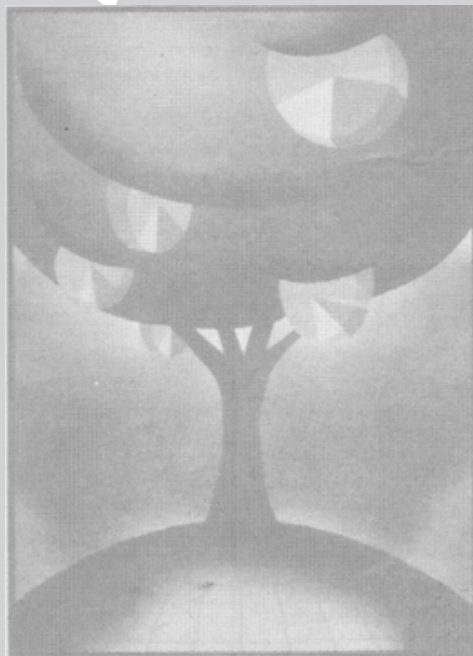


# Annual Report 2011

15 Annual Report 2011



totality





**Board of Directors**

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

**Auditors**

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

**Bankers**

Axis Bank Ltd.,  
Banjara Hills, 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**  
Registered Office:  
8-2-472/B/2, Road No.1, Banjara Hills, Hyderabad – 500 034

**NOTICE**

Notice is hereby given that the 15th Annual General Meeting of the Members of the Company will be held at 11.00 a.m. on Thursday, the 22nd September, 2011 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 31<sup>st</sup> March, 2011 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 S. Sreekanth Reddy, who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Shri S. Krishna 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.

**NOTES:**

1. 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.
2. Register of Members and the Share Transfer Books of the company will remain closed during the period from 15.09.2011 to 22.09.2011 (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.
4. 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  
8<sup>th</sup> August, 2011

Sd/-  
**S.Sreekanth Reddy**  
Chairman

**Annexure to the Notice of the 15<sup>th</sup> 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 S. Sreekanth Reddy	Shri N.Krishna Reddy
Nature of Directorship	Promoter Director	Non-Executive and Independent
Date of birth	27-08-1971	12.05.1973
Date of appointment	15.07.1996	11.04.2002
Qualification	B.E., (I & P), P.G. Diploma in Cement Technology	Post Graduate in Commerce
Area of expertise	Technocrat and Enterprenuer	Finance
Other directorships in public limited companies	Sagar Cements Limited Sagar Power Limited Sagar Priya Housing and Industrial Enterprises Limited	Nil
Committee position in other Companies	Nil	Nil
Shares held in Sagarsoft (India) Ltd .	1149500	500

## DIRECTORS' REPORT

### Dear Members

Your Directors hereby present their Fifteenth Annual Report together with the audited accounts of the Company for the year ended 31<sup>st</sup> March, 2011.

### PERFORMANCE

A summarized financial performance of your company during the year 2010-11 is given below:

(Rs.in Lakhs)

DESCRIPTION	Year ended	
	31 <sup>st</sup> March, 2011	31 <sup>st</sup> March, 2010
Income from operations	955.93	711.89
Other Income	16.14	46.46
<b>Total Income</b>	<b>972.07</b>	<b>758.35</b>
Total Expenditure	735.06	660.71
<b>Profit / (Loss) before depreciation, interest and tax</b>	<b>237.01</b>	<b>97.64</b>
Depreciation	18.73	17.37
Interest	0.81	1.43
<b>Profit / (Loss) before tax</b>	<b>217.47</b>	<b>78.84</b>
Provision for tax (FBT)	0	0
Deferred Tax Asset / (Liability) for the year	(70.55)	117.05
Provision for MAT	(17.39)	-
MAT Credit Entitlement	16.62	-
<b>Net Profit / (Loss)</b>	<b>146.15</b>	<b>195.89</b>

During the year under review, the income had gone up by 34 % due to better revenue from software testing and development activities, which enabled your company to earn a profit of Rs.217.47 lakhs before tax, as against Rs.78.84 lakhs during the previous year.

