



ANNUAL REPORT 2009-2011

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**Registered Office**

Elegance, level 2,  
Mathura Road, Jasola,  
New Delhi-110025.

**Corporate Office**

9, Sector-33,  
Gurgaon,  
Haryana-122001

**Registrar & Transfer Agent**

Sharex Dynamic (India) Private limited  
Unit no 1, Luthra Ind. Premises,  
Safed pool, Andheri Kurla Road,  
Andheri (East) Mumbai 400 072

**Bankers****Standard Chartered Bank**

M-1, South Extension-II,  
New Delhi-110 049.

**HDFC Bank**

C-5/32, SDA,  
New Delhi-110 016

**Jammu & Kashmir Bank**

G-40, Connaught Place,  
New Delhi-110 001



### OUR VISION

Our vision rests firmly on the belief that as a professional organization our primary duty is to contribute to the external world. And to achieve this, we work towards leveraging our expertise in software technology based education solutions across the economic spectrum of society, thereby becoming a key contributor to the knowledge economy. Guided by relentless focus on our imperatives, we constantly strive to implement the critical initiatives required to achieve our vision. Till "We are done."

### OUR MISSION

Our mission at STG is actually a Purpose, a purpose to become an absolute "Knowledge Provider" with products and solutions that are effective, inspirational and something that strikes a basic chord and pushes us to continuously identify, seek, assimilate and deliver innovative solutions with the objective to:

- Improve performance of school & college students and make them IT ready.
- Improve employability of graduates by expanding their knowledge base.
- Enhance productivity of professionals by training for the emerging IT trends of tomorrow, today

The sector evolves every second and so should we and our solutions. We are constantly evolving our capability in software development and implementation to provide the very 'in' and world beating, cost effective solutions to meet and go beyond the expectations of the many constituencies we serve:

- Comprehensive ERP solutions for Colleges and Universities.
- E-learning solutions for Colleges and Universities.
- Complete ICT solutions for K-12 in schools.
- On-line selection, testing and recruitment system for Institutions and Enterprises.
- Complete Banking solutions for small and medium banks.
- Complete e-Governance solutions including manpower development and capacity building.

**CORPORATE INFORMATION**

**Board of Directors**

|                              |   |                           |
|------------------------------|---|---------------------------|
| <b>Mr. Yogesh Vaidya</b>     | - | <b>Chairman &amp; CEO</b> |
| <b>Dr. Surya Mani Pathak</b> | - | <b>Director</b>           |
| <b>Mr. Ravi Bhargava</b>     | - | <b>Director</b>           |
| <b>Mrs. Prasanna Vaidya</b>  | - | <b>Director</b>           |

**Finance Head**

Mr. B. K. Chauhan  
Senior General Manager  
Finance & Accounts

**Compliance Officer  
& Company Secretary**

Ms. Madhvi Sharma

**Statutory Auditors**

M/s Baweja & Kaul  
Chartered Accountants  
306, Corporate Towers,  
85A Zamrudpur,  
Greater Kailash – I,  
New Delhi – 110048

**Committees in pursuance of Corporate Governance**

**Audit Committee**

Dr. Surya Mani Pathak  
Mr. Ravi Bhargava  
Mrs. Prasanna Vaidya

**Remuneration Committee**

Dr. Surya Mani Pathak  
Mr. Ravi Bhargava  
Mrs. Prasanna Vaidya

**Compensation Committee**

Dr. Surya Mani Pathak  
Mr. Ravi Bhargava  
Mr. Yogesh Vaidya

**Shareholders/Investors Grievance  
Committee**

Dr. Surya Mani Pathak  
Mr. Yogesh Vaidya  
Mrs. Prasanna Vaidya

**Share Transfer Committee**

Mr. Yogesh Vaidya  
Mrs. Prasanna Vaidya

**Investment Committee**

Mr. Yogesh Vaidya  
Mr. Ravi Bhargava

## NOTICE

Notice is hereby given that the Eighteenth Annual General Meeting of the members of the Company will be held on Monday, the 27th day of June, 2011 at 02:00 P.M. at Shah Auditorium, 2, Gujarati Samaj Marg, Civil Lines, Delhi-110 054 to transact the following businesses:

### AS ORDINARY BUSINESS:

#### 1. Adoption of accounts

To receive, consider and adopt the Balance Sheet as at 31st March, 2011 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.

#### 2. Re-appointment of Mr. Yogesh Chandra Vaidya

To appoint a Director in place of Mr. Yogesh Chandra Vaidya, who retires by rotation and being eligible, offers himself for re-appointment.

#### 3. Appointment of Statutory Auditors

To appoint Statutory Auditors of the Company who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration and in this regard to consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"Resolved that M/s Baweja & Kaul, Chartered Accountants, be and are hereby appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as may be fixed by the Board of Directors of the Company."

### AS SPECIAL BUSINESS:

#### 4 Keeping registers and records at a place other than the Registered Office of the Company:

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

"**RESOLVED THAT** pursuant to section 163 and other applicable provisions, if any, of the Companies Act, 1956 the approval of shareholders of the Company be and is hereby accorded to keep and maintain the Registers of Members, the Index of Members, Copies of all Annual Returns prepared under section 159 and 160 together with the copies of certificates and documents required to be annexed thereto under section 160 and 161 of the Act or any one or more of them at E-11, G.K. Enclave-I, New Delhi-110048, a place other than the Registered Office of the Company."

"**RESOLVED FURTHER THAT** for the purpose of giving effect to above resolution, the Board of Directors be and is hereby severally authorised to do all such acts, deeds, matters and things and execute all such documents, instruments and writings as it may in its sole and absolute discretion deems necessary or expedient and to settle any question, difficulty or doubt that may arise"

**By Order of the Board**  
**Software Technology Group International Limited**

Place: Gurgaon  
Date: May 28, 2011

Madhvi Sharma  
Company Secretary

## NOTES

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY AT ITS REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE TIME OF THE MEETING.**
2. Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956 relating to special business is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from June 21, 2011 to June 27, 2011 (both days inclusive).
4. Members seeking further information about the accounts are requested to write at least 10 days before the date of meeting so that it may be convenient to get the information ready at the meeting.

5. Members/ Proxies should bring the attendance slips duly filled in for attending the meeting. Members who hold shares in dematerialised form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.
6. As per amended provisions of the Companies Act, 1956, facility for making nominations is now available for shareholders in respect of shares held by them. Nomination forms can be obtained from Registrar of the Company namely Sharex Dynamic (India) Pvt. Limited.
7. Members are requested to inform the Company's Registrar and Share transfer agent i.e. Sharex Dynamic (India) Pvt. Ltd., Unit no 1, Luthra Ind. Premises, Safed pool, Andheri Kurla Road, Andheri (East) Mumbai 400 072 about the changes, if any in their registered addresses along with the Pin Code number, quoting their Folio number and DP ID number. All correspondence relating to transfer of shares may be sent directly to the aforesaid Registrar and Share transfer Agent of the Company.
8. Members are requested to bring their copies of Annual Report to the meeting. No copies will be made available at the meeting venue.
9. Member, who are holding shares in identical names in more than one folio are hereby requested to write to the Company or the Registrar, enclosing their Share Certificates to enable the Company to consolidate their holdings.
10. Members attending the meeting are requested to complete the enclosed attendance slip & deliver the same at the entrance of the meeting place. Attendance at the meeting will not be allowed without the production of the attendance slip duly signed.
11. The Company has joined hands with MCA in its Green initiative as per its circular nos. 17/2011 dated April 21, 2011 and 18/2011 dated April 29, 2011 for electronic delivery of notices/documents and Annual Accounts to the members of the Company. Members holding shares in electronic mode are therefore requested to ensure to keep their email addresses updated with the Depository Participants. Members holding shares in physical mode are also requested to update their email addresses by writing to the Registrar and Transfer Agent of the Company at the address mentioned in (7) above quoting their folio number(s).
12. No gifts shall be distributed at the Meeting.
13. **Pursuant to clause 49 of the Listing Agreement the brief profile of Mr. Yogesh Chandra Vaidya, Chairman & CEO eligible for re-appointment vide item no. 2 is as follows:**  
Mr. Yogesh Vaidya, aged 66 years is a BE Electronics from BITS, Pilani and has over 40 years of extensive experience in the IT Industry. He is the main promoter of the company. In 1975, he started the HCL Group with other professional associates. He relocated to California in 1989 to set up the international operations for HCL. During his tenure, as the founder and CEO of HCL, America, he was responsible for setting up joint ventures in Singapore, Hongkong and Europe. Presently, he has no association with HCL group. His areas of specialization are Information Technology, Strong organization building, Strategic Alliances, Mergers and Acquisition, Marketing, Overseas Operations, Productivity etc. and he is responsible for overall operations of the company as CEO of the company under the superintendence and control of Board of Directors of the company.  
Mr. Vaidya is on the Board of Associated Techno Plastics Private Limited, Y. P. Associates Private Limited, Vaidya Associated Private Limited, BEI Confluence Communication Limited, STG Inc. San Jose, USA. He is the member of Compensation Committee, Investment Committee, Share Transfer Committee and Shareholders / Investors Grievance Committee. He has ably steered the company through a single-minded focus of making it into a successful quality organization, providing business solutions through technology, training and consultation. Due to his proven track record, wide knowledge and extensive experience in knowledge based industry, his presence on the Board has helped the company in understanding the needs of new products, latest development and taking various business decisions at appropriate time.  
None of the directors except Mr. Yogesh Vaidya is interested in proposed resolutions. However, Mrs. Prasanna Vaidya, Director of the Company being related to him may also be deemed to be interested in the proposed reappointment.

**DIRECTORS' REPORT**

Your Directors are pleased to present the Eighteenth Annual Report of the company together with the Audited Statements of Accounts for the year ended March 31, 2011.

**FINANCIAL RESULTS:**

| Particulars                   | Year Ended<br>Mar 31, 2011<br>(18 Months) | Year Ended<br>Sept 30, 2009<br>(12 Months) |
|-------------------------------|---|--|
| Operating Income              | 654.98                                    | 517.32                                     |
| Gross Profit after Interest   |   |  |
| But before Depreciation & Tax | 116.37                                    | 99.94                                      |
| Less: Depreciation            | 77.08                                     | 52.16                                      |
| Provision for Taxation        | 13.27                                     | 38.61                                      |
| Net Profit / (loss) before    |   |  |
| Extra - Ordinary items        | 26.02                                     | 9.17                                       |
| Less : Extra Ordinary items   | 0.25                                      | 29.31                                      |
| Net Profit/(loss) after       |   |  |
| Extra Ordinary items          | 25.77                                     | (20.14)                                    |

**REVIEW OF OPERATIONS**

Your Directors are pleased to inform you that the company had earned a profit of Rs. 25.77 Laacs as compared to a loss of Rs. 20.14 Laacs during the previous year. The operating income of the Company has also been increased from Rs. 654.98 Laacs to Rs. 517.32 Laacs in the previous year. Your Directors are hopeful of better performance in the coming year also.

**EXTENSION OF FINANCIAL YEAR**

The Registrar of Companies, NCT of Delhi & Haryana, New Delhi has granted permission for extension of financial year for 18 months u/s 210(4) of the Companies Act, 1956. Therefore, current financial year is for the period from 01/10/2009 to 31/03/2011 and there are 6 quarters in this financial year.

**DIVIDEND**

Keeping in view the need to conserve the Company's resources, your Board has decided to plough back the retained earnings for future requirements of the Company.

**NEW PRODUCTS/PROJECTS:**

**Career Education in IBM Software (IBM-CEIS):**

In keeping with its mission of improving employability of graduates by expanding their knowledge base STG has renewed its alliance with global technology leader IBM. As an IBM CEIS partner STG offers training across leading IT tracks. It covers the entire gamut of IBM software bands- Rational, IM, DB2, Web Sphere, Tivoli & Lotus including Project Training for engineering colleges.

Projects help student's gain vital experience and skills that is required to lead in all walks of life. It not only inculcates the willingness to complete tasks, but also infuses confidence to voice opinions. While, theoretical knowledge is important to get an overview on a particular subject, it is via project a student gets to understand the subject in depth. Projects enable engagement and stimulate the curiosity to go beyond the dimensions of books and be creative. It teaches how to function together as a team, which is an important aspect in any work culture.

The world outside requires future thinkers, who have the power to execute. Projects can help a student become a part of the real world.

IBM CEIS project training at STG is designed to address student's career requirements. This program offers a unique hands-on learning experience, wherein students not only get an insight on the latest technology but also get the required skills needed to work in the real business environment. CEIS project empowers students with a vision to see the real world with confidence, a self belief that is essential for taking the first step towards a successful career.

**Employability**

It has been India's most remarkable march that took it a long way from being perceived as a third world agricultural economy to a preferred center for technology and outsourcing services. With its mega bank of knowledge and

skills asset, India has all the necessitated tools to mould the future of the world for good. With 23% of the increase in the world's working population waiting to happen in next five years in India, debilitating rates of attrition and the difficulty of finding qualified people can pose a serious threat to this becoming a reality. Across industry, the same lament is heard: it is hard to find qualified people, and hard to retain them. The rising wages and cost of remedial training will be felt in a few years. India produces 441,000 technical graduates, nearly 2.3 million other graduates and more than 300,000 post graduates. Many of these graduates may not find suitable employment. The high unemployment of our "educated" youth and the shortage of "trained" personnel is a strange paradox.

**STG- Adayana Workskills Program**

STG today is not only a mentor of IT professionals but it offers essential skills necessary for a brighter future of non IT students. STG, staying true of its mission of equipping students with skills that would help them to avail of better career opportunities has partnered with Adayana. Adayana is a leading Human Capital Development organization with its headquarters in Indianapolis, IN, USA and offices across Americas, EMEA, Asia. Adayana provides comprehensive learning services that leverage best-of-class and proprietary technologies and processes.

Employability is the skeleton of the launch of Adayana's Workforce Development, its mission- to strengthen Indian economy. The increasing scarcity of procuring the right talent first and retain it then has become a largest cause of concern and to add to woes is the alarming rate of unemployment of our 'educated' youth and unavailability of 'trained' personnel has caused the Government, various industry and academic bodies in India sit up and take a serious cognizance of the need to inculcate skills leading to employment among youth.

STG and Adayana recognize that in order to steer this massive change, there is a need to change traditional methods of teaching. The situation demands for imperative solutions that utilize the best global practices and provide them to our youth and leverage the power of technology to bridge gaps in a cost, time and reach effective manner.

STG -Adayana Workskills Program is an instructor led e-learning program which aims to bridge the employability skill gap in the entry level job market. Being technology-enabled it offers advantages of scale. Being holistic in outlook its ensures effectivity.

The broad approach of the solution is to:

**Complement formal education:**

STG-Adayana Workskills Program complements formal education by adding a layer of skills and knowledge that prepare graduates for employment. The program covers effective English communication skills, basic computing skills as well as soft skills required to succeed in a work environment. The model is a refreshing contrast to programs that prepare professionals only in soft skills or a vocation stream. It provides a combination of soft skills and technical knowledge.

**Blended Model of Delivery**

The STG Adayana Workskills Program leverages the power of technology to address issues like scale of operations, reach and consistency of training. This makes it a viable macro-strategic approach to the preparation of a large population for employment opportunities.

The Online, Onsite model combines the advantages of Technology-based methods, with instructor-led classroom training and hands-on practice.

Our delivery model is to offer these programs through universities and colleges where the students can pursue such training along with their regular education.

**Novell Gold Partnership**

Linux is the fastest growing operating system in the world. According to IDC, "the Linux server market has clearly shifted into high gear, with increase in growth of server shipments configured with Linux as the primary operating environment exceeding other server growth rates"

Enterprises of today need an influx of Linux-trained professionals to make the most of their open source development. Today's IT students are now demanding Linux courses. Colleges across the country are responding to the challenges by offering Linux training that prepares students for the real IT world of system administrators, Java Programmers, database administrators, solution architects and data centre managers.



STG has partnered with Novell, who is no stranger in providing comprehensive training on Linux for more than 20 years. With the growing popularity of Linux, STG would benefit by generating revenue through international certification programs of Novell

#### MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis Report pursuant to clause 49 of the listing agreement is as under:

- **IT Industry Structure and Development**

The Indian Information Technology sector has been a vital element in contributing to the continued economic growth of the country in the recent years. The IT sector was profoundly affected by globalization, capitulating India into the global market and capturing sizable percentages in business services and technology sourcing markets.

In 2008, the Industry saw growth coming down to single digits. The recession and its aftermath had created a widespread feeling that IT industry might not be the best career move. Infact it was the PSU's who replaced IT companies as the preferential option at campus placements.

In such a scenario, when even the engineering colleges saw a reduced number of takers for computer science courses, it was not surprising to see the Indian IT training industry reached 4983 crore in FY 09-10 recording one of the lowest growths (3%) in the last two decades. The IT training industry (still basically private) caters mainly to graduates from regular streams going for professional technology courses or working engineering /IT professionals enrolling for some specialization. In fact, only once has the Indian IT industry fared worse in terms of growth - the aftermath of the 2001 dotcom bust and its impact was a game changer for the IT training sector. From a more mass retail model, the business focus shifted towards a more corporate training model. The impact was an endorsement of emerging changes of the last few years like schools becoming as big a sector as corporates.

#### Fewer takers for Corporate Training

A company's greatest asset is its skilled workforce irrespective of the prevailing economic conditions. Effective management and deployment of this asset is even more critical in today's business climate. The two antithetical situations of cost cutting and sufficing the need for trained professionals can only be handled through a close knit functioning of the enterprise and the training vendors. And so when most corporates handle the specialized employee training on their own, for more generalized training modules they still partner the training majors. Obviously, slow down meant considerable drying up of many of these orders. The result was that the sector grew by only 5% in revenues that too when this Rs. 1,892 crore market included schools, a sector that was immune from the slowdown and grew much faster.

#### Schools: New Growth Engine

The education sector in the domestic market is dominated by schools. Realizing this, even the Union Budget 2010-11 has announced significant allocation increment of 16% for school education. With ICT initiatives in schools building on the PPP model, FY10 had some interesting initiatives from the leading educational IT companies. Infact the school sector is emerging as the new growth engine for IT training.

#### E-learning Solutions Market

E-learning grew 4% with 1721 crore in the year 2009-2010. The e-learning story suggests that the e-learning off shoring industry in India will grow at a CAGR of 15% till 2012 though growth will be more subdued till 2010. Furthermore, it is estimated that the market size will touch \$603mn by the end of CY12. In contrast to several IT companies, the e-learning industry in the country witnessed traction during the recession as the enterprises tightened their strings on training. It is undoubtedly the corporate, education and government segment that still continues to pose a demand for e-learning solutions in the country.

#### Individual Training

The initial impact of the slowdown on the IT industry obviously had a direct bearing on the individual training sector. Though with the industry moving out of the slowdown, a turnaround was visible too particularly in the enrolments which would have a bearing on the turnaround next year. The sector turnover remained flat at 1370 crore.

#### The Domestic IT Services Market

The Indian IT sector has built a strong reputation for its high standards of software development ability, service quality and information security in the foreign market-which has been acknowledged globally and has helped enhance buyer confidence. The industry continues its drive to set global benchmarks in quality and information security through a combination of provider and industry-level initiatives and strengthening the overall frameworks, creating greater awareness and facilitating wider adoption of standards and best practices. The total IT services market in India last year grew by 7% as compared to 15% in the previous year.

Post slowdown IT Industry has changed significantly. IT companies have become more prudent with the IT industry looking at a more 'holistic solution' instead of just 'technology'.

The industry is likely to grow from strength to strength, as local players incorporate best in class practices from global counterparts whilst retaining their edge in terms of lower cost of labor and focused governmental investments. In this environment, the education and training sector remains a key driver of economic growth and recovery. Government is giving priority to education sector in general and the knowledge economy in particular to promote economic growth. The Right to Education Bill which was passed in the Parliament is a step in this direction. Besides Government is allocating large amount of funds and policy reforms and skills development and vocational training are high on the agenda of the Government and the Planning Commission.

New graduates with degrees in related fields such as electrical engineering and computer science can hope to achieve significant professional growth and a healthy remuneration from companies looking to hire the best talent available given the high proportion who leave to pursue jobs in this sector overseas.

- **Outlook and future prospects**

Given the pick up in the IT training Industry, improvement in sentiments, for IT as a career, favorable trends in recruiting IT personnel and strong growth in the IT Industry as a whole, the company is expected to be a major beneficiary.

The Indian IT Sector has been country's fastest growing segment, even in the recent globally challenging economic environment, the Software and service Industry has been a major component of India's IT sector and showed significant momentum which is higher than any of other Industry space in the country. On the demand side, IT consulting had become more an upfront activity rather than a stand alone offering and customers were looking at IT sourcing as part of long term business strategy; and the IT demand was picking up, led by macro-economic recovery.

Also the Indian Corporate sector, going forward is likely to make investments in areas of CRM, SCM and ERP in order to become more efficient.

Further, education business is poised for a growth as government and institutional training market is expected to increase, while enrollment in individual students segment is also expected to rise. With people increasingly realizing that global exposure is vital for a successful career, more and more students are opting for globally recognized certifications from technology vendors such as Oracle, IBM, Microsoft, Red Hat, Cisco, Sun etc .On the consulting front, it is gratifying that your company has successfully implemented Infosys's flagship banking product "Finacle" in Regional Rural Banks in North India.

The success of "Finacle" in the Indian banking industry implies that STG has got very good future prospects in the field of Banking & Financial Services Industry (BFSI), system integration (SI) and Enterprise wide application integration (EAI). Integration, put simply, is a combination of processes, software standards and hardware resulting in the seamless integration of two or more enterprises systems (CRM, SCM etc.) allowing them to operate as one. This involves implementation of technology to enable dissimilar systems to share data effectively.

Moreover, the company's foray into strategic tie-ups and new business areas is expected to improve its position. The company's strategy to improve its performance includes:

- Focus on employability oriented programs which are the need of the hour. Launch of new lines of highly specialized programs in IT education to cater to the need of new verticals.
- Focus towards newer service areas like IT consulting, Package Implementation, Enterprise wide Application Integration (EAI) etc.

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- Concentrating on niche segments like Telecom, Banking and Financial services and Education and Corporate e-learning segments.
- Renewed focus on corporate / institutional training market and online education.
- Improvement in cost structure by observing economy in operations.
- Focus on maintaining profitability and cash flow positive business.
- Consolidation of operations by focusing on medium and large customers.

With these steps and new projects launched during the year, your company is likely to improve its performance in the current year.

### ● Opportunities and Threats

Post the recession the business environment changed drastically. There were signs of global recovery. As long as corporations world-wide embrace new technologies, new business models, new paradigms and leverage the power of these to bring benefits to its consumers, the Indian IT industry will have a role to play. The fact that the economic recovery is on its way will allow your company for renewed focus on new products and new initiatives. Employment is witnessing a rebound. India has the second largest manpower or talent pool in the world besides the large pool of skilled professionals -about half a million graduating from engineering schools in the country. In such an environment the education and training sector becomes a key determinant of economic growth. In addition the increase in public expenditure on IT and IT training and thrust on e-governance projects looking to education and skill development in order to promote economic growth augur well for the company. On the other hand the one challenge that all people-driven companies all over the world face including the software industry is the ability to attract "enabled" and "empowered" employees. Trained employees who would be capable of creating synergy between organizational objectives and individual aspiration. Bringing in the best and the brightest professionals is an important challenge because it provides sustainable and demonstrable value addition. Retaining the right talent, high competitions, pressure on margins due to rise in employee expenses without rise in anticipated revenues, technological obsolescence are all major concerns.

### ● Risks and Concerns

Among the concerns, the availability of skilled personnel, high competition resulting in high attrition, small size and thus volatile revenue streams, intense competition from small unorganized players in the Industry and the external environment may have an impact on the company's operations. An integrated approach to risk management will form an important element of the company's overall business strategy.

### ● Segment wise Performance:

Segment wise revenue, results and capitals employed are provided in the notes on account forming part of the Annual Report.

### ● Discussion on Financial Performance

The company witnessed growth in sales during the year under review despite recession prevailing across the globe in previous years.

### Operations:

#### ● Revenue:

Revenues during financial year 2011 have grown by 27% compared to the previous year.

The Company derives its revenue from two segments viz Software Training and Software Consulting

Between the two segments, revenues from Software Training has registered highest growth rate of 48% as compared to Software Consulting segment which has registered 10% growth.

#### ● Expenditures:

Management was also able to control the expenses and cost to the Company and able to register 34 % decline in cost.

#### ● Profit for the period under review:

The Company has registered the profit of Rs.25.77 Lacs in the financial year ended 2011 as compared to a previous year's loss of Rs. 20.14 Lacs.

### Cost Control Initiatives

Your company continues to focus on cost reduction, procurement of materials at competitive Prices, reinforcement of financial discipline and adequate control on overhead costs on continuous basis. All these initiatives for cost control and efficiency enhancement are expected to lead to improvement and consolidation in all segments of the business in future also.

### Finance Control and Cost Reduction:

Further, the Company's focus during this financial period was to reduce the cost of borrowing significantly.

In first instance, Company had made final settlement with the Jammu & Kashmir Bank and repaid the secured loan.

Hence, the secured borrowings have come down from 228.64 lacs to 9.49 lacs and this has declined the borrowing cost and debt ratio of the Company.

In a next step of controlling the borrowing and interest cost, the Company had accorded shareholders' approval in the Extra-Ordinary General Meeting held on February 28, 2011 to issue and allot 12,37,140 equity shares equity shares of the face value of Rs. 10/- each at par to M/s. AKM Systems Pvt. Ltd., a non-promoter entity, on preferential basis by converting its unsecured loan amounting to Rs. 1,23,71,400/- (including interest accrued till 31/12/2010) into equity shares of the Company, thereby further reducing the debt of the Company.

The Company has received the in-principle approval of BSE vide its letter No. DCS/PREF/SI/PRE/1210/10-11 dated March 31, 2011 for allotment of equity shares. The approval of NSE is still in process

### Financial Position:

#### (a) Authorised Capital:

The authorised capital of the Company comprises of 2,00,00,000 equity shares of Rs. 10/- each (same in previous year).

#### (b) Issued Capital

Issued Capital of the Company comprises of 1,36,00,000 equity shares of Rs. 10/- each (same in previous year).

#### (c) Changes in Capital Structure:

During the period under review the proposed conversion of unsecured loan of M/s AKM Systems (P) Ltd. into 12,37,140 fully paid up equity shares of Rs. 10/- each shall increase the issued and paid up of the Company from Rs.13,60,00,000/- to Rs. 14,83,71,400/-.

### ● Internal Control Systems and their adequacy:

Your company has in place adequate system of internal control commensurate with its size and nature of its operations to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition and that transactions are authorised, recorded and reported correctly.

Management continuously reviews the Internal Control Systems and procedures to ensure orderly efficient conduct of business.

An extensive program of internal audit supplements the internal control and review by management based on documented policies, guidelines and procedures. The internal control is designed to ensure that the financial and other records are in order for preparing financial statements and other data and for maintaining accountability of assets. Internal Audit reports have been placed before the Audit Committee at regular intervals for its review.

### ● Human Resources Development

Your company operates in knowledge intensive industry and considers its employees as its one of the most valuable asset and lays great emphasis on nurturing an organizational culture that creates job satisfaction and performance oriented environment. The staff of your company, at all levels, contributed, significantly in pegging the overheads at the lowest possible levels, without compromising on the quality and efficiency of deliverables, which act in unison is highly appreciated.

The Company believes in nurturing young talents through its people interventions and management-training schemes, which strives to develop business managers of tomorrow.

It has restructured internally its organization levels with a view to maintain individual and organizational productivity at the optimum with minimum possible workforce.



#### **FIXED DEPOSITS**

The Company has not accepted any deposit from the public, and as such there are no outstanding deposits in terms of Companies (Acceptance of Deposits) Rules, 1975.

#### **OVERSEAS SUBSIDIARIES**

The financial statements with value in Indian Rupees and other related documents of company's subsidiaries namely M/s Software Technology Group Inc. San Jose, California, USA are annexed as Annexure-II with the Annual Accounts of your company in terms of section 212 of the Companies Act, 1956.

#### **BUY BACK OF SHARES:**

The Company has not made any offer of Buy Back of its shares.

