



## 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.

## CONTENTS

<b>Corporate Information .....</b>	<b>4</b>
<b>Notice .....</b>	<b>5</b>
<b>Directors' Report with Annexures .....</b>	<b>6-9</b>
<b>Corporate Governance Report with Annexures .....</b>	<b>10-15</b>
<b>Auditors' Report .....</b>	<b>16-18</b>
<b>Balance Sheet .....</b>	<b>19</b>
<b>Statement of Profit &amp; Loss Account .....</b>	<b>20</b>
<b>Cash Flow Statement .....</b>	<b>21</b>
<b>Notes to Financial Statement .....</b>	<b>22-33</b>
<b>Statement of Interest in Subsidiary .....</b>	<b>34</b>
<b>Auditors' Report on Consolidated Statements .....</b>	<b>35</b>
<b>Consolidated Financial Statements .....</b>	<b>36-46</b>
<b>Subsidiary's Financial statements .....</b>	<b>47-54</b>
<b>Attendance Slip &amp; Proxy Form .....</b>	<b>55</b>

### 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).

## 19TH ANNUAL REPORT 2011-2012

### (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

(c) **Code of Conduct:**

The Board of directors has laid down the Code of Conduct for the Directors and senior management and the same has been communicated to them for its adherence. The Code lays down the standards of ethical and moral conduct to be followed by them in the course of proper discharge of their duties and commitments. Necessary declaration has been appended at the end of this report.

**III Audit Committee**

During the period under review, the members of Audit Committee met 4 (Four) times. The Dates of the meetings were 28/05/2011, 11/08/2011, 14/11/2011 and 14/02/2012.

S. No.	Name of Director	Position	Category	No. of meetings	Attendance
1.	Dr. Surya Mani Pathak	Member	Non- Executive Independent Director	4	4
2.	Mr. Ravi Bhargava	Member	Non- Executive Independent Director	4	4
3.	Mrs. Prasanna Vaidya	Member	Non- Executive Director	4	4

The composition of Audit Committee comprises of members who all are non-executive directors as its members and the Chairman of the committee is elected from amongst its members who is also an independent director and is having requisite qualification.

(a) **Terms of reference:**

- To review of the performance of Statutory Auditors and recommend their appointment and remuneration to the Board, considering their independence and effectiveness;
- To review internal controls, delegation of authority limits;
- To act as an interface between the management and the statutory and internal auditors overseeing the internal audit functions;
- To oversee the company's financial statements, including annual and quarterly financial results, and the financial accounting practices and policies;
- To review all internal systems, review the company's financial and risk management policies, audit control procedures of the company including but not limited to appointment of statutory/internal auditors from time to time and also to review the annual accounts, quarterly unaudited financial results and limited review report before they are put up to Board for its approval."

**IV Remuneration Committee**

(i) During the period under review, the members of the Remuneration Committee met 2 (Two) times. The Dates of the meetings were 11/08/2011 & 14/02/2012.

S. No.	Name of Director	Position	Category	No. of meetings	Attendance
1.	Dr. Surya Mani Pathak	Chairman	Non- Executive Independent Director	2	2
2.	Mr. Ravi Bhargava	Member	Non- Executive Independent Director	2	2
3.	Mrs. Prasanna Vaidya*	Member	Non- Executive Director	2	2

**Terms of reference**

To oversee the method, criteria and quantum of compensation for executive and non executive directors.

To review the recruitment of key management employees and their compensations;

To formulate the initiatives leading to greater transparency and improved corporate governance.

**Remuneration policy**

The Company has not paid any remuneration to Directors during the year under review. Sitting fee and other incidental expenses including traveling etc. to Non-Executive Independent Director(s) for attending the Board Meetings are paid as decided by the Board of Directors from time to time.

The remuneration of the Directors, if any, has always been decided by the Board of Directors from time to time within the ceiling fixed by the Shareholders. The Board constantly evaluates the contribution of Directors and recommends to the Shareholders their reappointment periodically as per provisions of the Act.

Except for Mr. Yogesh Vaidya and Mrs. Prasanna Vaidya, who holds 36,99,668 shares and 5,08,010 shares respectively, no other Director holds any shares or convertible instruments of the Company as on March 31, 2012.

**V. Investor's/Shareholders Grievance Committee**

(i) During the period under review, the members of the Investor's/Shareholders Committee met 2 (Two) times. The Dates of the meetings were 11/08/2011 & 14/02/2012.

S. No.	Name of Director	Position	Category	No. of meetings	Attendance
1.	Dr. Surya Mani Pathak	Chairman	Non- Executive Independent Director	2	2
2.	Mr. Yogesh Chandra Vaidya	Member	Executive Director	2	2
3.	Mrs. Prasanna Vaidya	Member	Non- Executive Director	2	2

## 19TH ANNUAL REPORT 2011-2012

Ms. Madhvi Sharma, Company Secretary, is the Compliance Officer of the Company.

(ii) No. of investors' complaints received by the RTA/ Company	:	2
No. of complaints not solved/ pending:	:	NIL
No. of pending transfers:	:	NIL

### VI Share Transfer Committee:

Company's Registrar & Transfer Agents processes the transfer cases which are approved by duly constituted Share Transfer Committee of the Board. The Committee meets from time to time as required to expedite all matters relating to transfer etc. The Committee comprises of Mr. Yogesh Chandra Vaidya and Mrs. Prasanna Vaidya, as its members.

In terms of SEBI directive, all Share Registry work in respect of both physical and demat segments has been handled by a single common Agency viz M/s Sharex Dynamic (India) Pvt. Ltd, the Registrar of the Company. Further, half yearly Share Transfer Audit in terms of Listing Agreement are regularly carried out by an independent practicing Company Secretary.

### VII. Investment Committee:

The Committee was constituted on 28th April, 2000 and has Mr. Yogesh Vaidya and Mr. Ravi Bhargava as its Members. The committee was formed as per provisions of Section 372A of the Act, ibid to identify the various investment options, which are likely to benefit to the Company.

### VIII. Compensation Committee:

A Compensation Committee was constituted on 28th July, 2000 and presently has two non-executive independent Directors namely Mr. Ravi Bhargava, Dr. S. M. Pathak and Mr. Yogesh Vaidya, promoter Director as its members. The Committee was formed for finalizing, among other things, the procedures and modalities for giving effect to the Employee Stock Option Scheme, which inter alia, include the determination of eligibility criteria, no. of shares/options to be offered to each employee, identification of classes of employees entitled to participate in the Scheme, process of exercise of option, pricing of Shares/options etc.

### IX. Subsidiary Companies

The Company does not have any material non-listed Indian subsidiary company and hence, it is not mandatory to have an independent director of the Company on the Board of such Subsidiary Company. The Audit Committee reviews the financial statements and accounts, particularly the investments, if any, made by the Company's non-listed foreign subsidiary namely M/s Software Technology Group Inc., San Jose, California, USA. The minutes of unlisted foreign subsidiary have been placed before the Board for its perusal.

### X. Secretarial Audit:

A qualified Practicing Company Secretary carried out a Reconciliation of Secretarial Audit to reconcile the total admitted capital with NSDL and CDSL and the total issued and listed capital. The audit confirms that the total issued/paid up capital is in agreement with the total number of shares in physical form and the total number of shares in dematerialized form with both the aforesaid depositories.

### XI. CEO/CFO Certification

Certificate from CEO as per clause 49V of the listing agreement for the Financial Year ended March 31, 2012 is annexed at the end of the Corporate Governance Report.

### XII. Compliance Certificate

Necessary Compliance Certificate on Corporate Governance from Practicing Company Secretary as per Clause 49 VI (i) of listing agreement is also annexed at the end of the Corporate Governance Report.

### XIII. General Body Meetings

(a) The details of last three Annual General Meetings held are as under: -

AGM	Day	Date	Time	Venue
16th	Monday	29/03/2010	02:00 P.M.	Shah Auditorium 2, Gujrati Samaj Marg, Civil Lines, delhi-110054.
17th	Monday	29/03/2010	03:00 P.M.	Shah Auditorium 2, Gujrati Samaj Marg, Civil Lines, delhi-110054.
18th	Monday	27/06/2011	02:00 P.M.	Shah Auditorium 2, Gujrati Samaj Marg, Civil Lines, delhi-110054.

(b) Whether any special resolutions passed in the previous 3 AGMs:

- ✓ 16th Annual General Meeting held on 29th March, 2010:  
No special resolution was passed.
- ✓ 17th Annual General Meeting held on 29th March, 2010:  
No special resolution was passed.
- ✓ 18th Annual General Meeting held on 27th June, 2011:  
One special resolution is passed pursuant to section 163 of the Companies Act, 1956 to keep and maintain the statutory registers and documents to be prepared under section 159, 160 and 161 of companies Act, 1956, at a place other than the registered office of the Company.

- (c) Whether any special resolution passed in last year through postal ballot, details of voting pattern : No
- (d) Person who conducted the postal ballot exercise : N.A.
- (e) Whether special resolutions are proposed to be conducted through postal ballot : No
- (f) Procedure for postal ballot : N.A.

#### XIV Disclosures

- (a) Related party transactions:  
These transactions are defined as transactions of the Company of material nature, with promoters, Directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interest of the Company at large. Details on materially significant related party transactions are appearing in note 33 forming part of accounts.
- (b) Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any Statutory Authority, on any matter related capital markets, during the last three years:  
No penalties have been imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years.
- (c) Whistler Blower policy and affirmation that no personnel has been denied access to the audit committee: N. A.
- (d) Details of compliance of mandatory requirements and adoption of the non-mandatory requirements:  
The Company has complied with the mandatory requirements of the Listing Agreement. The Company has adopted the non-mandatory requirements of constituting the Remuneration Committee.

#### XV Means of communication

Quarterly, half-yearly and annual financial results are communicated to the Stock Exchanges immediately after these are considered and approved by Audit Committee and the Board and thereafter regularly published in the prominent newspapers like Financial Express, Business Standard, Veer Arjun, Jansatta, Hari Bhoomi etc. as required. Quarterly and annual financial statements, along with segmental information, are posted on our website, [www.stgglobal.com](http://www.stgglobal.com). Further, all other price sensitive and other information are sent to the Stock Exchanges where shares of the Company are listed, enabling them to display the same on their website etc. Besides, Official news releases are given to the press also from time to time on regular basis.

#### XIV GENERAL SHAREHOLDERS' INFORMATION:

- (a) **Annual General Meeting to be held: Day, Date, Time & Venue:**  
Day : Wednesday  
Date : 01/08/2012  
Time : 11:30 A.M.  
Venue : 20, Lodhi Institutional Area, Lodhi Road, New Delhi-110 003
- (b) **Financial Year** : 01/04/2011 to 31/03/2012
- (c) **Dates of Book Closure** : 24/07/2012 to 01/08/2012 (both days inclusive)
- (d) **Dividend Payment Date** : N.A.
- (e) **Stock Exchanges in which the Company's Shares are listed:**  
The Company's shares are listed with the following Stock Exchanges having Stock code as follows:  
(i) The Bombay Stock Exchange, Mumbai-532293  
(ii) The National Stock Exchange- SFTTECHGR  
(iii) The Delhi Stock Exchange-19633  
Status of payment of Listing Fees: Paid/ in the process.
- (f) **Market Price Data High/Low during each month in last financial year:**  
At BSE (Bombay Stock Exchange) and National Stock Exchange (NSE):

Month	BSE		NSE	
	Monthly High	Monthly Low	Monthly High	Monthly Low
April, 2011	7.00	4.55	6.50	5.35
May, 2011	6.20	4.33	6.00	4.30
June, 2011	5.95	4.40	5.90	4.20
July, 2011	6.45	4.81	6.35	4.65
August, 2011	6.15	4.25	6.10	4.10
September, 2011	5.90	4.50	5.70	4.15
October, 2011	5.43	4.13	5.25	4.00
November, 2011	5.35	3.55	5.50	3.25
December, 2011	5.00	3.10	4.60	3.05
January, 2012	5.00	3.30	4.75	3.00
February, 2012	5.05	3.40	4.75	3.30
March, 2012	4.60	3.27	4.35	3.15

## 19TH ANNUAL REPORT 2011-2012

**(g) Registrar & Share Transfer Agents:**

Sharex Dynamic (India) Pvt. Ltd., Unit no 1, Luthra Ind. Premises, Safed pool, Andheri Kurla Road, Andheri (East) Mumbai 400 072.

**(h) (1) Distribution of Shareholding on number of shares as on March 31, 2012:**

Equity Shares	No. of shareholders	% of shareholders	Total Shares	% of shares
Upto TO 100	6421	68.82	540919	3.65
101 TO 200	865	9.27	164993	1.11
201 TO 500	973	10.43	380613	2.57
501 TO 1000	491	5.26	422880	2.85
1001 TO 5000	440	4.72	999398	6.74
5001 TO 10000	67	0.72	493429	3.33
10001 TO 100000	59	0.63	1593850	10.74
100001 TO Above	14	0.15	10241058	69.02
<b>TOTAL</b>	<b>9330</b>	<b>100.00</b>	<b>14837140</b>	<b>100.00</b>

**(2) Shareholding pattern as on March 31, 2012:**

STATUS	HOLDING	PERCENTAGE
A. Total Promoter & Promoter Group	7582032	51.10
B. Public Shareholding		
(a) Institutional Investors		
Financial Institutions / Banks	100	0.00
Mutual Funds/FII/Insurance Companies/Govt.	-	-
(b) Others		
Bodies Corporate	3173946	21.39
Resident Individuals	4037819	27.21
NRI's	38256	0.26
Clearing Members	4987	0.03
Total Public Shareholding	7255108	48.90
<b>TOTAL (A+B)</b>	<b>14837140</b>	<b>100</b>

**(i) Dematerialization of shares:**

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.

**(j) Outstanding GDRs / ADRs / Warrants or any Convertible Instruments:**

The Company has not issued any ADR/GDR/Warrants or any Convertible Instruments during the period under review and the company has no outstanding ADR/GDR/Warrants or any Convertible Instruments.

**(k) Registered Office:** Level 2 Elegance, Mathura Road, Jasola, New Delhi-110025.

**(l) Connectivity with the Depositories:**

National Securities Depositories Limited (NSDL)  
Central Depository Services (India) Limited (CDSL)  
Demat ISIN Number: INE 863A01013 / IN9863A01045

**(m) Address for correspondence:** Plot No.-9, Sector 33, Gurgaon, Haryana.

**(n) Designated E-mail Id of Compliance Officer for any investors' queries:**  
companysecretary@stg.in

**XVII Declaration on Code of Conduct:**

As required under Clause 49 I (D) (ii) of the Listing Agreement with stock Exchanges, it is hereby confirmed that the Board Members and the senior management have affirmed compliance with the Code of Conduct framed by the Company.

**For and on behalf of the board**  
**Software Technology Group International Limited**

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

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



## **COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE**

To,  
The Members of  
M/s Software Technology Group International Limited  
Elegance, Level 2, Mathura Road, Jasola, New Delhi - 110 025.

We have examined the compliance of conditions of Corporate Governance by Software Technology Group International Limited for the period from 1st April, 2011 to 31st March, 2012, as stipulated in Clause 49 of the Listing Agreement entered by the said company with the Stock Exchanges in India.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementations thereof, adopted by the company for ensuring the compliance of conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

We have conducted our review on the basis of the relevant records and documents maintained by the Company and furnished to us for the review, and the information and explanations given to us by the Company.

Based on such review, in our opinion, the Company has complied with conditions of Corporate Governance as stipulated in clause 49 of the Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency of effectiveness with which the management has conducted the affairs of the company.

**For Santosh Kumar Pradhan**  
**Company Secretaries**

**Santosh Kumar Pradhan**  
**Proprietor**  
**C.P. No. 7647**

**Place : New Delhi**  
**Date : 06/07/2012**

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### **Certificate by Chief Executive Officer** **(Under Clause 49 of the Listing Agreement with Stock Exchanges)**

The Board of Directors  
Software Technology Group International Limited.

- (a) I have reviewed the financial statements, read with the cash flow statement of Software Technology Group International Limited for the financial year ended 31st March, 2012 and that to the best of my knowledge and belief, I state that:
- (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
  - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, Applicable Laws and Regulations.
- (b) To the best of my Knowledge and belief, no transactions entered into by the Company during the financial year ended 31st March, 2012 are fraudulent, illegal or violative of the Company's code of conduct.
- (c) I accept responsibility for establishing and maintaining internal controls for financial reporting and I have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which I am aware, have been disclosed to the Auditors and Audit Committee and steps have been taken to rectify these deficiencies.
- (d) I have indicated to the Auditors and the Audit Committee:
- (i) Significant changes in internal control over financial reporting during the year;
  - (ii) Significant changes in accounting policies made during the year and that the same have been disclosed in the notes to the financial statements; and
  - (iii) Instances of significant fraud of which I have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**Place : Gurgaon**  
**Date : May 30, 2012**

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

## 19TH ANNUAL REPORT 2011-2012

### Auditors' Report To the Members of Software Technology Group International Limited

1. We have audited the attached Balance Sheet of SOFTWARE TECHNOLOGY GROUP INTERNATIONAL LIMITED (the "Company") as at 31st March, 2012, and the Statement of Profit and Loss and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the "Order"), issued by the Central Government of India in terms of sub-section (4A) of section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
4. *Subject to balance confirmation and reconciliation of debtors, creditors and other parties including loans and advances and some inoperative bank accounts (See note 37- notes to financial statements) and further to our comments in the Annexure referred to in paragraph 3 above, we report that:*
  - (i) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
  - (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
  - (iii) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of accounts.
  - (iv) In our opinion, the Balance Sheet and Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub - section (3C) of section 211 of the Act *except Accounting Standard 22-Accounting for taxes on income*;
  - (v) On the basis of written representations received from the directors, as on 31st March, 2012 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act;
  - (vi) *Subject to balance confirmation and reconciliation of debtors, creditors and other parties including loans and advances and some inoperative bank accounts (Refer note 37- notes to financial statements) and Accounting Standard 22-Accounting for taxes on income (Refer note 13- notes to financial statements), in our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give, in the prescribed manner, the information required by the Act, and give a true and fair view in conformity with the accounting principles generally accepted in India:*
    - (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;
    - (b) In the case of the Statement of Profit and Loss, of the Loss for the year ended on that date; and
    - (c) In the case of the Cash Flow Statement, of the cash flows of the company for year ended on that date.

