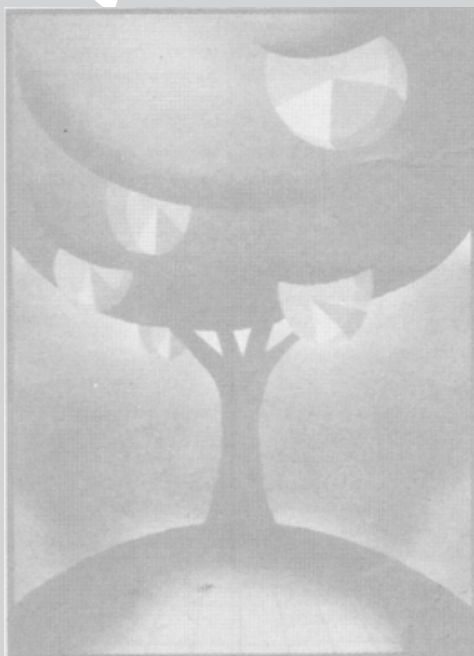


Annual Report 2012

16 Annual Report 2012



totality



Board of Directors

Mr. S. Sreekanth Reddy	Chairman
Mr. M. Jagadeesh	Managing Director
Mr. Satish C.R. Kalva	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 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 16th Annual General Meeting of the Members of the Company will be held at 11.00 a.m. on Thursday, the, 20th September, 2012 at Hotel Golkonda, Masab Tank, Hyderabad-500 028, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2012 and the Statement of Profit and Loss for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri N.Hari Mohan, who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Shri Satish C.R.Kalva, who retires by rotation and is eligible for re-appointment.
4. To appoint Auditors for the company to hold office from the conclusion of the Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

5. Reappointment of Managing Director

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

Resolved that in accordance with the provisions of Sections 269, 309, 311 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII thereto, the consent is hereby accorded to the re-appointment of Shri M.Jagadeesh as Managing Director of the Company for a period of one year with effect from 31st October 2011 at a consolidated remuneration of Rs.2,00,000/- per month which shall be the minimum remuneration payable to him in the event of absence or inadequacy of profit in any financial year during his tenure as Managing Director.

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

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 12.09.2012 to 20.09.2012 (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
30th July, 2012

Sd/-
S.Sreekanth Reddy
Chairman

Annexure to the Notice of the 16th Annual General Meeting

EXPLANATORY STATEMENT

Item No.5

As the earlier term of Mr.M.Jagadeesh as Managing Director came to an end on 30th October, 2011, he was re-appointed by the Board for a further period of one year with effect from 31st October, 2011 retaining the remuneration as had been paid in his earlier tenure, as recommended by the Remuneration Committee of the Board. The said appointment and the remuneration payable require the approval of the members under, inter-alia, Section 269 read with Schedule XIII to the Companies Act, 1956. Your Directors commend the Resolution for approval of the members.

As the Resolution relates to the appointment of Shri M.Jagadeesh as Managing Director and the remuneration payable to him, to that extent he may be deemed to be interested in the resolution.

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

I	General Information		
(1)	Nature of Industry	Software	
(2)	Date or expected date of commencement of commercial production	18.04.1996	
(3)	In case of new companies, expected date of commencement activities as per project approved by financial institutions appearing in the prospectus	Not applicable	
(4)	Financial performance based on given indicators	Description	Rs. in Lakhs
			2011-12 2010-11
		Income	968.30 955.93
		Profit/(Loss) before Interest Depreciation & Tax	96.36 217.47
	Profit/(Loss) after Tax	63.17 146.15	
(5)	Export performance and net foreign exchange	Foreign Exchange earned 20.61 lakh dollars for the year 2011-12.	
(6)	Foreign investments or collaborators, if any	Investment made in Sagarsoft Inc., U. S. A., to the extent of Rs.27.76 lakhs	
II	Information about the appointee		
(1)	Background details	Mr.M.Jagadeesh has been with Sagarsoft (India) Limited since inception. He is holding B.E., (Mechanical) and M.B.A., (Marketing & MIS) degrees. He has contributed to the company in the area of general administration, marketing and HR. Currently he is looking after the over all day to day affairs of the company, subject to superintendence and control of Board of Directors.	
(2)	Past remuneration	Consolidated remuneration of Rs.2,00,000/- p.m. as Managing Director	
(3)	Recognition or awards	None	