#### **STOCK EXCHANGES**

The equity shares of your company are listed with the National Stock Exchange of India Limited, Delhi Stock Exchange and the Bombay Stock Exchange Ltd. and the company has paid listing fees to the Bombay Stock Exchange & the National Stock Exchange Ltd. for the period 2011-12.

#### **SHARES UNDER COMPULSORY DEMATERIALISATION**

With effect from July 24, 2000 trading in equity shares of the company at the Stock Exchange are permitted only in Dematerialized form. The Company's shares are available for trading in the depository systems, of both the National Securities Depository Services (India) Limited (NSDL) and Central Depository Services (India) Limited (CDSL). As on March 31, 2011, a total of 1,22,25,593 Shares of the Company stand dematerialized & this constitutes 89.90% of the holding in the Company.

#### **REVOCAION OF SUSPENSION OF TRADING IN EQUITY SHARES BY NSE**

Your Directors are pleased to inform you that the National Stock Exchange of India Limited(NSE) has revoked the suspension of trading of equity shares of the Company after satisfactory redressal of issues related to Listing Agreement. This has brought the positive outlook of Management towards the strictness in adherence of code of compliances laid down by statutory authorities and ensuring that shareholders' interest on the top priority.

#### **SHIFTING OF REGISTERED OFFICE OF THE COMPANY**

The company has shifted its Registered Office w.e.f. March 31, 2010 from G-31, Cellular House, Second Floor, Kalkaji, New Delhi-110019 to E-21, 2nd Floor, South Extension, Part-I, New Delhi-110049.

Further, for the better facilities and positioning, the Company has shifted its Registered Office from E-21, 2nd Floor, South Extension, Part-I, New Delhi-110049 to Level 2, Elegance, Mathura Road, Jasola, New Delhi-110025 which will take effect from June 01, 2011.

#### **DIRECTOR'S RESPONSIBILITY STATEMENT**

In terms of provisions of Section 217 (2AA) of the Companies Act, 1956; your Directors confirm as under:

- 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 at the end of financial period and of 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 the Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and
- iv) That the director had prepared the annual accounts on a "going concern basis"

#### **DIRECTORATE:**

In accordance with the provisions of Companies Act, 1956 and the Articles of Association of the Company, Mr. Yogesh Chandra Vaidya, Chairman & CEO of the Company retire by rotation and being eligible offers himself for re-appointment.

Dr. Sheetal Prasad Srivastava had tendered his resignation w.e.f. December 30, 2009 and Dr.M.C. Vaidya had resigned w.e.f. January 30, 2010 from the directorship of the Company.

The Board appreciated the valuable contribution made by Dr. Sheetal Prasad Srivastava and Dr. M.C. Vaidya during their tenure with the Company.

The information on the particulars of Director eligible for re-appointment in terms of Clause 49 of the listing agreement has been provided in notes to the notice convening the annual general meeting.

#### **AUDITORS & AUDITOR'S REPORT**

The Company had appointed M/s Baweja & Kaul, Chartered Accountants, as Statutory Auditors of the Company in the Extra-Ordinary General Meeting held on January 27, 2011 in place of M/s Jain Singhal & Associates, Chartered Accountants, who had resigned as the Statutory Auditor of the Company w.e.f. December 17, 2010.

Now, M/s Baweja & Kaul, Chartered Accountants, the retiring Auditors of the Company who hold office until conclusion of the Annual General Meeting, being eligible, offer themselves for re- appointment. The Company has received a certificate from them that their re-appointment, if made, would be within the prescribed limits under section 224 (1B) of the Companies Act, 1956.

#### **Comments on Auditor's Report:**

**Auditors' Remarks:** Balance confirmation and reconciliation of debtors, creditors and other parties including loans and advances and some inoperative bank accounts are subject to confirmation.

**Management's Reply:** The Management has already taken requisite steps to obtain these confirmations in consultation with Auditor of the Company.

**Auditors' Remarks:** It has been observed by the Auditors' that there are some statutory dues pending for payment.

**Management's Reply:** The Management is planning to clear all dues shortly.

#### **PARTICULARS OF EMPLOYEES**

Information to be provided under section 217(2) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, is not required since there is no employee covered under these provisions.

#### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGSS AND OUTGO**

The particulars required to be furnished under section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars of Board of Directors) Rules, 1988 are set out in Annexure 'A', which forms an integral part of the report.

#### **CORPORATE GOVERNANCE**

The report of the Board of Directors of the Company on Corporate Governance is given as a separate section titled "Corporate Governance Report 2009-11(18 months), which forms part of this Annual Report.

#### **ACKNOWLEDGEMENTS**

Your Directors wish to place on record their appreciation of the contributions made by the employees at all levels, whose continued commitment and dedication helped the Company in its operations in these trying times.

Your Directors would also like to take this opportunity to express their gratitude for the co-operation and support from its Bankers viz; Standard Chartered Bank and Jammu & Kashmir Bank Limited, and other organizations like STPI, the Reserve Bank of India and other statutory bodies of the Government of India. We look forward to their continued support in the future also.

Last but not the least, we sincerely thank our shareholders for their constant support and co-operation in the difficult times.

**For and on behalf of the board**  
**Software Technology Group International Limited**  
**Yogesh Vaidya**  
**Chairman & CEO**  
**(DIN:01185252)**

**Place : Gurgaon**  
**Dated : May 28, 2011**

**ANNEXURE "A"**

PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.

**A. Conservation of Energy**

Measures have been taken to conserve and optimize the use of energy. The operations of company are not energy intensive, however, energy conservation has always been given focus form point of view of cost control. Adequate measures have been taken to conserve and optimize the use of energy by using energy efficient computers and equipment with latest technologies.

**(i) Building Infrastructure:**

Furthering our commitment to growing responsibly, we are working on reducing the ecological impact of our operations. We are committed to minimizing the consumption of energy and fresh water, preserving natural habitat and reducing waste. Our Green Initiatives team focuses on developing infrastructure directed at conservation of resources.

It not only caters to our internal needs but also supports initiatives at the local and global levels.

Our Energy Efficiency drive includes:

- " Normal bulbs replaced by CFLs.
- " All air conditioners, lights and PCs are shutdown after 19:30 hrs. (Except at the time work commitments)
- " All facilities have an optimum ratio of glass windows to utilize natural daylight and proper insulation/ventilation to balance temperature and reduce heat.
- " Regular sensitization campaigns.
- " STG celebrated 'earth hour' on the 26th March, 2011, by switching off the lights of all its facilities at 8:30 pm for 1 hour.

**(ii) Green Innovation:**

- " STG supports the 'Green Initiative' taken by the Ministry of Corporate Affairs ("MCA") and urges its shareholders to accept electronic delivery of documents as prescribed by Law and provide valuable support to the Company in conserving the environment by reducing impact of printing as it is truly said "There can be substitute for paper, not for trees"

**B. Technology Absorption, Research and Development (R&D)**

In its endeavors to obtain and deliver the best, your company continuously develops and adopts new technologies to aid efficient management of its resources. It has various renowned strategic alliance partners and is continuously adapting the technology through these partners.

**C. Foreign Exchange Earning and Outgo**

Efforts continue to enlarge the product range and geographical reach on export market in order to maximize foreign exchange inflow and every effort is being made to minimize the foreign exchange outflow.

Total Foreign Exchange Earnings on accrual basis during the year are 24,792/- against Rs. NIL/- of previous period.

Total Foreign exchange Outgo on actual basis during the year amounted to NIL against Rs. NIL of previous period.

**For and on behalf of the board  
Software Technology Group International Limited**

**Yogesh Vaidya  
Chairman & CEO  
(DIN:01185252)**

**Place : Gurgaon  
Dated : May 28, 2011**

## CORPORATE GOVERNANCE REPORT

(Pursuant to Clause 49 of the Listing Agreement)

In compliance with the clause 49 of the Listing Agreement with the Stock Exchanges, the Company submits the report on the matters mentioned in the said clause and practice followed by the Company.

### I. Company's philosophy on Corporate Governance: -

The Company's philosophy on Corporate Governance is aimed at assisting the management of the Company in the efficient conduct of its business and in meeting its obligations to stakeholders with strong emphasis on transparency, accountability and integrity.

To create a culture of good governance, your company has adopted certain practices, which comprises effective management control by the Board of Directors, performance accountability, constitution of Board Committee as part of the internal control system, fair representation of professionally qualified, non-executive and independent Directors on the Board, the adequate timely disclosure of information and prompt discharge of statutory duties. Focus of the Board and the Management has always been to ensure continuing value creation for its stakeholders, apprising them of all relevant information on a regular basis in a transparent manner and above all to grow the Company's business with the goal of long term sustainable development.

As a proactive measure, your company has complied with the requirements of Corporate Governance during the year 2000-2001 much before the mandatory deadline of March, 2002 and with the adoption of code of conduct for Corporate Governance last year, your Company has moved further in its pursuit of excellence in Corporate Governance. Your Company is managed by the Chairman & Chief Executive officer under the supervision and control of Board of directors. The Chairman and CEO is assisted by a team of qualified & highly experienced professionals. The disclosures requirements of Corporate Governance Code complied with by the Company are provided in this report.

### II. Board of Directors

#### (a) Composition of the Board

The Company recognizes the need of a well functioning Board and presently three fourth of its Board is constituted by non-executive directors led by an executive promoter Director as Chairman of the Company, As on March 31, 2011, the Board consisted of four Directors, one is promoter executive director (without remuneration) and the remaining three are non- executive directors, of which two are in independent capacity. The Board is primarily responsible for the overall management of the Company's business. The Directors on the Board are from varied fields with wide range of skills and experience. The non-executive Directors bring statutory and wider perspective in the Board's deliberations and decisions. The Composition of the Board of Directors as on March 31, 2011 is given below:

| Name of Directors           | Categories of Directors                                 | No of other Directorships held | No of other Board Committees of which he is a member | No. of other Board Committee(s) of which he is a Chairman** |
|-----------------------------|---|--------------------------------|--|---|
| Mr. Yogesh Chandra Vaidya   | Executive Promoter Director (whole time Director & CEO) | 08*                            | -  | -   |
| Mrs. Prasanna Vaidya        | Non- Executive Director                                 | 03                             | -  | -   |
| Dr. Mahesh Chander Vaidya # | Non- Executive Director                                 | 05*                            | -  | -   |
| Mr. Ravi Bhargava           | Non- Executive Independent Director                     | 03                             | -  | -   |
| Dr. Surya Mani Pathak       | Non- Executive Independent Director                     | 01                             | 02   | 01  |
| Dr. S. P. Shrivastava ##    | Non- Executive Independent Director                     | 06                             | -  | -   |

# ceased to be director w.e.f. 30/01/2010

## ceased to be director w.e.f. 30/12/2009

\* Two Companies out of total companies viz; DNA Lab & Research (P) Ltd. and Crescent Software Solutions (P) Ltd. are under the process of striking off u/s 560 of Companies Act, 1956.

\*\* As required under clause 49 of the listing agreement, the disclosures includes memberships & chairmanship of audit /shareholders' grievance committees.

#### (b) Number of Board Meetings held and attended by each Director:

- (i) During the period under review, the Board of Directors of the Company met 9 (Nine) times. These were held on:-
- October 31, 2009
  - December 30, 2009
  - January 30, 2010
  - May 15, 2010
  - August 13, 2010
  - November 13, 2010
  - December 27, 2010
  - January 01, 2011
  - February 14, 2011

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(ii) The attendance record of each Directors at the Board Meetings during the period ended on March 31, 2011 and of last Annual General Meeting is as under: -

| Name of Directors          | Total No. of Meetings held | No. of board meeting attended | Attendance at the last AGM |
|----------------------------|----------------------------|-------------------------------|----------------------------|
| Mr. Yogesh Chandra Vaidya  | 9                          | 9                             | Yes                        |
| Mrs. Prasanna Vaidya       | 9                          | 9                             | Yes                        |
| Dr. Mahesh Chander Vaidya# | 3                          | 2                             | N.A.                       |
| Mr. Ravi Bhargava          | 9                          | 9                             | Yes                        |
| Dr. Surya Mani Pathak      | 9                          | 9                             | Yes                        |
| Dr. S. P. Shrivastava##    | 2                          | 1                             | N.A.                       |

# ceased to be director w.e.f. 30/01/2010

## ceased to be director w.e.f. 30/12/2009

(c) Code of Conduct:

The Board of directors has laid down the Code of Conduct for the Directors and senior management and the same has been communicated to them for its adherence. The Code lays down the standards of ethical and moral conduct to be followed by them in the course of proper discharge of their duties and commitments. Necessary declaration has been appended at the end of this report.

### III. Audit Committee

(a) During the period under review, the members of Audit Committee met 9 (Nine) times. The Dates of the meetings were 31/10/2009, 30/12/2009, 30/01/2010, 15/05/2010, 13/08/2010, 13/11/2010, 27/12/2010, 27/01/2011 and 14/02/2011.

| S. No. | Name of Director       | Position | Category                            | No. of meetings | Attendance |
|--------|------------------------|----------|-------------------------------------|-----------------|------------|
| 1.     | Dr. Surya Mani Pathak  | Member   | Non- Executive Independent Director | 9               | 9          |
| 2.     | Dr. S. P. Shrivastava# | Member   | Non- Executive Independent Director | 2               | 1          |
| 3.     | Mr. Ravi Bhargava      | Member   | Non- Executive Independent Director | 9               | 9          |
| 4.     | Mrs. Prasanna Vaidya## | Member   | Non- Executive Director             | 6               | 6          |

# ceased to be Director w.e.f. 30/12/2009.

## appointed as Member of the Audit Committee w.e.f. 30/01/2010.

The composition of Audit Committee comprises of members who all are non-executive directors as its members and the Chairman of the committee is elected from amongst its members who is also an independent director.

(ii) Terms of reference:

- To review of the performance of Statutory Auditors and recommend their appointment and remuneration to the Board, considering their independence and effectiveness;
- To review internal controls, delegation of authority limits;
- To act as an interface between the management and the statutory and internal auditors overseeing the internal audit functions;
- To oversee the company's financial statements, including annual and quarterly financial results, and the financial accounting practices and policies;
- To review all internal systems, review the company's financial and risk management policies, audit control procedures of the company including but not limited to appointment of statutory/internal auditors from time to time and also to review the annual accounts, quarterly unaudited financial results and limited review report before they are put up to Board for its approval."

### IV. Remuneration and Recruitment Committee

(i) During the period under review, the members of the Remuneration Committee met 2 (Two) times. The Dates of the meetings were 13/08/2010 & 14/02/2011.

| S. No. | Name of Director      | Position | Category                            | No. of meetings | Attendance |
|--------|-----------------------|----------|-------------------------------------|-----------------|------------|
| 1.     | Dr. Surya Mani Pathak | Chairman | Non- Executive Independent Director | 2               | 2          |
| 3.     | Mr. Ravi Bhargava     | Member   | Non- Executive Independent Director | 2               | 2          |
| 4.     | Mrs. Prasanna Vaidya* | Member   | Non- Executive Director             | 2               | 2          |

\* Appointed as Member of the Remuneration Committee w.e.f. 15/05/2010 in place of Mr. Sheetal Prasad Srivastava who ceased to be director of the Company w.e.f. 30/12/2009.

Terms of reference

To oversee the method, criteria and quantum of compensation for executive and non executive directors.

To review the recruitment of key management employees and their compensations;

To formulate the initiatives leading to greater transparency and improved corporate governance.

### Remuneration policy

The Company has not paid any remuneration to Directors during the year under review. Sitting fee and other incidental expenses including traveling etc. to Non-Executive Independent Director(s) for attending the Board Meetings are paid as decided by the Board of Directors from time to time.

The remuneration of the Directors, if any, has always been decided by the Board of Directors from time to time within the ceiling fixed by the Shareholders. The Board constantly evaluates the contribution of Directors and recommends to the Shareholders their reappointment periodically as per provisions of the Act.

Except for Mr. Yogesh Vaidya and Mrs. Prasanna Vaidya, who holds 36,62,265 shares and 5,08,010 shares respectively, no other Director holds any shares or convertible instruments of the Company as on March 31, 2011.

### V. Investor's/Shareholders Grievance Committee

- (i) During the period under review, the members of the Investor's/Shareholders Committee met 2 (Two) times. The Dates of the meetings were 13/08/2010 & 14/02/2011.

| S. No. | Name of Director           | Position | Category                            | No. of meetings | Attendance |
|--------|----------------------------|----------|-------------------------------------|-----------------|------------|
| 1.     | Dr. Surya Mani Pathak      | Chairman | Non- Executive Independent Director | 2               | 2          |
| 2.     | Mr. Yogesh Chandra Vaidya* | Member   | Executive Director                  | 2               | 2          |
| 3.     | Mrs. Prasanna Vaidya*      | Member   | Non- Executive Director             | 2               | 2          |

\* inducted as members of committee on 30/1/2010 in place of Dr. Sheetal Prasad Srivastava & Dr. M.C. Vaidya who had resigned from the directorship of the company.

Ms. Madhvi Sharma, Company Secretary, is the Compliance Officer of the Company.

- (ii) No. of investors' complaints received by the RTA/ Company : 4  
 No. of complaints not solved/ pending: : NIL  
 No. of pending transfers: : NIL

### VI. Share Transfer Committee:

Company's Registrar & Transfer Agents processes the transfer cases which are approved by duly constituted Share Transfer Committee of the Board. The Committee meets from time to time as required to expedite all matters relating to transfer etc. The Committee comprises of Mr. Yogesh Chandra Vaidya and Mrs. Prasanna Vaidya, as its members.

In terms of SEBI directive, all Share Registry work in respect of both physical and demat segments has been handled by a single common Agency viz M/s Shrex Dynamic (India) Pvt. Ltd, the Registrar of the Company. Further, half yearly Share Transfer Audit in terms of Listing Agreement are regularly carried out by an independent Practicing Company Secretary.

### VII. Investment Committee:

The Committee was constituted on 28th April, 2000 and has Mr. Yogesh Vaidya and Mr. Ravi Bhargava as its Members. The committee was formed as per provisions of Section 372A of the Act, ibid to identify the various investment options and likely benefit to the Company.

### VIII. Compensation Committee:

A Compensation Committee was constituted on 28th July, 2000 and presently has two non-executive independent Directors namely Mr. Ravi Bhargava, Dr. S. M. Pathak and Mr. Yogesh Vaidya, promoter Director as its members. The Committee was formed for finalizing, among other things, the procedures and modalities for giving effect to the Employee Stock Option Scheme, which inter alia, include the determination of eligibility criteria, no. of shares/options to be offered to each employee, identification of classes of employees entitled to participate in the Scheme, process of exercise of option, pricing of Shares/options etc.

### IX. Subsidiary Company

The Company does not have any material non-listed Indian subsidiary company and hence, it is not mandatory to have an independent director of the Company on the Board of such Subsidiary Company. The Audit Committee reviews the financial statements and accounts, particularly the investments, if any, made by the Company's non-listed foreign subsidiary namely M/s Software Technology Group Inc., San Jose, California, USA. The minutes of unlisted foreign subsidiary have been placed before the Board for its perusal.

### X. Secretarial Audit:

A qualified practicing Company Secretary carried out a Reconciliation of Secretarial Audit to reconcile the total admitted capital with NSDL and CDSL and the total issued and listed capital. The audit confirms that the total issued/paid up capital is in agreement with the total number of shares in physical form and the total number of shares in dematerialized form with both the aforesaid depositories.

### XI. General Body Meetings

- (a) The details of last three Annual General Meetings held are as under: -

| AGM  | Day    | Date       | Time       | Venue   |
|------|--------|------------|------------|---|
| 15th | Monday | 31/12/2007 | 11:30 A.M. | Shah Auditorium 2, Gujrati Samaj Marg, Civil Lines, Delhi-110054. |
| 16th | Monday | 29/03/2010 | 02:00 P.M. | Shah Auditorium 2, Gujrati Samaj Marg, Civil Lines, Delhi-110054. |
| 17th | Monday | 29/03/2010 | 03:00 P.M. | Shah Auditorium 2, Gujrati Samaj Marg, Civil Lines, Delhi-110054. |

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### (b) Whether any special resolutions passed in the previous 3 AGMs:

- > 15th Annual General Meeting held on 31st December, 2007:  
One special resolution was passed, pursuant to Section 81(1A) to create, issue/offer and allot 5,00,000 warrants of Rs. 22/- each, with the option to the warrant holders to acquire, for every warrant, one fully paid up equity share of Rs. 10/- each at a premium of Rs. 12/- per share on preferential basis.
- > 16th Annual General Meeting held on 29th March, 2010:  
No special resolution was passed.
- > 17th Annual General Meeting held on 29th March, 2010:  
No special resolution was passed.

### (c) Whether any special resolution passed in last year through postal ballot, details of voting pattern :

No

### (d) Person who conducted the postal ballot exercise :

N.A.

### (e) Whether special resolutions are proposed to be conducted through postal ballot :

No

### (f) Procedure for postal ballot :

N.A.

## XII. Disclosures

- (a) Related party transactions:  
Loans taken

| S. No. | Party Name                         | Closing Balance | Loan taken during the year(Rs.) |
|--------|------------------------------------|-----------------|---------------------------------|
| 1.     | Associated Techno Plastic (P) Ltd. | 5,56,73,379.00  | 4,09,45,719.87                  |
| 2.     | Director                           | 5,00,06,195.13  | 10,89,048.00                    |

- (b) Details of non-compliance by the Company, penalties, 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:  
No penalties have been 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.
- (c) Whistler Blower policy and affirmation that no personnel has been denied access to the audit committee:  
N. A.
- (d) Details of compliance of mandatory requirements and adoption of the non-mandatory requirements:  
The Company has complied with the mandatory requirements of the Listing Agreement. The Company has adopted the non-mandatory requirements of constituting the Remuneration Committee.

## XIII. Means of communication

Quarterly, half-yearly and annual financial results are communicated to the Stock Exchanges immediately after these are considered and approved by Audit Committee and the Board and thereafter regularly published in the prominent newspapers like Financial Express, Business Standard, Veer Arjun, Jansatta, Hari Bhoomi etc. as required. Quarterly and annual financial statements, along with segmental information, are posted on our website, www.stgglobal.com. Further, all other price sensitive and other information are sent to the Stock Exchanges where shares of the Company are listed, enabling them to display the same on their website etc. Besides, official news releases are given to the press also from time to time on regular basis.

## XIV. GENERAL SHAREHOLDERS' INFORMATION:

### (a) Annual General Meeting to be held: Day, Date, Time & Venue:

Day : Monday  
Date : 27/06/2011  
Time : 02:00 P.M.  
Venue : Shah Auditorium, 2, Gujarati Samaj Marg, Civil Lines, Delhi-110 054

(b) Financial Year : 01/10/2009 to 31/03/2011 (18 months)

(c) Dates of Book Closure : June 21, 2011 to June 27, 2011 (both days inclusive)

(d) Dividend Payment Date : N.A.

### (e) Stock Exchanges in which the Company's Shares are listed:

The Company's shares are listed with the following Stock Exchanges having Stock Code as follows:

- (i) The Bombay Stock Exchange, Mumbai-532293
- (ii) The National Stock Exchange- SOFTTECHGR
- (iii) The Delhi Stock Exchange-19633

Status of payment of Listing Fees: Paid/ in the process.



**(f) Market Price Data High/Low during each month in last financial year:**  
At BSE (Bombay Stock Exchange):

| Month           | Monthly High | Monthly Low |
|-----------------|--------------|-------------|
| October, 2009   | 11.14        | 8.31        |
| November, 2009  | 10.10        | 7.05        |
| December, 2009  | 9.37         | 7.10        |
| January, 2010   | 10.45        | 7.62        |
| February, 2010  | 9.00         | 6.50        |
| March, 2010     | 8.19         | 6.02        |
| April, 2010     | 8.50         | 6.50        |
| May, 2010       | 7.84         | 5.81        |
| June, 2010      | 7.49         | 6.31        |
| July, 2010      | 8.00         | 6.02        |
| August, 2010    | 8.50         | 6.43        |
| September, 2010 | 7.85         | 6.50        |
| October, 2010   | 8.01         | 6.50        |
| November, 2010  | 8.30         | 6.00        |
| December, 2010  | 7.45         | 5.27        |
| January, 2011   | 7.69         | 5.15        |
| February, 2011  | 8.15         | 5.11        |
| March, 2011     | 7.01         | 4.30        |

**(g) Registrar & Share Transfer Agents:**

Sharex Dynamic (India) Pvt. Ltd., Unit no 1, Luthra Ind. Premises, Safed pool, andheri Kurla road, Andheri (Ease) Mumbai 400 072

**(h) Shareholding pattern as on March 31, 2011:**

| STATUS   | HOLDING  | PERCENTAGE |
|--|----------|------------|
| A. Total Promoter & Promoter Group                         | 7544629  | 55.48      |
| B. Public Shareholding                                     |          |            |
| (a) Institutional Investors Financial Institutions / Banks | 26094    | 0.19       |
| Mutual Funds/FII/Insurance Companies/Govt.                 | -        | -          |
| (b) Others   |          |            |
| Bodies Corporate   | 2010552  | 14.78      |
| Resident Individuals                                       | 3977775  | 29.25      |
| NRIs   | 39170    | 0.29       |
| Clearing Members   | 1780     | 0.01       |
| Total Public Shareholding                                  | 6055371  | 44.52      |
| TOTAL (A+B)  | 13600000 | 100.00     |

**(i) Dematerialization of shares:**

As on March 31, 2011, a total of 1,22,25,593 Shares of the Company stand dematerialized & this constitutes 89.90% of the holding in the Company.

**(j) Outstanding GDRs / ADRs / Warrants or any Convertible Instruments:**

The Company has not issued any ADR/GDR/Warrants or any Convertible Instruments. However, it is proposed to issue 12,37,410 equity shares to AKM Systems (P) Ltd. on preferential basis by converting its unsecured loan amounting to Rs. 1,23,71,400/- in pursuant to the special resolution passed by shareholders in the Extra-Ordinary General Meeting held on February 28, 2011 subject to the in-principle approval of the Stock Exchange(s).

**(k) Registered Office:**

Level - 2, Elegance, Mathura Road, Jasola, New Delhi - 110 025 w.e.f June 01, 2011.

**(l) Connectivity with the Depositories:**

National Securities Depositories Limited (NSDL)  
Central Depository Services (India) Limited (CDSL)  
Demat ISIN Number: INE 863A01013 / IN9863A01045

**(m) Address for correspondence:**

Plot No.-9, Sector 33, Gurgaon, Haryana.

**(n) Designated E-mail ID of Compliance Officer for any investors' queries:**

companysecretary@stg.in

**For and on behalf of the board  
Software Technology Group International Limited**

**Place : Gurgaon  
Dated : May 28, 2011**

**Yogesh Vaidya  
Chairman & CEO  
(DIN:01185252)**

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**COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE**

To,  
The Members of  
M/s Software Technology Group International Limited  
New Delhi-110019.

We have examined the compliance of conditions of Corporate Governance by Software Technology Group International Limited for the period from 1st October, 2009 to 31st March, 2011, as stipulated in Clause 49 of the Listing Agreement of the said company with the Stock Exchanges in India.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementations thereof, adopted by the company for ensuring the compliance of conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements 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 review, in our opinion, the Company has complied with conditions of Corporate Governance as stipulated in clause 49 of the Listing Agreement.

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

**For Santosh Kumar Pradhan  
(Company Secretaries)**

**Place : New Delhi  
Dated : 27.05.2011**

**Santosh Kumar Pradhan  
(Proprietor)  
C. P. No. 7647**



**Certificate by Chief Executive Officer**  
(Under Clause 49 of the Listing Agreement with Stock Exchanges)

The Board of Directors  
Software Technology Group International Limited.

- (a) I have reviewed the financial statements, read with the cash flow statement of Software Technology Group International Limited for the financial year ended 31st March, 2011 and that to the best of my knowledge and belief, I state that:
- (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 financial year ended 30th September, 2009 are fraudulent, illegal or violative of the Company's code of conduct.
- (c) I accept responsibility for establishing and maintaining internal controls for financial reporting and I have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which I am aware, have been disclosed to the Auditors and Audit Committee and steps have been taken to rectify these deficiencies.
- (d) I have indicated to the Auditors and the Audit Committee:
- (i) Significant changes in internal control over financial reporting during the year;
  - (ii) Significant changes in accounting policies made during the year and that the same have been disclosed in the notes to the financial statements; and
  - (iii) Instances of significant fraud of which I 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 over financial reporting.

