

4
Annual Report 2000

Annual Report Annual Report

S o m u c h t o d o . . .



Look back.

At how far we have come.

At how much we have done.

Look around.

The world is converging.

And becoming smaller.

Look again.

Look closer.

The world is growing bigger.

With bigger opportunities.

Bigger challenges.

Bigger possibilities.

Look ahead.

There is still so far to go.

Still so much to do.

Board of Directors

Board of Directors

Mr. S. Sreekanth Reddy	Chairman & Managing Director
Mr. P. Bala	Director
Mrs. S. Rachana	Additional Director
Mr. Sunil S. Thampy	Alternate Director to Mr. P. Bala
Mr. R. S. Sudhish	Director
Mr. Bruce Elliott	Director
Mr. Ranjitha Srikumar	Nominee of SIDBI (up to 8-6-2000)
Mr. R. Soundararajan	Company Secretary and General Manager (Corporate Affairs)

Auditors :

M/s C. Ramachandram & Co.
Chartered Accountants
3-5-45/6/2, Edenbagh
Upstairs Saboo Luna Show Room
Ramkote, Hyderabad - 500 001
Phone (Off) : 4751745

Bankers :

State Bank of Hyderabad
Punjagutta Branch
Vasavi Co-operative Urban Bank
Begumpet Branch
HDFC Bank, Lakdikapool Branch

Registered Office :

304, Nilgiri
Aditya Enclave, Ameerpet
Hyderabad - 500 038

Corporate Office :

6-3-1112/5
Begumpet
Hyderabad - 500 016



Sagarsoft (India) Limited
Registered Office: 304, Nilgiri, Aditya Enclave
Ameerpet, Hyderabad – 500 038

NOTICE is hereby given that the Fourth Annual General Meeting of the Members of the Company will be held at Hotel Golkonda, Masab Tank, Hyderabad-500028, on Friday, the 29th September, 2000, at 3.00p.m. to transact the following business:

As Ordinary Business:

1. To receive, consider and adopt the audited Annual Accounts of the Company for the year ended 31st March 2000.
2. To appoint a Director in the place of Shri S. Sreekanth Reddy, who retires by rotation at the Annual General Meeting and, being eligible, offers himself for reappointment.
3. To appoint a Director in the place of Shri Srinivas Sudhish, who retires by rotation at the Annual General Meeting and, being eligible, offers himself for reappointment.
4. To appoint Auditors and fix their remuneration.

As Special Business:

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

RESOLVED THAT consent be and is hereby accorded pursuant to Sec. 198, 269, 309, 310 and Schedule XIII of the Companies Act, 1956 to the increase in the remuneration payable to Shri S. Sreekanth Reddy, Managing Director of the Company with effect from 1st October, 2000 as below, which will also be the minimum remuneration payable to him in the event of inadequacy or absence of profit in any financial year during the currency of his tenure as Managing Director:

Salary: Rs.50,000/- p.m.

Perquisites:

As may be determined by the Board of Directors in consultation with the Managing Director and restricted to 50% of the salary.

In addition to the above, the Managing Director is also eligible for the following:

- a. Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income-tax Act, 1961.
 - b. Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.
 - c. Encashment of leave at the end of tenure.
6. To consider and if deemed fit to pass, with or without modification the following resolution as Special Resolution:

Resolved that consent be and is hereby given under Sec.163 of the Companies Act, 1956 for keeping the Statutory Registers of the Company at its Corporate Office located at 6-3-1112/5, Begumpet, Hyderabad - 500016.

Notice

7. To consider and if deemed fit to pass, with or without modification, the following resolution as Special Resolution:

RESOLVED THAT consent be and is hereby accorded under Section 81(1)(A) and other applicable provisions, if any, of the Companies Act, 1956 to the Board of Directors of the Company to offer and issue 2,50,000 Equity Options, each Option being entitled to one equity share of Rs.10/- at par, to a Trust / Scheme / Committee to be constituted by the Company / Board of Directors for administering the proposed Employees Stock Option Plan on the following terms and conditions:

Only bonafide full time employees of the Company in confirmed service and directors who are not specifically excluded under the SEBI Guidelines, are eligible under the Plan. However, actual selection shall be based upon the performance of the employee concerned as indicated by the annual performance appraisal, his status and the minimum period of service put in by him in the Company, his present and potential contribution to the success of the Company and similar factors as may be deemed relevant by the Compensation Committee to be formed by the Board of Directors for the purpose.

