



SSIL:SEC:BSE:2017-18

August 28, 2017

**The Secretary  
BSE Limited  
P J Towers  
Dalal Street  
Mumbai – 400 001**

**Scrip Code: 540143**

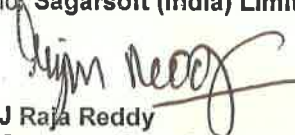
Dear Sir

**Notice of 21<sup>st</sup> Annual General Meeting**

Pursuant to Regulation 30 read with Para/Event 12 of Schedule III Part A para A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are submitting herewith our Annual Report for the year ended 31<sup>st</sup> March 2017, which, inter-alia contains the Notice of the 21<sup>st</sup> Annual General Meeting of the company to be held on Friday, the 22<sup>nd</sup> day of September, 2017. This Annual Report has since been dispatched to our shareholders and others entitled to receive it and it is also available on our website viz., [www.sagarsoft.in](http://www.sagarsoft.in).

Thanking you

Yours faithfully  
for **Sagarsoft (India) Limited**

  
**J Raja Reddy  
Company Secretary**

Encl.: as above

# 21st Annual Report 2017



**S a g a r s o f t** <sup>TM</sup>

**SAGARSOFT (INDIA) LIMITED**

## INDEX

|                                                                       |    |
|-----------------------------------------------------------------------|----|
| Corporate Details                                                     | 3  |
| Notice and its Annexures                                              | 4  |
| Directors and Management Discussion<br>Analysis Report with Annexures | 12 |
| Independent Auditors' Report                                          | 35 |
| Balance Sheet                                                         | 41 |
| Statement of Profit & Loss                                            | 42 |
| Cash Flow Statement                                                   | 43 |
| Significant Accounting Policies                                       | 44 |
| Notes to Financial Statements                                         | 50 |
| Attendance Slip and Proxy Form                                        | 57 |
| Route Map                                                             | 59 |

**Board of Directors**

|                              |                                        |
|------------------------------|----------------------------------------|
| Shri S. Sreekanth Reddy      | Chairman - Non-Executive               |
| Shri M. Jagadeesh            | Managing Director                      |
| Shri K. Pradeep Kumar Reddy  | Executive Director & CFO               |
| Shri K. Satish Chander Reddy | 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 |
| Smt. Neelima Kaushik         | 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 Branch, Hyderabad

HDFC Bank  
Lakdikapool Branch, Hyderabad

**Registered Office**

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

**Corporate Identity Number**

L72200TG1996PLC023823

**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

**NOTICE**

Notice is hereby given that the 21st Annual General Meeting of the Members of Sagarsoft (India) Limited will be held on Friday, the 22nd day of September, 2017 at 10.00 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, 2017 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 financial statements of the Company for the financial year ended 31st March 2017 together with the reports of the Directors and Auditors 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) who retires by rotation in accordance with section 152 of the Companies Act, 2013 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) who retires by rotation in accordance with section 152 of the Companies Act, 2013 be and is hereby re-appointed as a director liable to retire by rotation."

4. To appoint Auditors of the company 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 read with the Companies (Audit and Auditors) Rules, 2014 as amended from time to time, M/s. Lakshmi & Associates, Chartered Accountants (Firm Registration No.012482S) be and are hereby appointed as the statutory auditors of the company to hold office for a period of five consecutive years, from the conclusion of this Annual General Meeting, till the conclusion of the 26th Annual General Meeting of the Company to be held in the calendar year 2022, at such remuneration as may be mutually agreed between the Board of Directors of the Company and the said Auditors."

By Order of the Board of Directors

Sd/-

**J.Raja Reddy**

Company Secretary

Hyderabad,  
August 02, 2017

**Registered Office:**

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

## NOTES:

1. The Explanatory Statement setting out material facts concerning the business under Items No.4 in the Notice, though not mandatorily required is given in the Annexure-1, which forms part of this Notice.
2. The details required to be given under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, of the persons seeking re-appointment as directors are given in the Annexure-2.
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 dematerialized form are requested to intimate all changes pertaining to their bank details such as bank account number, name of the bank and branch details, MICR Code and IFSC Code, mandates, nominations, power of attorney, change of address, change of name, email address, contact numbers etc., to their depository participant (DP). Changes intimated to the DP will then be automatically reflected in the Company's records. Similarly, Members holding their shares in physical form are requested to inform the above changes to the Company or its Registrar and Share Transfer Agents (RTA), M/s. Karvy Computershare Private Limited (Karvy).  
  
The Securities and Exchange Board of India ("SEBI") has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their depository participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to 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 16th September 2017 to 22nd September, 2017 (both days inclusive) for the purpose of determining members eligible for participation in voting at the AGM on the resolutions contained in the Notice of AGM.
10. Members may note that the Annual Report for the year 2016-17 will also be available on the Company's website [www.sagarsoft.in](http://www.sagarsoft.in) for their download.

## 11. 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 (Remote e-voting) for all the Resolutions proposed to be passed at the AGM. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on 15th September, 2017, 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 18th September, 2017, and will end at 5.00 p.m. on 21st September, 2017. The Company has appointed B S S & Associates, Company Secretaries (Unique Code of Partnership Firm: P2012AP02600), 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 AND INSTRUCTIONS FOR e-VOTING**

- I. Remote e-voting: In compliance with the provisions of Section 108 of the Companies Act, 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by Karvy Computershare Private Limited (Karvy) on all resolutions set forth in this Notice, from a place other than the venue of the Meeting (Remote e-voting).
- (A) In case a Member receives an email from Karvy [for Members whose email IDs are registered with the Company/Depository Participants (s)]:
  - i. Launch internet browser by typing the URL: <https://evoting.karvy.com>.
  - ii. Enter the login credentials (i.e. User ID and password). In case of physical folio, User ID will be EVEN (E-Voting Event Number) xxxx followed by folio number. In case of Demat account, User ID will be your DP ID and Client 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 these details appropriately, click on "LOGIN".
  - iv. You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A- Z), one lower case (a-z), one numeric value (0-9) and a special character (@, #, \$, etc.,). The system will prompt you to change your password and 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 have forgotten 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.
  - v. You need to login again with the new credentials.
  - vi. On successful login, the system will prompt you to select the "EVENT" i.e., "Sagarsoft (India) Limited"
  - vii. On the voting page, enter the number of shares (which represents the number of votes) as on the Cut-off Date under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially "AGAINST" but the total number in "FOR/AGAINST" taken together shall not exceed your total shareholding as mentioned herein above. You may also choose the option ABSTAIN. If the Member does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.

- viii. Members holding multiple folios/demat accounts shall choose the voting process separately for each folio/demat accounts.
- ix. Voting has to be done for each item of the notice separately. In case you do not desire to cast your vote on any specific item, it will be treated as abstained.
- x. You may then cast your vote by selecting an appropriate option and click on "Submit".
- xi. A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you have voted on the resolution (s), you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the Resolution(s).
- xii. Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/Authority Letter etc., together with attested specimen signature(s) of the duly authorised representative(s), to the Scrutinizer at email bssass99@gmail.com with a copy marked to evoting@karvy.com. The scanned image of the above mentioned documents should be in the naming format "Corporate Name\_Event No."

(B) In case of Members receiving physical copy of Notice [for Members whose email IDs are not registered with the Company/Depository Participants (s)]:

- i. E-Voting Event Number – XXXX (EVEN), User ID and Password is provided in the Attendance Slip.
- ii. Please follow all steps from Sl. No. (i) to (xii) above to cast your vote by electronic means.

II. Voting at AGM: The Members, who have not cast their vote through Remote e-voting or by sending their assent / dissent through post can exercise their voting rights at the AGM. The Company will make necessary arrangements in this regard at the AGM Venue. The facility for voting through electronic voting system ('Insta Poll') shall be made available at the Meeting. Members who have already cast their votes by Remote e-voting or through post are eligible to attend the Meeting; however these Members are not entitled to cast their vote again in the Meeting.

A Member can opt for only single mode of voting i.e. through Remote e-voting or by sending their assent / dissent through post or by voting at the AGM. If a Member casts votes by both electronic mode and through post, then the voting done through Remote e-voting shall prevail over the vote cast through post.

## **OTHER INSTRUCTIONS**

- a. In case of any query and/or grievance, in respect of voting by electronic means, Members may refer to the Help & Frequently Asked Questions (FAQs) and E-voting user manual available at the download section of <https://evoting.karvy.com> (Karvy Website) or contact Mr.G.Ramesh Desai (Unit: Sagarsoft (India) Limited) of Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032 or at [evoting@karvy.com](mailto:evoting@karvy.com) or phone no. 040 – 6716 1500 or call Karvy's toll free No. 1800-3454-001 for any further clarifications.
- b. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- c. The remote e-voting period commences on 18th September, 2017 (9.00 A.M. IST) and ends on 21st September, 2017 (5.00 P.M. IST). During this period,



Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 15th September, 2017, may cast their votes electronically. A person who is not a Member as on the cut-off date should treat this Notice for information purposes only. The remote e-voting module shall be disabled for voting thereafter. Once the vote on a resolution(s) is cast by the Member, the Member shall not be allowed to change it subsequently.

- d. The voting rights of Members shall be in proportion to their share of the paid up equity share capital of the Company as on the cut-off date i.e. 15th September, 2017.
- e. In case a person has become a Member of the Company after dispatch of AGM Notice but on or before the cut-off date for E-voting i.e., 15th September, 2017, he/she may obtain the User ID and Password in the manner as mentioned below :
  - i. If the mobile number of the member is registered against Folio No./ DP ID Client ID, the member may send SMS: MYEPWD <space> E-Voting 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> XXXX1234567890
  - ii. If e-mail address 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.
  - iii. Member may call Karvy's toll free number 1800-3454-001.
  - iv. Member may send an e-mail request to [evoting@karvy.com](mailto:evoting@karvy.com). However, Karvy shall endeavor to send User ID and Password to those new Members whose mail ids are available.
  - v. 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.

## PROCEDURE AND INSTRUCTIONS FOR WEB CHECK-IN / ATTENDANCE REGISTRATION

11. **Web Check- in / Attendance Registration:** Members are requested to tender their attendance slips at the registration counters at the venue of the AGM and seek registration before entering the meeting hall. Alternatively, to facilitate hassle free and quick registration/entry at the venue of the AGM, the Company has provided a Web-Check in facility through Karvy's website. Web Check-in on the Karvy's website enables the Members to register attendance online in advance and generate Attendance Slip without going through the registration formalities at the registration counters.

### Procedure of Web Check-in is as under:

- a. Log on to <https://karisma.karvy.com> and click on "Web Check-in for AGM".
- b. Select the name of the company: Sagarsoft (India) Limited.
- c. Pass through the security credentials viz., DP ID/Client ID/Folio no. entry, PAN No & "CAPTCHA" as directed by the system and click on the submission button.

