

# 22nd Annual Report 2018



**S a g a r s o f t** <sup>TM</sup>

**SAGARSOFT (INDIA) LIMITED**

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**Board of Directors**

Shri S. Sreekanth Reddy	Chairman - Non-Executive
Shri M. Jagadeesh	Managing Director
Shri K. Pradeep Kumar Reddy	Executive Director & CFO
Shri K. Satish Chander Reddy	Non-Executive Director
Shri K. Prasad	Independent Director
Shri N. Hari Mohan	Independent Director
Shri K. Rakesh Rao	Independent Director
Shri K. Ganesh	Independent Director
Smt. Neelima Kaushik	Independent Director

**Company Secretary**

Shri J.Raja Reddy

**Auditors**

Lakshmi & Associates  
 Chartered Accountants (FR No.012482S)  
 3-6-237, Flat #602, 603,  
 Lingapur La Builde Complex,  
 Himayat Nagar, Hyderabad-500 029

**Bankers**

Axis Bank Ltd.,  
 Banjara Hills Branch, Hyderabad

HDFC Bank Ltd.,  
 Lakdikapool Branch, Hyderabad

**Registered Office**

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

**Corporate Identity Number**

L72200TG1996PLC023823

**Registrars and  
 Share transfer agents**

M/s. Karvy Computershare Pvt. Ltd.,  
 Plot No. 31-32, Karvy Selenium,  
 Tower - B, Gachibowli, Financial District,  
 Nanakramguda, Hyderabad - 500 032.

**SAGARSOFT (INDIA) LIMITED**  
CIN: L72200TG1996PLC023823

**NOTICE**

Notice is hereby given that the 22<sup>nd</sup> Annual General Meeting of the Members of Sagarsoft (India) Limited will be held on Thursday, the 27<sup>th</sup> September, 2018 at 11.30 a.m. at Hotel Golkonda, Masab Tank, Hyderabad - 500 028, to transact the following business:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the audited financial statements of the Company for the financial year ended 31<sup>st</sup> March, 2018 together with the Reports of the Directors and Auditors thereon and in this regard to pass the following resolution as an ordinary resolution:

**“Resolved that** the audited financial statements of the Company for the financial year ended 31<sup>st</sup> March 2018 together with the reports of the Directors and Auditors thereon be and are hereby received, considered, approved and adopted.”

2. To declare dividend @ Rs.2.50 per share (25%) on the equity shares of the company for the financial year ended 31<sup>st</sup> March, 2018 and in this regard to pass the following resolution as an ordinary resolution:

**“Resolved that** a dividend @ Rs.2.50 per share (25%) be and is hereby declared on the 55,60,000 equity shares of Rs.10/- each of the company for the financial year ended 31<sup>st</sup> March, 2018.

3. To re-appoint the retiring director, Shri S.Sreekanth Reddy (DIN: 00123889), who retires by rotation and being eligible, offers himself for re-appointment and in this regard to pass the following resolution as an ordinary resolution:

**“Resolved that** Shri S.Sreekanth Reddy (DIN: 00123889) who retires by rotation in accordance with Section 152 of the Companies Act, 2013 be and is hereby re-appointed as a director liable to retire by rotation.”

4. To re-appoint the retiring director, Shri K.Satish Chander Reddy (DIN:02412539), who retires by rotation and being eligible, offers himself for re-appointment and in this regard to pass the following resolution as an ordinary resolution:

**“Resolved that** Shri K.Satish Chander Reddy (DIN: 02412539) who retires by rotation in accordance with Section 152 of the Companies Act, 2013 be and is hereby re-appointed as a director liable to retire by rotation.”

**SPECIAL BUSINESS**

5. **Re-appointment of Shri M.Jagadeesh as Managing Director of the Company**

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

**“RESOLVED THAT** in accordance with Sec.196, 197, 203 and other applicable provisions of the Companies Act, 2013 as amended or re-enacted from time to time, read with its Schedule V and subject to approvals, if any, as may be required from the Central Government and other authorities concerned, approval be and is hereby accorded to the re-appointment of Shri M.Jagadeesh (DIN: 01590689) as Managing Director of the Company, for a period of three years with effect from 31<sup>st</sup> October, 2018 on the following terms:

Tenure	Three years with effect from 31 <sup>st</sup> October, 2018
Salary	Rs.4,00,000/- p.m.
Other Terms	
Nature of Duties	The Managing Director (MD) shall devote his time and attention to the business of the company and, subject to the superintendence, control and directions of the Board of Directors (Board), perform in the best interest of the company, such duties and exercise such powers as may be entrusted/assigned to him by the Board and or by any of its committee from time to time.
Termination of appointment	The appointment may be terminated by either party giving to the other party six months notice of such termination.

**Resolved Further** that in the event of loss or inadequacy of profits in any financial year during the tenure of Shri M.Jagadeesh as Managing Director, the above said remuneration be paid to him as the minimum remuneration under Section II (A) of Part II of Schedule V to the Companies Act 2013.

**Resolved Further** that any member of the Board of Directors of the Company or Company Secretary of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper and expedient to give effect to this resolution.”

#### 6. Re-appointment of Shri K.Pradeep Kumar Reddy as Executive Director of the Company

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

“**RESOLVED THAT** in accordance with Sec.196, 197, 203 and other applicable provisions of the Companies Act, 2013 as amended or re-enacted from time to time, read with its Schedule V and subject to approvals, if any, as may be required from the Central Government and other authorities concerned, approval be and is hereby accorded to the re-appointment of Shri K.Pradeep Kumar Reddy (DIN: 02598624) as a Whole-time director with the designation as Executive Director & CFO of the Company, for a period of three years with effect from 06<sup>th</sup> November, 2018 on the following terms:

Tenure	Three years with effect from 06 <sup>th</sup> November, 2018
Salary	Rs.4,00,000/- p.m.
Other Terms	
Nature of Duties	The Executive Director (ED) shall devote his time and attention to the business of the company and perform such duties and exercise such powers as may be entrusted/assigned to him by the MD and or by the Board of Directors (Board) in the best interest of the company from time to time, subject to the superintendence, control and directions of the Board and or by any of its committee from time to time.
Termination of appointment	The appointment may be terminated by either party giving to the other party six months notice of such termination.

**Resolved Further** that in the event of loss or inadequacy of profits in any financial year during the tenure of Shri K.Pradeep Kumar Reddy as Executive Director, the above said remuneration be paid to him as the minimum remuneration under Section II (A) of Part II of Schedule V to the Companies Act 2013.

**Resolved Further** that any member of the Board of Directors of the Company or Company Secretary of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper and expedient to give effect to this resolution.”

By Order of the Board of Directors

Hyderabad,  
July 23, 2018

Sd/-  
**J.Raja Reddy**  
Company Secretary

**Registered Office:**

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

**NOTES:**

1. The Explanatory Statement setting out material facts concerning the business under Item No.5 and 6 in the Notice is given in the Annexure-1, which forms part of this Notice.
2. The details required to be given under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, of the persons seeking re-appointment as directors are given in the Annexure-2.
3. A Member entitled to attend and vote at the Annual General Meeting is entitled to appoint another person as a proxy to attend and vote on his behalf in the meeting and the proxy, so appointed need not be a member of the company. The instrument appointing the proxy, duly completed and signed must be deposited at the Registered Office of the company not less than forty eight hours before the commencement of the meeting.
4. A person can act as a proxy on behalf of members upto and not exceeding fifty and holding in aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or member.
5. Corporate members intending to send their authorized representative(s) to attend the Meeting are requested to send to the Company a duly certified copy of the Board Resolution authorising their representative(s) to attend and vote on their behalf at the Meeting.
6. Members holding shares in dematerialized form are requested to intimate all changes pertaining to their bank details such as bank account number, name of the bank and branch details, MICR Code and IFSC Code, mandates, nominations, power of attorney, change of address, change of name, email address, contact numbers etc to their depository participant (DP). Changes intimated to the DP will then be automatically reflected in the Company's records. Similarly, Members holding their shares in physical form are requested to inform the above changes to the Company or its Registrar and Share Transfer Agents (RTA), M/s. Karvy Computershare Private Limited (Karvy).

The Securities and Exchange Board of India (“SEBI”) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their depository participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to Karvy.

7. To promote green initiative, members are requested to register their e-mail address through their Depository Participants for sending future communications to them by e-mail. Members holding the shares in physical form may register their e-mail addresses through the RTA, giving reference of their Folio Number.
8. Electronic copy of the Annual Report is being sent to all the members whose e-mail IDs are registered with the Company's RTA/Depository Participants, unless such members have requested for a hard copy of the same. For members, who have not registered their e-mail address, physical copies of the Annual Report are being sent through the permitted mode.
9. The Register of Members and Share Transfer Books of the Company will remain closed during the period from 21<sup>st</sup> September, 2018 to 27<sup>th</sup> September, 2018 (both days inclusive) for the purpose of determining members eligible for participation in voting on the resolutions contained in the Notice of the AGM and for dividend to be declared at the AGM.
10. Members may note that the Annual Report for the year 2017-18 will also be available on the Company's website [www.sagarsoft.in](http://www.sagarsoft.in) for their download.

**11. Voting through Electronic Means:**

Pursuant to Section 108 of the Companies Act, 2013, read with its relevant Rules, the Company is pleased to provide the facility to Members to exercise their right to vote by electronic means (Remote e-voting) for all the Resolutions proposed to be passed at the AGM. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on 20<sup>th</sup> September, 2018, i.e. the date prior to the commencement of book closure date are entitled to vote on the Resolutions set forth in this Notice. The remote e-voting period will commence at 9.00 a.m. on 23<sup>rd</sup> September, 2018, and will end at 5.00 p.m. on 26<sup>th</sup> September, 2018. The Company has appointed B S S & Associates, Company Secretaries (Unique Code of Partnership Firm: P2012AP02600), as the 'Scrutinizer', to scrutinize the e-voting process and voting through ballot in a fair and transparent manner. The Members desiring to vote through remote e-voting may refer to the detailed procedure given hereinafter.

**PROCEDURE AND INSTRUCTIONS FOR e-VOTING**

- i. Remote e-voting: In compliance with the provisions of Section 108 of the Companies Act, 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by Karvy Computershare Private Limited (Karvy) on all resolutions set forth in this Notice, from a place other than the venue of the Meeting (Remote e-voting).
  - (A) In case a Member receives an email from Karvy [for Members whose email IDs are registered with the Company/Depository Participants (s)]:
    - i. Launch internet browser by typing the URL: <https://evoting.karvy.com>.
    - ii. Enter the login credentials (i.e. User ID and password). In case of physical folio, User ID will be EVEN (E-Voting Event Number) xxxx followed by folio number. In case of Demat account, User ID will be your DP ID and Client ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote.
    - iii. After entering these details appropriately, click on "LOGIN".

- iv. You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A- Z), one lower case (a-z), one numeric value (0-9) and a special character (@, #, \$, etc..). The system will prompt you to change your password and update your contact details like mobile number, email ID etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.
  - v. You need to login again with the new credentials.
  - vi. On successful login, the system will prompt you to select the “EVENT” i.e., “Sagarsoft (India) Limited”
  - vii. On the voting page, enter the number of shares (which represents the number of votes) as on the Cut-off Date under “FOR/AGAINST” or alternatively, you may partially enter any number in “FOR” and partially “AGAINST” but the total number in “FOR/AGAINST” taken together shall not exceed your total shareholding as mentioned herein above. You may also choose the option ABSTAIN. If the Member does not indicate either “FOR” or “AGAINST” it will be treated as “ABSTAIN” and the shares held will not be counted under either head.
  - viii. Members holding multiple folios/demat accounts shall choose the voting process separately for each folio/demat accounts.
  - ix. Voting has to be done for each item of the notice separately. In case you do not desire to cast your vote on any specific item, it will be treated as abstained.
  - x. You may then cast your vote by selecting an appropriate option and click on “Submit”.
  - xi. A confirmation box will be displayed. Click “OK” to confirm else “CANCEL” to modify. Once you have voted on the resolution (s), you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the Resolution(s).
  - xii. Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/Authority Letter etc., together with attested specimen signature(s) of the duly authorised representative(s), to the Scrutinizer at email [bssass99@gmail.com](mailto:bssass99@gmail.com) with a copy marked to [evoting@karvy.com](mailto:evoting@karvy.com). The scanned image of the above mentioned documents should be in the naming format “Corporate Name\_Event No.”
- (B) In case of Members receiving physical copy of Notice [for Members whose email IDs are not registered with the Company/Depository Participants (s)]:
- i. E-Voting Event Number – XXXX (EVEN), User ID and Password is provided in the Attendance Slip.



- ii. Please follow all steps from Sl. No. (i) to (xii) above to cast your vote by electronic means.
- II. Voting at AGM: The Members, who have not cast their vote through Remote e-voting can exercise their voting rights at the AGM. The Company will make necessary arrangements in this regard at the AGM Venue. The facility for voting through electronic voting system ('Insta Poll') shall be made available at the Meeting. Members who have already cast their votes by Remote e-voting are eligible to attend the Meeting; however these Members are not entitled to cast their vote again in the Meeting.

A Member can opt for only single mode of voting i.e. through Remote e-voting or by sending assent /descent through post or by voting at the AGM. If a Member casts votes by both electronic mode and through post, then the voting done through Remote e-voting shall prevail over the vote cast through post.

### **OTHER INSTRUCTIONS**

- a. In case of any query and/or grievance, in respect of voting by electronic means, Members may refer to the Help & Frequently Asked Questions (FAQs) and E-voting user manual available at the download section of <https://evoting.karvy.com> (Karvy Website) or contact Mr.G.Ramesh Desai (Unit: Sagarsoft (India) Limited) of Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032 or at [evoting@karvy.com](mailto:evoting@karvy.com) or phone no. 040 – 6716 1500 or call Karvy's toll free No. 1800-3454-001 for any further clarifications.
- b. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- c. The remote e-voting period commences on 23<sup>rd</sup> September, 2018 (9.00 A.M. IST) and ends on 26<sup>th</sup> September, 2018 (5.00 P.M. IST). During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 20<sup>th</sup> September, 2018, may cast their votes electronically. A person who is not a Member as on the cut-off date should treat this Notice for information purposes only. The remote e-voting module shall be disabled for voting thereafter. Once the vote on a resolution(s) is cast by the Member, the Member shall not be allowed to change it subsequently.
- d. The voting rights of Members shall be in proportion to their share of the paid up equity share capital of the Company as on the cut-off date i.e. 20<sup>th</sup> September, 2018.
- e. In case a person has become a Member of the Company after dispatch of AGM Notice but on or before the cut-off date for E-voting i.e., 20<sup>th</sup> September, 2018, he/she may obtain the User ID and Password in the manner as mentioned below:
  - i. If the mobile number of the member is registered against Folio No./ DP ID Client ID, the member may send SMS: MYEPWD <space> E-Voting Event Number+Folio No. or DP ID Client ID to 9212993399  
Example for NSDL:  
MYEPWD <SPACE> IN12345612345678  
Example for CDSL:  
MYEPWD <SPACE> 1402345612345678  
Example for Physical:  
MYEPWD <SPACE> XXXX1234567890

- ii. If e-mail address or mobile number of the member is registered against Folio No. / DP ID Client ID, then on the home page of <https://evoting.karvy.com>, the member may click “Forgot Password” and enter Folio No. or DP ID Client ID and PAN to generate a password.
- iii. Member may call Karvy’s toll free number 1800-3454-001.
- iv. Member may send an e-mail request to [evoting@karvy.com](mailto:evoting@karvy.com). However, Karvy shall endeavor to send User ID and Password to those new Members whose mail ids are available.
- v. The results will be declared on or after the AGM. The results along with the Scrutinizer’s Report, will also be placed on the website of the Company.

