

# ANNUAL REPORT 2006-07



**VAKRANGEE SOFTWARES LIMITED**

An ISO 9001-2000 Company

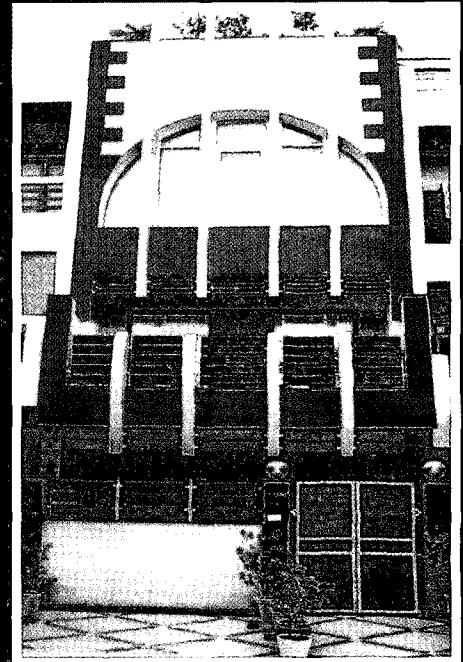




Corporate Office



Lucknow Office



Delhi Office

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### Board of Directors

<b>Mr. Dinesh Nandwana</b>	Chairman & Managing Director
<b>Mr. Pradip P. Shah</b>	Non Executive Director
<b>Mr. Ramesh M. Joshi</b>	Independant Director
<b>Dr. Nishikant Hayatnagarkar</b>	Executive Director
<b>Mr. Brij Kishor Gupta</b>	Independant Director
<b>Mr. Anil Patodia</b>	Non Executive Director
<b>Mr. Sunil Agarwal</b>	Independant Director
<b>Mr. K. L. Varma</b>	Independant Director

### Company Secretary

Mr. Nihar Ranjan Das

### Bankers

HDFC Bank Ltd.  
State Bank of Hyderabad

### Auditors

S. K. Patodia & Associates  
Chartered Accountants  
Mumbai

### Advocates & Solicitors

Vinod Mistry & Co.  
Mumbai

### Registered Office

"VAKRANGEE HOUSE"  
Plot No. 66, Marol Co.Op. Industrial Estate,  
Off. M. V. Road, Marol, Andheri (East),  
Mumbai - 400 059. INDIA  
Tel. No. : +91-22-2850 3412, 2850 4028  
Fax No. : +91-22-2850 2017  
Email : info@vakrangee.in  
www.vakrangeesoftware.com

