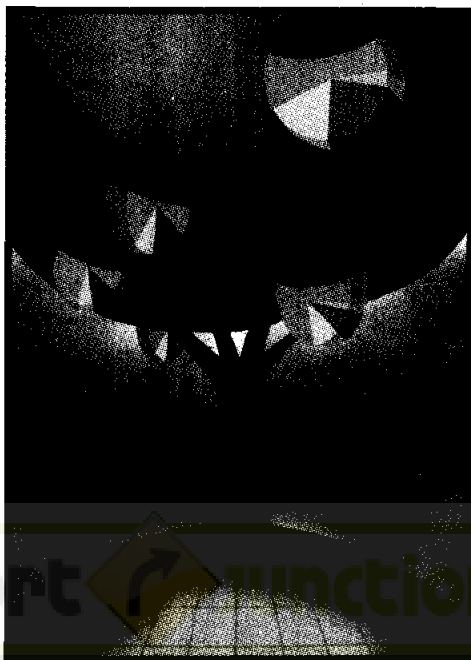
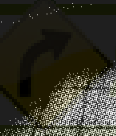


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Board of Directors

Mr. S. Sreekanth Reddy
Mrs. S. Rachana
Mr. R. S. Sudhish
Mr. Bruce Elliott
Mr. Satish C.R. Kalva

Mr. Laxman Lal Rawat

Chairman and Managing Director
Director
Director
Director
Director
(with effect from 26.6.2001)
Director
(with effect from 26.6.2001)

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
Punjabutta 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

Registrars and Share Transfer Agents

M/s. Karvy Consultants Limited
"Karvy House", 46, Avenue 4
Street No.1, Banjara Hills, Hyderabad - 500034



Sagarsoft (India) Limited
Registered Office: 304, Nilgiri, Aditya Enclave
Ameerpet, Hyderabad - 500038

NOTICE is hereby given that the Fifth Annual General Meeting of the Members of the Company will be held at Hotel Golkonda, Masab Tank, Hyderabad - 500028, on Friday the 28th September 2001 at 3.00 p.m. to transact the following business :

As Ordinary Business:

1. To receive, consider and adopt the audited Accounts of the Company for the year ended 31st March 2001 together with the reports thereon of the Directors and Auditors.
2. To declare dividend on the Equity Shares.
3. To appoint a Director in the place of Mr. Bruce Elliott, 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 thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:
Resolved that Mr. Satish C.R. Kalva be and is hereby appointed as a Director of the Company liable to retire by rotation.
6. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:
Resolved that Mr. Laxman Lal Rawat be and is hereby appointed as a Director of the Company liable to retire by rotation.
7. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

RESOLVED THAT in accordance with the provisions contained in the Company's Articles of Association and Section 81(1A) and all other applicable provisions of the Companies Act, 1956 ('the Act') and the provisions contained in the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ('the Guidelines') and subject to such other approvals, permission and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as 'the Board' which term shall be deemed to include any Committee including ESOP Compensation Committee which the Board may constitute to exercise its powers, including the powers conferred by this resolution), consent of the company be and is hereby accorded to the Board to create, offer, issue and allot at any time to or for the benefit of such person(s) who are in permanent employment of the Company, including Directors of the Company, whether working in India or out of India under a Scheme titled 'Employee Stock Option Scheme' (hereinafter referred to as 'ESOS' or 'Scheme'), such number of equity shares not exceeding 10% of the issued Equity Share Capital of the Company as on 31st March 2001, at such price, in one or more tranches and on such terms and conditions as may be fixed or determined by the Board in accordance with the Guidelines or other provisions of the law as may be prevailing at that time;

RESOLVED FURTHER THAT the new Equity Shares to be issued and allotted by the Company in the manner aforesaid shall rank pari passu in all respects with the then existing Equity Shares of the Company.
8. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

