

Annual Report 2014



18 Annual Report 2014



Board of Directors

Shri S. Sreekanth Reddy	Chairman
Shri M. Jagadeesh	Managing Director
Shri K. Pradeep Kumar Reddy	Director (Operations)
Shri Satish C.R. Kalva	Non-Executive Director
Shri K. Prasad	Independent and Non-Executive Director (w.e.f. 04.11.2013)
Shri S. Krishna Reddy	Independent and Non-Executive Director (Upto 29.07.2013)
Shri N. Satya Swaroop Reddy	Independent and Non-Executive Director (Upto 31.03.2014)
Shri N. Hari Mohan	Independent and Non-Executive Director
Shri K. Rakesh Rao	Independent and Non-Executive Director

Company Secretary

Shri J.Raja Reddy

Auditors

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

Bankers

Axis Bank Ltd.,
Banjara Hills, Hyderabad

HDFC Bank
Lakdikapool Branch, Hyderabad

Registered Office

Plot No.111, Road No.10
Jubilee Hills, Hyderabad –500 033

**Registrars and
Share transfer agents**

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



SAGARSOFT (INDIA) LIMITED

Registered Office: Plot No.111, Road No.10, Jubilee Hills, Hyderabad – 500 033

NOTICE

Notice is hereby given that the 18th Annual General Meeting of the Members of the Company will be held at 11.30 a.m. on Wednesday, the, 24th September, 2014 at Hotel Golkonda, Masab Tank, Hyderabad-500 028, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Financial Statements of the Company for the year ended 31st March, 2014 including audited Balance Sheet as at 31st March, 2014 and the Statement of Profit and Loss for the year ended on that date and the Reports of the Directors and Auditors thereon and to consider and, if deemed fit, to pass the following resolution for the purpose as an Ordinary Resolution:

“Resolved that the audited accounts of the Company containing the Balance Sheet as at and the Statement of Profit and Loss for the year ended 31st March 2014 together with their annexure and the reports of the auditors and directors thereon be and are hereby received, considered, approved and adopted.”

2. To re-appoint Shri S.Sreekanth Reddy (holding Director Identification Number: 00123889), who retires by rotation in terms of Section 152(6) of the Companies Act, 2013 as director and being eligible, offers himself for the said re-appointment and, if deemed fit, to pass the following resolution for the purpose as an Ordinary Resolution:

“Resolved that Shri S.Sreekanth Reddy (holding Director Identification Number: 00123889) be and is hereby re-appointed as a director liable to retire by rotation.”

3. To re-appoint Shri Satish C.R.Kalva (holding Director Identification Number: 02412539), who retires by rotation in terms of Section 152(6) of the Companies Act, 2013 as director and being eligible, offers himself for the said re-appointment and, if deemed fit, to pass the following resolution for the purpose as an Ordinary Resolution:

“Resolved that Shri Satish C.R.Kalva (holding Director Identification Number: 02412539) be and is hereby re-appointed as a director liable to retire by rotation.”

4. To appoint Auditors to hold office from the conclusion of this Meeting, for 3 (three) consecutive years till the conclusion of the 21st Annual General Meeting of the Company in the calendar year 2017 and in this regard, to consider and, if thought fit, to pass, the following resolution as an Ordinary Resolution:

“Resolved that pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and of the Companies (Audit and Auditors) Rules, 2014, M/s. C.Ramachandram & Co (Firm Registration No.002864S), Chartered Accountants, be and are hereby appointed as Auditors of the Company, to hold office from the conclusion of the Annual General Meeting, for three consecutive years until the conclusion of the 21st Annual General Meeting of the Company in the calendar year 2017, subject to ratification by the shareholders annually, at such remuneration as shall be fixed by the Board of Directors of the Company.”

SPECIAL BUSINESS

5. **To appoint Shri K.Prasad as an Independent Director**

To consider and, if thought fit, to pass, the following resolution as an Ordinary Resolution:

Resolved that pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (“Act”) and the rules framed there under read with Schedule IV of the Act, as amended from time to time and the Companies

(Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Shri K.Prasad (DIN 06678974), a non executive director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an independent director of the Company to hold office for five consecutive years.

6. To appoint Shri K. Ganesh as an Independent Director

To consider and, if thought fit, to pass, the following resolution as an Ordinary Resolution:

Resolved that pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") and the rules framed there under read with Schedule IV of the Act, as amended from time to time and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Shri K.Ganesh (DIN 05214864), who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an independent director of the Company to hold office for five consecutive years.

7. To appoint Shri N.Hari Mohan as an Independent Director

To consider and, if thought fit, to pass, the following resolution as an Ordinary Resolution:

Resolved that pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") and the rules framed there under read with Schedule IV of the Act, as amended from time to time and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Shri N.Hari Mohan (DIN 01808491), a non executive director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an independent director of the Company to hold office for five consecutive years.

8. To appoint Shri K. Rakesh Rao as an Independent Director

To consider and, if thought fit, to pass, the following resolution as an Ordinary Resolution:

Resolved that pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") and the rules framed there under read with Schedule IV of the Act, as amended from time to time and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Shri K.Rakesh Rao (DIN 02153899), a non executive director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an independent director of the Company to hold office for five consecutive years.

NOTES:

1. The Statement pursuant to Section 102 (1) of the Companies Act, 2013 on Special Business covering Item Nos.5 to 8 in the Notice is given in the Annexure-1, which forms part of this Notice.
2. The details required to be given under Clause 49 of the Listing Agreement with the Stock Exchanges, in respect of Item No.2, 3, 5, 6, 7 and 8 are given in the Annexure-2, which forms part of this Notice.
3. A Member entitled to attend and vote at the Annual General Meeting is entitled to appoint another person as a proxy to attend and vote on his behalf in the meeting and the proxy need not be a member of the company. The instrument appointing the proxy, duly completed and signed must be deposited at the Registered Office of the company not less than forty eight hours before the commencement of the meeting.
4. A person can act as a proxy on behalf of members upto and not exceeding fifty and holding in 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 member.
5. Corporate members intending to send their authorized representative(s) to attend the Meeting are requested to send to the Company a duly certified copy of the Board Resolution authorising their representative(s) to attend and vote on their behalf at the Meeting.
6. Members holding shares in physical form are requested to inform about the change in their addresses immediately to the Company or its Registrar and Share Transfer Agents (RTA), M/s.Karvy Computershare Private Limited (Karvy).
7. To promote green initiative, members are requested to register their e-mail address through their Depository Participants for sending their future communications by e-mail. Members holding the shares in physical form may register their e-mail addresses through the RTA, giving reference of their Folio Number.
8. Electronic copy of the Annual Report is being sent to all the members whose e-mail IDs are registered with the Company's RTA/Depository Participants, unless any member has requested for a hard copy of the same. For members, who have not registered their e-mail address, physical copies of the Annual Report are being sent through the permitted mode.
9. The Register of Members and Share Transfer Books of the Company will remain closed during the period from 17th September, 2014 to 24th September, 2014 (both days inclusive).
10. Members may note that the Annual Report for 2013-14 will also be available on the Company's website www.sagarsoft.in for their download.
11. **Voting through electronic means:**
 - I. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the company is providing facility to the members to exercise their right to vote at the 18th Annual General Meeting (AGM) by electronic means through e-voting platform provided by Karvy Computershare Pvt.Ltd.