**Place : Gurgaon**  
**Date : 28.05.2011**

**Yogesh Vaidya**  
**Chairman & CEO**  
**(DIN:01185252)**

**AUDITORS' REPORT TO THE MEMBERS**

TO

The Members of  
Software Technology Group International Ltd.  
New Delhi

1. We have audited the attached Balance Sheet of SOFTWARE TECHNOLOGY GROUP INTERNATIONAL LIMITED., as at 31st MARCH, 2011, and also the Profit and Loss Account and the Cash Flow Statement for the Eighteen months period from 1st October, 2009 to 31st March 2011, annexed 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.
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 as amended by the Companies (Auditor's Report) (Amendment) Order 2004, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, and on the basis of such checks of the books and the records of the Company as we considered appropriate and according to the information and explanation given to us, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. *Subject to balance confirmation and reconciliation of debtors, creditors and other parties including loans and advances and some inoperative bank accounts* (See note 1(c) of schedule 22 - notes forming part of the accounts) and further to our comments in the Annexure referred to in paragraph 3 above, we report that:
  - (i) 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.
  - (ii) 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.
  - (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts.
  - (iv) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub - section (3C) of section 211 of the Companies Act, 1956.
  - (v) On the basis of written representation received from the directors, as on 31st March, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

- (vi) Subject to balance confirmation and reconciliation of debtors, creditors and other parties including loans and advances and some inoperative bank accounts (See note 1(c) of schedule 22 - notes forming part of the accounts), in our opinion and to the best of our information and according to the explanations given to us, the said accounts read in conjunction with schedules 1 to 22, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view, in conformity with the accounting principles generally accepted in India:
  - (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;
  - (b) In the case of the Profit and Loss Account, of the Profit for the eighteen months period ended on that date; and
  - (c) In the case of the Cash Flow Statement, of the cash flows of the company for the eighteen months period ended on that date.

**BAWEJA AND KAUL**  
Chartered Accountants  
FRN:005834N

**Samvit K Gurtoo**  
Partner

Place : New Delhi  
Date : 28-05-2011

M. No. 090758

**ANNEXURE REFERED TO IN PARAGRAPH 3 OF AUDITORS' REPORT OF EVEN DATE TO THE MEMBERS OF SOFTWARE TECHNOLOGY GROUP INTERNATIONAL LTD. ON THE ACCOUNTS FOR THE EIGHTEEN MONTHS PERIOD ENDED MARCH 31, 2011**

1. In respect of Fixed Assets:
  - a) The Company has maintained proper records to show full particulars, including quantitative details and situation of its fixed assets on the basis of available information.
  - b) As explained to us, fixed assets of the Company are physically verified by the Management according to a phased program designed to cover all the terms over a period of one year, 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) In our opinion, the company has not disposed off substantial part of the fixed assets during the Eighteen months period ended on 31.03.2011 and the going concern status of the Company is not affected.
2. In respect of inventories:
  - a) According to the information and explanations given to us, the management has physically verified the stocks of books within a reasonable interval during the Eighteen months period ended on 31.03.2011.
  - b) In our opinion and according to the information and explanation given, the procedure of physical verification of stock of books followed by the management is reasonable and adequate in relation to the size and the nature of its business.
  - c) The company has maintained proper records of stock of books. As explained to us no material discrepancies were noticed on physical verification of stock of books as compared with the records.
3. In respect of the loans secured or unsecured, granted or taken by the company to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956:
  - a) The company has not granted any loan to other companies and other parties covered in the register maintained under section 301 of the Companies Act, 1956.

- b) The company has taken unsecured loan from other companies and other parties covered in the register maintained under section 301 of the Companies Act, 1956 details are as follows:

| S.NO. | PARTY NAME                        | CLOSING BALANCE | Maximum Amount outstanding at any time during the Eighteen months period ended on 31.03.2011. |
|-------|-----------------------------------|-----------------|---|
| 1     | Associated Tech Plastic Pvt. Ltd. | 55673379.00     | 1089048.00  |
| 2     | Directors                         | 46806195.13     | 40945720.00   |

- c) In our opinion and according to the information and explanation, the rate of interest and other terms and conditions of loans taken by the company are not prima facie prejudicial to the interest of the company.
- d) There are no stipulated terms of repayment thus the overdue amounts cannot be determined.
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 business with regard to purchases of fixed assets and with regard to the sale of services. Further during the course of our audit we have neither come across nor have been informed of any instance of any continuing major weaknesses in the internal control procedures.
5. In respect of the contracts or arrangements referred to in Section 301 of the Companies Act, 1956.
- a) In our opinion and according to the information and explanations given to us, the transactions in pursuance of contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the Eighteen months period ended on 31.03.2011 have been made at prices which appear reasonable as per the information available with the Company.
6. According to the information and explanation given to us, the company has not accepted any deposit from Public. As such requirement of compliance with the provisions of clause (vi) of the paragraph 4 regarding sections 58A and 58AA of the Companies Act 1956 and the rules framed there under is not applicable.
7. In our opinion and according to the information and explanation given, the company has an in house internal audit system commensurate with the size and nature of its business.
8. According to the information and explanation given to us, maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 have not been prescribed to the company by the Government of India.
9. In respect of Statutory dues:
- a) *According to the books and records as produced and examined by us in accordance with generally accepted auditing practices in India and also based on Management representations, undisputed statutory dues as at 31.3.2011 towards Income Tax Deducted at Source of Rs. 40,73,489/-, Provident Fund of Rs 56,93,900/-, ESI of Rs.6,30,777/- Service Tax of Rs.1,29,05,259/- and Professional Tax of Rs 94,663/-, furthermore, during the Eighteen months period ended on 31.03.2011, no Statutory dues have been deposited. We are informed that the provisions of central excise act 1944 are not applicable to the company.*

- b) According to information and explanation given to us, there are no dues of wealth tax, sales tax, excise duty, custom duty, and cess, which have not been deposited on account of any dispute, however a Demand was raised by the Income Tax Department, which is under Appeal, details are given below:-

| Nature of the Dues | Amount (Rs) | Year to which amount relates (Assessment Year) | Forum where dispute is pending |
|--------------------|-------------|--|--------------------------------|
| Income Tax         | 667931.00   | 1998-99  | I.T.A.T. (Appeal)              |
| Income Tax         | 1734728.00  | 2000-01  | I.T.A.T. (Appeal)              |
| Income Tax         | 911073.00   | 2001-02  | C.I.T. (Appeal)                |
| Total              | 3313732.00  |  |                                |

10. In our opinion, company has accumulated losses more than 50% of its net worth as at 31st March, 2011 however, the Company has not incurred any cash loss either during the Eighteen months period ended on that date or in the immediately preceding financial year.
11. According to the records of the Company and on the basis of verification and explanations given to us, it has repaid cash credit facility obtained from the Jammu & Kashmir Bank. The company has not issued any debentures during the period.
12. In our opinion and according to information and explanation given to us, company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion and according to information and explanation given to us, the company is not a chit fund or a Nidhi/mutual benefit fund / society. Therefore, the provisions of clause (xiii) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
14. In our opinion and according to the information and explanations given to us, the company is not dealing in or trading in shares, securities debentures and other investments. Accordingly, the provisions of clause (xiv) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
15. In our opinion and according to the information and explanations given to us, the company has not given guarantees for loans taken by others from banks or financial institutions.
16. In our opinion and according to the information and explanations given to us and on an overall examination of the balance sheet of the company, term loans have been applied for the purpose for which they were raised.
17. In our opinion and 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 assets except permanent working capital.
18. In our opinion and according to the information and explanations given to us, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
19. In our opinion and according to the information and explanations given to us, the Company has not issued any secured / unsecured debentures during the Eighteen months period ended on 31.03.2011.
20. In our opinion and according to the information and explanations given to us, the Company has not raised any money by public issue during the Eighteen months period ended on 31.03.2011.
21. In our opinion and according to the information and explanations given to us, no material fraud on or by the company has been noticed or reported during Eighteen months period ended on 31.03.2011.

**BAWEJA AND KAUL**  
Chartered Accountants  
FRN:005834N  
**Samvit K Gurtoo**  
Partner  
M. No. 090758

Place : New Delhi  
Date : 28-05-2011

**18TH ANNUAL REPORT 2009-2011**

**BALANCE SHEET AS AT 31st MARCH, 2011**

|   |              | (Amount in Rs)     |                    |
|---|--------------|--------------------|--------------------|
|   | SCHEDULE NO. | As at 31.03.11     | As at 31.09.09     |
| <b>SOURCES OF FUNDS</b>                                   |              |                    |                    |
| <b>SHARE HOLDERS FUND</b>                                 |              |                    |                    |
| Share Capital   | 1            | 135,985,500        | 135,983,500        |
| Reserves & Surplus  | 2            | 285,392,180        | 285,392,180        |
| <b>LOAN FUNDS</b>   |              |                    |                    |
| Secured Loan  | 3            | 949,896            | 22,864,854         |
| Unsecured Loan  | 4            | 138,951,113        | 98,517,901         |
|   |              | <u>561,278,689</u> | <u>542,758,435</u> |
| <b>APPLICATION OF FUNDS</b>                               |              |                    |                    |
| <b>FIXED ASSETS</b>                                       |              |                    |                    |
| Gross Block   | 5            | 159,787,358        | 170,746,437        |
| Less: Depreciation  |              | <u>133,135,650</u> | <u>131,564,857</u> |
| Net Block   |              | 26,651,708         | 39,181,580         |
| INVESTMENT  | 6            | 91,489,204         | 91,489,204         |
| Deferred Tax Assets                                       |              | 141,807,674        | 143,134,712        |
| <b>CURRENT ASSETS, LOANS, ADVANCES &amp; OTHER ASSETS</b> |              |                    |                    |
| (a) Inventory   | 7            | 2,502,694          | 1,060,531          |
| (b) Sundry debtors  | 8            | 39,309,428         | 28,434,908         |
| (c) Cash and Bank Balances                                | 9            | 523,501            | 1,067,492          |
| (d) Loans and Advances                                    | 10           | 25,420,368         | 24,013,431         |
|   | (A)          | <u>67,755,991</u>  | <u>54,576,362</u>  |
| <b>CURRENT LIABILITIES &amp; PROVISIONS</b>               |              |                    |                    |
| (a) Liabilities   | 11           | 52,267,147         | 64,192,386         |
| (b) Provisions  | 12           | 11,447,789         | 21,837,451         |
|   | (B)          | <u>63,714,936</u>  | <u>86,029,837</u>  |
| NET CURRENT ASSETS  | (A-B)        | 4,041,055          | (31,453,475)       |
| <b>MISC. EXPENDITURE</b>                                  | 13           | -                  | 540,206            |
| (To the extent not written off or adjusted )              |              |                    |                    |
| <b>PROFIT &amp; LOSS</b>                                  |              | <u>297,289,048</u> | <u>299,866,208</u> |
|   |              | <u>561,278,689</u> | <u>542,758,435</u> |

- NOTES:-**
- Accounting policies and Notes forming part of the Accounts as per Schedule 21 and 22 respectively are annexed.
  - The schedules referred to above form an integral part of the Balance Sheet.

FOR AND ON BEHALF OF THE BOARD

**DR. S.M. PATHAK**  
Director (DIN No. 00784558)

**YOGESH VAIDYA**  
Chairman & CEO (DIN No. 01185242)

**As per our Report of even date attached  
for Baweja & Kaul  
Chartered Accountants  
FRN. 005834N**

**MADHVI SHARMA**  
Company Secretary

**B K CHAUHAN**  
Sr General Manager - Finance & Accounts

**SAMVIT K GURTOO**  
Partner  
M.No. 090758

**PLACE : Gurgaon  
DATED : 28.05.2011**





**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2011**

|   |    | PERIOD ENDED<br>31.03.11 | (Amount in Rs)<br>YEAR ENDED<br>30.09.09 |
|---|----|--------------------------|--|
| <b>INCOME</b>   |    |                          |  |
| Revenue From Operations   | 14 | 65,497,991               | 51,732,136                               |
| Other Income  | 15 | 4,139,841                | 36,667,300                               |
|   |    | <u>69,637,832</u>        | <u>88,399,436</u>                        |
| <b>EXPENDITURE</b>  |    |                          |  |
| Materials Consumed  | 16 | 1,699,945                | 7,079,353                                |
| Salaries and other benefits                                       | 17 | 20,969,441               | 30,734,452                               |
| Royalty & Licence Fees  |    | -                        | 19,015                                   |
| Coaching Fee Reimbursement.                                       |    | 692,183                  | 363,400                                  |
| Advertisement Expenses  |    | 552,868                  | 3,309,631                                |
| Purchase of Software/Hardware Products                            |    | -                        | 8,167,583                                |
| Administration and other expenses                                 | 18 | 23,565,724               | 24,288,240                               |
| Financial Charges   | 19 | 4,005,902                | 643,689                                  |
| Misc. Expenditure Written off                                     | 20 | 5,161,447                | 3,317,181                                |
| Depreciation  |    | 7,708,224                | 5,216,463                                |
| Loss on Sale of Fixed Assets                                      |    | 1,347,621                | 415,985                                  |
| Sundry Balances Written off                                       |    | 24,714                   | 2,930,636                                |
|   |    | <u>65,728,069</u>        | <u>86,485,628</u>                        |
| Profit/ (Loss) for the year before taxation and prior period item |    | 3,909,763                | 1,913,807                                |
| Prior Period Expenses   |    | (7,471)                  | (67,217)                                 |
| Prior Period Income   |    | 1,905                    | -  |
| Profit/ (Loss) for the year before Taxation                       |    | 3,904,197                | 1,846,589                                |
| - Fringe Benefit Tax  |    | -                        | (161,563)                                |
| - Income Tax  |    | -                        | (891,808)                                |
| - Deferred Income Tax   |    | (1,327,037)              | (2,807,490)                              |
| Profit/ (Loss) after Taxation                                     |    | 2,577,160                | (2,014,272)                              |
| Profit / (Loss) Brought forward from last year                    |    | (299,866,208)            | (297,851,936)                            |
| Profit/(Loss) Carried Over to Balance Sheet.                      |    | <u>(297,289,048)</u>     | <u>(299,866,208)</u>                     |
| No. of Shares outstanding   |    | 13,598,550               | 13,598,350                               |
| Basic Earning Per Share   |    | 0.19                     | (0.15)                                   |
| Diluted Earning Per Share   |    | 0.17                     | -  |
| (Face Value per Share Rs. 10)                                     |    |                          |  |
| (Refer Note 13 of Schedule 22)                                    |    |                          |  |

- NOTES:- 1. Accounting policies and Notes forming part of the Accounts as per Schedule 21 and 22 respectively are annexed.  
2. The schedules referred to above form an integral part of the Profit & Loss Account.

FOR AND ON BEHALF OF THE BOARD

**DR. S.M. PATHAK**  
Director (DIN No. 00784558)

**YOGESH VAIDYA**  
Chairman & CEO (DIN No. 01185242)

**As per our Report of even date attached  
for Baweja & Kaul**  
Chartered Accountants  
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**MADHVI SHARMA**  
Company Secretary

**B K CHAUHAN**  
Sr General Manager - Finance & Accounts

**SAMVIT K GURTOO**  
Partner  
M.No. 090758

PLACE : Gurgaon  
DATED : 28.05.2011

## 18TH ANNUAL REPORT 2009-2011

| SCHEDULE-1                              | As At              | (Amount in Rs)     |
|---|--------------------|--------------------|
|   | 31.03.11           | As At<br>30.09.09  |
| <b>SHARE CAPITAL</b>                    |                    |                    |
| <b>AUTHORISED</b>                       |                    |                    |
| 2,00,00,000 (Previous year same)        |                    |                    |
| Equity shares of Rs.10/- each           | 200,000,000        | 200,000,000        |
| <b>ISSUED, SUBSCRIBED &amp; PAID-UP</b> |                    |                    |
| ISSUED, SUBSCRIBED & PAID-UP            | 136,000,000        | 136,000,000        |
| 1,36,00,000 (Previous year 1,36,00,000) |                    |                    |
| Equity shares of Rs.10/- each           |                    |                    |
| Fully paid -up in cash                  |                    |                    |
| Less : Calls in arrears                 | (14,500)           | (16,500)           |
| 2900 (previous year - 3300 )            |                    |                    |
| Equity Shares @ Rs5/- each              | <u>135,985,500</u> | <u>135,983,500</u> |

| SCHEDULE-2                   | As At              | (Amount in Rs)     |
|------------------------------|--------------------|--------------------|
|                              | 31.03.11           | As At<br>30.09.09  |
| <b>RESERVE &amp; SURPLUS</b> |                    |                    |
| Securities Premium Account   | 282,402,180        | 282,402,180        |
| Warrant Forfeited A/c        | 2,990,000          | 2,990,000          |
|                              | <u>285,392,180</u> | <u>285,392,180</u> |

| SCHEDULE-3                        | As At          | (Amount in Rs)    |
|-----------------------------------|----------------|-------------------|
|                                   | 31.03.11       | As At<br>30.09.09 |
| <b>SECURED LOANS</b>              |                |                   |
| * HDFC Car Loan A/c               | 949,896        | -                 |
| <b>CASH CREDIT FACILITY</b>       |                |                   |
| ** Jammu & Kashmir Bank Ltd.      | -              | 18,675,357        |
| <b>INTEREST ACCRUED &amp; DUE</b> | -              | 4,189,497         |
|                                   | <u>949,896</u> | <u>22,864,854</u> |

Note:-

- \* Secured loan from HDFC Bank is secured against hypothecation of vehicle finance by them.
- \*\*1. The Company has made the final settlement with the Jammu & Kashmir Bank and accordingly J & K Bank is in process of releasing the pledge on 28,19,400 equity shares held by one of the Director of the company & the private companies in which he is interested.
- 2. The J&K Bank had invoked pledged on 5,000 on 30.12.2009, 10,000 shares on 31.12.2009 and 50,000 shares on 06.01.2010, out of which 39,006 shares were sold off by bank.

| SCHEDULE-4             | As At              | (Amount in Rs)    |
|------------------------|--------------------|-------------------|
|                        | 31.03.11           | As At<br>30.09.09 |
| <b>UNSECURED LOANS</b> |                    |                   |
| Director *             | 46,806,195         | 29,127,975        |
| Others **              | 87,653,379         | 66,566,331        |
| Interest Accrued & Due | 4,491,539          | 2,823,595         |
|                        | <u>138,951,113</u> | <u>98,517,901</u> |

\* The maximum amount outstanding at any time during the year is Rs. 507,91,695/- (previous year Rs 300,43,205/-)

\*\* Others includes loan taken from Associated Teckno Plastic Pvt Ltd (company under the same management) during the year for Rs 10,89,048/- (previous year Rs. 82,75,000/-)

\*\* The Company had duly accorded the approval of the shareholders by way of special resolution in the Extra-Ordinary General Meeting held on February 28, 2011 to create, offer, issue and allot 12,37,140 equity shares of the face value of Rs. 10/- each at par to M/s. AKM Systems Pvt. Ltd., a non-promoter entity, on preferential basis by converting its unsecured loan amounting to Rs. 1,23,71,400/- (including interest accrued till 31/12/2010) into equity shares of the Company.

The in-principal approval of Bombay Stock Exchange (BSE) for allotment of shares in pursuance of shareholders' resolution has duly been received vide its Letter No. DCS/PREF/SI/PRE/1210/10-11 dated March 31, 2011. The approval of National Stock Exchange (NSE) is still under process. This has been kept in unsecured loan.

**SCHEDULE-5  
FIXED ASSETS**

(Amount in Rs)

| PARTICULARS             | GROSS BLOCK           |   |  |                       | DEPRECIATION          |  |  |                       | NET BLOCK            |                      |
|-------------------------|-----------------------|---|--|-----------------------|-----------------------|--|--|-----------------------|----------------------|----------------------|
|                         | AS AT<br>01.10.2009   | Addition<br>During<br>Oct 09 To<br>Mar 11 | Sales /Adj.<br>During the<br>Oct 09 To<br>Mar 11 | As At<br>31.03.11     | AS AT<br>01.10.2009   | Sales /<br>Adj. For<br>Oct 09 To<br>Mar 11 | For The<br>Period<br>Oct 09 To<br>Mar 11 | Up To<br>31.03.11     | As At<br>31.03.2011  | As At<br>30.09.2009  |
| FURNITURE & FIXTURE     | 29,001,861.76         | -   | 1,846,773.20                                     | 27,155,088.56         | 20,087,082.22         | 1,353,093.77                               | 2,225,611.44                             | 20,959,599.89         | 6,195,488.67         | 8,914,779.54         |
| OFFICE EQUIPMENT        | 12,513,079.38         | 205,608.00                                | 1,373,424.00                                     | 11,345,263.38         | 6,726,141.54          | 699,386.57                                 | 767,580.16                               | 6,794,335.13          | 4,550,928.25         | 5,786,937.84         |
| AIR CONDITIONER         | 4,847,242.00          | 123,000.00                                | 1,798,960.00                                     | 3,171,282.00          | 2,419,377.52          | 879,433.40                                 | 250,023.90                               | 1,789,968.02          | 1,381,313.98         | 2,427,864.48         |
| ELECTRIC INSTALLATIONS  | 7,998,124.91          | -   | -  | 7,998,124.91          | 3,857,152.18          | -  | 1,326,170.19                             | 5,183,322.37          | 2,814,802.54         | 4,140,972.73         |
| COMPUTER                | 66,407,760.92         | 778,409.00                                | 8,229,234.84                                     | 58,956,935.08         | 62,908,702.25         | 7,826,757.51                               | 2,154,602.61                             | 57,236,547.35         | 1,720,387.73         | 3,499,058.67         |
| VEHICLE                 | 2,658,807.00          | 1,132,796.00                              | -  | 3,791,603.00          | 2,465,558.38          | -  | 218,604.63                               | 2,684,163.01          | 1,107,439.99         | 193,248.62           |
| SOFTWARE                | 33,908,471.88         | -   | -  | 33,908,471.88         | 32,891,865.02         | -  | 765,631.45                               | 33,657,496.47         | 250,975.41           | 1,016,606.86         |
| <b>Total Assets - A</b> | <b>157,335,347.85</b> | <b>2,239,813.00</b>                       | <b>13,248,392.04</b>                             | <b>146,326,768.81</b> | <b>131,355,879.11</b> | <b>10,758,671.25</b>                       | <b>7,708,224.38</b>                      | <b>128,305,432.24</b> | <b>18,021,336.57</b> | <b>25,979,468.74</b> |
| (Previous period) - A   | (163,166,506.85)      | (396,726.00)                              | (6,227,885.00)                                   | (157,335,347.85)      | (131,586,418.02)      | (5,447,001.70)                             | (5,216,462.79)                           | (131,355,879.11)      | (25,979,468.75)      | (31,580,088.83)      |

**INTANGIBLE ASSETS**

| PARTICULARS             | GROSS BLOCK           |   |   |                       | AMORTISATION          |   |  |                       | NET BLOCK            |                      |
|-------------------------|-----------------------|---|---|-----------------------|-----------------------|---|--|-----------------------|----------------------|----------------------|
|                         | AS AT<br>01.10.2009   | Addition<br>During<br>Oct 09 To<br>Mar 11 | Amortisation /Adj.<br>During the<br>Oct 09 To<br>Mar 11 | As At<br>31.03.2011   | AS AT<br>01.10.2009   | Amortisation<br>/ Adj. For<br>Oct 09 To<br>Mar 11 | For The<br>Period<br>Oct 09 To<br>Mar 11 | Up To<br>31.03.2011   | As At<br>31.03.2011  | As At<br>30.09.2009  |
| Courseware Development  | 2,930,918.00          | 49,500.00                                 | -   | 2,980,418.00          | 208,978.00            | -   | 1,127,850.00                             | 1,336,828.00          | 1,643,590.00         | 2,721,940.00         |
| Software Development    | 10,480,171.00         | -   | -   | 10,480,171.00         | -                     | -   | 3,493,390.00                             | 3,493,390.00          | 6,986,781.00         | 10,480,171.00        |
| <b>Total B</b>          | <b>13,411,089.00</b>  | <b>49,500.00</b>                          | <b>-</b>  | <b>13,460,589.00</b>  | <b>208,978.00</b>     | <b>-</b>  | <b>4,621,240.00</b>                      | <b>4,830,218.00</b>   | <b>8,630,371.00</b>  | <b>13,202,111.00</b> |
| (Previous period) - B   | (467,418.00)          | (12,943,671.00)                           | -   | (13,411,089.00)       | -                     | -   | (208,978.00)                             | (208,978.00)          | (13,202,111.00)      | (467,418.00)         |
| <b>G.Total (A+B)</b>    | <b>170,746,436.85</b> | <b>2,289,313.00</b>                       | <b>13,248,392.04</b>                                    | <b>159,787,357.81</b> | <b>131,564,857.11</b> | <b>10,758,671.25</b>                              | <b>12,329,464.38</b>                     | <b>133,135,650.24</b> | <b>26,651,707.57</b> | <b>39,181,579.74</b> |
| (Previous period) - A+B | (163,633,924.85)      | (13,340,397.00)                           | (6,227,885.00)  | (170,746,436.85)      | (131,586,418.02)      | (5,447,001.70)                                    | (5,425,440.79)                           | (131,564,857.11)      | (39,181,579.75)      | (32,047,506.83)      |

(Amount in Rs)

| SCHEDULE-6<br>INVESTMENTS (Valued at Cost)   | As At<br>31.03.11 | As At<br>31.03.11 | As At<br>30.09.09 | As At<br>30.09.09 |
|--|-------------------|-------------------|-------------------|-------------------|
|  | No. of Shares     |                   | No. of Shares     |                   |
| Unquoted - Subsidiary (Sixty percentage holding) in Share of Common Stock of Software Technology Group Inc. (San Jose) USA | 7,829,533         | 91,489,204        | 7,829,533         | 91,489,204        |
|  |                   | <u>91,489,204</u> |                   | <u>91,489,204</u> |

(Amount in Rs)

| SCHEDULE-7<br>INVENTORIES (Valued at Cost) | As At<br>31.03.11   | As At<br>30.09.09 |
|--|---|-------------------|
|  | Stock of Books<br>(As taken valued and certified by the management) | 264,616           |
| Software Development (WIP)                 | 2,238,078   | -                 |
|  | <u>2,502,694</u>  | <u>1,060,531</u>  |

(Amount in Rs)

| SCHEDULE-8<br>SUNDRY DEBTORS                      | As At<br>31.03.11 | As At<br>30.09.09 |
|---|-------------------|-------------------|
|   | Total Debtors     |                   |
| Less Provision for Doubtful Debts                 |                   | 78032926          |
| Debts outstanding for a year Exceeding six months | 16,909,364        | 28,434,908        |
| -others   | 22,400,064        | 22,697,920        |
|   | <u>39,309,428</u> | <u>5,736,988</u>  |
|   |                   | <u>28,434,908</u> |

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| <b>SCHEDULE-9</b>                               | As At           | (Amount in Rs)            |
|---|-----------------|---------------------------|
|   | <b>31.03.11</b> | <b>As At<br/>30.09.09</b> |
| <b><u>CASH AND BANK BALANCES</u></b>            |                 |                           |
| Cash in hand                                    | 7,102           | 136,891                   |
| Balance with Schedule Banks in Current Accounts | 133,097         | 556,875                   |
| Balance with Schedule Banks in EEFC Accounts    | -               | 1,051                     |
| Fixed Deposit with Bank*                        | 372,675         | 372,675                   |
| Interest Accrued on Fixed Deposit               | 10,627          | -                         |
|   | <u>523,501</u>  | <u>1,067,492</u>          |

