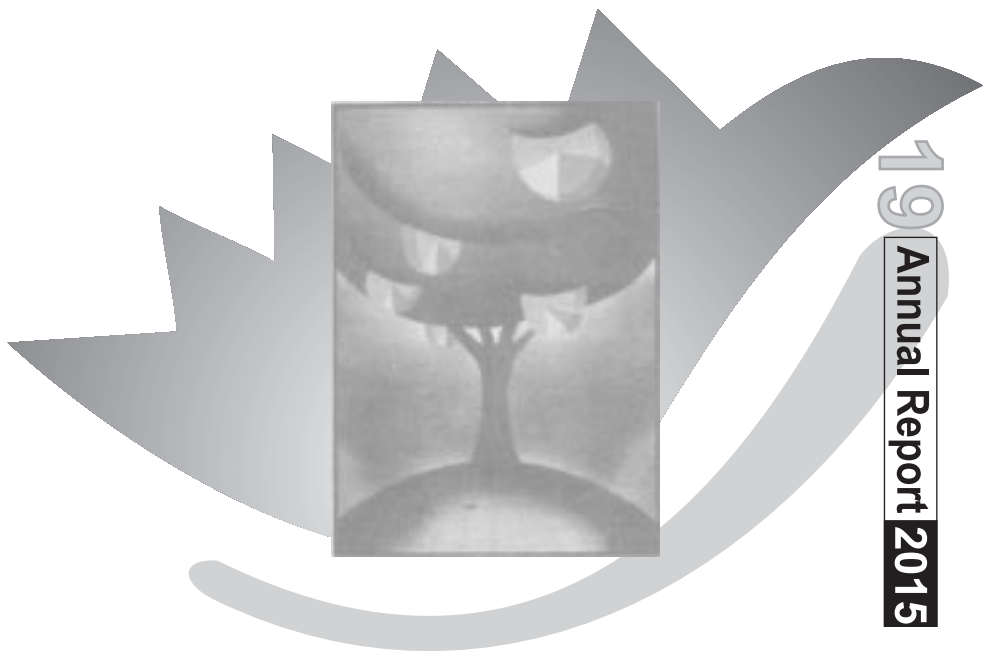


Annual Report 2015



Board of Directors

Shri S. Sreekanth Reddy	Chairman - Non-Executive
Shri M. Jagadeesh	Managing Director
Shri K. Pradeep Kumar Reddy	Director (Operations) & CFO
Shri Satish C.R. Kalva	Non-Executive Director
Shri K. Prasad	Independent and Non-Executive Director
Shri N. Hari Mohan	Independent and Non-Executive Director
Shri K. Rakesh Rao	Independent and Non-Executive Director
Shri K. Ganesh	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.,
Plot No. 31-32, Karvy Selenium,
Tower - B, Gachibowli, Financial District,
Nanakramguda, Hyderabad - 500 032.

SAGARSOFT (INDIA) LIMITED

CIN:L72200TG1996PLC023823

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

NOTICE

Notice is hereby given that the 19th Annual General Meeting of the Members of the Company will be held on Wednesday, the 23rd day of September, 2015 at 11.30 a.m. at Hotel Golkonda, Masab Tank, Hyderabad - 500 028, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended 31st March, 2015 together with the Reports of the Directors and Auditors thereon and in this regard to pass the following resolution 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 2015 together with their annexure and the reports of the auditors and directors thereon be and are hereby received, considered, approved and adopted.”

2. To appoint a director in the place of Shri M.Jagadeesh (DIN: 01590689), who retires by rotation and being eligible, offers himself for re-appointment and in this regard to pass the following resolution as an Ordinary Resolution:

“Resolved that Shri M.Jagadeesh (DIN: 01590689) be and is hereby re-appointed as a director liable to retire by rotation.”

3. To appoint a director in the place of Shri K.Pradeep Kumar Reddy (DIN:02598624), who retires by rotation and being eligible, offers himself for re-appointment and in this regard to pass the following resolution as an Ordinary Resolution:

“Resolved that Shri K.Pradeep Kumar Reddy (DIN:02598624) be and is hereby re-appointed as a director liable to retire by rotation.”

4. To ratify the re-appoint of Auditors and to fix their remuneration 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, the company hereby ratifies the appointment of M/s. C.Ramachandram & Co., (Firm Registration No.002864S), Chartered Accountants, as auditors of the company to hold office from the conclusion of this Annual General Meeting, till the conclusion of the 20th Annual General Meeting of the Company to be held in the calendar year 2016, at such remuneration as may be mutually agreed between the Board of Directors of the Company and the Auditors.”

SPECIAL BUSINESS

5. To approve the alterations in the Memorandum of Association (MoA) of the company and in this regard to consider and, if thought fit, to pass, the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 4 and 13 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made there under, it is hereby resolved to substitute the Clause II of the MoA with the following:

II. The registered office of the company will be situated in the State of Telangana.

“Resolved Further that pursuant to the provisions of Sections 4 and 13 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made there

under, the consent of the company be and is hereby accorded for alteration of the Clause III of the MoA of the company by substituting the heading of Clause III (A) and III (B) in it with the following:

III (A) The objects to be pursued by the company on its incorporation are:

III (B) Matters which are necessary for furtherance of the objects specified in Clause III (A) are:

“Resolved further that the Clause III (C) of the Memorandum of Association of the Company be and is hereby deleted.”

“Resolved Further that pursuant to the provisions of Section 4, 13 and other applicable provisions, if any, of the Companies Act, 2013, consent of the company be and is hereby accorded to alter the Clause IV of the Memorandum of Association of the company by substituting the said Clause IV with the following:

IV. “The liability of the members of the company is limited and this liability is limited to the amount unpaid, if any, on the shares held by them.”

“Resolved Further that pursuant to the provisions of Section 4, 13 and other applicable provisions, if any, of the Companies Act, 2013, consent of the company be and is hereby accorded to substitute the existing Clause V of the Memorandum of Association with the following:

V. The Authorised Share Capital of the Company is Rs.7,00,00,000 (Rupees Seven Crores only) divided into 70,00,000 (Seventy Lakhs Only) Equity Shares of Rs.10/- each.

“Resolved Further that for the purpose of giving effect to the aforesaid resolutions, the Board of Directors of the company be and is hereby authorized to take such steps and to do all such other acts and deeds as it may deem fit and appropriate and as may be necessary to settle any question, difficulty or doubt that may arise in regard to the said resolutions.”

6. To approve the alteration of Articles of Association (AoA) of the company and in this regard to consider and, if thought fit, to pass, the following resolution as a Special Resolution:

Resolved that pursuant to the provisions of Section 5, 14 and other applicable provisions, if any, of the Companies Act, 2013 read with the Rules made there under (including any statutory modification(s) or re-enactment thereof, for the time being in force) the regulations contained in the existing Articles of Association of the company be and are hereby altered by substituting its present Articles No.1 to 192 with a new set of Articles 1 to 120 as per the draft submitted to this meeting.”

“Resolved Further that the Board of Directors of the company be and are hereby authorized to do all such acts, deeds, matters and things as may be necessary, proper or expedient to give effect to this resolution.”

By Order of the Board of Directors

Hyderabad
10th August, 2015

Sd/-
J Raja Reddy
Company Secretary

NOTES:

1. The Explanatory Statement in respect of Items No.4 to 6 in the Notice are given in the Annexure-1, which forms part of this Notice.
2. The details for the Item No.2 and 3 in respect of re-appointment of directors 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 future communications to them 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 such members have 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, 2015 to 23rd September, 2015** (both days inclusive).
11. Members may note that the Annual Report for 2014-15 will also be available on the Company's website www.sagarsoft.in for their download.
12. **Voting through Electronic Means:**

Pursuant to Section 108 of the Companies Act, 2013, read with its relevant Rules, the Company is pleased to provide the facility to Members to exercise their right to vote by electronic means. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on **16th September, 2015**, i.e. the date prior to the commencement of book closure date are entitled to vote on the Resolutions set forth in this Notice. The remote e-voting period will commence **at 9.00 a.m. on 20th September, 2015, and will end at 5.00 p.m. on 22nd September, 2015**. The Company has appointed B S S & Associates, Company Secretaries, as the 'Scrutinizer', to scrutinize the e-voting process and voting through ballot in a fair and transparent manner. The Members desiring to vote through remote e-voting may refer to the detailed procedure given hereinafter.

Procedure for e-voting:

I. The Company has engaged the services of Karvy Computershare Private Limited (Karvy) for facilitating e-voting for AGM. The instructions for e-voting are as under:

- (a) In case of Members receiving an e-mail from Karvy :
 - (i) Launch an internet browser and open <https://evoting.karvy.com>.
 - (ii) Enter the login credentials (i.e. User ID and password). The Event No.+ Folio No. or DP ID- Client ID will be your User ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote.
 - (iii) After entering the above details click on - Login.
 - (iv) Password change menu will appear. Change the Password with a new Password of your choice. The new password shall comprise minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric (0-9) and a special character (@,#,\$,etc.) The system will also prompt you to update your contact details like mobile number, email ID, etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential. You need to login again with the new credentials.
 - (v) On successful login, the system will prompt you to select the E-Voting Event.
 - (vi) Select the EVENT of Sagarsoft (India) Limited and click on - Submit.
 - (vii) Now you are ready for e-voting as 'Cast Vote' page opens.
 - (viii) Cast your vote by selecting appropriate option and click on 'Submit'. Click on 'OK' when prompted.
 - (ix) Upon confirmation, the message 'Vote cast successfully' will be displayed.
 - (x) Once you have voted on the resolution, you will not be allowed to modify your vote.
 - (xi) Institutional shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority Letter, along with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to the Scrutinizer by an e-mail at bssass99@gmail.com. They may also upload the same in the e-voting module in their login. The scanned image of the above mentioned documents should be in the naming format "Corporate Name_EVENT NO."

(b) In case of Shareholders receiving physical copy of the Notice of AGM and Attendance Slip

(i) INITIAL PASSWORD IS PROVIDED, AS FOLLOWS, AT THE BOTTOM OF THE ATTENDANCE SLIP.

EVENT		
(E-Voting Event Number)	USER ID	PASSWORD
-	-	-

(ii) Please follow all steps from Sr. No. (i) to Sr. No. (xi) above, to cast vote.

- II. In case of any queries, you may refer to the 'Frequently Asked Questions' (FAQs) and 'e-voting user manual' available in the downloads section of Karvy's e-voting website <https://evoting.karvy.com>.
- III. If you are already registered with Karvy for e-voting then you can use your existing User ID and Password for casting vote.
- IV. The voting rights shall be as per the number of equity share held by the Member(s) as on **16th September, 2015**. Members are eligible to cast vote electronically only if they are holding shares as on that date.
- V. The Companies (Management and Administration) Amendment Rules, 2015 provides that the electronic voting period shall close at 5.00 p.m. on the date preceding the date of AGM. Accordingly, the voting period shall commence at **9.00 a.m. on 20th September, 2015** and will end at **5.00 p.m. on 22nd September, 2015**. The e-voting module shall be disabled by **Karvy at 5.00 p.m.** on 22nd September, 2015.
- VI. Once the vote on a resolution is cast by a member, the member shall not be allowed to change it subsequently.