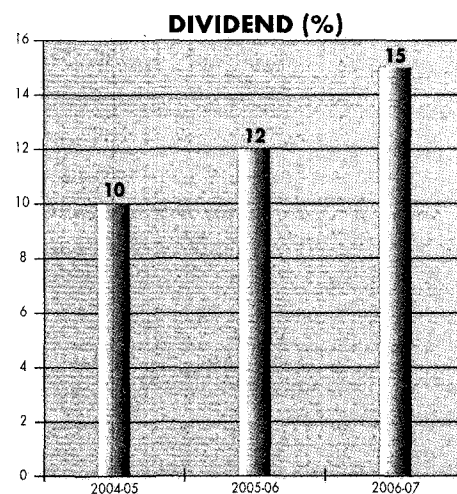
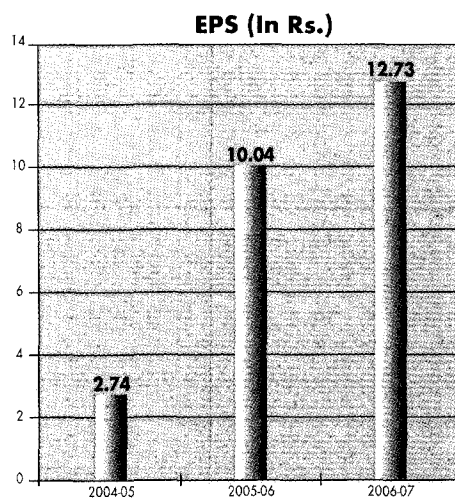
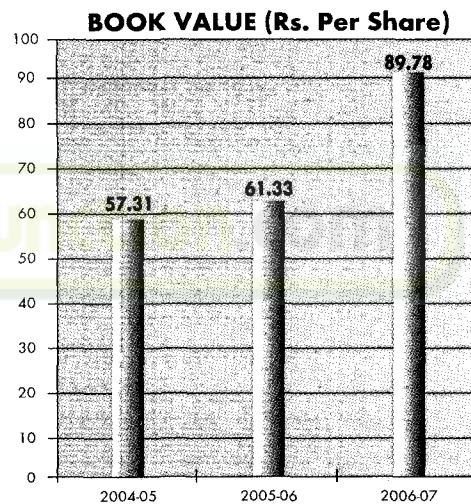
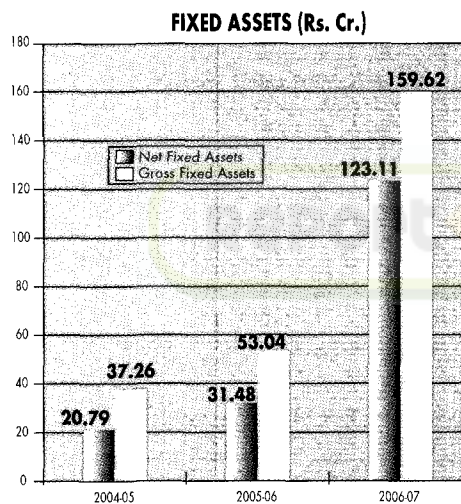
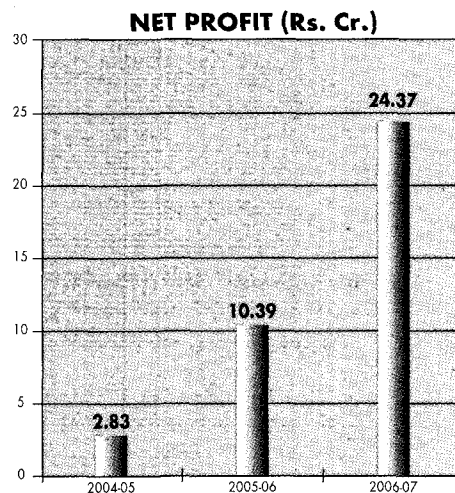
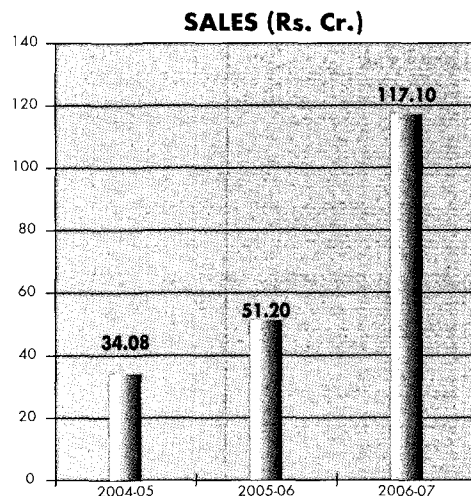
### Share Transfer Agent

Bigshare Services Pvt. Ltd.  
E-2, Ansa Industrial Estate,  
Saki-Vihar Road, Sakinaka,  
Andheri (E), Mumbai - 400 072  
Tel. No. : +91-22-2847 0652 / 2847 0653  
Fax No. : +91-22-2847 5207  
Email : bss@bigshareonline.com

