

ANNUAL REPORT

2008-09

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Registered Office

Software Technology
Group International Limited
G-31, Cellular House,
Second Floor, Kalkaji,
New Delhi - 110 019 (India)
Phone : (011) 40560941/42
26479561/63
Fax : (011) 26479561

Auditors of the Company

Jain Singhal and Associates,
Chartered Accountants,
M-6, IInd Floor, M-Block Market,
Greater Kailash - II,
New Delhi - 110 048

Bankers to the Company**The Jammu & Kashmir Bank**

G-40, Connaught Place,
New Delhi - 110 001
Phone : 23352102, 23350863

HDFC Bank

C-5/32, SDA,
New Delhi - 110 016
Phone : (011) 41514332

Standard Chartered Bank

M - 1, South Extension - II,
New Delhi - 110 049
Phone : (011) 41644863/64



BOARD OF DIRECTORS

SHRI YOGESH VAIDYA	-	Chairman & Chief Executive Officer
DR. S. M. PATHAK	-	Director
DR. M. C. VAIDYA	-	Director
DR. S. P. SHRIVASTAVA	-	Director
MS. PRASANNA VAIDYA	-	Director
SHRI RAVI BHARGAVA	-	Director

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Committees in pursuance of Corporate Governance

<u>Remuneration Committee</u>	<u>Compensation Committee</u>	<u>Investment Committee</u>	<u>Audit Committee</u>	<u>Shareholders/Investors Grievance Committee</u>	<u>Share Transfer Committee</u>
Dr. S. M. Pathak Shri Ravi Bhargava Dr. S. P. Shrivastava	Shri Yogesh Vaidya Shri Ravi Bhargava Dr. S. M. Pathak	Shri Yogesh Vaidya Shri Ravi Bhargava	Shri Ravi Bhargava Dr. S. M. Pathak Dr. S. P. Shrivastava	Dr. S. M. Pathak Dr. S. P. Shrivastava Dr. M. C. Vaidya	Dr. S. P. Shrivastava. Dr. M. C. Vaidya

17TH ANNUAL REPORT 2008-2009**NOTICE**

Notice is hereby given that the Seventeenth Annual General Meeting of the members of the Company will be held on Monday, the 29th day of March 2010 at 3:00 P.M. at Shah Auditorium, 2, Gujarati Samaj Marg, Civil Lines, Delhi-110 054 to transact the following business:

AS ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as at 30th September, 2009 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Surya Mani Pathak, who retires by rotation and being eligible, offers himself for re- appointment.
3. 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 Jain Singhal & Associates, 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."

By the order of the board
Software Technology Group International Limited
Place: New Delhi Sd/-
Date: 30/01/2010 Chairman

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. PROXIES, IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME OF THE MEETING.**
2. The Register of Members and Share Transfer Books of the Company will remain closed on 29th March, 2010.
3. 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.
4. 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.
5. 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 Karvy Computershare Pvt. Ltd.

6. Pursuant to provisions of section 205 A, read with section 205 C of the Companies act, 1956, as amended dividend, IPO refund amounts, etc which remained unclaimed or unpaid for a period of seven years as statutorily required to be transferred to the Investors' education and protection Fund account set by the Central government.

Accordingly, a sum of Rs. 8,795/- standing unclaimed/ unpaid in Company's Initial Public Offer (IPO) Refund account and Rs.1,20,936/- standing unclaimed/ unpaid in Company's Dividend account have already been transferred to the Investor Education & Protection Fund.

7. Members are requested to inform the Company's Registrar and Share transfer agent i.e. Karvy Computershare Pvt. Ltd., Unit: Software Technology Group Intl Ltd., Plot No.: 17-24, Vittal Rao Nagar, Madhapur, Hyderabad-500081 about the changes, if any in their registered address 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 Registrar and Share transfer Agent of the Company.
8. All documents referred to in the accompanying notice are open for inspection at the registered office of the Company on all working days except Saturdays, Sundays and holidays between 11:00 A.M. to 1:00 P.M. upto the date of the Annual General Meeting.
9. Members are requested to bring their copies of Annual Report to the meeting. No copies will be made available at the meeting venue.
10. Member, who are holding shares in identical names in more than one folio are hereby requested to write to the Company or Registrar enclosing their Share Certificates to enable the Company to consolidate their holdings.

