

Board of Directors

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

Auditors

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

Bankers

Axis Bank Ltd.,
Banjara Hills, Hyderabad

HDFC Bank
Lakdikapool Branch, Hyderabad

Registered Office

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

Registrars and Share transfer agents

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

SAGARSOFT (INDIA) LIMITED

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

NOTICE

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

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2013 and the Statement of Profit and Loss for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri K.Rakesh Rao, who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Shri N.Satya Swaroop Reddy, who retires by rotation and is eligible for re-appointment.
4. To appoint Auditors for the company to hold office from the conclusion of the Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS**5. Reappointment of Managing Director**

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

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

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

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

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

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

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

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

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

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

NOTES:

1. A Member entitled to attend and vote at the Meeting is entitled to appoint a Proxy to attend and vote instead of himself/herself and the proxy to be so appointed need not be a Member of the Company. However, proxies in order to be effective must be lodged with the company at its Registered Office not less than 48 hours before the commencement of the Meeting.
2. Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of Item No.5, 6 and 7 have been given in the annexure to form part of the Notice.
3. Register of Members and the Share Transfer Books of the company will remain closed during the period from 18.09.2013 to 25.09.2013 (both days inclusive).
4. Members holding shares in physical form are requested to inform the Company or its Registrars, of the change, if any, in their addresses.
5. Members are also requested to bring the Attendance Slips duly filled in for being handed over at the entrance of the venue for the meeting.

By Order of the Board

Hyderabad
25th July, 2013

Sd/-
S.Sreekanth Reddy
Chairman

Annexure to the Notice of the 17th Annual General Meeting

EXPLANATORY STATEMENT

Item No.5

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

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

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

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

| | | | |
|------------|--------------------------|--|---|
| | (4) | Job profile and his suitability | <u>Job Profile:</u> Responsible for the overall operations of the organization under the superintendence and control of the Board. |
| | | | <u>Suitability:</u> Shri Jagadeesh has been associated with the company since inception. He has helped the company to come out of the difficult situations and has been a part of the organization throughout its business cycle so far. He has been instrumental in the revival of the business of the company and its subsequent growth. |
| | (5) | Remuneration proposed | A Consolidated sum of Rs.2,00,000/- p.m. No change in his remuneration is contemplated. |
| | (6) | Comparative remuneration profile with respect to Industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin) | The remuneration proposed is reasonable as compared with the industry standards for a director of similar profile. |
| | (7) | Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel, if any | Apart from being the Managing Director of the company and holding 13,900 shares in it in his personal capacity, he does not have any other pecuniary relationship with the company. |
| III | Other Information | | |
| | (1) | Reasons of loss or inadequate profits | The company suffered heavy losses in the initial stages due to depression in the software industry. However, the industry is now recovering from the said situation and with the expected addition of more clientele, the company hopes to turn around. |
| | (2) | Steps taken or proposed to be taken for improvement | |
| | (3) | Expected increase in productivity and profits in measurable terms | |

On Item No.6

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

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

On Item No.7

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

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

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

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

| I | | General Information | | |
|-----------|--|--|--------------|---------|
| (1) | Nature of Industry | Software | | |
| (2) | Date or expected date of commencement of commercial production | 18.04.1996 | | |
| (3) | In case of new companies, expected date of commencement activities as per project approved by financial institutions appearing in the prospectus | Not applicable | | |
| (4) | Financial performance based on given indicators | Description | Rs. in Lakhs | |
| | | | 2012-13 | 2011-12 |
| | | Income | 1028.10 | 968.30 |
| | | Profit/(Loss) before Interest Depreciation & Tax | 33.58 | 124.93 |
| | Profit/(Loss) after Tax | (21.41) | 63.17 | |
| (5) | Export performance and net foreign exchange | Foreign Exchange earned 19.12 lakh dollars for the year 2012-13. | | |
| (6) | Foreign investments or collaborators, if any | Company has invested in Sagarsoft Inc., U.S.A., to the extent of Rs.27.76 lakhs. There is no foreign investments in the company. | | |
| II | | Information about the appointee | | |
| (1) | Background details | Shri K. Pradeep Kumar Reddy has been with the company since 1999. He holds Bachelor of Technology and Post Graduate Diploma in Business Management degrees. He has contributed in the areas of Project Delivery, HR, identifying new lines of business, and IT Infrastructure Management. Currently he is looking after the overall day to day operations of the company, subject to the superintendence and control of Board of Directors, prior to the present appointment, he was working as Vice President (Operations). | | |
| (2) | Past remuneration | Rs.2,00,000/- per month consolidated | | |
| (3) | Recognition or awards | None | | |
| (4) | Job profile and his suitability | <u>Job Profile:</u> Responsible for overall Delivery, Administration and HR operations of the Organization under the superintendence and control of the board. | | |

| | | | |
|------------|--------------------------|--|---|
| | | | <p><u>Suitability:</u> Shri Pradeep Kumar Reddy has been associated with the company for the past 14 Years. He has established several practice areas including RPO, Support & Maintenance and was instrumental in expanding company services into new generation services including Social media and Mobile development. He took lead in formulating and implementing operational strategies to institute effective cost controls, staffing reductions and revenue improvements, enabling the company to weather financial pressures through increasing revenues and cutting expenses.</p> |
| | (5) | Remuneration proposed | Consolidated remuneration of Rs.40,00,000/- per annum |
| | (6) | Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin) | The remuneration proposed is reasonable as compared with industry standards for a Director of similar Profile. |
| | (7) | Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any | None. He is not holding any securities in the company. |
| III | Other Information | | |
| | (1) | Reasons of loss or inadequate profits | Increased costs due to higher salary structure required to sustain high quality resources in several niche areas that the company is operating including Social Media and Mobile development and investments into creating world class new delivery center. We have increased the client rates to enable better realization per resource and focusing on better utilization levels and with expected addition of new clients, the company hopes to turn around. |
| | (2) | Steps taken or proposed to be taken for improvement | |
| | (3) | Expected increase in productivity and profits in measurable terms | |

By Order of the Board

Hyderabad
25th July, 2013

Sd/-
S.Sreekanth Reddy
Chairman

Annexure to the Notice of the 17th Annual General Meeting

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

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

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

DIRECTORS' REPORT

Dear Members

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

PERFORMANCE

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

(Rs.in Lakhs)

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

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

DIVIDEND

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

FUTURE OUTLOOK

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

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

manageable limits. With an expected churn in client mix this year too, due to various factors, we are hoping that our aggressive sales and marketing initiatives will start showing results in the later part of the year.

SHARE CAPITAL

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

CORPORATE GOVERNANCE

Your Company has complied with the mandatory provisions of the Corporate Governance prescribed in the Clause 49 of the Listing Agreement with the Stock Exchange. A separate report detailing such compliance together with the Certificate from the Auditors in connection therewith is included as part of the Annual Report.

INTERNAL CONTROL SYSTEMS

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

PARTICULARS OF EMPLOYEES

There are no employees covered under Sec.217 (2A) of the Companies Act, 1956 are given in the annexure to this report.

