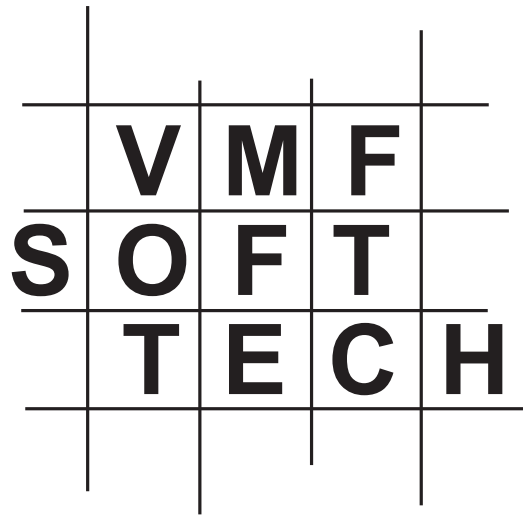


VMF SOFT TECH LIMITED



17th ANNUAL REPORT 2010 - 2011



VMF SOFT TECH LIMITED

BOARD OF DIRECTORS

Krishna Reddy Chintam
Managing Director

Niranjan Reddy Chintam
Director

Rajendra Vithal Naniwadekar
Director

Penumatcha Krishnam Raju
Director

Manthana Venkata Sivarama
Director

Potluri Srinivas
Director

AUDITORS

M/s. Mahesh, Virender & Sriram
Chartered Accountants
Hyderabad - 500 040
Ph: 040 -23401738

BANKERS

Union Bank of India
Kukatpally, Hyderabad-500072.

Axis Bank Ltd.
Banjara Hills, Hyderabad-500034.

ICICI Bank Ltd.
Khairatabad, Hyderabad-500004.

REGISTERED OFFICE

22-240/5,Nanditha Complex,
Opp: KPHB Colony, Kukatpally.
Hyderabad-500072
Email: info@vmfsoft.com

CORPORATE OFFICE

Plot No. 1367, Road No. 45
Jubilee Hills, Hyderabad- 500033.
Email: info@vmfsoft.com
Phone: 040-44333000.

REGISTRAR AND SHARES

XL Softech Systems .Ltd.
3, Sagar Society, Raod No. 2
Banjara Hills, Hyderabad – 500034.
Email: mail@xlsofttech.com
Phone: 040-23545915

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VMF SOFT TECH LIMITED

LETTER TO SHAREHOLDERS

Dear Shareholders,

On behalf of VMF Soft, I thank you for your confidence in us and take this opportunity to inform you that we are striving hard to exceed your expectations. I write to you at a vital and exciting time for VMF Soft.

We are improving our competitive position and are better equipped for possible growth in future. While we are making steady progress, we are also at the crux of historic transformation. As you will see, I have better reasons than ever to be more positive about our ability to serve you through improved levels of personalization and customization.

As I write this, we are witnessing a wave of change in India and world. Investments are not the pouring as easily as they used to. Businesses are becoming more cautious of their expenses and are looking for more value at best prices. Every business effort is being measured, quantified and evaluated.

While this has become a cause of concern for many firms offering services, we have taken it in our stride and embraced this change. We have asked ourselves if we can do more to help you in these challenging times. After deliberations our overwhelming answer was “yes, we can”.

Consequently, we had decided to equip ourselves better with superior resources and human expertise. We wanted to create a team that would rather be your partner than mere vendor.

In an effort that is bound to significantly increase our capability to serve you, we are pleased to inform you that we are in the process of acquiring Tekriti Software – a venture that has grown exponentially over last few years and continues the accelerated growth even as I write this.

This marks our transition from a medium scale operations company to a full-fledged global player with access to cutting edge technology and intellectual powerhouse of human capital. This strategic acquisition makes us better positioned than any other company to reshape IT services landscape and help you optimize your business.

The acquisition bears testimony to our commitment to serve you better. While our achievement so far is satisfactory, what needs to be achieved is challenging and exciting.

As a final note, I would like to sincerely thank you for your continued confidence in us. I would like to assure you that we are working hard to prove worthy of it and am confident of delighting you in months to come.

Thank you.

Sincerely

Krishna Reddy Chintam
Managing Director



VMF SOFT TECH LIMITED

NOTICE

NOTICE is hereby given to the Members that 17th Annual General Meeting of the Company will be held on Thursday the 22nd December, 2011 at 11.00 A.M at the Registered Office 22-240/5, Nanditha Complex, Opp: KPHB Colony, Kukatpally, Hyderabad - 500072. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as on 30th June 2011 and the Profit and Loss Account for the period ended as on the date along with the Directors Report and Auditors Report thereon.
2. To Re-appoint Mr. Rajendera Vithal Naniwadekar as Director who retires by rotation and being eligible offers him self for reappointment.
3. To Re-appoint Mr. Penumatcha Krishnam Raju as Director who retires by rotation and being eligible offers him self for reappointment.
4. To Re-appoint Auditors and to pass the following resolution as an Ordinary Resolution:

"RESOLVED that pursuant to Sec.224 and other applicable provisions of the Companies Act,1956 M/s. Mahesh, Virender & Sriram, Chartered Accountants - Hyderabad be and are hereby reappointed as Statutory Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company at such remuneration as may be determined by the Board of Directors of the Company."

By order of the Board

sd/-
Krishna Reddy Chintam
Managing Director

Date : 24-11-2011
Place: Hyderabad



VMF SOFT TECH LIMITED

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY FORMS TO BE VALID SHALL BE LODGED WITH THE CORPORATE OFFICE / REGISTRAR AND SHARE TRANSFER AGENT OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
2. The Register of Members and Share Transfer Books of the Company will be closed from 17.12.2011 to 22.12.2011 (Both days inclusive).
3. The Members are requested to intimate any change in their address quoting their Registered Folio to our Corporate Office address.
4. The Members are requested to bring Annual Report along with them at the time of Annual General Meeting and are also requested to send their queries, if any, on the adoption of accounts well in advance, so as to enable to place relevant records and information at the time of Annual General Meeting.
5. Consequent upon introduction of Section 109A of the Companies Act, 1956, Shareholders are entitled to make nomination in respect of shares held by them in physical form. Individual shareholder(s) can avail of the facility of nomination. For further details please contact Company's Secretarial Department. Shareholders desirous of making nominations are requested to send their requests in Form 2B, (which will be made available on request to the Registrar and Share Transfer Agent, M/s XL Softech Systems Limited.
6. Brief Profile of Directors retire's at this AGM is given in the Corporate Governance Report

IMPORTANT COMMUNICATION TO MEMBERS

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice / documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to register the same with the Registrar and Share Transfer Agent (RTA) M/s. XL Softech Systems limited, 3, Sagar Society, Road No: 2, Banjara Hills, Hyderabad – 500 034 E-mail id: mail@xlsoftech.com.



VMF SOFT TECH LIMITED

DIRECTORS' REPORT

To
The Members
VMF SOFT TECH LIMITED

Your Directors hereby present the 17th Annual Report together with the Audited Accounts of the Company for the period ended 30th June, 2011

FINANCIAL RESULTS (Rs. In Lakhs)

	Current Year ended 30.06.2011	Previous year ended 30.06.2010
Profit/(Loss) before taxes	(360.62)	19.59
Deferred Tax Asset	(3.91)	0.28
Provision for MAT	Nil	0.28
Profit/(Loss) after taxes	(364.53)	19.02

REVIEW OF OPERATIONS

Your company registered Gross Revenue of Rs.68.53 Lakhs and the Net Loss of Rs.364.53 Lakhs as against Gross Revenue and Net Profit of Rs 95.95 & Rs.19.08 Lakhs respectively in the previous year. Management of your Company is putting their best efforts to improve the operations.