### **PROCEDURE AND INSTRUCTIONS FOR WEB CHECK-IN / ATTENDANCE REGISTRATION**

1. **Web Check-in / Attendance Registration:** Members are requested to tender their attendance slips at the registration counters at the venue of the AGM and seek registration before entering the meeting hall. Alternatively, to facilitate hassle free and quick registration/entry at the venue of the AGM, the Company has provided a Web-Check in facility through Karvy’s website. Web Check-in on the Karvy’s website enables the Members to register attendance online in advance and generate Attendance Slip without going through the registration formalities at the registration counters.

#### **Procedure of Web Check-in is as under:**

- a. Log on to <https://karisma.karvy.com> and click on “**Web Check-in for AGM**”.
  - b. Select the name of the company: **Sagarsoft (India) Limited**.
  - c. Pass through the security credentials viz., DP ID/Client ID/Folio no. entry, PAN No & “CAPTCHA” as directed by the system and click on the submission button.
  - d. The system will validate the credentials. Then click on the “Generate my attendance slip” button that appears on the screen.
  - e. The attendance slip in PDF format will appear on the screen. Select the “PRINT” option for direct printing or download and save for the printing.
  - f. A separate counter will be available for the online registered Members at the AGM Venue for faster and hassle free entry and to avoid standing in the queue.
  - g. After registration, a copy will be returned to the Member.
  - h. The Web Check-in (Online Registration facility) is available for AGM during e-voting Period only i.e., 23<sup>rd</sup> September, 2018 (9.00 A.M. IST) to 26<sup>th</sup> September, 2018 (5.00 P.M. IST).
  - i. The Members are requested to carry their valid photo identity along with the above attendance slip for verification purpose.
12. The company has appointed B S S & Associates, Practicing Company Secretaries (Unique Code of Partnership Firm: P2012AP02600), as the ‘Scrutinizer’ to scrutinize the voting and remote e-voting process (including the Ballot Form received from the members who do not have access to the e-voting process) in a fair and transparent manner.
  13. The Scrutinizer shall within a period not exceeding 48 hours from the conclusion of e-voting period unblock the votes in the presence of at least two witnesses not in the

employment of the Company and shall submit his report to the company after completion of the Scrutiny. The results of the voting will be announced on or after the date of the AGM. The results of the voting will also be posted on the company's website [www.sagarsoft.in](http://www.sagarsoft.in) within 48 hours of passing of the resolutions at the AGM of the Company and communicated to the BSE Ltd.

14. In case a Member is desirous of obtaining a duplicate Ballot Form, he may send an e-mail to [einward.ris@karvy.com](mailto:einward.ris@karvy.com) by mentioning their Folio/DP ID and Client ID No. However, the duly completed Ballot Form should reach the Scrutinizer, B S S & Associates, Company Secretaries, Office: Parameswara Apartments, # 6-3-626, 5<sup>th</sup> Floor, 5-A, Anand Nagar, Khairatabad, Hyderabad-500004 not later than 26<sup>th</sup> September, 2018 (5.00 p.m. IST). Ballot Form received after this date will be treated as invalid.
15. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the company during normal business hours (9.30 a.m. to 6.00 p.m.) on all working days except Saturdays and Sundays, up to the date of the Annual General Meeting of the Company.
16. Section 72 of the Companies Act, 2013 provides for Nomination by the shareholders of the Company and the shareholders are requested to avail this facility.
17. The route map showing directions to reach the venue of the 22<sup>nd</sup> AGM is annexed.

By Order of the Board of Directors

Sd/-

**J.Raja Reddy**  
Company Secretary

Hyderabad,  
July 23, 2018

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

## Annexure to the Notice of the 22<sup>nd</sup> Annual General Meeting

### Annexure 1

#### Statement pursuant to Section 102 (1) of the Companies Act 2013

As required by Section 102 of the Companies Act, 2013 (the Act), the following Explanatory Statement sets out all material facts relating to the business mentioned under Item Nos.5 and 6 of the accompanying Notice dated 23<sup>rd</sup> July, 2018.

#### On Item No.5

The current tenure of Shri M.Jagadeesh as Managing Director of the company will expire on 30<sup>th</sup> October 2018. With a view to continue availing his services, the Board, on the recommendation of its Nomination and Remuneration Committee, has re-appointed him as Managing Director for a period of three years with effect from 31<sup>st</sup> October, 2018 on a revised remuneration as recommended by the said committee and detailed in the resolution. Shri M.Jagadeesh has been associated with the company since inception and his business acumen and qualities of leadership have contributed in an immense measure to the growth and stability of the company. The Board is of the firm view that it would be in the interest of the company that he be re-appointed as Managing Director and accordingly it commends the resolution for approval of the Members.

**The statement containing information required to be furnished under Section II of Part II of Schedule V to the Companies Act, 2013 read with Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 is given below:**

I	General Information		
(1)	Nature of Industry	Software	
(2)	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	Rs. in Lakhs	
	Description	2017-18	2016-17
	Income	3732.78	1663.46
	Profit before Interest Depreciation & Tax	956.59	235.11
	Profit after Tax	602.65	106.12
(5)	Export performance and net foreign exchange	Foreign Exchange earned for the year 2017-18 is 47.10 Lakhs dollars	
(6)	Foreign investments or collaborators, if any	Foreign Investments held in the company as on 30.06.2018 are as under:	
	<b>Particulars</b>	<b>No. of Equity Shares of Rs.10/- each</b>	
	NRIs	14317	
	Total (0.26% of the paid-up capital)	<b>14317</b>	
	There are no foreign collaborators.		

II	Information about the appointee		
	(1) Background details	Shri M.Jagadeesh has been associated with the Company since inception. He has contributed to the Company in the area of general administration, marketing and HR. Currently as Managing Director, he is looking after the overall day to day affairs of the Company, subject to superintendence and control of Board of Directors.	
	(2) Past remuneration	The MD is entitled to the following remuneration in his current tenure:	
		Salary	Consolidated Salary of Rs.2,00,000/- p.m.
	(3) Recognition or awards	-	
	(4) Job profile and suitability	<p>The MD devotes his whole time and attention to the business of the company and carries out such duties as may be entrusted to him by the Board of Directors from time to time and exercises such powers as may be assigned to him, subject to the superintendence, control and directions of the Board in connection with and in the best interest of the company. Currently, as a Managing Director, he is looking after the overall day to day affairs of the company along with other whole-time director of the company.</p> <p><u>Suitability:</u> Shri M.Jagadeesh has been associated with the company since inception. He has helped the company to come out of the difficult situations and has been a part of the organization throughout its business cycles so far. He has been instrumental in the revival of the business of the company and its subsequent growth. Under his able leadership, the company, despite the cyclical ups and downs, has had a track record of good performance.</p>	
	(5) Remuneration proposed	Consolidated Salary of Rs.4,00,000/- per month.	
	(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 being proposed to Shri M.Jagadeesh is more or less on par with the remuneration prevailing in the companies of similar size in the software industry and in the event of loss or inadequacy of profit in any financial year during his tenure, the same would be paid in accordance with Schedule V of the Companies Act, 2013 as the minimum remuneration.	

	(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 11,400 shares in it in his personal capacity, he does not have any other pecuniary relationship with the company.	
<b>III</b>	<b>Other Information</b>		
	(1) Reasons for loss or inadequate profits.	The company did not incur any loss in the year 2017-18 and barring unforeseen circumstance, there is no likelihood of the company incurring any loss during his proposed tenure as the Managing Director. However as a measure of caution, in the unlikely event of there being loss or inadequacy of profit in any of the financial year during his term as Managing Director, it is proposed to pay the remuneration mentioned in Sl.No.5 as the minimum remuneration.	
	(2) Steps taken or proposed to be taken for improvement	-	
	(3) Expected increase in productivity and profits in measurable terms	The software industry is expected to get further boost in the coming years with the continuous thrust to these sectors. These will hopefully further increase the demand for IT sector and put the performance of the company on a stronger position.	
<b>IV</b>	<b>Additional information as required under Secretarial Standard-2 notified under Section 118 (10) of the Companies Act, 2013</b>		
	(1) Age	48 years	
	(2) Qualification	-	
	(3) Experience	23 years	
	(4) Date of first appointment on the Board	13.06.2002	
	(5) Shareholding in the company	11,400 equity shares (0.20%)	
	(6) Relationship with other Directors	Nil	
	(7) Number of meetings of the Board attended during the year	4	
	(8) Other Directorships	<b>Name of the Company</b>	<b>Nature of Directorship</b>
		Savyasachi Constructions Private Limited, Hyderabad	Director
		Sapplica Info Technologies Private Limited, Hyderabad	Director
	(9) Membership/Chairmanship of Committees of other Boards	Nil	

As the Resolution is for the re-appointment of Shri M.Jagadeesh as Managing Director and payment of remuneration to him, to that extent he may be deemed to be interested in the resolution.

None of the other directors or Key Managerial Personnel (KMP) of the company or the relatives of Directors and KMPs is, in any way, concerned or interested, financially or otherwise, in the Resolution. Your Directors commend the resolution for approval of the shareholders.

#### On Item No.6

The current tenure of Shri K.Pradeep Kumar Reddy as Executive Director of the Company will expire on 05th November 2018. With a view to continue availing his services, the Board, on the recommendation of its Nomination and Remuneration Committee, has re-appointed him as Executive Director for a period of three years with effect from 06th November, 2018 on a revised remuneration as recommended by the said committee and detailed in the resolution. Shri K.Pradeep Kumar Reddy has been associated with the company since 1999. The company has immensely benefited from his Technical Knowledge and Leadership qualities. The Board is of the firm view that it would be in the interest of the company that he be re-appointed as Executive Director and accordingly it commends the resolution for approval of the Members.

**The statement containing information required to be furnished under Section II of Part II of Schedule V to the Companies Act, 2013 read with Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 is given below:**

<b>I General Information</b>			
(1) Nature of Industry	Software		
(2) 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	Rs. in Lakhs		
	Description	2017-18	2016-17
	Income	3732.78	1663.46
	Profit before Interest Depreciation & Tax	956.59	235.11
	Profit after Tax	602.65	106.12
(5) Export performance and net foreign exchange	Foreign Exchange earned for the year 2017-18 is 47.10 Lakhs dollars		
(6) Foreign investments or collaborators, if any	Foreign Investments held in the company as on 30.06.2018 are as under:		
	<b>Particulars</b>	<b>No. of Equity Shares of Rs.10/- each</b>	
	NRIs	14317	
	Total (0.26% of the paid-up capital)	<b>14317</b>	
	There are no foreign collaborators.		

II Information about the appointee		
(1) Background details	Shri K. Pradeep Kumar Reddy has been with the company since 1999. He holds Bachelor of Technology and Masters in Business Management (Finance & Marketing) degrees. He has contributed in the areas of Project Delivery, Finance, HR, identifying new lines of business, and IT Infrastructure Management. Currently he is the Executive Director (ED) of the Company.	
(2) Past remuneration	The ED is entitled to the following remuneration in his current tenure:	
	Salary	Consolidated Salary of Rs.40,00,000/-p.a.
(3) Recognition or awards	-	
(4) Job profile and suitability	The ED devotes his whole time and attention to the business of the company and carries out such duties as may be entrusted to him by the MD and or by the Board from time to time and exercises such powers as may be assigned to him, subject to the superintendence, control and directions of the Board in connection with and in the best interest of the company. Currently, as an executive Director & CFO, he is looking after the overall day to day affairs including finance functions of the company.	
	<u>Suitability:</u> Shri K.Pradeep Kumar Reddy has been associated with the company for the past 17 Years. He has established several practice areas including RPO, Support & Maintenance and was instrumental in expanding company services into new generation services including Social media and Mobile development. He took lead in formulating and implementing operational strategies to institute effective cost controls, Financial Management, staffing reductions and revenue improvements.	
(5) Remuneration proposed	Consolidated Salary of Rs.4,00,000/-per month.	
(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 being proposed to Shri K.Pradeep Kumar Reddy is more or less on par with the remuneration prevailing in the companies of similar size in the software industry and in the event of loss or in adequacy of profit in any financial year during his tenure, the same would be paid in accordance with Schedule V of the Companies Act, 2013 as the minimum remuneration.	



	(7) Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel, if any	Apart from being the Executive Director & CFO of the company, he does not have any other pecuniary relationship with the company.		
<b>III</b>	<b>Other Information</b>			
	(1) Reasons for loss or inadequate profits.	The company did not incur any loss in the year 2017-18 and barring unforeseen circumstance, there is no likelihood of the company incurring any loss during his proposed tenure as the Executive Director & CFO. However as a measure of caution, in the unlikely event of there being loss or inadequacy of profit in any of the financial year during his term as Executive Director, it is proposed to pay the remuneration mentioned in Sl.No.6 as the minimum remuneration.		
	(2) Steps taken or proposed to be taken for improvement	-		
	(3) Expected increase in productivity and profits in measurable terms	The software industry is expected to get further boost in the coming years with the continuous thrust to these sectors. These will hopefully further increase the demand for IT sector and put the performance of the company on a stronger position.		
<b>IV</b>	<b>Additional information as required under Secretarial Standard-2 notified under Section 118 (10) of the Companies Act, 2013</b>			
	(1) Age	46 years		
	(2) Qualification	Bachelor of Technology and Masters in Business Management (Finance & Marketing)		
	(3) Experience	19 years		
	(4) Date of first appointment on the Board	06.11.2012		
	(5) Shareholding in the company	Nil		
	(6) Relationship with other Directors	Nil		
	(7) Number of meetings of the Board attended during the year	4		
	(8) Other Directorships	<b>Name of the Company</b>	<b>Nature of Directorship</b>	
		Savyasachi Constructions Private Limited, Hyderabad	Director	
Saplica Info Technologies Private Limited, Hyderabad		Director		
(9) Membership/Chairmanship of Committees of other Boards	Nil			

As the Resolution is for the re-appointment of Shri K.Pradeep Kumar Reddy as Executive Director and payment of remuneration to him, to that extent he may be deemed to be interested in the resolution.

None of the other directors or Key Managerial Personnel (KMP) of the company or the relatives of Directors and KMPs is, in any way, concerned or interested, financially or otherwise, in the Resolution. Your Directors commend the resolution for approval of the shareholders.

