

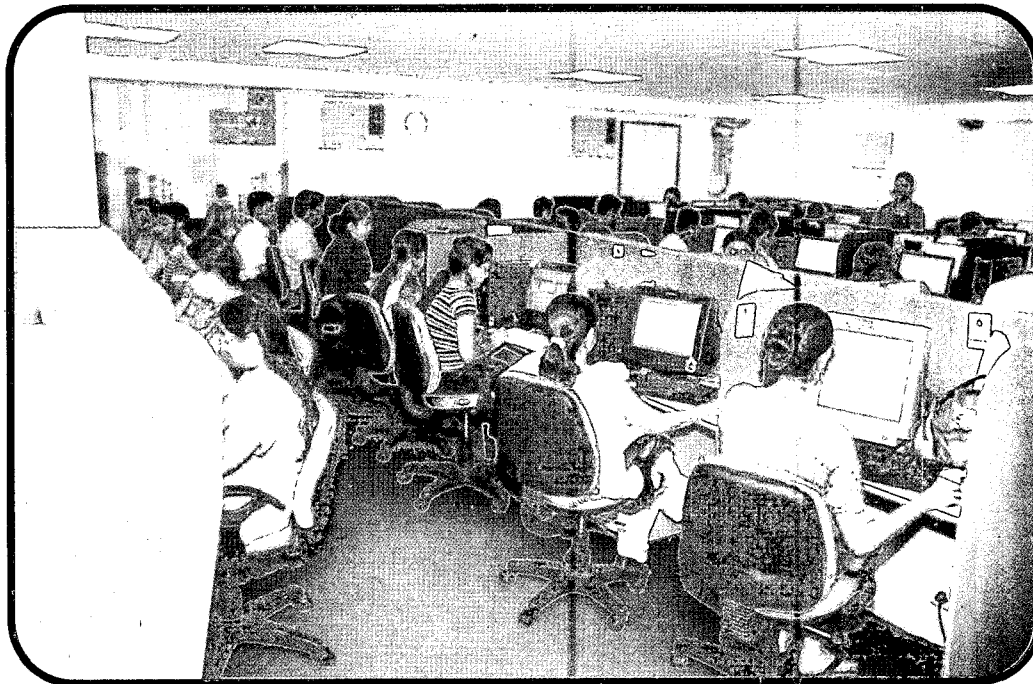
# **10th Annual Report 2008-2009**



## **V & K Softech Limited**

***Regd. Office :***

**I-405, 4th Floor, Divyashakti Apartments,  
Ameerpet, Hyderabad - 500 016**



**Vodafone BPO Centre at Kolkata**

## COMPANY INFORMATION

### BOARD OF DIRECTORS

1. Mr. D. UDAY KIRAN	:	Managing Director
2. Mr. PREM GUPTA	:	Director
3. Mr. RAJESH KUMAR GUPTA	:	Director
4. Mr. UMESH GOVIND BHAT	:	Director

### COMPANY SECRETARY

Mr. S. B. Garg

### AUDITORS

Ajay Mehra & Co.,  
Chartered Accountants,  
B-1/4A First Floor  
Rajouri Garden  
New Delhi-110027

### BANKERS

HDFC Bank, New Delhi  
IDBI, New Delhi  
Axis Bank, Kolkata

### LISTING

Bombay Stock Exchange Ltd., Mumbai  
The Calcutta Stock Exchange Association Ltd

### REGISTRAR & SHARE TRANSFER AGENT

Bigshare Services Pvt Limited  
E-2/3, Ansa Industrial Estate,  
Sakivihar Road, Sakinaka  
Andheri (East) MUMBAI-400 072

### REGISTERED OFFICE

I-405, 4<sup>th</sup> Floor, Divyashakti Apartments  
Ameerpet, Hyderabad – 500 016

### ANNUAL GENERAL MEETING

Date : 30<sup>th</sup> September, 2009  
Time : 4.00 P.M.  
Day : Wednesday  
Venue: Registered Office

### CORPORATE OFFICE

3, Gagan Vihar,  
Delhi-110092

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## NOTICE

Notice is hereby given that the Tenth Annual General Meeting of the Members of V & K Softech Ltd. will be held on Wednesday, the 30th September, 2009 at 4.00 P.M. at the Registered office of the Company at I-405, 4<sup>th</sup> Floor, Divyashakti Apartments, Ameerpet, Hyderabad-500016, to transact the following business:

### Ordinary Business:

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2009 and Profit and Loss Account for the year ended on that date together with the Reports of the Auditors and Directors thereon.
2. To appoint a Director in place of Mr. Umesh Govind Bhatt, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration.