	(4)	Job profile and his suitability	<u>Job Profile:</u> Responsible for the over all operations of the organization under the superintendence and control of the Board.
			<u>Suitability:</u> Mr.Jagadeesh has been associated with the company for the past 17 years. He has helped the company to come out of the difficult situations and has been a part of the organization throughout its business cycle so far. He has been instrumental in the revival of the business of the company and its subsequent growth.
	(5)	Remuneration proposed	A Consolidated sum of Rs.2,00,000/- p.m. No change in his remuneration is contemplated.
	(6)	Comparative remuneration profile with respect to Industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin)	The remuneration proposed is reasonable as compared with the industry standards for a director of similar profile.
	(7)	Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel, if any	Apart from being the Managing Director of the company and holding 13,900 shares in it in his personal capacity, he does not have any other pecuniary relationship with the company.
III		Other Information	
	(1)	Reasons of loss or inadequate profits	The company suffered heavy losses in the initial stages due to depression in the software industry. However, the industry is now recovering from the said situation and with the expected addition of more clientele, the company hopes to turn around.
	(2)	Steps taken or proposed to be taken for improvement	
	(3)	Expected increase in productivity and profits in measurable terms	

By Order of the Board

Hyderabad
30th July, 2012

Sd/-
S.Sreekanth Reddy
Chairman

Annexure to the Notice of the 16th 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 N.Hari Mohan	Shri Satish C.R.Kalva
Nature of Directorship	Non-Executive and Independent	Non-Executive and Independent
Date of birth	22.05.1973	05.12.1963
Date of appointment	15.04.2005	26.06.2001
Qualification	B.E.,	B.E.,M.S.
Area of expertise	Business	Computer Science
Other directorships in public limited companies	Nil	Nil
Committee position in other Companies	Nil	Nil
Shares held in Sagarsoft (India) Ltd	51581	Nil

DIRECTORS' REPORT

Dear Members

Your Directors hereby present their Sixteenth Annual Report together with the audited accounts of the Company for the year ended 31st March, 2012.

PERFORMANCE

A summarized financial performance of your company during the year 2011-12 is given below:

(Rs.in Lakhs)

	Year ended	
	31 ST March, 2012	31 ST March, 2011
Income from operations	968.30	955.93
Other Income	31.02	16.14
Total Income	999.32	972.07
Total Expenditure	874.39	735.00
Profit / (Loss) before depreciation, interest and tax	124.93	237.07
Depreciation	25.62	18.73
Interest	2.95	0.87
Profit / (Loss) before tax	96.36	217.47
Provision for tax (FBT)	0	0
Deferred Tax Asset / (Liability) for the year	(27.59)	(70.55)
Provision for MAT	(14.56)	(17.39)
MAT Credit Entitlement	8.96	16.62
Net Profit / (Loss)	63.17	146.15

During the year under review, there was a marginal increase in income from operations by 1.29%. Your company earned a profit of Rs.63.17 lakhs only after tax as against Rs.146.15 lakhs during the previous year due to increase in expenditure for setting up a new development center and increase in head count in anticipation of new projects.

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 2011-12.

FUTURE OUTLOOK

As the world economy shows mixed signals of growth, the year 2012 is going to be a steady year for IT services and may not see the kind of aggressive growth that was seen earlier. Newer business models, flexibility and innovation are going to be some of the important considerations for customers. Mobile BI, Social Media 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 to continue to concentrate on operational excellence with innovative measures, diversification into newer 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 N. Hari Mohan and Shri Satish C.R.Kalva will be retiring by rotation at the ensuing Annual General Meeting and are eligible for re-appointment.