INDUSTRIAL RELATIONS

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

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

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

DIRECTORS

In compliance with Section 256 of the Companies Act, 1956, Shri K.Rakesh Rao and Shri N.Satya Swaroop Reddy will be retiring by rotation at the ensuing Annual General Meeting and are eligible for re-appointment. As the tenure of Shri M.Jagadeesh as Managing Director ended 30th October, 2012, it is proposed to re-appoint him as Managing Director for a period of 3 years with effect from 31st October, 2012. Shri K.Pradeep Kumar Reddy has been appointed as Whole-time Director of the company and designated as Director (Operations) for a period of three years with effect from 6th November 2012 and these appointments are subject to approval of the shareholders.

AUDIT COMMITTEE

The Audit Committee of the Board, consisting of the following members and constituted pursuant to Section 292 (A) of the Companies Act, 1956 read with Clause 49 of the Listing Agreement, had met four times during the year ended 31st March, 2013 and, inter-alia, reviewed the financial results of the relative quarters.

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

REMUNERATION COMMITTEE

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

| | |
|-----------------------------|----------|
| Shri S. Krishna Reddy | Chairman |
| Shri N. Satya Swaroop Reddy | Member |
| Shri N. Hari Mohan | Member |

AUDITORS

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

ACKNOWLEDGEMENT

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

For and on behalf of the Board

Hyderabad
25th July 2013

S. Sreekanth Reddy
Chairman

Annexure 1

MANAGEMENT DISCUSSION AND ANALYSIS

IT Industry Review

2012-13 was a year of uncertainty, transition and transformation for Indian IT sector and has grown at a slower pace despite global economic uncertainty. As per Nasscom, 2012 recorded a steady growth for technology and related services sector, with worldwide spending of USD 1.9 trillion, a growth rate of 4.8 per cent over 2011. Budgetary tightening has led to smaller IT budgets translating to smaller deal sizes, and reduction in certain existing business lines and market segments.

New areas such as mobile, social, cloud and analytics is increasingly driving technology spending, and will emerge as mainstays as this decade progresses further.

Sagarsoft Business Strategy

Sagarsoft Business strategy is to consolidate its offerings on Mobility, Open Source Technologies & QA, while continuing to cross sell with existing clients for additional business. Sagarsoft will continue to focus on creating new business and pricing models, specializing in providing niche end-to-end service offerings and continue to sustain, pursue, acquire, develop and nurture strategic long term relationships.

Business overview

Your company has made decent progress last year in acquiring new clients in Mobile, open source technologies and QA space and in consolidating business from existing clients, across all service areas including new service lines. There has been a churn in the client mix in the past year as we let go of unviable clients and concentrated on clients from whom we have better margins.

With continued focus on operational excellence and increasing efficiency levels, we are adding employees just in time in case of non-availability of skill sets within the existing pool and load factors. The focus is more on optimization and productivity within the existing employee along with skill enhancement and enrichment.

Human Resource and Employees – HR policy

Employees are Sagarsoft's best assets and as always we have taken every measure to provide an excellent work atmosphere. With increased opportunities for our employees due to the excellent skills that they have developed on the job, it is essential to have a proactive employee engagement programs, which your company is always focusing on. Your company continues to add small number of employees marked by caution and balancing the employee mix with experience and talent.

Opportunities

We seeing some traction in mobile computing and QA practice areas and on consolidating our offerings in this space. We are also ramping our sales and marketing efforts to increase the client base aided by increased interest in our offerings by some big clients. As with earlier years we are also getting projects which are of long term in nature and with lot of business viability though with reduced margins though the sales cycle has lengthened.

Risks and concerns

The immediate concern to the company's growth in the medium terms will be the possibility of losing one of our biggest customers due to their legal issues, Exchange rate volatility, Long Sales Cycles and increased attrition levels due to improved opportunities for our employees in the niche segments that we are focusing on. The company's strategy of ramping up our sales and marketing efforts to add more clients, focus on better margins and sustained focus on employee engagement programs might mitigate this risk to a large extent.

Outlook

The company expects to have a downward trend this year due to potential top line and bottom line impact as a result of one of Sagarsoft's biggest customers having legal issues which may lead to losing the client business. We are trying to mitigate the risk by increasing our sales and marketing efforts to increase our client base, which in turn would also require increased investments thereby leading to increased costs in the medium term. We will have increased focus on providing niche solutions which provides better margins and showcase innovations to attract quality customers.

Internal Control systems and their adequacy

The company's internal control systems are adequate to meet its present operations. However these are reviewed periodically to ensure that they continue to be adequate to meet the increasing operations.

Annexure to the Directors' Report

FORM B

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

Form for Disclosure of particulars with respect to Technology Absorption

| | | | |
|---|--|---|--------------------|
| A | Research and development | : | None |
| B | Technology absorption, adoption and innovation | : | Nil |
| C | Foreign exchange earning and outgo | | |
| | Foreign exchange earned | : | Rs. 10,34,91,780/- |
| | Foreign exchange out go | : | Rs. 4,43,456/- |

C.Ramachandram & Co.,
Chartered Accountants

3-6-237, Unit 606,
Lingapur La Bulde Complex,
Himayat Nagar, Hyderabad-500 029

INDEPENDENT AUDITORS' REPORT

To
The Members
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 31st March, 2013, the Statement of Profit and Loss and 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

Management is responsible for the preparation 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 Accounting standards referred to in section 211(3C) of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control 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 conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to above, we report that:
 - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose 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, Statement of Profit and Loss and Cash Flow statement dealt with by this report are in agreement with the books of account.
 - d. In our opinion, these financial statements have been prepared in compliance with the applicable accounting standards referred to in Section 211 (3C) of the Companies Act, 1956.
 - e. Based on the representations made by all the Directors of the Company as on March 31, 2013 and taken on record by the Board of Directors of the Company and in accordance with the information and explanations as made available, the Directors of the Company do not, prima face, have any disqualification as referred to in Clause (g) of Sub Section (I) to Section 274 of the Companies Act, 1956.

- f. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- i. in case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2013;
 - ii. in the case of the Statement of Profit and Loss, of the Loss of the Company for the year ended on that date; and
 - iii. in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For **C.Ramachandram & Co.**,
Chartered Accountants

Hyderabad
23.05.2013

C.Ramachandram
Partner
Membership No: 25834

ANNEXURE TO THE AUDITORS' REPORT

1. (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

(b) As explained to us, the fixed assets have been physically verified by the management during the year in a phased periodical manner, which in our opinion is reasonable, having regard to size of the company and nature of its assets. No material discrepancies were noticed on such physical verification.

(c) In our opinion, the company has not disposed off substantial part of fixed assets during the year and the going concern status of the company is not affected.
2. The Clause 2 of paragraph 4 of the Companies (Auditors' Report) Order, 2003 is not applicable in case of the company for the current year.
3. (a) The company has not granted any loans, secured or unsecured to the companies, firms or other parties covered in the register maintained U/s.301 of the Companies Act 1956.

(b) The Company has not taken any loans, secured or unsecured to companies, firms or other parties covered in the register maintained U/s.301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
5. (a) In our opinion and according to the information and explanations given to us, the transactions that need to be entered in to the register in pursuance of Section 301 of Act have been so entered.

