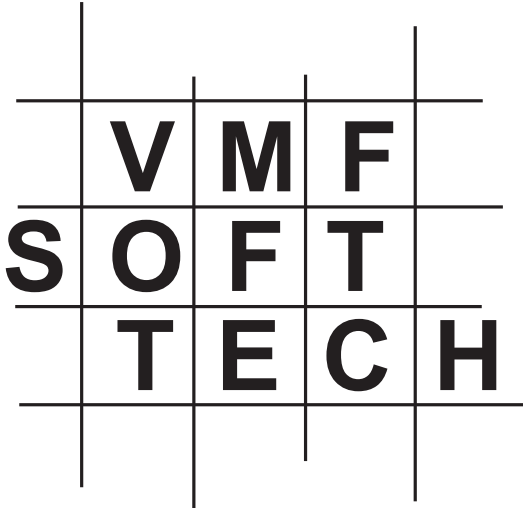


VMF SOFT TECH LIMITED (and reduced)



18th ANNUAL REPORT 2011 - 2012



VMF SOFT TECH LIMITED (and reduced)

BOARD OF DIRECTORS

Mr. Niranjan Chintam
Chairman

Mr. Krishna Chintam
Managing Director

Mr. Rajendra Naniwadekar
Director

Mr. Srinivas Potluri
Director

Mr. Brij Mohan Mandala
Director (w.e.f 09.11.2012)

Mr. P. Krishnam Raju
Director (upto 30.10. 2012)

Mr. M. V. Sivarama Raju
Director (upto 30.10. 2012)

AUDITORS

M/s. Mahesh, Virender & Sriram
Chartered Accountants
Hyderabad - 500 040
Ph: 040 -23401738

BANKERS

State Bank of India
City Center Branch, Hyderabad -500 034.

Standard Chartered Bank
City Center Branch, Hyderabad- 500 033.

Axis Bank Ltd.
Banjara Hills, Hyderabad-500034.

ICICI Bank Ltd.
Khairatabad, Hyderabad-500004.

REGISTERED OFFICE

Plot No. 1367, Road No. 45
Jubilee Hills, Hyderabad- 500033.
Email: info@vmfsoft.com
Phone: 040-44333000.

REGISTRAR AND SHARE TRANSFER AGENT

M/s XL Softech Systems Limited
3, Sagar Society, Road No. 2
Banjara Hills, Hyderabad – 500034.
Email: mail@xlsoftech.com
Phone: 040-23545915

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VMF SOFT TECH LIMITED (and reduced)

LETTER TO SHAREHOLDERS

Dear Shareholders,

As I write this, we stand at a moment of great opportunity and at the threshold of a new beginning. I would like to thank all of you for your continued support that has made this day possible.

We're pleased to inform you that our intention to consolidate and rebrand, as indicated in the last annual report, was successful. We have successfully amalgamated Tekriti Software Pvt Ltd. Rebranding ourselves as Kellton Tech Solutions Limited is in the final stage of fruition. Our plan is clearly working as we are able to deliver upon our expectations set forth in the last year.

The business is now poised to expand beyond the successes that were formerly limited to narrower specialties. From our enriched expertise, we can offer a full range of solutions across wide technological spectrum. Our ability to serve customers globally has received a fillip with addition of new offices at New York, Washington DC Metro Area (US) and Gurgaon. Our improved reach enables us to collaborate across offices to meet customer needs better and pursue new opportunities.

The acquired resources and human capital confer upon us capabilities that strengthen both our competitive edge and ability to seize global and technological opportunities. Placed on a solid footing, we are fully prepared to embrace the tectonic shifts in business landscape head-on and further consolidate our position.

As we chart new territories and traverse through greater challenges, we are ably supported by our strong & principled corporate culture that underpins our activities. Our focus on personalization and customization continues to be the core of our offerings.

Now that your company is firmly set on the path of rapid growth and diversification, you can expect long-term sustainable returns. With our business competencies enhanced and corporate arsenal refurbished, we are poised for a period of accelerating growth.

I take this opportunity to thank you all for the confidence placed on us. Indeed, your support inspired us while tackling the complexities involved in amalgamation and rebranding, and helped us emerge stronger than ever. I hope that the year ahead will bring us more success and joy.

Thank you.

Sincerely

Krishna Chintam
Managing Director



VMF SOFT TECH LIMITED (and reduced)

NOTICE

NOTICE is hereby given that the 18th Annual General Meeting of the Members of VMF Soft Tech Limited will be held at Kalinga Cultural Trust, Plot No. 1269, Road No. 12, Near MLA Colony, Banjara Hills, Hyderabad - 500 034 on Friday, the 7th day of December, 2012 at 11.00 A.M to transact the following business.

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as of 30th June, 2012, the Profit and Loss Account for the Year ended on that date and the Reports of the Board of Directors' and Auditors' thereon.
2. To re-appoint Mr. Srinivas Potluri, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration and to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“**RESOLVED THAT** pursuant to section 224 (1) and other applicable provisions of the Companies Act, 1956, M/s. Mahesh, Virender & Sriram, Chartered Accountants, be and are hereby re-appointed as Statutory Auditors of the Company to hold office till the conclusion of ensuing Annual General Meeting, at such remuneration as may be determined by the Board of Directors of the Company.”

SPECIAL BUSINESS:

4. APPOINTMENT OF MR. BRIJ MOHAN MANDALA AS DIRECTOR:

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

“**RESOLVED THAT** pursuant to the provisions of Section 257 and other applicable provisions of the Companies Act, 1956, Mr. Brij Mohan Mandala, who was appointed as an Additional Director, effective 9th November 2012, be and is hereby, appointed as Director of the Company, liable to retire by rotation.”

5. RE-APPOINTMENT OF MR. KRISHNA CHINTAM AS MANAGING DIRECTOR AND FIXING HIS REMUNERATION:

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

“**RESOLVED THAT** pursuant to Section 198, 269, 309 and 310 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) and read with Articles of Association of the Company and subject to other consents, approvals and permissions if any needed, Mr. Krishna Chintam, be and is hereby, re-appointed as Managing Director of the Company for a period of three years, with effect from 09.04.2012,”

“**FURTHER RESOLVED THAT** pursuant to provisions of Section 198, 269, 309 and 310 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, and pursuant to approval of Remuneration committee, Mr. Krishna Chintam be paid by way of salary, dearness allowance, perquisites, commission and other allowances upto a maximum amount equivalent to 5% of the net profits of the company during his tenure of appointment, with effect from 01st November, 2012”



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“**FURTHER RESOLVED THAT** Mr. Krishna Chintam, Managing Director be paid the above remuneration which shall be reviewed by the Remuneration Committee from time to time, with in the above said limits”

“ **FURTHER RESOLVED THAT** in the event of absence or inadequacy of profits in any year during his tenure, Mr. Krishna Chintam, shall be paid a minimum remuneration for a period of three years as provided in Schedule XIII of the Companies Act, 1956, as in force in each year and such remuneration shall be paid monthly or quarterly or half yearly or otherwise as may be agreed to between the Managing Director and the Remuneration Committee of the company”

“**FURTHER RESOLVED THAT** Directors of the Company, be and hereby severally authorized to file required forms and to do all such acts, deeds and things to give effect to the aforementioned resolution.”