11. Additional information as per Clause 49 of the listing Agreement:

Brief profile of Dr. S. M. Pathak, Director, recommended for reappointment:

Dr. Pathak, aged 79 years in M.S.C. with specialization in Economics & Marketing and Ph.D. from Cornell University, USA with specialization in Management Techniques, Production Economics, Marketing Research & Development. He has over 35 years of experience which includes 22 years in banking industry in senior capacity to the level of General Manager. Prior to that, he served central & state governments as joint Economic advisor for 8 years. He has also served as short-term consultant in Asian Development, Manila and World Bank in the field of financial analysis and development credit covering various countries.

The directors are of the opinion that Dr. Pathak's knowledge and vast experience in the industry particularly in banking industry will be of immense benefit to the company.

As Dr. Pathak does not hold Directorship of any other company; therefore, he may be in a position to provide complete guidance in the financial matters, management, policy formulation, etc. to the company at all times.

He is also Chairman of Shareholders' /Investors' Grievance committee and Member of Audit Committee, Compensation Committee and Remuneration Committee of your company.



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 September 30, 2009.

FINANCIAL RESULTS:

Particulars	Year Ended Sept 30,2009 (12 Months)	Year Ended Sept 30,2008 (12 Months)
Operating Income	517.32	2555.54
Gross Profit after Interest		
But before Depreciation & Tax	99.94	(1483.75)
Less: Depreciation	52.16	50.18
Provision for Taxation	38.61	(703.94)
Net Profit / (loss) before		
Extra - Ordinary items	9.17	(829.99)
Less : Extra Ordinary items	29.31	561.59
Net Profit / (loss) after		
Extra Ordinary items	(20.14)	(1391.58)

REVIEW OF OPERATIONS

Your Directors are pleased to inform you that the loss of the Company was reduced to Rs. 20.14 Lacs as compared to a loss of Rs. 1391.58 Lacs during the previous year. However, the operating income of the Company was reduced to Rs. 517.32 Lacs as compared to an operating income of Rs. 2555.54 Lacs in the previous year. Your Directors are hopeful of better performance in the coming year.

DIVIDEND

Due to the losses incurred during the year under review, no dividend is proposed to be declared.

FINANCE

Your Company has been continuing with the necessary working capital facilities viz. Cash Credit, Working Capital Term Loan and Bank Guarantee with the Jammu and Kashmir Bank Ltd.. However, the Company's focus will be on to meet most of the requirements through internal cash generation, besides to strive for reduction in the cost of borrowing in significant manner.

Further, as mentioned in last Report, Out of total 25,00,000 warrants issued on preferential basis during the year 2006-07. The Board of Directors at its meeting held on 3rd October, 2008, inter-alia, had allotted 11,00,000 Equity Shares of Rs. 10/- each at a premium of Rs. 3.50/- each upon conversion option exercised by Non-Promoter Strategic Investors in the ratio of one Equity Share for every one warrant held for whom all the due amount thereof have been received in full and same has been utilized in accordance with the objects of the issue and there has been no material variation in this regard. Consequently the subscribed/ paid up Share Capital of the Company stands enhanced by Rs 1.10 Crores to Rs. 13.60 Crores consisting of 1,36,00,000 equity Shares of Rs 10/- each during the current year.

Further, since pending consideration on 14,00,000 warrants has not been received & as such due to failure to exercise conversion option these stand cancelled as being lapsed and accordingly the deposit amount has been forfeited in terms of SEBI Guidelines as per authority conferred upon by the Members of the Company at their Extraordinary General Meeting held on 2nd March, 2007.

COST CONTROL INITIATIVES

As indicated in the previous reports, 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.

NEW PRODUCTS / PROJECTS

In keeping with market requirement STG is now repositioning itself from an IT training company to a world class education provider offering cutting edge 'knowledge solutions' across a broad socio-economic spectrum of society, therefore being a key contributor to the knowledge economy.

STG is now bracing itself for the next generation education business opportunities being made available all across the Indian subcontinent, particularly in India.

STG recognizes the multilevel (schools, colleges, professional institutions etc) and multi level faculty (IT, Finance, English, School subjects etc.) education requirement that India Inc. seeks to provision for its growing population.

STG'S EDUCATION & TRAINING SOLUTIONS FOR INSTITUTIONS/ ENTERPRISES

STG has introduced products aimed to

- Improve performance of School and College students.
- Improve employability of graduates through skills upgrade programs.
- Enhance productivity of professionals in corporate/government organizations.