By Order of the Board of Directors

Sd/-

**J.Raja Reddy**  
Company Secretary

Hyderabad,  
July 23, 2018

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

**Annexure 2**  
(Pursuant to Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015)

**Details of Directors seeking re-appointment at the Annual General Meeting**

S. No.	Particulars	Name of the Director			
		Shri.S.Sreekanth Reddy	Shri. K.Satish Chander Reddy	Shri M Jagadeesh	Shri K Pradeep Kumar Reddy
1	Date of birth	27.08.1971	05.12.1963	26.07.1971	03.05.1973
2	Qualification	B.E.(I&P), P.G.Diploma in Cement Technology	B.E., M.S	-	Bachelor's Degree in Technology and Masters in Business Management.
3	Experience in specific functional areas	Technocrat and Entrepreneur	Software Engineer	Has been on the Board since 13.06.2002 and appointed as Managing Director wef 31.10.2008. He has wide experience in Information Technology and Business Administration.	Has been on the Board since 06.11.2012 as Director (Operations) and appointed as Whole-time Director w.e.f. 06.11.2015. He has wide experience in Information Technology and Business Administration.
4	Directorships in other Public Companies	Sagar Cements Ltd Sagar Cements ( R) Ltd Sagar Power Ltd Sagar priya Housing and Industrial Enterprises Ltd	Nil	Nil	Nil
5	Membership of Audit / Shareholders / Investors Grievances Committees in other Public Limited Companies	Nil	Nil	Nil	Nil
6	Shareholding in the Company	11,54,500	Nil	11,400	Nil
7	Inter-se relationship with other directors of the company	Nil	Nil	Nil	Nil

By Order of the Board of Directors

Hyderabad  
July 23, 2018

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

Sd/-  
**J.Raja Reddy**  
Company Secretary



## DIRECTORS' REPORT AND MANAGEMENT DISCUSSION ANALYSIS REPORT

Dear Members

Your Directors are pleased to present their 22<sup>nd</sup> Annual Report together with the audited financial statements of the company for the year ended March 31, 2018.

### FINANCIAL RESULTS

The discussion on the financial condition and results of operations of the company should be read in conjunction with the company's audited financial statements and notes thereto for the year ended 31<sup>st</sup> March, 2018.

(Rs.in Lakhs)

Particulars	Year ended	
	31 <sup>st</sup> March, 2018	31 <sup>st</sup> March, 2017
Income from operations	3700.07	1629.78
Other Income	32.71	33.68
<b>Total Income</b>	<b>3732.78</b>	<b>1663.46</b>
Total Expenditure	2776.19	1428.35
<b>Profit before depreciation, interest and tax</b>	<b>956.59</b>	<b>235.11</b>
Depreciation	100.09	74.94
Interest	-	-
<b>Profit before tax</b>	<b>856.50</b>	<b>160.17</b>
Provision for Tax	236.15	18.68
Deferred Tax Asset / (Liability) for the year	17.70	35.38
Net Profit	602.65	106.12

### DIVIDEND

Your Board has recommended a dividend of Rs.2.50 per equity share (25%) on the 55,60,000 equity shares of Rs.10/- each for the year.

### TRANSFER TO RESERVES

The entire balance available in the Profit and Loss Account is retained in it as no transfer from it to reserves is contemplated.

### SHARE CAPITAL

The paid up capital of the company is Rs.5,56,00,000/- consisting of 55,60,000 equity shares of Rs.10/- each and there was no change in the share capital of your company during the year under report.

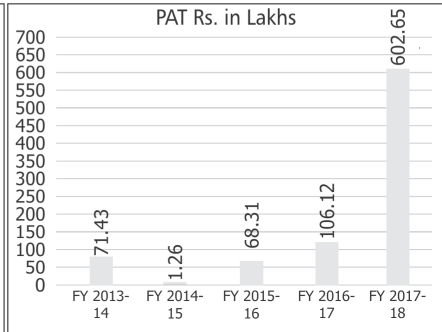
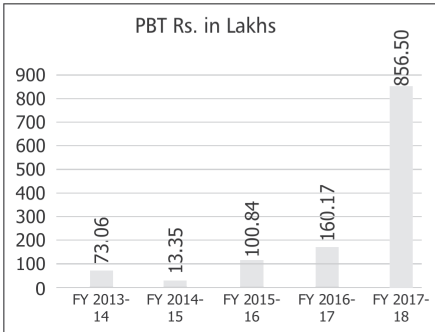
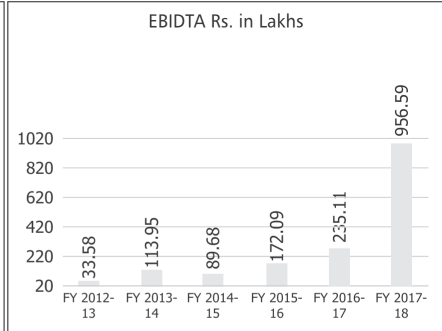
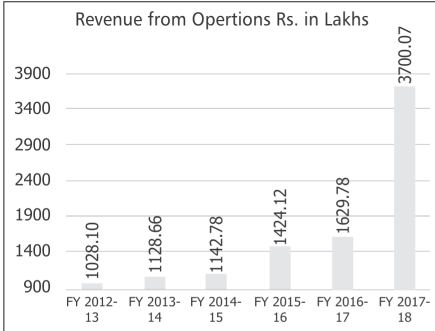
### MANAGEMENT DISCUSSION AND ANALYSIS

To avoid repetition in the Directors' Report and the Management Discussion and Analysis Report, the information under these reports is furnished below, as a composite summary of the performance of the various aspects of the business of your company.

### COMPANY'S PERFORMANCE

During the year, your company earned a revenue of Rs.3700.07 lakhs as against 1629.78 lakhs in the previous year, higher by 127%. Earnings before interest, tax, depreciation and amortization (EBITDA) was Rs.956.59 lakhs against Rs.235.11 lakhs in the previous year. Profit after tax (PAT) for the year was Rs.602.65 lakhs as against Rs.106.12 lakhs in the previous year.

## PERFORMANCE HIGHLIGHTS



## NEW SOFTWARE DEVELOPMENT CENTRE

Your Company has set up one more software development center to cater to the needs of its expanding operations and it has come into operations from 25<sup>th</sup> September, 2017.

## SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE COMPANIES

The company has no subsidiaries, joint ventures or associate companies. During the Financial Year, no company ceased as Subsidiary, joint venture or associate of the company.

## INDUSTRY REVIEW

India is a hotbed for digital innovation with a rich ecosystem of start-ups, tech providers and service providers engaged in global delivery and investing in digital IP solutions. India based digital providers are creating impact by targeted investments across people, process, technology and a leading destination for delivery of digital services.

The global IT industry stood at around USD 1.3 trillion in the year 2017, showing a growth of 4.3% over 2016. Global sourcing growth outperformed global IT-BPM spend growth in 2017. India's IT-BPM industry is set to grow at 8% in FY 2018. The industry continues to be a net hirer of resources for FY 2018.

India is on track to be a Trillion Dollar Digital Economy backed by government's collaborative approach to encourage private sector participation. Increasing access to internet in both urban as well as rural areas, ambitious e-governance projects, continued focus on skill development and growing digital transactions are key growth indicators. However, pressure on billing rates and rising wages in the hunt for high quality resources, is likely to hit the profit margins.

## OVERVIEW

Sagarsoft is an IT, Consulting, and next generation Digital Solutions provider, offering business, technology and related services to global enterprises. It has made decent progress in the recent years in consolidating its business in all service areas and in acquiring new clients in Cloud and other new age technologies.

It offers a range of Technology solutions spanning diverse domains. We are currently engaged in delivering critical applications targeted at Pharmaceutical, Entertainment, Digital Marketing, Financial Services, E-Commerce, Information Technology companies.

Sagarsoft focus is more on optimization and productivity within the existing employees along with their skill enhancement and enrichment and its objective is to build sustainable organisation that remains relevant to the agenda of the client along with growth opportunities for the employees and generating returns for the investors.

## OPPORTUNITIES AND THREATS

Spending on technology products and services by our clients and prospective clients is subject to fluctuations depending on many factors, including both the economic and regulatory environment in the markets in which they operate.

Your company believes in focusing on niche areas that gives strength and competitive advantage to position itself as a leading IT services and solutions provider.

## OUR STRATEGY

Sagarsoft strategy for long term growth will continue to be in strengthening existing client's relationships through a customer centric approach and by further expanding its market in to newer businesses and services. It has successfully navigated through technology cycles, adapting each time to build relevant new capabilities and helping clients realise the benefits of that new technology. Our consistent track record of successful projects deployed in strikingly different industry sectors serves as a strong foundation for defining a project plan that suits specific business needs and adheres to defined constraints and infrastructure and resource limits. We use a flexible blend of our engagement, execution and delivery models over a contemporary technology services stack.

Changing economic business conditions, evolving consumer preferences, rapid technological innovation and adoption and globalization are creating an increasingly competitive market environment that is driving companies to transform the manner in which they presently operate and makes the business very resilient.

## OUTLOOK

IT Sector is witnessing a rapid evolution, attracting new customer segments, and offering a considerably wider spectrum of solutions. It will create a market that will serve as technology differentiator for customers, shifting from cost to innovation. Global growth is projected to strengthen with mixed trends in advanced markets and a pickup in emerging and developing economies.

The focus on delivering superior customer experiences is expected to result in greater demand for digital marketing, design, human machine interaction and virtual reality. The Cloud adoption, automation and simplification will continue to be key initiatives towards greater efficiency.

With the rapidly changing world, Information Technology has become an integral part of every industry, with socio, economic, business and technological trends. India is now becoming home to a new breed of startup companies focusing on high growth areas such as mobility, e-commerce and other vertical specific solutions, creating new markets and driving innovation. The continued reduction in the unit cost of hardware, the explosion of network bandwidth, advanced software technologies and technology enabled services are fueling the rapid digitization of business processes and information. Traditional business models are being

replaced with digital and software based business models. The Indian IT sector continues to be one of the largest employers in the country.

The future looks exciting and positive as the IT industry is evolving dramatically in terms of scale and complexity. The sector will leverage its collaboration, innovation, technology shifts and build a transformational agenda for India. The IT sector continues to impact India's economic growth through job creation, foreign exchange earnings, exports and positions India as a global partner in Information Technology.

Taking an overall view of the above, your Board is cautiously optimistic about the future outlook for your company.

## **RISK MANAGEMENT**

Your Company attaches utmost importance to the assessment of internal risks and the management thereof in all its dealings. The Company is constantly on the lookout for identifying opportunities to enhance its enterprise value and keeping the need to minimize the risks associated with such efforts, every proposal of significant nature is screened and evaluated for the risks involved and then approved at different levels in the organisation before implementation.

Sagarsoft (India) Limited has identified a suitable approach and framework for risk management which meets its business, legal and regulatory requirements. The management has decided to adopt the same framework for entire organization. It has a Security Management Group with representatives from all functional team and a representative of the senior management team leads the group. Its steering committee meets at least once in 6 months to identify the risks throughout the organization.

Based on severity level of the risk, corrective action is identified and implemented with prior approval from the risk owners and Top Management, wherever applicable. Controls are identified in the Risk Assessment and Risk Treatment. The first step in risk assessment procedure is to identify the list of information and critical information assets in each function. After identification, these information assets are identified with the Owner and they are classified based on the functions. The steering committee or CISO meets and reviews the implementation status once in every 2 months. To conduct the review, at least one representative from each function is present.

Your company has adequate system to manage the financial risks of its operations. The system is implemented through imposition of checks and balances of customers, audits like internal audit, statutory and secretarial audit, all of which are periodically carried out through external firms and by adequate insurance coverage for the company's facilities.

## **INTERNAL CONTROL SYSTEM AND ITS ADEQUACY**

The Board of Directors are satisfied with the adequacy of the internal control system in force in all its major areas of operations of the Company. The Company has an external firm of Chartered Accountants as Internal Auditors to observe the Internal Controls, whether the work flows of organization is being done through the approved policies of the Company and similar matters. Internal Auditors present its report to the Audit Committee. The audit committee assists the board of directors in monitoring the integrity of the financial statements and the reservations, if any, expressed by the company's auditors including, the financial, internal and secretarial auditors and based on their inputs, the board is of the opinion that the company's internal controls are adequate and effective.

## **HUMAN RESOURCE AND EMPLOYEES- HR POLICY**

Your company continues to enjoy cordial relationship with all its personnel at all levels and focusing on attracting and retaining competent personnel and providing a holistic environment where they get opportunities to grow and realise their full potential. Your company is committed to providing all its employees with a healthy and safe work environment.

Your company is organizing training programmes wherever required for the employees concerned to improve their skill. Employees are also encouraged to participate in the seminars organized by the external agencies related to the areas of their operations.

### **SEXUAL HARASSMENT**

Regarding the Sexual Harassment of Women at the work place (Prevention, Prohibition & Redressal) Act, 2013, the company has an Internal Complaints Committee. However, no complaints were received or disposed off during the year under the above Act.

### **AWARDS AND RECOGNITIONS**

Your company has already been appraised at CMMI Level 3 and has maintained ISO/IEC 27001:2013 Certification for Information Security Management System (ISMS) for its Software Development & Software Support services and support functions.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 134 (5) of the Companies Act, 2013, the Board of Directors, to the best of their knowledge and ability, confirm that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) the Directors have selected such accounting policies and applied them consistently and made judgement and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the company for the period;
- (iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the Directors have prepared the annual accounts on a going concern basis;
- (v) the Directors have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and operating effectively;
- (vi) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### **DIRECTORS AND KEY MANAGERIAL PERSONNEL**

The terms of office of Shri.M Jagadeesh and Shri.K.Pradeep Kumar Reddy as Managing Director and Executive Director of the company are expiring on 30<sup>th</sup> October, 2018 and 05<sup>th</sup> November, 2018 respectively and they have been re-appointed in the respective capacities by your Board based on the recommendation of its Nomination and Remuneration Committee. Shri K.Pradeep Kumar Reddy is also CFO of the Company.

Shareholders approvals are being sought for the above said re-appointments.

In accordance with the provisions of Section 152 of the Companies Act, 2013, Shri S.Sreekanth Reddy and Shri K.Satish Chander Reddy will be retiring by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. Accordingly, resolutions seeking the approval of the members for the said re-appointments have been incorporated in the notice of the annual general meeting.

Except Shri S.Sreekanth Reddy, who is a director in Sagar Cements Limited and Sagar Cements (R) Limited, whose transactions with the company have been reported under the related parties disclosure under notes to the accounts and Shri.N.Hari Mohan and Shri.K.Prasad, to the extent of shares held by them, none of the other non-executive/Independent directors has had any pecuniary relationship or transactions with the company, other than the receipt of sitting fee for the meetings of the Board and Committees thereof attended by them.



## INDEPENDENT DIRECTORS DECLARATION

The company has received the necessary declaration from each Independent Director in accordance with Section 149 (7) of the Companies Act 2013, that they meet the criteria of independence as laid out in sub-section (6) of Section 149 of the Companies Act 2013.

## MEETING OF INDEPENDENT DIRECTORS

The Independent Directors met on 22<sup>nd</sup> January, 2018, without the attendance of Non-Independent Directors and members of the Management. The Independent Directors reviewed the performance of Non-Independent Directors and the Board as a whole, the performance of the Chairman of the Company, taking into account the views of Executive Director and Non-Executive Directors and assessed the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board Members to effectively and reasonably perform their duties.

## NUMBER OF MEETINGS OF THE BOARD

Four Board meetings were held during the financial year 2017-18 and the gap between two consecutive meetings did not exceed one hundred and twenty days. These meetings were held 24<sup>th</sup> May, 2017, 02<sup>nd</sup> August, 2017, 06<sup>th</sup> November, 2017 and 22<sup>nd</sup> January, 2018.