The facility for voting, either through electronic voting system or ballot or polling paper will also be made available at the meeting and Members attending the meeting who have not already cast their vote by remote e-voting or by ballot form shall be able to exercise their right at the meeting.
- VII. The members who have cast their vote by e-voting may also attend the meeting but shall not be entitled to cast their vote again.
- VIII. Members who have acquired shares after the dispatch of the Annual Report and before the book closure, may approach the RTA for issuance of the User ID and Password for exercising their right to vote by electronic means.
 - a. If the mobile number of the member is registered against Folio No. / DP ID Client ID, the member may send SMS : MYEPWD <space> Event number+Folio No. or DP ID Client ID to 9212993399

Example for NSDL : MYEPWD <SPACE> IN12345612345678
Example for CDSL : MYEPWD <SPACE> 1402345612345678
Example for Physical : MYEPWD <SPACE> XXX1234567
 - b. If e-mail or mobile number of the member is registered against Folio No. / DP ID Client ID, then on the home page of <https://evoting.karvy.com>, the member may click "forgot password" and enter Folio No. or DP ID Client ID and PAN to generate a password.
 - c. Member may call Karvy's toll free number 1-800-3454-001
 - d. Member may send an e-mail request to evoting@karvy.com
 - e. The results will be declared on or after the AGM. The results along with the Scrutinizer's Report, will also be placed on the website of the Company.
- IX. In compliance with the provisions of Section 108 of the Companies Act, 2013 and the Rules framed thereunder, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by Karvy, on all the resolutions set forth in this Notice. In order to enable its Members, who do not have the access to e-voting facility to send their assent or dissent in writing in respect of the resolutions as set out in this Notice, the company is enclosing a Ballot Form with the Notice. Instructions for Ballot Form are given at the back of

the said form and instructions for e-voting are given here in below. Resolution(s) passed by Members through Ballot Forms or e-voting is/are deemed to have been passed as if they have been passed at the AGM.

- X. The company has appointed B S S & Associates, Practicing Company Secretaries, as the 'Scrutinizer' to scrutinize the voting and remote e-voting process (including the Ballot Form received from the members who do not have access to the e-voting process) in a fair and transparent manner.
- XI. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two (2) witnesses not in the employment of the company and make, not later than three days of conclusion of the meeting, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by the Chairman, who shall declare the result of the voting forthwith. The result of the voting along with the Scrutinizer's report will also be posted on the company's website www.sagarsoft.in after the declaration of results by the Chairman or a person authorized by the Chairman.
13. Members can opt for only one mode of voting, i.e., either by Ballot Form or e-voting. In case members cast their votes through both the modes, voting done by e-voting shall prevail and votes cast through Ballot Form shall be treated as invalid.
14. In case a Member is desirous of obtaining a duplicate Ballot Form, he may send an e-mail to einward.ris@karvy.com by mentioning their Folio/DP ID and Client ID No. However, the duly completed Ballot Form should reach the Scrutinizer, B S S & Associates, Company Secretaries, Office: Parameswara Apartments, # 6-3-626, 5th Floor, 5 – A, Anand Nagar, Khairatabad, Hyderabad-500 004 not later than 22nd September, 2015 (5.00 p.m. IST). Ballot Form received after this date will be treated as invalid.
15. 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.
16. 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 of Directors**

Hyderabad
10th August, 2015

Sd/-
J Raja Reddy
Company Secretary

Annexure 1 to the Notice of the 19th Annual General Meeting

Statement pursuant to Section 102 (1) of the Companies Act 2013

As required by Section 102 of the Companies Act, 2013 (the Act), the following Explanatory Statement sets out all material facts relating to the business mentioned under Item Nos.4 to 6 of the accompanying Notice dated 10th August 2015.

On Item No.4

M/s. C.Ramachandram & Co., (Firm Registration No. 002864S), Chartered Accountants, Hyderabad were appointed as the statutory auditors of the Company for a period of three years at the Annual General Meeting of the Company held on September 24, 2014.

As per provisions of Section 139(1) of the Act, their appointment for the above tenure is subject to ratification by members at every Annual General Meeting.

Accordingly, ratification of the members is being sought for the proposal contained in the Resolution set out at item no. 4 of the Notice.

The Board commends the Resolution at Item No. 4 for approval by the Members.

None of the Directors or Key Managerial Personnel (KMP) or relatives of Directors and KMPs is concerned or interested, financially or otherwise in the Resolution at Item No. 4 of the accompanying Notice.

This explanatory statement is provided though strictly not required as per Section 102 of the Act.

On Item No.5

The company was incorporated on 17th April, 1996 under the provisions of the Companies Act, 1956 and is deemed to exist within the purview of the present Companies Act, 2013. As the existing Memorandum of Association (MoA) is based on the provisions of the Companies Act, 1956, with the coming in to force of the present Companies Act, 2013, the existing MoA of the company require alteration or deletions to facilitate their alignment with the provisions of the new Companies Act, 2013.

Further, the State of Andhra Pradesh was bifurcated on 2nd June, 2014 in to the State(s) of Andhra Pradesh and Telangana. The registered office of the Company falls in the state of Telangana. Accordingly, Clause II of the MoA is sought to be amended to indicate that the Registered Office of the company will be situated in the State of Telangana.

The headings of the Clause III A and III B of the existing MoA need to be altered in line with Section 4 (1) (c) of the Companies Act, 2013.

“The other objects” of the Company in the present Clause III (C) are sought to be deleted to comply with the Companies Act, 2013, which has no provision for stating “the other objects.”

Likewise, Clause IV of the MoA, which states that “the liability of the Members of the company is limited”, needs to be reworded in line with the Section 4 of the Companies Act, 2013 as proposed in the resolution.

Similarly, the Capital Clause in the Memorandum of Association needs to be altered to bring the same in line with Schedule I, Table A of the Companies Act, 2013.

None of the Directors or Key Managerial Personnel (KMP) or their relatives is, in any way, concerned or interested, financially or otherwise, in the Resolution as proposed in Item No.5 excepting to the extent of the respective offices held by them in the company.

On Item No.6

The existing Articles of Association (AoA) are based on the Companies Act, 1956. Several regulations in the existing AoA contain references to specific Sections of the Companies Act, 1956 which are no longer in force and to that extent are no longer in conformity with the new Companies Act, 2013. Several regulations of the existing AoA of the company therefore require alteration or deletion.

Accordingly, it is proposed to alter the existing AoA by substituting present Articles from 1 to 192 with a new set of Articles from 1 to 120 set out in Item No.6 of the Notice.

None of the Directors or Key Managerial Personnel (KMP) or their relatives is, in any way, concerned or interested, financially or otherwise, in the Resolution as proposed in Item No.6 excepting to the extent of the respective offices held by them in the company.

A copy of the proposed new set of Memorandum and Articles of Association of the company with proposed alterations has been posted on the company's website www.sagarsoft.in and would be available for inspection by the members at the registered office of the company on all working days except public holidays between 11.00 a.m. to 5.00 p.m. up to and including the date of Annual General Meeting. A hard copy of the MoA and AoA will also be furnished to the members on request.

The Board commends the Resolutions for approval by the members.

By **Order of the Board**

Hyderabad
10th August, 2015

Sd/-
J Raja Reddy
Company Secretary

Annexure 2 to the Notice of the 19th Annual General Meeting

Details of directors seeking re-appointment vide Items No.2 and 3 of the Notice

Name of the Director	Shri M Jagadeesh	Shri K Pradeep Kumar Reddy
Date of birth	26.07.1971	03.05.1973
Experience in specific functional areas	Has been on the Board since 31.10.2008 as Managing Director	Has been on the Board since 06.11.2012 as Director (Operations)
Qualification	Bachelor's Degree in Engineering and Masters in Business Administration.	Bachelor's Degree in Technology and Masters in Business Administration.
Directorships in other Public Companies	Nil	Nil
Membership of Audit / Shareholders / Investors Grievances Committees of other Public Limited Companies	Nil	Nil
No. of shares held in Sagarsoft (India) Ltd.	13,900	Nil
Inter-se relationship with other Directors of the Company	Nil	Nil

By **Order of the Board**

Sd/-

J Raja Reddy
Company Secretary

Hyderabad
10th August, 2015

DIRECTORS' REPORT

Dear Members

Your Directors are pleased to present their 19th Annual Report of the company along with the audited financial statements for the financial year ended March 31, 2015.

FINANCIAL RESULTS

(Rs.in Lakhs)

Particulars	Year ended	
	31st March, 2015	31st March, 2014
Income from operations	1142.78	1128.67
Other Income	20.01	127.79
Total Income	1162.79	1256.46
Total Expenditure	1073.11	1142.51
Profit before depreciation, interest and tax	89.68	113.95
Depreciation	76.33	40.11
Interest	-	0.77
Profit before tax	13.35	73.07
Provision for Tax	2.55	14.48
Deferred Tax Asset / (liability) for the year	9.41	(12.84)
Tax adjustments for earlier years	2.68	0.00
Net Profit	1.26	71.43

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 2014-15.

TRANSFER TO RESERVES

No transfer to reserves is proposed and accordingly the entire balance available in the Profit and Loss Account is retained in it.

FUTURE OUTLOOK

Despite challenges in the global market, Indian IT industry sustained its growth trajectory and is expected to boost current export revenues of USD 86 billion, by a Y-o-Y growth rate of 13 per cent. Domestic market also witnessed YoY growth rate of 10%. The Indian IT sector continues to be one of the largest employers in the country. FY 2014-15 witnessed rapid evolution, expansion of verticals and geographic markets, attracting new customer segments, and offering a considerably wider spectrum of solutions.

The future looks exciting and positive as the IT industry is evolving dramatically in terms of scale and complexity. The sector will leverage collaboration, innovation, technology shifts and build a transformational agenda for India. It will create a market not only in India but globally that will serve as technology differentiator for customers shifting from cost to innovation. The sector will continue to impact India through job creation, foreign exchange, exports and position India as a global IT-BPM partner. Digital disruption is another major trend that will create new tech sector opportunities. The ubiquity of bandwidth, low-cost computing, data and storage has created a new breed of network-based businesses. These businesses aren't tied to physical assets. Their value stems from the ability to connect providers with creators. Taking an overall view of the above, your Board is cautiously optimistic about the future outlook for your company.

SHARE CAPITAL

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

VARIATIONS IN NET WORTH

The Net worth of the Company as at the Financial Year ending on March 31, 2015 is Rs. 9.59 Crores as compared to Rs.9.83 Crores as at the end of previous financial year ended on March 31, 2014.

LISTING STATUS OF THE COMPANY

Following the proposed voluntary de-recognition of Madras Stock Exchange, your company ceased to be a listed company with the said Exchange and the shares of the company have since been placed on the Dissemination Board of National Stock Exchange of India Limited, which has allowed buying and selling of your company's shares on the Dissemination Board with effect from 27th March, 2015.

