

Board of Directors

Mr.S.Sreekanth Reddy	Chairman and Managing Director
Mr.M.Jagadeesh	Executive Director
Mr.Satish C.R.Kalva	Director
Mr.S.Krishna Reddy	Director
Mr.N.Satya Swaroop Reddy	Director
Mr.N.Hari Mohan	Director
Mr.K.Rakesh Rao	Director

Auditors

C. Ramachandram & Co.
Chartered Accountants
3-6-237, Unit 606, Lingapur La Builde Complex,
Himayat Nagar, Hyderabad – 500 029.

Bankers

State Bank of Hyderabad
Punjagutta Branch, Hyderabad
HDFC Bank
Lakdikapool Branch, Hyderabad

Registered Office

8-2-472/B/2, Road # 1
Banjara Hills
Hyderabad - 500 034

Registrars and Share Transfer Agents

M/s. Karvy Computershare Pvt. Ltd.
17-24, Vittal Rao Nagar
Madhapur
Hyderabad - 500 081

SAGARSOFT (INDIA) LIMITED

Regd. Office: 8-2-472/B/2, Road No. 1, Banjara Hills, Hyderabad - 500 034

NOTICE

Notice is hereby given that the 12th Annual General Meeting of the Members of the Company will be held at 11.00 a.m. on Wednesday the 24th September, 2008 at Hotel Golkonda, Masab Tank, Hyderabad – 500 028, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March, 2008 and the Balance Sheet as at that date together with the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Shri M.Jagadeesh, who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Shri S. Sreekanth Reddy, who retires by rotation and is eligible for re-appointment.
4. To appoint Auditors for the company to hold office from the conclusion of the Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

5. Increase in the Remuneration payable to the Executive Director

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

Resolved that in partial modification of the Resolution passed at the 9th and 10th Annual General Meeting of the Company held on 28th September, 2005 and 28th September, 2006 respectively and pursuant to Section 198, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII thereto, the remuneration payable to Shri M.Jagadeesh as Executive Director of the Company be increased to a consolidated sum of Rs.2,00,000/- p.m. with effect from 1st October, 2008 in his current tenure as Executive Director, which shall also be the minimum remuneration payable to him in the event of inadequacy or absence of profits.

Further Resolved that the Board be and is hereby authorised to take all such steps as may be necessary, proper and expedient to give effect to this Resolution.

NOTES:

1. Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of Special Business in Item No.5 together with the disclosures required to be made under Proviso (IV) to Section (II) (B) of Part II of Schedule XIII to the Companies Act, 1956 and the relevant details under Clause 49 of the Listing Agreement with the Stock Exchanges in respect of directors seeking re-appointment vide Item Nos.2 and 3 are given in the annexure, which forms part of this Notice.
2. A Member entitled to attend and vote at the Meeting is entitled to appoint a Proxy to attend and vote instead of himself/herself and the proxy to be so appointed need not be a Member of the Company. However, proxies in order to be effective must be lodged with the company at its Registered Office not less than 48 hours before the commencement of the Meeting.
3. Register of Members and the Share Transfer Books of the company will remain closed during the period from 17th September, 2008 to 24th September, 2008 (both days inclusive).
3. Members holding shares in physical form are requested to inform the Company or its Registrars, of the change, if any, in their addresses.
5. Members are also requested to bring the Attendance Slips duly filled in for being handed over at the entrance of the venue for the meeting.

By Order of the Board

Hyderabad
31st July, 2008

Sd/-
S.Sreekanth Reddy
Chairman and Managing Director

Annexure to the Notice of the 12th Annual General Meeting

EXPLANATORY STATEMENT

Item No.5

Shareholders at their 9th Annual General Meeting of the Company held on 28th September, 2005 appointed Shri M.Jagadeesh as an Executive Director of the Company for a period of 5 years with effect from 2nd May, 2005 on a consolidated remuneration of Rs.40,000/- p.m. with an annual increment of Rs.5,000/- p.m. and approved an increase in the remuneration to a consolidated sum of Rs.75,000/- p.m. at their 10th Annual General Meeting held on 28th September, 2006. While reviewing the managerial remuneration, the Remuneration Committee of the Board recommended an increase in the remuneration to a consolidated sum of Rs.2,00,000/- p.m. with effect from 1st October, 2008 after taking in to account the financial position of the company, trend in the industry, Executive Director qualification, his past remuneration and experience. Accordingly, it is now proposed to increase the said remuneration to Rs.2,00,000/- p.m. as suggested by the Remuneration Committee of the Board. Your Directors commend the Resolution for approval of the members.

As the Resolution relates to the increase in the remuneration payable to Shri M.Jagadeesh, to that extent he may be deemed to be interested in the resolution.

Disclosure under Proviso (IV) to Section (II) (B) of Part II of Schedule XIII to the Companies Act, 1956

I		General Information															
	(1)	Nature of Industry	Software														
	(2)	Date or expected date of commencement of commercial production	18.04.1996														
	(3)	In case of new companies, expected date of commencement activities as per project approved by financial institutions appearing in the prospectus	Not applicable														
	(4)	Financial performance based on given indicators	<table border="1"> <thead> <tr> <th rowspan="2">Description</th> <th colspan="2">Rs. in Lakhs</th> </tr> <tr> <th>2007-08</th> <th>2006-07</th> </tr> </thead> <tbody> <tr> <td>Income</td> <td>430.42</td> <td>253.47</td> </tr> <tr> <td>Profit before Interest Depreciation & Tax</td> <td>36.31</td> <td>65.59</td> </tr> <tr> <td>Profit after Tax</td> <td>4.79</td> <td>25.48</td> </tr> </tbody> </table>	Description	Rs. in Lakhs		2007-08	2006-07	Income	430.42	253.47	Profit before Interest Depreciation & Tax	36.31	65.59	Profit after Tax	4.79	25.48
Description	Rs. in Lakhs																
	2007-08	2006-07															
Income	430.42	253.47															
Profit before Interest Depreciation & Tax	36.31	65.59															
Profit after Tax	4.79	25.48															
	(5)	Export performance and net foreign exchange collaborations	Foreign Exchange earned Rs. 10.49 lakh dollars for the year 2007-08.														
	(6)	Foreign investments or collaborators, if any	Nil														
II		Information about the appointee															
	(1)	Background details	Mr. M. Jagadeesh has been with Sagarsoft (India) Limited since inception. He is holding B.E., (Mechanical) and M.B.A., (Marketing & MIS) degrees. He has contributed in the areas of general administration, marketing and HR. Currently he is looking after the day to day affairs of the company, subject to superintendence and control of Board of Directors.														
	(2)	Past remuneration	Consolidated remuneration of Rs.75,000/- p.m.														
	(3)	Recognition or awards	None														
	(4)	Job profile and his suitability	<p><u>Job Profile</u> Responsible for the over all operations of the organization. Reporting to the CMD and the Board.</p> <p><u>Suitability</u> Mr. Jagadeesh has been associated with the Company for the past 12 years. He has helped the Company to come out the difficult situations and has been a part of the organization throughout its business cycle so far. He has been instrumental in the revival of the business of the company and its subsequent growth.</p>														
	(5)	Remuneration proposed	Consolidated remuneration of Rs.2,00,000/- p.m.														

