



Annual Report 2008

totality



**Board of Directors**

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

Auditors

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

Bankers

State Bank of Hyderabad
Punjagutta Branch, Hyderabad
HDFC Bank
Lakdikapool Branch, Hyderabad

Registered Office

8-2-472/B/2, Road # 1
Banjara Hills
Hyderabad - 500 034

Registrars and Share Transfer Agents

M/s. Karvy Computershare Pvt. Ltd.
17-24, Vittal Rao Nagar
Madhapur
Hyderabad - 500 081

SAGARSOFT (INDIA) LIMITED

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

NOTICE

Notice is hereby given that the 12th Annual General Meeting of the Members of the Company will be held at 11.00 a.m. on Wednesday the 24th September, 2008 at Hotel Golkonda, Masab Tank, Hyderabad – 500 028, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March, 2008 and the Balance Sheet as at that date together with the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Shri M.Jagadeesh, who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Shri S. Sreekanth Reddy, who retires by rotation and is eligible for re-appointment.
4. To appoint Auditors for the company to hold office from the conclusion of the Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

5. Increase in the Remuneration payable to the Executive Director

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

Resolved that in partial modification of the Resolution passed at the 9th and 10th Annual General Meeting of the Company held on 28th September, 2005 and 28th September, 2006 respectively and pursuant to Section 198, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII thereto, the remuneration payable to Shri M.Jagadeesh as Executive Director of the Company be increased to a consolidated sum of Rs.2,00,000/- p.m. with effect from 1st October, 2008 in his current tenure as Executive Director, which shall also be the minimum remuneration payable to him in the event of inadequacy or absence of profits.

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

NOTES:

1. Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of Special Business in Item No.5 together with the disclosures required to be made under Proviso (IV) to Section (II) (B) of Part II of Schedule XIII to the Companies Act, 1956 and the relevant details under Clause 49 of the Listing Agreement with the Stock Exchanges in respect of directors seeking re-appointment vide Item Nos.2 and 3 are given in the annexure, which forms part of this Notice.
2. A Member entitled to attend and vote at the Meeting is entitled to appoint a Proxy to attend and vote instead of himself/herself and the proxy to be so appointed need not be a Member of the Company. However, proxies in order to be effective must be lodged with the company at its Registered Office not less than 48 hours before the commencement of the Meeting.
3. Register of Members and the Share Transfer Books of the company will remain closed during the period from 17th September, 2008 to 24th September, 2008 (both days inclusive).
3. Members holding shares in physical form are requested to inform the Company or its Registrars, of the change, if any, in their addresses.
5. Members are also requested to bring the Attendance Slips duly filled in for being handed over at the entrance of the venue for the meeting.

By Order of the Board

Hyderabad
31st July, 2008

Sd/-
S.Sreekanth Reddy
Chairman and Managing Director

Annexure to the Notice of the 12th Annual General Meeting

EXPLANATORY STATEMENT

Item No.5

Shareholders at their 9th Annual General Meeting of the Company held on 28th September, 2005 appointed Shri M.Jagadeesh as an Executive Director of the Company for a period of 5 years with effect from 2nd May, 2005 on a consolidated remuneration of Rs.40,000/- p.m. with an annual increment of Rs.5,000/- p.m. and approved an increase in the remuneration to a consolidated sum of Rs.75,000/- p.m. at their 10th Annual General Meeting held on 28th September, 2006. While reviewing the managerial remuneration, the Remuneration Committee of the Board recommended an increase in the remuneration to a consolidated sum of Rs.2,00,000/- p.m. with effect from 1st October, 2008 after taking in to account the financial position of the company, trend in the industry, Executive Director qualification, his past remuneration and experience. Accordingly, it is now proposed to increase the said remuneration to Rs.2,00,000/- p.m. as suggested by the Remuneration Committee of the Board. Your Directors commend the Resolution for approval of the members.

As the Resolution relates to the increase in the remuneration payable to Shri M.Jagadeesh, to that extent he may be deemed to be interested in the resolution.

