

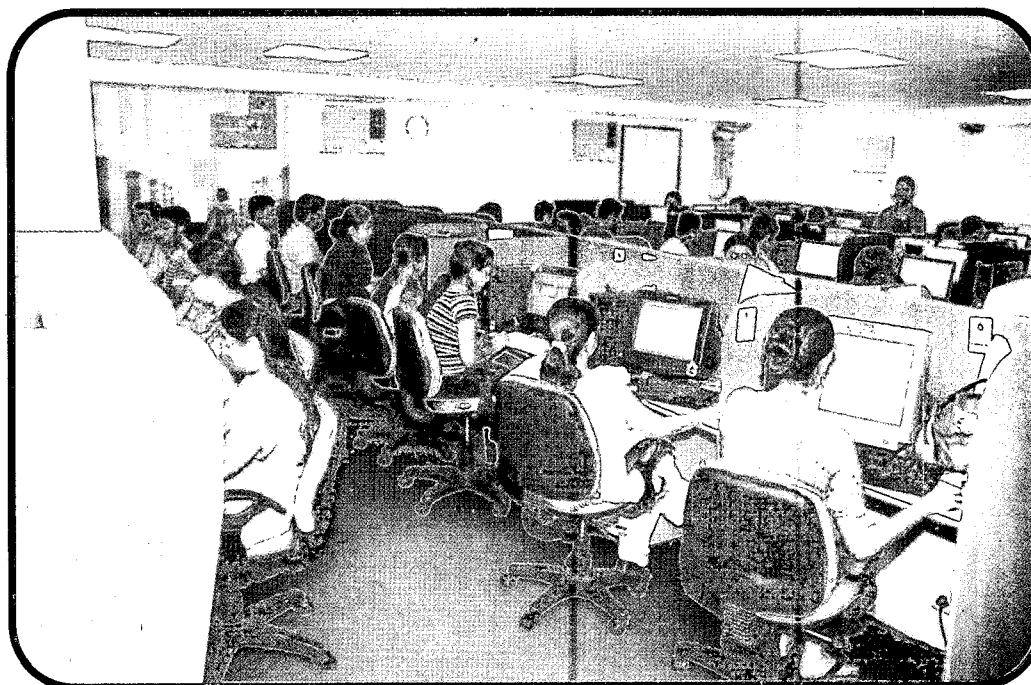
10th Annual Report 2008-2009



V & K Softech Limited

Regd. Office :

I-405, 4th Floor, Divyashakti Apartments,
Ameerpet, Hyderabad - 500 016



Vodafone BPO Centre at Kolkata

COMPANY INFORMATION

BOARD OF DIRECTORS

1. Mr. D. UDAY KIRAN	:	Managing Director
2. Mr. PREM GUPTA	:	Director
3. Mr. RAJESH KUMAR GUPTA	:	Director
4. Mr. UMESH GOVIND BHAT	:	Director

COMPANY SECRETARY

Mr. S. B. Garg

AUDITORS

Ajay Mehray & Co.,
Chartered Accountants,
B-1/4A First Floor
Rajouri Garden
New Delhi-110027

BANKERS

HDFC Bank, New Delhi
IDBI, New Delhi
Axis Bank, Kolkata

LISTING

Bombay Stock Exchange Ltd., Mumbai
The Calcutta Stock Exchange Association Ltd

REGISTRAR & SHARE TRANSFER AGENT

Bigshare Services Pvt Limited
E-2/3, Ansa Industrial Estate,
Sakivihar Road, Sakinaka
Andheri (East) MUMBAI-400 072

REGISTERED OFFICE

I-405, 4th Floor, Divyashakti Apartments
Ameerpet, Hyderabad – 500 016

ANNUAL GENERAL MEETING

Date : 30th September, 2009
Time : 4.00 P.M.
Day : Wednesday
Venue: Registered Office

CORPORATE OFFICE

3, Gagan Vihar,
Delhi-110092

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NOTICE

Notice is hereby given that the Tenth Annual General Meeting of the Members of V & K Softech Ltd. will be held on Wednesday, the 30th September, 2009 at 4.00 P.M. at the Registered office of the Company at I-405, 4th Floor, Divyashakti Apartments, Ameerpet, Hyderabad-500016, to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2009 and Profit and Loss Account for the year ended on that date together with the Reports of the Auditors and Directors thereon.
2. To appoint a Director in place of Mr. Umesh Govind Bhatt, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration.

Special Business:

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

“RESOLVED THAT pursuant to the provisions of Section 100 to 104 of the Companies Act, 1956 and subject to the approval of the Share Holders at the General Meeting of the Company and further subject to the confirmation of the Andhra Pradesh High Court at Hyderabad and approval of the Stock Exchanges and other appropriate authorities, if any required, the Equity Share Capital/Number of shares of the Company be and is hereby reduced from Rs.9,75,39,180/- i.e. 97,53,918 Equity Shares of Rs. 10/- to Rs. 9,15,39,180/- i.e. 91,53,918 Equity Shares of Rs.10/- each fully paid up by canceling the 6,00,000 Equity Shares of Rs.10/- each allotted to M/s Sibar Software Services (India) Limited, Vijaywada.”

“RESOLVED FURTHER THAT Board of Directors/Company be and is hereby authorized to do all such acts, things including issue of a Power of Attorney in favour of Advocates, Professionals, if required, to obtain the necessary approvals to give effect to the above said resolution.”

Registered office:

I-405, 4th Floor

Divyashakti Apartments

Ameerpet, Hyderabad-500016

Place: Hyderabad

Dated: 05-09-2009

By Order of the Board

For V & K Softech Ltd

S. B. Garg

Company Secretary

Notes:

- A. Appointment of Proxy:** A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member of the Company. The proxy form in order to be effective must be deposited with the Company not less than 48 hours before the time fixed for commencement of the Meeting.
- B. Corporate Members:** Corporate Members intending to send their authorised representatives are requested to send a duly certified copy of the Board Resolution authorizing the representatives to attend and vote at the Annual General Meeting.
- C. The Register of Members and Share Transfer Books of the Company** shall remain closed from Tuesday, the 29th September, 2009 to Wednesday, 30th September, 2009 (both days inclusive).
- D. Queries at the AGM:** Queries proposed to be raised at the Annual General Meeting may be sent to the Company at its registered office at least seven days prior to the date of AGM to enable the management to compile the relevant information to reply the same in the meeting.
- E. Members/ Proxies** are requested to bring their copy of Annual Report and also the attendance slip duly filled in for attending the meeting.
- F. Members** are requested to notify any change in their address/ mandate/ bank details immediately to the Company at its Registered Office quoting reference to their Registered Folio Number.
- G. Inspection of Documents:** Copies of Memorandum and Articles of Association of the Company shall be open for inspection at the registered office of the Company at all working days between 11 A.M. and 2 P.M. up to the date of Annual General Meeting.
- H. Directors:** Details of the Directors being appointed/reappointed as required under Clause 49(VI) (A) of the Listing Agreement are provided in the Report on Corporate Governance Section of the Annual Report.
- I. Explanatory Statement** as required under section 173(2) of the Companies Act, 1956 in respect of Special Business is given below.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