The instructions for e-voting are as under:

- i. Use the following URL for e-voting:
From Karvy website: <http://evoting.karvy.com>
- ii. Shareholders of the company holding shares either in physical form or in dematerialized form, as on 16.09.2014 (End of Day) may cast their vote electronically.
- iii. Enter the login credentials i.e., User ID and Password mentioned in the Postal Ballot Form sent with the Annual Report. This Postal Ballot Form is sent to the Shareholders to enable those who donot have access to e-voting facilities, to send their assent or dissent in writing in respect of the resolutions set-out in this notice.

Your Folio / DP Client ID will be your User-ID.

User – ID	For Members holding shares in Demat Form:	
	a) For NSDL	8 Character DP ID followed by 8 Digits Client ID
	b) For CDSL	16 digits beneficiary ID
	c) For Members holding shares in Physical Form	Event no. followed by Folio Number registered with the company
Password	Your Unique password is printed on the Attendance Slip / forwarded via email through the electronic notice	
Captcha	Enter the Verification code i.e., please enter the alphabets and numbers in the exact way as they are displayed for security reasons.	

- iv. After entering the details appropriately, click on LOGIN.
- v. Members holding shares in Demat/Physical form will now reach Password Change menu wherein they are required to mandatorily change their login password in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character. Kindly note that this password can be used by the Demat holders for voting for resolution of any other Company on which they are eligible to vote, provided that Company opts for e-voting through Karvy Computershare Private Limited e-Voting platform. System will prompt you to change your password and update any contact details like mobile number, email ID etc on 1st login. You may also enter the Secret Question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- vi. You need to login again with the new credentials.
- vii. On successful login, system will prompt you to select the 'Event' i.e., 'Company Name'.
- viii. If you are holding shares in Demat form and had logged on to "https://evoting.karvy.com" and casted your vote earlier for any company, then your exiting login id and password are to be used.
- ix. On the voting page, you will see Resolution Description and against the same the option 'FOR/AGAINST/ABSTAIN' for voting. Enter the number of shares (which represents number of votes) under 'FOR/AGAINST /ABSTAIN' or alternatively you may partially enter any number in 'FOR' and partially in 'AGAINST', but the total number in 'FOR/AGAINST' taken together should

- not exceed your total shareholding. If the shareholder does not want to cast his vote, he may select 'ABSTAIN'.
- x. 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.
 - xi. Once you 'CONFIRM' your vote on the resolution, you will not be allowed to modify your vote.
 - xii. The portal will be open for voting from 10.30 a.m. on 18.09.2014 to 6.30 p.m. on 20.09.2014.
 - xiii. Please contact Karvy Computershare Private Limited at Toll Free No.1-800-34-54-001 for any further clarification and e-voting User Manual for shareholders available at the download section of <http://evoting.karvy.com>.
- II. The company has appointed Sri S.Srikanth, a practicing Company Secretary (C.P.No.7999), as the 'Scrutinizer' for conducting the E-voting process in a fair and transparent manner.
 - III. The Scrutinizer shall within a period not exceeding three working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the company and shall submit his report to the company after completion of the scrutiny. The result of the voting will be announced on or after the date of the AGM. The result of the voting will also be posted on the company's website www.sagarsoft.in within two (2) days of passing of the resolutions at the AGM of the company and communicated to the respective Stock Exchanges.
12. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the company during normal business hours (9.30 a.m. to 6.00 p.m.) on all working days except Saturdays and Sundays, up to the date of the Annual General Meeting of the Company.
 13. Section 72 of the Companies Act, 2013 provides for Nomination by the shareholders of the Company and the shareholders are requested to avail this facility.

By Order of the Board

Hyderabad
1st August, 2014

Sd/-
J Raja Reddy
Company Secretary



Annexure to the Notice of the 18th Annual General Meeting

Explanatory Statement Under Section 102 (1) of the Companies Act, 2013

On Item No.5, 6, 7 and 8

Pursuant to the provisions of Section 149 of the Act, read with Clause 49 of the listing agreement, independent director should constitute half of the composition of the Board of Directors. Further, an Independent Director shall hold office for a term upto five consecutive years on the Board of a company and is not liable to retire by rotation. The matter regarding appointment of the above directors as Independent Directors was placed before the Board, which recommended appointment of Shri K.Prasad, Shri K.Ganesh, Shri N.Hari Mohan and Shri K.Rakesh Rao as Independent Directors to hold office for a consecutive period of five years w.e.f. 24.09.2014.

The above named individuals have given declarations to the Board that they meet the criteria of independence as provided under Section 149(6) of the Act and Clause 49 of the Listing Agreement with the Stock Exchanges. In the opinion of the Board, they fulfill the conditions for their appointment as independent directors as specified in the Act and the Listing Agreement.

Keeping in view their expertise and knowledge, it will be in the interest of the Company that these individuals are appointed as Independent Directors.

None of the Directors or Key Managerial Personnel (KMP) or relatives of directors and KMP, except Shri K.Prasad, Shri K.Ganesh, Shri N.Hari Mohan and Shri K.Rakesh Rao are, in any way, concerned or interested in the Resolutions concerning their appointment proposed at Item Nos.5 to 8.

A Statement containing brief profile of the Directors to be appointed is given in the annexure, which may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges.

By Order of the Board

Hyderabad
1st August, 2014

Sd/-
J Raja Reddy
Company Secretary

Annexure to the Notice of the 18th Annual General Meeting

Details of directors seeking appointment /re-appointment
vide Items No.2,3, 5, 6, 7 and 8 of the Notice

(Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges)

Name of the Directors	Shri S Sreekanth Reddy	Shri Satish C R Kalva	Shri K Prasad	Shri K.Ganesh	Shri N.Hari Mohan	Shri K.Rakesh Rao
Nature of Directorship	Promoter Director	Non Executive and Independent	Non Executive and Independent	Non Executive and Independent	Non Executive and Independent	Non Executive and Independent
Date of birth	27.08.1971	05.12.1963	10.04.1971	03.04.1962	22.05.1973	13.04.1971
Date of appointment	15.07.1996	26.06.2001	04.11.2013	24.09.2014	15.04.2005	15.04.2005
Qualification	B.E. (I&P), P.G Diploma in Cement Technology	B.E., M.S	B.Com, ACA	B.Tech., (Mechanical)	B.E.,	B.E.,
Area of expertise	Technocrat and Entrepreneur	Computer Science	Finance	Cement Technologist	Business	Business
Other directorships in public limited companies	Sagar Cements Limited Sagar Power Limited Sagar Priya Housing and Industrial Enterprises Limited	Nil	Nil	Nil	Nil	Nil
Committee position in other Companies	Nil	Nil	Nil	Nil	Nil	Nil
Shares held in Sagarsoft (India) Ltd	1149500	Nil	2800	Nil	51581	Nil

DIRECTORS' REPORT

Dear Members

Your Directors hereby present their 18th Annual Report together with the audited accounts of the Company for the year ended 31st March, 2014.

