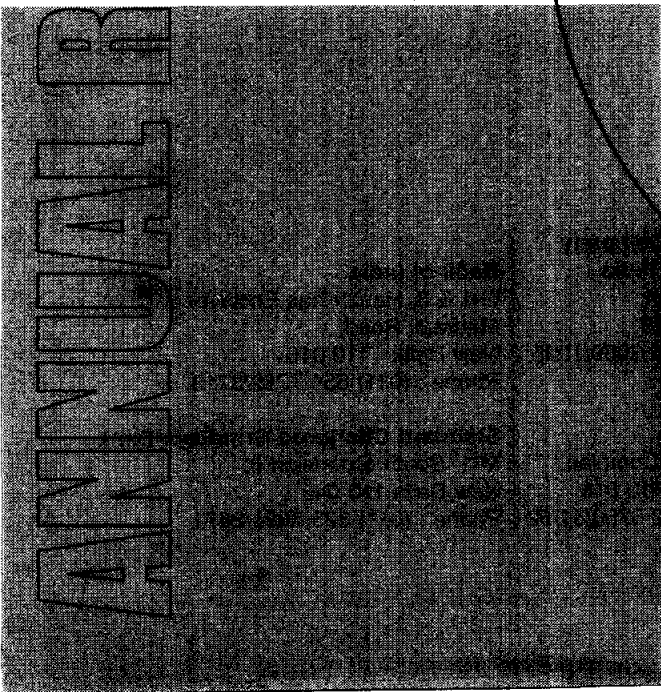
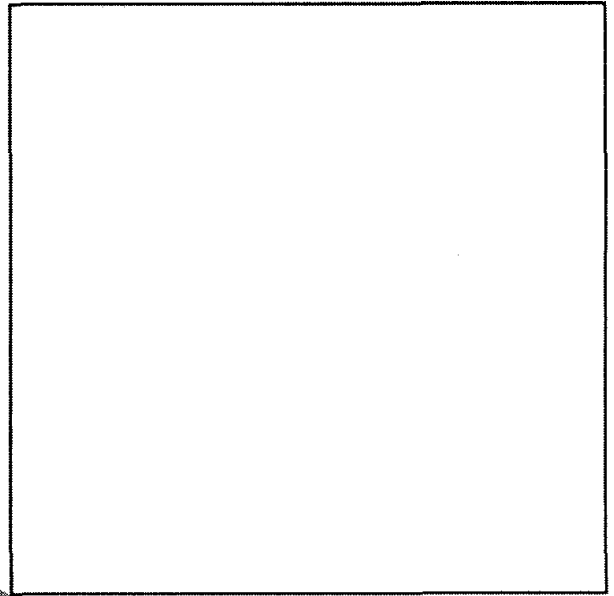


# ANNUAL REPORT 2000-2001



**STG**

## 9TH ANNUAL REPORT 2000-01

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**Registered Office**  
Software Technology  
Group International Limited.  
176, Gautam Nagar,  
New Delhi-110 049  
Phone:(011) 6859798  
Fax : (011) 6965949

**Company Secretary &  
Compliance Officer**  
**MR. RAJEEV SINGAL**

**Auditors of the Company**  
Jain Singhal and Associates  
Chartered Accountants  
E-169, Masjid Moth,  
Greater Kailash - III,  
New Delhi-110 048

**Bankers to the Company**  
**Central Bank of India**  
South Extension-II,  
New Delhi-110 049  
Phone : (011) 625 3069/1995

**HDFC Bank**  
C-5 Commercial Complex,  
SDA, New Delhi-110 016  
Phone : (011) 652 6750/51/52

**Bank of India**  
G-1 & 3, Hauz Khas Enclave,  
Mehrauli Road,  
New Delhi - 110 016  
Phone : (011) 656 7732/3713

**Standard Chartered Grindlays Bank**  
M-1, South Extension-II,  
New Delhi-110 049  
Phone : (011) 625 5891/2671

## BOARD OF DIRECTORS

**SHRI YOGESH VAIDYA** — *Chairman*

**SHRI SURESH CHANDRA NANDA** — *Wholetime Director & CEO*

**SHRI SANJEEV PRASAD** — *Wholetime Director*

**DR. RAJAN SAXENA** — *Director*

**DR. STEVE ZLOTOLOW** — *Director*

**SHRI ASHOK MALHOTRA** — *Wholetime Director*

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### committees in pursuance of corporate governance

