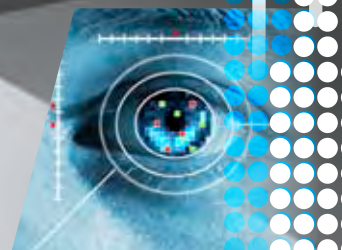


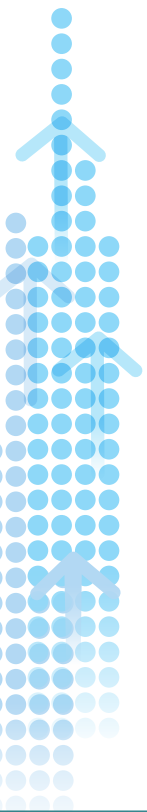
Transforming the **future** today

**COMMON SERVICE
CENTRE**

Dhand, Block: Gandiwind, District: Tam Tara

Annual Report 2010 - 11





Contents

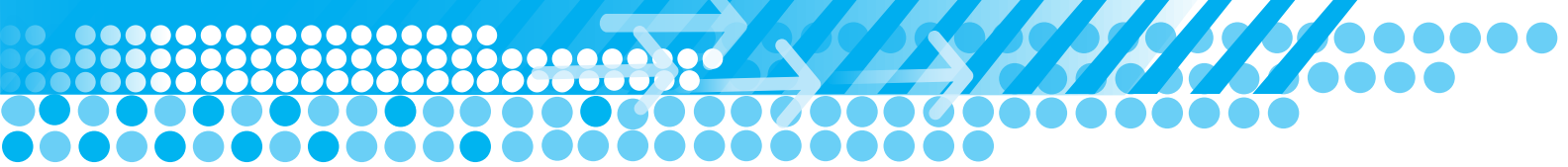
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Introduction to **Theme**

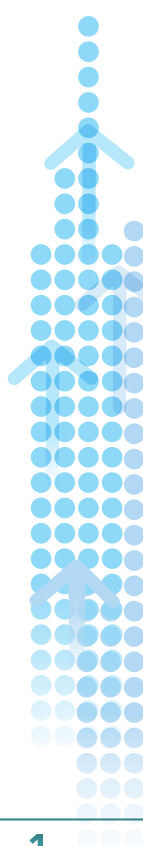
Introduction to **Vakrangee Softwares**

Financial **Highlights**

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Note on forward looking statements

In this Annual Review we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This review and other statements – written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realized, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise.



Transforming the future today

We are transforming the manner in which the government will function in the future in terms of citizen interactions. We are also facilitating introduction of increased accountability, transparency and efficiency in the governance process through implementation of key e-governance projects. These projects will transform the way the country is governed, and in doing so, it will also transform Vakrangee as a corporate entity.

The future is conceived in the womb of today. It is nurtured by what we do, and it is sustained by our consistent efforts. Those who direct their efforts at transformation of the present have the opportunity of shaping the future.

Changing the future is one of the highest achievements of man

At Vakrangee we are blessed to have the opportunity to impact the way of the future.

- As one of the leading participants in the movement for implementing e-governance projects, we are instrumental in transforming the way the country will be managed in the future.
- Our citizen empowerment efforts in pursuance of e-governance projects will shape the way citizens interact with the government and access entitlements and dues to themselves.
- During this process, we are also transforming our own future, by implementing multi million dollar projects and scaling up our business.



Our efforts are all directed towards engineering a brighter, more empowered, transparent and accountable future – for the government, for the citizens and for our stakeholders.

Vakrangee Softwares – Transforming the future TODAY!

Board of Directors

Mr. Dinesh Nandwana
- *Chairman & Managing Director*
Dr. Nishikant Hayatnagarkar
- *Whole Time Director, R&D*
Mr. Ramesh M. Joshi
Mr. Anil Patodia
Mr. Brij Kishor Gupta
Mr. Sunil Agarwal
Mr. K. L. Varma
Mr. B. L. Meena

Registrars

M/s Bigshare Services Pvt. Ltd.
E-2, Ansa Industrial Estate,
Saki - Vihar Road, Sakinaka,
Mumbai 400 072
Tel: +91-22-4043 0200
Fax: +91-22-28475207
Email: info@bigshareonline.com

Statutory Auditors

M/s. S. K. Patodia & Associates, Chartered
Accountants, Mumbai

Solicitors and Legal Advisors

M/s Vinod Mistry & Co, Mumbai

Company Secretary

Mr. Pratik Bhanushali

PROFILE

Vakrangee is an end to end provider of solutions in the e-governance sector with special competencies in handling massive, multi state, e-governance enrollment projects that cover metros, big towns, villages and remote hamlets. For the Indian government that seeks to empower the citizens with participative governance, we provide the vital last mile connectivity.

We are one of the largest e-governance enrollment agencies in the country and are one of the leading companies implementing the significant e-governance initiative - UID enrollment on ground.

Our competencies are not just proven in India, but we have also handled the nationwide land record digitization project across Philippines successfully.

We integrate software, training, on ground activation and a massive people based nation wide presence to make the e-governance goals on a ground reality.

We also serve the private sector namely the industries of Telecom, BFSI, e-publishing, and education.

The company is on a fast track to growth and it has grown at 107.98% over the last year.

Vakrangee is headquartered in Mumbai and it has 9 offices in the cities of New Delhi, Gurgaon, Lucknow, Jaipur, Pune, Ahmedabad, Panchkula (Haryana), Amritsar, and Philippines.

We have now emerged as the go to destination for national e-governance programs.

Committees

AUDIT COMMITTEE

Mr. K. L. Varma (*Chairman*)

Mr. Brij Kishor Gupta

Mr. Anil Patodia

REMUNERATION & COMPENSATION COMMITTEE

Mr. Brij Kishor Gupta (*Chairman*)

Mr. Sunil Agarwal

Mr. K. L. Varma

SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

Mr. Sunil Agarwal (*Chairman*)

Mr. Brij Kishor Gupta

Dr. Nishikant Hayatngarkar

Corporate information

Bankers

Union Bank of India

Axis Bank Ltd.

Barclays Bank PLC

ICICI Bank Ltd.

ING Vysya Bank Ltd.

Axis Trustee Services Ltd.

Incorporation of Vakrangee Softwares Ltd.

- 1990

Work force

approx. 3,500

Revenue growth

- 107.98% over the last year

Market capitalization

- ₹ 827.53 Cr.

as on March 31, 2011

Public shareholding

- 73.67% as on March 31, 2011

Promoters Shareholding

- 26.33% as on March 31, 2011

CONSOLIDATED FINANCIAL HIGHLIGHTS

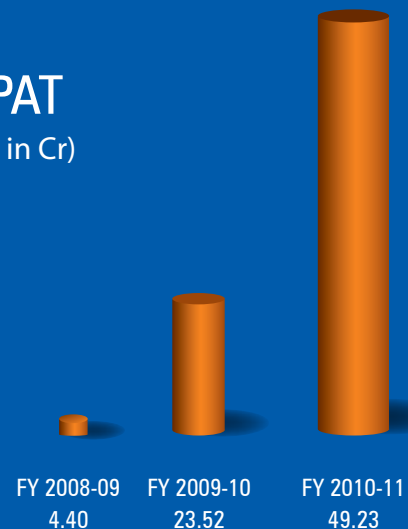
107.98%

REVENUE (₹ in Cr)



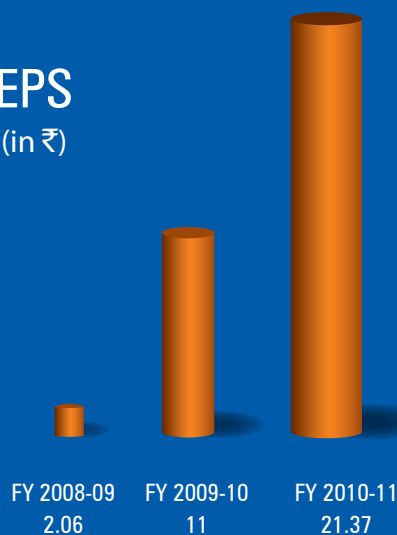
109.31%

PAT (₹ in Cr)



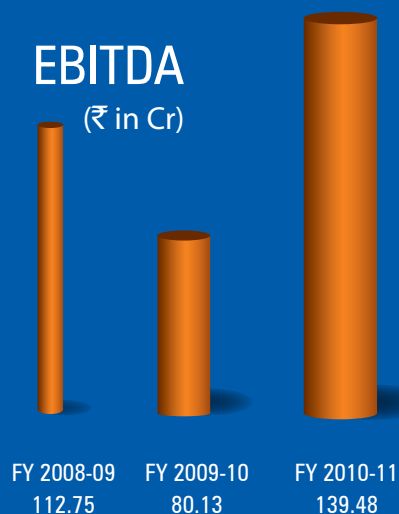
94.27%

EPS
(in ₹)



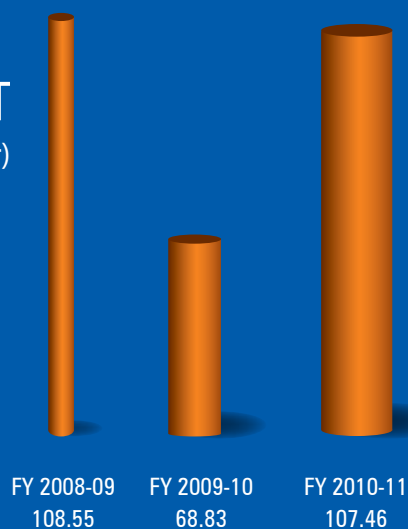
74.06%

EBITDA
(₹ in Cr)



56.12%

CASH PROFIT
(₹ in Cr)





UID - Today it is one citizen, many identification documents. *Tomorrow it will be unique citizen, unique identity and unique identification number.*

It is a scene that has played out in innumerable instances.

A Most - wanted man travels abroad on the basis of a forged passport even though his original passport is confiscated. A family avails of fair priced food grains based on a fake Ration Card. A businessman evades taxes by buying property in 'benami' names. And a child gets two birth certificates – one to serve his school and the second the actual.

We are a nation where an individual has many identity documents.

Asking for an identification document will bring about a variety of documents as proof – what is your proof of resident status? Pan Card says one, Ration Card says another, Passport says another, and yet another says – my Income Tax returns. The multiplicity



of identification documents makes the system open to misuse and gives rise to the possibility of corruption. This is as much a corruption and national security issue as it is an economic issue.

Vakrangee is in the process of changing this age old situation. We are one of the best placed organizations

helping the UID Authority of India to implement the Unique Identification Number scheme. It will enumerate every resident of India and allocate a unique identification number for each person. Every other legal document will be cross referenced, so as to

ensure that there is no possibility of misuse of identification for personal gain. This is one of the most ambitious multibillion dollar e-governance programs of the Govt. of India, and one that is being watched as a case example by countries world wide.

The Unique Identification Number will bring about accountability, transparency, and efficiency in the administration of the government. It will transform our economic landscape and eliminate corruption to a large extent. It will enable directed subsidies to be passed on from the government to the entitled person without intermediaries. It will stop the leakages and corruption that are rampant in our system. It will take the nation to a future that is rid of many of the ills of the present. Implementing this program will make us one of the leading e-governance implementation companies in the world, given the diversity and the numerical strength of the Indian population. **After the Green revolution of the 60's, the white revolution of the 70's, and the blue revolution of the 90's, UID is the biggest revolution to impact the country!**

As one of the largest organized sector companies that are implementing the on ground enrollment process of UID in the states of Maharashtra, Gujarat, MP, Haryana, UP, Rajasthan, Bihar and Punjab. It will also transform our future economic possibilities.

In implementing the UID enrollment and management, we are transforming the future today!





Today citizens' travel to the govt. offices,
*tomorrow the government office will go to
where the citizens are!*

Common Service Centers

It was theme that made it to the screens of many cinemas. The victimized women goes to one government office for some work. Part of it is done there, then she is asked to go to another government office, and then yet another. Meanwhile files are lost in transit, time is lost, and so are tempers. The endless web of the red-tape strangles initiative and denies possibilities of action needed on the grievances and requests. Caught in this complex web, the citizens and government both remain behind in terms of progress whereas countries with responsive government forge ahead.

Every function of the government works in isolation and getting any work done, requires citizens to go from pillar to post.

Vakrangee is in the process of changing this age old situation.

We are involved in a massive program to set up Common Service Centers in villages where all government services and functions will be available under one roof. No more running from one govt. office to another.

The name itself signifies the change - it is not called a "X", "Y" or "Z" government office, it is called a Common Service Center.

We build, equip, man, maintain and operate these centers for the benefit of citizens. In the state of Punjab, we are involved in building 205 such Common Service Centers – one for every six villages. Change is what we are bringing in.

With the CSC, Vakrangee is playing a key role in shaping the future of e-governance.

It promises to be a future that will make citizens lives better, government functioning smoother and quicker, and Vakrangee's economic prospects brighter.

In implementing the Common Service Centers rollout and management, we are transforming the future today!





Public Distribution Scheme (PDS) – Today there is pilferage and invisibility in the public distribution system. *Tomorrow it will be transparent and accountable*

It is a scene that is replicated in almost all parts of the country. As a welfare measure, the government is one of the largest buyers and distributors of food grains at subsidized rates. On paper, it is incomparable as a welfare measure, yet in its implementation, on an average a significant amount of the grain, other commodities, services and utilities meant for the poorest of the poor are diverted and find their way to the open market. This impacts the most vulnerable sections of our society, skews the government budgetary allocations, and results in massive losses to the public exchequer.

Vakrangee is in the process of changing this age old situation.

We are one of the main implementation partners for the roll out of the biometric ration card for the PDS system. This will bring in a new age of accountability and eliminate the rampant lack of transparency and pilferage of commodities meant for the poorest of the poor. Merchants involved in the distribution of PDS scheme benefits will have to record biometric details of the beneficiaries before the distribution of the commodities, thus ensuring that every bit of the commodity goes to the actual person entitled to it. This massive e-governance project will enable the automation of the dispatch and distribution process right from the Department offices, CONFED offices, State Agency Godowns, Oil Terminals, Data Centers and the Fair Price Shops.

It has the possibility of saving the government thousands of crores in public expenditure and subsidies and ensuring that the issue of hunger is eliminated to a large extent.

We are presently implementing the change to replace the paper based ration card PDS system into a UID linked smart Card based PDS system in the state of Haryana, and are in the process of pursuing such contracts in other states. The Haryana's UID linked smart Card based PDS system is the first of the UID linked programs of the government of India.

This program will have a radical impact on the future – positively impacting the government, the citizens and the implementers such as Vakrangee.

In implementing the Smart Card Based Public Distribution System, we are transforming the future today!





Land Record & Registration–Today there is confusion and lack of clarity, *tomorrow a single database of land records.*

It is a story that is played out in almost all parts of India every day. The buyer and the seller of the property decide to enter into a transaction for an agreed upon price. Then begins the drama of verifying the authenticity of the ownership of the land and finding its land records. These records sometimes date back to the era of British rule and the papers related to the land ownership are at most times very difficult to discover, trace and authenticate. This delays the transaction, causes monetary loss to the parties involved and in many instances when the land / property is to be used for business purposes, slows down the economic growth of the region. The paper based land record system has outlived its usefulness by decades.

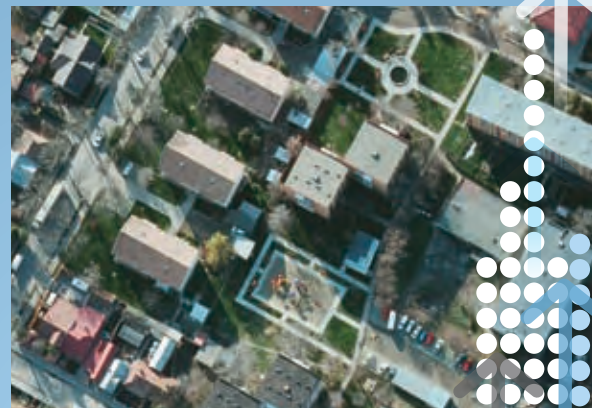
Vakrangee is in the process of changing this age old situation.

After having successfully implemented the digitization of land records in the Philippines, we are one of the few companies with the resources, the experience and the bandwidth to undertake nationwide land record digitization programs.

The land record digitization program in India is a multi billion dollar initiative that will make the transfer, purchase, sale and ownership of land easy and transparent. It will enable buyers of land to check the ownership records at the click of a button.

It is an e-governance project that will positively impact the real estate business in India. It will benefit the government, the citizens and the company.

In implementing the Land Record digitization program, we are transforming the future today!



A portrait of Dinesh Nandwana, a man with dark hair and glasses, wearing a dark suit, a checkered shirt, and a purple and blue patterned tie. He is resting his chin on his hand, looking thoughtfully at the camera. The background is a solid teal color.

After the green revolution, the white revolution and the blue revolution, this revolution in governance will bring the government closer to the citizenry. By being part of this movement, Vakrangee is contributing today in significantly changing the way the government will function in the future.

- Dinesh Nandwana



CHAIRMAN'S ADDRESS

Dear Shareholders,

It is with immense pleasure that I communicate to you this year. There are changes that occur to companies every year, but this year is different.

This year, I am happy to say that we are **Transforming the future, Today.**

There is a famous quote that states - you can either change your future or be changed by it.

There is no third alternative.

Impactful change is always holistic and does not happen in isolation. This change impacts the individual parts and participants of the system as well as the system in itself.

Vakrangee is part of one such major wave of change. It is a movement that will fundamentally impact the way people in India are governed, it will impact the quality and transparency of the people v/s government and business interactions, and due to its vastness of scale, it will deeply impact the company and its stakeholders.

This cycle of change is called e-governance.

Given our leading position in e-governance business, the transformations that we are bringing about are macro in nature.

The government has unleashed a virtual bonanza of opportunities for e-governance business. This has had a positive impact on companies like ours which is focused on the e-governance sector. Your company today has a substantial order book position, and this is just the beginning.

We are one of the few players who is empanelled as Enrollment Agency (EA) under the category T2F4 which is the highest category awarded by UIDAI (Unique Identity Authority of India) for Pan India enrollment allowing us to operate anywhere in the country. As one of the major implementation partners of UIDAI, we have tied up with Union Bank of India (the registrar for UIDAI) to roll out this program. These include the most populous states of India. We have also tied up with other registrars of UIDAI to achieve the highest number of enrollments.

The UID program in itself is a game changer. It will at one stroke eliminate the incidence of wrongful entitlement in government subsidies, enable direct transfer of monies from the government to the genuinely eligible beneficiaries / citizens without any intermediaries and it will have a major role to play in the national security and financial inclusion agenda of the country. Vakrangee also has the honour of being the first to implement a **UID linked Public Distribution Scheme System in India.** We are implementing the UID linked PDS system project in Haryana - a pilot that is being watched by the rest of the country. Learnings from this pilot project will be keenly studied by the industry before the implementation of the scheme across the country.

In the near future we are also vigorously working on opportunities in financial inclusion and the setting up and running of Common Service Centers.

These programs will have a transformational impact on the government making its workings and its relationship with the citizens transparent, direct and leak - proof. It will eliminate large scale pilferage in Government's scheme for the citizens like the PDS and will ensure that only those entitled are given the subsidized benefits.

In programs like MNERGA, it will eliminate leakage of funds, by ensuring direct transfer of payments from the government exchequer to the beneficiary.

After the green revolution, the white revolution and the blue revolution, this revolution in governance will bring the government closer to the citizenry. By being part of this movement, Vakrangee is contributing today in significantly changing the way the government will function in the future.

E-Governance will also forever change the lot for the citizens, by making their voice heard loud and clear in the corridors of governance. UID will forever eliminate impersonation in voting and ensure that the public representatives are genuinely those whom the people have voted for by ensuring direct interactions between the citizen and the government. E-governance will ensure elimination of pilferages, leakages, misuses, and intervention by middle men.

E-governance based socio-economic programs such as the RSBY scheme of health insurance for Below the Poverty Line citizens will also ensure that the poorest of the poor gets cashless access to government hospitals for a variety of ailments and procedures.

In implementing these schemes, Vakrangee is changing the future of citizens, Today.

Vakrangee is today the proud member of the BSE 500 Index. This is a great honour and a sign of our coming of age. We have been recording robust growth and this has reflected in our bottom-line as well as our top line. In the coming year, we are poised to emerge as the largest company in the e-governance sector based on our order book position.

Today we are bidding for contracts as a prime bidder as against the earlier practice of being a part of a consortium.

Each of these deep rooted changes will have a cascading impact on the future of the company and its stakeholders, heralding a bright new future.

In implementing these programs and achieving these distinctions, we are changing the future of our stakeholders, Today.

Transformation for the government, for the citizen, for the company and its stakeholders.