Your directors are actively considering the proposal to list the shares of your company on Metropolitan Stock Exchange of India Limited (Formerly known as MCX Stock Exchange Limited).

RISK MANAGEMENT

The Board of the Company has formed a risk policy to implement and monitor the risk management plan for the Company. The audit committee has additional oversight in the area of financial risks and controls. Major risks identified by the businesses and functions, are systematically addressed through mitigating actions on a continuing basis.

The development and implementation of risk management policy has been covered in the management discussion and analysis, which forms part of this report.

INTERNAL CONTROL SYSTEM AND ITS ADEQUACY

The Board of Directors are satisfied with the adequacy of the internal control system in force in all its major areas of operations of the Company. The Company has an external firm of Chartered Accountants as Internal Auditors to observe the Internal Controls, whether the work flows of organization is being done through the approved policies of the Company and similar matters. Internal Auditors present to the Audit Committee its Report. The audit committee assists the board of directors in monitoring the integrity of the financial statements, reservations, if any, expressed by the company's auditors including, the financial, internal and secretarial auditors and based on their inputs, the board is of the opinion that the company's internal controls are adequate and effective.

SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE COMPANIES

The company has no subsidiaries, joint ventures or associate companies. During the Financial Year, no company ceased as Subsidiary, joint venture or associate of the company.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134 (5) of the Companies Act, 2013, the Board of Directors, to the best of their knowledge and ability, confirm that:

- (i) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) The directors had selected such accounting policies and applied them consistently and made judgement and estimates that were 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) The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) The directors had prepared the annual accounts on a going concern basis.
- (v) The directors had laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and operating effectively;
- (vi) The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Pursuant to the provisions of Section 149 of the Act, which came into effect from April 1, 2014, Shri. K Prasad, Shri. K.Ganesh, Shri.N Hari Mohan and Shri. K Rakesh Rao were appointed as independent directors at the 18th annual general meeting of the Company held on September 24, 2014. The terms and conditions of appointment of independent directors are as per Schedule IV of the Act. They have submitted a declaration that each of them meets the criteria of independence as provided in Section 149(6) of the Act and there has been no change in the circumstances which may affect their status as independent director during the year.

Shri.M Jagadeesh and Shri.K.Pradeep Kumar Reddy would be retiring by rotation at the ensuing Annual General Meeting and seeking re-appointment.

During the year, the non-executive directors of the Company had no pecuniary relationship or transactions with the Company.

Shri. K.Pradeep Kumar Reddy was re-designated as the Director (Operations) and the Chief Financial Officer of the Company with effect from 10th November, 2014.

Pursuant to the provisions of Section 203 of the Act, which came into effect from April 1, 2014, the appointments of Shri.M. Jagadeesh, Managing Director, Shri. K.Pradeep Kumar Reddy, Director (Operations) & Chief Financial Officer and Shri. J.Raja Reddy, Company Secretary as key managerial personnel of the Company were formalized.

NUMBER OF MEETINGS OF THE BOARD

Four meetings of the board were held during the financial year 2014-15. These meetings were held on the following dates: 24th May, 2014, 01st August, 2014, 10th November, 2014 and 09th February, 2015.

SUB COMMITTEES OF THE BOARD

The Board has Audit Committee, Nomination and Remuneration Committee and Stake Holders Relationship Committee.

The Audit Committee which met four time during the year 2014-15, held its meetings on 24th May, 2014, 01st August, 2014, 10th November, 2014 and 09th February, 2015.

POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION AND OTHER DETAILS

Under Section 178 (3) of the Companies Act, 2013, the Nomination and Remuneration Committee of the board has adopted a policy for nomination, remuneration and other related matters for directors and senior management personnel.

AUDITORS

Pursuant to the provisions of Section 139, 142 and other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, M/s. C.Ramachandram & Co., Chartered Accountants were appointed as statutory auditors of the company from the conclusion

of 18th Annual General Meeting of the company held on 24th September, 2014 till the conclusion of the 21st Annual General Meeting to be held in the year 2017 subject to ratification of their appointment at every Annual General Meeting. Accordingly Shareholders approval is sought at the ensuing Annual General Meeting to enable the said audit firm to hold their office from the conclusion of the ensuing Annual General Meeting up to the conclusion of the next Annual General Meeting.

AUDITORS' REPORT AND SECRETARIAL AUDITORS' REPORT

AUDITORS' REPORT

The auditors' report does not contain any qualifications, reservations or adverse remarks.

SECRETARIAL AUDITORS' REPORT

In accordance with Section 204 (1) of the Companies Act, 2013, the report furnished by the Secretarial Auditors, who carried out the secretarial audit of the company under the said Section is given in the Annexure-1, which forms part of this report. The Secretarial auditors' report does not contain any qualifications, reservations or adverse remarks.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

The particulars of loans, guarantees and investments have been disclosed in the financial statements.

TRANSACTIONS WITH RELATED PARTIES

None of the transactions with related parties falls under the scope of Section 188 (1) of the Act. Information on transactions with related parties pursuant to Section 134 (3) (h) of the Act read with rule 8 (2) of the Companies (Accounts) Rules, 2014 are given in Annexure-2 in Form AOC-2 and the same forms part of this report.

All related party transactions that are entered into during the financial year were on arm's length basis and in the ordinary course of business. There were no material significant related party transactions made by the company with promoters, key management personnel or other designated persons that may have potential conflict with the interests of the company at large. All related party transactions were placed before the Audit Committee and Board which approved the same.

EXTRACT OF ANNUAL RETURN

As provided under Section 92 (3) of the Act, an extract of annual return is given in Annexure-3 in the prescribed Form MGT-9, which forms part of this report.

PARTICULARS OF EMPLOYEES

The information required under Section 197 of the Act read with Rule 5 (1) and 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules:

- a. The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year:

Particulars	Ratio to Median Remuneration
Non-Executive Directors	These Directors were not paid any Remuneration, other than sitting fee, in which there was no increase during the financial year
Mr. S.Sreekanth Reddy	
Mr. Satish C R Kalva	
Mr.K.Prasad	
Mr.N.Hari Mohan	
Mr.K.Rakesh Rao	
Mr.K.Ganesh	
Executive Directors	
Mr. M.Jagadeesh, Managing Director	4.40
Mr. K.Pradeep Kumar Reddy, Director (Operations)	7.34

- b. The percentage increase in remuneration of each director, chief executive officer, chief financial officer, company secretary in the financial year:

Director, Chief Executive Officer, Chief Financial Officer and Company Secretary	% increase in remuneration in the financial year
Mr. S.Sreekanth Reddy	These Directors were not paid any Remuneration, other than sitting fee, in which there was no increase during the financial year
Mr. Satish C R Kalva	
Mr.K.Prasad	
Mr.N.Hari Mohan	
Mr.K.Rakesh Rao	
Mr.K.Ganesh	
Mr. M.Jagadeesh, Managing Director	-
Mr. K.Pradeep Kumar Reddy, Director (Operations) & CFO.	-
Mr.J.Raja Reddy, Company Secretary	10%

- c. The percentage increase in the median remuneration of employees in the financial year: 21.18%.

- d. The number of permanent employees on the rolls of Company: 115.

- e. The explanation on the relationship between average increase in remuneration and Company performance:

On an average, employees received an annual increase of around 10% in India.

In order to ensure that remuneration reflects Company performance, the performance of the company is also one of the parameter for fixing the remuneration to the employees.

- f. Comparison of the remuneration of the key managerial personnel against the performance of the Company:

Aggregate remuneration of key managerial personnel (KMP) in FY15 (Lakhs)	77.20
Revenue (Lakhs)	1162.79
Remuneration of KMPs (as % of revenue)	6.64%
Profit before Tax (PBT) (Lakhs)	13.35
Remuneration of KMP (as % of PBT)	578.28%

- g. Variations in the market capitalization of the company, price earnings ratio as at the closing date of the current financial year and previous financial year:

The Shares of the company are not currently listed on any Stock Exchange

- h. Percentage increase over decrease in the market quotations of the shares of the company, comparison to the rate at which the company came out with the last public offer:

The Shares of the company are not currently listed on any Stock Exchange

- i. Average percentage increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

The average annual increase was around 8% for personnel other than managerial personnel.

Increase in the managerial remuneration for the year was Nil.

- j. Comparison of each remuneration of the key managerial personnel against the performance of the Company:

Particulars	Managing Director	Chief Financial Officer	Company Secretary
Remuneration in FY15 (Lakhs)	24.00	40.00	13.20
Revenue (Lakhs)	1162.79		
Remuneration as % of revenue	2.06	3.44	1.14
Profit before Tax (PBT) (Lakhs)	13.35		
Remuneration (as % of PBT)	179.77	299.63	98.88

- k. The key parameters for any variable component of remuneration availed by the directors: Nil.
- l. The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year: **None**.
- m. Affirmation that the remuneration is as per the remuneration policy of the Company:

The Company affirms remuneration is as per the remuneration policy of the Company.

VIGIL MECHANISM

The company has formulated and published a Whistle Blower Policy to provide Vigil Mechanism for employees of the company to report genuine concerns. The provisions of this policy are in line with the provisions of the Section 177 (9) of the Act.

DEPOSITS FROM PUBLIC

The company has not accepted any deposits from public and as such, no amount on account of principal or interest on deposits from public was outstanding as on the date of the balance sheet.

INSURANCE

All properties and insurable interests of the Company have been fully insured at the reinstatement values.

INDUSTRIAL RELATIONS

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

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

Information with respect to conservation of energy, technology absorption, foreign exchange earnings and outgo pursuant to Section 134(3)(m) of the Act read with Companies (Accounts) Rules, 2014:

(Rs.in lakhs)

Research and Development	:	None
Technology absorption, Adoption and Innovation	:	Nil
Foreign Exchange Earning and Outgo	2014-15	2013-14
Foreign Exchange earned	1036.27	1100.27
Foreign Exchange outflow	11.24	3.43

CAUTIONARY STATEMENT

Statements in these reports describing company's projections statements, expectations and hopes are forward looking. Though, these expectations etc., are based on reasonable assumption, the actual results might differ.

Management Discussion and Analysis Report form part of the Directors Report.

CORPORATE SOCIAL RESPONSIBILITY

Provisions of Section 135 of the Companies Act, 2013 relating to Corporate Social Responsibility are presently not applicable to the company.

CHANGE IN THE NATURE OF BUSINESS

There is no change in the nature of business of the Company. There are no Significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

MATERIAL CHANGES AND COMMITMENTS

There are no Material Changes and Commitments impacting the going concern status and Company's operations in future.

ACKNOWLEDGEMENT

Your Directors appreciate and value the contributions made by the employees at all levels.

Your Directors also take this opportunity to express the gratitude to all the Investors, clients / customers, Vendors, Bankers, Regulatory and Government Authorities and Business associates for their continues support and cooperation extended to the Company.