6. APPOINTMENT OF MR. NIRANJAN CHINTAM AS EXECUTIVE CHAIRMAN AND FIXING HIS REMUNERATION:

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

“**RESOLVED THAT** pursuant to Section 198, 269, 309 and 310 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) and read with Articles of Association of the Company and other consents, approvals and permissions if any needed, Mr. Niranjan Chintam be and is hereby appointed as Executive Chairman of the Company for a period of three years, with effect from 1st November, 2012.”

“**FURTHER RESOLVED THAT** pursuant to provisions of Section 198, 269, 309 and 310 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, and pursuant to approval of Remuneration committee, Mr. Niranjan Chintam be paid by way of salary, dearness allowance, perquisites, commission and other allowances upto a maximum amount equivalent to 5% of the net profits of the company during his tenure of appointment”

“**FURTHER RESOLVED THAT** Mr. Niranjan Chintam, Chairman be paid the above remuneration which shall be reviewed by the Remuneration Committee from time to time, with in the above said limits”

“**FURTHER RESOLVED THAT** in the event of absence or inadequacy of profits in any year during his tenure, Mr. Niranjan Chintam, shall be paid a minimum remuneration for a period of three years as provided in Schedule XIII of the Companies Act, 1956, as in force in each year and such remuneration shall be paid monthly or quarterly or half yearly or otherwise as may be agreed to between the Executive Chairman and the Remuneration Committee of the company”

“**FURTHER RESOLVED THAT** Directors of the Company, be and hereby severally authorized to file required forms and to do all such acts, deeds and things to give effect to the aforementioned resolution.”

7. EMPLOYEE STOCK OPTION PLAN 2012

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

“**RESOLVED THAT** pursuant to provisions of Section 81(1A) and other applicable provisions of the Companies Act, 1956, as amended from time to time (“the Act”), the Memorandum and Articles of Association of the company and the applicable provisions of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999



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("SEBI Guidelines") (including any statutory modification(s) or re-enactment of the Act or the Guidelines, for the time being in force) and subject to all other applicable rules, regulations and guidelines of the Securities and Exchange Board of India, the listing agreement entered into with the stock exchanges where the securities of the company are listed and / or such other approvals, consents, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any committee including the remuneration committee which the board may, at its discretion authorize to exercise certain or all of its powers, including the powers, conferred by this resolution), the consent of the members be and is hereby accorded to the board to frame the proposed "Employee Stock Option Plan 2012" or "ESOP 2012" (hereinafter referred to as "the Plan/the Scheme") and to create, issue, offer and grant such number of stock options in one or more tranches under the proposed Scheme at any time to or to the benefit of employees and Directors (except Promoter Directors and their relatives) of the Company such number of Equity shares and/or equity linked instruments or securities which could give rise to Equity shares (hereinafter collectively referred to as " Securities") of the Company initially not exceeding 2% of the Paid-up Equity Share Capital of the Company at such price and at such terms and conditions as may be fixed or determined by the Board of Directors of the Company in accordance with the guidelines or other applicable provisions of any law as may be prevailing on the relevant date."

"RESOLVED FURTHER THAT in case of any corporate action(s) such as rights issues, bonus issues, merger and sale of division and others, if any additional equity shares are issued by the company, the above ceiling of 2% paid up Equity Share Capital shall be deemed to be increased proportionately to the extent of such additional equity shares issued."

"RESOLVED FURTHER THAT in case the equity shares of the company are either sub-divided or consolidated, then the number of shares to be allotted and the price of acquisition payable by the option grantees under the Scheme shall automatically stand augmented or reduced, as the case may be, in the same proportion as the present face value of 5/- per equity share bears to the revised face value of the equity shares of the company after such sub-division or consolidation, without affecting any other rights or obligations of the said allottees."

"RESOLVED FURTHER THAT the new Equity shares to be issued and allotted as stated aforesaid shall rank pari-passu with all the existing equity shareholders of the Company for all purposes."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to take necessary steps for listing of securities allotted under ESOPS SCHEME 2012 in the Stock Exchanges where the shares of the Company are Listed as per the provisions of the Listing Agreement with the concerned Stock Exchanges and other applicable guidelines, rules and regulations."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to make modifications, changes, variations, alterations or revisions in the Scheme, from time to time or to suspend, withdraw or revise the Scheme from time to time and settle all questions, queries, difficulties or doubts that may arise in relation to the implementation of the Scheme and incur expenses in relation thereto, as it may deem fit, from time to time in its sole and absolute discretion in conformity with the provisions of the Act, the Memorandum and Articles of Association of the company, SEBI Guidelines and any other applicable laws."

Date : 09-11-2012
Place: Hyderabad

By order of the Board of Directors
for **VMF SOFT TECH LIMITED (and reduced)**
sd/-
Krishna Chintam
Managing Director

Regd. Off: Plot No. 1367, Road No. 45, Jubilee Hills, Hyderabad- 500033. Phone: 040-44333000.



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NOTES

1. A member entitled to attend and vote is entitled to appoint a proxy instead of himself and the proxy need not be a member of the Company. The proxies to be effected should be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the Meeting. Corporate Members are requested to send a duly certified copy of the Board Resolution authorizing their Representative(s) to attend and vote on their behalf at the Meeting.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 4th day of December 2012 to 7th day of December 2012 (both days inclusive).
3. Members/Proxies should fill in the Attendance slip for attending the meeting and bring their Attendance slip along with their copy of the annual report to the Meeting.
4. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
5. Members who hold shares in electronic form are requested to write their DP ID and Client ID number and those who hold shares in physical form are requested to write their Folio Number in the Attendance Slip for attending the Meeting to facilitate identification for membership at the Meeting.
6. The Securities Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts.
7. Members holding shares in physical form can submit their PAN details to the Company/Registrar and Share Transfer Agents, M/s XL Soft Tech Limited
8. Members holding shares in physical form are requested to intimate the change if any, in their registered address to the Company quoting their registered folio. If the shares are held on Demat form, intimation regarding the change of address if any, has to be informed to the concerned depository participant where the shareholder is maintaining demat account.
9. Consequent upon introduction of Section 109A of the Companies Act, 1956, Shareholders are entitled to make nomination in respect of shares held by them in physical form. Individual shareholder(s) can avail of the facility of nomination. For further details please contact Company's Secretarial Department. Shareholders desirous of making nominations are requested to send their requests in Form 2B, which will be making available on request to the Registrar and Share Transfer Agent, M/s XL Softech Systems Limited.
10. As a measure of economy, copies of the Annual report will not be distributed at the Annual General Meeting. Members are requested to bring their copies of the Annual Report to the Meeting.
11. All mandatory registers/documents are open for inspection at the Registered Office of the Company on all working days (except Saturdays and Sundays) between 11.00 A.M. to 1.00 P.M. prior to the date of Annual General Meeting.
12. Explanatory statement under Section 173(2) of the Companies Act, 1956 is annexed herewith and forms part of this notice.

EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956 :

Item No. 4

Members may please note that Mr. Brij Mohan Mandala, was appointed as Additional Director of the Company, effective 9th November 2012 and his term as Additional Director will expire at this Annual General Meeting. The Board now proposes to appoint him as Director, whose office is liable to retire by rotation. As required under Section 257 of the Companies Act, a shareholder sent the notice along with Rs. 500/- proposing candidature of Mr. Brij Mohan Mandala.

As per the Companies Act, 1956, the said Ordinary Resolution, required the approval of Members and hence is placed before for your approval. Profile of the Director is given in Annexure.

None of the Directors is interested in the above resolution, except Mr. Brij Mohan Mandala.



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Item No. 5

The Board of Directors of the Company and subject to the approval of members has re-appointed Mr. Krishna Chintam as Managing Director, for a further period of 3 years with effect from 09.04.2012.

Further, the Board of Directors of the Company, have at their meeting held on 09.11.2012 felt the need to fix remuneration to Mr. Krishna Chintam, Managing Director, keeping in view the increase in operations of the Company, on account of Merger of Tekriti Software Private Limited with the Company.

This may be treated as an abstract of the terms and conditions of the re-appointment of Managing Director, in terms of Section 302 of the Companies Act, 1956.

In compliance of Clause 49 of the Listing Agreement, the particulars of Mr. Krishna Chintam, seeking re-appointment is provided in Annexure to the Notice.

None of the Directors is interested in the resolution, except Mr. Krishna Chintam and Niranjana Chintam.

Your Directors recommend the Resolution for your approval.

Item No: 6

The Board of Directors of the Company and subject to the approval of members felt the need to appoint and fix remuneration to Mr. Niranjana Chintam, Chairman, keeping in view the increase in operations of the Company, on account of Merger of Tekriti Software Private Limited with the Company.

In compliance of Clause 49 of the Listing Agreement, the particulars of Mr. Niranjana Chintam, is provided in Annexure to the Notice.

None of the Directors is interested in the resolution, except Mr. Krishna Chintam and Niranjana Chintam.

Your Directors recommend the Resolution for your approval.

Item No: 7

Stock option is an effective instrument to align the interests of employees with those of the company. This also provides an opportunity to employees to participate in the growth of the company, besides creating long term wealth in their hands.

"Employee Stock Option Scheme" represents a reward system for the employees. Such schemes help the companies to attract, retain and motivate the best available talent in the increasingly competitive environment. With the above objectives in mind, it is proposed to introduce a employee stock option plan 2012 or ESOP 2012 ("the Scheme/the Plan") for the benefit of eligible employees of the company and such other persons as may be permitted from time to time, under prevailing laws, rules and regulations and/or amendment thereto from time to time.

The main features of the employee stock option scheme are as under:

1. Total number of options to be granted

The maximum number of shares which shall be subject to options under ESOP SCHEME 2012, shall be 2% of the Paid up Equity Share Capital of the Company i.e 7,09,782 Equity Shares of face value of Rs. 5/- each.



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Vested options that lapse due to non-exercise or unvested options that get cancelled due to resignation of the employees or otherwise, would be available for re-grant at a future date.

SEBI guidelines require that in case of any corporate action(s) such as rights issues, bonus issues, merger and sale of division, stock split/consolidation and others, a fair and reasonable adjustment needs to be made to the options granted. Accordingly, if any additional equity shares are issued by the company, the ceiling of 2% of Paid-up Equity Share Capital shall be deemed to be increased proportionately to the extent of such additional equity shares issued.

2. Identification of classes of employees entitled to participate in the Employee Stock Option Scheme(s)

All eligible employees of the company but excluding the promoters of the company, as may be decided by the committee from time to time would be entitled to be granted stock options under the ESOP scheme(s).

3. Transferability of employee stock options

The stock options granted to an employee will not be transferable to any person and shall not be pledged, hypothecated, mortgaged or otherwise alienated in any manner. However, in the event of the death of an employee stock option holder while in employment, the right to exercise all the options granted to him till such date shall be transferred to his legal heirs or nominees.

4. Requirements of vesting and period of vesting

The options granted shall vest so long as the employee continues to be in the employment of the company. The committee may, at its discretion, lay down certain performance metrics on the achievement of which the granted options would vest, the detailed terms and conditions relating to such performance-based vesting, and the proportion in which options granted would vest (subject to the minimum and maximum vesting period as specified below).

The options would vest not earlier than three years and not later than five years from the date of grant of options.

The exact proportion in which and the exact period over which the options would vest would be determined by the committee, subject to the minimum vesting period of one year from the date of grant of options.

5. Exercise Price

The options would be granted at an exercise price equal to the latest available closing price of the equity shares on the stock exchange where the shares are listed and where there is highest trading volume as on the date prior to the date of the committee resolution approving the grant.

6. Exercise period and the process of exercise

The exercise period would commence from the date of vesting and will expire on completion of three years from the date of vesting of options.

The options will be exercisable by the employees by a written application to the Board/Committee to exercise the options in such manner and on execution of such documents, as may be prescribed by the committee from time to time. The options will lapse if not exercised within the specified exercise period.

7. Process for determining the eligibility of the employees for ESOP

The process for determining the eligibility of the employee will be specified by the committee and will be based on criteria such as role/designation of the employee, length of service with the company, past performance record, future potential of the employee and/or such other criteria that may be determined by the committee at its sole discretion.



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8. Maximum number of options to be issued per employee and in aggregate

The number of options that may be granted to any specific employee under the Scheme, during any one year, shall not exceed 0.1% of the Paid-up Equity Share Capital of the company at the time of grant of options.

9. Disclosure and accounting policies

The company shall comply with the applicable disclosure and the accounting policies prescribed as per SEBI Guidelines and the guidance note issued by the Institute of Chartered Accountants of India.

10. Method of option valuation

To calculate the employee compensation cost, the company shall use the intrinsic value method for valuation of the options granted.

As the company calculates the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the cost that shall have been recognized if it had used the fair value of the options, shall be disclosed in the directors' report and also the impact of this difference on profits and on EPS of the company shall also be disclosed in the directors' report.

11. Lock – in

The shares shall not be subject to lock-in period pursuant to exercise of option.

Interest of Directors

None of the Directors of the company is in any way, concerned or interested in the resolution except to the extent of Securities that may be offered to them under the Scheme.

Consent of the members is being sought pursuant to the applicable provisions of the Act, if any and as per SEBI Guidelines to give effect to the above proposal. The Board of Directors recommend passing of the special resolutions for the approval of the members.

By order of the Board of Directors
for **VMF SOFT TECH LIMITED (and reduced)**

sd/-
Krishna Chintam
Managing Director

Date : 09-11-2012
Place: Hyderabad

VMF SOFT TECH LIMITED (and reduced)

ANNEXURE TO THE NOTICE

Details of Directors seeking re-appointment at the forthcoming Annual General Meeting (In pursuance of Clause 49 (IV) (G) (i) of the Listing Agreement)

Particulars	Mr. Srinivas Potluri	Mr. Brij Mohan Mandala	Mr. Krishna Chintam	Mr. Niranjan Chintam
Date of Birth	10/09/1965	23/12/1966	01/02/1969	29/06/1967
Date of Appointments	31/12/2009	09/11/2012	23/12/2008	23/12/2008
Expertise in specific functional areas	Information Technology	Information Technology	Information Technology	Information Technology
Qualifications	MBA	MS	MBA	MBA
No. of shares held in the Company as on 30th June, 2012	1,00,000	Nil	4,50,000	Nil
Directorships held in other companies (excluding Private Limited and Foreign Companies)	1	3	12	6
Positions held on mandatory committees of other Companies	Nil	Nil	Nil	1

IMPORTANT COMMUNICATION TO MEMBERS

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice / documents including Annual Report can be sent by e-mail to its members. To support this Green Initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to register the same with the Registrar and Share Transfer Agent (RTA) M/s. XL Softtech Limited, Regd. off: 3, Sagar Society, Road No. 2, Banjara Hills, Hyderabad – 500 033 Tel: 040-23545915, **E-mail id:** mail@xlsofttech.com.