STG has reinforced its capability in software development and implementation to provide new age and world class cost effective solutions to the full satisfaction of its customers including:

- Comprehensive ERP solutions to Schools and Colleges
- E-learning Solutions to Schools and Colleges
- Comprehensive IT Solutions for K-12 Schools
- Online selection, testing and recruitment solutions for Institutions and enterprises
- Complete Banking solutions for small and medium banks.

TRAINING SERVICES FOR ENTERPRISES

STG has been designing, developing and delivering unique end to end solutions to reduce the non-value added distractions from the business processes of its clients so that they can focus on their core business.

Besides, the strategic use of technology is a critical enabler for an organization to achieve its business objectives, but keeping employees IT skills current is a moving target. Technology evolves so quickly that within 3 to 5 years, 50 % of and employers skills are likely be out of date. STG addresses that skill gap with a wide ranging curriculum of IT and professional development courses designed to effectively and efficiently hone the skills of employees needed to make the most of chosen technologies and optimize mission critical projects.

17TH ANNUAL REPORT 2008-2009**TRAINING SERVICES FOR GRADUATING STUDENTS****Final Touch: Finishing School Program for Engineers**

After the successful test marketing of STG's Final Touch program, designed for fresh engineering graduates, the program has been expanded to other northern states. STG has forged alliances with engineering colleges, to provide this program aimed at developing IT skills and competencies demanded and accepted most in today's workplace.

The program bridges the gap between what the IT industry needs and what formal education offers. The program is delivered both at STG Centers and on-site at institutions.

STG's SOFTWARE SOLUTIONS FOR EDUCATIONAL INSTITUTIONS

ERP for Schools, colleges, universities and Professional Institutions: Smart Campus is STG's comprehensive, one stop ERP solution for the educational Institutions ranging from Schools to the colleges and universities, Online Educational Facilities, Distant Educational Facilities and Research Institutes.

STG's e-learning solutions for colleges & Universities: STG's Smart Link fulfills all the learning and collaboration needs online. Smart Link, our flagship product, delivers a Collaboration Suite, a Learning Management Suite, a Content Management Suite and a Catalog Management Suite on an open, scalable and secure Web-based modular platform.

Online Selection and Recruitment System: STG SmarterER is designed for use by Enterprise Organizations and institutions to facilitate the selection process for high volume recruitment based on technology.

SOLUTIONS FOR SMALL/ MEDIUM SIZED BANKS

After developing capability in banking domain and after successfully implementing Finnacle, Infosys's flagship product in leading nationalized banks, STG offers Finmate -an integrated branch automation solution for cooperative banks and micro financial institutions. STG's Total Branch Automation (TBA) is the next generation TBA that delivers unmatched business functionality and is a totally customer centric solution. The software is highly parameterized and easily configurable master. It has a security mechanism incorporated at system and application levels. The software uses three tier client server architecture with graphic User Interface in .Net and SQL 2008 backend.

MANAGEMENT DISCUSSION AND ANALYSIS

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

Industry Structure and Development :

2008 was a transformational year for the Information Technology sector as it began to re-engineer itself to face the challenges presented by a macro-economic environment which witnessed substantial increase in commodity prices, inflation and decline in GDP rates, cross- currency movements, finally culminating in the economic downturn.

In an increasingly globalised world, significant complexity and uncertainty is getting attached to this unprecedented economic crisis. The Indian economy has also been impacted by the recessionary trends, with a slowdown in GDP growth to 7 %. The focus and exponential growth in the domestic market has partially offset this fall and insulated the country, resulting in net overall momentum.

Worldwide technology products and related services spend is estimated to cross USD 1.6 trillion in 2008, a growth of 5.6% over 2007.

The domestic market presents a significant opportunity as IT spending in India is growing at a pace faster than any other country in the Asia Pacific Region. The demand for off shoring is driven by specialized skill sets and not just labor arbitrage. Domestic IT services are expected to grow by 20 % in FY 2009, driven by increased acceptance of IT as a growth enabler, and a competitive tool for Indian corporations looking to compete in an increasingly globalised environment. Increased IT adoption in not only the large/ mid-sized companies, but also the 35 million strong small and medium business (SMB) segment is expected to drive growth in the future.

Strong Fundamentals: India's fundamental advantages- abundant talent and costs are sustainable over the long term. With a young demographic profile, where over 3.5 million graduates and post graduates are added annually to the talent base, no other country offers a similar mix and scale of human resources. While some gaps in talent suitability exist, they are being addressed through strong provider - level initiatives and industry led programs. Additional productivity improvements and the development of tier 2/3 cities as future delivery centers is expected to enhance India's cost competitiveness.