AUDIT COMMITTEE

The Audit Committee of the Board, consisting of the following members and constituted pursuant to Section 292 (A) of the Companies Act, 1956 read with Clause 49 of the Listing Agreement, had met four times during the year ended 31st March, 2012 and, inter-alia, reviewed the financial results of the relative quarters.

Shri S.Krishna Reddy	Chairman
Shri N. Satya Swaroop Reddy	Member
Shri M. Jagadeesh	Member

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.

For and on behalf of the Board

Hyderabad
30th July 2012

Sd/
S. Srekanth Reddy
Chairman

Annexure 1

MANAGEMENT DISCUSSION AND ANALYSIS

IT Industry Review

2011-12 was a mixed year with increased opportunities in new age technologies like Mobility and cloud and stagnant demand for traditional services with global economy sending mixed signals. IT services market is expected to grow between 4-5% 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 increase focus on Mobility and Open Source Technologies while continuing to leverage existing clients for additional business. Sagarsoft is also focusing on creating innovative business and pricing models, specializing in providing niche end-to-end service offerings and continue to sustain, pursue, acquire, develop and nurture strategic long term relationships.

Business overview

The company has made steady progress last year in acquiring new clients in Mobile and open source technologies space and in consolidating 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.

The 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 the company is getting. In view of the emerging opportunities across new service areas that the company is building, the 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 it has taken every measure to have an excellent work environment. With increased opportunities for its employees due to the excellent skills that they have developed on the job, it is essential to have a proactive employee engagement programs, which SSIL is always focusing on. The company continues to add small numbers of employees marked by caution.

Opportunities

With steady progress that the company has made in mobile computing and cloud based solutions practice areas, it is concentrating on consolidating its offerings in this space with focus on Enterprise segments and Mobile BI areas which are the showing lot of momentum with increased demand from new customers. As with earlier years the company is 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 term is the pressure on the billing rates, increased attrition levels due to improved opportunities for our employees in the niche segments that we are focusing on. The

company's strategy of getting into niche segments 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 Mobile BI 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. 97076355
	Foreign exchange out go	:	Rs. 430603

C.Ramachandram & Co.,
Chartered Accountants

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

AUDITORS' REPORT

To
The Members
Sagarsoft (India) Ltd.,
Hyderabad.

1. We have audited the attached Balance Sheet of Sagarsoft (India) Limited as at 31st March, 2012, the Statement of Profit and Loss 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 Statement of Profit and Loss 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, 2012 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 31st March, 2012;
 - 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.

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

Place : Hyderabad
Date : 28.05.2012

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 from 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. 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 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 : 28.05.2012

C.RAMACHANDRAM
Partner
Membership No: 25834

BALANCE SHEET AS AT 31ST MARCH 2012

Amount in Rs.

Particulars	Notes	As at 31.03.2012		As at 31.03.2011	
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	37,656,538		31,339,757	
(2) Non- current liabilities					
(a) Long-term borrowings	5	621,839		676,377	
(b) Other Non Current Liabilities		205,000	826,839	205,000	881,377
(3) Current liabilities					
(a) Short-term borrowings	6	745,823		1,506,204	
(b) Trade payables	7	1,390,489		1,517,569	
(c) Other current liabilities	8	8,066,679		1,059,738	
(d) Short-term Provisions	9	2,741,253	12,944,244	4,315,524	8,399,035
Total		107,027,621		96,220,169	
(1) Non-current assets					
(a) Fixed assets					
Tangible assets	10	20,226,638		21,151,616	
Capital Work - In - Progress		12,487,967		-	
(b) Non Current Investments	11	2,775,917		2,775,917	
(c) Deferred tax assets (Net)		10,446,294		13,205,243	
(d) Long term loans and advances	12	35,986,336		33,328,071	
(e) Other Non - current assets	13	2,557,464	84,480,616	1,661,957	72,122,804
(2) Current assets					
(a) Trade Receivables	14	10,148,123		7,097,748	
(b) Cash and cash equivalents	15	5,051,947		14,068,265	
(c) Short term loans and advances	16	7,346,935	22,547,005	2,931,352	24,097,365
Total		107,027,621		96,220,169	

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

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 : 28.05.2012

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2012

Amount in Rs.