(b) In our opinion and according to the information and explanations given to us, the company has not entered into any transactions that need to be entered into the register in pursuance of Section 301 of the Companies Act 1956 and exceeding the value of Rupees Five Lakhs in respect of any party during the year.
6. The company has not accepted any deposits from the public within the meaning of Section 58 A and 58 AA or any other relevant provisions of the Companies Act 1956 and the Rules framed there under.
7. In our opinion, the company has an internal audit system commensurate with its size and nature of its business.
8. We are informed that the Central Government has not prescribed the maintenance of the cost records under Section 209 1 (d) of the Companies Act, 1956 for the products of the company.
9. (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, employees state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities. There are no amounts that need to be deposited in investor education and protection fund by the Company during the current year. On the last day of the financial year, there was no amount outstanding in respect of any statutory due which was due for more than six months from the date they became payable.

(b) According to the information and explanations given to us and the records of the company examined by us, there are no dues of sales tax, income tax, customs duty, wealth tax, excise duty and cess which have not been deposited on account of any dispute.
10. In our opinion, the accumulated losses of the company are not more than 50% of its net worth. The Company has not incurred cash loss during the financial year covered by the audit and in the immediately preceding financial year.

11. According to the records of the company examined by us and the information and explanation given to us, the company has not defaulted in repayment of dues to any Financial Institutions or Banks as at the balance sheet date.
12. The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the company is not a chit fund or a nidhi mutual benefit fund / society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
14. In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
15. In our opinion and according to the information and explanations given to us the company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
16. The company has not raised any new terms loan during the year.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short term basis have been used for long term investment.
18. The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
19. The company has not issued any debentures during the year.
20. The company has not raised any money by way of public issue during the year.
21. In our opinion and according to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year, that causes the financial statements to be materially misstated.

For **C.RAMACHANDRAM & CO.,**
Chartered Accountants

Hyderabad
23.05.2013

C.RAMACHANDRAM
Partner
Membership No: 25834

BALANCE SHEET AS AT 31ST MARCH 2013
Amount in Rs.

| Particulars | Notes | As at 31.03.2013 | | As at 31.03.2012 | |
|-------------------------------------|-----------|--------------------|------------|--------------------|------------|
| I. EQUITY AND LIABILITIES | | | | | |
| (1) Shareholders' funds | | | | | |
| (a) Share Capital | 3 | 55,600,000 | | 55,600,000 | |
| | | 55,600,000 | | 55,600,000 | |
| (b) Reserves and Surplus | 4 | 35,515,857 | | 37,656,538 | |
| (2) Non- current liabilities | | | | | |
| (a) Long-term borrowings | 5 | 0 | | 621,839 | |
| (b) Other Non Current Liabilities | | 0 | 0 | 205,000 | 826,839 |
| (3) Current liabilities | | | | | |
| (a) Short-term borrowings | 6 | 621,839 | | 745,823 | |
| (b) Trade payables | 7 | 1,273,478 | | 1,390,489 | |
| (c) Other current liabilities | 8 | 12,725,801 | | 8,066,679 | |
| (d) Short-term Provisions | 9 | 3,248,626 | 17,869,744 | 2,741,253 | 12,944,244 |
| Total | | 108,985,601 | | 107,027,621 | |
| (1) Non-current assets | | | | | |
| (a) Fixed assets | | | | | |
| Tangible assets | 10 | 46,833,115 | | 20,226,638 | |
| Capital Work - In - Progress | | 0 | | 12,487,967 | |
| (b) Non Current Investments | 11 | 2,775,917 | | 2,775,917 | |
| (c) Deferred tax assets (Net) | | 9,453,821 | | 10,446,294 | |
| (d) Long term loans and advances | 12 | 31,256,243 | | 35,986,336 | |
| (e) Other Non - current assets | 13 | 2,557,464 | 92,876,560 | 2,557,464 | 84,480,616 |
| (2) Current assets | | | | | |
| (a) Trade Receivables | 14 | 10,090,248 | | 10,148,123 | |
| (b) Cash and cash equivalents | 15 | 4,252,944 | | 5,051,947 | |
| (c) Short term loans and advances | 16 | 1,765,849 | 16,109,041 | 7,346,935 | 22,547,005 |
| Total | | 108,985,601 | | 107,027,621 | |

**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 attached

For and on Behalf of the Board

For C.RAMACHANDRAM & CO.,
Chartered Accountants

S SREEKANTH REDDY
Chairman

C.RAMACHANDRAM
Partner
Membership No. 25834

M JAGADEESH
Managing Director

Place : Hyderabad
Date : 23.05.2013

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2013

Amount in Rs.

| Particulars | Notes | 31.03.2013 | 31.03.2012 |
|--|--------------|---------------------|--------------------|
| I Revenue From Operations | 17 | 102,810,064 | 96,829,957 |
| Other Income | 18 | 4,403,200 | 3,102,240 |
| Total Revenue | | 107,213,264 | 99,932,197 |
| II Expenses: | | | |
| Employee benefits expenses | 19 | 71,689,107 | 59,226,521 |
| Finance cost | 20 | 151,965 | 294,645 |
| Other expenses | 21 | 36,048,409 | 30,774,581 |
| Total Expenses | | 107,889,481 | 90,295,747 |
| III Profit before tax (I-II) | | (676,217) | 9,636,450 |
| IV Tax expenses: | | | |
| (1) Current Tax | | 0 | (1,456,225) |
| (2) Less: MAT Credit entitlement | | 0 | 895,506 |
| (3) Less: Tax Provision related to earlier year | | (471,991) | 0 |
| (4) Deferred Tax | | (992,473) | (2,758,950) |
| Total tax expenses | | (1,464,464) | (3,319,669) |
| V Profit for the year (III-IV) | | (2,140,681) | 6,316,781 |
| Brought forward losses from previous year | | (7,943,462) | (14,260,243) |
| | | (10,084,143) | (7,943,462) |
| Earning per share (Equity shares, per value Rs.10 each) | 22 | | |
| Basic and Diluted | | (0.39) | 1.14 |

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

For C.RAMACHANDRAM & CO.,
Chartered Accountants

C.RAMACHANDRAM
Partner
Membership No. 25834

Place : Hyderabad
Date : 23.05.2013

For and on Behalf of the Board

S SREEKANTH REDDY
Chairman

M JAGADEESH
Managing Director

| | Amount in Rs. | |
|---|-------------------|-------------------|
| Cash flow statement for the year | 2013 | 2012 |
| Cash flow from operating activities | | |
| Net profit before tax and extraordinary items | (676217) | 9636450 |
| Adjustment for: | | |
| Dividend received | (4403200) | (3044400) |
| Depreciation | 3882586 | 2562498 |
| Miscellaneous expenses | 0 | 0 |
| Operating profit before working capital changes | (1196831) | 9154548 |
| Adjustment for: | | |
| Sundry debtors | 57875 | (3050375) |
| Loans and advances | 22799146 | (7073848) |
| Trade payables | 4372494 | 3849364 |
| Cash generated from operation | 26032684 | 2879689 |
| Cash flow before extraordinary items | 26032684 | 2879689 |
| Extraordinary items | 0 | 0 |
| Net cash from operating activities | 26032684 | 2879689 |
| Cash flow from investing activities | | |
| Fixed assets | (30489063) | (1637522) |
| Capital Work In Progress | 0 | (12487967) |
| Dividend received | 4403200 | 3044400 |
| Net cash flow from investing activities | (26085863) | (11081089) |
| Cash flow from financing activities | | |
| Repayment of vehicle loans | 745823 | (814919) |
| Net cash from in financing activities | (745823) | (814919) |
| Net increase in cash and cash equivalents | (799002) | (9016319) |
| Cash and equivalents as at 01-04-2012 | 5051946 | 14068265 |
| Cash and equivalents as at 31-03-2013 | 4252944 | 5051946 |