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

I		General Information		
	(1)	Nature of Industry	Software	
	(2)	Date or expected date of commencement of commercial production	18.04.1996	
	(3)	In case of new companies, expected date of commencement activities as per project approved by financial institutions appearing in the prospectus	Not applicable	
	(4)	Financial performance based on given indicators	Description	Rs. in Lakhs
				2007-08 2006-07
			Income	430.42 253.47
			Profit before Interest Depreciation & Tax	36.31 65.59
			Profit after Tax	4.79 25.48
	(5)	Export performance and net foreign exchange collaborations	Foreign Exchange earned Rs. 10.49 lakh dollars for the year 2007-08.	
	(6)	Foreign investments or collaborators, if any	Nil	
II		Information about the appointee		
	(1)	Background details	Mr. M. Jagadeesh has been with Sagarsoft (India) Limited since inception. He is holding B.E., (Mechanical) and M.B.A., (Marketing & MIS) degrees. He has contributed in the areas of general administration, marketing and HR. Currently he is looking after the day to day affairs of the company, subject to superintendence and control of Board of Directors.	
	(2)	Past remuneration	Consolidated remuneration of Rs.75,000/- p.m.	
	(3)	Recognition or awards	None	
	(4)	Job profile and his suitability	<u>Job Profile</u> Responsible for the over all operations of the organization. Reporting to the CMD and the Board.	
			<u>Suitability</u> Mr. Jagadeesh has been associated with the Company for the past 12 years. He has helped the Company to come out the difficult situations and has been a part of the organization throughout its business cycle so far. He has been instrumental in the revival of the business of the company and its subsequent growth.	
	(5)	Remuneration proposed	Consolidated remuneration of Rs.2,00,000/- p.m.	



	(6)	Comparative remuneration profile with respect to Industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin)	The remuneration proposed is reasonable as compared with the industry standards for a director of similar profile.
	(7)	Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel, if any	A part from being the Executive Director of the company and holding 13,900 shares in it in his personal capacity, he does not have any other pecuniary relationship with the company.
III	Other Information		
	(1)	Reasons of loss or inadequate profits	The company suffered heavy losses in the initial stages due to depression in the software industry. However, the industry is now recovering from the said situation and with the expected addition of more clientele, the company hopes to turn around.
	(2)	Steps taken or proposed to be taken for improvement	
	(3)	Expected increase in productivity and profits in measurable terms	

By Order of the Board
S.Sreekanth Reddy

Hyderabad
31st July, 2008

Sd/-
Chairman and Managing Director

Annexure to the Notice of the 12th Annual General Meeting
Details of directors seeking re-appointment vide items No.2 and 3 of the Notice
(Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges)

Name of the Directors ->	Shri M.Jagadeesh	Shri S. Sreekanth Reddy
Nature of Directorship	Executive and Independent	Executive and Promoter
Date of birth	26.07.1971	27-08-1971
Date of appointment	13.06.2002	15-07-1996
Qualification	B.E., MBA	B.E., (I&P), PG Diploma in Cement Technology
Area of expertise	General Management	Technocrat and Enterprenuer
Other directorships in public limited companies	Nil	Sagar Cements Limited Sagar Power Limited Amareswari Cements Limited Sagar Priya Housing and Industrial Enterprises Limited
Committee position in other Companies	Nil	Nil
Shares held in Sagarsoft (India) Ltd	13900	1148500



DIRECTORS' REPORT

Dear Members

Your Directors hereby present their Twelfth Annual Report together with the audited accounts of the Company for the year ended 31st March, 2008.

PERFORMANCE

A summarized financial performance of your company during the year 2007-08 is given below:

	(Rs.in Lakhs)	
	Year ended	
	31 st March, 2008	31 st March 2007
Income from operations	430.42	253.47
Other Income	0.75	-
Total Income	431.17	253.47
Total Expenditure	394.86	187.08
Profit before depreciation, interest and tax	36.31	65.59
Depreciation	10.04	18.16
Interest	0.64	0.00
Profit before tax	25.63	47.43
Provision for tax (FBT)	0.96	0.26
Deferred Tax Asset / (liability) for the year	(19.88)	(21.69)
Net Profit	4.79	25.48

PERFORMANCE OF THE COMPANY

During the year under review, the income had gone up by 70% due to increased revenue from software testing and development activities.

DIVIDEND

In view of the inadequate of profit, your Directors regret their inability to recommend any dividend for the year 2007-08.