For BAWEJA AND KAUL  
Chartered Accountants  
FRN: 005834N

Place : Gurgaon  
Date : 30.05.2012

Dalip K Kaul  
Partner  
M. No. 083066

**ANNEXURE REFERED TO IN PARAGRAPH 3 OF AUDITORS' REPORT OF EVEN  
DATE TO THE MEMBERS OF SOFTWARE TECHNOLOGY GROUP INTERNATIONAL LTD.  
ON THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2012**

Referred to in paragraph 3 of the Auditors' Report of even date to the members of Software Technology Group International Limited on the financial statements for the year ended 31st March, 2012

1. In respect of Fixed Assets:
  - a) The Company has maintained proper records to show full particulars, including quantitative details and situation of its fixed assets on the basis of available information.
  - b) As explained to us, fixed assets of the Company are physically verified by the Management according to a phased program designed to cover all the terms over a period of one year, which in our opinion is reasonable having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such verification.
  - c) In our opinion, the company has not disposed off substantial part of the fixed assets during the year ended 31st March, 2012 and the going concern status of the Company is not affected.
2. In respect of inventories:
  - a) According to the information and explanations given to us, the management has physically verified the stocks of books within a reasonable interval during the year ended on 31.03.2012.
  - b) In our opinion and according to the information and explanation given, the procedure of physical verification of stock of books followed by the management is reasonable and adequate in relation to the size and the nature of its business.
  - c) The company has maintained proper records of stock of books. As explained to us no material discrepancies were noticed on physical verification of stock of books as compared with the records.
3. In respect of the loans secured or unsecured, granted or taken by the company to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956:
  - a) The company has not granted any loan to other companies and other parties covered in the register maintained under section 301 of the Companies Act, 1956.
  - b) The company has taken unsecured loan from other companies and other parties covered in the register maintained under section 301 of the Companies Act, 1956 details are as follows:

S. No.	Name of the party	Closing balance (Rs)	Maximum Amount outstanding at any time during year ended on 31.03.2012 (Rs)
1	Associated Tech Plastic Pvt. Ltd.	76144291/-	76144291/-
2	Directors & Relatives	46550195/-	49053195/-

- c) In our opinion and according to the information and explanation, the rate of interest and other terms and conditions of loans taken by the company are not prima facie prejudicial to the interest of the company.
  - d) There are no stipulated terms of repayment thus the overdue amounts cannot be determined.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of fixed assets and with regard to the sale of services. Further during the course of our audit we have neither come across nor have been informed of any instance of any continuing major weaknesses in the internal control procedures.
5. In respect of the contracts or arrangements referred to in Section 301 of the Companies Act, 1956.
  - a) In our opinion and according to the information and explanations given to us, the transactions in pursuance of contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
  - b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year ended on 31.03.2012 have been made at prices which appear reasonable as per the information available with the Company.
6. According to the information and explanation given to us, the company has not accepted any deposit from Public. As such requirement of compliance with the provisions of clause (vi) of the paragraph 4 regarding sections 58A and 58AA of the Companies Act 1956 and the rules framed there under is not applicable.
7. In our opinion and according to the information and explanation given, the company has an in house internal audit system commensurate with the size and nature of its business.
8. According to the information and explanation given to us, maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 have not been prescribed to the company by the Government of India.
9. In respect of Statutory dues:
  - a) *According to the books and records as produced and examined by us in accordance with generally accepted auditing practices in India and also based on Management representations, undisputed statutory dues as at 31.3.2012 towards Income Tax Deducted at Source of Rs. 35,69,166/-, Provident Fund of Rs 28,06,674/-, ESI of Rs.6,80,900/- Service Tax of Rs.1,45,01,823/- and Professional Tax of Rs 95,863/-, have not been regularly deposited with the appropriate authorities & there have been serious delays in large number of cases.. We are informed that the provisions of central excise act 1944 are not applicable to the company.*
  - b) According to information and explanation given to us, there are no dues of wealth tax, sales tax, excise duty, custom duty, and cess, which have not been deposited on account of any dispute, however a Demand was raised by the Income Tax Department, which is under Appeal, details are given below:-

**19TH ANNUAL REPORT 2011-2012**

Nature of the Dues	Year to which amount relates (Assessment Year)	Forum where dispute is pending	Amount (Rs)
Income Tax	1998-99	I.T.A.T. (Appeal)	667931.00
Income Tax	2000-01	I.T.A.T. (Appeal)	1734728.00
Income Tax	2001-02	C.I.T. (Appeal)	911073.00
<b>Total</b>			<b>3313732.00</b>

10. In our opinion, company has accumulated losses more than 50% of its net worth as at 31st March, 2012. The Company has incurred cash losses during the current financial year. However, Company has not incurred any cash loss in the immediately preceding financial period. In absence of availability of confirmation/reconciliation of debtors & creditors and other parties (refer note 37-notes to financial statements) we are unable to assess its impact on financial statements.
11. According to the records of the Company and on the basis of verification and explanations given to us, it has not defaulted in repayment of dues to a financial institution or bank or debenture holders.
12. In our opinion and according to information and explanation given to us, company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion and according to information and explanation given to us, the company is not a chit fund or a Nidhi/mutual benefit fund / society. Therefore, the provisions of clause (xiii) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
14. In our opinion and according to the information and explanations given to us, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause (xiv) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
15. In our opinion and according to the information and explanations given to us, the company has not given guarantees for loans taken by others from banks or financial institutions.
16. In our opinion and according to the information and explanations given to us and on an overall examination of the balance sheet of the company, term loans have been applied for the purpose for which they were raised.
17. In our opinion and according to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term assets except permanent working capital.
18. In our opinion and according to the information and explanations given to us, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
19. In our opinion and according to the information and explanations given to us, the Company has not issued any secured / unsecured debentures during the year ended on 31.03.2012.
20. In our opinion and according to the information and explanations given to us, the Company has not raised any money by public issue during the year ended on 31.03.2012.
21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

**For BAWEJA & KAUL**  
**Chartered Accountants**  
**FRN: 005834N**

**Place : Gurgaon**  
**Date : 30.05.2012**

**Dalip K Kaul**  
**Partner**  
**M. No. 083066**

# BALANCE SHEET AS AT 31 MARCH, 2012

Particulars	Notes	As at 31 March 2012 (Rs.)	As at 31 March 2011 (Rs.)
<b>A EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	3	148,356,900	135,985,500
(b) Reserves and surplus	4	(31,954,172)	(11,896,868)
		<b>116,402,728</b>	<b>124,088,632</b>
<b>2 Non-current liabilities</b>			
(a) Long-term borrowings	5	129,707,162	139,988,231
(b) Other long-term liabilities	6	1,545,000	1,580,000
(c) Long-term provisions	7	1,221,395	2,016,424
		<b>132,473,557</b>	<b>143,584,655</b>
<b>3 Current liabilities</b>			
(a) Trade payables	8	2,928,317	2,999,193
(b) Other current liabilities	9	42,364,142	47,600,732
(c) Short Term Provisions	10	7,968,871	9,431,365
		<b>53,261,330</b>	<b>60,031,290</b>
<b>TOTAL</b>		<b>302,137,615</b>	<b>327,704,577</b>
<b>B ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Fixed assets	11		
(i) Tangible assets		14,453,890	18,021,337
(ii) Intangible assets under development		4,221,795	8,630,371
(b) Non-current investments	12	91,489,204	91,489,204
(c) Deferred tax assets (net)	13	141,807,674	141,807,674
		<b>251,972,563</b>	<b>259,948,586</b>
<b>2 Current assets</b>			
(a) Inventories	14	2,284,260	2,502,694
(b) Trade receivables	15	20,407,995	39,309,428
(c) Cash and cash equivalents	16	953,258	523,501
(d) Short-term loans and advances	17	17,224,249	13,994,022
(e) Other Current Assets	18	9,295,290	11,426,346
		<b>50,165,052</b>	<b>67,755,990</b>
<b>TOTAL</b>		<b>302,137,615</b>	<b>327,704,577</b>

## Significant accounting policies 1&2

Note: The notes referred to above form an integral part of these financial statements.

As per Our Report of even date attached

FOR AND ON BEHALF OF THE BOARD

For Baweja & Kaul  
Chartered Accountants  
Firm's Registration No. : 005834N

Yogesh Vaidya  
Chairman & CEO (DIN 01185242)

Ravi Bhargava  
Director (DIN 00917673)

Dalip K Kaul  
Partner  
M.No. 083066  
Date: May 30, 2012  
Place: Gurgaon

Madhvi Sharma  
Company Secretary

**19TH ANNUAL REPORT 2011-2012**
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012**

Particulars	Notes	For the year ended 31st March, 2012 (Rs.)	For the period ended 31st March, 2011 (Rs.)
<b>Income</b>			
Revenue from operations	19	8,394,062	65,497,991
Other income	20	34,056	810,188
<b>Total revenue</b>		<b>8,428,118</b>	<b>66,308,179</b>
<b>Expenses</b>			
Materials Consumed	21	297,661	1,699,945
Salaries and other benefits	22	8,725,691	20,969,441
Administration Expenses	23	10,332,726	23,565,724
Finance costs	24	548,136	4,005,902
Depreciation and amortisation expenses	25	7,976,023	12,329,464
Other Expenses	26	1,649,609	3,157,593
<b>Total</b>		<b>29,529,846</b>	<b>65,728,069</b>
<b>Profit before exceptional and extra-ordinary items and tax</b>		<b>(21,101,727)</b>	<b>580,110</b>
<b>Extra Ordinary Items</b>	27	1,128,170	3,329,653
<b>Profit before Prior Period and tax</b>		<b>(19,973,557)</b>	<b>3,909,763</b>
Prior period Items	28	(83,747)	(5,566)
<b>Profit / (loss) before taxation</b>		<b>(20,057,304)</b>	<b>3,904,197</b>
<b>Tax expense</b>			
Current Tax		-	-
Deferred tax charge / (credit)			(1,327,037)
<b>Total tax expense</b>		<b>-</b>	<b>(1,327,037)</b>
<b>Profit for the year</b>		<b>(20,057,304)</b>	<b>2,577,160</b>
<b>Earnings per share</b>			
Basic [Nominal value of shares Rs 10/- (Previous year Rs 10/-)]		(1.35)	0.19
Diluted [Nominal value of shares Rs 10/- (Previous year Rs 10/-)]		(1.35)	0.17
Weighted average number of shares outstanding		14,837,140	13,600,000
Significant accounting policies	1&2		

Note: The notes referred to above form an integral part of these financial statements.

As per Our Report of even date attached

FOR AND ON BEHALF OF THE BOARD

For Baweja & Kaul

Chartered Accountants

Firm's Registration No. : 005834N

Yogesh Vaidya  
Chairman & CEO (DIN 01185242)

Ravi Bhargava  
Director (DIN 00917673)

Dalip K Kaul

Partner

M.No. 083066

Date: May 30, 2012

Place: Gurgaon

Madhvi Sharma  
Company Secretary



# CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2012

Particulars	For the Year Ended 31st March, 2012 (Rs.)	For the Period Ended 31st March, 2011 (Rs.)
<b>Cash Flow From Operations</b>		
Profit/(Loss) for the period Before Provision for Taxation	(20,057,304)	3,904,197
Add/ (less):		
Miscellaneous Expenditure	4,408,576	5,161,447
Depreciation	3,567,447	7,708,224
Net Loss/(Profit) on Sale of assets	-	1,165,471
Interest Paid	412,816	3,501,985
Interest Income	(34,056)	(8,722)
<b>Operating Profit Before Working Capital Change</b>	<b>(11,702,522)</b>	<b>21,432,602</b>
<b>Change in Working Capital</b>		
Decrease/(Increase) in Inventories	218,434	(1,442,163)
Decrease/(Increase) in Sundry Debtors	18,901,433	(10,874,520)
Decrease/(Increase) in Loans and Advances	(3,195,488)	1,267,808
Increase/(Decrease) in Current Liabilities	(4,924,366)	(3,146,222)
Provision For Salaries & Benefits	(2,257,523)	(10,091,049)
Net Advance Tax / TDS Refund / (Paid)	2,096,320	(2,973,358)
<b>Net Cash Flow from Operating Activities (A)</b>	<b>(863,712)</b>	<b>(5,826,901)</b>
<b>Cash Flow From Investing Activities</b>		
Purchase of Fixed Assets	-	(2,289,313)
Sale / Adjustments of Fixed Assets	-	1,324,250
Interest Income on Fixed Deposits etc	34,056	8,722
<b>Net Cash Flow From Investing Activities (B)</b>	<b>34,056</b>	<b>(956,341)</b>
<b>Cash Flow from Financing Activities</b>		
Increase/(Decrease) in Share Capital	12,371,400	2,000
Increase/(Decrease) in Reserve & Surplus	-	-
Increase/(Decrease) in unsecured loan	(10,100,353)	40,433,212
Share Warrants	-	-
Interest Paid	(412,816)	(3,501,985)
<b>Net Cash Flow From Financing Activities (C)</b>	<b>1,858,231</b>	<b>36,933,226</b>
<b>Net Increase/(decrease) in cash and cash equivalent (A+B+C)</b>	<b>1,028,575</b>	<b>30,149,984</b>
<b>Cash and Cash Equivalents at the beginning of the year</b>	<b>(868,195)</b>	<b>(31,018,179)</b>
<b>Cash and Cash Equivalents at the close of the year</b>	<b>160,380</b>	<b>(868,195)</b>

Note : FDR amounting to Rs.803,302/- (Previous period Rs. 3,83,302/-) has been pledged with bank as margin against Bank Guarantee

Note : The notes referred to above form an integral part of these financial statements.

As per Our Report of even date attached

FOR AND ON BEHALF OF THE BOARD

For Baweja & Kaul

Chartered Accountants

Firm's Registration No. : 005834N

Yogesh Vaidya  
Chairman & CEO (DIN 01185242)

Ravi Bhargava  
Director (DIN 00917673)

Dalip K Kaul

Partner

M.No. 083066

Date: May 30,2012

Place: Gurgaon

Madhvi Sharma  
Company Secretary

## 19TH ANNUAL REPORT 2011-2012

### Notes to financial statements for the year ended 31 March 2012

#### 1 Corporate information

Software Technology Group International Ltd. (hereinafter referred to as 'the Company') is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The Company is engaged in the business of Software Consulting and Training.

#### 2 Basis of Accounting

The financial statements are prepared in accordance with Indian Generally Accepted Accounting principles ("GAAP") under the historical cost convention on an accrual basis. GAAP comprises mandatory Accounting Standards issued by the Institute of Chartered Accountants of India ("ICAI"), the provisions of the Companies Act, 1956, and guidelines issued by the Securities and Exchange Board of India. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

The Management evaluates all recently issued or revised accounting standards on an ongoing basis.

#### 2.1 Summary of significant accounting policies

##### a) Change in accounting policy

Presentation and disclosure of financial statements

During the year ended 31 March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

##### b) Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, actual results could differ from these estimates.

##### c) Valuation-Fixed Assets and Inventory

(I) Fixed assets are normally accounted for on cost basis including the cost of installation where incurred. Expenditure on regular staff, which might be occasionally engaged for installation work, is charged to revenue.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

(II) Inventory:-

(i) Stock of books are valued at cost based on First-in First-out method.

(ii) Softwares under development & intended for sale and not ready for use before the year end, are valued at cost as Software Work-in-Progress

##### d) Depreciation and Amortisation

(a) Normal Depreciation on all the fixed assets is provided on Straight Line Method at the rates prescribed in schedule -XIV to the Companies Act, 1956.

(b) Depreciation on additions/ deletions to Fixed Assets is provided on prorata basis from/to date of additions/deletions

(c) In case of financial year consist of the year less/more than a normal year of 12 months then depreciation is provided for that particular year.

(d) In case of courseware/software developed and capitalised, the same is written off over a period of 3 years, considering the estimated economic life of the product.

##### e) Impairment of Assets

The carrying amount of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use.

##### f) Investments

Long-term Investments, are valued at their acquisition cost. Any decline in the value of said investment other than the temporary decline is recognised and charged to Profit & Loss Account.

##### g) Revenue Recognition

a. (i) In case of own centres income from coaching fee is recognised to the extent of course/programme delivered to students. Income from courseware is recognised on the basis of courseware supplied to the students/clients.

(ii) In case of domestic licence centres, the income is recognised on the basis of collections received from licensee against course fee. Income from courseware is recognised on the basis of courseware supplied to the licence centre.

b. Income from Technical Know How/ Licence Fees are recognised on the basis of Agreement/MOU entered subject to realisation of the income.

c. In respect of Software Development/Products and Consultancy activities, the revenue is recognised on dispatch/ delivery of the concerned goods/ services by adopting percentage completion method wherever required.