The reason behind increase in Net Loss of the company is written off of the debtors outstanding since long time

CORPORATE RESTRUCTURING:

The Board of Directors has proposed for a Scheme of Arrangement cum Amalgamation under Section 391-394 read with Section 100 of the Companies Act 1956. The rationale of the scheme is to present a true financial position which would benefit the Company and Shareholders in particular as their holding will yield better results and value.

As a part of the Scheme, the accumulated losses of Rs. 5,91,68,541 will be written off partly by reduction of Share Capital. Amalgamation of Tekriti Software Private Limited and alteration of name of the Company also forms a part of the scheme which is subject to approval of the Bombay Stock Exchange, Shareholders, Hon'ble High Court and other authorities.

Tekriti Software, founded in 2005, offers services in outsourced product development and staff augmentation. Tekriti offers end-to-end enterprise software solutions in web and mobile platforms, besides being pioneer in developing a host of applications based on Web 2.0 including cloud computing, social network based software's, mobile application development and automation testing, content management, online video publishing, ecommerce and Microsoft Office solutions.

Tekriti is now a global software services company with operations in the US and India. The Company is having wholly owned subsidiary MCS Global Inc. The consolidate Gross Revenue of the company is 48.75 Cores for the period of 15 months ending 30th June 2011.



VMF SOFT TECH LIMITED

DIVIDEND:

In view of the inadequate of profits, your Directors regret their inability to recommend any dividend for the year 2010-11.

FIXED DEPOSITS:

The company has not accepted any Fixed Deposit during the year and there are no outstanding or overdue deposits as on the date within the meaning of section 58(A) of the Companies Act 1956 read with the Companies (Acceptance of Deposits) Rules, 1975 as amended from time to time.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association of the Company, Mr. Rajendra Vithal Naniwadekar and Mr. Penumatcha Krishnam Raju retire by rotation at this Annual General Meeting and being eligible, offer themselves for re-appointment. Your Directors recommend their Re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements of 217(2AA) of Companies Act 1956, with respect to Director Responsibility Statement it is given here confirmed that.

- i. In preparation of Annual accounts applicable accounting standards have been followed along with proper explanation relating to material departures
- ii. That the Directors have 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 at the end of the financial year and of the profit or loss of the company for that period;
- 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 on a going concern basis

AUDITORS

Your Directors recommend the Re-appointment of M/s Mahesh, Virender & Sriram, Chartered Accountants, Hyderabad – as the Statutory Auditors of the Company from the ensuing Annual General Meeting until the conclusion of the forthcoming Annual General Meeting of the Company. They have signified their willingness for re-appointment and have confirmed their eligibility under section 224(1B) of the Companies Act, 1956.

REPLIES TO AUDITORS REPORT

Notes No.6 Regarding Non-confirmation of balances from various parties: The Company is in the process of obtaining the confirmation of balances on a going concern basis.

Note No.7 Regarding non-provision for proportionate liability on account of employees' retirement benefits which have not been quantified; Since employees benefits yet completed statutory period for eligibility of retirement benefits the same has been not provided. However we are implementing the same from Current year

Notes No.8: Non provision of loss on investments suggestions of Auditors will be considered during the current year.



VMF SOFT TECH LIMITED

MANAGEMENT DISCUSSION & ANALYSIS:

As required under Clause 49 of the Listing Agreement with the Stock Exchange, the Management Discussion and Analysis Report is enclosed as a part of this Report as Annexure- I

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

A Statement giving details of Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988, are provided in Annexure - II forming part of to this report.

PARTICULARS OF EMPLOYEES

There were no employees drawing remuneration in excess of the limits mentioned under Sec.217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 during the financial year 2010-2011.

CORPORATE GOVERNANCE

Your Directors affirm their commitment to the Corporate Governance Standards prescribed by the Securities and Exchange Board of India (SEBI) a report on Corporate Governance as required under clause 49 of the Listing Agreement is Annexed to this report as Annexure-III.

PECUNIARY RELATIONSHIP OR TRANSACTIONS OF NON-EXECUTIVE DIRECTORS

Non-Executive directors do not have any other material pecuniary relationship or transactions with the company, its promoters or its management which in the judgment of the Board may affect independence of judgment of the director.

CODE OF CONDUCT.

The Board of Directors of the company has laid a code of conduct for Directors. All Directors has affirmed compliance with the code for the year under review. A declaration to this effect duly signed by the Managing Director of the Company is annexed to this report.

COMPANY'S POLICY ON PREVENTION OF INSIDER TRADING

Pursuant to the requirements of SEBI (Prohibition of insider Trading) Regulations, 1992, as amended, the Company had framed a Code of conduct for prevention of insider trading. Sri Chintam Krishna Reddy – had been appointed as Compliance Officer for the purpose. The code is applicable to all such employees of the Company who are expected to have access to the unpublished price sensitive information relating to the Company and the same is being implemented as a self regulatory mechanism.

ACKNOWLEDGMENTS

Your Directors wish to express their sincere gratitude to the customers, Vendors, Bankers, Consultants various departments of the State and Central Government for their continued support and encouragement.

Your directors wish to take this opportunity to record and express their sincere appreciation to the entire team of employees of the company for their cooperation, support and commitment to the company.

Yours directors also wish to place on the record their appreciation for the support and encouragement provided by the share holders and investors for reposing faith in the management

By order of the Board

sd/-

Krishna Reddy Chintam
Managing Director

sd/-

Niranjan Reddy Chintam
Director

Date : 24-11-2011

Place: Hyderabad



VMF SOFT TECH LIMITED

ANNEXURE - I

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Overview

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1956, guidelines issued by the Securities and Exchange Board of India (SEBI) and the Generally Accepted Accounting Principles (GAAP) in India. Our Management accepts responsibility for the integrity and objectivity of these financial statements, as well as for the various estimates and judgments used therein. The estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis, so that the financial statements reflect in a true and fair manner the form and substance of transactions, and reasonably present our state of affairs, profits and cash flows for the year

A. Industry structure and developments.

Changing economic and business conditions and rapid technological innovation are creating an increasingly competitive market environment that is driving corporations to transform their operations. Consumers of products and services are increasingly demanding accelerated delivery times and lower prices. Companies are focusing on their core competencies and using outsourced technology service providers to adequately address these needs. The role of technology has evolved from supporting corporations to transforming their business. There is an increasing need for highly skilled technology professionals in the markets in which we operate. At the same time, corporations are reluctant to expand their internal IT departments and increase costs. These factors have increased the reliance of corporations on their outsourced technology service providers and are expected to continue to drive future growth for outsourced technology services.

B. Opportunities and Threats:

The impact of recession in the global markets has made great impact which resulted in slow down in Indian Economy. All the other industries across the world and more specifically "IT" industry got seriously affected and your company was no exception. In spite of our best efforts, the revenue for operation has come down for the year ended 30-06-2011 and the same trend may continue during the current financial year.

C. Outlook.

In order to meet the changing market realities, your Company has been following the philosophy of providing the highest quality products and services at the lowest possible prices. All endeavors are made to achieve possible cost reduction in every area of operations. Your Company's philosophy to provide high class quality products i.e. full value for money, to consumers would greatly benefit in the long run. In the otherwise increasing cost arena, every expense, whether capital or revenue is minutely reviewed to achieve all possible savings. Your Company is planning to restructure as per Scheme of Arrangement cum Amalgamation mentioned elsewhere.

D. Risks and concerns.

The market for our computer aided design modeling and simulation software products is intensely competitive. We currently face competition from other scientific software providers, larger technology and solutions companies, in-house development by our customers, as well as academic and government institutions and the open source community.