- d. The system will validate the credentials. Then click on the “Generate my attendance slip” button that appears on the screen.
  - e. The attendance slip in PDF format will appear on the screen. Select the “PRINT” option for direct printing or download and save for the printing.
  - f. A separate counter will be available for the online registered Members at the AGM Venue for faster and hassle free entry and to avoid standing in the queue.
  - g. After registration, a copy will be returned to the Member.
  - h. The Web Check-in (Online Registration facility) is available for AGM during e-voting Period only i.e., from 18th September, 2017 (9.00 A.M. IST) to 21st September, 2017 (5.00 P.M. IST).
  - i. The Members are requested to carry their valid photo identity along with the above attendance slip for verification purpose.
12. The company has appointed B S S & Associates, Practicing Company Secretaries (Unique Code of Partnership Firm: P2012AP02600), 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.
  13. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, count the votes cast at the AGM, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and make, not later than two days of conclusion of the AGM, a consolidated Scrutinizer’s Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing who shall countersign the same. The result declared along with the Scrutinizer’s Report shall be placed on the Company’s website [www.sagarsoft.in](http://www.sagarsoft.in) immediately. The company shall simultaneously forward the result to BSE Ltd.
  14. In case a Member is desirous of obtaining a duplicate Ballot Form, he may send an e-mail to [einward.ris@karvy.com](mailto: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-500004 not later than 21st September, 2017 (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.
  17. The route map showing directions to reach the venue of the twenty first AGM is annexed.

By Order of the Board of Directors

Hyderabad,  
August 02, 2017

Sd/-  
**J.Raja Reddy**  
Company Secretary

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

## Annexures to the Notice of the 21st Annual General Meeting

### Annexure 1

#### 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 of the accompanying Notice dated 02nd August, 2017, though this being an ordinary business, the same is not required.

M/s. C.Ramachandram & Co., Chartered Accountants, the present statutory auditors of the company will be holding their office till the conclusion of the forthcoming 21st Annual General Meeting of the company and completing their term as auditors, pursuant to Section 139 of the Companies Act 2013, and the rules made thereunder.

Based on the recommendation of the Audit Committee, the Board has appointed M/s.Lakshmi & Associates, Chartered Accountants as the statutory auditors of the Company, for a term of five consecutive years, commencing from the conclusion of the 21st Annual General Meeting of the Company till the conclusion of the 26th Annual General Meeting to be held in the year 2022, which is subject to approval of shareholders of the Company.

M/s.Lakshmi & Associates, Chartered Accountants has given their consent and confirmed their eligibility for appointment as auditors of the company.

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

By Order of the Board of Directors

Sd/-

**J.Raja Reddy**  
Company Secretary

Hyderabad,  
August 02, 2017

**Registered Office:**

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

## Annexure 2

(Pursuant to Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015)

Details of Directors seeking re-appointment at the Annual General Meeting

| <b>Name of the Director</b>                                                            | <b>Shri M Jagadeesh</b>                                                                                                                                                 | <b>Shri K Pradeep Kumar Reddy</b>                                                                                                                                                                  |
|----------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Date of birth                                                                          | 26.07.1971                                                                                                                                                              | 03.05.1973                                                                                                                                                                                         |
| Experience in specific functional areas                                                | Has been on the Board since 13/06/2002 and appointed as Managing Director wef 31.10.2008. He has wide experience in Information Technology and Business Administration. | Has been on the Board since 06.11.2012 as Director (Operations) and appointed as Whole-time Director wef 06/11/2015. He has wide experience in Information Technology and Business Administration. |
| Qualification                                                                          | Bachelor's Degree in Engineering and Masters in Business Administration.                                                                                                | Bachelor's Degree in Technology and Masters in Business Management.                                                                                                                                |
| Directorships and Memberships of the Committees of the board in other Listed 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 of Directors

Hyderabad  
August 02, 2017

Sd/-  
**J.Raja Reddy**  
Company Secretary

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

## DIRECTORS' REPORT AND MANAGEMENT DISCUSSION ANALYSIS REPORT

Dear Members

Your Directors are pleased to present their 21st Annual Report of the company along with the audited financial statements for the financial year ended March 31, 2017.

### FINANCIAL RESULTS

(Rs.in Lakhs)

| Particulars                                   | Year ended                   |                              |
|-----------------------------------------------|------------------------------|------------------------------|
|                                               | 31 <sup>st</sup> March, 2017 | 31 <sup>st</sup> March, 2016 |
| Income from operations                        | <b>1629.78</b>               | 1424.12                      |
| Other Income                                  | <b>27.00</b>                 | 16.04                        |
| <b>Total Income</b>                           | <b>1656.78</b>               | 1440.16                      |
| Total Expenditure                             | <b>1470.75</b>               | 1268.07                      |
| Profit before depreciation, interest and tax  | <b>186.03</b>                | 172.09                       |
| Depreciation                                  | <b>74.94</b>                 | 71.25                        |
| Interest                                      | -                            | -                            |
| <b>Profit before tax</b>                      | <b>111.09</b>                | 100.84                       |
| Provision for Tax                             | <b>18.68</b>                 | 19.92                        |
| Deferred Tax Asset / (liability) for the year | <b>46.69</b>                 | 27.57                        |
| MAT credit entitlement                        | <b>-11.31</b>                | -14.96                       |
| Net Profit                                    | <b>57.04</b>                 | 68.31                        |

### DIVIDEND

In view of the inadequate profit for the year under review, your Directors regret their inability to recommend any dividend for the said year.

### TRANSFER TO RESERVES

The entire balance available in the Profit and Loss Account is retained in it as no transfer from it to reserves is contemplated.

### 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, 2017 is Rs.10.85 Crores as compared to Rs.10.28 Crores as at the end of previous financial year ended on March 31, 2016.

### LISTING STATUS OF THE COMPANY

Your Directors are pleased to inform that the equity shares of your company have since been listed on the BSE Limited, and the trading thereon commenced on October 13, 2016.

### MANAGEMENT DISCUSSION AND ANALYSIS

To avoid repetition in the Directors' Report and the Management Discussion and Analysis Report, the information under these reports is furnished below, as a composite summary of the performance of the various aspects of the business of your company.

### IT INDUSTRY REVIEW

The Indian IT industry rose at a healthy pace from 2010 to 2016 and has evolved from being a pure-play IT service provider to offering end-to-end execution capabilities. Indian IT service

companies have expanded their service mix to areas like systems integration, network management, packaged software implementation and areas of products and technological services.

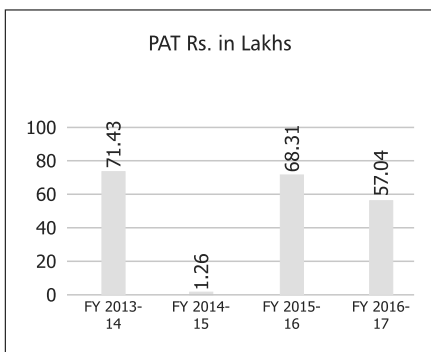
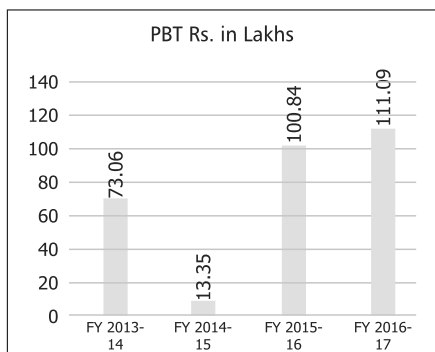
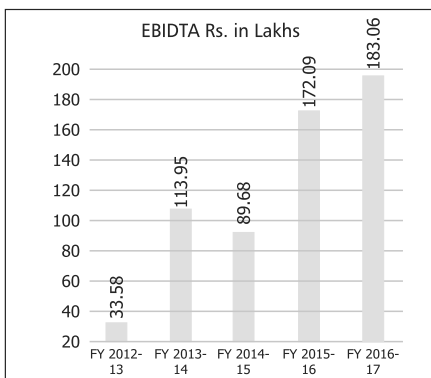
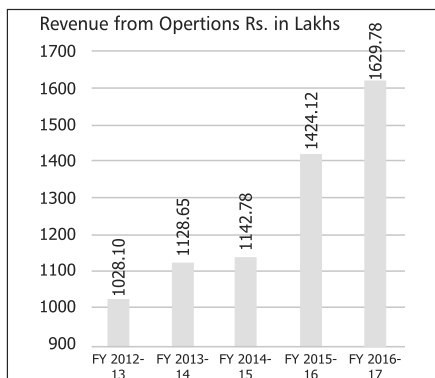
As the IT companies intensify their focus on the digital technology space, revenue from the Indian IT industry is expected to increase steadily in both exports and domestic segments. However, pressure on billing rates and rising wages in the hunt for high quality resources, is likely to hit the profit margins. The IT industry's business models are changing from providing commoditized services to catering advanced requirements. Growing competition has forced Indian IT vendors to focus more on high-value services and to expand into newer geographies.

The annual national budget for 2017-18 saw the continuation of the governments push into improvement of service delivery via increased digitalization.

## COMPANY'S PERFORMANCE

During the year, your company earned a revenue of Rs.1629.78 Lakhs as against Rs.1424.12 Lakhs in the previous year, which was higher by 14%. Earnings before interest, tax, depreciation and amortization (EBITDA) was Rs.186.03 Lakhs against Rs.172.09 Lakhs in the previous year. Profit after tax (PAT) for the year was Rs.57.04 Lakhs as against Rs.68.31 Lakhs in the previous year.

## PERFORMANCE HIGHLIGHTS



## **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.

## **OPPORTUNITIES AND THREATS**

The IT Industry is constantly evolving with new technologies and rapid automation. The key to success is to be ahead of the game by identifying technologies that are going to have the maximum impact in the future, build capabilities to be future ready, reduce costs, and enhance efficiency through automation and innovation. We will look at garnering opportunities available in the industry especially in Social Computing, Mobility, Analytics & Cloud to further catalyze your company's growth.

Your company believes that its focus on niche areas gives it strength and competitive advantage to position itself as a leading IT services and solutions provider.

## **FUTURE OUTLOOK**

With the rapidly changing world, Information Technology has become an integral part of every industry, with socio, economic, business and technological trends. India is now becoming home to a new breed of startup companies focusing on high growth areas such as mobility, e-commerce and other vertical specific solutions, creating new markets and driving innovation. The continued reduction in the unit cost of hardware, the explosion of network bandwidth, advanced software technologies and technology enabled services are fueling the rapid digitization of business processes and information. Traditional business models are being replaced with digital and software based business models. IT Sector is witnessing a rapid evolution, attracting new customer segments, and offering a considerably wider spectrum of solutions. It will create a market that will serve as technology differentiator for customers, shifting from cost to innovation. The Indian IT sector continues to be one of the largest employers in the country.

The IT sector continues to impact India's economic growth through job creation, foreign exchange earnings, exports and positions India as a global partner in Information Technology. The future looks exciting and positive as the IT industry is evolving dramatically in terms of scale and complexity. The sector will leverage its collaboration, innovation, technology shifts and build a transformational agenda for India.

Taking an overall view of the above, your Board is cautiously optimistic about the future outlook for your company.

## **BUSINESS STRATEGY**

Your company is focusing more on its core business objective, such as revenue growth, profitability and asset efficiency. The company's strategy for long term growth will continue to be strengthened with existing clients relationships through a customer centric approach and by further expanding its market in to newer businesses and services.

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

## **BUSINESS OVERVIEW**

Your Company is engaged in the business of providing IT services, consulting, technology and next generation services. It provides business and technology solutions and technology related services to corporations and has made decent progress in the recent years in consolidating its business in all service areas including new service lines and in acquiring new clients in Cloud and other new age technologies. The business from new clients acquired last year is expected to increase and add significant value and better margins.

Your company continues to offer a wide range of technology related services through it's innovate delivery center and talented professionals, with a sharp customers' specific focus. The focus is more on optimization and productivity within the existing employees along with their skill enhancement and enrichment.