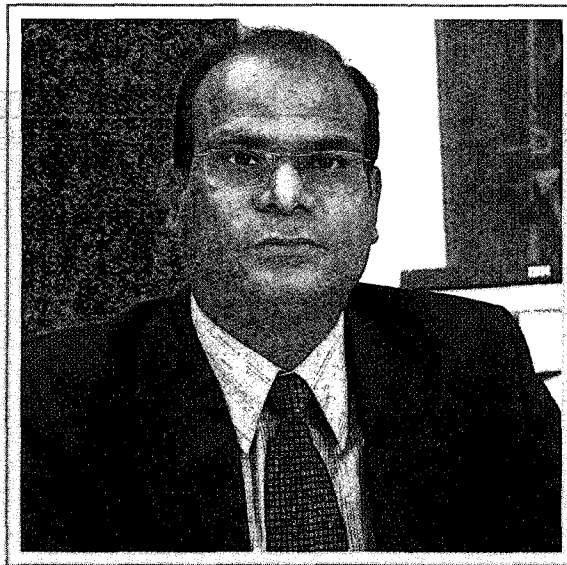




# PERFORMANCE INDICATORS



## CHAIRMAN'S MESSAGE



From the desk  
of the Chairman

Dear Shareholders,

It gives me immense pleasure to report that your Company reported impressive financial results for the year ended 31<sup>st</sup> March, 2007. The key financial achievements during the year are:

- Sales of Rs. 117.10 Crores
- EBIDT of Rs. 52.01 Crores
- Net Profit of Rs. 24.38 Crores
- EPS of Rs.12.73

This is a landmark year. During the year we crossed the revenue of Rs. 100 Crores which is a milestone in your Company's growth. The growth achieved during the year was on account of increased productivity, ability to capitalize on each and every opportunity and relentless effort of all the stakeholders of the Company.

To reinstate our commitment to share our prosperity with stakeholders, we recommend dividend of Rs.1.50 per share (15%) for financial year 2006-07.

There have been many noteworthy events during the year. Predominant among them are:

We were included in The Economic Times ET 500 best companies in India.

We were included in The Business World 100 Best Mid Size Companies in India (July 16, 2007 Issue).

During the year, we successfully completed a preferential allotment of 22,50,000 warrants (convertible into 1 share against 1 warrant within 18 months from the date of issue) and 17,50,000 equity shares at Rs.241/per share and raised an amount of Rs.96.40 Crores (Rs.47.60 Crores already received and Rs. 48.80 Crores will be received in current financial year)

The FIIs increased their stake in the Company and as on date FIIs stake in your Company is about to touch the present 24% limit.

The response of domestic and international investors is reflective of the confidence in your Company's growth potential.

## CHAIRMAN'S MESSAGE

Your Company has always invested an extra effort to improve its management capability. In the last financial year we had the honour of inducting Mr. Pradip P Shah (an eminent personality of finance world) on our board. This year we are privileged to have Mr. R.M. Joshi (Ex-Executive Director of Securities and Exchange Board of India) on our board. Strengthening our board is a continuous process and we will continue to take initiatives for empowering our board to the next level.

During the year, your Company installed a state of the art "High Speed Variable Data Printing System" with capacity to print 2180 impressions per minute (2.4 million pages per day). It makes me proud to state that this is the world's fastest variable data printing machine and first one in Asia. Mr. N. Gopalaswami, Hon'ble Chief Election Commissioner of India inaugurated this 'Digital Printing Facility'.

Building strong capabilities is an ongoing and important agenda for your Company. Keeping this in view, your Company has opened two business development centers in its owned premises in Delhi and Lucknow. We have plans to have presence in 10 cities of India within a short span of time.

During the year your Company invested Rs.2.10 Crores in Vakrangee Electronics Limited (VEL) by subscribing 21,00,000 shares of Rs.10/- each. VEL is a Company, which is developing new improved Electronic Election Machine.

The Management has decided (Subject to your approval) to transfer its software products Viz. Document Management System, Human Capital Management and School ERP to its Wholly Owned Subsidiary. This decision has been taken to put renewed focus on these products. Management is confident that this transfer will unlock value for all the shareholders of the company in the years to come.

Your Company bagged the assignment to handle PFO (Public Facilitation Office) & Directors Identification Number (DIN) of ROC for 22 locations through TCS / CMC Ltd. This has also proved the capabilities, commitment and efficiency of your Company to handle large-scale 'Document Management and e-Governance' projects in a time bound & mission critical manner.

