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3rd Annual Report 2001 - 2002



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V&K Softech Limited

Regd. Office: Plot No.1, Road No.82, Jubilee Hills, HYDERABAD-500033
Tel: (040)3554318, 6681318, Fax: (040) 6681319

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3rd Annual Report

BOARD OF DIRECTORS

P.V.SHYAM PRASAD	...	Chairman & Managing Director
MURALI MOHAN JASTI	...	Joint Managing Director
D.UDAY KIRAN	...	Executive Director
P.LAXMIPATHI RAJU	...	Director
R.SAI GOPAL	...	Director
A.RAMESH	...	Director
A.RAVI KUMAR	...	Director

AUDITORS

Pinnamaneni & Co.,
Chartered Accountants,
3&4 Ground, RAM's VSR Apartments,
Mogalrajpuram,
VIJAYAWADA – 520 010 (A.P.)

BANKERS

Global Trust Bank, Ameerpet, HYDERABAD
ICICI Bank, HYDERABAD,
Coastal Bank, Governerpet, VIJAYAWADA
Oriental Bank of Commerce, VIJAYWADA
Citi Bank, N.A, HYDERABAD

LISTING

Hyderabad Stock Exchange Limited,
Hyderabad
The Stock Exchange, Mumbai
The Calcutta Stock Exchange Association Ltd., Kolkata

SHARE TRANSFER AGENTS

Bigshare Services Pvt. Ltd.,
E/2, Ansa Industrial Estate,
Sakivihar Road, Sakinaka,
Andheri (East), MUMBAI – 400 072.

REGISTERED OFFICE

Plot No.1, Road No.82,
Jubilee Hills, Hyderabad – 500 033
Tel: (040)3554318, 6681318,
Fax: (040) 6681319

THIRD ANNUAL GENERAL MEETING
Date : 28th September, 2002
Day : Saturday
Time : 4 pm
Venue: Lakpathi Buildings, S.D. Road, Near Paradise Centre, Secunderabad.

CONTENTS	Page Nos.
Notice	3
Director's Report	5
Report on Corporate Governance	7
Auditor's Report	13
Balance Sheet	15
Profit and Loss Account	16
Notes to the Accounts	21
Balance Sheet Abstract	23
Cash Flow Statement	24

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V & K Offshore Limited

SHAREHOLDERS DETAILS

REGISTERED OFFICE

Plot No.1, Road No.82,
Jubilee Hills,
Hyderabad – 500 033
Tel: (040)3554318, 6681318,
Fax: (040) 6681319

Annual General Meeting

3rd Annual General Meeting will be held on 28th September, 2002 at
4.00P.M

Venue

Lakpathi Buildings,
S.D. Road,
Near Paradise Centre,
Secunderabad.

Agenda

Adoption of Accounts for 2001-02
Re-appointment of retiring directors
Re-appointment of Auditors

Book Closure

The Register of Members will remain closed from 26th September, 2002 to
28th September, 2002 (Both days inclusive)

Transfer Window

Bigshare Services Pvt. Ltd.,
E/2, Ansa Industrial Estate,
Sakivihar Road, Sakinaka,
Andheri (East), MUMBAI – 400 072.

Share Listing

The Hyderabad Stock Exchange Limited, Hyderabad
The Stock Exchange, Mumbai
The Calcutta Stock Exchange Association Ltd., Kolkatta

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3rd Annual Report

NOTICE TO THE SHAREHOLDERS

Notice is hereby given that the Third Annual General Meeting of the Company will be held on Saturday, the 28th September 2002, at 4.00PM at Lakpathi Building, S.D. Road, near Paradise Centre Secunderabad to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance sheet as on 31-03-2002 and the Profit and Loss account for the year ended on that date, along with Director's and Auditor's reports thereon.
2. To appoint a Director in the place of Mr.P.Laxmipathi Raju, Director who retires by rotation and being eligible offers him self for reappointment.
3. To appoint the Auditors and fix the remuneration. M/s. Pinnamaneni & Co., the statutory auditors, vacate their office at this meeting and are eligible for appointment.

