

Annual Report 2014



18 Annual Report 2014

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 K. Prasad	Independent and Non-Executive Director (w.e.f. 04.11.2013)
Shri S. Krishna Reddy	Independent and Non-Executive Director (Upto 29.07.2013)
Shri N. Satya Swaroop Reddy	Independent and Non-Executive Director (Upto 31.03.2014)
Shri N. Hari Mohan	Independent and Non-Executive Director
Shri K. Rakesh Rao	Independent and Non-Executive Director

Company Secretary

Shri J.Raja Reddy

Auditors

C. Ramachandram & Co.
Chartered Accountants
3-6-237, Unit 606, Lingapur La Builde 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 18th Annual General Meeting of the Members of the Company will be held at 11.30 a.m. on Wednesday, the, 24th September, 2014 at Hotel Golkonda, Masab Tank, Hyderabad-500 028, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Financial Statements of the Company for the year ended 31st March, 2014 including audited Balance Sheet as at 31st March, 2014 and the Statement of Profit and Loss for the year ended on that date and the Reports of the Directors and Auditors thereon and to consider and, if deemed fit, to pass the following resolution for the purpose as an Ordinary Resolution:

“Resolved that the audited accounts of the Company containing the Balance Sheet as at and the Statement of Profit and Loss for the year ended 31st March 2014 together with their annexure and the reports of the auditors and directors thereon be and are hereby received, considered, approved and adopted.”

2. To re-appoint Shri S.Sreekanth Reddy (holding Director Identification Number: 00123889), who retires by rotation in terms of Section 152(6) of the Companies Act, 2013 as director and being eligible, offers himself for the said re-appointment and, if deemed fit, to pass the following resolution for the purpose as an Ordinary Resolution:

“Resolved that Shri S.Sreekanth Reddy (holding Director Identification Number: 00123889) be and is hereby re-appointed as a director liable to retire by rotation.”

3. To re-appoint Shri Satish C.R.Kalva (holding Director Identification Number: 02412539), who retires by rotation in terms of Section 152(6) of the Companies Act, 2013 as director and being eligible, offers himself for the said re-appointment and, if deemed fit, to pass the following resolution for the purpose as an Ordinary Resolution:

“Resolved that Shri Satish C.R.Kalva (holding Director Identification Number: 02412539) be and is hereby re-appointed as a director liable to retire by rotation.”

4. To appoint Auditors to hold office from the conclusion of this Meeting, for 3 (three) consecutive years till the conclusion of the 21st Annual General Meeting of the Company in the calendar year 2017 and in this regard, to consider and, if thought fit, to pass, the following resolution as an Ordinary Resolution:

“Resolved that pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and of the Companies (Audit and Auditors) Rules, 2014, M/s. C.Ramachandram & Co (Firm Registration No.002864S), Chartered Accountants, be and are hereby appointed as Auditors of the Company, to hold office from the conclusion of the Annual General Meeting, for three consecutive years until the conclusion of the 21st Annual General Meeting of the Company in the calendar year 2017, subject to ratification by the shareholders annually, at such remuneration as shall be fixed by the Board of Directors of the Company.”

SPECIAL BUSINESS

5. **To appoint Shri K.Prasad as an Independent Director**

To consider and, if thought fit, to pass, the following resolution as an Ordinary Resolution:

Resolved that pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (“Act”) and the rules framed there under read with Schedule IV of the Act, as amended from time to time and the Companies

(Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Shri K.Prasad (DIN 06678974), a non executive director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an independent director of the Company to hold office for five consecutive years.

6. To appoint Shri K. Ganesh as an Independent Director

To consider and, if thought fit, to pass, the following resolution as an Ordinary Resolution:

Resolved that pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") and the rules framed there under read with Schedule IV of the Act, as amended from time to time and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Shri K.Ganesh (DIN 05214864), who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an independent director of the Company to hold office for five consecutive years.

7. To appoint Shri N.Hari Mohan as an Independent Director

To consider and, if thought fit, to pass, the following resolution as an Ordinary Resolution:

Resolved that pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") and the rules framed there under read with Schedule IV of the Act, as amended from time to time and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Shri N.Hari Mohan (DIN 01808491), a non executive director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an independent director of the Company to hold office for five consecutive years.

8. To appoint Shri K. Rakesh Rao as an Independent Director

To consider and, if thought fit, to pass, the following resolution as an Ordinary Resolution:

Resolved that pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") and the rules framed there under read with Schedule IV of the Act, as amended from time to time and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Shri K.Rakesh Rao (DIN 02153899), a non executive director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an independent director of the Company to hold office for five consecutive years.