### DIVIDEND

Notwithstanding the marginal improvement in the performance during the year, in view of the accumulated loss, your Directors regret their inability to recommend any dividend for the year 2010-11.

### FUTURE OUTLOOK

As the world economy slowly but steadily recovered from the recession in 2010, the year 2011 is going to be a steady year for IT services and may not see the kind of aggressive growth that was seen prior to recession years. Newer business models, flexibility and innovation are going to be some of the important considerations for customers. Cloud based solutions and mobile computing solutions are some of the areas which are expected to grow aggressively this year. Increased demand for quality resources is driving the wage bills upwards, which may impact margins and increased attrition rates, which may lead to our not being able to address the customer's needs aggressively. Focus for this year is therefore going to be operational excellence with innovative measures, diversification into areas providing higher margins and efficient employee engagement programs to keep attrition levels within manageable limits.

### 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 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 are no employees covered under Sec.217 (2A) of the Companies Act, 1956 are given in the annexure to this report.

#### **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 this Report.

#### **DIRECTORS**

In compliance with Section 256 of the Companies Act, 1956, Shri S. Sreekanth Reddy and Shri S. Krishna 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 31<sup>st</sup> March, 2011 and, inter-alia, reviewed the financial results of the relative quarters.

Shri S.Krishna Reddy	Chairman of the Committee (Non-executive and independent director)
Shri N.Satya Swaroop Reddy	Member (Non-executive and independent director)
Shri M.Jagadeesh	Member – Managing 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.Satya Swaroop Reddy	Member
Shri N. Hari Mohan	Member

#### **AUDITORS**

Shareholders are requested to appoint Auditors to the Company to hold office from the conclusion of the ensuing Annual General Meeting till the next 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.

Hyderabad  
8<sup>th</sup> August, 2011

For and on behalf of the Board  
Sd/-  
**S. Sreekanth Reddy**  
Chairman

## Annexure 1

### **MANAGEMENT DISCUSSION AND ANALYSIS**

#### **IIT Industry Review**

2010-11 was a year of steady recovery from recession that hit countries across the world in the earlier year. IT services market is expected to grow between 3.5-5% over the next couple of years.

Organizations are looking aggressively at alternative IT infrastructure like Cloud based solutions, on-demand services and SaaS in order to not only reduce hardware infrastructure costs but also to have required scalability on demand which are opening up newer avenues of service provisioning.

Next couple of years are expected to see a major surge in the use of mobile computing on a variety of devices and through an innovative new range of applications.

#### **Sagarsoft Business Strategy**

Sagarsoft Business strategy is to continue to focus on increasing business from existing clients and acquire new clients through innovative solution offerings and to diversify into service areas which are promising to be the source for next wave of requirements from clients. Focus on innovative business and pricing models, specializing to provide end-to-end service offerings in its portfolio of offerings and continue to sustain, pursue, acquire, develop and nurture strategic long term relationships .

#### **Business overview**

Your company has made steady progress last year in acquiring new clients and consolidating the business from existing clients, across all service areas including new service lines. The business from the new clients acquired last year is expected to increase and add significant value to the top-line of the company.

Your company has continued its focus on operational excellence and increasing efficiency levels in addition to cautious addition to the head count based on optimal requirements to service projects that your company is getting. In view of the emerging opportunities across new service areas that we are building, your company is continuing to build teams in various technologies in anticipation of future projects as well as for fulfillment of existing requirements that are in the sales pipe line.

#### **Human Resource and Employees- HR policy**

Employees are Sagarsoft's best assets and we have taken every measure to have an excellent work environment. With increased opportunities for our employees due to the excellent skills that they have developed on the job , it is essential to have a proactive employee engagement programs , which your company is always focusing on. Your company continues to add small numbers of employees marked by caution. We have been able to maintain the attrition rate below 7% due to our good HR policies.