By order of the Board of Directors
for **VMF SOFT TECH LIMITED (and reduced)**

sd/-
Krishna Chintam
Managing Director

Date : 09-11-2012
Place: Hyderabad



VMF SOFT TECH LIMITED (and reduced)

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the 18th Annual Report together and the audited accounts for the financial year ended 30th June, 2012

FINANCIAL RESULTS (Standalone) (Rs. In Lakhs)

Particulars	Current Year ended 30.06.2012	Previous year ended 30.06.2011
Income from operations And other income	1418.48	68.53
Total Expenditure	1118.16	409.57
Interest	20.16	0.00
Depreciation	31.77	19.58
Profit / (Loss) Before Taxation	248.39	(360.62)
Current Tax	0.00	0.00
Deferred Tax Asset	7.26	(3.92)
Profit / (Loss) after Tax	255.64	(364.54)

FINANCIAL RESULTS (Consolidated) (Rs. In Lakhs)

Particulars	Current Year ended 30.06.2012	Previous year ended 30.06.2011
Income from operations And other income	3927.85	68.53
Total Expenditure	3502.10	409.57
Interest	20.54	0.00
Depreciation	88.01	19.58
Profit / (Loss) Before Taxation	317.20	(360.62)
Current Tax	30.53	0.00
Deferred Tax Asset	7.26	(3.92)
Profit / (Loss) after Tax	293.93	(364.54)



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DIVIDEND

The Board does not recommend any dividend for the financial year considering financial requirements in the current year.

IMPLEMENTATION OF SCHEME OF ARRANGEMENT

As approved by the Shareholders, the Scheme of Arrangement, has been approved by the Hon'ble High Court of Andhra Pradesh and Form 21 has been filed with Registrar of Companies on October 18, 2012, which is effective date for implementation of the Scheme. The said scheme is reckoned from the 'Appointed Date' i.e., July, 1, 2011. Accordingly, the Scheme has been implemented inter-alia

- (i) Reduction of Equity Share Capital by reducing the par value of each share from Rs. 10/- each to Rs.5/-
- (ii) Amalgamation of M/s Tekriti Software Private Limited with your company
- (iii) Allotment of 2,62,50,000 Equity Shares of Rs.5/- each to the shareholders of M/s. Tekriti Software Private Limited as per the swap ratio approved by the Hon'ble High Court of Andhra Pradesh.
- (iv) Change in Name of the Company to Kellton Infotech Limited, or such other names as may be approved the RoC, A.P. Pursuant to change in name of the Company Roc has confirmed and approved availability of name i.e. Kellton Tech Solutions Limited and fresh certificate of incorporation is awaited from Roc.

FINANCIAL PERFORMANCE

The audited financial statements of Company have been prepared considering the Amalgamation of M/s Tekriti Software Private Limited. Accordingly, consolidated audited financial statements for the period from 01.07.2011 to 30.06.2012 are placed before you. In view of this fact, figures are not comparable with the previous year.

During the year under review, your company has earned standalone revenue of Rs. **1418.48** and profit of Rs. **255.64**. and consolidated revenue of Rs. **3927.85** and profit of Rs. **293.93**

SHARE CAPITAL:

During the year, pursuant to the Scheme of Arrangement and Amalgamation as approved by the Hon'ble High Court of AP, there is a revision in Capital structure which is given below

Authorised Capital (4,70,00,000 number of shares of Rs.5/- each)	:	Rs. 23,50,00,000/-
Paid-up Capital after reduction of Capital (92,39,100 number of shares of Rs.5/- each.)	:	Rs. 4,61,95,500/-
Further Capital after issuing new shares as per Scheme of Amalgamation (2,62,50,000 number of shares of Rs.5/- each.)	:	Rs. 13,12,50,000/-
Total Issued, Subscribed and Paid-up Capital After implementation of whole scheme (3,54,89,100 number of shares of Rs.5/- each.)	:	Rs. 17,74,45,500/-



VMF SOFT TECH LIMITED (and reduced)

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Mr. Srinivas Potluri, Director of the Company, retires by rotation at this Annual General Meeting and being eligible offers himself for re-appointment.

Board also appointed Mr. Brij Mohan Mandala as Additional Director, whose appointment is placed for your approval Mr. Niranjan Chintam was appointed as Executive Chairman and his appointment is also placed for your approval.

Mr. Krishna Chintam, was re-appointed as Managing Director of the Company, by the Board of Directors, on the expiry of his term on 09.04.2012 for a further period of 3 years.

The Board recommends the above appointments/re-appointments of Directors of the Company.

Brief particulars of respective persons are given in the Annexure to the Notice of this Annual General Meeting.

DIRECTORS' RESPONSIBILITY STATEMENT AS REQUIRED UNDER SECTION 217(2AA) OF THE COMPANIES ACT, 1956:

In compliance of section 217 (2AA), as incorporated by the Companies (Amendment) Act, 2000, in the Companies Act, 1956, your directors confirm: -

- a) That in the preparation of the accounts for the financial year ended 30th June, 2012 the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the company for the year under review;
- c) That 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 for preventing and detecting fraud and other irregularities and
- d) That the Directors have prepared the accounts for the financial year ended 30th June, 2012 on a going concern basis.

FIXED DEPOSITS

Your Company has not accepted any deposits and, as such, no amount of principal or interest was outstanding as at the close of the Financial Year.

AUDITORS

Your Directors recommend the re-appointment of M/s. Mahesh, Virender & Sriram, Chartered Accountants, as Statutory Auditors of the Company, from the conclusion of this Annual General Meeting, till ensuing Annual General Meeting . The Statutory Auditors have intimated to the Company that the appointment, if made, would be within the prescribed limits under section 224 (1-B) of the Companies Act, 1956 and that they are not otherwise disqualified within the meaning of subsection (3) of section 226 to the Companies Act, 1956, for such appointment.

VMF SOFT TECH LIMITED (and reduced)

REPLIES TO AUDITORS REPORT

Notes No.1: Attempts has been made to obtain confirmation of balances from various parties from time to time and company is evolving a scientific process during the current year.

Note No.2: (a) Leave encashment as and when is due is paid to employees, hence no provision made.
(b) During the current year company is taking employee gratuity policy and past liability also would be account for accordingly.

Notes No.3: The management is of the view that investment are good and recoverable, hence no provision has been made.

Notes No.4: Pursuant to Scheme of arrangement and amalgamation as approved by honorable High Court of Andhra Pradesh has been implemented with effect from July 1st 2011.