	(6)	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 remuneration proposed is reasonable as compared with the industry standards for a director of similar profile.
	(7)	Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel, if any	A part from being the Executive Director of the company and holding 13,900 shares in it in his personal capacity, he does not have any other pecuniary relationship with the company.
III	Other Information		
	(1)	Reasons of loss or inadequate profits	The company suffered heavy losses in the initial stages due to depression in the software industry. However, the industry is now recovering from the said situation and with the expected addition of more clientele, the company hopes to turn around.
	(2)	Steps taken or proposed to be taken for improvement	
	(3)	Expected increase in productivity and profits in measurable terms	

By Order of the Board
S.Sreekanth Reddy

Hyderabad
31st July, 2008

Sd/-
Chairman and Managing Director

Annexure to the Notice of the 12th Annual General Meeting

Details of directors seeking re-appointment vide items No.2 and 3 of the Notice
(Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges)

Name of the Directors ->	Shri M.Jagadeesh	Shri S. Sreekanth Reddy
Nature of Directorship	Executive and Independent	Executive and Promoter
Date of birth	26.07.1971	27-08-1971
Date of appointment	13.06.2002	15-07-1996
Qualification	B.E., MBA	B.E., (I&P), PG Diploma in Cement Technology
Area of expertise	General Management	Technocrat and Enterprenuer
Other directorships in public limited companies	Nil	Sagar Cements Limited Sagar Power Limited Amareswari Cements Limited Sagar Priya Housing and Industrial Enterprises Limited
Committee position in other Companies	Nil	Nil
Shares held in Sagarsoft (India) Ltd	13900	1148500

DIRECTORS' REPORT

Dear Members

Your Directors hereby present their Twelfth Annual Report together with the audited accounts of the Company for the year ended 31st March, 2008.

PERFORMANCE

A summarized financial performance of your company during the year 2007-08 is given below:

	Year ended	
	31 st March, 2008	31 st March 2007
Income from operations	430.42	253.47
Other Income	0.75	-
Total Income	431.17	253.47
Total Expenditure	394.86	187.88
Profit before depreciation, interest and tax	36.31	65.59
Depreciation	10.04	18.16
Interest	0.64	0.00
Profit before tax	25.63	47.43
Provision for tax (FBT)	0.96	0.26
Deferred Tax Asset / (liability) for the year	(19.88)	(21.69)
Net Profit	4.79	25.48

PERFORMANCE OF THE COMPANY

During the year under review, the income had gone up by 70% due to increased revenue from software testing and development activities.

DIVIDEND

In view of the inadequate of profit, your Directors regret their inability to recommend any dividend for the year 2007-08.

FUTURE OUTLOOK

Sagarsoft has always worked on building long term relationships with the clients. We were successful in adding new clients this year and this, we believe, will boost our business further more. We were successful in leveraging on the relationships with existing clients for whom we have already started increasing our service portfolio. With the US economy having slowed down considerably, we feel that the outsourcing opportunities will increase due to cost cutting measures being adopted by the US clients, in particular. We hope to sustain the growth momentum achieved, in the coming financial year.

SHARE CAPITAL

There was no change in the share capital of your company during the year under report.

CORPORATE GOVERNANCE

Your Company has complied with the mandatory provisions of the Corporate Governance prescribed in the Clause 49 of the Listing Agreement with the Stock Exchanges. A separate report detailing such compliance together with the Certificate from the Auditors in connection therewith is included as part of the Annual Report. This report also contains the details of remuneration payable to Managerial Personnel in terms of Section II (B) of Part II of the Schedule XIII to the Companies Act, 1956.

INTERNAL CONTROL SYSTEMS

Your Company has adequate internal control systems. Effectiveness of these systems is being reviewed at periodic intervals for possible improvement.

PARTICULARS OF EMPLOYEES

There were no employees in the Company during the year 2007-08 whose particulars are required to be furnished in this Report pursuant to Section 217 (2A) of the Companies Act, 1956.

INDUSTRIAL RELATIONS

Industrial relations continued to be cordial throughout the year under review.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

The required particulars have been provided in the annexure, which forms part of the Report.

DIRECTORS

In compliance with Section 256 of the Companies Act, 1956, Shri M.Jagadeesh and Shri S. Sreekanth Reddy will be retiring by rotation at the ensuing Annual General Meeting and are eligible for re-appointment.

AUDIT COMMITTEE

The Audit Committee of the Board, consisting of the following members and constituted pursuant to Section 292 (A) of the Companies Act, 1956 read with Clause 49 of the Listing Agreement, had met four times during the year ended 31st March, 2008 and, inter-alia, reviewed the financial results of the relative periods.

Shri S.Krishna Reddy	Chairman of the Committee (Non-executive and independent director)
Shri N.Sathya Swaroop Reddy	Member (Non-executive and independent director)
Shri M.Jagadeesh	Member – Executive Director

REMUNERATION COMMITTEE

The Remuneration Committee of the Board, constituted pursuant to Schedule XIII to the Companies Act 1956 read with Clause 49 of the Listing Agreement has the following Non-Executive Independent Directors as its members:

Shri S.Krishna Reddy	:	Chairman
Shri N.Sathya Swaroop Reddy	:	Member
Shri N. Hari Mohan	:	Member

This Committee met on 30.06.2008 to suggest an hike in the remuneration payable to the Executive Director.

