



V & K SOFTECH LIMITED

Powered by Technology, Driven by Passion



11th Annual Report
2009 - 2010

CORPORATE INFORMATION

Board of Directors

Mr. Prem Gupta - Managing Director
Mr. D. Uday Kiran
Mr. Umesh Govind Bhat
Mr. Rajesh Kumar Gupta

Company Secretary

Mr. S. B. Garg

Registered Office

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

Registrar and Transfer Agent

M/s Bigshare Services Private Limited,
E-2/3, Ansa Industrial Estate,
Sakivihar Road, Sakinaka,
Andheri (East), Mumbai - 400 072

Auditors

M/s Venkata Srinivas & Associates,
Chartered Accountants

Bankers

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

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NOTICE

Notice is hereby given that the Eleventh Annual General Meeting of the Members of V & K Softech Limited is scheduled to be held on Wednesday, the 29th day of September, 2010 at 16:00 Hrs at the Registered Office of the Company at I-405, 4th Floor, Divyashakti Apartments, Ameerpet, Hyderabad- 500 016, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2010 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. Rajesh Kumar Gupta, who retires by rotation and being eligible, seeks re-appointment.
3. To appoint Statutory Auditors of the Company, to hold the office from the conclusion of the ensuing Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

"RESOLVED THAT M/s Venkata Srinivas & Associates, Chartered Accountants, retiring Auditors of the Company, be and are hereby re-appointed as the Statutory Auditors of the Company to hold office from the date of conclusion of the ensuing Annual General Meeting till the date of conclusion of the next Annual General Meeting of the Company on such remuneration as may be mutually agreed upon among themselves."

SPECIAL BUSINESS.

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

"RESOLVED THAT pursuant to Section 269, 198, 309, 310, 311 and Schedule-XIII of the Companies Act, 1956 and other applicable provisions, if any,

consent of the Members, be and is hereby accorded for the appointment of Mr. Prem Gupta, Director of the Company as Managing Director of the Company for a period of three years w.e.f. 30th July, 2010 at a monthly remuneration of Rs. 25000/- (Rupees Twenty Five Thousand Only) by way of salary including allowances/commission and excluding the reimbursement of out of pocket expenses as may be decided by the Board from time to time.

RESOLVED FURTHER THAT Mr. S. B. Garg, Company Secretary of the Company, be and is hereby authorized to sign and file necessary forms, documents, papers on behalf of the Company with the Registrar of Companies, Andhra Pradesh, Hyderabad, or to do all other acts, deeds, things necessary to give effect to the aforesaid appointment."

By Order of the Board
V & K Softech Limited

Sd/-
S. B. Garg
Company Secretary

Hyderabad, 3rd September, 2010

NOTES:

1. 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.
2. The instrument appointing the proxy in order to be effective must be deposited with the Company not less than 48 hours before the time fixed for the commencement of the meeting.
3. The Explanatory Statement, pursuant to Section 173(2) of the Companies Act, 1956, related to special business under item no. 4, annexed hereto.
4. Corporate Members intending to send their authorized representatives are requested to send a duly certified copy of Board Resolution authorizing the representatives to attend and vote in the General Meeting.

5. Pursuant to Section 154 of the Companies Act, 1956, the Register of the Members and the Share Transfer Books of the Company will remain closed from Monday the 27th day of September, 2010 to Wednesday, the 29th day of September, 2010 (both days inclusive).
6. 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 Annual General Meeting to enable the Management to compile the relevant information to reply the same in the meeting.
7. Members are requested to notify any change in their address, to the Registrar & Share Transfer Agent of the Company - M/s Bigshare Pvt. Limited, E-2/3Ansa Industrial Estate, Sakivihar Road, Sakinaka, Andheri (East), Mumbai - 400 072 in respect of the Physical Shares and to the Depository Participant in respect of the shares held in Demat form.
8. The Copies of Memorandum and Articles of Association of the Company, and all other documents referred in the Notice etc., shall be available for the inspection at the Registered Office of the Company on any working day between 11:00 Hrs to 14: 00 Hrs up to the date of Annual General Meeting and also at the venue of Meeting.
9. In case of Joint holders attending the meeting, only such Joint holder who is higher in the order of names will be entitled to vote. Pursuant to provisions of Section 109A of the Companies Act, 1956 every member or Joint holder (s) may nominate in the prescribed manner, a person to whom all the rights in the shares shall vest in the event of death of the sole holder or all the Joint holders.
10. Members/Proxies are requested to bring their copy of Annual Report and Attendance Slips duly filled in and signed for attending the Meeting.
11. Brief resume of the Directors proposed to be re-appointed, nature of their expertise in specific functional areas and names of companies in which they hold directorships and memberships/ chairmanships of Board Committees and number of shares, as stipulated under Clause 49 of the Listing Agreement entered into with the Stock Exchange(s) are enclosed as annexure to Directors' Report.