The Shareholders in the 2nd Annual General Meeting held on 28th September, 2001 passed a Special Resolution under Section 81(1-A) of the Companies Act, 1956 authorizing the Board of Directors to make Preferential Allotment of Shares. On 4th October, 2001 an Agreement between the Company and M/s Sibar Software Services (India) Limited, Vijaywada (listed Company) was entered into for providing each other technological and logistic support inter alia in electronic communication systems, RF/ Microwave, Radio & Satellite including Managerial and Commercial aspects for the expansion and diversification of their respective business. Accordingly the Board in its meeting held on 06-10-2001, after considering the Share Valuation Report submitted by M/s Pinnamaneni & Co. Chartered Accountants, allotted 6,00,000 Equity Shares of Rs.10 each to M/s Sibar Software Services (India) Ltd on SWAP basis i.e. for consideration other than cash. Similarly in exchange M/s Sibar allotted 6,00,000 Equity Shares of Rs.10 each to the Company. The Company on 12.11.2001 made an application to Hyderabad and other Stock Exchanges for grant of In Principle Approval and listing of these shares. However despite the submission of additional information, the "In Principle Approval" was not granted and Trading of Company's shares on Bombay Stock Exchange remained suspended w.e.f. 3rd February, 2003. The Company appeared before the Listing Committee of BSE for restoration of the trading but the same has not yet been restored. After seeking legal opinion, the Shareholders in the 8th Annual General Meeting held on 24th September, 2007 passed a Special Resolution pursuant to section 100 to 104 of the Companies Act, 1956 to reduce its Paid Up Capital from Rs.9,75,39,180 to Rs.9,15,39,180 by canceling the 6,00,000 Equity Shares of Rs.10/- each issued to M/s Sibar Software Services (India) Limited subject to approval of Andhra Pradesh High Court. However the same Resolution could not be implemented as the Management has taken up the matter with BSE Listing Committee for restoration of trading by updating all the compliances under the Listing Agreement and giving an undertaking to adhere to all BSE direction/s in this regard. Despite the vigorous and consistent efforts made by the Management, no fruitful result came through. Moreover as the Trading in Company's Shares at BSE remained suspended for more than 6 years, it has been affecting the overall interests of the Shareholders. Therefore your Directors in the meeting held on 3rd August, 2009 discussed the matter and finally took a decision that as the preferential allotment of 6,00,000 Equity Shares of Rs.10 each had been made in the name of Sibar Software Services (India) Limited on swap basis against consideration other than cash in the form of allotment of 6,00,000 Equity Shares of Rs.10 each made in favour of the Company by M/s Sibar; and keeping in views the fact that the same remained unlisted on BSE for want of In-Principle Approval for the last 8 years, it would be appropriate that the same be canceled by reduction of capital to that extent. This would not only enable the Company to get the restoration of trading of its shares on BSE at the earliest but safeguard the overall interests of the Shareholders. Accordingly the Resolution is being brought for the consideration and approval of Shareholders pursuant to Sec.100-104 of the Companies Act. Your Directors recommend for the passing of the Resolution. None of the Directors is interested in the above Resolution.

Place: Hyderabad

Dated: 05.09.2009

For & On Behalf of the Board

S. B. Garg

Company Secretary

DIRECTORS' REPORT

Dear Members,

Your Directors take pleasure in presenting the Tenth Annual Report of your Company together with the Audited Results for the year ended March 31st, 2009. The highlights of the financial results are as follows:-

(Rs. In Lakhs)

PARTICULARS	YEAR ENDED	YEAR ENDED
	31-03-2009	31-03-2008
Income	2458.54	2990.75
Expenditure	2416.06	2924.09
Profit Before Tax	42.48	66.66
Provision For Tax	17.99	13.07
Profit Before Deferred tax	24.49	53.59
Provision For Deferred Tax	(4.41)	6.76
Net Profit After Taxation	28.90	46.83
Equity Share Capital(F.V. Rs.10 each)	975.39	975.39
Reserve & Surplus	81.19	52.29
Earning per Share	0.30	0.48

FINANCIAL & OPERATIONAL HIGHLIGHTS

During the Year, the Company has earned Profit of Rs. 28.90 Lacs as compared to Rs.46.83 Lacs in previous year. This is on account of current recession in IT and Software Projects Development sector. Your Directors are hopeful that in forthcoming years the Company will definitely perform up to the mark, achieve good profitability and earning per share will be increased.

DIVIDEND

The Directors did not recommend any dividend as profits of the Company have been ploughed back for expansion activities.

DIRECTORS

During the year Mr. P.V.Shyam Prasad and Mr. Manoj Rungta ceased to be the Directors of the Company on account of their pre-occupations and submitting resignations. The Board places on record its sincere appreciation for the services rendered and contributions made by the above Directors during their tenure.

In accordance with the provision of Companies Act, 1956 and Articles of Association of the Company, Mr. Umesh Govind Bhat is the Director who retires by rotation and being eligible offers himself for re-appointment.

AUDITORS

M/s Ajay Mehray & Co., Chartered Accountants, Auditors of the Company shall hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. However, the retiring Auditor has given a notice in writing expressing his unwillingness for reappointment. Therefore the Board of Directors recommends the appointment of M/s Venkata Srinivas & Associates, Chartered Accountants, Hyderabad as Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting on such remuneration as may be fixed by the Board of Directors of the Company. A declaration has also been received from M/s Venkata Srinivas & Associates to the effect that their appointment if made, would be within the prescribed limits under Section 224(1-B) of the Companies Act, 1956.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' responsibility Statement, it is hereby confirmed:

- I. That in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- II. That the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2009 and of profits for the year ended on March 31, 2009.
- III. That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- IV. That the Directors had prepared the annual accounts for the year ended March 31, 2009 on a going concern basis.

CORPORATE GOVERNANCE AND COMPLIANCE

A report on Corporate Governance is annexed to this report. A certificate from Statutory Auditors with regard to the compliance of the Corporate Governance, as stipulated in Clause 49 of the Listing Agreement, by the company is also annexed to this report.

The company has complied with all mandatory requirements prescribed under Clause 49 of the Listing Agreement. In addition, the company has also implemented some of the non-mandatory provisions of Clause 49.

AUDIT COMMITTEE

The Audit Committee has been constituted by the Company in pursuance to Section 292(A) of the Companies Act, 1956 and under Clause 49 of the Listing Agreement. During the year Mr. P. V. Shyam Prasad, Director & Chairman of the Audit Committee submitted his resignation from directorship of the Company and in his place Mr. Prem Gupta, Director has been appointed the new Chairman of the Audit Committee. The other Members are Mr. Umesh Bhat and Mr. Rajesh Kumar Gupta, Directors.

FIXED DEPOSITS

During the year under review, your Company did not accept any deposits from the public in terms of Section 58A of the Companies Act, 1956.

PARTICULARS OF EMPLOYEES

During the financial year under review, none of the Company's employees were in receipt of remuneration as prescribed U/S 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended and hence no particulars are required to be disclosed in this report.

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

The issues relating to conservation of energy and technology absorption are not quite relevant to the business activities of the company.

The Company is keen to imbibe the new technologies and innovations in the IT sector and following recent trends in the Industry.

Foreign exchange earning during the year is NIL

and out go during the year is NIL

LISTING

The equity shares of the Company are listed at the Bombay Stock Exchange Limited and The Calcutta Stock Exchange Association Ltd. The Company is regular in the payment of listing fees.

ACKNOWLEDGEMENT

The Board wishes to thank the Govt., Stock Exchanges, Share Holders, Bankers and its valued business associates for the continuous support and co-operation extended by them and also record its appreciation of the valuable contribution made by the employees at all levels towards the growth of the Company.

For and on behalf of the Board of Directors

Place: Hyderabad

Date: 05-09-2009

Prem Gupta

Chairman

MANAGEMENT DISCUSSION & ANALYSIS

BRIEF HISTORY OF THE COMPANY

V&K Softech Limited was incorporated on 20th day of July 1999 as a Private Limited Company under the provisions of the Companies Act, 1956, (hereinafter referred to as the Act). Consequent to Special Resolution passed in the Extra Ordinary General Meeting held on 18.02.2000, Company was converted into a Public Limited Company and fresh certificate of Incorporation was issued by the Registrar of Companies, Andhra Pradesh, on 22nd March' 2000.

In the year 2000, the Company went in for an Initial Public Offering (IPO). The Company is today listed on The Stock Exchange, Mumbai (BSE), and Calcutta Stock Exchange Association Limited, Kolkata.

INDUSTRY STRUCTURE AND DEVELOPMENTS

Information Technology & BPO Services-Sluggish Growth in 2009:

According to industry experts the overall IT revenues is expected to decline by 2.7% in 2009. While **National Association of Software and Service Companies (Nasscom)** has confirmed that the US economic instability will slow down the growth of the industry, Mr. Som Mittal President was confident that India was in its way to achieve the target of \$60 billion exports by 2009-10. The industry is now focusing on improving productivity, efficiency, as well as opening up new markets and services. The next decade offers opportunities and challenges, which will require new business models and the industry dynamics, will also see significant changes. Of late, the Indian IT firms are also facing competitive pressures from the new challenges in China, Vietnam and Eastern Europe. However, according to IT analysts, the Indian IT players do have several advantages over the newcomers. These include ability to scale up fast and experience in delivering services to global majors for over a decade.