#### **Opportunities**

We are in the process of setting up practice areas in mobile computing and cloud based solutions which are the showing lot of momentum with increased demand from new customers. As with earlier years we are also getting projects which are of long term in nature and with lot of business viability though with reduced margins.

#### **Risks and concerns**

The immediate concern to the company's growth in the medium terms the pressure on the billing rates , increased attrition levels. The company's strategy of getting into newer service lines with better margins and increased focus on employee engagement programs might mitigate this risk to a large extent.

#### **Outlook**

The company expects to diversify into newer areas of cloud computing and mobile computing solutions space and provide a comprehensive suite of offerings encompassing all the customer requirements. The focus is going to 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, 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.8,33,32,298/-
	Foreign exchange out go	:	Rs.8,01,086/-

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

3-6-237, Unit 606,  
Lingapur La Builde 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 31<sup>st</sup> March, 2011, 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, 2011 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.
  - f. 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 31<sup>st</sup> March, 2011;
    - 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.

Place: Hyderabad  
Date 27.05.2011

For **C.RAMACHANDRAM & CO.,**  
Chartered Accountants

**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. 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 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.
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. 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 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 into 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.
6. 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.
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. On 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.
10. 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.
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 any Financial Institutions or Banks as at the balance sheet date.
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. The company has not raised any new term loans during the 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 any 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

Place: Hyderabad  
Date: 27.05.2011

**C.RAMACHANDRAM**  
Partner  
Membership No: 25834

		In Rs.	
Balance Sheet as at March 31,	Schedule	2011	2010
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share capital	1	55600000	55600000
Reserves and surplus	2	45600000	45600000
<b>LOAN FUNDS</b>			
Vehicle Loans from Banks		2182581	629780
<b>Total</b>		<b>103382581</b>	<b>101829780</b>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
	3		
Gross Block		78945571	73740741
Less: Depreciation		57793956	55921053
Net book value		21151615	17819688
<b>INVESTMENTS</b>	4	2775917	2775917
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>			
Sundry debtors	5	7097748	3141383
Cash and bank balances	6	14068265	15678981
Loans and advances	7	37921380	25002366
		59087393	43822730
Less: Current Liabilities	8	7097831	11723906
Net Current Assets		51989562	32098824
Deferred tax assets		13205244	20260123
Profit and Loss account		14260243	28875228
<b>Total</b>		<b>103382581</b>	<b>101829780</b>
SIGNIFICANT ACCOUNTING POLICIES AND	10		
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 **C.Ramachandram & Co.**  
Chartered Accountants

**C. Ramachandram**  
Partner  
Membership No.25834

Place : Hyderabad  
Date : 27.05.2011

For and on behalf of the Board

**S. Sreekanth Reddy**  
Chairman

**M.Jagadeesh**  
Managing Director

		<b>In Rs.</b>	
<b>Profit and Loss Account for the year ended March 31,</b>	<b>Schedule</b>	<b>2011</b>	<b>2010</b>
<b>INCOME</b>			
Income from operation		<b>95593113</b>	71188892
Other income		<b>1614239</b>	4646340
Total		<b>97207352</b>	75835232
<b>EXPENDITURE</b>			
Administration and other expenses	9	<b>73505994</b>	65706442
Financial Charges		<b>81063</b>	143054
Depreciation	3	<b>1872904</b>	1737096
Miscellaneous expenditure		-	364955
Total		<b>75459961</b>	67951547
Profit/ (Loss) for the year		<b>21747391</b>	7883685
Provision for tax		<b>0</b>	0
Fringe benefit tax		<b>0</b>	0
Deferred Tax Asset		<b>(7054879)</b>	11705038
Provision for Income Tax		<b>(1739485)</b>	0
MAT Credit Entitlement		<b>1661958</b>	-
Profit / (Loss) after Tax		<b>14614985</b>	19588723
Brought forward losses from previous year		<b>(28875228)</b>	(48463951)
Balance carried to balance sheet		<b>(14260243)</b>	(28875228)
<b>EARNING PER SHARE</b>			
(Equity shares, par value Rs.10 each)			
Basic and Diluted		<b>2.63</b>	3.52