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

For C.RAMACHANDRAM & CO.,
Chartered Accountants

C.RAMACHANDRAM
Partner
Membership No. 25834

Place : Hyderabad
Date : 23.05.2013

For and on Behalf of the Board

S SREEKANTH REDDY
Chairman

M JAGADEESH
Managing Director

Notes to the financial statements for the year ended 31st March, 2013

Notes – 1

1. Corporate Information:

Sagarsoft (India) Limited (“The Company”) is a Listed Public Limited Company domiciled in India and incorporated under the provisions of the Companies Act, 1956 in India. The company is engaged in Software Development.

2. SIGNIFICANT ACCOUNTING POLICIES

1. Accounting Convention:

The Company follows the Mercantile System of Accounting. The Accounts are prepared on historical cost basis and as a going concern. Accounting policies, not referred to specifically otherwise, are consistent with generally accepted accounting policies.

2. Fixed Assets:

Fixed Assets are stated at cost less accumulated depreciation.

3. Depreciation:

Depreciation on Fixed Assets has been provided on pro-rata basis at the rates and in the manner prescribed under schedule XIV of the Companies Act, 1956, on straight-line method.

4. Revenue Recognition:

Revenue from professional 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. Amounts received or billed in advance of services performed are recorded as unearned revenue. Unbilled revenue, included in debtors, represents amounts recognized based on services performed in advance of billing in accordance with contract terms.

5. Taxes on Income:

Provision for current Income Tax is being made as per the normal provisions of Income Tax Act, 1961.

The company has adopted the Accounting Standard-22 “Accounting for Taxes on Income” issued by the Institute of Chartered Accountants of India. Deferred tax is recognized on timing differences between the taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets and liabilities have been computed on the timing differences applying enacted tax rates.

6. 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.

Notes – 2

Notes on Accounts

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

2. Contingent Liabilities: Nil (Previous Year: Nil)

3. Directors' Remuneration:

| Particulars | 2012-13 Rupees | 2011-12 Rupees |
|---------------------------|-------------------|-------------------|
| Remuneration to directors | 40,20,000 | 24,00,000 |
| Total | 40,20,000 | 24,00,000 |

4. Auditors' Remuneration:

| Particulars | 2012-13 Rupees | 2011-12 Rupees |
|--------------|-------------------|-------------------|
| For Audit | 56,180 | 55,150 |
| Total | 56,180 | 55,150 |

5. (a) Names of the related parties and description of relationship

| Nature of Relationship | Name of the Parties |
|--|--|
| Key Management Personnel | 1. Shri S.Sreekanth Reddy 2. Shri M Jagadeesh 2. Shri K Pradeep Kumar Reddy |
| Enterprises where key managerial personnel along with their relatives exercise significant influence | 1. Sagar Priya Housing and Industrial Enterprises Limited 2. Sagarsoft Inc., 3. Dr.S Anand Reddy 4. Smt.S.Vanajatha |

b) Transaction with related parties during the year ended 31st March, 2013

| | | | Rs.in Lakhs |
|--|--------------------------|--|--------------------------|
| Nature of Transaction | Key Managerial Personnel | Enterprises where key managerial personnel along with their relatives exercise significant influence | Balance as on 31.03.2013 |
| Remuneration Paid 1. Shri M.Jagadeesh 2. Shri K.Pradeep Kumar Reddy | 24.00 16.20 | | |
| Loan & Advances 1. Sagar Priya Housing and Industrial Enterprises Limited | | 20.00 | 145.00 |
| Rent Paid 1. Shri S Sreekanth Reddy 2. Dr.S Anand Reddy 3. Smt.S Vanajatha | 25.28 | 25.28 25.28 | 2.10 2.10 2.10 |
| Sales 1. Sagarsoft Inc. | | 652.19 | 42.76 |

The related party relationships have been determined on the basis of the requirements of the Accounting Standard (AS)-18 'Related Party Disclosures' notified by Central Government and the same have been relied upon by the auditors.

6. Deferred tax asset (Net of deferred tax liability as computed under Accounting Standard – 22) as on 31st March 2013 amounted to Rs. 94,53,821/-.
7. 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: In Rs.

| Description | Year ended Gratuity | |
|---|---------------------|----------------|
| | March 31, 2013 | March 31, 2012 |
| Defined benefit obligation at the beginning of the year | 1707724 | 1095967 |
| Current service cost | 571402 | 407757 |
| Interest cost | 148572 | 87677 |
| Actuarial (Gain) / Loss | 374271 | 194401 |
| Benefits paid | (238168) | (78078) |
| Defined benefit obligation at the year end | 2563801 | 1707724 |

- b) Reconciliation of opening and closing balances of fair value of plan assets: In Rs.

| Description | Year ended Gratuity | |
|--|---------------------|----------------|
| | March 31, 2013 | March 31, 2012 |
| Fair value of plan assets at the beginning of the Year | 1815398 | 1405197 |
| Expected return on plan assets | 158422 | 124414 |
| Actuarial Gain / (Loss) | - | - |
| Employer contribution | 305895 | 363865 |
| Benefits paid | (238168) | (78078) |
| Fair value of plan asset at the year end | 2041547 | 1815398 |

- c) Reconciliation of fair value of assets and obligations: In Rs.

| Description | Year ended Gratuity | |
|---|---------------------|----------------|
| | March 31, 2013 | March 31, 2012 |
| Fair value of plan assets as at March 31, 2013 | 2041547 | 1815398 |
| Present value of obligations as at March 31, 2013 | 2563801 | 1707724 |
| Amount to be recognized in the Balance sheet | (522254) | 107674 |

- d) Expenses recognized during the year: In Rs.

| Description | Year ended Gratuity | |
|--------------------------------|---------------------|----------------|
| | March 31, 2013 | March 31, 2012 |
| Current service cost | 571402 | 407757 |
| Interest cost | 148572 | 87677 |
| Expected return on plan assets | (158422) | (124414) |
| Actuarial (Gain) / Loss | 374271 | 194401 |
| Net cost | 935823 | 565421 |

e) Reconciliation of Leave Encashment

In Rs.

| Description | Year ended Leave Encashment | |
|---|-----------------------------|----------------|
| | March 31, 2013 | March 31, 2012 |
| Present Value of Obligation as at the end of the year | 1297740 | 591593 |
| Value of fund as at the end of the year | - | - |
| Funded Status | (1297740) | (591593) |
| Unrecognized Actuarial (Gains)/Losses | - | - |
| Net Asset/(Liability) Recognized in Balance Sheet | (1297740) | (591593) |

f) Investment details:

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

g) Actuarial assumptions

Mortality table (LIC) 1994-96 (ultimate)

Discounting rate – 8.20%

Expected rate of return on plan asset – 9%

Rate of escalation in salary – 5%

8. As the company was engaged only in software development during the year pertaining to a single country, segment wise reporting is not applicable.
9. 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.
10. Balances due to or due from the parties are subject to confirmation.
11. Figures of previous year have been regrouped / reclassified wherever necessary to conform to the current year's presentation / classification.
12. Figures are rounded off to nearest rupee.