AUDITORS

Shareholders are requested to appoint Auditors to the Company to hold office from the conclusion of the ensuing Annual General Meeting and to fix their remuneration. Messrs. C.Ramachandram & Co., Chartered Accountants, the Auditors of your Company hold their office up to the Annual General Meeting and are eligible for re-appointment. They have confirmed that their re-appointment, if approved by the shareholders, would be in accordance with the limits specified in Sub Section (1B) of Section 224 of the Companies Act, 1956.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies Act, 1956, we state:

- (i) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material developments;
- (ii) that the directors had selected such accounting policies and applied them consistently and made judgment and estimates that reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the company for the period;
- (iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the directors had prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENT

We wish to place on record our appreciation of the valuable co-operation extended by our customers / clients, Bankers, RBI and other State and Central Government Authorities. We also take this opportunity to place on record our appreciation of the contributions made by the employees at all levels and the last but not least, the continued confidence reposed by you in the Management.

For and on behalf of the Board

Sd/-

S. Sreekanth Reddy
Chairman and Managing Director

Hyderabad
31st July, 2008

Annexure to the Directors' Report

FORM B

[Pursuant to Rule 2 of the companies (Disclosure of particulars in the report of Board of Directors) Rule, 1998]

Form for disclosure of particulars with respect to technology absorption

A	Research and development	:	None
B	Technology absorption, adoption and innovation	:	Nil
C	Foreign exchange earning and outgo		
	Foreign exchange earned	:	Rs. 43042195
	Foreign exchange out go	:	---

MANAGEMENT DISCUSSION AND ANALYSIS

IT Industry Review

Signs of economic slowdown in the US and rupee appreciation notwithstanding, India's IT-BPO industry is poised to grow but the rate of growth will slow down temporarily. While the industry clocked a combined growth rate of 28.2 percent in 2007-08, this is expected to slow down to between 21-24 percent in the next fiscal. The gross revenue from domestic as well as export markets increased to \$52 billion in 2007-08 as compared to \$39.6 billion the year before. The year 2007-08 was a "difficult" year because of slowdown in the US economy, the oil and food crises, and currency fluctuations. The full impact of the situation in the US is yet to be felt by Indian companies, and that corporates will have to find ways to cut costs and enhance productivity.

Optimistic market signs indicate there is more headroom for growth, through large unaddressed areas and the possible unbundling of IT-BPO mega-deals with increasing shares of global delivery. The other positive sign is the maturing of the domestic IT industry. For the first time ever, the domestic industry has broken out of the hardware linked growth pattern and Indian firms are playing an increasing role within this segment.

Companies need to innovate and educate the country's seemingly limitless talent pool to ensure they sustain double-digit growth rates in the face of rising costs and competition globally

Sagarsoft Business Strategy

Sagarsoft Business strategy is to consolidate and increase its portfolio of offerings in custom software development, quality assurance and staff augmentation services and is venturing into Accounts Book keeping services in the USA markets and pursue, acquire, develop and nurture strategic long term relationships.

Business overview

Your company has made significant progress last year in acquiring new clients and consolidating the business from existing clients, both on the software development and quality assurance services. The business from the new clients acquired last year is expected to increase rapidly and add significant value to the bottom-line of the company.

In view of the increased activities, your company has opened a new development center in Filmnagar in addition to the existing facility in HITEC City and is also aggressively recruiting resources for all the service areas the company is operating. In view of the increased opportunities, your company is also building teams in various technologies in anticipation of future projects that are in the sales pipe line.

Human Resource and Employees- HR policy

Sagarsoft has added employees on permanent payrolls in its software development and accounts book keeping divisions. We have been able to maintain the attrition rate below 10% due to our good HR policies.

Opportunities

Your company's strategy of focusing on the long term relationships with the clients is paying off. We are getting projects which are of long term in nature and with lot of business viability. There are plenty of opportunities in medium size projects, which your company is concentrating on. We have already bagged couple of projects of this nature and hope to increase the number of clients in this segment in this financial year.

Risks and concerns

The immediate concern to the company's growth in the medium terms remains the same as last year with the pressure on the billing rates in Software Development continuing with increased competition. The company's strategy of getting into newer long term contracts with new clients and newer avenues of financial services outsourcing might mitigate this risk to a large extent.

Outlook

The company expects to consolidate its offering's in software development & QA and increase its efforts in securing more business in BPO space by offering value add services leading to improved performance in the current fiscal.

Internal Control systems and their adequacy

The company's internal control systems are adequate to meet its present operations. However these are proposed to be reviewed periodically to ensure that they continue to be adequate to meet the increasing operations.

C.Ramachandram & Co.,
Chartered Accountants

3-6-237, Unit 606,
Lingapur La Bulde Complex,
Himayat Nagar, Hyderabad-500 029

AUDITORS' REPORT

To

The Members
Sagarsoft (India) Ltd.,
Hyderabad.

1. We have audited the attached Balance Sheet of Sagarsoft (India) Limited as at 31st March, 2008, the Profit and Loss Account for the year ended on that date annexed thereto and the cash flow statement for the year ended on that date. These financial statements are the responsibility of the management of the company. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the 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 it appears from our examination of those books.
 - c. The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.
 - d. In our opinion, these financial statements have been prepared in compliance with the applicable accounting standards referred to in Section 211 (3C) of the Companies Act, 1956.
 - e. Based on the representations made by all the Directors of the Company as on March 31, 2008 and taken on record by the Board of Directors of the Company and in accordance with the information and explanations as made available, the Directors of the Company do not, prima face, have any disqualification as referred to in Clause (g) of Sub Section (I) to Section 274 of the Companies Act, 1956.