Particulars	Notes	31.03.2012	31.03.2011
I Revenue From Operations	17	96,829,957	95,593,113
Other Income	18	3,102,240	1,614,239
Total Revenue		99,932,197	97,207,352
II Expenses:			
Employee benefits expenses	19	59,226,521	48,203,880
Finance cost	20	294,645	87,085
Other expenses	21	30,774,581	27,168,996
Total Expenses		90,295,747	75,459,961
III Profit before tax (I-II)		9,636,450	21,747,391
IV Tax expenses:			
(1) Current Tax		(1,456,225)	(1,739,485)
(2) Less: MAT Credit entitlement		895,506	1,661,958
(3) Deferred Tax		(2,758,950)	(7,054,879)
Total tax expenses		(3,319,669)	(7,132,406)
V Profit for the year (III-IV)		6,316,781	14,614,985
Brought forward losses from previous year		(14,260,243)	(28,875,228)
		(7,943,462)	(14,260,243)
Earning per Share (Equity shares, par value Rs.10 each) Basic and Diluted		1.14	2.63

The accompanying notes are an integral part of the financial statements

As per our report of even date

For C.RAMACHANDRAM & CO.,
Chartered Accountants

C.RAMACHANDRAM
Partner
Membership No. 25834

Place : Hyderabad
Date : 28.05.2012

For and on Behalf of the Board

S SREEKANTH REDDY
Chairman

M JAGADEESH
Managing Director

NOTES - 1

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.

8. 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.

9. Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period.

NOTES - 2

II. NOTES ON ACCOUNTS

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

Particulars	2011-12 Rupees	2010-11 Rupees
Remuneration to Whole time director	24,00,000	24,00,000
Total	24,00,000	24,00,000

- Auditors' Remuneration:

Particulars	2011-12 Rupees	2010-11 Rupees
For Audit	55,150	55,150
Total	55,150	55,150

- Deferred tax asset (Net of deferred tax liability as computed under Accounting Standard – 22) as on 31st March 2012 amounted to Rs.1,04,46,294/-.
- 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:

Description	Year ended Gratuity	
	March 31, 2012	March 31, 2011
Defined benefit obligation at the beginning of the year	1095967	1103899
Current service cost	407757	259069
Interest cost	87677	88312
Actuarial (gain) / loss	194401	(293043)
Benefits paid	(78078)	(62270)
Defined benefit obligation at the year end	1707724	1095967

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

Description	Year ended Gratuity	
	March 31, 2012	March 31, 2011
Fair value of plan assets at the beginning of the Year	1405197	1204973
Expected return on plan assets	124414	112591
Actuarial gain / (loss)	-	(4437)
Employer contribution	363865	154340
Benefits paid	(78078)	(62270)
Fair value of plan asset at the year end	1815398	1405197

c) Reconciliation of fair value of assets and obligations:

Description	Year ended Gratuity	
	March 31, 2012	March 31, 2011
Fair value of plan assets as at March 31, 2012	1815398	1405197
Present value of obligations as at March 31, 2012	1707724	1095967
Amount to be recognized in the Balance sheet	107674	309230

d) Expenses recognized during the year:

Description	Year ended Gratuity	
	March 31, 2012	March 31, 2011
Current service cost	407757	259069
Interest cost	87677	88312
Expected return on plan assets	(124414)	(112591)
Actuarial (gain) / loss	194401	(288606)
Net cost	565421	(53816)

e) Reconciliation of Leave Encashment:

Description	Year ended Leave Encashment March 31, 2012
Defined benefit obligation at the beginning of the year	427955
Value of Plan Assets	163638
Defined benefit obligation at the year end	(591593)

- f) Investment details:
100% invested in LIC Group gratuity (cash accumulation policy)
- g) Actuarial assumptions
Mortality table (LIC) 1994-96 (ultimate)
Discounting rate – 8.7%
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	Sagar Soft Inc.	–
Nature of Transaction	Software Development Service	–
Transaction during the Year (Rs. in lacs)	600.71	–
Remuneration to MD (Rs. in lacs)	–	24.00
Outstanding as on 31 st March, 2012 (Rs. in lacs) Debit/(credit)	66.53	–
Sitting Fee	–	0.42

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 31.03.2012

In Rs.