NOTES FORMING PART OF THE BALANCE SHEET AS AT 31.03.2013

| Particulars | As at 31.03.2013 Rs. | As at 31.03.2012 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 st March 2013 No. of Shares | 31 st March 2012 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 2013 | | As at 31 March 2012 | |
|---------------------------------------|---------------------|--------------|---------------------|--------------|
| | No. of shares held | % of Holding | No. of shares held | % of Holding |
| Shri S.Sreekanth Reddy | 1,149,500 | 20.67 | 1,149,500 | 20.67 |
| Smt. S.Rachana | 593,30 | 10.68 | 341,110 | 6.14 |
| The Madhavpura Mercantile Co-Op. Bank | 400,000 | 7.19 | 400,000 | 7.19 |

| Particulars | As at 31.03.2013 Rs. | As at 31.03.2012 Rs. |
|-----------------------------|-------------------------|-------------------------|
| NOTE-4 | | |
| RESERVES AND SURPLUS | | |
| Share Premium Account | 45,600,000 | 45,600,000 |
| Profit & Loss Account | (10,084,143) | (7,943,462) |
| Total | 35,515,857 | 37,656,538 |

| Particulars | As at 31.03.2013 Rs. | As at 31.03.2012 Rs. |
|------------------------------|-------------------------|-------------------------|
| NOTE-5 | | |
| LONG TERM BORROWINGS | | |
| Unsecured Loan | | |
| Vehicle Loan from Banks | 0 | 621,839 |
| Total | 0 | 621,839 |
| NOTE-6 | | |
| SHORT TERM BORROWINGS | | |
| Vehicle Loan from Banks | 621,839 | 745,823 |
| Total | 621,839 | 745,823 |

- a. Vehicle Loan from HDFC Bank was taken during the financial year 2010-11 and carries interest @ 9% p.a. The loan is repayable in 36 monthly installments of Rs.9,540/- each along with interest, from the date of loan.
- b. Vehicle Loan from HDFC Bank was taken during the financial year 2010-11 and carries interest @ 9% p.a. The loan is repayable in 36 monthly installments of Rs.12,745/- each along with interest, from the date of loan.
- c. Vehicle Loan from AXIS Bank was taken during the financial year 2010-11 and carries interest @ 9.91% p.a. The loan is repayable in 36 monthly installments of Rs.47,940/- each along with interest, from the date of loan.

| Particulars | As at 31.03.2013 Rs. | As at 31.03.2012 Rs. |
|---------------------------------------|-------------------------|-------------------------|
| NOTE-7 | | |
| TRADE PAYABLES | | |
| Trade Payables | 1,273,478 | 1,390,489 |
| Total | 1,273,478 | 1,390,489 |
| NOTE-8 | | |
| OTHER CURRENT LIABILITIES | | |
| Accrued salaries and benefits | 462,398 | 52,459 |
| Advance from Customers | 0 | 2,752,214 |
| Other Liabilities | 12,263,403 | 5,262,006 |
| Total | 12,725,801 | 8,066,679 |
| NOTE-9 | | |
| SHORT TERM PROVISIONS | | |
| Provision for Employee Benefits | | |
| Provision for Gratuity | 522,254 | – |
| Leave Encashment | 1,297,740 | 591,593 |
| Salaries Payable | 0 | 234,538 |
| Other Provisions | 784,495 | 72,057 |
| TDS Payable | 172,146 | 386,840 |
| Tax Provision related to earlier year | 471,991 | 1,456,225 |
| Total | 3,248,626 | 2,741,253 |

NOTE-10
FIXED ASSETS

In Rs.

| Particulars | Dep Rate | ORIGINAL COST | | | | DEPRECIATION | | | | NET BLOCK | |
|------------------------------|----------|-------------------|-----------------------------|------------------------------|--------------------|-------------------|------------------|-------------------------|-------------------|-------------------|-------------------|
| | | As at 01.04.2012 | Additions during the Period | Deductions during the Period | As at 31.03.2013 | As at 01.04.2012 | For the year | Deductions/ Adjustments | As at 31.03.2013 | As at 31.03.2013 | As at 31.03.2012 |
| Tangible Fixed Assets | | | | | | | | | | | |
| Computers | 16.21% | 58,925,023 | 1,682,749 | - | 60,607,772 | 52,394,917 | 1,076,810 | - | 53,471,727 | 7,136,045 | 6,530,106 |
| Office Equipment | 4.75% | 6,629,424 | 11,431,761 | - | 18,061,185 | 2,723,390 | 767,455 | - | 3,490,845 | 14,570,340 | 3,906,034 |
| Furniture's & Fixtures | 6.33% | 8,162,123 | 17,374,553 | - | 25,536,676 | 3,327,166 | 1,386,001 | - | 4,713,167 | 20,823,509 | 4,834,957 |
| Vehicles | 9.50% | 6,866,523 | - | - | 6,866,523 | 1,910,982 | 652,320 | - | 2,563,302 | 4,303,221 | 4,955,541 |
| Total | | 80,583,093 | 30,489,063 | - | 111,072,156 | 60,356,455 | 3,882,586 | - | 64,239,041 | 46,833,115 | 20,226,638 |
| Previous year | | 78,945,571 | 1,637,522 | - | 80,583,093 | 57,793,955 | 2,562,500 | - | 60,356,455 | 20,226,638 | 21,151,616 |