COST AUDIT COMPLIANCE

As per the Companies (Cost Accounting Records) Rules, 2011 your company does not require to maintain Cost records and audit thereon

PARTICULARS OF EMPLOYEES

During the year under review, there were no employees drawing remuneration in excess of the limits laid down in section 217(2A) of the Companies Act, 1956 read with (Particulars of Employees) Rules, 1975.

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

The information required under Section 217(1)(e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988, is not applicable as your company is not into manufacturing activity

FOREIGN EXCHANGE EARNINGS AND OUTGO

	<u>Standalone</u>	<u>Consolidated</u>
Total Foreign Exchange Outgo :	USD 34,703	USD 50,04,743
Total Foreign Exchange Inflow :	USD 2026909	USD 70,73,067
	GBP 25,895	GBP 25,895
	AUD 11,990	AUD 11,990

EMPLOYEE STOCK OPTION PLANS

Your Directors propose introducing a new employee stock option plan 2012 or ESOP 2012 ("the Scheme/the Plan") for the benefit of eligible employees of the company. Your Directors consider that Such schemes help your company to attract, retain and motivate the best available talent in the increasingly competitive environment.

Consent of the members is being requested to give effect to the above proposal. The Board of Directors recommend passing of the special resolutions for the approval of the members.



VMF SOFT TECH LIMITED (and reduced)

CORPORATE GOVERNANCE:

Your Directors' affirm their commitment to the Corporate Governance Standards prescribed by the Securities and Exchange Board of India (SEBI). A report on Corporate Governance with Management Discussion and Analysis as required under Clause 49 of the Listing Agreement is Annexed to this report and marked as **Annexure-I**.

Your company has always been devoted to adopting and adhering to the best corporate governance practices recognized globally. The company understands and respects its fiduciary role and responsibility towards stakeholders and the society at large, and strives hard to serve their interest, resulting in creation of value and wealth for all stakeholders.

The Compliance Report on Corporate Governance and a Certificate from Auditor of the Company regarding compliance of the conditions of Corporate Governance, as stipulated under Clause 49 of Listing Agreement is annexed separately to this Annual report.

Certificate of the CEO/CFO, inter alia confirming the correctness of the financial statement, compliance with Company's Code of Conduct, adequacy of the internal control measures and reporting of matters to the Audit Committee in terms of Clause 49 of the Listing Agreement.

SUBSIDIARIES.

Pursuant to Scheme of Arrangement and Amalgamation, approved by Hon'ble High Court of Andhra Pradesh, the Company has one wholly owned subsidiary namely MCS Global Inc, USA.

The Ministry of Corporate Affairs vide its circular dated February 8, 2011, has granted General Exemption from attaching Balance Sheet, Profit and Loss Account and other Documents of the Subsidiary Companies with the Annual report of the parent Company as required u/s 212(8) of the Companies Act, 1956. Accordingly the company has availed an exemption from attaching the Balance Sheet, Profit and Loss Account and other Documents of the Subsidiary Companies.

Pursuant to availing general exemption as per the above mentioned MCA Circular, it is hereby informed that the annual accounts of the subsidiary companies and the related detailed information shall be made available to shareholders of the holding and subsidiary companies seeking such information at any point of time. The annual accounts of the subsidiary companies shall also be kept for inspection by any shareholders in the registered office of the holding company and the holding company shall furnish a hard copy of details of accounts of subsidiaries to any shareholder on demand.

A statement pursuant to Section 212 of the Companies Act has been enclosed and forms part of the Annual Report.

STATEMENT PURSUANT TO GENERAL EXEMPTION RECEIVED UNDER SECTION 212(8) OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES.												
(Rs. In Lacs)												
NAME OF THE SUBSIDIARY	REPORTING CURRENCY	EXCHANGE RATE	CAPITAL	RESERVE	TOTAL ASSETS	TOTAL LIABILITIES	INVESTMENT OTHER THAN INVESTMENT IN SUBSIDIARY	TURNOVER PROFIT BEFORE TAX	PROVISION FOR TAXATION	PROFIT AFTER TAX	PROPOSED DIVIDEND	COUNTRY
MCS GLOBAL INC. ,USA	USD	56.31	422.32	630.49	1,172.11	63.1	181.49	60.04	21.85	38.19	-	USA



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MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management's Discussion and Analysis forms part of the Annual Report and is annexed as Annexure II.

HUMAN RESOURCES

Employees are our vital and most valuable assets. We have created a favorable work environment that encourages innovation and meritocracy. With vibrant work atmosphere, your Company provides an opportunity to employees to work with new technologies. Your company has been fortunate in having a set of committed employees at all levels and looks forward to nurture them and retain their loyalty. The Company recognized the value of the committed workers and efforts are being made to enhance the bonding between the company and the committed employees.

STATEMENT PURSUANT TO LISTING AGREEMENT

The Equity Shares of the company are listed with the Bombay Stock Exchange Limited (BSE).

ACKNOWLEDGEMENTS:

Your Directors place on record their sincere appreciation for the services of the Bankers, BSE, NSDL, CDSL and other statutory authorities. Your Directors also place on record their sincere appreciation and gratitude for the valuable assistance, support and co-operation from the Company's Customers, Employees and Shareholders during the period under review.

By order of the Board of Directors
for **VMF SOFT TECH LIMITED (and reduced)**

sd/-
Niranjan Chintam
Chairman

sd/-
Krishna Chintam
Managing Director

Date : 09-11-2012
Place: Hyderabad

ANNEXURE - I

REPORT ON CORPORATE GOVERNANCE

1) COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

The Company firmly believes in and has consistently endeavored to practice good Corporate Governance. The Company's Philosophy on Corporate Governance envisages the attainment of the highest levels of transparency, professionalism and accountability, in all facets of its operations, and in all its interactions with its stake holders, including shareholders and employees.

2) BOARD OF DIRECTORS

The Board consists of Six Directors as on 30.06.2012.

The Directors are eminent personalities and experienced professionals in business, finance and Corporate Management.

VMF SOFT TECH LIMITED (and reduced)

The composition and category of Directors as on 30.06.2012 is as follows:

Attendance Record 2011-12

S.L No.	Name of the Director	Category	Designation	No. of Board Meetings held	No. of Board Meetings Attended	Attendance in last AGM held on 22.12.2011
1.	Mr. Krishna Chintam	Promoter Non-Executive	Managing Director	7	6	Yes
2.	Mr. Niranjana Chintam	Promoter Non-Executive	Director	7	6	Yes
3.	Mr. P. Krishnam Raju	Promoter Non-Executive	Director	7	4	Yes
4.	Mr. Manthena Siva Rama Raju	Independent Non-Executive	Director	7	2	Yes
5.	Mr. Rajendra Naniwadekar	Independent Non-Executive	Director	7	6	Yes
6.	Mr. Potturi Srinivas	Independent Non-Executive	Director	7	4	No

Details of resignations and other changes, if any

1. Mr. Manthena Siva Rama Raju and Mr. P. Krishnam Raju have resigned wef 30.10.2012.
- 2) Mr. Niranjana Chintam has been appointed as Executive Chairman.
- 3) Mr. Brij Mohan Mandala has been appointed as Additional Director of the Company w.e.f 09.11.2012.

b) Number of other Directorships and Company Memberships

S.L No.	Name of the Director	Other Directorships	Committee Membership	Committee Chairmanship
1.	Mr. Krishna Chintam	12	-	-
2.	Mr. Niranjana Chintam	06	1	-
3.	Mr. Rajendra Naniwadekar	10	1	1
4.	Mr. Potturi Srinivas	01	-	-
5.	Mr. P. Krishnam Raju	06	1	-
6.	Mr. Manthena Siva Rama Raju	Nil	-	-



VMF SOFT TECH LIMITED (and reduced)

c) Number of Board Meetings held and the date on which held:

7 (Seven) Board Meetings were held during the year. The maximum gap between any two meetings was not more than four months.