An Optimistic Projection:

The BPO & IT Enabled Services industry has grown phenomenally and has now become a very important part of the export-oriented IT software and services environment. Despite the global slowdown and the volatile financial environment, Nasscom has projected a 16-17 per cent growth in exports by the IT-BPO sector in 2009-10. In the context of the financial meltdown and its negative impact, the IT industry seems to be in a position more comfortable than anticipated, by current standards. The latest projection is just 5-6 percentage points lower than the earlier estimate. Nasscom Annual Performance Review estimated that the exports by the BPO segment would record a 17.5 per cent rise. The increase is expected to be 16.5 per cent for the IT services and 14.4 per cent for software products and engineering services. Against an export target of over \$50 billion, the IT-BPO sector hopes to record \$47 billion this year. Keeping the global economic climate in mind, the premier trade body has envisaged a growth of 15 per cent CAGR (compounded annual growth rate) over the next two years, with the export revenue projected at \$60-62 billion in 2011. The optimistic assessment is that the industry would remain a "net hirer" in the coming year seems heartening and should cheer up the employment market, especially those who will be graduating this summer. The industry employs 2.23 million people directly and provides indirect employment to another 8 million. It will do well to look vigorously for markets outside the U.S. and Europe, and also boost domestic demand, so that the unsavory prospects of benching and retrenchment are mitigated.

Budget 2009-10: Impact on the IT and BPO industry

Pramod Bhasin, Chairman, NASSCOM, said, "Many of the initiatives in this year's budget recognize the role the IT BPO industry can play in promoting inclusive growth and creating substantial employment opportunities in the country. The industry will be keen to partner with the Government in expanding e-governance initiatives including modernization of employment exchanges, the UIAD project, and smart cards for healthcare services so as to achieve enhanced governance. Increased capital outlays on the education and infrastructure sector will also address growth challenges that the country has faced. The Budget proposals also address NASSCOM's recommendations relating to multiplicity of taxes on packaged software, creating a dispute resolution mechanism on transfer pricing, abolishing FBT and issues on service tax refund. The combined effect of these proposals will facilitate the industry and its 2 million workforce to compete effectively and sustain India's advantage.

India continues to lead the BPO market

According to the reports by Market Vista: Q2 2009 on global outsourcing, the outsourcing transaction volume increased by 10 percent globally in the second quarter as compared to the first quarter this year. These reports were issued after the contracts being signed by the financial services and manufacturing firms. Everest Research Institute, the global outsourcing and off shoring activity serves as a central source of independent and objective strategic intelligence and actionable insight for leading corporations, technology providers, suppliers and investors in the global outsourcing and off shoring market place.

During the second quarter of the fiscal year, out of 30, 13 offshore call centers were established in Asia. In the same period, the transaction volume in Asia-Pacific, Middle East, Africa, Latin America increased by 25 percent. Nikhil Rajpal, Principal, Global Services said that, there has been significant increase in market as compared to Q1 2009 in terms of transaction signings and captive set ups.

Domestic IT market in FY 2008-2009

According to the findings, the sector reached \$58.8 billion in FY08-09 up from \$52 billion in FY07-08. Export revenues for the Indian IT-BPO industry recorded growth of 16.3 per cent and clocked revenues of \$46.3 billion in FY08-09 up from \$40.4 billion in FY07-08. The domestic segment grew by 21 per cent to register revenues of Rs 570 billion in FY08-09 from Rs 470 billion in FY07-08.

Within the export segment, IT services have grown by 14.7 per cent to clock revenues of \$26.5 billion; BPO exports are up by 16.5 per cent registering revenues of \$12.7 billion. Engineering services and product exports clocked revenues of \$7.1 billion, growing at 11 per cent in FY08-09.

Pramod Bhasin, chairman, NASSCOM, stated, "While growth was synonymous with industry performance in the past decade, resilience and efficiency was the thrust in the year 2008-09. In the face of a severe economic downturn in key markets, the industry was able to deliver a high growth of over 16 per cent and retain its position as a strategic global sourcing destination. The industry also enhanced its thrust on building a globalised value chain, with a 35 per cent increase in global delivery centers since 2007."

DISCUSSION ON FINANCIAL PERFORMANCE

The financial statements are prepared in compliance with the requirements of the Companies Act and the Accounting Standards prescribed by the Institute of Chartered Accountants of India and Generally Accepted Accounting Principles in India. During the Year, the Company has earned Profit of Rs.28.90 Lacs as compared to Rs. 46.83 Lacs in previous year. This is on account of current recession in IT and Software Projects Development sector. Your Directors are hopeful that in forthcoming years Company will definitely perform up to the mark, achieve good profitability and earning per share will be increased.

On a generic note, given the current economic and industry environment, prospects in our business segments look attractive and we look forward to 2009-10 with sustained growth and excitement.

OVERVIEW

The IT division of the Company has witnessed a phenomenal growth since the inception of the Company comprising a major chunk of its turnover which will further increase by manifolds in the coming years reaping rich results for the Company and its stakeholders.

The company is engaged in BPO/ software development activities at Kolkatta, Shillong, Chennai, Noida and Hyderabad. The Company has been successfully providing services to clients both nationally and internationally like Vodafone. V & K is one of the leading Companies to provide innovative IT solutions and complex software projects development that helps to keep it one step ahead of its competitors by continuously improving its IT-based business solutions.

Various products and services offered by the company include:

- Internet Lease Line products for Enterprise clients
- Wireless WI-FI Broadband products for Corporate, SOHO & residential clients
- VoIP services for large international Call Centers, Corporate & residential clients to make economical international calls from home
- End to end Managed services for domestic and International Call centers

OPPORTUNITIES, THREATS, RISKS AND CONCERNS

Opportunities

The nature of IT outsourcing has evolved over the years. Global Companies are looking at outsourcing their entire IT backend to free up time and resource to focus on their core operations. Indian IT Companies are now an integral part of this IT strategy. Global Companies are outsourcing a larger portion of IT activities and software research and development activities to access the high quality, cost competitive IT services from India

Threats, Risks, Concerns and Risk Mitigation

Increased competition from Indian and Global IT players could result in pressure on pricing and commoditisation of low-end services. Global IT Service and consulting companies are expanding operations in India through organic and inorganic routes.

Intense competition for the limited 'quality' talent and skilled professionals required to perform the services is a significant threat, looking ahead. Ability to attract and retain skilled professionals in the face of increasing demand for these resources, coupled with wage increases locally may affect our cost structures.

The Company believes that it has robust risk management processes in place.

Internal control System and their adequacy

Internal control systems are implemented:

- To safeguard the Company's assets from loss or damage
- To keep constant check on the cost structure.
- To prevent revenue leakages
- To provide adequate financial and accounting controls and implement accounting standards.

The system is improved and modified continuously to meet the changes in business conditions, statutory and accounting requirements.

The Audit committee of the Board of Directors actively reviews the adequacy and effectiveness of internal controls systems and suggests improvements for strengthening them.

Human Resources

A major strength for your Company has been its employees and your Company's relationship with its employees continues to be excellent. Over the years the company has taken several initiatives to attract and retain best talent. Being in the service industry, the company places foremost thrust on the continuous upgradation of human resource. A detailed performance evaluation system is in place and remuneration and rewards are strongly linked to performance indicators. To keep the employee excellence at high altitudes, the company continues to maintain its commitment towards providing training to its employees at all levels. The Company's Staff turnover is very low as compared with the industry levels. Best HR Practices and continuous work environment ensures high motivational levels of the employees.

Cautionary Forward Looking Statements

The Company has made forward-looking statements in this document that are subject to risks and uncertainties. Forward-looking statements may be identified by their use of words like 'expects', 'believes', 'estimates' or similar expressions. All statements that address expectations or projections about the future, but not limited to, statements about Company's strategy for growth, product development, market position, market expenditures, and financial results are forward looking statements.

For those Statements the Company cautions that numerous important factors could affect the Company's actual results and could cause its results to differ materially from those expressed in any such forward looking statements.

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

Company's philosophy on corporate governance envisages the attainment of the highest levels of transparency, accountability and equity, in all phases of its operations, and in all interactions with its stakeholders, including the shareholders, employees, government and lenders.