| Particulars | As at 31.03.2013 Rs. | As at 31.03.2012 Rs. |
|---|-------------------------|-------------------------|
| NOTE-11 | | |
| NON CURRENT ASSETS | | |
| Investment | | |
| Trade (unquoted) | | |
| Investment in Sagarsoft Inc. | 2,775,917 | 2,775,917 |
| Total | 2,775,917 | 2,775,917 |
| NOTE-12 | | |
| LONG TERM LOANS & ADVANCES | | |
| Advance to Others | 26,676,251 | 30,968,582 |
| Deposits | 4,579,992 | 5,017,754 |
| Total | 31,256,243 | 35,986,336 |
| NOTE-13 | | |
| OTHER NON CURRENT ASSETS | | |
| MAT credit entitlement | 2,557,464 | 2,557,464 |
| | 2,557,464 | 2,557,464 |
| NOTE-14 | | |
| TRADE RECEIVABLES | | |
| Outstanding over six months | – | – |
| Other Debts | 10,090,248 | 10,148,123 |
| Total | 10,090,248 | 10,148,123 |
| NOTE-15 | | |
| CASH & CASH EQUIVALENTS | | |
| Cash in Hand | 379,426 | 32,714 |
| Balance with Banks (In Current Account) | 3,873,518 | 5,019,233 |
| | 4,252,944 | 5,051,947 |
| NOTE-16 | | |
| SHORT TERM LOANS AND ADVANCES | | |
| Other Loans and Advances | 433,378 | 6,346,935 |
| Advance Income Tax | 200,000 | 1,000,000 |
| TDS Receivable | 15,331 | 0 |
| Withholding Tax | 1,117,140 | 0 |
| Total | 1,765,849 | 7,346,935 |
| NOTE-17 | | |
| REVENUE FROM OPERATIONS | | |
| Revenue from Software development | 102,810,064 | 96,829,957 |
| Total | 102,810,064 | 96,829,957 |
| NOTE-18 | | |
| OTHER INCOME | | |
| Interest received on deposits with banks and others | 0 | 52,070 |
| Dividend received on investments | 4,403,200 | 3,044,400 |
| Miscellaneous income | 0 | 5,770 |
| Total | 4,403,200 | 3,102,240 |

| Particulars | As at 31.03.2013 Rs. | As at 31.03.2012 Rs. |
|---|-------------------------|-------------------------|
| NOTE-19 | | |
| EXPENSES | | |
| EMPLOYEE BENEFIT EXPENSES | | |
| Salaries and wages | 65,005,883 | 52,362,212 |
| Contribution to provident and other funds | 2,903,764 | 2,079,934 |
| Welfare Expenses | 3,099,532 | 2,966,686 |
| Gratuity | 679,928 | 817,689 |
| Exgratia | 0 | 1,000,000 |
| Total | 71,689,107 | 59,226,521 |
| NOTE-20 | | |
| FINANCE COST | | |
| Bank Charges | 55,089 | 70,224 |
| Interest | 96,876 | 224,421 |
| Total | 151,965 | 294,645 |
| NOTE-21 | | |
| OTHER EXPENSES | | |
| Communication expenses | | |
| Telephone charges | 390,476 | 370,107 |
| Internet Charges | 1,607,684 | 998,933 |
| Total | 1,998,160 | 1,369,040 |
| Travel expenses | | |
| Overseas travel expenses | 443,456 | 1,153,793 |
| Travelling and Conveyance | 968,846 | 1,092,420 |
| Total | 1,412,302 | 2,246,213 |
| Other Expenses | | |
| Vehicle Hire Charges | 2,424,347 | 2,749,136 |
| Electricity Charges | 1,748,109 | 1,336,464 |
| Vehicle Maintenance | 150,227 | 125,525 |
| Printing and Stationery | 172,335 | 355,649 |
| Office Maintenance | 3,334,259 | 2,925,677 |
| Payment to Auditors | 56,180 | 55,150 |
| Remuneration to Directors | 4,020,000 | 2,400,000 |
| Rent | 11,476,645 | 5,836,792 |
| Rates and Taxes | 220,765 | 156,503 |
| Professional and Consultancy charges | 4,403,753 | 7,214,092 |
| Advertisement charges | 97,905 | 103,315 |
| Donations | 72,116 | 78,632 |
| Insurance | 220,534 | 686,608 |
| Gains on foreign currency, net | 147,015 | 307,845 |
| Depreciation | 3,882,586 | 2,562,500 |
| General Expenses | 211,171 | 265,440 |
| Total | 32,637,947 | 27,159,328 |
| Other expenses Total | 36,048,409 | 30,774,581 |

| Particulars | As at 31.03.2013 Rs. | As at 31.03.2012 Rs. |
|---------------------------------------|-------------------------|-------------------------|
| NOTE-22 | | |
| Earning per Share | | |
| Profit for the year | (2,140,681) | 6,316,781 |
| Number of Shares | 5,560,000 | 5,560,000 |
| Earning per Share (Basic and Diluted) | (0.39) | 1.14 |

As per our report of even date attached

For C.RAMACHANDRAM & CO.,
Chartered Accountants

C.RAMACHANDRAM
Partner
Membership No. 25834

Place : Hyderabad
Date : 23.05.2013

For and on Behalf of the Board

S SREEKANTH REDDY
Chairman

M JAGADEESH
Managing Director

Report on Corporate Governance

1. Company's philosophy on code of governance:

Sagarsoft believes that adherence to good corporate practice leads to transparency in its operations and improvement in the quality of its relations with all its stakeholders.

2. Board of Directors

Composition:

The Board of Directors has an optimum combination of Executive and Non-Executive Directors and its composition is in conformity with Clause 49 of the Listing Agreement entered into with the Stock Exchanges. All the Directors have made the requisite disclosures regarding Committee positions held by them in other Companies.

Meetings held

The Board met four times on the following dates during the financial year 2012-13:
28-05-2012, 30-07-2012, 06-11-2012, 06-02-2013

Board Procedure

Board Meetings are fixed taking into consideration the business requirements and statutory compliance. The Agenda is circulated in advance to the Board members, to enable them to take appropriate decisions at the meetings.

Code of Conduct

The Company has adopted a Code of Conduct for all its Directors and Senior Executives and the same is available on the Company's website.

Category and Attendance of Directors:

The names and categories of the Directors on the Board, their attendance at the Board Meetings held during the financial year 2012-13 and at the last Annual General Meeting as also the number of Directorships and Committee position held by them in other public limited companies are as follows:

| Sl No. | Name of the Director | Category of Directorship | No. of Board Meetings attended | Whether attended the last AGM held on 20.9.2012 | No of membership of the Boards | | No. of Committee Memberships | |
|--------|--|--|--------------------------------|---|--------------------------------|-----------|------------------------------|-----------|
| | | | | | As Chairman | As Member | As Chairman | As Member |
| 1 | Shri S.Sreekanth Reddy | Chairman – Non-Executive | 4 | Yes | 1 | 3 | - | - |
| 2 | Shri M. Jagadeesh | Managing Director | 3 | Yes | - | 1 | - | 1 |
| 3 | Shri S. Krishna Reddy | Independent and Non-Executive | 4 | Yes | - | 1 | 2 | - |
| 4 | Shri Satish C.R. Kalva | Non-Executive | 1 | No | - | 1 | - | - |
| 5 | Shri N. Satya Swaroop Reddy | Independent & Non-Executive Director | 4 | Yes | - | 1 | - | 1 |
| 6 | Shri N. Hari Mohan | Independent & Non-Executive Director | 4 | Yes | - | 1 | - | 1 |
| 7 | Shri K. Rakesh Rao | Independent & Non-Executive Director | - | No | - | 1 | - | - |
| 8 | Shri K. Pradeep Kumar Reddy (w.e.f. 6.11.2012) | Whole-time Director (w.e.f. 6.11.2012) | 1 | - | - | - | - | - |

Note: Only Public Limited Companies and their Audit Committee and Investors' Grievance Committee have been considered for the above purpose.