Exercise period shall be a period commencing after 24 months from the date of transfer of Options to the eligible employees but within sixty months from the date of such transfer.

The maximum number of options to be issued per employee per year shall be 2,500 options and there shall be no limit on the total allocation to be made every year within the total Options hereby sanctioned.

The Company shall conform to the Accounting Policies specified in Clause 13.1 of the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

FURTHER RESOLVED that the Board of Directors of the Company be and is hereby authorised to determine all other terms and conditions of the issue of the said Options / Shares as they may in their absolute discretion determine and also to vary any of the terms and conditions hereby authorised provided they are in conformity with the guidelines issued by SEBI and other authorities from time to time.

Note:

1. Explanatory Statement pursuant to Sec.173(2) of the Companies Act, 1956 on items specified as Special Business is given in the annexure, which forms part of this notice.
2. Share Transfer Books and the Register of Members of the company will remain closed during the period from 27th September 2000 to 29th September 2000, both days inclusive.
3. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and in the event of poll to vote at the meeting on his / her behalf and the proxy to be so appointed need not be a member of the Company. However, proxies to be effective, must be lodged with the Company at its Registered Office not less than 48 hours before the commencement of the Meeting.

By Order of the Board of Directors
For Sagarsoft (India) Limited

S. Sreekanth Reddy
Chairman and Managing Director

23rd June, 2000
Hyderabad



Annexure to and forming part of the Notice convening the
Fourth Annual General Meeting of the Company

Explanatory Statement pursuant to Sec. 173(2) of the Companies Act, 1956
on the Special Business

On Item No. 5

The shareholders at their 2nd Annual General Meeting held on 26th September, 1998 had approved the appointment of Shri S. Sreekanth Reddy as Managing Director and the remuneration payable to him for holding the said office. Since then the operations of your Company have increased manifold. Considering the role played by Shri S. Sreekanth Reddy in bringing the Company to its present stage and having regard to his potential to take it to greater heights, it is proposed to increase the remuneration payable to him with effect from 1st October, 2000 to the extent mentioned in the resolution, which is within the ceiling prescribed under Schedule XIII of the Companies Act, 1956.

As the resolution relates to the remuneration payable to Shri S. Sreekanth Reddy, Managing Director, to that extent he as well as Smt. S. Rachana, a Director and a relative of Shri S. Sreekanth Reddy be deemed to be interested in the resolution.

On Item No. 6

Your Company has recently shifted its Corporate Office to a more spacious building at No. 6-3-1112/5, Begumpet, Hyderabad- 500016. As your Company's Administrative and Secretarial Divisions are functioning from this office, it is proposed to keep the statutory registers of your Company at this place instead of its Registered Office at Ameerpet. As this would require the approval of shareholders, a suitable resolution is submitted for their approval. None of the directors is interested in the resolution.

On item No. 7

As part of its efforts to attract, motivate and retain the talents, your Company proposes to introduce an Employee Stock Option Plan, which will be administered through a Compensation Committee / Trust. While detailed terms and conditions will be formulated by the said Committee / Trust, some of the salient features of the Plan such as total number of Options, pricing, Exercise Period, Eligible persons etc. have been given in the resolution itself. Your Board fervently hopes that the Plan would create a sense of ownership among the participating employees and increase the productivity of the Company as a whole.

As the Plan would be implemented within the guidelines prescribed by SEBI, those directors who are not specifically excluded from the Scheme under the Guidelines of the SEBI may be deemed to be interested in the resolution to the extent of the Option if any allotted to them under the Plan in future.