**Compensation Committee**

Shri Yogesh Vaidya  
Dr. Rajan Saxena  
Dr. Steve Zlotolow

**Investment Committee**

Shri Yogesh Vaidya  
Shri Suresh Chandra Nanda  
Dr. Rajan Saxena

**Audit Committee**

Dr. Rajan Saxena  
Dr. Steve Zlotolow  
Shri Suresh Chandra Nanda

**Share Transfer Committee**

Shri Suresh Chandra Nanda  
Shri Sanjeev Prasad  
Shri Ashok Malhotra

## 9TH ANNUAL REPORT 2000-01

**NOTICE**

Notice is hereby given that the Ninth Annual General Meeting of the members of the Company will be held on Friday, the 28th September, 2001 at 3.00 P.M. at Shah Auditorium, 2, Gujarati Samaj Marg, Civil Lines, Delhi-110054 to transact the following business:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2001 and the Profit and Loss Account of the company for the year ended on that date together with the Reports of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Dr. Rajan Saxena, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint Auditors and to fix their remuneration and to pass, with or without modification, the following resolution as an **Ordinary Resolution** :

"RESOLVED THAT M/s Jain Singhal & Associates, Chartered Accountants, New Delhi, Company's retiring Auditors, being eligible and offering themselves for reappointment, be and are hereby reappointed as Auditors of the Company to hold the office until the conclusion of the next Annual General Meeting on a remuneration as may be decided by the Board of Directors of the company alongwith permissible travelling and out of pocket expenses."

**SPECIAL BUSINESS**

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

4. **An Ordinary Resolution :**

"RESOLVED THAT pursuant to the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956 Dr. Steve Zlotolow, appointed as Additional Director and who under Section 260 of the Act, *ibid*, holds office only upto the date of this Annual General Meeting and being eligible, offers himself for appointment and in respect of whom, the Company has received notices in writing from some members signifying their intention to propose the candidature of Dr. Steve Zlotolow for the office of Director, be and is hereby appointed as a Director of the Company liable to retire by rotation."

5. **An Ordinary Resolution :**

"RESOLVED THAT pursuant to the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956 Shri Suresh Chandra Nanda, appointed as Additional Director and who under Section 260 of the Act, *ibid*, holds office only upto the date of this Annual General Meeting and being eligible, offers himself for appointment and in respect of whom, the Company has received notices in writing from some members signifying their intention to propose the candidature of Shri Suresh Chandra Nanda for the office of Director, be and is hereby appointed as a Director of the Company."

6. **An Ordinary Resolution :**

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310 and all other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII of the Act, *ibid*, as amended and subject to such permissions, consents and approvals, if any, from authorities, if required and subject to such conditions, if any, that may be imposed by such authorities while granting their consents, permissions and approvals and which the Board of Directors is hereby authorised to accept, the company hereby accords its approval to the appointment of Shri Suresh Chandra Nanda as Wholtime Director, designated as *Chief Executive Officer* of the Company for a period of five years w.e.f 21st October, 2000 on the terms and conditions as to remuneration by way of salary and perquisites as set out in the explanatory statement."

"FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorised to increase the remuneration and/or perquisites of Shri Nanda, in its absolute discretion within such guidelines or ceilings subject to such approvals of Central Govt. or any other authority, wherever applicable and required and for which consent of the company as required under various provisions of the Companies Act, 1956 be and is hereby granted."

"FURTHER RESOLVED THAT in the event where in any financial year during the currency of this appointment, the company has no profits or its profits are inadequate, it may pay the same remuneration to the Wholtime Director NOT WITHSTANDING THAT the same is exceeding the ceiling/ limits as provided in Schedule XIII of the Act, *ibid* or such other amount as may be approved or specified by the Central Government from time to time by any amendment to the Act."

"FURTHER RESOLVED THAT the Board of Directors be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

7. **An Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956 Shri Ashok Malhotra, appointed as Additional Director and who under Section 260 of the Act, *ibid*, holds office only upto the date of this Annual General Meeting and being eligible, offers himself for appointment and in respect of whom, the Company has received notices in writing from some members signifying their intention to propose the candidature of Shri Ashok Malhotra for the office of Director, be and is hereby appointed as a Director of the Company."

8. **An Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310 and all other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII of the Act, *ibid*, as amended and subject to such permissions, consents and approvals, if any, from authorities, if required and subject to such conditions, if any, that may be imposed by such authorities while granting their consents, permissions and approvals and which the Board of Directors is hereby authorised to accept, the company hereby accords approval to the appointment of Shri Ashok Malhotra as the Wholtime



Director, for a period of five years w.e.f 28<sup>th</sup> June, 2001 on the terms and conditions as to remuneration by way of salary and perquisites as set out in the explanatory statement."

" FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorised to increase the remuneration and/or perquisites of Shri Malhotra, in its absolute discretion within such guidelines or ceilings subject to such approvals of Central Govt. or any other authority, wherever applicable and required and for which consent of the company as required under various provisions of the Companies Act, 1956 be and is hereby granted."

" FURTHER RESOLVED THAT in the event where in any financial year during the currency of this appointment, the company has no profits or its profits are inadequate, it may pay the same remuneration to the Wholtime Director NOT WITHSTANDING THAT the same is exceeding the ceiling/ limits as provided in Schedule XIII of the Act, *ibid* or such other amount as may be approved or specified by the Central Government from time to time by any amendment to the Act."

" FURTHER RESOLVED THAT the Board of Directors be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

9. **An Ordinary Resolution:**

"RESOLVED THAT in modification of Resolution passed at the 7th and 8th Annual General Meeting and pursuant to the provisions of Sections 198, 269, 309, 310 and all other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII of the Act, *ibid*, as amended and subject to such permissions, consents and approvals, whenever required from authorities and subject to such conditions, if any, that may be imposed by any such authority while granting their consents, permissions and approvals and which the Board of Directors is hereby authorised to accept, the company hereby accords its consent to the increase in the remuneration of Shri Sanjeev Prasad, Wholtime Director, w.e.f. 01st April, 2001 as per terms and conditions as set out in the explanatory statement for the remainder of his term, which expires on 31st March, 2004."

"FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorised to further increase the remuneration and/or perquisites of Shri Sanjeev Prasad, in its absolute discretion within such guidelines or ceilings subject to such approvals of Central Govt. or any other authority, wherever applicable and required and for which consent of the company as required under various provisions of the Companies Act, 1956 be and is hereby granted."

"FURTHER RESOLVED THAT in the event where in any financial year during the currency of this appointment, the company has no profits or its profits are inadequate, it may pay the same remuneration to the Wholtime Director NOT WITHSTANDING THAT the same is exceeding the ceiling/ limits as provided in schedule XIII of the Act, *ibid* or such other amount as may be approved or specified by the Central Government from time to time by any amendment to the Act."

"FURTHER RESOLVED THAT the Board of Directors be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

10. **A Special Resolution :**

"RESOLVED THAT pursuant to Section 81 (1A) and other applicable provisions, if any of the Companies Act, 1956 and in accordance with the Articles of Association of the company and subject to the approvals/ consents of shareholders and statutory and/or other authorities as may be necessary and subject to such conditions and modifications, if any, of the terms of issue, as may be prescribed or imposed by any such authority while granting such approvals, permissions and sanctions, which the Board of Directors of the Company (hereinafter referred to as "the Board") be and is hereby authorised to accept at its sole discretion, the consent of the Company be and is hereby accorded to the Board to issue Equity Shares numbering not exceeding 66,00,000 (Sixty Six Lacs) of the face value of Rs. 10/- each to the Foreign Institutional Investors, Non Resident Indians, Overseas Corporate Companies, Financial Institutions, Mutual Funds, Venture Capital Funds, Venture Capital Companies, Bodies Corporate, other entities/authorities and to such other person(s) through public issue/ private placement/ preferential allotment or a combination thereof as may be determined by the Board of Directors, in one or more tranches, in such form, manner and upon such terms and conditions including premium amount as the Board may in its absolute discretion deem fit and as may be permitted by the appropriate authorities or as may be permissible under any guidelines issued or to be issued by any authorities."

"FURTHER RESOLVED that the new Equity Shares shall upon allotment have the same voting rights as the existing equity shares of the Company and be treated for all purposes *pari-passu* with the existing shares of the Company except that they shall be entitled for dividend declared, if any, for the financial year after the allotment, on *pro-rata* basis."

"FURTHER RESOLVED that in case these Shares to be issued are not subscribed, these may be disposed by the Board to such persons and in such manner and on such terms as the Board may in its absolute discretion think fit and in the best interest of the Company."

"FURTHER RESOLVED that for the purpose of giving effect to this resolution Board be and is hereby authorised to do all such acts, deeds and things as it may in its absolute discretion consider necessary, proper or desirable and settle any question, difficulty or doubt that may arise in regard to the offer/ issue, allotment and utilisation of the proceeds to the issue of shares and further to do all such acts, deeds, things and finalise and execute all such deeds, documents, writings, acts, and things."