##### h) Public Issue Expenses and Pre-Operative Expenses

Public issue expenditure and pre-operative expenses incurred on further issue of Share Capital are written off over a period of ten years on prorata basis.

##### i) Foreign Currency Transactions

Transactions in foreign currency are booked at pre-determined rate and all monetary assets and liabilities in foreign currency are restated at the year end. Gain / Loss arising out of fluctuations on realisation / payment or restatement, except those identifiable to acquisition of fixed assets & Investment are charged /credited to Profit & Loss Account.

##### j) Employees' / Retirement Benefits

a. All employees of the Company are entitled to receive benefits under the Provident Fund, which is a defined contribution plan.

b. In addition, some employees of the Company are covered under the employees' state insurance schemes

c. The Company's contributions to above schemes are expensed in the Profit and Loss Account.

d. Liability on account of Gratuity and Leave Encashment of Employees is provided on the actuarial Valuation.

**k) Taxation**

Income tax expenses are accrued in accordance with Accounting Standard -22 " Accounting for Taxes on Income, issued by The Institute of Chartered Accountants of India, which includes current taxes and deferred taxes. Deferred income tax reflects the impact of current year timing difference between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax assets are recognised only to extent, there is a reasonable certainty that sufficient future taxable income will be available. Such Deferred tax Assets and Liabilities are measured at each Balance Sheet date & the carrying value of the same are adjusted for recognising the change in the value of each such deferred tax Asset and Liability.

**l) Borrowing Cost**

Interest and other costs in connection with the borrowing of funds to the extent related/attributed to the acquisition/ construction of qualifying fixed assets are capitalized upto the date when such assets are ready for its intended use and other borrowing costs are charged to Profit & Loss Account.

**m) Provision and Contingencies**

The Company creates a provision when there is a present obligation as a result of past events that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation. A disclosure for a Contingent Liability is made when there is a possible obligation that probably will not require an outflow of resources or where a reliable estimate of the obligation can not be made. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

**n) Segment reporting**

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

**o) Earnings per share**

Basic earning per share (EPS) is calculated by dividing the net profit after tax for the year (including the post-tax effect of extraordinary items, if any) attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**p) Provisions**

A provision is recognized when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

**q) Cash and cash equivalents**

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments.

The cash flows from regular revenue generating, financing, and investing activities of the company are segregated.

**3. Share capital**

	31.03.2012	31.03.2011
<b>Authorised</b>		
2,00,00,000 (Previous year same) Equity shares of Rs.10/- each	200,000,000	200,000,000
<b>Issued, subscribed &amp; paid-up</b>		
14837140 (Previous year 1,36,00,000) Equity shares of Rs.10/- each	148,371,400	136,000,000
Less: Calls in arrears 2900 Equity shares @ Rs. 5/- each- by others	14,500	14,500
<b>Total subscribed &amp; paid-up share capital</b>	<b>148,356,900</b>	<b>135,985,500</b>

The Company has only one class of equity shares having a par value of Rs. 10 per share. All shares have equal rights with respect to voting rights and dividend.

In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company, after distribution of all preferential amounts, in proportion of their shareholding.

**(a) Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting year**

Equity shares	31.03.2012		31.03.2011	
	No. of shares	Rs.	No. of shares	Rs.
At the beginning of the year	13,600,000	136,000,000.00	13,600,000	136,000,000
Add: Fresh Issue	1,237,140	12,371,400.00	-	-
<b>At the end of the year</b>	<b>14,837,140</b>	<b>148,371,400</b>	<b>13,600,000</b>	<b>136,000,000</b>

**(b) Detail of shareholders holding more than 5% shares in the Company**

	31.03.2012		31.03.2011	
	No. of share	% holding in the class	No. of shares	% holding in the class
<b>Equity shares of Rs. 10/- each fully paid</b>				
Mr. Yogesh Chandra Vaidya	3,699,668	24.94%	3,662,265	26.93%
Associated Teckno Plastics Pvt Ltd	1,857,885	12.52%	1,807,885	13.29%
AKM Systems Pvt Ltd*	1,237,140	8.34%	-	-
Bits Limited	1,000,000	6.74%	1,000,000	7.35%

\* The company has issued 1237140 shares to AKM Systems Pvt Ltd a non promoter entity on preferential basis by converting its unsecured loan of Rs.1,23,71,400/- ( including interest accrued till 31.12.2010) into equity shares of the Company.

## 19TH ANNUAL REPORT 2011-2012

### 4. Reserves and surplus

	31.03.2012 (Rs.)	31.03.2011 (Rs.)
Securities Premium account (As per the last financial statement)	282,402,180	282,402,180
Warrant Forfeited A/c	2,990,000	2,990,000
<b>Surplus/ (deficit) in the statement of profit and loss</b>		
Balance as per the last financial statements	(297,289,048)	(299,866,208)
Profit/ (loss) for the year	(20,057,304)	2,577,160
<b>Net surplus/ (deficit) in the statement of profit and loss</b>	<b>(317,346,352)</b>	<b>(297,289,048)</b>
<b>Total reserves and surplus</b>	<b>(31,954,172)</b>	<b>(11,896,868)</b>

### 5. Long-term borrowings

	Non-current portion		Current maturities	
	31.03.2012 (Rs.)	31.03.2011 (Rs.)	31.03.2012# (Rs.)	31.03.2011# (Rs.)
<b>Secured Loan</b>				
Car finance loans from banks (secured)	606,401	787,118	180,716	162,778
	<b>606,401</b>	<b>787,118</b>	<b>180,716</b>	<b>162,778</b>
<b>Unsecured Loans</b>				
Directors	43,350,195	46,806,195	-	-
Others**	85,750,565	92,394,918	-	-
	<b>129,100,760</b>	<b>139,201,113</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>129,707,162</b>	<b>139,988,231</b>	<b>-</b>	<b>-</b>

# Current Maturities Amount disclosed under the head "other current liabilities" (refer note 9)

\*\* Others includes loan taken from Associated Teckno Plastic Pvt Ltd (company under the same management) during the year for Rs.20,550,000/-

Nature of Security and terms of repayment for Long Term secured borrowings:

#### Nature of Security

Term Loan amounting to Rs. 606401 (March 31, 2011: Rs. 787118) is secured against hypothecation of vehicles financed by them.

#### Terms of Repayment

Repayable in 60 equated monthly installments commencing from December, 2010. Last installment due in November, 2015.

### 6. Other Long-term liabilities

	31.03.2012 (Rs.)	31.3.2011 (Rs.)
Securities from Customers	1,545,000	1,580,000
<b>Total</b>	<b>1,545,000</b>	<b>1,580,000</b>

### 7. Long Term Provisions

	31.03.2012 (Rs.)	31.03.2011 (Rs.)
<b>Provision for employee benefits</b>		
Provision for gratuity	1,094,126	1,867,223
Provision for leave encashment	127,269	149,201
<b>Total</b>	<b>1,221,395</b>	<b>2,016,424</b>

### 8. Trade Payables

	31.03.2012 (Rs.)	31.03.2011 (Rs.)
Trade payables	2,928,317	2,999,193
<b>Total</b>	<b>2,928,317</b>	<b>2,999,193</b>

## 9. Other Current liabilities

	31.03.2012 (Rs.)	31.03.2011 (Rs.)
Sundry Creditors	9,730,289	10,365,823
Advance from customer	392,976	389,578
Securities deposit received	150,000	150,000
Due to Employees	7,875,673	8,559,574
Expenses payable	1,145,971	1,662,318
Bank Overdraft	5,762	441,800
Statutory remittances	22,882,755	25,868,861
Current maturities of long term borrowings (refer note 5)	180,716	162,778
<b>Total</b>	<b>42,364,142</b>	<b>47,600,732</b>

## 10. Short Term Provisions

	31.03.2012 (Rs.)	31.03.2011 (Rs.)
Provision for employee benefits		
Provision for salary payable	6,628,963	8,091,457
Other Provisions		
Provision for Income Tax	593,195	593,195
Provision for Fringe Benefit Tax	746,713	746,713
	<b>1,339,908</b>	<b>1,339,908</b>
<b>Total</b>	<b>7,968,871</b>	<b>9,431,365</b>

## 11. Fixed Assets

### A. Tangible Assets

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	01.04.2011	DURING Apr 11 to Mar 12	DURING THE Apr 11 to Mar12	31.03.2012	01.04.2011	ADJ. FOR Apr 11 to Mar 12	PERIOD Apr 11 to Mar 12	31.03.2012	31.03.2012	31.03.2011
FURNITURE & FIXTURE	27,155,089	-	-	27,155,089	20,959,600	-	1,203,536	22,163,136	4,991,952	6,195,489
OFFICE EQUIPMENT	11,345,263	-	-	11,345,263	6,794,335	-	482,979	7,277,315	4,067,949	4,550,928
AIR CONDITIONER	3,171,282	-	-	3,171,282	1,789,968	-	141,821	1,931,789	1,239,493	1,381,314
ELECTRIC INSTALLATIONS	7,998,125	-	-	7,998,125	5,183,322	-	356,572	5,539,895	2,458,230	2,814,803
COMPUTER	58,956,935	-	-	58,956,935	57,236,547	-	1,024,346	58,260,894	696,042	1,720,388
VEHICLE	3,791,603	-	-	3,791,603	2,684,163	-	107,616	2,791,779	999,824	1,107,440
SOFTWARE	33,908,472	-	-	33,908,472	33,657,496	-	250,575	33,908,072	400	250,975
<b>Total A</b>	<b>146,326,769</b>	<b>-</b>	<b>-</b>	<b>146,326,769</b>	<b>128,305,432</b>	<b>-</b>	<b>3,567,447</b>	<b>131,872,878</b>	<b>14,453,890</b>	<b>18,021,337</b>
(Previous period ) A	(157,335,348)	(2,239,813)	(13,248,392)	(146,326,769)	(131,355,879)	(10,758,671)	(7,708,224)	(128,305,432)	(18,021,337)	(25,979,469)

### B. Intangible Assets

PARTICULARS	GROSS BLOCK				AMORTISATION				NET BLOCK	
	AS AT 01.04.2011	ADDITION DURING Apr 11 to Mar 12	Amortisation/ ADJ. DURING THE Apr 11 to Mar 12	As At 31.12.2011	AS AT 01.04.2011	Amortisation/ ADJ. FOR Apr 11 to Mar 12	FOR THE PERIOD Apr 11 to Mar12	UP TO 31.12.2011	As At 31.12.2011	As At 31.03.2011
Courseware Development	2,980,418	-	-	2,980,418	1,336,828	-	915,186	2,252,014	728,404	1,643,590
Software Development	10,480,171	-	-	10,480,171	3,493,390	-	3,493,390	6,986,780	3,493,391	6,986,781
<b>Total B</b>	<b>13,460,589</b>	<b>-</b>	<b>-</b>	<b>13,460,589</b>	<b>4,830,218</b>	<b>-</b>	<b>4,408,576</b>	<b>9,238,794</b>	<b>4,221,795</b>	<b>8,630,371</b>
(Previous period ) B	(13,411,089)	(49,500)		(13,460,589)	(208,978)	-	(4,621,240)	(4,830,218)	(8,630,371)	(13,202,111)
<b>G.Total (A+B)</b>	<b>159,787,358</b>	<b>-</b>	<b>-</b>	<b>159,787,358</b>	<b>133,135,650</b>	<b>-</b>	<b>7,976,023</b>	<b>141,111,672</b>	<b>18,675,685</b>	<b>26,651,708</b>
(Previous period ) - (A+B)	(170,746,437)	(2,289,313)	(13,248,392)	(159,787,358)	(131,564,857)	(10,758,671)	(12,329,464)	(133,135,650)	(26,651,708)	(39,181,580)

## 12. Non-Current Investment

	31.03.2012		31.03.2011	
	No. of shares	Rs.	No. of shares	Rs.
Unquoted - Subsidiary (Sixty percentage holding) in Share of Common Stock of Software Technology Group Inc. (San Jose), USA	7,829,533	91,489,204	7,829,533	91,489,204
valued at cost	<b>7,829,533</b>	<b>91,489,204</b>	<b>7,829,533</b>	<b>91,489,204</b>

## 19TH ANNUAL REPORT 2011-2012

### 13. Deferred tax assets

	31.03.2012 (Rs.)	31.03.2011 (Rs.)
<b>Deferred Tax Assets</b>		
-Unabsorbed losses/ depreciation under the income tax act 1961	150,087,433	150,087,433
- Others	2,208,408	2,208,408
<b>Gross deferred tax Assets (A)</b>	<b>152,295,841</b>	<b>152,295,841</b>
<b>Deferred tax liabilities</b>		
Depreciation differences	1,519,421	1,519,421
Other Amortisation	8,968,746	8,968,746
<b>Gross deferred tax assets (B)</b>	<b>10,488,167</b>	<b>10,488,167</b>
<b>Net deferred tax assets (A-B)</b>	<b>141,807,674</b>	<b>141,807,674</b>

The opinion of the Management is not to recognise further deferred tax assets during the year as management feels that deferred tax already created would be sufficient to meet future profits.

### 14. Inventories (valued at cost )

	31.03.2012 (Rs.)	31.03.2011 (Rs.)
Stock of Books (As taken valued and certified by the management)	46,182	264,616
Software Development WIP*	2,238,078	2,238,078
<b>Total</b>	<b>2,284,260</b>	<b>2,502,694</b>

\*Software Development WIP represents the software being developed by the company but nearing test run stage as on date.

Mode of Valuation of inventories: refer note 2.1 (c)

### 15. Trade receivables

	31.03.2012 (Rs.)	31.03.2011 (Rs.)
<b>Debts outstanding for a period exceeding six months from the date they are due for payments</b>		
Secured, considered good	18,814,886	22,400,064
<b>(A)</b>	<b>18,814,886</b>	<b>22,400,064</b>
<b>Other receivables</b>		
Secured, considered good	1,593,109	16,909,364
<b>(B)</b>	<b>1,593,109</b>	<b>16,909,364</b>
<b>Total (A + B)</b>	<b>20,407,995</b>	<b>9,309,428</b>

In the opinion of the management debtors outstanding for more than six months are good and recoverable.

### 16. Cash and Cash Equivalents

	31.03.2012 (Rs.)	31.03.2011 (Rs.)
<b>Cash and cash equivalents</b>		
Balances with banks:		
On current accounts	114,859	133,097
Cash on hand	1,041	7,102
	<b>115,900</b>	<b>140,199</b>
Other bank balances:		
Fixed Deposit with Bank including Interest accrued	837,358	383,302
	<b>953,258</b>	<b>523,501</b>



**17. Short term Loan & Advances**

	31.03.2012 (Rs.)	31.03.2011 (Rs.)
<b>(a) Loans and advances to related parties *</b>		
Unsecured, considered good	153,632	153,632
<b>(b) Security deposits</b>		
Unsecured, considered good	4,217,344	4,318,154
<b>(c) Loans and advances to employees</b>		
Unsecured, considered good	4,140,705	2,433,574
<b>(d) Others</b>		
Advances to vendors	8,712,567	7,088,662
<b>Total</b>	<b>17,224,249</b>	<b>13,994,022</b>
* Includes amount due from companies under the same management as defined U/S 370(IB) of Companies Act 1956	As at 31.03.12	Maximum Amount Outstanding at any time during the year
<b>Software Technology Group Inc.(USA-San Jose)</b>	<b>153,632</b>	<b>153,632</b>

**18. Other Current Assets**

	31.03.2012 (Rs.)	31.03.2011 (Rs.)
Prepaid exp - Insurance	2,881	2,881
<b>Balances with government authorities</b>		
Service Tax credit receivable	458,624	493,362
TDS/Income Tax	8,833,785	10,930,103
<b>Total</b>	<b>9,295,290</b>	<b>11,426,346</b>

**19. Revenue from operations**

	31.03.2012 (Rs.)	31.03.2011 (Rs.)
<b>Revenue from operations ( Domestic)</b>		
Coaching Fee	3,427,763	27,216,456
Sale of Courseware	84,450	6,402,167
Technical Know-How/ Licence Fee	18,132	398,911
Consulting, Software Development/products	4,863,717	31,480,457
<b>Revenue from operations</b>	<b>8,394,062</b>	<b>65,497,991</b>

**20. Other income**

	31.03.2012 (Rs.)	31.03.2011 (Rs.)
Interest income	34,056.00	8,722
Foreign Exchange Fluctuation	-	15,451
Rent Income	-	450,000
Profit on sale / disposal of fixed assets	-	182,150
Other non-operating income	-	153,865
<b>Total</b>	<b>34,056.00</b>	<b>810,188</b>

**21. Materials Consumed**

	31.03.2012 (Rs.)	31.03.2011 (Rs.)
Books Consumed - Opening Balance	264,616	1,060,531
Add : Purchases during the year	79,227	904,030
Less : Closing Stock	46,182	264,616
<b>Materials Consumed during the year</b>	<b>297,661</b>	<b>1,699,945</b>

**22. Salaries and other benefits to Employees**

	31.03.2012 (Rs.)	31.03.2011 (Rs.)
Salaries, wages and other benefits	7,774,176	18,372,570
Contribution to provident and other funds	265,545	608,218
Staff welfare	196,000	826,195
Consultant/Visiting Faculty Charges	489,970	1,162,458
<b>Total</b>	<b>8,725,691</b>	<b>20,969,441</b>

## 19TH ANNUAL REPORT 2011-2012

### 23. Administration Expenses

	31.03.2012 (Rs.)	31.03.2011 (Rs.)
Postage Telegram & Courier	94,430	163,183
Telephone And Fax	566,946	1,542,644
Books, Journal & Newspapers	7,123	13,091
Business Promotion	-	166,512
Commission & Brokerage	-	105,000
Hire Charges	-	554,887
Diesel Expenses	224,060	211,002
Electricity & Water Exp.	463,866	1,115,866
Freight & Cartage Inward	7,400	51,358
Filing Fee	4,207	46,570
Insurance Charges	9,821	31,167
Legal And Professional Charges	757,269	2,969,514
Penalty on Taxes	-	10,000
Listing Fee	202,284	450,056
Local Conveyance	524,909	1,486,410
Office Maintenance	403,251	1,402,874
Printing & Stationery	109,131	401,974
Rent - Office	3,560,066	6,814,656
Repair & Maintenance	85,293	664,600
Subscription & Membership Fee	-	501
Tender Fees	-	225
Transportation Charges	686,420	1,229,297
Travelling	1,921,741	1,731,640
Vehicle Running Expenses	-	49,600
Seminar and Exhibition expenses	25,009	129,182
Watch & Ward Expenses	310,829	1,278,110
Other Expenses	66,816	351,106
	<b>10,030,871</b>	<b>22,971,024</b>
<b>Payment to auditor</b>		
As auditor:		
Audit fees	250,000	350,000
Tax audit fees	50,000	125,000
Certification fee	-	85,000
Reimbursement of expenses	1,855	34,700
	<b>301,855</b>	<b>594,700</b>
<b>TOTAL</b>	<b>10,332,726</b>	<b>23,565,724</b>

### 24. Finance costs

	31.03.2012 (Rs.)	31.03.2011 (Rs.)
Interest Expenses :		
Bank	95,860	310,504
Others	316,956	3,191,482
<b>Bank Charges*</b>	<b>135,320</b>	<b>503,916</b>
	<b>548,136</b>	<b>4,005,902</b>

\* Balances with inoperative bank amounting Rs.15,048/-has been charged as bank charges.

