



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

Mr. Yogesh Vaidya	-	Chairman & CEO
Dr. Surya Mani Pathak	-	Director
Mr. Ravi Bhargava	-	Director
Mrs. Prasanna Vaidya	-	Director

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 Mar 31, 2011 (18 Months)	Year Ended Sept 30, 2009 (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 effectiveness.

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. Infact; 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.

REVOCATION 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 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.

(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**