In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- i. in case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2008;
- ii. in the case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date; and
- iii. in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For **C.Ramachandram & Co.,**
Chartered Accountants

Sd/-

Place : Hyderabad
Date : 30.06.2008

C.Ramachandram
Partner
Membership No: 25834

ANNEXURE TO THE AUDITORS' REPORT

1. (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us, the fixed assets have been physically verified by the management during the year in a phased periodical manner, which in our opinion is reasonable, having regard to size of the company and nature of its assets. No material discrepancies were noticed on such physical verification.
- (c) In our opinion, the company has not disposed off substantial part of fixed assets during the year and the going concern status of the company is not affected.
2. (a) The company has not granted any loans, secured or unsecured to the companies, firms or other parties covered in the register maintained U/s.301 of the Companies Act 1956.
- (b) The Company has not taken any loans, secured or unsecured to companies, firms or other parties covered in the register maintained U/s.301 of the Companies Act, 1956.
3. In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal system.
4. (a) In our opinion and according to the information and explanations given to us, the transactions that need to be entered in to the register in pursuance of Section 301 of Act, have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the company has not entered any transactions that need to be entered into the register in pursuance of Section 301 of the Companies Act 1956 and exceeding the value of Rupees Five Lakhs in respect of any party during the year.
5. The company has not accepted any deposits from the public within the meaning of Section 58 A and 58 AA or any other relevant provisions of the Companies Act 1956 and the Rules framed there under.
6. In our opinion, the company has an internal audit system commensurate with its size and nature of its business.
7. We are informed that the Central Government has not prescribed the maintenance of the cost records under Section 209 1 (d) of the Companies Act, 1956 for the products of the company.
8. (a) According to the information and explanations given to us and the records of the company examined by us, in our opinion, the company is 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 as applicable with the appropriate authorities. There are no amounts that need to be deposited in investor education and protection fund by the Company during the current year. At the last day of the financial year, there was no amount outstanding in respect of any statutory due which was due for more than six months from the date they became payable.
- (b) According to the information and explanations given to us and the records of the company examined by us, there are no dues of sales tax, income tax, customs duty, wealth tax, excise duty and cess which have not been deposited on account of any dispute.
9. In our opinion, the accumulated losses of the company are not more than 50% of its net worth and it has not incurred any cash losses during the year ended on that date.
10. According to the records of the company examined by us and the information and explanation given to us, the company has not defaulted in repayment of dues to any Financial Institutions or Banks as at the balance sheet date.
11. The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
12. In our opinion, the company is not a chit fund or a nidhi mutual benefit fund / society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
13. In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
14. In our opinion and according to the information and explanations given to us the company has not given any guarantee for loans taken by others from banks or financial institutions during the year.

15. The company has not raised any new terms loan during the year.
16. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short term basis have been used for long term investment.
17. The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
18. The company has not issued any debentures during the year.
19. The company has not raised any money by way of public issue during the year.
20. In our opinion and according to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year, that causes the financial statements to be materially misstated.
21. The Clause 2 of paragraph 4 of the Companies (Auditors' Report) Order, 2003 is not applicable in case of the company for the current year.

For **C.Ramachandram & Co.**,
Chartered Accountants

Place : Hyderabad
Date : 30.06.2008

Sd/-
C.Ramachandram
Partner
Membership No: 25834

In Rs.

Balance Sheet as at March 31	Schedule	2008	2007
SOURCES OF FUNDS			
SHARE HOLDERS' FUNDS			
Share capital	1	55600000	55600000
Reserves and surplus	2	45600000	45600000
Total		101200000	101200000
APPLICATION OF FUNDS			
FIXED ASSETS			
Original cost	3	67688748	61102978
Less: Depreciation		52876294	51872438
Net book value		14812454	9230540
INVESTMENTS	4	2775917	2993295
CURRENT ASSETS, LOANS AND ADVANCES			
Sundry debtors	5	46217152	47666403
Cash and bank balances	6	4216547	3648114
Loans and advances	7	15045342	12667972
		65479041	63982488
Less: Current liabilities	8	5148540	1129169
Net Current Assets		60330501	62853320
Deferred tax assets		11248804	13236502
Profit and loss account		11296939	11776437
MISCELLANEOUS EXPENDITURE (to the extent not written-off or adjusted)	9	735385	1109906
Total		101200000	101200000

SIGNIFICANT ACCOUNTING POLICIES AND 11

NOTES ON ACCOUNTS

The schedules referred to above and the notes thereon form an integral part of the Balance Sheet.

This is the Balance Sheet referred to in our report of even date

As per our report of even date

For and on behalf of the Board

For **C.Ramachandram & Co.**
Chartered Accountants

S. Sreekanth Reddy
Chairman and Managing Director

C. Ramachandram
Partner
Membership No.25834

M.Jagadeesh
Executive Director

Place : Hyderabad
Date : 30.06.2008

In Rs.

Profit and Loss Account for the year ended March 31,	Schedule	2008	2007
INCOME			
Income from operation		43042195	25347731
Other income		75451	0
Total	-	43117646	25347731
EXPENDITURE			
Administration and other expenses	10	39111601	18413519
Interest		64072	0
Depreciation	3	1003856	1816201
Miscellaneous expenditure		374521	374521
Total		40554050	20604241
Profit for the year		2563596	4743490
Provision for tax		0	0
Fringe benefit tax		96401	25696
Deferred Tax		1987698	2169021
Profit after tax		479497	2548773
Brought forward losses from previous year		(11776437)	(14325210)
Balance carried to balance sheet		(11296939)	(11776437)
EARNING PER SHARE			
(Equity shares, par value Rs.10 each)			
Basic and Diluted		0.09	0.46
Number of shares used in computing earning per share		5560000	5560000

SIGNIFICANT ACCOUNTING POLICIES AND

NOTES ON ACCOUNTS 10

The schedules referred to above and the notes thereon form an integral part of the Profit and Loss Account.