### 25. Depreciation and amortisation expense

	31.03.2012 (Rs.)	31.03.2011 (Rs.)
Depreciation of tangible assets	3,567,447	7,708,224
Amortisation of intangible assets	4,408,576	4,621,240
	<b>7,976,023</b>	<b>12,329,464</b>

## 26. Other Expenses

	31.03.2012 (Rs.)	31.03.2011 (Rs.)
Coaching Fee Reimbursement	1,572,698	692,183
Advertisement	76,911	552,868
Loss on sale of Fixed Assets	-	1,347,621
Sundry Balances written off	-	24,714
Public Issue expenses written off	-	540,207
	<b>1,649,609</b>	<b>3,157,593</b>

## 27. Extra Ordinary Items:-

	31.03.2012 (Rs.)	31.03.2011 (Rs.)
Old Employee Dues written back	1,128,170	583,036
Old Creditors	-	2,746,617
	<b>1,128,170</b>	<b>3,329,653</b>

\*Based on review by the management old creditors and employees dues were written back during the period.

## 28. Prior Period income & expenses debited to Profit & Loss Account

	31.03.2012 (Rs.)	31.03.2011 (Rs.)
<b>INCOME</b>		
Interest	-	1,905
<b>A</b>	<b>-</b>	<b>1,905</b>
<b>EXPENDITURE</b>		
Courier Expenses	-	2,392
Cell Phone Expenses	-	424
Local Conveyance	815	4,655
Rent office	62,500	-
Courseware	2,890	-
Books & Journal	3,578	-
Printing & Stationery	132	-
Staff Welfare/Business Promotion	401	-
Office Maintenance	200	-
Electricity and water charges	13,231	-
<b>B</b>	<b>83,747</b>	<b>7,471</b>
<b>Prior Period Items (A-B)</b>	<b>(83,747)</b>	<b>(5,566)</b>

## 29. (A) Details of provision of Gratuity on actuarial valuation.

As per Accounting Standard 15 "Employee benefits", the disclosures as defined in the Accounting Standard are given below:

	31.03.2012 (Rs.)	31.03.2011 (Rs.)
Present value of the obligation at the end of the period	1,019,870	782,392
Fair value of plan assets at end of period	-	-
Net liability/(asset) recognized in Balance Sheet and related analysis	1,019,870	782,392
Funded Status	(1,019,870)	(782,392)

Summary of membership data at the date of valuation and statistics based thereon:

	31.03.2012	31.03.2011
Number of employees	5	8
Total monthly salary	97,700	137,400
Average Past Service(Years)	13.00	11.70
Average remaining working lives of employees(Years)	12.00	11.80
Average Age(Years)	46.00	46.20

The assumptions employed for the calculations are tabulated:

## 19TH ANNUAL REPORT 2011-2012

Period	From 01.04.11 to 31.03.12	From 01.10.09 to 31.03.11
Discount rate	8.75 % per annum	8.25 % per annum
Salary Growth Rate	5.00 % per annum	5.00 % per annum
Mortality	LIC 94-96 Ultimate	LIC 94-96 Ultimate
Expected rate of return	0	0
Withdrawal rate (Per Annum)	2.00% p.a. (18 to 58 Years)	2.00% p.a. (18 to 58 Years)

### Benefits valued:

Normal Retirement Age	58 Years
Salary	Terminal Basic Salary (Excluding all other Allowances and Perquisites)
Vesting Period	5 Years of service
Benefits on Normal Retirement	15 or 30 days Salary as per rule of the company
Benefit on early exit due to death and disability	As above except that no vesting conditions apply.
Limit	1000000

### 29. (B) Details of provision of Leave Encashment on actuarial valuation

	31.03.2012 (Rs.)	31.03.2011 (Rs.)
Present value of the obligation at the end of the period	50,169	81,619
Fair value of plan assets at end of period	-	-
Net liability/(asset) recognized in Balance Sheet and related analysis	50,169	81,619
Funded Status	(50,169)	(81,619)

Summary of membership data at the date of valuation and statistics based thereon:

	31.03.2012	31.03.2011
Number of employees	8	13
Total monthly salary	83,700	1,63,600
Average Past Service(Years)	8	9.1
Average remaining working lives of employees(Years)	16	14.5
Average Age(Years)	42	43.5

The assumptions employed for the calculations are tabulated:

Period	From 01.04.11 to 31.03.12	From 01.10.09 to 31.03.11
Discount rate	8.75 % per annum	8.25 % per annum
Salary Growth Rate	5.00 % per annum	5.00 % per annum
Mortality	LIC 94-96 Ultimate	LIC 94-96 Ultimate
Expected rate of return	0	0
Withdrawal rate (Per Annum)	2.00% p.a. (18 to 58 Years)	2.00% p.a. (18 to 58 Years)

### Benefits valued:

Normal Retirement Age	58 Years
Salary	As per rules of the company
Benefits on Normal Retirement	1/22 * Salary * Number of encashable leaves.
Benefit on early exit	As above, subject to rules of the company.
Benefit on death	As above, subject to rules of the company.

No additional provision is required to be made as per valuation report of actuarial for the year ended 31.03.2012

### 30. Contingent Liabilities and Commitments

	31.03.2012 (Rs.)	31.03.2011 (Rs.)
(i) Contingent Liabilities		
(a) Claims against the company not acknowledged as debt		
- Additional demands raised by the Income Tax Dept which are under appeal	33,13,732	33,13,732
- Legal Disputes	4,304,380	6,454,380
(b) Guarantees issued by Banker on behalf of the company*	-	416,698
* 100% Margin Money paid on Bank Guarantees during the year.		
(ii) Commitments		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for	NIL	NIL
(b) Uncalled liability on shares and other investments partly paid.	NIL	NIL

### 31. Earnings in Foreign Currency on Accrual Basis

	31.03.2012 (Rs.)	31.03.2011 (Rs.)
- Coaching fees	20,252	24,792
Total	<u>20,252</u>	<u>24,792</u>

### 32. Stock Statement

Printed Material	Qty	31.03.2012 Value (Rs.)	Qty	31.03.2011 Value (Rs.)
Purchase	445	79,227	5,060	904,030
Sales / Distribution to Students	1,695	297,661	7,305	1,699,945
Opening Stock.	1,484	264,616	3,729	1,060,531
Closing Stock	234	46,182	1,484	264,616

### 33. Related party disclosures

Names of related parties and related party relationship

- (a) Subsidiary
  - Software Technology Group Inc, San Jose, California (USA)
- (b) Key Management Personnel or Individuals having control or significant influence
  - Mr. Yogesh C Vaidya (Chairman & CEO)
  - Mrs. Prasanna Vaidya
- (c) Relatives of key management personnel
  - Mr. Ashish Vaidya
  - Ms. Shyamlee Vaidya
- (d) Enterprises owned or significantly influenced by key management personnel or their relatives (either individually or with others)
  - Associated Teckno Plastics Private Limited
  - Y.P. Associates Private Limited
  - Vaidya Associates Private Limited
  - Bay Resources and Technology Corporation, USA

Related party transactions

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

	Subsidiary (Rs.)	Key Management Personnel or Individuals having control or significant influence (Rs.)	Enterprises owned or significantly influenced by key management personnel or their relatives (Rs.)
Transactions for the year:			
Loan received during the year	-	422,000.00	20,550,000.00
	-	(40,945,720.00)	(1,089,048.00)
Loans repaid during the year	-	2,898,200.00	79,088.00
	-	(23,267,500.00)	(2,000.00)
Balances at the year end:			
Loans amount due	-	45,830,195.00	76,144,291.00
	-	(46,806,195.00)	(55,673,379.00)
Outstanding Balance included in Current Assets	153,632.00	-	-
	(153,632.00)	-	-
Closing Investment in Equity	91,489,204.00	-	-
	(91,489,204.00)	-	-

Note :- Previous year figures are given in Bracket.

## 19TH ANNUAL REPORT 2011-2012

### 34. Segment Reporting

1. Segment Information has been prepared in conformity with accounting policies adopted in preparation and presentation of financial statements of the company.
2. The Company has disclosed business segment as primary segment. The segment has been identified taking into account the nature of services, the different risks and returns, organisation structure and internal reporting system.
3. The Company is mainly engaged in the Business of imparting Software training (Training) and Software development (Consulting) and accordingly Training and Consulting have been identified as primary segments.
4. Segment revenue, Segment results, Segment assets, Segment liabilities includes respective amounts identifiable to segment and also includes amounts allocated on reasonable basis. The expenses which are not attributable to or allocated on reasonable basis to business segment are shown as unallocated corporate expenses.
5. Assets and Liabilities that can not be allocated between the segments are shown as a part of unallocated corporate assets and liabilities respectively.
6. Segmental Information
  - (i) Information about business segment (Primary)

Particulars	Training	Products and Consulting	Consolidated
<b>Revenue</b>			
External Revenue from operation	3,530,345 (34,017,534)	4,863,717 (31,480,457)	8,394,062 (65,497,991)
Other Income	- (705,706)	-	- (705,706)
<b>Segment Revenue</b>	<b>3,530,345</b> (34,723,240)	<b>4,863,717</b> (31,480,457)	<b>8,394,062</b> (66,203,697)
<b>Results</b>			
Segment Result	(10,365,550) (3,305,668)	(2,318,832) (17,257,132)	(12,684,383) (20,562,799)
<b>[Profit/(Loss)]</b>			
Unallocated Corporate Expenses			(6,858,844) {(12,757,182)}
<b>operating profit</b>			<b>(19,543,226)</b> (7,805,617)
Financial Charges			(548,136) {(4,005,902)}
Unallocated Other Income			34,056 (104,482)
<b>Net Profit/ (Loss) for the year before Tax</b>			<b>(20,057,305)</b> (3,904,197)
<b>Less : Provision for Taxation</b>			-
Deferred Income Tax			{(1,327,037)}
<b>Net Profit/(loss) after taxation</b>			<b>(20,057,305)</b> (2,577,160)
<b>Other Information</b>			
<b>Assets</b>			
Segment Assets	28,474,214 (39,455,414)	27,545,067 (41,755,193)	56,019,281 (81,210,608)
unallocated corporate Assets			3,987,669 (2,266,987)
<b>Total</b>			<b>60,006,950</b> (83,477,594)
<b>Liabilities</b>			
Segment Liabilities	31,845,300 (36,032,044)	15,229,369 (17,380,314)	47,074,669 (53,412,358)
unallocated corporate liabilities			8,953,056 (10,139,860)
<b>Total</b>			<b>56,027,725</b> (63,714,936)
<b>Capital Expenditure during the year</b>			
- Fixed Assets	- (2,239,813)	- (nil)	- (2,239,813)
- Expenditure incurred for Courseware/software development	- (49,500)	- (nil)	- (49,500)
<b>Depreciation during the year</b>	<b>3,051,968</b> (6,843,934)	<b>442,090</b> (745,982)	<b>3,494,059</b> (7,589,917)
<b>Unallocated Depreciation during the year</b>			<b>73,388</b> (118,308)
<b>Amortisation during the year</b>	<b>915,186</b> (4,621,240)	<b>3,493,390</b> -	<b>4,408,576</b> (4,621,240)
<b>Total Assets Excludes : Investments</b>			<b>91,489,204</b> (91,489,204)



Particulars	Training	Products and Consulting	Consolidated
Advance Tax/TDS/Demand			8,833,785 (10,930,103)
Net Deferred Tax Assets			141,807,674 (141,807,674)
<b>Total Liabilities Excludes :</b>			
Secured Loans			606,401 (787,118)
Unsecured Loans			129,100,760 (139,988,231)

Note :- Previous year figures are given in Bracket.

**(ii) Information about geographical segment (Secondary)**  
**Sales Revenue By Geographical Market**

	For The Period Ended 31.03.12	For The Period Ended 31.03.11
India	8,394,062	65,497,991
U. S. A.	-	-
<b>Total</b>	<b>8,394,062</b>	<b>65,497,991</b>

**35. Earning Per Share (EPS)**

The numerators and Denominators used to calculate the Basic & Diluted Earning per Equity Shares

		31.03.2012 (Rs.)	31.03.2011 (Rs.)
Profit/(Loss) After Tax		Rs. (20,057,304)	2,577,160
Profit/ (Loss) Attributable to Equity shareholders (numerator)	(A)	Rs. (20,057,304)	2,577,160
Fully paid up equity share of Rs. 10/- each		No. 14,834,240	13,597,100
Partly paid up equity share of Rs. 10/- each		No. 2,900	2,900
Weighted Average Basic Equity Share for the purpose of EPS (Denominator)	(B)	No. 14,835,690	13,598,550
Dilutive effect of proposed preferential allotment by converting unsecured loan of AKM Systems (P) Ltd.		No. -	1,237,140
Weighted Average diluted Equity Share for the purpose of EPS (Denominator)	(C)	No. 14,835,690	14,835,690
Nominal value of per Equity Share		Rs. 10.00	10.00
Basic Earning per Share	(A/B)	Rs. (1.35)	0.19
Diluted Earning per Share	(A/C)	Rs. (1.35)	0.17

36. As per information available with the Management, the dues payable to enterprises covered under "The Micro, small and Medium Enterprises Development Act, 2006" as at 31.03.2012 is Rs. Nil.
37. (a) Balance of Debtors, creditors, loans and advances and some in-operative banks are subject to confirmation and / or reconciliation.  
(b) During the year the company has written off some of inoperative bank accounts by debiting bank charges.
38. In the opinion of the Management, Investments, Current Assets and Loans and Advances have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet and the provisions for all known liabilities have been made and are adequate.
39. As per management there are no assets which need to be impaired at the year end.
40. The previous period figures are of Eighteen months and current year's figure are of twelve months and are therefore not comparable.
41. Previous year figures:  
Till the year ended 31 March 2011, the Company was using pre-revised Schedule VI to the Companies Act 1956, for preparation and presentation of its financial statements. During the year ended 31 March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company. The Company has re-classified/regrouped/rearranged previous year figures to conform to this year's classification. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it significantly impacts presentation and disclosures made in the financial statements, particularly presentation of balance sheet.