Attendance of directors at the above meetings

Name of the Director	Number of board meetings during the year 2017-18	
	Held	Attended
Shri S Sreekanth Reddy	4	4
Shri M Jagadeesh	4	4
Shri K Pradeep Kumar Reddy	4	4
Shri N Hari Mohan	4	2
Shri K Rakesh Rao	4	1
Shri K Satish Chander Reddy	4	-
Shri K Prasad	4	4
Shri K Ganesh	4	4
Smt. Neelima Kaushik	4	3

## SUB COMMITTEES OF THE BOARD

The Board has Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee.

## AUDIT COMMITTEE

The Company has an Audit Committee at the Board level with power and role that are in accordance with Section 177 of the Companies Act, 2013 and with Listing Regulations. The Audit Committee oversees the accounting, auditing and overall financial reporting process of the Company. The Audit Committee acts as a link among the Management, the Statutory Auditors, Internal Auditors and the Board of Directors to oversee the financial reporting process of the Company.

### Composition of Audit Committee

- (1) Shri K.Prasad – Chairman (Independent Director)
- (2) Shri M.Jagadeesh - Member
- (3) Shri K.Ganesh – Member (Independent Director)

The Audit Committee which met four times during the year 2017-18, held its meetings on 24<sup>th</sup> May, 2017, 02<sup>nd</sup> August, 2017, 06<sup>th</sup> November, 2017 and 22<sup>nd</sup> January, 2018.

## Attendance of members during financial year 2017-2018

Name of the Member	Number of Audit Committee meetings during the year 2017-18	
	Held	Attended
Shri K.Prasad	4	4
Shri M.Jagadeesh	4	4
Shri K.Ganesh	4	4

### NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee has been entrusted with role of formulating criteria for determining the qualifications, positive attributes and independence of the Directors as well as for identifying persons who may be appointed at senior management levels and also for devising a policy on remuneration of Directors, Key Managerial Personnel and other senior employees. The Committee has the power and role that are in accordance with Section 177 of the Companies Act, 2013 and with Listing Regulations.

#### Composition of Committee

- (1) Shri K.Prasad – Chairman (Independent Director)
- (2) Shri N.Hari Mohan – Member (Independent Director)
- (3) Shri K.Ganesh – Member (Independent Director)

The need for convening a meeting of the said committee was not felt during the year 2017-18.

### STAKEHOLDERS RELATIONSHIP COMMITTEE

Stakeholders' Relationship Committee ensures quick redressal of the complaints of the stakeholders and oversees the process of share transfer. The Committee also monitors redressal of Shareholders'/Investors' complaints/ grievances. In addition, the Committee also monitors other issues including status of Dematerialization/ Rematerialization of shares issued by the Company.

#### Composition of Committee

- (1) Shri K.Prasad – Chairman (Independent Director)
- (2) Shri N.Hari Mohan – Member (Independent Director)
- (3) Shri K.Rakesh Rao – Member (Independent Director)

The need for convening a meeting of this committee was not felt during the year 2017-18.

### POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION AND OTHER DETAILS

Under Section 178 (3) of the Companies Act, 2013, the Nomination and Remuneration Committee of the board has adopted a policy for nomination, remuneration and other related matters for directors and senior management personnel.

### BOARD EVALUATION

The Board of directors have carried out an evaluation of its own performance and of its committees as well as its individual directors on the basis of criteria such as composition of the Board & committees, experience & competencies, performance of specific duties & obligations, contribution at the meetings and otherwise, independent judgment, governance issues and functioning etc.,

### AUDITORS

M/s.Lakshmi & Associates, Chartered Accountants (Firm Registration No.012482S) were appointed as the statutory auditors of the Company by the shareholders at their 21<sup>st</sup> Annual General Meeting held on 22<sup>nd</sup> September, 2017, to hold office from the conclusion of the said Annual General Meeting till the conclusion of the 26<sup>th</sup> Annual General Meeting to be held in the year 2022. Though the said appointment was required to be ratified at every annual

general meeting under Section 139, in accordance with the Companies Amendment Act, 2017 enforced from 7<sup>th</sup> May, 2018 by Ministry of Corporate Affairs, the appointment of Statutory Auditors is not required to be ratified at every Annual General Meeting anymore.

## **AUDITORS' REPORT AND SECRETARIAL AUDITORS' REPORT**

### **AUDITORS' REPORT**

The auditors' report on the financial statements of the company is part of this report and it does not contain any qualifications, reservations or any adverse remarks.

### **SECRETARIAL AUDITORS' REPORT**

In accordance with Section 204 (1) of the Companies Act, 2013, the report furnished by the Secretarial Auditors, who carried out the secretarial audit of the company under the said Section is given in the Annexure-1, which forms part of this report. The said report does not contain any qualifications, reservations or adverse remarks.

### **SECRETARIAL STANDARDS**

The Company has complied with all the applicable secretarial standards.

### **PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS**

The particulars of loans, guarantees and investments have been disclosed in the financial statements.

### **TRANSACTIONS WITH RELATED PARTIES**

None of the transactions with related parties falls under the scope of Section 188 (1) of the Act. Information on transactions with related parties pursuant to Section 134 (3) (h) of the Act read with rule 8 (2) of the Companies (Accounts) Rules, 2014 is given in Annexure-2 in Form AOC-2 and which forms part of this report.

All related party transactions entered into during the financial year were on arm's length basis and in the ordinary course of business. There were no materially significant related party transactions entered into by the company with the promoters, key management personnel or other designated persons that may have potential conflict with the interests of the company at large. All related party transactions had prior approval of the Audit Committee and were later ratified by the Board.

### **EXTRACT OF ANNUAL RETURN**

As provided under Section 92 (3) of the Act, an extract of annual return in the prescribed Form MGT-9 is given in Annexure -3 which forms part of this report, a copy of which is also available on the company's website [www.sagarsoft.in](http://www.sagarsoft.in).

### **CORPORATE SOCIAL RESPONSIBILITY**

Your Company has recently constituted a CSR committee with following directors as its members:

- (1) Shri M.Jagadeesh, Managing Director
- (2) Shri N.Hari Mohan, Independent Director
- (3) Smt Neelima Kaushik, Independent Director

However, provisions of Section 135 of the Companies Act, 2013 relating to Corporate Social Responsibility are not applicable to the Company for the year under report.

### **CHANGE IN THE NATURE OF BUSINESS**

There is no change in the nature of business of the Company.

## MATERIAL CHANGES AND COMMITMENTS

There were no material changes or commitments between the end of the financial year and the date of this report and no significant and material orders were passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

## VARIATIONS IN NET WORTH

The Net worth of the Company as at the Financial Year ending on March 31, 2018 is Rs.17.01 Crores as compared to Rs.10.89 Crores as at the end of previous financial year ended on March 31, 2017.

## PARTICULARS OF EMPLOYEES

The information required under Section 197 of the Act read with Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules are given below.

- a. The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year:

Particulars	Ratio to Median Remuneration
<b>Non-Executive Directors*</b>	-
<b>Executive Directors</b>	
Shri M.Jagadeesh, Managing Director	3.23
Shri K.Pradeep Kumar Reddy, Executive Director & CFO	5.38

\*Non-Executive Directors are not paid any remuneration, other than sitting fee.

- b. The percentage increase in remuneration of each director, chief executive officer, chief financial officer, company secretary in the financial year:

Director, Chief Executive Officer, Chief Financial Officer and Company Secretary	% increase in remuneration in the financial year
Shri S.Sreekanth Reddy	These Directors were not paid any Remuneration, other than sitting fee.
Shri K.Satish Chander Reddy	
Shri K.Prasad	
Shri N.Hari Mohan	
Shri K.Rakesh Rao	
Shri K.Ganesh	
Smt. Neelima Kaushik	
Shri M.Jagadeesh, Managing Director	Nil
Shri K.Pradeep Kumar Reddy, Executive Director & CFO.	Nil
Shri J.Raja Reddy, Company Secretary	10%

- c. The percentage increase in the median remuneration of employees in the financial year: 10.95%.
- d. The number of permanent employees on the rolls of Company: 183.
- e. The explanation on the relationship between average increase in remuneration and Company performance:

On an average, employees received an annual increase of around 10% in India.

In order to ensure that remuneration reflects Company performance, the performance of the company is also one of the parameters for fixing the remuneration to the employees.

- f. Comparison of the remuneration of the key managerial personnel against the performance of the Company:

Aggregate remuneration of key managerial personnel (KMP) in FY18 (Lakhs)	82.03
Revenue (Lakhs)	3732.78
Remuneration of KMPs (as % of revenue)	2.20
Profit before Tax (PBT) (Lakhs)	856.50
Remuneration of KMP (as % of PBT)	9.58

- g. Variations in the market capitalization of the company, price earnings ratio as at the closing date of the current financial year and previous financial year:

Particulars	March 31, 2018	March 31, 2017	% Change
Market capitalization (in Cr)	42.23	18.93	123.05
Price Earnings Ratio*	6.90	24.32	-71.61

- h. Percentage increase over decrease in the market quotations of the shares of the company, comparison to the rate at which the company came out with the last public offer:

Particulars	March 31, 2018	March 31, 2017	% Change
Market Price in BSE	75.95	34.05	123.05

- i. Average percentage increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

The average annual increase was around 12% for personnel other than managerial personnel.

Increase in the managerial remuneration for the year was Nil.

- j. Comparison of each remuneration of the key managerial personnel against the performance of the Company:

Particulars	MD	ED & CFO	CS
Remuneration in FY17-18 (Lakhs)	24.00	40.00	18.03
Revenue (Lakhs)	3732.78		
Remuneration as % of revenue	0.64	1.07	0.48
Profit before Tax (PBT) (Lakhs)	856.50		
Remuneration (as % of PBT)	2.80	4.67	2.10

- k. The key parameters for any variable component of remuneration availed by the directors: Nil.

- l. The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year: **None**.

- m. Affirmation that the remuneration is as per the remuneration policy of the Company:  
The Company affirms that the remuneration is as per the remuneration policy of the Company.

There are no employees drawing remuneration in excess of the limits set out in the Rule 5 (2) and (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

#### **VIGIL MECHANISM**

The company has formulated a Whistle Blower Policy to provide Vigil Mechanism for employees of the company to report genuine concerns. The provisions of this policy are in line with the provisions of the Section 177 (9) of the Act and the Listing Regulations.

#### **DEPOSITS FROM PUBLIC**

The company has not accepted any deposits from public and as such, no amount on account of principal or interest on deposits from public was outstanding as on the date of the balance sheet.

#### **INSURANCE**

All the properties of the Company have been adequately insured.

#### **INDUSTRIAL RELATIONS**

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

#### **CORPORATE GOVERNANCE**

As stipulated vide regulation 15(2) of the SEBI (LODR) Regulations, 2015, the requirement of furnishing report on corporate governance is not applicable to your company as it's paid up capital and networth is below the threshold limit of Rs.10.00 Crores and Rs.25.00 crores respectively.

#### **INTERNAL FINANCIAL CONTROL AND ITS ADEQUACY**

Your Company has put in place adequate internal financial controls with reference to the financial statements. The Internal Audit of the Company is regularly carried out by an external firm of chartered accountants to review the internal control systems and processes. The internal Audit Reports along with recommendations contained therein and their implementations are periodically reviewed by Audit Committee of the Board.

#### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

Information with respect to conservation of energy, technology absorption, foreign exchange earnings and outgo pursuant to Section 134(3)(m) of the Companies Act, 2013 read with rule 8 of the Companies (Accounts) Rules, 2014:

##### **Conservation of Energy**

The Company makes conscious efforts to reduce its energy consumption though its nature of operations are not energy-intensive. Some of the measures undertaken by the Company on a continuous basis during the year are stated below:

- (i) Steps taken or impact on conservation of energy:
  - i. Rationalization of usage of electrical equipments– air-conditioning system, office illumination, desktops.
  - ii. Regular monitoring of temperature inside the buildings and controlling the air-conditioning System.

(ii) Steps taken for utilizing alternate sources of energy:

Usage of energy efficient illumination fixtures.

(iii) Capital investment on energy conservation equipments: Nil

(a) Technology absorption, Adoption and Innovation : Nil

(b) Foreign Exchange Earnings and Outgo :

Details of foreign exchange earnings and outgo as per the Companies Act, 2013, are given below.

(Rs.in lakhs)

<b>Foreign Exchange Earning and Outgo</b>	<b>2017-18</b>	<b>2016-17</b>
Foreign Exchange earned	3031.07	1504.07
Foreign Exchange outflow	20.69	14.47

#### **CAUTIONARY STATEMENT**

Statements in these reports describing company's projections statements, expectations and hopes are forward looking. Though, these expectations etc., are based on reasonable assumption, the actual results might differ.

#### **ACKNOWLEDGEMENT**

Your Board takes this opportunity to express the gratitude to all the Investors, clients / customers, Vendors, Bankers, Regulatory and Government Authorities and Business associates for their continued support and cooperation extended to the Company. Your Board also takes this opportunity to place on record its appreciation of the contributions made by employees of the company at all levels and last but not least, of the continued confidence reposed by you in the Management.

For and on behalf of the Board

Sd/-

**S.Sreekanth Reddy**  
Chairman

Hyderabad  
July 23, 2018

Form No. MR-3

Secretarial Audit Report

For the Financial Year ended March 31, 2018

[Pursuant to Section 204(1) of the Companies Act, 2013 and  
Rule No. 9 of the Companies (Appointment and Remuneration of  
Managerial Personnel) Rules, 2014]

To  
The Members,  
Sagarsoft (India) Limited,  
Plot No.111, Road No.10,  
Jubilee Hills,  
Hyderabad-500033.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s.Sagarsoft (India) Limited** (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of **M/s. Sagarsoft (India) Limited's** books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company, during the audit period covering the financial year ended on March 31, 2018, complied with the statutory provisions listed hereunder and also the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by **Sagarsoft (India) Limited** for the financial year ended on March 31, 2018 according to the provisions of:

- 1) The Companies Act, 2013 (the Act) and the rules made thereunder;
- 2) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- 3) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- 4) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.
- 5) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 - **Not applicable to the Company during the audit period**;
  - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Securities



and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 - **Not applicable to the Company during the audit period;**

- e. Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - **Not applicable to the Company during the audit period;**
  - f. Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client - **Not applicable to the Company during the audit period;**
  - g. Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - **Not applicable to the Company during the audit period;** and
  - h. Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 - **Not applicable to the Company during the audit period;**
- 6) Laws specially applicable to the industry to which the Company belongs, as identified by the Management:
- a) Information Technology Act, 2000 and the rules made thereunder;
  - b) The Indian Copy Rights Act, 1957;
  - c) The Patents Act, 1970; and
  - d) The Trade Marks Act, 1999.

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India;
- (ii) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

**We further report that** on examination of the relevant documents and records and based on the information provided by the Company, its officers and authorized representatives during the conduct of the audit, and also on the review of compliance reports by respective department heads / Company Secretary of the Company, in our opinion, there exist adequate systems and processes and control mechanism exist in the Company to monitor and ensure compliance with applicable general laws.

