st March, 2016 and total revenues of Rs. 819.58 lakhs for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net loss of Rs. 28.18 lakhs for the year ended 31st March, 2016, as considered in the consolidated financial statements, in respect of subsidiaries, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

(b) Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

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

1. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

- (a) We have sought and obtained all the information and explanations which to the best of our Knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and there ports of the other auditors.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2016 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, none of the directors of the Group companies are disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164(2) of the Act.

- (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- I. The Company has, in accordance with the generally accepted accounting practice, disclosed the impact of pending litigations on its financial position in its financial statements – Also Refer Note 29 to the financial statements.
  - ii. The Group did not have any material foresee able losses on long-term contracts including derivative contracts; as such the questions of commenting on any material foresee able losses there on do not arise.
  - iii. There has not been an occasion in case of the Company during the year under report to transfer any sums to the Investor Education and Protection Fund. The question of delay in transferring such sums does not arise

**For Niranjan & Narayan  
Chartered Accountants  
Firm Reg.No.005899S**

Date : 24.08.2016  
Place: Hyderabad

**Sd/-  
P Venumadhava Rao  
Partner  
M No. 202785**

<b>SPHERE GLOBAL SERVICES LIMITED</b>		
Plot No. A-52, Journalist Colony , Jubilee Hills , Hyderabad - 500033		
<b>Consolidated Balance Sheet as at 31ST March 2016</b>		
Particulars	As at March 31,2016	As at March 31,2015
<b>I. EQUITY AND LIABILITIES</b>		
<b><u>(1) Shareholder's Funds</u></b>		
(a) Share Capital	17,46,88,720	17,46,88,720
(b) Reserves and Surplus	1,55,49,235	61,82,493
<b><u>(2) Share Application money pending allotment</u></b>	1,25,00,000	-
<b><u>(3) Non-Current Liabilities</u></b>		
(a) Long-Term Borrowings	1,31,28,713	3,96,28,980
(b) Deferred Tax Liabilities (Net)	-	3,93,738
(c) Other Long Term Liabilities	7,50,000	7,50,000
(d) Long Term Provisions	89,70,886	85,08,659
<b><u>(4) Current Liabilities</u></b>		
(a) Short-Term Borrowings	66,99,665	44,41,567
(b) Trade Payables	20,26,599	35,66,055
(c) Other Current Liabilities	42,31,603	82,61,203
(d) Short-Term Provisions	80,94,068	1,12,76,153
<b>Total Equity &amp; Liabilities</b>	<b>24,66,39,490</b>	<b>24,53,32,582</b>
<b>II. ASSETS</b>		
<b><u>(1) Non-Current Assets</u></b>		
<b><u>(a) Fixed Assets</u></b>		
(i) Tangible assets	48,46,915	22,08,937
(ii) Intangible assets	68,876	15,86,682
(b) Good Will on Consolidation	2,90,00,724	2,90,00,000
(c) Non-Current Investment	6,25,25,707	
(d) Deferred tax assets (Net)	16,66,455	12,70,378
(e) Long term loans and advances	2,10,87,433	23,44,146
<b><u>(2) Current Assets</u></b>		
(a) Inventories	-	4,46,20,566
(b) Current Investment	-	
(c) Trade Receivables	9,14,86,914	12,21,67,580
(d) Cash and cash equivalents	22,39,182	36,86,276
(e) Short-term loans and advances	1,72,90,841	3,84,48,016
(e) Other Current Assets	1,64,26,443	-
<b>Total Assets</b>	<b>24,66,39,490</b>	<b>24,53,32,582</b>
<b>SIGNIFICANT ACCOUNT POLICIES &amp; NOTES TO ACCOUNTS</b>		
<i>The Notes referred to above, forms an integral part of these financial statements</i>		
<p>For Niranjan &amp; Narayan Chartered Accountants (FRN:005899S) Sd./- P Venumadhava Rao Partner M.No. 202785 Place : Hyderabad Date: 24.08.2016</p>	<p>Sd./- S.Sudha Kiran Reddy <b>Managing Director</b> DIN:01436242</p> <p>Sd./- Akshita Surana <b>Company Secretary &amp; Compliance Officer</b></p>	<p>Sd./- Sunder Raj N <b>Director</b> DIN:01679215</p>