Particulars	As at 31.03.2012	As at 31.03.2011
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	31 st March 2012 No. of Shares	31 st March 2011 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 2012		As at 31 March 2011	
	No. of shares held	% of Holding	No. of shares held	% of Holding
SREEKANTH REDDY SAMMIDI	1,149,500	20.67	1,149,500	20.67
RACHANA S	341,110	6.14	341,110	6.14
THE MADHAVPURA MERCANTILE CO-OP BANK	400,000	7.19	400,000	7.19

In Rs.

Particulars	As at 31.03.2012	As at 31.03.2011
NOTE-4		
RESERVES AND SURPLUS		
Share Premium Account	45,600,000	45,600,000
Profit & Loss Account	(7,943,462)	(14,260,243)
Total	37,656,538	31,339,757

In Rs.

Particulars	As at 31.03.2012	As at 31.03.2011
NOTE-5		
LONG TERM BORROWINGS		
Unsecured Loan		
Vehicle Loan from Banks	621,839	676,377
Total	621,839	676,377
NOTE-6		
SHORT TERM BORROWINGS		
Vehicle Loan from Banks	745,823	1,506,204
Total	745,823	1,506,204

- Vehicle Loan from HDFC Bank was taken during the financial year 2010-11 and carries interest @ 9% p.a. The loan is repayable in 36 monthly installments of Rs.9,540/- each along with interest, from the date of loan.
- Vehicle Loan from HDFC Bank was taken during the financial year 2010-11 and carries interest @ 9% p.a. The loan is repayable in 36 monthly installments of Rs.12,745/- each along with interest, from the date of loan.
- 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.

In Rs.

Particulars	As at 31.03.2012	As at 31.03.2011
NOTE-7		
TRADE PAYABLES		
Trade Payables	1,390,489	1,517,569
Total	1,390,489	1,517,569
NOTE-8		
OTHER CURRENT LIABILITIES		
Accrued salaries and benefits	52,459	608,554
Advance from Customers	2,752,214	200,064
Other Liabilities	5,262,006	251,120
Total	8,066,679	1,059,738
NOTE-9		
SHORT TERM PROVISIONS		
Provision for Employee Benefits		
Provision for Gratuity	–	45,711
Leave Encashment	591,593	427,955
Salaries Payable	234,538	1,514,542
Other Provisions	72,057	13,780
TDS Payable	386,840	574,050
Provision For Income Tax (MAT)	1,456,225	1,739,486
Total	2,741,253	4,315,524

NOTE-10
FIXED ASSETS

In Rs.

Particulars	ORIGINAL COST				DEPRECIATION				NET BLOCK VALUE	
	As at 01.04.2011	Additions during the Period	Deductions during the Period	As at 31.03.2012	As at 01.04.2011	For the year	Deductions/ Adjustments	As at 31.03.2012	As at 31.03.2012	As at 31.03.2011
Tangible Fixed Assets										
Computers	57,420,747	1,504,276	-	58,925,023	51,313,403	1,081,514	-	52,394,917	6,530,106	6,107,344
Office Equipment	6,496,178	133,246	-	6,629,424	2,411,386	312,004	-	2,723,390	3,906,034	4,084,792
Furniture's & Fixtures	8,162,123	-	-	8,162,123	2,810,504	516,662	-	3,327,166	4,834,957	5,351,619
Vehicles	6,866,523	-	-	6,866,523	1,258,662	652,320	-	1,910,982	4,955,541	5,607,861
Total	78,945,571	1,637,522	-	80,583,093	57,793,955	2,562,500	-	60,356,455	20,226,638	21,151,616
Previous year	73,740,741	5,204,830	-	78,945,571	55,921,053	1,872,902	-	57,793,955	21,151,616	17,819,688

In Rs.