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

**C. Ramachandram**  
Partner  
Membership No.25834

For and on behalf of the Board

**S. Sreekanth Reddy**  
Chairman

**M.Jagadeesh**  
Managing Director

Place : Hyderabad  
Date : 27.05.2011

		In Rs.						
Schedules to the Balance Sheet as at March 31,		2011	2010					
<b>1. SHARE CAPITAL</b>								
<b>AUTHORISED</b>								
70,00,000 equity shares of Rs 10/- each		<u>70000000</u>	<u>70000000</u>					
<b>ISSUED, SUBSCRIBED AND PAID UP</b>								
55,60,000 equity shares of Rs 10/- each fully paid up		55600000	55600000					
<b>Total</b>		<b>55600000</b>	<b>55600000</b>					
<b>2. RESERVES AND SURPLUS</b>								
Share premium account		45600000	45600000					
<b>Total</b>		<b>45600000</b>	<b>45600000</b>					
<b>3. Fixed Assets</b>		<b>In Rs.</b>						
Assets	Original cost			Depreciation			Net Book Value	
	Cost as at April 1st, 2010	Additions	Cost as at March 31, 2011	As at April 1st, 2010	For the year	As at March 31st, 2011	As at March 31, 2011	As at March 31, 2010
Computers	55717868	1702879	57420747	50709864	603539	51313403	6107344	5008004
Office equipment	5890608	605570	6496178	2124209	287178	2411387	4084791	3766399
Furniture and Fixtures	8162123	0	8162123	2293842	516662	2810504	5351619	5868281
Vehicles	3970142	2896381	6866523	793138	465524	1258662	5607861	3177004
<b>Total</b>	<b>73740741</b>	<b>5204830</b>	<b>78945571</b>	<b>55921053</b>	<b>1872904</b>	<b>57793956</b>	<b>21151615</b>	<b>17819688</b>
Previous Year	70230381	3510360	73740741	54183957	1737096	55921053	17819688	16046424
						<b>In Rs.</b>		
						<b>2011</b>	<b>2010</b>	
<b>4. INVESTMENTS</b>								
Long - term investments at cost								
Sagarsoft inc.						2775917	2775917	
<b>Total</b>						<b>2775917</b>	<b>2775917</b>	
<b>5. SUNDRY DEBTORS</b>								
<b>Unsecured, considered good</b>								
<b>Debts over six months</b>								0
Other debts						7097748	3141383	
<b>Total</b>						<b>7097748</b>	<b>3141383</b>	
<b>6. CASH AND BANK BALANCES</b>								
Cash on hand						18868	16011	
Balance with scheduled banks								
- in current account						14049397	15662970	
<b>Total</b>						<b>14068265</b>	<b>15678981</b>	

	<b>In Rs.</b>	
<b>Schedules to the Balance Sheet as at March 31,</b>	<b>2011</b>	<b>2010</b>
<b>7. LOANS AND ADVANCES</b>		
<b>Unsecured, considered good</b>		
<b>Advances recoverable in cash or in kind for value to be received</b>		
Deposits	2059489	26710
Other advances	34199933	24975656
MAT Credit Entitlement	1661958	0
<b>Total</b>	<b>37921380</b>	<b>25002366</b>
<b>8. CURRENT LIABILITIES AND PROVISIONS</b>		
Sundry creditors	0	0
( Due to Small Scale Industries : Nil )		
Advance from Customers	200064	10017514
Creditors for expenses	5158281	1706392
Provision for Income Tax	1739486	0
<b>Total</b>	<b>7097831</b>	<b>11723906</b>
		<b>In Rs.</b>
<b>Schedules to the Profit and Loss Account for the year ended March 31,</b>	<b>2011</b>	<b>2010</b>
<b>9. ADMINISTRATION AND OTHER EXPENSES</b>		
Salaries and other benefits	45875363	41216283
Traveling and conveyance	4061032	6811047
Rent	4651485	5305264
Communication expenses	1621466	1735486
Professional charges	4678063	1371037
Printing and stationery	248838	313555
Office maintenance	8654101	5428870
Directors' remuneration	2400000	2400000
Auditors' remuneration	55150	55150
Bank charges	6022	7229
Bad debts written off	68992	0
Foreign exchange fluctuation	1122658	0
General expenses	62824	1062521
<b>Total</b>	<b>73505994</b>	<b>65706442</b>



