



## ANNUAL REPORT 2011-2012



### 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.

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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

## CORPORATE INFORMATION

### Board of Directors

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

**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

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

#### Remuneration

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

#### Compensation

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

#### Shareholders/Investors Grievance

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

#### Share Transfer

Mr. Yogesh Vaidya  
Mrs. Prasanna Vaidya

#### Investment

Mr. Yogesh Vaidya  
Mr. Ravi Bhargava

## NOTICE

Notice is hereby given that the Nineteenth Annual General Meeting of the members of the Company will be held on Wednesday, the 1<sup>st</sup> day of August, 2012 at 11:30 AM at Lok Kala Manch, 20, Lodhi Institutional Area, Lodhi Road, New Delhi-110003 to transact the following businesses:

### AS ORDINARY BUSINESS:

#### 1 Adoption of Accounts

To receive, consider and adopt the Balance Sheet as at 31<sup>st</sup> March, 2012 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 Mrs. Prasanna Vaidya

To appoint a Director in place of Mrs. Prasanna Vaidya, who retires by rotation and being eligible, offers herself 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 H.K. Batra & 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."**

### AS SPECIAL BUSINESS:

#### 4 Appointment of Mr. Mahesh Chander Shrivastava as Director of the Company:

To consider and, if thought fit, to pass, with or without modification, the following Resolution as an **Ordinary Resolution**: **"Resolved that Mr. Mahesh Chander Shrivastava in respect of whom the Company has received notices in writing alongwith requisite deposits from members of the Company proposing him as a candidate for the office of director under the provisions of Section 257 of the Companies Act, 1956, and who is eligible for appointment to the office of director, be and is hereby appointed as the Director of the Company"**.

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

Place: Gurgaon  
Date: July 06, 2012

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 July 24, 2012 to August 01, 2012 (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 agreements with the stock exchanges, following information is furnished about the Directors proposed to be appointed/re-appointed

#### (a) Brief profile of Mrs. Prasanna Vaidya, recommended for re-appointment:

Mrs. Prasanna Vaidya, aged 62 years is M.A. (Literature), B.Ed.. She has been associated with education of children from the low income families through Rotary International. She is also been on the advisory Board of Los Altos School District in California, USA. Mrs. Vaidya holds 5,08,010 shares of the Company as on March 31, 2012.

Mrs. Vaidya is also on the Board of Associated Teckno Plastics Private Limited, Y. P. Associates Private Limited and Vaidya Associates Private Limited. She is the member of Audit Committee, Remuneration Committee, Share Transfer Committee and Shareholders / Investors Grievance Committee of the Company. None of the other directors except Mrs. Prasanna Vaidya & Mr. Yogesh C. Vaidya are interested in proposed resolutions.

#### (b) Brief profile of Mr. Mahesh Chander Shrivastava, recommended for appointment:

Mr. M.C. Shrivastava, aged 73 years is B.E. (Mech.) from BITS Pilani, F.I.E. He has attended various courses offered by I.I.M. Ahmedabad, Tata Management Centre and is certified Qualified Assessor for ISO:9000 by British Standard Institute.

He has worked with various organization of repute and played a pivotal role in planning, commissioning and erecting of thermals and diesel power plants, sulphuric acid plant, steam turbines etc.. He had worked as a Chief Engineer in Shriram Rayons and DCM Delhi in his early stage of career and thereafter positioned as a General Manager in Shriram Fibers Chennai and as V.P. Engg. Indian Rayons, Veraval.

He holds a wide and varied experience of over five decades in planning, advising and consulting in Project & Maintenance Management, Grid Management, Quality Control and Transactional Analysis. Mr. Shrivastava's knowledge and rich experience in the industry will be of immense benefit to the Company.

He does not hold directorship in any other company and is not a member of any committee.

None of the Director other than Mr. Shrivastava is concerned or interested in the proposed appointment.

### ANNEXURE TO THE NOTICE

#### EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956.

##### Item No. 4:

In terms of Section 257 of the Companies Act, 1956, the Company has received notices in writing alongwith deposits of Rs. 500 from members signifying their intention to propose the candidature of Shri Mahesh Chander Shrivastava for the office of Director.

Details of Shri Mahesh Chander Shrivastava, pursuant to the requirement of the Listing Agreement with the Stock Exchanges, are given in the point No. 13(b) above.

None of the Directors except Shri Mahesh Chander Shrivastava are in any way, concerned or interested in the passing of the resolution.

The resolution mentioned in Item no.4 of the notice is recommended for your approval.

**By Order of the Board**  
**Software Technology Group International Limited**  
**Madhvi Sharma**  
**Company Secretary**

Place: Gurgaon  
Date: July 06, 2012

## 19TH ANNUAL REPORT 2011-2012

### DIRECTORS' REPORT

Your Directors are pleased to present the Nineteenth Annual Report of the company together with the Audited Statements of Accounts for the year ended March 31, 2012.