As per Our Report of even date attached

FOR AND ON BEHALF OF THE BOARD

**For Baweja & Kaul**  
**Chartered Accountants**  
**Firm's Registration No. : 005834N**

**Yogesh Vaidya**  
**Chairman & CEO (DIN 01185242)**

**Ravi Bhargava**  
**Director (DIN 00917673)**

**Dalip K Kaul**  
**Partner**  
**M.No. 083066**  
**Date: May 30, 2012**  
**Place: Gurgaon**

**Madhvi Sharma**  
**Company Secretary**

## 19TH ANNUAL REPORT 2011-2012

### Subsidiary's Statement

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO THE SUBSIDIARY COMPANIES FOR THE YEAR ENDED 31ST MARCH 2012

1	Name of Subsidiary Company	Software Technology Group Inc
2	Financial year of the Subsidiary Company ended on	31.03.2012
3	Number of Shares in the Subsidiary held on the above date	78,29,533
4	Percentage of holding (Equity)	60%
5	Percentage of holding (Preference)	NIL
6	Net aggregate amount of Profits/(Losses) of the Subsidiary for the above financial Year so far as they concern the members of the company.	
a	Dealt with in the Accounts of the Company for the Year ended 31st March 2012	NIL
b	Not dealt with in the Accounts of the Company for the Year ended 31st March 2012	(Rs. 10.01) lacs) (Equivalent to US \$ 19556)
7	Net aggregate amount of Profits/(Losses) For previous financial years of the Subsidiary, since it became the holding company's subsidiary as far as it concerns members of the Company.	
a	Dealt with in the Accounts of the Company for the Year ended 31st March 2012	NIL
b	Not dealt with in the Accounts of the Company for the Year ended 31st March 2012	(Rs. 32.71 lacs) (Equivalent to US \$ 72,994)
8	Change in the interest of the Company between the end of the financial year of the Subsidiary Company and of the Company's Financial Year for the Year ended 31st March, 2012	NIL
9	Material changes between the end of the Financial year of the Subsidiary Company and the Company's for the Year ended 31st March 2012	NIL

As per Our Report of even date attached

FOR AND ON BEHALF OF THE BOARD

**For Baweja & Kaul**  
**Chartered Accountants**  
**Firm's Registration No. : 005834N**

**Yogesh Vaidya**  
**Chairman & CEO (DIN 01185242)**

**Ravi Bhargava**  
**Director (DIN 00917673)**

**Dalip K Kaul**  
**Partner**  
**M.No. 083066**  
**Date: May 30,2012**  
**Place: Gurgaon**

**Madhvi Sharma**  
**Company Secretary**

## AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

To  
**The Board of Directors**  
**Software Technology Group International Ltd**  
**New Delhi**

1. We have audited the attached consolidated balance sheet of SOFTWARE TECHNOLOGY GROUP INTERNATIONAL LIMITED (the "Company") and its subsidiary Company (Collectively referred to as the "Group") as at 31st March 2012, the related consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether these financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of the Subsidiary, whose audited financial statements reflect total assets of Rs. 102845456/- as at 31st March, 2012 and total revenue 'Nil' and net cash flow amounting to Rs. 'Nil' for the year ended 31st March, 2012. These financial statements and other financial information pertaining to subsidiary company have been audited by other auditor, whose report have been furnished to us, and our opinion is based solely on the report of other auditor.
4. We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21-Consolidated Financial Statements notified under sub-section 3C of Section 211 of the Companies Act, 1956.
5. Based on our audit and on consideration of report of other auditor on separate financial statements and on the other financial information of the components and to the best of our information and according to the explanations given to us, *subject to balance confirmation and reconciliation of debtors, creditors and other parties including loans and advances and some inoperative bank accounts (See note no 36-notes to financial statements)*, in our opinion, the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (a) In the case of the Consolidated Balance Sheet, of the Consolidated State of Affairs of the Group as at 31st March 2012;
  - (b) In the case of the Consolidated Statement of Profit and Loss, of the Loss of the Group for the year ended on that date; and
  - (c) In the case of the Consolidated Cash Flow Statement, of the cash flows of the group for the year ended on that date.

**For BAWEJA AND KAUL**  
**Chartered Accountants**  
**FRN: 005834N**

**Place : Gurgaon**  
**Date : 30.05.2012**

**Dalip K Kaul**  
**Partner**  
**M. No. 083066**

# 19TH ANNUAL REPORT 2011-2012

## CONSOLIDATED BALANCE SHEET AS AT 31 MARCH, 2012

Particulars	Note No.	As at 31 March, 2012 (Rs.)	As at 31 March, 2011 (Rs.)
<b>A EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	3	148,356,900	135,985,500
(b) Reserves and surplus	4	(33,578,077)	(12,519,898)
		<b>114,778,823</b>	<b>123,465,602</b>
<b>2 Minority Interest</b>		3,257,204	2,882,841
<b>3 Non-current liabilities</b>			
(a) Long-term borrowings	5	225,835,071	224,151,803
(b) Other long-term liabilities	6	1,545,000	1,580,000
(c) Long-term provisions	7	1,221,395	2,016,424
		<b>228,601,466</b>	<b>227,748,227</b>
<b>4 Current liabilities</b>			
(a) Trade payables	8	2,928,317	2,999,193
(b) Other current liabilities	9	42,562,582	47,774,473
(c) Short term provisions	10	7,968,871	9,431,365
		<b>53,459,770</b>	<b>60,205,031</b>
<b>TOTAL</b>		<b>400,097,263</b>	<b>414,301,701</b>
<b>B ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Fixed assets	11		
(i) Tangible assets		14,453,891	18,897,639
(ii) Intangible assets under development		90,825,193	95,795,314
(b) Deferred tax assets (net)	12	141,807,674	141,807,674
		<b>247,086,758</b>	<b>256,500,627</b>
<b>2 Current assets</b>			
(a) Inventories	13	2,284,260	2,502,694
(b) Trade receivables	14	107,131,750	115,239,362
(c) Cash and cash equivalents	15	953,258	523,501
(d) Short-term loans and advances	16	17,480,147	14,218,070
(e) Other assets	17	25,161,090	25,317,447
		<b>153,010,505</b>	<b>157,801,074</b>
<b>TOTAL</b>		<b>400,097,263</b>	<b>414,301,701</b>
Significant accounting policies	1 & 2		

Note: The notes referred to above form an integral part of these financial statements.

As per Our Report of even date attached

FOR AND ON BEHALF OF THE BOARD

For Baweja & Kaul  
Chartered Accountants  
Firm's Registration No. : 005834N

Yogesh Vaidya  
Chairman & CEO (DIN 01185242)

Ravi Bhargava  
Director (DIN 00917673)

Dalip K Kaul  
Partner  
M.No. 083066  
Date: May 30,2012  
Place: Gurgaon

Madhvi Sharma  
Company Secretary

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

Particulars	Note No.	Year ended 31st March, 2012 (Rs.)	Period ended 31st March, 2011 (Rs.)
<b>Income</b>			
Revenue from Operations	18	8,394,062	65,497,991
Other income	19	34,056	810,188
<b>Total revenue</b>		<b>8,428,118</b>	<b>66,308,179</b>
<b>Expenses</b>			
Materials Consumed	20	297,661	1,699,945
Salaries and other benefits	21	8,725,691	20,969,441
Administration Expenses	22	10,332,726	23,565,725
Finance costs	23	548,136	4,018,434
Depreciation and amortisation expense	24	8,976,897	12,939,961
Other Expenses	25	1,649,609	3,157,593
<b>Total</b>		<b>30,530,720</b>	<b>66,351,099</b>
<b>Profit before exceptional and extra-ordinary items and tax</b>		<b>(22,102,601)</b>	<b>(42,920)</b>
<b>Extra Ordinary Items</b>	26	1,128,170	3,329,653
<b>Profit before Prior Period and tax</b>		<b>(20,974,431)</b>	<b>3,286,733</b>
Prior period Items	27	(83,747)	(5,566)
<b>Profit / (loss) before taxation</b>		<b>(21,058,178)</b>	<b>3,281,167</b>
<b>Tax expense</b>			
Current Tax		-	-
Deferred tax charge / (credit)		-	(1,327,037)
<b>Total tax expense</b>		<b>-</b>	<b>(1,327,037)</b>
<b>Profit for the year</b>		<b>(21,058,178)</b>	<b>1,954,130</b>
<b>Earnings per share</b>			
Basic [Nominal value of shares Rs 10/- (Previous year Rs 10/-)]		(1.42)	0.14
Diluted [Nominal value of shares Rs 10/- (Previous year Rs 10/-)]		(1.42)	0.13
Weighted average number of shares outstanding		14,837,140	13,600,000
Significant accounting policies	1 & 2		

Note: The notes referred to above form an integral part of these financial statements.

As per Our Report of even date attached

FOR AND ON BEHALF OF THE BOARD

For Baweja & Kaul  
Chartered Accountants  
Firm's Registration No. : 005834N

Yogesh Vaidya  
Chairman & CEO (DIN 01185242)

Ravi Bhargava  
Director (DIN 00917673)

Dalip K Kaul  
Partner  
M.No. 083066  
Date: May 30, 2012  
Place: Gurgaon

Madhvi Sharma  
Company Secretary

**19TH ANNUAL REPORT 2011-2012****CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2012**

	For the Year Ended 31st March 2012 (Rs.)	For the Period Ended 31st March 2011 (Rs.)
<b>Cash Flow From Operations</b>		
Profit/(Loss) for the period before Provision for Taxation	(21,058,178)	3,281,167
Add/ (less):		
Miscellaneous Expenditure	4,408,576	5,161,447
Depreciation	4,568,321	8,318,721
Translation Adjustment on Fixed Assets	436,974	(260,673)
Net Loss/(Profit) on Sale of assets	-	1,165,471
Interest Paid	412,816	3,501,985
Interest Income	(34,056)	(8,722)
<b>Operating Profit Before Working Capital Change</b>	<b>(11,265,548)</b>	<b>21,159,395</b>
<b>Change in Working Capital</b>		
Decrease/(Increase) in Inventories	218,434	(1,442,163)
Decrease/(Increase) in Sundry Debtors	8,107,611	(5,435,219)
Decrease/(Increase) in Loans and Advances	(5,202,038)	2,385,029
Increase/(Decrease) in Current Liabilities	(4,899,667)	(3,158,668)
Provision For Salaries & Benefits	(2,257,523)	(10,091,049)
Net Advance Tax / TDS Refund / (Paid)	2,096,318	(2,983,746)
<b>Net Cash Flow from Operating Activities (A)</b>	<b>(13,202,414)</b>	<b>433,580</b>
<b>Cash Flow From Investing Activities</b>		
Purchase of Fixed Assets	-	(2,289,313)
Sale / Adjustments of Fixed Assets	-	1,324,250
Interest Income on Fixed Deposits etc	34,056	8,722
<b>Net Cash Flow From Investing Activities (B)</b>	<b>34,056</b>	<b>(956,341)</b>
<b>Cash Flow from Financing Activities</b>		
Increase/(Decrease) in Minority Interest	374,363	(244,788)
Increase/(Decrease) in share Capital	12,371,400	2,000
Increase/(Decrease) in Reserve & Surplus	-	-
Increase/(Decrease) in Share Warrants	-	-
Increase/(Decrease) in unsecured loan	1,863,985	34,404,087
Interest Paid	(412,816)	(3,501,985)
<b>Net Cash Flow From Financing Activities (C)</b>	<b>14,196,932</b>	<b>30,659,314</b>
<b>Net Increase/(decrease) in cash and cash equivalent (A+B+C)</b>	<b>1,028,574</b>	<b>30,136,552</b>
<b>Cash and Cash Equivalents at the beginning of the Year</b>	<b>(868,195)</b>	<b>(31,004,748)</b>
<b>Cash and Cash Equivalents at the close of the Year</b>	<b>160,379</b>	<b>(868,195)</b>

Note : FDR amounting to Rs.803,302/- (Previous period Rs. 3,83,302/-) has been pledged with bank as margin against Bank Guarantee  
Note: The notes referred to above form an integral part of these financial statements.

As per Our Report of even date attached

FOR AND ON BEHALF OF THE BOARD

For Baweja & Kaul  
Chartered Accountants  
Firm's Registration No. : 005834N

Yogesh Vaidya  
Chairman & CEO (DIN 01185242)

Ravi Bhargava  
Director (DIN 00917673)

Dalip K Kaul  
Partner  
M.No. 083066  
Date: May 30,2012  
Place: Gurgaon

Madhvi Sharma  
Company Secretary

## Notes to financial statements for the year ended 31 March, 2012

### 1 Corporate information

Software Technology Group International Ltd. (hereinafter referred to as 'the Company') is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The Company is engaged in the business of Software Consulting and Training.

### 2 Basis of Accounting

The financial statements are prepared in accordance with Indian Generally Accepted Accounting principles ("GAAP") under the historical cost convention on an accrual basis. GAAP comprises mandatory Accounting Standards issued by the Institute of Chartered Accountants of India ("ICAI"), the provisions of the Companies Act, 1956, and guidelines issued by the Securities and Exchange Board of India. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

The Management evaluates all recently issued or revised accounting standards on an ongoing basis.

### 2.1 Summary of significant accounting policies

#### a) Change in accounting policy

Presentation and disclosure of financial statements During the year ended 31 March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

#### b) Basis of preparation of Consolidated Financial Statements

The Consolidated financial statements have been prepared and presented in accordance with Accounting Standard 21 "Consolidation of Financial Statements" issued by the Institute of Chartered Accountant of India.

#### c) Principles of Consolidation

The consolidated financial statements comprises the financial statements of Software Technology Group International Ltd. (Parent Company) and all of its subsidiary companies where the parent company has more than one half of the voting power of an enterprise where the parent company controls the composition of Board of directors or the governing body. The consolidated Financial statements have been prepared on the following basis:

- (i) The financial statements of the parent company and its subsidiary companies have been consolidated on a line by line basis by adding together the book value of like items of assets, liabilities, income and expenses after eliminating intra transactions and resulting unrealised profit, arrived on estimated basis. Unrealised losses resulting from Intra group have also been eliminated except to the extent that recoverable value of the related asset is lower than their cost to the group.
- (ii) The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the company's separate financial statements.
- (iii) The excess of cost to the parent company of its investment in the subsidiary over its portion of equity in the the respective dates on which investment in the subsidiary was made is recognised in the Consolidated Financial Statements as Goodwill. The parent company's portion of equity in the subsidiary is determined on the basis of the book value of assets and liabilities as per the Financial Statements of the subsidiary as on the date of investment and if financial statements of the as on the date of parent company's Investments are not available then the financial statements of that subsidiary immediately preceding period adjusted for the effect of significant Transactions.
- (iv) The excess of parent company's portion in the equity of subsidiary company over the parent Company's investment in the subsidiary at the respective date on which Investment in subsidiary company was made, is treated as Capital Reserve.
- (v) Minority interest in the net assets of consolidated subsidiaries consist of: The amount of equity attributable to the minorities at the date on which investment in a subsidiary is made, and The minorities' share of movements in equity since the date the parent-subsidiary relationship came into existence.

(vi) Minority interests share of net profit for the year of consolidated subsidiaries is identified and adjusted against the profit after tax of the group.

(vii) Translation of Financial Statement of Foreign Subsidiaries :

All the figures of assets, liabilities, revenue and expenses of subsidiary which are stated in relevant foreign currency terms in its separate Financial Statement are converted into Indian rupees at the average exchange rate prevailing as at close of the accounting period, for consolidation purpose.

Net Exchange difference resulting from consolidation are transferred to the Foreign Exchange Reserve on Consolidation Contingent liabilities are translated at exchange rates prevailing at the close of accounting period.

#### d) Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, actual results could differ from these estimates.

#### e) Valuation-Fixed Assets and Inventory

(I) Fixed assets are normally accounted for on cost basis including the cost of installation where incurred. Expenditure on regular staff, which might be occasionally engaged for installation work, is charged to revenue. Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

(II) Inventory:-

- (i) Stock of books are valued at cost based on First-in First-out method.
- (ii) Softwares under development & intended for sale and not ready for use before the year end, are valued at cost as Software Work-in-Progress

#### f) Depreciation and Amortisation

- (a) Normal Depreciation on all the fixed assets is provided on Straight Line Method at the rates prescribed in schedule -XIV to the Companies Act, 1956.
- (b) Depreciation on additions/ deletions to Fixed Assets is provided on prorata basis from/to date of additions/deletions
- (c) In case of financial year consist of the year less/more than a normal year of 12 months then depreciation is provided for that particular year.
- (d) In case of courseware/software developed and capitalised, the same is written off over a period of 3 years, considering the estimated economic life of the product.

#### g) Impairment of Assets

The carrying amount of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/ external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use.

#### h) Investments

Long-term Investments, are valued at their acquisition cost. Any decline in the value of said investment other than the temporary decline is recognised and charged to Profit & Loss Account.

#### i) Revenue Recognition

- a. (i) In case of own centres income from coaching fee is recognised to the extent of course/programme delivered to students.  
Income from courseware is recognised on the basis of courseware supplied to the students/clients.
- (ii) In Case of domestic licence centres, the income is recognised on the basis of collections received from licensee against course fee. Income from courseware is recognised on the basis of courseware supplied to the licence centre.
- b. Income from Technical Know How/ Licence Fees are recognised on the basis of Agreement/MOU entered subject to realisation of the income.
- c. In respect of Software Development/Products and Consultancy activities, the revenue is recognised on dispatch/ delivery of the concerned goods/services by adopting percentage completion method wherever required.

## 19TH ANNUAL REPORT 2011-2012

- j) **Public Issue Expenses and Pre-Operative Expenses**  
Public issue expenditure and pre-operative expenses incurred on further issue of Share Capital are written off over a period of ten years on prorata basis.
- k) **Foreign Currency Transactions**  
Transactions in foreign currency are booked at pre-determined rate and all monetary assets and liabilities in foreign currency are restated at the year end.  
Gain / Loss arising out of fluctuations on realisation / payment or restatement, except those identifiable to acquisition of fixed assets & Investment are charged /credited to Profit & Loss Account.
- l) **Employees' / Retirement Benefits**
- All employees of the Company are entitled to receive benefits under the Provident Fund, which is a defined contribution plan.
  - In addition, some employees of the Company are covered under the employees' state insurance schemes
  - The Company's contributions to above schemes are expensed in the Profit and Loss Account.
  - Liability on account of Gratuity and Leave Encashment of Employees is provided on the actuarial Valuation.
- m) **Taxation**  
Income tax expenses are accrued in accordance with Accounting Standard -22 " Accounting for Taxes on Income, issued by The Institute of Chartered Accountants of India, which includes current taxes and deferred taxes. Deferred income tax reflects the impact of current year timing difference between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax assets are recognised only to extent, there is a reasonable certainty that sufficient future taxable income will be available. Such Deferred tax Assets and Liabilities are measured at each Balance Sheet date & the carrying value of the same are adjusted for recognising the change in the value of each such deferred tax Asset and Liability.
- n) **Borrowing Cost**  
Interest and other costs in connection with the borrowing of funds to the extent related/attributed to the acquisition/ construction of qualifying fixed assets are capitalized upto the date when such assets are ready for its intended use and other borrowing costs are charged to Profit & Loss Account.
- o) **Provision and Contingencies**  
The Company creates a provision when there is a present obligation as a result of past events that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation. A disclosure for a Contingent Liability is made when there is a possible obligation that probably will not require an outflow of resources or where a reliable estimate of the obligation can not be made. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.
- p) **Segment reporting**  
The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.
- q) **Earnings per share**  
Basic earning per share (EPS) is calculated by dividing the net profit after tax for the year (including the post-tax effect of extraordinary items, if any) attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.  
For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.
- r) **Provisions**  
A provision is recognized when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.
- s) **Cash and cash equivalents**  
Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, financing, and investing activities of the company are segregated.