NOTES:

1. The Statement pursuant to Section 102 (1) of the Companies Act, 2013 on Special Business covering Item Nos.5 to 8 in the Notice is given in the Annexure-1, which forms part of this Notice.
2. The details required to be given under Clause 49 of the Listing Agreement with the Stock Exchanges, in respect of Item No.2, 3, 5, 6, 7 and 8 are given in the Annexure-2, which forms part of this Notice.
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 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 physical form are requested to inform about the change in their addresses immediately to the Company or its Registrar and Share Transfer Agents (RTA), M/s.Karvy Computershare Private Limited (Karvy).
7. To promote green initiative, members are requested to register their e-mail address through their Depository Participants for sending their future communications 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 any member has 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 17th September, 2014 to 24th September, 2014 (both days inclusive).
10. Members may note that the Annual Report for 2013-14 will also be available on the Company's website www.sagarsoft.in for their download.
11. **Voting through electronic means:**
 - I. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the company is providing facility to the members to exercise their right to vote at the 18th Annual General Meeting (AGM) by electronic means through e-voting platform provided by Karvy Computershare Pvt.Ltd.

The instructions for e-voting are as under:

- i. Use the following URL for e-voting:
From Karvy website: <http://evoting.karvy.com>
- ii. Shareholders of the company holding shares either in physical form or in dematerialized form, as on 16.09.2014 (End of Day) may cast their vote electronically.
- iii. Enter the login credentials i.e., User ID and Password mentioned in the Postal Ballot Form sent with the Annual Report. This Postal Ballot Form is sent to the Shareholders to enable those who do not have access to e-voting facilities, to send their assent or dissent in writing in respect of the resolutions set-out in this notice.

Your Folio / DP Client ID will be your User-ID.

User – ID	For Members holding shares in Demat Form:	
	a) For NSDL b) For CDSL c) For Members holding shares in Physical Form	8 Character DP ID followed by 8 Digits Client ID 16 digits beneficiary ID Event no. followed by Folio Number registered with the company
Password	Your Unique password is printed on the Attendance Slip / forwarded via email through the electronic notice	
Captcha	Enter the Verification code i.e., please enter the alphabets and numbers in the exact way as they are displayed for security reasons.	

- iv. After entering the details appropriately, click on LOGIN.
- v. Members holding shares in Demat/Physical form will now reach Password Change menu wherein they are required to mandatorily change their login password in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character. Kindly note that this password can be used by the Demat holders for voting for resolution of any other Company on which they are eligible to vote, provided that Company opts for e-voting through Karvy Computershare Private Limited e-Voting platform. System will prompt you to change your password and update any contact details like mobile number, email ID etc on 1st login. You may also enter the Secret Question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- vi. You need to login again with the new credentials.
- vii. On successful login, system will prompt you to select the 'Event' i.e., 'Company Name'.
- viii. If you are holding shares in Demat form and had logged on to "https://evoting.karvy.com" and casted your vote earlier for any company, then your exiting login id and password are to be used.
- ix. On the voting page, you will see Resolution Description and against the same the option 'FOR/AGAINST/ABSTAIN' for voting. Enter the number of shares (which represents number of votes) under 'FOR/AGAINST/ABSTAIN' or alternatively you may partially enter any number in 'FOR' and partially in 'AGAINST', but the total number in 'FOR/AGAINST' taken together should

- not exceed your total shareholding. If the shareholder does not want to cast his vote, he may select 'ABSTAIN'.
- x. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
 - xi. Once you 'CONFIRM' your vote on the resolution, you will not be allowed to modify your vote.
 - xii. The portal will be open for voting from 10.30 a.m. on 18.09.2014 to 6.30 p.m. on 20.09.2014.
 - xiii. Please contact Karvy Computershare Private Limited at Toll Free No.1-800-34-54-001 for any further clarification and e-voting User Manual for shareholders available at the download section of <http://evoting.karvy.com>.
- II. The company has appointed Sri S.Srikanth, a practicing Company Secretary (C.P.No.7999), as the 'Scrutinizer' for conducting the E-voting process in a fair and transparent manner.
- III. The Scrutinizer shall within a period not exceeding three working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the company and shall submit his report to the company after completion of the scrutiny. The result of the voting will be announced on or after the date of the AGM. The result of the voting will also be posted on the company's website www.sagarsoft.in within two (2) days of passing of the resolutions at the AGM of the company and communicated to the respective Stock Exchanges.
12. 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.
13. 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.

By Order of the Board

Hyderabad
1st August, 2014

Sd/-
J Raja Reddy
Company Secretary

Annexure to the Notice of the 18th Annual General Meeting

Explanatory Statement Under Section 102 (1) of the Companies Act, 2013

On Item No.5, 6, 7 and 8

Pursuant to the provisions of Section 149 of the Act, read with Clause 49 of the listing agreement, independent director should constitute half of the composition of the Board of Directors. Further, an Independent Director shall hold office for a term upto five consecutive years on the Board of a company and is not liable to retire by rotation. The matter regarding appointment of the above directors as Independent Directors was placed before the Board, which recommended appointment of Shri K.Prasad, Shri K.Ganesh, Shri N.Hari Mohan and Shri K.Rakesh Rao as Independent Directors to hold office for a consecutive period of five years w.e.f. 24.09.2014.