PERFORMANCE

A summarized financial performance of your company during the year 2013-14 is given below:
(Rs.in Lakhs)

	Year ended	
	31st March, 2014	31st March, 2013
Income from operations	1128.67	1028.10
Other Income	127.79	44.03
Total Income	1256.46	1072.13
Total Expenditure	1142.51	1038.55
Profit / (Loss) before depreciation, interest and tax	113.95	33.58
Depreciation	40.11	38.83
Interest	0.77	1.52
Profit / (Loss) before tax	73.07	(6.76)
Provision for Tax	14.48	0.00
Deferred Tax Asset / (liability) for the year	(12.84)	(9.92)
Short provision for tax made during earlier year	0.00	(4.72)
Net Profit / (Loss)	71.43	(21.41)

DIVIDEND

In view of the inadequate profit for the year under report and the accumulated loss, your Directors regret their inability to recommend any dividend for the year 2013-14.

SALE OF INVESTMENT

During the year under review your company has sold its entire investment held in Sagarsoft Inc, USA resulting in a net profit of 127.79 lakhs on sale of investment.

FUTURE OUTLOOK

India is widely recognised as the premier destination for offshore technology services. According to the NASSCOM press release issued in February, 2014, IT-BPM services export revenue from India are expected to grow to US \$ 97 – \$ 99 billion in fiscal year 2015, a growth of 13% - 15% over fiscal year 2014. Domestic revenues are estimated to grow to Rs.1250-Rs.1280 billion in fiscal year 2015, which is a growth of 9% - 12% compared to fiscal year 2014.

As a result, there is an increasing need for highly skilled professionals in the market to help corporations transform their business, optimize operations and drive innovation by leveraging technology. At the same time, enterprises are reluctant to expand their internal IT departments and increase costs. These factors have led to the increased reliance of corporations on their outsourcing, providers and are expect to continue to drive future growth for outsources technology services, we are hoping that our sales and marketing initiatives will start showing results in years to come.

SHARE CAPITAL

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

FIXED DEPOSITS

During the financial year, your company has not accepted any fixed deposits.

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 Exchange. A separate report detailing such compliance together with the Certificate from the Auditors in connection therewith is included as part of the Annual Report.

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 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:

Information as required under the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 in respect of energy conservation, technology absorption and foreign exchange earnings and outgo is given in Annexure to this Report.

DIRECTORS

Shri S.Sreekanth Reddy and Shri Satish C.R.Kalva, would be retiring by rotation at the ensuing Annual General Meeting and seeking re-appointment.

Your directors place on record with deep regret the demise of your director Shri N.Satya Swaroop Reddy on 31.03.2014 and further wishes to place on record the valuable contribution made by him to the deliberations of the Board during his tenure as a member of the Board.

As of the date of this report, Shri K.Prasad, Shri N.Hari Mohan and Shri K.Rakesh are independent directors as per Clause 49 of the Listing Agreement and were appointed under the Companies Act, 1956 as directors liable to retire by rotation. In order to give effect to the applicable provisions of Section 149 and 152 of the Companies Act, 2013, it is proposed that these Directors and Shri K.Ganesh be appointed as Independent Directors, to hold office for five consecutive years.

Sub Committees of the Board

The Board has Audit Committee, Nomination and Remuneration Committee, Investment Committee and Investors' Grievance Committee, the composition and other details of which have been given in the Report on the Corporate Governance forming part of the Annual Report.

AUDITORS

Messrs. C.Ramachandram & Co., Chartered Accountants, the present Auditors of your Company hold their office up to the ensuing Annual General Meeting and are eligible for re-appointment. In accordance with the provisions of Section 139, 142 and other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, it is proposed to re-appoint them as the Auditors of the Company for a period of three consecutive years commencing from the conclusion of this Annual General Meeting, until the conclusion of the 21st Annual General Meeting in the calendar year 2017.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Directors based on the information and representations received from the operating management confirm that:

- (i) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material developments;
- (ii) The directors had selected such accounting policies and applied them consistently and made judgement and estimates that were 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) The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) The directors had prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENT

Your Directors take this opportunity to express the gratitude to all the Investors, clients / customers, Vendors, Bankers, Regulatory and Government Authorities, Stock Exchanges and Business associates for their cooperation, encouragement and continued support extended to the Company. Your Directors also take this opportunity to place on record their appreciation for the contributions made by the employees at all levels.

For and on behalf of the Board

Hyderabad
1st August, 2014

Sd/-
S.Sreekanth Reddy
Chairman

Annexure 1

MANAGEMENT DISCUSSION AND ANALYSIS

IT Industry Review

Changing economic business conditions, evolving consumer preferences, rapid technological innovation and adoption and globalization are creating an increasingly competitive market environment that is driving corporations to transform the manner in which they operate. Companies in this environment are now focusing even more on their core business objective, such as revenue growth, profitability and asset efficiency. New areas such as mobile, social, cloud and analytics is increasingly driving technology spending, and will emerge as mainstays as this decade progresses further.

Sagarsoft Business Strategy

Sagarsoft will continue to focus on increasing business from existing clients and create new business and pricing models, specializing in providing end-to-end service offerings and continue to sustain, pursue, acquire, develop and nurture strategic long term relationships and to consolidate its offerings on Mobility, Open Source Technologies & QA, while continuing to cross sell with existing clients for additional business.

Business overview

Sagarsoft has made steady progress last year in acquiring new clients in Mobile, open source technologies and QA space and in consolidating business from existing clients, across all service areas including new service lines. The business from new clients acquired last year is expected to increase and add significant value and better margins.

Your company continued focus on operational excellence and increasing efficiency levels by building teams in various technologies in anticipation of future projects. The focus is more on optimization and productivity within the existing employee along with skill enhancement and enrichment.

Human Resource and Employees- HR policy

Our Employees are our most important assets and we have taken every measure to provide an excellent work atmosphere. We believe that quality and level of service that our employees deliver is best. Our culture and reputation in the IT industry enables us to recruit and retain some of the best available resources in India. The key elements that define our culture include recruitment, training and development and compensation.

Opportunities

We believe our competitive strengths in delivering solutions that enable clients in turn to deliver improved business results. Our proven delivery model, commitment to quality and process execution, long standing client relationship innovate and lead makes us strengthen.

Risks and concerns

The Company's risk management framework continues to focus on identification, assessment monitoring, minimizing adverse impact of risks on our key business objectives. It seeks to minimize the adverse impact of risk on our key business objectives and enable the company to leverage market opportunities effectively. We enunciate the key business objectives of the company through a set of specific goals that have to be achieved in the short term and strategic goals aimed at achieving our aspirations in the medium and long term. Our business objectives includes goals relating to dimensions such as operational excellence, financial, client and markets, talent and leadership. Our core values and ethics provide the platform for our risk management practices.