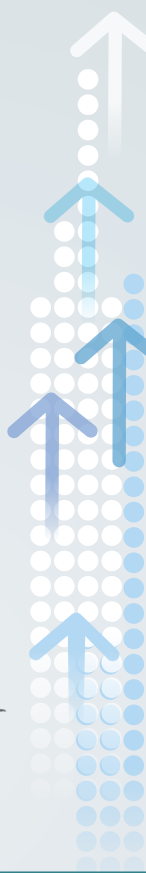
We are actively reshaping our future

I wish to conclude by sincerely thanking my colleagues on the Board for their valuable guidance, my team for their enthusiastic and dedicated work, our shareholders for their continued support, our customers for giving us the opportunity to serve and grow, our vendors for being an extension of our organization, our bankers for their support and last but not the least, the government and its various departments whose farsightedness has brought this opportunity for metamorphic change in governance. I end by re-dedicating the company to fulfilling the goals of our stakeholders - virtuous growth.

Warm regards,

Dinesh Nandwana

Chairman & Managing Director



MANAGEMENT DISCUSSION AND ANALYSIS







ECONOMIC REVIEW

The Indian economy has put behind the financial turmoil it witnessed in 2007-2009 and it has emerged stronger for it. The turnaround has been rapid thanks to the 8% GDP growth in 2009-10 and 8.6% (advance estimate) in FY 2010-11. Higher growth in FY 2010-11 will depend upon robust growth of 5.4% in agriculture and more than 8 percent in both the industrial and services sectors.

The sustained growth of the economy and demand for transparency in governance is a welcome sign for companies predominantly focused on the domestic IT and e-governance sectors. The Government is increasing budgetary allocation for implementation of E-governance projects.

During the year we saw a strong revival in business demand across markets

Market Size, Trends and Potential¹

World-wide spending on technology and related products and services is estimated to have crossed US\$ 1.6 trillion in 2010, a growth of 4.0% over 2009, with growth driven by emerging verticals and emerging geographies in addition to USA. Global IT services spend increased from US\$ 566 billion in 2009 to US\$ 574 billion in 2010. The geographic revenues break-up for IT services was as follows:

- America's share 43.0% in 2010 (42.8% in 2009)
- Europe Middle-East and Africa revenues 39.7% in 2010 (40.2% in 2009)
- Asia-Pacific revenues 17.3% in 2010 (17.0% in 2009)

The total spend on Global Business Process Outsourcing (BPO) services has increased from US\$ 152 billion in 2009 to US\$ 158 billion in 2010. The geographic revenues break-up for BPO spend was as follows:

- America's share at 55.3% in 2010 (55.8% in 2009)
- Europe Middle-East and Africa revenues 25.9% in 2010 (26.0% in 2009)
- Asia-Pacific revenues 18.8% in 2010 (18.2% in 2009)

Trends in global sourcing remained positive and showed a growth rate of 10.4% in 2010 over 2009 and the global sourcing market size was in the range of US\$ 102 to 106 billion in 2010. IT sourcing grew at 10.3% to a market size of US\$ 62 to 64 billion and BPO sourcing grew at 10.6% to a market size of US\$ 40 to 42 billion.

There is enough potential for growth. Estimate of the addressable global sourcing market is in the range of US\$ 500 billion (US\$ 280 billion for IT services and US\$ 220 billion for BPO services). (Source: NASSCOM Strategic Review 2008 - 2011)

India remains one of the major beneficiaries of the global sourcing trend because of its expertise and capability in the area of Information Technology (IT) and Information Technology Enabled Services (ITES). These combined strengths have made it the choice sourcing destination for global corporations seeking technology partners.

Growth Forecasts for IT services industry

The total spend on IT services is expected to escalate from US\$ 566 billion in 2009 to US\$ 684 billion by 2014 at a CAGR² of 3.9%.

The IT outsourcing component is expected to grow from US\$ 225 billion in 2009 to US\$ 239 in 2014 at a CAGR of 1.1%. Off shored IT services are expected to grow from US\$ 31.1 billion in 2009 to US\$ 42.8 billion in 2014 at CAGR of 6.6%.

The net spend on offshored IT services are expected to grow from US\$ 31.1 billion in 2009 to US\$ 42.8 billion in 2014 at a CAGR of 6.6%.

The BPO sector spend is expected to increase from US\$ 152.1 billion in 2009 to US\$ 201.5 billion in 2014 at a CAGR of 5.8%. Forecasts by global technology analyst firms like Gartner, Forrester, IDC and others indicate a growing market for IT and ITES for industry verticals, service offerings and geographies of interest to the Company and excellent prospects for growth in the future.

1. (Source: NASSCOM Strategic Review 2011)

2. Compounded Annual Growth Rate



Mission & Values

Vakrangee's ability to help customers achieve their business objectives with efficiency, cost effectiveness and finesse has earned it a global reputation as a top tier provider of IT and ITES solutions and services. Vakrangee's customer orientation, technology leadership, integrity and excellence have always underpinned its value proposition to clients. Our ongoing efforts are underscored by our ambitions to emerge as the leading player in the e-governance domain in India.





ECONOMIC REVIEW FOCUS AREAS OF THE COMPANY

The company is presently focused on the implementation of two important projects – The Unique Identification Scheme and the Haryana PDS scheme, along with other e-Governance business including providing multi-lingual solutions for Election related Government projects and DMS - PMS businesses. These two projects (UID and Haryana PDS) are both landmark schemes in the history of e-governance and the whole country and indeed the world are seeking to analyse its impact on governance.

The UID envisages allocating a unique Identification Number for each person in the country and its aim is to underpin and replace all other means of identification. This will at one stroke do away with a lot of manipulation that is undertaken by misuse of multiple identity documents.

The PDS system is a highly subsidised means of making grains, utilities and other commodities available to the people below the poverty line. Due to rampant misuse of the system and because of the lack of transparency and accountability, most of the grain meant for the BPL population ends up being sold in the open market for a profit.

The Haryana PDS program will introduce Biometric authorisation for the dispensing of grain & other commodities /utilities to the BPL population. Because it is dependent on the physical presence, unique biometric identification and the integration of all the infrastructure electronically, it will ensure that every bit of grain reaches the deserving recipient.

Strategy of the company

Vakrangee's strategy is focused on using its full services capabilities and its distributed delivery model to enable seamless rollout of large national e-governance initiatives. Our consistent ability to recruit, train and manage highly skilled and motivated teams across the country for e-governance implementation offer our customers a high level of certainty in their operations.

Customer-Centricity

The Company's strategy is to be the preferred business partner to government departments for implementation of e-governance initiatives. Vakrangee has a customer-centric organisation that puts customers at the centre of its operating units and teams. Our ability to manage huge mission mode programs and meet deadlines with zero compromise in quality enables our customers to think big and plan for a future with the complete confidence that implementation will be taken care of with certainty.

Integrated full services offerings

Vakrangee continues to build on its 'Full Services Play' that offers its global customers an integrated portfolio of services. This includes a comprehensive range of:

- (1) Large scale ITES implementation services across the country
- (2) Largest variable data printing capacity
- (3) Comprehensive portfolio of software and integration capabilities in BFSI, Utilities, Retail, Aviation and other sectors

Service Offerings

The Company is mainly focused on delivering full scale systems integration and on ground enrolment for massive, global e-governance projects. In this we cater to the central, and state governments as well as many government institutions.

In the private sector we offer the following targeted services to select industries:

1. **Banking** – Security and Customer Life Cycle
2. **Telecom** – End to end Management of customer acquisition to retention process
3. **Insurance** – Managing the acquisition process right up to the delivery of the printed insurance policies
4. **Financial Services** – Facilitating adherence to KYC and other regulatory norms





HUMAN RESOURCES

Human Resources Strategy

The Company is dependent on manpower for implementation of its various e-governance projects. To ensure a steady and committed stream of manpower, we have continued to invest in developing our human capital, building strong relationships with academia and establishing our brand in the market to attract and retain the best talent. We continually recruit people, train them in specific skill sets that are required by our projects and deploy them across the nation.

Manpower mobilisation, training & deployment

Many of our projects - such as the UID require that we deploy manpower that are certified by the Authority for their competency and skill sets. To achieve this goal, we have separate recruitment and training divisions. We have created a learning organisation that is adept at absorbing new recruits, training them for specific tasks, certifying their skill sets and deploying them on the field.

Talent Management & Leadership Development

We have a well designed matrix in place to help groom future leaders. Select candidates undergo special grooming with exposure to new skill sets and are given on field responsibility to demonstrate their management and leadership skills. We offer both lateral and vertical growth opportunities and are a talent focused organisation that believes in nurturing abilities and rewarding achievements.





OPPORTUNITIES AND RISKS

Opportunities

Vakrangee is a Major player in India in the e-governance space. Continuing investments on e-governance initiatives by Central and state governments offer many opportunities for Vakrangee. The Company's integrated full services capability, global delivery footprint and scale have expanded its addressable market, strengthened its reputation and ensured its inclusion in the top tier list of vendors invited for the largest and most complex bids in e-governance space. These offer a sizable growth opportunity for the Company.

Risks and Risk Mitigation

The risk management process is continuously improved and adapted to the changing global risk scenario. The agility of the risk management process is monitored and reviewed for appropriateness with the changing risk landscape. The process of continuous evaluation of risks, includes taking stock of the risk landscape on an event-driven as well as quarterly basis. The risk categories covered under the risk management programme includes strategic, operational and financial as well as compliance-related risks across various levels of the organisation. This includes risk assessment and mitigation at the company level, business / functional unit level, relationship level and project level. Some of the key strategic risks the Company faces, their impact and corresponding risk mitigation actions undertaken by the Company are discussed in the table:

Derisking Philosophy

Government Policies

Government policies are subject to change, and any such change can adversely impact the Company plans for growth.

Risk Mitigation

All the e-governance projects are announced as a mid to long term programs and are adequately funded by the budget. As India's economic growth is robust and its

industrial and service sectors are powering economic development, the government is unlikely to face any setbacks in implementation and funding of these e-governance projects. In view of demand of people for more teeth to RTI and Lokpal, it is necessary for govt. to implement more and more e-governance projects rapidly. The Company is also not solely dependent on the Government business and has an ongoing agenda to expand its business in the private sectors of BFSI, Telecom and Power Utilities, Retail, and Aviation etc. These will adequately de-risk our operations.

Risk from Increasing Competition

The entry of large players will result in fierce competition and raising the bar for eligibility. This will impact the business of the Company.

Risk Mitigation

The Company has already entered into tie-ups with leading IT companies and OEMs from India and abroad to be a bid partner in e-governance projects. This will help us meet rising eligibility norms and climb the value chain. Simultaneously in several sectors where the Company has the competency, it will undertake projects on its own strength. This will help the Company meet increasing eligibility norms, and enable it to win large projects that the government plans to award to single consortiums, as against dividing the project amongst several players. The Company is also broadening its service offerings to become an integrated full services partner to its clients.

Margin Pressure

The margins in the Systems Integration business in e-governance are under pressure and this may impact the bottom-line of the Company.

Risk Mitigation

The margins are normally under pressure when a large number of bidders vie for a single project. With the government's initiatives to award projects to single



OPPORTUNITIES AND RISKS

consortiums or company, this trend is likely to reverse. Vakrangee is bidding many projects individually and some through exclusive tie-ups with some of the leading IT companies as partner to ensure that we have access to all important projects. While the margins may be low, e-governance Systems Integration projects offer a 5-7 year sustained pipeline of revenues. In the long run since the revenues come from pure service, the margins will be much healthier.

Funding Requirements

The e-governance projects involve long gestation projects that will require to be funded with secure financing over the project lifespan. This will also increase our debtor's cycle.

Risk Mitigation

The Company's Management is aware of the above and has taken the necessary initiatives to mitigate the risk, the following steps have been taken for the same.

- 1) The Company has carefully bid for those projects and tenders, wherein there is a balanced mix of capex and opex. Out of the huge outlay on the e-governance segment by the government, there are many projects wherein the government will pay the amount for the Capex upfront, and thereafter the services have to be provided for next 5-7 years, e.g. the PDS projects, IGRS projects etc.
- 2) The Company has already tied up its working capital requirement and is adequately geared to execute the projects.
- 3) The risk arising from the lengthening of the debtors cycle is mitigated by entering into back to back tie-ups with major suppliers so that the strain of the delay does not reflect solely on the Company.

Time and Cost overruns

As all e-governance projects are funded and controlled by the Government, there are possibilities of delay in implementation, which could adversely impact the Company's bottom-line.

Risk Mitigation

The management is aware of the risk, and has framed a policy to de-risk the same.

- 1) In most of our projects, we recover the cost and the margin in the first stage of supply and integration itself.
- 2) After the supply and the integration, the billing is mostly for services rendered to citizens and prudence will ensure that there are no cutbacks on this. Moreover, since the Government cannot afford negative publicity caused due to service interruptions, they are bound to pay for the services in time. Moreover the present trend is to recover the cost of service from the citizens, and in these cases there is no risk.

Manpower capabilities

The implementation of e-governance projects requires large scale manpower mobilization, training and deployment for the duration of the project. Finding and training such manpower may be difficult.

Risk Mitigation

The Company has adequate experience in large scale mobilisation of manpower across different geographies and it has access to a pool of such talent. The Company management has proven time and again that it has the bandwidth to recruit, train, deploy and manage such distributed teams within short notice.

Service Model Redundancy

Newer models which change the manner of consumption of IT services could result in demand compression / pricing pressure on the existing model.

Risk Mitigation

The Company is continually scanning the market environment and communicating with clients to identify emerging market trends at a nascent stage.

Reputational Threat

Vakrangee is developing a track record and building a



OPPORTUNITIES AND RISKS

reputation of a timely and quality delivery with integrity. Damage to this reputation and image which Vakrangee is creating could lead to decrease in market share.

Risk Mitigation

The Company is focusing on quality and process, and has developed efficient service models to mitigate this risk. Strict adherence to Company's Quality Management System, Code of Conduct and Corporate Governance framework have helped Company evolve as one of the best e-governance Company in the market.

Innovation related risk

Innovational initiatives are often linked to strategic growth objectives, so failures could not only lead to write-offs of the investments made and potential reputational damage and/or services liabilities but also imperil those strategic objectives.

Risk Mitigation

The company is assuming structured periodic reviews of all innovation programmes by senior management and separate risk evaluation at a business unit level for the company's strategic growth initiatives is implemented.

Regulatory non-compliance

Vakrangee is a large group and many laws apply to Vakrangee Group. Any failure to comply with any of the relevant regulations could result in financial penalties and reputational damage.

Risk Mitigation

The company is assuming consultation of local managers as well as auditors, consultants, lawyers, specialists and experts for effective and efficient regulatory compliance. Vakrangee is also implementing a security policy that

complies with information security and data privacy laws, backed by rigorous processes and a robust infrastructure, which assures physical and virtual security.

Supply-side risks

The business of Vakrangee is people-centric and any disturbance in its ability to attract and retain talent can impact demand fulfillment and eventually, revenue growth.

Risk Mitigation

The company has broadened its catchment area and is recruiting the graduates to expand the available pool of fresh human resources. The company observes highly mature HR processes, which along with competitive remuneration, growth opportunities, and an empowering, engaging workplace continue to help attract and retain talent.





BUSINESS OUTLOOK AND FUTURE PLANS

Vakrangee Softwares' primary focus is the e-governance business, wherein we have the experience, capability, expertise and track record to undertake truly large projects and execute them in a time bound manner.

We also seek opportunities in select private sector business verticals such as BFSI, Utilities (Power and Telecom), Education, Transport and Retail.

We envision that e-governance projects will be the engine that will power our ambitious growth plans, with private sector projects running a close second. It will help us achieve our goal of becoming a \$1 Billion company in the next 3 years.

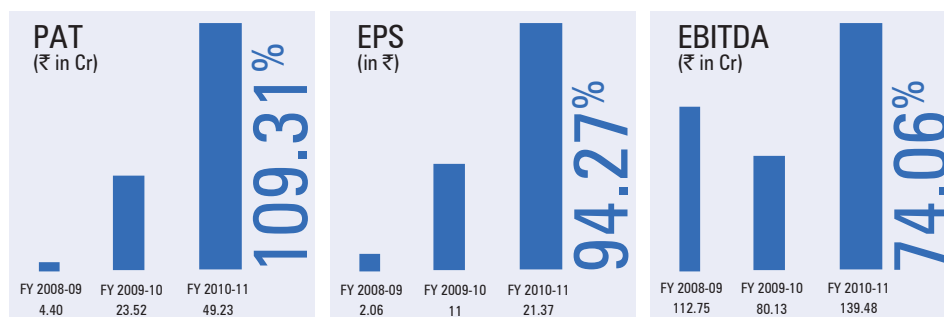




PERFORMANCE TREND

Over the years, Vakrangee has built itself into an organisation that not only partners with its customers, but also provides value addition, through a repertoire of innovative solutions and superior quality of services. While in the early days it was considered as a trusted expert in e-governance project implementation, today it is a trusted advisor to clients. Today, Vakrangee has risen to eminence, as a leading Company in the IT / ITES space in the globe. In its journey of business success and excellence, Vakrangee has created significant wealth for all its stakeholders.

Earnings trends



Financial Performance - (Consolidated)

Vakrangee is a public company listed on "The Bombay Stock Exchange Limited (BSE)" since 1993-94 and on "National Stock Exchange of India Limited (NSE)" since April 3, 2006. The financial statements of Vakrangee are prepared in compliance with the Companies Act, 1956 and generally accepted accounting principles in India (Indian GAAP). Vakrangee has four wholly owned subsidiary companies. Vakrangee publishes audited consolidated financial results on annual basis and standalone result on a quarterly basis. The financial results of Vakrangee as per Indian GAAP are discussed hereunder:



FINANCIAL OVERVIEW

Profit & Loss Statement Analysis

Revenue & Expenditure

The total revenues earned by the Company increased by 107.97% over last year, rising from ₹428.05 crore in the year 2009-10 to ₹890.24 crore in FY 2010-11.

The Total operating costs increased by 106.66%, from last year's ₹389.90 crore to ₹805.77 crore this year due to increase in scale. Operating cost as a proportion of Total Income has decreased from 91.09% to 90.51% due to our increased efficiencies.

With the increased level revenues, the EBITDA rose at ₹139.48 crore in FY 2010-11 as against ₹80.13 crore in the FY 2009-10. Cash profit has increased from ₹68.82 crore in FY 2009-2010 to ₹107.46 Crore in the FY 2010-11. The Company registered PBT of ₹66.87 crore compared to ₹31.56 crore last year.

Revenues

The Company registered a revenue growth of 107.97% in 2010-11. Our entry into the System Integration segment is contributing to our growth in Revenues.

Operating Expense Matrix (₹ in Crore)				
	2009-10		2010-11	
Operating Expense Matrix	Amount	% of Total	Amount	% of Total
Cost of Consumables	300.25	86.30	695.69	92.67
Direct Expenses	7.16	2.06	11.43	1.52
Administrative & Selling Expenses	40.51	11.64	43.64	5.81
Total	347.92	100.00	750.76	100.00

Balance Sheet Analysis

Capital employed

During the year, the Company funded growth via internal accruals, working capital facilities from banks and a fresh infusion of funds by promoter by way of Warrant issue on preferential basis. The Capital Employed increased by ₹194.63 crore rising from ₹402.43 crore as on 31st March, 2010 to ₹597.06 crore as on 31st March 2011. We have ensured judicious use of every rupee invested in the business.

The very nature of our business dictates a significant initial

investment during project initiation, the returns of which will be reflected progressively in our financials over the coming years.

Equity capital

During the year 2009-10, the Company has issued 34,70,000 fully convertible warrants with face value of ₹10/- each at a premium of ₹60/- per share, on preferential basis to M/s NJD Holdings Private Limited, a promoter group company. Of these, the Company has converted 22,50,000 warrants into equity shares till 31st March 2011 and issued equivalent fully paid equity shares at an exercise price of ₹70 per share. The Company has received an amount aggregating to ₹8.54 crore against 12,20,000 warrants pending for conversion.

Reserves and surplus

Free reserves of Vakrangee stood at ₹323.38 crore as on 31st March 2011 which was higher than the free reserves of 273.57 crore as on 31st March 2010. The increase reflects accrual of share premium to the tune of ₹7.24 crore and rest by internal accruals. The entire Capex of ₹60.46 crore was funded out of cash accruals.

External debt

Except for working capital finance from banker, the company had negligible external debts during the year.

Deployment of funds

As a matter of prudence, the company deployed funds in business assets i.e. IT assets and Working Capital.