By order of the Board  
For Software Technology Group International Limited

Place: New Delhi  
Date: 30th July, 2001

RAJEEV SINGAL  
Company Secretary



## 9TH ANNUAL REPORT 2000-01

## NOTES :

1. The relative Explanatory Statement pursuant to section 173 (2) of the Companies Act, 1956, in respect of the business under items from 4 to 10 set out above is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER. THE INSTRUMENT APPOINTING PROXY, IN ORDER TO BE EFFECTIVE, SHOULD REACH THE REGISTERED OFFICE OF THE COMPANY AT LEAST 48 HOURS BEFORE THE TIME OF THE MEETING.
3. The Register of Members and Transfer Books of the Company will be closed from *17th September, 2001 to 28th September, 2001, both days inclusive.*
4. All documents referred to in the accompanying Notice and Explanatory statement are open for inspection at the registered office of the Company on all working days except Saturdays, Sundays & holidays between 10.00 a.m and 3.00 p.m upto the date of the Annual General Meeting.
5. Members seeking any information with regard to accounts or operations of the company, are requested to send their queries so as to reach *at least 10 days* before the meeting, to enable the management to keep the information ready.
6. Members are requested to inform the Company's Registrars and Share Transfer Agents viz., *Karvy Consultants Limited, Unit: Software Technology Group International Limited, Karvy House, 46, Avenue 4 Street No.1 Banjara Hills, Hyderabad.- 500 034* about the changes, if any, in their registered addresses along with the PIN Code number and quoting their folio number. All correspondence relating to transfer of shares may be sent directly to the aforesaid Transfer Agents of the Company.
7. Members are requested to bring their copies of the Annual Report to the Meeting.
8. Shareholders/ Proxy Holders are requested to produce at the entrance, the attached Attendance Slip duly completed and signed as per Specimen Signatures recorded with the Company for admission to the Meeting Hall.
9. Members who are holding shares in identical names in more than one folio, are hereby requested to write to the Company Secretary or Registrar enclosing their Share Certificates to enable the company to consolidate their holdings.
10. *The Registered Office of the Company has been changed to 176, Gautam Nagar, New Delhi - 110 049 from D-36, South Extn., Part-II, New Delhi - 110 049 with effect from 30th July, 2001.*

By order of the Board  
For Software Technology Group International Limited

Place: New Delhi  
Date: 30th July, 2001

**RAJEEV SINGAL**  
Company Secretary

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## EXPLANATORY STATEMENT

As required by Section 173(2) of the companies Act, 1956, the following Explanatory Statement sets out the material facts relating to each of business item nos. 4 to 10 of the accompanying Notice dated 30<sup>th</sup> July, 2001.

## ITEM No.4

The Board of Directors of your company at its meeting held on 31<sup>st</sup> January, 2001 has appointed Dr. Steve Zlotolow as Additional Director pursuant to the provisions contained in the Articles of Association and Section 260 of the Companies Act, 1956.

Dr. Zlotolow is an eminent expert on education and also a Director of San Jose University, California, USA. He is on the board of academic council of leading institutions and is having more than two decades of experience in the field of education. He has been a pioneer and expert in promoting distance education and online education programs in USA and developing contents for online and other forms of deliverable distance education courses. He is not on the Board of any other company.

He will be holding office as Director only upto the date of this Annual General Meeting. As required under Section 257 of the Act, *ibid*, notices have been received from members signifying their intention to propose Dr. Zlotolow as a candidate for the office of Director. The Directors are of the opinion that Dr. Zlotolow's knowledge and experience will be of immense benefit to the company. The Board, therefore, recommends the acceptance of the Resolution set out in the Notice convening the Meeting.

None of the Directors other than Dr. Zlotolow is concerned or interested in the Resolution.

## ITEMS NOS. 5 &amp; 6

Shri Suresh Chandra Nanda has been inducted on the Board as Additional Director effective from 21st October, 2000 at the Board Meeting held on the same date.

Shri Nanda, a fellow of the Indian Institute of Management, Calcutta, is a reputed professional in the financial services and banking industry and is having over 20 years experience in ICICI group which includes setting up of ICICI Bank. He has extensive experience in project finance, commercial banking, investment and strong organisation building experience and has also been involved in marketing B2B products and payment gateway. He has also served on the Board of number of companies since 1985 and has closely worked with Mc Kinsey & Co. for devising and implementing strategies for ICICI and ICICI Bank. He is also holding Directorship in one more company.