The above named individuals have given declarations to the Board that they meet the criteria of independence as provided under Section 149(6) of the Act and Clause 49 of the Listing Agreement with the Stock Exchanges. In the opinion of the Board, they fulfill the conditions for their appointment as independent directors as specified in the Act and the Listing Agreement.

Keeping in view their expertise and knowledge, it will be in the interest of the Company that these individuals are appointed as Independent Directors.

None of the Directors or Key Managerial Personnel (KMP) or relatives of directors and KMP, except Shri K.Prasad, Shri K.Ganesh, Shri N.Hari Mohan and Shri K.Rakesh Rao are, in any way, concerned or interested in the Resolutions concerning their appointment proposed at Item Nos.5 to 8.

A Statement containing brief profile of the Directors to be appointed is given in the annexure, which may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges.

By Order of the Board

Hyderabad
1st August, 2014

Sd/-
J Raja Reddy
Company Secretary

Annexure to the Notice of the 18th Annual General Meeting

Details of directors seeking appointment /re-appointment
vide Items No.2,3, 5, 6, 7 and 8 of the Notice

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

Name of the Directors	Shri S Sreekanth Reddy	Shri Satish C R Kalva	Shri K Prasad	Shri K. Ganesh	Shri N. Hari Mohan	Shri K. Rakesh Rao
Nature of Directorship	Promoter Director	Non Executive and Independent	Non Executive and Independent	Non Executive and Independent	Non Executive and Independent	Non Executive and Independent
Date of birth	27.08.1971	05.12.1963	10.04.1971	03.04.1962	22.05.1973	13.04.1971
Date of appointment	15.07.1996	26.06.2001	04.11.2013	24.09.2014	15.04.2005	15.04.2005
Qualification	B.E., (I&P), P.G Diploma in Cement Technology	B.E., M.S	B.Com, ACA	B.Tech., (Mechanical)	B.E.,	B.E.,
Area of expertise	Technocrat and Entrepreneur	Computer Science	Finance	Cement Technologist	Business	Business
Other directorships in public limited companies	Sagar Cements Limited Sagar Power Limited Sagar Priya Housing and Industrial Enterprises Limited	Nil	Nil	Nil	Nil	Nil
Committee position in other Companies	Nil	Nil	Nil	Nil	Nil	Nil
Shares held in Sagarsoft (India) Ltd	1149500	Nil	2800	Nil	51581	Nil

DIRECTORS' REPORT

Dear Members

Your Directors hereby present their 18th Annual Report together with the audited accounts of the Company for the year ended 31st March, 2014.

PERFORMANCE

A summarized financial performance of your company during the year 2013-14 is given below:
(Rs.in Lakhs)

	Year ended	
	31st March, 2014	31st March, 2013
Income from operations	1128.67	1028.10
Other Income	127.79	44.03
Total Income	1256.46	1072.13
Total Expenditure	1142.51	1038.55
Profit / (Loss) before depreciation, interest and tax	113.95	33.58
Depreciation	40.11	38.83
Interest	0.77	1.52
Profit / (Loss) before tax	73.07	(6.76)
Provision for Tax	14.48	0.00
Deferred Tax Asset / (liability) for the year	(12.84)	(9.92)
Short provision for tax made during earlier year	0.00	(4.72)
Net Profit / (Loss)	71.43	(21.41)

DIVIDEND

In view of the inadequate profit for the year under report and the accumulated loss, your Directors regret their inability to recommend any dividend for the year 2013-14.

SALE OF INVESTMENT

During the year under review your company has sold its entire investment held in Sagarsoft Inc, USA resulting in a net profit of 127.79 lakhs on sale of investment.

FUTURE OUTLOOK

India is widely recognised as the premier destination for offshore technology services. According to the NASSCOM press release issued in February, 2014, IT-BPM services export revenue from India are expected to grow to US \$ 97 – \$ 99 billion in fiscal year 2015, a growth of 13% - 15% over fiscal year 2014. Domestic revenues are estimated to grow to Rs.1250-Rs.1280 billion in fiscal year 2015, which is a growth of 9% - 12% compared to fiscal year 2014.

As a result, there is an increasing need for highly skilled professionals in the market to help corporations transform their business, optimize operations and drive innovation by leveraging technology. At the same time, enterprises are reluctant to expand their internal IT departments and increase costs. These factors have led to the increased reliance of corporations on their outsourcing, providers and are expect to continue to drive future growth for outsources technology services, we are hoping that our sales and marketing initiatives will start showing results in years to come.

SHARE CAPITAL

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

FIXED DEPOSITS

During the financial year, your company has not accepted any fixed deposits.