\* FDR amounting to Rs. 3,83,302/- (Previous year 3,72,675/-) has been pledged with bank as margin against Bank Guarantee

| <b>SCHEDULE-10</b>  | As At             | (Amount in Rs)            |
|---|-------------------|---------------------------|
|   | <b>31.03.11</b>   | <b>As At<br/>30.09.09</b> |
| <b><u>LOANS AND ADVANCES</u></b>                                    |                   |                           |
| <b>(Unsecured, Considered Good)</b>                                 |                   |                           |
| Advances recoverable in Cash or in kind or for value to be received | 3,083,448         | 985,053                   |
| Advances to vendors *   | 7,088,663         | 9,588,556                 |
| TDS/Income Tax  | 10,930,103        | 8,149,288                 |
| VAT Refundable  | -                 | 106,070                   |
| Security Deposit  | 4,318,154         | 5,184,464                 |
|   | <u>25,420,368</u> | <u>24,013,431</u>         |

\* Includes amount due from companies under the same management as defined U/S 370 (IB) of Companies Act 1956

|   | As At           | Maximum Amount<br>Outstanding at any time<br>during the year |
|---|-----------------|--|
|   | <b>31.03.11</b> |  |
| Software Technology Group Inc.(USA- San Jose) | 153,632         | 153,632  |
|   | (153,632)       | (153,632)  |

\* Includes Rs. 215,987.96 (Previous year Rs. 215,987.96) due from BEI Confluence Communication Ltd. being the companies under the same Management as defined U/s 370(1B) of Companies Act 1956.

| <b>SCHEDULE-11</b>                   | As At             | (Amount in Rs)            |
|--------------------------------------|-------------------|---------------------------|
|                                      | <b>31.03.11</b>   | <b>As At<br/>30.09.09</b> |
| <b><u>CURRENT LIABILITIES</u></b>    |                   |                           |
| Sundry Creditors                     | 13,615,016        | 21,041,092                |
| Advance from Customers               | 389,578           | 538,411                   |
| Book Overdraft with Banks            | 441,800           | 9,220,817                 |
| Securities from Customers            | 1,580,000         | 1,180,000                 |
| Securities Deposit Received (Office) | 150,000           | 150,000                   |
| Due to Employee                      | 8,559,574         | 10,863,769                |
| Other liabilities                    | 27,531,179        | 21,198,297                |
|                                      | <u>52,267,147</u> | <u>64,192,386</u>         |

|                                   | As At<br>31.03.11        | (Amount in Rs)<br>As At<br>30.09.09 |
|-----------------------------------|--------------------------|-------------------------------------|
| <b>SCHEDULE-12</b>                |                          |                                     |
| <b>PROVISION</b>                  |                          |                                     |
| Provision For Expenses            | -                        | 330,493                             |
| Provision For Fringe Benefit Tax  | 746,713                  | 746,713                             |
| Provision for Income Tax          | 593,195                  | 891,808                             |
| Provision for Salaries & Benefits | <u>10,107,881</u>        | <u>19,868,437</u>                   |
|                                   | <u><b>11,447,789</b></u> | <u><b>21,837,451</b></u>            |

|   | As At<br>31.03.11 | (Amount in Rs)<br>As At<br>30.09.09 |
|---|-------------------|-------------------------------------|
| <b>SCHEDULE-13</b>                          |                   |                                     |
| <b>MISCELLANIOUS EXPENDITURE</b>            |                   |                                     |
| (To the extent not written off or adjusted) |                   |                                     |
| Deferred Advertisement                      |                   |                                     |
| Opening Balance                             | -                 | 947,399                             |
| Add:- Addition during the year              | -                 | -                                   |
|   | -                 | 947,399                             |
| Less:- written off during the year          | -                 | 947,399                             |
| Public Issue Expenditure                    | 540,207           | 2,701,010                           |
| Less:- written off during the year          | <u>540,207</u>    | <u>2,160,804</u>                    |
| Balance carried over to the Balance Sheet   | -                 | <u>540,206</u>                      |
|   | <u><b>-</b></u>   | <u><b>540,206</b></u>               |

|  | For the Period<br>31.03.11 | (Amount in Rs)<br>For the Year<br>30.09.09 |
|--|----------------------------|--|
| <b>SCHEDULE-14</b>                               |                            |  |
| <b>Revenue From Operations</b>                   |                            |  |
| <b>Coaching Fees</b>                             |                            |  |
| - Domestic                                       | 27,216,456                 | 13,089,333                                 |
| <b>Sales of Courseware</b>                       |                            |  |
| - Domestic                                       | 6,402,167                  | 8,173,499                                  |
| <b>Technical Know-How/Licence Fee</b>            |                            |  |
| - Domestic                                       | 398,911                    | 1,776,543                                  |
| <b>Consulting, Software Development/Products</b> |                            |  |
| - Domestic                                       | 31,480,457                 | 22,767,761                                 |
| - Sale of Software/Hardware Products             | -                          | 5,925,000                                  |
|  | <u><b>65,497,991</b></u>   | <u><b>51,732,136</b></u>                   |

|                                      | For the Period<br>31.03.11 | (Amount in Rs)<br>For the Year<br>30.09.09 |
|--------------------------------------|----------------------------|--|
| <b>SCHEDULE-15</b>                   |                            |  |
| <b>OTHER INCOME</b>                  |                            |  |
| Interest Received (Gross )           | 8,722                      | 20,143                                     |
| Foreign Exchange Fluctuation         | 15,451                     | -  |
| Misc Income                          | 153,865                    | 13,770                                     |
| Rent Income (Gross )                 | 450,000                    | 300,000                                    |
| Profit(loss) On Sale of Fixed Assets | 182,150                    | 129,499                                    |
| Unclaimed Balances Written Back      | <u>3,329,653</u>           | <u>36,203,888</u>                          |
|                                      | <u><b>4,139,841</b></u>    | <u><b>36,667,300</b></u>                   |

|  | For the Period<br>31.03.11 | (Amount in Rs)<br>For the Year<br>30.09.09 |
|--|----------------------------|--|
| <b>SCHEDULE-16</b>                       |                            |  |
| <b>MATERIAL CONSUMED</b>                 |                            |  |
| <b>Books Consumed</b>                    |                            |  |
| Opening balance                          | 1,060,531                  | 2,460,531                                  |
| Add:- Purchased during the year          | 904,030                    | 5,679,353                                  |
|  | 1,964,561                  | 8,139,884                                  |
| Less:- Closing Stock                     | 264,616                    | 1,060,531                                  |
| <b>Material Consumed During the Year</b> | <u><b>1,699,945</b></u>    | <u><b>7,079,353</b></u>                    |

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| <b>SCHEDULE-17</b>                             | <b>For the Period<br/>31.03.11</b> | <b>(Amount in Rs)<br/>For the Year<br/>30.09.09</b> |
|--|------------------------------------|---|
| <b>SALARY AND OTHER BENEFITS TO EMPLOYEES</b>  |                                    |   |
| Salary, Wages and other benefits               | 18,372,570                         | 27,133,952  |
| Contribution to Provident Fund and Other Funds | 608,218                            | 1,073,750   |
| Staff Welfare                                  | 826,195                            | 812,102   |
| Consultant/Visiting Faculty Charges            | 1,162,458                          | 1,714,648   |
|  | <u>20,969,441</u>                  | <u>30,734,452</u>                                   |

| <b>SCHEDULE-18</b>                       | <b>For the Period<br/>31.03.11</b> | <b>(Amount in Rs)<br/>For the Year<br/>30.09.09</b> |
|--|------------------------------------|---|
| <b>ADMINISTRATION AND OTHER EXPENSES</b> |                                    |   |
| Postage Telegram & Courier               | 163,183                            | 118,198   |
| Telephone And Fax                        | 1,542,644                          | 1,507,712   |
| Books, Journal & Newspapers              | 13,091                             | 17,590  |
| Business Promotion                       | 166,512                            | 78,997  |
| Commission & Brokerage                   | 105,000                            | -   |
| Hire Charges                             | 554,887                            | 880,383   |
| Diesel Expenses                          | 211,002                            | 214,955   |
| Electricity & Water Exp.                 | 1,115,866                          | 1,436,545   |
| Foreign Exchange Fluctuation             | -                                  | 14,000  |
| Freight & Cartage Inward                 | 51,358                             | -   |
| Filing Fee                               | 46,570                             | 10,581  |
| Insurance Charges                        | 31,167                             | 53,866  |
| Legal And Professional Charges           | 3,564,214                          | 4,279,915   |
| Penalty on Taxes                         | 10,000                             | -   |
| Listing Fee                              | 450,056                            | 211,514   |
| Local Conveyance                         | 1,486,410                          | 1,656,622   |
| Office Maintenance                       | 1,402,874                          | 1,612,620   |
| Printing & Stationery                    | 401,974                            | 391,678   |
| Rent - Office                            | 6,814,656                          | 7,190,380   |
| Municipal Corporation Charges            | -                                  | 224,457   |
| Repair & Maintenance                     | 664,600                            | 708,655   |
| Subscription & Membership Fee            | 501                                | -   |
| Tender Fees                              | 225                                | 3,250   |
| Transportation Charges                   | 1,229,297                          | 682,775   |
| Travelling                               | 1,731,640                          | 1,473,684   |
| Vehicle Running Expenses                 | 49,600                             | 70,900  |
| Seminar & Exhibition Exp.                | 129,182                            | 2,360   |
| Watch & Ward Expenses                    | 1,278,110                          | 1,147,248   |
| Other Expenses                           | 351,106                            | 299,355   |
|  | <u>23,565,724</u>                  | <u>24,288,240</u>                                   |

| <b>SCHEDULE-19</b>       | <b>For the Period<br/>31.03.11</b> | <b>(Amount in Rs)<br/>For the Year<br/>30.09.09</b> |
|--------------------------|------------------------------------|---|
| <b>FINANCIAL CHARGES</b> |                                    |   |
| Bank Charges             | 503,916                            | 344,242   |
| Interest to Bank         | 310,504                            | -   |
| Interest to others       | 3,191,482                          | 299,447   |
|                          | <u>4,005,902</u>                   | <u>643,689</u>                                      |

| <b>SCHEDULE-20</b>                          | <b>For the Period<br/>31.03.11</b> | <b>(Amount in Rs)<br/>For the Year<br/>30.09.09</b> |
|---|------------------------------------|---|
| <b>MISC. EXPENDITURE WRITTEN OFF</b>        |                                    |   |
| Public Issue Expenses Written Off           | 540,207                            | 2,160,804   |
| Deferred Advertisement Written Off          | -                                  | 947,399   |
| Courseware Development Expenses Written Off | 1,127,850                          | 208,978   |
| Software Development W/O                    | 3,493,390                          | -   |
|   | <u>5,161,447</u>                   | <u>3,317,181</u>                                    |



## SCHEDULE-21

### SIGNIFICANT ACCOUNTING POLICIES

#### 1. Basis of Accounting

The financial statements are prepared in accordance with Indian Generally Accepted Accounting principles ("GAAP") under the historical cost convention on an accrual basis. GAAP comprises mandatory Accounting Standards issued by the Institute of Chartered Accountants of India ("ICAI"), the provisions of the Companies Act, 1956, and guidelines issued by the Securities and Exchange Board of India. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. The Management evaluates all recently issued or revised accounting standards on an ongoing basis.

#### 2. Use of Estimates

The preparation of the financial statements in conformity with GAAP requires the management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent assets and liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Although these estimates are based upon Management's best knowledge of current events and actions, actual results could differ from these estimates.

#### 3. Valuation-Fixed Assets and Inventory

- (a) Fixed assets are normally accounted for on cost basis including the cost of installation where incurred. Expenditure on regular staff, which might be occasionally engaged for installation work, is charged to revenue.
- (b) **Inventory:-**
  - (i) Stock of books are valued at cost based on First-in First-out method.
  - (ii) Softwares under development & intended for sale and not ready for use before the year end, are valued at cost as Software Work-in-Progress.

#### 4. Depreciation and Amortisation

- (a) Normal Depreciation on all the fixed assets is provided on Straight Line Method at the rates prescribed in schedule -XIV to the Companies Act, 1956.
- (b) Depreciation on additions/ deletions to Fixed Assets is provided on prorata basis from/to date of addition/deletions.
- (c) In case of financial year consist of the year less/more than a normal year of 12 months then depreciation is provided for that particular year.
- (d) In case of courseware/software developed and capitalised, the same is written off over a period of 3 years, considering the estimated economic life of the product.

#### 5. Impairment of assets

The carrying amount of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use.

#### 6. Investments

Long-term Investments, are valued at their acquisition cost. Any decline in the value of said investment other than the temporary decline is recognised and charged to Profit & Loss Account.

#### 7. Revenue Recognition

- a. (i) In case of own centres income from coaching fee is recognised to the extent of course/programme delivered to students. Income from courseware is recognised on the basis of courseware supplied to the students/clients.
- (ii) In Case of domestic licence centres, the income is recognised on the basis of collections received from licensee against course fee. Income from courseware is recognised on the basis of courseware supplied to the licence centre.
- b. Income from Technical Know How/ Licence Fees are recognised on the basis of Agreement/MOU entered subject to realisation of the income.

- c. In respect of Software Development/Products and Consultancy activities, the revenue is recognised on dispatch/ delivery of the concerned goods/ services by adopting percentage completion method wherever required.

#### 8. Public Issue Expenses and Pre-Operative Expenses

Public issue expenditure and pre-operative expenses incurred on further issue of Share Capital are written off over a period of ten years on prorata basis.

#### 9. Foreign Currency Transactions

Transactions in foreign currency are booked at pre-determined rate and all monetary assets and liabilities in foreign currency are restated at the year end.

Gain /Loss arising out of fluctuations on realisation /payment or restatement, except those identifiable to acquisition of fixed assets & Investment are charged /credited to Profit & Loss Account.

#### 10. Employees' /Retirement Benefits

- a. All employees of the Company are entitled to receive benefits under the Provident Fund, which is a defined contribution plan.
- b. In addition, some employees of the Company are covered under the employees' state insurance schemes.
- c. The Company's contributions to above schemes are expensed in the Profit and Loss Account.
- d. Liability on account of Gratuity and Leave Encashment of Employees is provided on the actuarial Valuation.

#### 11. Taxation

Income tax expenses are accrued in accordance with Accounting Standard -22 " Accounting for Taxes on Income, issued by The Institute of Chartered Accountants of India, which includes current taxes and deferred taxes. Deferred income tax reflects the impact of current year timing difference between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax assets are recognised only to extent, there is a reasonable certainty that sufficient future taxable income will be available. Such Deferred tax Assets and Liabilities are measured at each Balance Sheet date & the carrying value of the same are adjusted for recognising the change in the value of each such deferred tax Asset and Liability.

#### 12. Borrowing Cost

Interest and other costs in connection with the borrowing of funds to the extent related/attributed to the acquisition/ construction of qualifying fixed assets are capitalized upto the date when such assets are ready for its intended use and other borrowing costs are charged to Profit & Loss Account.

#### 13. Provision and Contingencies

The Company creates a provision when there is a present obligation as a result of past events that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation. A disclosure for a Contingent Liability is made when there is a possible obligation that probably will not require an outflow of resources or where a reliable estimate of the obligation can not be made. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

#### 14. Earning per Share

Basic earning per share (EPS) is calculated by dividing the net profit after tax for the year (including the post-tax effect of extraordinary items, if any) attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

#### 15. Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, financing, and investing activities of the company are segregated.

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## SCHEDULE-22

### NOTES FORMING PART OF ACCOUNTS

1. (a) In the opinion of the Management, Investments, Current Assets and Loans and Advances have a value on realisation in the ordinary course of Business at least equal to the amount at which they are stated in the Balance Sheet and the provisions for all known liabilities have been made and are adequate.
- (b) Based on review of Loan & Advances, Creditors and due to employees, old balances amounting to Rs. 33,29,653/- (Previous Year 3,62,03,888/-) have been written back and debit balance amounting to Rs. 24,714/- have been written off.
- (c) Balances of Debtors, Creditors, Various Parties, Loan & Advance and some bank are subject to confirmation and / or reconciliation.
- (d) The shareholders of the Company have appointed M/s Baweja & Kaul, Chartered Accountants as a New Statutory Auditors of the Company in the Extra- Ordinary General Meeting of the company held on 27.01.2011 in place of M/s Jain Singhal & Associates, who had resigned as Statutory Auditors of the Company.
- (e) The provision for taxation/deferred tax has been made in accordance with Accounting Standard 22 "Accounting for Taxes on Income" issued by ICAI in view of brought forward losses and Depreciation, no provision for Income Tax is required.
- (f) The other liabilities appearing in the balancesheet as part of current liabilities includes an amount of Rs.2,33,98,088/- which represents various statutory dues payable by the company to the extent of principal amount only. No provision for interest on delayed payments has been made.
- (g) As per management there are no asset which needs to be impaired at the year end.
- (h) The Registrar of Companies, NCT of Delhi & Haryana, New Delhi has granted permission for extension of financial year for 18 months u/s 210(4) of the Companies Act, 1956. Therefore, current financial year is for the period from 01/10/2009 to 31/03/2011 and there shall be 6 quarters in this financial year.
- (i) The previous year's figures are of twelve months and the current cumulative period figures are of eighteen months and are therefore not comparable.
- (j) In the opinion of management debtors of Rs. 2,24,00,064 outstanding for more than 6 months are good and recoverable.
- (k) As per the certification received from our R & T Agent that partly paid up shares have been decreased from 3,300 to 2,900. Transaction has been accounted by debiting bank charges, pending reconciliation.
- (l) Provision for employee retirement benefits is provided on actuarial valuation.

#### 1. Details of provision of Gratuity on actuarial valuation.

As per Accounting Standard 15 "Employee benefits", the disclosures as defined in the Accounting Standard are given below:

| Date   | As at<br>31.03.2011 |
|--|---------------------|
| Present value of the obligation at the end of the period               | 782392              |
| Fair value of plan assets at end of period                             | 0                   |
| Net liability/(asset) recognized in Balance Sheet and related analysis | 782392              |
| Funded Status  | (782,392.00)        |

Summary of membership data at the date of valuation and statistics based thereon:

| Date  | As at<br>31.03.2011 |
|---|---------------------|
| Number of employees                                 | 8                   |
| Total monthly salary                                | 137400              |
| Average Past Service(Years)                         | 11.7                |
| Average remaining working lives of employees(Years) | 11.8                |
| Average Age(Years)                                  | 46.2                |

The assumptions employed for the calculations are tabulated:

| Period                      | From:<br>1.10.09 to 31.03.11 |
|-----------------------------|------------------------------|
| Discount rate               | 8.25 % per annum             |
| Salary Growth Rate          | 5.00 % per annum             |
| Mortality                   | LIC 94-96 Ultimate           |
| Expected rate of return     | 0                            |
| Withdrawal rate (Per Annum) | 2.00% p.a. (18 to 58 Years)  |

Benefits valued:

|   |  |
|---|--|
| Normal Retirement Age                             | 58 Years   |
| Salary  | Terminal Basic Salary (Excluding all other Allowances and Perquisites) |
| Vesting Period                                    | 5 Years of service   |
| Benefits on Normal Retirement                     | 15/26 * Salary * Number of completed years of Service                  |
| Benefit on early exit due to death and disability | As above except that no vesting conditions apply.                      |
| Limit   | 1000000  |

#### 2. Details of provision of Leave Encashment on actuarial valuation.

| Date   | As at<br>31.03.2011 |
|--|---------------------|
| Present value of the obligation at the end of the period               | 81619               |
| Fair value of plan assets at end of period                             | 0                   |
| Net liability/(asset) recognized in Balance Sheet and related analysis | 81619               |
| Funded Status  | (81,619.00)         |

Summary of membership data at the date of valuation and statistics based thereon:

| Date  | As at<br>31.03.2011 |
|---|---------------------|
| Number of employees                                 | 13                  |
| Total monthly salary                                | 163600              |
| Average Past Service(Years)                         | 9.1                 |
| Average remaining working lives of employees(Years) | 14.5                |
| Average Age(Years)                                  | 43.5                |

The assumptions employed for the calculations are tabulated:

| Period                      | From:<br>1.10.09 to 31.03.11 |
|-----------------------------|------------------------------|
| Discount rate               | 8.25 % per annum             |
| Salary Growth Rate          | 5.00 % per annum             |
| Mortality                   | LIC 94-96 Ultimate           |
| Expected rate of return     | 0                            |
| Withdrawal rate (Per Annum) | 2.00% p.a. (18 to 58 Years)  |

Benefits valued:

|                               |  |
|-------------------------------|--|
| Normal Retirement Age         | 58 Years                                   |
| Salary                        | As per rules of the company                |
| Benefits on Normal Retirement | 1/22* Salary* Number of encashable leaves. |
| Benefit on early exit         | As above, subject to rules of the company. |
| Benefit on death              | As above, subject to rules of the company. |

Company has adopted this policy of valuation of employees benefits from year ended on 31.3.2011, hence previous year figures are not available.

No additional provision is required to be made as per valuation report of actuarial for the year ended 31.03.2011

#### 2. Contingent Liabilities not provided for in respect of:-

|   | As at<br>31.03.11 | As at<br>30.09.09 |
|---|-------------------|-------------------|
| (i) Guarantees issued by Banker on behalf of the company                      | 416,698           | 2,053,298         |
| (ii) Additional demands raised by the Income Tax Dept. which are under Appeal | 33,13,732         | 33,13,732         |
| (iii) Legal disputes  | 6,454,380         | 54,57,360         |

(Amount in Rs)

#### 3. Payments to Directors

|             | Period Ended<br>31.03.11 | Year Ended<br>30.09.09 |
|-------------|--------------------------|------------------------|
| Sitting Fee | (Rupees) -               | (Rupees) -             |
|             | -                        | -                      |
|             | -                        | -                      |

(Amount in Rs)

#### 4. Prior Period income & expenses debited to Profit & Loss Account

|          | Period Ended<br>31.03.11 | Year Ended<br>30.09.09 |
|----------|--------------------------|------------------------|
| Interest | 1,905                    | -                      |
|          | <u>1,905</u>             | <u>-</u>               |

#### INCOME

|          | Period Ended<br>31.03.11 | Year Ended<br>30.09.09 |
|----------|--------------------------|------------------------|
| Interest | 1,905                    | -                      |
|          | <u>1,905</u>             | <u>-</u>               |

(Amount in Rs)

#### EXPENDITURE

|                     | Period Ended<br>31.03.11 | Year Ended<br>30.09.09 |
|---------------------|--------------------------|------------------------|
| Courier Expenses    | 2,392                    | -                      |
| Consultancy Charges | -                        | 60,000                 |
| Cell Phone Expenses | 424                      | 3,967                  |
| Travelling Domestic | -                        | 3,250                  |
| Local Conveyance    | 4,655                    | -                      |
|                     | <u>7,471</u>             | <u>67,217</u>          |

5. In accordance with the Accounting Standard - 22 (AS-22), regarding "Accounting for Taxes on Income", issued by the Institute of Chartered Accountants of India, the Cumulative Tax effects of significant timing differences, that resulted in Deferred Tax Assets & Liabilities and description of item thereof that creates these differences are as follows:

|   | (Amount in Rs)     |                |                    | (Amount in Rs)                        |                            |                    |                    |
|---|--------------------|----------------|--------------------|---------------------------------------|----------------------------|--------------------|--------------------|
|   | Deferred Tax       | Current Year   | Deferred Tax       | Deferred Tax                          | Current Year               | Deferred Tax       |                    |
|   | Assets/            |                | Assets/            | Assets/                               |                            | Assets/            |                    |
|   | (Liability)        | (Liability)    | (Liability)        | (Liability)                           |                            |                    |                    |
| As at 31.03.11  | (Charge) /Credit   | As at 30.09.09 | As at 31.03.11     | (Charge) /Credit                      | (Liability) As at 30.09.09 |                    |                    |
| Deferred Tax Assets   |                    |                |                    |                                       |                            |                    |                    |
| - Unabsorbed Losses/Depreciation under the Income Tax Act, 1961 | 150,087,433        | 34,716         | 150,052,717        |                                       |                            |                    |                    |
| - Others  | 2,208,408          | 59,569         | 2,148,839          |                                       |                            |                    |                    |
| <b>Total A :</b>  | <b>152,295,841</b> | <b>94,285</b>  | <b>152,201,556</b> |                                       |                            |                    |                    |
|   |                    |                |                    | Deferred Tax Liabilities              |                            |                    |                    |
|   |                    |                |                    | - Depreciation differences            | (1,519,421)                | 1,512,142          | (3,031,563)        |
|   |                    |                |                    | - Others Amortisation                 | (8,968,746)                | (2,933,464)        | (6,035,282)        |
|   |                    |                |                    | <b>Total B :</b>                      | <b>(10,488,167)</b>        | <b>(1,421,322)</b> | <b>(9,066,845)</b> |
|   |                    |                |                    | Net Deferred tax assets/(liabilities) | <b>141,807,674</b>         | <b>(1,327,037)</b> | <b>143,134,712</b> |

In the opinion of the Management, there would be sufficient future taxable income, against which above Deferred Tax Assets on Account of unabsorbed losses/depreciation will be realised.

**6. Additional information pursuant to the provisions of Para 4, 4A, 4C, and 4D of Part-II of Schedule VI to the Companies Act, 1956 to the extent applicable.**

|  | (Amount in Rs) |                                   |       |                                 |
|--|----------------|-----------------------------------|-------|---------------------------------|
|  | QTY            | Period Ended 31.03.11 Value (RS.) | QTY   | Year Ended 30.09.09 Value (RS.) |
| <b>A. Stock Statement : Printed Material</b> |                |                                   |       |                                 |
| Purchase                                     | 5060           | 904,030                           | 20154 | 5,679,353                       |
| Sales / Distribution to Students             | 7305           | 1,699,945                         | 28828 | 7,079,353                       |
| Opening Stock.                               | 3729           | 1,060,531                         | 12403 | 2,460,531                       |
| Closing Stock                                | 1484           | 264,616                           | 3729  | 1,060,531                       |

**B. Expenditure in Foreign Currency on Accrual Basis**

- Other than professional

|  | Period Ended 31.03.11 | Year Ended 30.09.09 |
|--|-----------------------|---------------------|
|  | -                     | -                   |
|  | -                     | -                   |

**C. Earnings in Foreign Currency on Accrual Basis**

- Coaching fees

|  | Period Ended 31.03.11 | Year Ended 30.09.09 |
|--|-----------------------|---------------------|
|  | 24,792.00             | -                   |
|  | 24,792.00             | -                   |

**7. Due from Non-Schedule Bank as at 31.03.2011**

Name of the Bank

Ahmednagar Merchant's Co-Op Bank

The Bicholim Urban Coop. Bank-Mapusa

|  | Balance as at 31.03.11 | Maximum Amount Outstanding During the Year |
|--|------------------------|--|
|  | -                      | -  |
|  | -                      | -  |

**8. Auditors Remuneration, as included in "Legal & Professional Charges" under Schedule No. "19" is as under :-**

Audit Fee  
Tax Audit Fee  
Certification Fee  
Out Of Pocket Expenses

|  | Period Ended 31.03.11 | Year Ended 30.09.09 |
|--|-----------------------|---------------------|
|  | 350000                | 150000              |
|  | 125000                | 50000               |
|  | 85000                 | 100000              |
|  | 34700                 | -                   |
|  | <b>594700</b>         | <b>300000</b>       |

9. As per information available with the Management, the dues payable to enterprises covered under "The Micro, small and Medium Enterprises Development Act, 2006" as at 31.03.2011 is Rs. Nil.

10. Previous year figures have been regrouped/reclassified, wherever necessary.

**11. Related Parties Disclosures**

**(A) Names of related parties and description of relationship:**

- Subsidiaries
- Individuals having control or Significant influence
- Key Management Personnel
- Enterprises over which person under above items A (2) & A (3) have significant influence

Software Technology Group Inc, San Jose, California (USA)

Mr. Y.C.Vaidya

Ms. Prasanna Vaidya

Mr. Y.C.Vaidya

(1) Associated Teckno Plastic Pvt. Ltd., New Delhi

(2) Crescent Software Solution Pvt. Ltd.- New Delhi

(Under the process of striking off u/s 560 of Companies Act, 1956.)

(3) DNA Lab & Research (P) Ltd. New Delhi

(Under the process of striking off u/s 560 of Companies Act, 1956.)