Some of our competitors and potential competitors in this sector have longer operating histories than we do and could have greater financial, technical, marketing, research and development and other



VMF SOFT TECH LIMITED

Many of our competitors offer products and services directed at more specific markets than those we target, enabling these competitors to focus a greater proportion of their efforts and resources on these markets. Some offerings that compete with our products are developed and made available at lower cost by government organizations and academic institutions, and these entities may be able to devote substantial resources to product development and also offer their products to users for little or no charge. We also face competition from open source software initiatives, in which developers provide software and intellectual property free over the Internet. In addition, many of our customers spend significant internal resources in order to develop their own software

E. Internal control systems and their adequacy.

The Company has adequate internal audit and internal control systems in place to ensure that all transactions adhere to procedure and meet statutory requirements. The internal control system of the company consists of operative performance evaluation and devising corrective measures thereof.

F. Discussion on financial performance with respect to operational performance.

The financial performance of the Company has been explained in the Directors' Report of the Company for the year 2010-11 appearing separately.

G. Material developments in Human Resources / Industrial Relations front, including number of people employed.

The Company recognizes the importance and contribution of its human resources for its growth and development and is committed to the development of its people. The company has been practicing methods and practices for human resources with integrity, through a variety of services by using appropriate training, motivation techniques and employees' welfare activities. Industrial Relations were cordial and satisfactory.

H. Cautionary Statement:

Statement in the Management's Discussions and Analysis describing the company's projections, estimates, expectations or predictions may be 'forward looking' within the meaning of applicable securities laws and regulations. Actual performance may deviate from the explicit or implicit expectations. Important developments that could affect the Company's operation include a downward trend in the IT industry, rise in input cost, exchange rate fluctuation significant changes in political tax laws and economic environment in India.

By order of the Board

VMF SOFT TECH LIMITED

sd/-

Krishna Reddy Chintam
Managing Director

sd/-

Niranjan Reddy Chintam
Director

Date : 24-11-2011
Place: Hyderabad

VMF SOFT TECH LIMITED

ANNEXURE - II

PARTICULARS WITH RESPECT OF ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE INFLOW AND OUT GO:

Information as required under Section Sec.217 (1) (e) of the Companies Act, 1956 read with companies (Disclosure of particulars in the report of Board of directors) rules 1988 forms to extent applicable are given below:

1. Details of Conservation of Energy: The operations of your company do not consume high level of energy; however, adequate measures have been taken to conserve energy by using efficient computers and peripherals.
2. Foreign Exchange Earnings : USD 149490
3. Foreign Exchange Outgo :NIL
4. Technology Absorption :NIL
5. Research and Development :NIL
6. Technology absorption, adaptation and Innovation : NIL

ANNEXURE - III

CORPORATE GOVERNANCE REPORT FOR THE YEAR 2010-2011 (Pursuant to Clause 49 of the Listing Agreement)

1. COMPANY'S PHILOSOPHY ON THE CODE OF GOVERNANCE

VMF Soft Tech Ltd has been adhering to good corporate governance principles and practices, in order that the adopted standards would bring about transparency and accountability in all aspects of its business and help maximization of shareholder value.

The Board continues its pursuit of achieving these objectives through the adoption and monitoring of corporate strategies, business plans and ensuring that the company's policies and procedures satisfy its legal and ethical responsibilities.

2. BOARD OF DIRECTORS

As on 30th June 2011, the Board of Directors consists of Six Directors. The Directors are eminent personalities and experienced professionals in business, law, finance and Corporate Management.

VMF SOFT TECH LIMITED

a) The Composition of Directors as on 30.06.2011 is as follows:

SL No.	Name Of The Director	Category	Designation	No: of Board Meetings attended	Attendance in last AGM held on 23-Dec-2010.
1.	Mr. Rajendra Vithal Naniwadekar	Independent, Non-Executive	Director	6	Yes
2.	Mr. Penumatcha Krishnam Raju	Promoter, Non-Executive	Director	5	Yes
3.	Mr. Manthena Venkata Sivarama Raju	Independent, Non-Executive	Director	5	No
4.	Mr. Krishna Reddy Chintam	Promoter, Executive	Managing Director	6	Yes
5.	Mr. Niranjan Reddy Chintam	Non-Promoter, Non-Executive	Director	6	Yes
6.	Mr. Srinivas Potluri	Independent, Non-Executive	Director	5	No

b) Number of other Directorship's & Committee Membership's / Chairmanship's

SL No.	Name Of The Director	Other Directorship	Committee Membership	Committee Chairmanship
1.	Mr. Rajendra Vithal Naniwadekar	10	1	1
2.	Mr. Penumatcha Krishnam Raju	6		-
3.	Mr. Manthena Venkata Sivarama Raju	NIL	-	-
4.	Mr. Krishna Reddy Chintam	12	-	-
5.	Mr. Niranjan Reddy Chintam	6	1	-
6.	Mr. Srinivas Potluri	1		-

c) Number of Board Meetings held and the date on which held :

Six Board Meetings were held during the year, the dates on which the meetings were held are as follows:

- 1) 14.08.2010
- 2) 31.08.2010
- 3) 01.11.2010
- 4) 20.11.2010
- 5) 14.02.2011
- 6) 30.06.2011

VMF SOFT TECH LIMITED

d) Brief Profile of Directors Retiring by Rotation:

- a) Mr. Rajender Vithal Naniwadekar is an investment strategist with over 20 years experience in the Indian securities market. He was the President of the Hyderabad Stock Exchange and was a member of its Governing Board for over a decade. He played a key role during the crucial period over which the Indian Capital Market experienced a structural change in Market Regulation and the Trading platform changed from physical to electronic form. He is an independent consultant to corporations on issues of valuation, capital structure and acquisitions. He deals extensively with clients in the technology, financial and power sectors, providing corporate finance advisory services on topics ranging from capital structure, valuation, M&A, capital market access and corporate governance. As an advisor and/or independent director on the Board of a few Indian companies, he plays an active role in improving the shareholder value.
- b) Mr. Penumatcha Krishnam Raju is B.Tech. from J.N.T.U., Ananthapur. He served at BHEL for 13 years in various executive capacities. After voluntarily retiring from BHEL in 1992, he started his entrepreneurial career with a Mechanical Engineering venture. Mr. Raju is currently involved in corporate management and financial planning.

3. AUDIT COMMITTEE

The Audit Committee consists of 3 non-executive directors :

Mr. Manthana Sivarama Raju	Chairman
Mr. P. Krishnam Raju	Member
Mr. Rajendra V Naniwadekar	Member

(The constitution of Audit Committee also meets with the requirements under Section 292 A of the Companies Act, 1966).

The Composition, role, functions and powers of the Audit Committee are in line with the requirements of applicable laws and regulations.

The Audit Committee shall oversee financial reporting process and disclosures, review annual financial statements, review adequacy of internal audit function, related party transactions, review financial and risk management policies, oversee compliance with Stock Exchange and legal requirements concerning financial statements, review auditor's qualifications (draft), compliance with Accounting Standards, recommending the appointment and renewal of external Auditor, fixation of Audit fee and also approval for payment for any other services, etc.

During the year, the Audit committee has met five times as against the minimum requirement of four meetings. Attendance of each member at the committee meeting were as follows:

S. No.	Name of the Member	Status	No. of Meetings Attended
1	Mr. Manthana Sivarama Raju	Independent Director	4
2	Mr. P. Krishnam Raju	Promoter Director	5
3	Mr. Rajendra V Naniwadekar	Independent Director	5

VMF SOFT TECH LIMITED

4) REMUNERATION COMMITTEE

The Remuneration Committee consists of Non-Executive Directors viz., Mr. Manthena Sivarama Raju Chairman, Mr. P. Krishnam Raju – Member and Mr. Rajendra V Naniwadekar - Member .

The Remuneration committee has been constituted to recommend / review the Remuneration Packages of the Executive Directors. The remuneration policy is in consonance with the existing industry practice and also with the provisions of the Companies Act, 1966.