### Special Business:

4. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Section 100 to 104 of the Companies Act, 1956 and subject to the approval of the Share Holders at the General Meeting of the Company and further subject to the confirmation of the Andhra Pradesh High Court at Hyderabad and approval of the Stock Exchanges and other appropriate authorities, if any required, the Equity Share Capital/Number of shares of the Company be and is hereby reduced from Rs.9,75,39,180/- i.e. 97,53,918 Equity Shares of Rs. 10/- to Rs. 9,15,39,180/- i.e. 91,53,918 Equity Shares of Rs.10/- each fully paid up by canceling the 6,00,000 Equity Shares of Rs.10/- each allotted to M/s Sibar Software Services (India) Limited, Vijaywada.”

“RESOLVED FURTHER THAT Board of Directors/Company be and is hereby authorized to do all such acts, things including issue of a Power of Attorney in favour of Advocates, Professionals, if required, to obtain the necessary approvals to give effect to the above said resolution.”

#### **Registered office:**

I-405, 4<sup>th</sup> Floor

Divyashakti Apartments

Ameerpet, Hyderabad-500016

**Place: Hyderabad**

**Dated: 05-09-2009**

By Order of the Board

**For V & K Softech Ltd**

**S. B. Garg**

**Company Secretary**

**Notes:**

- A. Appointment of Proxy: A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member of the Company. The proxy form in order to be effective must be deposited with the Company not less than 48 hours before the time fixed for commencement of the Meeting.
- B. Corporate Members: Corporate Members intending to send their authorised representatives are requested to send a duly certified copy of the Board Resolution authorizing the representatives to attend and vote at the Annual General Meeting.
- C. The Register of Members and Share Transfer Books of the Company shall remain closed from Tuesday, the 29<sup>th</sup> September, 2009 to Wednesday, 30<sup>th</sup> September, 2009 (both days inclusive).
- D. Queries at the AGM: Queries proposed to be raised at the Annual General Meeting may be sent to the Company at its registered office at least seven days prior to the date of AGM to enable the management to compile the relevant information to reply the same in the meeting.
- E. Members/ Proxies are requested to bring their copy of Annual Report and also the attendance slip duly filled in for attending the meeting.
- F. Members are requested to notify any change in their address/ mandate/ bank details immediately to the Company at its Registered Office quoting reference to their Registered Folio Number.
- G. Inspection of Documents: Copies of Memorandum and Articles of Association of the Company shall be open for inspection at the registered office of the Company at all working days between 11 A.M. and 2 P.M. up to the date of Annual General Meeting.
- H. Directors: Details of the Directors being appointed/reappointed as required under Clause 49(VI) (A) of the Listing Agreement are provided in the Report on Corporate Governance Section of the Annual Report.
- I. Explanatory Statement as required under section 173(2) of the Companies Act, 1956 in respect of Special Business is given below.



## EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

The Shareholders in the 2<sup>nd</sup> Annual General Meeting held on 28<sup>th</sup> September, 2001 passed a Special Resolution under Section 81(1-A) of the Companies Act, 1956 authorizing the Board of Directors to make Preferential Allotment of Shares. On 4<sup>th</sup> October, 2001 an Agreement between the Company and M/s Sibar Software Services (India) Limited, Vijaywada (listed Company) was entered into for providing each other technological and logistic support inter alia in electronic communication systems, RF/ Microwave, Radio & Satellite including Managerial and Commercial aspects for the expansion and diversification of their respective business. Accordingly the Board in its meeting held on 06-10-2001, after considering the Share Valuation Report submitted by M/s Pinnamaneni & Co. Chartered Accountants, allotted 6,00,000 Equity Shares of Rs.10 each to M/s Sibar Software Services (India) Ltd on SWAP basis i.e. for consideration other than cash. Similarly in exchange M/s Sibar allotted 6,00,000 Equity Shares of Rs.10 each to the Company. The Company on 12.11.2001 made an application to Hyderabad and other Stock Exchanges for grant of In Principle Approval and listing of these shares. However despite the submission of additional information, the "In Principle Approval" was not granted and Trading of Company's shares on Bombay Stock Exchange remained suspended w.e.f. 3<sup>rd</sup> February, 2003. The Company appeared before the Listing Committee of BSE for restoration of the trading but the same has not yet been restored. After seeking legal opinion, the Shareholders in the 8<sup>th</sup> Annual General Meeting held on 24<sup>th</sup> September, 2007 passed a Special Resolution pursuant to section 100 to 104 of the Companies Act, 1956 to reduce its Paid Up Capital from Rs.9,75,39,180 to Rs.9,15,39,180 by canceling the 6,00,000 Equity Shares of Rs.10/- each issued to M/s Sibar Software Services (India) Limited subject to approval of Andhra Pradesh High Court. However the same Resolution could not be implemented as the Management has taken up the matter with BSE Listing Committee for restoration of trading by updating all the compliances under the Listing Agreement and giving an undertaking to adhere to all BSE direction/s in this regard. Despite the vigorous and consistent efforts made by the Management, no fruitful result came through. Moreover as the Trading in Company's Shares at BSE remained suspended for more than 6 years, it has been affecting the overall interests of the Shareholders. Therefore your Directors in the meeting held on 3<sup>rd</sup> August, 2009 discussed the matter and finally took a decision that as the preferential allotment of 6,00,000 Equity Shares of Rs.10 each had been made in the name of Sibar Software Services (India) Limited on swap basis against consideration other than cash in the form of allotment of 6,00,000 Equity Shares of Rs.10 each made in favour of the Company by M/s Sibar; and keeping in views the fact that the same remained unlisted on BSE for want of In-Principle Approval for the last 8 years, it would be appropriate that the same be canceled by reduction of capital to that extent. This would not only enable the Company to get the restoration of trading of its shares on BSE at the earliest but safeguard the overall interests of the Shareholders. Accordingly the Resolution is being brought for the consideration and approval of Shareholders pursuant to Sec.100-104 of the Companies Act. Your Directors recommend for the passing of the Resolution. None of the Directors is interested in the above Resolution.