Particulars	As at 31.03.2012	As at 31.03.2011
NOTE-11		
NON CURRENT ASSETS		
Investment		
Trade (unquoted)		
Investment in Sagarsoft Inc.	2,775,917	2,775,917
Total	2,775,917	2,775,917
NOTE-12		
LONG TERM LOANS & ADVANCES		
Advance to Others	30,968,582	31,268,582
Deposits	5,017,754	2,059,489
Total	35,986,336	33,328,071
NOTE-13		
OTHER NON CURRENT ASSETS		
MAT credit entitlement	2,557,464	1,661,957
Total	2,557,464	1,661,957
NOTE-14		
TRADE RECEIVABLES		
Outstanding over six months	–	–
Other Debts	10,148,123	7,097,748
Total	10,148,123	7,097,748
NOTE-15		
CASH & CASH EQUIVALENTS		
Cash in Hand	32,714	18,868
Balance with Banks (In Current Account)	5,019,233	14,049,397
Total	5,051,947	14,068,265
NOTE-16		
SHORT TERM LOANS AND ADVANCES		
Other Loans and Advances	6,346,935	1,431,352
Advance Income Tax	1,000,000	1,500,000
Total	7,346,935	2,931,352
NOTE-17		
REVENUE FROM OPERATIONS		
Revenue from Software development	96,829,957	95,593,113
Total	96,829,957	95,593,113
NOTE-18		
OTHER INCOME		
Interest received on deposits with banks and others	52,070	101,239
Dividend received on investments	3,044,400	1,513,000
Miscellaneous income	5,770	–
Total	3,102,240	1,614,239

In Rs.

Particulars	As at 31.03.2012	As at 31.03.2011
NOTE-19		
EXPENSES		
EMPLOYEE BENEFIT EXPENSES		
Salaries and wages	52,362,212	44,955,645
Contribution to provident and other funds	2,079,934	919,718
Welfare Expenses	2,966,686	2,328,517
Gratuity	817,689	–
Exgratia	1,000,000	–
Total	59,226,521	48,203,880
NOTE-20		
FINANCE COST		
Bank Charges	70,224	6,022
Interest	224,421	81,063
Total	294,645	87,085
NOTE-21		
OTHER EXPENSES		
Communication expenses		
Telephone charges	370,107	348,840
Internet Charges	998,933	1,272,626
Total	1,369,040	1,621,466
Travel expenses		
Overseas travel expenses	1,153,793	801,086
Travelling and Conveyance	1,092,420	697,065
Total	2,246,213	1,498,151
Other Expenses		
Vehicle Hire Charges	2,749,136	2,562,881
Electricity Charges	1,336,464	1,421,068
Vehicle Maintenance	125,525	249,999
Printing and Stationery	355,649	248,838
Office Maintenance	2,925,677	3,650,147
Payment to Auditors	55,150	55,150
Remuneration to Directors	2,400,000	2,400,000
Rent	5,836,792	4,651,485
Rates and Taxes	156,503	–
Professional and Consultancy charges	7,214,092	4,664,063
Advertisement charges	103,315	59,548
Donations	78,632	23,116
Insurance	686,608	921,706
Loss on Sale of Asset	–	68,992
Gains / (losses) on foreign currency, net	307,845	1,122,659
Depreciation	2,562,500	1,872,904
General Expenses	265,440	76,823
Total	27,159,328	24,049,379
Other Expenses Total	30,774,581	27,168,996
TAX EXPENSE		
Current tax		
Income taxes	(1,456,225)	(1,739,485)
Less: MAT Credit Entitlement	895,506	1,661,958
Deferred taxes	(2,758,950)	(7,054,879)
Total	(3,319,669)	(7,132,406)