For and on behalf of the Board

Hyderabad
10th August, 2015

Sd/-
S.Sreekanth Reddy
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

IT INDUSTRY REVIEW

Driven by an improvement in the global economic climate and rise in the technology spend, FY2014 brought optimism for the Indian IT industry. Rapid technology transformation is leading to altered and dynamic client engagement, which in turn is fueling business transfiguration, speeding up delivery services, and driving innovation capabilities across practices and operations. In FY2015, export revenue is projected to grow by 13-15%. Domestic revenues for the same period will grow at a rate of 9-12% during this year.

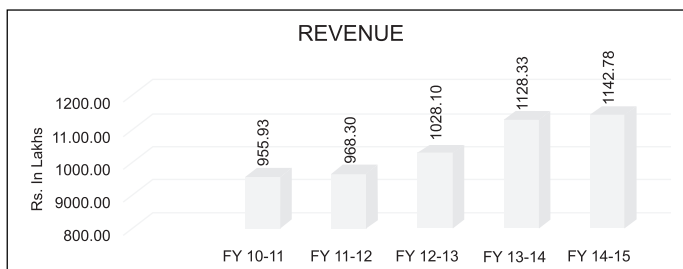
A gradual revival in consumer confidence leading to return of discretionary spending, and increased demand from US and other countries will help drive exports this year. While US continues to be the largest geographic market for India, the highlight for the year will be revival in demand from Europe, Indian IT continues to remain the highest impact sector for India among all industries with the highest relative share in India's GDP and exports among all services industries.

OVERALL PERFORMANCE

Revenue from operations for the financial year 2014-15 at Rs.1142.78 Lakhs was marginally higher over last year (Rs.1128.67 Lakhs in 2013-14). Earnings before interest, tax, depreciation and amortization (EBITDA) was Rs.89.68 Lakhs against EBITDA of Rs.113.95 Lakhs in 2013-14. Profit after tax (PAT) for the year was Rs.1.26 Lakhs over the PAT of Rs.71.43 Lakhs in 2013-14 (which included profit on sale of investment).

PERFORMANCE HIGHLIGHTS

Revenue Trend



SAGARSOFT BUSINESS STRATEGY

The company's strategy for long term growth continues to be strengthened with existing clients through a customer centric approach and expanding to new geographic and newer businesses. Sagarsoft is focusing even more on their core business objective, such as revenue growth, profitability and asset efficiency.

New areas such as mobile, social, cloud and analytics is increasingly driving technology spending, and will emerge as mainstays as this decade progresses further. Changing economic business conditions, evolving consumer preferences, rapid technological innovation and adoption and globalization are creating an increasingly competitive market environment that is driving corporations to transform the manner in which they operate.

BUSINESS OVERVIEW

Your company is IT service provider, consultancy and business Solutions Company. The company provided business and technology solutions and technology related services to corporations and made decent progress last year in consolidating business from existing clients across all service areas including new service lines and in acquiring new clients in Mobile,

open source technologies and QA space and,. The business from new clients acquired last year is expected to increase and add significant value and better margins.

With a sharp focus on customers' business future, your company continues to offer a range of technology and technology related services through its innovate delivery centers and talented professionals. Focus on operational excellence and increasing efficiency levels by building teams in various technologies in anticipation of future projects. The focus is more on optimization and productivity within the existing employee along with skill enhancement and enrichment.

HUMAN RESOURCE AND EMPLOYEES- HR POLICY

Talent should also be on tech sector radar. Innovation has, and always will be, the engine of technology growth. However, the shortage of talent will continue to rise. We need to double down on employee recruitment and retention. They should also foster internal collaboration and networks so ideas can emerge freely from wherever they are in the corporate structure. The same holds true for crowdsourcing and external networks. Given talent shortages and the rapid pace of technology change, we can't rely solely on developing and hiring new talent. They will need to draw in expertise and creativity from wherever it happens to be.

Sagarsoft embarks on the sustainability journey by ensuring safety and healthy well-being of associates and protecting the environment which emphasize the employee safety and security.

Your company consists of women workforce and the women managers have an opportunity to hone their skill for career advancement and leadership roles. The managerial employees are also sensitized to the aspects of diversity and inclusion through various workshops.

Your Company continues to enjoy cordial relationship with all its personnel at its Office and on the field.

SEXUAL HARASSMENT

Regarding the Sexual Harassment of Women at the work place (Prevention, Prohibition & Redressal) Act, 2013, the company has constituted the Internal Complaints Committee. No complaints were received or disposed off during the year under the above Act.

AWARDS AND RECOGNITIONS

Your company has successfully achieved ISO/IEC 27001:2005 Certification for Information Security Management System (ISMS) for its Software Development & Software Support services and support functions that include System, Administration, Administration & Facilities, Human Resource & Training.

OPPORTUNITIES

The need of the hour is to prioritize domains based on potential size, market readiness and the growing significance of policy evolution. Going forward the industry's mantra will be to 'Collaborate, Connect, Co-Create' – offering specifically tailored model for each specialized domain in the IT sector. We are working towards enabling radical transformation of key sectors in India to reduce costs, increase access, enhance efficiency and enable innovation in the sector. We will look at garnering opportunities for the industry to further catalyze this phenomenal growth.

RISKS AND CONCERNS

Sagarsoft (India) Limited has identified a suitable approach and framework for risk management which meets its business, legal and regulatory requirements. The management has decided to adopt the same framework for entire organization. Organization formed a Security Management Group with representatives from all functional team and a representative of the senior management team leads the group. Steering Committee meets at least once in 6 months to identify the risks throughout the organization

Based on severity level of the risk, corrective action is identified and implemented with prior approval from the risk owners and Top Management, where applicable. Controls have been identified in the Risk Assessment and Risk Treatment. The first step in risk assessment procedure is to identify the list of information and critical information assets in each function. After identification, these information assets are identified with the Owner and they are classified based on the functions. The Steering Committee or CISO meets and reviews the implementation status once in every 2 months. To conduct the review at least one representative from each function shall be present.

OUTLOOK

The world around us is rapidly changing, with socio economic, business and technological megatrends presenting an altered business landscape. Technology itself has journeyed from hardware, to enterprise software, to digital solutions becoming an integral part of every industry. This evolving landscape presents our industry with rapid growth prospects. India is now becoming home to a new breed of startup companies focused on high growth areas such as mobility, e-commerce and other vertical specific solutions – creating new markets and driving innovation.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The company's internal control systems are adequate to meet its present operations. The Board of Directors is fully satisfied with the adequacy of the internal control system in force in all major areas of operations of the company. However these are reviewed periodically to ensure that they continue to be adequate to meet the increasing operations. Audit Committee also assists the board in monitoring the integrity of the financial statements, external auditor qualifications, if any, performance of the internal audit function and external auditors and company's compliance with regulatory requirements.

Annexure 1

Form No. MR-3

Secretarial Audit Report

For the Financial Year ended March 31, 2015

*[Pursuant to Section 204(1) of the Companies Act, 2013 and
rule No. 9 of the Companies*

(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To
The Members,
Sagarsoft (India) Limited,
Plot No.111, Road No.10,
Jubilee Hills,
Hyderabad-500033.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s. Sagarsoft (India) Limited** (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of **M/s. Sagarsoft (India) Limited's** books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on March 31, 2015, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2015 according to the provisions of:

- 1) The Companies Act, 2013 (the Act) and the Companies Act, 1956 (to the extent applicable) and the rules made thereunder except the following;
- 2) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- 3) The Depositories Act, 1996 and the Regulations and bye-laws framed thereunder;
- 4) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.
- 5) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act')-
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 - **Not applicable as the Company did not issue any security during the financial year under review;**

- d. Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999/ Securities Exchange Board of India (Share Based Employee Benefit) Regulations, 2014 (effective 28th October 2014) – **Not applicable as the Company has not granted any Options to its employees during the financial year under review;**
 - e. Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - **Not applicable as the Company has not issued any debt securities during the financial year under review;**
 - f. Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client - **Not Applicable as the Company is not registered as Registrar to an Issue and Share Transfer Agent during the financial year under review;**
 - g. Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - **Not Applicable as the Company has not delisted its equity shares from any stock exchange during the financial year under review; and**
 - h. Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 - **Not Applicable as the Company has not bought back of its securities during the financial year under review.**
- 6) Employees Provident Fund and Miscellaneous Provisions Act, 1952
 - 7) Employees State Insurance Act, 1948
 - 8) Employers Liability Act, 1938
 - 9) Environment Protection Act, 1986
 - 10) Equal Remuneration Act, 1976
 - 11) Maternity Benefits Act, 1961
 - 12) Minimum Wages Act, 1948
 - 13) Negotiable Instruments Act, 1881
 - 14) Payment of Bonus Act, 1965
 - 15) Payment of Gratuity Act, 1972
 - 16) Payment of Wages Act, 1936 and other applicable labour laws
 - 17) Information Technology Act, 2000 and the rules made thereunder

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India (Not applicable as yet to be notified.)
- (ii) The Listing Agreements entered into by the Company with *Bangalore Stock Exchange Limited* and *Madras Stock Exchange Limited*.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that, the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notices were given to all Directors to schedule the Meetings of the Board and its Committees. Agenda and detailed notes thereon agenda were sent to all the directors at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications as may be required on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and there were no dissenting views.

We further report that there are adequate systems and processes in the Company commensurate with its size and operations to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that, during the period covered under the Audit, the Company has made the following specific actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, referred to above:

- i. Due to De-recognition of Madras Stock Exchange, the Company ceased to be a listed company with Madras Stock Exchange Limited and the shares of the Company have been placed on the Dissemination Board of National Stock Exchange of India Limited (NSE).NSE has allowed buying and selling of the company shares on Dissemination Board with effect from 27th March, 2015

For B S S & Associates
Company Secretaries

S.Srikanth
Partner

ACS No.: 22119
C P No.: 7999

Place: Hyderabad
Date: 01.07.2015

Annexure 2

Form No. AOC-2

[Pursuant to Clause (h) of sub-section (3) of Section 134 of the Act and Rule 8 (2) of the Companies (Accounts) Rules, 2014]

Form for disclosure of particulars of contracts / arrangements entered in to by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto.

1. Details of contracts or arrangements or transactions not at arm's length basis:

Sagarsoft (India) Limited has not entered into any contract or arrangement or transaction with its related parties which is not at arm's length during financial year 2014-15.

2. Details of material contracts or arrangements or transactions at arm's length basis:

There were no material contracts or arrangements or transactions on related parties during the financial year 2014-15.

On behalf of the Board of Directors

Hyderabad
10th August, 2015

S.Sreekanth Reddy
Chairman

Annexure 3

Form No.MGT-9

Extract of Annual Return

as on the financial year ended on March 31, 2015

[Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12 (1) of the Companies (Management and Administration) Rules, 2014]

I. Registration and other details

i.	CIN	:	L72200TG1996PLC023823
ii.	Registration Date	:	17 th April, 1996
iii.	Name of the Company	:	Sagarsoft (India) Limited
iv.	Category / Sub-Category of the Company	:	Company Limited by Shares / Indian Non-Government Company
v.	Address of the Registered Office and contact details	:	Plot No.111, Road No.10 Jubilee Hills, Hyderabad-500 033 Tel : 91 40 23543811 Fax: 91 40 23114607 Email: info@sagarsoft.in Website: www.sagarsoft.in
vi.	Whether listed company	:	No
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	Karvy Computershare (P) Limited Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District Hyderabad -500032. Tel : 040-67162222 Fax : 040-23001153 e-mail: einward.ris@karvy.com Toll Free No: 1800-3454-001 mailmanager@karvy.com Website: karvycomputershare.com

II. Principal Business Activities of the Company

All the business activities contributing 10% or more of the total turnover:

Sl. No.	Name and Description of main products / services	NIC Code of the Product / Service	% to total turnover of the company
1	Software Development and Consultancy Services	892.2	100

III. Particulars of Holding, Subsidiary and Associate Companies

The company does not have Holding, Subsidiary or Associate Companies.