**Place: Hyderabad**

**Dated: 05.09.2009**

**For & On Behalf of the Board**

**S. B. Garg**

**Company Secretary**

## DIRECTORS' REPORT

Dear Members,

Your Directors take pleasure in presenting the Tenth Annual Report of your Company together with the Audited Results for the year ended March 31st, 2009. The highlights of the financial results are as follows:-

(Rs. In Lakhs)

PARTICULARS	YEAR ENDED	YEAR ENDED
	31-03-2009	31-03-2008
Income	2458.54	2990.75
Expenditure	2416.06	2924.09
Profit Before Tax	42.48	66.66
Provision For Tax	17.99	13.07
Profit Before Deferred tax	24.49	53.59
Provision For Deferred Tax	(4.41)	6.76
Net Profit After Taxation	28.90	46.83
Equity Share Capital(F.V. Rs.10 each)	975.39	975.39
Reserve & Surplus	81.19	52.29
Earning per Share	0.30	0.48

### FINANCIAL & OPERATIONAL HIGHLIGHTS

During the Year, the Company has earned Profit of Rs. 28.90 Lacs as compared to Rs.46.83 Lacs in previous year. This is on account of current recession in IT and Software Projects Development sector. Your Directors are hopeful that in forthcoming years the Company will definitely perform up to the mark, achieve good profitability and earning per share will be increased.

### DIVIDEND

The Directors did not recommend any dividend as profits of the Company have been ploughed back for expansion activities.

### DIRECTORS

During the year Mr. P.V.Shyam Prasad and Mr. Manoj Rungta ceased to be the Directors of the Company on account of their pre-occupations and submitting resignations. The Board places on record its sincere appreciation for the services rendered and contributions made by the above Directors during their tenure.

In accordance with the provision of Companies Act, 1956 and Articles of Association of the Company, Mr. Umesh Govind Bhat is the Director who retires by rotation and being eligible offers himself for re-appointment.

**AUDITORS**

M/s Ajay Mehray & Co., Chartered Accountants, Auditors of the Company shall hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. However, the retiring Auditor has given a notice in writing expressing his unwillingness for reappointment. Therefore the Board of Directors recommends the appointment of M/s Venkata Srinivas & Associates, Chartered Accountants, Hyderabad as Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting on such remuneration as may be fixed by the Board of Directors of the Company. A declaration has also been received from M/s Venkata Srinivas & Associates to the effect that their appointment if made, would be within the prescribed limits under Section 224(1-B) of the Companies Act, 1956.

**DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' responsibility Statement, it is hereby confirmed:

- 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 as at March 31, 2009 and of profits for the year ended on March 31, 2009.
- III. That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- IV. That the Directors had prepared the annual accounts for the year ended March 31, 2009 on a going concern basis.

**CORPORATE GOVERNANCE AND COMPLIANCE**

A report on Corporate Governance is annexed to this report. A certificate from Statutory Auditors with regard to the compliance of the Corporate Governance, as stipulated in Clause 49 of the Listing Agreement, by the company is also annexed to this report.

The company has complied with all mandatory requirements prescribed under Clause 49 of the Listing Agreement. In addition, the company has also implemented some of the non-mandatory provisions of Clause 49.