SPECIAL BUSINESS:

4. To consider and if thought fit to pass with or without amendment the following as an Ordinary Resolution.

RESOLVED THAT in accordance with the provisions of Sections 198, 269 and 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act 1956, Mr.Murali Mohan Jasti, General Manager of the company, aged 31 years and a Graduate with a good administrative experience and who was appointed as an additional Director earlier be and is hereby appointed as Joint Managing Director of the Company for a period of 5 (Five) years with effect from 01-06-2002 and at a remuneration of Rs.14,500/- Per month.

5. To consider and if thought fit to pass with or without amendment the following as an Ordinary Resolution.

RESOLVED THAT Mr.A.Ramesh who was appointed as an Additional Director of the Company under section 260 of the Companies Act, 1956 and who holds office

till this Annual General Meeting, and in respect of whom the company received a notice in writing from a member under Section 257 of the Companies Act 1956, proposing his candidature for the office of the Director be and is hereby appointed as Director of the company liable to retire by rotation.

6. To consider and if thought fit to pass with or without amendment the following as an Ordinary Resolution.

RESOLVED THAT Mr.A.Ravi Kumar who was appointed as an Additional Director of the Company under section 260 of the Companies Act, 1956 and who holds office till this Annual General Meeting, and in respect of whom the company received a notice in writing from a member under Section 257 of the Companies Act 1956, proposing his candidature for the office of the Director be and is hereby appointed as Director of the company liable to retire by rotation.

By Order of the Board

Sd/-

Place: Hyderabad
Date: 13-08-2002

P.V. SHYAM PRASAD
Managing Director

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.
2. The proxy form duly filled in and signed must be deposited at the Registered Office of the Company at least 48 hours before the meeting.
3. The Register of Members and Share Transfer Books will remain closed from 26-09-2002 to 28-09-2002 (Both days inclusive).
4. The Explanatory Statement under section 173(2) if the Companies Act 1956 relating to special business is annexed.

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V. K. Raftern Finance

EXPLANATORY STATEMENT U/S 173(2)

Item NO.4

Mr.Murali Mohan Jasti, the General Manager of the Company has been looking after the Finance and Accounts Department besides general administration of the company. Recognizing his services and in fitness of things the Board took him as additional Director on 25-02-2002 and appointed him as Joint Managing Director on 15-06-2002 on the terms and conditions as stated in the resolution. You have to give your consent for his appointment. Hence the above resolution is placed before you with a recommendation to accord your consent thereon.

None of the Directors is interested in this resolution except the appointee.

Item No. 5 and 6

Mr. A.Ramesh, aged 27 years, an MBA has been associated with the Company as Promoter Director earlier. He was appointed as Additional Director on 15-06-2002. Similarly Mr.A.Ravi Kumar aged 37 years and a B.E. (Electronics and Communications) and who had been engaged in private business was taken as additional Director on 27-07-2002. The services of these two persons are essentially needed in the interest of the Company and they hold office till this annual general meeting. Hence your consent is needed for their appointment as Directors.

None of the Directors is interested in two resolutions except the appointees.

By Order of the Board

Sd/-

Place: Hyderabad
Date: 13-08-2002

P.V. SHYAM PRASAD
Managing Director

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DIRECTORS' REPORT

Dear Members,

(Rs. In Lakhs)

It gives us a great pleasure to submit the Third Annual Report along with the Balance sheet and Profit and Loss Account, and Auditor's Report thereon for the year ended 31-03-2002.