This is the Profit and Loss Account referred to in our report of even date

As per our report of even date

For and on behalf of the Board

For **C.Ramachandram & Co.**
Chartered Accountants

S. Sreekanth Reddy
Chairman and Managing Director

C. Ramachandram
Partner
Membership No.25834

M.Jagadeesh
Executive Director

Place : Hyderabad
Date : 30.06.2008

		In Rs.	
Schedules to the Balance Sheet as at March 31,		2008	2007
1. SHARE CAPITAL			
AUTHORISED			
Equity shares, Rs.10 par value 70,00,000 equity shares		70000000	70000000
ISSUED, SUBSCRIBED AND PAID UP		70000000	70000000
Equity shares, Rs.10 par value 55,60,000 equity shares		55600000	55600000
Total		55600000	55600000
2. RESERVES AND SURPLUS			
Share premium account		45600000	45600000
Total		45600000	45600000

3. FIXED ASSETS In Rs.

Assets	Original Cost			Depreciation			Net Book Value	
	Cost as at April 1, 2007	Addi- tions	Cost as at March 31, 2008	As at April 1, 2007	For the Year	As at March 31, 2008	As at March 31, 2008	As at March 31, 2007
Computers	51557073	1887066	53444139	49336303	368774	49705077	3739062	2220770
Office Equipment	4176679	841875	5018554	1414828	202788	1617616	3400938	2761851
Furniture and Fixtures	4513627	2142906	6656533	1107500	287571	1395071	5261462	3406127
Vehicles	855599	1713923	2569522	13807	144723	158530	2410992	841792
Total	61102978	6585770	67688748	51872438	1003856	52876294	14812454	9230540
Previous year	58179862	2923116	61102978	50056237	1816201	51872438	9230540	8123625

		In Rs.	
		2008	2007
4. INVESTMENTS			
Trade (unquoted) - at cost			
Long - term investments			
Sagarsoft inc.		2775917	2993295
Total		2775917	2993295
5. SUNDRY DEBTORS			
Unsecured, considered good			
Debts over six months		46217152	47666403
Other debts		0	0
Total		46217152	47666403
6. CASH AND BANK BALANCES			
Cash on hand		1063345	1082468
Balance with scheduled banks			
- in current account		3153202	2565646
Total		4216547	3648114

In Rs.

Schedules to the Balance Sheet as at March 31,	2008	2007
7. LOANS AND ADVANCES		
Unsecured, considered good		
Advances recoverable in cash or in kind for value to be received		
Deposits	21510	21510
Other advances	15023832	12646462
Total	15045342	12667972
8. CURRENT LIABILITIES AND PROVISIONS		
Sundry creditors	4194363	981664
(Due to Small scale industries : Nil)		
Other liabilities	954177	147505
Total	5148540	1129169
9. MISCELLANEOUS EXPENDITURE		
(to the extent not written off)		
Preliminary expenses	5454	14997
Public issue expenses	729931	1094909
Total	735385	1109906
10. ADMINISTRATION AND OTHER EXPENSES		
Salaries and other benefits	18858954	6050368
Travelling and conveyance	3792057	1181340
Rent	3132835	2589431
Communication expenses	2047300	1726805
Professional charges	2713820	2128421
Printing and stationery	331218	83508
Office maintenance	2932208	1261878
Directors' remuneration	900000	830000
Auditors' remuneration	20000	20000
Bank charges	8807	9754
Foreign exchange fluctuation	3666630	1670428
General expenses	707772	861586
Total	39111601	18413519

SCHEDULE-11

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

I. SIGNIFICANT ACCOUNTING POLICIES

1. Accounting Convention:

The Company follows the Mercantile System of Accounting. The Accounts are prepared on historical cost basis and as a going concern. Accounting policies, not referred to specifically otherwise, are consistent with generally accepted accounting policies.

2. Fixed Assets:

Fixed Assets are stated at cost less accumulated depreciation.

3. Depreciation:

Depreciation on Fixed Assets has been provided on pro-rata basis at the rates and in the manner prescribed under schedule XIV of the Companies Act, 1956, on straight-line method.

4. Foreign currency transactions:

Transactions in foreign currency are recorded at exchange rates prevailing on the date of transaction and exchange differences arising on settlement of foreign currency transactions are dealt with in Profit and Loss Account. Foreign currency monetary assets and liabilities are translated at the exchange rate prevailing on the Balance sheet date.

5. Employee retirement benefits:

Short term benefits:

Short term employee benefits are charged off at the undiscounted amount in the year In which the related services is rendered.

Long term benefits:

Payments to the Defined contribution retirement benefit schemes are charged as an expense as they fall due. For defined benefit scheme, Company provides for gratuity, a defined benefit retirement plan (the "Gratuity Plan") covering eligible employees. In accordance with the Payment of Gratuity Act, 1972, the Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. The company has taken master policy with Aviva Life Insurance Company India Pvt Ltd under group gratuity scheme, liabilities with regard to the Gratuity Plan are determined by actuarial valuation as of the balance sheet date, based upon which, the Company contributes all the ascertained liabilities to the Aviva Life Insurance Company India Pvt Ltd.

Provident fund is administered through Regional Provident Fund Commissioner and the contributions to the above said fund are charged against revenue.

6. Miscellaneous expenditure:

Preliminary and public issue expenses are being amortized over a period of ten years.

7. Taxes on Income:

Deferred tax is recognized on timing differences between the taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets and liabilities have been computed on the timing differences applying enacted tax rates.

II. NOTES ON ACCOUNTS

1. Estimated amount of contracts remaining to be executed on capital account and provided for is Rs.Nil (Previous Year: Nil)
2. Contingent Liabilities: Nil (Previous Year: Nil)
3. Directors' Remuneration:

Particulars	2007-08 Rupees	2006-07 Rupees
Remuneration to Whole time director	900000	830000
Total	900000	830000

4. Auditors' Remuneration:

Particulars	2007-08 Rupees	2006-07 Rupees
For Audit	20,000	20,000
Total	20,000	20,000

5. The Company has adopted the Accounting Standard -22 "Accounting for taxes on Income" issued by the Institute of Chartered Accountants of India. Deferred tax asset (Net of deferred tax liability as computed under Accounting Standard – 22) as on 31st March, 2008 amounted to Rs.1,12,96,939/-.

6. The disclosures required under Accounting Standard 15 "Employee Benefits" notified in the Companies (Accounting Standards) Rules 2006, are given below.

a) Reconciliation of opening and closing balance of Defined benefit obligation.

In Rs.