IV. SHARE HOLDING PATTERN (Equity Share Capital Break up as percentage of Total Equity)
(i) Category-wise Shareholding

Category of Shareholder	No. of shares held at the beginning of the year			No. of shares at the end of the year			% change during the year
	Demat	Physical	Total	Demat	Physical	Total	
(A) Shareholding of Promoter and Promoter Group ²							
1 Indian							
(a) Individuals/ Hindu Undivided Family	1154130	1689700	2843830	1154130	1689700	2843830	51.14
(b) Central Government/ State Government(s)							Nil
(c) Bodies Corporate							
(d) Financial Institutions/ Banks							
(e) Any Others(Specify)							
Sub Total(A)(1)	1154130	1689700	2843830	1154130	1689700	2843830	51.14
2 Foreign							
a Individuals (Non-Residents Individuals/ Foreign Individuals)							
b Bodies Corporate							
c Institutions							
d Qualified Foreign Investor							
e Any Others(Specify)							
Sub Total(A)(2)							
Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	1154130	1689700	2843830	1154130	1689700	2843830	51.14
(B) Public shareholding							
1 Institutions	413300	0	413300	413300	0	413300	7.43
(a) Mutual Funds/ UTI							
(b) Financial Institutions/Banks							

Category of Shareholder	No. of shares held at the beginning of the year			No. of shares at the end of the year			% change during the year
	Demat	Physical	Total	Demat	Physical	Total	
(c) Central Government/ State Government(s)							
(d) Venture Capital Funds							
(e) Insurance Companies							
(f) Foreign Institutional Investors							
(g) Foreign Venture Capital Investors							
(h) Qualified Foreign Investor							
(i) Any Other (specify)							
Sub-Total (B)(1)	413300	0	413300	413300	0	413300	7.43
B 2 Non-institutions							
(a) Bodies Corporate	485855	0	485855	494137	0	494137	8.89
(b) Individuals							
I							
i. Individual shareholders holding nominal share capital up to Rs 1 lakh	975011	355595	1330606	970942	355255	1326197	23.85
II							
ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	428284	20000	448284	424011	20000	444011	7.98
(c) NRIs	9900	0	9900	10300	0	10300	0.18
(c-i) Foreign Corporate Body							
(c-ii) Hindu Undivided Families	28225	0	28225	28225	0	28225	0.51
(c-iii) Clearing Members							
Sub-Total (B)(2)	1927275	375595	2344170	1927615	375255	2302870	41.42
(B) Total Public Shareholding (B)=(B)(1)+(B)(2)	2340575	375595	2716170	2340915	375255	2716170	48.86
TOTAL (A)+(B)	3494705	2065295	5560000	3495045	2064955	5560000	100.00
(C) Shares held by Custodians for GDRs & ADRs	0	0	0	0	0	0	0
GRAND TOTAL (A)+(B)+(C)	3494705	2065295	5560000	3495045	2064955	5560000	100.00

(ii) Shareholding of promoters

Sl No.	Shareholder's name	Shareholding at the beginning of the year (01-04-2014)			Shareholding at the end of the year (31-03-2015)			% change in share holding during the year
		No. of Shares	% of total shares of the company	% of Shares pledged / encumbered to total shares	No. of Shares	% of total shares of the company	% of Shares pledged / encumbered to total shares	
1	Sreekanth Reddy, S	1149500	20.67	Nil	1149500	20.67	Nil	0
2	Rachana Sammidi	593730	11.00	Nil	593730	11.00	Nil	0
3	Veera Reddy, S	180200	3.00	Nil	180200	3.00	Nil	0
4	Vanajatha, S	147100	3.00	Nil	147100	3.00	Nil	0
5	Anand Reddy Sammidi	152200	3.00	Nil	152200	3.00	Nil	0
6	P Sucharitha Reddy	105200	1.89	Nil	105200	1.89	Nil	0
7	Aruna, S	118400	2.00	Nil	118400	2.00	Nil	0
8	Malathi, W	110900	2.00	Nil	110900	2.00	Nil	0
9	Madhavi, N	110700	2.00	Nil	110700	2.00	Nil	0
10	M Radhika Reddy	55200	0.99	Nil	55200	0.99	Nil	0
11	P Sudershan Reddy	50000	0.90	Nil	50000	0.90	Nil	0
12	P Rajith Reddy	50000	0.90	Nil	50000	0.90	Nil	0
13	Reddy, W.R.	10000	0.18	Nil	10000	0.18	Nil	0
14	Suresh Reddy, N	5700	0.09	Nil	5700	0.09	Nil	0
15	Ranganayakamma	2500	0.04	Nil	2500	0.04	Nil	0
16	Raghava Reddy, N	2500	0.04	Nil	2500	0.04	Nil	0
	TOTAL	2843830	51.14		2843830	51.14	Nil	

(iii) Change in Promoters' Shareholding

Sl No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of the total shares of the Company	No. of shares	% of the total shares of Company
	At the beginning of the year	Nil	Nil	Nil	Nil
	Acquired on	Nil	Nil	Nil	Nil
	Acquired	Nil	Nil	Nil	Nil
	Sold	Nil	Nil	Nil	Nil
	At the end of the year	Nil	Nil	Nil	Nil

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs.

Sl No.	Top 10 Shareholders	Shareholding at the beginning of the year 01-04-2014 *		Shareholding at the end of the year 31-03-2015 **	
		No. of shares	% of the total shares of the Company	No. of shares	% of the total shares of Company
1	The Madhavpura Mercantile Co-op. Bank Ltd.	400000	7.194	400000	7.194
2	Twinvest Financial Services Ltd	238306	4.286	238306	4.286
3	N Hari Mohan	51581	0.928	51581	0.928
4	Rajiv Verma	50500	0.908	50500	0.908
5	Gayatri Advisory Services Pvt Ltd	42387	0.762	42387	0.762
6	Mita D. Doshi	41600	0.748	41600	0.748
7	M V S Ananthkrishnan	40800	0.734	40800	0.734
8	Zen Securities Ltd-hse Clients A/C	40061	0.721	40061	0.721
9	Zen Securities Ltd	29285	0.527	29285	0.527
10	K S S Prasad Raju	24711	0.444	24711	0.444

* In the list of top 10 as on 1-4-2014.

** In the list of top 10 as on 31-03-2015.

(v) Shareholding of Directors and Key Managerial Personnel

Sl No.	For each of the Directors and KMP	Date	Reason	Shareholding at the beginning of the year 01-04-2014 *		Shareholding at the end of the year 31-03-2015 **	
				No. of shares	% of the total shares of the Company	No. of shares	% of the total shares of the Company
1	Directors						
1	S.Sreekanth Reddy	01.04.14	At the beginning of the year	1149500	20.67		
		31.03.15	At the end of the year			1149500	20.67
2	M.Jagadeesh	01.04.14	At the beginning of the year	13900	0.25		
		31.03.15	At the end of the year			13900	0.25
3	K.Pradeep Kumar Reddy	01.04.14	At the beginning of the year	Nil			
		31.03.15	Bought during the year			Nil	

4	Satish C R Kalva	01.04.14	At the beginning of the year	Nil			
		31.03.15	Bought during the year			Nil	
5	K.Prasad	01.04.14	At the beginning of the year	2800	0.05		
		31.03.15	At the end of the year			2800	0.05
6	N.Hari Mohan	01.04.14	At the beginning of the year	51581	0.93		
		31.03.15	At the end of the year			51581	0.93
7	K.Rakesh Rao	01.04.14	Date of appointment	Nil			
		31.03.15	At the end of the year			Nil	
8	K.Ganesh	01.04.14	At the beginning of the year	Nil			
		31.03.15	At the end of the year			Nil	
9	J.Raja Reddy	01.04.14	At the beginning of the year	2200	0.03		
		31.03.15	At the end of the year			2200	0.03

V. INDEBTEDNESS

Indebtedness of the company including interest outstanding / accrued but not due for payment

			Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
1		Indebtedness at the beginning of the year				
	i	Principal Amount	Nil	Nil	Nil	Nil
	ii	Interest due but not paid	Nil	Nil	Nil	Nil
	iii	Interest accrued but not due	Nil	Nil	Nil	Nil
		Total (i + ii + iii)	Nil	Nil	Nil	Nil
		Change in the indebtedness during the financial year	Nil	Nil	Nil	Nil
		Addition	Nil	Nil	Nil	Nil
		Reduction	Nil	Nil	Nil	Nil
		Net Change	Nil	Nil	Nil	Nil
		Indebtedness at the end of the financial year	Nil	Nil	Nil	Nil
	i	Principal Amount	Nil	Nil	Nil	Nil
	ii	Interest due but not paid	Nil	Nil	Nil	Nil
	iii	Interest accrued but not due	Nil	Nil	Nil	Nil
		Total (i + ii + iii)	Nil	Nil	Nil	Nil

VI. Remuneration of Directors and Key Managerial Personnel
A. Remuneration to Managing Director, Whole-time Directors and/or Manager

Sl. No	Particulars of Remuneration	Name of MD/WTD/Manager		
		Shri M.Jagadeesh (Managing Director)	Shri K.Pradeep Kumar Reddy (Director, Operations)	Total Amount
1	Gross Salary (a) Salary as per provisions contained in Section 17 (1) of the Income-tax Act, 1961	24,00,000	40,00,000	64,00,000
	(b) Value of perquisites u/s.17 (2) of Income-come Tax Act, 1961			
	(c) Profits in lieu of salary under Section 17 (3) of Income-tax Act, 1961			
2	Stock Option			
3	Sweat Equity			
4	Commission - as % of profit			
	- others, specify (arrears relating to previous year)			
5	Total (A)	24,00,000	40,00,000	64,00,000
	Ceiling as per the Act (As minimum remuneration)	24,00,000	40,00,000	64,00,000

B. Remuneration to other Directors

Sl. No	Particulars of Remuneration	Name of Director				Total Amount
		Shri K. Prasad	Shri K. Ganesh	Shri N.Hari Mohan	Shri K. Rakesh Rao	
1	Independent directors					
	- Fee for attending board/committee meetings	16,000	4,000	8,000	4,000	32,000
	- Commission					
	- Others, please specify					
	Total (1)	16,000	4,000	8,000	4,000	32,000
2.	Other Non-Executive Directors	Shri S. Sreekanth Reddy	Shri C R Satish Kalva			Total Amount
	- Fee for attending board/committee meetings	8,000	2,000			10,000
	- Commission					
	- Others, please specify					
	Total (2)	8,000	2,000			10,000
	Total (B) = (1+2)	24,000	6,000	8,000	4,000	42,000
	Total Managerial Remuneration					
	Overall Ceiling as per the Act					

C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD

Sl. No.	Particulars of Remuneration	Key Managerial Personnel Company Secretary	Total Amount
1	Gross Salary		
	a. Salary as per provisions contained in Section 17 (1) of the Income Tax Act, 1961	13,20,000	13,20,000
	b. Value of perquisites u/s.17 (2) of Income-tax Act, 1961		
	c. Profits in lieu of salary under Section 17 (3) of Income-tax Act, 1961		
2	Stock Option		
3	Sweet Equity		
4	Commission		
	As % of profit		
	- Others, specify		
5	Others, Allowances		
	Total	13,20,000	13,20,000

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES

There were no penalties, punishment or compounding of offences during the year ended March 31, 2015.