(4) Y.P.Associates Pvt. Ltd. - New Delhi

(5) Vaidya Associates Pvt. Ltd. - New Delhi

(6) BEI Confluence Communication Ltd. - New Delhi

(7) Bay Resources and Technology Corporation , USA

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### (B) Details of Transaction relating to persons referred to in item (A) above during the year ended 31st March 2011.

| Particulars of transaction                        | Subsidiaries | Individuals having Key control or significant management influence and Key personnel Management personnel |     | Enterprises over which person under above items A (2) & A (3) have significant influence |
|---|--------------|---|-----|--|
| 1. Receiving of services                          | -            | -   | -   | -  |
| 2. Providing Of Services                          | (-)          | (-)   | (-) | (-)  |
| 3. Interest Accrued/ Paid                         | (-)          | (-)   | (-) | (-)  |
| 4. Loss from Foreign Exchange Fluctuation         | (-)          | (-)   | (-) | (-)  |
| 5. Income from Foreign Exchange Fluctuation       | (-)          | (-)   | (-) | (-)  |
| 6. Loans received during the year                 | -            | 40,945,720  | -   | 1,089,048  |
| 7. Loans repaid during the year                   | (-)          | (5,000,000)   | (-) | (8,275,000)  |
|   | -            | 23,267,500  | -   | 2,000  |
|   | (-)          | (915,230)   | (-) | (1,000,000)  |
| 8. Outstanding balance included in Current Assets | 153,632      | -   | -   | -  |
|   | (153,632)    | (-)   | (-) | (-)  |
| 9. Loan amount dues as at the end of the year     | -            | 46,806,195  | -   | 55,673,379   |
|   | (-)          | (28,127,975)  | (-) | (54,586,331)   |
| 10. Closing Investment in Equity                  | 91,489,204   | -   | -   | -  |
|   | (91,489,204) | (-)   | (-) | (-)  |

### 12. Segment Reporting

- Segment Information has been prepared in conformity with accounting policies adopted in preparation and presentation of financial statements of the company.
- The Company has disclosed business segment as primary segment. The segment has been identified taking into account the nature of services, the different risks and returns, organisation structure and internal reporting system.
- The Company is mainly engaged in the Business of imparting Software training (Training) and Software development (Consulting) and accordingly Training and Consulting have been identified as primary segments.
- Segment revenue, Segment results, Segment assets, Segment liabilities includes respective amounts identifiable to each segment and also includes amounts allocated on reasonable basis. The expenses which are not attributable to or allocated on reasonable basis to business segment are shown as unallocated corporate expenses.
- Assets and Liabilities that can not be allocated between the segments are shown as a part of unallocated corporate assets and liabilities respectively.
- Segmental Information

#### (i) Information about business segment (Primary)

| Particulars                                       | Training          | Products and Consulting | Consolidated        |
|---|-------------------|-------------------------|---------------------|
| <b>Revenue</b>                                    |                   |                         |                     |
| External Revenue from operation                   | <b>34,017,534</b> | <b>31,480,457</b>       | <b>65,497,991</b>   |
|   | (23,039,375)      | (28,692,761)            | (51,732,136)        |
| Other Income                                      | <b>3,344,024</b>  | <b>40,000</b>           | <b>3,384,024</b>    |
|   | (22,116,056)      | (7,336,177)             | (29,452,233)        |
| Provision Written Back                            | -                 | -                       | -                   |
|   | (nil)             | (nil)                   | (nil)               |
| <b>Segment Revenue</b>                            | <b>37,361,558</b> | <b>31,520,457</b>       | <b>68,882,015</b>   |
|   | (45,155,431)      | (36,028,938)            | (81,184,369)        |
| <b>RESULTS</b>                                    |                   |                         |                     |
| Segment Result                                    | <b>3,305,668</b>  | <b>17,257,132</b>       | <b>20,562,799</b>   |
|   | {(7,710,791)}     | (14,240,944)            | (6,530,153)         |
| <b>[Profit/(Loss)]</b>                            |                   |                         |                     |
| Unallocated Corporate Expenses                    | -                 | -                       | <b>(13,408,517)</b> |
|   |                   |                         | {(11,254,941)}      |
| <b>operating profit</b>                           |                   |                         | <b>7,154,282</b>    |
|   |                   |                         | {(4,724,788)}       |
| Financial Charges                                 | -                 | -                       | <b>(4,005,902)</b>  |
|   |                   |                         | {(643,689)}         |
| Unallocated Other Income                          |                   |                         | <b>755,817</b>      |
|   |                   |                         | (7,215,067)         |
| <b>Net Profit/ (Loss) for the year before Tax</b> | -                 | -                       | <b>3,904,197</b>    |
|   |                   |                         | (1,846,589)         |
| <b>Less : Provision for Taxation</b>              |                   |                         |                     |
| Fringe Benefit Tax                                | -                 | -                       | -                   |
|   |                   |                         | <b>{(161,563)}</b>  |
| Wealth Tax  | -                 | -                       | -                   |
|   |                   |                         | (nil)               |
| Income Tax  | -                 | -                       | -                   |
|   |                   |                         | {(891,808)}         |
| Deferred Income Tax                               | -                 | -                       | -                   |
|   |                   |                         | (1,327,037)         |
| Excess/(short) provision for earlier year         | -                 | -                       | -                   |
|   |                   |                         | {(2,807,490)}       |
|   |                   |                         | (nil)               |
| <b>Net Profit/(loss) after taxation</b>           | -                 | -                       | <b>2,577,160</b>    |
|   |                   |                         | {(2,014,272)}       |

| Particulars  | Training     | Products and Consulting | Consolidated       |
|--|--------------|-------------------------|--------------------|
| <b>Other Information</b>                                   |              |                         |                    |
| <b>Assets</b>  |              |                         |                    |
| Segment Assets   | 39,455,414   | 41,755,193              | 81,210,608         |
| unallocated corporate Assets                               | (57,037,988) | (24,793,897)            | (81,831,884)       |
| <b>Total</b>   |              |                         | <b>2,266,987</b>   |
|  |              |                         | (4,316,976)        |
|  |              |                         | <b>83,477,594</b>  |
|  |              |                         | (86,148,861)       |
| <b>Liabilities</b>   |              |                         |                    |
| Segment Liabilities  | 36,032,044   | 17,380,314              | 53,412,358         |
| unallocated corporate liabilities                          | (57,586,556) | (22,131,890)            | (79,718,446)       |
| <b>Total</b>   |              |                         | <b>10,302,578</b>  |
|  |              |                         | (6,311,391)        |
|  |              |                         | <b>63,714,936</b>  |
|  |              |                         | (86,029,837)       |
| <b>Capital Expenditure during the year</b>                 |              |                         |                    |
| - Fixed Assets   | 2,239,813    | -                       | 2,239,813          |
|  | (396,726)    | (nil)                   | (396,726)          |
| - Expenditure incurred for Courseware/software development | 49,500       | -                       | 49,500             |
|  | (nil)        | (nil)                   | (nil)              |
| - Deferred Advertisement                                   | -            | -                       | -                  |
|  | (947,399)    | -                       | (947,399)          |
| <b>Depreciation during the year</b>                        | 6,843,934    | 745,982                 | 7,589,917          |
|  | (4,466,543)  | (665,399)               | (5,131,943)        |
| <b>Unallocated Depreciation during the year</b>            | -            | -                       | 118,308            |
|  |              | (84,520)                |                    |
| <b>Amortisation during the year</b>                        | 4,621,240    | -                       | 4,621,240          |
|  | (1,156,377)  | -                       | (1,156,377)        |
| <b>Total Assets Excludes :</b>                             |              |                         |                    |
| Investments  | -            | -                       | 91,489,204         |
| Advance Tax/TDS/Demand                                     | -            | -                       | (91,489,204)       |
| Net Deferred Tax Assets                                    | -            | -                       | 10,930,103         |
|  |              |                         | (8,255,358)        |
| <b>Total Liabilities Excludes :</b>                        |              |                         | <b>141,807,674</b> |
| Secured Loans  | -            | -                       | (143,134,712)      |
| Unsecured Loans  | -            | -                       | 949,896            |
|  |              |                         | (22,864,854)       |
| Provision for Taxation                                     | -            | -                       | 138,951,113        |
|  |              |                         | (98,517,901)       |
|  |              |                         | -                  |
|  |              |                         | -                  |

Note :- Previous year figures are given in Bracket.

(ii) Information about geographical segment (Secondary)

**Sales Revenue By Geographical Market**

|              | For The Period<br>Ended 31.03.2011 | For The Year<br>Ended 30.09.2009 |
|--------------|------------------------------------|----------------------------------|
| India        | 65,497,991                         | 51,732,136                       |
| U. S. A.     | -                                  | -                                |
| <b>Total</b> | <b>65,497,991</b>                  | <b>51,732,136</b>                |

**15. Earning per Share (EPS)**

The numerators and denominators used to calculate the Basic & Diluted Earning per Equity Share

|   |         |     | Period Ended<br>31.03.11 | Year Ended<br>30.09.09 |
|---|---------|-----|--------------------------|------------------------|
| Profit/(Loss) After Tax   |         | Rs. | 2,577,160                | (2,014,272)            |
| Profit/ (Loss) Attributable to Equity shareholders (numerator)  | (A)     | Rs. | 2,577,160                | (2,014,272)            |
| Fully paid up equity share of Rs. 10/- each   |         | No. | 13597100                 | 13596700               |
| Partly paid up equity share of Rs. 10/- each  |         | No. | 2900                     | 3300                   |
| Weighted Average Basic Equity Share for the purpose of EPS (Denominator)                                | (B)     | No. | 13598550                 | 13598350               |
| Dilutive effect of proposed preferential allotment by converting unsecured loan of AKM Systems (P) Ltd. |         | No. | 1237140                  | -                      |
| Weighted Average diluted Equity Share for the purpose of EPS (Denominator)                              | (C)     | No. | 14835690                 | -                      |
| Nominal value of per Equity Share   |         | Rs. | 10.00                    | 10.00                  |
| Basic Earning per Share   | (A / B) | Rs. | 0.19                     | (0.15)                 |
| Diluted Earning per Share   | (A / C) | Rs. | 0.17                     | -                      |

FOR AND ON BEHALF OF THE BOARD

**DR. S.M. PATHAK**  
Director (DIN No. 00784558)

**YOGESH VAIDYA**  
Chairman & CEO (DIN No. 01185242)

As per our Report of even date attached  
for **Baweja & Kaul**  
Chartered Accountants  
FRN. 005834N

**MADHVI SHARMA**  
Company Secretary

**B K CHAUHAN**  
Sr General Manager - Finance & Accounts

**SAMVIT K GURTOO**  
Partner  
M.No. 090758

PLACE : Gurgaon  
DATED : 28.05.2011

**SCHEDULE - 23**

**Balance Sheet Abstract and Company's General Business Profile**

I. Registration Details

Registration No. 55-48460  
Balance Sheet Date. 31st March, 2011

State Code. 55

II. Paid up Capital Raised during the year ( Rupees in Lakhs )

Public Issue

Nil

Right Issue

Nil

Bonus Issue

Nil

Private Placement / Others

Nil

III. Position of Mobilisation and Deployment of funds. (Rupees in Lakhs)

Total Liabilities

3,277.05

Total Assets

3,277.05

Sources of Funds

Paid-up Capital

1,359.86

Reserve & Surplus

2,853.92

Secured Loans

9.50

Unsecured Loans

1,389.51

Application of Funds

Net Fixed Assets

266.52

Investments

914.89

Net Current assets

1,458.49

Misc. Expenditure

Nil

IV Performance of Company ( Rupees in Lakhs )

Turnover

696.38

Total Expenditure

657.34

Profit/(Loss) Before Tax

39.04

Profit/(Loss) After Tax

25.77

Earning Per Share in Rs.

0.19

Dividend rate %

Nil

V. Generic Names of Three Principal Products/Services of Company ( as per monetary terms )

Products Description SOFTWARE TRAINING  
Products Description FRANCHISING IN SOFTWARE TRAINING  
Products Description SOFTWARE SERVICES AND DEVELOPMENT.

FOR AND ON BEHALF OF THE BOARD

DR. S.M. PATHAK  
Director (DIN No. 00784558)

YOGESH VAIDYA  
Chairman & CEO (DIN No. 01185242)

As per our Report of even date attached  
for Baweja & Kaul  
Chartered Accountants  
FRN. 005834N

MADHVI SHARMA  
Company Secretary

B K CHAUHAN  
Sr General Manager - Finance & Accounts

SAMVIT K GURTOO  
Partner  
M.No. 090758

PLACE : Gurgaon  
DATED : 28.05.2011

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st March, 2011**

|  | For the Period Ended<br>31st March, 2011<br>(Rupees) | For the Year Ended<br>30th Sep., 2009<br>(Rupees) |
|--|--|---|
| <b>Cash Flow From Operations</b>                                   |  |   |
| Profit/(Loss) for the period Before Provision for Taxation         | 3,904,197  | 1,846,589   |
| Add/ (less):   |  |   |
| Miscellaneous Expenditure (As per Schedule 20)                     | 5,161,447  | 3,317,181   |
| Depreciation ( As per schedule 5 )                                 | 7,708,224  | 5,216,463   |
| Net Loss/(Profit) on Sale of assets                                | 1,165,471  | 286,486   |
| Interest Paid (As Per schedule 19)                                 | 3,501,985  | 299,447   |
| Interest Income ( As per Schedule 15 )                             | (8,722)  | (15,993)  |
| <b>Operating Profit Before Working Capital Change</b>              | <b>21,432,602</b>                                    | <b>10,950,173</b>                                 |
| <b>Change in Working Capital</b>                                   |  |   |
| Decrease/(Increase) in Inventories                                 | (1,442,163)  | 1,399,999   |
| Decrease/(Increase) in Sundry Debtors                              | (10,874,520)   | 115,824,339                                       |
| Decrease/(Increase) in Loans and Advances                          | 1,267,808  | (5,048,307)                                       |
| Increase/(Decrease) in Current Liabilities                         | (3,146,222)  | (137,043,395)                                     |
| Provision For Salaries & Benefits ( As per schedule 12 )           | (10,091,049)   | 9,487,047   |
| Net Advance Tax / TDS Refund / (Paid)                              | (2,973,358)  | (1,372,524)                                       |
| <b>Net Cash Flow from Operating Activities</b>                     | <b>(A) (5,826,901)</b>                               | <b>(5,802,668)</b>                                |
| <b>Cash Flow From Investing Activities</b>                         |  |   |
| Purchase of Fixed Assets   | (2,289,313)  | (13,340,397)                                      |
| Sale / Adjustments of Fixed Assets                                 | 1,324,250  | 494,396   |
| Interest Income on Fixed Deposits etc                              | 8,722  | 15,993  |
| <b>Net Cash Flow From Investing Activities</b>                     | <b>(B) (956,341)</b>                                 | <b>(12,830,008)</b>                               |
| <b>Cash Flow from Financing Activities</b>                         |  |   |
| Increase/(Decrease) in Share Capital                               | 2,000  | 11,000,000  |
| Increase/(Decrease) in Reserve & Surplus                           | -  | 6,840,000   |
| Increase/(Decrease) in unsecured loan                              | 40,433,212   | 7,417,090   |
| Share Warrants   | -  | (20,483,750)                                      |
| Interest Paid  | (3,501,985)  | (299,447)   |
| <b>Net Cash Flow From Financing Activities</b>                     | <b>(C) 36,933,226</b>                                | <b>4,473,893</b>                                  |
| <b>Net Increase/(decrease) in cash and cash equivalent (A+B+C)</b> | <b>30,149,984</b>                                    | <b>(14,158,783)</b>                               |
| <b>Cash and Cash Equivalents at the beginning of the year</b>      | <b>(31,018,179)</b>                                  | <b>(16,859,396)</b>                               |
| <b>Cash and Cash Equivalents at the close of the year</b>          | <b>(868,195)</b>                                     | <b>(31,018,179)</b>                               |

**Note :** FDR amounting to Rs. 3,83,302/- (Previous period Rs. 3,72,625/-) has been pledged with bank as margin against Bank Guarantee

FOR AND ON BEHALF OF THE BOARD

**DR. S.M. PATHAK**  
Director (DIN No. 00784558)

**YOGESH VAIDYA**  
Chairman & CEO (DIN No. 01185242)

**As per our Report of even date attached  
for Baweja & Kaul**  
Chartered Accountants  
FRN. 005834N

**MADHVI SHARMA**  
Company Secretary

**B K CHAUHAN**  
Sr General Manager - Finance & Accounts

**SAMVIT K GURTOO**  
Partner  
M.No. 090758

**PLACE : Gurgaon**  
**DATED : 28.05.2011**



## 18TH ANNUAL REPORT 2009-2011

### Subsidiary's Statement

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO THE SUBSIDIARY COMPANIES FOR THE YEAR ENDED 31ST MARCH, 2011

|   |   |  |
|---|---|--|
| 1 | Name of Subsidiary Company  | Software Technology Group Inc                    |
| 2 | Financial year of the Subsidiary Company ended on   | 31.03.2011                                       |
| 3 | Number of Shares in the Subsidiary held on the above date   | 78,29,533  |
| 4 | Percentage of holding (Equity)  | 60%  |
| 5 | Percentage of holding (Preference)  | NIL  |
| 6 | Net aggregate amount of Profits/(Losses) of the Subsidiary for the above financial Year so far as they concern the members of the company.  |  |
| a | Dealt with in the Accounts of the Company for the Year ended 31st March, 2011   | NIL  |
| b | Not dealt with in the Accounts of the Company for the Year ended 31st March, 2011   | (Rs. 6.23 lacs)<br>(Equivalent to US \$ 13904)   |
| 7 | Net aggregate amount of Profits/(Losses) For previous financial years of the Subsidiary, since it became the holding company's subsidiary as far as it concerns members of the Company. |  |
| a | Dealt with in the Accounts of the Company for the Year ended 30th Sep 2009  | NIL  |
| b | Not dealt with in the Accounts of the Company for the Year ended 30th Sep 2009  | (Rs. 28.37 lacs)<br>(Equivalent to US \$ 59,090) |
| 8 | Change in the interest of the Company between the end of the financial year of the Subsidiary Company and of the Company's Financial Year for the Year ended 31st March 2011            | NIL  |
| 9 | Material changes between the end of the Financial year of the Subsidiary Company and the Company's for the Year ended 31st March 2011   | NIL  |

FOR AND ON BEHALF OF THE BOARD

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**As per our Report of even date attached  
for Baweja & Kaul  
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FRN. 005834N**

**MADHVI SHARMA**  
Company Secretary

**B K CHAUHAN**  
Sr General Manager - Finance & Accounts

**SAMVIT K GURTOO**  
Partner  
M.No. 090758

**PLACE : Gurgaon  
DATED : 28.05.2011**



## AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

To  
**The Board of Directors**  
**Software Technology Group International Ltd**  
**New Delhi**

1. We have audited the attached Consolidated Balance Sheet of SOFTWARE TECHNOLOGY GROUP INTERNATIONAL LTD. (here-in-after called "Company") and its Subsidiary Company ( Collectively referred to as "The Group") as at March 31, 2011, and Consolidated Profit and Loss Account and the Consolidated Cash Flow Statements for the Eighteen months period from 1st October 2009 to 31st March, 2011 annexed thereto. These Consolidated financial statements are the responsibility of the Company's management and have been prepared by the Management on the basis of separate financial statements and other financial components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have 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 these financial statements are free from 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. We did not audit the financial statements of the Subsidiary, whose audited financial statements reflect total assets of Rs. 9,09,21,387/- as at 31st March, 2011 and total revenue 'Nil' and net cash flow amounting to Rs. 'Nil' for the Eighteen months period from 1st October, 2009 to 31st March 2011. These financial statements and other financial information pertaining to subsidiary company have been audited by other auditor, whose report have been furnished to us, and our opinion is based solely on the report of other auditor.
4. We report that the Consolidated Financial Statements have been prepared by the Company, in accordance with the requirement of Accounting Standard (AS) 21, issued by the Institute of Chartered Accountants of India read with Schedule 21 of these Consolidated financial statements.
5. Based on our audit as aforesaid, and on consideration of report of other auditor on separate financial statements / consolidated financial statements and on the other financial information of the components and to the best of our information and according to the explanations given to us, subject to balance confirmation and reconciliation of debtors, creditors and other parties including loans and advances and some inoperative bank accounts (See note no 3(c) of Schedule 21, we are of the opinion that the attached financial statements give a true and fair view in conformity with Accounting principles generally accepted in India,
  - (a) In the case of the Consolidated Balance Sheet, of the Consolidated State of Affairs of the Group as at 31st March 2011;
  - (b) In the case of the Consolidated Profit and Loss Account, of the Profit for the eighteen months period ended on that date; and
  - (c) In the case of the Consolidated Cash Flow Statement, of the Consolidated Cash Flows of the group for the eighteen months period ended on that date.

**BAWEJA AND KAUL**  
**Chartered Accountants**  
**FRN:005834N**

**Samvit K Gurtoo**  
**Partner**  
**M. No. 090758**

**Place : New Delhi**  
**Date : May 28, 2011**

**18TH ANNUAL REPORT 2009-2011**

**CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2011**

|   | <u>SCHEDULE</u> | <u>(Rupees)</u>  | <u>As at 31.03.11</u><br><u>(Rupees)</u> | <u>(Rupees)</u>  | <u>As at 30.09.09</u><br><u>(Rupees)</u> |
|---|-----------------|------------------|--|------------------|--|
| <b>SOURCES OF FUNDS</b>                                   |                 |                  |  |                  |  |
| <b>SHARE HOLDERS FUND</b>                                 |                 |                  |  |                  |  |
| Share Capital   | 1               |                  | 135985500                                |                  | 135983500                                |
| Reserves & Surplus  | 2               |                  | 285392180                                |                  | 285392180                                |
| Minority Interest   |                 |                  | 2882841                                  |                  | 3127629                                  |
| <b>LOAN FUNDS</b>   |                 |                  |  |                  |  |
| Secured Loan  | 3               |                  | 949,896                                  |                  | 22864854                                 |
| Unsecured Loan  | 4               |                  | 223114686                                |                  | 188710599                                |
|   |                 |                  | <u>648325103</u>                         |                  | <u>636078762</u>                         |
| <b>APPLICATION OF FUNDS</b>                               |                 |                  |  |                  |  |
| <b>FIXED ASSETS</b>                                       |                 |                  |  |                  |  |
| Gross Block   | 5               | 260425475        |  | 271982533        |  |
| Less: Depreciation  |                 | 145732522        |  | 144409886        |  |
| Net Block   |                 |                  | <b>114692953</b>                         |                  | <b>127572647</b>                         |
| Deferred Tax Assets                                       |                 |                  | <b>141807674</b>                         |                  | <b>143134712</b>                         |
| <b>CURRENT ASSETS, LOANS, ADVANCES &amp; OTHER ASSETS</b> |                 |                  |  |                  |  |
| (a) Inventory   | 6               | 2502694          |  | 1060531          |  |
| (b) Sundry debtors  | 7               | 115239362        |  | 109804143        |  |
| (c) Cash and Bank Balances                                | 8               | 523501           |  | 1080923          |  |
| (d) Loans and Advances                                    | 9               | 25644418         |  | 24253532         |  |
| (e) Other Assets  |                 | 13891100         |  | 14886200         |  |
|   | (A)             | <u>157801075</u> |  | <u>151085329</u> |  |
| <b>CURRENT LIABILITIES &amp; PROVISIONS</b>               |                 |                  |  |                  |  |
| (a) Liabilities   | 10              | 52440888         |  | 64378573         |  |
| (b) Provisions  | 11              | 11447789         |  | 21837451         |  |
|   | (B)             | <u>63888677</u>  |  | <u>86216024</u>  |  |
| <b>NET CURRENT ASSETS</b>                                 | (A-B)           |                  | <b>93912398</b>                          |                  | <b>64869305</b>                          |
| <b>MISC. EXPENDITURE</b>                                  | 12              |                  | -  |                  | 540206                                   |
| (To the extent not written off or adjusted)               |                 |                  |  |                  |  |
| <b>PROFIT &amp; LOSS</b>                                  |                 |                  | 297912078                                |                  | 299961892                                |
|   |                 |                  | <u>648325103</u>                         |                  | <u>636078762</u>                         |

- NOTES:-** 1. Accounting policies and Notes forming part of the Accounts as per Schedule 20 and 21 respectively are annexed.  
2. The schedules referred to above form an integral part of the Balance Sheet.

FOR AND ON BEHALF OF THE BOARD

**DR. S.M. PATHAK**  
Director (DIN No. 00784558)

**YOGESH VAIDYA**  
Chairman & CEO (DIN No. 01185242)

**As per our Report of even date attached  
for Baweja & Kaul**  
Chartered Accountants  
FRN. 005834N

**MADHVI SHARMA**  
Company Secretary

**B K CHAUHAN**  
Sr General Manager - Finance & Accounts

**SAMVIT K GURTOO**  
Partner  
M.No. 090758

PLACE : Gurgaon  
DATED : 28.05.2011

**CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE PERIOD/YEAR ENDED 31st MARCH, 2011**

|   | <u>SCHEDULE</u> | <u>PERIOD ENDED<br/>31ST MAR 2011<br/>(Rupees)</u> | <u>YEAR ENDED<br/>30TH SEPT 2009<br/>(Rupees)</u> |
|---|-----------------|--|---|
| <b>INCOME</b>   |                 |  |   |
| Revenue From Operations   | 13              | 65497991   | 55573737  |
| Other Income  | 14              | 4139841  | 36667300  |
|   |                 | <u>69637832</u>                                    | <u>92241037</u>                                   |
| <b>EXPENDITURE</b>  |                 |  |   |
| Materials Consumed  | 15              | 1699945  | 7079352   |
| Salaries and other benefits                                       | 16              | 20969441   | 32794509  |
| Royalty & Licence Fees  |                 | -  | 19015   |
| Coaching Fee Reimbursement.                                       |                 | 692183   | 363400  |
| Advertisement Expenses  |                 | 552868   | 3309628   |
| Purchase of Software/Hardware Products                            |                 | -  | 8167583   |
| Administration and other expenses                                 | 17              | 23565725   | 25734173  |
| Financial Charges   | 18              | 4018434  | 656359  |
| Misc. Expenditure Written off                                     | 19              | 5161447  | 3317181   |
| Depreciation  |                 | 8318721  | 5635093   |
| Loss on Sale of Fixed Assets                                      |                 | 1347621  | 415985  |
| Sundry Balances Written off                                       |                 | 24714  | 2930636   |
|   |                 | <u>66351099</u>                                    | <u>90422914</u>                                   |
| Profit/ (Loss) For the Year before taxation and prior period item |                 | 3,286,733  | 1,818,123   |
| Prior Period Expenses   |                 | (7,471)  | (67,217)  |
| Prior Period Income   |                 | 1,905  | -   |
| Profit/ (Loss) For the Year before Taxation                       |                 | 3,281,167  | 1,750,906   |
| Provision for Taxation  |                 |  |   |
| - Fringe Benefit Tax  |                 | -  | (161,563)   |
| - Income Tax  |                 | -  | (891,808)   |
| - Deferred Income Tax   |                 | (1,327,037)  | (2,807,490)                                       |
| Profit/ (Loss) after Taxation                                     |                 | 1,954,130  | (2,109,955)                                       |
| Profit / (Loss) Brought forward from last Year                    |                 | (299,866,208)                                      | (297,851,936)                                     |
| Profit/(Loss) Carried Over to Balance Sheet.                      |                 | <u>(297,912,078)</u>                               | <u>(299,961,892)</u>                              |
| Basic Earning Per Share   |                 | 0.14   | (0.16)  |
| Diluted Earning Per Share   |                 | 0.13   | -   |
| (Face Value per Share Rs. 10)                                     |                 |  |   |
| (Refer Note 10 of Schedule 22)                                    |                 |  |   |

- NOTES:-
- Accounting policies and Notes forming part of the Accounts as per Schedule 20 and 21 respectively are annexed.
  - The schedules referred to above form an integral part of the Profit & Loss Account.