Details of remuneration paid to the Directors:

- The remuneration paid to the directors during the financial years 2010-2011 is Rs. NIL
- At present the Company is not paying any sitting fees to the Directors for attending the meetings of Board of Directors or Committee meetings.

5) SHAREHOLDERS / INVESTORS' GRIEVANCE COMMITTEE

The Investors/Shareholders Grievance Committee comprises of :

Mr. Rajendra V Naniwadekar	Chairman
Mr. Niranjana Reddy Chintam	Member
Mr. P. Krishnam Raju	Member

The Committee reviews redressing of Shareholders and investors Complaints like transfer of shares, non-receipt of Balance sheet, non-receipt of declared Dividends, etc besides complaints from SEBI, Stock Exchanges, and various Investor Forums. The Committee also oversees the performance of Registrar and Share Transfer Agents and recommends measures for overall improvement in the quality of investor's services.

- i) Name and Designation of Compliance Officer: Mr. Chintam Krishna Reddy., Address 22-24/6, Nanditha Complex, Opp KPHB colony, Kukkatpally, Hyderabad Ph: 040-44333030 E-Mail: info@vmfsoft.com
- ii) The Company has not received any Complaints from the shareholders/investors during 2010-11. The Company received 2 requests for share transfer and requests for 904000 shares dematerialization during the year. All the requests were approved and dealt with and there were no pending requests as on June 30, 2011.

6. GENERAL BODY MEETINGS

6.1. Location and Time for Last Three Annual General Meetings held:

Year	Location	Date & Time	No: of Special Resolutions Passed
2009-2010	Regd. Office: 22-240/6, Nudity Complex, Opp. KPHB Colony, Kukkatpally, Hyderabad	23.12.2010 11.00 AM	NIL
2008-2009	Regd. Office: 22-240/6, Nudity Complex, Opp. KPHB Colony, Kukkatpally, Hyderabad	09.12.2009 11.00 AM	2
2007-2008	Regd. Office: 22-240/6, Nudity Complex, Opp. KPHB Colony, Kukkatpally, Hyderabad	12.09.2008 11.00 AM	NIL

VMF SOFT TECH LIMITED

7. DISCLOSURES OF MATERIAL TRANSACTIONS

- a) During the year, the Company had not entered into any transaction of a material nature with any of the related parties, which were in conflict with the interest of the Company and the same has disclosed in point No 6 .under Notes on Accounts.
- b) Details of non-compliance by the Company, penalties, and strictures imposed on the Company by stock exchanges or SEBI, or any Statutory Authority, on any matter related to Capital markets, during the last three years - **NIL**

8. MEANS OF COMMUNICATION

Quarterly Results

Quarterly Results are normally published in the all India editions of the Financial Express (National Daily) and Prajashakti (Regional Newspaper) along with the official news release. All material information about the Company is promptly sent by letters to the Bombay Stock Exchanges where the Company's shares are listed.

9. GENERAL SHAREHOLDERS INFORMATION

a. Annual General Meeting:

Day, Date and Time	Thursday 22nd December 2011, at 11.00 AM
Venue	At the Registered Office of the Company at 22-240/5, Nanditha Complex, Opp: KPHB Colony, Kukatpally Hyderabad

b. Tentative Financial Calendar 2011-2012

Financial Year July-June

* Un audited financial results for

Quarters	Month and Year
First Quarter	July, 2011
Second Quarter	October, 2011
Third Quarter	January, 2012
Fourth Quarter	April, 2012

C. Book Closure: From, 17.12.2011 to 22.12.2011 (both days inclusive) for the purpose of Annual General Meeting.



VMF SOFT TECH LIMITED

d. Listing Details:

(i) The Shares of the Company are listed on:

The Bombay Stock Exchange, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400001
As Securities Exchange Board of India, Mumbai has De-recognized The Hyderabad Stock Exchange Limited, your Company Shares are not listed / Traded on The Hyderabad Stock Exchange Limited.

(ii) Depositories for Equity Shares: NSDL and CSDL

ISIN number for the company's equity shares : INE164B01014

Registrar and Share Transfer Agents : XL Softech Systems Limited
3, Sagar Society, Road No. 2
Banjara Hills, Hyderabad – 500 034
Email: mail@xlsoftech.com
Phone: 040-23545915

(iii) The Annual listing fee for the financial year 2010-11 has been paid to the stock exchange

e) Market Price Data:

The monthly high and low quotations of equity shares of the company traded on Bombay Stock Exchange during the financial year 2010-2011 are as follows

Month & Year	High (Rs.)	Low (Rs.)
July 2010	5.39	4.25
August 2010	8.62	5.00
September 2010	8.40	6.30
October 2010	8.28	6.29
November 2010	8.40	5.89
December 2010	6.40	5.00
January 2011	6.00	4.78
February 2011	7.30	6.15
March 2011	7.00	6.00
April 2011	7.50	6.32
May 2011	6.18	4.26
June 2011	5.65	4.04



VMF SOFT TECH LIMITED

- f) The Company has appointed XL Softech Systems Limited for Physical and Demat shares and for redressal of related grievances and in this regard, shareholders may contact M/s. XL Softech Systems Limited at Regd. off: 12-10-167, 3, Sagar Society, Road No. 2, Banjara Hills, Hyderabad – 600 034, for their requirements.
- g) The Company's shares are covered under the Compulsory dematerialization list and are transferable through the depository system. As per the internal quality standards, the Company has put in processes for physical share transfers and the same have been reviewed by the Investors Grievance Committee. Shares received for physical transfer are generally registered within a period of 30 days from the date of receipt, if the documents are clear in all respects. As regards shares held in Electronics form, the credit being given as per guidelines issued by SEBI/NSDL/CDSL.
- e) Share Transfer System:

All the physical share transfers received are processed by the Share Transfer agents, M/s XL Softech Systems Limited, Hyderabad. The Company's shares are being traded in compulsory Demat form. The company has already entered into agreement with both the depositories i.e. NSDL and CDSL, for dematerialization of shares, which enables the shareholders to hold and transfer shares in electronic form

10. SHAREHOLDING PATTERN AS ON 30TH JUNE 2011

Share holding pattern as on 30th June, 2010 as follows :

SL No	Category	No. of Shares (Issued Equity)	Percentage (%)
1.	Promoters & Associates	2 707 097	29.30
2.	Indian Financial Institutions, Banks, Mutual Funds	Nil	Nil
3.	Foreign Institutional Investors/NRIs	Nil	Nil
4.	Others	6 532 003	70.70
	Total	9 239 100	100.00

VMF SOFT TECH LIMITED

(b) Distribution of Shareholding as on 30th June 2011

No of Shares Held	No of Shareholders	% of Shareholders	No.of Shares (Rs.) (Issued Equity)	% of shareholding
Upto 5000	2817	68.19	6 830 600	7.39
5001-10000	647	15.66	5383900	5.83
10001-20000	298	7.21	4714160	5.10
20001-30000	101	2.44	2607360	2.82
30001-40000	56	1.36	2070610	2.24
40001-50000	53	1.28	2567630	2.78
50001-100000	76	1.84	5855870	6.34
100000& above	83	2.02	62360990	67.60
Total	4131	100	92391000	100.00

12. DEMATERIALIZATION OF SHARES AND LIQUIDITY

The company scrip is under compulsory demat form in The Stock Exchange, Mumbai. The Company has already entered into agreement with both the depositories, viz., NSDL and CDSL for dematerialization of its shares, the shareholders are free to dematerialize their shares and keep them in dematerialized form with any depository participant. 1947997 Shares (21.08%) have been demattered as on 30th June 2011.