Keeping in view his qualifications and experience in financial/ banking industry, the Board of Directors designated him as *Chief Executive Officer* for a period of five years and he is responsible for overall operations of the Company on the following terms and conditions subject to necessary approvals of statutory authorities:

BASIC SALARY	: Rs 1,50,000/- (Rupees One Lac Fifty Thousand Only) per mensem.
HRA	: Rs 50,000/- (Rupees Fifty Thousand Only) per mensem.
SPECIAL PAY	: Rs. 35,000/- (Rupees Thirty Five Thousand Only) per mensem.

## PERQUISITES :

In addition to the above salary he shall be entitled to the following perquisites:

1. CAR : Facility of Car.



2. **TELEPHONE** : Free telephone at residence for use of Company's business. These will not be treated as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company, to the appointee.
3. **LEAVE** : One month leave with full salary for every 11 months of completed service. Encashment of the leave at the end of the tenure will be included in the computation of the perquisites.
4. **REIMBURSEMENT OF EXPENSES** : Reimbursement of entertainment, travelling & other expenses subject however, to reasonable ceiling as may be fixed by the Board of Directors.
5. **MEDICAL REIMBURSEMENT** : Reimbursement of medical expenses incurred by the appointee and his family will be subject to a ceiling of Rs. 12,000/- per annum.
6. **LEAVE TRAVEL ALLOWANCE** : One month basic salary per annum.
7. **PF & GRATUITY** : As per Company Rules.
8. **COMMISSION** : Additionally, compensation by way of commission may be paid at the rate not exceeding 2% of Annual Profits before tax in aggregate jointly with other Wholetime Directors of the Company on continuous basis till his tenure. This is to be distributed on the basis of the revenue base handled as per his individual responsibilities subject to overall limit of managerial remuneration as permissible under the provisions of the Companies Act, 1956.

#### OTHER TERMS :

Shri Suresh Chandra Nanda shall :

- a) So long as he functions as the Director, not become interested or otherwise concerned directly or indirectly through his relatives in any transaction with the Company without the prior approval of the Board of Directors and such other approvals, if any, as may be applicable.
- b) keep the secrets of the Company.
- c) So long as he functions as Director, not be paid any sitting fees for attending meetings of the Board of Directors or Committees thereof and
- d) Either party has the right to terminate the employment by giving to the other notice in writing as per Company rules or by payment of a sum equivalent to remuneration for the notice period or part thereof in case of shorter notice or on such other terms as may be mutually agreed.

The induction of Sh.Nanda will strengthen company's position as a global IT organisation.

The Board recommends passing of the above resolution.

None of the Directors other than Shri Suresh Chandra Nanda is concerned or interested in the Resolution.

This may be treated as an abstract of the terms and conditions of appointment and remuneration payable to *Chief Executive Officer* of the company as required to be circulated under Section 302 of the Act, *ibid*.

#### ITEMS NOS. 7 & 8

The Board of Directors of your company at its meeting held on 28th June, 2001 has appointed Sh. Ashok Malhotra as Additional Director in terms of provisions of Section 260 of the Companies Act, 1956 and the Articles of Association of your company.

Sh. Ashok Malhotra, a Chartered Accountant, is having over 20 years of rich experience in business and industry which includes 11 years

with HCL group and is having Directorship in four other companies.

In view of qualifications and wide experience of Shri Ashok Malhotra the Board of Directors at its meeting held on 28<sup>th</sup> June, 2001 appointed him as Wholetime Director on the following terms and conditions:

- BASIC SALARY** : Rs.1,00,000/- (Rupees One Lac Only) per mensum.
- HRA/CLA** : upto Rs.50,000/- (Rupees Fifty Thousand Only) per mensum.
- SPECIAL PAY** : Rs.11,000/- (Rupees Eleven Thousand Only) per mensum.

#### PERQUISITES :

In addition to the above salary he shall be entitled to the following perquisites:

1. **CAR** : Facility of Car.
2. **TELEPHONE** : Free telephone at residence for use of Company's business. These will not be treated as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company, to the appointee.
3. **LEAVE** : One month leave with full salary of every 12 months of completed service. Encashment of the leave at the end of the tenure will be included in the computation of the perquisites.
4. **REIMBURSEMENT OF EXPENSES**: Reimbursement of entertainment, travelling & other expenses subject however, to reasonable ceiling as may be fixed by the Board of Directors.
5. **MEDICAL REIMBURSEMENT** : Reimbursement of medical expenses incurred by the appointee and his family will be subject to a ceiling of Rs. 12,000/- per annum.
6. **LEAVE TRAVEL ALLOWANCE** : One month basic salary per annum.
7. **CHAUFFEURS**: Reimbursement of Chauffeurs pay upto Rs.10,000/- per mensum.
8. **SERVANTS FACILITY**: Reimbursement of Servants pay upto Rs.8,000/- per mensum.
9. **PF & GRATUITY** : As per Company Rules.