Company is committed for achieving the highest international standards of corporate governance.

Company believes that all its operations and actions must serve the underlying goal of enhancing overall shareholder value, over a sustained period of time.

2. BOARD OF DIRECTORS

COMPOSITION AND CATEGORY

The Board of Directors of the Company consists of persons with considerable professional expertise and experience in business and industry, finance and management. The composition of the Board of Directors meets with the requirement of clause 49(1)(A) of the Listing Agreement. During the year there were six Directors on the Board including one Executive Director, out of which 2 Directors i.e. Mr. P.V. Shyam Prasad and Mr. Manoj Rungta resigned on account of their pre-occupation. The Company does not have any pecuniary relation or transaction with Non-Executive Independent Directors during the year under review.

The Composition, Category of Directors and their other directorship and Membership / Chairmanship of Committees is as under:

Sr. No.	Name of the Director	Category	Number of Other		
			Directorship	Committee Membership	Committee Chairmanship
1	Mr. D. Uday Kiran	Managing Director (Executive Director)	NIL	NIL	NIL
2	Mr. Prem Gupta	Independent Director	1	2	1
3.	Mr. Umesh Govind Bhat	Independent Director	NIL	NIL	NIL
4.	Mr. Rajesh Kumar Gupta	Independent Director	3	2	NIL

BOARD PROCEDURE

Detailed Agenda is sent to each Director in advance (generally before 7 to 10 days) of Board and Committee Meetings. To enable the Board to discharge its responsibilities effectively, the Managing Director apprises the Board at every meeting on the financial performance of the Company up to last completed month as against the budget/revised budget of the year. Presentations are made by the Managing Director about the financial, operational performance and market scenario. The Board also reviews:

- Strategy and business plans
- Annual operating and capital expenditure budgets
- Investment plans of the Company
- Compliance with statutory/regulatory requirements and review of major legal issues.
- Adoption of quarterly / half yearly / annual results (after recommendation of Audit Committee where required).
- Significant labour problems
- Major accounting provisions and write-offs.
- Details of joint venture or Collaboration Agreement

NUMBER OF BOARD MEETINGS

During the year 2008-2009, the Board met seven times on the dates: April 30, 2008, June 30, 2008, July 30, 2008, August 27, 2008, September 25, 2008, October 30, 2008 and January 30, 2009.

The Board was presented with the relevant and necessary information for taking policy decisions. None of the Director is a member of more than 10 committees or acting as Chairman of more than 5 committees across all companies in which he is a Director. The attendance at the Board Meeting during the year and at the last Annual General Meeting was as follows:

Sr. No.	Name Of Directors	No. of Board Meetings Attended	Attendance At the Last AGM
1	Mr. D. Uday Kiran	6	Yes
2	Mr. P.V Shyam Prasad	4	Yes
3.	Mr. Prem Gupta	7	Yes
4.	Mr. Umesh Govind Bhat	5	No
5.	Mr. Rajesh Kumar Gupta	7	No
6.	Mr. Manoj Rungta	4	No

COMMITTEE OF DIRECTORS

3. AUDIT COMMITTEE

The Board constituted an Audit Committee consisting of three Directors. All members of Audit Committee are financially literate and all the Directors have financial management expertise as required for member of Audit Committee as stipulated in Clause 49 of the Listing Agreement. The Details of Audit Committee meetings held during the year April 2008 to March 2009 and the attendance of the Audit Committee Members are as under:

SR.	NAME OF MEMBER	POSITION	CATEGORY	NO OF MEETINGS	
				HELD	ATTENDED
1	Mr. Prem Gupta	Chairman	Independent Director	4	4
2.	Mr. Umesh Govind Bhat	Member	Independent Director	4	4
3.	Mr. Rajesh Kumar Gupta	Member	Independent Director	4	4

TERMS OF REFERENCE

The terms of reference for the audit committee as laid down by the Board include the following:-

- a) Overseeing the Company's financial reporting process and the disclosure of the financial information to ensure that the financial statements are correct, sufficient and credible.
- b) Recommending the appointment and removal of statutory auditors, fixation of audit fee and also approval for payment for any other services.
- c) Reviewing with management, the quarterly, half yearly and annual financial statements before submission to the Board, focusing primarily on any changes in accounting policies and practices; major accounting entries based on exercise of judgment by management; qualifications in draft audit report; significant adjustments arising out of audit; the going concern assumption; compliance with accounting standards; compliance with stock exchange and legal requirements concerning financial statements; any related party transactions i.e. transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of Company at large.
- d) Reviewing with the management, statutory and internal auditors, the adequacy of internal control system and ensuring compliance therewith.
- e) Discussions with statutory auditors before the commencement of the audit about the nature and scope of audit as well as have post-audit discussion to ascertain any areas of concern.

- f) Reviewing the Company's financial and risk management policies.
- g) To review the functioning of the Whistle Blower Policy adopted by the Company.
- h) To review report on Management Discussion & Analysis of Financial Condition and Results of operation, to be included in the Company's Annual Report to its Shareholders.

4. REMUNERATION COMMITTEE

The Company has constituted a Remuneration Committee to decide and fix payment of remuneration and sitting fees to the Directors of the Company. The Remuneration Committee Consists of three Directors, all of whom are independent, Non-executive Directors. The chairman is an independent, Non-executive Director. During the year two committee meetings were held and attended by the members and chairman.

SR.	NAME OF MEMBER	POSITION	CATEGORY
1	Mr. Rajesh Kumar Gupta	Chairman	Independent Director
2	Mr. Umesh Govind Bhat	Member	Independent Director
3	Mr. Prem Gupta	Member	Independent Director

5. SHARE HOLDERS' GRIEVANCE & SHARE TRANSFER COMMITTEE

Composition:-

The Shareholders' Grievance & Share Transfer Committee comprises of 3 Directors, chaired by a Non-executive, independent Directors. Four committee meetings were held during the year.

Composition & Attendance record of Shareholders'/Investors' Grievances Committee for 2008-2009

Name of Members	Category	Nature of Directorship	No. of Meetings Held	Attended
Mr. Umesh Govind Bhat	Chairman	Independent. Non-Executive	4	4
Mr. Prem Gupta	Member	Independent Non-Executive	4	4
Mr. Rajesh Kumar Gupta	Member	Independent, Non-Executive	4	4

TERMS OF REFERENCE

The Committee looks into all matters related with the transfer of securities; it also specifically looks into redressing complaints of shareholders and investors such as transfer of shares, transmission of shares, issue of share certificates, non-receipt of Annual Report and non-receipt of declared dividends etc.

COMPLIANCE OFFICER:-

The Company has appointed Shri S. B. Garg, Company Secretary as Compliance Officer of the Company.

SUMMARY OF INVESTORS' COMPLAINTS: -

During the year all the complaints received from the shareholders, were replied / resolved promptly to the satisfaction of the shareholders. All share transfers has been dealt with properly.

As on date, there is no complaint pending.

6. ANNUAL GENERAL MEETINGS:

The last three Annual General Meetings of the Company were held as under:

YEAR	VENUE	DATE	TIME
2005-06	Hyderabad Jim Khana, Road No.2 Banjara Hills, Hyderabad-500034	15 th June, 2006	11:00 A.M.
2006-07	Chirman Fort Club, Begumpet, Secundrabad-500 003	24 th September, 2007	11:00 A.M.
2007-2008	I-405, 4 th Floor, Divyashakti Apartments, Ameerpet, Hyderabad-500016	25 th September 2008	11:00 A.M.

No resolution was put through postal ballot during the financial Year 2008-2009

NOTE ON DIRECTORS APPOINTMENT/ RE APPOINTMENT

Mr. Umesh Govind Bhat is the Director who shall be retiring by rotation at the ensuing AGM and being eligible offers himself for re-appointment. Brief detail of the Director is given below:

Name	:	Mr. Umesh Govind Bhat
Age	:	43 Years
Qualification	:	Graduate
Experience	:	16 Years
No. of shares held	:	NIL

7 DISCLOSURES

- (a) Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the Directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large.

None of the transactions with any of the related parties were in conflict with the interests of the Company at large.

- (b) Details of non-compliance by the Company, penalties, and strictures imposed on the Company by Stock Exchange or the SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

There were no instances of non-compliance of any matters related to the capital markets during the last three years by the Company.