13. ADDRESS FOR CORRESPONDENCE

a) For transfer / dematerialization

: XL Softech Systems Ltd
3, Sagar Society, Raod No. 2,
Banjara Hills, Hyderabad – 500034.
Email: mail@xlsoftech.com
Phone: 040-23545915

b) Any query on Annual Report

Registered Office : 22-240/5,Nanditha Complex,
Opp: KPHB Colony, Kukatpally,
Hyderabad-500072
Email: info@vmfsoft.com

Corporate Office : Plot No. 1367, Road No. 45
Jubilee Hills, Hyderabad- 500033.
Email: info@vmfsoft.com
Phone: 040-44333000.

Sd/-

Krishna Reddy Chintam
Managing Director

sd/-

Niranjan Reddy Chintam
Director

Date: 24.11.2011
Place: Hyderabad



VMF SOFT TECH LIMITED

CERTIFICATION BY CEO OF THE COMPANY

I, Krishna Reddy Chintam, Managing Director of VMF Soft Tech Limited, to the best of my knowledge and belief certify that:

1. I have reviewed the Balance Sheet, Profit and Loss Account, its schedule & notes to the accounts and cash flow statement for the year ended 30th June 2011 and that to the best of our knowledge and belief:
 - a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - b) these statements together present a true and fair view of the Company's and are in compliance with existing accounting standards, applicable laws and regulations.
2. I also certify, that based on our knowledge and the information provided to us, there are no transactions entered into by the Company during the year which are fraudulent, illegal or violate the Company's code of conduct.
3. I accept the responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps taken or propose to take to rectify these deficiencies.
4. I have indicated to the Auditors and the Audit Committee:
 - a) significant changes in internal control during the year;
 - b) significant changes in accounting policies during the year and that the same have been disclosed in notes to the financial statements; and
 - c) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system.

By Order of the Board

Sd/-
Krishna Reddy Chintam
Managing Director

Date: 24.11.2011



VMF SOFT TECH LIMITED

CERTIFICATE OF COMPLIANCE UNDER CLAUSE 49

AUDITOR'S CERTIFICATE

To
The Members of
VMF Soft Tech Limited

We have examined the Compliance conditions of the Corporate Governance of M/s VMF Soft Tech Limited for the period ended 30th June 2011 as stipulated in clause 49 of the Listing Agreement with stock exchanges.

The Compliance with the conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to review the procedures and implementations thereof adopted by the Company for ensuring the compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.

In our opinion and to the best of our information and according to the explanations given to us and representations made by the Directors and the Management's, we certify that the company has complied with the conditions of the Corporate Governance as stipulated in Clause 49 of the above mentioned Listing agreement.

As required by the guidance note issued by the institute of Chartered Accountants of India, we have to state that no grievances of investors are pending for a period exceeding one month against the Company as per the records maintained by the Company.

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

For Mahesh, Virender & Sriram
Chartered Accountants
Reg No. 0019395

sd/-
(B R Mahesh)
Partner
M.No. 18628

Date: 24.11.2011
Place: Hyderabad



VMF SOFT TECH LIMITED

AUDITOR'S REPORT

To
The Shareholders of
M/s V M F Soft Tech Limited
Hyderabad

We have audited the attached Balance Sheet of M/s V M F Soft Tech Limited Hyderabad as at 30th June 2011 and also the profit and loss account for the year ended on that date.

1. 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.
2. 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.
3. As required by the Companies (Auditor's Report) Order 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 2 above, we report that:
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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 appears from our examination of those books;
 - c. The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
 - d. In our opinion, the Balance Sheet and Profit and Loss Account and cash flow statement dealt with by this report comply with the mandatory Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - e. In our opinion, and based on information and explanations given to us, none of directors are disqualified as on 30th June, 2011 from being appointed as directors in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - f. Subject to
 - a. Notes No: - 6 Regarding non - confirmation of balances from various parties.
 - b. Notes No: 7 regarding non-provision for proportionate liability on account of employees' retirement benefits, which have not been quantified.
 - c. Note No 8 – regarding non provision of loss, if any, on account of unquoted investments market value not ascertainable.
 - g. In our opinion and the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and other notes thereon give the information required by the Companies Act, 1956, in the manner so required, and present 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 30th June, 2011;
 - (b) In the case of the profit and loss account of the Loss for the year ended on that date.

And

(c) In the case of cash flow statement, of the cash flows for the year ended on that date

For **Mahesh, Virender & Sriram**
Chartered Accountants
Reg No. 0019395

sd/-
(B R Mahesh)
Partner
M.No. 18628

Date: 11th August 2011
Place: Hyderabad



VMF SOFT TECH LIMITED

Annexure 'A' to Auditor's Report

Referred to in paragraph 2 of our report of even date

- I. a. The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b. The management during the year has verified all the fixed assets. There is a regular program of verification which in our opinion, is reasonable having regard to the size of the company and nature of its assets. No material discrepancies were noticed on such verification.
 - c. During the year, the company has not disposed any fixed assets during the year under review.
- ii. The company does not have any inventory hence this clause is not applicable.
- iii. The Company neither granted nor taken any loans, secured or unsecured to / from companies, firms or other parties covered in the register in the register maintained under section 301 of the Companies Act, 1956.
- iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control procedure commensurate with the size of the company and the nature of its business for the purchases of plant and machinery, equipment and other assets and for the sale of goods.
- v. In our opinion according to the information and explanation given to us, there are no transactions that need to be entered in pursuance of section 301
- vi. In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from public to which the provisions of Section 58A and 58AA of the Act and rules framed there under.
- vii. In our opinion, the internal audit functions carried out during have been commensurate with the size of the company and nature of its business.
- viii. Maintenance of cost records by the company has not been prescribed by the Central Government under Section 209 (1) (d) of the Companies Act, 1956.
- ix. a. As per the records maintained by the company, the company is regular in depositing undisputed statutory dues the authorities. The company is not having investor education protection fund. According to the explanation and information given to us, we understand that the company is not liable for under Provident Fund ,sales tax and Employees State Insurance Acts.
 - b. As per the records and as per the information and explanation given to us, no undisputed amounts payable in respect of Wealth Tax, Sales Tax, Customs Duty and Excise duty and Cess as at 30th June 2011 for a period of more than six months from the date they became payable.
- x. The accumulated losses of the company as the end of the Accounting year have exceeded fifty percent of its net worth as the end of the year. The company has not incurred cash losses during the year under review



VMF SOFT TECH LIMITED

- xi. During the year under review the company has not taken any loans from the financial institutions.
- xii. The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. In our opinion, the company is not a chit fund or a nidhi/ mutual benefit fund/ society. Therefore the provisions of clause 4(xiii) of the Companies (Auditor' s Report) order, 2003 are not applicable to the company.
- xiv. In our opinion, the company is not dealing in or trading in shares securities debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditor' s Report) order, 2003 are not applicable to the company.
- xv. The company has not given any guarantees for loans taken by others from banks or financial institutions.
- xvi. The company has not taken any term loan during the year under review.
- xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment. No long-term funds have been used to finance short-term assets.
- xviii. The company has not made any preferential allotment of shares during the year to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- xix. The company has not issued any debentures during the year under review.
- xx. The company has not raised any money by public issue during the year under review.
- xxi. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For **Mahesh, Virender & Sriram**
Chartered Accountants
Reg No. 0019395

sd/-
(B R Mahesh)
Partner
M.No. 18628

Date: 11th August 2011
Place: Hyderabad

VMF SOFT TECH LIMITED

FINANCIAL DETAILS

Balance sheet as at 30/06/2011

Balance sheet as at	Sch No	30-Jun-2011 Rs.	30-Jun-2010 Rs.
I. Source of funds			
(1) share holders funds			
(a) Capital	1	9 58 41 000	9 57 34 460
(b) Reserve & surplus	2	8 07 350	8 07 350
(2) Loan funds			
(a) Secured Loans		Nil	Nil
(b) Unsecured loans		Nil	Nil
(3) Deferred Tax Liability	3	21 58 782	17 66 952
Total		9 88 07 132	9 83 08 762
II. Application of funds			
(1) Fixed assets			
(a) Gross block	4	1 29 06 562	1 27 99 112
(b) Less depreciation	5	68 95 532	49 37 116
(c) Net block	6	60 11 030	78 61 996
(d) Capital workprogress		Nil	Nil
(2) Investments	7	1 96 04 552	1 96 04 552
(3) Current assets, loans and advances	8		
(a) Inventories		Nil	Nil
(b) Sundry debtors		1 40 96 174	4 46 90 236
(c) Cash and bank balances		1 97 390	1 57 137
(d) Other current assets		Nil	Nil
(e) Loans & advances		3 06 568	33 82 389
Less :			
(a) Liabilities &	9	9 98 262	5 55 405
(b) Provisions			28 170
Net current assets		1 36 01 870	4 76 46 187
(4) A. Miscellaneous expenditure to the extent not written off or adjusted	10	4 21 139	4 81 302
B. Profit and loss account	11	5 91 68 541	2 27 14 725
Total		9 88 07 132	9 83 08 762