Robust Enabling Environment: Timely government policies and increased public-private participation have played a key role in developing an enabling business environment for the IT industry. The Government's focus on education has helped to create the large talent base from where the industry draws its workforce.

The silver lining of the economic downturn is the opportunity for the industry to enhance its overall efficiency. Companies are increasingly looking inwards and focusing on enhanced utilization of infrastructure and talent, increasing productivity and customer engagement. Coupled with wage moderation and lower attrition, these measures will help sustain margins and invest in future growth.

Despite the slowdown sentiments and reduced emphasis on training by companies, the Indian IT education industry remained on a firm wicket. The Indian IT education market (private sector only consisting of IT training and e-learning exports) has grown by 13% to reach 3,827 crore in FY '09' up from 3393 crore in the previous fiscal.

The corporate training market also grew 11% to reach 1799 crores, the reason could be that demand for on-site deployment of certified training resources far out-weighs the number of lay offs.

Notwithstanding the slowdown NASSCOM predicts that by 2010, the Indian software industry alone would require 2.3mm professionals and based on the current supply there is likely to be a shortfall of half a million.

This is perhaps why most Indian IT companies invested in certification and training albeit on a selective basis.

Infact, while previous years when it was largely enterprise driven, the fillip to corporate IT training came in FY '09' from the government increasing emphasis on employability training. Corporate training was largely driven by e-learning.

The individual training grew by 15%, from 117 crores in 2007-2008 to 1357 crores in 2008-2009.

Courses on infrastructure management, animation and major technologies from the likes of Cisco, EMC, Microsoft and Red Hat as well as training programs under various ministries were the elixir.

ICT in Schools : During the FY '09' almost all states took up the challenge of introducing computers in school on a war footing, with Andhra Pradesh becoming the first state in India to offer ICT education to all its 1.8 million school going children.



E-governance: The domestic sector in the past year has witnessed rapid growth, largely led by government spending in IT. E-governance has become a top priority for the government which wanted to realize the objectives of inclusive growth by leveraging Information and Communication Technology (ICT).

Recognizing the importance for technology adoption / upgradation across various government departments and the growing need to rapidly bridge the digital divide. The government has been implementing and measuring the efficiency of various e-governance projects across the country. The absorption and enactment of e-governance policies will create an inherent need and large opportunity for the IT industry to create an effective partnership that can help the country leapfrog digital inclusion.

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

Outlook and future Prospects: According to the NASSCOM 'Perspective 2020' reports based on extensive research conducted over a year by Mc Kinsey & company the industry recognizes that in the next decade the business landscape will be fundamentally different from the last one owing to a radically restructured global economy, rapidly evolving customer needs, services and business modules and rising stakeholder aspirations.

Several global megatrends in economic, demographic, business, social and environmental will create new opportunities for the industry.

- India enjoys a cost advantage of around 60-70 per cent as compared to source markets. Additional productivity improvements and the development of tier 2/3 cities as future delivery centres, is expected to enhance India's cost competitiveness.
- Timely government policies and increased public-private participation have played a key role in developing and enabling business environment for the Indian IT-BPO industry. The Government's focus on education has helped create the large talent base from where the industry draws its workforce. The Government's proactive approach towards the IT-BPO industry was further highlighted in 2008 through action such as the IT Act Amendment, extension of tax incentives by a year, removal of the SEZ Act anomalies and the introduction of progressive telecom policies that focus on work from home.
- Indian companies are now trying to adopt a culture that encourages innovation, embrace new trends such as Green IT, and deliver solutions that are focused on re-engineering and transformation. India is emerging as a leading Innovation hub with increasing number of patents being filed and granted from India.
- The silver lining of the economic downturn is the opportunity for the industry to enhance its overall efficiency. Companies are increasingly looking inwards and focusing on enhanced utilization of infrastructure and talent, increasing productivity and customer engagement.
- Despite the unprecedented economic downturn the industry will witness sustainable growth.
- The global technology related spending is expected to grow from 2010 onwards led by growth in outsourcing adoption.
- Greater focus on cost and operational efficiencies in the recessionary environment is expected to enhance global sourcing.
- India Inc would remain focused on tactical measures to achieve cost savings and greater productivity.
- Services and software segments are estimated to cross USD 1.2 trillion by 2012. This is more than the 5.2 per cent growth expected in the total IT spending.
- The huge potential for global sourcing is further highlighted by an addressable market size of USD 500 billion in 2008, which is more than five times bigger than the current market.
- The industry will continue to diversify in terms of geographies, verticals and service lines.
- SMBs are expected to emerge as a significant opportunity due to lower IT adoption currently.
- Lack of working age population in the developed economies and a significant long term cost arbitrage indicates India's sustained cost competitiveness.
- Service providers are expected to enhance focus to domestic market to derisk business and tap into the local growth opportunities.
- Increased government spending on training skill building in India. Given the pick up in the IT training industry, improvement in the 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. Besides increased focus of the government on e-governance projects provides the company an opportunity to grow at a faster rate in the long term.
- Steady demand in e-learning products presents an opportunity and can be a key driver.
- Leveraging potential for the college student segment by increased footprints in institutions.
- Focused sales efforts towards government and IT corporate Segment.