Funding equation (₹ in Crore)				
	2009-10		2010-11	
Funding equation	Amount	% of Total	Amount	% of Total
Equity capital	22.49	5.53	23.71	3.91
Reserves & surplus	273.57	67.29	323.38	53.34
Warrant Application money	4.15	1.02	8.61	1.42
Loan funds	68.56	16.86	208.48	34.39
Deferred tax liability	37.80	9.30	42.11	6.94
Total	406.57	100.00	606.29	100.00



FINANCIAL OVERVIEW

Fixed assets

During the year, the company invested ₹37.26 crore in Enrollment Kits, STPI related equipments, high-speed printers and computers among other IT hardware.

Working capital requirement

In view of the huge opportunity available in e-governance sector and system integration projects the company is estimating enhancement in working capital requirement and has accordingly approached the bankers for enhancement in working capital facilities.

The Working Capital requirement of the company during the year increased from ₹104.70 crore to ₹284.86 crore which was mainly met by our bankers and rest by our internal resources.

Outstanding Debtors increased from ₹169.67 crore as on 31st March 2010 to ₹276.58 crore as on 31st March, 2011. The average debtor's cycle was 113 days of turnover equivalent in 2010-11 compared with 145 days in 2009-10.

Creditors increased from ₹100.41 crore as on 31st March, 2010 to ₹105.49 crore as on 31st March 2011. The average creditors' cycle was 55 days of purchases as compared to 120 days in 2009-10.

Cautionary Statement

Certain statements made in the Management Discussion and Analysis Report relating to the Company's objectives, projections, outlook, expectations, estimates and others may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may differ from such expectations, projections and so on whether express or implied. Several factors could make significant difference to the Company's operations. These include climatic conditions and economic conditions affecting demand and supply, government regulations and taxation, natural calamities and so on over which the Company does not have any direct control.

Internal Control Systems and their adequacy

The Company has in place adequate systems of internal control commensurate with its size and the nature of its operations. These have been designed to provide reasonable assurance with

regard to recording and providing reliable financial and operational information, complying with applicable statutes, safeguarding assets from unauthorised use or losses, executing transactions with proper authorisation and ensuring compliance of corporate policies. The Company has a well defined delegation of power with authority limits for approving revenues as well as expenditure. Processes for formulating and reviewing annual and long term business plans have been laid down. The Company uses a state-of-the-art ERP system to record data for accounting, consolidation and management information purposes and connects to different locations for efficient exchange of information.

It has continued its efforts to align all its processes and controls with global best practices. The Company has appointed auditors to oversee and carry out internal audit of the Company's activities. The audit is based on an internal audit plan, which is reviewed each year in consultation with the statutory auditors M/s. S. K. Patodia & Associates, Chartered Accountants and the Audit committee. In line with international practice, the planning and conduct of internal audit is oriented towards the review of controls in the management of risks and opportunities in the Company's activities. The internal audit process is designed to review the adequacy of internal control checks in the system and covers all significant areas of the Company's operations such as software delivery, accounting and finance, procurement, employee engagement, travel, insurance, IT processes in the Company, including significant subsidiaries and selected foreign branches. Safeguarding of assets and their protection against unauthorised use are also a part of these exercises. The Company has an audit committee, the details of which have been provided in the Corporate Governance Report. The audit committee reviews audit reports submitted by the internal auditors. Suggestions for improvement are considered and the audit committee follows up on the implementation of corrective actions. The Committee also meets the Company's statutory auditors to ascertain inter alia, their views on the adequacy of internal control systems in the Company and keeps the Board of Directors informed of its major observations from time to time.





HUMAN RESOURCES

Human resource continues to be our biggest asset. The team has maintained utmost commitment and produced significant results. Quality, quick delivery and resolving customer issues are the hallmarks of performance.

There is a strong focus on teamwork and teambuilding; during the year, many events were conducted to achieve this objective. Employee relations continued to be cordial.



DIRECTORS' REPORT

Dear Shareholders,

We are pleased to present the 21st Annual Report together with the Audited Balance Sheet and Profit and Loss Account for the year ended 31st March 2011.

1. PERFORMANCE OF THE COMPANY

The Company's performance is summarized below:

• Financial Results

(₹ in Crores except EPS and per share data)				
	Consolidated		Stand alone	
	2010-2011	2009-2010	2010-2011	2009-2010
Total Income	890.24	428.05	853.75	410.02
Profit before Tax	66.86	31.56	66.79	32.15
Provision for Income Tax	13.32	4.75	13.31	4.75
Provision for Deferred Tax	4.31	3.29	4.31	3.29
Profit after Tax	49.23	23.52	49.17	24.11
Appropriations:				
Proposed dividend on equity shares (₹ per share)	2.00	1.50	2.00	1.50
Transfer to General Reserve	3.69	1.21	3.69	1.21
EPS (₹)	21.37	11.00	21.34	11.28

• Performance

During the year, your Company recorded the total income of ₹890.24 crores (previous year ₹428.05 crores) an increase by 107.98% The EBITDA stood at ₹139.48 crore (previous year ₹80.13 crore) an increase by 74.06%. Profit after Tax was ₹49.23 crores (previous year ₹23.52 Crores) up by 109.31%. The Management Discussion and Analysis that forms part of the Annual Report provides a detailed analysis of the Company's financials.

2. DIVIDEND

Your Directors recommended a dividend of ₹2.00 per equity share of ₹10/- each to be appropriated from the profit of the year 2010-11, subject to the approval by the shareholders at the ensuing Annual General Meeting.

The dividend, if approved by the shareholders, will be paid to those members whose names appear in the Register of Members as on book closure date.

3. SHARE CAPITAL

During the year,

(a) Your company has allotted 11,50,000 Equity Shares

having face Value of ₹10/- each to M/s. NJD Holdings Private Limited (one of the Promoter Group Companies) upon conversion of equivalent number of Fully Convertible Warrants issued on Preference basis.

(b) Your Company also issued 65,348 Equity Shares having face Value of ₹10/- each under the 'ESOP Scheme 2008' of the Company to employees and directors of the Company.

After the aforesaid issues & allotment, the paid-up share capital of the Company stands increased to 2,37,11,513 shares of ₹10/- each aggregating to ₹23,71,15,130.



DIRECTORS' REPORT

4. SUBSIDIARIES

The Company has the following subsidiaries:

- **Vakrangee IT Solutions Limited**

Your Company holds 100% of Equity Share capital of the Company, originally incorporated as V-Techno Services Limited, Vakrangee IT Solutions Limited has proprietary softwares like Document Management Services (DMS), Human Capital Management (HCM) and School ERP which are ready to be utilized in years to come.

- **e-Doc Vision Infotech Pvt. Ltd.**

Your Company holds 100% of Equity Share capital of the Company which is incorporated to focus on consultancy on document and business process outsourcing to various customers. e-Doc Vision provides state of the art technology solutions. The Company has been allotted an Industrial plot admeasuring to 5 Acres from HSIIDC at IMT Manesar, Haryana, where on the Company is planning to develop an IT Centre. The project shall be financed partly by Vakrangee Softwares Limited in form of equity and partly by debt from outsiders.

- **Vakrangee Energy Private Limited**

Your Company holds 100% of Equity Share capital of the Company which is incorporated to apply and execute energy related projects which shall also include Generation, Distribution and transmission of various types of energy. The Company has applied for the projects called, 'Selection of New Grid Connected Solar Photo Voltaic Project' with NVVN and "policy for promoting generation of electricity through non-conventional energy sources – 2004" with Rajasthan Renewable Energy Corporation, a Government of Rajasthan Undertaking.

- **Vakrangee e-Solutions Inc.**

Your Company holds 100% of Equity Share capital of the Company which is incorporated in the financial year 2009-10 at Philippines for implementing the project we have bagged for Digitization of critical records for Govt. of Philippines by setting up digitization centers all over Philippines.

The Central Government has granted general exemption

from complying with Section 212 of the Companies Act, 1956 to all companies vide notification number 5/12/2007-CL-III dated February 8, 2011.

In terms of the exemption, the Balance Sheet and Profit and Loss Account, Report of the Board of Directors and Auditors of the Subsidiaries have not been attached with the Annual Report of the Company.

The above said Report / documents will be made available upon request by the shareholder of the Company. However, the financial data alongwith equity share capital of the subsidiaries prepared pursuant to Section 212 of the Companies Act, 1956 which forms part of this Annual Report. Further, pursuant to Accounting Standard 21 issued by the Institute of Chartered Accountants of India, consolidated financial statement presented by the Company includes financial information of its subsidiaries.

5. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management discussion and Analysis Report, as required under the Listing Agreement with Stock Exchanges, is enclosed separately with this Annual Report

6. LISTING AT STOCK EXCHANGE

The equity shares of the Company continue to be listed on BSE Ltd and NSE. The annual listing fees for the year 2010-11 have been paid to these Exchanges.

7. DISCLOSURE OF PARTICULARS

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

- **Conservation of Energy**

The Operations of the Company are not energy intensive. However, measures have been taken to reduce energy consumptions by using efficient computers, IT Assets and other equipments with latest technologies. The expense on power in relation to income is nominal and under control and the use of the same is under continued surveillance with strict security measures.

- **Technology Absorption**



DIRECTORS' REPORT

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

• Foreign Exchange Earning and Outgo

Foreign Exchange Earning : ₹1371.51 Lakhs

Foreign Exchange Outgo : ₹39.28 Lakhs

8. FIXED DEPOSITS

During the year, the Company has not invited / received any fixed deposits from the public.

9. DIRECTORS RESPONSIBILITY STATEMENT

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

- (i) In the preparation of the annual accounts, the applicable accounting standards have been followed, along with proper explanation relating to material departures, wherever applicable.
- (ii) The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company, as at the end of the financial year and of the profits of the Company for that period.
- (iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company, and necessary checks and balances are in place for preventing and detecting fraud and other irregularities.
- (iv) The Directors have prepared the annual accounts on a going concern basis

10. RE-APPOINTMENT OF DIRECTORS

As per the provisions of the Companies Act, 1956 read with Articles of Association of the Company, Mr. Sunil Agarwal and Mr. Ramesh Joshi retire by rotation and being eligible offer themselves for re-appointment at this Annual General Meeting.

11. EMPLOYEES STOCK OPTION SCHEME

The Company implemented the Employees Stock Option Scheme ("Scheme") in accordance with the Securities and Exchange Board of India (Employee

Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ('the SEBI Guidelines'). The Remuneration and Compensation Committee, constituted in accordance with the SEBI Guidelines, administers and monitors the Scheme. The applicable disclosures as stipulated under the SEBI Guidelines as at March 31, 2011 (cumulative position) are given below:

Date of grant as at 31.03.2011	Price per options	No. of options granted
31.07.2009	₹61.90/-	270700
30.12.2009	₹67.85/-	20600
18.05.2010	₹146.50/-	156200
24.11.2010	₹150/-	86750
Total		534250
Options Vested as at 31.03.2011	Price per options	No. of options Vested
31.07.2009 grant	₹61.90/-	83850
30.12.2009 grant	₹67.85/-	3433
18.05.2010 grant	₹146.50/-	0
24.11.2010 grant	₹150/-	0
Total	-	87283
Options Exercised as at 31.03.2011	Price per options	No. of options Exercised
31.07.2009 grant	₹61.90/-	65348
30.12.2009 grant	₹67.85/-	0
18.05.2010 grant	₹146.50/-	0
24.11.2010 grant	₹150/-	0
Total	-	65348
The total number of shares arising as a result of exercise of Options	65348	
Options Lapsed as at 31.03.2011	Price per options	No. of options Lapsed
31.07.2009 grant	₹61.90/-	0
30.12.2009 grant	₹67.85/-	0
18.05.2010 grant	₹146.50/-	0
24.11.2010 grant	₹150/-	0
Total	-	0
Variation in terms of Options	-	
Money realised by exercise of Options	₹40,45,041	



DIRECTORS' REPORT

Total number of Options in force (granted-exercised-lapsed)	4,68,902
Employee wise details of Options granted to:	
i. Senior managerial personnel	
1. Mr. Raj Kumar Joshi	15,000 Options
2. Mr. Jude Mathias	15,000 Options
ii. Any other employee who received a grant in any one year of Options amounting to 5% or more of Options granted	NIL
iii. Identified employees, who were granted Options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	NIL
Diluted Earnings Per Share (EPS) before exceptional items pursuant to issue of shares on exercise of Options calculated in accordance with Accounting Standard (AS) 20 'Earnings Per Share'	₹21.31

The issuance of equity shares pursuant to exercise of Options does not affect the profit and loss account of the Company, as the exercise is made at the market price prevailing as on the date of the grant.

The Company has obtained a certificate from the Auditors of the Company that the Scheme has been implemented in accordance with the SEBI Guidelines and the resolution passed by the shareholders.

12. CORPORATE GOVERNANCE

It is the on going process for us to comply with the recommendations of the Narayana Murthy Committee constituted by Securities Exchange Board of India (SEBI). For the financial year ended March, 2011, report on Corporate Governance along-with the Certificate of the Auditors, M/s S.K. Patodia & Associates, confirming compliance with conditions of Corporate Governance

as stipulated under Clause 49 of the Listing Agreement forms part of the Annual Report.

13. AUDITORS

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

14. PARTICULARS OF EMPLOYEES

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

15. ACKNOWLEDGEMENT AND APPRECIATION

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

On behalf of the Board of Directors

DINESH NANDWANA

Chairman & Managing Director

Place : Mumbai,

Date : 26th July, 2011



CORPORATE GOVERNANCE REPORT 2010-11

CORPORATE GOVERNANCE

Strong corporate governance is indispensable to resilient and vibrant capital markets and is an important instrument of investor protection. It is the blood that fills the veins of transparent corporate disclosure and high-quality accounting practices. It is the muscle that moves a viable and accessible financial reporting structure. Good corporate governance is the key driver of sustainable corporate growth and long term value creation.

Corporate Governance signifies acceptance by management of the inalienable rights of shareholders as the true owners of the organization and of their own role as trustees on behalf of the shareholders. At Vakrangee, our aspirations have always been of protecting, strengthening and aligning together the interest of all the stakeholders and to satisfy that, we strive hard to implement and continue to follow our core values which are "Belief in people, Entrepreneurship, Customer orientation and pursuit of excellence". Your Company endeavors to put in the right pedestal blocks for future growth and ensuring that we achieve our ambitions in a prudent and sustainable manner with strict adherence to best corporate governance practices.

Corporate Governance is a set of systems and practices to ensure that the affairs of the company are being managed in a way which ensures accountability, transparency, and fairness in all its transactions in the widest sense and meet its stakeholder's aspirations and societal expectations.

At Vakrangee, we are committed to meeting the aspirations of all our stakeholders. This is demonstrated in shareholder returns, our credit ratings, governance processes and an entrepreneurial and performance focused work environment.

The Board of Directors manages the affairs of the company in the best interest of the shareholders, providing necessary guidance and strategic vision. The Board is also responsible to ensure that the Company's management and employees operate with the highest degree of ethical standards.

Over the years, governance processes and systems have been strengthened and institutionalised at Vakrangee. Towards implementation and continuation of sound code of corporate governance practices, 4 committees are operating for specific purposes: viz. Audit Committee, Remuneration and Compensation Committee, Corporate Governance Committee and Shareholders/Investor Grievance Committee.

Your Company is committed to maintain the highest standards of Corporate Governance. Your directors adhere to the stipulations set out in the listing agreements with the Stock Exchanges. A report on Corporate Governance as stipulated under clause 49 of the listing agreements forms part of Annual Report.

Your Board of Directors present the Corporate Governance Report for the year 2010-11 based on the disclosure requirements under Clause 49 of the Listing Agreement existing as on 31st March 2011.

BOARD OF DIRECTORS

Composition:

The Board comprises of 8 directors including the Chairman and Managing Director.



CORPORATE GOVERNANCE REPORT 2010-11

The details of the Board of Directors as on March 31, 2011 are given below:

Name	Category	Designation	Date of appointment	Directorship in other companies	Chairmanship in Committees of Boards of other companies	Membership in Committees of Boards of other companies
Mr. Dinesh Nandwana	Promoter & Executive	Chairman & Managing Director	28/05/1990	13	Nil	1
Dr. Nishikant Hayatnagarkar	Executive	Whole Time Director	27/08/1999	2	Nil	Nil
Mr. Ramesh M. Joshi	Non Executive Independent	Director	20/10/2006	5	Nil	Nil
Mr. Brij Kishor Gupta	Non Executive Independent	Director	28/06/2002	7	Nil	Nil
Mr. Anil Patodia	Non Executive Independent	Director	02/04/1994	7	Nil	Nil
Mr. Sunil Agarwal	Non Executive Independent	Director	28/06/2002	Nil	Nil	Nil
Mr. K. L. Varma	Non Executive Independent	Director	30/11/2002	Nil	Nil	Nil
Mr. B. L. Meena	Non Executive Independent	Director	25/10/2010	Nil	Nil	Nil

The Chairman is the Executive Director and the number of Independent / Non-Executive Directors constitutes more than 50% of the Board at any point of time. All Independent Non-Executive Directors comply with the legal requirements of being "independent".

According to Clause 49 of the Listing Agreement with the stock exchanges, an independent director means a person other than an officer or employee of the company or its subsidiaries or any other individual having a material pecuniary relationship or transactions with the company which, in the opinion of the Board of Directors would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

BRIEF RESUMES OF THE BOARD OF DIRECTORS:

MR. DINESH NANDWANA (Chairman & Managing Director)

One of the main promoters of the company. By profession Mr. Dinesh Nandwana is a Chartered Accountant. He is

the navigator who drove the Company from a modest consultancy company to a well renowned and prominent e-governance Company. His vast experience is backed by astute and dynamic leadership qualities. Mentoring the core management team and to carry the team to deliver the best in the class e-governance and IT & IT enabled services has been his forte over the years. His vision to take the Company to the new orbit have helped the Company to achieve the stringent targets and to claim the position of one of the best e-governance player in the market.

DR. NISHIKANT HAYATNAGARKAR (Whole Time Director - R&D)

Dr. Nishikant Hayatnagarkar is a doctorate in computer science from IIT, Powai, Mumbai. He is associated with the company since 1994. He is a well-known personality in the field of microchip designing. He has developed a voice recognition system, which is widely used in various applications like Tele Banking, Tele Gas Booking etc. He has also designed & developed Multilingual Keyboard



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and is consultant to Media Labs Asia – Kamal Rekhi School for Information Technology (IIT Mumbai) for development of Multilingual data input device – Marathi language Key Board (Key – Lekh) and E-Lekh (Tablet based Marathi language Input).

MR. RAMESH M. JOSHI (Non Executive Independent Director)

Mr. Ramesh Joshi is a graduate in Economics & Law from the University of Nagpur. He had held various important positions in the Reserve Bank of India. He had the privilege of being nominated as a nominee of RBI on the Board's of various banks. He had retired as an Executive Director of SEBI. He is also practicing as a senior corporate consultant.

MR. BRIJ KISHOR GUPTA (Non Executive Independent Director)

Mr. Brij Kishor Gupta is a qualified Chartered Accountant having total experience of more than 24 years in corporate affairs, taxation, audits and financial matters with various organisations.

MR. ANIL PATODIA (Non Executive Independent Director)

Mr. Anil Patodia has a Bachelor's degree in commerce with over 19 years experience of administration and has good leadership qualities to control huge projects involving large manpower.

MR. SUNIL AGARWAL (Non Executive Independent Director)

Mr. Sunil Agarwal is Bachelor of Commerce with over 24 years experience in business administration. He is a very successful businessman with good leadership qualities to control huge projects and explore new business opportunities.

MR. K. L. VARMA (Non Executive Independent Director)

Mr. K. L. Varma is retired Financial Advisor and Chief Accounts Officer, Western Railway. He has vast experience in handling financial management and financial planning and introducing and implementing internal control systems.

MR. B. L. MEENA (Non Executive Independent Director)

Mr. B. L. Meena has rich experience of having worked in different Government department, including being Chief Commercial Manager NW Railway Jaipur of Indian Railway Traffic Service where he served for 28 years.

BOARD MEETINGS:

As per the Listing agreement, the Board of Directors must meet at least four times in a year, at an interval of not more

than three months between any two meetings.

During the last financial year, our Board met eight times, on 5th April, 2010, 24th April, 2010, 27th May, 2010, 15th June, 2010, 10th August 2010, 25th October, 2010, 3rd December, 2010 and 28th January 2011. All the Board meetings were held at the Company's registered office at Mumbai, India.

The attendance of the directors at the board meeting held during the year is given below:

Name of the Director	Number of meetings held	Number of meetings attended	Attended Last AGM	Shareholding in the company as on 31.03. 2011
Mr. Dinesh Nandwana	8	8	Yes	2543300
Mr. Ramesh M Joshi	8	5	Yes	100
Dr. Nishikant Hayatnagarkar	8	1	No	8666
Mr. Brij Kishor Gupta	8	8	Yes	10000
Mr. Anil Patodia	8	7	Yes	86519
Mr. Sunil Agarwal	8	1	Yes	0
Mr. K. L. Varma	8	5	Yes	2750
Mr. B. L. Meena*	8	2	Yes	0

* Appointed w.e.f. 25.10.2010

Director's membership in Board Committees:

As per the Listing Agreement, no director can be a member in more than ten Committees or act as Chairman of more than five Committees across all companies in which he is a director.