Shareholding of Non-Executive Directors

Sri S.Sreekanth Reddy and Shri S. Krishna Reddy, non-executive directors of the Company were holding 11,49,500 and 500 shares respectively in the company as on 31st March 2013. None of the other Non-Executive Directors was holding any shares in the Company as on 31st March, 2013.

3. Audit Committee:

Composition as on 31st March, 2013

Shri S. Krishna Reddy – Chairman (Non-Executive and independent director)
 Shri N. Satya Swaroop Reddy – Member (Non-Executive and independent director)
 Shri M. Jagadeesh– Member (Whole-time Director)

Shri S. Krishna Reddy, Chairman of the Committee, is a post-graduate in commerce and has sufficient experience in the field of finance. The composition of the Committee is in conformity with Clause 49 of the Listing Agreement.

Terms of reference

Terms of reference of the Audit Committee include all items listed in Clause 49(II)(D) of the Listing Agreement.

Meetings held:

The Audit Committee held four meetings, on 28-05-2012, 30-07-2012, 06-11-2012 and on 06-02-2013 during the financial year 2012-13.

Attendance

| Name of the Director | No. of meetings attended |
|-----------------------------|--------------------------|
| Shri S. Krishna Reddy | 4 |
| Shri M. Jagadeesh | 3 |
| Shri N. Satya Swaroop Reddy | 4 |

4. Remuneration Committee:

Pursuant to Schedule XIII to the Companies Act, 1956 read with Clause 49 of the Listing Agreement, the Board has constituted a Remuneration Committee, which presently consists of Shri S.Krishna Reddy, Shri N.Satya Swaroop Reddy and Shri N.Hari Mohan, with terms of reference as mentioned in the said Clause. Shri S. Krishna Reddy, Chairman of the Committee, was present at the last Annual General Meeting. The Committee met on 6th November, 2012 to recommend a suitable remuneration to Shri M.Jagadeesh, Managing Director and Shri K.Pradeep Kumar Reddy, Director (Operations).

Remuneration policy

Non-Executive Directors

Non-Executive Directors are not paid any remuneration excepting by way of sitting fee of Rs.1500/- per meeting for attending the meetings of the Board and Committees thereof. Details of sitting fee paid during the year 2012-13 are given below:

| Sl.No. | Name of the Director | Sitting Fee (Rs.) |
|--------------|-----------------------------|-------------------|
| 1 | Shri S. Krishna Reddy | 12,000 |
| 2 | Shri N. Satya Swaroop Reddy | 12,000 |
| 3 | Shri N. Hari Mohan | 6,000 |
| 4 | Shri Satish C.R.Kalva | 1,500 |
| Total | | 31,500 |

Managing Director and Whole time Directors

During the year, the Managing Director was paid a consolidated remuneration of Rs.24,00,000/- and Director (Operations) paid a remuneration of Rs.16,20,000/-.

5. Shareholders' / Investors' Grievances Committee:

The Investors Grievances Committee of the Board consists of the following non-executive independent directors as its members:

| | |
|-----------------------|----------|
| Shri S. Krishna Reddy | Chairman |
| Shr N. Hari Mohan | Member |

Based on the information obtained from the Registrars, there were no complaints received from the investors during the financial year 2012-13. In view of this the Committee did not hold any meeting during the said financial year.

6. General Body Meetings:

The details of the time, venue and the date of the last three Annual General Meetings of the Company are given below:

| AGM | Date | Time | Venue |
|----------------------|----------------------------------|------------|---|
| 16 th AGM | 20 th September, 2012 | 11.00 a.m. | Hotel Golkonda, Masab Tank, Hyderabad-500 028 |
| 15 th AGM | 22 nd September, 2011 | 11.00 a.m. | Hotel Golkonda, Masab Tank, Hyderabad-500 028 |
| 14 th AGM | 20 th September, 2010 | 11.00 a.m. | Hotel Golkonda, Masab Tank, Hyderabad-500 028 |

Details of Special Resolutions passed in the above said Annual General Meetings:

One Special Resolution was passed at the 16th Annual General Meeting seeking the approval of shareholders for the appointment of and payment of remuneration to Shri M. Jagadeesh as Managing Director for a period of one year with effect from 31st October, 2012.

Details of Special Resolution passed through Postal Ballot held:

No Special Resolution was passed at the last (16th) Annual General Meeting through Postal Ballot.

No Resolution, either Special or Ordinary is proposed to be passed through Postal Ballot at the ensuing 17th AGM. Whenever it is proposed to pass any resolution through Postal Ballot, Company will duly follow the procedure prescribed under the Companies (Passing of the Resolution by: Postal Ballot) Rules, 2001 read with other applicable Sections / Rules in force.

7. Disclosures:

i. Related Party Transactions:

There were no related party transactions during the financial year 2012-13 other than what has been reported in the Notes on Accounts for the said year.

There were no materially significant transactions with Directors, their relatives or the Management that may have potential conflict with the interests of the Company at large. The Register of Contracts containing transactions, in which Directors are deemed to be interested, is placed before each meeting of the Board.

ii. Statutory compliance, Penalties and Strictures

There was no instance of non-compliance by the Company on any matter related to capital market during the last three years or any penalties or strictures on the Company by the Stock Exchange, SEBI or other statutory authorities relating to capital market.

iii. Whistle Blower Policy

The Company does not have a 'Whistle Blower Policy'. However, no personnel have been denied access to the Audit Committee of the Company.

iv. Compliance with Mandatory requirements and adoption of Non-Mandatory requirements.

The Company has implemented the mandatory requirements of Clause 49 of the Listing Agreement.

Regarding non-mandatory requirements, the Company has constituted a Remuneration Committee pursuant to Clause 49 of the Listing Agreement read with Schedule XIII to the Companies Act, 1956, to recommend a suitable remuneration to the Board members.

8. Means of Communication:
Quarterly results

As part of compliance with Clause 41 of the Listing Agreement, the Company furnishes the quarterly financial results, to the Stock Exchange followed by publication in the newspaper.

Newspapers in which the results are published:

Details of newspapers in which quarterly results relating to the Financial Year 2012-13 were published are given below:

| Quarter ended | Date of Publication | Name of the news papers carrying the publication |
|----------------------------------|---------------------|--|
| 30 th June, 2012 | 31.07.2012 | Financial Express and Andhra Prabha |
| 30 th September, 2012 | 07.11.2012 | " |
| 31 st December, 2012 | 07.02.2013 | " |
| 31 st March, 2013 | 24.05.2013 | " |

Presentation made to Institutional Investors and Financial Analysts:

During the year 2012-13, the Company had not made any presentation to the institutional investors or analysts, as no occasion arose for it.

'The Management Discussion and Analysis Report' forms part of the Annual Report.