#### FINANCIAL RESULTS:

Particulars	Year Ended Mar 31, 2012 (12 Months)	Period Ended Mar 31, 2011 (18 Months)
Operating Income	83.94	654.98
Gross Profit/ (Loss) after Interest		
But before Depreciation & Tax	(131.25)	129.09
Less: Depreciation	79.76	123.29
Provision for Taxation	-	13.27
Net Profit / (loss) before	(211.02)	(7.47)
Extra - Ordinary and prior period items		
Add: Extra Ordinary items	11.28	33.29
Less: Prior Period Items	0.83	0.05
Net Profit / (loss)	(200.57)	25.77

#### REVIEW OF OPERATIONS

Due to steep global economic slowdown with sluggishness and recession in the domestic economy, your company had suffered loss of Rs. 200.57 Lacs as against the profit of last year amounting Rs. 25.77 Lacs. Your Directors are hopeful of better performance in the coming year.

Pursuant to provisions of section 217(1)(d) of the Companies Act, 1956, there has been no material change and commitment affecting the financial position of the Company, between the end of the financial year of the Company to which the balance sheets relates and the date of this report.

#### DIVIDEND

In view of the current year loss, your Board has decided not to recommend dividend this year.

#### NEW PRODUCTS/PROJECTS:

##### Career Path Programs:

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.

Keeping this in mind, your company has introduced "career path" training programs in engineering colleges to stem the problem of talent crunch in the market. The programs are aimed at bridging the gap between what the industry needs and what the formal education offers. The programs have been specially designed keeping in mind IT skills and competencies demanded and accepted by the fast changing IT industry.

The Programs are aimed at training the students on the practical applications of various technologies. The programs begin with training the students on a variety of related technologies and then, utilizing the learned skill-sets in working on an Industry level Project.

##### "Job Track Programs"

Keeping in mind the current industry trends and demands as well as the capabilities and interests of the students looking forward to enhancing their skills in a specific domain your company is launching job oriented tracks designed for fresh engineering/MCA graduates who are interested to create a niche for themselves in the IT industry.

- Mobile Application Developer Track: Designed to kick start a career to build mobile applications through an in-depth understanding of the key concepts and techniques. The track offers training in both Android and iOS application development.
- Enterprise Applications Developer Track: Object oriented development emphasizes the benefits of modular and reusable computer code and modeling real world objects. The modularity in object oriented systems enables structuring enterprise applications into tiers for improved scalability and to achieve a better separation of concerns. Keeping this in mind and a known need in the industry for trained engineers across tiers, separate tracks have been designed to impart detailed hands-on training. These are:

- \* Application Front end Developer Track
- \* Middle Application Developer Track
- \* Database Designer/Developer Track

#### C. Application Testing Track:

This track is designed to provide the needed skill set for an Entry level test engineer in the software industry. The track focuses on understanding Software Quality, Test Case Design, Test Execution, and Defect Reporting and a thorough understanding of automation for functional testing and defect management.

#### 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 IT industry just failed short of reaching the \$100 bn mark even as growth and innovation marked the FY11. According to NASSCOM FY2012 is a landmark year-while the Indian BPO industry weathered uncertainties in the global business environment, this is also the year when the industry is set to reach a significant milestone-aggregate revenue for FY2012 is expected to cross USD 100 billion. Aggregate IT software and services revenue (excluding hardware) is estimated at US D 88 billion. The industry continues to be a net employment generator-estimated to add 230,000 jobs in FY2012, thus providing direct employment to about 2.8 million and indirectly employing 8.9 million.

Post- recession, the Indian IT training segment is witnessing change in content due to change in demand, and focus is shifting from customers to employees, and from the private sector to the government sector and education. Even though the recession may be over but the Indian IT training segment still breathed slowly in seeing a marginal growth of just over 3% in FY11. The Indian IT industry and its allied segments might have regained its status as a premium career choice but had also undergone major changes. In fact the recession proved to be a boon for IT training industry as it led to consolidation, change in focus, strategy, and product offerings. And the savior for the industry was our own Government as it started absorbing more and more IT offerings to enhance its online presence and equip its workforce with IT skills proactively to keep pace with its virtual surrounding and global environment. Therefore, FY11 proved to be a year of rebuilding for IT training segment as IT penetrated in every industry-either through training in IT or any training through IT. The focus clearly shifting from customers to employees and from private sector to the government sector and education.