**We further report that** the compliances by the Company of applicable financial laws, like direct and indirect tax laws, have not been reviewed in this audit since the same have been subject to review by internal auditors and other designated professionals.

**We further report that** the Board of Directors of the Company has been duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There were no changes in the composition of Board of Directors during the period under review.

**We further report that** adequate notice was given to all directors to schedule the Board meetings and agenda with detailed notes there on were sent to all the directors at least Seven days in advance, and a system exists for seeking and obtaining further information and clarifications as may be required on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous.

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

**We further report that**, during the audit period no event has occurred during the year which has a major bearing of the Company's affairs.

For **B S S & Associates**  
Company Secretaries

**S.Srikanth**  
Partner

Place: Hyderabad  
Date: 11.05.2018

ACS No.: 22119  
C P No.: 7999

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

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**'Annexure A'**

To  
The Members,  
Sagarsoft (India) Limited,  
Plot No.111, Road No.10,  
Jubilee Hills,  
Hyderabad-500033.

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

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verifications were done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, followed by the Company provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **B S S & Associates**  
Company Secretaries

**S.Srikanth**  
Partner

Place: Hyderabad  
Date: 11.05.2018

ACS No.: 22119  
C P No.: 7999

**Form No. AOC-2**

[ Pursuant to Clause (h) of sub-section (3) of Section 134 of the Act and Rule 8 (2) of the Companies (Accounts) Rules, 2014 ]

Form for disclosure of particulars of contracts / arrangements entered in to by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

**1. Details of contracts or arrangements or transactions not at arm's length basis:**

Sagarsoft (India) Limited has not entered into any contract or arrangement or transaction with its related parties which is not at arm's length during financial year 2017-18.

**2. Details of material contracts or arrangements or transactions at arm's length basis:**

There were no material contracts or arrangements or transactions on related parties during the financial year 2017-18.

On behalf of the Board of Directors

Hyderabad  
July 23, 2018

**S.Sreekanth Reddy**  
Chairman

Form No.MGT-9

Extract of Annual Return  
as on the financial year ended on March 31, 2018

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

I. Registration and other details

i.	CIN	:	L72200TG1996PLC023823
ii.	Registration Date	:	17 <sup>th</sup> April, 1996
iii.	Name of the Company	:	Sagarsoft (India) Limited
iv.	Category / Sub-Category of the Company	:	Company Limited by Shares / Indian Non-Government Company
v.	Address of the Registered Office and contact details	:	Plot No.111, Road No.10 Jubilee Hills, Hyderabad-500 033 Tel : 91 40 67191000 Fax: 91 40 23114607 Email: info@sagarsoft.in Website: www.sagarsoft.in
vi.	Whether listed company	:	Yes
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	Karvy Computershare (P) Limited Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District Hyderabad -500032. Tel : 040-67162222 Fax : 040-23001153 e-mail: einward.ris@karvy.com Toll Free No: 1800-3454-001 mailmanager@karvy.com Website: karvycomputershare.com

II. Principal Business Activities of the Company

All the business activities contributing 10% or more of the total turnover:

Sl. No.	Name and Description of main products / services	NIC Code of the Product / Service	% to total turnover of the company
1	Computer Programming, Consultancy and related activities	620	100

III. Particulars of Holding, Subsidiary and Associate Companies

The company does not have Holding, Subsidiary or Associate Companies.

#### IV. SHARE HOLDING PATTERN (Equity Share Capital Break up as percentage of Total Equity)

##### (i) Category-wise Shareholding

Category of Shareholder	No. of shares held at the beginning of the year				No. of shares at the end of the year				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
(A) Shareholding of Promoter and Promoter Group <sup>2</sup>									
1 Indian									
(a) Individuals/ Hindu Undivided Family	2869279	0	2869279	51.61	2898079	0	2898079	52.12	0.51
(b) Central Government/ State Government(s)									
(c) Bodies Corporate									
(d) Financial Institutions/ Banks									
(e) Any Others(Specify)									
<b>Sub Total(A)(1)</b>	<b>2869279</b>	<b>0</b>	<b>2869279</b>	<b>51.61</b>	<b>2898079</b>	<b>0</b>	<b>2898079</b>	<b>52.12</b>	<b>0.51</b>
2 Foreign									
a Individuals (Non-Resident Individuals/ Foreign Individuals)									
b Bodies Corporate									
c Institutions									
d Qualified Foreign Investors									
e Any Others(Specify)									
<b>Sub Total(A)(2)</b>									
<b>Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)</b>	<b>2869279</b>	<b>0</b>	<b>2869279</b>	<b>51.61</b>	<b>2898079</b>	<b>0</b>	<b>2898079</b>	<b>52.12</b>	<b>0.51</b>
(B) Public shareholding									
1 Institutions									
(a) Mutual Funds									
(b) Financial Institutions/ Banks	413300	0	413300	7.43	413300	0	413300	7.43	Nil

Category of Shareholder		No. of shares held at the beginning of the year				No. of shares at the end of the year				% change during the year
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
(c)	Central Government/ State Government(s)									
(d)	Venture Capital Funds									
(e)	Insurance Companies									
(f)	Foreign Institutional Investors/FCIs									
(g)	Foreign Venture Capital Investors									
(h)	Qualified Foreign Investors									
(i)	Any Other (specify)									
	<b>Sub-Total (B)(1)</b>	<b>413300</b>	<b>0</b>	<b>413300</b>	<b>7.43</b>	<b>413300</b>	<b>0</b>	<b>413300</b>	<b>7.43</b>	<b>Nil</b>
B 2	Non-institutions									
(a)	Bodies Corporate	491312	0	491312	8.84	437764	0	437764	7.87	-0.97
(b)	Individuals									
I	i. Individual shareholders holding nominal share capital up to Rs 1 lakh	921535	355155	1276690	22.96	1015171	347455	1362626	24.51	1.55
II	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	444598	20000	464598	8.36	386567	20000	406567	7.31	-1.05
(c)	NRIs	19059	0	19059	0.34	8420	0	8420	0.15	-0.19
(c-i)	Foreign Corporate Body									
(c-ii)	Hindu Undivided Families	22794	0	22794	0.41	25361	0	25361	0.46	0.05
(c-iii)	Clearing Members	2968	0	2968	0.05	7883	0	7883	0.14	0.09
	<b>Sub-Total (B)(2)</b>	<b>1902266</b>	<b>375155</b>	<b>2277421</b>	<b>40.96</b>	<b>1881166</b>	<b>367455</b>	<b>2248621</b>	<b>40.44</b>	<b>-0.51</b>
<b>(B)</b>	<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>2315566</b>	<b>375155</b>	<b>2690721</b>	<b>48.40</b>	<b>2294466</b>	<b>367455</b>	<b>2661921</b>	<b>47.88</b>	<b>-0.51</b>
	<b>TOTAL (A)+(B)</b>	<b>5184645</b>	<b>375155</b>	<b>5560000</b>	<b>100.00</b>	<b>5192545</b>	<b>367455</b>	<b>5560000</b>	<b>100.00</b>	<b>Nil</b>
(C)	Shares held by Custodians for GDRs & ADRs	0	0	0	0	0	0	0	0	0.00
	<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>5184645</b>	<b>375155</b>	<b>5560000</b>	<b>100.00</b>	<b>5192545</b>	<b>367455</b>	<b>5560000</b>	<b>100.00</b>	<b>Nil</b>

**(ii) Shareholding of promoters**

Sl No.	Shareholder's name	Shareholding at the beginning of the year (01-04-2017)			Shareholding at the end of the year (31-03-2018)			% change in share holding during the year
		No. of Shares	% of total shares of the company	% of Shares pledged / encumbered to total shares	No. of Shares	% of total shares of the company	% of Shares pledged / encumbered to total shares	
1	Sreekanth Reddy S	1154500	20.76	Nil	1154500	20.76	Nil	0
2	Rachana Sammidi	593730	10.68	Nil	622530	11.20	Nil	0.51
3	Veera Reddy, S	180200	3.24	Nil	180200	3.24	Nil	0
4	Vanajatha, S	147100	2.65	Nil	147100	2.65	Nil	0
5	Anand Reddy Sammidi	177649	3.20	Nil	177649	3.20	Nil	0
6	P Sucharitha Reddy	105200	1.89	Nil	105200	1.89	Nil	0
7	Aruna, S	118400	2.13	Nil	118400	2.13	Nil	0
8	Malathi, W	120900	2.17	Nil	120900	2.17	Nil	0
9	Madhavi, N	116400	2.09	Nil	116400	2.09	Nil	0
10	M Radhika Reddy	55200	0.99	Nil	55200	0.99	Nil	0
11	P Sudershan Reddy	50000	0.90	Nil	50000	0.90	Nil	0
12	P Rajith Reddy	50000	0.90	Nil	50000	0.90	Nil	0
	<b>TOTAL</b>	<b>2869279</b>	<b>51.61</b>	<b>Nil</b>	<b>2898079</b>	<b>52.12</b>	<b>Nil</b>	<b>0.51</b>

**(iii) Change in Promoters' Shareholding**

Sl No.	Description	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of the total shares of the Company	No. of shares	% of the total shares of Company
	At the beginning of the year	2869279	51.61	2869279	51.61
	Acquired *	28800	0.51	2898079	52.12
	Sold *	Nil	Nil	Nil	Nil
	At the end of the year	2898079	52.12	2898079	52.12

\* Shares of the Company are traded on a daily basis and hence the date wise increase or decrease in the shareholding is not furnished.

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

Sl. No.	Top 10 Shareholders	Shareholding at the beginning of the year 01-04-2017 *		Shareholding at the end of the year 31-03-2018 **	
		No. of shares	% of the total shares of the Company	No. of shares	% of the total shares of Company
1	The Madhavpura Mercantile Co-op. Bank Ltd.	400000	7.19	400000	7.19
2	Twinvest Financial Services Ltd.	238306	4.29	238306	4.29
3	Savyasachi Constructions Pvt Ltd.	51900	0.93	51900	0.93
4	Rajiv Verma	50500	0.91	50500	0.91
5	Mita D. Doshi	41600	0.75	41600	0.75
6	Zen Securities Ltd-HSE Clients A/C	39961	0.72	40998	0.74
7	M V S Ananthakrishnan	40800	0.73	40800	0.73
8	K S S Prasad Raju	24711	0.44	24711	0.44
9	Vinaychand Dharamchand Shah	24200	0.44	24200	0.44
10	Vijay Gupta	0	0.00	23353	0.42

\* In the list of top 10 as on 1-4-2017.

\*\* In the list of top 10 as on 31-03-2018.

(v) **Shareholding of Directors and Key Managerial Personnel**

Sl. No.	For each of the Directors and KMP	Date	Reason	Shareholding at the beginning of the year 01-04-2017 *		Shareholding at the end of the year 31-03-2018 **	
				No. of shares	% of the total shares of the Company	No. of shares	% of the total shares of the Company
<b>Directors/KMP</b>							
1	S.Sreekanth Reddy	01.04.17	At the beginning of the year	1154500	20.76		
		31.03.18	At the end of the year			1154500	20.76
2	M.Jagadeesh	01.04.17	At the beginning of the year	13900	0.25		
		31.03.18	At the end of the year			13900	0.25
3	K.Pradeep Kumar Reddy	01.04.17	At the beginning of the year	Nil			
		31.03.18	Bought during the year			Nil	Nil



4	K. Satish Chander Reddy	01.04.17	At the beginning of the year	Nil		
		31.03.18	Bought during the year			Nil Nil
5	K.Prasad	01.04.17	At the beginning of the year	4700	0.08	
		31.03.18	At the end of the year			19957 0.36
6	N.Hari Mohan	01.04.17	At the beginning of the year	51581	0.93	
		31.03.18	At the end of the year			51581 0.93
7	K.Rakesh Rao	01.04.17	At the beginning of the year	Nil		
		31.03.18	At the end of the year			Nil Nil
8	K.Ganesh	01.04.17	At the beginning of the year	Nil		
		31.03.18	At the end of the year			Nil Nil
9	Neelima Kaushik	01.04.17	At the beginning of the year	Nil		
		31.03.18	At the end of the year			Nil Nil
10	J.Raja Reddy	01.04.17	At the beginning of the year	2200	0.03	
		31.03.18	At the end of the year			1200 0.02

## V. INDEBTEDNESS

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

		Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
1	Indebtedness at the beginning of the year				
	i	Principal Amount	Nil	Nil	Nil
	ii	Interest due but not paid	Nil	Nil	Nil
	iii	Interest accrued but not due	Nil	Nil	Nil
		<b>Total (i + ii + iii)</b>	Nil	Nil	Nil
	Change in the indebtedness during the financial year		Nil	Nil	Nil
		Addition	Nil	Nil	Nil
		Reduction	Nil	Nil	Nil
		Net Change	Nil	Nil	Nil
	Indebtedness at the end of the financial year		Nil	Nil	Nil
	i	Principal Amount	Nil	Nil	Nil
	ii	Interest due but not paid	Nil	Nil	Nil
	iii	Interest accrued but not due	Nil	Nil	Nil
		<b>Total (i + ii + iii)</b>	Nil	Nil	Nil

## VI. Remuneration of Directors and Key Managerial Personnel

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

(in Rs.)

Sl. No	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount
		Shri M.Jagadeesh (Managing Director)	Shri K.Pradeep Kumar Reddy (Executive Director & CFO)	
1	<b>Gross Salary</b>			
	(a) Salary as per provisions contained in Section 17 (1) of the Income-tax Act, 1961	24,00,000	40,00,000	64,00,000
	(b) Value of perquisites u/s.17(2) of Income-tax Act, 1961	-	-	
	(c) Profits in lieu of salary under Section 17 (3) of Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission - as % of profit	-	-	-
	- others, specify (arrears relating to previous year)	-	-	-
5	Total (A)	<b>24,00,000</b>	<b>40,00,000</b>	<b>64,00,000</b>
	Ceiling as per the Act (As minimum remuneration)*	<b>24,00,000</b>	<b>40,00,000</b>	<b>64,00,000</b>

In terms of the provisions of the Companies Act, 2013 and Schedule V Part II Section II, Remuneration of Directors is within the said limit.

### B. Remuneration to other Directors

(in Rs.)

Sl. No	Particulars of Remuneration	Fee for attending board/committee meetings	Commission	Others, please specify	Total
(1)	<b>Independent directors</b>				
	Shri K.Prasad	40,000	-	-	40,000
	Shri K.Ganesh	30,000	-	-	30,000
	Shri N.Hari Mohan	10,000	-	-	10,000
	Shri K.Rakesh Rao	5,000	-	-	5,000
	Smt.Neelima Kaushik	15,000	-	-	15,000
	<b>Total (1)</b>	<b>1,00,000</b>	-	-	<b>1,00,000</b>
(2)	<b>Other Non-Executive Directors</b>				
	Shri S.Sreekanth Reddy	20,000	-	-	20,000
	Shri K.Satish Chander Reddy	0	-	-	0
	<b>Total (2)</b>	<b>20,000</b>	-	-	<b>20,000</b>
	<b>Total (B) = (1 + 2)</b>	<b>1,20,000</b>	-	-	<b>1,20,000</b>
	Total Managerial Remuneration	<b>1,20,000</b>	-	-	<b>1,20,000</b>
	Overall Ceiling as per the Act	-	-	-	-

Remuneration of Directors is within the limit of Schedule V Part II Section II of the Companies Act, 2013.