### **RISK MANAGEMENT**

Your Company attaches utmost importance to the assessment of internal risks and the management thereof in all its dealings. The Company is constantly on the lookout for identifying opportunities to enhance its enterprise value and keeping the need to minimize the risks associated with such efforts, every proposal of significant nature is screened and evaluated for the risks involved and then approved at different levels in the organisation before implementation.

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. It has a Security Management Group with representatives from all functional team and a representative of the senior management team leads the group. Its 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, wherever applicable. Controls are 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 is present.

### **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 its report to the Audit Committee. The audit committee assists the board of directors in monitoring the integrity of the financial statements and the 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.

### **HUMAN RESOURCE AND EMPLOYEES- HR POLICY**

Your company continues to enjoy cordial relationship with all its personnel at all levels. Its workforce which also has women employees have opportunity to improve their skills for career advancement and assessing leadership roles.

Your company is organizing training programmes wherever required for the employees concerned to improve their skill. Employees are also encouraged to participate in the seminars organized by the external agencies related to the areas of their operations.

Your company continues to focus on attracting and retaining competent personnel and providing a holistic environment where they get opportunities to grow and realize their full potential. Your company is committed to providing all its employees with a healthy and safe work environment.

### **SEXUAL HARASSMENT**

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



## AWARDS AND RECOGNITIONS

Your company has been appraised at CMMI Level 3.

Your company has maintained ISO/IEC 27001:2013 Certification for Information Security Management System (ISMS) for its Software Development & Software Support services and support functions that include System Administration, Human Resource & Training, and Administration & Facilities.

## 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) They have 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) They have 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) They have prepared the annual accounts on a going concern basis;
- (v) They have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and operating effectively;
- (vi) They have 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

In accordance with the provisions of Section 152 of the Companies Act, 2013, Shri M.Jagadeesh and Shri K.Pradeep Kumar Reddy will be retiring by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. Accordingly, resolutions seeking the approval of the members for the said re-appointment have been incorporated in the notice of the annual general meeting.

Except Shri S.Sreekanth Reddy, who is a director in Sagar Cements Limited and Sagar Cements (R) Limited, whose transactions with the company have been reported under the related parties disclosure under notes to the accounts and Shri.N.Hari Mohan and Shri.K.Prasad, to the extent of shares held by them, none of the other non-executive directors has had any pecuniary relationship or transactions with the company, other than the receipt of sitting fee for the meetings of the Board and Committees thereof attended by them.

## INDEPENDENT DIRECTORS DECLARATION

The company has received the necessary declaration from each Independent Director in accordance with Section 149 (7) of the Companies Act 2013, that he meets the criteria of independence as laid out in sub-section (6) of Section 149 of the Companies Act 2013.

## MEETING OF INDEPENDENT DIRECTORS

The Independent Directors met on 06th February, 2017, without the attendance of Non-Independent Directors and members of the Management. The Independent Directors reviewed the performance of Non-Independent Directors and the Board as a whole; the performance of the Chairman of the Company, taking into account the views of Executive Directors and Non-Executive Directors and assessed the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

## NUMBER OF MEETINGS OF THE BOARD

Four Board meetings were held during the financial year 2016-17 and the gap between two consecutive meetings did not exceed one hundred and twenty days. These meetings were held on 28th May, 2016, 05th August, 2016, 02nd November, 2016 and on 06th February, 2017.

Attendance of directors during financial year 2016-2017

| Name of the Director         | Number of board meetings during the year 2016-17 |          |
|------------------------------|--------------------------------------------------|----------|
|                              | Held                                             | Attended |
| Shri. S.Sreekanth Reddy      | 4                                                | 2        |
| Shri. M.Jagadeesh            | 4                                                | 4        |
| Shri. K.Pradeep Kumar Reddy  | 4                                                | 4        |
| Shri. N.Hari Mohan           | 4                                                | 4        |
| Shri. K.Rakesh Rao           | 4                                                | 1        |
| Shri. K.Satish Chander Reddy | 4                                                | 1        |
| Shri. K.Prasad               | 4                                                | 4        |
| Shri. K.Ganesh               | 4                                                | 4        |
| Smt. K.Neelima Kaushik       | 4                                                | 4        |

## SUB COMMITTEES OF THE BOARD

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

### AUDIT COMMITTEE

The Company has an Audit Committee at the Board level with power and role that are in accordance with Section 177 of the Companies Act, 2013 and with Listing Regulations. The Audit Committee oversees the accounting, auditing and overall financial reporting process of the Company. The Audit Committee acts as a link between the Management, the Statutory Auditors, Internal Auditors and the Board of Directors to oversee the financial reporting process of the Company.

#### Composition of Audit Committee

- (1) Shri K.Prasad - Chairman
- (2) Shri M.Jagadeesh - Member
- (3) Shri K.Ganesh - Member

The Audit Committee which met four time during the year 2016-17, held its meetings on 28th May, 2016, 05th August, 2016, 02nd November, 2016 and 06th February, 2017.

#### Attendance of members during financial year 2016-2017

| Name of the Member | Number of Audit Committee meetings during the year 2016-17 |          |
|--------------------|------------------------------------------------------------|----------|
|                    | Held                                                       | Attended |
| Shri K.Prasad      | 4                                                          | 4        |
| Shri M.Jagadeesh   | 4                                                          | 4        |
| Shri K.Ganesh      | 4                                                          | 4        |

## NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee has been entrusted with role of formulating criteria for determining the qualifications, positive attributes and independence of the Directors as well as identifying persons who may be appointed at senior management levels and also devising a policy on remuneration of Directors, Key Managerial Personnel and other senior

employees. The Committee has the power and role that are in accordance with Section 177 of the Companies Act, 2013 and with Listing Regulations.

#### **Composition of Committee**

- (1) Shri K.Prasad - Chairman
- (2) Shri N.Hari Mohan - Member
- (3) Shri K.Ganesh – Member

The need for convening a meeting of the committee was not felt during the year 2016-17.

#### **STAKEHOLDERS RELATIONSHIP COMMITTEE**

Stakeholders' Relationship Committee ensures quick redressal of the complaints of the stakeholders and oversees the process of share transfer. The Committee also monitors redressal of Shareholders'/Investors' complaints/ grievances. In addition, the Committee also monitors other issues including status of Dematerialisation/ Rematerialisation of shares issued by the Company.

#### **Composition of Committee**

- (1) Shri K.Prasad - Chairman
- (2) Shri N.Hari Mohan - Member
- (3) Shri K.Rakesh Rao - Member

The need for convening a meeting of the committee was not felt during the year 2016-17.

#### **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.

#### **BOARD EVALUATION**

The Board of directors have carried out an evaluation of its own performance and of its committees as well as its individual directors on the basis of criteria such as composition of the Board & committees, experience & competencies, performance of specific duties & obligations, contribution at the meetings and otherwise, independent judgment, governance issues and functioning etc.,

#### **AUDITORS**

M/s. C.Ramachandram & Co., Chartered Accountants, the statutory auditors of the company will hold office till the conclusion of the 21st Annual General Meeting of the company. In accordance with the provisions of Section 139 of the Companies Act 2013, and the rules made thereunder, the Board, on the recommendation of the Audit Committee, has appointed M/s.Lakshmi & Associates, Chartered Accountants as the statutory auditors of the Company, for a term of five consecutive years, i.e., from the conclusion of the 21st Annual General Meeting of the Company till the conclusion of the 26th Annual General Meeting to be held in the year 2022 and the said appointment is subject to further approval of shareholders.

#### **AUDITORS' REPORT AND SECRETARIAL AUDITORS' REPORT**

##### **AUDITORS' REPORT**

The auditors' report does not contain any qualifications, reservations or any 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 said 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 which forms part of this report.

All related party transactions entered into during the financial year were on arm's length basis and in the ordinary course of business. There were no materially significant related party transactions entered into by the company with the 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 had prior approval of the Audit Committee and were later ratified by the Board.

## 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.

## CORPORATE SOCIAL RESPONSIBILITY

Provisions of Section 135 of the Companies Act, 2013 relating to Corporate Social Responsibility are presently not applicable to the Company as it is not covered under the parameters mentioned in the said section.

## CHANGE IN THE NATURE OF BUSINESS

There is no change in the nature of business of the Company.

## MATERIAL CHANGES AND COMMITMENTS

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.

## PARTICULARS OF EMPLOYEES

The information required under Section 197 of the Act read with Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules are given below.

- 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*                                 | -                            |
| Executive Directors                                      |                              |
| Shri. M.Jagadeesh, Managing Director                     | 3.58                         |
| Shri. K.Pradeep Kumar Reddy,<br>Executive Director & CFO | 5.97                         |

\*Non-Executive Directors are not paid any remuneration, other than sitting fee.

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

| <b>Director, Chief Executive Officer, Chief Financial Officer and Company Secretary</b> | <b>% increase in remuneration in the financial year</b>                 |
|-----------------------------------------------------------------------------------------|-------------------------------------------------------------------------|
| Shri. S.Sreekanth Reddy                                                                 | These Directors were not paid any Remuneration, other than sitting fee. |
| Shri. K.Satish Chander Reddy                                                            |                                                                         |
| Shri.K.Prasad                                                                           |                                                                         |
| Shri.N.Hari Mohan                                                                       |                                                                         |
| Shri.K.Rakesh Rao                                                                       |                                                                         |
| Shri.K.Ganesh                                                                           |                                                                         |
| Smt.Neelima Kaushik                                                                     |                                                                         |
| Shri. M.Jagadeesh, Managing Director                                                    | Nil                                                                     |
| Shri. K.Pradeep Kumar Reddy, Executive Director & CFO.                                  | Nil                                                                     |
| Shri.J.Raja Reddy, Company Secretary                                                    | 15                                                                      |

- c. The percentage increase in the median remuneration of employees in the financial year: 23.83%.

- d. The number of permanent employees on the rolls of Company: 141.

- 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 parameters 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 FY17 (Lakhs) | 80.39   |
| Revenue (Lakhs)                                                          | 1656.78 |
| Remuneration of KMPs (as % of revenue)                                   | 4.85    |
| Profit before Tax (PBT) (Lakhs)                                          | 111.09  |
| Remuneration of KMP (as % of PBT)                                        | 72.36   |

- 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:

| Particulars                    | March 31, 2017 | March 31, 2016 | % Change |
|--------------------------------|----------------|----------------|----------|
| Market capitalization (in Cr)* | 18.93          | Not Listed     | -        |
| Price Earnings Ratio*          | 33.06          | -              | -        |

\*The equity shares of the company were listed on BSE Ltd with effect from 13th October, 2016

- 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:

| Particulars         | March 31, 2017 | October 13, 2016* | % Change |
|---------------------|----------------|-------------------|----------|
| Market Price in BSE | 34.05          | 12.50             | 172.40   |

\*The equity shares of the company were listed on BSE Ltd with effect from 13th October, 2016

- 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 12% 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                     | MD      | ED & CFO | CS    |
|---------------------------------|---------|----------|-------|
| Remuneration in FY17 (Lakhs)    | 24.00   | 40.00    | 16.39 |
| Revenue (Lakhs)                 | 1656.78 |          |       |
| Remuneration as % of revenue    | 1.45    | 2.41     | 0.99  |
| Profit before Tax (PBT) (Lakhs) | 111.09  |          |       |
| Remuneration (as % of PBT)      | 21.60   | 36.01    | 14.75 |

- 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 that the remuneration is as per the remuneration policy of the Company.

There are no employees drawing remuneration in excess of the limits set out in the Rule 5 (2) and (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

## **VIGIL MECHANISM**

The company has formulated 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 the properties of the Company have been adequately insured.