<b>SPHERE GLOBAL SERVICES LIMITED</b>				
A-52, Road No. 70, Journalist Colony, Jubilee Hills, Hyderabad - 500033				
<b>Consolidated Profit &amp; Loss Statement For The Period Ended On 31st March 2016</b>				
Sr. No	Particulars	Notes	As at March 31,2016	As at March 31,2015
I	Revenue from operations	19	18,23,39,767	19,09,77,477
II	Other Income	20	60,13,078	14,27,225
III	<b>III. Total Revenue (I +II)</b>		<b>18,83,52,845</b>	<b>19,24,04,702</b>
IV	<b>Expenses:</b>			
	Cost of materials consumed	21	5,68,50,824	6,17,36,416
	Direct / Production Expenses			
	Employee Benefit Expense	22	7,73,19,094	7,06,87,166
	Depreciation and Amortization Expense	23	35,85,628	1,18,30,523
	Other Administrative Expenses	24	2,90,14,022	3,59,13,994
	Finance Costs		17,54,946	8,90,310
	<b>Total Expenses (IV)</b>		<b>16,85,24,514</b>	<b>18,10,58,409</b>
V	Profit before exceptional and extraordinary items and tax	(III - IV)	<b>1,98,28,331</b>	<b>1,13,46,293</b>
VI	Extraordinary Items	25	-	56,68,471
VII	Profit before tax (V - VI)		<b>1,98,28,331</b>	<b>56,77,822</b>
VIII	<b>Tax expense:</b>			
	(1) Current tax		-	23,05,800
	(2) Deferred tax		55,163	20,45,102
IX	Profit(Loss) from the period from continuing operations	(VII-VIII)	<b>1,98,83,494</b>	<b>13,26,920</b>
X	Earning per equity share:			
	(1) Basic		1.14	0.08
	(2) Diluted		1.14	0.08
<i>The Notes referred to above, forms an integral part of these financial statements</i>				
<p>For Niranjana &amp; Narayan Chartered Accountants (FRN:0058995) Sd./- P Venumadhava Rao Partner M.No. 202785 Place : Hyderabad Date: 24.08.2016</p>		<p style="text-align: center;">Sd/- S.Sudha Kiran Reddy <b>Managing Director</b> DIN:01436242</p>		<p style="text-align: center;">Sd/- Sunder Raj N <b>Director</b> DIN:01679215</p>
		<p style="text-align: center;">Sd/- Akshita Surana <b>Company Secretary &amp; Compliance Officer</b></p>		