INDEPENDENT AUDITORS' REPORT

To
The Members of
Sagarsoft (India) Limited
Hyderabad

Report on the Financial Statements

We have audited the accompanying financial statements of Sagarsoft (India) Limited ('the Company'), which comprise the balance sheet as at 31 March 2015, the statement of profit and loss and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments; the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by

the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2015 and its profit and its cash flows for the year ended on that date.

Report on Other Legal And Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c. The balance sheet, the statement of profit and loss and the cash flow statement dealt with by this Report are in agreement with the books of account;
 - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - e. On the basis of the written representations received from the directors as on 31 March 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2015 from being appointed as a director in terms of Section 164 (2) of the Act; and
 - f. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position;
 - ii. The Company did not have any long term contracts including derivative contracts from which there were any material foreseeable losses;
 - iii. There were no amounts which were required to be transferred to Investor Education and Protection Fund by the Company.

For C. Ramachandram & Co.,
Chartered Accountants
(FR NO: 002864S)

C. Ramachandram
Partner

Membership No: 25834

Place: Hyderabad
Date : 23rd May, 2015

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

The Annexure referred to in our Independent Auditors' Report to the members of the Company on the financial statements for the year ended 31 March 2015, we report that:

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
(b) The Company has verified fixed assets at regular intervals. There were no material discrepancies were noticed on such verification.
2. The clause 2 of paragraph 3 of Companies (Auditors' Report) 2015 is not applicable in case of the company for the current year.
3. The Company has not granted any loans to companies, firms or other covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act').
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets, inventory and sale of service. We have not observed any continuing failure to correct major weakness in the internal control system.
5. The Company has not accepted any deposits from the public hence clause (v) of paragraph 3 of the Companies (Auditor's Report) Order, 2015 is not applicable to the company.
6. The Central Government has not prescribed the maintenance of cost records to the company under section 148(1) of the Act, hence clause (vi) of paragraph 3 of the Companies (Auditor's Report) Order, 2015 is not applicable to the company.
7. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues including provident fund, income tax, and other material statutory dues as applicable with the appropriate authorities.
(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income tax, and other material statutory dues as applicable which have not been deposited on account of any dispute.
(c) According to the information and explanations given to us there were no amounts that need to be deposited into the investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules there under.
8. The accumulated losses of the Company are not more than 50% of its Networth. The company has not incurred cash loss during the financial year covered by the audit and in the immediately preceding financial year.
9. The Company did not have any outstanding dues to financial institutions, banks or debenture holders during the year.

10. In our opinion and according to the information and the explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
11. In our opinion and according to the information and the explanations given to us the company has not availed any term loans during the financial year.
12. According to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the course of our audit.

For **C. Ramachandram & Co.,**
Chartered Accountants
(FR NO: 002864S)

C. Ramachandram
Partner
Membership No: 25834

Place: Hyderabad
Date : 23rd May, 2015

BALANCE SHEET

Amount in Rs.

PARTICULARS	NOTES	AS AT 31.03.2015	AS AT 31.03.2014
I. EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share Capital	3	55,600,000	55,600,000
(b) Reserves and Surplus	4	40,345,886	42,658,524
(2) Current liabilities			
(a) Trade Payables	5	1,020,554	1,159,951
(c) Other Current Liabilities	6	57,977	132,468
(d) Short Term Provisions	7	3,351,797	4,180,609
		4,430,328	5,473,028
Total		100,376,214	103,731,552
II. ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets			
Tangible Assets	8	31,852,474	40,507,384
(b) Deferred Tax Assets (Net)		10,888,185	10,738,221
(c) Long Term Loans and Advances	9	18,600,139	<u>20,246,243</u>
		61,340,798	71,491,848
(2) Current Assets			
(a) Trade Receivables	10	15,490,468	13,102,677
(b) Cash and Cash Equivalents	11	17,256,033	15,785,370
(c) Short Term Loans and Advances	12	6,288,915	<u>3,351,657</u>
		39,035,416	32,239,704
Total		100,376,214	103,731,552

SIGNIFICANT ACCOUNTING POLICIES AND

NOTES ON ACCOUNTS 1 & 2

The accompanying notes are an integral part of the financial statements

As per our report of even date

For and on Behalf of the Board

For **C.RAMACHANDRAM & CO.**,
Chartered Accountants
(FR NO: 002864S)

M JAGADEESH
Managing Director

C.RAMACHANDRAM
Partner
Membership No. 25834

K PRADEEP KUMAR REDDY
Director (Operations) & CFO

Place : Hyderabad
Date : 23rd May, 2015

J RAJA REDDY
Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED

Amount in Rs.

Particulars	Notes	31.03.2015	31.03.2014
I. Revenue From Operations	13	114,278,066	112,866,549
Other Income	14	2,001,075	12,779,083
Total Revenue		116,279,141	125,645,632
II. Expenses:			
Employee Benefit Expenses	15	87,027,276	85,723,140
Depreciation	8	7,633,243	4,011,152
Other Expenses	16	20,283,843	28,605,201
Total Expenses		114,944,362	118,339,492
III. Profit before tax (I -II)		1,334,779	7,306,140
IV. Tax Expenses:			
(1) Current Tax		254,342	1,447,872
(2) Deferred Tax Liability / (Asset)		940,743	(1,284,400)
(3) Tax adjustment for Earlier Years		267,581	-
(4) MAT Credit Entitlement		(254,342)	-
Total Tax Expenses		1,208,324	163,473
V. Profit for the year (III-IV)		126,455	7,142,667
Earning per share			
VII. (Equity shares, par value Rs.10 each)		0.02	1.28
Basic and Diluted			

The accompanying notes are an integral part of the financial statements

As per our report of even date

For and on Behalf of the Board

For **C.RAMACHANDRAM & CO.,**
Chartered Accountants
(FR NO: 002864S)

M JAGADEESH
Managing Director

C.RAMACHANDRAM
Partner
Membership No. 25834

K PRADEEP KUMAR REDDY
Director (Operations) & CFO

Place : Hyderabad
Date : 23rd May, 2015

J RAJA REDDY
Company Secretary

Amount in Rs.

Cash Flow Statement for the year ended	31.03.2015	31.03.2014
Cash Flow from Operating Activities		
Net profit before tax and extraordinary items	1,334,779	7,306,140
Adjustment for:		
Provision for Income Tax	(254,342)	(1,447,872)
Non Operating Expenses/Items		
Profit on sale of investment	-	(12,779,083)
Loss on sale of Fixed Asset	-	2,261,834
Depreciation	7,633,243	4,011,152
Tax Adjustments for Earlier years	(13,239)	-
Operating profit before working capital changes	8,700,441	(647,829)
Adjustment for:		
Sundry debtors	(2,387,789)	(3,012,430)
Loans and advances	(1,291,154)	11,981,656
Other Current Liabilities & Provisions	(903,303)	(11,661,350)
Trade payables	(139,397)	(113,527)
Cash generated from operation	3,978,798	(3,453,480)
Cash flow before extraordinary items	3,978,798	(3,453,480)
Extraordinary items	-	-
Net cash from operating activities	3,978,798	(3,453,480)
Cash flow from investing activities		
Sale of Fixed Assets	-	1,060,000
Purchase of fixed assets and Adjustments	(2,508,135)	(1,007,254)
Sale of Investment	-	15,555,000
Net cash flow from investing activities	(2,508,135)	15,607,746
Cash flow from financing activities		
Proceeds from long term borrowings	-	-
Repayment of vehicle Loans	-	621,839
Net cash from in financing activities	-	(621,839)
Net increase in cash and cash equivalents	1,470,663	11,532,426
Cash and equivalents as at 01-04-2014	15,785,370	4,252,944
Cash and equivalents as at 31-03-2015	17,256,033	15,785,370

The accompanying notes are an integral part of the financial statements

As per our report of even date

 For **C.RAMACHANDRAM & CO.,**
 Chartered Accountants
 (FR NO: 002864S)

C.RAMACHANDRAM
 Partner
 Membership No. 25834

 Place : Hyderabad
 Date : 23rd May, 2015

For and on Behalf of the Board

M JAGADEESH
 Managing Director

K PRADEEP KUMAR REDDY
 Director (Operations) & CFO

J RAJA REDDY
 Company Secretary

Notes to the financial statements for the year ended 31st March, 2015

Notes – 1

1. SIGNIFICANT ACCOUNTING POLICIES

1) Basis of preparation of financial statements:

Financial statements are prepared in accordance with the Generally Accepted Accounting Principles in India under the historical cost convention on accrual basis and in compliance with all the mandatory accounting standards as notified under section 133 of the Companies Act 2013, read with the rule 7 of the Companies Act (Accounts) Rules.

2) Use of estimates:

The preparation of the financial statements in conformity with GAAP involves the use of judgements, estimates and assumptions which affect the reported amounts of assets and liabilities as at the date of the financial statements and the reported income and expenses for the reporting period.

3) Fixed Assets:

Fixed Assets are stated at cost net of recoverable taxes, discounts and rebates and includes all direct costs incurred till the asset is ready for the intended use, less accumulated depreciation and impairment loss, if any.

4) Depreciation:

Depreciation on fixed assets is charged under straight line method after considering the useful life and residual value of the assets in accordance with schedule II of the Companies Act, 2013.

Scrap @ 5% of original cost has been considered. Depreciation is calculated on a pro-rata basis from the date of installation till the date the assets are sold or disposed. Individual assets costing less than Rs.5,000/- are depreciated in full in the year of acquisition.

5) Revenue Recognition:

Revenue from Software services consists primarily of revenue earned from services performed on a time and material basis. The related revenue is recognized as and when the services are performed.

Interest income is recognized on time proportion basis taking into account the amount outstanding and the rate applicable.

6) Foreign Currency Transactions:

Foreign currency transactions are initially recorded at the exchange rates prevailing on the transaction date. All revenues denominated in foreign currency are translated at the exchange rate prevailing on the date of inward remittance. The consequent exchange gains/losses arising there from are transferred to the statement of profit and loss.

All foreign currency denominated monetary assets are translated at the exchange rate prevailing at the Balance Sheet date and the exchange gains/losses resulting therefrom are transferred to the statement of profit and loss.