## **INDUSTRIAL RELATIONS**

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

## **CORPORATE GOVERNANCE**

As stipulated vide regulation 15(2) of the SEBI (LODR) Regulations, 2015, the requirement of furnishing report on corporate governance is not applicable to your company as its paid up capital and networth is below Rs.10.00 Crores and Rs.25.00 crores respectively.

## **INTERNAL FINANCIAL CONTROL AND ITS ADEQUACY**

Your Company has put in place adequate internal financial controls with reference to the financial statements. The Internal Audit of the Company is regularly carried out by an external firm of

chartered accountants to review the internal control systems and processes. The internal Audit Reports along with recommendations contained therein and their implementations are periodically reviewed by Audit Committee of the Board.

### **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 Companies Act, 2013 read with rule 8 of the Companies (Accounts) Rules, 2014:

#### **(a) Conservation of Energy**

The Company makes conscious efforts to reduce its energy consumption though its nature of operations are not energy-intensive. Some of the measures undertaken by the Company on a continuous basis during the year are stated below:

- (i) Steps taken or impact on conservation of energy:
  - i. Rationalization of usage of electrical equipments— air-conditioning system, office illumination, desktops.
  - ii. Regular monitoring of temperature inside the buildings and controlling the air-conditioning System.
- (ii) Steps taken for utilising alternate sources of energy:
 

Usage of energy efficient illumination fixtures.
- (iii) Capital investment on energy conservation equipments: Nil
  - (a) Technology absorption, Adoption and Innovation: Nil
  - (b) Foreign Exchange Earnings and Outgo:

Details of foreign exchange earnings and outgo as per the Companies Act, 2013, are given below.

(Rs.in lakhs)

| <b>Foreign Exchange Earning and Outgo</b> | <b>2016-17</b> | <b>2015-16</b> |
|-------------------------------------------|----------------|----------------|
| Foreign Exchange earned                   | 1504.07        | 1229.96        |
| Foreign Exchange outflow                  | 14.47          | 13.82          |

### **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.

### **ACKNOWLEDGEMENT**

Your Board 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. Your Board also takes this opportunity to place on record its appreciation of the contributions made by its employees at all levels and last but not least, of the continued confidence reposed by you in the Management.

For and on behalf of the Board

Hyderabad  
August 02, 2017

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

**Form No. MR-3****Secretarial Audit Report****For the Financial Year ended March 31, 2017**

[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, during the audit period covering the financial year ended on March 31, 2017, complied with the statutory provisions listed hereunder and also 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 Sagarsoft (India) Limited ("the Company") for the financial year ended on March 31, 2017 according to the provisions of:

- 1) The Companies Act, 2013 (the Act) and the rules made thereunder;
- 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, 2015;
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 - Not applicable to the Company during the audit period;
  - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 - Not applicable to the Company during the audit period;



- e. Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - Not applicable to the Company during the audit period;
  - 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 to the Company during the audit period;
  - g. Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - Not applicable to the Company during the audit period; and
  - h. Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 - Not applicable to the Company during the audit period;
- 6) Laws specially applicable to the industry to which the Company belongs, as identified by the Management:
- a) Information Technology Act, 2000 and the rules made thereunder;
  - b) The Indian Copyrights Act, 1957;
  - c) The Patents Act, 1970; and
  - d) The Trade Marks Act, 1999.

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

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India;
- (ii) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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 on examination of the relevant documents and records and based on the information provided by the Company, its officers and authorized representatives during the conduct of the audit, and also on the review of compliance reports by respective department heads / Company Secretary of the Company, in our opinion, there exist adequate systems and processes and control mechanism exist in the Company to monitor and ensure compliance with applicable general laws.

We further report that the compliances by the Company of applicable financial laws, like direct and indirect tax laws, have not been reviewed in this audit since the same have been subject to review by internal auditors and other designated professionals.

We further report that the Board of Directors of the Company has been duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There were no changes in the composition of Board of Directors during the period under review.

We further report that adequate notice was given to all directors to schedule the Board meetings and agenda with detailed notes there on 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.

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. With effective from October 13, 2016, the Equity Shares of the Company have been listed and admitted to dealings on the BSE Limited, Mumbai.

For **B S S & Associates**  
Company Secretaries

**S.Srikanth**  
Partner

Place: Hyderabad  
Date: 10.05.2017

ACS No.: 22119  
C P No.: 7999

This report is to be read with our letter of even date which is annexed as Annexure-A and forms an integral part of this report.

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***'Annexure A'***

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

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verifications were done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, followed by the Company provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **B S S & Associates**  
Company Secretaries

**S.Srikanth**  
Partner

Place: Hyderabad  
Date: 10.05.2017

ACS No.: 22119  
C P No.: 7999

**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 arm's 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 2016-17.

**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 2016-17.

On behalf of the Board of Directors

Hyderabad  
August 02, 2017

**S.Sreekanth Reddy**  
Chairman

**Form No.MGT-9**
**Extract of Annual Return  
as on the financial year ended on March 31, 2017**

**[ 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 <sup>th</sup> 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<br>Jubilee Hills, Hyderabad-500 033<br>Tel : 91 40 67191000<br>Fax: 91 40 23114607<br>Email: info@sagarsoft.in<br>Website: www.sagarsoft.in                                                                                                                                    |
| vi.  | Whether listed company                                                    | : | Yes                                                                                                                                                                                                                                                                                                    |
| vii. | Name, Address and Contact details of Registrar and Transfer Agent, if any | : | Karvy Computershare (P) Limited<br>Karvy Selenium Tower B, Plot 31-32,<br>Gachibowli, Financial District<br>Hyderabad -500032.<br>Tel : 040-67162222<br>Fax : 040-23001153<br>e-mail: einward.ris@karvy.com<br>Toll Free No: 1800-3454-001<br>mailmanager@karvy.com<br>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 <sup>2</sup>                    |                                                 |          |                |                                      |          |                |                          |
| 1                       | Indian                                                                      |                                                 |          |                |                                      |          |                |                          |
| (a)                     | Individuals/Hindu Undivided Family                                          | 2843830                                         | 0        | 2843830        | 2869279                              | 0        | 2869279        | 51.61                    |
| (b)                     | Central Government/ State Government(s)                                     |                                                 |          |                |                                      |          |                |                          |
| (c)                     | Bodies Corporate                                                            |                                                 |          |                |                                      |          |                |                          |
| (d)                     | Financial Institutions/ Banks                                               |                                                 |          |                |                                      |          |                |                          |
| (e)                     | Any Others(Specify)                                                         |                                                 |          |                |                                      |          |                |                          |
|                         | <b>Sub Total(A)(1)</b>                                                      | <b>2843830</b>                                  | <b>0</b> | <b>2843830</b> | <b>2869279</b>                       | <b>0</b> | <b>2869279</b> | <b>51.61</b>             |
| 2                       | Foreign                                                                     |                                                 |          |                |                                      |          |                |                          |
| a                       | Individuals (Non-Residents Individuals/ Foreign Individuals)                |                                                 |          |                |                                      |          |                |                          |
| b                       | Bodies Corporate                                                            |                                                 |          |                |                                      |          |                |                          |
| c                       | Institutions                                                                |                                                 |          |                |                                      |          |                |                          |
| d                       | Qualified Foreign Investor                                                  |                                                 |          |                |                                      |          |                |                          |
| e                       | Any Others(Specify)                                                         |                                                 |          |                |                                      |          |                |                          |
|                         | <b>Sub Total(A)(2)</b>                                                      |                                                 |          |                |                                      |          |                |                          |
|                         | <b>Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)</b> | <b>2843830</b>                                  | <b>0</b> | <b>2843830</b> | <b>2869279</b>                       | <b>0</b> | <b>2869279</b> | <b>51.61</b>             |
| (B)                     | Public shareholding                                                         |                                                 |          |                |                                      |          |                |                          |
| 1                       | Institutions                                                                |                                                 |          |                |                                      |          |                |                          |
| (a)                     | Mutual Funds/ UFI                                                           |                                                 |          |                |                                      |          |                |                          |
| (b)                     | Financial Institutions/ Banks                                               | 413300                                          | 0        | 413300         | 413300                               | 0        | 413300         | 7.43                     |
|                         |                                                                             |                                                 |          |                |                                      |          |                | Nil                      |

| 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)                                                                  |                                                 |               |                |                                      |               |                |                          |
| <b>Sub-Total (B)(1)</b>                                                                  | <b>413300</b>                                   | <b>0</b>      | <b>413300</b>  | <b>413300</b>                        | <b>0</b>      | <b>413300</b>  | <b>7.43</b>              |
| <b>B2 Non-institutions</b>                                                               |                                                 |               |                |                                      |               |                |                          |
| (a) Bodies Corporate                                                                     | 525337                                          | 0             | 525337         | 491312                               | 0             | 491312         | 8.84                     |
| (b) Individuals                                                                          |                                                 |               |                |                                      |               |                |                          |
| <b>I Individual shareholders holding nominal share capital up to Rs 1 lakh</b>           | 945242                                          | 355355        | 1300597        | 921535                               | 355155        | 1276690        | 22.96                    |
| <b>II Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.</b> | 417411                                          | 20000         | 437411         | 444598                               | 20000         | 464598         | 8.36                     |
| (c) NRIs                                                                                 | 11300                                           | 0             | 11300          | 19059                                | 0             | 19059          | 0.34                     |
| (c-i) Foreign Corporate Body                                                             |                                                 |               |                |                                      |               |                |                          |
| (c-ii) Hindu Undivided Families                                                          | 28225                                           | 0             | 28225          | 22794                                | 0             | 22794          | 0.41                     |
| (c-iii) Clearing Members                                                                 | 0                                               | 0             | 0              | 2968                                 | 0             | 2968           | 0.05                     |
| <b>Sub-Total (B)(2)</b>                                                                  | <b>1927515</b>                                  | <b>375355</b> | <b>2302870</b> | <b>1902266</b>                       | <b>375155</b> | <b>2277421</b> | <b>40.96</b>             |
| <b>(B) Total Public Shareholding (B)= (B)(1)+(B)(2)</b>                                  | <b>2340815</b>                                  | <b>375355</b> | <b>2716170</b> | <b>2315566</b>                       | <b>375155</b> | <b>2690721</b> | <b>48.40</b>             |
| <b>TOTAL (A)+(B)</b>                                                                     | <b>5184645</b>                                  | <b>375355</b> | <b>5560000</b> | <b>5184845</b>                       | <b>375155</b> | <b>5560000</b> | <b>100.00</b>            |
| (C) Shares held by Custodians for GDRs & ADRs                                            | 0                                               | 0             | 0              | 0                                    | 0             | 0              | 0.00                     |
| <b>GRAND TOTAL (A)+(B)+(C)</b>                                                           | <b>5184645</b>                                  | <b>375355</b> | <b>5560000</b> | <b>5184845</b>                       | <b>375155</b> | <b>5560000</b> | <b>100.00</b>            |
|                                                                                          |                                                 |               |                |                                      |               |                | <b>Nil</b>               |