The IT training industry, caters now primarily to corporate, newly emerged government sector, and individuals. The share of individual takers especially for basic computer training which was earlier considered the bread and butter for IT training players has gone down considerably with the strong emergence of school education segment. On the other hand corporates have realigned and refocused on the high quality IT training needs of their employees to stay in tune or ahead of competitors in their respective industries. The Government has emerged as a strong contender to be paid attention and considered a segment separately owing to its voluminous needs.

The Indian IT training segment has grown by 3% to reach Rs. 2413 crore in FY 10-11, with the e-Learning segment reaching revenue of Rs.1841 crore in the year. Within the IT training market, Individual training segment grew by 19% to record a turnover of Rs. 1134 crore, while corporate training recorded a turnover of Rs. 1279 crore.

The trend in the corporate training segment is that corporates are increasingly recruiting staff, which is equipped with basic computer handling skills, and for their sustained growth they are placing more specific, customized and high value IT demands for its employees. As a result of this IT training vendors are also forced to design and offer products and services to meet such demands. Keeping in view this trend, IT training vendors are moving closer to its corporate clients strategically by entering into partnerships and alliances. Overall, revenue from corporate training services mounted to '605 crores which is marginally 2% more than last year.

##### School Education

Importance of education and government's increasing focus is clearly visible from its initiatives and higher spend of private players to tap this over-regulated and under governed industry. Union Budget 2011 has announced substantial increase of 24% in the education sector. Allocations to achieve the objectives of the Right to Education (RTE), which has been aligned with the Sarva Siksha Abhiyan have been hiked from 1500 crore to 21000 crore with focus on vocationalization of secondary education to enable students to pursue job-oriented courses at the plus two level. Another implication of surge in school education through e-learning is that it has played an increasingly crucial role in the decreasing pie of individual learning business as a whole.



### Individual Training

In spite of doing well after recession and also this year (overall growth of 6%) its share in overall market has reduced owing to increasing share of education sector. This has made all the players of the industry to offer high quality, more value based, and customized training programs to ensure employment prospects and career growth of individuals.

### The Domestic IT Services Market

The India IT services market is expected to grow 18% in revenue terms to reach \$9.5 billion in 2011. India's domestic IT services market ranks third in Asia/Pacific and is forecast to grow to \$15 billion by the end of 2014, according to a report of research firm Gartner.

India's IT services market is still small when compared to large markets such as the US or the UK, but it offers a growth opportunity to the service providers because of the buoyant market conditions. Gartner analysts said the market had a critical mass that is worth tapping and has the potential to expand further with "as a service"-type service offerings.

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.

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 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.

India's talent base is expanding rapidly with an annual addition of nearly 4.4 million graduates and post graduates in FY 2012.

Besides, India retained its dominant position as the leading country to churn out "Ready -to-hire" pool of graduates-400,000 to 500,000 in FY 2011.

Industry-NASSCOM-Government is taking initiatives to enhance long term employability through finishing schools, mentorship programmes, setting up Industry benchmark (NASSCOM Assessment of Competence) and IT-BPO Sector Skill Council (SSC) initiative.

The Indian IT-BPO industry has proved to be a premier source of mass employment across the country. However to attain 'industry-ready' status and in order to effectively utilize India's talent pool organizations will be required to design large scale talent reengineering initiatives and equip their employees with a new set of skills.

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.

### The company's strategy to improve its performance includes:

- Focus on employability oriented programs which are the need of the hour.
- Embracing new technologies
- Renewed focus on corporate / institutional training market and.
- Increased customer-centricity
- Adopting new business models
- Focus on new markets
- 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.

\* Source : DATAQUEST/NASSCOM

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. Infact globalization has augmented the demand for better education. 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. The outlook for India also remains buoyant as it has a demographic profile with 54% of India's population under 25 years. 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 global economy faced new challenges with several of the major economies facing issues of growth and solvency. The Indian economy has witnessed a year of slower growth, coupled with high inflation and strong forex volatility. Besides environmental uncertainties may affect the people hiring sentiments across all sectors in India. Moreover, 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 2012 were posted Rs. 83.94 Lacs.

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

##### ● Expenditures:

Management was also able to control the expenses and cost to the Company and able to register 55 % decline in cost.

### 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.

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

The Company has, in accordance with the approval of shareholders and government and statutory authorities, had issued and allotted on July 01, 2011, 12,37,140 equity shares of the face value of Rs. 10/- each at par to M/s. AKM Systems Pvt. Ltd., a non-promoter entity, on preferential basis by converting its unsecured loan amounting to Rs. 1,23,71,400/- (including interest accrued till 31/12/2010) into equity shares of the Company, thereby further reducing the debt of the Company.

### 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 1,48,37,140 equity shares of Rs. 10/- each (previous year 1,36,00,000 equity shares).