Accounting Policies & Note to accounts 16

For and on behalf of Board of Directors

Vide our report of even date
For **Mahesh, Virender & Sriram**
Chartered Accountants
Reg No. 0019395

sd/-
Krishna Reddy Chintam
Managing Director

sd/-
Niranjan Reddy Chintam
Director

sd/-
B R Mahesh
Partner
M No-18628

Date: 11th August 2011
Place: Hyderabad

VMF SOFT TECH LIMITED

Profit and loss account for the year ended	Sch	30-Jun-2011	30-Jun-2010
	No	Rs.	Rs.
Income			
Sales	12	67 48 988	94 22 000
Interest Received		1 04 177	1 73 591
Sundry Accounts Written Back		5	23 979
Total income		68 53 170	96 19 570
Expenditure			
Soft ware expenses	13	64 13 432	35 54 420
Personnel expenses	14	17 59 253	15 29 658
Administrative expenses	15	3 25 82 285	5 56 102
Exchange fluctuations		1 41 607	
Depreciation	5	19 58 416	19 53 720
Miscellaneous Expenditure Written off		60 163	60 163
Total expenditure		4 29 15 156	76 54 063
Profit /(Loss) for the year		(3 60 61 986)	19 65 507
Less / Add : Deferred Tax Asset		- 3 91 831	- 28 874
Provision for M A T			- 28 170
Profit / (Loss) for the year transferred Balance Sheet		(3 64 53 817)	19 08 462

Accounting Policies & Note to accounts 16

For and on behalf of Board of Directors

Vide our report of even date
For **Mahesh, Virender & Sriram**
Chartered Accountants
Reg No. 0019395

sd/-

Krishna Reddy Chintam
Managing Director

Date: 11th August 2011
Place: Hyderabad

sd/-

Niranjan Reddy Chintam
Director

sd/-

B R Mahesh
Partner
M No-18628

VMF SOFT TECH LIMITED

Schedules forming part accounts as at 30/06/2011

Schedules forming part accounts as at	30-Jun-2011 Rs.	30-Jun-2010 Rs.
Schedule No :1		
Share Capital		
a. Authorised		
2,00,00,000 Equity shares		
Rs. 10.00 Each	<u>20 00 00 000</u>	<u>20 00 00 000</u>
b. Issued,subscribed & paid up		
92,39,100 Equity shares of Rs.10.00 Each	9 23 91 000	9 23 91 000
c. Less : calls in arrears		- 1 06 540
	<u>9 23 91 000</u>	<u>9 22 84 460</u>
d. Warrants Issued	34 50 000	34 50 000
Total Share Capital	<u>9 58 41 000</u>	<u>9 57 34 460</u>
Schedule No : 2		
Reserve and Surplus		
a. General reserve	2 40 000	2 40 000
b. Capital Subsidy	5 67 350	5 67 350
Total reserve and surplus	8 07 350	8 07 350
Schedule No : 3		
Deferred Tax Liability		
[a] Deferred Tax		
Opening Balance	17 669 52	17 38 077
[a] Deferred Tax Asset for the year	3 91 831	28 874
Closing balance	21 58 782	17 66 952

VMF SOFT TECH LIMITED

Schedules forming part accounts as at 30/06/2011

Schedule No :4

Fixed Assets - Gross Block

30-Jun-2011 Rs.

S No.	Description of Asset	Gross block		
		As At 30-Jun-2010	Additions During Year	As At 30-Jun-2011
2.	Plant & Machinery			
	[a] Equipment	1 64 759		1 64 759
	[b] Electrical instl.	2 03 070		2 03 070
4.	Computers	50 26 849	65 750	50 92 599
6.	Office equipments			
	[a] Epabx systems	1 22 265		1 22 265
	[b] Neon sign board	27 010		27 010
	[c] Fax machine	47 755		47 755
	[d] Water Cooler	24 127		24 127
	[e] Air conditioners	4 69 272	30 700	4 99 972
7.	Vehicles			
	[a] Scooter	3 800		3 800
8.	Soft Ware	67 10 205	11 000	67 21 205
	Total:	1 27 99 112	1 07 450	1 29 06 562
	Previous years figures	1 27 72 263	26 849	1 27 99 112

Schedule No :5

Fixed Assets - Depreciation

30-Jun-2011 Rs.

S No.	Description of Asset	Depreciation		
		Up to 30-Jun-2010	For the Year	Up to 30-Jun-2011
2.	Plant & Machinery			
	[a] Equipment	1 24 084	7 828	1 31 912
	[b] Electrical instl.	1 19 213	9 644	1 28 857
4.	Computers	11 71 042	8 16 892	19 87 934
6.	Office equipments			
	[a] Epabx systems	81 816	7 616	89 432
	[b] Neon sign board	25 608	1 401	27 009
	[c] Fax machine	17 235	2 268	19 503
	[d] Water Cooler	11 751	1 148	12 899
	[e] Air conditioners	2 18 891	23 307	2 42 198
7.	Vehicles			
	[a] Scooter	3 721	78	3 799
8.	Soft Ware	31 63 755	10 88 234	42 51 989
	Total:	49 37 116	19 58 416	68 95 532
	Previous years figures	29 83 396	19 53 720	49 37 116

VMF SOFT TECH LIMITED

Schedules forming part accounts as at 30/06/2011

Schedule No :6 Fixed Assets - Net Block 30-Jun-2011 Rs.

S No.	Description of Asset	Net block		
		As at 30-Jun-2011	As at 30-Jun-2010	Rate of Dep.
2.	Plant & Machinery			
	[a] Equipment	32 847	40 675	4.75%
	[b] Electrical instl.	74 213	83 857	4.75%
4.	Computers	31 04 665	38 55 807	16.21%
6.	Office equipments			
	[a] Epabx systems	32 833	40 449	6.23%
	[b] Neon sign board	1	1 402	6.23%
	[c] Fax machine	28 252	30 520	4.75%
	[d] Water Cooler	11 228	12 376	4.75%
	[e] Air conditioners	2 57 774	2 50 381	4.75%
7.	Vehicles			
	[a] Scooter	1	79	9.50%
8.	Soft Ware	24 69 216	35 46 450	16.21%
	Total:	60 11 030	78 61 996	
	Previous years figures	78 61 996	97 88 867	
Schedules forming part accounts as at		30-Jun-2011 Rs.	30-Jun-2010 Rs.	
Schedule No : 7				
Investments				
[unquoted - at cost]				
Technovention Tradex pvt ltd		14 55 000	14 55 000	
IGLILY INC		1 81 49 552	1 81 49 552	
Total Investments		1 96 04 552	1 96 04 552	