9. General Shareholder information :
i. Annual General Meeting :

Date & Time : At 11.00 a.m. on Wednesday, the 25th September, 2013
 Venue : Hotel Golkonda, Masab Tank, Hyderabad – 500 028

ii. Financial Year : April to March

iii. Book Closure Dates : From 18th September, 2013 to 25th September, 2013

iv. Dividend payment date : No dividend is recommended for declaration at the meeting.

v. Listing on Stock Exchanges : Shares have been listed on Bangalore Stock Exchange Limited

vi. Stock Code : 40671

vii. Market price details : There were no quotations for the company's shares during the year ended 31st March, 2013.

viii. Registrar & Transfer Agents : Karvy Computershare Private Limited
 17-24, Vittal Rao Nagar
 Madhapur, Hyderabad-500 081
 Tel: 91 40 23420815 - 28
 Fax: 91 40 23420814 / 23420857
 Website: karvycomputershare.com

ix. Share Transfer System

All proposals for transfer of shares in physical form are scrutinized by the Share Transfer Agents of the Company and, subject to the same being found to be in order, are approved.

x. Distribution of shareholding and shareholding pattern as on 31st March, 2013 is given below:

Shareholding pattern as on 31st March, 2013:

| Category | Holders | Shares | % |
|---|-------------|----------------|------------|
| Promoter Group | 16 | 2843830 | 51 |
| FIs and Banks | 2 | 413300 | 7 |
| Domestic Bodies | 56 | 491015 | 9 |
| Public - Holding more than 10000 shares | 22 | 448284 | 8 |
| Public - Holding 10000 and less shares | 2010 | 1324646 | 24 |
| NRIs | 7 | 10100 | 0 |
| HUFs | 21 | 28825 | 1 |
| TOTAL | 2134 | 5560000 | 100 |

Distribution of shareholding as on 31st March, 2013

| Range | Shares | % to the total shares | Shareholders | % to the total shareholders |
|------------------|----------------|-----------------------|--------------|-----------------------------|
| 50 and less | 1889 | 0 | 73 | 3.42 |
| 51 to 100 | 74944 | 1 | 751 | 35.19 |
| 101 to 200 | 53920 | 1 | 275 | 12.89 |
| 201 to 300 | 32404 | 1 | 113 | 5.30 |
| 301 to 500 | 126049 | 2 | 291 | 13.64 |
| 501 to 1000 | 241038 | 4 | 303 | 14.20 |
| 1001 to 5000 | 623545 | 11 | 239 | 11.20 |
| 5001 to 10000 | 316726 | 6 | 46 | 2.16 |
| 10001 to 20000 | 242919 | 4 | 18 | 0.84 |
| 20001 to 50000 | 386439 | 7 | 11 | 0.52 |
| 50001 to 100000 | 157281 | 3 | 3 | 0.14 |
| More than 100000 | 3302846 | 59 | 11 | 0.52 |
| Total | 5560000 | 100 | 2134 | 100 |

xi. Dematerialization of Shares and liquidity

Trading in the shares of the Company has to be in the electronic form only. The Company has a subsisting agreement with NSDL and CDSL for the purpose.

The ISIN number for the company's shares is : INE184B01012.

Shares representing 62.86% of the share capital were kept in dematerialized form as on 31st March, 2013 as detailed below:

| In physical form | | In Demat Form | | | | Total | |
|------------------|-------|---------------|-------|-----------|-------|---------|-----|
| | | With NSDL | | With CDSL | | | |
| Shares | % | Shares | % | Shares | % | Shares | % |
| 2064755 | 37.14 | 2883014 | 51.85 | 612231 | 11.01 | 5560000 | 100 |

xii. Details of outstanding GDR / ADR / Warrants or any other convertible instruments:

The Company has not issued any GDR or ADR; nor there are any other instruments pending conversion.

xiii. Development Centers

1. Cyber Towers
2nd Floor , Q4, A1, HITECH City
Madhapur
Hyderabad – 500 081
Tel: 040 – 66772426 / 27
Fax: 040 –23114607
2. Plot # 111, Road # 10, Jubilee Hills
Hyderabad – 500033
Tel: 040 – 23543811 / 66772426 / 27

xiv. Address for investor related correspondence

Sagarsoft (India) Limited
Regd. Office
Plot # 111, Road # 10, Jubilee Hills
Hyderabad – 500033
Tel: 040 - 23543811 / 66772426 / 27

For and on behalf of the Board

Hyderabad
25th July, 2013

S. Sreekanth Reddy
Chairman

DECLARATION

I, M. Jagadeesh, Managing Director of Sagarsoft (India) Limited, hereby declare that all the members of the Board of Directors and the Senior management personnel have affirmed compliance with the Code of Conduct for the year ended 31st March, 2013.

For Sagarsoft (India) Limited

Hyderabad
25th July, 2013

Sd/-
M. Jagadeesh
Managing Director

CERTIFICATE

To

The Members of
Sagarsoft (India) Limited
Hyderabad

We have examined the compliance of conditions of Corporate Governance by Sagarsoft (India) Limited, for the year ended on 31st March, 2013, as stipulated in Clause 49 of the Listing Agreement of the said company with Stock Exchange.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of the information and according to the explanation given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievances are pending for a period exceeding one month against the company as per the records maintained by the Investors Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

For **C.Ramachandram & Co.,**
Chartered Accountants

Hyderabad
25th July, 2013

C.Ramachandram
Partner
Member ship No: 25834

Sagarsoft (India) Limited
 Regd. Office: Plot No.111, Road No.10, Jubilee Hills, Hyderabad-500 033

SEVENTEENTH ANNUAL GENERAL MEETING

ADMISSION SLIP

I certify that I am a registered shareholder / proxy for the registered shareholder of the Company. I hereby record my presence at the Seventeenth Annual General Meeting of the Company to be held at Hotel Golkonda, Masab Tank, Hyderabad-500 028, on Wednesday, the 25th September, 2013 at 11.00 a.m.

Name of the Member (IN BLOCK LETTERS) _____

Name of the Proxy (IN BLOCK LETTERS) _____
 (To be filled in if the proxy attends instead of the Member)

Registered Folio No. : _____

* D.P.I.D. No. : _____

* Client ID No. : _____

No. of Shares : _____

* For the shares held in Demat

Signature of the Shareholder / Proxy

NOTE: Please bring this attendance slip with you, duly filled in and hand over the same at the entrance of the Meeting Hall.

SAGARSOFT (INDIA) LIMITED
 Regd. Office: Plot No.111, Road No.10, Jubilee Hills, Hyderabad-500 033

SEVENTEENTH ANNUAL GENERAL MEETING

PROXY FORM

I/We _____ of _____ being a Member / Members of Sagarsoft (India) Limited, hereby appoint _____ of _____ or failing him / her _____ of _____ as my / our proxy to vote for me / us on my / our behalf at the Seventeenth Annual General Meeting of the Company to be held on Wednesday, the 25th September, 2013 at 11.00 a.m. at Hotel Golkonda, Masab Tank, Hyderabad-500 028 and at any adjournment thereof.

Signed this _____ day of _____ 2013

Registered Folio No. : _____

* D.P.I.D. No. : _____

* Client ID No. : _____

No. of Shares : _____

* For the shares held in Demat

Please affix
 Re.1/-
 Revenue
 Stamp

Signature of the Shareholder

N.B.: A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself / herself and the proxy so appointed need not be a Member of the Company. The Proxy in order to be effective must be received by the Company at its Registered Office not less than 48 hours before the commencement of the meeting.