**AUDIT COMMITTEE**

The Audit Committee has been constituted by the Company in pursuance to Section 292(A) of the Companies Act, 1956 and under Clause 49 of the Listing Agreement. During the year Mr. P. V. Shyam Prasad, Director & Chairman of the Audit Committee submitted his resignation from directorship of the Company and in his place Mr. Prem Gupta, Director has been appointed the new Chairman of the Audit Committee. The other Members are Mr. Umesh Bhat and Mr. Rajesh Kumar Gupta, Directors.

**FIXED DEPOSITS**

During the year under review, your Company did not accept any deposits from the public in terms of Section 58A of the Companies Act, 1956.

**PARTICULARS OF EMPLOYEES**

During the financial year under review, none of the Company's employees were in receipt of remuneration as prescribed U/S 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended and hence no particulars are required to be disclosed in this report.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

The issues relating to conservation of energy and technology absorption are not quite relevant to the business activities of the company.

The Company is keen to imbibe the new technologies and innovations in the IT sector and following recent trends in the Industry.

Foreign exchange earning during the year is NIL

and out go during the year is NIL

**LISTING**

The equity shares of the Company are listed at the Bombay Stock Exchange Limited and The Calcutta Stock Exchange Association Ltd. The Company is regular in the payment of listing fees.

**ACKNOWLEDGEMENT**

The Board wishes to thank the Govt., Stock Exchanges, Share Holders, Bankers and its valued business associates for the continuous support and co-operation extended by them and also record its appreciation of the valuable contribution made by the employees at all levels towards the growth of the Company.

**For and on behalf of the Board of Directors**

**Place: Hyderabad**

**Date: 05-09-2009**

**Prem Gupta**

**Chairman**

## MANAGEMENT DISCUSSION & ANALYSIS

### **BRIEF HISTORY OF THE COMPANY**

V&K Softech Limited was incorporated on 20th day of July 1999 as a Private Limited Company under the provisions of the Companies Act, 1956, (hereinafter referred to as the Act). Consequent to Special Resolution passed in the Extra Ordinary General Meeting held on 18.02.2000, Company was converted into a Public Limited Company and fresh certificate of Incorporation was issued by the Registrar of Companies, Andhra Pradesh, on 22nd March' 2000.

In the year 2000, the Company went in for an Initial Public Offering (IPO). The Company is today listed on The Stock Exchange, Mumbai (BSE), and Calcutta Stock Exchange Association Limited, Kolkata.

### **INDUSTRY STRUCTURE AND DEVELOPMENTS**

#### **Information Technology & BPO Services-Sluggish Growth in 2009:**

According to industry experts the overall IT revenues is expected to decline by 2.7% in 2009. While **National Association of Software and Service Companies (Nasscom)** has confirmed that the US economic instability will slow down the growth of the industry, Mr. Som Mittal President was confident that India was in its way to achieve the target of \$60 billion exports by 2009-10. The industry is now focusing on improving productivity, efficiency, as well as opening up new markets and services. The next decade offers opportunities and challenges, which will require new business models and the industry dynamics, will also see significant changes. Of late, the Indian IT firms are also facing competitive pressures from the new challenges in China, Vietnam and Eastern Europe. However, according to IT analysts, the Indian IT players do have several advantages over the newcomers. These include ability to scale up fast and experience in delivering services to global majors for over a decade.

#### **An Optimistic Projection:**

The BPO & IT Enabled Services industry has grown phenomenally and has now become a very important part of the export-oriented IT software and services environment. Despite the global slowdown and the volatile financial environment, Nasscom has projected a 16-17 per cent growth in exports by the IT-BPO sector in 2009-10. In the context of the financial meltdown and its negative impact, the IT industry seems to be in a position more comfortable than anticipated, by current standards. The latest projection is just 5-6 percentage points lower than the earlier estimate. Nasscom Annual Performance Review estimated that the exports by the BPO segment would record a 17.5 per cent rise. The increase is expected to be 16.5 per cent for the IT services and 14.4 per cent for software products and engineering services. Against an export target of over \$50 billion, the IT-BPO sector hopes to record \$47 billion this year. Keeping the global economic climate in mind, the premier trade body has envisaged a growth of 15 per cent CAGR (compounded annual growth rate) over the next two years, with the export revenue projected at \$60-62 billion in 2011. The optimistic assessment is that the industry would remain a "net hirer" in the coming year seems heartening and should cheer up the employment market, especially those who will be graduating this summer. The industry employs 2.23 million people directly and provides indirect employment to another 8 million. It will do well to look vigorously for markets outside the U.S. and Europe, and also boost domestic demand, so that the unsavory prospects of benching and retrenchment are mitigated.