RESOLVED THAT in accordance with the provisions contained in the Company's Articles of Association and Section 81(1A) and all other applicable provisions of the Companies Act, 1956 ('the Act') and the provisions contained in the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ('the Guidelines') and subject to such other approvals, permission and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed by the Board of Directors of the Company (hereinafter referred to as 'the Board' which term shall be deemed to include any Committee including ESOP Compensation Committee which the Board may constitute to exercise its powers, including the powers conferred by this resolution), consent of the Company be and is hereby accorded to the Board to extend the benefits of Employees Stock Option Scheme proposed in the resolution under Item no. 7 in this Notice to the eligible employees/directors of the subsidiary and/or holding companies, and/or to such other persons, as may from time to time be allowed under prevailing laws, rules and regulations, and/or amendments thereto from time to time, on such terms and conditions as may be decided by the Board.
9. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

RESOLVED THAT in accordance with the provisions contained in the Company's Articles of Association and Section 81(1A) and all other applicable provisions of the Companies Act, 1956 ('the Act') and Clause 6.3(b) and other applicable provisions contained in the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ('the Guidelines') and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed by the Board of Directors of the company (hereinafter referred to as 'the Board' which term shall be deemed to include any Committee including ESOP Compensation Committee which the Board may constitute to exercise its powers, including the powers conferred by this resolution), consent of the Company be and is hereby accorded to the Board to grant option to identified employees, during any one year, equal to or exceeding 1 % of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant of Option.

Note:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and, in the event of a poll, to vote on his/her behalf at the meeting. The proxy to be so appointed need not be a member of the Company. However, proxies, in order to be effective, must be lodged with the Company at its Registered Office not less than 48 hours before the commencement of the Meeting.
2. The Register of Members and the Share Transfer Books of the Company would remain closed during the period from 21st September 2001 to 28th September 2001 (both days inclusive).



3. Explanatory Statement pursuant to Sec.173 (2) of the Companies Act, 1956 on the special business to be transacted are given in this annexure, which may be treated as forming part of this notice.
4. Dividend, if declared, will be paid to those Members whose names appear on the Company's register of Members on 28th September 2001. In respect of shares held in electronic form, the dividend will be payable to the beneficial owners of shares as on 21st September, 2001 as per the details to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited. Dividend will be paid on or before 27th October 2001.
5. Members are requested to notify immediately any change in their addresses and / or the Bank Mandate details to the Company's Registrars and Share Transfer Agents.
6. Members holding shares in electronic form may please note that their bank details as furnished by the respective Depositories to the Company will be printed on their dividend warrants / Demand Drafts as the case may be, as per the applicable regulations of the depositories and the Company will not entertain any direct request from such members for change / deletion in such bank details. Further, instructions if any already given by them in respect of shares held in physical form will not automatically become applicable to the dividend paid on shares held in electronic form. Members may therefore give instructions regarding bank accounts in which they wish to receive dividend to their Depository Participants.

By Order of the Board
for Sagarsoft (India) Limited

S.Sreekanth Reddy
Chairman and Managing Director

Place: Hyderabad
Date: 31st July 2001

Annexure to and forming part of the Notice convening the 5th Annual General Meeting of the Company

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

On Item No.5

Mr. Satish C.R. Kalva was appointed as an Additional Director on 26th June, 2001 by the Board of Directors of the Company under Article 96 of the Company's Articles of Association. Under Section 260 of the Companies Act, 1956, Mr. Satish C.R. Kalva holds office only upto the date of the forthcoming Annual General Meeting. A notice under Section 257 of the Companies Act, 1956 has been received from a Member signifying his intention to propose Mr. Satish C.R. Kalva's appointment as a Director.

Mr. Satish C.R. Kalva, who is holding a Masters degree in Computer Science, started his career as a Network consultant. He also served as a Faculty Member for 4 years in Livingston College, North Carolina State, U.S.A. Later he also served as Senior Business Consultant for nearly 15 years in companies like Pepsi Cola, General Re-insurance, SCORE and Pfizer in United States. Presently he is Chief Executive of Sagarsoft Inc., New York.

As your Directors are confident that your Company will greatly benefit from its association with Mr. Satish C.R. Kalva, they recommend the resolution for your consideration.

