



**Board of Directors**

Shri S.Sreekanth Reddy	Chairman
Shri M.Jagadeesh	Managing Director
Shri K.Pradeep Kumar Reddy	Director (Operations)
Shri Satish C.R. Kalva	Non-Executive Director
Shri S.Krishna Reddy	Independent and Non-Executive Director
Shri N.Satya Swaroop Reddy	Independent and Non-Executive Director
Shri N.Hari Mohan	Independent and Non-Executive Director
Shri K.Rakesh Rao	Independent and Non-Executive Director

**Auditors**

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

**Bankers**

Axis Bank Ltd.,  
Banjara Hills, Hyderabad

HDFC Bank  
Lakdikapool Branch, Hyderabad

**Registered Office**

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

**Registrars and Share transfer agents**

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

## SAGARSOFT (INDIA) LIMITED

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

### NOTICE

Notice is hereby given that the 17<sup>th</sup> Annual General Meeting of the Members of the Company will be held at 11.00 a.m. on Wednesday, the 25<sup>th</sup> September, 2013 at Hotel Golkonda, Masab Tank, Hyderabad-500 028, to transact the following business:

#### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2013 and the Statement of Profit and Loss for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri K.Rakesh Rao, who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Shri N.Satya Swaroop 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. Reappointment of Managing Director

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

**Resolved that** in accordance with the provisions of Sections 269, 309, 311 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII thereto, the consent is hereby accorded to the re-appointment of Shri M.Jagadeesh as Managing Director of the Company for a period of three years with effect from 31<sup>st</sup> October 2012 at a consolidated remuneration of Rs.2,00,000/- per month which shall be the minimum remuneration payable to him in the event of absence or inadequacy of profit in any financial year during his tenure as Managing Director.

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

##### 6. Appointment of Shri K.Pradeep Kumar Reddy as an Additional Director

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

**Resolved that** Shri K.Pradeep Kumar Reddy be and is hereby appointed as a Director, liable to retire by rotation.

##### 7. Appointment of Shri K.Pradeep Kumar Reddy as Whole-time Director

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

**Resolved that** in accordance with the provisions of Sections 269, 309, 311 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII thereto, the consent is hereby accorded to the appointment of Shri K.Pradeep Kumar Reddy as Whole-time Director of the company and to designate him as Director (Operations) for a period of three years with effect from 6<sup>th</sup> November 2012 at a consolidated remuneration of Rs.40,00,000/- per annum which shall be the minimum remuneration payable to him in the event of absence or inadequacy of profit in any financial year during his tenure as Whole-time Director.

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

**NOTES:**

1. A Member entitled to attend and vote at the Meeting is entitled to appoint a Proxy to attend and vote instead of himself/herself and the proxy to be so appointed need not be a Member of the Company. However, proxies in order to be effective must be lodged with the company at its Registered Office not less than 48 hours before the commencement of the Meeting.
2. Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of Item No.5, 6 and 7 have been given in the annexure to form part of the Notice.
3. Register of Members and the Share Transfer Books of the company will remain closed during the period from 18.09.2013 to 25.09.2013 (both days inclusive).
4. 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  
25<sup>th</sup> July, 2013

Sd/-  
**S.Sreekanth Reddy**  
Chairman

## Annexure to the Notice of the 17<sup>th</sup> Annual General Meeting

### EXPLANATORY STATEMENT

#### Item No.5

As the earlier term of Shri M.Jagadeesh as Managing Director came to an end on 30<sup>th</sup> October, 2012, he was re-appointed by the Board for a further period of three years with effect from 31<sup>st</sup> October, 2012 retaining the remuneration as had been paid in his earlier tenure, as approved by the Remuneration Committee of the Board. The said appointment and the remuneration payable require the approval of the members under, inter-alia, Section 269 read with other applicable Sections and Schedule XIII to the Companies Act, 1956. Your Directors commend the Resolution for approval of the shareholders. Accordingly, the Special Resolution under Item No.5 of the Notice is submitted to the shareholders for approval.