In terms of the Listing Agreement, none of the Directors of our Company were members in more than ten Committees nor acted as Chairman of more than five Committees across all Companies in which they are Directors.

Details of directors being re-appointed and appointed.

Two of the existing directors who retire by rotation are proposed to be re-appointed as directors at the ensuing Annual General Meeting.

BOARD COMMITTEES:

As of March 31, 2011 your Company has four Board Committees. These are:

1. Audit Committee
2. Remuneration and Compensation Committee
3. Corporate Governance Committee
4. Shareholders / Investor Grievance Committee



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AUDIT COMMITTEE

Terms of reference

The terms of reference stipulated by the Board to the Audit Committee are, as contained under Clause 49 of the Listing Agreement, as follows:

Overseeing the Company's financial reporting process and the disclosure of its financial information. Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services.

Reviewing with management the annual financial statements before submission to the board, focusing primarily on (i) any changes in accounting policies and practices, (ii) major accounting entries based on exercise of judgment by management, (iii) qualifications in draft audit report, (iv) significant adjustments arising out of audit, (v) the going concern assumption, (vi) compliance with accounting standards, (vii) compliance with Stock Exchange and legal requirements concerning financial statements and (viii) any related party transaction i.e. transactions of the company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of Company at large.

Reviewing with the management, external and internal auditors, the adequacy of internal control systems. Reviewing the adequacy of internal audit functions. Discussion with internal auditors any significant findings and follow up there on. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board. Discussion with external auditors before the audit commences nature and scope of audit as well as post-audit discussion to ascertain any area of concern. Reviewing the Company's financial and risk management policies. To look into the reasons for substantial defaults in the payment to the creditors.

Composition

The Audit Committee comprises solely of independent directors. Mr. K. L. Varma is the Chairman of the Audit Committee; Mr. Sunil Agarwal and Mr. Brij Kishor Gupta are the other members of the committee.

Meetings & Attendance during the year

There were five meetings of the Audit Committee viz. on 24.04.2010, 27.05.2010, 10.08.2010, 25.10.2010 & 28.01.2011 and following is the attendance for the same.

Member Name	24.04.2010	27.05.2010	10.08.2010	25.10.2010	28.01.2011
Mr. K. L. Varma (Chairman)	Attended	Attended	Attended	Attended	Attended
Mr. B. K. Gupta (Member)	Attended	Attended	Attended	Attended	Attended
Mr. Sunil Agarwal (Member)	Not Attended	Not Attended	Not Attended	Not Attended	Attended

REMUNERATION AND COMPENSATION COMMITTEE

The Remuneration and Compensation Committee comprises of three non-executive independent directors, Mr. Brij Kishor Gupta (Chairman) Mr. K.L.Varma and Mr. Sunil Agarwal.

The remunerations paid to the Executive Directors are in accordance with the provisions of Schedule XIII of the Companies Act, 1956.

Executive Directors are paid remuneration within the limits envisaged under Schedule XIII of the Companies Act 1956. The remuneration payable is always recommended by the Remuneration Committee to the Board and is approved by the Board.

The details of remuneration paid to Executive Directors during the financial year 2010-2011 are as under:

Particulars	Mr. Dinesh Nandwana (Chairman & Managing Director)	Dr. Nishikant Hayatnagarkar (Executive Director)
Salary (₹)	60.96 Lakhs	16.20 Lakhs
Allowances and perquisites	NIL	15.21 Lakhs

Non-Executive Director:

Non-Executive Directors have been paid sitting fee of ₹20,000/- for attending every Board meeting. Sitting fee of ₹5,000/- was paid for attending Committee meeting by the non-executive directors.

SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE

The Company has reconstituted the Shareholders / Investors



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Grievance Committee in accordance with the requirements of Clause 49 of the Listing Agreement comprising of two non-executive independent directors and one executive director. Mr. Sunil Agarwal is the Chairman of the Committee. Mr. Brij Kishor Gupta and Dr. Nishikant Hayatnagarkar are the other members of the committee. Mr. Pratik Bhanushali is the Company Secretary and compliance officer of the committee. All the members attended all the meetings of the Committee.

The functions of the committee include:

To specifically look into redressing investors' grievances pertaining to:

- Transfer of Shares
- Dividends
- De-materialization of Shares
- Replacement of lost/stolen/mutilated share certificates
- Non-receipt of right/bonus/split share certificates
- Any other related issues

COMPLAINTS:

S.No.	Nature of the complaint	Received	Replied	Pending
1	Non-receipt of shares certificates lodged for transfer	4	4	0
2	Non-receipt of dividend warrants	10	10	0
3	Non-receipt of Bonus shares	1	1	0
4	Non receipt of duplicate shares certificates	0	0	0
5	Non receipt of Demat rejection documents	1	1	0
6	Letters from Department of Company Affairs / Other Statutory Bodies	0	0	0
7	Non Receipt of Demat Credit	1	1	0
8	Stock Exchange letters	2	2	0
	Total	19	19	0

The company had no transfers pending at the close of 31.03.2011.

Annual General Meeting:

Date, Venue and Time for the last three Annual General Meeting

Date	Venue	Time	No. of Special Resolutions
14th September, 2010	Chancellor Suite, Hotel Le Royal Meridien, Sahar Airport Road, Andheri (E), Mumbai - 400 099	11.00 am	3
25th September, 2009	Chancellor Suite, Hotel Le Royal Meridien, Sahar Airport Road, Andheri (E), Mumbai - 400 099	11.00 am	2
23rd September, 2008	The Oyster, Sahara Star, Domestic Air Port, Vile Parle (E), Mumbai - 400 099	11.00 am	5

Resolution passed through Postal Ballot:

During the year, the Company passed a Special Resolution under Section 81(1A) of the Companies Act, 1956 to create, offer, issue and allot equity shares, eligible securities through QIPs / FCCBs / GDRs / ADRs and/or such other securities or a combination of securities (the "Securities") in one or more tranches through Postal Ballot for an amount up to US\$ 100 million, result of which was declared on 14th March, 2011 by Chairman of the Company. The resolution was passed with the requisite majority.

DISCLOSURES

Disclosure on material significant related party transactions with its promoter, the Directors or the Management, their subsidiaries or relatives etc. that may have potential conflict with the interest of the Company at large.

There is no material transaction with any related party, which may have potential conflict with the interest of the company at large.

During the last three years, there were no strictures or penalties imposed by either the Securities and Exchange Board of India or the Stock Exchanges or any statutory authorities for non-compliance of any matter related to the capital markets.

MEANS OF COMMUNICATION:

1	Quarterly Results	News Paper Advertisement
2	Newspaper wherein results are normally published	Economic Times (English and Gujarati), Times of India (English), Free Press Journal (English) and Navshakti (Marathi)
3	Any Website where displayed	www.vakrangee.in, www.nseindia.com, www.bseindia.com
4	Whether it also displayed official news releases	Yes
5	The presentation made to Institutional Investor or to the Analyst	Yes

GENERAL SHAREHOLDERS INFORMATION

Annual General Meeting

The next Annual General Meeting of the company will be held on 26th August, 2011 at 11.00 am. at Hotel Hilton Mumbai, Sahar Airport Road, Andheri (E), Mumbai - 400099.



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Financial Calendar for 2011-12

Tentative Schedule	Likely Board Meeting Schedule
Financial reporting for the quarter ending June 30, 2011	Second fortnight of July 2011
Financial reporting for half year ended September 30, 2011	Second fortnight of October 2011
Financial reporting for the quarter ending December 31, 2011	Second fortnight of January 2012
Financial reporting for the year ended March 31, 2012	Second fortnight of April 2012
Annual General Meeting for the year ending March 31, 2012	Second fortnight of August 2012

Book Closure:

The Company's register of members and share transfer books will remain closed from 18th August, 2011 to 26th August, 2011 (both days inclusive).

Dividend payment:

- Payment date:** Dividend, if declared at the AGM, will be paid on or before 25th September, 2011.
- Payment Entitlement:** Dividend will be paid to those members whose name would appear;

a. For shares in demat form: As beneficial owner as at the end of the business hours on 17th August, 2011 as per the list to be provided by the Depositories to the Company.

b. For shares in physical form: As a member in the Register on Members of the Company as on 17th August, 2011.

Listing on Stock Exchanges:

Your company's securities are listed on the following stock exchanges.

Equity Shares
Bombay Stock Exchange Ltd. Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 023
National Stock Exchange of India Ltd. Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra East, Mumbai - 400 051

Listing fees for the year 2011-12 have been paid to the Indian Stock Exchanges.

Stock Code

Stock Exchange	Code
Bombay Stock Exchange Ltd.	511431
National Stock Exchange of India Ltd.	VAKRANSOFT
ISIN no. for Equity Shares (NSDL)	INE051B01013
ISIN no. for Equity Shares (CDSL)	INE051B01013

Month (2010-11)	Price on BSE		Volume traded	Price on NSE		Volume traded
	High	Low		High	Low	
April	178.50	103.80	5052992	177.00	103.35	3581872
May	169.45	131.00	1313743	169.40	130.55	797792
June	220.50	160.00	2388614	219.80	156.70	1587984
July	224.00	193.25	1729692	224.00	194.00	1364428
August	214.65	177.00	2011020	215.00	184.15	1500159
September	255.00	193.00	5772269	258.00	192.15	4914483
October	314.00	231.00	5217248	314.00	232.00	4617153
November	338.20	266.00	1991307	338.40	267.00	1509967
December	311.00	221.50	4473881	312.00	223.00	3216939
January	323.90	285.00	1347457	324.35	270.75	1008920
February	312.00	273.00	874478	312.00	268.80	756519
March	355.00	291.00	1310982	349.85	290.10	948089

Stock Market Data relating to Equity Shares listed in India:

Registrar and Share Transfer Agent:

The Board has delegated the power of share transfer to Registrar and Share transfer agents for processing of share transfers to Big Share Services Pvt. Ltd. Their complete address is as follows:

Big Share Services Pvt. Ltd.

E-2, Ansa Industrial Estate, Saki Vihar Road
Sakinaka, Andheri (E), Mumbai - 400072
Telephone No. : 022-28470652 / 40430200
Fax No. : 022-28475207
Email : info@bigshareonline.com

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Distribution of shareholding: Face Value ₹10/Share

As on March 31, 2011				
Category (No. of Shares)	No. of shareholders	% of shareholders	No. of shares	% total equity
0-500	7455	88.18	9275970	3.91
501-1000	468	5.54	3729610	1.57
1001-2000	232	2.74	3441330	1.45
2001-3000	83	0.98	2110720	0.89
3001-4000	38	0.45	1343870	0.57
4001-5000	32	0.38	1524450	0.64
5001-10000	63	0.75	4746440	2.01
10001-to above	83	0.98	210942740	88.96
Total	8454	100.00	237115130	100.00

Category of Shareholders:

	Category	March 31, 2011		March 31, 2010	
		No. of shares held	% of Holding	No. of shares held	% of Holding
(A)	Shareholding of Promoter and Promoter Group				
(a)	Individuals/ Hindu Undivided Family	2653895	11.19	2652195	11.79
(b)	Bodies Corporate	3589456	15.14	2439456	10.84
	Total (A)	6243351	26.33	5091651	22.63
(B)	Public Shareholding				
B1	Institutions				
(a)	Financial Institutions / Banks	258809	1.09	400	0.00
(b)	Foreign Institutional Investors	0	0.00	2746893	12.21
	Sub-Total (B)(1)	258809	1.09	2747293	12.21
B 2	Non-institutions				
(a)	Bodies Corporate	12918394	54.48	6489972	28.85
b(i)	Individual shareholders holding nominal share capital up to ₹1 lakh	2255025	9.51	4397603	19.55
b(ii)	Individual shareholders holding nominal share capital in excess of ₹1 lakh	1945606	8.21	3427700	15.24
(c)	Clearing members	55039	0.23	186178	0.83
(d)	Non Residents Indians (NRI)	35289	0.15	155768	0.69
	Sub-Total (B)(2)	17209353	72.58	14657221	65.15
(B)	Total Public Shareholding (B) = (B)(1)+(B)(2)	17468162	73.67	17404514	77.37
	GRAND TOTAL (A)+(B)	23711513	100.00	22496165	100.00

Dematerialization of shares and liquidity:

Over 88.84% of outstanding equity has been dematerialized upto March 31, 2011.

Fully Convertible Warrants issued on preferential basis, pending conversion:

The Company had issued 34,70,000 Fully Convertible Warrants on 22nd March, 2010 to M/s. NJD Holdings Private Limited, a promoter group company, convertible each into equivalent number of fully paid equity shares having face value of ₹10/- each at a premium of ₹60/- per share, convertible at the sole option of the allottee but before expiry of 18 months from the date of allotment. 11,00,000 Fully Convertible Warrants out of the above got converted into equivalent number of equity shares by allotment of the equivalent number of fully paid equity shares on 29th March, 2010 in lieu thereof. During the year, out of 23,70,000 Fully Convertible Warrants pending conversion, 11,50,000 Warrants got converted into equivalent number of equity shares by allotment of the equivalent number of fully paid equity shares on 25th March, 2011 in lieu thereof. 12,20,000 Warrants are still pending for conversion as on 31st March, 2011.

Address of Correspondence:

Vakrangee Softwares Limited
 "Vakrangee House", Plot No. 66,
 Marol Co-op Industrial Estate,
 Off. M. V. Road, Andheri (E),
 Mumbai – 400 059

Shareholders can contact the following official for Company secretarial matters related to the company:

Name	Telephone No.	Email ID	Fax No.
Pratik Bhanushali	67765101, 67765102	pratikb@vakrangee.in	022-28502017

Vakrangee's Code of Conduct:

Vakrangee's Code of Conduct, as adopted by the Board of Directors, is applicable to the directors, senior management and employees of the Company. The Code of Conduct is available on the Company's corporate website.

Vakrangee's Code of Insider Trading:

Vakrangee has Code of Conduct for Prevention of Insider Trading ('VSL Code') in the shares of the Company and same is available on the Company's corporate website.



Auditors' Certificate on Corporate Governance

To,
The members of **Vakrangee Softwares Limited**

We have examined the Compliance of the conditions of Corporate Governance procedures implemented by Vakrangee Softwares Limited, for the year ended on March 31, 2011, as stipulated in clause 49 of the Listing Agreement of the said Company with the stock exchange in India.

The Compliance of the conditions of corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the company for ensuring compliance with the conditions of corporate Governance. It is neither an audit nor an expression of opinion of the financial statement of the company.

In our opinion and to the best of our information and according to the explanation given to us, and the representations made by the Directors and management, we certify that the company has complied with the conditions of corporate Governance as stipulated in clause 49 of the above mentioned Listing Agreement.

As required by the Guidance note issued by the Institute of Chartered Accountants of India, we have to state that based on the report given by the Registrar of Companies to the Investors' Grievance Committee, as on March 31, 2011, there were no valid investor grievance matters against the Company remaining unattended/pending for more than 30 days.

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

For **S. K. Patodia & Associates**
Chartered Accountants

Sunil Patodia
Partner
Mem. No. : 045489
Firm Regd. No.:112723W
Place : Mumbai
Date : 9th May, 2011



CEO / CFO Certificate

To the Board of Directors of Vakrangee Softwares Limited

Dear Sirs,

Sub: CEO / CFO Certificate

(Issued in accordance with provisions of Clause 49 of the Listing Agreement)

We have reviewed the financial statements, read with cash flow statement of Vakrangee Softwares Limited for the year ended March 31, 2011 and that to the best of our knowledge and belief, we state that;

- (a) (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 current accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit committee, deficiencies in the design or operation of such internal controls, if any, and steps taken or proposed to be taken for rectifying these deficiencies.
- (d) We 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 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 we 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.

Yours sincerely,

Dinesh Nandwana
Chairman & Managing Director
Vakrangee Softwares Limited

Mr. Subhash Sinhania
Finance Head
Vakrangee Softwares Limited

Place : Mumbai

Date : 9th May, 2011



CEO / CFO Certificate

To the Board of Directors of Vakrangee Softwares Limited

Dear Sirs,

Sub: CEO / CFO Certificate

(Issued in accordance with provisions of Clause 49 of the Listing Agreement)

We have reviewed the financial statements, read with cash flow statement of Vakrangee Softwares Limited for the year ended March 31, 2011 and that to the best of our knowledge and belief, we state that;

- (a) (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 current accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit committee, deficiencies in the design or operation of such internal controls, if any, and steps taken or proposed to be taken for rectifying these deficiencies.
- (d) We 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 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 we 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.

Yours sincerely,

Dinesh Nandwana
Chairman & Managing Director
Vakrangee Softwares Limited

Subhash Singhania
Finance Head
Vakrangee Softwares Limited

Place : Mumbai

Date : 9th May, 2011



Auditors Report

To
The Members of **Vakrangee Softwares Limited**

We have audited the attached Balance Sheet of **Vakrangee Softwares Limited** as at 31st March, 2011, the Profit and Loss Account and the Cash Flow Statement for the year 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.

1. We conducted our audit in accordance with 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 prepared, in all material respects, in accordance with an identified financial reporting framework and 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.
2. As required by the Companies (Auditors Report) Order, 2003 and amendments thereto issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in the paragraphs 4 and 5 of the said Order.
3. Further to our comments in the Annexure referred to in paragraph 2 above, we report that:
 - a) We have obtained all the information & 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 as it appears from our examination of those books.

c) The said Balance Sheet, the Profit & Loss Account and the Cash Flow statement dealt with by this report are in agreement with the books of accounts.

d) In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and Profit and Loss Account 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, 2011 and taken on record by the Board, we report that none of the directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of clause (g) of subsection (1) of section 274 of the Companies Act, 1956.

f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with notes appearing thereon, 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 the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011,
- ii) In the case of the Profit and Loss Account, of the profit for the year ended on that date.
- iii) In the case of Cash Flow Statement, of the Cash Flows of the company for the year ended on that date.

For S. K. Patodia & Associates
Chartered Accountants

Sunil Patodia
Partner
Mem. No: 045489
Firm Regd. No: 112723W
Place : Mumbai
Date : 9th May, 2011



Annexure to Auditors Report

Annexure referred to in Paragraph 2 of the Auditors Report to the members of **Vakrangee Softwares Limited** for the year ended 31st March 2011.

As required by the Companies (Auditors Report) Order, 2003 and amendments thereto and according to the information and explanations given to us during the course of the audit and on the basis of such checks of the books and records as were considered appropriate we report that:

- (i) a) The Company has maintained proper records showing full particulars, including quantitative details and situations of fixed assets.
- b) All the assets have been physically verified by the management in accordance with a phased programme of verification, which in our opinion is reasonable, considering the size of the company and the nature of business. The frequency of verification is reasonable and no material discrepancies have been noticed on such physical verification.
- c) During the year, there is no substantial disposal of Fixed Assets.
- (ii) a) The inventories have been physically verified by the management during the year at reasonable intervals.
- b) The procedures of physical verification of the inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- c) The Company has maintained proper records of inventories. The discrepancies noticed on physical verification of inventories as compared to book records were not material.
- (iii) a) The Company has granted loans to nine parties including four subsidiary Companies covered in the register maintained under Section 301 of the Companies Act, 1956 on call basis. The Maximum amount outstanding during the year was ₹1512.24 Lacs and the year-end balance was ₹834.92 Lacs.
- b) The Interest has been charged, wherever applicable. Other terms and conditions on which the said loans have been granted are prima facie, not prejudicial to the interest of the Company;

c) In view of our comments in para (iii) (a) and (b) above, clauses (iii) (c), and (d) of the said Order are not applicable to the company.

d) The company has not taken unsecured loan from any party covered in the register maintained under Section 301 of the Companies Act, 1956 on call basis.

e) In view of our comments in Para (iii) (d) above, clauses (iii) (e) and (f), of the said Order are not applicable to the company.

(iv) In our opinion and according to the information and explanation given to us there is adequate internal control system commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control systems.

(v) a) Based on the audit procedures performed by us, we are of the opinion that particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained in that section.

b) The transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

(vi) The company has not accepted any public deposit.

(vii) The Company has an adequate internal audit system commensurate with the size and nature of its business.

(viii) The Central Government has not prescribed for maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 for the Company.