Outlook

Our Revenues are highly dependent on clients primarily located in the US as well as clients concentrated in certain industries and an economic slowdown or other factors that affect the economic health of US or those industries may affect our business. Currency fluctuation may also affect the results of our operations. The economic environment and pricing pressures and decreased employee utilization rates could negatively impact our revenues and operating results. We will have increased focus on providing niche solutions which provides better margins and showcase innovations to attract quality customers.

Internal Control systems and their adequacy

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

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, 1988]

Rule 8 of the Companies (Accounts) Rules, 2014

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.1,10,02,7013/-
	Foreign exchange out go	:	Rs.3,42,603/-



C.Ramachandram & Co.,
Chartered Accountants

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

INDEPENDENT AUDITORS' REPORT

To
The Members of
Sagarsoft (India) Limited
Hyderabad

Report on the Financial Statements

We have audited the accompanying financial statements of Sagarsoft (India) Limited ("the company"), which comprise the Balance Sheet as at 31st March, 2014, the Statement of Profit and Loss and 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 Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 (the Act) read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material 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 conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 amounts 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 on the effectiveness of the entity's internal control and an audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by 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 said accounts 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, 2014;

- ii. in the case of the Statement of Profit and Loss, 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.

Report on Other Legal And Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 (the Order) issued by the Central Government of India in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d. In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the accounting standards notified under the Companies Act, 1956 read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013.
 - e. On the basis of the written representations received from the directors as on March 31, 2014, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of Section 274(1)(g) of the Act.

For C. Ramachandram & Co.,
Chartered Accountants
(FR NO: 002864S)

C. Ramachandram
Partner
Membership No: 25834

Place: Hyderabad
Date : 24.05.2014

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. 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.
3. (a) The company has not granted any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained U/s.301 of the Companies Act, 1956
(b) The provisions of Clause (b),(c) and (d) of paragraph 4(iii) of the Companies (Auditors' Report) Order, 2003 are not applicable to the company.
4. 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 and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
5. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section
(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements and exceeding the value of Rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time
6. The company has not accepted any deposits from the public within the meaning of Sections 58 A and 58 AA or any other relevant provisions of the Companies Act, 1956 and the Rules framed there under
7. In our opinion, the company has an internal audit system commensurate with its size and nature of its business.
8. 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.
9. (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, service tax, excise duty and cess which have not been deposited on account of any dispute.
10. In our opinion, the accumulated losses of the company are not more than 50% of its net worth. The Company has not incurred cash loss during the financial year covered by the audit and in the immediately preceding financial year.
11. 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 Financial Institutions.
12. The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. 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.
14. 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.
15. 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.
16. In our opinion, and according to the information and explanation given to us, the company has not raised any term loans during the financial year.
17. 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.
18. The company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act during the year.
19. The company has not issued any debentures during the year.
20. The company has not raised any money by way of public issue during the year.
21. 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.

For **C. Ramachandram & Co.**,
Chartered Accountants
(FR NO: 002864S)

Place: Hyderabad
Date : 24.05.2014

C. Ramachandram
Partner
Membership No: 25834

BALANCE SHEET AS AT 31ST MARCH 2014
Amount in Rs.

Particulars	Notes	As at 31.03.2014		As at 31.03.2013	
I. EQUITY AND LIABILITIES					
(1) Shareholders' funds					
(a) Share Capital	3	55,600,000		55,600,000	
			55,600,000		55,600,000
(b) Reserves and Surplus	4	42,658,524		35,515,857	
(2) Current liabilities					
(a) Short Term Borrowings	5	0		621,839	
(b) Trade Payables	6	1,159,951		1,273,478	
(c) Other Current Liabilities	7	132,468		12,725,801	
(d) Short Term Provisions	8	4,180,609	5,473,028	3,248,626	17,869,744
Total			103,731,552		108,985,601
II. ASSETS					
(1) Non-Current Assets					
(a) Fixed Assets					
Tangible Assets	9	40,507,384		46,833,115	
(b) Non Current Investments	10	0		2,775,917	
(c) Deferred Tax Assets (Net)		10,738,219		9,453,821	
(d) Long Term Loans and Advances	11	20,246,243		31,256,243	
(e) Other Non-Current Assets	12	2,557,464	74,049,310	2,557,464	92,876,560
(2) Current Assets					
(a) Trade Receivables	13	13,102,679		10,090,248	
(b) Cash and Cash Equivalents	14	15,785,370		4,252,944	
(c) Short Term Loans and Advances	15	794,193	29,682,242	1,765,849	16,109,041
Total			103,731,552		108,985,601

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

1 & 2

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

For and on Behalf of the Board

For **C.Ramachandram & Co.,**
Chartered Accountants
(FR NO: 002864S)

M Jagadeesh
Managing Director

C.Ramachandram
Partner
Membership No. 25834

K.Pradeep Kumar Reddy
Director (Operations)

Place : Hyderabad
Date : 24.05.2014

J. Raja Reddy
Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2014

Particulars	Notes	Amount in Rs.	
		31.03.2014	31.03.2013
I. Revenue From Operations	16	112,866,549	102,810,064
Other Income	17	12,779,083	4,403,200
Total Revenue		125,645,632	107,213,264
II. Expenses:			
Employee benefits expenses	18	85,723,140	75,709,107
Finance cost	19	76,840	151,965
Depreciation	9	4,011,152	3,882,586
Other expenses	20	28,528,360	28,145,823
Total Expenses		118,339,492	107,889,481
III. Profit before Tax (I - II)		7,306,140	(676,217)
IV. Tax Expenses:			
(1) Current Tax		1,447,872	0
(2) Less: Tax provision relating to earlier year		0	(471,991)
(3) Deferred Tax Asset		(1,284,400)	(992,473)
Total Tax Expenses		163,473	(1,464,464)
V. Profit for the year (III - IV)		7,142,667	(2,140,681)
Earning per share (Equity shares, par value Rs.10 each)			
Basic and Diluted	21	1.28	(0.39)

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

For **C.Ramachandram & Co.,**
Chartered Accountants
(FR NO: 002864S)

C.Ramachandram
Partner
Membership No. 25834

Place : Hyderabad
Date : 24.05.2014

For and on Behalf of the Board

M Jagadeesh
Managing Director

K.Pradeep Kumar Reddy
Director (Operations)