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### (c) Changes in Capital Structure:

During the period under review the conversion of unsecured loan of M/s AKM Systems (P) Ltd. into 12,37,140 fully paid up equity shares of Rs. 10/- each has increased the issued capital 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 those 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 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 2012-13.

#### 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, 2012, a total of 1,45,64,733 Shares of the Company stand dematerialized & this constitutes 98.16% 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:

- That in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- 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.
- 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
- 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, Mrs. Prasanna Vaidya, Director of the Company retire by rotation and being eligible offers herself for re-appointment.

The Company has received notices from Members under Section 257 of the Companies Act, 1956, alongwith the requisite amount of deposit, signifying his intention to propose the candidature of Mr. Mahesh Chander Shrivastava for the office of Director of the Company at the ensuing Annual General Meeting.

The information on the particulars of Director eligible for re-appointment/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. Baweja & Kaul, Chartered Accountants, the existing Statutory Auditors, have expressed their unwillingness for re-appointment as Auditors of the Company on their retirement at ensuing Annual General Meeting (AGM). Based on the recommendation of the Audit Committee, the Board of Directors of the Company proposed the appointment of M/s H.K. Batra & Associates Chartered Accountants, as the Statutory Auditors of the Company at the ensuing AGM. M/s H.K. Batra & Associates, who have expressed their willingness to act as the Statutory Auditors of the Company, if appointed, and have further confirmed that the said appointment would be in conformity with the provisions of Section 224 (IB) of the Companies Act, 1956.

#### Comments on Auditor's Report:

- Auditors' Remark:** 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 and company has also received confirmations from different parties in due course of time.
- Auditors' Remark:** Financials of the company comply with the accounting standards referred to in sub section 211 of the act except Accounting Standard 22-Accounting for taxes on Incomes.  
**Management's Reply:** Management has complied with the accounting standard 22. However, In view of current losses, the management has not recognized further deferred tax assets during the year as it feels that deferred tax already created would be sufficient to meet future profits. (Please refer note 13-notes to financial statements.)
- Auditors' Remark:** It has been observed by the Auditors' that there are some statutory dues pending for payment.  
**Management's Reply:** The Company has deposited Rs. 41,81,430/- during the year out of the pending statutory dues and also planning to clear all dues shortly.
- Auditors' Remark:** The Company has accumulated losses more than 50% of its networth as at 31.03.2012.  
**Management Reply:** The Company has suffered losses due to downfall in IT industry. But your management is continuously working towards achieving targets and is hopeful that there would be sufficient future income to cover up the accumulated losses of the company.

#### 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 EARNINGS 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 2011-12, 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 : July 06, 2012**



**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 31st March, 2012, 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 20,252/- against Rs. 24,792/- 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**

**Place : Gurgaon  
Dated : July 06, 2012**

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

## CORPORATE GOVERNANCE REPORT

(Pursuant to Clause 49 of the Listing Agreement)

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

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

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

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

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

### II. Board of Directors

#### (a) Composition of the Board

The Company recognizes the need of a well functioning Board and presently three fourth of its Board is constituted by non-executive directors led by an executive promoter Director as Chairman of the Company. As on March 31, 2012, the Board consisted of four Directors, one is promoter executive director (without remuneration) and the remaining three are non-executive Directors, of which two are in independent capacity. The Board is primarily responsible for the overall management of the Company's business. The Directors on the Board are from varied fields with wide range of skills and experience. The non-executive Directors bring statutory and wider perspective in the Board's deliberations and decisions.

The Composition of the Board of Directors as on March 31, 2012 is given below:

Name of Directors	Categories of Directors	No of other Directorships held	No of other Board Committees of which he is a member	No. of other Board Committee(s) of which he is a Chairman**
Mr. Yogesh Chandra Vaidya	Executive Promoter Director	05	-	-
Mrs. Prasanna Vaidya	Non- Executive Director	03	-	-
Mr. Ravi Bhargava	Non- Executive Independent Director	03	-	-
Dr. Surya Mani Pathak	Non- Executive Independent Director	01	02	01

\* As required under Clause 49 of the Listing Agreement, the disclosures includes memberships / chairpersonships of audit committee and shareholders' grievance committees.

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

During the period under review, the Board of Directors of the Company met 5 (Five) times. These were held on 28/05/2011, 01/07/ 2011, 11/08/2011, 14/11/2011 and 14/02/2012.

i The attendance record of each Directors at the Board Meetings during the period ended on March 31, 2012 and of last Annual General Meeting is as under: -

Name of Directors	Total No. of Meetings held	No. of board meeting attended	Attendance at the last AGM
Mr. Yogesh Chandra Vaidya	5	5	Yes
Mrs. Prasanna Vaidya	5	5	Yes
Mr. Ravi Bhargava	5	5	Yes
Dr. Surya Mani Pathak	5	4	No