7) Taxes on Income:

Current Tax

Provision for current Income Tax is being made as per the normal provisions of Income Tax Act, 1961 as are in force for the financial year 2014-15.

Deferred Tax

Deferred tax charge or credit reflects the tax effects due to timing differences between accounting income and taxable income for the period. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantially enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that assets can be realized in future; however, where there is unabsorbed depreciation or carry forward of losses, deferred tax assets are recognized only if there is a virtual certainty of realization of such assets. Deferred tax assets are reviewed at each balance sheet date and written down or written up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realized.

Deferred tax asset (Net of deferred tax liability as computed under Accounting Standard – 22) as on 31st March 2015 amounted to Rs.1,08,88,185/-.

Minimum Alternate Tax Credit

MAT credit entitlement represents the amounts paid in a year under Section 115JB of the Income Tax Act 1961 (IT Act) which is in excess of the tax payable, computed on the basis of normal provisions of the IT Act. Such excess amount can be carried forward to set off in future periods in accordance with the relevant provisions of the IT Act. Since such credit represents a resource controlled by the Company as a result of past events and there is evidence as at the reporting date that the Company will pay normal income tax during the specified period, when such credit would be adjusted, the same has been disclosed as "MAT credit entitlement", in the balance sheet with a corresponding credit to the profit and loss account, as a separate line item.

8) Cash flow statement

Cash flows are reported using the indirect method, where by profit before tax is adjusted for the effects of transactions of a non- cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

9) Earnings per share

The basic earnings per share ('EPS') is computed by dividing the net profit after tax for the year by weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, net profit after tax for the year and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

10) Employee Benefits.

Short term benefits:

Short term employee benefits are charged off at the undiscounted amount in the year in which the related services are rendered.

Long term benefits:

Payments to the defined contribution retirement benefit schemes are charged as an expense as they fall due.

Gratuity:

Under defined benefit scheme, Company provides for gratuity, a defined benefit retirement plan (the "Gratuity Plan") covering eligible employees. In accordance with

the Payment of Gratuity Act, 1972, the Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. The company has taken a master policy with Life Insurance Corporation of India under group gratuity scheme. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation as of the balance sheet date, based upon which, the Company contributes all the ascertained liabilities to the Life Insurance Corporation of India.

Employee Leave Encashment:

The leave encashment payable to the employees is provided based on the actuarial valuation carried out in accordance with the AS 15 and is not funded.

Provident fund:

The company has a defined contribution plan for Provident Fund under which the company contributes the fund to the Regional Provident Fund Commissioner.

11) Impairment of Assets:

The carrying value of assets/cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment recognized, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognized for an asset in earlier accounting period is no longer exists or may have decreased, such reversal of impairment loss is recognized in the statement of profit and loss.

12) Estimated amount of contracts remaining to be executed on capital account and provided for is Rs. Nil.

13) Contingent Liabilities: Nil (Previous Year: Nil)

14) Auditors' Remuneration:

Amount in Rs.

Particulars	2014-15	2013-14
For Statutory Audit	50,000	50,000
For Tax Audit	30,000	30,000
Total	80,000	80,000

15) a) As required by Accounting Standard AS 18, the related parties disclosure issued by the Institute of Chartered Accountants of India is as follows:

S.No	Nature of Relationship	Name of the Parties
1.	Key Management Personnel	1. S.Sreekanth Reddy 2. M Jagadeesh 3. K.Pradeep Kumar Reddy
2	Enterprises where key managerial personnel along with their relatives exercise significant influence	1. Sagar Priya Housing and Industrial Enterprises Limited 2. Savyasachi Constructions Pvt Ltd 3. Sapplica Info Technologies Pvt Ltd 4. Sagar Cements Limited 5. S Anand Reddy 6. S Vanajatha

b) Transaction with related parties during the year ended 31st March, 2015

Rs.in Lakhs

Nature of Transaction	Key Management Personal	Enterprises where key managerial personnel along with their relatives exercise significant influence	Balance as on 31.03.2015
Remuneration Paid			
1. M Jagadeesh	24.00		-
2. K Pradeep Kumar Reddy	40.00		-
Loan & Advances			
Sagar Priya Housing and Industrial Enterprises Limited		70.00	50.00 Dr.
Rent Paid			
1. S Anand Reddy		25.28	-
2. S Vanajatha		25.28	-
Consultancy Services			
1. Sapplica Info Technologies Pvt Ltd		97.08	10.02 Dr.
2. Sagar Cements Limited		13.48	4.09 Dr.
Maintenance Charges paid			
Savyasachi Constructions Pvt Ltd		11.23	2.05 Dr

16) The disclosures required under Accounting Standard 15 "Employee Benefits" notified in the Companies (Accounting Standards) Rules 2006, are given below:

a) Reconciliation of opening and closing balance of Defined benefit obligation:

Amount in Rs.

Description	Year ended Gratuity	
	March 31, 2015	March 31, 2014
Defined benefit obligation at the beginning of the year	2802898	2563801
Current service cost	832841	598552
Interest cost	255064	210232
Actuarial (gain) / loss	710324	(182929)
Benefits paid	(240467)	(386758)
Defined benefit obligation at the year end	4360660	2802898

b) Reconciliation of opening and closing balances of fair value of plan assets:

Amount in Rs.

Description	Year ended Gratuity	
	March 31, 2015	March 31, 2014
Fair value of plan assets at the beginning of the Year	2394316	2041547
Expected return on plan assets	205283	156444
Actuarial gain / (loss)	-	-
Employer contribution	1340205	583083
Benefits paid	(240467)	(386758)
Fair value of plan asset at the year end	3699337	2394316

- c) Reconciliation of fair value of assets and obligations:

Amount in Rs.

Description	Year ended Gratuity	
	March 31, 2015	March 31, 2014
Fair value of plan assets	3699337	2394316
Present value of obligations	4360660	2802898
Amount to be recognized in the Balance sheet	(661323)	(408582)

- d) Expenses recognized during the year:

Amount in Rs.

Description	Year ended Gratuity	
	March 31, 2015	March 31, 2014
Current service cost	832841	598552
Interest cost	255064	210232
Expected return on plan assets	(205283)	(156444)
Actuarial (gain) / loss	710324	(182929)
Net cost	1592946	469411

- e) Reconciliation of Leave Encashment:

Amount in Rs.

Description	Year ended Gratuity	
	March 31, 2015	March 31, 2014
Present Value of Obligation as at the end of the year	959973	827749
Value of fund as at the end of the year		-
Funded Status	(959973)	(827749)
Unrecognized Actuarial (gains)/Losses		-
Net Asset/(Liability) Recognized in Balance Sheet	(959973)	(827749)

- f) Investment details:

100% invested in LIC Group gratuity (cash accumulation policy)

- g) Actuarial assumptions

Mortality table (LIC) 2008-10 (ultimate)

Discounting rate – 7.80%

Expected rate of return on plan asset – 9%

Rate of escalation in salary – 5%

- 17) Segmental Reporting: As the company was engaged only in software development and Consultancy during the year, business segment reporting is not applicable. Geographic revenue is allocated based on the location of the customer:

In Rs.

S.No	Geographic Segments	2014-15	2013-14
01	Exports	10,32,21,842	10,92,26,085
02	Domestic	1,10,56,224	36,40,464
	Total	11,42,78,066	11,28,66,549

- 18) The Company has during the year sent out letters seeking confirmations from its suppliers whether they fall under the category of micro, small and medium enterprises as mentioned under the Micro, Small and Medium Enterprises Development Act, 2006. Based on the information available with the Company, the Company believes that it does not have any outstanding dues to micro, small and medium enterprises.

Further, the Company has not paid any interest to the micro, small and medium enterprises.

- 19) Balances due to or due from the parties are subject to confirmation.
- 20) Figures of previous year have been regrouped / reclassified wherever necessary to conform to the current year's presentation / classification.
- 21) Figures are rounded off to nearest rupee.

As per our report of even date attached

For **C.RAMACHANDRAM & CO.,**
Chartered Accountants
(FR NO: 002864S)

C.RAMACHANDRAM
Partner
Membership No. 25834

Place : Hyderabad
Date : 23rd May, 2015

For and on Behalf of the Board

M JAGADEESH
Managing Director

K PRADEEP KUMAR REDDY
Director (Operations) & CFO

J RAJA REDDY
Company Secretary

2. NOTES FORMING PART OF THE BALANCE SHEET AS AT

Particulars	31.03.2015 Rs.	31.03.2014 Rs.
NOTE-3		
SHARE CAPITAL		
AUTHORISED:		
70,00,000 Equity Shares of Rs.10/- each	70,000,000	70,000,000
ISSUED, SUBSCRIBED AND PAID UP		
55,60,000 equity shares of Rs.10/- each fully paid up	55,600,000	55,600,000
Total	55,600,000	55,600,000

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity Shares	31-Mar-15 No. of Shares	31-Mar-14 No. of Shares
At the beginning of the period	5,560,000	5,560,000
During the period Issue	-	-
At the end of the Period	5,560,000	5,560,000

b. Terms/rights attached to equity shares

The company has only one class of equity shares having a par value of Rs.10/- per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subjected to the approval of the shareholders in the ensuing Annual General Meeting.

c. Disclosure pursuant to Note No. 6(A) (g) of Part I of Schedule VI to the Companies Act, 1956 (if more than 5%)

Name of Shareholder	As at 31 March 2015		As at 31 March 2014	
	No. of shares held	% of Holding	No. of shares held	% of Holding
Sreekanth Reddy Sammidi	1,149,500	20.67	1,149,500	20.67
Rachana S	593,730	10.68	593,730	10.68
The Madhavpura Mercantile Co-op. Bank	400,000	7.19	400,000	7.19

Particulars	As at 31.03.2015 Rs.	As at 31.03.2014 Rs.
NOTE-4		
RESERVES AND SURPLUS		
Share Premium Account	45,600,000	45,600,000
Profit & Loss Account (Opening Balance)	(2,941,476)	(10,084,143)
Adjustment for additional Depreciation	(2,439,094)	-
Add: Profit for the Period	126,455	7,142,667
Closing Balance	(5,254,114)	(2,941,476)
	40,345,886	42,658,524

Particulars	As at 31.03.2015 Rs.	As at 31.03.2014 Rs.
NOTE-5		
TRADE PAYABLES		
Trade Payables	1,020,554	1,159,951
	1,020,554	1,159,951
NOTE-6		
OTHER CURRENT LIABILITES		
Accrued salaries and benefits	57,977	132,468
	57,977	132,468
NOTE-7		
SHORT TERM PROVISIONS		
Provision for Employee Benefits		
Provision for Gratuity	661,323	408,582
Leave Encashment	959,973	827,749
Provision for Expenses	729,417	963,101
TDS Payable	746,742	533,305
Provision For Income Tax	254,342	1,447,872
	3,351,797	4,180,609

NOTE - 8
FIXED ASSETS

In Rs.