2.2 (a) The List of Subsidiary Company Considered in Consolidated Financial Statements is as under :

Name of the Subsidiary Company	Country of Incorporation	Parent Company's holding in subsidiary as at	Financial Year ended on
Software Technology Group Inc.	USA	60%	31.03.2012

2.2 (b) The financial statements of parent company and its subsidiary considered for the purpose of consolidation consists of following accounting year:

Name of the Subsidiary Company	Current Period	Previous Year
Software Technology Group Inc.	From 01.04.2011 to 31.03.2012	From 01.10.2009 to 31.03.2011

2.2 (c) The Financial Statements of the above foreign subsidiary Company has been audited by the other Auditor instead of its local auditor.

3. Share capital	31.03.12	31.03.11
<b>Authorised</b>		
2,00,00,000 (Previous year same)		
Equity shares of Rs.10/- each	200,000,000	200,000,000
<b>Issued, subscribed &amp; paid-up</b>		
14837140 (Previous year 1,36,00,000)		
Equity shares of Rs.10/- each	148,371,400	136,000,000
Less: Calls in arrears 2900 Equity shares @ Rs. 5/- each	14,500	14,500
<b>Total subscribed &amp; paid-up share capital</b>	<b>148,356,900</b>	<b>135,985,500</b>

The Company has only one class of equity shares having a par value of Rs. 10 per share. All shares have equal rights with respect to voting rights and dividend.

In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company, after distribution of all preferential amounts, in proportion of their shareholding.

(a) Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting year

Equity shares	31.03.2012		31.03.2011	
	No. of shares	Rs.	No. of shares	Rs.
At the beginning of the year	13,600,000	136,000,000	13,600,000	136,000,000
Add: Fresh Issue	1,237,140	12,371,400	-	-
<b>At the end of the year</b>	<b>14,837,140</b>	<b>148,371,400</b>	<b>13,600,000</b>	<b>136,000,000</b>

(b) Detail of shareholders holding more than 5% shares in the Company

Equity shares	31.03.2012		31.03.2011	
	No. of shares	% holding in the class	No. of shares	% holding in the class
<b>Equity shares of Rs. 10/- each</b>				
fully paid				
Mr. Yogesh Chandra Vaidya	3,699,668	24.94%	3,662,265	26.93%
Associated Teckno Plastics Pvt Ltd	1,857,885	12.52%	1,807,885	13.29%
AKM Systems Pvt Ltd*	1,237,140	8.34%	-	-
Bits Limited	1,000,000	6.74%	1,000,000	7.35%

\* The company has issued 1237140 shares to AKM Systems Pvt Ltd a non promoter entity on preferential basis by converting its unsecured loan of Rs.1,23,71,400/- (including interest accrued till 31.12.2010) into equity shares of the company.



4. Reserves and surplus	31.03.12 (Rs.)	31.03.11 (Rs.)
Securities Premium account (As per the last financial statement)	282,402,180	282,402,180
Warrant Forfeited A/c	2,990,000	2,990,000
Surplus/ (deficit) in the statement of profit and loss		
Balance as per the last financial statements	(297,912,078)	(299,866,208)
Profit/ (loss) for the year	(21,058,178)	1,954,130
Net surplus/ (deficit) in the statement of profit and loss	<u>(318,970,257)</u>	<u>(297,912,078)</u>
Total reserves and surplus	<u>(33,578,077)</u>	<u>(12,519,898)</u>

5. Long-term borrowings	Non Current Portion 31.03.2012 (Rs.)	31.03.2011 (Rs.)	Current Maturities 31.03.2012# (Rs.)	31.03.2011# (Rs.)
Secured Loan				
Car finance				
loans from				
banks (secured)*	606,401	787,117	180,716	162,778
	<u>606,401</u>	<u>787,117</u>	<u>180,716</u>	<u>162,778</u>
Unsecured Loans				
Directors	113,210,165	107,971,206	-	-
Others**	112,018,505	115,393,480	-	-
	<u>225,228,670</u>	<u>223,364,686</u>	-	-
Total	<u>225,835,071</u>	<u>224,151,803</u>	-	-

# Current Maturities Amount disclosed under the head "other current liabilities" (refer note 9)

\*\* Others includes loan taken from Associated Teckno Plastic Pvt Ltd (company under the same management) during the year for Rs.20,550,000/-

#### Nature of Security and terms of repayment for Long Term secured borrowings:

##### Nature of Security

Term Loan amounting to Rs. 606401 (March 31, 2011: Rs. 787118) is secured against hyp otheccation of vehicles financed by them.

##### Terms of Repayment

Repayable in 60 equated monthly installments commencing from December, 2010. Last installment due in November, 2015.

#### 11. Fixed Assets

##### A. Tangible Assets

PARTICULARS	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	AS AT 01.04.2011	Addition During Apr 11 To Mar 12	Sales /Adj. During Apr 11 To Mar 12	Translation Adjustment	As At 31.03.2012	AS AT 01.04.2011	Sales / Adj. For Apr 11 To Mar 12	For The Period Apr 11 To Mar 12	Translation Adjustment	Up To 31.03.2012	As At 31.03.2012	As At 31.03.2011
FURNITURE & FIXTURE	27,928,481			109,942	28,038,423	21,654,284		1,203,536	109,942	22,967,763	5,070,660	6,274,197
OFFICE EQUIPMENT	23,989,705			1,797,480	25,787,185	18,614,422		1,483,853	1,672,909	21,771,184	4,016,001	5,375,283
AIR CONDITIONER	3,171,282				3,171,282	1,816,974		141,821	-	1,958,795	1,212,487	1,354,308
ELECTRIC INSTALLATIONS	7,998,125				7,998,125	5,183,322		356,572	-	5,539,895	2,458,230	2,814,803
COMPUTER	59,012,276			7,867	59,020,143	57,291,642		1,024,346	7,867	58,323,856	696,287	1,720,633
VEHICLE	3,791,603			-	3,791,603	2,684,163		107,616	-	2,791,779	999,824	1,107,440
SOFTWARE	33,908,472			-	33,908,472	33,657,496		250,575	-	33,908,072	400	250,975
TOTAL	246,964,886	-	-	1,915,289	161,715,233	140,902,304	-	4,568,320	1,790,718	147,261,342	14,453,891	18,897,639

##### B. Intangible Assets

PARTICULARS	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	AS AT 01.04.2011	Addition During Apr 11 To Mar 12	Sales /Adj. During Apr 11 To Mar 12	Translation Adjustment	As At 31.03.2012	AS AT 01.04.2011	Sales / Adj. For Apr 11 To Mar 12	For The Period Apr 11 To Mar 12	Translation Adjustment	Up To 31.03.2012	As At 31.03.2012	As At 31.03.2011
Goodwill *	87,164,943			(561,545)	86,603,398				-	-	86,603,398	87,164,943
Courseware Development	2,980,418	-	-	-	2,980,418	1,336,828	-	915,186		2,252,014	728,404	1,643,590
Software Development	10,480,171			-	10,480,171	3,493,390		3,493,390		6,986,780	3,493,391	6,986,781
Total B	100,625,532	-	-	(561,545)	100,063,987	4,830,218	-	4,408,576	-	9,238,794	90,825,193	95,795,314
G.Total (A+B)	347,590,418	-	-	1,353,744	261,779,219	145,732,522	-	8,976,896	1,790,718	156,500,136	105,279,084	114,692,953

\*Adjustment made to reflect goodwill as per Consolidation procedure.

## 19TH ANNUAL REPORT 2011-2012

12. Deferred tax assets	31.03.12 (Rs.)	31.03.11 (Rs.)
<b>Deferred Tax Assets</b>		
- Unabsorbed losses/ depreciation under the income tax act 1961	150,087,433	150,087,433
- Others	2,208,408	2,208,408
<b>Gross deferred tax Assets (A)</b>	<b>152,295,841</b>	<b>152,295,841</b>
<b>Deferred tax liabilities</b>		
Depreciation differences	1,519,421	1,519,421
Other Amortisation	8,968,746	8,968,746
<b>Gross deferred tax assets (B)</b>	<b>10,488,167</b>	<b>10,488,167</b>
<b>Net deferred tax assets (A-B)</b>	<b>141,807,674</b>	<b>141,807,674</b>

The opinion of the Management is not to recognise further deferred tax assets during the year as management feels that deferred tax already created would be sufficient to meet future profits.

13. Inventories (valued at cost)	31.03.12 (Rs.)	31.03.11 (Rs.)
Stock of Books (As taken valued and certified by the management)	46,182	264,616
Software Development WIP	2,238,078	2,238,078
<b>Total</b>	<b>2,284,260</b>	<b>2,502,694</b>

\*Software Development WIP represents the software being developed by the company but nearing test run stage as on date.

Mode of Valuation of inventories: refer note 2.1 (c)

14. Trade receivables	31.03.12 (Rs.)	31.03.11 (Rs.)
<b>Debts outstanding for a period exceeding six months from the date they are due for payments</b>		
Secured, considered good	105,538,642	22,400,064
<b>(A)</b>	<b>105,538,642</b>	<b>22,400,064</b>
<b>Other receivables</b>		
Secured, considered good	1,593,109	92,839,298
<b>(B)</b>	<b>1,593,109</b>	<b>92,839,298</b>
<b>Total (A + B)</b>	<b>107,131,750</b>	<b>115,239,362</b>

15. Cash and Cash Equivalents	31.03.12 (Rs.)	31.03.11 (Rs.)
Cash and cash equivalents		
Balances with banks:		
On current accounts	114,859	133,097
Cash on hand	1,041	7,102
	<b>115,900</b>	<b>140,199</b>
Other bank balances:		
Fixed Deposit with Bank including Interest accrued	837,358	383,302
	<b>953,258</b>	<b>523,501</b>

16. Short term Loan & Advances	31.03.12 (Rs.)	31.03.11 (Rs.)
<b>(a) Loans and advances to related parties *</b>		
Unsecured, considered good	153,632	153,632
<b>(b) Security deposits</b>		
Unsecured, considered good	4,217,344	4,318,154
<b>(c) Loans and advances to employees</b>		
Unsecured, considered good	4,396,605	2,657,622
<b>(d) Others</b>		
Advances to vendors	8,712,567	7,088,663
<b>Total</b>	<b>17,480,147</b>	<b>14,218,070</b>

\* Includes amount due from companies under the same management as defined U/S 370 (IB) of Companies Act 1956

	As at 31.03.12	Maximum Amount Outstanding at any time during the year
Software Technology Group Inc. (USA-San Jose)	153,632	153,632

17. Other Assets	31.03.12 (Rs.)	31.03.11 (Rs.)
Online test delivery	15,865,800	13,891,101
Prepaid exp - Insurance	2,881	2,881
<b>Balances with government authorities</b>		
Service Tax credit receivable	458,624	493,362
TDS/Income Tax	8,833,785	10,930,103
<b>Total</b>	<b>25,161,090</b>	<b>25,317,447</b>

18. Revenue from operations	31.03.12 (Rs.)	31.03.11 (Rs.)
<b>Revenue from operations (Domestic)</b>		
Coaching Fee	3,427,763	27,216,456
Sale of Courseware	84,450	6,402,167
Technical Know-How/ Licence Fee	18,132	398,911
Consulting, Software Development/products	4,863,717	31,480,457
<b>Revenue from operations</b>	<b>8,394,062</b>	<b>65,497,991</b>

19. Other income	31.03.12 (Rs.)	31.03.11 (Rs.)
Interest income	34,056	8,722
Foreign Exchange Fluctuation	-	15,451
Rent Income	-	450,000
Profit on sale / disposal of fixed assets	-	182,150
Other non-operating income	-	153,865
<b>Total</b>	<b>34,056</b>	<b>810,188</b>

20. Materials Consumed	31.03.12 (Rs.)	31.03.11 (Rs.)
Books Consumed - Opening Balance	264,616	1,060,531
Add : Purchases during the year	79,227	904,030
Less : Closing Stock	46,182	264,616
<b>Materials Consumed during the year</b>	<b>297,661</b>	<b>1,699,945</b>

21. Salaries and other benefits to Employees	31.03.12 (Rs.)	31.03.11 (Rs.)
Salaries, wages and other benefits	7,774,176	18,372,570
Contribution to provident and other funds	265,545	608,218
Staff welfare	196,000	826,195
Consultant/Visiting Faculty Charges	489,970	1,162,458
	<b>8,725,691</b>	<b>20,969,441</b>

22. Administration Expenses	31.03.12 (Rs.)	31.03.11 (Rs.)
Postage Telegram & Courier	94,430	163,183
Telephone And Fax	566,946	1,542,644
Books, Journal & Newspapers	7,123	13,091
Business Promotion	-	166,512
Commission & Brokerage	-	105,000
Hire Charges	-	554,887
Diesel Expenses	224,060	211,002
Electricity & Water Exp.	463,866	1,115,866
Freight & Cartage Inward	7,400	51,358
Filing Fee	4,207	46,570
Insurance Charges	9,821	31,167
Legal And Professional Charges	757,269	2,969,514
Penalty on Taxes	-	10,000
Listing Fee	202,284	450,056
Local Conveyance	524,909	1,486,410
Office Maintenance	403,251	1,402,874
Printing & Stationery	109,131	401,974
Rent - Office	3,560,066	6,814,656
Repair & Maintenance	85,293	664,600
Subscription & Membership Fee	-	501
Tender Fees	-	225
Transportation Charges	686,420	1,229,297
Travelling	1,921,741	1,731,640
Vehicle Running Expenses	-	49,600
Seminar and Exhibition expenses	25,009	129,182
Watch & Ward Expenses	310,829	1,278,110
Other Expenses	66,816	351,106
	<b>10,030,871</b>	<b>22,971,024</b>

22. Administration Expenses	31.03.12 (Rs.)	31.03.11 (Rs.)
<b>Payment to auditor</b>		
As auditor:		
Audit fees	250,000	350,000
Tax audit fees	50,000	125,000
Certification fee	-	85,000
Reimbursement of expenses	1,855	34,700
	<b>301,855</b>	<b>594,700</b>
<b>TOTAL</b>	<b>10,332,726</b>	<b>23,565,725</b>

23. Finance costs	31.03.12 (Rs.)	31.03.11 (Rs.)
<b>Interest Expenses :</b>		
Bank	95,860	310,504
Others	316,956	3,191,482
<b>Bank Charges*</b>	<b>135,320</b>	<b>516,449</b>
	<b>548,136</b>	<b>4,018,434</b>

\* Balances with inoperative bank amounting Rs.15,048/-has been charged as bank charges.

24. Depreciation and amortisation expense	31.03.12 (Rs.)	31.03.11 (Rs.)
Depreciation of tangible assets	4,568,321	8,318,721
Amortisation of intangible assets	4,408,576	4,621,240
	<b>8,976,897</b>	<b>12,939,961</b>

25. Other Expenses	31.03.12 (Rs.)	31.03.11 (Rs.)
Coaching Fee Reimbursement	1,572,698	692,183
Advertisement	76,911	552,868
Loss on sale of Fixed Assets	-	1,347,621
Sundry Balances written off	-	24,714
Public Issue expenses written off	-	540,207
	<b>1,649,609</b>	<b>3,157,593</b>

26. Extra Ordinary Items	31.03.12 (Rs.)	31.03.11 (Rs.)
Old employees dues written back	1,128,170	583,036
Old creditors	-	2,746,617
	<b>1,128,170</b>	<b>3,329,653</b>

\*Based on review by the management old creditors and employees dues were written back during the period.

27. Prior Period income & expenses debited to Profit & Loss Account	31.03.12 (Rs.)	31.03.11 (Rs.)
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<b>INCOME</b>		
Interest	-	1,905
<b>A</b>	<b>-</b>	<b>1,905</b>

<b>EXPENDITURE</b>		
Courier Expenses	-	2,392
Cell Phone Expenses	-	424
Local Conveyance	815	4,655
Rent office	62,500	-
Courseware	2,890	-
Books & Journal	3,578	-
Printing & Stationery	132	-
Staff Welfare/Business Promotion	401	-
Electricity & water exp	13,231	-
Office Maintenance	200	-
<b>B</b>	<b>83,747</b>	<b>7,471</b>

<b>Total (A-B)</b>	<b>(83,747)</b>	<b>(5,566)</b>
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#### 28. (A) Details of provision of Gratuity on actuarial valuation.