The Election Commission, one of our very old and satisfied clients, has reaffirmed its trust in our capabilities of timely execution of the assignment as per the service levels by entrusting further assignments of Election Photo Identity Card (EPIC) for Maharashtra, Chhattisgarh and Electoral Photo roll for Madhya Pradesh and Gujarat.

The 'end to end' services in all the works related to document management and e-Governance are highly appreciated by our customers. Your Company is poised to become one stop Document Lifecycle Management Company through the three strategic business units (SBUs) namely Document Management Services, Printing Management Service and IT and IT enabled services.

Concept of paperless office is now not only the prerogative of the private sector but is also gaining momentum in Government sector as well. Introduction of Right to Information Act has added further fuel to this concept. As per the provision of the RTI Act, Government / Government agencies implementation of RTI has necessitated the conversion of all historical data and documents into electronic form and keep future records in electronic form. In other words, existence of 'Foolproof document management system' in place is a must and we are in an advantageous position to grab the opportunity, with necessary expertise, experience and infrastructure at our disposal.

There are boundless opportunities opening up for your Company and your Company is out to exploit these opportunities in the best possible manner. Thus the growth of your Company is continuously fuelled, adding value for all stakeholders.

I wish to thank our staff at all levels for their value based commitment and diligent discharge of their assigned functions, which have contributed collectively to our Company's success in completing assignment well within time.

Before I conclude, I must thank all of you for your continued support and confidence reposed in the Company. I would also like to place on record my sincere appreciation of the support extended by all customers, business associates, FIIs and bankers of the Company. Needless to mention I look forward to the continued cooperation of one and all in the years to come.

With best wishes,

Sincerely,

**Dinesh Nandwana**

Chairman & Managing Director



## DIRECTORS' REPORT

Dear Shareholders,

The Directors have pleasure in presenting the 17<sup>th</sup> Annual Report along with the audited Balance Sheet and Profit & Loss Account of Vakrangee Softwares Limited for the year ended 31<sup>st</sup> March 2007.

### PERFORMANCE OF THE COMPANY

Your Company's performance is summarized below:

### FINANCIAL RESULTS

(Rs. in Crores)

Particulars	2006 - 07	2005 - 06
Sales and other income	117.10	51.20
Profit before tax	37.07	11.67
Profit after tax	24.37	10.39
Appropriations:		
Proposed dividend on equity shares	15%	12%
Transfer to General Reserve	1.22	0.52

### PERFORMANCE

Sales of the Company for the year ended March 31, 2007 were Rs. 117.10 Crores up by 128.71% and Profit after Tax was Rs. 24.37 Crores increased by 134.65% over the previous year. The Management Discussion and Analysis that forms part of the Annual Report provides a detailed analysis of the Company's financials.

### DIVIDEND:

The Directors recommend a dividend of Rs. 1.50 per equity share of Rs.10/- each to be appropriated from the profit of the year 2006-07 subject to the approval by the shareholders at the ensuing Annual General Meeting.

### SHARE CAPITAL

During the year, the Company has allotted equity shares, details of which are given hereunder:



(Rupees in Crores)

Date	Particulars	Share Capital	Share Premium
1 <sup>st</sup> April, 06	Capital	10.35	40.19
17 <sup>th</sup> July, 06	70.50 lacs shares were allotted @ 64/- per shares on conversion of Warrants issued on 18 <sup>th</sup> June, 05 on preferential basis.	7.05	38.07
14 <sup>th</sup> Sep, 06	17.50 lacs Equity Shares @ 241/- per share were allotted on preferential basis.	1.75	40.43
31 <sup>st</sup> March, 07	Capital	19.15	118.69



## DIRECTORS' REPORT

The holders of 22,50,000 warrants have not exercised their option of conversion of warrants in to shares. Consequent to the conversion of 22,50,000 warrants allotted on 14<sup>th</sup> September, 06, the paid-up equity share capital of the Company will increase to 21.40 Crores and Share Premium Account will increase from Rs. 118.69 Crores to Rs. 167.49 Crores.