- (c) The Company has followed the Accounting Standard issued by the Institute of Chartered Accountants of India (ICAI) in preparation of its financial statements.

8. CEO & CFO CERTIFICATION:

The Managing Director, being the Chief Executive Officer of the Company has submitted a Certificate to the Board of Directors for various compliance made during the year as contemplated in Clause 49 of the Listing Agreement and is enclosed at the end of the report.

9. MEANS OF COMMUNICATION:

- (i). Results of the Company

The periodical unaudited / audited financial results are published by the Company in "Andhra Bhoomi" (Local) and The "Business Standard" (in English) as required under the Listing Agreement. All financial and other vital information, is promptly communicated to the stock exchanges on which Company's shares are listed.

- (ii) Management Discussion and Analysis forms part of the Directors' Report and is separately attached.

10. GENERAL INFORMATION FOR SHAREHOLDERS:

- (a) **Regd. Office:-**

I-405, 4th Floor, Divyashakti Apartments, Ameerpet, Hyderabad-500016

- (b) **Annual General Meeting:-**

Date: Wednesday, 30th September, 2009

Time: 4.00 P.M.

Venue: I-405, 4th Floor, Divyashakti Apartments,
Ameerpet, Hyderabad-500016

- (c) **Financial Calendar 2009-2010**

(Tentative)

Annual General Meeting (Next Year)	: September 2010
Results for Quarter Ending June 30, 2009	: Last week of July 2009
Results for Half-Year Ending Sept 2009	: Last week of Oct 2009
Results for Quarter Ending Dec 2009	: Last week of Jan 2010
Results for Year Ending March 2010	: Last week of June.2010

(d) **Date of Book Closure:**

Tuesday the 29th September, 2009 to Wednesday, the 30th September, 2009 (both days inclusive).

(e) **Listing Details:**

The Equity Shares of the Company are listed with Bombay Stock Exchange Limited & The Calcutta Stock Exchange Association Ltd. Annual Listing fees as prescribed have been paid to the Stock exchange for the year 2009-10.

Scrip Code: BSE LTD -532402

(f) **ISIN for Dematerialization: INE718B01017**

(g) **Market Price data:**

The last traded price on 31.01.2003 at BSE was Rs. 0.65/- The trading of the shares of the Company is presently suspended at BSE.

(h) **Registrar and Transfer Agent:**

(For share transfers and other communication relating to share certificates, change of address)

M/s Big share Services (P) Ltd.

E/2, Ansa industrial Estate,

Sakivihar Road, Sakinaka

Andheri (East), Mumbai-400072.

Phone: +91 22 28470652 / 40430200

(i) **Share Transfer System:**

The Company has a Share holders/ Investors Grievance Committee who looks after share transfer job. All the Share transfer received are processed and approved by the Share holders Committee which meets twice a month or more depending upon the receipt of the shares for transfer. The committee ensures that the Share Transfer complete in all respects are given effect to within valid period from the date of receipt

The Company has designated an email id vksofttech123@rediffmail.com for the purpose of registering complaints by the Investors in accordance with clause 47(f) of the Listing Agreement.

j) Distribution of Shareholding

Distribution of shareholding as on 31.03.2009 is given below:

Range in (Rs.)	Number of	% of total shareholders	Total Holding in shareholders	% of total capital
1 - 5000	459	41.24	1317060.00	1.35
5001 - 10000	264	23.72	2489490.00	2.55
10001 - 20000	95	8.54	1669190.00	1.71
20001 - 30000	47	4.22	1276250.00	1.31
30001 - 40000	26	2.34	974290.00	1.00
40001 - 50000	43	3.86	2089810.00	2.14
50001 - 100000	69	6.20	5866750.00	6.01
100001 and above	110	9.88	81856340.00	83.93
Total	1,113	100	97539180.00	100.00%

(k) Categories of shareholding as on 31st March, 2009:

CATEGORY	NO. OF SHARES	% OF SHARES
PROMOTERS	1225200	12.56
MUTUAL FUNDS	369950	3.79
FIN. INSTI.	240398	2.46
CORPORATE Bodies	2093637	21.47
INDIVIDUALS	5619733	57.62
NRIS/ OCBS	5000	0.05
GROUP COMPANIES	200000	2.05
TOTAL	9753918	100.00

(l) Dematerialization Of Shares As on 31st March, 2009:

The Equity shares of the Company are compulsorily traded in dematerialized form 69.08% of equity shares of the Company have been dematerialized as on 31st March, 2009. The Company has already entered into agreement with both NSDL & CDSL, whereby the shareholders have an option to dematerialize with either of the depositories.

(m) Investor Correspondence Address

For any queries, investors are requested to get in touch with the Company's RTA - M/s Big share Services (P) Ltd.

Investor Grievance Redressal System

Investor Grievance, if any, is settled expeditiously and satisfactorily by the Company as well as by the Registrar.

The Company has designated an email id *vksoftch123@rediffmail.com* for the purpose of registering complaints by the Investors in accordance with clause 47(f) of the Listing Agreement.

Outstanding GDRs/ADRs/Warrants or any convertible instruments

The Company has not issued any ADR/GDR/ warrants or any convertible instruments

CERTIFICATE OF CORPORATE GOVERNANCE

The Company has obtained a Certificate from the Statutory Auditors of the Company regarding compliance of conditions of Corporate Governance, as mandated in Clause 49 of the Listing Agreement with the Stock Exchanges. The Certificate is annexed to this report.

CERTIFICATION WITH RESPECT TO FINANCIAL STATEMENT

The Managing director of the Company has furnished a Certificate to the Board of Directors of the Company with respect to accuracy of financial statements and adequacy of internal controls and compliance as required under Clause 49 of the Listing Agreement.

WHISTLE BLOWER POLICY

Recently, the Security & Exchange Board of India has also prescribed the adoption by all listed companies, of a Whistle Blower Policy as a non-mandatory requirement. The Company has adopted a Whistle Blower Policy, which affords protection and confidentiality to Whistle blowers. The Audit Committee Chairman is authorized to receive Protected Disclosures under this Policy. The Audit Committee is also authorized to supervise the conduct of investigations of any disclosures made by whistle blowers in accordance with policy.

No person has been denied access to the Audit Committee. As of March 31, 2009, no Protected Disclosures has been received under this policy.

CODE OF CONDUCT

The Company's Board of Directors has adopted the code of conduct which governs the conduct of all the Directors /Employees. All Directors and senior management personnel have affirmed compliance with respective codes for the year ended on 31st March 2009.

IMPLEMENTATION OF NON-MANDATORY CORPORATE GOVERNANCE REQUIREMENTS

The Company has implemented the following non-mandatory requirements as stated in Clause 49 of the Listing Agreement with respect to Corporate Governance:-

(i) Remuneration Committee: - Already details have been given earlier.

(ii) Whistler Blower policy: - Under this policy employees of the Company can report to the management about unethical behavior, actual or suspected fraud or violation of code of conduct or ethics policy. It is the Company's policy to ensure that the Whistler Blowers are not victimized or denied direct access

to the Chairman of the Audit Committee. The existence of said policy mechanism has been communicated to all employees.

DECLARATION

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, it is hereby declared that all the Board Members and Senior Managerial Personnel of the Company have affirmed the compliance of code of conduct for the year ended 31st March, 2009.

Place : Hyderabad

Date : 05.09.2009

**For and on behalf of
the Board of Directors**

**D. Uday Kiran
Managing Director**

CHIEF EXECUTIVE OFFICER (CEO) CERTIFICATION

I, D. Uday Kiran, Managing Director of V & K Softech Limited, do hereby certify that:

- a) I have reviewed the Financial Statements and the Cash Flow Statement of the Company for the year 2008-09 and to the best of my knowledge, information and belief:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable Laws and Regulations.
- b) To the best of my knowledge and belief, no transactions entered into by the Company during the year are fraudulent, illegal or violative of the Company's Code of Conduct.
- c) The Company's other certifying officers and I, are responsible for establishing and maintaining internal controls for financial reporting and that I have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and I have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation such internal controls, if any, of which I am aware and steps I have taken or propose to take to rectify these deficiencies.
- d) I have indicated to the Auditors and the Audit Committee that:
 - (i) there are no significant changes in internal control over financial reporting during the year;
 - (ii) there are no significant changes in accounting policies during the year, and
 - (iii) there are no instances of fraud during the year.