The dates on which the Board meetings were held are as follows:

- | | |
|------------------|-----------------|
| 1) 11th Aug 2011 | 5) 1st Feb 2012 |
| 2) 28th Oct 2011 | 6) 3rd Feb 2012 |
| 3) 30th Jan 2012 | 7) 2nd May 2012 |
| 4) 31st Jan 2012 | |

3. AUDIT COMMITTEE

The Audit Committee consists of following Directors pursuant to Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement as on 30.06.2012:

Mr. Manthena Sivarama Raju	Chairman
Mr. Rajendra Naniwadekar	Member
Mr. P. Krishnam Raju	Member

Consequent to changes in the Board, the Audit Committee has been reconstituted as under, at the Board Meeting of the Company held on 09.11.2012.

Mr. Rajendra Naniwadekar	Chairman
Mr. Brij Mohan Mandala	Member
Mr. Krishna Chintam	Member

The Composition, role, functions and powers of the Audit Committee are in line with the requirements of applicable laws and regulations.

The Audit Committee shall oversee financial reporting process and disclosures, review annual financial statements, review adequacy of internal audit function, related party transactions, review financial and risk management policies, oversee compliance with Stock Exchange and legal requirements concerning financial statements, review auditor's qualifications (draft), compliance with Accounting Standards, recommending the appointment and renewal of external Auditor, fixation of Audit fee and also approval for payment for any other services, etc.

During the year, the Audit committee has met **4** times. Attendance of each member at the committee meeting were as follows:

S. No.	Name of the Member	Status	No. of Meetings Attended
1	Mr. Manthena Sivarama Raju	Non-Executive Independent	4
2	Mr. Rajendra Naniwadekar	Non-Executive Independent	4
3	Mr. P. Krishnam Raju	Promoter - Non-Executive	4

4) REMUNERATION COMMITTEE

The Remuneration Committee consists of the following Directors as on 30.06.2012:

Mr. Manthena Sivarama Raju	Chairman
Mr. Rajendra Naniwadekar	Member
Mr. P. Krishnam Raju	Member



VMF SOFT TECH LIMITED (and reduced)

Consequent to changes in the Board, the Remuneration Committee has been reconstituted as under, at the Board Meeting of the Company held on 09.11.2012.

Mr. Rajendra Naniwadekar	Chairman
Mr. Brij Mohan Mandala	Member
Mr. P. Srinivas	Member

The Remuneration committee has been constituted to recommend / review the Remuneration packages of the Executive Directors.

No remuneration was paid to the Directors during the year ending 30/06/2012.

5) SHAREHOLDERS / INVESTORS' GRIEVANCE COMMITTEE

Shareholders / Investors Grievance Committee consist of the following Directors as on 30.06.2012:

Mr. Rajendra Naniwadekar	Chairman
Mr. P. Krishnam Raju	Member
Mr. Niranjana Chintam	Member

Consequent to changes in the Board, the Shareholders / Investors Grievance Committee has been reconstituted as under, at the Board Meeting of the Company held on 09.11.2012.

Mr. Krishna Chintam	Chairman
Mr. Brij Mohan Mandala	Member
Mr. Rajendra Naniwadekar	Member

The Committee reviews redressing of Shareholders and investors Complaints like transfer of shares, non-receipt of Balance sheet, non-receipt of declared Dividends, etc besides complaints from SEBI, Stock Exchanges, and various Investor Forums. The Committee also oversees the performance of Registrar and Share Transfer Agents and recommends measures for overall improvement in the quality of investor's services.

- i) **Name and Designation of Compliance Officer:** Mr. Krishna Chintam
Address: Plot No. 1367, Road No. 45, Jubilee Hills, Hyderabad – 500 033
Contact Details: Tel: 040-44333030; Fax: 040-66660451 & e-mail ID: info@vmsoft.com
- ii) Details of complaints for the year 2011-12 : Nil
- iii) Details of requests received for the year 2011-12 is as follows :

S. No.	Nature	Numbers	
1.	Transfer of Shares	4	1000
2.	Dematerialization	9	802300
3.	Rematerialization	Nil	Nil
4.	Loss of Shares / Duplicate Shares	Nil	Nil
5.	Total		

All the requests were approved and dealt with and there were no pending valid requests as on 30th June , 2012.

VMF SOFT TECH LIMITED (and reduced)

6) GENERAL BODY MEETING:

6.1. Location and Time for Last Three Annual General Meetings held:

Date	Venue	Time	No. of Special Resolutions
22.12.2011	22-240/5, Nandhita Complex, Opp. KPHB Colony, Kukatpally, Hyderabad	11.00 A.M.	Nil
23.12.2010	22-240/5, Nandhita Complex, Opp. KPHB Colony, Kukatpally, Hyderabad	11.00 A.M.	Nil
09.12.2009	22-240/5, Nandhita Complex, Opp. KPHB Colony, Kukatpally, Hyderabad	11.00 A.M.	2*

**(i) Change in Management of the Company from the existing promoters to Mr. Krishna Chintam and others, pursuant to SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and*

(ii) To invest/acquire pursuant to Section 372A of the Companies Act, 1956 for an amount not exceeding Rs.50 crores.

No Resolutions are proposed to be conducted through postal ballot this year. However, as per directions of Hon'ble High Court of AP shareholders meeting was held under the Chairmanship of Ms. Parineeta on 21st January 2012 for approval of Scheme of Arrangement and Amalgamation and shareholders have approved the Scheme by requisite majority.

7) DISCLOSURES

- a) Disclosure on materially significant related party transactions of the Company of material nature with the promoters, the Directors or the Management, their subsidiaries or relatives, that may have potential conflict with the interests of the Company at large:

None of the transactions with any of related parties were in conflict with interests of the Company. – refer to Audit Report

- b) Details of non-compliance by the Company, penalties, and strictures imposed on the Company by stock exchanges or SEBI, or any Statutory Authority, on any matter related to Capital markets, during the last three years:

There were no instances of non-compliance of any matter related to Capital Market during the last three years.

- c) The Company has not adopted any of the Non-mandatory requirements except the Remuneration Committee, as mentioned in Annexure ID of the Clause 49 of the Listing Agreement.