	Amount in Rs.	
Cash Flow Statement for the Year	2012	2011
Cash Flow from Operating Activities		
Net profit before tax and extraordinary items	9636450	21747391
Adjustment for:		
Dividend received	-3044400	-1513000
Depreciation	2562500	1872904
Miscellaneous expenses	0	0
Operating profit before working capital changes	9154550	22107295
Adjustment for:		
Sundry debtors	-3050375	-3956365
Loans and advances	-7073848	-12919014
Trade payables	3849364	-4703603
Cash generated from operation	2879691	528313
Cash Flow before Extraordinary Items	2879691	528313
Extraordinary items	0	0
Net Cash from Operating Activities	2879691	528313
Cash Flow from Investing Activities		
Fixed assets	-1637522	5204830
Capital Work In Progress	-12487967	0
Dividend received	3044400	1513000
Net Cash Flow from Investing Activities	-11081089	-3691830
Cash Flow from Financing Activities		
Repayment of vehicle loans	-814921	-1552801
Net Cash from in Financing Activities	-814921	1552801
Net increase in cash and cash equivalents	-9016319	-1610716
Cash and equivalents as at 01-04-2011	14068265	15678981
Cash and equivalents as at 31-03-2012	5051946	14068265

The accompanying notes are an integral part of the financial statements

As per our report of even date

For C.RAMACHANDRAM & CO.,
Chartered Accountants

C.RAMACHANDRAM
Partner
Membership No. 25834

Place : Hyderabad
Date : 28.05.2012

For and on Behalf of the Board

S SREEKANTH REDDY
Chairman

M JAGADEESH
Managing Director

Balance Sheet Abstract and Company's General Business Profile	in Rs.
Registration details	
Registration No.	01-23823
State code	01
Balance Sheet Date	31-Mar-12
Capital raised during the year	
	in Rs.
Public issue	-
Rights issue	-
Bonus issue	-
Private placement	-
Position of mobilization and deployment of funds	
Total liabilities	107027621
Total assets	107027621
Sources of Funds	
Paid-up capital	55600000
Reserves and surplus	37656538
Non-current Liabilities	826839
Current Liabilities	12944244
Application of Funds	
Tangible Assets	20226638
Capital Work-in-Progress	12487967
Non Current Investments	2775917
Deferred tax asset (Net)	10446294
Long term loans and advances	35986336
Other Non-current assets	2557464
Current Assets	22547005
Performance of Company	
Turnover	99932197
Total expenditure	90295747
Profit / (Loss) before tax	9636450
Profit / (Loss) after tax	6316781
Earning per share	1.14
Dividend rate	0
Generic names of principle products/services of the company	
Item Code No.(ITC code)	Not applicable
Product description	Computer Software and Hardware

Report on Corporate Governance

1. Company's philosophy on code of governance:

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

2. Board of Directors

Composition:

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

Meetings held

The Board met four times on the following dates during the financial year 2011-12:
27-05-2011, 08-08-2011, 28-10-2011, 31-01-2012

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 2011-12 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:

Sl No.	Name of the Director	Category of Directorship	No. of Board Meetings attended	Whether attended the last AGM held on 22.9.2011	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	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	-	1	-	1
7	Shri K. Rakesh Rao	Independent & Non-Executive Director	1	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 31st March 2012. None of the other Non-Executive Directors was holding any shares in the Company as on 31st March, 2012.

1. Audit Committee:

Composition as on 31st March, 2012

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 27-05-2011, 08-08-2011, 28-10-2011 and on 31-01-2012 during the financial year 2011-12.

Attendance

Name of the Director	No. of meetings attended
Shri S. Krishna Reddy	4
Shri M. Jagadeesh	4
Shri N. 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. The Committee met on 28th October, 2011 to recommend a suitable remuneration to the Managing Director on his proposed re-appointment.

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 2011-12 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	1,500
5	Shri Satish C.R.Kalva	1,500
6	Shri S.Sreekanth Reddy	Nil
Total		33,000

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 Redddy	Chairman
Shri N. Hari Mohan	Member

Based on the information obtained from the Registrars, there were no complaints received from the investors during the financial year 2011-12. 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
15 th AGM	22nd September, 2011	11.00 a.m.	Hotel Golkonda, Masab Tank, Hyderabad-500 028
14 th AGM	20 th September, 2010	11.00 a.m.	Hotel Golkonda, Masab Tank, Hyderabad-500 028
13 th AGM	17 th September, 2009	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 13th 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 31st October, 2008 at a consolidated remuneration of Rs.2,00,000/- per month.