J. Raja Reddy
Company Secretary

Cash Flow Statement for the year ended	Amount in Rs.	
	31.03.2014	31.03.2013
Cash Flow from Operating Activities		
Net Profit before Tax and Extraordinary Items	7,306,140	(676,217)
Adjustment for:		
Provision for Income Tax	(1,447,872)	0
Non Operating Expenses/Items		
Dividend Received	0	(4,403,200)
Profit on Sale of Investment	(12,779,083)	0
Loss on Sale of Fixed Asset	2,261,834	0
Depreciation	4,011,152	3,882,586
Operating Profit before Working Capital Changes	(647,829)	(1,196,831)
Adjustment for:		
Sundry Debtors	(3,012,430)	57,875
Loans and Advances	11,981,656	22,799,146
Other Current Liabilities & Provisions	(11,661,350)	0
Trade Payables	(113,527)	4,372,494
Cash generated from Operation	(3 453 480)	26,032,684
Cash Flow before Extraordinary Items	(3,453,480)	26,032,684
Net Cash from Operating Activities	(3,453,480)	26,032,684
Cash Flow from Investing Activities		
Sale of Fixed Assets	1,060,000	(30,489,063)
Purchase of Fixed Assets	(1,007,254)	0
Sale of Investment	15,555,000	4,403,200
Net Cash Flow from Investing Activities	15,607,746	(26,085,863)
Cash Flow from Financing Activities		
Repayment of Vehicle Loans	621,839	745,823
Net Cash used in Financing Activities	(621,839)	(745,823)
Net increase in cash and cash equivalents	11,532,426	(799,002)
Cash and Cash equivalents as at 01-04-2013	4,252,944	5,051,947
Cash and Cash equivalents as at 31-03-2014	15,785,370	4,252,944

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

For **C.Ramachandram & Co.,**
Chartered Accountants
(FR NO: 002864S)

C.Ramachandram
Partner
Membership No. 25834

Place : Hyderabad
Date : 24.05.2014

For and on Behalf of the Board

M Jagadeesh
Managing Director

K.Pradeep Kumar Reddy
Director (Operations)

J. Raja Reddy
Company Secretary

Notes to the financial statements for the year ended 31st March, 2014

Notes – 1

1. Corporate Information:

Sagarsoft (India) Limited ("The Company") is a Listed Public limited company domiciled in India and incorporated under the provisions of the Companies Act, 1956 in India. The company is engaged in Software Development.

2. 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. Revenue Recognition:

Revenue from professional services consists primarily of revenue earned from services performed on a time and material basis. The related revenue is recognized as and when the services are performed. Amounts received or billed in advance of services performed are recorded as unearned revenue. Unbilled revenue, included in debtors, represents amounts recognized based on services performed in advance of billing in accordance with contract terms.

5. Taxes on Income:

Provision for current Income Tax is being made as per the normal provisions of Income Tax Act, 1961.

The company has adopted the Accounting Standard-22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India. 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.

6. Cash flow statement

Cash flows are reported using the indirect method, where by 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.

Notes – 2

Notes on Accounts

1. Estimated amount of contracts remaining to be executed on capital account and provided for is Rs. Nil.

2. Contingent Liabilities: Nil (Previous Year: Nil)

3. **Directors' Remuneration:**

Particulars	2013-14 Rupees	2012-13 Rupees
Remuneration to Managing Director	24,00,000	24,00,000
Remuneration to Whole-time Director	40,00,000	16,20,000
Total	64,00,000	40,20,000

4. **Auditors' Remuneration:**

Particulars	2013-14 Rupees	2012-13 Rupees
For Audit	56,180	56,180
Total	56,180	56,180

5. (a) Names of the related parties and description of relationship

Nature of Relationship	Name of the Parties
Key Management Personnel	1. M Jagadeesh 2. S.Sreekanth Reddy 3. K Pradeep Kumar Reddy
Enterprises where key managerial personnel along with their relatives exercise significant influence	1. Sagar Priya Housing and Industrial Enterprises Limited 2. Saplica Info Technologies Pvt.Ltd. 3. S Anand Reddy 4. S Vanajatha

(b) Transaction with related parties during the year ended 31st March, 2014

Nature of Transaction	Key Management Personal	Enterprises where key managerial personnel along with their relatives exercise significant influence	Rs.in Lakhs
			Balance as on 31.03.2014
Remuneration Paid			
1. Shri M Jagadeesh	24.00		
2. Shri K Pradeep Kumar Reddy	40.00		
Loan & Advances			
1. Sagar Priya Housing and Industrial Enterprises Limited		75.00	70.00
Rent Paid			
1. Dr.S Anand Reddy		25.28	2.10
2. Smt.S Vanajatha		25.28	2.10
Service			
Saplica Info Technologies Pvt.Ltd.		36.40	(1.37)

The related party relationships have been determined on the basis of the requirements of the Accounting Standard (AS)-18 'Related Party Disclosures' notified by Central Government and the same have been relied upon by the auditors.

6. Deferred Tax Asset (Net of Deferred Tax Liability as computed under Accounting Standard – 22) as on 31st March 2014 amounted to Rs. 1,07,38,219/-.
7. 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	Year ended Gratuity	
	March 31, 2014	March 31, 2013
Defined benefit obligation at the beginning of the year	2,563,801	1,707,724
Current service cost	598,552	571,402
Interest cost	210,232	148,572
Actuarial (gain) / loss	(182,929)	374,271
Benefits paid	(386,758)	(238,168)
Defined benefit obligation at the year end	2,802,898	2,563,801

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

In Rs.

Description	Year ended Gratuity	
	March 31, 2014	March 31, 2013
Fair value of plan assets at the beginning of the Year	2,041,547	1,815,398
Expected return on plan assets	156,444	158,422
Actuarial gain / (loss) -	-	
Employer contribution	583,083	305,895
Benefits paid	(386,758)	(238,168)
Fair value of plan asset at the year end	2,394,316	2,041,547

- c) Reconciliation of fair value of assets and obligations:

In Rs.

Description	Year ended Gratuity	
	March 31, 2014	March 31, 2013
Fair value of plan assets	2,394,316	2,041,547
Present value of obligations	2,802,898	2,563,801
Amount to be recognized in the Balance sheet	(408,582)	(522,254)

- d) Expenses recognized during the year :

In Rs.

Description	Year ended Gratuity	
	March 31, 2014	March 31, 2013
Current service cost	598,552	571,402
Interest cost	210,232	148,572
Expected return on plan assets	(156,444)	(158,422)
Actuarial (gain) / loss	(182,929)	374,271
Net cost	469,411	935,823

e) Reconciliation of Leave Encashment:

In Rs.

Description	Year ended Gratuity	
	March 31, 2014	March 31, 2013
Present Value of Obligation as at the end of the year	827,749	1,297,740
Value of fund as at the end of the year	-	-
Funded Status	(827,749)	(1,297,740)
Unrecognized Actuarial (gains)/Losses	-	-
Net Asset/(Liability) Recognized in Balance Sheet	(827,749)	(1,297,740)

- f) Investment details:
100% invested in LIC Group gratuity (cash accumulation policy)
- g) Actuarial assumptions:
Mortality table (LIC) 2008-10 (ultimate)
Discounting rate – 9.10%
Expected rate of return on plan asset – 9%
Rate of escalation in salary – 5%
- 8 As the company was engaged only in software development during the year pertaining to a single country, segment wise reporting is not applicable.
- 9 The Company has during the year sent out letters seeking confirmations from its suppliers whether they fall under the category of micro, small and medium enterprises as mentioned under the Micro, Small and Medium Enterprises Development Act, 2006. Based on the information available with the Company, the Company believes that it does not have any outstanding dues to micro, small and medium enterprises. Further, the Company has not paid any interest to the micro, small and medium enterprises.
10. Balances due to or due from the parties are subject to confirmation.
11. Figures of previous year have been regrouped / reclassified wherever necessary to conform to the current year's presentation / classification.
12. Figures are rounded off to nearest rupee.