## (ii) Shareholding of promoters

| Sl No. | Shareholder's name | Shareholding at the beginning of the year (01-04-2016) |                                  |                                                  | Shareholding at the end of the year (31-03-2017) |                                  |                                                  | % 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 | 1154500                                                | 20.76                            | Nil                                              | 1154500                                          | 20.76                            | Nil                                              | 0                                         |
| 2      | Rachana Sammidi    | 593730                                                 | 10.68                            | Nil                                              | 593730                                           | 10.68                            | Nil                                              | 0                                         |
| 3      | Veera Reddy, S     | 180200                                                 | 3.24                             | Nil                                              | 180200                                           | 3.24                             | Nil                                              | 0                                         |
| 4      | Vanajatha, S       | 147100                                                 | 2.65                             | Nil                                              | 147100                                           | 2.65                             | Nil                                              | 0                                         |
| 5      | Anand Reddy Sammid | 152200                                                 | 2.74                             | Nil                                              | 177649                                           | 3.20                             | Nil                                              | 0.46                                      |
| 6      | P Sucharitha Reddy | 105200                                                 | 1.89                             | Nil                                              | 105200                                           | 1.89                             | Nil                                              | 0                                         |
| 7      | Aruna, S           | 118400                                                 | 2.13                             | Nil                                              | 118400                                           | 2.13                             | Nil                                              | 0                                         |
| 8      | Malathi, W         | 120900                                                 | 2.17                             | Nil                                              | 120900                                           | 2.17                             | Nil                                              | 0                                         |
| 9      | Madhavi, N         | 116400                                                 | 2.09                             | Nil                                              | 116400                                           | 2.09                             | 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                                         |
|        | <b>TOTAL</b>       | <b>2843830</b>                                         | <b>51.15</b>                     | <b>Nil</b>                                       | <b>2869279</b>                                   | <b>51.61</b>                     | <b>Nil</b>                                       | <b>0.46</b>                               |

## (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 | 2843830                                   | 51.15                                | 2843830                                 | 51.15                            |
|        | Acquired on Acquired *       | 25449                                     | 0.46                                 | 2869279                                 | 51.61                            |
|        | Sold *                       | Nil                                       | Nil                                  | Nil                                     | Nil                              |
|        | At the end of the year       |                                           |                                      | 2869279                                 | 51.61                            |

\* Shares of the Company are traded on a daily basis and hence the date wise increase or decrease in the shareholding is not furnished.

**(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 01-04-2016 * |                                      | Shareholding at the end of the year 31-03-2017 ** |                                  |
|--------|--------------------------------------------|--------------------------------------------------------|--------------------------------------|---------------------------------------------------|----------------------------------|
|        |                                            | 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                                                 | 7.19                                 | 400000                                            | 7.19                             |
| 2      | Twinvest Financial Services Ltd.           | 238306                                                 | 4.29                                 | 238306                                            | 4.29                             |
| 3      | Savyasachi Constructions Pvt Ltd.          | 51900                                                  | 0.93                                 | 51900                                             | 0.93                             |
| 4      | Rajiv Verma                                | 50500                                                  | 0.91                                 | 50500                                             | 0.91                             |
| 5      | Mita D. Doshi                              | 41600                                                  | 0.75                                 | 41600                                             | 0.75                             |
| 6      | M V S Ananthakrishnan                      | 40800                                                  | 0.73                                 | 40800                                             | 0.73                             |
| 7      | Zen Securities Ltd-HSE Clients A/C         | 40061                                                  | 0.72                                 | 39961                                             | 0.72                             |
| 8      | Rajendra Naniwadekar                       | 50                                                     | 0.00                                 | 34331                                             | 0.62                             |
| 9      | K S S Prasad Raju                          | 24711                                                  | 0.44                                 | 24711                                             | 0.44                             |
| 10     | Vinaychand Dharamchand Shah                | 24200                                                  | 0.44                                 | 24200                                             | 0.44                             |

\* In the list of top 10 as on 1-4-2016.

\*\* In the list of top 10 as on 31-03-2017.

**(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 01-04-2016 |                                      | Shareholding at the end of the year 31-03-2017 |                                      |
|--------|-----------------------------------|----------|------------------------------|------------------------------------------------------|--------------------------------------|------------------------------------------------|--------------------------------------|
|        |                                   |          |                              | No. of shares                                        | % of the total shares of the Company | No. of shares                                  | % of the total shares of the Company |
| 1      | <b>Directors</b>                  |          |                              |                                                      |                                      |                                                |                                      |
| 1      | S.Sreekanth Reddy                 | 01.04.16 | At the beginning of the year | 1154500                                              | 20.76                                |                                                |                                      |
|        |                                   | 31.03.17 | At the end of the year       |                                                      |                                      | 1154500                                        | 20.76                                |
| 2      | M.Jagadeesh                       | 01.04.16 | At the beginning of the year | 13900                                                | 0.25                                 |                                                |                                      |
|        |                                   | 31.03.17 | At the end of the year       |                                                      |                                      | 13900                                          | 0.25                                 |
| 3      | K.Pradeep Kumar Reddy             | 01.04.16 | At the beginning of the year | Nil                                                  |                                      |                                                |                                      |
|        |                                   | 31.03.17 | Bought during the year       |                                                      |                                      | Nil                                            | Nil                                  |



|    |                         |          |                              |       |      |       |      |
|----|-------------------------|----------|------------------------------|-------|------|-------|------|
| 4  | K. Satish Chander Reddy | 01.04.16 | At the beginning of the year | Nil   |      |       |      |
|    |                         | 31.03.17 | Bought during the year       |       |      | Nil   | Nil  |
| 5  | K.Prasad                | 01.04.16 | At the beginning of the year | 2800  | 0.05 |       |      |
|    |                         | 31.03.17 | At the end of the year       |       |      | 4700  | 0.08 |
| 6  | N.Hari Mohan            | 01.04.16 | At the beginning of the year | 51581 | 0.93 |       |      |
|    |                         | 31.03.17 | At the end of the year       |       |      | 51581 | 0.93 |
| 7  | K.Rakesh Rao            | 01.04.16 | Date of appointment          | Nil   |      |       |      |
|    |                         | 31.03.17 | At the end of the year       |       |      | Nil   | Nil  |
| 8  | K.Ganesh                | 01.04.16 | At the beginning of the year | Nil   |      |       |      |
|    |                         | 31.03.17 | At the end of the year       |       |      | Nil   | Nil  |
| 9  | Neelima Kaushik         | 01.04.16 | At the beginning of the year | Nil   |      |       |      |
|    |                         | 31.03.17 | At the end of the year       |       |      | Nil   | Nil  |
| 10 | J.Raja Reddy            | 01.04.16 | At the beginning of the year | 2200  | 0.03 |       |      |
|    |                         | 31.03.17 | 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                |
|   | <b>Total (i + ii + iii)</b>                          | 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                |
|   | <b>Total (i + ii + iii)</b>                          | 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               |                                                       | Total Amount     |
|--------|--------------------------------------------------------------------------------------|--------------------------------------|-------------------------------------------------------|------------------|
|        |                                                                                      | Shri M.Jagadeesh (Managing Director) | Shri K.Pradeep Kumar Reddy (Executive Director & CFO) |                  |
| 1      | <b>Gross Salary</b>                                                                  |                                      |                                                       |                  |
|        | (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-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)                                                                            | <b>24,00,000</b>                     | <b>40,00,000</b>                                      | <b>64,00,000</b> |
|        | Ceiling as per the Act (As minimum remuneration)*                                    | <b>24,00,000</b>                     | <b>40,00,000</b>                                      | <b>64,00,000</b> |

\*In terms of the provision of the Companies Act, 2013 and Schedule V Part II Section II Remuneration of Director is within the said limit.

### B. Remuneration to other Directors

| Sl. No | Particulars of Remuneration          | Fee for attending board/committee meetings | Commission | Others, please specify | Total           |
|--------|--------------------------------------|--------------------------------------------|------------|------------------------|-----------------|
| (1)    | <b>Independent directors</b>         |                                            |            |                        |                 |
|        | Shri K.Prasad                        | 40,000                                     | -          | -                      | 40,000          |
|        | Shri K.Ganesh                        | 40,000                                     | -          | -                      | 40,000          |
|        | Shri N.Hari Mohan                    | 20,000                                     | -          | -                      | 20,000          |
|        | Shri K.Rakesh Rao                    | 5,000                                      | -          | -                      | 5,000           |
|        | Smt.Neelima Kaushik                  | 20,000                                     | -          | -                      | 20,000          |
|        | <b>Total (1)</b>                     | <b>1,25,000</b>                            | <b>-</b>   | <b>-</b>               | <b>1,25,000</b> |
| (2)    | <b>Other Non-Executive Directors</b> |                                            |            |                        |                 |
|        | Shri S.Sreekanth Reddy               | 10,000                                     | -          | -                      | 10,000          |
|        | Shri K.Satish Chander Reddy          | 5,000                                      | -          | -                      | 5,000           |
|        | <b>Total (2)</b>                     | <b>15,000</b>                              | <b>-</b>   | <b>-</b>               | <b>15,000</b>   |
|        | <b>Total (B) = (1 + 2)</b>           | <b>1,40,000</b>                            | <b>-</b>   | <b>-</b>               | <b>1,40,000</b> |
|        | <b>Total Managerial Remuneration</b> | <b>1,40,000</b>                            | <b>-</b>   | <b>-</b>               | <b>1,40,000</b> |
|        | Overall Ceiling as per the Act       | -                                          | -          | -                      | -               |

Remuneration of Director is within the limit of Schedule V, Part-II, Section II of Companies Act 2013.

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

| Sl. No. | Particulars of Remuneration                                                         | Key Managerial Personnel | Total Amount     |
|---------|-------------------------------------------------------------------------------------|--------------------------|------------------|
|         |                                                                                     | Company Secretary        |                  |
| 1       | <b>Gross Salary</b>                                                                 |                          |                  |
|         | a. Salary as per provisions contained in Section 17 (1) of the Income Tax Act, 1961 | <b>16,39,440</b>         | <b>16,39,440</b> |
|         | 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       | Sweat Equity                                                                        | -                        | -                |
| 4       | Commission<br>As % of profit                                                        | -                        | -                |
|         | - Others, specify                                                                   | -                        | -                |
| 5       | Others, Allowances                                                                  | -                        | -                |
|         | <b>Total</b>                                                                        | <b>16,39,440</b>         | <b>16,39,440</b> |

**VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES**

There were no penalties, punishment or compounding of offences during the year ended March 31, 2017.

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

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

## **INDEPENDENT AUDITORS' REPORT**

To  
The Members of  
**Sagarsoft (India) Limited**  
Hyderabad

### **Report on the Financial Statements**

We have audited the accompanying financial statements of M/s.Sagarsoft (India) Limited, ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### **Management's Responsibility for the Stand-alone 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 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 of 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 there under.

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. 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,

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2017;
- (b) In the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

#### **Report on Other Legal And Regulatory Requirements**

As required by the Companies (Auditor's Report) Order, 2016, ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Companies Act, 2013, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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 in 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) Based on the Written Representation received from the directors as on March 31, 2017, and taken on record by the Board of Directors, we report that none of the directors are disqualified as on March 31, 2017 from being appointed as a director in terms of Sub-section 2 of Section 164 of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
- (g) 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 has disclosed the impact of pending litigations on its financial position in its financial statements .Refer Clause 7(b) of CARO, 2016.
  - ii. There is no requirement for any provision as required by any act or Accounting Standards for material foreseeable losses, if any, on long term contracts including derivative contracts.
  - iii. There are no amounts which are required to be transferred to Investor Education and protection fund.
  - iv. The company has provided requisite disclosures in its financial statements as to holdings as well as dealings in specified bank notes during the period from 8th November 2016 to 30th December 2016 and they are in accordance with the books of accounts maintained by the company.