#### OTHER TERMS :

Mr. Ashok Malhotra shall :

- a) So long as he functions as the Wholetime Director, not become interested or otherwise concerned directly or indirectly through his relatives in any transaction with the Company without the prior approval of the Board of Directors and such other approvals, if any, as may be applicable.
- b) keep the secrets of the Company.
- c) So long as he functions as Wholetime Director, not be paid any sitting fees for attending meetings of the Board of Directors or Committee thereof and
- d) Either party has the right to terminate the employment by giving to the other notice in writing as per Company rules or by payment of a sum equivalent to remuneration for the notice period or part thereof in case of shorter notice or on such other terms as may be mutually agreed.

The Board is of the opinion that the company is likely to be benefited immensely with the association of Shri Ashok Malhotra and therefore, recommends this resolution for approval.

None of the Directors other than Shri Ashok Malhotra is

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concerned or interested in the Resolution.

This may be treated as an abstract of the terms and conditions of appointment and remuneration payable to Wholetime Director of the company as required to be circulated under Section 302 of the Act, *ibid*.

## ITEM NO.9

The members may recall that the appointment and remuneration of Shri .Sanjeev Prasad, Wholetime Director was approved by them at their 7th Annual General Meeting held on 30th September, 1999 with further modification at 8th Annual General Meeting held on 8th September, 2000.

Shri Sanjeev Prasad has a Master's degree in Industrial Engineering from the University of Texas, USA and has over 17yrs experience including 10yrs in the Silicon Valley, USA and in companies such as Northern Telecom-Santa Clara, California, USA. He is having Directorship in two other companies.

The Board of Directors at its meeting held on 28th June, 2001 had increased the remuneration of Shri Sanjeev Prasad w.e.f 1st April, 2001 on the following terms and conditions for his remaining tenure.

**BASIC SALARY** : Rs.1,10,000/- (Rupees One Lac Ten Thousand Only) per mensem.

**HRA/CLA** : upto Rs.50,000/- (Rupees Fifty Thousand Only) per mensem.

**SPECIAL PAY** : Rs.14,000/- (Rupees Fourteen Thousand Only) per mensem.

## PERQUISITES :

In addition to the above salary he shall be entitled to the following perquisites:

1. **CAR** : Facility of Car.
2. **TELEPHONE** : Free telephone at residence for use of Company's business. These will not be treated as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company, to the appointee.
3. **LEAVE** : One month leave with full salary of every 12 months of completed service. Encashment of the leave at the end of the tenure will be included in the computation of the perquisites.
4. **REIMBURSEMENT OF EXPENSES**: Reimbursement of entertainment, travelling & other expenses subject however, to reasonable ceiling as may be fixed by the Board of Directors.
5. **MEDICAL REIMBURSEMENT** : Reimbursement of medical expenses incurred by the appointee and his family will be subject to a ceiling of Rs. 10,000/- per annum.
6. **ELECTRICITY** : Reimbursement of electricity expenses incurred by the appointee subject to ceiling as may be fixed by the Board of Directors.
7. **LEAVE TRAVEL ALLOWANCE** : One month basic salary per annum.
8. **CHAUFFEURS**: Reimbursement of Chauffeurs pay upto Rs.10,000/- per mensem.
9. **SERVANTS FACILITY**: Reimbursement of Servants pay upto Rs.8,000/- per mensem.
10. **PF & GRATUITY** : As per Company Rules.

## OTHER TERMS :

Mr. Sanjeev Prasad shall,

- a) So long as he functions as the Wholetime Director, not become interested or otherwise concerned directly or indirectly through his relatives in any transaction with the Company without the prior approval of the Board of Directors and such other

approvals, if any, as may be applicable.

- b) keep the secrets of the Company.
- c) So long as he functions as Wholetime Director, not be paid any sitting fees for attending meetings of the Board of Directors or Committee thereof.
- d) Either party has the right to terminate the employment by giving to the other notice in writing as per Company rules or by payment of a sum equivalent to remuneration for the notice period or part thereof in case of shorter notice or on such other terms as may be mutually agreed.

Your Board considers that the proposed increase in remuneration is commensurate with Shri Sanjeev Prasad's duties and responsibilities and, therefore, recommends the resolution for approval.