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

(in Rs.)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel	Total Amount
		Company Secretary	
1	<b>Gross Salary</b>		
	a. Salary as per provisions contained in Section 17 (1) of the Income Tax Act, 1961	18,03,384	18,03,384
	b. Value of perquisites u/s.17 (2) of Income-tax Act, 1961	-	-
	c. Profits in lieu of salary under Section 17 (3) of Income-tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission As % of profit	-	-
	- Others, specify	-	-
5	Others, Allowances	-	-
	<b>Total</b>	<b>18,03,384</b>	<b>18,03,384</b>

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

There were no penalties, punishment or compounding of offences during the year ended March 31, 2018.

## INDEPENDENT AUDITORS' REPORT

To  
The Members of  
**Sagarsoft (India) Limited**  
Hyderabad

### Report on the Financial Statements

We have audited the accompanying Ind AS financial statements of M/s.Sagarsoft (India) Limited, ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss(including Other Comprehensive Income), the Cash Flow Statement and the statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Stand-alone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including Other Comprehensive Income, cash flows and changes in equities of the company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards(Ind AS) specified under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of company as at March 31, 2018, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

## Report on Other Legal And Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016, ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Companies Act, 2013, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

As required by Section 143 (3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes 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, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and the statement of Changes in Equity dealt with in this report are in agreement with the books of account.
- (d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
- (e) Based on the written Representation received from the directors as on March 31, 2018, and taken on record by the Board of Directors, we report that none of the directors are disqualified as on March 31, 2018 from being appointed as a director in terms of Sub-section 2 of Section 164 of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has no pending litigations on its financial position in its financial statements .
  - ii. There is no requirement for any provision as required by any act or Indian Accounting Standards for material foreseeable losses, if any, on long term contracts including derivative contracts.
  - iii. There are no amounts which are required to be transferred to Investor Education and Protection Fund.

For **LAKSHMI & ASSOCIATES.**,  
Chartered accountants,  
F.R.No.012482S

**MOHAN REDDY T**

Partner

Membership No: 239635

Place: Hyderabad  
Date: May 14, 2018

## Annexure A to the Auditors' Report

### **Annexure referred to in paragraph under 'Report on Other Legal and Regulatory Requirements' section of our report of the Independent Auditor's Report of even date of Sagarsoft (India) Limited, on the financial statements for the year ended March 31, 2018.**

In terms of the information and explanations sought by us and given by the company and the books and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state the following:

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.  
(b) The company has verified fixed assets at regular intervals. There were no material discrepancies noticed on such verification.  
(c) According to information and explanation given to us, the company has no immovable property. Thus, paragraph 3 (i)(c) of the Order is not applicable to the company.
- ii. The Company is a service company, primarily rendering software and related consultancy services. Accordingly, it does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable to the Company.
- iii. The company has granted loan to one body corporate covered in the register maintained under Section 189 of the Act.
  - (a) In our opinion, the rate of interest and other terms and conditions on which the loan had been granted to the body corporate listed in the register maintained under Section 189 of the Act were not, prima facie, prejudicial to the interest of the company.
  - (b) In the case of the loan granted to the body corporate listed in the register maintained under Section 189 of the Act, the borrower has been regular in the payment of the principal and interest as stipulated.
  - (c) There is no overdue amount in respect of the loan granted to a body corporate listed in the register maintained under Section 189 of the Act.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, with respect to the loans and investments made.
- v. The company has not accepted any deposits, within the meaning of provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under. Thus, paragraph 3(v) of the Order is not applicable to the company.
- vi. The Central Government has not prescribed the maintenance of cost records to the company under section 148(1) of the Act. Thus, paragraph 3(vi) of the Order is not applicable to the company.
- vii. (a) According to the information and explanations given to us and the records of the companies examined by us, in our opinion, the company is regular in depositing the undisputed statutory dues including provident fund, income tax, and other material statutory dues as applicable with the appropriate authorities.  
(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income tax, and other material statutory dues as applicable which have not been deposited on account of any dispute.

- viii. In our opinion and according to information and explanations given to us, the Company did not have any outstanding dues to financial institutions, banks or debenture holders during the year.
- ix. The company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) during the reporting period. The company has not availed any term loans during the financial year.
- x. During the year, no fraud by employees or officers on the company has been noticed.
- xi. According to information and explanation given to us, the company has provided managerial remuneration in accordance with Section 197 read with schedule V to the Companies Act, 2013
- xii. In our opinion, the company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable for the company.
- xiii. In our opinion and according to information and explanations given to us, all transactions with the related parties are in compliance with Sections 177 and 188 of Companies Act, 2013 and the details of such transactions have been disclosed in the Ind AS Financial statements of the company as required by applicable Accounting Standards.
- xiv. According to information and explanation given to us, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xv. According to information and explanation given to us, the company has not entered into non cash transactions with directors or any persons connected with him. Thus, paragraph 3(xiv) of the Order is not applicable to the company.
- xvi. In our opinion, the company is not required to be registered under section 45IA of Reserve Bank of India Act 1934. Thus, paragraph 3(xv) of the Order is not applicable to the company.

For **LAKSHMI & ASSOCIATES.,**  
Chartered accountants,  
F.R.No.012482S

**MOHAN REDDY T**  
Partner

Membership No: 239635

Place: Hyderabad  
Date: May 14, 2018

## Annexure - B to the Auditors' Report

(Referred to in paragraph (f) under 'Report on other Legal and Regulatory Requirements of our report of even date)

We have audited the internal financial controls over financial reporting of Sagarsoft (India) Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;



- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **LAKSHMI & ASSOCIATES.,**  
Chartered accountants,  
F.R.No.012482S

**MOHAN REDDY T**  
Partner  
Membership No: 239635

Place: Hyderabad  
Date: May 14, 2018

**Balance Sheet as at March 31, 2018**

All amounts in Rs.

Particulars	Note	As at March 31, 2018	As at March 31, 2017	As at April 1st, 2016
<b>ASSETS</b>				
<b>Non Current Assets</b>				
(a) Property, Plant and Equipment	3	4,80,01,166	2,42,23,695	2,93,27,906
(b) Financial Assets				
(i) Loans and Advances	4	20,27,051	1,87,43,391	1,95,75,127
(c) Deferred Tax Assets (net)		75,57,402	96,65,253	1,18,01,327
(d) Advance Income Tax		1,45,00,000	10,00,000	15,00,000
<b>Total Non Current Assets</b>		<b>7,20,85,618</b>	<b>5,36,32,339</b>	<b>6,22,04,360</b>
<b>Current Assets</b>				
(a) Financial Assets				
(i) Trade Receivables	5	8,18,26,263	2,58,00,788	2,07,53,587
(ii) Cash and cash equivalents	6	4,33,64,918	3,30,56,072	2,08,39,438
(iii) Other Financial Assets	7	4,00,532	4,26,832	4,26,832
(b) Other Current Assets	8	1,44,78,755	95,77,007	49,69,101
<b>Total Current Assets</b>		<b>14,00,70,468</b>	<b>6,88,60,700</b>	<b>4,69,88,959</b>
<b>TOTAL ASSETS</b>		<b>21,21,56,086</b>	<b>12,24,93,039</b>	<b>10,91,93,319</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
(a) Equity Share Capital	9	5,56,00,000	5,56,00,000	5,56,00,000
(b) Other Equity	10	11,44,71,163	5,33,18,048	4,55,44,172
<b>Total Equity</b>		<b>17,00,71,163</b>	<b>10,89,18,048</b>	<b>10,11,44,172</b>
<b>Non Current Liabilities</b>				
(a) Financial Liabilities				
(i) Borrowings	11	14,64,259	6,44,436	9,51,577
(b) Long Term Provisions	12	41,45,352	55,71,675	26,63,631
<b>Total Non Current Liabilities</b>		<b>56,09,611</b>	<b>62,16,111</b>	<b>36,15,208</b>
<b>Current Liabilities</b>				
(a) Financial Liabilities				
(i) Trade Payables	13	54,55,939	15,68,748	7,43,726
(b) Other Current Liabilities	14	15,41,644	2,99,033	2,01,172
(c) Provisions	15	2,94,77,729	54,91,098	34,89,041
<b>Total Current Liabilities</b>		<b>3,64,75,312</b>	<b>73,58,879</b>	<b>44,33,939</b>
<b>Total Liabilities</b>		<b>4,20,84,923</b>	<b>1,35,74,990</b>	<b>80,49,147</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>21,21,56,086</b>	<b>12,24,93,039</b>	<b>10,91,93,319</b>

Corporate Information and significant accounting policies **1 & 2**

See accompanying notes to the financial statements

As per our report of even date

For **LAKSHMI & ASSOCIATES**  
Chartered Accountants (F.R.No.012482S)

**MOHAN REDDY**  
Partner  
Membership No. 239635

Place : Hyderabad  
Date : 14th May, 2018

For and on Behalf of the Board

**M JAGADEESH**  
Managing Director

**K PRADEEP KUMAR REDDY**  
Executive Director & CFO

**J RAJA REDDY**  
Company Secretary

**Statement of Profit and Loss for the year ended March 31, 2018**

All amounts in Rs.

Particulars	Note	For the year ended 31.03.2018	For the year ended 31.03.2017
<b>I. Revenue from Operations</b>	<b>16</b>	<b>37,00,06,788</b>	16,29,78,169
<b>II. Other Income</b>	<b>17</b>	<b>32,71,415</b>	33,67,858
<b>III. Total Income</b>		<b>37,32,78,203</b>	<b>16,63,46,027</b>
<b>IV. Expenses</b>			
Employee Benefits Expenses	18	20,36,76,690	11,18,16,717
Depreciation	3	1,00,09,803	74,93,682
Other Expenses	19	7,39,42,062	3,10,18,172
<b>Total Expense</b>		<b>28,76,28,555</b>	<b>15,03,28,571</b>
<b>V. Profit before tax (III-IV)</b>		<b>8,56,49,648</b>	<b>1,60,17,456</b>
<b>VI. Tax expense</b>			
(a) Current tax	20	2,36,14,637	18,67,723
(b) Deferred tax	20	17,70,101	35,37,746
<b>Total Tax Expense</b>		<b>2,53,84,738</b>	<b>54,05,469</b>
<b>VII. Profit after tax</b>		<b>6,02,64,910</b>	<b>1,06,11,987</b>
<b>VIII. Other comprehensive income</b>			
A. (i) items that will not be classified to profit & loss		-	-
(a) remeasurment of the defined benefit plans		12,25,955	(42,39,783)
(b) equity instruments through other comprehensive Income		-	-
(ii) income tax relating to items that will not be reclassified to profit or loss		(3,37,751)	14,01,672
		<b>8,88,204</b>	<b>(28,38,111)</b>
<b>IX. Total comprehensive income for the year</b>		<b>6,11,53,114</b>	<b>77,73,876</b>
<b>X. Earnings per share (of Rs.10) each in Rs.</b>			
Basic		11.00	1.40
Diluted		11.00	1.40
Corporate Information and significant accounting policies	<b>1 &amp; 2</b>		

See accompanying notes to the financial statements

As per our report of even date

For **LAKSHMI & ASSOCIATES**

Chartered Accountants (F.R.No.012482S)

**MOHAN REDDY T**

Partner

Membership No. 239635

Place : Hyderabad

Date : 14th May, 2018

For and on Behalf of the Board

**M JAGADEESH**

Managing Director

**K PRADEEP KUMAR REDDY**

Executive Director & CFO

**J RAJA REDDY**

Company Secretary

## Statement of changes in equity for the year ended March 31, 2018

### A. Equity Share Capital

Particulars	Amount
Balance as at April 1 , 2016	5,56,00,000
Changes in equity share capital during the year	-
Balance as at 31st March, 2017	5,56,00,000
Changes in equity share capital during the year	-
Balance as at 31st March, 2018	5,56,00,000

### B. Other Equity

Particulars	Reserves and Surplus		Items of other comprehensive income		Total other Equity
	Securities premium account	Retained Earnings	Equity instruments through other comprehensive income	Other items of Other comprehensive income	
Balance as at April 01, 2016	4,56,00,000	(96,122)	-	-	4,55,44,172
Profit for the year	-	1,06,11,987	-	-	1,06,11,987
Other comprehensive income for the year	-	-	-	(28,38,111)	(28,38,111)
Balance as at March 31, 2017	4,56,00,000	1,05,15,865	-	(28,38,111)	5,33,18,048
profit for the year	-	6,02,64,910	-	-	6,02,64,910
Other comprehensive income for the year	-	-	-	8,88,204	8,88,204
Balance as at March 31, 2018	4,56,00,000	7,07,80,775	-	(19,49,906)	11,44,71,163

See accompanying notes to the financial statements

As per our report of even date

For **LAKSHMI & ASSOCIATES**  
Chartered Accountants (F.R.No.012482S)

**MOHAN REDDY T**  
Partner  
Membership No. 239635  
Place : Hyderabad  
Date : 14th May, 2018

For and on Behalf of the Board

**M JAGADEESH**  
Managing Director

**K PRADEEP KUMAR REDDY**  
Executive Director & CFO

**J RAJA REDDY**  
Company Secretary

All amounts in Rs.

<b>Cash flow statement for the year ended</b>	<b>31.03.2018</b>	<b>31.03.2017</b>
<b>Cash flow from operating activities</b>		
Net profit before taxation	8,56,49,648	1,60,17,456
<b>Adjustment for: Non operating expenses/items</b>		
Provision for Tax	<b>(2,36,14,637)</b>	(18,67,723)
Profit on sale of asset	<b>52,678</b>	1,70,986
Depreciation	<b>1,00,09,803</b>	74,93,682
Provision for employee benefits	<b>12,25,955</b>	(42,39,783)
<b>Operating profit before working capital changes</b>	<b>7,32,18,091</b>	<b>1,72,32,646</b>
Trade Receivables	<b>(5,60,25,474)</b>	(50,47,201)
Other Financial Assets	<b>(16,59,107)</b>	(32,76,170)
Trade Payables	<b>38,87,191</b>	8,25,022
Other Financial Liabilities	<b>2,38,02,919</b>	50,07,962
<b>Cash generated from operating activities</b>	<b>4,32,23,619</b>	<b>1,47,42,259</b>
<b>Cash flow from investing activities</b>		
Sale of Fixed Assets	<b>1,00,000</b>	3,00,000
Purchase of fixed assets and Adjustments	<b>(3,38,34,596)</b>	(25,18,485)
<b>Net cash flow from investing activities</b>	<b>(3,37,34,596)</b>	<b>(22,18,485)</b>
<b>Cash flow from financing activities</b>		
Repayment of vehicle loan	<b>(8,19,823)</b>	3,07,140
<b>Net cash from in financing activities</b>	<b>8,19,823</b>	<b>(3,07,140)</b>
Net increase in cash and cash equivalents	<b>1,03,08,846</b>	1,22,16,634
Cash and equivalents as at 01-04-2017	<b>3,30,56,072</b>	2,08,39,438
<b>Cash and equivalents as at 31-03-2018</b>	<b>4,33,64,918</b>	<b>3,30,56,072</b>

The accompanying notes are an integral part of the financial statements

As per our report of even date

For **LAKSHMI & ASSOCIATES**  
Chartered Accountants (F.R.No.012482S)

**MOHAN REDDY**  
Partner  
Membership No. 239635

Place : Hyderabad  
Date : 14th May, 2018

For and on Behalf of the Board

**M JAGADEESH**  
Managing Director

**K PRADEEP KUMAR REDDY**  
Executive Director & CFO

**J RAJA REDDY**  
Company Secretary

## Notes forming part of the Financial Statements for the year ended 31.03.2018

### 1. CORPORATE INFORMATION & SIGNIFICANT ACCOUNTING POLICIES

#### (a) Corporate Information

SAGARSOFT (INDIA) LIMITED ('the company') was incorporated under the Company's Act 1956 as a public limited company on 17.04.1996. The company is engaged in the business of software development. The company is listed in BSE Ltd.