For **C. Ramachandram & Co.,**  
Chartered Accountants  
(FRNo: 002864S)

**C. Ramachandram**  
Partner  
Membership No: 25834

Place: Hyderabad  
Date : May 24, 2017

## Annexure A to the Auditors' Report

**Annexure referred to in paragraph under 'Report on Other Legal and Regulatory Requirements' section of our report of the Independent Auditor's Report of even date of Sagarsoft (India) Limited, on the financial statements for the year ended March 31, 2017.**

In terms of the information and explanations sought by us and given by the company and the books and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state the following:

- i. (a) The Company is maintaining 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 noticed on such verification.
- (c) According to information and explanation given to us, the company has no immovable property. Thus, paragraph 3 (i)(c) of the Order is not applicable to the company.
- ii. The Company is a service company, primarily rendering software and related consultancy services. Accordingly, it does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable to the Company.
- iii. The company has granted loan to one body corporate covered in the register maintained under Section 189 of the Act.
  - (a) In our opinion, the rate of interest and other terms and conditions on which the loan had been granted to the body corporate listed in the register maintained under Section 189 of the Act were not, prima facie, prejudicial to the interest of the company.
  - (b) In the case of the loan granted to the body corporate listed in the register maintained under Section 189 of the Act, the borrower has been regular in the payment of the principal and interest as stipulated.
  - (c) There is no overdue amount in respect of the loan granted to a body corporate listed in the register maintained under Section 189 of the Act.

The company has also given advance to a body corporate, covered in the register maintained under section 189 of the Act, and in our opinion and to the best of our examination, the terms are not prejudicial to the interests of the company
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, with respect to the loans and investments made.
- v. The company has not accepted any deposits, within the meaning of provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under. Thus, paragraph 3(v) of the Order is not applicable to the company.
- vi. The Central Government has not prescribed the maintenance of cost records to the company under section 148(1) of the Act. Thus, paragraph 3(vi) of the Order is not applicable to the company.
- vii. (a) According to the information and explanations given to us and the records of the companies 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.
- viii. In our opinion and according to information and explanations given to us, the Company did not have any outstanding dues to financial institutions, banks or debenture holders during the year.
- ix. The company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) during the reporting period. The company has not availed any term loans during the financial year.
- x. During the year, no fraud by employees or officers on the company has been noticed.
- xi. According to information and explanation given to us, the company has provided managerial remuneration in accordance with Section 197 read with schedule V to the Companies Act, 2013
- xii. In our opinion, the company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable for the company.
- xiii. In our opinion and according to information and explanations given to us, all transactions with the related parties are in compliance with Sections 177 and 188 of Companies Act, 2013 and the details of such transactions have been disclosed in the Financial statements of the company as required by applicable Accounting Standards.
- xiv. According to information and explanation given to us, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xv. According to information and explanation given to us, the company has not entered into non cash transactions with directors or any persons connected with him. Thus, paragraph 3(xiv) of the Order is not applicable to the company.
- xvi. In our opinion, the company is not required to be registered under section 45IA of Reserve Bank of India Act 1934. Thus, paragraph 3(xv) of the Order is not applicable to the company.

For **C. Ramachandram & Co.,**  
Chartered Accountants  
(FRN: 002864S)

**C. Ramachandram**  
Partner  
Membership No: 25834

Place: Hyderabad  
Date : May 24, 2017

## **Annexure - B to the Auditors' Report**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Sagarsoft (India) Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;



- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **C. Ramachandram & Co.,**  
Chartered Accountants  
(FRNo: 002864S)

**C. Ramachandram**  
Partner  
Membership No: 25834

Place: Hyderabad  
Date : May 24, 2017

## BALANCE SHEET

Amount in Rs.

| PARTICULARS                        | NOTES | AS AT 31.03.2017   | AS AT 31.03.2016   |
|------------------------------------|-------|--------------------|--------------------|
| <b>I. EQUITY AND LIABILITIES</b>   |       |                    |                    |
| <b>(1) Shareholders' funds</b>     |       |                    |                    |
| (a) Share Capital                  | 3     | 55,600,000         | 55,600,000         |
| (b) Reserves and Surplus           | 4     | 52,881,249         | 47,177,309         |
| <b>(2) Non Current liabilities</b> |       |                    |                    |
| Long Term Borrowings               | 5     | 644,436            | 951,577            |
| Long Term Provisions               | 6     | 5,571,675          | 2,663,631          |
| <b>(3) Current liabilities</b>     |       |                    |                    |
| (a) Trade Payables                 | 7     | 1,568,748          | 743,726            |
| (c) Other Current Liabilities      | 8     | 299,033            | 201,172            |
| (d) Short Term Provisions          | 9     | 5,491,098          | 7,358,879          |
| <b>Total</b>                       |       | <b>122,056,239</b> | <b>110,826,455</b> |
| <b>II. ASSETS</b>                  |       |                    |                    |
| <b>(1) Non-Current Assets</b>      |       |                    |                    |
| (a) Fixed Assets                   |       |                    |                    |
| Tangible Assets                    | 10    | 24,223,695         | 29,327,906         |
| (b) Deferred Tax Asset (Net)       |       | 3,462,548          | 8,131,064          |
| (c) Long Term Loans and Advances   | 11    | 9,935,096          | 11,435,096         |
|                                    |       | <b>37,621,339</b>  | <b>48,894,066</b>  |
| <b>(2) Current Assets</b>          |       |                    |                    |
| (a) Trade Receivables              | 12    | 25,800,786         | 20,753,586         |
| (b) Cash and cash equivalents      | 13    | 33,056,072         | 20,839,438         |
| (c) Short term loans and advances  | 14    | 21,524,571         | 19,340,393         |
| (d) Other Current Assets           | 15    | 4,053,470          | 84,434,900         |
| <b>Total</b>                       |       | <b>122,056,239</b> | <b>110,826,455</b> |

### 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  
(FRNo: 002864S)

**M JAGADEESH**  
Managing Director

**C.RAMACHANDRAM**  
Partner  
Membership No. 25834

**K PRADEEP KUMAR REDDY**  
Executive Director & CFO

Place : Hyderabad  
Date : 24th May, 2017

**J RAJA REDDY**  
Company Secretary

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED

Amount in Rs.

| Particulars                                | Notes | 31.03.2017         | 31.03.2016         |
|--------------------------------------------|-------|--------------------|--------------------|
| I. Revenue From Operations                 | 16    | 162,978,168        | 142,412,060        |
| Other Income                               | 17    | 2,699,595          | 1,604,248          |
| <b>Total Revenue</b>                       |       | <b>165,677,763</b> | <b>144,016,308</b> |
| II. <b>Expenses:</b>                       |       |                    |                    |
| Employee Benefit Expenses                  | 18    | 116,056,500        | 97,527,446         |
| Depreciation                               | 10    | 7,493,682          | 7,125,064          |
| Other expenses                             | 19    | 31,018,172         | 29,279,540         |
| <b>Total Expenses</b>                      |       | <b>154,568,354</b> | <b>133,932,049</b> |
| III. <b>Profit before tax (I -II )</b>     |       | <b>11,109,409</b>  | <b>10,084,258</b>  |
| IV. <b>Tax Expenses:</b>                   |       |                    |                    |
| (1) Current Tax                            |       | 1,867,723          | 1,992,286          |
| (2) Deferred Tax                           |       | 4,668,515          | 2,757,121          |
| (3) MAT Credit Entitlement                 |       | (1,130,770)        | (1,496,572)        |
| <b>Total Tax Expenses</b>                  |       | <b>5,405,468</b>   | <b>3,252,834</b>   |
| V. <b>Profit for the year (III-IV)</b>     |       | <b>5,703,941</b>   | <b>6,831,424</b>   |
| VI. Earning per share                      |       |                    |                    |
| VII. (Equity shares, par value Rs.10 each) |       | 1.03               | 1.23               |
| 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  
(FRNo: 002864S)

**M JAGADEESH**  
Managing Director

**C.RAMACHANDRAM**  
Partner  
Membership No. 25834

**K PRADEEP KUMAR REDDY**  
Executive Director & CFO

Place : Hyderabad  
Date : 24th May, 2017

**J RAJA REDDY**  
Company Secretary

Amount in Rs.

| <b>Cash Flow Statement for the year ended</b>          | <b>31.03.2017</b>  | <b>31.03.2016</b>  |
|--------------------------------------------------------|--------------------|--------------------|
| <b>Cash flow from operating activities</b>             |                    |                    |
| Net profit before tax and extraordinary items          | 11,109,409         | 10,084,258         |
| Adjustment for:                                        |                    |                    |
| Provision for Income Tax                               | (1,867,723)        | (1,992,286)        |
| <b>Non Operating Expenses/Items</b>                    |                    |                    |
| Profit on sale of investment                           | 170,986            | -                  |
| Loss on sale of Fixed Asset                            | -                  | -                  |
| Depreciation                                           | 7,493,682          | 7,125,064          |
| Tax Adjustments for Earlier years                      | 1,130,770          | 1,496,572          |
| <b>Operating profit before working capital changes</b> | <b>17,695,152</b>  | <b>16,713,608</b>  |
| <b>Adjustment for:</b>                                 |                    |                    |
| Sundry debtors                                         | (5,047,200)        | (5,263,118)        |
| Loans and advances                                     | (3,738,676)        | (6,885,407)        |
| Other Current Liabilities & Provisions                 | 5,007,962          | 3,486,624          |
| Trade payables                                         | 825,022            | (819,382)          |
| <b>Cash generated from operation</b>                   | <b>14,742,260</b>  | <b>7,232,325</b>   |
| <b>Cash flow before extraordinary items</b>            | <b>14,742,260</b>  | <b>7,232,325</b>   |
| Extraordinary items                                    | -                  | -                  |
| <b>Net cash from operating activities</b>              | <b>14,742,260</b>  | <b>7,232,325</b>   |
| Cash flow from investing activities                    |                    |                    |
| Sale of Fixed Assets                                   | 300,000            | -                  |
| Purchase of fixed assets and Adjustments               | (2,518,485)        | (4,600,496)        |
| Sale of Investment                                     | -                  | -                  |
| <b>Net cash flow from investing activities</b>         | <b>(2,218,485)</b> | <b>(4,600,496)</b> |
| <b>Cash flow from financing activities</b>             |                    |                    |
| Proceeds from long term borrowings                     | -                  | 1,000,000          |
| Repayment of vehicle Loans                             | 307,140            | 48,423             |
| <b>Net cash from in financing activities</b>           | <b>(307,140)</b>   | <b>951,577</b>     |
| Net increase in cash and cash equivalents              | 12,216,635         | 3,583,406          |
| Cash and equivalents as at 01-04-2016                  | 20,839,438         | 17,256,033         |
| <b>Cash and equivalents as at 31-03-2017</b>           | <b>33,056,072</b>  | <b>20,839,438</b>  |

The accompanying notes are an integral part of the financial statements

As per our report of even date

For **C.RAMACHANDRAM & CO.,**  
Chartered Accountants  
(FRNo: 002864S)

**C.RAMACHANDRAM**  
Partner  
Membership No. 25834

Place : Hyderabad  
Date : 24th May, 2017

For and on Behalf of the Board

**M JAGADEESH**  
Managing Director

**K PRADEEP KUMAR REDDY**  
Executive Director & CFO

**J RAJA REDDY**  
Company Secretary

## Notes to the financial statements for the year ended 31st March, 2017

### 1 & 2 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 2016-17.

##### 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 2017 amounted to Rs.34,62,548/-.

#### **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         | 2016-17         | 2015-16         |
|---------------------|-----------------|-----------------|
| For Statutory Audit | 85,000          | 70,000          |
| For Tax Audit       | 40,000          | 30,000          |
| <b>Total</b>        | <b>1,25,000</b> | <b>1,00,000</b> |