NOTES FORMING PART OF THE BALANCE SHEET AS AT 31.03.2014

Particulars	As at 31.03.2014 Rs.	As at 31.03.2013 Rs.
NOTE-3		
SHARE CAPITAL		
AUTHORISED:		
70,00,000 Equity Shares of Rs.10/- each	70,000,000	70,000,000
ISSUED, SUBSCRIBED AND PAID UP		
55,60,000 equity shares of Rs.10/- each fully paid up	55,600,000	55,600,000
Total	55,600,000	55,600,000

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity Shares	31st March 2014 No. of Shares	31st March 2013 No. of Shares
At the beginning of the period	5,560,000	5,560,000
During the period Issue	-	-
At the end of the Period	5,560,000	5,560,000

b. Terms/rights attached to equity shares

The company has only one class of equity shares having a par value of Rs.10/- per share each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subjected to the approval of the shareholders in the ensuing Annual General Meeting.

c. Disclosure pursuant to Note No. 6(A) (g) of Part I of Schedule VI to the Companies Act, 1956 (if more than 5%)

Name of Shareholder	As at 31 March 2014		As at 31 March 2013	
	No. of shares held	% of Holding	No. of shares held	% of Holding
Shri S.Sreekanth Reddy	1,149,500	20.67	1,149,500	20.67
Smt.S.Rachana	593,730	10.68	593,730	10.68
The Madhavpura Mercantile Co-op. Bank	400,000	7.19	400,000	7.19

Particulars	As at 31.03.2014 Rs.	As at 31.03.2013 Rs.
NOTE-4		
RESERVES AND SURPLUS		
Share Premium Account	45,600,000	45,600,000
Profit & Loss Account	(10,084,143)	(7,943,462)
Add: Profit for the period	7,142,667	(2,140,681)
Closing Balance	(2,941,476)	(10,084,143)
Total	42,658,524	35,515,857

Particulars	As at 31.03.2014 Rs.	As at 31.03.2013 Rs.
NOTE-5		
SHORT TERM BORROWINGS		
Vehicle Loan from Banks	0	621,839
Total	0	621,839

Vehicle Loan from AXIS Bank was taken during the financial year 2010-11 and carries interest @ 9.91% p.a. The loan is repayable in 36 monthly installments of Rs.47,940/- each along with interest, from the date of loan.

Particulars	As at 31.03.2014 Rs.	As at 31.03.2013 Rs.
NOTE-6		
TRADE PAYABLES		
Trade Payables	1,159,951	1,273,478
Total	1,159,951	1,273,478

NOTE-7		
OTHER CURRENT LIABILITIES		
Accrued salaries and benefits	132,468	462,398
Other Liabilities	0	12,263,403
Total	132,468	12,725,801

NOTE-8		
SHORT TERM PROVISIONS		
Provision for Employee Benefits		
Provision for Gratuity	408,582	522,254
Leave Encashment	827,749	1,297,740
Other Provisions	963,101	784,495
TDS Payable	533,305	172,146
Provision for Income Tax	1,447,872	471,991
Total	4,180,609	3,248,626

In Rs.

NOTE - 9
FIXED ASSETS

Particulars	ORIGINAL COST			DEPRECIATION			NET BLOCK		
	As at 01.04.2013	Additions during the Period	Deductions during the Period	As at 31.03.2014	As at 01.04.2013	For the year	Deductions/ Adjustments	As at 31.03.2014	As at 31.03.2013
Tangible									
Fixed Assets									
Computers	60,607,772	668,304	-	61,276,076	53,471,727	1,313,139	-	6,491,210	7,136,045
Office Equipment	18,061,185	338,950	-	18,400,135	3,490,845	862,277	-	14,047,013	14,570,340
Furniture's & Fixtures	25,536,676	-	2,845,618	22,691,058	4,713,167	1,436,344	929,755	17,471,302	20,823,509
Vehicles	6,866,523	-	2,662,403	4,204,120	2,563,302	399,391	1,256,432	2,497,859	4,303,221
Total	111,072,156	1,007,254	5,508,021	106,571,389	64,239,041	4,011,152	2,186,187	40,507,384	46,833,115
Previous year	80,583,093	30,489,063	-	111,072,156	60,356,455	3,882,586	-	46,833,115	20,226,638

Particulars	As at 31.03.2014 Rs.	As at 31.03.2013 Rs.
NOTE-10		
NON CURRENT ASSETS		
Investment		
Trade (unquoted)		
Investment in Sagarsoft Inc.	0	2,775,917
Total	0	2,775,917
NOTE-11		
LONG TERM LOANS & ADVANCES		
Advance to Others	17,176,251	26,676,251
Deposits	3,069,992	4,579,992
Total	20,246,243	31,256,243
NOTE-12		
OTHER NON CURRENT ASSETS		
MAT credit entitlement	2,557,464	2,557,464
	2,557,664	2,557,464
NOTE-13		
TRADE RECEIVABLES		
Outstanding over six months	3,073,265	-
Other Debts	10,029,414	10,090,248
Total	13,102,679	10,090,248
NOTE-14		
CASH & CASH EQUIVALENTS		
Cash in Hand	380,928	379,426
Balance with Banks (In Current Account)	15,404,442	3,873,518
	15,785,370	4,252,944
NOTE-15		
SHORT TERM LOANS AND ADVANCES		
Other Loans and Advances	214,815	433,378
Advance Income Tax	200,000	200,000
TDS Receivable	379,378	15,331
Withholding Tax	0	1,117,140
Total	794,193	1,765,849
NOTE-16		
REVENUE FROM OPERATIONS		
Revenue from Software development	112,866,549	102,810,064
Total	112,866,549	102,810,064
NOTE-17		
OTHER INCOME		
Profit on Sale of Investment	12,779,083	0
Dividend received on investments	0	4,403,200
Total	12,779,083	4,403,200

Particulars	As at 31.03.2014 Rs.	As at 31.03.2013 Rs.
NOTE-18		
EXPENSES		
EMPLOYEE BENEFIT EXPENSES		
Salaries and Wages	82,469,249	71,929,647
Welfare Expenses	2,784,480	3,099,532
Gratuity	469,411	679,928
Total	85,723,140	75,709,107
NOTE-19		
FINANCE COST		
Bank Charges	50,209	55,089
Interest	26,632	96,876
Total	76,840	151,965
NOTE-20		
OTHER EXPENSES		
Communication Expenses		
Postage and Telephone Charges	521,510	390,476
Internet Charges	880,472	1,607,684
Total	1,401,982	1,998,160
Travel Expenses		
Overseas Travel Expenses	789,205	443,456
Travelling and Conveyance	624,422	968,846
Total	1,413,627	1,412,302
Other Expenses		
Vehicle Hire Charges	2,884,256	2,424,347
Electricity Charges	2,111,829	1,748,109
Vehicle Maintenance	311,388	150,227
Printing and Stationery	342,562	172,335
Office Maintenance	4,227,021	3,334,259
Payment to Auditors	56,180	56,180
Rent	7,441,382	11,476,645
Rates and Taxes	5,000	220,765
Professional and Consultancy Charges	2,045,159	4,403,753
Advertisement Charges	122,795	97,905
Donations	31,116	72,116
Insurance	158,356	220,534
Foreign Exchange Fluctuation Loss	68,877	147,015
General Expenses	36,44,996	211,171
Loss on Sale of Asset	2,261,834	0
Total	25,712,751	24,735,361
Other Expenses Total	28,528,360	28,145,823