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:

- Launch of new line 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.
- Concentrating on niche segments like Telecom, Banking, Financial services and Education segments, which accounts for a major portion of total IT services exports.
- Renewed focus on corporate / institutional training market and government projects.
- Increased thrust on software business for Indian subcontinent and international operations through strategic tie-ups.
- 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 step and new projects launched during the year, your company is likely to surge ahead in future.

Risks & Concerns:

Among serious concerns the replication of the Indian off shoring model by the global tech biggies, availability of skilled personnel, high competition resulting into high attrition, high reliance on US markets, small size thus volatile revenue streams, intense competition from small unorganised players in the Industry, continuing pressure on billing rates, client concentration, rising overheads, foreign exchange fluctuation may affect the IT Industry in general, which may have impact on company's operations.

An integrated approach to risk management will form an important element of company's overall business strategy.

17TH ANNUAL REPORT 2008-2009**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 Software Technology Group International Inc. New Jersey and Software Technology Group Inc. San Jose, California, USA are annexed with the Annual Accounts of your company in terms of section 212 of the Companies Act, 1956.

CONVERSION OF WARRANTS INTO SHARES:

Due to failure of warrants holders holding aggregate of 14 Lacs warrants, to exercise the right to convert within 18 months from the date of allotment, application money received on these warrants has been forfeited and transferred to Capital Reserve Account and balance of 11,00,000 warrants have been converted into equity shares.

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 Delhi Stock Exchange, the Bombay Stock Exchange Ltd. and the National Stock Exchange of India Limited and the company has paid listing fee to the Bombay Stock Exchange & the National Stock Exchange Ltd. for the 2008-09 year. Further, the company is in process to delist its shares from the Delhi Stock Exchange Association Ltd. 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 30th September, 2009, a total of 1,22,19,793 Shares of the Company stand dematerialized & this constitutes 89.85% of the holding in the Company.

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. S. M. Pathak retire by rotation and being eligible offers himself for re-appointment.

The information on the particulars of Directors 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

M/s Jain Singhal & Associates, 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.

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.

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 The Jammu & Kashmir Bank Limited, and other organizations like STPL, 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.

Place : New Delhi

Dated : 30th January , 2010

For and on behalf of the board.

YOGESH VAIDYA
CHAIRMAN & CEO



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 from 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.

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 Rs. NIL against Rs. 2,80,18,800/- of previous period.

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

Place : New Delhi
Dated : 30th January 2010

For and on behalf of the board.
YOGESH VAIDYA
CHAIRMAN & CEO

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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 half of its Board is constituted by non-executive directors led by an executive promoter Director as Chairman of the Company, As on 30th September, 2009, the Board consisted of six Directors, one is promoter executive director (without remuneration) and the remaining five are non-executive Directors, of which three 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 30th September, 2009 is given below:

Name of Directors	Categories of Directors	No of other Directorships held	No of 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	07	02	-
Mrs. Prasanna Vaidya	Non- Executive Director	03	00	-
Mr. Mahesh Chander Vaidya	Non- Executive Director	05	02	-
Mr. Ravi Bhargava*	Non- Executive Independent Director	-	-	-
Mr. Surya Mani Pathak	Non- Executive Independent Director	00	04	-
Mr. S. P. Shrivastava	Non- Executive Independent Director	06	04	-

Mr. Ravi Bhargava*: Appointed as Additional Director w.e.f. 31/01/2009.

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

(i) During the period under review, the Board of Directors of the Company met 5(Five) times. These were held on: -

1. 3rd October, 2008.
2. 30th December, 2008.
3. 31st January, 2009.
4. 30th April, 2009.
5. 31st July, 2009.