None of the Directors other than Shri Sanjeev Prasad is concerned or interested in the Resolution.

This may be treated as an abstract of the terms and conditions of appointment and remuneration payable to Wholetime Director of the company as required to be circulated under Section 302 of the Act, *ibid*.

## ITEM NO. 10

The Company is engaged in the IT Training/Education as well as Software-related business. In view of the newer opportunities and intense competition from Multi National Companies, the company may be required to raise funds for execution of projects at shorter notice or sign up with Strategic partners for augmenting company's business. As an abundant precaution, the shareholder's approval is sought for having option to issue shares of the company through public issue/private placement/preferential basis or a combination thereof to various persons upto a certain limit as the Board may think fit.

Section 81 of the Companies Act, 1956 provides, *inter alia*, that whenever it is proposed to increase the subscribed Capital of the Company by a further issue and allotment of shares, such shares shall be offered to the existing shareholders of the company in the manner laid down in the said section, unless the shareholders of the company decide otherwise in a General Meeting by way of a special resolution.

Accordingly, the consent of the shareholders is being sought pursuant to the provisions of section 81(1A) and all other provisions of the Companies Act, 1956 for authorising the Board to create, issue, offer and allot Equity Shares as stated in the resolution, which would result in a further issuance of securities of the Company to such Investors who may or may not be the existing members of the Company, through public issue/private placement/preferential basis, in one or more tranches, in such form, manner and upon such terms and conditions as the Board may in its absolute discretion deem fit. The price of the shares to be issued will be determined by the Board, will not be below the price as may be determined according to the guidelines issued by SEBI from time to time.

Further, it may be noted that the certificate of Statutory Auditors of the Company confirming that the Issue of Securities being made is in accordance with the said guidelines, would be made available for inspection to the Shareholders at the Annual General Meeting.

None of the Directors is personally concerned or interested in this resolution.

The Board recommends the resolution for approval of Members.

By order of the Board  
For Software Technology Group International Limited

Place: New Delhi  
Date:30th July, 2001

**RAJEEV SINGAL**  
Company Secretary





## DIRECTORS' REPORT

Your Directors are pleased to present the Annual Report of the Company together with the Audited Statements of Accounts for the year ended March 31, 2001.

### FINANCIAL RESULTS:

(Rs. in Lacs)

Particulars	Year Ended March31, 2001	Year Ended March31, 2000
Operating Income	5821.99	3277.33
Gross Profit after Interest but before Depreciation & Tax.	757.19	1085.59
Less : Depreciation Provision for Income Tax	224.40 67.13	105.34 200.00
Net Profit before Extra-Ordinary items	465.66	780.25
Less : Extra Ordinary items	156.46	—
Net Profit after Extra Ordinary items	309.20	780.25

### REVIEW OF OPERATIONS

Your Company's Operating Income increased to Rs. 5,821.99 Lacs during the year under review against Rs 3,277.33 Lacs of previous year, registering a growth of over 77%. However, Gross Profit before depreciation & tax and Net Profit after extra ordinary items declined to Rs.757.19 Lacs and Rs. 309.20 Lacs respectively against Rs.1085.59 Lacs and 780.25 Lacs of previous year. The Net Profit of the company would have been higher but for increase in administrative overheads, interest and finance charges, depreciation and adjustments of extra ordinary items in view of prudent and conservative accounting policies, which includes Rs.156.46 lacs on account of unrealised sales of earlier years. It is a matter of satisfaction that Reserves & Surplus continues to be higher at Rs.3673.80 Lacs against Rs.3362.09 Lacs of previous 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. However, the Board

wish to make it clear that non-recommendation of dividend in no way reflects its view on the future prospects of the company.

### NEW PROJECTS/PRODUCTS

Your company offers its vast expertise in software consulting services for client/server, Internet-based, Telecommunication, E-business, Banking and Finance and Health Care related projects to its clients globally. The Company also has a well-experienced and trained pool of software professionals that it draws upon to serve client needs.

The year saw significant developments in the Company's Software Development Division. Key projects executed include a Web Based Procurement System for Delphi Automotive Systems Ltd (a General Motors Group Company). The project involves developing a Supply Chain of B2B. This is based on the Just-in-Time (JIT) concept using Kanban rules and procedures.

On the domestic front, the Company has focused in on the Government sector, which today offers tremendous opportunities in software development. This includes Ministries, Public Sector Organizations and Government Institutions. The Company has successfully completed large Government orders and has today become a preferred vendor of many large Corporations having received several repeat orders. The Company has also got World Bank recommendation and has been short listed by International Airports Authority of India (IAAI) and the Indian Army.