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<br>2. M Jagadeesh<br>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<br>2. Savyasachi Constructions Pvt Ltd<br>3. Sapplica Info Technologies Pvt Ltd<br>4. Sagar Cements Limited<br>5. Sagar Cements (R) Limited<br>6. RV Consulting Services Pvt Ltd<br>7. Sagar Power Limited<br>8. S Anand Reddy<br>9. S Vanajatha |

b) Transaction with related parties during the year ended 31st March, 2017

Rs.in Lakhs

| Nature of Transaction                                     | Key Management Personal | Enterprises where key managerial personnel along with their relatives exercise significant influence | Balance as on 31.03.2017 |
|-----------------------------------------------------------|-------------------------|------------------------------------------------------------------------------------------------------|--------------------------|
| <b>Remuneration Paid</b>                                  |                         |                                                                                                      |                          |
| 1. M Jagadeesh                                            | 24.00                   |                                                                                                      | -                        |
| 2. K Pradeep Kumar Reddy                                  | 40.00                   |                                                                                                      | -                        |
| <b>Loan &amp; Advances</b>                                |                         |                                                                                                      |                          |
| 1. Sagar Priya Housing and Industrial Enterprises Limited |                         | 15.00                                                                                                | 20.00 Dr.                |
| 2. RV Consulting Services Pvt. Ltd.                       |                         | -                                                                                                    | 100.00 Dr.               |
| <b>Rent Paid</b>                                          |                         |                                                                                                      |                          |
| 1. S Anand Reddy                                          |                         | 24.75                                                                                                | 2.17                     |
| 2. S Vanajatha                                            |                         | 24.75                                                                                                | 2.17                     |
| 3. S Sreekanth Reddy                                      |                         | 18.00                                                                                                | 1.57                     |
| <b>Trade Receivables</b>                                  |                         |                                                                                                      |                          |
| Saplica Info Technologies Pvt Ltd                         |                         | 30.09                                                                                                | -                        |
| <b>Consultancy Services</b>                               |                         |                                                                                                      |                          |
| 1. Sagar Cements Limited                                  |                         | 29.00                                                                                                | 2.10 Dr.                 |
| 2. Sagar Cements (R) Limited                              |                         | 12.00                                                                                                | 1.10 Dr.                 |
| <b>Maintenance Charges paid</b>                           |                         |                                                                                                      |                          |
| Savyasachi Constructions Pvt Ltd                          |                         | 12.00                                                                                                | 1.10 Cr.                 |

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, 2017      | March 31, 2016 |
| Defined benefit obligation at the beginning of the year | 5777217             | 4360660        |
| Current service cost                                    | 457959              | 895386         |
| Interest cost                                           | 456400              | 340131         |
| Actuarial (gain) / loss                                 | 4089503             | 314363         |
| Benefits paid                                           | (609449)            | (133323)       |
| Defined benefit obligation at the year end              | 10171630            | 5777217        |



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

Amount in Rs.

| Description                                            | Year ended Gratuity |                |
|--------------------------------------------------------|---------------------|----------------|
|                                                        | March 31, 2017      | March 31, 2016 |
| Fair value of plan assets at the beginning of the Year | 4357509             | 3699337        |
| Expected return on plan assets                         | 354000              | 55345          |
| Actuarial gain / (loss)                                | -                   | -              |
| Employer contribution                                  | 2000000             | 859892         |
| Benefits paid                                          | (609449)            | (133323)       |
| Fair value of plan asset at the year end               | 6015016             | 4357509        |

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

Amount in Rs.

| Description                                  | Year ended Gratuity |                |
|----------------------------------------------|---------------------|----------------|
|                                              | March 31, 2017      | March 31, 2016 |
| Fair value of plan assets                    | (6015016)           | 4357509        |
| Present value of obligations                 | 10171630            | 5777217        |
| Amount to be recognized in the Balance sheet | 4156614             | (1419708)      |

- d) Expenses recognized during the year:

Amount in Rs.

| Description                    | Year ended Gratuity |                |
|--------------------------------|---------------------|----------------|
|                                | March 31, 2017      | March 31, 2016 |
| Current service cost           | 457959              | 895386         |
| Interest cost                  | 456400              | 340131         |
| Expected return on plan assets | (354000)            | (55345)        |
| Actuarial (gain) / loss        | 4089503             | 314363         |
| Net cost                       | 4736906             | 1618277        |

- e) Reconciliation of Leave Encashment:

Amount in Rs.

| Description                                           | Year ended Leave Encashment |                |
|-------------------------------------------------------|-----------------------------|----------------|
|                                                       | March 31, 2017              | March 31, 2016 |
| Present Value of Obligation as at the end of the year | 1473989                     | 1243923        |
| Value of fund as at the end of the year               | -                           | -              |
| Funded Status                                         | (1473989)                   | (1243923)      |
| Unrecognized Actuarial (gains)/Losses                 | -                           | -              |
| Net Asset/(Liability) Recognized in Balance Sheet     | (1473989)                   | (1243923)      |

- f) Investment details:  
100% invested in LIC Group gratuity (cash accumulation policy)

- g) Actuarial assumptions  
Mortality table (LIC) 2006-08 (ultimate)  
Discounting rate – 7.90%  
Expected rate of return on plan asset – 7.71%  
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 | 2016-17      | 2015-16      |
| 01    | Exports             | 15,79,06,745 | 12,57,72,060 |
| 02    | Domestic            | 50,71,423    | 1,66,40,000  |
| Total |                     | 16,29,78,168 | 14,24,12,060 |

- 18) The details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016 as provided in the Table below:

| Particulars                           | SBNs  | Other than denomination notes | Total  |
|---------------------------------------|-------|-------------------------------|--------|
| Closing cash in hand as on 08.11.2016 | 36000 | 111390                        | 147390 |
| (+) Permitted receipts                | 0     | 0                             | 0      |
| (-) Permitted payments                | 36000 | 2390                          | 38390  |
| (-) Amount deposited in Banks         | 0     | 0                             | 0      |
| Closing cash in hand as on 30.12.2016 | 0     | 109000                        | 109000 |

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

As per our report of even date attached

For **C.RAMACHANDRAM & CO.,**  
Chartered Accountants  
(FRNo: 002864S)

**C.RAMACHANDRAM**  
Partner  
Membership No. 25834

Place : Hyderabad  
Date : 24th May, 2017

For and on Behalf of the Board

**M JAGADEESH**  
Managing Director

**K PRADEEP KUMAR REDDY**  
Executive Director & CFO

**J RAJA REDDY**  
Company Secretary

## 2. NOTES FORMING PART OF THE BALANCE SHEET AS AT 31.03.2017

| Particulars                                           | 31.03.2017       | 31.03.2016       |
|-------------------------------------------------------|------------------|------------------|
| <b>NOTE-3</b>                                         |                  |                  |
| <b>SHARE CAPITAL</b>                                  |                  |                  |
| <b>AUTHORISED:</b>                                    |                  |                  |
| 70,00,000 Equity Shares of Rs.10/- each               | 70,00,000        | 70,00,000        |
| <b>ISSUED, SUBSCRIBED AND PAID UP</b>                 |                  |                  |
| 55,60,000 equity shares of Rs.10/- each fully paid up | 55,60,000        | 55,60,000        |
| <b>Total</b>                                          | <b>55,60,000</b> | <b>55,60,000</b> |

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

| Equity Shares                  | 31-Mar-17<br>No. of Shares | 31-Mar-16<br>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 III to the Companies Act, 2013 (if more than 5%)

| Name of Shareholder                   | As at 31 March 2017 |              | As at 31 March 2016 |              |
|---------------------------------------|---------------------|--------------|---------------------|--------------|
|                                       | No. of shares held  | % of Holding | No. of shares held  | % of Holding |
| Sreekanth Reddy Sammidi               | 1,154,500           | 20.76        | 1,154,500           | 20.76        |
| 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                             | 31.03.2017        | 31.03.2016        |
|-----------------------------------------|-------------------|-------------------|
| <b>NOTE-4</b>                           |                   |                   |
| <b>RESERVES AND SURPLUS</b>             |                   |                   |
| Share Premium Account                   | 45,60,000         | 45,60,000         |
| Profit & Loss Account (Opening Balance) | 1,577,309         | (5,254,115)       |
| Add: Profit for the Period              | 5,703,941         | 6,831,424         |
| Closing Balance                         | 7,281,249         | 1,577,309         |
| <b>Total</b>                            | <b>52,881,249</b> | <b>47,177,309</b> |
| <b>NOTE-5</b>                           |                   |                   |
| <b>LONG TERM BORROWINGS</b>             |                   |                   |
| Vehicle Loan from HDFC Bank             | 644,436           | 951,577           |
| <b>Total</b>                            | <b>644,436</b>    | <b>951,577</b>    |

| Particulars                      | 31.03.2017       | 31.03.2016       |
|----------------------------------|------------------|------------------|
| <b>NOTE-6</b>                    |                  |                  |
| <b>LONG TERM PROVISIONS</b>      |                  |                  |
| Provision for Gratuity           | <b>4,156,614</b> | 1,419,708        |
| Leave Encashment                 | <b>1,415,061</b> | 1,243,923        |
| <b>Total</b>                     | <b>5,571,675</b> | <b>2,663,631</b> |
| <b>NOTE-7</b>                    |                  |                  |
| <b>TRADE PAYABLES</b>            |                  |                  |
| Trade Payables                   | <b>1,568,748</b> | 743,726          |
| <b>Total</b>                     | <b>1,568,748</b> | <b>743,726</b>   |
| <b>NOTE-8</b>                    |                  |                  |
| <b>OTHER CURRENT LIABILITIES</b> |                  |                  |
| Accrued salaries and benefits    | <b>299,033</b>   | 201,172          |
| <b>Total</b>                     | <b>299,033</b>   | <b>201,172</b>   |
| <b>NOTE-9</b>                    |                  |                  |
| <b>SHORT TERM PROVISIONS</b>     |                  |                  |
| Provision for Expenses           | <b>2,348,562</b> | 882,907          |
| TDS Payable                      | <b>1,274,813</b> | 613,848          |
| Provision for Income Tax         | <b>1,867,723</b> | 1,992,286        |
| <b>Total</b>                     | <b>5,491,098</b> | <b>3,489,041</b> |