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

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

I	General Information				
	(1)	Nature of Industry	Software		
	(2)	Date or expected date of commencement of commercial production	18.04.1996		
	(3)	In case of new companies, expected date of commencement activities as per project approved by financial institutions appearing in the prospectus	Not applicable		
	(4)	Financial performance based on given indicators	Description	Rs. in Lakhs	
				2012-13	2011-12
			Income	1028.10	968.30
			Profit/(Loss) before Interest Depreciation & Tax	33.58	124.93
	Profit/(Loss) after Tax	(21.41)	63.17		
(5)	Export performance and net foreign exchange	Foreign Exchange earned 19.12 lakh dollars for the year 2012-13.			
(6)	Foreign investments or collaborators, if any	Company has invested in Sagarsoft Inc., U.S.A., to the extent of Rs.27.76 lakhs. There is no foreign investments in the company.			
II	Information about the appointee				
	(1)	Background details	Shri M.Jagadeesh has been with Sagarsoft (India) Limited since inception. He is holding B.E., (Mechanical) and M.B.A., (Marketing & MIS) degrees. He has contributed to the company in the area of general administration, marketing and HR. Currently he is looking after the over all day to day affairs of the company, subject to superintendence and control of Board of Directors.		
	(2)	Past remuneration	Consolidated remuneration of Rs.2,00,000/- p.m. as Managing Director		
	(3)	Recognition or awards	None		

	(4)	Job profile and his suitability	<u>Job Profile:</u> Responsible for the overall operations of the organization under the superintendence and control of the Board.
			<u>Suitability:</u> Shri 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 cycle so far. He has been instrumental in the revival of the business of the company and its subsequent growth.
	(5)	Remuneration proposed	A Consolidated sum of Rs.2,00,000/- p.m. No change in his remuneration is contemplated.
	(6)	Comparative remuneration profile with respect to Industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin)	The remuneration proposed is reasonable as compared with the industry standards for a director of similar profile.
	(7)	Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel, if any	Apart from being the Managing Director of the company and holding 13,900 shares in it in his personal capacity, he does not have any other pecuniary relationship with the company.
<b>III</b>	<b>Other Information</b>		
	(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	

#### On Item No.6

Shri K.Pradeep Kumar Reddy was appointed as an Additional Director by your Board at their meeting held on 6<sup>th</sup> November, 2012. In accordance with Section 260 of the Companies Act, 1956 read with Article 96 of the Articles of Association of the Company, he will be holding his office up to the ensuing Annual General Meeting. Notice has since been received under Section 257 of the Companies Act, 1956 from a member of the company proposing Shri K.Pradeep Kumar Reddy as a Director at the Annual General Meeting. A profile of Shri K.Pradeep Kumar Reddy has been given in the Annexure to this Notice as part of information on directors seeking appointment / re-appointment at the ensuing meeting. Your Directors recommend the resolution for approval.

As the resolution relates to the appointment of Shri K.Pradeep Kumar Reddy as Director, he may be deemed to be interested in the resolution.

#### On Item No.7

Shri Pradeep Kumar Reddy was appointed as Whole-time Director of the company with the designation as Director (Operations) with effect from 6<sup>th</sup> November, 2012. Earlier he was working in the company as Vice President (Operations). He has rich experience in software and business development. The remuneration payable to him has been approved by the Remuneration Committee of the Board and accepted by the Board as well. The appointment of and remuneration payable to Shri K.Pradeep Kumar Reddy as a Whole-time Director is subject to

the approval of the shareholders. Accordingly the resolution under Item No.7 is submitted to the shareholders for approval.

As the resolutions relates to the appointment of Shri K.Pradeep Kumar Reddy as Whole-time Director, 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)	(2)
	Nature of Industry	Software
	Date or expected date of commencement of commercial production	18.04.1996
	In case of new companies, expected date of commencement activities as per project approved by financial institutions appearing in the prospectus	Not applicable
	Financial performance based on given indicators	Description
		Rs. in Lakhs
		2012-13
		2011-12
		Income
		1028.10
		968.30
		Profit/(Loss) before Interest Depreciation & Tax
		33.58
		124.93
		Profit/(Loss) after Tax
		(21.41)
		63.17
	Export performance and net foreign exchange	Foreign Exchange earned 19.12 lakh dollars for the year 2012-13.
	Foreign investments or collaborators, if any	Company has invested in Sagarsoft Inc., U.S.A., to the extent of Rs.27.76 lakhs. There is no foreign investments in the company.
II	Information about the appointee	
	(1)	(2)
	Background details	Shri K. Pradeep Kumar Reddy has been with the company since 1999. He holds Bachelor of Technology and Post Graduate Diploma in Business Management degrees. He has contributed in the areas of Project Delivery, HR, identifying new lines of business, and IT Infrastructure Management. Currently he is looking after the overall day to day operations of the company, subject to the superintendence and control of Board of Directors, prior to the present appointment, he was working as Vice President (Operations).
	Past remuneration	Rs.2,00,000/- per month consolidated
	Recognition or awards	None
	Job profile and his suitability	<u>Job Profile:</u> Responsible for overall Delivery, Administration and HR operations of the Organization under the superintendence and control of the board.