1. BUSINESS OPERATIONS

The working results of the company for the year 2001 - 02 are as follows:

Sl	Particulars	Current Year Ended 31-03-2002	Previous Year Ended 31-03-2001
1.	Sales	123.24	139.96
2.	Other Income	6.91	5.85
3.	Working Progress	48.50	-
4.	Total Expenditure	138.27	133.12
5.	Profit/(Loss) before Interest, Depreciation & Taxes	40.38	12.69
6.	Interest	6.16	7.80
7.	Depreciation	115.94	4.22
8.	Provision for Taxation	-	0.21
9.	Misc. Expenses written off	16.61	-
10.	Net Profit/(Loss)	(98.33)	0.46
11.	Share Capital	986.65	897.08
12.	Aggregate of Non-Promoter Share holding		
	(a) No. of Shares.....	74,37,800	67,01,900
	(b) Percentage.....	69.83	66.68

2. DIVIDEND

The Directors of your Company did not recommend any Dividend during this year 2001-02.

3. PROMISES Vs. PERFORMANCE

The profitability projections as per prospectus dated 11-10-2000 along with actual performance during the year ended 31-03-2002 are given below

Particulars	Projections (2001-02)	Actuals (2001-02)
Gross Income	379.48	178.65
Interest	12.63	6.16
Prft before Tax	301.12	-98.33
Tax	30.80	-
Profit after Tax	270.32	-98.33
Equity Capital	1005.00	986.65

The gap in attaining the expected profitability was due to general recession in software industry and depressive trends obtained even in international healthy economics.

4. FUTURE PROSPECTS

Despite many a set back the company suffered due to international slump in the software industry, the company is fortunate to have some valuable tie ups for execution of projects which are sure to yield good results shortly. Further the company is negotiating with a software unit at Hyderabad to have its Rs. 2 crores worth of projects executed by our company through an MOU or take-over.

5. DIRECTORS

Mr. P.Harinadha Babu, Chairman and Mr.P.Mohan Prasad, Managing Director resigned from the Board on 6-10-2001 on personal reasons. Similarly the whole time Directors Mr.Y.Krishna Prasad and Mr.K.Jagadeeswara Reddy resigned on 15-6-2002 with their alternative directors Mrs.P.Shanthi and Mrs. P.Nirmala Devi dropped from the Board.

While Mr.V.Naveen and T.Venu Gopal Rao Directors tendered resignations on 25-2-2002, Mr.Murali Mohan Jasti, General Manager, was appointed as additional director on 25-2-2002 and later as Joint Managing Director on 15-6-2002. Mr.A.Ramesh was inducted into Board on 15-6-2002 and Mr.A.Ravi Kumar on 27-7-2002.

Mr.P.Laxmipati Raju, Director, retires by rotation at this meeting and being eligible offers himself for reappointment.

6. AUDITORS

Pinnamaneni & Co., Chartered Accountants, statutory auditors of the Company will retire at the conclusion of this Annual General Meeting and being eligible offer them selves for re-appointment.

7. EMPLOYEES

It is to report that U/s. 217(2A) of the Companies Act, 1956 that there are no employees drawing salary of Rs.1,00,000/- or more p.m. or Rs.12,00,000/- or more per year or part thereof.

Your directors also place on record their deep sense of appreciation of the services of the staff and workers of the company, who have contributed for the administration of the company's affairs.

8. INFORMATION U/S. 217(1)(e)

Particulars U/S 217(1)(e) of the Companies Act, 1956 and the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 are given below:

a. Conservation of Energy:

The Company is making all efforts for conservation of energy. The Company's operations do not involve high-energy consumption. However, an effort to conserve energy goes on a continual basis.

b. Technology Absorption:

Particulars related to technology absorption is not applicable in our case.

c. Foreign Exchange Earnings & Outgoings:

Information related to foreign exchange earnings and outgo during the year under review is provided in notes to accounts.

9. CORPORATE GOVERNANCE

Your Company has complied with the provisions of Clause 49 of Listing Agreement relating to Corporate Governance and

believes that the initiatives on Corporate Governance will assist the Management in the efficient conduct of the business and in meeting its obligations to all its shareholders.