Description	Gratuity
Defined benefit obligation at the beginning of the Year	817205
Current service cost	357843
Interest cost	65376
Actuarial gain / (loss)	(395867)
Benefits paid	0
Defined benefit obligation at the year end	844557

b) Reconciliation of opening and closing balances of fair value of plan assets

Description	Gratuity
Fair value of plan assets at the beginning of the Year	232828
Expected return on plan assets	14772
Actuarial gain / (loss)	0
Employer contribution	0
Benefits paid	0
Fair value of plan asset at the year end	247600

c) Reconciliation of fair value of assets and obligations

Fair value of plan assets as at 31 st March, 2008	247600
Present value of obligations as at 31 st March, 2008	844557
Fair value of plan asset at the year end	596957

d) Expenses recognized during the year

Current service cost	357843
Interest cost	65376
Expected return on plan assets	14772
Actuarial gain / (Loss)	(395867)
Net cost	12580

- e) Investment details
100% invested in Pension Balance Fund
- f) Actuarial assumptions
Mortality table (LIC) 1994-96 (ultimate)
Discounting rate - 8%
Expected rate of return on plan asset – 8%
Rate of escalation in salary – 4%

- 7 As the company was engaged only software development during the year pertaining to a single country, segment wise reporting is not applicable.
8. Balances due to or due from the parties are subject to confirmation.
9. Additional information pursuant to the provisions of Paragraph 3, 4C & 4D of Part II of Schedule of the Companies Act, 1956 (As certified by the management)

Particulars	Year ended 31-03-2008		Year ended 31-3-2007	
	Quantity	Value (Rs.)	Quantity	Value (Rs.)
a) Turnover	NA	43117646	NA	25347731
b) Capacity	NA	NA	NA	NA
c) Opening Stock	NA	Nil	NA	Nil
d) Closing Stock	NA	Nil	NA	Nil
e) Value of Imports:				
i. Capital Goods	Nil		Nil	
ii. Components and Spare parts	Nil		Nil	
f) Expenditure in Foreign Currency:				
i. On account of Travelling Expenses		Nil		Nil
ii. On account of salaries		Nil		Nil
iii. On account of capital goods		Nil		Nil
g) Value of Imported and Indigenous Raw Materials, Spare Parts and Other Materials		Nil		Nil
h) Earnings in Foreign Currencies		43042195		25347731

10. Figures of previous year have been regrouped / reclassified wherever necessary to conform to the current year's presentation / classification.
11. Figures are rounded off to be nearest rupee

SIGNATURES FOR SCHEDULES 1 TO 11

As per our report of even date

For and on behalf of the Board

For **C.Ramachandram & Co.**
Chartered Accountants

S. Sreekanth Reddy
Chairman and Managing Director

C. Ramachandram
Partner
Membership No.25834

M.Jagadeesh
Executive Director

Place : Hyderabad
Date : 30.06.2008

Cash flow statement for the year	2008	2007
Cash flow from operating activities		
Net profit before tax and extraordinary items	2467196	4717794
Adjustment for:		
Depreciation	1003856	1816201
Miscellaneous expenses	374521	374521
Operating profit before working capital changes	3845573	6908516
Adjustment for:		
Sundry debtors	1449251	2908261
Loans and advances	(2377370)	(4717924)
Trade payables	4019372	(311023)
Cash generated from operation	6936826	4787830
Cash flow before extraordinary items	6936826	4787830
Extraordinary items	0	0
Net cash from operating activities	6936826	4787830
Cash flow from investing activities		
Fixed assets	6585770	2923116
Investments	(217378)	(97925)
Net cash used for investing activities	6368392	2825191
Cash flow from financing activities		
Net cash from in financing activities	0	0
Net increase in cash and cash equivalents	568433	1962638
Cash and equivalents as at 01-04-2007	3648114	1685476
Cash and equivalents as at 31-03-2008	4216547	3648114

As per our report of even date

For and on behalf of the Board

For **C.Ramachandram & Co.**
Chartered Accountants

S. Sreekanth Reddy
Chairman and Managing Director

C. Ramachandram
Partner
Membership No.25834

M.Jagadeesh
Executive Director

Place : Hyderabad
Date : 30.06.2008

Balance sheet abstract and company's general business profile	in Rs.
Registration details	
Registration No.	01-23823
State code	01
Balance Sheet Date	31-Mar-08
Capital raised during the year	
	in Rs.
Public issue	-
Rights issue	-
Bonus issue	-
Private placement	-
Position of mobilization and deployment of funds	
Total liabilities	101200000
Total assets	101200000
Sources of funds	
Paid-up capital	55600000
Reserves and surplus	45600000
Secured loans	0
Unsecured loans	0
Application of funds	
Net fixed assets	14812454
Investments	2775917
Net current assets	60330501
Deferred tax asset	11248804
Miscellaneous expenditure	735385
Accumulated losses	11296939
Performance of company	
Turnover	43117646
Total expenditure	40554050
Profit before tax	2563596
Profit after tax	479497
Earning per share	0.09
Dividend rate	0
Generic names of principle products/services of the company	
Item Code No.(ITC code)	Not applicable
Product description	Computer Software and Hardware

Report on Corporate Governance

1. Company's philosophy on code of governance:

Sagarsoft believes that adherence to good corporate practice leads to transparency in its operations and improvement in the quality of its relations with all its stakeholders.

2. Board of Directors

Composition:

The Board of Directors has an optimum combination of Executive and Non-Executive Directors and its composition is in conformity with Clause 49 of the Listing Agreement entered into with the Stock Exchanges. All the Directors have made the requisite disclosures regarding Committee positions held by them in other Companies.

Meetings held

The Board met five times on the following dates during the financial year 2007-08:

21-04-2007, 27-06-2007, 30-07-2007, 29-10-2007, 30-01-2008

Board Procedure

Board Meetings are fixed taking into consideration the business requirements and statutory compliance. The Agenda, backed, wherever required, by adequate background information, is prepared keeping the requirements under Annexure 1A to the Clause 49 and circulated in advance to the Board members, to enable them to take appropriate decisions at the meetings.

Code of Conduct

The Company has adopted a Code of Conduct for all its Directors and Senior Executives and the same is available on the Company's website.