SPHERE GLOBAL SERVICES LIMITED			
Plot No. A-52, Journalist Colony , Jubilee Hills , Hyderabad - 500033			
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016			
	PARTICULARS	31st March,2016	31st March,2015
<b>A</b>	<b><u>CASH FLOW FROM OPERATING ACTIVITIES</u></b>		
	Net profit /Loss before tax and extra-ordinary items	1,98,28,331	33,97,125
	<b>Adjustments For :</b>		
	Loss on sales of assets		56,68,471
	Depreciation	35,85,628	1,18,30,523
	Interest - Income	60,13,078	(19,579)
	Interest - Expenditure	-	2,63,055
	<b>Operating Profit /Loss Before working Capital Charges</b>	<b>2,94,27,037</b>	<b>2,11,39,595</b>
	<b>Adjustments For :</b>		
	Increase/ (Decrease) in Long Term Provisions	(2,65,00,267)	4,11,95,250
	increase/ Decrease in Short Tem Provisions	(31,82,085)	1,46,803
	increase/ Decrease in Other Current Liabilities	(33,10,958)	(95,73,135)
	increase/ Decrease in Trade receivables	3,06,80,666	(8,73,27,140)
	increase/ Decrease in Inventories	4,46,20,566	5,42,56,017
	increase/ Decrease in Long Term Loans and advances	(1,87,43,287)	(7,27,596)
	increase/ Decrease in Short Term Loans and advances	2,11,57,175	(19,52,678)
	increase/ Decrease in Trade Payables		11,77,652
	increase/ Decrease in Deposits		1,22,64,581
	increase/ Decrease in Other Current Assets	(1,64,26,443)	-
	<b>Cash Generated from operations</b>	<b>5,77,22,404</b>	<b>3,05,99,349</b>
	Interest Paid	-	(2,63,055)
	Direct Taxes		(25,104)
	<b>Cash Flow before Extra-ordinary Items</b>	<b>5,77,22,404</b>	<b>3,03,11,190</b>
	<b>Extra-ordinary / Prior period Items</b>		
	Prior Period Expenses	-	(56,68,471)
	<b>Net Cash Flow from operating Activities</b>	<b>5,77,22,404</b>	<b>2,46,42,719</b>
<b>B</b>	<b><u>CASH FLOW FROM INVESTING ACTIVITIES</u></b>		
	Loans to Companies	-	-
	Purchase of Fixed Assets	(11,20,896)	(2,99,22,048)
	Decrease in Capital work in progress	-	-
	Decrease/ (Increase) in Investment	(6,25,25,707)	(10,00,000)
	Sale of Fixed Assets (Gross Value)		40,56,931
	Interest Received	(60,13,078)	19,579
	<b>Net Cash Flow From Investing Activities</b>	<b>(6,96,59,681)</b>	<b>(2,68,45,538)</b>
<b>C</b>	<b><u>CASH FLOW FROM FINANCING ACTIVITIES</u></b>		
	Proceeds from Issue of share capital (net of Share Issue Expenses)	-	-
	Proceeds received / (Repayment) of Share Application Money	1,25,00,000	-
	Proceeds from/repayment of Long Term Borrowings	-	-
	Transfer form Reserves	(20,09,817)	-
	Transfer to Investor Protection Fund	-	-
	Dividend	-	-
	<b>Net Cash Flows from Financing Activities</b>	<b>1,04,90,183</b>	<b>-</b>
	<b>Net Increase / Decrease in Cash + Cash equivalents</b>	<b>(14,47,094)</b>	<b>(22,02,819)</b>
	<b>Opening Balance</b>	<b>36,86,276</b>	<b>58,89,095</b>
	<b>Closing Balance</b>	<b>22,39,182</b>	<b>36,86,276</b>
	For Niranjana & Narayan Chartered Accountants (FRN : 005899S)	Sd/- S.Sudha Kiran Reddy Managing Director DIN:01436242	Sd/- Sunder Raj N Director DIN: 01679215
	Sd/- P Venumadhava Rao Partner M.No. 202785 Place : Hyderabad Date: 24.08.2016	Sd/- Akshita Surana Company Secretary & Compliance Officer	

## ATTENDANCE SLIP

### SPHERE GLOBAL SERVICES LIMITED

(formerly known as Color Chips (India) Limited)

Registered office: Plot No. A-52, Journalist Colony, Jubilee Hills -500033, Hyderabad, Telangana.

Tel: +91-40-2355 2284/85/86 Fax: +91-40-2355 2283 Email: cs@sphereglobal.in, website : www.sphereglobal.in

Please fill attendance slip and hand it over at the entrance of the meeting hall. Joint shareholders may obtain slip at the venue of the meeting.