| NOTE - 10             |                     | In Rs.                            |                                   |                     |                     |                  |                |                     |                     |                     |                     |
|-----------------------|---------------------|-----------------------------------|-----------------------------------|---------------------|---------------------|------------------|----------------|---------------------|---------------------|---------------------|---------------------|
| FIXED ASSETS          |                     | ORIGINAL COST                     |                                   |                     |                     |                  | DEPRECIATION   |                     |                     | NET BLOCK           |                     |
| Particulars           | As at<br>01.04.2016 | Additions<br>during<br>the Period | Deletions<br>during<br>the Period | As at<br>31.03.2017 | As at<br>01.04.2016 | For the<br>year  | Adjustments    | As at<br>31.03.2017 | As at<br>31.03.2017 | As at<br>31.03.2017 | As at<br>31.03.2016 |
| <b>Tangible</b>       |                     |                                   |                                   |                     |                     |                  |                |                     |                     |                     |                     |
| <b>Fixed Assets</b>   |                     |                                   |                                   |                     |                     |                  |                |                     |                     |                     |                     |
| Computers             | 63,520,876          | 899,640                           | -                                 | 64,420,516          | 59,492,410          | 1,512,618        | -              | 61,005,028          | 3,415,488           | 4,028,466           |                     |
| Office Equipment      | 19,381,304          | 81,868                            | -                                 | 19,463,172          | 12,215,227          | 2,907,590        | -              | 15,122,818          | 4,340,354           | 7,166,077           |                     |
| Furnitures & Fixtures | 24,559,425          | 176,705                           | -                                 | 24,736,130          | 9,743,610           | 2,393,950        | -              | 12,137,559          | 12,598,571          | 14,815,815          |                     |
| Vehicles              | 6,218,415           | 1,360,272                         | 822,198                           | 6,756,489           | 2,900,866           | 679,525          | 693,184        | 2,887,207           | 3,869,282           | 3,317,549           |                     |
| <b>Total</b>          | <b>113,680,020</b>  | <b>2,518,485</b>                  | <b>822,198</b>                    | <b>115,376,307</b>  | <b>84,352,114</b>   | <b>7,493,682</b> | <b>693,184</b> | <b>91,152,612</b>   | <b>24,223,695</b>   | <b>29,327,906</b>   |                     |
| Previous year         | 109,079,524         | 4,600,496                         | -                                 | 113,680,020         | 77,227,050          | 7,125,064        | -              | 84,352,114          | 29,327,906          | 31,852,474          |                     |

| Particulars                           | 31.03.2017         | 31.03.2016         |
|---------------------------------------|--------------------|--------------------|
| <b>NOTE-11</b>                        |                    |                    |
| <b>LONG TERM LOANS &amp; ADVANCES</b> |                    |                    |
| Advance to Others                     | 5,458,264          | 5,458,264          |
| Advance to Related parties            | 2,000,000          | 3,500,000          |
| Deposits                              | 2,476,832          | 2,476,832          |
| <b>Total</b>                          | <b>9,935,096</b>   | <b>11,435,096</b>  |
| <b>NOTE-12</b>                        |                    |                    |
| <b>TRADE RECEIVABLES</b>              |                    |                    |
| Outstanding over six months           | 4,048,849          | 3,215,824          |
| Other Debts                           | 21,751,937         | 17,537,762         |
| <b>Total</b>                          | <b>25,800,786</b>  | <b>20,753,586</b>  |
| <b>NOTE-13</b>                        |                    |                    |
| <b>CASH &amp; CASH EQUIVALENTS</b>    |                    |                    |
| Cash in Hand                          | 70,640             | 113,239            |
| Balance with Banks                    |                    |                    |
| - In Current Account                  | 11,693,585         | 8,154,552          |
| - In Fixed Deposit Account            | 21,291,847         | 12,571,647         |
| <b>Total</b>                          | <b>33,056,072</b>  | <b>20,839,438</b>  |
| <b>NOTE-14</b>                        |                    |                    |
| <b>SHORT TERM LOANS AND ADVANCES</b>  |                    |                    |
| Other Loans and Advances              | 13,382,740         | 10,913,483         |
| Advance to Related Parties            | 200,000            | 200,000            |
| Balance with Income Tax Authorities   | 7,941,831          | 8,226,909          |
| <b>Total</b>                          | <b>21,524,571</b>  | <b>19,340,393</b>  |
| <b>NOTE-15</b>                        |                    |                    |
| <b>OTHER CURRENT ASSETS</b>           |                    |                    |
| Interest Receivable                   | 1,945,361          | 743,607            |
| Service Tax Input Credit              | 2,108,109          | 255,365            |
| <b>Total</b>                          | <b>4,053,470</b>   | <b>998,972</b>     |
| <b>NOTE-16</b>                        |                    |                    |
| <b>REVENUE FROM OPERATIONS</b>        |                    |                    |
| Revenue from Software development     | 162,978,168        | 142,412,060        |
| <b>Total</b>                          | <b>162,978,168</b> | <b>142,412,060</b> |
| <b>NOTE-17</b>                        |                    |                    |
| <b>OTHER INCOME</b>                   |                    |                    |
| Foreign Exchange Fluctuation Gain     | 143,650            | -                  |
| Interest Income                       | 2,384,959          | 1,604,248          |
| Other Income                          | 170,986            | -                  |
| <b>Total</b>                          | <b>2,699,595</b>   | <b>1,604,248</b>   |

| Particulars                          | 31.03.2017         | 31.03.2016        |
|--------------------------------------|--------------------|-------------------|
| <b>NOTE-18</b>                       |                    |                   |
| <b>EXPENSES</b>                      |                    |                   |
| <b>EMPLOYEE BENEFIT EXPENSES</b>     |                    |                   |
| Salaries, Wages and other benefits   | <b>105,986,366</b> | 91,939,205        |
| Welfare Expenses                     | <b>5,333,228</b>   | 3,929,856         |
| Gratuity                             | <b>4,736,906</b>   | 1,658,385         |
| <b>Total</b>                         | <b>116,056,500</b> | <b>97,527,446</b> |
| <b>NOTE-19</b>                       |                    |                   |
| <b>OTHER EXPENSES</b>                |                    |                   |
| <b>Communication Expenses</b>        |                    |                   |
| Postage and Telephone charges        | <b>515,045</b>     | 568,889           |
| Internet Charges                     | <b>259,278</b>     | 301,520           |
| <b>Total</b>                         | <b>774,323</b>     | <b>870,409</b>    |
| <b>Travel Expenses</b>               |                    |                   |
| Overseas travel expenses             | <b>3,453,751</b>   | 3,325,349         |
| Travelling and Conveyance            | <b>1,148,132</b>   | 1,278,690         |
| <b>Total</b>                         | <b>4,601,883</b>   | <b>4,604,039</b>  |
| <b>Other Expenses</b>                |                    |                   |
| Vehicle Hire Charges                 | 2,172,887          | 2,121,433         |
| Electricity Charges                  | 590,161            | 571,955           |
| Vehicle Maintenance                  | 559,721            | 838,554           |
| Printing and Stationery              | 571,532            | 384,170           |
| Office Maintenance                   | 4,117,502          | 4,379,732         |
| Auditors Remuneration                | 125,000            | 100,000           |
| Rent                                 | 6,750,000          | 5,700,000         |
| Rates and Taxes                      | 103,726            | 35,271            |
| Interest and Bank Charges            | 92,799             | 76,263            |
| Professional and Consultancy charges | 9,774,109          | 3,607,725         |
| Advertisement charges                | 110,214            | 42,131            |
| Donations                            | 127,232            | 20,116            |
| Insurance                            | 114,868            | 102,503           |
| Foreign Exchange Fluctuation Loss    | -                  | 22,968            |
| General Expenses                     | 432,215            | 713,750           |
| Debit Balances written off           | -                  | 5,088,521         |
| <b>Total</b>                         | <b>25,641,966</b>  | <b>23,805,092</b> |
| <b>Other Expenses Total</b>          | <b>31,018,172</b>  | <b>29,279,540</b> |

As per our report of even date attached

For **C.RAMACHANDRAM & CO.,**  
Chartered Accountants  
(FRNo.: 002864S)

**C.RAMACHANDRAM**

Partner

Membership No. 25834

Place : Hyderabad

Date : 24th May, 2017

For and on Behalf of the Board

**M JAGADEESH**

Managing Director

**K PRADEEP KUMAR REDDY**

Executive Director & CFO

**J RAJA REDDY**

Company Secretary

## NOTES



## NOTES

### SAGARSOFT (INDIA) LIMITED

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

CIN – L72200TG1996PLC023823

Tel.No.: +91-40-67191000, Fax No.: +91-40-23543811

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

### ATTENDANCE SLIP

21ST ANNUAL GENERAL MEETING ON FRIDAY, THE 22ND SEPTEMBER, 2017 AT 10.00 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 Twenty First Annual General Meeting of the Company at Hotel Golkonda, Masab Tank, Hyderabad, at 10.00 a.m. on Friday, the 22nd September, 2017.

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.: +91-40-67191000, Fax No.: +91-40-23543811

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 Twenty First Annual General Meeting of the Company to be held on Friday, the 22nd September, 2017 at 10.00 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 financial statements, report of the directors and auditors for the year ended 31st March, 2017. |
| 2.      | Reappointment of Shri M.Jagadeesh, who retires by rotation.                                                         |
| 3.      | Reappointment of Shri K.Pradeep Kumar Reddy, who retires by rotation.                                               |
| 4       | Appointment of Auditors.                                                                                            |

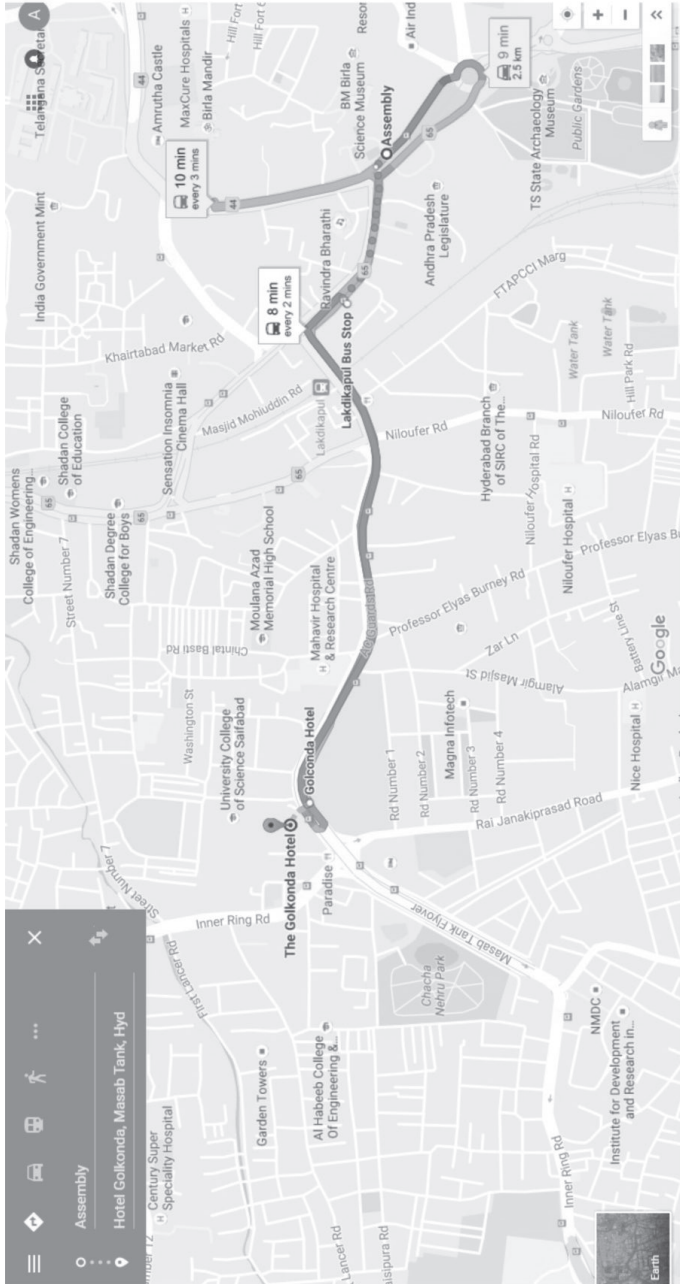
Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2017

Please affix  
Re.1/-  
Revenue  
Stamp

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 21st Annual General Meeting of the Company.

## ROUTE MAP FOR AGM





**Sagarsoft (India) Limited**

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