(ix) a) Accordingly to the records of the Company, the undisputed statutory dues including Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty and Excise Duty, Cess have regularly been deposited with the appropriate authorities. There are no significant undisputed amount payable



Annexure to Auditors Report

in respect of such statutory dues which have remained outstanding as at 31st March, 2011 for a period more than six months from the date they became payable.

b) According to the records of the company and information and explanations given to us, there are no dues of income tax, sales tax, wealth tax, service tax, custom duty, excise duty and cess which have not been deposited on account of any dispute.

- (x) The company has no accumulated losses at the end of the financial year and it has not incurred cash losses during the financial year and in the immediately preceding financial year.
- (xi) The Company has not defaulted in repayment of its dues to banks and financial institutions.
- (xii) The company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or other securities.
- (xiii) The provisions of any Special Statute applicable to Chit Fund, Nidhi or Mutual Benefit Fund/ Societies are not applicable to the company.
- (xiv) In respect of dealing in shares, securities and other investments, in our opinion and according to the information and explanations given to us, proper records have been maintained of the transactions and contracts and timely entries have been made therein. The shares, securities and other investments have been held by the company in its own name.
- (xv) The company has not given any guarantee for loans taken by others from banks and financial institutions except guarantee given in respect of loan granted to Vakrangee e-Solutions Inc., a subsidiary company, by Barclays Bank Plc. The outstanding amount of loan as on 31st March, 2011 is ₹379.73 lacs.
- (xvi) The Company has not taken any Term Loan during the year.
- (xvii) On an overall examination of the balance sheet of the Company, we report that the no funds raised

on short-term basis have been used for long term investments.

- (xviii) The Company has made preferential allotment of share warrants to the parties covered in the register maintained under section 301 of the Companies Act, 1956. The same has been made in conformity with the guidelines issued by the Securities and Exchange Board of India relating to such preferential allotment and the basis of said allotment is not prejudicial to the interest of the company. Further part of convertible warrants issued during the year has also been converted into the equity shares during the year at the pre – determined rate as per SEBI Guidelines.
- (xix) The Company has not issued any debentures during the year.
- (xx) The Company has not raised any money by way of public issue during the year.
- (xxi) 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, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year.

For S. K. Patodia & Associates
Chartered Accountants

Sunil Patodia
Partner

Mem No: 045489
Firm Regd. No: 112723W
Place : Mumbai
Date : 9th May, 2011



Vakrangee Softwares Limited: Balance Sheet as at 31st March, 2011

(₹ in Lakhs)				
Particulars	Schedules		As at 31st March 2011	As at 31st March 2010
SOURCES OF FUNDS				
1. SHAREHOLDER'S FUNDS				
Share Capital	A	2,371.15		2,249.62
ESOP & Warrant Application Money	B	860.53		414.75
Reserves & Surplus	C	32,392.25		27,413.64
			35,623.93	30,078.01
2. LOAN FUNDS				
Secured Loans	D	14,888.65		4,449.89
Unsecured Loans	E	400.00		450.00
			15,288.65	4899.89
3. Deferred Tax Liabilities (Net)	F		4,211.15	3,779.77
Total			55,123.73	38,757.67
APPLICATION OF FUNDS				
4. FIXED ASSETS	G			
Gross Block		35,223.32		31,764.80
Less: Depreciation		13,731.59		8,685.61
Net Block			21,491.73	23,079.19
5. INVESTMENTS	H		6,006.08	5,312.00
6. CURRENT ASSETS, LOANS & ADVANCES				
Inventories	I	89.57		776.57
Sundry Debtors	J	26,986.17		14,225.08
Cash & Bank	K	1,817.06		423.65
Loans & Advances	L	9,544.15		2,092.80
		38,436.95		17,518.10
7. CURRENT LIABILITIES & PROVISIONS	M	10,811.03		7,151.62
8. Net Current Assets [(6) - (7)]			27,625.92	10,366.48
Total			55,123.73	38,757.67
SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS	R			

Schedule "A" to "M" and Schedule "R" referred to above form an integral part of the Balance Sheet.
As per our report of even date attached.

For S. K. PATODIA & ASSOCIATES
Chartered Accountants

For and on behalf of the Board

SUNIL PATODIA
Partner
Membership No. 045489
Firm Regd. No. 112723W
Place : Mumbai
Date : 9th May, 2011

DINESH NANDWANA
Chairman & Managing Director

B.K. GUPTA
Director

PRATIK BHANUSHALI
Company Secretary



Profit & Loss Account for the year ended 31st March 2011

(₹ in Lakhs)				
Particulars	Schedules		For the Year Ended 31st March 2011	For the Year Ended 31st March 2010
INCOME				
1. Sales & Services		85,233.77		40,935.21
2. Other Income	N	141.69		67.24
			85,375.46	41,002.45
EXPENDITURE				
3. Cost of Sales & Services	O	68,798.69		31,298.14
4. Direct Expenses	P	1,142.27		715.85
5. Administrative & Selling Expenses	Q	1,634.89		1,125.92
6. Interest & Financial Expenses		1,790.53		586.27
7. Depreciation		5,329.68		4,061.34
			78,696.06	37,787.52
Profit Before Tax			6,679.40	3,214.93
8. Provision for Taxation			1,331.23	474.93
9. Deferred Tax Liabilities/(Assets)			431.38	329.50
Profit After Tax			4,916.79	2,410.50
10. Less/(Add) : Prior Period Adjustment			5.39	(3.00)
(Refer Note "F", Schedule "R")				
11. Short Provision for Tax in earlier year			103.82	
Profit available for equity shareholders			4,807.58	2,413.50
12. Add: Profit Brought Forward from Previous Year			8,786.07	6,886.58
13. Less: Transferred to General Reserve			368.76	120.53
14. Less : Proposed Dividend			498.83	337.44
15. Less : Corporate Dividend Tax			80.92	56.04
Balance Carried to Balance Sheet			12,645.14	8,786.07
Earnings Per Share (FV ₹10/- each)				
Basic (₹)			21.34	11.28
Diluted (₹)			19.30	11.15
SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS	R			

Schedule "N" to "Q" and Schedule "R" referred to above form an integral part of the Profit & Loss Account.
As per our report of even date attached.

For S. K. PATODIA & ASSOCIATES
Chartered Accountants

For and on behalf of the Board

SUNIL PATODIA
Partner

DINESH NANDWANA
Chairman & Managing Director

B.K. GUPTA
Director

PRATIK BHANUSHALI
Company Secretary

Membership No. 045489
Firm Regd. No. 112723W
Place : Mumbai
Date : 9th May, 2011



Cash Flow Statement for the year ended on 31st March 2011

(₹ in Lakhs)		
Particulars	2010-11	2009-10
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax & extraordinary items	6,679.40	3,214.93
adjusted for:		
Depreciation	5,329.68	4,061.34
Employee Compensation Expenses	26.86	-
Interest Received	(136.73)	(39.83)
Interest & Financial Expenses	1,790.53	586.27
Loss on sale of fixed assets	(1.24)	17.86
Other Income	(4.96)	(27.41)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	13,683.54	7,813.16
adjusted for:		
Inventories	687.00	631.93
Trade Receivables	(12,761.09)	(9,971.13)
Loans & Advances	(7,025.82)	(782.01)
Current Liabilities & Provisions	2,697.43	3,755.46
CASH GENERATED FROM OPERATIONS	(2,718.94)	1,447.40
Other Income	4.96	27.41
Taxes Paid / Refund	(1,140.90)	(155.45)
CASH FLOW BEFORE EXTRA ORDINARY ITEMS	(3,854.88)	1,319.36
Prior period adjustments	(5.40)	3.00
NET CASH FROM OPERATING ACTIVITIES (A)	(3,860.28)	1,322.36
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed assets	(5,778.58)	(5,628.23)
Sale of Fixed Assets	2,037.61	47.78
Purchase of Investments	(694.08)	(96.05)
Interest Received	136.73	39.83
NET CASH USED IN INVESTING ACTIVITIES (B)	(4,298.32)	(5,636.67)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Dividend payment	(337.44)	(213.96)
Issue of Share capital	121.53	110.00
Securities Premium	723.91	660.00
Proceeds of Warrant Application & Allotment Money	445.78	414.75
Interest & Financial Expenses	(1,790.53)	(586.27)
Proceeds from Borrowings	10,388.76	3,906.06
NET CASH USED IN FINANCIAL ACTIVITIES (C)	9,552.01	4,290.58
Net increase/(decrease) in Cash and Cash Equivalents	1,393.41	(23.73)
Cash and Cash Equivalents as on 01.04.2010	423.65	447.38
Cash and Cash Equivalents as on 31.03.2011	1,817.06	423.65
Cash in Hand	45.26	39.58
Balance with Bank	1,771.80	384.06
	1,817.06	423.65

Note: 1. Cash and Cash Equivalents at the end of the year consists of Cash in Hand and Balance with Banks which are as follows:

(₹ in Lacs)		
Particulars	As at 31.03.2011	As at 31.03.2010
Cash in hand	45.26	39.58
Balance with bank	1,771.80	384.06
	1,817.06	423.65

2. Previous year's figures have been regrouped, rearranged wherever necessary in order to conform to current year's figures.

For S. K. PATODIA & ASSOCIATES For and on behalf of the Board
Chartered Accountants

SUNIL PATODIA
Partner
Membership No. 045489
Firm Regd. No. 112723W
Place : Mumbai
Date : 9th May, 2011

DINESH NANDWANA
Chairman & Managing Director
B.K. GUPTA
Director
PRATIK BHANUSHALI
Company Secretary



Schedules Annexed to and forming part of Final Accounts for the year ended on 31st March 2011

(₹ in Lakhs)		
Particulars	As at 31.03.2011	As at 31.03.2010
SCHEDULE A: SHARE CAPITAL		
Authorised		
4,50,00,000 (Previous Year 4,50,00,000) Equity Shares of ₹10/- each	4,500.00	4,500.00
	4,500.00	4,500.00
ISSUED SUBSCRIBED AND PAID UP		
2,37,11,513 (Previous Year 2,24,96,165)		
Equity share of ₹10/- each fully paid up	2,371.15	2,249.62
(Under the Employee Stock Option Scheme, employees have exercised 65348 options a price of ₹61.90/- each fully paid up (FV ₹10/- each), and 11,50,000 warrants issued at a price of ₹70/- each fully paid up (FV ₹10/- each) and converted into equity shares during the year 2010-2011)		
	2,371.15	2,249.62
SCHEDULE B: SHARE WARRANTS & ESOP APPLICATION MONEY		
Share Warrants application money received for		
12,20,000 (Previous Year 23,70,000) which are warrants issued at a price		
of ₹70/- each fully paid up	854.00	414.75
Employee Stock Option Plan		
7,132 (Previous Year NIL) ESOP issued at a price of ₹61.90/- each fully paid up	4.41	-
3,116 (Previous Year NIL) ESOP issued at a price of ₹67.85/- each fully paid up	2.11	-
	860.53	414.75
SCHEDULE C: RESERVES & SURPLUS		
1. General Reserves		
Opening Balance	901.34	780.82
Transfer from Profit & Loss Account	368.76	120.53
	1,270.10	901.34
2. Securities Premium Account		
Opening Balance	17,726.23	17,066.23
Add: On further issue of Shares	723.92	660.00
	18,450.15	17,726.23
3. Profit & Loss Account	12,645.14	8,786.07
	12,645.14	8,786.07
4. Employee Stock Options Outstanding	125.92	-
(Refer Note No. "W" of Schedule "R")		
Less : Deferred Employee Compensation Expenses	99.05	-
	26.86	-
	32,392.25	27,413.64
SCHEDULE D: SECURED LOANS (Refer Note "E", Schedule "R")		
Cash Credit Facilities from Bank	14,880.02	4,435.41
Vehicle Loan	8.63	14.48
	14,888.65	4,449.89
SCHEDULE E: UNSECURED LOANS		
Inter Corporate Deposit	400.00	450.00
	400.00	450.00
SCHEDULE "F" : DEFERRED TAX LIABILITIES (NET)		
Opening Balance	3,779.77	3,450.26
Adjustment during the year	431.38	329.50
	4,211.15	3,779.77

 Schedules Annexed to and forming part of Final Accounts for the year ended on 31st March 2011

SCHEDULE G:

ASSETS	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	As at 01.04.2010	Additions During the Year	Deletion During the Year	As at 31.03.2011	As at 01.04.2010	Addition during the Year	Deletion during the Year	As at 31.03.2011	As at 31.03.2011	As at 31.03.2010
BUILDINGS	686.31	112.22	-	798.53	65.53	12.24		77.77	720.76	620.78
PLANT & MACHINERY	755.53	-	-	755.53	120.42	35.89	-	156.31	599.22	635.11
OFFICE EQUIPMENTS	535.14	17.32	-	552.46	204.93	25.77	-	230.70	321.75	330.20
FURNITURES & FIXTURES	549.27	27.44	-	576.71	236.07	35.56		271.63	305.08	313.20
MOTOR CARS	86.73	-	-	86.73	18.80	8.24		27.04	59.69	67.93
COMPUTERS & PRINTERS	29,151.82	5,621.60	2,320.06	32,453.36	8,039.86	5,211.98	283.70	12,968.14	19,485.22	21,111.97
TOTAL	31,764.80	5,778.58	2,320.06	35,223.32	8,685.61	5,329.68	283.70	13,731.59	21,491.73	23,079.19
PREVIOUS YEAR	26,219.58	5,628.23	83.00	31,764.80	4,641.64	5,318.05	17.36	8,685.61	23,079.19	

(₹ in Lakhs)		
Particulars	As at 31.03.2011	As at 31.03.2010
SCHEDULE 'H' : INVESTMENTS		
LONG TERM INVESTMENTS		
TRADE, UNQUOTED		
Investments in Subsidiaries:		
1,00,50,000 Equity Shares in Vakrangee IT Solutions Ltd.		
of ₹10/- each fully paid up (Previous Year 1,00,50,000)	5,005.00	5,005.00
56,49,999 Equity Shares of E-Doc Vision Infotech Pvt. Ltd.		
of ₹10/- each fully paid up (Previous Year 9,999)	565.00	1.00
96,000 Equity Shares of Vakrangee e-Solutions Inc.	96.00	96.00
of Peso 100/- each fully paid up (Previous Year 96,000)		
49,998 Equity Shares of Vakrangee Energy Pvt. Ltd.	5.00	-
of ₹10/- each fully paid up (Previous Year NIL)		
Investments in Others:		
21,00,000 Equity Shares of Vakrangee Technologies Ltd.	210.00	210.00
of ₹10/- each fully paid up (Previous Year 21,00,000)		
Investment in Axis Mid Capital Fund	100.00	-
Investment in Axis Triple Advantage Fund	5.00	-
Investment in Axis Income Saver	20.08	-
	6,006.08	5,312.00



Schedules Annexed to and forming part of Final Accounts for the year ended on 31st March 2011

(₹ in Lakhs)		
Particulars	As at 31.03.2011	As at 31.03.2010
SCHEDULE 'I' : INVENTORIES		
Raw Materials, Consumables & Spares	82.99	741.72
Stock at Site	6.58	34.85
	89.57	776.57
SCHEDULE 'J' : SUNDRY DEBTORS		
Debts outstanding for more than 6 months (Unsecured)		
Considered Good	625.38	99.83
Considered Doubtful	-	-
Other Debts (Unsecured, Considered Good)	26,360.79	14,125.25
	26,986.17	14,225.08
SCHEDULE 'K' : CASH & BANK BALANCES		
Balances with Scheduled Bank		
In Current Accounts	835.11	27.49
In Fixed Deposit Account	936.69	356.58
Cash in Hand	45.26	39.58
(As physically verified & certified by Management)		
	1,817.06	423.65
SCHEDULE 'L' : LOANS AND ADVANCES		
(Unsecured, Considered Good)		
Loan to Subsidiaries	740.94	644.60
Loan to Others	652.98	652.79
Advance recoverable in cash or in kind or for value to be received	5,606.24	212.35
Advance against Property	75.00	-
Share Application Money	261.12	261.12
Deposits	1,423.98	34.11
Advance Tax & TDS	783.89	287.85
	9,544.15	2,092.80
SCHEDULE 'M' : CURRENT LIABILITIES & PROVISIONS		
Current Liabilities		
Sundry Creditors		
- Due to Micro, Small & Medium Enterprises (Refer Note "Q", Schedule "R")	-	-
- Due to Others	3,828.31	4,597.71
Bills Payable Facilities from Bank (Refer Note "E" schedule "R")	4,505.53	1,251.59
Other Liabilities	566.20	353.32
	8,900.04	6,202.62
Provisions		
Provision for Taxation	1,331.24	555.52
Proposed Dividend	498.83	337.44
Provision for Corporate Dividend Tax	80.92	56.04
	1,910.99	949.00
	10,811.03	7,151.62

 Schedules Annexed to and forming part of Final Accounts for the year ended on 31st March 2011

(₹ in Lakhs)		
Particulars	As at 31.03.2011	As at 31.03.2010
SCHEDULE 'N' : OTHER INCOME		
Interest Income (TDS ₹6,94,225 , PY ₹93,518)	136.73	39.83
Gain/(Loss) on Foreign Exchange Fluctuation (net)	(0.17)	9.91
Miscellaneous Income	5.13	17.50
	141.69	67.24
SCHEDULE 'O' : COST OF SALES & SERVICES		
Opening Stock	776.57	1,408.50
Add : Purchases during the Year	68,111.69	30,666.21
Less :	-	-
- Closing Stock	82.99	776.57
- Stock at Site	6.58	-
	68,798.69	31,298.14
SCHEDULE 'P' : DIRECT EXPENSES		
Operating Expenses	1,142.27	715.85
	1,142.27	715.85
SCHEDULE 'Q' : ADMINISTRATIVE & SELLING EXPENSES		
Staff Costs	621.12	543.96
Electricity Expenses	27.29	30.86
Communication Costs	25.70	19.04
Staff Welfare	12.43	6.40
Repairs & Maintenance	20.56	21.82
Printing & Stationery	29.28	12.45
Conveyance & Travelling Expenses	97.97	197.96
Rent, Rates & Taxes	29.62	19.12
Insurance Charges	10.03	7.77
Advertisement & Publicity Expenses	67.47	33.03
Business Promotion Expenses	45.36	20.87
Vehicle Expenses	8.19	7.29
Legal & Professional Charges	486.33	96.62
Fees & Subscriptions	16.78	3.80
Office & General Expenses	30.13	19.18
Listing & Share Registry Expenses	15.06	3.28
Auditor's Remuneration	11.75	2.50
Directors' Remuneration	81.07	62.11
(Profit) / Loss on sale of Fixed Assets	(1.25)	17.86
	1,634.89	1,125.92



Schedules forming part of Accounts for the year ended on 31st March, 2011

SCHEDULE "R": SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS

I. Significant Accounting Policies

A. Basis of Accounting

The financial statements are prepared under the historical cost convention, on a going concern concept and in compliance with the Accounting Standards notified by the Companies (Accounting Standard) Rules, 2006 and the relevant provisions of the Companies Act 1956. Accounting policies not specifically referred to otherwise, are consistent and in consonance with the generally accepted accounting principles.

B. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Differences between actual results and estimates are recognized in the period in which the results are known / materialised.

C. Recognition of Income

Revenue is recognised when it is earned and no significant uncertainty exists as to its realisation or collection.

The Company follow the accrual basis of accounting except in the following cases, where the same are recorded on cash basis on ascertainment of right and obligation.

- i. Leave encashment
- ii. Insurance Claim
- iii. Dividend Income, if any.

D. Fixed Assets

Fixed Assets are stated at actual cost of acquisition less accumulated depreciation and impairment, if any. Cost includes all incidental expenses related to acquisition and attributable cost of bringing the asset to its working condition for its intended use.

E. Impairment of Fixed Assets

At the end of each year, the Company determines whether a provision should be made for impairment loss on fixed assets by considering the indication that an impairment loss may

have occurred in accordance with Accounting Standard 28 on "Impairment of Assets". Where the recoverable amount of any fixed assets is lower than its carrying amount, a provision for impairment loss on fixed assets is made.

F. Depreciation

- i) Depreciation on Fixed Assets has been provided on 'Straight Line Method' as per the rates specified in Schedule XIV of the Companies Act, 1956.
- ii) Depreciation on assets acquired/sold during the year is provided on prorata basis.

G. Investments

Investments that are intended to be held for more than a year, from the date of acquisition, are classified as long term investment and are carried at cost less any provision for permanent diminution in value. Investments other than long term investments being current investments are valued at cost or fair market value whichever is lower.

H. Employee Benefits

The Company has both defined contribution and defined benefit plans of which some have assets in special funds or similar securities. The plans are financed by the Company and in case of some defined contribution plans, by the Company along with its employees.