**26th Annual General Meeting on** \_\_\_\_\_

Full name of the members attending \_\_\_\_\_

(In block capitals)

Ledger Folio No./Client ID No. \_\_\_\_\_ No. of shares held: \_\_\_\_\_

Name of Proxy \_\_\_\_\_

(To be filled in, if the proxy attends instead of the member)

I hereby record my presence at the 26th Annual General Meeting of the SPHERE GLOBAL SERVICES LIMITED at of Annual General Meeting on Friday, 30th September, 2016 at 02.00 p.m. at ICWAI Bhavan, Beside Dena Bank, Sanath Nagar, Hyderabad, Telangana 500018,

(Member's /Proxy's Signature)

#### Note:

- 1) Members are requested to bring their copies of the Annual Report to the meeting, since further copies will not be available.
- 2) The Proxy, to be effective should be deposited at the Registered Office of the Company not less than FORTY EIGHT HOURS before the commencement of the meeting.
- 3) A Proxy need not be a member of the Company.
- 4) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by Proxy, shall be accepted to the exclusion of the vote of the other joint holders. Seniority shall be determined by the order in which the names stand in the Register of Members.
- 5) The submission by a member of this form of proxy will not preclude such member from attending in person and voting at the meeting.

## PROXY FORM

### SPHERE GLOBAL SERVICES LIMITED

(formerly known as Color Chips (India) Limited)

Registered office: Plot No. A-52, Journalist Colony, Jubilee Hills -500033, Hyderabad, Telangana.

Tel: +91-40-2355 2284/85/86 Fax: +91-40-2355 2283 Email: cs@sphereglobal.in, website : www.sphereglobal.in

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

Name of the Member	
Registered Address	
E Mail Id	
Folio No/Client ID	
DP ID	

I/We, being the member(s) of \_\_\_\_\_ shares of Sphere Global Services Limited, hereby appoint:

Name of the Proxy	
Address	
E Mail Id	
Signature	

*or failing him/her*

Name of the Proxy	
Address	
E Mail Id	
Signature	

*or failing him/her*

Name of the Proxy	
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 26th Annual General Meeting of the company, to be held on the Friday, 30th September, 2016 at 02.00 p.m. at ICWAI Bhavan, Beside Dena Bank, Sanath Nagar, Hyderabad, Telangana 500018, of the Company and at any adjournment thereof in respect of such resolutions as are indicated below.

Resolution No.

Sl. No.	Resolution (s)	For	Against	Abstain
1.	Ordinary Business: 1.(A) Adoption Of Audited Financial Statements Of The Company For The Financial Year Ended March 31, 2016, The Reports Of The Board Of Directors And Auditors Thereon			
	(B)Adoption Of The Audited Consolidated Financial Statements Of The Company For The Financial Year Ended March 31, 2016			
2.	Re-Appointment Of Mr. S Sudhakaran Reddy (DIN: 01436242) As Managing Director			
3.	Ratification Of Appointment Of Statutory Auditor			
4.	Special Business: Appointment Of Mrs. Sunitha Kuchakulla As Independent Director			
5.	Appointment Of Mr. Devender Reddy Kayitham As Independent Director			
6.	Increase Remuneration Of Mr.S Sudhakaran Reddy, Managing Director			
7.	To Issue Shares Under Esops Scheme			

Affix Revenue  
Stamps

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 20 \_\_\_\_\_

Signature of Shareholder across Revenue Stamp

Signature of Proxy holder

Notes:

(1)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.

(2)A Proxy need not to be a member of the Company.

(3)Please put a 'X' in the Box in the appropriate column against the respective resolution. If you leave the 'For', 'Against' or 'Abstain' column blank against any or all the resolutions, your proxy will be entitled to vote in the manner as he/she think appropriate.

## FORM FOR REGISTRATION OF EMAIL ADDRESS FOR RECEIVING DOCUMENTS / NOTICES BY ELECTRONIC MODE

To  
Venture Capital And Corporate Investments Private Limited  
12-10-167,  
Bharat Nagar  
Hyderabad, 500018

**Company: SPHERE GLOBAL SERVICES LIMITED**  
**(Formerly known as Color Chips (India) Limited)**

I agree to receive all documents / notices including the Annual Report from the Company in electronic mode. Please register my email address given below in your records for sending communication through email.

Name of Sole / First Holder : \_\_\_\_\_

DP ID / Client ID / Regd. Folio No. : \_\_\_\_\_

PAN No. : \_\_\_\_\_

E-mail Address : \_\_\_\_\_

Date:

Place:

(Signature of Member)