Place: Hyderabad
Date: 05.09.2009

D. Uday Kiran
Managing Director

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

The Board of Directors
M/S V & K Softech Limited
New Delhi

We have reviewed the records concerning the Company's compliance of conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement, entered into by the Company with the Stock Exchanges of India, for the financial year ended on 31st March 2009.

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

We have conducted our review on the basis of the relevant records and documents maintained by the Company and furnished to us for the review, and the information and explanations given to us by the Company.

Based on such a review to the best of our information and according to the explanations given to us, in our opinion, the Company has complied with the conditions of Corporate Governance, as stipulated in Clause 49 of the said Listing Agreement.

On the basis of Certificate issued by the Registrar and Share Transfer Agent of the Company and the Minutes of Meetings of the Shareholders/ Investors Grievance Committee of the Company, we state that, there were no investor grievances pending against the Company for a period exceeding one month.

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

**FOR Ajay Mehray & Co.
Chartered Accountants**

**Place: New Delhi
Date: 05.09.2009**

**(Ajay Mehray)
Prop.
M. No.: 089338**

Ajay Mehray & Co.

CHARTERED ACCOUNTANTS

B-1/4A, 1st Floor, Rajouri Garden, New Delhi-110 027

AUDITORS' REPORT

To,

THE MEMBERS

We have audited the attached Balance Sheet of V & K Softech Limited as at 31st March 2009 and also the Profit & Loss Account of the Company for the year ended on that date together with Annexures thereto.

These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report that:-

1. As required by the Companies (Auditors' Report) Order 2003, issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a Statement on the matters specified in paragraphs 4 and 5 of the said order.
2. Further to our comments in the annexure referred to in paragraph 1 above,
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion, proper books of accounts as required by Law have been kept by the Company so far as it appears from our examination of the books;
 - (c) The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of accounts;

- (d) In our opinion, the Balance Sheet and the Profit & Loss Account comply with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956;
- (e) On the basis of written representation received from the Directors as on 31st March, 2009 and taken on record by the Board of Directors, we report that none of the director's is disqualified as on 31st March, 2009 from being appointed as director under Clause (g) of Sub-section (1) of section 274 of the Companies Act, 1956.
- (f) In our opinion and to the best of our information and according to the explanations given to us, the accounts read with the significant accounting policies and notes thereon, give the information required by the Companies Act, 1956, in the manner so required and also give a true and fair view;
- (i) In the case of Balance Sheet, of state of affairs of the Company as at 31st March, 2009,
- (ii) In the case of Profit & Loss Account, of the Profit for the year ended on that date, and
- (iii) In the case of the Cash Flow Statement of the Cash Flow for the year ended on that date.

**For Ajay Mehray & Co.
Chartered Accountants**

**Place: New Delhi
Dated: 30.06.2009**

**(Ajay Mehray)
Prop.
M. No. 089338**

Annexure to the Auditors' Report of V&K Softech Limited Referred to in our Report of even date

1. (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
b) As explained to us the Company has a phased program of physical verification of its fixed assets which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets.
c) There has been no sale of substantial part of the fixed assets during the year and therefore, it does not affect the going concern assumption.
2. The Company is engaged in Software Services and Software Products. The Company does not hold any physical inventory and therefore paragraph (ii) of the order is not applicable.
3. a) The Company has neither granted nor taken any loan secured or unsecured, to/ from Companies, firms and other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
b) Since there are no such loans, the comments regarding terms and conditions, repayment of the principal amount and interest thereon and overdue amount are not required.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its activities. Further, on the basis of our examination of the books and records of the Company and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control procedures.
5. a) Based upon the audit procedures applied by us and according to the information and explanations given to us by management, there are no transactions which are required to be entered in the register maintained under section 301 of the Act.

- b) In our opinion, and according to the information given to us, there are no transactions in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Act, 1956 aggregating during the year to Rs. 500000/- (Rupees five lacs only) or more in respect of each party.
6. The Company has not accepted any deposits from the public.
7. In our opinion, the Internal audit system of the Company is commensurate with the size and nature of its business.
8. The Company is not required to maintain cost records as prescribed u/s 209 (1) (d) of the Act.
9. In respect of statutory dues:
- (a) The Company is generally regular in depositing undisputed statutory dues with appropriate authorities. According to the information and explanations given to us, no undisputed amount payable in respect of statutory dues were outstanding as at 31st March, 2009 for the period of more than six month from the date of becoming payable except Professional Tax of Rs.50210/-.
- (b) The company doesn't have any disputed dues of Sales Tax/Income Tax/Customs/Wealth Tax /Excise Duty/Cess, etc. which have not been deposited except the Income Tax demand of Rs. 23,10,837/- for the A.Y. 2005-06 against which the company has filed an Appeal with ITAT.
10. The Company has not incurred any cash losses in the financial year and in the immediately preceding financial year. There are no accumulated losses as at the end of the year under audit.
11. The Company has no dues payable to a Financial Institution or Bank or Debenture Holders.
12. In our opinion and according to the information and explanation given to us, the company has not granted any loans and advances against security by way of pledge of shares, debentures and other securities.
13. In our opinion based on information and explanations given to us company is not a Chit/ Nidhi/ Mutual Benefit Fund/ Society and hence compliance with special statute does arises.
14. In our opinion and according to the information and explanations given to us, the Company is not a dealer or trader in shares, securities, debentures and other investments.
15. In our opinion and according to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
16. In our opinion and according to the information and explanations given to us, the Company has not raised any term loans.

17. According to the information and explanations given to us, no funds on short term basis have been raised by Company.
18. The Company has not made any preferential allotment of shares to parties and Companies covered in the register maintained under Section 301 of the Act during the year.
19. According to the information and explanations given to us, the Company has not issued any debentures during the year under consideration.
20. According to the information and explanations given to us, the Company has not raised any money by way of public issues during the year under consideration.
21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

**FOR Ajay Mehray & Co.
Chartered Accountants**

**Place: New Delhi
Dated: 30.06.2009**

**(Ajay Mehray)
Prop.**

V & K Softech Limited
BALANCE SHEET AS AT 31st MARCH, 2009

PARTICULARS	SCHEDULE	As at 31.03.2009 RS.	As at 31.03.2008 RS.
<u>I.SOURCES OF FUNDS :</u>			
1. SHAREHOLDERS' FUNDS :			
Equity Share Capital	1	97,539,180.00	97,539,180.00
Reserves & Surplus	2	8,118,756.47	5,228,614.65
2. Deferred Tax Liability		2,166,600.00	2,608,032.00
		<u>107,824,536.47</u>	<u>105,375,826.65</u>
<u>II.APPLICATION OF FUNDS:</u>			
1. Fixed Assets :			
Gross Block	3	60,913,312.00	60,544,948.00
Less: Depreciation		<u>44,806,374.46</u>	<u>36,235,940.90</u>
		16,106,937.54	24,309,007.10
2. Investments	4	26,540,000.00	21,040,000.00
3.(A)Current Assets, Loans & Advances	5		
(i) Sundry Debtors		704,034,170.80	480,067,351.90
(ii) Cash & Bank Balances		1,671,489.98	3,215,795.32
(iii) Loans & Advances:		<u>93,927,202.39</u>	<u>85,118,924.39</u>
		799,632,863.17	568,402,071.61
(B) Current Liabilities & Provisions	6	734,455,264.24	508,375,252.06
Net Current Assets(A-B)		<u>65,177,598.93</u>	<u>60,026,819.55</u>
		<u>107,824,536.47</u>	<u>105,375,826.65</u>

NOTES ON ACCOUNTS

10

The Schedules, Accounting Policies and Notes on Accounts Form an integral part of the Balance Sheet.

As per our report of even date

For Ajay Mehray & Co.

Chartered Accountants

For and on behalf of the Board

(Ajay Mehray)

Prop.