FUTURE OUTLOOK

Sagarsoft has always worked on building long term relationships with the clients. We were successful in adding new clients this year and this, we believe, will boost our business further more. We were successful in leveraging on the relationships with existing clients for whom we have already started increasing our service portfolio. With the US economy having slowed down considerably, we feel that the outsourcing opportunities will increase due to cost cutting measures being adopted by the US clients, in particular. We hope to sustain the growth momentum achieved, in the coming financial year.

SHARE CAPITAL

There was no change in the share capital of your company during the year under report.

CORPORATE GOVERNANCE

Your Company has complied with the mandatory provisions of the Corporate Governance prescribed in the Clause 49 of the Listing Agreement with the Stock Exchanges. A separate report detailing such compliance together with the Certificate from the Auditors in connection therewith is included as part of the Annual Report. This report also contains the details of remuneration payable to Managerial Personnel in terms of Section II (B) of Part II of the Schedule XIII to the Companies Act, 1956.

INTERNAL CONTROL SYSTEMS

Your Company has adequate internal control systems. Effectiveness of these systems is being reviewed at periodic intervals for possible improvement.



PARTICULARS OF EMPLOYEES

There were no employees in the Company during the year 2007-08 whose particulars are required to be furnished in this Report pursuant to Section 217 (2A) of the Companies Act, 1956.

INDUSTRIAL RELATIONS

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

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

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

DIRECTORS

In compliance with Section 256 of the Companies Act, 1956, Shri M.Jagadeesh and Shri S. Sreekanth Reddy will be retiring by rotation at the ensuing Annual General Meeting and are eligible for re-appointment.

AUDIT COMMITTEE

The Audit Committee of the Board, consisting of the following members and constituted pursuant to Section 292 (A) of the Companies Act, 1956 read with Clause 49 of the Listing Agreement, had met four times during the year ended 31st March, 2008 and, inter-alia, reviewed the financial results of the relative periods.

Shri S.Krishna Reddy	Chairman of the Committee (Non-executive and independent director)
Shri N.Sathya Swaroop Reddy	Member (Non-executive and independent director)
Shri M.Jagadeesh	Member – Executive Director

REMUNERATION COMMITTEE

The Remuneration Committee of the Board, constituted pursuant to Schedule XIII to the Companies Act 1956 read with Clause 49 of the Listing Agreement has the following Non-Executive Independent Directors as its members:

Shri S.Krishna Reddy	:	Chairman
Shri N.Sathya Swaroop Reddy	:	Member
Shri N. Hari Mohan	:	Member

This Committee met on 30.06.2008 to suggest an hike in the remuneration payable to the Executive Director.

AUDITORS

Shareholders are requested to appoint Auditors to the Company to hold office from the conclusion of the ensuing Annual General Meeting and to fix their remuneration. Messrs. C.Ramachandram & Co., Chartered Accountants, the Auditors of your Company hold their office up to the Annual General Meeting and are eligible for re-appointment. They have confirmed that their re-appointment, if approved by the shareholders, would be in accordance with the limits specified in Sub Section (1B) of Section 224 of the Companies Act, 1956.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies Act, 1956, we state:

- (i) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material developments;
- (ii) that the directors had selected such accounting policies and applied them consistently and made judgment and estimates that reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the company for the period;
- (iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the directors had prepared the annual accounts on a going concern basis.



ACKNOWLEDGEMENT

We wish to place on record our appreciation of the valuable co-operation extended by our customers / clients, Bankers, RBI and other State and Central Government Authorities. We also take this opportunity to place on record our appreciation of the contributions made by the employees at all levels and the last but not least, the continued confidence reposed by you in the Management.

For and on behalf of the Board

Sd/-

Hyderabad
31st July, 2008

S. Sreekanth Reddy
Chairman and Managing Director



Annexure to the Directors' Report**FORM B**

[Pursuant to Rule 2 of the companies (Disclosure of particulars in the report of Board of Directors) Rule, 1998]

Form for disclosure of particulars with respect to technology absorption

A	Research and development	:	None
B	Technology absorption, adoption and innovation	:	Nil
C	Foreign exchange earning and outgo		
	Foreign exchange earned	:	Rs. 43042195
	Foreign exchange out go	:	—

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