## SCHEDULE-10

### 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. 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. 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.

#### 6. 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 are 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 Life Insurance Corporation of India 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 Life Insurance Corporation of India.

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

#### 7. 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.

### 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	2010-11 Rupees	2009-10 Rupees
Remuneration to Whole time director	2400000	2400000
<b>Total</b>	<b>2400000</b>	<b>2400000</b>

Particulars	2010-11 Rupees	2009-10 Rupees
For Audit	55,150	55,150
<b>Total</b>	<b>55,150</b>	<b>55,150</b>

5. Deferred tax asset (Net of deferred tax liability as computed under Accounting Standard – 22) as on 31<sup>st</sup> March, 2011 amounted to Rs. 1,32,05,243/-.
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	Year ended 31 <sup>st</sup> March 2011 Gratuity	Year ended 31 <sup>st</sup> March 2010 Gratuity
Defined benefit obligation at the beginning of the Year	1103899	632651
Current service cost	259069	471248
Interest cost	88312	50612
Actuarial (gain) / loss	(293043)	(50612)
Benefits paid	(62270)	0
Defined benefit obligation at the year end	1095967	1103899

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

In Rs.

Description	Year ended 31 <sup>st</sup> March 2011 Gratuity	Year ended 31 <sup>st</sup> March 2010 Gratuity
Fair value of plan assets at the beginning of the Year	1204973	737551
Expected return on plan assets	112591	66380
Actuarial gain / (loss)	(4437)	1089
Employer contribution	154340	399950
Benefits paid	(62270)	0
Fair value of plan asset at the year end	1405197	1204973

c) Reconciliation of fair value of assets and obligations

In Rs.

Description	Year ended 31 <sup>st</sup> March 2011 Gratuity	Year ended 31 <sup>st</sup> March 2010 Gratuity
Fair value of plan assets as at 31 <sup>st</sup> March 2011	1405197	1204973
Present value of obligations as at 31 <sup>st</sup> March 2011	1095967	1103899
Amount recognized in the Balance sheet	309230	101074

d) Expenses recognized during the year

In Rs.

Description	Year ended 31 <sup>st</sup> March 2011 Gratuity	Year ended 31 <sup>st</sup> March 2010 Gratuity
Current service cost	259069	471248
Interest cost	88312	50612
Expected return on plan assets	(112591)	(66380)
Actuarial (gain)/loss	(288606)	(49523)
Net cost	(53816)	405957

e) Reconciliation of Leave Encashment:

Description	Year ended - Leave Encashment March 31, 2011
Defined benefit obligation at the beginning of the year	427955
Value of Plan Assets	0
Defined benefit obligation at the year end	(427955)

f) Investment details

100% invested in LIC Group gratuity (cash accumulation policy)

g) Actuarial assumptions

Mortality table (LIC) 1994-96 (ultimate)

Discounting rate - 8%

Expected rate of return on plan asset – 9%

Rate of escalation in salary – 5%

- 7 As the company was engaged only in software development during the year pertaining to a single country, segment wise reporting is not applicable.
- 8 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.
9. Balances due to or due from the parties are subject to confirmation.
10. As required by Accounting Standards AS – 18, the related parties disclosure issued by the Institute of Chartered Accountants of India are as follows:

Related Party Transaction	Associate Companies	Companies in which Directors are interested in individual capacity
Related Parties	Sagarsoft Inc.	-
Nature of Transaction	Software Development Service	-
Transaction during the Year (Rs. in lacs)	540.86	-
Remuneration to MD (Rs. in lacs)	-	24.00
Outstanding as on 31 <sup>st</sup> March, 2011 (Rs. in lacs) Debit/(Credit)	(2.00)	-
Sitting Fee	-	0.36

11. 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 31-03-2011		Year ended 31-03-2010	
	Quantity	Value (Rs.)	Quantity	Value (Rs.)
a) Turnover	NA	95593113	NA	71188892
b) Capacity	NA	NA	NA	NA
c) Opening Stock	NA	Nil	NA	Nil
d) Closing Stock	NA	Nil	NA	Nil
<b>e) Value of Imports:</b>				
i. Capital Goods	Nil		Nil	
ii. Components and Spare parts	Nil		Nil	
<b>f) Expenditure in Foreign Currency:</b>				
i. On account of Travelling Expenses		801086		293835
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		83332298		75835232

12. Figures of previous year have been regrouped / reclassified wherever necessary to conform to the current year's presentation / classification.

13. Figures are rounded off to the nearest rupee.

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**SIGNATURES FOR SCHEDULES 1 to 10**

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As per our report of even date

For and on behalf of the Board

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

**S. Sreekanth Reddy**  
Chairman

**C. Ramachandram**  
Partner  
Membership No.25834

**M.Jagadeesh**  
Managing Director

Place : Hyderabad  
Date : 27.05.2011

	<b>In Rs.</b>	
<b>Cash Flow statement for the year</b>	<b>2011</b>	<b>2010</b>
<b>Cash Flow from operating activities</b>		
Net profit before tax and extraordinary items	<b>21747391</b>	7883685
Adjustment for:		
Dividend received	<b>(1513000)</b>	(3054560)
Depreciation	<b>1872904</b>	1737098
Miscellaneous expenses	<b>0</b>	364953
Operating profit before working capital changes	<b>22107295</b>	6931176
Adjustment for:		
Sundry debtors	<b>(3956365)</b>	(2261069)
Loans and advances	<b>(12919014)</b>	9650670
Trade payables	<b>(4703603)</b>	(1321228)
Cash generated from operation	<b>528313</b>	12999549
Cash flow before extraordinary items	<b>528313</b>	12999549
Extraordinary items	<b>0</b>	0
<b>Net cash from operating activities</b>	<b>528313</b>	12999549
<b>Cash flow from investing activities</b>		
Fixed assets	<b>5204830</b>	3510360
Dividend received	<b>1513000</b>	3054560
<b>Net cash flow from investing activities</b>	<b>(3691830)</b>	(455800)
<b>Cash flow from financing activities</b>		
Repayment of vehicle loans	<b>(1552801)</b>	547699
<b>Net cash used in financing activities</b>	<b>1552801</b>	(547699)
Net increase in cash and cash equivalents	<b>(1610716)</b>	11996050
Cash and equivalent as at 01-04-2010	<b>15678981</b>	3682932
Cash and equivalent as at 31-03-2011	<b>14068265</b>	15678982

As per our report of even date

**For C.Ramachandram & Co.**

Chartered Accountants

**C. Ramachandram**

Partner

Membership No.25834

Place : Hyderabad

Date : 27.05.2011

For and on behalf of the Board

**S. Sreekanth Reddy**

Chairman

**M.Jagadeesh**

Managing Director

<b>Balance sheet abstract and company's general business profile</b>	in Rs.
<b>Registration details</b>	
Registration No.	01-23823
State code	01
Balance Sheet Date	31-Mar-11
<b>Capital raised during the year</b>	
Public issue	-
Rights issue	-
Bonus issue	-
Private placement	-
<b>Position of mobilization and deployment of funds</b>	
Total liabilities	103382581
Total assets	103382581
<b>Sources of funds</b>	
Paid-up capital	55600000
Reserves and surplus	45600000
Loan Funds	2182581
<b>Application of funds</b>	
Net fixed assets	21151615
Investments	2775917
Net current assets	51989562
Deferred tax asset	13205244
Miscellaneous expenditure	0
Profit and Loss Account	14260243
<b>Performance of company</b>	
Turnover	97207352
Total expenditure	75459961
Profit / (Loss) before tax	21747391
Profit / (Loss) after tax	14614985
Earning per share	2.63
Dividend rate	0
<b>Generic names of principle products/services of the company</b>	
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 four times on the following dates during the financial year 2010-11:

26-05-2010, 11-08-2010, 29-10-2010, 31-01-2011

#### 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 2010-11 and at the last Annual General Meeting as also the number of Directorships and Committee position held by them in other public limited companies are as follows:

SI No.	Name of the Director	Category of Directorship	No. of Board Meetings attended	Whether attended the last AGM held on 20-09-2010	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 and Non-Independent	4	Yes	1	2	-	-
2	Shri M.Jagadeesh	Managing Director	4	Yes	-	1	-	1
3	Shri S.Krishna Reddy	Independent and Non-Executive	4	Yes	-	1	2	-
4	Shri Satish C.R. Kalva	Non-Executive	1	No	-	1	-	-
5	Shri N. Satya Swaroop Reddy	Independent & Non-Executive Director	4	Yes	-	1	-	1
6	Shri N.Hari Mohan	Independent & Non-Executive Director	4	Yes	-	2	-	1
7	Shri K. Rakesh Rao	Independent & Non-Executive Director	3	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

Sri S.Sreekanth Reddy and Shri S.Krishna Reddy, non-executive directors of the Company were holding 11,49,500 and 500 shares in the company as on 31<sup>st</sup> March 2011. None of the other Non-Executive Directors was holding any shares in the Company as on 31<sup>st</sup> March, 2011.

### 3. Audit Committee:

#### Composition as on 31<sup>st</sup> March, 2011

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

Shri N.Satya Swaroop Reddy – Member (Non-Executive and independent director)

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 26-05-2010, 11-08-2010, 29-10-2010 and on 31-01-2011 during the financial year 2010-11.

#### Attendance

Name of the Director	No. of meetings attended
Shri S.Krishna Reddy	4
Shri M.Jagadeesh	4
Shri Satya 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.Satya 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.

#### Remuneration policy

##### Non-Executive Directors

Non-Executive Directors are not paid any remuneration excepting by way of sitting fee of Rs.1,500/- 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	12,000
2	Shri N.Satya Swaroop Reddy	12,000
3	Shri N.Hari Mohan	6,000
4	Shri K.Rakesh Rao	4,500
5	Shri Satish C.R.Kalva	1,500
6	Shri S. Sreekanth Reddy	Nil
	<b>Total</b>	<b>36,000</b>

#### Managing Director and Whole time Directors

The Managing Director is paid a consolidated remuneration of Rs.2,00,000/- per month.

### 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 2010-11. 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
14 <sup>th</sup> AGM	20 <sup>th</sup> September, 2010	11.00 a.m.	Hotel Golkonda, Masab Tank Hyderabad-500 028
13 <sup>th</sup> AGM	17 <sup>th</sup> September, 2009	11.00 a.m.	Hotel Golkonda, Masab Tank Hyderabad-500 028
12 <sup>th</sup> AGM	24 <sup>th</sup> September, 2008	11.00 a.m.	Hotel Golkonda, Masab Tank Hyderabad-500 028

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

One Special Resolution was passed at the 13<sup>th</sup> Annual General Meeting seeking the approval of shareholders for the appointment of Shri M.Jagadeesh as Managing Director for a period of 3 years with effect from 31<sup>st</sup> October, 2008 at a consolidated remuneration of Rs.2,00,000/- per month. One Special Resolution was approved at the 12<sup>th</sup> Annual General Meeting seeking approval of shareholders for the increase in the remuneration to Shri M.Jagadeesh, the then Executive Director from Rs.75,000/- p.m. to Rs.2,00,000/-.