			<p><u>Suitability:</u> Shri Pradeep Kumar Reddy has been associated with the company for the past 14 Years. He has established several practice areas including RPO, Support &amp; 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, staffing reductions and revenue improvements, enabling the company to weather financial pressures through increasing revenues and cutting expenses.</p>
	(5)	Remuneration proposed	Consolidated remuneration of Rs.40,00,000/- per annum
	(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 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	None. He is not holding any securities in the company.
<b>III</b>	<b>Other Information</b>		
	(1)	Reasons of loss or inadequate profits	Increased costs due to higher salary structure required to sustain high quality resources in several niche areas that the company is operating including Social Media and Mobile development and investments into creating world class new delivery center. We have increased the client rates to enable better realization per resource and focusing on better utilization levels and with expected addition of new clients, the company hopes to turn around.
	(2)	Steps taken or proposed to be taken for improvement	
	(3)	Expected increase in productivity and profits in measurable terms	

By Order of the Board

Hyderabad  
25<sup>th</sup> July, 2013

Sd/-  
**S.Sreekanth Reddy**  
Chairman



### Annexure to the Notice of the 17<sup>th</sup> Annual General Meeting

Details of directors seeking appointment /re-appointment vide Items No.2,3, 5, 6 & 7 of the Notice

(Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges)

Name of the Directors	Shri M.Jagadeesh	Shri K.Rakesh Rao	Shri N.Satya Swaroop Reddy	Shri K.Pradeep Kumar Reddy
Nature of Directorship	Executive	Non-Executive and Independent	Non-Executive and Independent	Executive
Date of birth	26.07.1971	13.04.1971	02.10.1971	03.05.1973
Date of appointment	13.06.2002	15.04.2005	29.01.2005	06.11.2012
Qualification	B.E., M.B.A.	B.E.,	B.A.,	B.Tech and Post Graduate Diploma in Business Management
Area of expertise	General Management	Business	Business	Software and Business Development
Other directorships in public limited companies	Nil	Nil	Nil	Nil
Committee position in other Companies	Nil	Nil	Nil	Nil
Shares held in Sagarsoft (India) Ltd	13900	Nil	Nil	Nil

## DIRECTORS' REPORT

### Dear Members

Your Directors hereby present their Seventeenth Annual Report together with the audited accounts of the Company for the year ended 31<sup>st</sup> March, 2013.

### PERFORMANCE

A summarized financial performance of your company during the year 2012-13 is given below:

(Rs.in Lakhs)

	Year ended	
	31 <sup>st</sup> March, 2013	31 <sup>st</sup> March, 2012
Income from operations	1028.10	968.30
Other Income	44.03	31.02
<b>Total Income</b>	<b>1072.13</b>	<b>999.32</b>
Total Expenditure	1038.55	874.39
<b>Profit / (Loss) before depreciation, interest and tax</b>	<b>33.58</b>	<b>124.93</b>
Depreciation	38.83	25.62
Interest	1.52	2.95
<b>Profit / (Loss) before tax</b>	<b>(6.76)</b>	<b>96.36</b>
Provision for tax (FBT)	0.00	0.00
Deferred Tax Asset / (liability) for the year	(9.92)	(27.59)
Provision for MAT	0.00	(14.56)
MAT Credit Entitlement	0.00	8.96
Short provision for tax made during earlier year	(4.72)	0.00
<b>Net Profit / (Loss)</b>	<b>(21.41)</b>	<b>63.17</b>

During the year under review, there was a marginal increase in income from operations by 6.17%. Despite this, your company incurred a loss of Rs.21.41 lakhs only after tax as against a profit of Rs.63.17 lakhs during the previous year due to increase in expenditure for setting up a new development center and increase in head count in anticipation of new projects.

### DIVIDEND

In view of the absence of Profit for the year under report and the accumulated loss, your Directors regret their inability to recommend any dividend for the year 2012-13.

### FUTURE OUTLOOK

As per NASSCOM, IT services are expected to grow by 4.2 per cent in 2013 as firms work at ways to reduce costs and increase profitability, realizing the inimitable need for information technology to create competitive advantage. For the industry to continue on the growth path and to counter the challenges of emerging alternative outsourcing destinations, it will have to mitigate various challenges it faces at the macro, operational and ecosystem level. There is need for expansion to new markets, further enhancing customer centricity, flexible delivery models, and to continue to make strategic investments.

Increased demand for quality resources is driving the wage bills upwards, which may impact margins and increased attrition rates, and may lead to us not being able to address the customer's needs aggressively. Focus for this year continues to be our concentration on operational excellence with innovative measures, diversification into newer areas providing higher margins and efficient employee engagement programs to keep attrition levels within