Particulars	ORIGINAL COST				DEPRECIATION			NET BLOCK	
	As at 01.04.2014	Additions during the Period	Deductions during the Period	As at 31.03.2015	As at 01.04.2014	For the year	Deductions/ Adjustments	As at 31.03.2015	As at 31.03.2014
	Tangible								
Fixed Assets									
Computers	61,276,076	183,300	-	61,459,376	54,784,866	1,217,972	2,255,229	3,201,309	6,491,210
Office Equipment	18,400,135	456,468	-	18,856,603	4,353,122	3,558,438	1,274,573	9,670,470	14,047,013
Furniture's & Fixtures	22,691,058	1,868,367	-	24,559,425	5,219,756	2,259,530	-	17,080,139	17,471,302
Vehicles	4,204,120	-	-	4,204,120	1,706,261	597,303	-	1,900,556	2,497,859
Total	106,571,389	2,508,135	-	109,079,524	66,064,005	7,633,243	3,529,802	31,852,474	40,507,384
Previous year	111,072,156	1,007,254	5,508,021	106,571,389	64,239,041	4,011,152	2,186,187	40,507,384	46,833,115

Particulars	As at 31.03.2015 Rs.	As at 31.03.2014 Rs.
NOTE-9		
LONG TERM LOANS & ADVANCES		
Advance to Others	10,176,251	10,176,251
Advance to Related parties	5,000,000	7,000,000
Deposits	3,423,888	3,069,992
	18,600,139	20,246,243
NOTE-10		
TRADE RECEIVABLES		
Outstanding over six months	3,215,824	3,073,265
Other Debts	12,274,644	10,029,412
	15,490,468	13,102,677
NOTE-11		
CASH & CASH EQUIVALENTS		
Cash in Hand	44,596	380,928
Balance with Banks - In Current Account	15,143,924	15,404,442
- In Fixed Deposit Account	2,067,513	-
	17,256,033	15,785,370
NOTE-12		
SHORT TERM LOANS AND ADVANCES		
Other Loans and Advances	2,045,414	214,815
Advance to Related Parties	205,739	-
Balance with Income Tax Authorities	4,037,762	3,136,842
	6,288,915	3,351,657
NOTE-13		
REVENUE FROM OPERATIONS		
Revenue from Software development	114,278,066	112,866,549
	114,278,066	112,866,549
NOTE-14		
OTHER INCOME		
Profit on Sale of Investment	-	12,779,083
Foreign Exchange Fluctuation Gain	328,182	-
Interest Income	1,329,705	-
Other Income	343,188	-
	2,001,075	12,779,083
NOTE-15		
EXPENSES		
EMPLOYEE BENEFIT EXPENSES		
Salaries, Wages and other benefits	82,870,890	82,469,249
Welfare Expenses	2,563,440	2,784,480
Gratuity	1,592,946	469,411
	87,027,276	85,723,140

Particulars	As at 31.03.2015 Rs.	As at 31.03.2014 Rs.
NOTE-16		
OTHER EXPENSES		
Communication Expenses		
Postage and Telephone Charges	428,894	521,510
Internet Charges	644,332	880,472
	1,073,226	1,401,982
Travel Expenses		
Overseas travel expenses	1,132,752	789,205
Travelling and Conveyance	422,365	624,422
	1,555,117	1,413,627
Other Expenses		
Vehicle Hire Charges	2,962,947	2,884,256
Electricity Charges	1,444,587	2,111,829
Vehicle Maintenance	452,608	311,388
Printing and Stationery	151,517	342,562
Office Maintenance	3,505,316	4,227,021
Auditors Remuneration	50,000	56,180
Rent	6,081,760	7,441,382
Rates and Taxes	7,500	5,000
Interest and Bank Charges	73,652	76,841
Professional and Consultancy charges	2,478,903	2,045,159
Advertisement charges	161,070	122,795
Donations	150,796	31,116
Insurance	69,565	158,356
Foreign Exchange Fluctuation Loss	-	68,877
General Expenses	65,279	421,500
Debit/Credit Balances written off	-	3,223,496
Loss on sale of assets	-	2,261,834
	17,655,500	25,789,592
Other Expenses Total	20,283,843	28,605,201

As per our report of even date attached

For **C.RAMACHANDRAM & CO.,**
Chartered Accountants
(FR NO: 002864S)

C.RAMACHANDRAM
Partner
Membership No. 25834

Place : Hyderabad
Date : 23rd May, 2015

For and on Behalf of the Board

M JAGADEESH
Managing Director

K PRADEEP KUMAR REDDY
Director (Operations) & CFO

J RAJA REDDY
Company Secretary

NOTES

SAGARSOFT (INDIA) LIMITED

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

CIN – L72200TG1996PLC023823

Tel.No.: +91-40-23543811, Fax No.: +91-40-23114607

E-mail: info@sagarsoft.in Website: www.sagarsoft.in

ATTENDANCE SLIP

19TH ANNUAL GENERAL MEETING ON WEDNESDAY, THE 23RD SEPTEMBER, 2015 AT 11.30 A.M. at Hotel Golkonda, Masab Tank, Hyderabad-500 028

Folio No.	DP ID No.	Client ID No.
-----------	-----------	---------------

I/We hereby record my/our present at the Nineteenth Annual General Meeting of the Company at Hotel Golkonda, Masab Tank, Hyderabad, at 11.30 a.m. on Wednesday, the 23rd September, 2015.

Name of the Member : _____ Signature : _____

Name of the Proxyholder : _____ Signature : _____

- Notes:**
1. Only Member / Proxyholder can attend the Meeting.
 2. Please complete the Folio No./DP ID No., Client ID No. and name of the Member / Proxyholder, sign this Attendance Slip and handit over, duly signed at the entrance of the Meeting hall.
 3. A Member / Proxyholder attending the meeting should bring his/her copy of the Annual Report for reference at the meeting.

SAGARSOFT (INDIA) LIMITED

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

CIN – L72200TG1996PLC023823

Tel.No.: +91-40-23543811, Fax No.: +91-40-23114607

E-mail: info@sagarsoft.in Website: www.sagarsoft.in

PROXY FORM

(Pursuant to Section 105 (6) of the Companies Act, 2013 and Rule 19 (3) of the Companies (Management and Administration) Rules, 2014)

Name of the Member (s) : _____

Registered address : _____

E-mail Id : _____

Folio No. / Client ID No. : _____ DP ID No. _____

I/We, being the member(s) holding _____ shares of Sagarsoft (India) Limited, hereby appoint:

1. Name: _____ Email ID: _____

Address: _____

_____ Signature _____ or failing him;

2. Name: _____ Email ID: _____

Address: _____

_____ Signature _____ or failing him;

3. Name: _____ Email ID: _____

Address: _____

_____ Signature _____

As my/our Proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Nineteenth Annual General Meeting of the Company to be held on Wednesday, the 23rd September, 2015 at 11.30 a.m. at Hotel Golkonda, Masab Tank, Hyderabad-500 028 and at any adjournment thereof in respect of such resolutions as are indicated below:

Sl. No.	Description of Resolution
1	Adoption of audited Statement of Profit and Loss, Balance Sheet, Reports of Board of Directors and Auditors thereon for the year ended 31st March, 2015
2	Reappointment of Shri M.Jagadeesh as Direcotr liable to retire by rotation
3	Reappointment of Shri K.Pradeep Kumar Reddy as Direcotr liable to retire by rotation
4	Appointment of Auditors
5	Approval for alterations in the Memorandum of Association
6	Approval for alterations in the Articles of Association

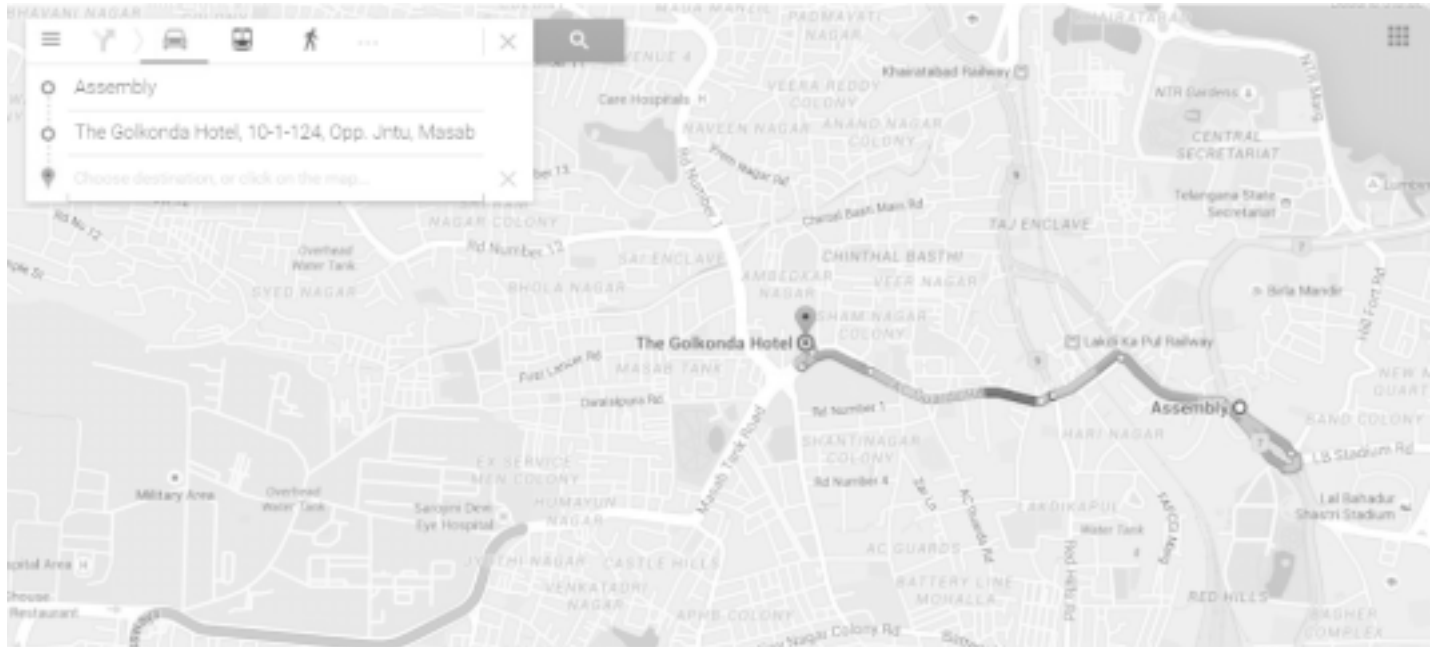
Please affix Re.1/- Revenue Stamp
--

Signed this ____ day of _____ 2015

Signature of shareholder _____ Signature of Proxyholder(s) _____

- Note:**
1. This Form in order to be effective should be duly completed and deposited at the Registered Office of the Company at Plot No.111, Road No.10, Jubilee Hills, Hyderabad-500 033, not less than 48 hours before the commencement of the Meeting.
 2. A proxy need not be a member of the Company.
 3. For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the 19th Annual General Meeting of the Company.

ROUTE MAP FOR AGM





Sagarsoft (India) Ltd.

Plot No. 111, Road No. 10, Jubilee Hills

Hyderabad - 500 033

Ph : +91-40-23543811

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