VMF SOFT TECH LIMITED

Schedules forming part accounts as at 30/06/2011

Schedule No : 8			
[a] Current Assets, Loans & Advances			
[b] Sundry Debtors			
[Unsecured and considered good]			
1. More than six months	99 61 174		4 05 55 236
2. Others	41 35 000		41 35 000
Total Sundry Debtors	1 40 96 174		4 46 90 236
[c] Cash and Bank Balances			
Cash Balance	1 28 121		8 227
Bank Balances with Scheduled bank On Current Accounts	69 269		1 48 910
Total Cash and Bank Balances	1 97 390		1 57 137
[e] Loans and Advances [Unsecured and considered good]			
1. Deposits	1 09 286		21 82 428
2. Others	1 31 000		Nil
3. Prepaid Taxes	66 282		11 99 961
Total Loans and advances	3 06 568		33 82 389
Schedules forming part accounts as at	30-Jun-2011		30-Jun-2010
	Rs.		Rs.
Schedule No :9			
[a] Liabilities			
[1] Sundry Creditors (including Rs. Nil due to Micro Small Medium Enterprises)	1 70 473		1 39 545
[2] Outstanding Expenses	4 61 728		3 50 360
[3] Others	3 66 061		65 500
Total liabilities	9 98 262		5 55 405
[b] Provisions			
Provision for M A T	Nil		28 170
Total	Nil		28 170
Schedule No :10			
Miscellaneous Expenditure to the ext not w/off			
Opening Balance	4 81 302		5 41 465
Additions during the year	Nil		Nil
Less: Written off during the year	- 60 163		- 60 163
Closing Balance	4 21 139		4 81 302

VMF SOFT TECH LIMITED

Schedules forming part accounts as at 30/06/2011

Schedule No : 11			
Profit and loss account			
Opening Balance of Loss	2 27 14 725		2 46 23 187
Add: Loss for the year	3 64 53 817		-19 08 462
Closing Balance	5 91 68 541		2 27 14 725
Schedules forming part accounts as at	30-Jun-2011		30-Jun-2010
	Rs.		Rs.
Schedule No : 12			
Sales			
[a] Export sales			
[1] Soft ware division	67 48 988		80 22 000
[b] Local Sales			
[1] Soft ware division	Nil		14 00 000
Total Sales	67 48 988		94 22 000
Schedule No : 13			
Soft ware expenses			
Sub Contract Expenses	64 13 432		34 35 220
Computer maintenance	Nil		1 19 200
Total soft ware expenses	64 13 432		35 54 420
Schedule No : 14			
Personnel Expenses			
Directors Remuneration	Nil		Nil
Salaries & Allowances	11 60 181		4 16 452
Professional Fee	5 98 394		11 11 783
Staff welfare Exps	678		1 423
Total personnel expenses	17 59 253		15 29 658
Schedule No :15			
Administrative expenses			
Rent Rates & Taxes	1 58 545		2 02 050
Communication Expenses	46 919		44 570
Travelling & Conveyance	2 85 005		1 27 472
Office Maintenance	38 014		39 475
Bank Charges	40 832		15 176
Business Promotion	59 143		87 359
Audit Fee	40 000		40 000
Sundry Accounts Written Off	3 13 41 409		Nil
Income Tax	5 72 418		Nil
Total Administrative Expenses	3 25 82 285		5 56 102



VMF SOFT TECH LIMITED

Schedule No: 16

Accounting policies and notes to accounts forming part of accounts:

I. Accounting policies

- 1) Basis of accounting:
 - i) The financial statements are prepared under the historical cost convention and in accordance with the applicable accounting standards issued by the institute of chartered accountants of India and requirements of the Companies Act 1956 and on a going concern concept.
 - ii) The company follows the mercantile system of accounting and recognizes income and expenditure on accrual basis.
- 2) Revenue Recognition:
 - I. Revenue from software is recognized on billing to clients.
- 3) Fixed Assets:
 - I. The fixed assets are stated at cost of acquisition and subsequent improvements thereto including taxes, duties, freight and other incidental expenses related to acquisition and installation.
- 4) Depreciation:

Depreciation on fixed assets is provided on Straight line method on pro –rata basis at the rates prescribed in schedule XIV of the Companies Act, 1956 as amended from time to time.
- 5) Borrowing cost:

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessary takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.
- 6) Inventories:

Inventories are valued at lower of the cost or net realizable value which ever is lower.
- 7) Transaction in foreign currency:
 - i) Revenue transactions are incorporated in company's account at the exchange rates prevailing on the date of receipt/payment.
 - ii) Current Assets and liabilities are incorporated at the rates of exchange prevailing on the last working day of the year.
 - iii) Exchange fluctuations are accounted to profit and loss account.
- 8) Preliminary expenditure:
 - i. To write off preliminary expenses in ten equal yearly installments.
- 9) Investments:
 - i. Long term and unquoted current investments are stated at cost and quoted current investments at lower of cost or market value. Provision for diminution in value of long-term investments is made only if such a decline is other than temporary in the opinion of the management.
- 10) Taxes on Income
 - i. Current tax is determined on the amount of tax payable in respect of taxable income for the year.
 - ii. To provide and recognize deferred tax on timing difference between taxable income and accounting income subject to prudent practices.
- 11) Segment reporting:
 - i. To disclose the revenue and expenses by way of business segments, geographical segments and customer segments.
- 12) Related parties Transactions:
 - i. Related party transactions including purchases, services, fund and non fund based agreements are disclosed separately.
- 13) Employees' Retirement Benefits:
 - i. Retirement benefits are provided in accounts on a rational method where in accrued liability for retirement benefits payable to all employees at the end of the year are reflected.
- 14) Contingencies
 - i. All major events occurring after the date of financial statements, which impair the financials are duly provided.

VMF SOFT TECH LIMITED

II. Notes to accounts

1. Contingent liabilities	30-06- 2011 Rs.Lakhs	30-06- 2010 Rs.Lakhs
[a] Claims against the company not acknowledged as debts	Nil	Nil
[b] Uncalled liability on shares partly paid	Nil	Nil
[c] Arrears of fixed cumulative dividend	Nil	Nil
[d] Estimated amount of contracts remaining to be paid on capital account not provided for	Nil	Nil
[e] Other money for which the company is contingently liable	Nil	20.73 Lakhs

2. Directors remuneration	30-06- 2011 Rs.	30-06-2010 Rs.
[a] Paid during the year	Nil	Nil
Total	Nil	Nil
[b] Computation of net profit under section 309 [5] of the companies act, 1956	N A	N A

3. Particulars of employees	30-06- 2011 Rs.	30-06-2010 Rs.
Particulars of employees in accordance with section 217 2A of the companies act, 1956	Nil	Nil

4. Auditors Remuneration	30-06- 2011 Rs.	30-06-2010 Rs.
[a] As auditor	25,000	25,000
[b] Income Tax Representation Fee	15,000	15,000
Total	40,000	40,000

VMF SOFT TECH LIMITED

5. Additional information:

Quantitative details are not applicable since it is a software development company.