On Item No.6

Mr. Laxman Lal Rawat was appointed as an Additional Director on 26th June, 2001 by the Board of Directors of the Company under Article 96 of the Company's Articles of Association. Under Section 260 of the Companies Act, 1956, Mr. Laxman Lal Rawat holds office only upto the date of the forthcoming Annual General Meeting. A notice under Section 257 of the Companies Act, 1956 has been received from a Member signifying his intention to propose Mr. Laxman Lal Rawat's appointment as a Director.

Mr. Laxman Lal Rawat, who is a Swiss National, has more than four decades of international business experience spanning areas like mining, precious stones, jewelry and information technology. He is a resident of Geneva, Swiss and he has his operations in U.S., Europe, Africa and India with a network of contacts around the Globe.

Presently he is holding other directorships in the following companies:

Sl. No.	Name of the corporate body
1	Kuber Impex SA, Geneva, Switzerland
2	Newgems International Inc, New York, U.S.A.
3	Silicon Zambia Ltd, Lusaka, Zambia
4	T.T.I. Pvt Ltd, Jaipur, India
5	Jaipur Gems & Handicrafts Pvt. Ltd, Jaipur, India
6	Jaipur Farmers Pvt. Ltd., Jaipur, India
7	Hohoba Products Pvt. Ltd, Jaipur, India
8	Nirlex Infotech Pvt. Ltd., Jaipur, India
9	Rajasthan Institute of Information Technology Pvt. Ltd., Jaipur, India

As your Directors are confident that your Company will greatly benefit from its association with Mr. Laxman Lal Rawat, they recommend the resolution for your consideration.

On Item No. 7

Employee Stock Options are universally considered to be an effective tool to attract and retain the best of talent in the industry. With this objective in view, your Company had obtained your approval in the previous Annual General Meeting for introducing an Employees Stock Option Scheme. However the



implementation of the said Scheme was kept in abeyance as your Board later felt it desirable to design a fresh Scheme which, apart from being more effective would also be in conformity with the industry practice and for the purpose availed the expertise of M/s. Ernst Young Pvt. Ltd, who have accordingly designed a new Scheme to be known as Sagarsoft (India) Limited Employees Stock Option Scheme (Sagarsoft ESOS).

The new Scheme, which has been designed in accordance with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Share Purchase Scheme) Guidelines 1999, has the following features:

Total number of options to be granted

The total number of options reserved for granting to employees under this ESOS is 5,56,000 options, representing 5,56,000 fully paid equity shares of face value of Rs.10 each, in other words 10% of the fully paid equity capital of your company as on March 31st, 2001.

Identification of classes of employees eligible to participate in the ESOS

The Compensation Committee constituted under the Scheme will determine the classes of employees eligible to participate in the ESOS.

Requirement of vesting and period of vesting

The Compensation Committee would be authorised to determine the number of options to be granted to each eligible employee in a year. The vesting schedule will be as follows: 30%, 30% and 40% of the options awarded will vest on the first, second and third anniversaries of the effective date of the grant.

Exercise price or the pricing formula

The exercise price of the options granted would be Rs.10/-.

Exercise period and process of exercise

The employee shall exercise his/her vested options, in part or in whole at any moment after the earliest applicable vesting date and prior to the completion of the 48th month from the Grant Date.

The appraisal process for determining the eligibility of employees to the ESOS

The appraisal process for determining the eligibility of employees will be in accordance with the guidelines framed by the Compensation Committee consisting of a majority of independent directors.

Maximum number of options to be issued per employee and in the aggregate

The maximum number of options to be granted to all employees in the aggregate should not exceed 5,56,000 options, each option representing one fully-paid equity share of face value of Rs.10 each. Within the said ceiling of 5,56,000 options, there would be no restriction on the number of options that can be granted to a particular employee.

As per the SEBI guidelines referred to above, shareholders' approval is required through a Special Resolution for implementing the proposed Scheme which will supercede the resolution passed by the shareholders in the previous Annual General Meeting.