#### Details of Special Resolution passed through Postal Ballot held:

No Special Resolution was passed at the last (14th) Annual General Meeting through Postal Ballot.

No Resolution, either Special or Ordinary is proposed to be passed through Postal Ballot at the ensuing 15th 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 2010-11 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 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 2010-11, 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 Thursday, the 22nd September, 2011  
 Venue : Hotel Golkonda, Masab Tank, Hyderabad – 500 028

**ii. Financial Year :** April to March

**iii. Book Closure Dates :** From 15<sup>th</sup> September, 2011 to 22nd September, 2011

**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

**vi. Stock Code :** 40671

**vii. Market price details :** There were no quotations for the company's shares during the year ended 31<sup>st</sup> March, 2011.

**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, 2011 is given below:**

**Shareholding pattern as on 31<sup>st</sup> March, 2011:**

Description	Holders	Shares	%
Promoter Group	16	2436300	43.82
Banks	2	413300	7.43
Bodies Corporate	60	585510	10.53
Individuals holding in excess of 10000 shares	28	670823	12.07
Individuals holding 10000 and less shares	2064	1415142	25.45
NRIs	7	10100	0.18
Hindu Undivided Families	21	28825	0.52
<b>Total</b>	<b>2198</b>	<b>5560000</b>	<b>100.00</b>

**Distribution of shareholding as on 31<sup>st</sup> March, 2011:**

Category	Shares	%	No. of Holders	%
50 and less	1938	0	72	3
51 to 100	75544	1	746	36
101 to 200	54720	1	279	13
201 to 300	33005	1	115	5
301 to 500	128299	2	296	13
501 to 1000	255188	5	320	14
1001 to 5000	684605	12	261	12
5001 to 10000	330127	6	47	2
10001 to 20000	302419	5	22	1
20001 to 50000	759724	14	23	1
50001 to 100000	483271	9	7	0
More than 100000	2451160	44	10	0
<b>Total ----&gt;</b>	<b>5560000</b>	<b>100</b>	<b>2198</b>	<b>100</b>

**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 63 % of the share capital were kept in dematerialized form as on 31st March, 2011

**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 Centre**

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

**xiv. 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  
 8th August , 2011

**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 31<sup>st</sup> March, 2011.

For Sagarsoft (India) Limited

Hyderabad  
8<sup>th</sup> August, 2011

Sd/-  
M.Jagadeesh  
Managing Director

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### 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 31<sup>st</sup> March, 2011, 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

Place: Hyderabad  
Date: 08.08.2011

C.Ramachandram  
Partner  
Membership No: 25834

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**Sagarsoft (India) Limited**  
 Regd.Office: 8-2-472/B/2, Road No.1, Banjara Hills, Hyderabad-500 034

**FIFTEENTH 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 Fifteenth Annual General Meeting of the Company to be held at Hotel Golkonda, Masab Tank, Hyderabad-500 028, on Thursday, the 22nd September, 2011 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. : \_\_\_\_\_

No.of Shares : \_\_\_\_\_

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

**FIFTEENTH ANNUAL GENERAL MEETING**

**PROXY FORM**

I/We \_\_\_\_\_ of \_\_\_\_\_ 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 Fifteenth Annual General Meeting of the Company to be held on Thursday, the 22nd September, 2011 at 11.00 a.m. at Hotel Golkonda, Masab Tank, Hyderabad-500 028 and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2011

Regd. Folio No. \_\_\_\_\_

No.of Shares \_\_\_\_\_

Please affix Rs. 1/- Revenue Stamp
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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 instead of himself / herself and the proxy so appointed need not be a Member of the Company. The Proxy in order to be effective must be received by the Company at its Registered Office not less than 48 hours before the commencement of the meeting

**BOOK POST**  
**UNDER CERTIFICATE OF POSTING**



Regd. Office :  
8-2-472/B/2,  
Road # 1, Banjara Hills  
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