Place: New Delhi

Date:30.06.2009

(D. Uday Kiran)
Managing Director

(Prem Gupta)

Director

V & K Softech Limited
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2009

Particulars	Schedule	Year Ended 31.03.2009 Rs.	Year Ended 31.03.2008 Rs.
1 INCOME :			
Income from Operation		245,683,603.81	298,728,863.90
Other Income		170,235.00	345,911.00
Total		<u>245,853,838.81</u>	<u>299,074,774.90</u>
2. EXPENDITURE :			
Cost of Services	7	225,069,902.96	280,744,601.06
Administrative & Other Expenses	8	7,944,564.57	3,921,686.00
Financial Expenses	9	20,606.90	23,649.01
Depreciation		8,570,433.56	7,718,755.90
Total		<u>241,605,507.99</u>	<u>292,408,691.97</u>
3. Profit before Tax		4,248,330.82	6,666,082.93
4. Less: Provision for Tax		1,754,166.00	1,287,662.00
Deferred Tax Liability		(441,432.00)	675,991.00
FBT		45,455.00	19,640.00
5. Profit/Loss after Tax		<u>2,890,141.82</u>	<u>4,682,789.93</u>

NOTES ON ACCOUNTS

10

The Schedules, Accounting Policies and Notes on Accounts Form an integral part of the Profit & Loss Account

As per our report of even date

For Ajay Mehray & Co.
Chartered Accountants

For and on behalf of the Board

(Ajay Mehray)
Prop.
Place: New Delhi
Date:30.06.2009

(D. Uday Kiran)
Managing Director

(Prem Gupta)
Director

Particulars	As at 31.03.2009 Rs.	As at 31.03.2008 RS.
SCHEDULE-1:		
SHARE CAPITAL		
Authorised		
1,06,60,000 Equity shares of Rs. 10/- each	<u>106,600,000.00</u>	<u>106,600,000.00</u>
Issued Share Capital		
9753918 Equity shares of Rs. 10/- each	<u>97,539,180.00</u>	<u>97,539,180.00</u>
Subscribed and Paid up Capital		
9753918 Equity shares of Rs. 10/- each	<u>97,539,180.00</u>	<u>97,539,180.00</u>
SCHEDULE-2:		
RESERVES & SURPLUS		
Profit and Loss after tax	2,890,141.82	4,682,789.93
Add: balance b/f	<u>5,228,614.65</u>	<u>545,824.72</u>
	<u>8,118,756.47</u>	<u>5,228,614.65</u>
SCHEDULE-4: INVESTMENTS		
Investments	6,000,000.00	6,000,000.00
Share Application Money	<u>20,540,000.00</u>	<u>15,040,000.00</u>
	<u>26,540,000.00</u>	<u>21,040,000.00</u>
SCHEDULE-5: CURRENT ASSETS, LOANS & ADVANCES		
(I) Sundry Debtors		
a) Debts outstanding for the period exceeding six months	608,117,107.40	333,338,151.90
b) Other Debtors	95,917,063.40	146,729,200.00
Sub Total (I)	<u>704,034,170.80</u>	<u>480,067,351.90</u>
(ii) Cash & Bank Balances		
Cash in Hand	169,297.49	102,933.49
Balance in current accounts with Scheduled Banks	1,502,192.49	3,112,861.83
Sub Total (II)	<u>1,671,489.98</u>	<u>3,215,795.32</u>
(iii) Loans & Advances		
(Advances recoverable in Cash or kind or for value to be received)		
Advances	91,005,764.00	83,324,488.00
TDS Receivable	2,921,438.39	1,794,436.39
Sub Total (iii)	<u>93,927,202.39</u>	<u>85,118,924.39</u>
Grand Total: (i)+(ii)+(iii)=	<u>799,632,863.17</u>	<u>568,402,071.61</u>

SCHEDULE-6: CURRENT LIABILITIES & PROVISIONS

Sundry Creditors	725,858,082.02	502,372,304.06
Audit Fees Payable	22,425.00	22,425.00
TDS Payable	106,832.00	26,832.00
Outstanding Expenses	4,068,304.22	2,056,389.00
Provision for Tax	1,754,166.00	1,287,662.00
Provision for FBT	45,455.00	9,640.00
Advance for Re-issue of Forfeited Shares	2,600,000.00	2,600,000.00
	<u>734,455,264.24</u>	<u>508,375,252.06</u>

SCHEDULE-7: COST OF SERVICES

Salaries to staff	9,310,653.00	2,707,302.00
Software - Purchases & Development	215,759,249.96	278,037,299.06
	<u>225,069,902.96</u>	<u>280,744,601.06</u>

SCHEDULE-8: ADMINISTRATIVE & OTHER EXPENSES

Electricity Charges & Maintenance	1,560,322.00	186,761.00
Internal Audit Fee	18,000.00	18,000.00
Printing & Stationery	111,250.00	32,518.00
Postage & Courier	9,795.00	6,590.00
Equipment & System Maintenance	24,840.00	18,790.00
Custodian Fees	32,809.00	35,057.00
Office Maintenance & Miscellaneous Exp.	1,999,819.00	500,010.00
Professional Charges	400,000.00	366,371.00
Recruitment & Training	517,375.00	114,438.00
Registrar & Share Transfer Expenses	69,037.00	40,450.00
Fees & Subscription	3,500.00	6,500.00
Rent	2,134,100.00	553,067.00
Security Services	240,144.00	68,289.00
Staff Welfare	407,100.00	30,250.00
Secretarial & Legal Exp.	8,000.00	5,255.00
Subscriptions	3,045.00	9,765.00
Repairs & Maintenance	85,659.00	22,470.00
Telephone, Fax charges & Internet Charges	80,476.00	64,302.00
Traveling and Conveyance Expenses	77,213.00	92,383.00
Vehicle Maintenance	50,893.00	8,790.00
Audit fee	25,000.00	25,000.00
Advertisement & marketing Expenses	-	125,940.00
AGM Expenses	35,590.00	27,000.00
Listing Fees	1,625.00	30,600.00
Brokerage Charges	-	350,310.00
General Exp.	48,972.57	1,182,780.00
	<u>7,944,564.57</u>	<u>3,921,686.00</u>

SCHEDULE-9: FINANCIAL EXPENSES

Bank Charges	20,606.90	23,649.01
	<u>20,606.90</u>	<u>23,649.01</u>

V & K Softech Limited
Schedule of Fixed Assets As at 31st March, 2009

SCHEDULE-3:

Particulars	Rate of Dep.	Gross Block		Depreciation			Net Block		As on 31.03.2008
		As at 1.4.2008	Addition	Up to 31.03.2009	Up to 31.03.2008	During the year	Up to 31.03.2009	As on 31.03.2009	
Computer Hardware	40.00	29,059,955.00	-	29,059,955.00	18,198,605.40	4,344,539.76	22,543,145.16	6,516,809.84	10,861,349.60
Computer Software	40.00	15,279,905.00	-	15,279,905.00	7,019,000.00	3,304,362.00	10,323,362.00	4,956,543.00	8,260,905.00
Vehicles	25.89	2,316,689.00	-	2,316,689.00	1,754,782.00	145,477.60	1,900,259.60	416,429.40	561,907.00
Furniture & Fixtures	18.10	8,969,145.00	117,420.00	9,086,565.00	6,933,211.00	389,757.00	7,322,968.00	1,763,597.00	2,035,934.00
Office Equipment	13.91	4,919,254.00	250,944.00	5,170,198.00	2,330,342.50	386,297.20	2,716,639.70	2,453,558.30	2,588,911.50
Total		60,544,948.00	368,364.00	60,913,312.00	36,235,940.90	8,570,433.56	44,806,374.46	16,106,937.54	24,309,007.10

V & K Softech Limited

V&K Softech Limited

SCHEDULE 10: NOTES TO THE ACCOUNTS FORMING PART OF BALANCE SHEET AND PROFIT & LOSS ACCOUNT

A .SIGNIFICANT ACCOUNTING POLICIES.

1. BASIS OF ACCOUNTS

- a. The financial statements have been prepared under the historical cost convention on the accrual basis of accounting and comply with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India.
- b. Accounting policies not specified referred to are consistent and in consonance with generally accepted Accounting principles followed by the company and are in compliance with Accounting Standards referred to U/s 211(3c) of the Companies Act, 1956
- c. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of financial statements and the reported amount of revenues and expenses during the reported period. Such estimates are made for expected contract cost to be incurred to complete software development and the useful life of the fixed asset.