10. DIRECTORS RESPONSIBILITY STATEMENT

As required under the Companies Act, 1956, your Directors wish to state:

- That in the preparation of annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- That they have selected such accounting policies and applied them consistently and made judgment and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit and Loss of the Company for the period under review;
- That they have taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- That they have prepared the accounts for the year ended 31st March 2002 on a 'going concern' basis.

11. ACKNOWLEDGEMENT

The Directors place on record their deep sense of appreciation for the wholehearted support and cooperation received from the shareholders, bankers, clients and authorities of stock exchanges. Further they thank all the employees of the company for extending cooperation in achieving good financial results of the company.

By Order of the Board

Sd/-

P.V. SHYAM PRASAD
Managing Director

Place: Hyderabad
Date: 13-08-2002

REPORT ON CORPORATE GOVERNANCE MANDATORY REQUIREMENTS

1. Company's philosophy on Code of Governance

The company's philosophy on Corporate Governance is wedded to attainment of high standards of accountability, transparency and equity in all business operations and in dealing with shareholders, clients, employees and the Government. For this purpose the company believes that all its operations and business dealings must serve the underlying goal of achieving high standards of Corporate Governance and benefit the shareholders.

2. Management Discussion and Analysis

The Company suffered badly due to overall, general recession prevalent in software industry throughout the world. The reasons were many. While failure of many software outfits in silicon valley of USA was one reason, the other one was general slump prevailed immediately after the terrorist attack on World Trade Centers of America in September last year. Despite this, the company has a silver lining. The business tie-ups with K&M Softech Inc., and ASP Networks Inc., of America are providing revenue even in the hard days. Further some orders for project execution are in pipeline, which would yield good results shortly.

Composition of Board of Directors:

There are 7 Directors on the Board of the Company. Of them 3 are executive directors (P.V.Shyam Prasad, Murali Mohan Jasti and D.Uday Kiran), while 4 are non-executive directors (P.Laxmipathi Raju, R. Sai Gopal, A. Ramesh, A. Ravi Kumar).

Out of 3 executive directors, 2 are associated with promoters (P.V.Shyam Prasad and D.Uday Kiran), while the other one (Murali Mohan Jasti) is an independent director.

Similarly out of 4 non-executive directors, only 1 director (A.Ramesh) is associated with promoters and all the remaining 3 directors (P.Laxmipathi Raju, R.Sai Gopal and A.Ravi Kumar) are independent directors.

Number of Board Meetings held and the dates of the Board meetings.

During the year under review 2001-02, the Board met for 9 times on following dates:

- * 28.04.2001
- * 16.06.2001
- * 31.07.2001
- * 13.08.2001
- * 06.10.2001
- * 29.10.2001
- * 28.01.2002
- * 25.02.2002
- * 20.03.2002

Attendance of each Director at the Board Meetings and the Last AGM and Number of other companies or committees the Director (being a director as on the date of Director's report) is a Director/Chairman.

Name of the Director	Category of Directorship	No. of Board meetings attended (out of 9)	% of total meetings attended	Attendance at the last AGM	No. of other Directorship	No. of Committees (other than V&K Softech Ltd member)
P. Harinadha Babu	Chairman	5	55	Yes	Nil	Nil
P.Mohan Prasad	Mg. Director	0	0	No	Three	Nil
P.V.Shyam Prasad	Jt.Mg.Director	9	100	Yes	Nil	Nil
D.Uday Kiran	Exe. Director	3	33	Yes	Two	Nil
A.Ramesh	Director	2	22	No	Nil	Nil
P.Shanti	Alt. Director	9	100	No	Nil	Nil
P.Nirmala Devi	Alt. Director	9	100	No	Nil	Nil
V.Naveen	Director	4	44	No	Nil	Nil
T.Venu Gopal Rao	Director	5	55	No	Nil	Nil
P.Laxmipathi Raju	Director	8	88	Yes	Nil	Nil
R.Sai Gopal	Director	7	77	Yes	Nil	Nil