On Item No.8

As per the SEBI guidelines, a separate resolution is required to be passed if the benefits of ESOP are to be extended to employees of the subsidiary or holding company. This separate resolution is being proposed accordingly, to enable to the Company to extend the benefits of ESOP to the employees of its holding/ subsidiary companies and/or such other persons as may be permitted from time to time, under prevailing laws, rules and regulations, and/or amendments thereto from time to time. This may be read with explanatory statement for Item No.7.

On Item No. 9

As per Clause 6.3(b) the SEBI (ESOS and ESPS) Guidelines, 1999, a separate resolution is required in case grant of option to identified employees, during any one year, equals to or exceeds 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant of option. Accordingly a separate resolution is proposed under Item No.9 for the purpose. This may be read with explanatory statement for Item No.7 and 8.

Memorandum of Directors' Interest

In Items No.5 and 6

As the Items No.5 and 6 relate to the appointment of Mr. Satish C.R. Kalva and Mr. Laxman Lal Rawat respectively, to that extent, they may be deemed to be interested in these items proposing their respective appointment.

In Items No.7, 8 and 9:

Mr. R.S.Sudhish, Mr. Bruce Elliott, Mr. Satish C.R. Kalva and Mr. Laxman Lal Rawat being the directors eligible for the benefits under the Scheme may be deemed to be interested in the resolutions proposed in Items No. 7, 8 and 9 to the extent of options, if any, to be granted to them under the said Scheme.

By Order of the Board
for Sagarsoft (India) Limited

Place: Hyderabad
Date: 31st July, 2001

S.Sreelanth Reddy
Chairman and Managing Director



**Details of the Directors seeking appointment / re-appointment at the forthcoming
Annual General Meeting
(in pursuance of Clause 49 of the Listing Agreement)**

Name Of the Director	PROFILE
<p>Mr. Bruce Elliott (Date of Birth : 03-05-1949)</p>	<p>Appointed as Director on 13-12-1999. An MBA from Boston College, carried advanced Studies in Cognitive Development/ University of Chicago 1970-71. Worked as Professor at Webster University in Geneva, Switzerland during 1983-89 where he had taught: Management Information Systems (MIS), Entrepreneurship, Small Business Management. Practiced as Management Consultant from 1974 to 1984 specializing in Productivity Improvement Techniques by integrating the disciplines of Industrial Engineering, Behavioral Psychology, and Media Cognition. Developed expertise in cutting costs and improving productivity. Founded PMS SA, a training and consulting company in Geneva, Switzerland. Also founded World Wide Web Institute in 1996 in Geneva and developed it as one of the largest Internet training organisations in Asia. Speaker at many conferences about E-Commerce and Internet topics including India World Sept. 1999. Mr. Elliott in on the Board of the following companies: PMS SA (Chairman and CEO) World Wide Web Institute International Ltd. (Chairman) Sagarsoft (India) Ltd. Crossnet Ventures Inc. (CEO) Asia 3w Infrastructure Ltd. (Chairman) Netlink Ltd.</p>
<p>Mr. Satish C.R. Kalva (Date of Birth : 05-12-1963)</p>	<p>Appointed by the Board as Director on 26-06-2001. Mr. Satish C.R. Kalva, who is holding a Masters degree in Computer Science, started his career as a Network consultant. He also served as a Faculty Member for 4 years in Livingston College, North Carolina State, U.S.A. Later he also served as Senior Business Consultant for nearly 15 years in companies like Pepsi Cola, General Re-insurance, SCORE and Pfizer in United States. Presently he is Chief Executive of Sagarsoft Inc., New York.</p>
<p>Mr. Laxman Lal Rawat (Date of Birth : 17-10-1938)</p>	<p>Appointed as director by the Board on 26-06-2001. Mr. Laxman Lal Rawat, who is a Swiss National, has more than four decades of international business experience spanning areas like mining, precious stones, jewelry and information technology. He is a resident of Geneva, Swiss and he has his operation in U.S., Europe Africa and India with a network of contacts around the Globe.</p> <p>Presently he is holding other directorships in the following companies: Kuber Impex SA, Geneva, Switzerland Newgems International Inc, New York, U.S.A. Silicon Zambia Ltd, Lusaka, Zambia T.T.I. Pvt Ltd, Jaipur, India Jaipur Gems & Handicrafts Pvt. Ltd, Jaipur, India Jaipur Farmers Pvt. Ltd., Jaipur, India Hohoba Products Pvt. Ltd., Jaipur, India Nirlex Infotech Pvt. Ltd., Jaipur, India Rajasthan Institute of Information Technology Pvt. Ltd., Jaipur, India</p>