2. FIXED ASSETS

Fixed assets are stated at cost of acquisition less accumulated depreciation.

3. DEPRECIATION

Depreciation on fixed assets has been provided under written down value method at the rates prescribed in Schedule XIV of the Companies Act, 1956.

4. REVENUE RECOGNISATION.

The company derived its revenue primarily from software services and software products. Revenue from time and material contact is recognized on the basis of the software developed and billed in accordance with the terms of the contact. Revenue from the fixed price contact is recognized on the completion of contracts.

All the incomes and expenditures are accounted on accrual basis and provision is made for all known losses and liabilities.

5. TAXATION.

Taxation is accounted on the basis of the "Liability Method" which is generally followed in India. Provision is made for income tax based on computations after considering rebates, reliefs and exemptions under the Income Tax Act, 1961.

6. FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions are recorded at rates of exchange prevailing on the dates of the respective transactions. Earnings in foreign exchange is NIL and outgoing is NIL

B. NOTES ON ACCOUNTS

1. Previous year figures have been regrouped and rearranged wherever necessary.
2. In the opinion of the management all the current assets including loan and advance would in the normal course of business be realized at the value stated
3. Payments to/provision for statutory auditors during the year is as under:

Particulars	2008-2009 (Amt. in Rs.)
Audit Fee	15,000
Tax Audit Fee	10,000
Total	25,000

4. The balances of sundry debtors, advances and sundry creditors are subject to confirmation.
5. Contingent Liability : Income Tax demand of Rs. 23,10,837/- for the A.Y. 2005-06. The Company has filed an appeal with the ITAT against the orders of the CIT (Appeal).
6. Quantitative detail : The Company is engaged in the business of development of Software Products and the purchase/production and sale of software is not capable of being expressed in any generic unit. Hence it is not possible to give the quantitative detail of such sales and information required under paragraph 3, 4C and 4D of part II of Schedule VI of the Companies Act 1956.

As per our report of even date
FOR Ajay Mehray & Co.
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD

(Ajay Mehray)
Prop.

(D. Uday Kiran)
Managing Director

(Prem Gupta)
Director

Place: New Delhi
Dated: 30.06.2009

V & K Softech Limited

CASH FLOW STATEMENT AS AT 31ST MARCH 2009

		<u>Amount (Rs.)</u>	<u>Amount (Rs.)</u>
<u>Cash Flows from operating activities</u>			
Net Profit before Taxation			4,248,330.82
Adjustment for :			
Depreciation	(+)	8,570,433.56	
Interest	(-)	90,864.00	8,479,569.56
Operating profit before working capital changes			
<u>Add:</u>			
Increase in Current Liabilities	(+)	226,080,012.18	
Increase in Sundry Debtors	(-)	223,966,818.90	
Increase in Loans & Advances	(-)	8,808,278.00	(6,695,084.72)
Cash Generated from operations			
Less : Income Tax & FBT paid	(-)	(1,799,621.00)	
Deferred Tax Liability	(+)	441,432.00	(1,358,189.00)
Net Cash Generated from operations			4,674,626.66
<u>Cash Flow from Investing Activities</u>			
Purchase of Fixed Assets	(-)	(368,364.00)	
Share Application Money	(-)	(5,500,000.00)	
Net cash used in Investing Activities			(5,868,364.00)
<u>Cash Flow from Financing Activities</u>			
Decrease in Deferred Tax Liability	(-)	(441,432.00)	
Interest	(+)	90,864.00	
Net cash generated in Financing Activities			(350,568.00)
Net increase in cash/ cash equivalent during the year			(1,544,305.34)
Cash and Cash equivalent at beginning	(+)		3,215,795.32
Cash and Cash equivalent at the end			<u>1,671,489.98</u>
<u>Breakup of Cash & Cash Equivalent as at 31st March 2009</u>			
Cash in Hand			169,297.49
Cash at Bank			1,502,192.49
			<u>1,671,489.98</u>

AUDITOR'S CERTIFICATE

We have examined the attached Cash Flow Statement of M/s V & K Softech Limited for the year ended 31st March 2009. The statement has been prepared by the Company in accordance with the requirements of Accounting Standards - 3 "Cash Flow Statements" and in agreement with the corresponding Profit & Loss Account and Balance Sheet of the Company covered by our Report dated 30th June 2009

For Ajay Mehray & Co.
Chartered Accountants

Place : New Delhi
Dated : 30.06.2009

(Ajay Mehray)
Prop.

V & K Softech Limited

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

REGISTRATION NO. :- 32129 STATE CODE :- 01
BALANCE SHEET DATE :- 31-03-2009

II. Capital Raised during the Year (Amount in Rs.)

PUBLIC ISSUE :- -NIL- RIGHT ISSUE :- -NIL-
BONUS TSSUE :- -NIL- PRIVATE PLACEMENT :- -NIL-

III. Position of Mobilisation and Deployment of Funds (Amount in Rs.)

TOTAL LIABILITIES :- 107824536.47 TOTAL ASSETS :- 107824536.47

SOURCES OF FUNDS

PAID-UP CAPITAL :- 97539180.00 RESERVES AND SURPLUS:- 8118756.47
SECURED LOANS :- -NIL- UNSECURED LOANS :- --NIL--
DEFERRED TAX LIAB. :- 2166600.00 (INCLUDING S.A.M.)

APPLICATION OF FUNDS

NET FIXED ASSETS :- 16106937.54 INVESTMENTS :- 26540000.00
NET CURRENT ASSETS :- 65177598.93 MISC. EXPENDITURE :- -NIL--
ACCUMULATED LOSSES :- -NIL-

IV. Performance of Company (Amount in Rs.)

TURNOVER :- 245853838.81 TOTAL EXPENDITURE :- 241605507.99
PROFIT/(LOSS) BEFORE TAX :- 4248330.82 PROFIT/(LOSS) AFTER TAX :- 2890141.82
EARNING PER SHARE IN Rs:- 0.30 DIVIDEND :- -NIL-

V. Generic Names of three Principal Products/Services of Company

ITEM CODE NO. (ITC CODE) :- -NIL-
PRODUCT DESCRIPTION :- Software Development
ITEM CODE NO. (ITC CODE) :- -NIL-
PRODUCT DESCRIPTION :- -NIL-
ITEM CODE NO. (ITC CODE) :- -NIL-
PRODUCT DESCRIPTION :- -NIL-

As per our report of even date
FOR Ajay Mehray & Co.
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD

(Ajay Mehray)
Prop.

(D. Uday kiran)
Managing Director

(Prem Gupta)
Director

Place: New Delhi
Dated: 30.06.2009

V&K SOFTECH LIMITED

1-405, 4TH Floor, Divyashakti Apartments, Ameerpet, Hyderabad – 500 016

ATTENDANCE SLIP

Please complete this Attendance Slip and hand it over at the entrance of the hall.

Only Members or their proxies are entitled to be present at the meeting.

FOLIO/DPID NO.

NO. OF SHARES

NAME & ADDRESS:

I hereby record my presence at the 10th Annual General Meeting of the Company at Registered Office on Wednesday, the 30th September, 2009 at 4.00 PM.

SIGNATURE OF THE SHAREHOLDER/PROXY

Note: Members are requested to carry the copy of the Annual Report

V&K SOFTECH LIMITED

1-405, 4TH Floor, Divyashakti Apartments, Ameerpet, Hyderabad – 500 016

PROXY FORM

Folio/dpid no:

I/We _____ being a Member/Members
of V&K Softech Limited hereby appoint _____

of _____

or failing him _____

of _____ as my/our proxy to attend and vote for me/us and on my/our
behalf at Registered Office on Wednesday, the 30th day of September, 2009 at 4 PM.

Dated this _____ day of _____ 2009.

Signed by the said _____

Affix Re. 1 Revenue Stamp

Affix Re. 1
Revenue
Stamp

NOTE: The proxy form duly signed by the Member(s) across Re. 1/- revenue stamp should reach the Company's share department at Registered Office of the Company at least 48 hours before the time fixed for the meeting.

**Printed Matter
Book-Post**

If undelivered please return to :

V & K Softech Limited

Regd. Office

I-405, 4th Floor, Divyashakti Apartments,
Ameerpet, Hyderabad - 500 016