FOR AND ON BEHALF OF THE BOARD

**DR. S.M. PATHAK**  
Director (DIN No. 00784558)

**YOGESH VAIDYA**  
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Partner  
M.No. 090758

PLACE : Gurgaon  
DATED : 28.05.2011

## 18TH ANNUAL REPORT 2009-2011

| SCHEDULE-1 | As At<br>31.03.11<br>(Rupees) | As At<br>30.09.09<br>(Rupees) |
|------------|-------------------------------|-------------------------------|
|------------|-------------------------------|-------------------------------|

### SHARE CAPITAL

#### AUTHORISED

2,00,00,000 (Previous year same)  
Equity shares of Rs.10/- each      200000000      200000000

#### ISSUED, SUBSCRIBED & PAID-UP

ISSUED, SUBSCRIBED & PAID-UP      136000000      136000000  
1,36,00,000 (Previous year 1,36,00,000)  
Equity shares of Rs.10/- each  
Fully paid -up in cash  
Less : Calls in arrears      (14,500)      (16,500)  
2900 (previous year - 3300)  
Equity Shares @ Rs5/- each      135985500      135983500

| SCHEDULE-2 | As At<br>31.03.11<br>(Rupees) | As At<br>30.09.09<br>(Rupees) |
|------------|-------------------------------|-------------------------------|
|------------|-------------------------------|-------------------------------|

### RESERVE & SURPLUS

1. Securities Premium Account  
Balance at the Beginning of the Year      282402180      282402180  
Warrant Forfeited A/c      2990000      2990000  
  
Balance at the end of the Year      285392180      285392180

\* The maximum amount outstanding at any time during the year is Rs. 507,91,695/- (previous year Rs 300,43,205/-)

\*\* Others includes loan taken from Associated Teckno Plastic Pvt Ltd (company under the same management) during the year for Rs 10,89,048/- (previous year Rs 82,75,000/-)

\*\* The Company had duly accorded the approval of the shareholders by way of special resolution in the Extra-Ordinary General Meeting held on February 28, 2011 to create, offer, issue and allot 12,37,140 equity shares of the face value of Rs. 10/- each at par to M/s. AKM Systems Pvt. Ltd., a non-promoter entity, on preferential basis by converting its unsecured loan amounting to Rs. 1,23,71,400/- (including interest accrued till 31/12/2010) into equity shares of the Company.

The in-principal approval of Bombay Stock Exchange (BSE) for allotment of shares in pursuance of shareholders' resolution has duly been received vide its Letter No. DCS/PREF/SI/PRE/1210/10-11 dated March 31, 2011. The approval of National Stock Exchange (NSE) is still under process. This has been kept in unsecured loan.

### SCHEDULE-5

#### FIXED ASSETS

| PARTICULARS            | GROSS BLOCK           |   |  |                           |                       | DEPRECIATION          |  |  |                           |                       | NET BLOCK             |                       |
|------------------------|-----------------------|---|--|---------------------------|-----------------------|-----------------------|--|--|---------------------------|-----------------------|-----------------------|-----------------------|
|                        | AS AT<br>01.10.2009   | Addition<br>During<br>Oct 09 To<br>Mar 11 | Sales /Adj.<br>During<br>Oct 09 To<br>Mar 11 | Translation<br>Adjustment | As At<br>31.03.2011   | AS AT<br>01.10.2009   | Sales /<br>Adj. For<br>Oct 09 To<br>Mar 11 | For The<br>Period<br>Oct 09 To<br>Mar 11 | Translation<br>Adjustment | Up To<br>31.03.2011   | As At<br>31.03.2011   | As At<br>30.09.2009   |
| GOODWILL *             | 86,797,761.30         | -   | -  | 367,181.50                | 87,164,942.80         | -                     | -  | -  | -                         | -                     | 87,164,942.80         | 86,797,761.30         |
| FURNITURE & FIXTURE    | 29,830,656.22         | -   | 1,846,773.00                                 | (55,402.55)               | 27,928,480.68         | 20,837,169.05         | 1,353,093.77                               | 2,225,611.44                             | (55,402.55)               | 21,654,284.18         | 6,274,196.50          | 8,993,487.17          |
| OFFICE EQUIPMENT       | 26,063,315.44         | 205,608.00                                | 1,373,424.00                                 | (905,794.62)              | 23,989,704.82         | 18,775,722.30         | 699,386.57                                 | 1,340,093.33                             | (802,007.55)              | 18,614,421.51         | 5,375,283.31          | 7,287,593.14          |
| AIR CONDITIONER        | 4,847,242.00          | 123,000.00                                | 1,798,960.00                                 | -                         | 3,171,282.00          | 2,446,383.33          | 879,433.40                                 | 250,023.90                               | -                         | 1,816,973.83          | 1,354,308.17          | 2,400,858.67          |
| ELECTRIC INSTALLATIONS | 7,998,124.91          | -   | -  | -                         | 7,998,124.91          | 3,857,152.18          | -  | 1,326,170.19                             | -                         | 5,183,322.37          | 2,814,802.54          | 4,140,972.73          |
| COMPUTER               | 66,467,066.07         | 778,409.00                                | 8,229,234.84                                 | (3,964.35)                | 59,012,275.88         | 62,927,057.53         | 7,826,757.51                               | 2,192,585.81                             | (1,243.39)                | 57,291,642.43         | 1,720,633.45          | 3,540,008.54          |
| VEHICLE                | 2,658,807,001.13      | 2,796.00                                  | -  | -                         | 3,791,603.00          | 2,465,558.43          | -  | 218,604.58                               | -                         | 2,684,163.01          | 1,107,439.99          | 193,248.57            |
| SOFTWARE               | 33,908,471.88         | -   | -  | -                         | 33,908,471.88         | 32,891,865.02         | -  | 765,631.45                               | -                         | 33,657,496.47         | 250,975.41            | 1,016,606.86          |
| <b>TOTAL</b>           | <b>258,571,444.82</b> | <b>2,239,813.00</b>                       | <b>13,248,391.84</b>                         | <b>(597,980.02)</b>       | <b>246,964,885.96</b> | <b>144,200,907.84</b> | <b>10,758,671.25</b>                       | <b>8,318,720.70</b>                      | <b>(858,653.49)</b>       | <b>140,902,303.79</b> | <b>106,062,582.17</b> | <b>114,370,536.98</b> |

#### INTANGIBLE ASSETS

| PARTICULARS            | GROSS BLOCK           |   |   |                           |                       | AMORTISATION          |  |  |                           |                       | NET BLOCK             |                       |
|------------------------|-----------------------|---|---|---------------------------|-----------------------|-----------------------|--|--|---------------------------|-----------------------|-----------------------|-----------------------|
|                        | AS AT<br>01.10.2009   | Addition<br>During<br>Oct 09 To<br>Mar 11 | Amortisation<br>/Adj. During<br>Oct 09 To<br>Mar 11 | Translation<br>Adjustment | As At<br>31.03.2011   | AS AT<br>01.10.2009   | Amortisation<br>/Adj. For<br>Dec 09 To<br>Mar 11 | For The<br>Period<br>Oct 09 To<br>Mar 11 | Translation<br>Adjustment | Up To<br>31.03.2011   | As At<br>31.03.2011   | As At<br>30.09.2009   |
| Courseware Development | 2930918               | 49,500.00                                 | -   | -                         | 2980418               | 208,978.00            | -  | 1,127,850.00                             | -                         | 1,336,828.00          | 1,643,590.00          | 2,721,940.00          |
| Software Development   | 10480171              | -   | -   | -                         | 10480171              | -                     | -  | 3,493,390.00                             | -                         | 3,493,390.00          | 6,986,781.00          | 10,480,171.00         |
| <b>Total B</b>         | <b>13411089</b>       | <b>49,500.00</b>                          | <b>-</b>  | <b>-</b>                  | <b>13,460,589.00</b>  | <b>208,978.00</b>     | <b>-</b>   | <b>4,621,240.00</b>                      | <b>-</b>                  | <b>4,830,218.00</b>   | <b>8,630,371.00</b>   | <b>13,202,111.00</b>  |
| <b>Total A+B</b>       | <b>271,982,533.82</b> | <b>2,289,313.00</b>                       | <b>13,248,391.84</b>                                | <b>(597,980.02)</b>       | <b>260,425,474.96</b> | <b>144,409,885.84</b> | <b>10,758,671.25</b>                             | <b>12,939,960.70</b>                     | <b>(858,653.49)</b>       | <b>145,732,521.79</b> | <b>114,692,953.17</b> | <b>127,572,647.98</b> |

\* Adjustment made to reflect goodwill as per consolidation procedure

| <b>SCHEDULE- 6</b>                                | <b>As At<br/>31.03.11<br/>(Rupees)</b> | <b>As At<br/>30.09.09<br/>(Rupees)</b> |
|---|--|--|
| <b>INVENTORIES (Valued at Cost)</b>               |  |  |
| Stock of Books                                    | 264616                                 | 1060531                                |
| (As taken valued and certified by the management) |  |  |
| Software Development (WIP)                        | 2238078                                | -                                      |
|   | <u>2502694</u>                         | <u>1060531</u>                         |

#### **SCHEDULE- 7**

##### **SUNDRY DEBTORS**

(Unsecured Considered good)

Debts outstanding for a year

Exceeding six months

-others

|  |                  |                  |
|--|------------------|------------------|
|  | 92839298         | 104067155        |
|  | 22400064         | 5736988          |
|  | <u>115239362</u> | <u>109804143</u> |

#### **SCHEDULE- 8**

|   | <b>As At<br/>31.03.11<br/>(Rupees)</b> | <b>As At<br/>30.09.09<br/>(Rupees)</b> |
|---|--|--|
| <b>CASH AND BANK BALANCES</b>                       |  |  |
| Cash in hand  | 7102                                   | 136891                                 |
| Balance with Schedule Banks in Current Accounts     | 133097                                 | 457771                                 |
| Balance with Non Schedule Banks in Current Accounts | -                                      | 112535                                 |
| Balance with Schedule Banks in EEFC Accounts        | -                                      | 1051                                   |
| Fixed Deposit with Bank*                            | 372675                                 | 372675                                 |
| Interest Accrued on Fixed Deposit                   | 10627                                  | -                                      |
|   | <u>523501</u>                          | <u>1080923</u>                         |

\* FDR amounting to Rs. 3,83,302/- (Previous year 3,72,675/-) has been pledged with bank as margin against Bank Guarantee

#### **SCHEDULE- 9**

|   | <b>As At<br/>31.03.11<br/>(Rupees)</b> | <b>As At<br/>30.09.09<br/>(Rupees)</b> |
|---|--|--|
| <b>LOANS AND ADVANCES</b>   |  |  |
| (Unsecured, Considered Good)  |  |  |
| Advances recoverable in Cash or in kind or for value to be received | 3307498                                | 1225153                                |
| Advances to vendors #   | 7088663                                | 9588557                                |
| TDS/Income Tax  | 10930103                               | 8149288                                |
| VAT Refundable  | -                                      | 106070                                 |
| Security Deposit  | 4318154                                | 5184464                                |
|   | <u>25644418</u>                        | <u>24253532</u>                        |

# Includes Rs. 215,987.96 (Previous year Rs. 215,987.96) due from BEI Confluence Communication Ltd. being the companies under the same Management as defined U/s 370(1B) of Companies Act 1956.

#### **SCHEDULE- 10**

|                                      | <b>As At<br/>31.03.11<br/>(Rupees)</b> | <b>As At<br/>30.09.09<br/>(Rupees)</b> |
|--------------------------------------|--|--|
| <b>CURRENT LIABILITIES</b>           |  |  |
| Sundry Creditors                     | 13635986                               | 21063564                               |
| Advance from Customers               | 542349                                 | 702126                                 |
| Temporary Overdraft with Banks       | 441,800                                | 9,220,817                              |
| Securities from Customers            | 1580000                                | 1180000                                |
| Security Deposit - Received (office) | 150000                                 | 150000                                 |
| Due to Employee                      | 8559574                                | 10863769                               |
| Other liabilities                    | 27531179                               | 21198297                               |
|                                      | <u>52440888</u>                        | <u>64378573</u>                        |

#### **SCHEDULE- 11**

|                                   | <b>As At<br/>31.03.11<br/>(Rupees)</b> | <b>As At<br/>30.09.09<br/>(Rupees)</b> |
|-----------------------------------|--|--|
| <b>PROVISION</b>                  |  |  |
| Provision for Expenses            | -                                      | 330493                                 |
| Provision for Income Tax          | 593195                                 | 891,808                                |
| Provision For Fringe Benefit Tax  | 746713                                 | 746713                                 |
| Provision for Salaries & Benefits | 10107881                               | 19868437                               |
|                                   | <u>11447789</u>                        | <u>21837451</u>                        |

| <b>SCHEDULE- 12</b> | <b>As At<br/>31.03.11<br/>(Rupees)</b> | <b>As At<br/>30.09.09<br/>(Rupees)</b> |
|---------------------|--|--|
|---------------------|--|--|

##### **MISCELLANEOUS EXPENDITURE**

(To the extent not written off or adjusted)

|   |        |               |
|---|--------|---------------|
| Deferred Advertisement                    |        |               |
| Opening Balance                           | -      | 947,399       |
| Add:- Addition during the Year            | -      | -             |
|   | -      | 947,399       |
| Less:- written off during the Year        | -      | 947,399       |
| Public Issue Expenditure                  | 540207 | 2701010       |
| Less:- written off                        | 540207 | 2160804       |
| Balance carried over to the Balance Sheet | -      | <u>540206</u> |

#### **SCHEDULE- 13**

|   | <b>For the Period<br/>ended 31st Mar, 11<br/>(Rupees)</b> | <b>For the Year<br/>ended 30th Sept, 09<br/>(Rupees)</b> |
|---|---|--|
| <b>Revenue From Operations</b>                    |   |  |
| Coaching Fees                                     |   |  |
| - Domestic  | 27216456  | 13089334   |
| <b>Sales of Courseware</b>                        |   |  |
| - Domestic  | 6402167   | 8173499  |
| <b>Technical Know-How/Licence Fee</b>             |   |  |
| - Domestic  | 398911  | 1776543  |
| <b>Advertisement Franchise</b>                    | -   | -  |
| <b>Consulting, Software Development/ Products</b> |   |  |
| - Domestic  | 31480457  | 22767761   |
| - International                                   | -   | 3841600  |
| - Sale of Software Products                       | -   | 5925000  |
|   | <u>65497991</u>   | <u>55573737</u>  |

#### **SCHEDULE- 14**

|                                      | <b>For the Period<br/>ended 31st Mar, 11<br/>(Rupees)</b> | <b>For the Year<br/>ended 30th Sept, 09<br/>(Rupees)</b> |
|--------------------------------------|---|--|
| <b>OTHER INCOME</b>                  |   |  |
| Interest Received Gross              | 8,722   | 20143  |
| Foreign Exchange Fluctuation         | 15,451  | -  |
| Misc Income                          | 153865  | 13770  |
| Rent Income Gross                    | 450000  | 300000   |
| Profit(loss) On Sale of Fixed Assets | 182150  | 129499   |
| Balances Written Back                | 3329653   | 36203888   |
|                                      | <u>4139841</u>  | <u>36667300</u>  |

#### **SCHEDULE- 15**

|  | <b>For the Period<br/>ended 31st Mar, 11<br/>(Rupees)</b> | <b>For the Year<br/>ended 30th Sept, 09<br/>(Rupees)</b> |
|--|---|--|
| <b>MATERIAL CONSUMED</b>                 |   |  |
| <b>Books Consumed</b>                    |   |  |
| Opening balance                          | 1060531   | 2460531  |
| Add:- Purchased during the Year          | 904030  | 5679352  |
|  | 1964561   | 8139883  |
| Less:- Closing Stock                     | 264616  | 1060531  |
| <b>Material Consumed During the Year</b> | <u>1699945</u>  | <u>7079352</u>   |

#### **SCHEDULE- 16**

|  | <b>For the Period<br/>ended 31st Mar, 11<br/>(Rupees)</b> | <b>For the Year<br/>ended 30th Sept, 09<br/>(Rupees)</b> |
|--|---|--|
| <b>SALARY AND OTHER BENEFITS TO EMPLOYEES</b>  |   |  |
| Salary, Wages and other benefits               | 18372570  | 29194010   |
| Contribution to Provident Fund and Other Funds | 608218  | 1073750  |
| Staff Welfare                                  | 826195  | 812101   |
| Consultant/Visiting Faculty Charges            | 1162458   | 1714648  |
|  | <u>20969441</u>   | <u>32794509</u>  |

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| SCHEDULE- 17                             | For the Period<br>ended 31 Mar, 11<br>(Rupees) | For the Year<br>ended 30th Sept, 09<br>(Rupees) |
|--|--|---|
| <b>ADMINISTRATION AND OTHER EXPENSES</b> |  |   |
| Postage Telegram & Courier               | 163183   | 118198  |
| Telephone And Fax                        | 1542644  | 1651472   |
| Books, Journal & Newspapers              | 13091  | 17590   |
| Business Promotion                       | 166512   | 78997   |
| Brokerage & Commission                   | 105,000  | -   |
| Hire Charges                             | 554887   | 880383  |
| Diesel Expenses                          | 211002   | 214955  |
| Courseware                               | -  | 68256   |
| Electricity & Water Exp.                 | 1115866  | 1436545   |
| Foreign Exchange Fluctuation             | -  | 14000   |
| Freight & Cartage Inward                 | 51,358   | -   |
| Filing Fee                               | 46570  | 10581   |
| Insurance Charges                        | 31167  | 53866   |
| Legal And Professional Charges           | 3564214  | 4302387   |
| Penalty on Taxes                         | 10000  | -   |
| Listing Fee                              | 450056   | 211514  |
| Local Conveyance                         | 1486410  | 1656622   |
| Office Maintenance                       | 1402874  | 1612620   |
| Printing & Stationery                    | 401974   | 407064  |
| Rent - Office                            | 6814656  | 8385001   |
| Municipal Corporation Charges            | -  | 224457  |
| Subscription & Membership Fee            | 501  | -   |
| Repair & Maintenance                     | 664600   | 708655  |
| Tender Fees                              | 225  | 3250  |
| Transportation Charges                   | 1229297  | 682775  |
| Travelling                               | 1731640  | 1475122   |
| Vehicle Running Expenses                 | 49600  | 70900   |
| Seminar & Exhibition Exp.                | 129182   | 2360  |
| Watch & Ward Expenses                    | 1278110  | 1147248   |
| Other Expenses                           | 351106   | 299355  |
|  | <u>23565725</u>                                | <u>25734173</u>                                 |

| SCHEDULE- 18             | For the Period<br>ended 31st Mar, 11<br>(Rupees) | For the Year<br>ended 30th Sept, 09<br>(Rupees) |
|--------------------------|--|---|
| <b>FINANCIAL CHARGES</b> |  |   |
| Bank Charges             | 516449   | 344242  |
| Interest to Bank         | 310,504  | -   |
| Interest to Others       | 3191482  | 312117  |
|                          | <u>4018434</u>                                   | <u>656359</u>                                   |

| SCHEDULE- 19                         | For the Period<br>ended 31st Mar, 2011<br>(Rupees) | For the Year<br>ended 30th Sept, 09<br>(Rupees) |
|--------------------------------------|--|---|
| <b>MISC. EXPENDITURE WRITTEN OFF</b> |  |   |
| Public Issue Expenses Written Off    | 540207   | 2160804   |
| Deferred Advertisement Written Off   | -  | 947399  |
| Courseware (Work in Progress )       | -  | -   |
| Written Off                          | 1127850  | 208978  |
| Software Development W/O             | 3493390  | -   |
|                                      | <u>5161447</u>                                     | <u>3317181</u>                                  |

### SCHEDULE-20

#### SIGNIFICANT ACCOUNTING POLICIES

##### 1. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated financial statements have been prepared and presented in accordance with Accounting Standard 21 (AS-21) "Consolidation of Financial Statements" issued by the Institute of Chartered Accountant of India.

##### 2. PRINCIPLES OF CONSOLIDATION

The consolidated financial statements comprises the financial statements of Software Technology Group International Ltd. (Parent Company) and all of its subsidiary companies where the parent company has more than one half of the voting power of an enterprise or where the parent company controls the composition of Board of directors or the governing body. The consolidated Financial statements have been prepared on the following basis:

- (a) The financial statements of the parent company and its subsidiary companies have been consolidated on a line by line basis by adding together the book

value of like items of assets, liabilities, income and expenses after eliminating intra group balances/ transactions and resulting unrealised profit, arrived on estimated basis. Unrealised losses resulting from Intra group transaction have also been eliminated except to the extent that recoverable value of the related asset is lower than their cost to the group.

- (b) The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the company's separate financial statements.
- (c) The excess of cost to the parent company of its investment in the subsidiary over its portion of equity in the Subsidiary at the respective dates on which investment in the subsidiary was made is recognised in the Consolidated Financial Statements as Goodwill. The parent company's portion of equity in the subsidiary is determined on the basis of the book value of assets and liabilities as per the Financial Statements of the subsidiary as on the date of investment and if financial statements of the subsidiary company as on the date of parent company's Investments are not available then the financial statements of that subsidiary company for the immediately preceding period adjusted for the effect of significant Transactions.
- (d) The excess of parent company's portion in the equity of subsidiary company over the parent Companies' investment in the subsidiary at the respective date on which Investment in subsidiary company was made, is treated as Capital Reserve.
- (e) Minority interest in the net assets of consolidated subsidiaries consist of:
- The amount of equity attributable to the minorities at the date on which investment in a subsidiary is made, and.
  - The minorities' share of movements in equity since the date the parent-subsidiary relationship came into existence.
- (f) Minority interests share of net profit for the year of consolidated subsidiaries is identified and adjusted against the profit after tax of the group.
- (g) Translation of Financial Statement of Foreign Subsidiaries:
- All the figures of assets, liabilities, revenue and expenses of subsidiary which are stated in relevant foreign currency terms in its separate Financial Statement are converted into Indian rupees at the average exchange rate prevailing as at close of the accounting period, for consolidation purpose.
  - Net Exchange difference resulting from consolidation are transferred to the Foreign Exchange Reserve on Consolidation.
  - Contingent liabilities are translated at exchange rates prevailing at the close of accounting period.

##### 3. Basis of Accounting

The financial statements are prepared in accordance with Indian Generally Accepted Accounting principles ("GAAP") under the historical cost convention on an accrual basis. GAAP comprises mandatory Accounting Standards issued by the Institute of Chartered Accountants of India ("ICAI"), the provisions of the Companies Act, 1956, and guidelines issued by the Securities and Exchange Board of India. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

The Management evaluates all recently issued or revised accounting standards on an ongoing basis.

##### 4. Use of Estimates

The preparation of the financial statements in conformity with GAAP requires the management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent assets and liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Although these estimates are based upon Management's best knowledge of current events and actions, actuals results could differ from these estimates.

##### 5. Valuation-Fixed Assets and Inventory

- (a) Fixed assets are normally accounted for on cost basis including the cost of installation where incurred. Expenditure on regular staff, which might be occasionally engaged for installation work, is charged to revenue.
- (b) Inventory:-
- Stock of books are valued at cost based on First-in First-out method.
  - Softwares under development & intended for sale and not ready for use before the year end, are valued at cost as Software Work-in-Progress.

##### 6. Depreciation and Amortisation

- (a) Normal Depreciation on all the fixed assets is provided on Straight Line Method at the rates prescribed in schedule -XIV to the Companies Act, 1956.
- (b) Depreciation on additions/ deletions to Fixed Assets is provided on prorata basis from/to date of addition/deletions.
- (c) In case of financial year consist of the year less/more than a normal year of 12 months then depreciation is provided for that particular year.
- (d) In case of courseware/software developed and capitalised , the same is written off over a period of 3 years, considering the estimated economic life of the product.



#### 7. Impairment of assets

The carrying amount of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use.

#### 8. Investments

Long-term Investments, are valued at their acquisition cost. Any decline in the value of said investment other than the temporary decline is recognised and charged to Profit & Loss Account.

#### 9. Revenue Recognition

- (i) In case of own centres income from coaching fee is recognised to the extent of course/programme delivered to students. Income from courseware is recognised on the basis of courseware supplied to the students/clients.
- (ii) In Case of domestic licence centres, the income is recognised on the basis of collections received from licensee against course fee. Income from courseware is recognised on the basis of courseware supplied to the licence centre.
- Income from Technical Know How/ Licence Fees are recognised on the basis of Agreement/MOU entered subject to realisation of the income.
- In respect of Software Development/Products and Consultancy activities, the revenue is recognised on dispatch/ delivery of the concerned goods/ services by adopting percentage completion method wherever required.

#### 10. Public Issue Expenses and Pre-Operative Expenses

Public issue expenditure and pre-operative expenses incurred on further issue of Share Capital are written off over a period of ten years on prorata basis.

#### 11. Foreign Currency Transactions

Transactions in foreign currency are booked at pre-determined rate and all monetary assets and liabilities in foreign currency are restated at the year end. Gain / Loss arising out of fluctuations on realisation / payment or restatement , except those identifiable to acquisition of fixed assets & Investment are charged / credited to Profit & Loss Account.

#### 12. Employees' /Retirement Benefits

- All employees of the Company are entitled to receive benefits under the Provident Fund, which is a defined contribution plan.
- In addition, some employees of the Company are covered under the employees' state insurance schemes
- The Company's contributions to above schemes are expensed in the Profit and Loss Account.
- Liability on account of Gratuity and Leave Encashment of Employees is provided on the actuarial Valuation.

#### 13. Taxation

Income tax expenses are accrued in accordance with Accounting Standard -22 "Accounting for Taxes on Income, issued by The Institute of Chartered Accountants of India, which includes current taxes and deferred taxes. Deferred income tax reflects the impact of current year timing difference between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax assets are recognised only to extent, there is a reasonable certainty that sufficient future taxable income will be available. Such Deferred tax Assets and Liabilities are measured at each Balance Sheet date & the carrying value of the same are adjusted for recognising the change in the value of each such deferred tax Asset and Liability.

#### 14. Borrowing Cost

Interest and other costs in connection with the borrowing of funds to the extent related/attribution to the acquisition/ construction of qualifying fixed assets assets are capitalized upto the date when such assets are ready for its intended use and other borrowing costs are charged to Profit & Loss Account.

#### 15. Provison and Contingencies

The Company creates a provision when there is a present obligation as a result of past events that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation. A disclosure for a Contingent Liability is made when there is a possible obligation that probably will not require an outflow of resources or where a reliable estimate of the obligation can not be made. Theses are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

#### 16. Earning per Share

Basic earning per share (EPS) is calculated by dividing the net profit after tax for the year (including the post-tax effect of extraordinary items, if any) attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

#### 17. Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments.

The cash flows from regular revenue generating, financing, and investing activities of the company are segregated.

## **SCHEDULE-21**

### **NOTES FORMING PART OF ACCOUNTS**

1. The List of Subsidiary Companies Considered in Consolidated Financial Statements is as under :

| Name of the Subsidiary Company | Country of Incorporation | Parent Company's holding in Subsidiary As at 31-03-2011 | Financial Year ended on |
|--------------------------------|--------------------------|---|-------------------------|
| Software Technology Group Inc. | USA                      | 60% Subsidiary  | 31.03.2011              |

2. a) The financial Statements of Parent Company and its subsidiaries considered for the purpose of consolidation consists of Following accounting year :-

| Name of the Company                                | Current Period            | Previous Year             |
|--|---------------------------|---------------------------|
| Software Technology Group Inc.(subsidiary company) | from 01/10/09 to 31/03/11 | From 01.10.08 to 30.09.09 |

- The Financial Statements of the above foreign Subsidiary Company has been audited by the other Auditor instead of their Local Auditors.
3. (a) In the opinion of the Management, Investments, Current Assets and Loans and Advances have a value on realisation in the ordinary course of Business at least equal to the amount at which they are stated in the Balance Sheet and the provisions for all known liabilities have been made and are adequate.
- (b) Based on review of Loan & Advances, Creditors and due to employees, old balances amounting to Rs. 33,29,653/- (Previous Year 3,62,03,888/-) have been written back and debit balance amounting to Rs. 24,714/- have been written off.
- (c) Balances of Debtors, Creditors, Various Parties, Loan & Advance and some bank are subject to confirmation and / or reconciliation
- (d) The shareholders of the Company have appointed M/s Baweja & Kaul, Chartered Accountants as a New Statutory Auditors of the Company in the extra- ordinary General Meeting of the company held on 27.01.2011 in place of M/s Jain Singhal & Associates who had resigned as Statutory Auditor of the Company
- (e) The provision for taxation/deferred tax has been made in accordance with Accounting Standard 22 "Accounting for Taxes on Income" issued by ICAI in view of brought forward losses and Depreciation, no provision for Income Tax is required.
- (f) The other liabilities appearing in the balancesheet as part of current liabilities includes an amount of Rs.2,33,98,088/- which represents various statutory dues payable by the company to the extent of principal amount only. No provision for interest on delayed payments has been made.