Details of Special Resolution passed through Postal Ballot held:

No Special Resolution was passed at the last (15th) Annual General Meeting through Postal Ballot.

No Resolution, either Special or Ordinary is proposed to be passed through Postal Ballot at the ensuing 16th 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 2011-12 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:

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

Presentation made to Institutional Investors and Financial Analysts:

During the year 2011-12, 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 20th September, 2012
 Venue : Hotel Golkonda, Masab Tank, Hyderabad – 500 028

ii. Financial Year : April to March

iii. Book Closure Dates : From 12th September, 2012 to 20th September, 2012

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 31st March, 2012.

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, 2012 is given below:

Shareholding pattern as on 31st March, 2012:

Category	Holders	Shares	%
Promoter Group	16	2591210	47
FIs and Banks	2	413300	7
Domestic Bodies	62	581345	10
Public - holding more than 10000 shares	25	513498	9
Public - Holding 10000 and less shares	2057	1421722	26
NRIs	7	10100	0
HUFs	21	28825	1
TOTAL	2190	5560000	100

Distribution of shareholding as on 31st March, 2012

Frequency Distribution of shares held as on 31st March 2012				
Category	Shares	%	No. of Holders	%
100 shares and less	77132	1	826	38
101 to 200	54320	1	277	13
201 to 300	32705	1	114	5
301 to 500	128249	2	296	14
501 to 1000	255088	5	320	15
1001 to 5000	678255	12	259	12
5001 to 10000	329027	6	47	2
10001 to 20000	286419	5	21	1
20001 to 50000	504024	9	15	0
50001 to 100000	216471	4	4	0
More than 100000	2998310	54	11	0
Total —>	5560000	100	2190	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 62.81% of the share capital were kept in dematerialized form as on 31st March, 2012.

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 – 66772426
Fax: 040 – 23114607
2. Plot# 111, Road # 10, Jubilee Hills
Hyderabad – 500033
Tel: 040 – 66632003
Fax: 040 – 23356573
3. Plot # A-32, 2nd Floor
Opp: Film Nagar Co-Operative Housing Society
Road # 5, Film Nagar
Jubilee Hills, Hyderabad – 500 033, India

xiv. Address for correspondence

Sagarsoft (India) Limited
Regd. Office
Plot# 111, Road # 10, Jubilee Hills
Hyderabad – 500033
Tel: 040 – 66632003
Fax: 040 - 23356573

For and on behalf of the Board

Hyderabad
30th July, 2012

S. Srekanth 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, 2012.

For **Sagarsoft (India) Limited**

Hyderabad
30th July, 2012

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, 2012, 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 : 30.07.2012

C.RAMACHANDRAM
Partner
Membership No: 25834

Sagarsoft (India) Limited
 Regd. Office: Plot No.111, Road No.10, Jubilee Hills, Hyderabad-500 033

SIXTEENTH 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 Sixteenth Annual General Meeting of the Company to be held at Hotel Golkonda, Masab Tank, Hyderabad-500 028, on Thursday, the 20th September, 2012 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: Plot No.111, Road No.10, Jubilee Hills, Hyderabad-500 033

SIXTEENTH 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 Sixteenth Annual General Meeting of the Company to be held on Thursday, the 20th September, 2012 at 11.00 a.m. at Hotel Golkonda, Masab Tank, Hyderabad-500 028 and at any adjournment thereof.

Signed this _____ day of _____ 2012

No. of Shares _____

Please affix Re.1/- paise 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
PRINTED MATERIAL



Plot No. 111, Road No. 10, Jubilee Hills
Hyderabad - 500 033
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Fax : +91-40-23356573
Internet : www.sagarsoft.in