Soft ware sales	30-06- 2011 Rs. Lakhs	30-06-2010 Rs. Lakhs
Export	Rs.67.49	Rs.80.22
Local	Rs.Nil	Rs.14.00
	Rs. 67.49	Rs. 94.22

	30-06- 2011 Rs.	30-06-2010 Rs.
[e] Value of imports during the year	Nil	Nil
[f] Expenditure in foreign currencies	Nil	Nil
[g] Remittances in foreign currencies		
[h] Earnings in foreign currencies	US \$1,49,490	US \$1,74,400

Related Party Transactions as per AS 18

Transactions with related parties in the ordinary course of business

	30-06-2011	30-06-2010
Associated Companies	Nil	Nil
Key Managerial Personnel	Not Applicable	Not Applicable

Earning Per Share:

Particulars	Earnings Per Share 30-06-2011	Earnings Per Share 30-06-2010
Equity share of face Value Rs 10/ each		
Net Profit / Loss	Rs.-3,64,53,817	Rs.19,08,462
Number of shares used in Computing Earnings	92,31,900	92,31,900
Earnings Per Share	Not Applicable	Rs.0.21



VMF SOFT TECH LIMITED

6. Confirmation of balances from parties as at the end of the year has not been received. The adjustments, if any, shall be made as an ongoing process. Current liabilities are subject to confirmation and adjustments, if any.
7. Employees' retirement benefits have not been provided pending actuarial valuation.
8. In the opinion of the management the followings investments are good and recoverable in view of the future road map of the companies.
- | | |
|--|-----------------|
| Technovention Tradex Private Limited – | Rs. 14,55,000 |
| IGLILY INC | Rs. 1,81,49,552 |
9. Deferred Tax liability:- In conformity with the accounting standards no 22 issued by the Institute of Chartered Accountants of India on "Accounting for Taxes on income", provision for deferred tax Asset for current year has been taken to profit and loss account. The composition of deferred tax is on account of timing differences relating to depreciation.
10. Presently the company is not liable under Provident Fund and Employees State Insurance Act.
11. Disclosures required under the Micro, Small and Medium Development Act 2006-delayed payment due as at the end of the year on account of principal-Rs Nil (Previous Year Rs-Nil) and interest dus thereon Nil (Previous Year Rs-Nil).
12. Previous years figures have been regrouped wherever necessary.

Signatories to schedules 1 to 16

Vide our report of even date

For **Mahesh, Virender & Sriram**
Chartered Accountants
Reg No. 0019395

sd/-
Krishna Reddy Chintam
Managing Director

sd/-
Niranjan Reddy Chintam
Director

sd/-
B R Mahesh
Partner
M No- 18628

Date: 11th August 2011
Place: Hyderabad

VMF SOFT TECH LIMITED

Cashflow statement for the year ended 30/06/2011

	Particulars	30 June 2011	30 June 2010
a.	Cash flow from operating activities		
	Net Loss/Profit before tax	- 3 65 57 994	17 34 871
	Depreciation	19 58 416	19 53 720
	Deferred Tax	3 91 831	28 874
	Interest & Finance Charges		
	Miscellaneous Expenditure Written off	60 163	60 163
	Sundry Accounts Written Back	- 5	- 23 979
	Operating profit before working capital changes	- 3 41 47 589	37 53 650
	Trade & other Receivables	3 05 94 062	- 4 09 86 419
	Inventories		
	Trade Payable	4 42 857	3 83 905
	Others	30 47 651	- 46 329
	Cash generated from operations	- 63 019	- 3 68 95 193
	Interest & finance charges paid		
	Direct Taxes paid		
	Cash flow before extra ordinary items		- 3 68 95 193
	Extra ordinary items	5	23 979
	Net cash from operating activity	- 63 014	- 3 68 71 215
b.	Cash flow from investing activity		
	Purchase of fixed assets	- 1 07 450	- 26 849
	Interest received	1 04 177	1 73 591
	Dividend Received		
	Investments		3 53 82 974
	Extra-ordinary items		
	Net cash used in investing activities	- 3 273	3 55 29 716
c.	Cash flow from financing activities		
	proceeds of share application and or allotment	1 06 540	
	Proceeds of long term borrowings		
	Repayments to long terms borrowings		
	proceeds from working capital borrowings		
	Public issue expenses		
	Extraordinary items		
	Net cash accured in Financing activities	1 06 540	
	Net increase in cash and cash equivalent	- 66 287	- 13 41 498
	Cash & Cash equivalent as at 1 day	1 57 136	14 98 635
	Cash & cash equivalent as at last day	1 97 390	1 57 136

Vide our report of even date
For **Mahesh, Virender & Sriram**
Chartered Accountants
Reg No. 0019395

sd/-
Krishna Reddy Chintam
Managing Director

sd/-
Niranjan Reddy Chintam
Director

sd/-
B R Mahesh
Partner
M No- 18628

Date: 11th August 2011
Place: Hyderabad

VMF SOFT TECH LIMITED

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I.	Registration Details :					
	Registration Number	:	01-016819	Balance Sheet Date	:	30.06.2011
	State Code	:	01			
II.	Capital raised during the year (Rs. In Lakhs)					
	Public Issue	:	NIL	Rights Issue	:	NIL
	Bonus Issue	:	NIL	Private Placement	:	NIL
III.	Positions of Mobilisation & Development of Funds (Rs.)					
	Total Liabilities	:	98807132	Total Assets	:	98807132
	Sources of Funds			Application of Funds		
	Paid up Capital	:	95841000	Net Fixed Assets	:	6011030
	Reserve & Surplus	:	807350	Investments	:	19604552
	Share Application Money	:	Nil	Net Current Assets	:	13601870
	Secured Loans	:	Nil	Miscellaneous Expenditure	:	421139
	Unsecured Loans	:	Nil	Profit and loss account	:	59168541
	Deferred Tax Liability	:	2158782			
IV.	Performance of a Company :					
	Turnover-Income	:	6853170	Total Expenses	:	42915156
	Profit/(Loss) before Tax	:	(36061986)	Profit/(Loss) after Tax	:	(36453817)
	Earning per Share	:	-	Dividend	:	-
V.	Generic Names of Principal Products, Services of the Company :					
	Software Development Company					

sd/-

sd/-

For Mahesh, Virender & Sriram
Chartered Accountants
Reg No. 0019395

sd/-

B R Mahesh
Partner
M No- 18628

Krishna Reddy Chintam
Managing Director

Niranjan Reddy Chintam
Director

Date: 11th August 2011
Place: Hyderabad



VMF SOFT TECH LIMITED

VMF SOFT TECH LIMITED
Regd. Office: 22-240/5, Nanditha Complex, Opp. KPHB Colony,
Kukatpally, Hyderabad – 500072, India

PROXY FORM

Registered Folio No./Client ID

Number of shares held.....

I/We being a member(s) of the above named Company, do hereby appointof address as my/our proxy to attend and vote for me/us on my/our behalf at the Seventeenth Annual General Meeting of the Company to be held on Thursday the 22nd December , 2011 at 11.00 A.M at the Registered office 22-240/6,Nanditha Complex, Opp: KPHB Colony, Kukatpally, Hyderabad and at any adjournment thereof.

Signed on 2011

Affix
15 paise
Revenue
Stamp Here

Note: The Proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time of the holding the meeting. A proxy need not be a member.

VMF SOFT TECH LIMITED
Regd. Office: 22-240/5, Nandita Complex, Opp. KPHB Colony,
Kukatpally, Hyderabad – 500072, India

ATTENDANCE SLIP

(Please present this at the entrance of the meeting venue)

Registered Folio No./Client ID

Number of shares held.....

Name of the shareholder

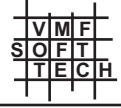
I hereby accord my/our presence at the Seventeenth Annual General Meeting of the Company to be held on Thursday the 22nd December , 2011 at 11.00 A.M at the Registered office 22-240/6,Nanditha Complex, Opp: KPHB Colony, Kukatpally, Hyderabad and at any adjournment thereof.

Signature of the member

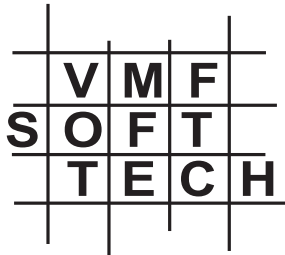
NOTE:

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BOOK POST



VMF SOFT TECH LIMITED



If undelivered please return to:

VMF SOFT TECH LIMITED

Regd. Office: 22-240/5, Nanditha Complex, Opp. KPHB Colony,
Kukatpally, Hyderabad – 500072, India