As per Accounting Standard 15 "Employee benefits", the disclosures as defined in the Accounting Standard are given below:

	31.03.12 (Rs.)	31.03.11 (Rs.)
Present value of the obligation at the end of the period	1,019,870	782,392
Fair value of plan assets at end of period	-	-
Net liability/(asset) recognized in Balance Sheet and related analysis	1,019,870	782,392
Funded Status	(1,019,870)	(782,392)

Summary of membership data at the date of valuation and statistics based thereon:

	31.03.12	31.03.11
Number of employees	5	8
Total monthly salary	97,700	137,400
Average Past Service(Years)	13.00	11.70
Average remaining working lives of employees(Years)	12.00	11.80
Average Age(Years)	46.00	46.20

The assumptions employed for the calculations are tabulated:

Period	From 01.04.11 to 31.03.12	From 01.10.09 to 31.03.11
Discount rate	8.75 % per annum	8.25 % per annum
Salary Growth Rate	5.00 % per annum	5.00 % per annum
Mortality	LIC 94-96 Ultimate	LIC 94-96 Ultimate
Expected rate of return	0	0
Withdrawal rate (Per Annum)	2.00% p.a. (18 to 58 Years)	2.00% p.a. (18 to 58 Years)

Benefits valued:

Normal Retirement Age	58 Years
Salary	Terminal Basic Salary (Excluding all other Allowances and Perquisites)
Vesting Period	5 Years of service
Benefits on Normal Retirement	15 or 30 days salary as per rule of the Company
Benefit on early exit due to death and disability	As above except that no vesting conditions apply.
Limit	1000000

#### 28. (B) Details of provision of Leave Encashment on actuarial valuation

	31.03.12 (Rs.)	31.03.11 (Rs.)
Present value of the obligation at the end of the period	50,169	81,619
Fair value of plan assets at end of period	-	-
Net liability/(asset) recognized in Balance Sheet and related analysis	50,169	81,619
Funded Status	(50,169)	(81,619)

Summary of membership data at the date of valuation and statistics based thereon:

	31.03.12	31.03.11
Number of employees	8	13
Total monthly salary	83,700	1,63,600
Average Past Service(Years)	8	9.1
Average remaining working lives of employees(Years)	16	14.5
Average Age(Years)	42	43.5

The assumptions employed for the calculations are tabulated:

Period	From 01.04.11 to 31.03.12	From 01.10.09 to 31.03.11
Discount rate	8.75 % per annum	8.25 % per annum
Salary Growth Rate	5.00 % per annum	5.00 % per annum
Mortality	LIC 94-96 Ultimate	LIC 94-96 Ultimate
Expected rate of return	0	0
Withdrawal rate (Per Annum)	2.00% p.a. (18 to 58 Years)	2.00% p.a. (18 to 58 Years)

## 19TH ANNUAL REPORT 2011-2012

Benefits valued:

Normal Retirement Age	58 Years
Salary	As per rules of the company
Benefits on Normal Retirement	1/22* Salary* Number of encashable leaves.
Benefit on early exit	As above, subject to rules of the company.
Benefit on death	As above, subject to rules of the company.

No additional provision is required to be made as per valuation report of actuarial for the year ended 31.03.2012

29. Contingent Liabilities and Commitments	31.03.12 (Rs.)	31.03.11 (Rs.)
(i) Contingent Liabilities		
(a) Claims against the company not acknowledged as debt		
- Additional demands raised by the Income Tax Dept which are under appeal	33,13,732	33,13,732
- Legal Disputes	4,304,380	6,454,380
(b) Guarantees issued by Banker on behalf of the company*	-	416,698
* 100% Margin Money paid on Bank Guarantees during the year.		
(ii) Commitments		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for	NIL	NIL
(b) Uncalled liability on shares and other investments partly paid.	NIL	NIL

### Related party transactions

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

	Key Management Personnel or Individuals having control or significant influence (Rs.)	Enterprises owned or significantly influenced by key management personnel or their relatives (Rs.)
<b>Transactions for the year:</b>		
Loan received during the year	422,000.00	20,550,000.00
	(40,945,720.00)	(1,089,048.00)
Loans repaid during the year	2,898,200.00	79,088.00
	(23,267,500.00)	(2,000.00)
<b>Balances at the year end:</b>		
Loans amount due	115,690,165.00	99,341,432.00
	(107,971,206.00)	(75,983,341.00)
Outstanding Balance included in Current Assets	-	59,857,086.00
	-	(59,350,234.00)

Note :- Previous year figures are given in Bracket.

### 33. Segment Reporting

- Segment Information has been prepared in conformity with accounting policies adopted in preparation and presentation of financial statements of the company.
- The Company has disclosed business segment as primary segment. The segment has been identified taking into account the nature of services, the different risks and returns, organisation structure and internal reporting system.
- The Company is mainly engaged in the Business of imparting Software training (Training) and Software development (Consulting) and accordingly Training and Consulting have been identified as primary segments.
- Segment revenue, Segment results, Segment assets, Segment liabilities includes respective amounts identifiable to segment and also includes amounts allocated on reasonable basis. The expenses which are not attributable to or allocated on reasonable basis to business segment are shown as unallocated corporate expenses.
- Assets and Liabilities that can not be allocated between the segments are shown as a part of unallocated corporate assets and liabilities respectively.
- Segmental Information
  - Information about business segment (Primary)

Particulars	Training	Products and Consulting	Consolidated
<b>Revenue</b>			
External Revenue from operation	3,530,345	4,863,717	8,394,062
	(34,017,534)	(31,480,457)	(65,497,991)
Other Income	-	-	-
	(705,706)	-	(705,706)

30. Earnings in Foreign Currency on Accrual Basis	31.03.12 (Rs.)	31.03.11 (Rs.)
- Coaching fees	20,252	24,792
	20,252	24,792

31. Stock Statement Printed Material	31.03.2012 Qty Value (Rs.)	31.03.2011 Qty Value (Rs.)
Purchase	445 79,227	5,060 904,030
Sales / Distribution to Students	1,695 297,661	7,305 1,699,945
Opening Stock.	1,484 264,616	3,729 1,060,531
Closing Stock	234 46,182	1,484 264,616

### 32. Related party disclosures

#### Names of related parties and related party relationship

- Subsidiary
  - Software Technology Group Inc, San Jose, California (USA)
- Key Management Personnel or Individuals having control or significant influence
  - Mr. Yogesh C Vaidya (Chairman & CEO)
  - Mrs. Prasanna Vaidya
- Relatives of key management personnel
  - Mr. Ashish Vaidya
  - Ms. Shyamlee Vaidya
- Enterprises owned or significantly influenced by key management personnel or their relatives (either individually or with others)
  - Associated Teckno Plastics Private Limited
  - Y.P. Associates Private Limited
  - Vaidya Associates Private Limited
  - Bay Resources and Technolgy Corporation, USA

Particulars	Training	Products and Consulting	Consolidated
<b>Segment Revenue</b>	<b>3,530,345</b>	<b>4,863,717</b>	<b>8,394,062</b>
	(34,723,240)	(31,480,457)	(66,203,697)
<b>Results</b>			
Segment Result	<b>(10,365,550)</b>	<b>(3,319,706)</b>	<b>(13,685,256)</b>
	(3,305,668)	(16,646,635)	(19,952,303)
<b>[Profit/(Loss)]</b>			
Unallocated Corporate Expenses			<b>(6,858,844)</b>
			{(13408517)}
<b>operating profit</b>			<b>(20,544,100)</b>
			(6,543,786)
Financial Charges			<b>(548,136)</b>
			{(4,018,435)}
Unallocated Other Income			<b>34,056</b>
			(755,817)
<b>Net Profit/ (Loss) for the year before Tax</b>			<b>(21,058,178)</b>
			(3,281,167)
<b>Less : Provision for Taxation</b>			
Deferred Income Tax			-
			{(1,327,037)}
<b>Net Profit/(loss) after taxation</b>			<b>(21,058,178)</b>
			(3,281,167)
<b>Other Information</b>			
<b>Assets</b>			
Segment Assets	<b>28,474,214</b>	<b>130,390,523</b>	<b>158,864,737</b>
	(39,455,414)	(132,676,580)	(172,131,994)
unallocated corporate Assets			3,987,669
			(2,266,987)
Total			162,852,406
			(174,398,981)
<b>Liabilities</b>			
Segment Liabilities	31,845,300	15,427,808	47,273,108
	(36,032,044)	(17,554,055)	(53,586,099)
unallocated corporate liabilities			8,953,056
			(10,139,860)
Total			56,226,164
			(63,725,959)
Capital Expenditure during the year			
- Fixed Assets	-	-	-
	(2,239,813)	-	(2,239,813)
- Expenditure incurred for	-	-	-
Courseware/software development	(49,500)	(nil)	(49,500)
Depreciation during the year	3,051,968	1,442,964	4,494,932
	(6,843,934)	(1,356,478)	(8,200,412)
Unallocated Depreciation during the year			73,388
			(118,308)
Amortisation during the year	915,186	3,493,390	4,408,576
	(4,621,240)	-	(4,621,240)
Total Assets Excludes :			
Advance Tax/TDS/Demand			8,833,785
			(10,930,103)
Net Deferred Tax Assets			141,807,674
			(141,807,674)
Total Liabilities Excludes :			
Secured Loans			606,401
			(787,118)
Unsecured Loans			225,228,671
			(223,364,686)

Note :- Previous year figures are given in Bracket.

**(vii) Information about Geographical Segment ( Secondary )**

**A. Sales revenues by geographic markets**

	For the year ended 31.03.2012	For the period ended 31.03.2011
India	8,394,062	65,497,991
USA	-	-
Others	-	-
<b>Total</b>	<b>8,394,062.40</b>	<b>65,497,991.00</b>

## 19TH ANNUAL REPORT 2011-2012

### B. Analysis of assets by Geography

	For the year ended 31.03.2012	For the period ended 31.03.2011
India	60,006,950	83,477,595
USA	102,845,456	90,921,386
Others	-	-
<b>Total</b>	<b>162,852,406</b>	<b>174,398,981</b>

### C. Cost of tangible and intangible( including Misc Exp ) fixed assets acquired by Geography

	For the year ended 31.03.2012	For the period ended 31.03.2011
India	-	2,289,313
USA	-	-
Others	-	-
<b>Total</b>	<b>-</b>	<b>2,289,313</b>

### 34. Earning Per Share (EPS)

The numerators and Denominators used to calculate the Basic & Diluted Earning per Equity Shares

		31.03.2012 (Rs.)	31.03.2011 (Rs.)
Profit/(Loss) After Tax	Rs.	(20,057,304)	2,577,160
Profit/ (Loss) Attributable to Equity shareholders (numerator)	(A) Rs.	(20,057,304)	2,577,160
Fully paid up equity share of Rs. 10/- each	No.	14,834,240	13,597,100
Partly paid up equity share of Rs. 10/- each	No.	2,900	2,900
Weighted Average Basic Equity Share for the purpose of EPS (Denominator)	(B) No.	14,835,690	13,598,550
Dilutive effect of proposed preferential allotment by converting unsecured loan of AKM Systems (P) Ltd.	No.	-	1,237,140
Weighted Average diluted Equity Share for the purpose of EPS (Denominator)	(C) No.	14,835,690	14,835,690
Nominal value of per Equity Share	Rs.	10.00	10.00
Basic Earning per Share	(A/B) Rs.	(1.35)	0.19
Diluted Earning per Share	(A/C) Rs.	(1.35)	0.17

35. As per information available with the Management, the dues payable to enterprises covered under "The Micro, small and Medium Enterprises Development Act, 2006" as at 31.03.2012 is Rs. Nil.

36. Balance of Debtors, creditors, loans and advances and some in-operative banks are subject to confirmation and / or reconciliation.

37. In the opinion of the Management, Investments, Current Assets and Loans and Advances have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet and the provisions for all known liabilities have been made and are adequate.

38. As per management there are no assets which need to be impaired at the year end.

39. The previous period figures are of Eighteen months and current year's figure are of twelve months and are therefore not comparable.

40. Previous year figures:

Till the year ended 31 March 2011, the Company was using pre-revised Schedule VI to the Companies Act 1956, for preparation and presentation of its financial statements. During the year ended 31 March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company. The Company has re-classified/regrouped/rearranged previous year figures to conform to this year's classification. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it significantly impacts presentation and disclosures made in the financial statements, particularly presentation of balance sheet.

As per Our Report of even date attached

FOR AND ON BEHALF OF THE BOARD

For Baweja & Kaul  
Chartered Accountants

Firm's Registration No. : 005834N

Yogesh Vaidya  
Chairman & CEO (DIN 01185242)

Ravi Bhargava  
Director (DIN 00917673)

Dalip K Kaul  
Partner  
M.No. 083066  
Date: May 30,2012  
Place: Gurgaon

Madhvi Sharma  
Company Secretary



**SOFTWARE TECHNOLOGY GROUP INC., SAN JOSE, CALIFORNIA, U.S.A**  
**DIRECTOR'S REPORT**

**To the Members,**

Your Directors have pleasure in presenting their Annual Report together with the audited financial statements of the Company for the year ended March 31, 2012.

**BUSINESS OF THE COMPANY**

The Company has been engaged in the business of Project consulting, Design Development and Implementation of customized Software application and Consultancy for the last thirteen years. During 2000-01, the holding company had acquired a majority stake in this company by acquiring 60% stake.

**COUNTRY OF INCORPORATION**

The company was incorporated in San Jose under U.S. laws.

**DIVIDEND**

No Dividend has been proposed in view of inadequacy of profits of the company.

**RESULTS**

The company's loss for the period stands at US \$ 19,556 as against loss of US \$ 13904 of previous year and the Directors purpose that this may be carried forward.

**FUTURE PROSPECTS**

In views of the improved trend of investments in IT Infrastructure, company is expected to show growth in its consulting revenue and profits in future.

**BOARD OF DIRECTORS**

Mr. Yogesh Vaidya, Mr. Arjun Raman & Mr. Ashish Vaidya are the Directors of the company.

**AUDITORS**

M/s Satyendra Mrinal & Associates, Chartered Accountants are the Auditors of the Company.

**ACKNOWLEDGMENT**

Your Directors wish to thank the Govt. Authorities, Bankers and Shareholders for their Co-operation and assistance extended to the Company.

**YOGESH VAIDYA**  
**CHAIRMAN**

## 19TH ANNUAL REPORT 2011-2012

### AUDITOR'S REPORT THE MEMBERS OF SOFTWARE TECHNOLOGY GROUP INC., SAN JOSE, CALIFORNIA, USA

1. We have audited the attached Balance Sheet of Software Technology Group Inc. California, USA as at 31st March, 2012 and the Profit and Loss Account for the period ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted the audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's report) order, 2003 issued by the Central Government of India in terms of section 227(4A) of the Companies Act, 1956, We enclose in the annexure a statement on the matter specified in paragraph 4 and 5 of the said order.

Further to our comments in the Annexure referred to in paragraph 3 above, we state that:

- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- b) In our opinion, proper books of accounts as required by law have been kept by the Company, so far as appears from our examination of such books.
- c) The Balance Sheet and Profit and Loss Account referred to in this report are in agreement with the books of accounts.
- d) In our opinion, the Balance Sheet and Profit Loss Account referred to in this Report comply with the Accounting Standards referred to in Section 211(3C) of The Companies Act 1956.
- e) On the basis of written representations received from the directors as on 31st March, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31st, 2012 from being appointed as a director in terms of clause (g) of sub section (1) of Section 274 of the Companies Act, 1956
- f) in our opinion and to best of our information and according to the Explanations given to us, the said accounts, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - i. in so far as it relates to the Balance Sheet, of the state of affairs of the Company as at March 31st, 2012; and
  - ii. in so far as it relates to the Profit and Loss Account, of the Loss of the Company for the period ended on that date.