Category and Attendance of Directors:

The names and categories of the Directors on the Board, their attendance at the Board Meetings held during the financial year 2007-08 and at the last Annual General Meetings as also the number of Directorships and Committee position held by them in other public limited companies are as follows:

Sl No.	Name of the Director	Category of Directorship	No. of Board Meetings attended	Whether attended the last AGM held on 24-09-2007	No of membership of the Boards		No. of Committee Memberships	
					As Member	As Chairman	As Chairman	As Member
1	Shri S.Sreekanth Reddy	Chairman & Managing Director (Promoter)	5	Yes	5	1	-	-
2	Shri M.Jagadeesh	Executive Director	5	Yes	1	-	-	1
3	Shri S.Krishna Reddy	Independent & Non-Executive	5	Yes	1	-	3	-
4	Shri Satish C.R. Kalva	Non-Executive	-	No	1	-	-	-
5	Shri N.Satya Swaroop Reddy	Independent & Non-Executive Director	5	Yes	1	-	-	2
6	Shri N. Hari Mohan	Independent & Non-Executive Director	5	Yes	1	-	-	2
7	Shri K. Rakesh Rao	Independent & Non-Executive Director	2	Yes	1	-	-	-

Note: Only Public Limited Companies and their Audit Committee and Investors' Grievance Committee have been considered for the above purpose.

Shareholding of Non-Executive Directors

Shri S.Krishna Reddy, a non-executive director of the Company was holding 7800 shares in the company as on 31st March 2008. None of the other Non-Executive Directors was holding any shares in the Company as on 31st March, 2008.

3. Audit Committee:

Composition as on 31st March, 2008

Shri S.Krishna Reddy – Chairman (Non-Executive and independent director)

Shri N.Sathya Swaroop Reddy – Member (-do-)

Shri M.Jagadeesh– Member (Whole time Director)

Shri S.Krishna Reddy, Chairman of the Committee, is a post-graduate in commerce and has sufficient experience in the field of finance. The composition of the Committee is in conformity with Clause 49 of the Listing Agreement.

Terms of reference

Terms of reference of the Audit Committee include all items listed in Clause 49(II)(D) of the Listing Agreement.

Meetings held:

The Audit Committee held four meetings, on 27-06-2007, 30-07-2007, 29-10-2007 and on 30-01-2008 during the financial year 2007-08.

Attendance

Name of the Director	No. of meetings attended
Shri S.Krishna Reddy	4
Shri M.Jagadeesh	4
Shri N. Sathya Swaroop Reddy	4

4. Remuneration Committee:

Pursuant to Schedule XIII to the Companies Act, 1956 read with Clause 49 of the Listing Agreement, the Board has constituted a Remuneration Committee, which presently consists of S. Krishna Reddy, Shri N.Sathya Swaroop Reddy and Shri N.Hari Mohan, with terms of reference as mentioned in the said Clause. Shri S. Krishna Reddy, Chairman of the Committee, was present at the last Annual General Meeting. This Committee met on 30.06.2008 and recommended an hike in the remuneration payable to the Executive Director, which is pending for approval by the Shareholders.

Remuneration policy

Non-Executive Directors

Non-Executive Directors are not paid any remuneration excepting by way of sitting fee of Rs.750/- per meeting for attending the meetings of the Board and Committees thereof. Details of sitting fee paid are given below:

Sl.No.	Name of the Director	Sitting Fee (Rs.)
1	Shri S.Krishna Reddy	6,750
2	Shri N.Satya Swaroop Reddy	6,750
3	Shri N.Hari Mohan	3,750
4	Shri K.Rakesh Rao	1,500
	Total	18,750

Managing Director and Whole time Directors

The Company does not pay any remuneration to its Managing Director. The Executive Director was paid a consolidated remuneration of Rs.75,000/- p.m. with effect from 1st July 2006.

5. Shareholders' / Investors' Grievances Committee:

The Investors Grievances Committee of the Board consists of the following non-executive independent directors as its members:

Shri S.Krishna Reddy	Chairman
Shr N.Hari Mohan	Member

Based on the information obtained from the Registrars, there were no complaints received from the investors during the financial year 2007-08. In view of this the Committee did not hold any meeting during the said financial year.

6. General Body Meetings:

The details of the time, venue and the date of the last three Annual General Meetings of the Company are given below:

AGM	Date	Time	Venue
11 th AGM	24 th September, 2007	3.30 p.m.	Hotel Golkonda, Masab Tank Hyderabad-500 028
10 th AGM	28 th September, 2006	11.30 a.m.	Hotel Golkonda, Masab Tank, Hydeabad-500 028
9 th AGM	28 th September, 2005	11.00 a.m.	FAPCCI, 11-6-841, Red Hills, Hyderabad-500004

Details of Special Resolutions passed in the above said Annual General Meetings:

One Special Resolution was passed at the 10th Annual General Meeting seeking approval of shareholders for the increase in the remuneration to Shri M.Jagadeesh, Executive Director from Rs.40,000/- p.m. to Rs.75,000/- p.m. One Special Resolution was passed at the 9th AGM seeking the approval of shareholders for the appointment of Shri M.Jagadeesh as Executive Director and for payment of remuneration to him for the purpose.

Details of Special Resolution passed through Postal Ballot held:

No Special Resolution was passed at the last 11th Annual General Meeting through Postal Ballot.

No Resolution, either Special or Ordinary is proposed to be passed through Postal Ballot at the ensuing 12th AGM. Whenever it is proposed to pass any resolution through Postal Ballot, Company will duly follow the procedure prescribed under the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001 read with other applicable Sections / Rules in force.

7. Disclosures:

i. Related Party Transactions:

There were no related party transactions during the financial year 2007-08.

There were no materially significant transactions with Directors, their relatives or the Management that may have potential conflict with the interests of the Company at large. The Register of Contracts containing transactions, in which Directors are deemed to be interested, is placed before each meeting of the Board.

ii. Statutory compliance, Penalties and Strictures

There was no instance of non-compliance by the Company on any matter related to capital market during the last three years or any penalties or strictures on the Company by the Stock Exchange, SEBI or other statutory authorities relating to capital market.

iii. Whistle Blower Policy

The Company does not have a 'Whistle Blower Policy'. However, no personnel have been denied access to the Audit Committee of the Company.

iv. Compliance with Mandatory requirements and adoption of Non-Mandatory requirements.

The Company has implemented all the mandatory requirements of Clause 49 of the Listing Agreement.

Regarding non-mandatory requirements, the Company has constituted a Remuneration Committee pursuant to Clause 49 of the Listing Agreement read with Schedule XIII to the Companies Act, 1956, to recommend a suitable remuneration to the Board members.

8. Means of Communication:

Quarterly results

As part of compliance with Clause 41 of the Listing Agreement, the Company furnishes the quarterly financial results, to the Stock Exchanges followed by publication in the newspaper.