- d) The shareholding of the Non-Executive Directors in the Company as on June 30, 2012 is as under:

i) Niranjan Chintam	Nil
ii) Krishna Chintam	4,50,000
iii) Srinivas Potluri	1,00,000
iv) Rajendra Naniwadekar	1,60,066
v) P. Krishnam Raju	1,66,105
vi) M. V. Sivaramara Raju	25,000



VMF SOFT TECH LIMITED (and reduced)

8) MEANS OF COMMUNICATION

Quarterly Results

Quarterly Results are normally published in the all India editions of the Business Standard(National Daily) and Praja Shakthi (Regional Newspaper) along with the official news release.

All material information about the Company is promptly sent through facsimile / letters to the Bombay Stock Exchange Limited.

The quarterly results and other official news release are displayed www.vmsoft.com

9) GENERAL SHAREHOLDERS INFORMATION

- (i) **Annual General Meeting** : 18th Annual General Meeting
Date and Day : Friday, 7th December 2012
Time : 11.00 AM
Venue : Kalinga Cultural Trust, Plot No. 1269, Road No. 12
Near MLA Colony, Banjara Hills, Hyderabad - 500 034.
- (ii) **Financial Calendar** : 1st July to 30th June
- (iii) **Date of Book Closure for AGM** : 04th December 2012 to 7th December 2012 (both days inclusive)
- (iii- a) **Record Date** : 02.11.2012 was fixed as Record Date for purpose of reckoning the shareholders eligible for shares pursuant to the Scheme of Arrangement.
- (iv) **Registered Office** : Plot No. 1367, Road No.45, Jubilee Hills, Hyderabad – 500 033
Tel: 040 – 44333030, Fax: 040 – 66660451
e-mail ID: info@vmsoft.com / Website: www.vmsoft.com
- (v) **Listing on Stock Exchanges** : Bombay Stock Exchange Limited
25th Floor, PJ Towers, Dalal Street, Mumbai – 400 001
- (vi) **Code & Scrip Name** : 519602 & VMF SOFT
- (vii) **Depositories for Equity Shares** : NSDL & CDSL ISIN: INE164B01014
- viii) **Registrar & Share Transfer Agents** : **M/s XL Softech Systems Limited**
3 Sagar Society, Road No.2, Banjara Hills, Hyderabad – 500 034
Tel: 040 23545913 / Fax: 040 23553214
e-mail: mail@xlsoftech.com

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(ix) a) Stock Market Data

Month & Year	Bombay Stock Exchange (BSE)	
	High (Rs.)	Low (Rs.)
July - 2011	5.14	3.8
Aug - 2011	5.69	3.81
Sep - 2011	6.25	5.05
Oct - 2011	6.25	5.28
Nov - 2011	5.5	4.76
Dec - 2011	7.71	5.05
Jan - 2012	10.88	6.9
Feb - 2012	10.17	7.55
Mar - 2012	9.5	7
Apr - 2012	10	6.9
May - 2012	10	8
Jun - 2012	10.94	9.05

b) The listing fee for the year 2012-2013 has been paid to the Stock Exchange, Mumbai.

c) Registrar & Share Transfer Agents : M/s XL Softech Systems Limited

3 Sagar Society, Road No.2, Banjara Hills, Hyderabad – 500 034
 Tel: 040 23545913 / Fax: 040 23553214
 e-mail: mail@xlsoftech.com

d) The Company's shares are covered under the Compulsory dematerialization list and are transferable through the depository system. As per the internal quality standards, the Company has put in processes for physical share transfers and the same have been reviewed by the Investors Grievance Committee. Shares received for physical transfer are generally registered within a period of 30 days from the date of receipt, if the documents are clear in all respects. As regards shares held in Electronics form, the credit being given as per guidelines issued by SEBI/NSDL/CDSL.

VMF SOFT TECH LIMITED (and reduced)

- e) As approved by the Hon'ble High Court of AP, reduction of capital by reducing par value of equity shares from Rs.10/- to Rs.5/- each has yet to be taken on record by BSE as the Corporate Action to this effect is under process. Also, new shares issued to the shareholders of M/s Tekriti Software Private Limited, as per the amalgamation scheme are yet to be listed on BSE and the process is under way. On completion all the formalities your company shares will be listed and traded on BSE, in due course of time.

(x) (a) Shareholding Pattern as on 30th June, 2012, without considering the Scheme of Arrangement and Amalgamation.

Sl. No.	Category	No. of shares	Percentage
1.	Promoters and promoter group	3059176	33.11
2.	Indian Financial Institutions, Banks, Mutual funds	NIL	-
3.	Foreign Institutional Investors/NRI's	11807	1.21
4.	Others	6168117	66.76
	Total	9239100	100

(b) Distribution of Shareholding Pattern:

No. of shares held	No. of shareholders	% of shareholders	No. of Shares (Issued Equity)	% of Shareholding
Upto-5,000	2715	68.58	6478700	7.01
5,001-10,000	621	15.69	5119390	5.54
10,001-20,000	286	7.22	4562330	4.94
20,001-30,000	91	2.30	2359120	2.55
30001-40,000	47	1.19	1725670	1.87
40,001 -50,000	51	1.29	2461630	2.66
50,001-1,00,000	71	1.79	5484110	5.94
1,00,001 & above	71	1.94	64200050	69.49
Total	3959	100.00	92391000	100.00



VMF SOFT TECH LIMITED (and reduced)

(xi) Dematerialization of Shares and Liquidity:

The Company appointed M/s. XL Softech Systems Limited as a Registrar and Share Transfer Agent and signed tripartite agreements with NSDL/CDSL and M/s XI Softech Systems Limited to facilitate dematerialization of shares. Shares received for dematerialization are generally confirmed, within a period of 10 days from the date of receipt, if the documents are clear in all respects. As on 30.06.2012, **88.96%** of Companies Share Capital was dematerialized.

Liquidity of Shares: The shares of the Company are traded in the Stock Exchange, Mumbai (BSE)

(xii) Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, conversion date and likely impact on equity:

As on June 30, 2012, there were no outstanding GDRs/ADRs/Warrants or any Convertible Instruments of the Company.

(xiii) Investor correspondence:

- a) For transfer / dematerialization of shares and any other query relating to the shares of the Company.

**M/s XL Softech Systems Limited
Registrar and Share Transfer Agent**
3 Sagar Society, Road No.2,
Banjara Hills, Hyderabad – 500 034
Tel: 040 23545913
Fax: 040 23553214
e-mail: mail@xlsoftech.com

- b) For correspondence with the Company
**Secretarial Department,
M/s.VMF Soft Tech Limited,**
Plot No. 1367, Road No. 45,
Jubilee Hills,
Hyderabad - 500 033.
Ph: 91-040-44333030; Fax: 040-66660451
Email: info@vmsoft.com
Website: www.vmsoft.com

(xiv) Details of Unclaimed Shares

SEBI vide its Circular No. CIR/CFD/DIL/10/2012 dated December16, 2010 amended the Listing Agreement entered into with Stock Exchanges wherein under Clause 5A, the Company is required to open an Unclaimed Suspense Account with a Depository Participant and transfer all the unclaimed share certificates of Members after giving three reminders.

As on June 30, 2012, your Company has **8219275 (88.96)** Equity Shares in dematerialized form and **1019825** equity shares in physical mode. There are no shares pending credit to the members. Hence, the balance in the Unclaimed Suspense account is NIL.