The Company has been involved in automation of Embarkation Head Quarters of Indian Army on turnkey basis involving Hardware, Software, Networking, Design, and Development and Implementation. The application caters to import and export needs of all the three defence services, Defence PSU's including HAL, besides catering to the reception and dispatch of UN peace keeping forces when routed by sea and also inland movement of defence personnel and stores.

Your company has also developed a company wide Intranet for GAIL which manages the entire documentation for billing and contracts and creates an interface with their Financial Management, Material Management and HR Systems. This is the first step in assisting GAIL move to a paperless environment.

The Company is also providing turnkey solution to Punjab State Warehousing Corporation (PSWC) involving supply, installation and networking of hardware, software, training

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and development of Complete Integrated Management Information System, which enables PSWC to monitor activities of District Offices and Warehouses in the entire state of Punjab.

Further, the Company is implementing a project for Education Consultants of India Limited (EDCIL), which is a World Bank funded project. The work involves design, development and training of LACI (Loan Administration Change Initiative) based on financial management software to be implemented at 28 sites in the country.

In addition, the company has been involved with Controller General of Accounts (Ministry of Finance) project for design, development and training of Government Accounting Information System (GAINS), which performs the function of compilation of Accounts of Government of India for all the Central Ministries.

On the training front the aggressive positioning of .Net platform by Microsoft has seen courses like .Net and C# (Sharp) pick up. Keeping this in mind your Company was amongst the first to launch eSTG.Net, a career program based on Microsoft's latest .Net Technology that has immense potential. Your company's high powered and dedicated Courseware and Curriculum Development Division, which is ISO 9001 accredited, has put in its expertise to prepare this courseware.

We are also pleased to inform you that according to Dataquest, the leading IT magazine, your Company has been ranked among the top three software education companies whose pass out students are most sought after by the IT industry for recruitment. Moreover, your Company has been ranked as the second most preferred organization for providing corporate training. (Dataquest dated 31st May & 15<sup>th</sup> June, 2001)

**OVERSEAS SUBSIDIARIES**

Your company has been exploring the possibility of expanding itself through the merger and acquisition route other than depending on organic growth. Towards this end, during the year, your company has acquired a majority stake in M/s Software Technology Group Inc., San Jose, California, USA, a company engaged in business of Software Training & Consultancy for the last seven years by acquiring 60% stake involving an investment of US\$ 19,93,446 which was financed through internal accruals with the approval of statutory authorities.

With this addition, your company has now three subsidiaries namely Software Technology Group Inc., San Jose, Software Technology Group International Inc., New Jersey and STG

Australia Pty Ltd., Australia. While the subsidiaries in San Jose and New Jersey have been operating, the subsidiary in Australia has commenced operations in February, 2001. The Australian subsidiary will focus on Software Training, Resourcing and on site and off shore software development projects to meet dual objectives of catering to the needs of the local market as well as to leverage local Australian expertise for addressing its global operations. The company's full-fledged development centre will help in creating a base for development and export of software and learning technologies to developed countries also.

Your company's operations would receive a major boost through these entities and to a certain extent help mitigate the adverse impact of the economic slowdown in the United States.

Pursuant to section 212 of the Companies Act, 1956 the financial statements along with other related documents of Software Technology Group International Inc., New Jersey and Software Technology Group Inc., San Jose for the year ended 31<sup>st</sup> March, 2001 and 31<sup>st</sup> July, 2000 respectively with values in Indian Rupees are annexed to the Balance Sheet of the company.

**STOCK EXCHANGES**

Your company's scrips have been upgraded into "B1" category by the Stock Exchange, Mumbai effective January 22, 2001. These have been listed on the Stock Exchange, Mumbai, National Stock Exchange and Delhi Stock Exchange Association Limited and the annual listing fee for all these stock exchanges have been paid. It may be recalled that company's scrip is under "Compulsory Demat Trading" category with effect from 24th July, 2000 and over two-thirds of Public holding has been dematerialised.

**SCHEDULE OF IMPLEMENTATION & UTILISATION OF FUNDS**

As mentioned above, all three subsidiaries of company, training centres at Mumbai (3), Pune, Calcutta and Bangalore and state of the art offshore Software Development Centre at New Delhi are operational. Franchisee network has been expanded within India and abroad and as on date your company has over 300 Franchisee Centres all over India besides 11 of its own training centres.

As an economy measure, your company is operating with existing corporate office and has set up offshore software development centre at Delhi instead of at Gurgaon as envisaged