Particulars	As at 31.03.2014 Rs.	As at 31.03.2013 Rs.
NOTE-21		
EARNING PER SHARE		
Profit for the year	7,142,667	(2,140,681)
No.of Shares	5,560,000	5,560,000
Earnings per Share (Basic and Diluted)	1.28	(0.39)

As per our report of even date attached

For **C.Ramachandram & Co.,**
Chartered Accountants
(FR NO: 002864S)

C.Ramachandram
Partner
Membership No. 25834

Place : Hyderabad
Date : 24.05.2014

For and on Behalf of the Board

M Jagadeesh
Managing Director

K.Pradeep Kumar Reddy
Director (Operations)

J. Raja Reddy
Company Secretary

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 four times on the following dates during the financial year 2013-14:

23-05-2013, 25-07-2013, 04-11-2013, 05-02-2014

Board Procedure

Board Meetings are fixed taking into consideration the business requirements and statutory compliance. The Agenda is 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 2013-14 and at the last Annual General Meeting as also the number of Directorships and Committee position held by them in 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 25.9.2013	No of membership of the Boards		No. of Committee Memberships	
					As Chairman	As Member	As Chairman	As Member
1	Shri S.Sreekanth Reddy	Chairman – Non-Executive	4	Yes	1	3	-	-
2	Shri M.Jagadeesh	Managing Director	4	Yes	-	1	-	1
3	Shri S. Krishna Reddy (up to 29.07.13)	Independent and Non-Executive	2	-	-	1	2	-
4	Shri Satish C.R. Kalva	Non-Executive	1	No	-	1	-	-
5	Shri N. Satya Swaroop Reddy (up to 31.03.14)	Independent & Non-Executive Director	4	Yes	-	1	-	1
6	Shri N.Hari Mohan	Independent & Non-Executive Director	3	Yes	-	1	-	1
7	Shri K.Rakesh Rao	Independent & Non-Executive Director	-	No	-	1	-	-
8	Shri K.Pradeep Kumar Reddy	Whole-time Director	4	Yes	-	1	-	-
9	Shri K.Prasad (w.e.f. 04.11.2013)	Independent & Non-Executive Director	1	-	-	1	2	-

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

Except the following Directors, none of the other Non-Executive Directors was holding any shares in the Company as on 31st March, 2014.

Name	No. of shares
Shri S.Sreekanth Reddy	11,49,500
Shri N.Hari Mohan	51,581
Shri K.Prasad	2,800

3. Audit Committee:

Composition as on 31st March, 2014

Shri K.Prasad – Chairman (Non-Executive and independent director)
 Shri N. Satya Swaroop Reddy – Member (Non-Executive and independent director)
 Shri M. Jagadeesh– Member (Managing Director)

Shri K.Prasad, Chairman of the Committee, is a Chartered Accountant 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 23-05-2013, 25-07-2013, 04-11-2013 and on 05-02-2014 during the financial year 2013-14.

Attendance

Name of the Director	No. of meetings attended
Shri S. Krishna Reddy	2
Shri M. Jagadeesh	4
Shri N. Satya Swaroop Reddy	4
Shri K.Prasad	1

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 Shri K.Prasad and Shri N.Hari Mohan, with terms of reference as mentioned in the said Clause.

Remuneration policy

Non-Executive Directors

Non-Executive Directors are not paid any remuneration excepting by way of sitting fee of Rs.1500/- per meeting for attending the meetings of the Board and Committees thereof. Details of sitting fee paid during the year 2013-14 are given below:

Sl.No.	Name of the Director	Sitting Fee (Rs.)
1	Shri S.Krishna Reddy	6,000
2	Shri N.Satya Swaroop Reddy (upto 31.02.2014)	12,000
3	Shri N.Hari Mohan	4,500
4	Shri Satish C.R.Kalva	1,500
5	Shri K.Prasad	3,000
	Total	27,000

Managing Director and Whole-time Directors

During the year, the Managing Director is paid a consolidated remuneration of Rs.24,00,000/- and Director (Operations) paid a remuneration of Rs.40,00,000/-.

5. Shareholders' / Investors' Grievances Committee:

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

Shri K.Prasad	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 2013-14. 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
17th AGM	25th September, 2013	11.00 a.m.	Hotel Golkonda, Masab Tank, Hyderabad-500 028
16th AGM	20th September, 2012	11.00 a.m.	
15th AGM	22nd September, 2011	11.00 a.m.	

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

Two Special Resolutions were passed at the 17th Annual General Meeting seeking the approval of shareholders for the re-appointment and payment of remuneration to Shri M.Jagadeesh as Managing Director for a period of three years with effect from 31st October, 2012 and for the appointment of Shri K.Pradeep Kumar Reddy as Whole-time Director for a period of three years with effect from 6th November, 2012.

One Special Resolution was passed at the 16th Annual General Meeting seeking the approval of shareholders for the appointment of and payment of remuneration to Shri M. Jagadeesh as Managing Director for a period of one year with effect from 31st October, 2012.

No Special Resolutions were passed at the 15th Annual General Meeting.

Details of Special Resolution passed through Postal Ballot held:

No Resolution was passed through Postal Ballot at the last (17th) Annual General Meeting. None of the businesses proposed to be transacted in the ensuing Annual General Meeting requires passing of resolution through Postal Ballot.

7. Disclosures:

i. Related Party Transactions:

There were no related party transactions during the financial year 2013-14 other than what has been reported in the Notes on Accounts for the said year.

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 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 Exchange followed by publication in the newspaper.

Newspapers in which the results are published:

Details of newspapers in which quarterly results relating to the Financial Year 2013-14 were published are given below:

Quarter ended	Date of Publication	Name of the news papers carrying the publication
30th June, 2013	26.07.2013	Financial Express and Andhra Prabha
30th September, 2013	05.11.2013	Financial Express and Andhra Prabha
31st December, 2013	06.02.2014	Financial Express and Andhra Prabha
31st March, 2014	25.05.2014	Financial Express and Andhra Prabha

Presentation made to Institutional Investors and Financial Analysts:

During the year 2013-14, 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 : 11.30 a.m. on Wednesday, the 24th September, 2014
 - Venue : Hotel Golkonda, Masab Tank, Hyderabad-500 028
- ii. **Financial Year** : April to March
- iii. **Book Closure Dates** : From 17th September, 2014 to 24th September, 2014
- iv. **Dividend payment date** : No dividend is recommended for declaration at the meeting.