• Gratuity

In accordance with the Payment of Gratuity Act, 1972, the company provides for a lump sum payment to eligible employees, at retirement or termination of employment based on the last drawn salary and years of employment with the company. The gratuity fund is managed by the Life Insurance Corporation of India (LIC). The Company's gratuity benefit scheme is a defined benefit plan. The company's obligation in respect of the gratuity plan is provided for based on actuarial valuation carried out by an independent actuary using the projected unit credit method. The Company recognises actuarial gains and losses immediately in the profit and loss account.

• Provident fund, State Insurance, Labour Welfare Fund, Professional Tax

These are the defined contribution plans in which the Company



Schedules forming part of Accounts for the year ended on 31st March, 2011

pays pre-defined amounts to separate funds. The Company's contributions to these funds are reported as an expense during the period in which the employees perform services that the payment covers.

• Compensated Absences

The employees of the Company are entitled to compensate absence. The employees can carry forward a portion of the unutilized accrued compensated absence and utilize it in future periods or receive cash compensation at retirement or termination of employment for the unutilized accrued compensated absence. The company follows the cash basis of accounting for recording the obligation of leave encashment. In other words, the company records an obligation for compensated absences in the period in which it has been encashed by the employees.

• Employee Stock Option Plan (ESOP)

In respect of employee's stock options, the excess of market price on the date of grant over the exercise price is recognised as deferred employee compensation expense amortised over vesting period

I. Valuation of inventories

Inventories are accounted for at cost, determined on FIFO (Weighted Average Method, if it followed) basis, or net realizable value, whichever is less.

J. Lease

Lease arrangements where the risks and rewards incident to ownership of an asset substantially vest with the lessor, are recognised as operating leases. The lease agreements contain rent escalation clause. Lease rental expenses including escalations for operating leases are recognised in the Profit and Loss Account on a straight-line basis over the minimum lease term.

K. Miscellaneous Expenditure

Preliminary expenses are amortised in the year in which they are incurred.

L. Foreign Currency Transactions

- i) The transactions in foreign currencies are recorded at the rate of exchange prevailing on the date of transactions.

- ii) The difference on account of fluctuation in the rate of exchange prevailing on the date of transaction and the date of realization is charged to the Profit and Loss Account.

- iii) Differences on translations of Current Assets and Current Liabilities remaining unsettled at the year-end are recognized in the Profit and Loss Account.

M. Treatment of Contingent Liabilities

Contingent liabilities are disclosed by way of notes to accounts. Disputed demands in respect of income tax and other proceedings are disclosed as contingent liabilities. Payments in respect of such demands, if any are shown as advances.

N. Accounting for Taxation of Income

Current taxes

Provision for current income-tax is recognized in accordance with the provisions of Indian Income-tax Act, 1961 and is made annually based on the tax liability after taking credit for tax allowances and exemptions.

Deferred taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to timing differences that result between the profits offered for income taxes and the profits as per the financial statements. Deferred tax assets and liabilities are measured using the tax rates and the tax laws that have been enacted or substantially enacted at the balance sheet date. The effect of a change in tax rates on deferred tax and assets or liabilities are recognized in the period that includes the enactment date. Deferred tax Assets are recognized only to the extent there is virtual certainty that the assets can be realized in the future. Deferred Tax Assets are reviewed as at each Balance Sheet date.

Minimum Alternative Tax Credit

Minimum Alternative Tax (MAT) paid in accordance with tax laws, which give rise to future economic benefits in the form of adjustment of future tax liability, is recognized as an asset only when, based on convincing evidence, it is probable that the future economic benefits associated with it will flow to the company and the asset can be measured reliably.



Schedules forming part of Accounts for the year ended on 31st March, 2011

II. Notes on Accounts

- A) Liabilities in respect of leave encashment are accounted for on cash basis which is not in conformity with Accounting Standard (AS) 15 (Revised 2005) on Employee Benefits as notified by the Companies (accounting Standard) Rules, 2006 which requires that Leave Encashment Liabilities be accounted for on accrual basis.
- B) Loans include ₹93.98 lacs (Previous Year ₹27.79 lacs) due from companies in which directors are interested as directors.
- C) In the opinion of the Board the Current Assets, Loans & Advances are realizable in the ordinary course of business at least equaling the amount at which they are stated in the books of account. The provision for all known liabilities is adequate and not in excess of the amount reasonably necessary.
- D) In respect of balance confirmations sought by the company from sundry debtors, sundry creditors and loans and advances, some parties have not yet responded to the request. As such balances in the accounts of sundry debtors, sundry creditors, loans and advances are taken as appearing in the books of accounts and are subject to confirmation and reconciliation, if any.

E) Secured Loans

a) Working capital loans from banks

(i) Cash Credit Loans

₹14880.02 Lacs (Previous Year ₹4435.41Lacs) secured by hypothecation of, Inventories and book debts.

(ii) Bills Payable

₹4505.53 Lacs (Previous year ₹1251.59 Lacs) secured by hypothecation of Inventories and book debts.

Cash credit and Bills payable are further collaterally secured by mortgage of office premises of the Company and of Vakrangee Technologies Limited, situated at Marol Co-operative Industrial Society, Marol, Andheri (East), Mumbai and Hypothecation of movable fixed assets of the Company.

The Company has appointed Axis Trustee Services Limited

as a security Trustee for availing the working capital facilities under the multiple Banking arrangement. The Company has created charge on the said office premises and movable fixed assets for an amount up to ₹250 crores. For securing the ₹150 crores fund based limits and the ₹100 crores non fund based limits.

The working capital loans are further secured by personal guarantee of Mr. Dinesh Nandwana, Chairman cum Managing Director of the Company.

b) Vehicle Loan

₹8.62 Lacs (Previous year ₹14.48 Lacs) secured by specific assets financed (vehicle)

F) Prior Period Items ₹5.33 lacs (Previous Year ₹3.00 lacs) include prior period expenses ₹5.33 lacs (Previous Year ₹0.86 lacs)

G) Contingent Liabilities not Provided for:

- (a) Guarantees amounting to ₹472.44 lacs (Previous Year ₹265.52 lacs) given by the bank on behalf of the Company.
- (b) The amount of liabilities, which may occur on levying of penalty and/or charges by clients for delays in execution of contracts within the time prescribed in the agreement, is unascertained.
- c) The Company has provided Guarantee to Barclays Bank Plc. In respect of working capital loan of ₹700.00 Lacs granted to Vakrangee e-solutions Inc. (Wholly owned subsidiary of the Company). The outstanding amount of the loan as on 31st March, 2011 is ₹379.73 lacs equivalent to USD 8,35,000.

(₹ in Lacs)		
Particulars	2010-2011	2009-2010
Statutory Audit Fees	7.50	2.00
Tax Audit Fees	2.50	.50
Certification & Other Services	1.75	1.43
Total	11.75	3.93

H) Details of auditors remuneration (Excluding Service Tax)



Schedules forming part of Accounts for the year ended on 31st March, 2011

is as under:

- I) Loans and Advances in the nature of loans given to subsidiaries and associates as required to be disclosed in the annual accounts of the company pursuant to Clause 32 of the Listing Agreement is as under:

(₹ in Lacs)				
Name of the subsidiary	2010-2011		2009-2010	
	Amount	Max. Amount	Amount	Max. Amount
Vakrangee IT Solutions Limited	41.21	41.21	35.42	35.42
E Doc Vision Info-Tech Pvt. Ltd.	26.21	582.99	183.90	183.90
Vakrangee e-Solutions Inc.	642.35	661.61	425.28	425.28
Vakrangee Energy Pvt. Ltd.	31.16	126.73	14.00	14.00

a) Details of loans to subsidiaries

b) Details of Investment in subsidiaries

Name of the Subsidiary	No of shares	% of share Holding
Vakrangee IT Solution Limited	100,50,000	100.00%
E Doc Vision InfoTech Pvt. Ltd.	56,49,999	99.99%
Vakrangee e-Solutions Inc.	96,000	100.00%
Vakrangee Energy Pvt. Ltd.	49,998	99.99%

- J) Other liabilities include unclaimed dividends amounting to ₹14.89 lacs (Previous year ₹12.33 lacs).

K) Managerial Remuneration

(₹ in Lacs)		
Particulars	2010-2011	2009-2010
Directors' Remuneration* (excluding sitting fees)	77.17	57.11
ESOP Perquisites	15.21	-
Total	92.38	57.11

*Liability for Gratuity is provided on actuarial basis for the Company as a whole, the amount pertaining to directors is not ascertainable and, therefore, not included above.

L) Segment Reporting

The Company's activities predominantly revolve around providing the e-governance related services. Considering the nature of Company's business and operations, there is only one reportable segment (business and / or geographical) in accordance with the requirements of the Accounting Standard 17 – "Segment Reporting" notified in the Companies (Accounting Standards) Rules 2006.

- M) The details of purchases, sales and closing stock of Investments in mutual funds during the year are given below.

Name of Mutual Funds	Opening Balances		Purchase During Period		Sold During Period		Balance as on 31.03.2011		
	Units	Amount	Units	₹ in Lacs	Units	Amount	Units	₹ in Lacs	Market Value ₹ in Lacs
Axis Midcap Fund-Growth plan	0	0	10,01,001	100.00	0	-	1001001	100.00	104.10
Axis Triple Advantage Fund	0	0	50,000	5.00	0	-	50000	5.00	5.00
Axis Income Saver	0	0	2,50,000	25.00	49195	5.00	200804	20.00	20.99
Total Mutual Fund Investment	0	0	13,01,001	130.00	49195	5.00	1250805	125.00	130.10



Schedules forming part of Accounts for the year ended on 31st March, 2011

N) Earnings Per Share (As per AS – 20)

In accordance with Accounting Standard 20 - Earning per Share, the computation of earning per share is set out below:

Sr. No.	Particulars	2010-2011	2009-2010
i)	Weighted average number of Equity Shares of ₹10 each		
	a) Number of shares at the beginning of the period	2,24,96,165	2,13,96,165
	b) Number of shares at the end of the period	2,37,11,513	2,24,96,165
	c) Weighted average number of shares outstanding during the period for computing basic earning per share	2,25,29,320	2,14,05,206
	d) Effect of potential ordinary shares on Employee Stock Options Outstanding	64,496	Nil
	e) Effect of potential ordinary shares on convertible share war rants	23,47,945	2,59,272
	f) Weighted average number of shares outstanding during the year for computing diluted earning per share	2,49,08,606	2,16,55,437
ii)	Net Profit after tax available for equity shareholders (₹In Lacs)	4807.58	2413.50
iii)	Basic Earnings Per Share (₹)	21.34	11.28
iv)	Diluted Earnings per Share (₹)	19.30	11.15

O) Employee Benefits

The Company has provided for Gratuity, covering eligible employees, in accordance with the Payment of Gratuity Act, 1972 since 2009-2010. In accordance with revised AS-15, "Employee Benefits", the company has provided the liability on actuarial basis. As per the actuarial certificate the details of unfunded post employment defined benefit plan in respect of Gratuity are as follows:

Actuarial assumptions:

Particulars	2010-11	2009-10
Mortality Table (LIC)	1994-96 (Ultimate)	1994-96 (Ultimate)
Withdrawal Rate	1% to 3% depending on age	1% to 3% depending on age
Discount rate	8% p.a.	8% p.a.
Salary Escalation	3%	3%

The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factor, such as demand and supply in employment market.

Amount recognized in the Profit and Loss account:

(₹ in Lacs)		
Particulars	2010-11	2009-10
PV of Past Service Benefit	21.28	10.78
Current Service Cost	7.38	3.33
Actuarial (gains)/losses recognized in the period	6.53	10.47
Obligation at the end of the year	29.51	24.58

P) Taxes on Income

a) Provision for Taxation for the year has been made in accordance with the provision of the Income Tax Act, 1961.

b) In terms of Accounting Standard 22 on "Accounting for Taxes on Income" as notified by the Companies (Accounting Standard) Rules, 2006 the Company has recognized Deferred Tax liabilities of ₹431.38 lacs for the year ended 31st March, 2011 in the Profit & Loss account.

The accumulated balance in Net Deferred Tax Liability/ (Assets) comprises of:



Schedules forming part of Accounts for the year ended on 31st March, 2011

(₹ in Lacs)			
Particulars	Deferred Tax Liability/ (Asset) as at 1st April, 2010	Current Year change	Deferred Tax Liability/ (Asset) as at 31st March, 2011
Difference between Book & Tax Depreciation	4609.84	564.48	5174.32
Provision for Gratuity	(8.16)	5.99	(2.17)
Un-absorbed Depreciation	(379.35)	379.35	NIL
MAT Credit	(442.56)	(518.44)	(961.00)
Deferred Tax Liability/ (Assets) (Net)	3779.77	431.38	4211.15

Q) Amounts due to Micro, Small and Medium Enterprises:

The Company has not received any intimation from the suppliers under the The Micro, Small & Medium Enterprises Development Act 2006 and therefore disclosures, if any, relating to amounts unpaid as at the year end together with interest paid/payable as required under the said Act have not been given.

R) Additional information pursuant to the provision of Part II of the Schedule VI of the Companies Act 1956 to the extent applicable:

- i) Installed Capacity Not Applicable

Since the Company is engaged in providing e-governance related services, the quantitative details with respect to Opening Stock, Purchases, Sales and Closing Stock are not applicable to the Company and hence not given.

S) Foreign Exchange Earnings & Outgo :

(₹ in Lacs)		
Particulars	2010 – 2011	2009 – 2010
Earnings :		
FOB value of exports	1319.75	651.23
Interest on loans from subsidiary	51.76	26.48
Outgo :		
Travelling Expenses	4.42	0.97
License Fees	16.20	Nil
Professional Fees	18.66	Nil

T) Related Party Disclosures:

a) Key Management Personnel

Mr. Dinesh Nandwana	Chairman & Managing Director
Dr. Nishikant Hayatnagar	Whole-Time Director

- b) Relative of key management personnel and Name of the enterprises having same key management personnel and / or their relatives as the reporting enterprises with whom the Company has entered into transactions during the year.

- Vakrangee Technologies Limited
- Vakrangee Infraprojects Limited
- NJD Holdings Private Limited
- Omnis Edu-Health Limited
- Omnis Infra-Power Limited
- Manoj Nandwana

- c) Subsidiary Companies with whom the Company has entered in to transactions during the year.

- Vakrangee IT Solutions Limited
- E Doc Vision InfoTech Private Limited
- Vakrangee e-Solutions Inc., Philippines
- Vakrangee Energy Private Limited



Schedules forming part of Accounts for the year ended on 31st March, 2011

(₹ in Lacs)						
Nature of Transactions	For the year ended 31st March, 2011			For the year ended 31st March, 2010		
	In relation to (a) above	In relation to (b) above	In relation to (c) above	In relation to (a) above	In relation to (b) above	In relation to (c) above
Transaction during the Year						
Director Remuneration	77.17	Nil	Nil	57.11	Nil	Nil
ESOP Perquisites	15.21	Nil	Nil	Nil	Nil	Nil
Salary	Nil	4.20	Nil	Nil	3.68	Nil
Rent received	3.00	Nil	Nil	3.00	Nil	Nil
Loans granted	Nil	129.14	970.87	Nil	27.90	841.61
Loans received back	Nil	55.05	975.07	Nil	0.11	260.70
Interest received on loans granted	Nil	6.79	90.40	Nil	Nil	26.48
Sale of Softwares	Nil	Nil	1319.75	Nil	Nil	651.23
Equity Contribution	Nil	603.75	Nil	Nil	770.00	Nil
Application Money received for issuance of Warrants	Nil	640.50	Nil	Nil	414.75	Nil
Application Money Paid for Shares	Nil	Nil	Nil	Nil	Nil	5.12
Investment in Shares	Nil	Nil	569.00	Nil	Nil	96.05
Amount outstanding as at 31st March 2011 :						
Loans Receivable	Nil	93.98	740.94	Nil	27.79	644.60
Investments	Nil	210.00	5671.00	Nil	210.00	5102.00

Note: In the current year M/s Vakrangee Energy Private Limited became subsidiary of the Company w.e.f. 1st September, 2010

U) Share Warrants

During financial year 2009-10, the Company had issued 34,70,000 Fully Convertible Warrants ("Warrants") convertible into equivalent number of Equity Shares having face value of ₹10/- each at a premium of ₹60 per share to M/s. NJD Holdings Private Limited, a promoter group Company. Of the above, 11,50,000 Warrants (previous year 11,00,000 Warrants) have been converted into Equity Shares during the current year. Further, application has been received along with amount for conversion of balance 12,20,000 Warrants which are pending for conversion at the end of year.

V) Operating leases

The Company has taken Computer Equipments on operating lease under non-cancellable lease agreement. Lease payments recognized in the Profit and Loss Account for the year is ₹903.83 lacs (Previous year NIL). Future minimum lease payments under non-cancellable operating leases are

as below:

(₹ in Lacs)		
Particulars	2010 – 2011	2009 – 2010
Not later than one Year	3760.98	Nil
Later than one year and not later than five years	7701.15	Nil
Total	11462.13	

W) ESOPs

The Company has formulated Employees Stock Option Scheme, 2008 (ESOP Scheme) which was approved by the members of the Company at their meeting held on 23rd September, 2008.

Employees covered under Stock Option Plans are granted an option to purchase shares of the company at the respective exercise prices, subject to requirements of vesting conditions.



Schedules forming part of Accounts for the year ended on 31st March, 2011

These options generally vest over a period of four years from the date of grant. Upon vesting, the employees can acquire one equity share for every option.

The stock compensation cost is computed under the intrinsic value method and amortized on a straight line basis over the total vesting period of four years. For the year ended March 31, 2011, the company has recorded stock compensation expense of ₹26.86 Lacs (Previous year Nil).

The Remuneration & Compensation committee of the board evaluates the performance and other criteria of employees and approves the grant of options. These options vest with employees over a specified period subject to fulfillment of certain conditions. Upon vesting, employees are eligible to apply and secure allotment of Company's shares at a price determined on the date of grant of options.

On 31st July 2009, company granted 2, 70,700 options ("Grant 1") convertible into equity shares of ₹10 each exercisable at ₹61.90. During the year, the employees have exercised 65,348 options on 29th January, 2011. The Company has received an amount aggregating to ₹40.45 Lacs against allotment of 65,348 equity shares and ₹4.41 Lacs as share application money against allotment of 7,132 equity shares to be allotted on April 29, 2011.

On 30th December 2009, company granted 20,600 options ("Grant 2") convertible into equity shares of ₹10 each exercisable at ₹67.85. The Company has received an amount aggregating to ₹2.11 lacs as share application money against allotment of 3,116 equity shares to be allotted on April 29, 2011.

During current year, the company has granted options for 1, 56,200 ("Grant 3") and 86,750 ("Grant 4") options convertible into Equity shares of ₹10. The exercise price of the options was fixed at ₹146.50 and ₹150 respectively for conversion into one equity share of the company.

The above Options vest over a period ranging from one to three years as follows:

Percent to Vest	Period of Vesting from the date of Grant
33%	At the end of Twelve Months
33%	At the end of Twenty Four Months
34%	At the end of Thirty Six Months

The following table summarizes the Company's Stock Options activity during the year:

Sr. No.	Particulars	Details of the Scheme	
		2010-11	2009-10
a)	i. Stock options outstanding at the beginning of the year	2,91,300	NIL
	ii. Granted during the year	2,42,950	2,91,300
	iii. Lapsed during the year	NIL	NIL
	iv. Exercised during the year	65,348	NIL
	v. Expired during the year	NIL	NIL
b)	Outstanding at the end of the year	4,68,902	2,91,300
c)	Exercisable at the end of the year	2,25,952	NIL

X) The figures of the previous year have been re-arranged, re-grouped and re- classified wherever necessary.

As per our report of even date attached.