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- (g) As per management there are no assets which need to be impaired at the year end.  
 (h) The Registrar of companies, NCT of Delhi & Haryana, New Delhi has granted permission for extension of financial year for 18 months u/s 210(4) of the companies act, 1956. Therefore, current financial year is for the period from 01/10/2009 to 31/03/2011 and there shall be 6 quarters in this financial year.  
 (i) The previous year's figures are of twelve months and the current cumulative period figures are of eighteen months and are therefore not comparable.  
 (j) In the opinion of management debtors of Rs. 2,24,00,064 outstanding for more than 6 months are good and recoverable.  
 (k) As per the certification received from our R & T Agent that partly paid up shares have been decreased from 3,300 to 2,900. Transaction has been accounted by debiting bank charges, pending reconciliation  
 (l) Provision for employee retirement benefits is provided on actuarial valuation.

1. Details of provision of Gratuity on actuarial valuation.

As per Accounting Standard 15 "Employee benefits", the disclosures as defined in the Accounting Standard are given below:

| Date   | As at<br>31.03.2011 |
|--|---------------------|
| Present value of the obligation at the end of the period               | 782392              |
| Fair value of plan assets at end of period                             | 0                   |
| Net liability/(asset) recognized in Balance Sheet and related analysis | 782392              |
| Funded Status  | (782,392.00)        |

Summary of membership data at the date of valuation and statistics based thereon:

| Date  | As at<br>31.03.2011 |
|---|---------------------|
| Number of employees                                 | 8                   |
| Total monthly salary                                | 137400              |
| Average Past Service(Years)                         | 11.7                |
| Average remaining working lives of employees(Years) | 11.8                |
| Average Age(Years)                                  | 46.2                |

The assumptions employed for the calculations are tabulated:

| Period                      | From<br>01.10.09 to 31.03.11 |
|-----------------------------|------------------------------|
| Discount rate               | 8.25 % per annum             |
| Salary Growth Rate          | 5.00 % per annum             |
| Mortality                   | LIC 94-96 Ultimate           |
| Expected rate of return     | 0                            |
| Withdrawal rate (Per Annum) | 2.00% p.a. (18 to 58 Years)  |

Benefits valued:

| Period  | From<br>01.10.09 to 31.03.11   |
|---|--|
| Normal Retirement Age                             | 58 Years   |
| Salary  | Terminal Basic Salary (Excluding all other Allowances and Perquisites) |
| Vesting Period                                    | 5 Years of service   |
| Benefits on Normal Retirement                     | $15/26 * \text{Salary} * \text{Number of completed Years of Service}$  |
| Benefit on early exit due to death and disability | As above except that no vesting conditions apply.                      |
| Limit   | 1000000  |

2. Details of provision of Leave Encashment on actuarial valuation.

| Date   | As at<br>31.03.2011 |
|--|---------------------|
| Present value of the obligation at the end of the period               | 81619               |
| Fair value of plan assets at end of period                             | 0                   |
| Net liability/(asset) recognized in Balance Sheet and related analysis | 81619               |
| Funded Status  | (81,619.00)         |

Summary of membership data at the date of valuation and statistics based thereon:

| Date  | As at<br>31.03.2011 |
|---|---------------------|
| Number of employees                                 | 13                  |
| Total monthly salary                                | 163600              |
| Average Past Service(Years)                         | 9.1                 |
| Average remaining working lives of employees(Years) | 14.5                |
| Average Age(Years)                                  | 43.5                |

The assumptions employed for the calculations are tabulated:

| Period                      | From<br>01.10.09 to 31.03.11 |
|-----------------------------|------------------------------|
| Discount rate               | 8.25 % per annum             |
| Salary Growth Rate          | 5.00 % per annum             |
| Mortality                   | LIC 94-96 Ultimate           |
| Expected rate of return     | 0                            |
| Withdrawal rate (Per Annum) | 2.00% p.a. (18 to 58 Years)  |

**Benefits valued:**

|                               |  |
|-------------------------------|--|
| Normal Retirement Age         | 58 Years                                     |
| Salary                        | As per rules of the company                  |
| Benefits on Normal Retirement | 1/22 * Salary * Number of encashable leaves. |
| Benefit on early exit         | As above, subject to rules of the company.   |
| Benefit on death              | As above, subject to rules of the company.   |

Company has adopted this policy of valuation of employees benefits year ended on 31.3.2011, hence previous year figures are not available.

No additional provision is required to be made as per valuation report of actuarial for the year ended 31.03.2011

|   | <u>As At</u><br><u>31.03.11</u>        | <u>As At</u><br><u>30.09.09</u>      |
|---|--|--------------------------------------|
| <b>4. Contingent Liabilities not provided for in respect of:-</b>                 |  |                                      |
| (i) Guarantees issued by Banker on behalf of the company                          | 416,698                                | 2,053,298                            |
| (ii) Additional demands raised by the Income Tax Dept. which are under Appeal     | 33,13,732                              | 33,13,732                            |
| (iii) Legal disputes  | 6,454,380                              | 54,57,360                            |
|   |  | <b>(Amount in Rs)</b>                |
| <b>5. Payments to Directors</b>   | <b>Period Ended</b><br><b>31.03.11</b> | <b>Year Ended</b><br><b>30.09.09</b> |
|   | (Rupees)                               | (Rupees)                             |
| Sitting Fee   | -                                      | -                                    |
|   | -                                      | -                                    |
|   | -                                      | -                                    |
|   |  | <b>(Amount in Rs)</b>                |
| <b>6. Prior Period income &amp; expenses debited to Profit &amp; Loss Account</b> | <b>Period Ended</b><br><b>31.03.11</b> | <b>Year Ended</b><br><b>30.09.09</b> |
| <b>INCOME</b>   |  |                                      |
| Interest  | 1,905                                  | -                                    |
|   | <u>1,905</u>                           | <u>-</u>                             |
|   |  | <b>(Amount in Rs)</b>                |
| <b>EXPENDITURE</b>  | <b>Period Ended</b><br><b>31.03.11</b> | <b>Year Ended</b><br><b>30.09.09</b> |
| Courier Expenses  | 2,392                                  | -                                    |
| Consultancy Charges   | -                                      | 60,000                               |
| Cell Phone Expenses   | 424                                    | 3,967                                |
| Local Conveyance  | 4,655                                  | -                                    |
|   | <u>7,471</u>                           | <u>67,217</u>                        |

7. In opinion of the Board, Current Assets, Loans and Advances have a value on realisation in the ordinary course of Business at least equal to the amount at which they are stated in the Balance Sheet and the provisions for all known liabilities have been made and are adequate.

**8. DEFERRED TAXATION**

- a) In case of foreign subsidiary companies accounting standard -22 has not been adopted for accounting on taxation.  
b) In accordance with the Accounting Standard - 22 regarding accounting for "Taxes on Income" issued by " The Institute of Chartered Accountants of India" the cumulative tax effect of significant timing differences, the resulted deferred tax assets and liabilities and description of items thereof that creates these differences are as follows:

|   | <b>Deferred Tax</b><br><b>Assets(Liability)</b><br><b>As at</b><br><b>31.03.11</b> | <b>Current Year</b><br><b>(Charge) /Credit</b> | <b>Deferred Tax</b><br><b>Assets(Liability)</b><br><b>As at</b><br><b>30.09.09</b> |
|---|--|--|--|
| Deferred Tax Assets                         |  |  |  |
| - Unabsorbed Losses/Depreciation            | 150,087,433  | 34,716   | 150,052,717  |
| - Others                                    | 2,208,408  | 59,569   | 2,148,839  |
| Total A                                     | <u>152,295,841</u>   | <u>94,285</u>                                  | <u>152,201,556</u>   |
| Deferred Tax Liabilities                    |  |  |  |
| - Depreciation differences                  | (1,519,421)  | 1,512,142                                      | (3,031,563)  |
| - Others Amortisations                      | (8,968,746)  | (2,933,464)                                    | (6,035,282)  |
| Total B                                     | <u>(10,488,167)</u>  | <u>(1,421,322)</u>                             | <u>(9,066,845)</u>   |
| Net Deferred tax assets(Liabilities) (A -B) | <u>141,807,674</u>   | <u>(1,327,037)</u>                             | <u>143,134,712</u>   |

In the opinion of the Management, there would be sufficient future taxable income, against which above Deferred Tax Assets on Account of unabsorbed losses/depreciation can be realised.

9. Additional information pursuant to the provisions of Para 4, 4A, 4C, and 4D of Part-II of Schedule VI to the Companies Act, 1956 to the extent applicable.

## 18TH ANNUAL REPORT 2009-2011

| A.) Stock Statement : Printed Material | Period Ended<br>31.03.11 |             | (Amount in Rs) |                                       |
|--|--------------------------|-------------|----------------|---------------------------------------|
|  | QTY                      | Value (RS.) | QTY            | Year Ended<br>30.09.09<br>Value (RS.) |
| Purchase                               | 5060                     | 904,030     | 20154          | 5,679,353                             |
| Sales / Distribution to Students       | 7305                     | 1,699,945   | 28828          | 7,079,353                             |
| Opening Stock.                         | 3729                     | 1,060,531   | 12403          | 2,460,531                             |
| Closing Stock                          | 1484                     | 264,616     | 3729           | 1,060,531                             |

| B. Expenditure in Foreign Currency on Accrual Basis | Period Ended<br>31.03.11 |   | Year Ended<br>30.09.09 |   |
|---|--------------------------|---|------------------------|---|
| - Other than professional                           | -                        | - | -                      | - |
|   | -                        | - | -                      | - |

| C. Earnings in Foreign Currency on Accrual Basis | Period Ended<br>31.03.11 |   | Year Ended<br>30.09.09 |   |
|--|--------------------------|---|------------------------|---|
| - Coaching fees                                  | 24,792.00                | - | -                      | - |
|  | 24,792.00                | - | -                      | - |

10. Auditors Remuneration, as included in "Legal & Professional Charges" under Schedule No. "19" is as under :-

|                        | Period Ended<br>31.03.11 |        | Year Ended<br>30.09.09 |   |
|------------------------|--------------------------|--------|------------------------|---|
| Audit Fee              | 350000                   | 150000 | -                      | - |
| Tax Audit Fee          | 125000                   | 50000  | -                      | - |
| Certification Fee      | 85000                    | 100000 | -                      | - |
| Out Of Pocket Expenses | 34700                    | -      | -                      | - |
|                        | 594700                   | 300000 | -                      | - |

11. As per information available with the Management, the dues payable to enterprises covered under "The Micro, small and Medium Enterprises Development Act, 2006" as at 31.03.2011 is Rs. Nil.

12. Previous year figures have been regrouped/reclassified, wherever necessary.

13. Related Parties Disclosures

(A) Names of related parties and description of relationship:

- |   |  |
|---|--|
| 1. Individuals having control or Significant influence                                      | Mr.Y.C.Vaidya  |
| 2. Key Management Personnel and their relatives   | Mr.Y.C.Vaidya<br>Mr.Arjun Raman<br>Mr.Anil Raman   |
| 3. Enterprises over which person under above items A (2) & A (3) have significant influence | (1) Associated Teckno Plastic Pvt. Ltd. , New Delhi<br>(2) Crescent Software Solution Pvt. Ltd.- New Delhi<br>(Under the process of striking off u/s 560 of Companies Act, 1956.)<br>(3) DNA Lab & Research (P) Ltd. New Delhi<br>(Under the process of striking off u/s 560 of Companies Act, 1956.)<br>(4) Y.P.Associates Pvt. Ltd. - New Delhi<br>(5) Vaidya Associates Pvt. Ltd. - New Delhi<br>(6) BEI Confluence Communication Ltd. - New Delhi<br>(7) Bay Resources and Technology Corporation, USA |

(B) Details of Transaction relating to persons referred to in item (A) above during the year ended 31st March, 2011

| Particulars of transaction        | Individuals having control or significant influence and their relatives | Key management personnel and their relatives | Enterprises over which person under above items A (1) & A (2) have significant influence |
|-----------------------------------|---|--|--|
| 1. Receiving of services          | -   | -  | -  |
| 2. Providing of Services          | (-)   | (-)  | (-)  |
| 3. Reimbursement of expenses      | (-)   | (-)  | (-)  |
| 4. Rent/ Hire charges             | (-)   | (-)  | (-)  |
| 5. Remuneration paid/Setting Fee  | -   | -  | -  |
| 6. Provision for doubtful debts   | (-)   | (-)  | (-)  |
| 7. Interest Accrued/ Paid         | -   | -  | -  |
| 8. Loans received during the Year | (-)<br>40,945,720<br>(5,144,060)  | (-)<br>-                                     | (-)<br>1,089,048<br>(8,275,000)  |

| Particulars of transaction                              | Individuals having control or significant influence and their relatives | Key management personnel and their relatives | Enterprises over which person under above items A (1) & A (2) have significant influence |
|---|---|--|--|
| 9. Loans repaid during the Year                         | 23,267,500  | -  | 2,000  |
|   | (915,230)   | (-)  | (1,000,000)  |
| 10. Outstanding balance included in Current Asstes      | -   | -  | 59,350,234   |
|   | (-)   | (-)  | (63,601,835)   |
| 11. Outstanding balance included in Current Liabilities | -   | -  | -  |
|   | (-)   | (-)  | (-)  |
| 12. Loan amount/advances dues as at the end of the year | 107,971,206   | -  | 75,983,341   |
|   | (93,674,590)  | (-)  | (76,351,214)   |

#### 14. Segment Reporting

- (i) Segment Information has been prepared in conformity with accounting policies adopted in preparation and presentation of Consolidated financial statements of the company.
- (ii) The Parent Company and its subsidiary Companies have disclosed business segment as primary segment. The segment has been identified taking into account the nature of services, the different risks and returns, organisation structure and internal reporting system.
- (iii) The Parent Company and its Subsidiary Companies are mainly engaged in the Business of imparting Software training (Training) and Software development (Consulting) and accordingly Training and Consulting have been identified as primary segments.
- (iv) Segment revenue, Segment results, Segment assets, Segment liabilities includes respective amounts indentifiable to each. Segment and also includes amounts allocated on reasonable basis. The expenses which are not attributable to or allocated on reasonable basis to business segment are shown as unallocated corporate expenses.
- (v) Assets and Liabilities that can not be allocated between the segments are shown as a part of unallocated corporate assets and liabilities respectively.
- (vi) Information about business segment (Primary)

| Particulars  | Training      | Products and Consulting | Consolidated   |
|--|---------------|-------------------------|----------------|
| Revenue  |               |                         |                |
| External Revenue from operation                            | 34,017,534    | 31,480,457              | 65,497,991     |
|  | (23,039,375)  | (32,534,361)            | (55,573,736)   |
| Other Income   | 3,344,024     | 40,000                  | 3,384,024      |
|  | (22,116,056)  | (7,336,177)             | (29,452,233)   |
| Provision Written Back                                     | -             | -                       | -              |
|  | (nil)         | (nil)                   | (nil)          |
| Intersegment Revenue                                       |               |                         |                |
| Segment Revenue  | 37,361,558    | 31,520,457              | 68,882,015     |
|  | (45,155,431)  | (39,870,538)            | (85,025,969)   |
| RESULTS  |               |                         |                |
| Segment Result   | 3,305,668     | 16,646,635              | 19,952,303     |
|  | {(7,710,791)} | (14,157,931)            | (6,447,140)    |
| [Profit/(Loss)]  |               |                         |                |
| Unallocated Corporate Expenses                             |               |                         | (13,408,517)   |
|  |               |                         | {(11,254,941)} |
| operating profit   |               |                         | 6,543,786      |
|  |               |                         | {(4,807,801)}  |
| Financial Charges  |               |                         | (4,018,435)    |
|  |               |                         | {(656,360)}    |
| Unallocated Other Income                                   |               |                         | 755,817        |
|  |               |                         | (7,215,067)    |
| Net Profit/(Loss) for the year before Tax                  |               |                         | 3,281,167      |
|  |               |                         | (1,750,906)    |
| Less : Provision for Taxation                              |               |                         | -              |
| Fringe Benefit Tax   |               |                         | -              |
| Wealth Tax   |               |                         | {(161,563)}    |
| Current Income Tax   |               |                         | -              |
| Income Tax   |               |                         | {(0)}          |
| Deferred Income Tax  |               |                         | {(891,808)}    |
|  |               |                         | (1,327,037)    |
| Excess/(short) provision for earlier year                  |               |                         | {(2,807,490)}  |
|  |               |                         | -              |
| Net Profit/(loss) after taxation                           |               |                         | 1,954,130      |
|  |               |                         | {(2,109,955)}  |
| Other Information  |               |                         |                |
| Assets   |               |                         |                |
| Segment Assets   | 39,455,414    | 132,676,580             | 172,131,994    |
|  | (57,037,988)  | (122,896,170)           | (179,934,158)  |
| unallocated corporate Assets                               |               |                         | 2,266,987      |
|  |               |                         | (4,316,976)    |
| Total  |               |                         | 174,398,981    |
|  |               |                         | (184,251,134)  |
| Liabilities  |               |                         |                |
| Segment Liabilities  | 36,032,044    | 17,554,055              | 53,586,099     |
|  | (57,586,556)  | (22,318,077)            | (79,904,633)   |
| unallocated corporate liabilities                          |               |                         | 10,302,578     |
|  |               |                         | (6,311,391)    |
| Total  |               |                         | 63,888,677     |
|  |               |                         | (86,216,024)   |
| Capital Expenditure during the year                        |               |                         |                |
| - Fixed Assets   | 2,239,813     | -                       | 2,239,813      |
|  | (396,726)     | -                       | (396,726)      |
| - Expenditure incurred for Courseware/Software development | 49,500        | -                       | 49,500         |
|  | (nil)         | (nil)                   | (nil)          |
| - Deferred Advertisement                                   | -             | -                       | -              |
|  | (nil)         | (nil)                   | (nil)          |

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| Particulars  | Training                 | Products and Consulting  | Consolidated                 |
|--|--------------------------|--------------------------|------------------------------|
| Depreciation during the year                               | 6,843,934<br>(4,466,543) | 1,356,478<br>(1,084,029) | 8,200,412<br>(5,550,572)     |
| Unallocated Depreciation during the year                   |                          |                          | 118,308<br>(84,520)          |
| Amortisation during the year                               | 4,621,240<br>(1,156,377) | -                        | 4,621,240<br>(1,156,377)     |
| Total Assets Excludes :                                    |                          |                          | 10,930,103<br>(8,255,358)    |
| Advance Tax/TDS/Demand                                     |                          |                          | 141,807,674<br>(143,134,712) |
| Net Deferred Tax Assets                                    |                          |                          | 949,896<br>(22,864,854)      |
| Total Liabilities Excludes :                               |                          |                          | 223,114,686<br>(188,710,599) |
| Secured Loans  |                          |                          | -                            |
| Unsecured Loans  |                          |                          | -                            |
| Provision for Taxation                                     |                          |                          | -                            |
| <b>Note :- Previous year figures are given in bracket.</b> |                          |                          |                              |

### (vii) Information about Geographical Segment ( Secondary )

#### A. Sales revenues by geographic markets

|              | Amounts in Rs.<br>For the Period<br>ended 31.03.11 | Amounts in Rs.<br>For the Year<br>ended 30.09.09 |
|--------------|--|--|
| India        | 65,497,991   | 51,732,137                                       |
| USA          | -  | 3,841,600  |
| Others       | -  | -  |
| <b>Total</b> | <b>65,497,991</b>                                  | <b>55,573,737</b>                                |

#### B. Analysis of assets by Geography

|              | Amounts in Rs.<br>For the Period<br>ended 31.03.11 | Amounts in Rs.<br>For the Year<br>ended 30.09.09 |
|--------------|--|--|
| India        | 83,477,595   | 86,148,861                                       |
| USA          | 90,921,386   | 98,102,273                                       |
| Others       | -  | -  |
| <b>Total</b> | <b>174,398,981</b>                                 | <b>184,251,134</b>                               |

#### C. Cost of tangible and intangible (including Misc Exp) fixed assets acquired by Geography

|              | Amounts in Rs.<br>For the Period<br>ended 31.03.11 | Amounts in Rs.<br>For the Year<br>ended 30.09.09 |
|--------------|--|--|
| India        | 2,289,313  | 13,340,397                                       |
| USA          | -  | -  |
| Others       | -  | -  |
| <b>Total</b> | <b>2,289,313</b>                                   | <b>13,340,397</b>                                |

### 15 Earning per Share (EPS)

The numerators and denominators used to calculate the Basic & Diluted Earning per Equity Share

|   | Current Period<br>31.03.2011 | Previous Year<br>30.09.2009 |
|---|------------------------------|-----------------------------|
| Profit/(Loss) After Tax   | Rs. 1,954,130                | (2,109,955)                 |
| Profit/ (Loss) Attributable to Equity shareholders (numerator)  | Rs. 1,954,130                | (2,109,955)                 |
| Fully paid up equity share of Rs. 10/- each   | No. 13597100                 | 13596700                    |
| Partly paid up equity share of Rs. 10/- each  | No. 2900                     | 3300                        |
| Weighted Average Basic Equity Share for the (B) purpose of EPS (Denominator)                            | No. 13598550                 | 13598350                    |
| Dilutive effect of proposed preferential allotment by converting unsecured loan of AKM Systems (P) Ltd. | No. 1237140                  | -                           |
| Weighted Average diluted Equity Share for the (C) purpose of EPS (Denominator)                          | No. 14835690                 | -                           |
| Nominal value of per Equity Share   | Rs. 10.00                    | 10.00                       |
| Basic Earning per Share (A/B)   | Rs. 0.14                     | (0.16)                      |
| Diluted Earning per Share (A / C)   | Rs. 0.13                     | -                           |

FOR AND ON BEHALF OF THE BOARD

**DR. S.M. PATHAK**  
Director (DIN No. 00784558)

**YOGESH VAIDYA**  
Chairman & CEO (DIN No. 01185242)

As per our Report of even date attached  
for **Baweja & Kaul**  
Chartered Accountants  
FRN. 005834N

PLACE : Gurgaon  
DATED : 28.05.2011

**MADHVI SHARMA**  
Company Secretary

**B K CHAUHAN**  
Sr General Manager - Finance & Accounts

**SAMVIT K GURTOO**  
Partner  
M.No. 090758

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st March,2011**

|  | For the Period Ended<br>31st March, 2011<br>(Rupees) | For the Year Ended<br>30th September, 2009<br>(Rupees) |
|--|--|--|
| <b>Cash Flow From Operations</b>                                   |  |  |
| Profit/(Loss) for the period Before Provision for Taxation         | 3,281,167  | 1,750,906  |
| Add/ (less):   |  |  |
| Miscellaneous Expenditure  | 5,161,447  | 3,317,181  |
| Depreciation (As per schedule 5)                                   | 8,318,721  | 5,844,071  |
| Translation Adjustment on Fixed Assets(As per Schedule 5)          | (260,673)  | (47,345)   |
| Net Loss/(Profit) on Sale of assets                                | 1,165,471  | 286,486  |
| Interest Paid (As Per schedule 18)                                 | 3,501,985  | 312,117  |
| Interest Income (As per Schedule 14)                               | (8,722)  | (15,993)   |
| <b>Operating Profit Before Working Capital Change</b>              | <b>21,159,395</b>                                    | <b>11,447,423</b>                                      |
| <b>Change in Working Capital</b>                                   |  |  |
| Decrease/(Increase) in Inventories                                 | (1,442,163)  | 1,399,999  |
| Decrease/(Increase) in Sundry Debtors                              | (5,435,219)  | 113,909,570  |
| Decrease/(Increase) in Loans and Advances                          | 2,385,029  | (4,639,551)  |
| Increase/(Decrease) in Current Liabilities                         | (3,158,668)  | (138,137,906)  |
| Provision For Salaries & Benefits (As per schedule 11)             | (10,091,049)   | 9,487,047  |
| Net Advance Tax / TDS Refund / (Paid)                              | (2,983,746)  | (1,544,040)  |
| <b>Net Cash Flow from Operating Activities (A)</b>                 | <b>433,580</b>                                       | <b>(8,077,458)</b>                                     |
| <b>Cash Flow From Investing Activities</b>                         |  |  |
| Purchase of Fixed Assets   | (2,289,313)  | (13,340,397)   |
| Sale / Adjustments of Fixed Assets                                 | 1,324,250  | 494,398  |
| Interest Income on Fixed Deposits etc                              | 8,722  | 15,993   |
| <b>Net Cash Flow From Investing Activities (B)</b>                 | <b>(956,341)</b>                                     | <b>(12,830,006)</b>                                    |
| <b>Cash Flow from Financing Activities</b>                         |  |  |
| Increase/(Decrease ) in Minority Interest                          | (244,788)  |  |
| Increase/(Decrease) in share Capital                               | 2,000  | 11,000,000   |
| Increase/(Decrease) in Reserve & Surplus                           | -  | 6,840,000  |
| Increase/(Decrease) in Share Warrants                              | -  | (20,483,750)   |
| Increase/(Decrease ) in unsecured loan                             | 34,404,087   | 9,680,163  |
| Interest Paid  | (3,501,985)  | (312,117)  |
| <b>Net Cash Flow From Financing Activities (C)</b>                 | <b>30,659,314</b>                                    | <b>6,724,296</b>                                       |
| <b>Net Increase/(decrease) in cash and cash equivalent (A+B+C)</b> | <b>30,136,552</b>                                    | <b>(14,183,169)</b>                                    |
| <b>Cash and Cash Equivalents at the begining of the Year</b>       | <b>(31,004,748)</b>                                  | <b>(16,821,579)</b>                                    |
| <b>Cash and Cash Equivalents at the close of the Year</b>          | <b>(868,195)</b>                                     | <b>(31,004,748)</b>                                    |

**Note :** FDR amounting to Rs.3,83,302 /- (Previous period Rs. 3,72,625/-) has been pledged with bank as margin against Bank Guarantee

FOR AND ON BEHALF OF THE BOARD

**DR. S.M. PATHAK**  
Director (DIN No. 00784558)

**YOGESH VAIDYA**  
Chairman & CEO (DIN No. 01185242)

**As per our Report of even date attached  
for Baweja & Kaul  
Chartered Accountants  
FRN. 005834N**

**MADHVI SHARMA**  
Company Secretary

**B K CHAUHAN**  
Sr General Manager - Finance & Accounts

**SAMVIT K GURTOO**  
Partner  
M.No. 090758

**PLACE : Gurgaon  
DATED : 28.05.2011**



**SOFTWARE TECHNOLOGY GROUP INC., SAN JOSE, CALIFORNIA, U.S.A  
DIRECTOR'S REPORT**

**To the Members,**

Your Directors have pleasure in presenting their Annual Report together with the audited financial statements of the Company for the year ended March 31, 2011.

**BUSINESS OF THE COMPANY**

The Company has been engaged in the business of Project consulting, Design Development and Implementation of customized Software application and Consultancy for the last thirteen years. During 2000-01, the holding company had acquired a majority stake in this company by acquiring 60% stake.

**COUNTRY OF INCORPORATION**

The company was incorporated in San Jose under U.S. laws.

**DIVIDEND**

No Dividend has been proposed in view of inadequacy of profits of the company.

**RESULTS**

The company's loss for the period stands at US \$ 13904 as against loss of US \$ 1993 of previous year and the Directors purpose that this may be carried forward.

**FUTURE PROSPECTS**

In views of the improved trend of investments in IT Infrastructure, company is expected to show growth in its consulting revenue and profits in future.

**BOARD OF DIRECTORS**

Mr. Yogesh Vaidya, Mr. Arjun Raman & Mr. Ashish Vaidya are the Directors of the company.

**AUDITORS**

M/s Satyendra Mrinal & Associates, Chartered Accountants are the Auditors of the Company.

**ACKNOWLEDGMENT**

Your Directors wish to thank the Govt. Authorities, Bankers and Shareholders for their Co-operation and assistance extended to the Company.