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

Item no. 4:

Mr. D. Uday Kiran on completion of his term, ceased to be the Managing Director of the Company w.e.f. 1st June, 2010 and is continuing as Non – Executive Director on the Board of the Company. Pursuant to the provisions of Section 269 of the Companies Act, 1956, a Company having a paid-up capital of Rs. 5 Crore or more is required to appoint a Whole Time Director/Manager or Managing Director to look after the day to day affairs and Management of the Company. Therefore, the Board of Directors of the Company in their meeting held on 30th July, 2010, subject to the approval of the Members, appointed Mr. Prem Gupta as the Managing Director for a period of three years w.e.f. 30th, July, 2010. The present proposal requires Members' approval for the appointment of Mr. Prem Gupta, on the terms and conditions as set out in the resolution in terms of the provisions of the Companies Act, 1956.

A brief profile of Mr. Prem Gupta as stipulated under Clause 49 of the Listing Agreement is annexed herewith. His continuation on the Board as Managing Director will benefit the Company as he possesses in depth knowledge and expertise in the field of Finance and Business Management, in relation to the Company's business operations.

The Board recommends the resolution for member's approval by way of Special Resolution.

None of the Director except Mr. Prem Gupta himself is interested and concerned in proposed resolution.

By Order of the Board
V & K Softech Limited

Sd/-
S. B. Garg
Company Secretary

Hyderabad, 3rd September, 2010

DIRECTORS' REPORT

Dear Members,

Your Directors are delighted to present the Eleventh Annual Report on the business and operations for the year ended 31st March, 2010.

FINANCIAL & OPERATIONAL HIGHLIGHTS:

(Rs. In Lacs)

PARTICULARS	Year ended 31st March 2010	Year ended 31st March 2009
Income	2341.75	2458.54
Expenditure	2290.86	2416.06
Profit Before Tax	50.89	42.48
Provision For Tax	22.38	17.99
Profit Before Deferred Tax	28.51	24.49
Provision For Deferred Tax	(9.04)	(4.41)
Net Profit After Taxation	37.55	28.90
Equity Share Capital (F.V Rs.10 each)	975.39	975.39
Reserve & Surplus	118.74	81.19
Earning per Share	0.38	0.30

During the year under review, the Company's turnover was Rs 2341.75 Lacs and has posted a profit of Rs. 37.55 Lacs as compared to Rs. 2458.54 Lacs and Rs. 28.90 Lacs respectively in previous year. Despite the current recession in IT and Software Projects Development sector, your Directors are hopeful that in the coming years, the Company will definitely perform up to the mark and retain the stakeholders' value.

DIVIDEND

In order to strengthen the fundamentals of the Company, your Directors decided that it would be prudent to plough back the profits of the Company and accordingly the Board does not propose and declare any dividend for the year under review.

CORPORATE GOVERNANCE

The Company is committed to adopt the best practices in Corporate Governance, which is guided by the principles of conducting the business in a responsible, transparent and ethical manner so as to protect the interest of all stakeholders. As per Clause 49 of the Listing Agreement, a separate Section on Corporate Governance forms part of the Annual Report. A certificate from Statutory Auditors with regard to the compliance of the Corporate Governance, as stipulated under Clause 49 of the Listing Agreement, is also annexed to this Report.

PUBLIC DEPOSITS

The Company has neither invited nor accepted any public deposits within the meaning of Section 58A & 58AA of the Companies Act, 1956 and Section 45-I(bb) of the Reserve Bank of India Act, 1934 during the year under review.

CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION

Your Company is conscious about energy consumption and environmental issues related with it. It is continuously making sincere efforts towards conservation of energy and optimizing its usage in all aspects of operations. The Company contemplates to take advantage of the latest developments and advancements in the Industry. However, no technology/know how was purchased by the Company during the year. ***There was no foreign exchange earnings and outgo during the year under review.***

DIRECTORS

Mr. D. Uday Kiran, stepped down from the post of Managing Director w.e.f. 01-06-2010 and continues to be Non-Executive Director on the Board. Mr. Prem Gupta was appointed as Managing Director of the Company in the Board meeting held on 30th July, 2010, subject to approval of the Members in the ensuing Annual General Meeting. In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. Rajesh Kumar Gupta, Director of the Company, retires by rotation and being eligible, seeks re-appointment.

Brief details of the Directors seeking appointment/re-appointment as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges is enclosed as annexure to Directors' Report.

AUDITORS

M/s. Venkata Srinivas & Associates, Chartered Accountants, Statutory Auditors of the Company shall

hold office until the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. The Company has received declaration under Section 224(1B) of the Companies Act, 1956, regarding their eligibility for the proposed re-appointment. Your Directors recommend their re-appointment.

AUDITORS' REPORT

The comments made by the Statutory Auditors in the Auditors' Report together with the Notes on Accounts are self-explanatory and hence, do not require any further explanation/clarification.

PARTICULARS OF EMPLOYEES

None of the Company's employees is in receipt of remuneration as prescribed under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, and hence, no particulars are required to be disclosed.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, and to the best of their knowledge and as per the information and explanations furnished to them and save as mentioned elsewhere in this Report, the attached Annual Accounts and the Auditors' Report thereon, your Directors confirm:

- a) That in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures, wherever applicable;
- b) That the Directors have 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, 2010 and of profits for the year ended on that date.
- c) 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; and
- d) That the Directors had prepared the Annual Accounts for the year ended March 31, 2010 on a going concern basis.

FORFEITURE/RE-ISSUE OF SHARES

The Board of Directors of your Company in their meeting held on 17th January, 2006, had forfeited 8,96,882 (Eight Lacs Ninety Six Thousand Eight Hundred and Eighty Two Only) Equity Shares, due to non-payment of call money and the same are pending for Re-issue.

IN PRINCIPLE APPROVAL FROM BSE

The Members of the Company accorded their approval in the 10th Annual General Meeting of the Company held on 30th September, 2009 for Reduction of Capital under section 100 to 104 of the Companies Act, 1956, from Rs.975,39,180 i.e. 97,53,918 Equity Shares of Rs. 10/- each to Rs. 9,15,39,180 i.e. 91,53,918 Equity Shares by cancelling the 600000 Equity Shares of Rs.10/- each, which were allotted to M/s. Sibar Software Services (India) Limited, due to pendency of In - principle approval of the said shares at the Exchange. The BSE granted "In Principle Approval" for listing of 6,00,000 Equity Shares issued at par bearing distinctive numbers 10050801 to 10650800 to M/s Sibar Software Services (India) Limited, for consideration other than cash on preferential basis. Therefore, the approval so granted in the 10th Annual General Meeting for Reduction of Capital by the Shareholders, has become infructuous. The aforesaid Equity Share Capital shall be listed on Bombay Stock Exchange, after the suspension is being revoked for which necessary steps are being taken.

LISTING

The Equity Shares of the Company are listed at the Bombay Stock Exchange Limited and The Calcutta Stock Exchange Association Ltd. These shares were not traded during the year at the said Stock Exchange(s). The Trading of Equity Shares has been suspended by the BSE. The Company has made an application for revocation of trading to the BSE and regular follow up is being done for the same. Your Directors hope that the trading of the Company's shares will soon be revoked by the esteemed bourse BSE.

ACKNOWLEDGEMENT

The Board records its appreciation for the continued support and co-operation received from all its associates, the shareholders, customers, suppliers, banks and Government Departments. The Board of Directors recognized and placed on records their gratitude and appreciation for the commitment displayed by the employees at all levels of the Company.