### SUBSIDIARY :

As on 31<sup>st</sup> March, 2007, the Company had one subsidiary Company viz Vakrangee Electronics Ltd (VEL) wherein the Company was holding 21.00 lacs equity shares which constitute 51% paid-up capital of VEL.

The subsidiary Company in their Board Meeting dated 23<sup>rd</sup> July, 2007 allotted 38,69,900 equity shares to the holders of 0% OFCD. Consequent upon allotment of 38,69,900 equity shares, the shareholding of the Company has reduced from 51% to 26.35% and VEL ceases to be subsidiary of the Company.

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT :

Management discussion and Analysis Report, as required under the Listing Agreement with Stock Exchanges, is enclosed as Annexure "A".

### LISTING AT STOCK EXCHANGE :

The equity shares of the Company continue to be listed on BSE Ltd and NSE. The annual listing fees for the year 2007-08 have been paid to these Exchanges.

### DISCLOSURE OF PARTICULARS :

As required by the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988, the relevant information is given hereunder;

- **Conservation of Energy :**

The Operations of the Company are not energy intensive. However, measures have been taken to reduce energy consumptions by using efficient computers and other equipments with latest technologies. The expenditure on power in relation to income is nominal and under control.

- **Technology Absorption :**

Since business and technologies are changing constantly, investment in research and development activities is of paramount importance. Your Company continues its focus on quality up-gradation of products and services development. It has helped maintain margins.

- **Foreign Exchange Earning and Outgo :**

Foreign Exchange Earning : NIL

Foreign Exchange Outgo : Rs. 4,18,858/- (Revenue) and  
Rs. 7,42,80,832/- (Capital)

### FIXED DEPOSITS :

The Company has not invited / received any fixed deposits during the year.

### DIRECTORS RESPONSIBILITY STATEMENT :

In terms of provisions of Section 217(2AA) of the Companies Act, 1956, your Directors confirm that;

- (i) In the preparation of the annual accounts, the applicable accounting standards have been followed, along with proper explanation relating to material departures, wherever applicable.
- (ii) The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company, as at the end of the financial year and of the profits of the Company for that period.

## DIRECTORS' REPORT

- (iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company, and necessary checks and balances are in place for preventing and detecting fraud and other irregularities.
- (iv) The Directors have prepared the annual accounts on a going concern basis

### RE-APPOINTMENT OF DIRECTORS:

As per the provisions of the Companies Act, 1956 read with Articles of Association of the Company Mr. B K Gupta, and Mr. Anil Patodia, retire by rotation and being eligible offer themselves for re-appointment at this Annual General Meeting. Mr. Ramesh M. Joshi who was appointed as an additional Director on 20<sup>th</sup> October 2006 holds office up to the ensuing Annual General Meeting. The Company has also received notice from one shareholder of the Company under Section 257 for his appointment as director.

### CORPORATE GOVERNANCE:

Report on Corporate Governance along-with the Certificate of the Auditors, M/s. S. K. Patodia & Associates, confirming compliance with conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement forms part of the Annual Report.

### AUDITORS

M/s. S. K. Patodia & Associates, Chartered Accountants, retire as Auditors of the Company at the conclusion of the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept the office of the Auditors, if re-appointed.

### PARTICULARS OF EMPLOYEES

The information required under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, are given in annexure appended hereto and forms part of this report. In terms of Section 219(1)(iv) of the Act, the Report and Accounts are being sent to the shareholders excluding the aforesaid annexure. Any shareholder interested in obtaining a copy of the said annexure may write to the Company Secretary at the Registered Office of the Company.

### ACKNOWLEDGEMENT AND APPRECIATION

The Directors take this opportunity to thank Company's customers, shareholders, suppliers, bankers, Central and State Government for their consistent support to the Company. The Board also wishes to place on record their appreciation for the hard work, dedication and commitment of the employees at all levels. The enthusiasm and unstinting efforts of the employees have enabled the Company to grow in the competitive environment. The Board looks forward to their continued support and understanding in the years to come

On behalf of the Board of Directors

**Dinesh Nandwana**  
Chairman & Managing Director

Place : Mumbai,  
Date : July 31, 2007