By Order of the Board of Directors
For Sagarsoft (India) Limited

23rd June, 2000
Hyderabad

S. Sreekanth Reddy
Chairman and Managing Director

Directors' Report

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting their Fourth Annual Report together with the audited accounts of the Company for the year ended 31st March, 2000.

FINANCIAL PERFORMANCE

The financial results of your Company are summarized below:

	(Rs. in lakhs)			
	31-3-2000		31-3-1999	
Sales and other Income		1231.76		465.35
Profit before Depreciation and Interest		296.09		86.62
Less: Depreciation	38.92		21.38	
Interest	28.87		27.12	
		67.79		48.50
Profit before Tax		228.30		38.12
Provision for Tax		26.00		4.22
Profit for the year		202.30		33.90
Profit brought forward from the previous year		53.74		19.84
Profit available for appropriation		256.04		53.74

PERFORMANCE OF THE COMPANY

The performance of the company during the year under review was impressive with its total income of Rs. 1231.76 lakhs (after stocks adjustments). The profit before as well as after tax had registered a phenomenal increase of about 500% over the previous year.

DIVIDEND

Despite the excellent performance, with a view to conserving the resources of the company for meeting the current as well as future expansion programmes, your Board is not recommending any dividend for the year under review.

SHARE CAPITAL

During the year under review, your Board, pursuant to the authorisation accorded to it by the shareholders, had allotted through private placement 18,20,000 equity shares of Rs.10/- each for cash at a premium of Rs.10/- per share and had called and collected a premium of Rs.10/- per share on 13,50,000 equity shares of Rs.10/- each allotted by it on 20th November, 1998.

PUBLIC ISSUE

With a view to financing the on going expansion programme, your Company recently made a Public Issue of 13,90,000 equity shares of Rs.10/- at a premium of Rs.10/- per share aggregating to Rs.278.00 lakhs and the response there to was good. The finalisation of allotment and related matters have since been completed.

Directors' Report

FUTURE OUTLOOK

Your Company would like to be a leading, global, quality-conscious, total solution powerhouse, delivering world-class solutions to enhance customer's delight, thereby enhancing stakeholders' value. In its endeavor to be closer to the customer and become a global player, your Company is expanding operations beyond India, USA and Switzerland by setting up offices across the globe. Your Company's quality conscious is certified through ISO 9001 and it is also contemplating to acquire SEI-CMM level 4 certification.

PARTICULARS OF EMPLOYEES

There are no employees of the company covered under Section 217(2A) of the Companies Act, 1956.

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

These particulars have been provided in the Annexure, which forms part of this report.

INDUSTRIAL RELATIONS

Industrial relations continued to be cordial throughout the year. With a view to further motivating the employees, your Board proposes to introduce an Employees Stock Option Plan and a suitable resolution will be submitted at the ensuing Annual General Meeting seeking the approval of the shareholders for it.

DIRECTORS

With the completion of the repayment of term loan earlier availed from SIDBI, their Nominee Director Ms. Ranjitha Srikumar has since been withdrawn by them from the Board with effect from 9th June, 2000. Pursuant to Section 256 of the Companies Act, 1956, Shri S. Sreekanth Reddy and Shri R. S. Sudhish will be retiring by rotation at the Annual General Meeting, whereat, being eligible, they will be offering themselves for re-appointment.

AUDITORS

M/s. C. Ramachandram & Co., Chartered Accountants, Auditors of your company will be retiring at the ensuing Annual General Meeting and are eligible for re-appointment.

ACKNOWLEDGMENTS

Your Directors wish to place on record their appreciation of the valuable guidance and co-operation extended by Small Industries Development Bank of India, State Bank of Hyderabad, HDFC Bank, State and Central Government authorities. Your Directors also wish to place on record their appreciation of the contribution made by the employees at all levels and the shareholders for their confidence reposed in the management.

By order of the Board of Directors
For Sagarsoft (India) Limited

Place: Hyderabad
Date : 23.6.2000

S. Sreekanth Reddy
Chairman and Managing Director