By Order of the Board
V & K Softech Limited

Sd/-
Chairman

Hyderabad, 3rd September, 2010

DETAILS OF THE DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT
(Pursuant to clause 49 of the Listing Agreement)

Name of the Director	Mr. Rajesh Kumar Gupta	Mr. Prem Gupta
DIN	00988790	00180250
Father's Name	Mr. Sohan Lal Gupta	Lt. Tulsi Ram Gupta
Date of Birth	04.12.1968	01.06.1966
Address	A-3/22-A, Green Apartments, Paschim Vihar, New Delhi-110063	C-4/151, Sector 6, Rohini, Delhi-110085
Designation	Non Executive, Independent Director	Managing Director (Executive)
Education	He is an Associate Member of The Institute of Company Secretaries of India and The Institute of Cost and Works Accountants of India.	He is a Commerce Graduate and completed his graduation from Rajasthan University.
Experience	17 years post qualification experience in the field of Law, Finance and Accounts.	20 years experience in the field of Management, Finance and Business Operations.
Other Directorships	1. Raghuvanshi Investment Pvt. Ltd. 2. Sealand Investment Pvt. Ltd. 3. DRSK Management Services Pvt. Ltd. 4. Urja Global Ltd.	1. BLS Global Education Limited
Membership in Committee	1. Chairman - Audit Committee 2. Member-Remuneration Committee 3. Member-Shareholders'/Investors' Grievances Committee.	1. Chairman - Audit Committee - till July, 2010 2. Member - Remuneration Committee till July, 2010. 3. Member-Shareholders' / Investors' Grievances Committee till July, 2010.
Shareholding in the Company (No. & %)	Nil	Nil

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management of V & K presents the analysis for the Company for the year 2009-2010 and its outlook for future. This outlook is based on assessment of the current business environment.

Overview and brief Background

The IT division of the Company has witnessed a phenomenal growth since the inception of the Company comprising a major chunk of its turnover which will further increase by manifolds in the coming years reaping rich results for the Company and its stakeholders.

The Company is engaged in BPO/ Software development activities at Kolkatta, Shillong, Chennai, Noida and Hyderabad. The Company has been successfully providing services to its clients, both nationally and internationally like Vodafone. The Company is spreading its network by making acquisitions and entering into strategic alliances with the strategic partners.

V & K at its best provides innovative IT solutions and complex software projects development that helps to keep it one step ahead of its competitors by continuously improving its IT-based business solutions.

Industry Structure and Developments

Over the last ten years, Business Process Outsourcing (BPO) has proven to be a sunrise industry in India due to its talented, skilled personnel and its geographically strategic location. India has drawn attention and investment from multiple international stakeholders who are looking to hive off their business processes. The Indian BPO industry is constantly growing and a lot of Fortune 500 companies are outsourcing services to India. There are several reasons for India's emergence as one of leading outsourcing destinations. India is very rich in educated and talented human resource. India is one of the pioneers in software development. India has a mature industrial set up with world class systems. India has excellent technical facilities and infrastructure for setting up call centers.

Recent times have witnessed a dramatic change in the country's economic environment owing to the presence of fierce competitors like Vietnam and the Philippines, as well as factors such as recession and hike in salaries. Despite this, the BPO industry appears to be churning out "better-than-expected" performances, all the same growing at the steady pace.

BPO is the delegation of one or more IT-intensive business processes to an external provider that in turn owns, administers and manages the selected process based on defined and measurable performance criteria. It is a broad term referring to outsourcing in all fields. It is one of the fastest growing segments of the Information Technology Enabled Services (ITES) industry.

Few of the motivation factors as to why BPO is gaining ground are the Factor Cost Advantage, Economies of Scale, Business Risk Mitigation, the superior Competency and Utilization Improvement.

Asia will be the Bright Star

With the economic growth, a surging services sector, proliferation of technology in various sectors and increasing number of companies going through a global facelift, Asia is witnessing a rise in IT spend.

Asian companies (excluding Japan) have been relatively slow in adopting technology as compared to other developed markets. However, Governments of India and China are gradually relaxing the regulations. With privatization and increasing competition, companies in India and China are now undertaking massive computerization and investments in technology to compete with global players.

Aggressive adoption of IT and centralization of operations will serve as a key enabler to IT outsourcing followed by BPO. Indian companies from high-growth sectors like telecom, retail, banking and financial services are amongst the leading buyers of IT services. The last one year has already seen several deals in the Indian market alone.