#### (b) Basis of preparation of financial statements

These financial statements are prepared in accordance with Indian Accounting Standards (IND AS) under the historical cost convention on the accrual basis, the provisions of the Companies Act, 2013 ('the ACT') (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI).

The company has been preparing its financial statements in accordance with Indian GAAP which includes standards notified under the Companies (Accounting Standard) Rules, 2006 as up to the year ended 31st march 2017. On and from 1st April 2017, the company is required to prepare its financial statements as per IND AS and these are the company's first IND AS financials and the date of transition is 1st April 2016.

The company has adopted all the IND AS standards and the adoption was carried out in accordance with IND AS 101, First-Time Adoption of Indian Accounting Standards. The details of the first time adoption, the details of the impact of transition from previous GAAP to IND AS of the company's financial position, financial performance and cash flows are given in note.

#### (c) Use of estimates

The preparation of the financial statements in conformity with GAAP involves the use of judgments, estimates and assumptions which affect the reported amounts of assets and liabilities as at the date of the financial statements and the reported income and expenses for the reporting period.

#### (d) Revenue Recognition

Revenue from Software services consists primarily of revenue earned from services performed on a time and material basis. The related revenue is recognized as per the percentage completion method. When there is uncertainty as to the measurement or to the ultimate collectability, revenue recognition is postponed until such uncertainty is resolved.

Other income comprises of interest income and foreign exchange gain or loss on export of services and the remittance thereof. Interest income is recognized using effective interest method and exchange gain or loss is recognized using exchange rate at the end of the year.

#### (e) Foreign Currency Transactions:

Foreign currency transactions are initially recorded at the exchange rates prevailing on the transaction date. All revenues denominated in foreign currency are translated at the exchange rate prevailing on the date of inward remittance. The consequent exchange gains/ losses arising there from are transferred to the statement of profit and loss. All foreign currency denominated monetary assets are translated at the exchange rate prevailing at the Balance Sheet date and the exchange gains/losses resulting there from are transferred to the statement of profit and loss.

#### (f) Employee 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.

**Gratuity:**

Under 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 a 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

**Employee Leave Encashment:**

The leave encashment payable to the employees is provided based on the actuarial valuation carried out in accordance with the AS 15 and is not funded.

**Provident fund:**

The company has a defined contribution plan for Provident Fund under which the company contributes the fund to the Regional Provident Fund Commissioner.

**(g) Taxes on income**

**Current Tax**

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the income tax, 1961 and other applicable tax laws.

**Deferred Tax**

Deferred tax charge or credit reflects the tax effects due to timing differences between accounting income and taxable income for the period. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantially enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that assets can be realized in future; however, where there is unabsorbed depreciation or carry forward of losses, deferred tax assets are recognized only if there is a virtual certainty of realization of such assets. Deferred tax assets are reviewed at each balance sheet date and written down or written up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realized.

**Minimum Alternate Tax Credit**

MAT credit entitlement represents the amounts paid in a year under Section 115JB of the Income Tax Act 1961 (IT Act) which is in excess of the tax payable, computed on the basis of normal provisions of the IT Act. Such excess amount can be carried forward to set off in future periods in accordance with the relevant provisions of the IT Act. Since such credit represents a resource controlled by the Company as a result of past events and there is evidence as at the reporting date that the Company will pay normal income tax during the specified period, when such credit would be adjusted, the same has been disclosed as “MAT credit entitlement”, in the balance sheet with a corresponding credit to the profit and loss account, as a separate line item.

**Impairment**

The carrying value of assets/cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount

of such assets is estimated and impairment recognized, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognized for an asset in earlier accounting period is no longer exists or may have decreased, such reversal of impairment loss is recognized in the statement of profit and loss.

**(h) Earnings per share:**

The basic earnings per share ('EPS') is computed by dividing the net profit after tax for the year by weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, net profit after tax for the year and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

**(i) Property, Plant and Equipment**

Property, plant and equipment are stated at cost net of recoverable taxes, discounts and rebates and includes all costs incurred till the asset is ready for the intended use, less accumulated depreciation and impairment loss, if any.

Property, plant and equipment is depreciated under straight line method after considering the useful life's and residual values at the time of acquisition and reviewed at end of each financial year. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the statement of profit and loss.

**(j) Cash flow statements**

Cash flows are reported using the indirect method, where by profit/(loss) 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 based on the available information.

**(k) Financial Instruments**

**(i) Initial Recognition**

Transactions in foreign currencies entered into by the company are accounted at the exchange rates prevailing on the date of the transactions or at the rates that closely approximate the rate at the date of transaction.

Foreign currency monetary items of the company, outstanding at the balance sheet date are restated at the date year end dates. Non monetary items of the company that are measured in terms of historical cost in a foreign currency are not retranslated.

For the purpose of preparing these financial statements, the exchange differences on monetary items arising if any, are recognized in the statement of profit and loss in the period in which they arise.

**(ii) Subsequent Measurement**

- a. Financial Assets carried at amortized cost: a financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.



- b. Financial assets at fair value through other comprehensive income: A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The company has made an irrevocable election for its investments which are classified as equity instruments to present the subsequent changes in fair.
- c. Financial assets at fair value through profit or loss: A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.
- d. Financial liabilities: Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination which is subsequently measured at fair value through profit and loss. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

Note: the above measurements are applied wherever applicable.

**(iii) De-recognition of financial assets and liabilities:**

- a. Financial assets:

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss if such gain or loss would have otherwise been recognized in profit or loss on disposal of that financial asset.

- b. Financial liabilities:

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Note: the above principles are applied wherever applicable.

**Provisions**

Provisions are recognised when, as a result of a past event, the Company has a legal or constructive obligation; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. The amount so recognized is a best estimate of the consideration required to settle the obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

**(l) Impairment of assets**

a. Financial assets:

Financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognized from initial recognition of the receivables. As a practical expedient, the company uses a provision matrix to determine impairment loss of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. The ECL loss allowance (or reversal) during the year is recognized in the statement of profit and loss.

b. Non-financial assets:

Intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognized in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation).

**2. Transition to Ind AS**

The Company has prepared the opening balance sheet as per Ind AS as of April 1, 2016 (the transition date) by recognizing all assets and liabilities whose recognition is required by Ind AS, not recognizing items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognized assets and liabilities.

**3. As required by Accounting Standard AS 18, the related parties' disclosure issued by the Institute of Chartered Accountants of India is as follows:**

S.No	Nature of Relationship	Name of the Parties
1.	Key Management Personnel	1. S.Sreekanth Reddy 2. M Jagadeesh 3. K.Pradeep Kumar Reddy
2.	Enterprises where key managerial personnel along with their relatives exercise significant influence	1. Sagar Priya Housing and Industrial Enterprises Limited 2. Savyasachi Constructions Pvt Ltd 3. Sapplica Info Technologies Pvt Ltd

4. Sagar Cements Limited
5. Sagar Cements (R) Limited
6. RV Consulting Services Pvt Ltd
7. Sagar Power Limited
8. Sagarsoft Inc
9. S Anand Reddy
10. S Vanajatha

Transaction with related parties during the year ended 31<sup>st</sup> March, 2018

Rs.in Lakhs

Nature of Transaction	Key Management Personal	Enterprises where key managerial personnel along with their relatives exercise significant influence	Balance as on 31.03.2018
<b>Remuneration Paid</b>			
1. M Jagadeesh	24.00		-
2. K Pradeep Kumar Reddy	40.00		-
<b>Loan &amp; Advances</b>			
1. Sagar Priya Housing and Industrial Enterprises Limited		20.00	-
2. RV Consulting Services Pvt. Ltd.		100.00	-
<b>Rent Paid</b>			
1. S Anand Reddy		42.25	2.22
2. S Vanajatha		42.25	2.22
3. S Sreekanth Reddy		48.25	2.22
<b>Trade Receivables</b>			
Sagarsoft Inc.		2986.21	653.21
<b>Consultancy Services</b>			
1. Sagar Cements Limited		25.74	2.16 Dr.
2. Sagar Cements (R) Limited		12.87	1.14 Dr.
<b>Maintenance Charges paid</b>			
Savyasachi Constructions Pvt Ltd		26.83	2.61 Cr

4. 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:

Amount in Rs.

Description	Year ended Gratuity	
	March 31, 2018	March 31, 2017
Defined benefit obligation at the beginning of the year	10171630	5777217
Current service cost	2339918	457959
Interest cost	764057	456400
Actuarial (gain) / loss	-644906	4089503
Benefits paid	(1000056)	(609449)
Defined benefit obligation at the year end	11630643	10171630

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

Amount in Rs.

Description	Year ended Gratuity	
	March 31, 2018	March 31, 2017
Fair value of plan assets at the beginning of the Year	60,15,016	43,57,509
Expected return on plan assets	4,54,987	3,54,000
Actuarial gain / (loss)	-	-
Employer contribution	39,50,000	20,00,000
Benefits paid	(10,00,056)	(6,09,449)
Fair value of plan asset at the year end	93,88,229	60,15,016

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

Amount in Rs.

Description	Year ended Gratuity	
	March 31, 2018	March 31, 2017
Fair value of plan assets	93,88,229	(6015016)
Present value of obligations	1,16,30,643	1,01,71,630
Amount to be recognized in the Balance sheet	(6,13,189)	41,56,614

- d) Expenses recognized during the year:

Amount in Rs.

Description	Year ended Gratuity	
	March 31, 2018	March 31, 2017
Current service cost	23,39,918	4,57,959
Interest cost	7,64,057	4,56,400
Expected return on plan assets	(4,54,987)	(3,54,000)
Actuarial (gain) / loss	(6,13,189)	40,89,503
Net cost	20,35,799	47,36,906

- e) Reconciliation of Leave Encashment:

Amount in Rs.

Description	Year ended Leave Encashment	
	March 31, 2018	March 31, 2017
Present Value of Obligation as at the end of the year	19,02,939	14,73,989
Value of fund as at the end of the year	-	-
Funded Status	(19,02,939)	(14,73,989)
Unrecognized Actuarial (gains)/Losses	-	-
Net Asset/(Liability) Recognized in Balance Sheet	(19,02,939)	(14,73,989)

- f) Investment details:

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

- g) Actuarial assumptions

Mortality table (LIC) 2006-08 (ultimate)

Discounting rate – 7.90%

Expected rate of return on plan asset – 8.25%

Rate of escalation in salary – 5%

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

6. Contingent Liabilities: Nil (Previous Year: Nil)
7. Segmental Reporting: As the company was engaged only in software development and Consultancy during the year, business segment reporting is not applicable. Geographic revenue is allocated based on the location of the customer:

		In Rs.	
S.No	Geographic Segments	2017-18	2016-17
01	Exports	<b>36,19,32,872</b>	15,79,06,745
02	Domestic	<b>80,73,916</b>	50,71,424
	Total	<b>37,00,06,788</b>	<b>16,29,78,169</b>

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.

8. Balances due to or due from the parties are subject to confirmation.
9. Figures of previous year have been regrouped / reclassified wherever necessary to conform to the current year's presentation / classification.
10. Figures are rounded off to nearest rupee.

As per our report of even date attached

For **LAKSHMI & ASSOCIATES**  
Chartered Accountants

**MOHAN REDDY T**  
Partner  
Membership No. 239635

Place : Hyderabad  
Date : 14<sup>th</sup>May, 2018

For and on Behalf of the Board

**M JAGADEESH**  
Managing Director

**K PRADEEP KUMAR REDDY**  
Excitove Director & CFO

**J RAJA REDDY**  
Company Secretary

**3. Property, Plant & Equipment**

All figures in Rs.

PARTICULARS	As at	As at	As at
	31st March, 2018	31st March, 2017	1st April, 2016
Computers	78,64,581	34,15,488	40,28,466
Office Equipment	54,45,263	43,40,354	71,66,077
Furnitures & Fixtures	2,90,88,893	1,25,98,571	1,48,15,815
Vehicles	56,02,429	38,69,282	33,17,549
<b>TOTAL</b>	<b>4,80,01,166</b>	<b>2,42,23,695</b>	<b>2,93,27,906</b>

## For the Year 2017-18

PARTICULARS	Gross Block				Depreciation				Net block	
	Opening balance 01.04.2017	additions	disposals	Balance as at 31st March, 2018	As on 01.04.2017	For the year	Eliminated on disposal of assets	Balance as at 31st March, 2018	As at 31st March, 2018	As at 31st March, 2017
Computers	6,44,20,516	69,76,635	-	7,13,97,151	6,10,05,028	25,27,541	-	6,35,32,569	78,64,582	34,15,488
Office Equipment	1,94,63,172	44,00,618	-	2,38,63,790	1,51,22,818	32,95,709	-	1,84,18,527	54,45,263	43,40,354
Furnitures & Fixtures	2,47,36,130	1,98,62,332	-	4,45,98,462	1,21,37,559	33,72,010	-	1,55,09,569	2,90,88,893	1,25,98,571
Vehicles	67,56,489	25,95,011	9,46,440	84,05,060	28,87,207	8,14,543	8,99,118	28,02,632	56,02,428	38,69,282
<b>TOTAL</b>	<b>11,53,76,307</b>	<b>3,38,34,596</b>	<b>9,46,440</b>	<b>14,82,64,463</b>	<b>9,11,52,612</b>	<b>1,00,09,803</b>	<b>8,99,118</b>	<b>10,02,63,297</b>	<b>4,80,01,166</b>	<b>2,42,23,695</b>
<b>Carrying value as at 31.03.2017</b>	<b>11,36,80,020</b>	<b>25,18,485</b>	<b>8,22,198</b>	<b>11,53,76,307</b>	<b>8,43,52,113</b>	<b>74,93,682</b>	<b>6,93,184</b>	<b>9,11,52,612</b>	<b>2,42,23,695</b>	<b>2,93,27,906</b>

## For the Year 2016-17

PARTICULARS	Gross Block				Depreciation				Net block	
	Opening balance 01.04.2017	additions	disposals	Balance as at 31st March, 2018	As on 01.04.2017	For the year	Eliminated on disposal of assets	Balance as at 31st March, 2018	As at 31st March, 2018	As at 31st March, 2017
Computers	6,35,20,876	8,99,640	-	6,44,20,516	5,94,92,410	15,12,618	-	6,10,05,028	34,15,488	40,28,466
Office Equipment	1,93,81,304	81,868	-	1,94,63,172	1,22,15,227	29,07,590	-	1,51,22,817	43,40,355	71,66,077
Furnitures & Fixtures	2,45,59,425	1,76,705	-	2,47,36,130	97,43,610	23,93,950	-	1,21,37,560	1,25,98,570	1,48,15,815
Vehicles	62,18,415	13,60,272	8,22,198	67,56,489	29,00,866	6,79,525	6,93,184	28,87,207	38,69,282	33,17,549
<b>TOTAL</b>	<b>11,36,80,020</b>	<b>25,18,485</b>	<b>8,22,198</b>	<b>11,53,76,307</b>	<b>8,43,52,113</b>	<b>74,93,682</b>	<b>6,93,184</b>	<b>9,11,52,612</b>	<b>2,42,23,695</b>	<b>2,93,27,907</b>
<b>Carrying value as at 31.03.2016</b>	<b>10,90,79,524</b>	<b>46,00,496</b>	<b>-</b>	<b>11,36,80,020</b>	<b>7,72,27,050</b>	<b>71,25,064</b>	<b>-</b>	<b>8,43,52,114</b>	<b>2,93,27,906</b>	<b>3,18,52,474</b>

**4. Loans and Advances**

All figures in Rs.