**YOGESH VAIDYA  
CHAIRMAN**

**Place : New Delhi  
Date : May 27, 2011**

**Auditor's Report****The Members of Software Technology Group Inc., San Jose, California, USA**

1. We have audited the attached Balance Sheet of Software Technology Group Inc. California, USA as at 31st March, 2011 and the Profit and Loss Account for the period ended on that date annexed 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.
2. We conducted the audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. 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 section 227(4A) of the Companies Act, 1956, We enclose in the annexure a statement on the matter specified in paragraph 4 and 5 of the said order.  
**Further to our comments in the Annexure referred to in paragraph 3 above, we state that :**
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b) In our opinion, proper books of accounts as required by law have been kept by the Company, so far as appears from our examination of such books.
  - c) The Balance Sheet and Profit and Loss Account referred to in this report are in agreement with the books of accounts.
  - d) In our opinion, the Balance Sheet and Profit Loss Account referred to in this Report comply with the Accounting Standards referred to in Section 211(3C) of The Companies Act 1956.
  - e) On the basis of written representations received from the directors as on 31st March, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31st, 2011 from being appointed as a director in terms of clause (g) of sub section (1) of Section 274 of the Companies Act, 1956
  - f) in our opinion and to best of our information and according to the Explanations given to us, the said accounts, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - i. in so far as it relates to the Balance Sheet, of the state of affairs of the Company as at March 31st, 2011; and
    - ii. in so far as it relates to the Profit and Loss Account, of the Loss of the Company for the period ended on that date.

**for Satyendra Mrinal & Associates**  
**Chartered Accountants**  
**FRN. 017068N**

**Satyendra Kumar Jain**  
**Partner**  
**M.No. 086103**

**Place : New Delhi**  
**Date : May 27, 2011**

**Annexure to the Auditor's Report referred to in paragraph 3 of our report of even date.**

1. a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.  
b) The fixed Assets of the Company are physically verified by the management during the period and no material discrepancies between physical inventories and book records were noticed.  
c) The company has not disposed off substantial part of the fixed assets during the current period.
2. The Company does not hold any stocks and therefore the comments on the physical verification, procedures followed for such verification, reconciliation and valuation of such stock does not arise.
3. a) The Company has not granted any loans to companies firms or other Parties listed in the register maintained under Section 301 of the Companies Act, 1956.  
b) The Company has taken Unsecured Loan for Nil (Previous Year \$1,878,232) from Companies, Firms or other Parties covered in the Register maintained under section 301 of the Act.
4. The clause is not applicable since there are no purchases on inventory and fixed assets as we as sale of goods during the period covered by our audit.
5. The clause is not applicable since the company did not carry any business during the period
6. In our opinion and according to the information and explanations given to us the company has not accepted any deposits from the public
7. In our opinion the company has an internal audit system which in our opinion is commensurate with its size and nature of its business.
8. As per information and explanation given to us the maintenance of cost record has not been prescribed in the case of the company.
9. a) The company is generally regular in depositing statutory dues with the authorities.  
b) According to the information and explanations given to us no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, custom Duty, Excise duty, and cess were in arrears as at 31st March, 2011 for a period of more than six months from the date they became payable.  
c) There are no disputed taxes mentioned in clause (b) above which have not been deposited.
10. The company has accumulated losses at the end of the period under review \$ 72,994 (Rs.32,70,843/-) and has incurred cash loss during the period covered by our Audit and also in the immediately preceding period.
11. In our opinion and according to the information and explanations given to us the company has not defaulted in repayment of dues to a financial institution or bank. The company has no debenture holders.
12. The company has not granted any loans and advances on the basis of any security by way of pledge of shares, debentures and other securities and therefore the question of maintenance of documents and records in respect thereof does not arise.
13. The company is not a chit fund, nidhi/mutual benefit fund/society.
14. The company is not dealing in shares and securities.
15. According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks and financial institutions.
16. According to the information and explanations given to us the Company has not taken any term loan.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the company we report that no funds raised on short-term basis have been used for long term investments. No long term funds have been used to finance short term assets except permanent working capital.
18. In our opinion the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the companies act, 1956.
19. The previous year's figures are of twelve months and the current cumulative period figures are of eighteen months.
20. The company has no debentures.
21. The company has not raised any money from public issues during the period.

**for Satyendra Mrinal & Associates**  
**Chartered Accountants**  
**FRN. 017068N**

**Satyendra Kumar Jain**  
**Partner**  
**M.No. 086103**

**Place : New Delhi**  
**Date : May 27, 2011**



Software Technology Group Inc., San Jose, California

**Balance Sheet As At 31st March, 2011**

|   | Schedule | As at<br>31st Mar, 2011<br>(USD) | As at<br>30th Sep, 2009<br>(USD) | As at<br>31st Mar, 2011<br>(Rupees) | As at<br>30th Sep, 2009<br>(Rupees) |
|---|----------|----------------------------------|----------------------------------|-------------------------------------|-------------------------------------|
| <b>Sources of Funds</b>                           |          |                                  |                                  |                                     |                                     |
| <b>Shareholders Funds</b>                         |          |                                  |                                  |                                     |                                     |
| Share capital                                     | 1        | 219,927                          | 219,927                          | 9,854,907                           | 10,560,871                          |
| <b>Loan Funds</b>                                 |          |                                  |                                  |                                     |                                     |
| Unsecured Loans                                   | 2        | 1,878,232                        | 1,878,232                        | 84,163,573                          | 90,192,697                          |
| <b>Total</b>                                      |          | <b>2,098,158</b>                 | <b>2,098,158</b>                 | <b>94,018,480</b>                   | <b>100,753,568</b>                  |
| <b>Application of Funds</b>                       |          |                                  |                                  |                                     |                                     |
| <b>Fixed Assets</b>                               |          |                                  |                                  |                                     |                                     |
| Gross Block                                       | 3        | 300,673                          | 300,673                          | 13,473,174                          | 14,438,335                          |
| Less: Accumulated Depreciation                    |          | 281,117                          | 267,493                          | 12,596,871                          | 12,845,028                          |
| <b>Net block</b>                                  |          | <b>19,556</b>                    | <b>33,180</b>                    | <b>876,303</b>                      | <b>1,593,307</b>                    |
| <b>Current Assets, Loans &amp; Advances</b>       |          |                                  |                                  |                                     |                                     |
| Sundry debtors                                    | 4        | 1,694,486                        | 1,694,486                        | 75,929,934                          | 81,369,235                          |
| Cash and bank balances                            | 5        | -                                | 280                              | -                                   | 13,430                              |
| Other assets (Online Test delivery)               |          | 310,000                          | 310,000                          | 13,891,100                          | 14,886,200                          |
| Loans and advances                                | 6        | 5,000                            | 5,000                            | 224,050                             | 240,100                             |
|   |          | <b>2,009,486</b>                 | <b>2,009,766</b>                 | <b>90,045,084</b>                   | <b>96,508,966</b>                   |
| <b>Less: Current Liabilities &amp; Provisions</b> |          |                                  |                                  |                                     |                                     |
| Liabilities                                       | 7        | 3,877                            | 3,877                            | 173,741                             | 186,187                             |
|   |          | <b>3,877</b>                     | <b>3,877</b>                     | <b>173,741</b>                      | <b>186,187</b>                      |
| <b>Net Current Assets</b>                         |          | <b>2,005,609</b>                 | <b>2,005,889</b>                 | <b>89,871,343</b>                   | <b>96,322,779</b>                   |
| Profit & Loss Account                             |          | 72,994                           | 59,090                           | 3,270,843                           | 2,837,492                           |
| <b>Total</b>                                      |          | <b>2,098,158</b>                 | <b>2,098,158</b>                 | <b>94,018,480</b>                   | <b>100,753,568</b>                  |

- NOTES:-
- Notes to the accounts forming part of the account as per Schedule-13 respectively are annexed.
  - The Schedules referred to above form an integral part of the Balance Sheet.
  - These Financial Statements were approved and signed by the Management on 27.05.2011.

FOR AND ON BEHALF OF THE BOARD

As per our Report of even date attached  
for Satyendra Mrinal & Associates  
Chartered Accountants  
FRN. 017068N

Satyendra Kumar Jain  
Partner  
M.No. 086103

(Yogesh Vaidya)  
Chairman

Place : New Delhi  
Date : 27.05.2011

**Profit and Loss Account for the Year ended 31st March, 2011**

|   | Schedule | Period ended<br>31st Mar, 2011<br>(USD) | Year ended<br>30th Sep, 2009<br>(USD) | Period ended<br>31st Mar, 2011<br>(Rupees) | Year ended<br>30th Sep, 2009<br>(Rupees) |
|---|----------|---|---------------------------------------|--|--|
| <b>Income</b>   |          |   |                                       |  |  |
| Revenue from operation  | 8        | -                                       | 80,000                                | -  | 3,841,600                                |
| Other Income  | 9        | -                                       | -                                     | -  | -  |
|   |          | <b>-</b>                                | <b>80,000</b>                         | <b>-</b>                                   | <b>3,841,600</b>                         |
| <b>Expenditure</b>  |          |   |                                       |  |  |
| Salaries & other benefits   | 10       | -                                       | 42,900                                | -  | 2,060,058                                |
| Administration & other expenses   | 11       | -                                       | 30,111                                | -  | 1,445,934                                |
| Financial charges   | 12       | 280                                     | 264                                   | 12,532                                     | 12,671                                   |
| Depreciation  |          | 13,624                                  | 8,718                                 | 610,496                                    | 418,630                                  |
|   |          | <b>13,904</b>                           | <b>81,993</b>                         | <b>623,029</b>                             | <b>3,937,293</b>                         |
| Profit/(Loss) before taxation   |          | (13,904)                                | (1,993)                               | (623,029)                                  | (95,693)                                 |
| Profit/ (Loss) after taxation   |          | (13,904)                                | (1,993)                               | (623,029)                                  | (95,693)                                 |
| Balance brought forward   |          | (59,090)                                | (57,097)                              | (2,647,814)                                | (2,741,799)                              |
| Balance carried forward to the Balance Sheet                                    |          | <b>(72,994)</b>                         | <b>(59,090)</b>                       | <b>(3,270,843)</b>                         | <b>(2,837,492)</b>                       |
| Basic and diluted earning per share   |          | (0.00)                                  | (0.00)                                | (0.05)                                     | (0.01)                                   |
| Number of shares considered for calculating basic and diluted earning per share |          | 13,049,220                              | 13,049,220                            | 13,049,220                                 | 13,049,220                               |

- Notes:-
- Notes to the accounts forming part of the account as per Schedule-13 respectively are annexed.
  - The schedules referred to above form an integral part of the Profit & Loss Account.
  - These Financial Statements were approved and signed by the Management on 27.05.2011.

FOR AND ON BEHALF OF THE BOARD

As per our Report of even date attached  
for Satyendra Mrinal & Associates  
Chartered Accountants  
FRN. 017068N

Satyendra Kumar Jain  
Partner  
M.No. 086103

(Yogesh Vaidya)  
Chairman

Place : New Delhi  
Date : 27.05.2011

# 18TH ANNUAL REPORT 2009-2011

## Software Technology Group International Inc.

| Schedule: 1 | As at                   | As at                   | As at                      | As at                      |
|-------------|-------------------------|-------------------------|----------------------------|----------------------------|
|             | 31st Mar, 2011<br>(USD) | 30th Sep, 2009<br>(USD) | 31st Mar, 2011<br>(Rupees) | 30th Sep, 2009<br>(Rupees) |

(Refer note on, schedule 13)

### Share capital

#### Authorised

20,000,000 (previous year Same)  
shares of common stock, no par value

- - - -

#### Issued, subscribed & paid up

13,049,220 (previous Year Same)  
shares of common stock, of USD 0.01685  
(approx.) each, paid up.  
of the above shares 7,829,533 (Previous year Same)  
Shares of common stock, held by Software  
Technology Group International Ltd., India,  
the holding Company

219,927 219,927 9,854,907 10,560,871

**219,927 219,927 9,854,907 10,560,871**

### Schedule 2 : Unsecured loans

|                |                  |                  |                   |                   |
|----------------|------------------|------------------|-------------------|-------------------|
| From Directors | 1,364,986        | 1,364,986        | 61,165,011        | 65,546,615        |
| From Others    | 513,246          | 513,246          | 22,998,562        | 24,646,083        |
|                | <b>1,878,232</b> | <b>1,878,232</b> | <b>84,163,573</b> | <b>90,192,697</b> |

### Schedule 3 : Fixed assets

|                                 | As at                          | Additions during    | As at                     | As at                         | Additions during       | As at                        | As at                      |
|---------------------------------|--------------------------------|---------------------|---------------------------|-------------------------------|------------------------|------------------------------|----------------------------|
|                                 | 1st October, 2009<br>(USD)     | the period<br>(USD) | 31st March, 2011<br>(USD) | 1st October, 2009<br>(Rupees) | the period<br>(Rupees) | 31st March, 2011<br>(Rupees) | 30th Sep, 2009<br>(Rupees) |
|                                 | (Refer note 1(a), schedule 13) |                     |                           |                               |                        |                              |                            |
| <b>Gross block</b>              |                                |                     |                           |                               |                        |                              |                            |
| Office Equipment                | 282,179                        | -                   | 282,179                   | 13,550,236                    | -                      | 12,644,441                   | 13,550,236                 |
| Computers                       | 1,235                          | -                   | 1,235                     | 59,305                        | -                      | 55,340                       | 59,305                     |
| Furniture & Fixtures            | 17,259                         | -                   | 17,259                    | 828,794                       | -                      | 773,392                      | 828,794                    |
|                                 | <b>300,673</b>                 | -                   | <b>300,673</b>            | <b>14,438,335</b>             | -                      | <b>13,473,174</b>            | <b>14,438,335</b>          |
| Previous year                   | 300,673                        | -                   | 300,673                   | 14,098,574                    | -                      | 14,438,335                   | 14,098,574                 |
| <b>Accumulated depreciation</b> |                                |                     |                           |                               |                        |                              |                            |
| Office Equipment                | 249,847                        | 12,776              | 262,623                   | 11,997,633                    | 572,513                | 11,768,139                   | 11,997,633                 |
| Computers                       | 387                            | 848                 | 1,235                     | 18,601                        | 37,983                 | 55,340                       | 18,601                     |
| Furniture & Fixtures            | 17,259                         | -                   | 17,259                    | 828,794                       | -                      | 773,392                      | 828,794                    |
|                                 | <b>267,493</b>                 | <b>13,624</b>       | <b>281,117</b>            | <b>12,845,028</b>             | <b>610,496</b>         | <b>12,596,871</b>            | <b>12,845,028</b>          |
| Previous year                   | 258,775                        | 8,718               | 267,493                   | 12,133,982                    | 418,630                | 12,845,028                   | 12,133,982                 |
| <b>Net block</b>                | <b>33,180</b>                  | <b>(13,624)</b>     | <b>19,556</b>             | <b>1,593,307</b>              | -                      | <b>876,303</b>               | <b>1,593,307</b>           |
| Previous year                   | 41,898                         | (8,718)             | 33,180                    | 1,964,592                     | -                      | 1,593,307                    | 1,964,592                  |

| Schedule: 4 | As at                   | As at                   | As at                      | As at                      |
|-------------|-------------------------|-------------------------|----------------------------|----------------------------|
|             | 31st Mar, 2011<br>(USD) | 30th Sep, 2009<br>(USD) | 31st Mar, 2011<br>(Rupees) | 30th Sep, 2009<br>(Rupees) |

(Refer note on, schedule 13)

### Sundry debtors

(Unsecured, considered good)  
Debts outstanding for a period  
exceeding six months  
Other debts

1,694,486 1,694,486 75,929,934 81,369,235

**1,694,486 1,694,486 75,929,934 81,369,235**

### Schedule 5 : Cash and bank balances

Balances with non scheduled banks  
- in current accounts

- 280 - 13,430

**- 280 - 13,430**

### Schedule 6 : Loans and advances

(Unsecured - considered good)  
Advances receivable in cash or in kind  
or for value to be received\*  
Security deposit

5,000 5,000 224,050 240,100

**5,000 5,000 224,050 240,100**

\* Includes USD NIL ( Previous year USD NIL) from directors & relatives.

\*\* Includes USD Nil.(previous year USD Nil) due from STG International Ltd.,N.Delhi, being a company under the same Management as defined U/S 370(1B) of the companies Act, 1956. The maximum amount outstanding during the period is USD NIL (previous year USD NIL).

**Schedule: 7**

|                                      | As at<br>31st Mar, 2011<br>(USD) | As at<br>30th Sep, 2009<br>(USD) | As at<br>31st Mar, 2011<br>(Rupees) | As at<br>30th Sep, 2009<br>(Rupees) |
|--------------------------------------|----------------------------------|----------------------------------|-------------------------------------|-------------------------------------|
| (Refer note on, schedule 13)         |                                  |                                  |                                     |                                     |
| <b>Current liabilities</b>           |                                  |                                  |                                     |                                     |
| Sundry creditors                     | 468                              | 468                              | 20,970                              | 22,472                              |
| Software Technology Group Intl. Ltd. | 3,409                            | 3,409                            | 152,771                             | 163,715                             |
| Other liabilities                    | -                                | -                                | -                                   | -                                   |
|                                      | <b>3,877</b>                     | <b>3,877</b>                     | <b>173,741</b>                      | <b>186,187</b>                      |

**Schedule: 8**

|  | Period ended<br>31st Mar, 2011<br>(USD) | Year ended<br>30th Sep, 2009<br>(USD) | Period ended<br>31st Mar, 2011<br>(Rupees) | Year ended<br>30th Sep, 2009<br>(Rupees) |
|--|---|---------------------------------------|--|--|
| (Refer note on, schedule 13)                             |   |                                       |  |  |
| <b>Revenue from operation</b>                            |   |                                       |  |  |
| Consultancy fee / professional services                  | -                                       | 80,000                                | -  | 3,841,600                                |
|  | -                                       | <b>80,000</b>                         | -  | <b>3,841,600</b>                         |
| <b>Schedule 9 : Other income</b>                         |   |                                       |  |  |
| Interest income  | -                                       | -                                     | -  | -  |
| Misc. Income   | -                                       | -                                     | -  | -  |
| Sundry balance written back                              | -                                       | -                                     | -  | -  |
|  | -                                       | -                                     | -  | -  |
| <b>Schedule 10 : Salary and other benefits</b>           |   |                                       |  |  |
| Salary, wages and other benefits                         | -                                       | 42,900                                | -  | 2,060,058                                |
|  | -                                       | <b>42,900</b>                         | -  | <b>2,060,058</b>                         |
| <b>Schedule 11 : Administration &amp; other expenses</b> |   |                                       |  |  |
| Traveling expenses                                       | -                                       | 30                                    | -  | 1,438                                    |
| Rates & Taxes  | -                                       | -                                     | -  | -  |
| Rent-Office  | -                                       | 24,878                                | -  | 1,194,621                                |
| Legal & Professional Charges                             | -                                       | 468                                   | -  | 22,472                                   |
| Telephone & telex  | -                                       | 2,994                                 | -  | 143,760                                  |
| Insurance expenses                                       | -                                       | -                                     | -  | -  |
| Printing & Stationery exp.                               | -                                       | 320                                   | -  | 15,387                                   |
| Security   | -                                       | -                                     | -  | -  |
| Postages   | -                                       | -                                     | -  | -  |
| Subscription & Membership fee                            | -                                       | -                                     | -  | -  |
| Courseware expenses                                      | -                                       | 1,421                                 | -  | 68,256                                   |
|  | -                                       | <b>30,111</b>                         | -  | <b>1,445,934</b>                         |
| <b>Schedule 12 : Financial charges</b>                   |   |                                       |  |  |
| Bank charges   | 280                                     | -                                     | 12,532                                     | -  |
| Interest expenses  | -                                       | 264                                   | -  | 12,671                                   |
| Non Deductible Penalties                                 | -                                       | -                                     | -  | -  |
|  | <b>280</b>                              | <b>264</b>                            | <b>12,532</b>                              | <b>12,671</b>                            |

**Schedule 13: Notes to the accounts**
**Significant accounting policies:**
**1. SYSTEM OF ACCOUNTING**

Except otherwise indicated:

- (a) The company adopts the accrual concept in the preparation of the accounts.
- (b) All expenditure and income are accounted for under the natural heads of accounts.

**2. VALUATION**

- (a) Fixed assets are normally accounted for on cost basis including the cost of installation where incurred. Expenditure on regular staff, which might be occasionally engaged for installation work, is charge to revenue.
- (b) Inventory:-  
Stock of books are valued at cost based on First-in First-out method.

**3. FIXED ASSET & DEPRECIATION**

- (a) Normal Depreciation on all the fixed assets is provided on Straight Line Method based on estimated useful life of the relevant Fixed Assets as decided by the management.
- (b) Depreciation on additions/deletions to Fixed Assets is provided on pro-rata basis from/to date of addition/deletion.
- (c) In case of financial year consist of the period less/more than a normal period of 12 months then depreciation is provided for that particular period.
- (d) In case of courseware/software developed or purchased, the same is written off in the year of purchase.

**4. REVENUE RECOGNITION**

- a. Income from coaching fee is recognized over the period of course program actual delivery & execution basis.
- b. In respect of Software and Consultancy activities, the revenue arises and is recognised on dispatch/ delivery of the concerned goods/ services on percentage completion method.

5. In the opinion of the board the current assets, loans and advances have a value on realization in the Ordinary course of business, at least equal to the aggregate amount as shown in the Balance Sheet.

6. Balances of few parties are subject to confirmation/ reconciliation.

7. No provision for Income Tax has been made due to Accumulated Previous Years' Losses.

8. The company has been engaged in only one type of activity i.e. Consulting.

9. All the Figures of Assets, Liabilities, revenue and expenses which are stated in foreign currency are converted into Indian rupees at the average exchange rate prevailing as at close of the accounting year.

**10. Related parties:**

(A) Related parties where control exists

- i) Software Technology Group International Ltd., ultimate holding company.
- ii) Key Management Personnel  
Mr. Y.C. Vaidya  
Mr. Ashish Vaidya
- iii) Enterprises over which person under above items A(iii) have significant influence  
Associated Techno Plastic Pvt. Ltd., New Delhi  
Crescent Software Solutions Pvt. Ltd., New Delhi.  
(Under the process of striking off u/s 560 of Companies Act, 1956.)  
DNA Lab & Research (P) Ltd., New Delhi  
(Under the process of striking off u/s 560 of Companies Act, 1956.)  
Y.P. Associates Pvt. Ltd., New Delhi  
Vaidya Associates Pvt. Ltd., New Delhi  
BEI Confluence Communication Ltd., New Delhi  
Bay Resources and Technology Corporation, USA

## 18TH ANNUAL REPORT 2009-2011

B) Detail of transaction relating to persons referred to in items (A) above during the period ended 31st Mar, 2011 as follows:

| Nature of Transaction                              | Holding Company | Fellow Subsidiaries | Key Management personnel | (Amounts in USD) Enterprises over which person under above items A(iii) have significant influence |
|--|-----------------|---------------------|--------------------------|--|
| 1. Receiving of services                           | -               | -                   | -                        | -  |
| 2. Providing of Services                           | (-)             | (-)                 | (-)                      | (-)  |
| 3. Reimbursement of expenses                       | -               | -                   | -                        | -  |
| 4. Interest Accrued / paid                         | (-)             | (-)                 | (-)                      | (-)  |
| 5. Loan received during the year                   | -               | -                   | -                        | -  |
| 6. Loan repaid during the year                     | (-)             | (-)                 | (-)                      | (-)  |
| 7. Outstanding bal. included in current Assets     | -               | -                   | -                        | 1,324,486  |
| 8. Outstanding bal.included in current Liabilities | 3,409           | (-)                 | (-)                      | (1,324,486)  |
| 9. Loan/advances dues as at the end of the year    | (3,409)         | (-)                 | (-)                      | (-)  |
|  | -               | -                   | 1,364,986                | 453,246  |
|  | (-)             | (-)                 | (1,364,986)              | (453,246)  |

Previous Year figures have shown in ( ).

10. Since computers are in obsolete condition, the remaining value in books for the same has been charged fully.

11. The opening balance in Wells Fargo bank has been charged to bank charges.

12. The previous year figures are unaudited and carried at same value in the statement for current period.

13. The previous year's figures are of twelve months and the current cumulative period figures are of eighteen months and are therefore not comparable.

14. These Financial Statements were approved and signed by the Management on 27.05.2011.

FOR AND ON BEHALF OF THE BOARD

(Yogesh Vaidya)  
Chairman

Place : New Delhi  
Date : 27.05.2011

As per our Report of even date attached  
for Satyendra Mrinal & Associates  
Chartered Accountants  
FRN. 017068N

Satyendra Kumar Jain  
Partner  
M.No. 086103



**SOFTWARE TECHNOLOGY GROUP INTERNATIONAL LIMITED**  
Regd. Office : Level 2, Elegance, Mathura Road, Jasola, New Delhi - 110 025

18th Annual General Meeting to be held on Monday the 27th June, 2011 at 2:00 P.M  
at Shah Auditorium, 2, Gujarati Samaj Marg, Civil Lines, Delhi - 110 054



**ATTENDANCE SLIP**

Registered Folio No. : .....(or)  
\*Demat Account No. ....D.P. id. No.....  
Name & Address of Shareholder(s).....  
I/We certify that I am/We are Member/s Proxy of the Company holding.....Shares and  
hereby record my/our presence at the Eighteen Annual General Meeting of the Company at Shah Auditorium, 2, Gujarati Samaj Marg, Civil Lines,  
Delhi - 110054 at 2:00 PM on Monday the 27th June, 2011.

**Signature of Member/s/Proxy**

**A Member or his duly appointed Proxy wishing to attend the meeting must complete this Admission Slip and hand it over at the entrance.**

Name of the Proxy in Block Letters.....  
(In case a Proxy attends the meeting)

\*Those who hold Shares in Demat Form quote their Demat Account No. and Depository Participany (D.P) Id. Number.

**REGISTRATION COUNTER WILL BE OPEN FROM 1:45 P.M. TILL THE START OF ANNUAL GENERAL METING**

**NO GIFT WILL BE DISTRIBUTED AT THE ANNUAL GENERAL MEETING**



**SOFTWARE TECHNOLOGY GROUP INTERNATIONAL LIMITED**  
Regd. Office : Level 2, Elegance, Mathura Road, Jasola, New Delhi - 110 025

18th Annual General Meeting to be held on Monday the 27th June, 2011 at 2:00 P.M  
at Shah Auditorium, 2, Gujarati Samaj Marg, Civil Lines, Delhi - 110 054



**PROXY FORM**

I/We.....of.....being a Member/Member(s) of Software Technology Group International Ltd.  
hereby appoint.....of.....falling him/her  
.....of.....as my/our Proxy to attend and vote for me/us on my/our behalf at the 18th  
Annual General Meeting of the Company to be held at Shah Auditorium, 2, Gujarati Samaj Marg, Civil Lines, Delhi-110 054 at 02:00 P.M. on  
Monday, the 27<sup>th</sup> June, 2011 and at any adjournment thereof.

In witness whereof

I/we have **signed** on this.....day of.....2011

Registered Folio No. : .....(or)

\*Demat Account No.: .....D.P. Id. No. : ..

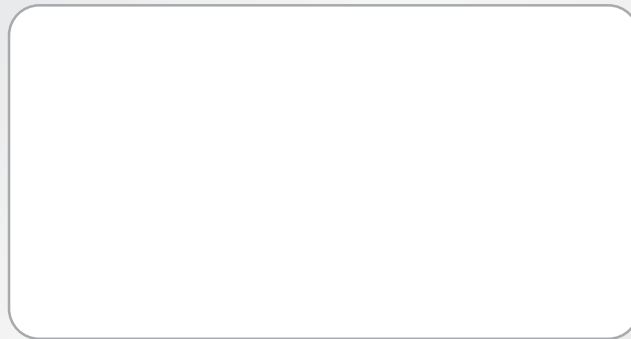
No. of Shares.....

**Affix  
Rs. 1/-  
Revenue  
Stamp**

Member intending to appoint a Proxy should complete the Proxy and deposit it at the Company's Registered Office, at least 48 hours before the meeting.

\*Those who hold Shares in Demat Form must quote their Demat Account No. and Depository participant (D.P) Id. Number.

**A Proxy cannot speak at the meeting or vote on a show of hands.**



If undelivered please return to :  
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