- v. **Listing on Stock Exchanges:** Shares have been listed on Bangalore Stock Exchange Limited and Madras Stock Exchange Limited
- vi. **Stock Code** : 40671
- vii. **Market price details** : There were no quotations for the company's shares during the year ended 31st March, 2014.
- viii. **Registrar & 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
Website: karvycomputershare.com
- ix. **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.

- x. **Distribution of shareholding and shareholding pattern as on 31st March, 2014 is given below:**

Shareholding pattern as on 31st March, 2014:

Category	Holders	Shares	%
Promoter Group	16	2843830	51
FIs and Banks	2	413300	7
Domestic Bodies	56	485855	9
Public - Holding more than 10000 shares	22	448284	8
Public - Holding 10000 and less shares	2011	1330606	24
NRIs	6	9900	0
HUFs	21	28225	1
TOTAL	2134	5560000	100

Distribution of shareholding as on 31st March, 2014

Range	Shares	% to the total shares	Share-holders	% to the total shareholders
50 and less	1889	1	73	3
51 to 100	74944	1	751	35
101 to 200	54320	1	277	13
201 to 300	32904	1	115	5
301 to 500	126049	2	291	14
501 to 1000	236738	4	298	14
1001 to 5000	619155	11	239	11
5001 to 10000	321126	6	47	2
10001 to 20000	242919	4	18	1
20001 to 50000	386439	7	11	1
50001 to 100000	157281	3	3	0
More than 100000	3306236	59	11	1
Total	5560000	101	2134	100

xi. Dematerialization of Shares and liquidity

Trading in the shares of the Company has to be in the electronic form only. The Company has a subsisting agreement with NSDL and CDSL for the purpose.

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

Shares representing 62.86% of the share capital were kept in dematerialized form as on 31st March, 2014 as detailed below:

In physical form		In Demat Form				Total	
		With NSDL		With CDSL			
Shares	%	Shares	%	Shares	%	Shares	%
2064805	37.14	2875614	51.72	619581	11.14	5560000	100

xii. 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.

xiii. Development Centers

1. Cyber Towers
2nd Floor , Q4, A1, HITECH City
Madhapur
Hyderabad – 500 081
Tel: 040–23115607
Fax: 040–23114607
2. Plot# 111, Road # 10, Jubilee Hills
Hyderabad – 500033
Tel: 040–66772426 / 27
Fax: 040–23543811

xiv. Address for investor related correspondence

Sagarsoft (India) Limited
Regd. Office
Plot# 111, Road # 10, Jubilee Hills
Hyderabad – 500033
Tel: 040–6677426 / 27
Fax: 040–23543811

For and on behalf of the Board

Hyderabad
1st August, 2014

S. Sreekanth Reddy
Chairman

DECLARATION

I, M. Jagadeesh, 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, 2014.

For **Sagarsoft (India) Limited**

Hyderabad
1st August, 2014

Sd/-
M. Jagadeesh
Managing Director

CERTIFICATE

To

The Members of
Sagarsoft (India) Limited
Hyderabad

We have examined the compliance of conditions of Corporate Governance by Sagarsoft (India) Limited, for the year ended on 31st March, 2014, 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
(FR NO: 002864S)

Place: Hyderabad
Date: 1st August, 2014

C. Ramachandram
Partner
Membership No: 25834

NOTES



SAGARSOFT (INDIA) LIMITED

Registered Office: Plot No.111, Road No.10, Jubilee Hills, Hyderabad-500 033
CIN – L72200TG1996PLC023823
Tel.No.: +91-40-66772426 Fax No.: +91-40-23543811
E-mail: info@sagarsoft.in Website: www.sagarsoft.in

ATTENDANCE SLIP

18TH ANNUAL GENERAL MEETING ON WEDNESDAY, THE 24TH SEPTEMBER, 2014 AT 11.30 A.M. at Hotel Golkonda, Masab Tank, Hyderabad-500 028

Folio No.	DP ID No.	Client ID No.
-----------	-----------	---------------

I/We hereby record my/our present at the Eighteenth Annual General Meeting of the Company at Hotel Golkonda, Masab Tank, Hyderabad, at 11.30 a.m. on Wednesday, the 24th September, 2014.

Name of the Member : _____ Signature : _____

Name of the Proxyholder : _____ Signature : _____

- Notes:**
1. Only Member / Proxyholder can attend the Meeting.
 2. Please complete the Folio No./DP ID No., Client ID No. and name of the Member / Proxyholder, sign this Attendance Slip and handit over, duly signed at the entrance of the Meeting hall.
 3. A Member / Proxyholder attending the meeting should bring his/her copy of the Annual Report for reference at the meeting.

SAGARSOFT (INDIA) LIMITED

Registered Office: Plot No.111, Road No.10, Jubilee Hills, Hyderabad-500 033
CIN – L72200TG1996PLC023823
Tel.No.: +91-40-66772426 Fax No.: +91-40-23543811
E-mail: info@sagarsoft.in Website: www.sagarsoft.in

PROXY FORM

(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 (s) : _____

Registered address : _____

E-mail Id : _____

Folio No. / Client ID No. : _____ DP ID No. _____

I/We, being the member(s) holding _____ shares of Sagarsoft (India) Limited, hereby appoint:

1. Name: _____ Email ID: _____
Address: _____
_____ Signature _____ or failing him;

2. Name: _____ Email ID: _____
Address: _____
_____ Signature _____ or failing him;

3. Name: _____ Email ID: _____
Address: _____
_____ Signature _____

As my/our Proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Eighteenth Annual General Meeting of the Company to be held on Wednesday, the 24th September, 2014 at 11.30 a.m. at Hotel Golkonda, Masab Tank, Hyderabad-500 028 and at any adjournment thereof in respect of such resolutions as are indicated below:

Sl. No.	Description of Resolution
1	Adoption of Statement of Profit and Loss, Balance Sheet, Reports of Board of Directors and Auditors thereon for the year ended 31st March, 2014
2	Reappointment of Shri S.Sreekanth Reddy, who retires by rotation
3	Reappointment of Shri Satish C.R.Kalva, who retires by rotation
4	Appointment of Auditors and to fix their remuneration
5	Appointment of Shri K.Prasad as an Independent Director
6	Appointment of Shri K.Ganesh as an Independent Director
7.	Appointment of Shri N.Hari Mohan as an Independent Director
8.	Appointment of Shri K.Rakesh Rao as an Independent Director

Please affix
Re.1/-
Revenue
Stamp

Signed this _____ day of _____ 2014

Signature of shareholder _____ Signature of Proxyholder(s) _____

- Note:**
1. This Form in order to be effective should be duly completed and deposited at the Registered Office of the Company at Plot No.111, Road No.10, Jubilee Hills, Hyderabad-500 033, not less than 48 hours before the commencement of the Meeting.
 2. A proxy need not be a member of the Company.
 3. For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the 18th Annual General Meeting of the Company.



Plot No. 111, Road No. 10, Jubilee Hills
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