PARTICULARS	As at		As at
	31st March, 2018		31st March, 2017
			As at
			1st April, 2016
<b>Financial Assets</b>			
<b>Non current</b>			
Loans and Advances	20,27,051	1,87,43,391	1,95,75,127
<b>Total</b>	<b>20,27,051</b>	<b>1,87,43,391</b>	<b>1,95,75,127</b>

**5. Trade Receivables**

Unsecured considered good	8,18,26,263	2,58,00,788	2,07,53,587
<b>Total</b>	<b>8,18,26,263</b>	<b>2,58,00,788</b>	<b>2,07,53,587</b>

**6. Cash and Cash equivalents**

(a) Cash in hand	9,252	70,640	1,13,239
(b) Deposits with banks			
- Maturity less than 12 months	-	2,12,91,847	1,25,71,647
(c) Balance with banks	4,33,55,666	1,16,93,585	81,54,552
<b>Total</b>	<b>4,33,64,918</b>	<b>3,30,56,072</b>	<b>2,08,39,438</b>

**7. Other Financial Assets**

Deposits	4,00,532	4,26,832	4,26,832
<b>Total</b>	<b>4,00,532</b>	<b>4,26,832</b>	<b>4,26,832</b>

**8. Other Current Assets**

(a) Interest Receivable	29,89,552	19,45,361	7,43,607
(b) GST input	81,60,882	-	-
(c) Balance with Tax Authorities	24,67,175	21,40,798	30,56,646
(d) Others	8,61,146	54,90,848	11,68,848
<b>Total</b>	<b>1,44,78,755</b>	<b>95,77,007</b>	<b>49,69,101</b>

**9. Equity Share Capital**

Particulars	As at 31st March, 2018		As at 31st March, 2017		As at 1st April, 2016	
	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount
AUTHORISED :						
70,00,000 Equity Shares of Rs.10/- each	70,00,000	7,00,00,000	70,00,000	7,00,00,000	70,00,000	7,00,00,000
<b>Total</b>	<b>70,00,000</b>	<b>7,00,00,000</b>	<b>70,00,000</b>	<b>7,00,00,000</b>	<b>70,00,000</b>	<b>7,00,00,000</b>
(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period						
Opening Balance	55,60,000	5,56,00,000	55,60,000	5,56,00,000	55,60,000	5,56,00,000
Shares issued during the year	-	-	-	-	-	-
Closing Balance	55,60,000	5,56,00,000	55,60,000	5,56,00,000	55,60,000	5,56,00,000

**(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) Details of shareholders holding more than 5% shares in the company

Shareholder	As at 31st March, 2018		As at 31st March, 2017		As at 1st April, 2016	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Sreekanth Reddy Sammidi	1154500	20.76	1154500	20.76	1154500	20.76
Rachana S	622530	11.20	593730	10.68	593730	10.68
The Madhavpura Mercantile Co-op Bank	400000	7.19	400000	7.19	400000	7.19

**10. Other Equity**

All figures in Rs.

PARTICULARS	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Share premium account	4,56,00,000	4,56,00,000	4,56,00,000
Retained earnings	6,88,71,163	77,18,048	(55,828)
<b>Total</b>	<b>11,44,71,163</b>	<b>5,33,18,048</b>	<b>4,55,44,172</b>

**11. Financial Liabilities**

Non Current			
Vehicle Loans	14,64,259	6,44,436	9,51,577
<b>Total Non current Liabilities</b>	<b>14,64,259</b>	<b>6,44,436</b>	<b>9,51,577</b>

**12. Long Term Provisions**

Non Current			
Provision for Gratuity	22,42,413	41,56,614	14,19,708
Provision for Leave Enchasmnt	19,02,939	14,15,061	12,43,923
<b>Total</b>	<b>41,45,352</b>	<b>55,71,675</b>	<b>26,63,631</b>

**13. Trade Payables**

Trade Payables	54,55,939	15,68,748	7,43,726
<b>Total</b>	<b>54,55,939</b>	<b>15,68,748</b>	<b>7,43,726</b>

**14. Other Current Liabilities**

Accrued salaries and benefits	15,41,644	2,99,033	2,01,172
<b>Total Current Liabilities</b>	<b>15,41,644</b>	<b>2,99,033</b>	<b>2,01,172</b>

**15. Provisions**

Provision for Expenses	26,49,897	23,48,562	8,82,907
TDS Payable	32,13,195	12,74,813	6,13,848
Provision for income tax	2,36,14,637	18,67,723	19,92,286
<b>Total</b>	<b>2,94,77,729</b>	<b>54,91,098</b>	<b>34,89,041</b>

**16. Revenue from Operations**

All figures in Rs.

PARTICULARS	For the year ended March, 2018	For the year ended March, 2017
Revenue from Software development	<b>37,00,06,788</b>	16,29,78,169
<b>Total Revenue from operations</b>	<b>37,00,06,788</b>	<b>16,29,78,169</b>
<b>17. Other Income</b>		
Interest income	<b>19,91,180</b>	23,84,959
Interest income on financial assets carried at amortized cost	<b>7,41,773</b>	6,68,264
Other income	<b>52,678</b>	1,70,986
Foreign Exchange Fluctuation Gain	<b>4,85,784</b>	1,43,650
<b>Total Revenue from operations</b>	<b>32,71,415</b>	<b>33,67,858</b>
<b>18. Employee benefit expenses</b>		
Salaries, Wages and other benefits	<b>19,39,62,842</b>	10,59,23,130
Welfare Expenses	<b>70,64,860</b>	53,33,228
Gratuity	<b>26,48,988</b>	5,60,359
<b>Total</b>	<b>20,36,76,690</b>	<b>11,18,16,717</b>
<b>19. Other Expenses</b>		
Postage and Telephone charges	<b>5,40,684</b>	5,15,045
Internet Charges	<b>9,06,580</b>	2,59,278
Overseas travel expenses	<b>59,45,177</b>	34,53,751
Travelling and Conveyance	<b>13,96,776</b>	11,48,132
Vehicle Hire Charges	<b>27,85,726</b>	21,72,887
Electricity Charges	<b>11,64,052</b>	5,90,161
Vehicle Maintenance	<b>2,77,043</b>	5,59,721
Printing and Stationery	<b>2,92,264</b>	5,71,532
Office Maintenance	<b>64,43,565</b>	41,17,502
Auditors Remuneration	<b>1,25,000</b>	1,25,000
Rent	<b>1,33,86,774</b>	67,50,000
Rates and Taxes	<b>28,29,912</b>	1,03,726
Interest and Bank Charges	<b>4,87,809</b>	92,799
Professional and Consultancy charges	<b>2,77,61,294</b>	97,74,109
Advertisement charges	<b>84,386</b>	1,10,214
Donations	<b>66,116</b>	1,27,232
Insurance	<b>1,84,900</b>	1,14,868
General Expenses	<b>1,25,389</b>	4,32,215
Debit Balances written off	<b>91,38,615</b>	-
<b>Total</b>	<b>7,39,42,062</b>	<b>3,10,18,172</b>
<b>20. Tax Expense</b>		
(a) Income tax recognised in the statement of profit and loss in respect of current year	<b>2,36,14,637</b>	18,67,723
in respect of prior years	-	-
<b>Total Current Tax</b>	<b>2,36,14,637</b>	<b>18,67,723</b>
<b>Deferred Tax</b> in respect of current year	<b>17,70,101</b>	35,37,746
<b>Total Deffered Tax</b>	<b>17,70,101</b>	<b>35,37,746</b>
<b>Total Tax expense</b>	<b>2,53,84,738</b>	<b>54,05,469</b>

## NOTES

## NOTES

**SAGARSOFT (INDIA) LIMITED**

**Registered Office:** Plot No.111, Road No.10, Jubilee Hills, Hyderabad-500 033  
 CIN – L72200TG1996PLC023823  
 Tel.No.: +91-40-67191000, Fax No.: +91-40-23543811  
 E-mail: info@sagarsoft.in Website: www.sagarsoft.in

**ATTENDANCE SLIP**

22<sup>nd</sup> ANNUAL GENERAL MEETING ON THURSDAY, THE 27<sup>th</sup> SEPTEMBER, 2018 AT 11.30 A.M. AT HOTEL GOLKONDA, MASAB TANK, HYDERABAD-500 028

Folio No.	DP ID No.	Client ID No.
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I/We hereby record my/our present at the Twenty Second Annual General Meeting of the Company at Hotel Golkonda, Masab Tank, Hyderabad, at 11.30 a.m. on Thursday, the 27<sup>th</sup> September, 2018.

Name of the Member : \_\_\_\_\_ Signature : \_\_\_\_\_

Name of the Proxyholder : \_\_\_\_\_ Signature : \_\_\_\_\_

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

**SAGARSOFT (INDIA) LIMITED**

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 E-mail: info@sagarsoft.in Website: www.sagarsoft.in

**PROXY FORM**

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

Name of the Member (s) : \_\_\_\_\_

Registered address : \_\_\_\_\_

E-mail Id : \_\_\_\_\_

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

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

1. Name: \_\_\_\_\_ Email ID: \_\_\_\_\_  
 Address: \_\_\_\_\_

\_\_\_\_\_ Signature \_\_\_\_\_ or failing him;

2. Name: \_\_\_\_\_ Email ID: \_\_\_\_\_  
 Address: \_\_\_\_\_

\_\_\_\_\_ Signature \_\_\_\_\_ or failing him;

3. Name: \_\_\_\_\_ Email ID: \_\_\_\_\_  
 Address: \_\_\_\_\_

\_\_\_\_\_ Signature \_\_\_\_\_

as my/our Proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Twenty Second Annual General Meeting of the Company to be held on Thursday, the 27<sup>th</sup> September, 2018 at 11.30 a.m. at Hotel Golkonda, Masab Tank, Hyderabad-500 028 and at any adjournment thereof in respect of such resolutions as are indicated below:

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Sl. No.	Description of Resolution
1	Adoption of audited financial statements, report of the directors and auditors for the year ended 31st March, 2018.
2.	Declaration of Dividend.
3.	Reappointment of Shri S.Sreekanth Reddy, who retires by rotation and is eligible for re-appointment, as Director.
4.	Reappointment of Shri K.Satish Chander Reddy, who retires by rotation and is eligible for re-appointment, as Director.
5	Reappointment of Shri M.Jagadish as Manaing Director of the Company.
6.	Reappointment of Shri K.Pradeep Kumar Reddy as Executive Director of the Company.

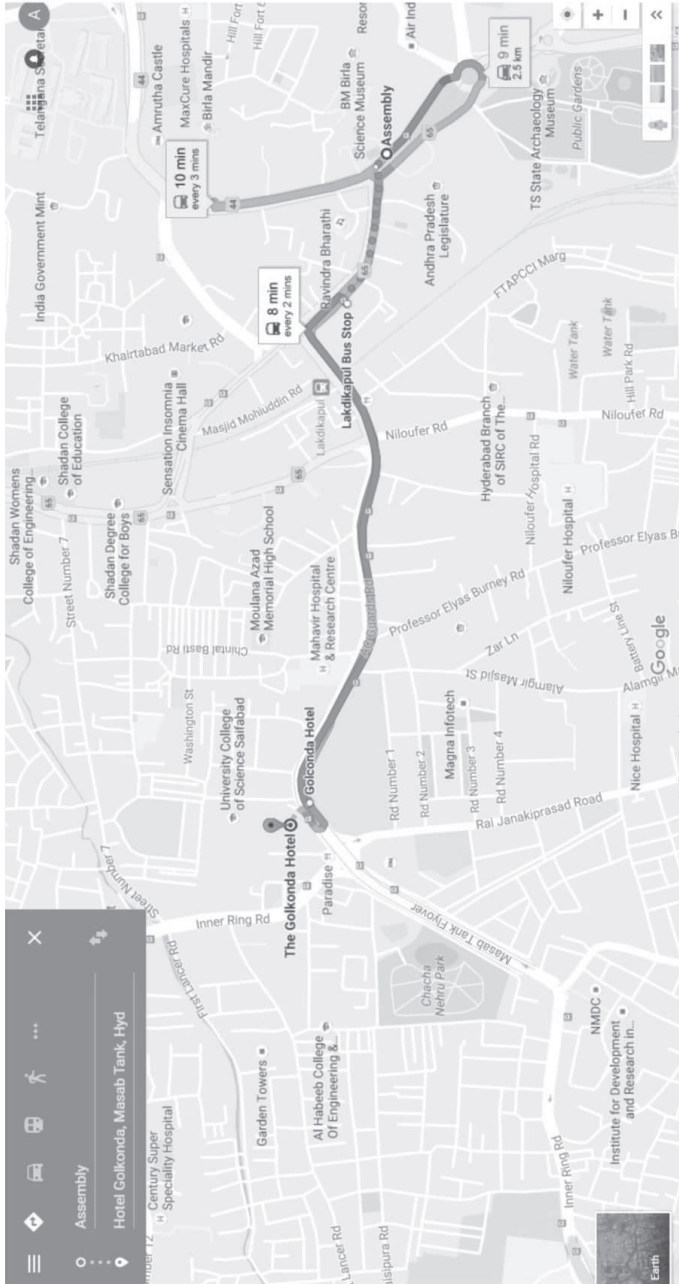
Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2018

Please affix Re.1/- Revenue Stamp
--

Signature of shareholder \_\_\_\_\_ Signature of Proxyholder(s) \_\_\_\_\_

- Note:**
1. This Form in order to be effective should be duly completed and deposited at the Registered Office of the Company at Plot No.111, Road No.10, Jubilee Hills, Hyderabad-500 033, not less than 48 hours before the commencement of the Meeting.
  2. A proxy need not be a member of the Company.
  3. For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the 22<sup>nd</sup> Annual General Meeting of the Company.

## ROUTE MAP FOR AGM





**Sagarsoft (India) Limited**

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

Hyderabad - 500 033

Ph : +91-40-67191000

Fax : +91-40-23114607

Internet : [www.sagarsoft.in](http://www.sagarsoft.in)

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