For S. K. PATODIA & ASSOCIATES For and on behalf of the Board
Chartered Accountants

SUNIL PATODIA
Partner

Membership No. 045489
Firm Regd. No. 112723W

Place : Mumbai
Date : 9th May, 2011

DINESH NANDWANA
Chairman & Managing Director

B.K. GUPTA
Director

PRATIK BHANUSHALI
Company Secretary



Schedules forming part of Accounts for the year ended on 31st March, 2011

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I	Registration Details			
	Registration No.:	56669	State Code	11
	Balance Sheet Date:	March 31st, 2011		
II	Capital raised during the year (₹ in Lacs)			
	Public Issue:	NIL	Rights Issue:	NIL
	Bonus Issue:	NIL	Private Placement/Promoter's Contribution:	NIL
	Preferential Issue:	115.00		
	Share Application Money:	445.78	Share Premium:	723.92
III	Position of Mobilization and Deployment of Funds (₹ in Lacs)			
	Total Liabilities	55,123.73	Total Assets	55,123.73
	Source of Funds:			
	Paid-up Capital	2,371.15	Warrant Application Money	860.53
	Reserves & Surplus	32,392.25	Secured Loans	14,888.65
	Unsecured Loans	400.00	Deferred Tax Liability	4,211.15
	Application of Funds:			
	Net Fixed Assets	21,491.73	Capital Work in Progress	-
	Investment	6,006.08	Net Current Assets	27,625.92
	Miscellaneous Expenditure	-	Deferred Tax Assets	-
IV	Performance of Company. (₹ in Lacs)			
	Turnover and Income	85,375.46	Total Expenditure	78,696.06
	Profit/(Loss) Before Tax	6,679.40	Profit/(Loss) After Tax	4,916.79
	Earning Per Share in (₹)	21.34	Dividend Rate %	20.00
V	Generic Names of Three Principal Products/Services of Company (As Per monetary Terms)			
	Item Code No. (ITC Code)	Not Applicable		
	Product Description	Software		

For S. K. PATODIA & ASSOCIATES
Chartered Accountants

For and on behalf of the Board

SUNIL PATODIA
Partner
Membership No. 045489
Firm Regd. No. 112723W
Place : Mumbai
Date : 9th May, 2011

DINESH NANDWANA
Chairman & Managing Director

B.K. GUPTA
Director

PRATIK BHANUSHALI
Company Secretary



Certificate from the Company Secretary

I, Pratik Bhanushali, Company Secretary of Vakrangee Softwares Limited, hereby confirm that the Company has:

- a. Filed the
 - (i) Annual Return for the year 2009-10 as per the Provision of Section 159 of the Companies Act, 1956; and
 - (ii) Balance Sheet and Profit and Loss Accounts for the financial year 2009-10 as per the Provisions of Section 220 of the Companies Act, 1956;
- b. Filed all other forms and returns and furnished all necessary particulars to the office of Registrar of Companies and / or authorities as required under the Companies Act, 1956.
- c. Maintained all the Books of accounts and Statutory registers under the Companies Act, 1956;
- d. Conducted all the Board Meetings and Annual General Meeting as per the Companies Act, 1956 and the minutes thereof are properly recorded in the minutes Book;
- e. Effected the Share Transfers and dispatched the Share Certificates within the time limit prescribed by various authorities;
- f. Exercised all powers as per the Provisions of the Act and has not exceeded the borrowing powers;

- g. Not invited and hence not defaulted in payment of any interests and principals against any fixed deposits;
- h. Not issued and hence not defaulted in payment of interest and principals against any fixed deposits;
- i. Paid dividend to the shareholders within the time limit prescribed and will transfer the unpaid / un-claimed dividends within the time limit prescribed to the Investor Education Protection Fund;
- j. Complied with the Regulations prescribed by the Stock Exchanges, SEBI, and other Statutory Authorities and Statutory requirements under the Companies Act, 1956 and other applicable statutes in force;

The Certificate is given by the undersigned according to the best of his knowledge and belief, knowing fully well that on the faith and strength of what is stated above, the Shareholders of the Company will place full reliance on it.

Pratik Bhanushali
Company Secretary

Place : Mumbai
Dated : 9th May, 2011



Auditors Report

To,
the Members of **Vakrangee Softwares Limited**

We have audited the attached Consolidated Balance Sheet of Vakrangee Softwares Limited (hereinafter referred as "the Company"), the holding company, and its subsidiaries (hereinafter collectively referred to as "the Group") as at **31st March, 2011**, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year 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.

1. We conducted our audit in accordance with 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 prepared, in all material respects, in accordance with an identified financial reporting framework and 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.
2. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21, "Consolidated Financial Statements" notified pursuant to the Companies (Accounting Standards) Rules, 2006 and on the basis of the separate audited financial statements of the Company and its subsidiaries included in the Consolidated Financial Statements.
3. We did not audit the financial statements of three subsidiaries, which have been audited by other auditors whose reports have been furnished to us and our opinion is based solely on those reports. The financial statements of these subsidiaries reflect the

group's share of total assets of ₹743.99 lacs as at 31st March, 2011 and total revenues of ₹5047.76 lacs for the year ended 31st March, 2011.

4. In our opinion and to the best of our information and according to the explanations given to us and on the consideration of the separate audit reports on individual financial statements of the Company and its subsidiaries, we are of the opinion that the consolidated financial statements give a true and fair view:
 - i) In the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2011,
 - ii) In the case of the Consolidated Profit and Loss Account, of the profit for the year ended on that date.
 - iii) In the case of Consolidated Cash Flow Statement, of the Cash Flows of the Group for the year ended on that date.

For S. K. Patodia & Associates
Chartered Accountants

Sunil Patodia
Partner
Mem. No. : 045489
Firm Regd. No.:112723W
Place : Mumbai
Date : 9th May, 2011



Consolidated Balance Sheet as at 31st March 2011

(₹ in Lakhs)				
Particulars	Schedules		As at 31st March 2011	As at 31st March 2010
SOURCES OF FUNDS				
1. SHAREHOLDER'S FUNDS				
Share Capital	A	2,371.15		2,249.62
ESOP & Warrant Application Money	B	860.53		414.75
Reserves & Surplus	C	32,337.62		27,357.49
Minority Interest		-		-
			35,569.30	30,021.86
2. LOAN FUNDS				
Secured Loans	D	15,262.25		5,154.25
Unsecured Loans	E	1080.26		450.00
			16,342.51	5604.25
3. Deferred Tax Liabilities (Net)	F		4,211.15	3,779.76
Total			56,122.96	39,405.87
APPLICATION OF FUNDS				
4. FIXED ASSETS	G			
Gross Block		41,275.22		37,548.85
Less: Depreciation		14,039.50		8,822.60
Net Block			27,235.72	28,726.25
5. INVESTMENTS	H		335.08	210.00
6. CURRENT ASSETS, LOANS & ADVANCES				
Inventories	I	1,774.93		2,085.45
Sundry Debtors	J	27,658.21		16,967.00
Cash & Bank	K	1,825.66		489.39
Loans & Advances	L	9,687.82		1,917.34
		40,946.62		21,459.18
7. CURRENT LIABILITIES & PROVISIONS	M	12,460.30		10,989.60
Net Current Assets {(6) - (7)}			28,486.32	10,469.58
8. Minority Interest			-	-
9. Miscellaneous Expenditure			62.31	0.04
10. Foreign Currency Translation Reserve			3.53	-
Total			56,122.96	39,405.87
SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS	R			

Schedule "A" to "M" and Schedule "R" referred to above form an integral part of the Balance Sheet

As per our report of even date attached.

For and on behalf of the Board

For S. K. Patodia & Associates
Chartered Accountants

Dinesh Nandwana
Chairman & Managing Director

B.K. Gupta
Director

Pratik Bhanushali
Company Secretary

Sunil Patodia
Partner

Membership No: 045489
Firm Regd. No: 112723W
Place : Mumbai
Date : 9th May, 2011



Consolidated Profit & Loss Account for the year ended 31st March 2011

(₹ in Lakhs)				
Particulars	Schedules		For the year ended 31st Mar 2011	For the year ended 31st Mar 2010
INCOME				
1. Sales & Services		88,967.71		42,752.62
2. Other Income	N	56.40		52.75
3. Increase/(Decrease) in Stock		376.48		1,308.88
			89,400.59	44,114.25
EXPENDITURE				
4. Cost of Sales & Services	O	69,945.73		31,333.61
5. Direct Expenses	P	1,142.72		715.85
6. Administrative & Selling Expenses	Q	4,364.38		4,051.44
7. Interest & Financial Expenses		1,760.65		658.66
8. Depreciation		5,500.60		4,198.33
			82,714.08	40,957.89
Profit Before Tax			6,686.51	3,156.36
9. Provision for Taxation			1,331.81	474.92
10. Deferred Tax Liabilities/(Assets)			431.38	329.50
Profit After Tax			4,923.32	2,351.94
11. Less/(Add) : Prior Period Adjustment			5.40	(3.00)
12. Short Provision for Tax in earlier year			103.82	-
Profit available for equity shareholders			4,814.10	2,354.94
13. Less/(Add) : Minority Interest			-	-
14. Add : Profit Brought Forward Previous Year			8,724.92	6,883.97
15. Less : Transferred to General Reserve			368.76	120.53
16. Less : Proposed Dividend			498.83	337.44
17. Less : Corporate Dividend Tax			80.92	56.04
Balance Carried to Balance Sheet			12,590.51	8,724.90
Earnings Per Share (FV ₹10/- each)				
Basic (₹)			21.37	11.00
Diluted (₹)			19.33	10.87
SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS	R			

Schedule "N" to "Q" and Schedule "R" referred to above form an integral part of the Profit & Loss Account.
As per our report of even date attached.

For S. K. Patodia & Associates
Chartered Accountants

Sunil Patodia
Partner
Membership No: 045489
Firm Regd. No: 112723W
Place : Mumbai
Date : 9th May, 2011

For and on behalf of the Board

Dinesh Nandwana
Chairman & Managing Director

B.K. Gupta
Director

Pratik Bhanushali
Company Secretary



Consolidated Cash Flow Statement for the year ended on 31st March 2011

(₹ in Lakhs)		
Particulars	2010-11	2009-10
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax & extraordinary items	6,686.51	3,156.38
adjusted for:		
Depreciation	5,500.60	4,198.33
Employee Compensation Expenses	26.86	-
Interest Received	(50.19)	(14.44)
Interest & Financial Expenses	1,760.65	658.66
Loss on sale of fixed assets	(1.25)	17.86
Other Income	(6.21)	(38.31)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	13,916.97	7,978.48
adjusted for:		
Inventories	310.52	(676.95)
Trade Receivables	(10,691.22)	(12,713.05)
Loans & Advances	(7,344.96)	(667.89)
Current Liabilities & Provisions	508.52	7,591.92
CASH GENERATED FROM OPERATIONS	(3,300.17)	1,512.51
Other Income	6.21	38.31
Taxes Paid / Refund	(1,141.27)	(130.25)
CASH FLOW BEFORE EXTRA ORDINARY ITEMS	(4,435.23)	1,420.57
Prior period adjustments	(5.40)	3.00
NET CASH FROM OPERATING ACTIVITIES (A)	(4,440.63)	1,423.57
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed assets	(6,046.43)	(6,412.27)
Sale of Fixed Assets	2,037.61	47.78
Purchase of Investments	(125.08)	14.44
Interest Received	50.19	5.00
Pre-Operative Expenses	(62.27)	40.28
Foreign Currency Translation Reserves	(8.53)	-
NET CASH USED IN INVESTING ACTIVITIES (B)	(4,154.51)	(6,304.77)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Dividend payment	(337.44)	(213.96)
Issue of Share capital	121.53	110.00
Securities Premium	723.92	660.00
Proceeds of Warrant Application & Allotment Money	445.78	414.75
Interest & Financial Expenses	(1,760.65)	(658.66)
Proceeds from Borrowings	10,738.27	4,610.42
Payment from Minority Interest	-	(0.05)
NET CASH USED IN FINANCIAL ACTIVITIES (C)	9,931.41	4,922.50
Net increase/(decrease) in Cash and Cash Equivalents	1,336.27	41.30
Cash and Cash Equivalents as on 01.04.2010	489.39	448.09
Cash and Cash Equivalents as on 31.03.2011	1,825.66	489.39

Note: 1. Cash and cash Equivalents at the end of the year consists of Cash in hand and Balance with banks which are as follows:

(₹ in Lakhs)		
Particulars	As at 31.03.2011	As at 31.03.2010
Cash in hand	985.90	40.93
Balance with bank	839.76	448.46
	1,825.66	489.39

2. Previous year's figures have been regrouped, rearranged wherever necessary in order to conform to current year's figures.

For S. K. PATODIA & ASSOCIATES For and on behalf of the Board
Chartered Accountants

SUNIL PATODIA
Partner
Membership No. 045489
Firm Regd. No. 112723W
Place : Mumbai
Date : 9th May, 2011

DINESH NANDWANA
Chairman & Managing Director
B.K. GUPTA
Director
PRATIK BHANUSHALI
Company Secretary



Schedules Annexed to and forming part of final accounts for the year ended on 31st March 2011

		(₹ in Lakhs)	
Particulars	As at 31.03.2011	As at 31.03.2010	
SCHEDULE A: SHARE CAPITAL			
Authorised			
4,50,00,000 (Previous Year 4,50,00,000) Equity Shares of ₹10/- each	4,500.00	4,500.00	
	4,500.00	4,500.00	
ISSUED SUBSCRIBED AND PAID UP			
2,37,11,513 (Previous Year 2,24,96,165)			
Equity share of ₹10/- each fully paid up	2,371.15	2,249.62	
(Under the Employee Stock Option Scheme, employees have exercised 65348 options a price of ₹61.90/- each fully paid up (FV ₹10/- each), and 11,50,000 warrants issued at a price of ₹70/- each fully paid up (FV ₹10/- each) and converted into equity shares during the year 2010-2011)			
	2,371.15	2,249.62	
SCHEDULE B: SHARE WARRANTS & ESOP APPLICATION MONEY (Refer Note "8 & 10", Schedule "R")			
Share Warrants application money received for 12,20,000 (Previous Year 23,70,000) warrants issued at a price of ₹70/- each fully paid up	854.00	414.75	
Employee Stock Option Plan			
7,132 (Previous Year NIL) ESOP issued at a price of ₹61.90/- each fully paid up	4.42	-	
3,116 (Previous Year NIL) ESOP issued at a price of ₹67.85/- each fully paid up	2.11	-	
	860.53	414.75	
SCHEDULE C: RESERVES & SURPLUS			
1. General Reserves			
Opening Balance	901.34	780.82	
Transfer from Profit & Loss Account	368.76	120.53	
	1,270.10	901.35	
2. Securities Premium Account			
Opening Balance	17,726.23	17,066.23	
Add: On further issue of Shares	723.92	660.00	
	18,450.15	17,726.23	
3. Profit & Loss Account			
Add/(Less) : Movement in Minority Interest	-	-	
	12,590.51	8,724.90	
	12,590.51	8,724.90	
4. Employee Stock Options Outstanding (Refer Note "10" Schedule "R")			
Less : Deferred Employee Compensation Expenses	125.91	-	
	99.05	-	
	26.86	-	
5. Foreign Currency Translation Reserve			
	-	5.01	
	32,337.62	27,357.49	
SCHEDULE D : SECURED LOANS			
Cash Credit Facilities from Bank	14,880.02	4,435.41	
Working Capital Loan	373.60	320.44	
Vehicle Loan	8.63	14.48	
Term Loan	-	383.92	
	15,262.25	5,154.25	
SCHEDULE E: UNSECURED LOANS			
Inter Corporate Deposit	400.00	450.00	
Loan from others	680.26	-	
	1080.26	450.00	
SCHEDULE "F" : DEFERRED TAX LIABILITIES (NET)			
Opening Balance	3,779.77	3,450.26	
Adjustment during the year	431.38	329.50	
	4,211.15	3,779.76	



Schedules Annexed to and forming part of final accounts for the year ended on 31st March 2011

SCHEDULE G:

(₹ in Lakhs)										
ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2010	Additions During the Year	Deletions During the Year	As at 31.03.2011	As at 01.04.2010	Additions during the Year	Deletions during the Year	As at 31.03.2011	As at 31.03.2011	As at 31.03.2010
BUILDINGS	686.31	112.22	-	798.53	65.53	12.24		77.77	720.76	620.78
PLANT & MACHINERY	755.53	-	-	755.53	120.42	35.89	-	156.31	599.22	635.11
OFFICE EQUIPMENTS	535.14	100.72	-	635.86	204.93	66.73	-	271.66	364.20	330.20
FURNITURES & FIXTURES	669.81	27.44	-	697.25	256.50	35.56		292.06	405.19	413.31
MOTOR CARS	101.04	-	-	101.04	20.77	8.24		29.01	72.03	80.27
COMPUTERS & PRINTERS	29,801.02	5,806.05	2,320.06	33,287.01	8,154.44	5,341.94	283.69	13,212.69	20,074.32	21,646.58
INTELLECTUAL PROPERTY RIGHT	5,000.00	-	-	5,000.00	-	-	-	-	5,000.00	5,000.00
TOTAL	37,548.85	6,046.43	2,320.06	41,275.22	8,822.59	5,500.60	283.69	14,039.50	27,235.72	28,726.25
PREVIOUS YEAR	31,219.58	6,412.27	83.01	37,548.85	4,641.64	4,198.34	17.38	8,822.60	28,726.25	26,577.95

(₹ in Lakhs)		
PARTICULARS	As at 31.03.2011	As at 31.03.2010
SCHEDULE 'H' : INVESTMENTS		
LONG TERM INVESTMENTS		
TRADE, UNQUOTED		
Investments in Others		
21,00,000 Equity Shares of Vakrangee Technologies Ltd. of ₹10/- each fully paid up (Previous Year 21,00,000)	210.00	210.00
Investment in Axis Mid Capital Fund	100.00	-
Investment in Axis Triple Advantage Fund	5.00	-
Investment in Axis Income Saver	20.08	-
	335.08	210.00



Schedules Annexed to and forming part of final accounts for the year ended on 31st March 2011

SCHEDULE 'I' : INVENTORIES		
Raw Materials, Consumables & Spares	82.99	741.72
Closing Stock of Raw Material, Consumables and Stores & Spares	-	-
Stock at site	1,691.94	1,343.73
	1,774.93	2,085.45
SCHEDULE 'J' : SUNDRY DEBTORS		
Debts outstanding for more than 6 months (Unsecured)		
Considered Good	625.86	99.83
Considered Doubtful	-	-
Other Debts (Unsecured, Considered Good)	27,032.35	16,867.17
	27,658.21	16,967.00
SCHEDULE 'K' : CASH & BANK BALANCES		
Balances with Scheduled Bank		
In Current Accounts	839.76	41.38
In Fixed Deposit Account	936.69	407.08
Cash in Hand	49.21	40.93
(As physically verified & certified by Management)		
	1,825.66	489.39
SCHEDULE 'L' : LOANS AND ADVANCES (Unsecured, Considered Good)		
Loan to Others	652.98	652.79
Advance recoverable in cash or in kind or for value to be received	5,940.30	762.29
Advance against Property	630.68	180.25
Share Application Money	256.00	34.11
Deposits	1,423.97	287.90
Advance Tax & TDS	783.89	-
	9,687.82	1,917.34
SCHEDULE 'M' : CURRENT LIABILITIES & PROVISIONS		
Current Liabilities		
Sundry Creditors		
- Due to Micro, Small & Medium Enterprises		
- Due to Others	4,223.53	4,688.65
Bills Payable Facilities from Bank	4,505.53	1,251.59
Other Liabilities	1,820.04	4,100.36
	10,549.10	10,040.60
Provisions		
Provision for Taxation	1,331.45	555.52
Proposed Dividend	498.83	337.44
Provision for Corporate Dividend Tax	80.92	56.04
	1,911.20	949.00
	12,460.30	10,989.60



Schedules Annexed to and forming part of final accounts for the year ended on 31st March 2011

(₹ in Lakhs)		
Particulars	As at 31.03.2011	As at 31.03.2010
SCHEDULE 'N' : OTHER INCOME		
Interest Income	50.19	14.44
Gain/(Loss) on Foreign Exchange Fluctuation (net)	(2.47)	20.81
Miscellaneous Income	8.68	17.50
	56.40	52.75
SCHEDULE 'O' : COST OF SALES & SERVICES		
Opening Stock	776.57	1,408.50
Add : Purchases During The Year	69258.73	30,701.68
Less :		
Closing Stock	82.99	776.57
Stock at Site	6.58	-
	69945.73	31,333.61
SCHEDULE 'P' : DIRECT EXPENSES		
Operating Expenses	1,142.72	715.85
	1,142.72	715.85
SCHEDULE 'Q' : ADMINISTRATIVE & SELLING EXPENSES		
Staff Costs	2,588.52	2,825.06
Electricity Expenses	69.00	91.10
Communication Costs	69.15	59.35
Staff Welfare	46.74	47.74
Repairs & Maintenance	45.86	26.39
Printing & Stationery	76.56	65.83
Conveyance & Travelling Expenses	272.39	267.86
Rent, Rates & Taxes	112.73	144.67
Insurance Charges	31.12	7.84
Advertisement & Publicity Expenses	67.91	33.36
Business Promotion Expenses	87.81	63.12
Vehicle Expenses	8.20	7.29
Legal & Professional Charges	489.75	115.13
Fees & Subscriptions	20.99	3.98
Office & General Expenses	130.09	159.29
Listing & Share Registry Expenses	15.06	3.28
Auditor's Remuneration	13.92	6.87
Set Up expenses	138.76	-
Directors' Remuneration	81.07	62.13
Profit / (Loss) on sale of Fixed Assets	(1.25)	17.86
Preliminary Expenses written off	-	43.29
	4,364.38	4,051.44



Schedule "R": Significant Accounting Policies & Notes on Accounts

I. SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Consolidation:

The Consolidated financial results comprise of the results of Vakrangee Softwares Limited (hereinafter referred to as "the Company" and its subsidiaries Vakrangee IT Solutions Limited, E-Doc Vision InfoTech Private Limited, Vakrangee e-Solutions Inc., Philippines and Vakrangee Energy Private Limited which are consolidated in accordance with Accounting Standard 21 on "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India (ICAI).