Newspapers in which the results are published:

Quarterly results are invariably published in Andhra Prabha and Financial Express.

Presentation made to Institutional Investors and Financial Analysts:

During the year 2007-08, the Company had not made any presentation to the institutional investors or analysts, as no occasion arose for it.

'The Management Discussion and Analysis Report' forms part of the Annual Report.

9. General Shareholder information:

i. Annual General Meeting:

Date & Time : At 11.00 a.m. on Wednesday the 24th September, 2008
 Venue : Hotel Golkonda, Masab Tank, Hyderabad – 500 028

ii. Financial Year : April to March

iii. Book Closure Dates : From 17th September, 2008 to 24th September, 2008

iv. Dividend payment date : No dividend is recommended for declaration at the meeting.

v. Listing on Stock Exchanges : Bangalore Stock Exchange Limited

vi. Stock Code : SAGARSOFT

vii. Market price details :

There were no quotations for the company's shares during the year ended 31st March, 2008.

ix. Registrar and Transfer Agents : Karvy Computershare Private Limited
 17-24, Vittal Rao Nagar
 Madhapur, Hyderabad-500 081
 Tel: 91 40 23420815 - 28
 Fax: 91 40 23420814 / 23420857
mailmanager@karvy.com
 Website: karvycomputershare.com

x. Share Transfer System

All proposals for transfer of shares in physical form are scrutinized by the Share Transfer Agents of the Company and, subject to the same being found to be in order, are approved.

xi. Distribution of shareholding as on 31st March 2008 is given below:

Category wise shares held as on 31st March, 2008:

SI No.	Category	Number. of Shares	%
1	Promoters	2436300	44
2	Mutual Funds, Banks, Financial Institutions and Insurance Companies	413300	7
3	NRIs & OCBs	10000	-
4	Private Corporate Bodies	534912	10
5	Indian Public	2165488	39
	Total	5560000	100

xii. **Dematerialization of Shares and liquidity :**

Trading in the shares of the Company has to be in the electronic form only. The Company has entered into agreements with NSDL and CDSL for the purpose.

The ISIN number for the company's shares is : INE184B01012.

Shares representing 63% of the share capital were kept in dematerialized form as on 31st March, 2008.

xiii. **Details of outstanding GDR / ADR / Warrants or any other convertible instruments:**

The Company has not issued any GDR or ADR; nor there are any other instruments pending conversion.

xiv. **Development Centre**

Cyber Towers, 10th Floor
Q4, A2, HITECH City
Madhapur
Hyderabad – 500 081
Tel: 040 – 66772426, Fax: 040 - 23114607

xv. **Address for correspondence**

Sagarsoft (India) Limited
Regd. Office
8-2-472/B/2, Road No.1, Banjara Hills
Hyderabad – 500034
Tel: 040 - 23351571, Fax:040 - 23356573

For and on behalf of the Board

Hyderabad
31st July, 2008

S. Sreekanth Reddy
Chairman and Managing Director

DECLARATION

I, S.Sreekanth Reddy, Managing Director of Sagarsoft (India) Limited, hereby declare that all the members of the Board of Directors and the Senior management personnel have affirmed compliance with the Code of Conduct for the year ended 31st March, 2008.

For Sagarsoft (India) Limited

Hyderabad
31st July, 2008

Sd/-
S.Sreekanth Reddy
Chairman and Managing Director

CERTIFICATE

To

The Members of
Sagar Cements Limited
Hyderabad

We have examined the compliance of conditions of Corporate Governance by Sagarsoft (India) Limited, for the year ended on 31st March, 2008, as stipulated in Clause 49 of the Listing Agreement of the said company with Stock Exchange.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation 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 the information and according to the explanation given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievances are pending for a period exceeding one month against the company as per the records maintained by the Investors Grievance Committee.

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

For **C.Ramachandram & Co.,**
Chartered Accountants

C.Ramachandram
Partner

Hyderabad
31st July, 2008



Sagarsoft (India) Limited

Registered Office: 8-2-472/B/2, Road # 1, Banjara Hills, Hyderabad-500 034

Twelfth Annual General Meeting

Admission Slip

I certify that I am a registered shareholder / proxy for the registered shareholder of the company. I hereby record my presence at the Twelfth Annual General Meeting of the company to be held at Hotel Golkonda, Masab Tank, Hyderabad - 500 028 on Wednesday, the 24th September, 2008 at 11.00 a.m.

Name of the Member (in Block Letters) _____

Name of the Proxy (in Block Letters) _____

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

Registered Folio No. _____ *DPID No. _____ and *Client ID No. _____

No. of Shares _____

*If shares are held in electronic form

Signature of the Shareholder / Proxy

Note: Please bring this attendance slip with you, duly filled in, and hand over the same at the entrance of the meeting hall.

Sagarsoft (India) Limited

Registered Office: 8-2-472/B/2, Road # 1, Banjara Hills, Hyderabad-500 034

Twelfth Annual General Meeting

Proxy

I / We _____ being

a Member / Members of Sagarsoft (India) Limited hereby appoint _____

of _____ or failing him / her _____ of

_____ as my / our proxy to vote for me / us on my / our behalf at the Twelfth Annual

General Meeting of the company to be held on Wednesday, the 24th September, 2008 at 11.00 a.m. at Hotel Golkonda,

Masab Tank, Hyderabad - 500 028 and at any adjournment thereof.

Signed this _____ day of _____ 2008

Registered Folio No. _____ *DPID No. _____ and *Client ID No. _____

No. of Shares _____

Please
affix Re. 1/-
Revenue
Stamp

Signature of the Shareholder

N.B. : A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on his / her behalf at the meeting. The proxy to be so appointed need not be a member of the company. However, proxies, in order to be effective, must be duly executed and lodged with the company at its Registered Office not less than 48 hours before the commencement of the meeting.

BOOK POST
UNDER CERTIFICATE OF POSTING



Plot No. 8-2-472/B/2,
Road # 1, Banjara Hills
Hyderabad - 500 034
Ph. : +91-40-23351571 / 6572
Fax : +91-40-23356573
Internet : www.sagarsoft.com

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totality



Sagarsoft™

(INDIA) LIMITED