**for Satyendra Mrinal & Associates**  
**Chartered Accountants**  
**FRN. 017068N**

**Satyendra Kumar Jain**  
**Partner**  
**M.No. 086103**

**Place : New Delhi**  
**Date : May 25, 2012**



**Annexure to the Auditor's Report referred to in paragraph 3 of our report of even date.**

1. a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.  
b) The fixed Assets of the Company are physically verified by the management during the period and no material discrepancies between physical inventories and book records were noticed.  
c) The company has not disposed off substantial part of the fixed assets during the current period.
2. The Company does not hold any stocks and therefore the comments on the physical verification, procedures followed for such verification, reconciliation and valuation of such stock does not arise.
3. a) The Company has not granted any loans to companies firms or other Parties listed in the register maintained under Section 301 of the Companies Act, 1956.  
b) The Company has taken Unsecured Loan for Nil (Previous Year NIL) from Companies, Firms or other Parties covered in the Register maintained under section 301 of the Act.
4. The clause is not applicable since there are no purchases of inventory and fixed assets as well as sale of goods during the period covered by our audit.
5. The clause is not applicable since the company did not carry any business during the period
6. In our opinion and according to the information and explanations given to us the company has not accepted any deposits from the public
7. In our opinion the company has an internal audit system which in our opinion is commensurate with its size and nature of its business.
8. As per information and explanation given to us the maintenance of cost record has not been prescribed in the case of the company.
9. a) The company is generally regular in depositing statutory dues with the authorities.  
b) According to the information and explanations given to us no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, custom Duty, Excise duty, and cess were in arrears as at 31st March, 2012 for a period of more than six months from the date they became payable.  
c) There are no disputed taxes mentioned in clause (b) above which have not been deposited.
10. The company has accumulated losses at the end of the period under review \$ 92,550 (Rs.47,36,732/-) and has incurred cash loss during the period covered by our Audit and also in the immediately preceding period.
11. In our opinion and according to the information and explanations given to us the company has not defaulted in repayment of dues to a financial institution or bank. The company has no debenture holders.
12. The company has not granted any loans and advances on the basis of any security by way of pledge of shares, debentures and other securities and therefore the question of maintenance of documents and records in respect thereof does not arise.
13. The company is not a chit fund, nidhi/mutual benefit fund/society.
14. The company is not dealing in shares and securities.
15. According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks and financial institutions.
16. According to the information and explanations given to us the Company has not taken any term loan.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the company we report that no funds raised on short-term basis have been used for long term investments. No long term funds have been used to finance short term assets except permanent working capital.
18. In our opinion the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the companies act, 1956.ths.
19. The company has no debentures.
20. The company has not raised any money from public issues during the period.
21. According to the information and explanation given to us no fraud on or by the company has been noticed or reported during the course of our audit

**for Satyendra Mrinal & Associates**  
**Chartered Accountants**  
**FRN. 017068N**

**Satyendra Kumar Jain**  
**Partner**  
**M.No. 086103**

**Place : New Delhi**  
**Date : May 25, 2012**

# 19TH ANNUAL REPORT 2011-2012

## BALANCE SHEET AS AT 31ST MARCH, 2012

	<u>Notes</u>	<u>As at 31st Mar, 2012 (USD)</u>	<u>As at 31st Mar, 2011 (USD)</u>	<u>As at 31st Mar, 2012 (Rupees)</u>	<u>As at 31st Mar, 2011 (Rupees)</u>
<b>A EQUITY AND LIABILITIES</b>					
<b>1 Shareholders Funds</b>					
(a) Share capital	2	219,927	219,927	11,255,839	9,854,907
(b) Reserve & surplus	3	(92,550)	(72,994)	(4,736,732)	(3,270,843)
<b>2 Non-current liabilities</b>					
(a) Long-term borrowings	4	1,878,232	1,878,232	96,127,910	84,163,573
(b) Other long-term liabilities	5	3,877	3,877	198,439	173,741
<b>3 Current liabilities</b>		-	-	-	-
<b>Total</b>		<u>2,009,486</u>	<u>2,029,042</u>	<u>102,845,456</u>	<u>90,921,378</u>
<b>B Assets</b>					
<b>1 Non-current assets</b>					
Fixed assets - Tangible Assets	6	-	19,556	-	876,303
<b>2 Current assets</b>					
(a) Trade receivables	7	1,694,486	1,694,486	86,723,756	75,929,934
(b) Short-term loans and advances	8	5,000	5,000	255,900	224,050
(c) Other Current Assets	9	310,000	310,000	15,865,800	13,891,101
<b>Total</b>		<u>2,009,486</u>	<u>2,029,042</u>	<u>102,845,456</u>	<u>90,921,378</u>

Summary of significant accounting policies 1

The accompanying notes are an integral part of the financial statements

For and on behalf of the board

As per our Report of even date attached  
for Satyendra Mrinal & Associates  
Chartered Accountants  
FRN. 017068N

(Yogesh Vaidya)  
Chairman

Satyendra Kumar Jain  
Partner  
M.No. 086103

Place: New Delhi  
Dated: May 25, 2012

**PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH, 2012**

Particulars	Note	Year ended 31st Mar, 2012 (USD)	Period ended 31st Mar, 2011 (USD)	Year ended 31st Mar, 2012 (Rupees)	Period ended 31st Mar, 2011 (Rupees)
Income					
Revenue from operation		-	-	-	-
Other Income		-	-	-	-
Expenditure					
Salaries & other benefits		-	-	-	-
Administration & other expenses		-	-	-	-
Financial charges		-	280	-	12,532
Advertisement expenses		-	-	-	-
Depreciation		19,556	13,624	1,000,874	610,496
		19,556	13,904	1,000,874	623,029
Profit /(Loss) before taxation		(19,556)	(13,904)	(1,000,874)	(623,029)
Profit/ (Loss) after taxation		(19,556)	(13,904)	(1,000,874)	(623,029)
Balance brought forward		(72,994)	(59,090)	(3,735,858)	(2,647,815)
Balance carried forward to the					
Balance Sheet		<b>(92,550)</b>	<b>(72,994)</b>	<b>(4,736,732)</b>	<b>(3,270,843)</b>
Basic and diluted earning per share		(0.00)	(0.00)	(0.08)	(0.05)
Number of shares considered for					
calculating basic and diluted earning					
per share		13,049,220	13,049,220	13,049,220	13,049,220

Summary of significant accounting policies 1

The accompanying notes are an integral part of the financial statements

For and on behalf of the board

As per our Report of even date attached  
for Satyendra Mrinal & Associates  
Chartered Accountants  
FRN. 017068N

(Yogesh Vaidya)  
Chairman

Satyendra Kumar Jain  
Partner  
M.No. 086103

Place: New Delhi  
Dated: May 25, 2012

## 19TH ANNUAL REPORT 2011-2012

### Note 1: Significant accounting policies:

#### 1. SYSTEM OF ACCOUNTING

Except otherwise indicated:

- The company adopts the accrual concept in the preparation of the accounts.
- All expenditure and income are accounted for under the natural heads of accounts.

#### 2. VALUATION

- Fixed assets are normally accounted for on cost basis including the cost of installation where incurred. Expenditure on regular staff, which might be occasionally engaged for installation work, is charged to revenue.
- Inventory:-  
Stock of books are valued at cost based on First-in First-out method.

#### 3. FIXED ASSET & DEPRECIATION

- Normal Depreciation on all the fixed assets is provided on Straight Line Method based on estimated useful life of the relevant Fixed Assets as decided by the management.
- Depreciation on additions/deletions to Fixed Assets is provided on pro-rata basis from/to date of addition/deletion.
- In case of financial year consist of the period less/more than a normal period of 12 months then depreciation is provided for that particular period.
- In case of courseware/software developed or purchased, the same is written off in the year of purchase.

#### 4. REVENUE RECOGNITION

- Income from coaching fee is recognized over the period of course program actual delivery & execution basis.
- In respect of Software and Consultancy activities, the revenue arises and is recognised on dispatch/ delivery of the concerned goods/ services on percentage completion method.

5. In the opinion of the board the current assets, loans and advances have a value on realization in the Ordinary course of business, at least equal to the aggregate amount as shown in the Balance Sheet.

6. No provision for Income Tax has been made due to Accumulated Previous Years' Losses.

7. The company has been engaged in only one type of activity i.e. Consulting.

8. All the Figures of Assets, Liabilities, revenue and expenses which are stated in foreign currency are converted into Indian rupees at the average exchange rate prevailing as at close of the accounting year.

### Notes to financial statements for the year ended 31 March, 2012

#### Note 2: Share capital

	As at 31st Mar, 2012 (USD)	As at 31st Mar, 2011 (USD)	As at 31st Mar, 2012 (Rupees)	As at 31st Mar, 2011 (Rupees)
<b>Authorised</b>				
20,000,000 (previous year same)	-	-	-	-
shares of common stock, no par value				
<b>Issued, subscribed &amp; paid up</b>				
13,049,220 (previous Year Same)	219,927	219,927	11,255,839	9,854,907
shares of common stock, of USD 0.01685 (approx.) each, paid up.				
of the above shares 7,829,533 (Previous year Same)				
Shares of common stock, held by Software Technology Group International Ltd., India, the holding Company				
	<b>219,927</b>	<b>219,927</b>	<b>11,255,839</b>	<b>9,854,907</b>

#### Note 3 : Reserve & Surplus

	As at 31st Mar, 2012 (USD)	As at 31st Mar, 2011 (USD)	As at 31st Mar, 2012 (Rupees)	As at 31st Mar, 2011 (Rupees)
Balance as per the last financial statements	(72,994)	(59,090)	(3,735,858)	(2,647,814)
Profit/ (loss) for the year	(19,556)	(13,904)	(1,000,874)	(623,029)
<b>Net surplus/ (deficit) in the statement of profit and loss</b>	<b>(92,550)</b>	<b>(72,994)</b>	<b>(4,736,732)</b>	<b>(3,270,843)</b>

**Note 4 : Long terms borrowings**

	As at 31st Mar, 2012 (USD)	As at 31st Mar, 2011 (USD)	As at 31st Mar, 2012 (Rupees)	As at 31st Mar, 2011 (Rupees)
From Directors(unsecured)	1,364,986	1,364,986	69,859,970	61,165,011
From Others	513,246	513,246	26,267,940	22,998,562
	<b>1,878,232</b>	<b>1,878,232</b>	<b>96,127,910</b>	<b>84,163,573</b>

**Note 5: Other Current Liabilities**

	As at 31st Mar, 2012 (USD)	As at 31st Mar, 2011 (USD)	As at 31st Mar, 2012 (Rupees)	As at 31st Mar, 2011 (Rupees)
Sundry creditors	3,877	3,877	198,439	173,741
	<b>3,877</b>	<b>3,877</b>	<b>198,439</b>	<b>173,741</b>

**Note 6: Fixed Assets - Tangible Assets**

	As at 1st Apr, 2011 (USD)	Additions during the period (USD)	As at 31st March, 2012 (USD)	As at 1st April, 2011 (Rupees)	Additions during the period (Rupees)	As at 31st March, 2012 (Rupees)	As at 31st March, 2011 (Rupees)
<b>Gross block</b>							
Office Equipment	282,179	-	282,179	12,644,441	-	14,441,922	12,644,441
Computers	1,235	-	1,235	55,340	-	63,207	55,340
Furniture & Fixtures	17,259	-	17,259	773,392	-	883,334	773,392
	<b>300,673</b>	-	<b>300,673</b>	<b>13,473,174</b>	-	<b>15,388,463</b>	<b>13,473,174</b>
Previous year	300,673	-	300,673	14,438,335	-	13,473,174	14,438,335
<b>Accumulated depreciation</b>							
Office Equipment	262,623	19,556	282,179	11,768,139	1,000,874	14,441,922	11,768,139
Computers	1,235	-	1,235	55,340	-	63,207	55,340
Furniture & Fixtures	17,259	-	17,259	773,392	-	883,334	773,392
	<b>281,117</b>	<b>19,556</b>	<b>300,673</b>	<b>12,596,871</b>	<b>1,000,874</b>	<b>15,388,463</b>	<b>12,596,871</b>
Previous year	267,493	13,624	281,117	12,845,028	610,496	12,845,028	12,845,028
<b>Net block</b>	<b>19,556</b>	<b>(19,556)</b>	<b>-</b>	<b>876,303</b>	<b>-</b>	<b>-</b>	<b>876,303</b>
Previous year	33,180	(13,624)	19,556	1,593,307	-	628,145	1,593,307

**Note 7: Trade Receivable**

	As at 31st Mar, 2012 (USD)	As at 31st Mar, 2011 (USD)	As at 31st Mar, 2012 (Rupees)	As at 31st Mar, 2011 (Rupees)
(Unsecured, considered good)				
Debts outstanding for a period exceeding six months	1,694,486	1,694,486	86,723,756	75,929,934
Other debts	-	-	-	-
	<b>1,694,486</b>	<b>1,694,486</b>	<b>86,723,756</b>	<b>75,929,934</b>

**Note 8: Short term loan & advances**

	As at 31st Mar, 2012 (USD)	As at 31st Mar, 2011 (USD)	As at 31st Mar, 2012 (Rupees)	As at 31st Mar, 2011 (Rupees)
(Unsecured - considered good)				
Advances receivable in cash or in kind or for value to be received*	5,000	5,000	255,900	224,050
	<b>5,000</b>	<b>5,000</b>	<b>255,900</b>	<b>224,050</b>

**Note 9: Other current assets**

	As at 31st Mar, 2012 (USD)	As at 31st Mar, 2011 (USD)	As at 31st Mar, 2012 (Rupees)	As at 31st Mar, 2011 (Rupees)
Other assets (Online Test delivery)	310,000	310,000	15,865,800	13,891,100
	<b>310,000</b>	<b>310,000</b>	<b>15,865,800</b>	<b>13,891,100</b>

## 19TH ANNUAL REPORT 2011-2012

Note 10. Related parties:

(A) Related parties where control exists

i) Software Technology Group International Ltd., ultimate holding company.

ii) Key Management Personnel

Mr. Y.C. Vaidya

Mr. Ashish Vaidya

iii) Enterprises over which person under above items A(iii) have significant influence

Associated Techno Plastic Pvt. Ltd., New Delhi

Y.P. Associates Pvt. Ltd., New Delhi

Vaidya Associates Pvt. Ltd., New Delhi

Bay Resources and Technology Corporation, USA

Software Technology Group Inc.

B) Detail of transaction relating to persons referred to in items (A) above during the period ended 31st Mar,2012 as follows:

Nature of Transaction	Holding Company	Fellow Subsidiaries	Key Management personnel	(Amounts in USD)
				Enterprises over which person under above items A(iii) have significant influence
	(-)	(-)	(-)	(-)
1. Outstanding bal. included in current Assets	-	-	-	1,324,486
	(-)	(-)	(-)	(1,324,486)
2. Outstanding bal.included in current Liabilities	3,877	-	-	-
	(3,877)	(-)	(-)	(-)
3. Loan/advances dues as at the end of the year	-	-	1,364,986	453,246
	(-)	(-)	(1,364,986)	(453,246)
17. Closing Investment in equity	-	-	-	-
	(-)	(-)	(-)	(-)

Previous Year figures have shown in ( ) .

10. Since office equipments are in obsolete condition, the remaining value in books for the same has been charged fully.

11. The previous year's figures are of Eighteen months and the current period figures are of twelve months and are therefore not comparable.

For and on behalf of the board

As per our Report of even date attached  
for Satyendra Mrinal & Associates  
Chartered Accountants  
FRN. 017068N

(Yogesh Vaidya)  
Chairman

Satyendra Kumar Jain  
Partner  
M.No. 086103

Place: New Delhi  
Dated: May 25, 2012

**SOFTWARE TECHNOLOGY GROUP INTERNATIONAL LIMITED**  
Regd. Office : Level 2, Elegance, Mathura Road, Jasola, New Delhi - 110 025

19<sup>th</sup> Annual General Meeting to be held on Wednesday the 1<sup>st</sup> August, 2012 at 11:30 AM  
at Lok Kala Manch, 20, Lodhi Institutional Area, Lodhi Road, New Delhi-110 003.

**ATTENDANCE SLIP**



Registered Folio No. : .....(or)

\*Demat Account No. ....D.P. id. No.....

Name & Address of Shareholder(s).....

I/We certify that I am/We are Member/s Proxy of the Company holding .....Shares and hereby record my/our presence at the 19<sup>th</sup> ANNUAL GENERAL MEETING of the Company at Lok Kala Manch, 20, Lodhi Institutional Area, Lodhi Road, New Delhi-110 003 at 11:30 AM on Wednesday, the 1<sup>st</sup> Day of August, 2012.

**Signature of Member/s/Proxy**

A Member or his duly appointed Proxy wishing to attend the meeting must complete this Admission Slip and hand it over at the entrance.

Name of the Proxy in Block Letters.....  
(In case a Proxy attends the meeting)

\*Those who hold Shares in Demat Form quote their Demat Account No. and Depository Participany (D.P) Id. Number.

**REGISTRATION COUNTER WILL BE OPEN FROM 11:00 A.M. TILL THE START OF ANNUAL GENERAL MEETING.**

**NO GIFT WILL BE DISTRIBUTED AT THE ANNUAL GENERAL MEETING**



**SOFTWARE TECHNOLOGY GROUP INTERNATIONAL LIMITED**  
Regd. Office : Level 2, Elegance, Mathura Road, Jasola, New Delhi - 110 025

19<sup>th</sup> Annual General Meeting to be held on Wednesday the 1<sup>st</sup> August, 2012 at 11:30 AM  
at Lok Kala Manch, 20, Lodhi Institutional Area, Lodhi Road, New Delhi-110 003.

**PROXY FORM**



I/We.....of.....being a Member/ Member(s) of Software Technology Group International Ltd. hereby appoint.....of.....falling him/her .....of.....as my/our Proxy to attend and vote for me/us on my/our behalf at the 19<sup>th</sup> Annual General Meeting of the Company to be held at Lok Kala Manch, 20, Lodhi Institutional Area, Lodhi Road, New Delhi-110 003 at 11:30 AM on Wednesday, the 1<sup>st</sup> Day of August, 2012 and at any adjournment thereof.

In witness whereof

I/we have signed on this.....day of.....2012

Registered Folio No. : .....(or)

\*Demat Account No.: .....D.P. Id. No. : .....

**Affix  
Rs. 1/-  
Revenue  
Stamp**

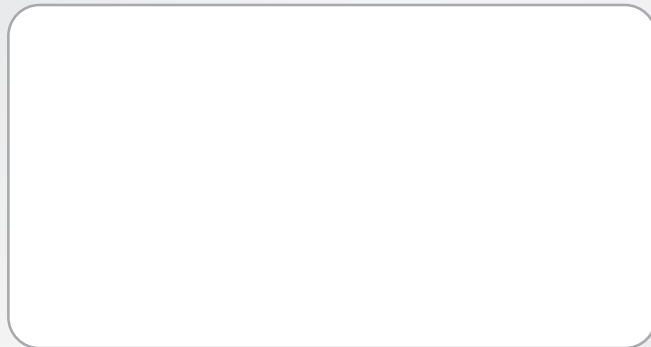
No. of Shares.....

**Signatures**

Member intending to appoint a Proxy should complete the Proxy and deposit it at the Company's Registered Office, at least 48 hours before the meeting.

\*Those who hold Shares in Demat Form must quote their Demat Account No. and Depository participant (D.P) Id. Number.

**A Proxy cannot speak at the meeting or vote on a show of hands.**



If undelivered please return to :  
Software Technology Group International Limited  
Level 2, Elegance, Mathura Road, Jasola, New Delhi-110025, India.  
E-mail: [companysecretary@stg.in](mailto:companysecretary@stg.in)  
visit us at <http://www.stgglobal.com>