The financial statements of the Company and its subsidiary have been combined on a line-by-line basis by adding together the balances of like items of assets, liabilities, income and expenditure after fully eliminating the intra-group balances and intra-group transactions resulting in unrealized profit or loss.

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.

The excess of cost to the Company of its investments in the subsidiaries over its portion of equity of subsidiaries at the dates they become subsidiaries is recognized in the financial statements as goodwill. When the cost to the parent of its investment in subsidiaries is less than the parent's portion of equity, the difference is recognized in the financial statements as capital reserve.

B. Basis of Accounting

The financial statements are prepared under the historical cost convention, on a going concern concept and in compliance with the Accounting Standards notified by the Companies (Accounting Standard) Rules, 2006 and the relevant provisions of the Companies Act, 1956. Accounting policies not specifically referred to otherwise, are consistent and in consonance with the generally accepted accounting principles

C. Use of Estimates

The preparation of financial statements in conformity

with generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Differences between actual results and estimates are recognized in the period in which the results are known / materialise.

D. Recognition of Income

Revenue is recognised when it is earned and no significant uncertainty exists as to its realisation or collection. The Company follows the accrual basis of accounting except in the following cases, where the same are recorded on cash basis on ascertainment of right and obligation.

- i) Leave encashment
- ii) Insurance Claim
- iii) Dividend Income, if any.

E. Fixed Assets

Fixed Assets are stated at actual cost of acquisition less accumulated depreciation and impairment, if any. Cost includes all incidental expenses related to acquisition and attributable cost of bringing the asset to its working condition for its intended use.

F. Impairment of Fixed Assets

At the end of each year, the Company determines whether a provision should be made for impairment loss on fixed assets by considering the indication that an impairment loss may have occurred in accordance with Accounting Standard 28 on "Impairment of Assets". Where the recoverable amount of any fixed assets is lower than its carrying amount, a provision for impairment loss on fixed assets is made.

G. Depreciation

- i) Depreciation on Fixed Assets has been provided on 'Straight Line Method' as per the rates specified in Schedule XIV of the Companies Act, 1956.
- ii) Depreciation on assets acquired/sold during the year is provided on prorata basis.

H. Investments

Investments that are intended to be held for more than a



Schedule "R": Significant Accounting Policies & Notes on Accounts

year, from the date of acquisition, are classified as long term investment and are carried at cost less any provision for permanent diminution in value. Investments other than long term investments being current investments are valued at cost or fair market value whichever is lower.

I. Employee Benefits

The Company has both defined contribution and defined benefit plans of which some have assets in special funds or similar securities. The plans are financed by the Company and in case of some defined contribution plans, by the Company along with its employees.

• Gratuity

In accordance with the Payment of Gratuity Act, 1972, the company provides for a lump sum payment to eligible employees, at retirement or termination of employment based on the last drawn salary and years of employment with the company. The gratuity fund is managed by the Life Insurance Corporation of India (LIC). The Company's gratuity benefit scheme is a defined benefit plan. The company's obligation in respect of the gratuity plan is provided by or based on actuarial valuation carried out by an independent actuary using the projected unit credit method. The Company recognises actuarial gains and losses immediately in the profit and loss account.

• Provident fund, State Insurance, Labour Welfare Fund, Professional Tax

These are the defined contribution plans in which the Company pays pre-defined amounts to separate funds. The Company's contributions to these funds are reported as an expense during the period in which the employees perform services that the payment covers.

• Compensated Absences

The employees of the Company are entitled to compensated absence. The employees can carry forward a portion of the unutilized accrued compensated absence and utilize it in future periods or receive cash compensation at retirement or termination of employment for the unutilized accrued compensated absence. The company follows the cash basis of accounting for recording the obligation of leave encashment. In other words, the company records an obligation for compensated

absences in the period in which it has been encashed by the employees.

• Employee Stock Option Plan (ESOP)

In respect of employee's stock options, the excess of market price on the date of grant over the exercise price is recognised as deferred employee compensation expense amortised over vesting period

J. Valuation of inventories

Inventories are valued at lower of cost or net realizable value.

K. Lease

Lease arrangements where the risks and rewards incident to ownership of an asset substantially vest with the lessor, are recognised as operating leases. The lease agreements contain rent escalation clause. Lease rental expenses including escalations for operating leases are recognised in the Profit and Loss Account on a straight-line basis over the minimum lease term.

L. Miscellaneous Expenditure

Preliminary expenses are amortised in the year in which they are incurred.

M. Foreign Currency Transactions

- i) The transactions in foreign currencies are stated at the rate of exchange prevailing on the date of transactions.
- ii) The difference on account of fluctuation in the rate of exchange prevailing on the date of transaction and the date of realization is charged to the Profit and Loss Account.
- iii) Differences on translations of Current Assets and Current Liabilities remaining unsettled at the year-end are recognized in the Profit and Loss Account.

N. Treatment of Contingent Liabilities

Contingent liabilities are disclosed by way of notes to accounts. Disputed demands in respect of income tax and other proceeding are disclosed as contingent liabilities. Payments in respect of such demands, if any are shown as advances.



Schedule "R": Significant Accounting Policies & Notes on Accounts

O. Accounting for Taxation of Income

Current taxes

Provision for current income-tax is recognized in accordance with relevant tax regulation.

Deferred taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to timing differences that result between the profits offered for income taxes and the profits as per the financial statements. Deferred tax assets and liabilities are measured using the tax rates and the tax laws that have been enacted or substantially enacted at the balance sheet date. The effect of a change in tax rates on deferred tax and assets or liabilities are recognized in the period that includes the enactment date. Deferred tax Assets are recognized only to the extent there is virtual certainty that the assets can be realized in the future. Deferred Tax Assets are reviewed as at each Balance Sheet date.

II. NOTES ON ACCOUNTS

1. Liabilities in respect of leave encashment are accounted for on cash basis which is not in conformity with Accounting Standard (AS) 15 (Revised 2005) on Employee Benefits as notified by the Companies (Accounting Standard) Rules, 2006 which requires that Leave Encashment Liabilities be accounted for on accrual basis.

Companies considered in the consolidated financial statement are:

Name of the Company	Date of Becoming	Country of Incorporation	% voting power held	
			As on 31.03.2011	As on 31.03.2010
Vakrangee IT Solutions Ltd	8 Nov 2007	India	100.00	100.00
E-Doc Vision InfoTech Private Limited	3 Jun 2008	India	99.99	99.99
Vakrangee e-Solutions Inc.	8 May 2009	Philippines	100.00	100.00
Vakrangee Energy Pvt Ltd	1 Sep 2010	India	99.99	—

The audited financial statements of the Company and its subsidiaries are drawn for the twelve-month period ending on 31st March, 2011, except for the subsidiary company, M/s Vakrangee e-Solutions Inc., Philippines, whose audited accounts are for the period from 1st January, 2010 to 31st December, 2010. For the purpose of consolidation, unaudited financial statements for the period from 1st January, 2011 to 31st March, 2011 have been considered so as to incorporate adjustments for the effect of transactions or other events that occurred between 1st January, 2011 to 31st March, 2011.

2. Contingent Liabilities not Provided for:

- Guarantees amounting to ₹472.44 lakhs (Previous Year ₹265.52 lakhs) given by the bank on behalf of the Company.
- The amount of liabilities, which may occur on levying of penalty and/or charges by clients for delays in execution of contracts within the time prescribed in the agreement, is unascertained.
- The Company has provided Guarantee to Barclays Bank Plc. In respect of working capital loan of ₹700.00 lakhs granted to Vakrangee e-Solutions Inc. (Wholly owned subsidiary of the Company). The outstanding amount of the loan as on 31st March, 2011 is ₹379.73 lakhs equivalent to US\$ 8,35,000.

3. Segment Reporting

The Company's activities predominantly revolve around providing the e-governance related services. Considering the nature of Company's business and operations, there is only one reportable segment (business and / or geographical) in accordance with the requirements of the Accounting Standard 17—"Segment Reporting" notified in the Companies (Accounting Standards) Rules 2006.

4. Earnings Per Share (As per AS – 20)

In accordance with Accounting Standard 20-Earning per Share, the computation of earning per share is set out below:



Schedule "R": Significant Accounting Policies & Notes on Accounts

(₹ in lakhs)		
Particulars	2010-2011	2009-2010
i) Weighted average number of Equity Shares of ₹10 each		
a) Number of shares at the beginning of the period	2,24,96,165	2,13,96,165
b) Number of shares at the end of the period	2,37,11,513	2,24,96,165
c) Weighted average number of shares outstanding during the period for computing basic earning per share	2,25,29,320	2,14,05,206
d) Effect of potential ordinary shares on Employee Stock Options Outstanding	64496	Nil
e) Effect of potential ordinary shares on convertible share warrants	23,47,945	2,59,272
f) Weighted average number of shares outstanding during the year for computing diluted earning per share	2,49,08,606	2,16,55,437
ii) Net Profit after tax available for equity shareholders	4814.10	2354.96
iii) Basic Earnings Per Share (₹)	21.37	11.00
iv) Diluted Earnings per Share (₹)	19.33	10.87

5. Employee Benefits

The Company has provided for Gratuity, covering eligible employees, in accordance with the Payment of Gratuity Act, 1972 only during the year. Accordingly, the previous year's figures relating to actuarial assumptions and liabilities have not been given below. In accordance with revised AS-15, "Employee Benefits", the company has provided the liability on actuarial basis. As per the actuarial certificate the details of unfunded post employment defined benefit plan in respect of Gratuity are as follows:

Actuarial assumptions:

Particulars	2010-11	2009-10
Mortality Table (LIC)	1994-96 (Ultimate)	1994-96 (Ultimate)
Withdrawal Rate	1% to 3% depending on age	1% to 3% depending on age
Discount rate	8% p.a.	8% p.a.
Salary Escalation	3%	3%

The estimates of future salary increase, considered in actuarial

valuation, take account of inflation, seniority, promotion and other relevant factor, such as demand and supply in employment market.

Amount recognized in the Profit and Loss account:

(₹ in lakhs)		
Particulars	2010-11	2009-10
PV of Past Service Benefit	21.28	10.78
Current Service Cost	7.38	3.33
Actuarial (gains)/losses recognized in the period	6.53	10.47
Obligation at the end of the year	29.51	24.58

6. Taxes on Income

- Provision for Taxation for the year has been made in accordance with the provision of the Income Tax Act, 1961.
- In terms of Accounting Standard 22 on "Accounting for Taxes on Income" as notified by the Companies (Accounting Standard) Rules, 2006 the Company has recognized Deferred Tax liabilities of ₹431.38 lakhs for the year ended 31st March, 2011 in the Profit & Loss A/c.

The accumulated balance in Net Deferred Tax Liability/ (Assets) comprises of:

(₹ in Lakhs)			
Particulars	Deferred Tax Liability/ (As-set) as at 1st April 10	Current Year change	Deferred Tax Liability/ (As-set) as at 31st March 11
Difference between Book & Tax Depreciation	4609.84	564.48	5174.32
Provision for Gratuity	(8.16)	5.99	(2.17)
Un-absorbed Depreciation	(379.35)	379.35	NIL
MAT Credit	(442.56)	(518.44)	(961.00)
Deferred Tax Liability/ (Assets) (Net)	3779.77	431.38	4211.15



Schedule "R": Significant Accounting Policies & Notes on Accounts

7. Related Party Disclosures:

- Key Management Personnel
- Relative of key management personnel and Name of the

Mr. Dinesh Nandwana	Chairman & Managing Director
Dr. Nishikant Hayatnagarkar	Whole-Time Director

enterprises having same key management personnel and / or their relatives as the reporting enterprises with whom the Company has entered into transactions during the year.

- Vakrangee Technologies Limited
- Vakrangee Infraprojects Limited
- NJD Holdings Private Limited
- Omnis Edu-Health Limited
- Omnis Infra Power Limited
- Manoj Nandwana

(₹ in lakhs)				
Nature of transactions	For the year ended 31st March, 2011		For the year ended 31st March, 2010	
	In relation to (a) above	In relation to (b) above	In relation to (a) above	In relation to (b) above
Transaction during the Year				
Director Remuneration	77.17	Nil	57.11	Nil
ESOP Perquisites	15.21	Nil	Nil	Nil
Salary	Nil	4.20	Nil	3.68
Rent received	3.00	Nil	3.00	Nil
Loans granted	Nil	129.14	Nil	27.90
Loans received back	Nil	55.05	Nil	0.11
Interest received on loans granted	Nil	6.11	Nil	Nil
Sale of Softwares	Nil	Nil	Nil	Nil
Equity Contribution	Nil	603.75	Nil	770.00
Application Money received for issuance of Warrants	Nil	640.50	Nil	414.75
Application Money Paid for Shares	Nil	Nil	Nil	Nil
Investment in Shares	Nil	Nil	Nil	Nil
Amount outstanding as at 31st March :				
Loans Receivable	Nil	93.98	Nil	27.79
Investments	Nil	210.00	Nil	210.00

Note: In the current year M/s Vakrangee Energy Private Limited became subsidiary of the Company w.e.f. 1st September, 2010

8. Share Warrants

During financial year 2009-10, the Company had issued 34,70,000 Fully Convertible Warrants ("Warrants") convertible into equivalent number of Equity Shares having face value of ₹10/- each at a premium of ₹60 per share to M/s. NJD Holdings Private Limited, a promoter group Company. Of the above, 11, 50,000 Warrants (previous year 11,00,000 Warrants) have been converted into Equity Shares during the current year. Further, application has been received along with amount for conversion of balance 12,20,000 Warrants which are pending for conversion at the end of year.

9. Operating leases

The Company has taken Computer Equipments on operating lease under non-cancellable lease agreement. Lease payments recognised in the Profit and Loss Account for the year is ₹903.83 lakhs (Previous year: ₹NIL). Future minimum lease payments under non-cancellable operating leases are as below:

(₹ in Lakhs)		
Particulars	2010 – 2011	2009 – 2010
Not later than one Year	3760.98	Nil
Later than one year and not later than five years	7701.15	Nil
Total	11462.13	Nil

10. ESOP

The Company has formulated Employees Stock Option Scheme, 2008 (ESOP Scheme) which was approved by the members of the Company at their meeting held on 23rd September, 2008.

Employees covered under Stock Option Plans are granted an option to purchase shares of the company at the respective exercise prices, subject to requirements of vesting conditions. These options generally vest over a period of four years from the date of grant. Upon vesting, the employees can acquire one equity share for every option.



Schedule "R": Significant Accounting Policies & Notes on Accounts

The stock compensation cost is computed under the intrinsic value method and amortized on a straight line basis over the total vesting period of four years. For the year ended March 31, 2011, the company has recorded stock compensation expense of ₹26.86 lakhs (Previous year ₹Nil)

The Remuneration & Compensation committee of the board evaluates the performance and other criteria of employees and approves the grant of options. These options vest with employees over a specified period subject to fulfillment of certain conditions. Upon vesting, employees are eligible to apply and secure allotment of Company's shares at a price determined on the date of grant of options.

On 31st July 2009, company granted 2, 70,700 options ("Grant 1") convertible into equity shares of ₹10 each exercisable at ₹61.90. During the year, the employees have exercised 65,348 options on 29th January, 2011. The Company has received an amount aggregating to ₹40.45 lakhs against allotment of 65,348 equity shares and ₹4.41 lakhs as share application money against allotment of 7,132 equity shares to be allotted on April 29, 2011.

On 30th December 2009, company granted 20,600 options ("Grant 2") convertible into equity shares of ₹10 each exercisable at ₹67.85. The Company has received an amount aggregating to ₹2.11 lakhs as share application money against allotment of 3,116 equity shares to be allotted on April 29, 2011.

During current year, the company has granted options for 1,56,200 ("Grant 3") and 86,750 ("Grant 4") options convertible into Equity shares of ₹.10. The exercise price of the options was fixed at ₹146.50 and ₹150 respectively for conversion into one equity share of the company.

The above Options vest over a period ranging from one to three years as follows:

Percent to Vest	Period of Vesting from the date of Grant
33%	At the end of Twelve Months
33%	At the end of Twenty Four Months
34%	At the end of Thirty Six Months

The following table summarizes the Company's Stock Options activity during the year.

Sr. No.	Particulars	Details of the Scheme	
		2010-11	2009-10
a)	i. Stock options outstanding at the beginning of the year	2,91,300	NIL
	ii. Granted during the year	2,42,950	2,91,300
	iii. Lapsed during the year	NIL	NIL
	iv. Exercised during the year	65,348	NIL
	v. Expired during the year	NIL	NIL
b)	Outstanding at the end of the year	4,68,902	2,91,300
c)	Exercisable at the end of the year	2,25,952	NIL

11) The figures of the previous year have been re-arranged, re-grouped and re-classified wherever necessary.

As per our report of even date attached.

For S. K. Patodia & Associates For & on behalf of the Board
Chartered Accountants

Sunil Patodia
Partner
Mem. No. : 045489
Firm Regd No.:112723W
Place : Mumbai
Date : 09th May, 2010

Dinesh Nandwana
Chairman & Managing Director

B.K. Gupta
Director

Pratik Bhanushali
Company Secretary



Statement pursuant to Section 212 of the Companies Act, 1956

Name of the Subsidiary Company	Vakrangee IT Solutions Limited	e-Doc Vision Infotech Private Limited	Vakrangee Enenrgy Private Limited	Vakrangee e-Solutions Inc.
Financials as on	31st March, 2011	31st March, 2011	31st March, 2011	31st December, 2010
Reporting Currency	INR (₹)	INR (₹)	INR (₹)	Pesos (P)
Exchange Rate	-	-	-	1 P = ₹ 1.02521*
Capital	10,05,00,000	5,65,00,000	5,00,000	P 96,00,000
Reserves	40,00,00,000	NIL	37,293	P 1,48,558
Total Assets	50,46,98,743	5,92,47,613	37,13,675	P 34,38,04,059
Total Liabilities	50,46,98,743	5,92,47,613	37,13,675	P 34,38,04,059
Investment other than Investment in Subsidiary	NIL	NIL	NIL	NIL
Turnover	5,93,250	48,000	NIL	P 62,75,78,850
Profit before Taxation	5,485	12,239	55,843	P 8,88,912
Provision for Tax	1,093	2,439	18,550	P 37,070
Profit after Tax	4,392	9,800	37,293	P 88,45,842
Proposed Dividend	NIL	NIL	NIL	NIL
Country	India	India	India	Philippines

* Exchange rate as on 31.03.2011



LIST OF OFFICES & ADDRESSES

Registered Office

Mumbai

Vakrangee Softwares Limited
'Vakrangee House'
Plot No. 66,
Marol Co-op. Indl. Estate,
Off. M. V. Road, Marol,
Andheri (East),
Mumbai 400 059
Phone No : +91 22 2850 4028 / 3412,
+91 22 6776 5100
Fax : +91 22 2850 2017

Haryana

House No. 23,
Mansa Devi Complex,
Sector - 4,
Panchkulla 134 109

Chandigarh

SCO 169, Ground Floor,
Sector - 37 C,
Chandigarh 160 036

New Delhi

B-7/28, Safdarjung Enclave Extn.,
Opp. Deer Park,
New Delhi 110 029

Gurgaon

L - 31/1, DLF Phase II,
Near Sahar Mall,
Behind Private Hospital,
Gurgaon 122 002

Jaipur

105, Royal Ensign,
Opposite Central Park,
Statue Circle, C - Scheme,
Jaipur 302 001

Lucknow

B - 1/35, Sector D - 1,
L.D.A. Colony, Kanpur Road,
Lucknow 226 012

Indore

206, Nagori Apt.,
10/9, South Tukaganj,
Indore - 452 001 MP

Ahmedabad

A/7, Subodh Sagar Apartment,
Near New Sharda Mandir School,
Shreyas Crossing, Paldi,
Ahmedabad 380 007

Pune

Unit No. 243/244, 2nd Floor,
Akshay Complex Condominium,
Dhole Patil Road,
Near to Ganpati Mandir,
Pune 411 001

Bengaluru

No. 03, 1st Floor,
5th Cross, 5th Main,
Jayamahall Extension,
Bengaluru 560 046

Philippines Subsidiary Office

Vakrangee e-Solutions INC,
19th Floor, Octagon,
Near Sanmiguil Corp.,
Ortigas, Pasig city,
Manila NCR



Vakrangee Softwares Limited
www.vakrangeesoftware.com