**Details of the Directors seeking appointment / re-appointment at the forthcoming
Annual General Meeting
(in pursuance of Clause 49 of the Listing Agreement)**

Name Of the Director	PROFILE
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DIRECTORS' REPORT

Dear Members

Your Directors have pleasure in presenting their Fifth Annual Report together with the audited accounts of the Company for the year ended 31st March 2001.

FINANCIAL PERFORMANCE

The Financial results of your Company are summarized below:

Sl. No.	Particulars	Year Ended		Projections For The Year 2000-01 As per Prospectus
		31.03.2001	31.03.2000	
1	Income from:			
	Software Development	1074.36	444.39	1295.02
	Software Training	678.65	409.32	612.53
	Networking	709.71	225.54	300.00
	Product Sales	77.78	126.86	25.00
2	Other Income	36.08	19.49	10.00
	Total Income	2576.58	1225.60	2242.55
3	Total Expenditure	1904.04	929.51	1678.70
4	Interest	35.15	28.87	12.75
5	Depreciation	110.29	38.92	118.32
6	Profit Before Tax	527.10	228.30	432.78
7	Provision For Tax	57.53	26.00	91.73
8	Net Profit for the year	469.57	202.30	341.05
9	Profit brought from previous year	256.04	53.74	
10	Total Profit available for appropriation	725.61	256.04	
11	Appropriations:			
	Provision for Dividend at 7.5 %	41.70	-	
	Provision for Dividend Tax	4.25	-	
	Carried over to Balance Sheet	679.66	256.04	

Performance of the Company

With the total income and profit before tax of your company registering an increase of more than 100 %, the overall performance of your Company during the year under review was more than satisfactory. The segment wise income earned by your Company during the year under review together with, inter-alia, future prospects have been covered in the Management's Discussion and Analysis Report given in the annexure.

Dividend

In view of the satisfactory performance of your Company during the year under review, your Directors are pleased to recommend its maiden dividend at the rate of 7.5 % i.e., Rs.0.75 per share for the year ended 31st March 2001.

Share Capital

There was no change in the Share Capital of your Company during the year under review. The earlier proposal to allot 10 lakhs equity shares on a preferential basis for funding the expansion has been dropped as your Board feels it prudent not to commit any fresh capital at the moment in the context of the ongoing slow-down in the IT sector particularly in U.S., where your Company had planned to expand its activities utilizing the proceeds of the since aborted preferential issue.

Particulars of the Employees Under Sec.217(2A) of the Companies Act, 1956

Particulars of employees covered under Sec.217 (2A) of the Companies Act, 1956 are given in the Annexure, which forms part of this Report.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The required particulars have been provided in the Annexure, which forms part of this Report.

Industrial Relations

Industrial relations continued to be very cordial throughout the year. The shareholders at their previous Annual General Meeting held on 29th September 2000 had approved of an Employees Stock Option Scheme. As your Board subsequently felt that the said scheme required a few modifications to bring it on par with the industry practice, it engaged the services of M/s. Ernst & Young Private Ltd, (E & Y) to suggest a suitable Scheme. It is now proposed to adopt the Scheme as suggested by E& Y and a fresh approval of the shareholders is being sought for at the ensuing Annual General Meeting for implementing the same.

Directors

Pursuant to Section 256 of the Companies Act, 1956 Mr. Bruce Elliott will be retiring by rotation at the Annual General Meeting, whereat, being eligible, he will be offering himself for re-appointment.