VMF SOFT TECH LIMITED (and reduced)

ANNEXURE - II

MANAGEMENT'S DISCUSSION & ANALYSIS REPORT:

INDUSTRY STRUCTURE AND DEVELOPMENTS

Though set on the path of recovery, the global economy is yet to reach its pre-recession heights. While the business vigour has indeed increased, they're grounded by guarded optimism and realistic ambitions.

Customers worldwide are focused in maintaining lean-budgets to avoid debt-traps. The heightened competition has forced service providers to fine-tune their offerings, optimize costs and deliver long-term solutions. While there is dire requirement of talented human capital, companies are reluctant on spending beyond bare operational necessities and are looking forward to innovative outsourcing options.

Instead of short-term relation with multiple vendors, companies are keen for a long-term partnership with a vendor offering multiple services so that the continuity & integrity is maintained and costs are significantly reduced. This calls for companies who can evolve fast in tune with the rapidly changing times and embrace technological advancements quickly.

These factors have increased the role of technology firms that have multifaceted expertise, capable of handling several projects simultaneously from inception through conclusion. Those capable of providing suitable solutions for SMEs as well as large corporations with equal finesse keeping in mind the budgetary and other considerations of each will find it easier to combat the new situation.

Amalgamation of Tekriti Software Private Ltd has boosted our capabilities in both technological and human front and we're well-prepared to handle a wide-range of projects simultaneously. We're confident of bagging several prestigious projects starting during the current year.

OPPORTUNITIES AND THREATS

IT industry being a service-oriented one depends primarily on the requirements of core industry for its functioning. Since the manufacturing industry is yet to fully recover from the recession's post-effects, the opportunities remain sparse. Despite our best efforts which enabled us to seize few prestigious projects, our performance was moderate against our expectations which predicted faster recovery.

The good news is that the situation is certainly improving with more projects pouring into the market and empowered by the amalgamation of Tekriti, we are certainly more equipped and confident than before. Indeed, we have successfully bid for few projects and many more are in pipeline in advanced stages of consideration.

OUTLOOK

Your company has stuck to its principles and values since its inception and even during the peak of recession it steadfastly held to its beliefs. Over the years, the carefully cultivated corporate culture has been instrumental in helping us undertake challenging projects in very short delivery periods.

The amalgamation of Tekriti, doesn't dilute our stand, it in fact reinforces it. Armed with greater technological capabilities and enriched by greater human capital, we are very optimistic about the year ahead. You can rest assured that what has changed is our strength and reach, not our culture.

The rebrand, will bring in a new powerful corporate identity that unburdened by the past perceptions while retaining the trust of all stakeholders including customers. The companies focus on the twin ideals of personalization and customization remains intact and will be fine-tuned using the new resources at our disposal to offer a wide-range of cost-effective solutions.



VMF SOFT TECH LIMITED (and reduced)

RISKS AND CONCERNS

The technological services market based on IT remains highly competitive. The software solutions market is equally congested too. The need for cheaper solutions has put us in competition with other specialized software providers, larger corporations, internal IT departments and freelancing communities.

The rebrand while allowing us to pursue new brand strategies also limits our ability to collide head-on with companies of greater brand reputation for some time in future. Also, despite our newly developed tentacles post-amalgamation, we should acknowledge that some of our competitors still have greater resources in fields of marketing, operations, research and development and additionally have longer experience

Some competitors have niche specialization and our ability to dent their market remains limited because of their highly evolved understanding of their narrow market, client needs, cost-benefit and relationship. It will take us some time to make inroads into such segments.

Some large organizations already have substantial number of solutions already made for their previous clients. They offer such services at cheaper costs which companies like us who custom-develop them cannot afford.

Freelancing communities using open-source software to develop solutions offer these services at lower costs due to license-free software and lower human expenses. Combating them will require us some time to evolve an appropriate strategy.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The company has over a period of time developed highly rigid and rigorous internal audit & internal control systems to ensure transparency in transactions while following the mandated procedures and statutes.

We have devised a comprehensive quality-check and performance evaluation systems that are iteratively examined to ensure that we comply with global standards in product offerings and accounting practices.

DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE.

The audited financial statements of Company have been prepared considering the Amalgamation of M/s Tekriti Software Private Limited. Accordingly, consolidated audited financial statements with its 100% subsidiary, MCS Global INC for the period from 01.07.2011 to 30.06.2012 are placed before you. In view of this fact, figures are not comparable with the previous year.

During the year under review, your company has earned revenue of Rs. **1418.48** and profit of Rs. **255.64**. and consolidated revenue of Rs. **3927.85** and profit of Rs. **293.93**

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED.

The company has just restructured its human resource management framework and product portfolio in light of the amalgamation of Tekriti. We have always accorded due importance to employee learning and retention practices in order to continuously help them improve and widen their skillset and resulting mutually-beneficial long-term association.

With additional human capital with us now, we intend to develop a healthy environment in office premises and inculcating entrepreneurial spirit in each employee enabling him to take responsibility and develop his work-profile. Several employee-motivation programs and training sessions are being planned to help them handle the global projects and positively deal with increased client-pressure.

CAUTIONARY STATEMENT:

Statement in the Management's Discussions and Analysis describing the company's projections, estimates, expectations or predictions may be 'forward looking predictions' within the meaning of applicable securities laws and regulations.



CERTIFICATE OF COMPLIANCE WITH THE CODE OF CONDUCT

To,

The Shareholders

I hereby declare that all the Board members and Senior Management Personnel have affirmed compliance with the code of conduct adopted by the Company and have submitted declaration in this behalf for the year ended 30th June, 2012.

sd/-

Krishna Chintam
Managing Director

Date: 09.11.2012
Place: Hyderabad



VMF SOFT TECH LIMITED (and reduced)

CERTIFICATION BY CEO/ CFO OF THE COMPANY

We, Niranjan Chintam and Krishna Chintam, Chairman and Managing Director respectively, of VMF Soft Tech Limited, to the best of our knowledge and belief certify that:

1. We have reviewed the Balance Sheet, Profit and Loss Account, its schedule & notes to the accounts and cash flow statement for the year ended 30th June, 2012 and that to the best of our knowledge and belief:
 - a) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - b) These statements together present a true and fair views of the Company's and are in compliance with existing accounting standards, applicable laws and regulations.
2. We also certify, that based on our knowledge and the information provided to us, there are no transactions entered into by the Company during the year which are fraudulent, illegal or violate the Company's code of conduct.
3. We accept the 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, of which we are aware and the steps taken or propose to take to rectify these deficiencies.
4. We have indicated to the Auditors and the Audit Committee:
 - a) Significant changes in internal control during the year;
 - b) Significant changes in accounting policies during the year and that the same have been disclosed in notes to the financial statements; and
 - c) 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.

sd/-

Krishna Chintam
Managing Director

sd/-

Niranjan Chintam
Chairman

Date: 09.11.2012
Place: Hyderabad



VMF SOFT TECH LIMITED (and reduced)

AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT(S)

To

The Member of **VMF SOFT TECH LIMITED**

1. We have reviewed the implementation of Corporate Governance by VMF Soft Tech Limited (the Company) during the year ended 30th June, 2012, with the relevant records and documents maintained by the Company, furnished to us for our review and the report on Corporate Governance as approved by the Board of Directors.
2. The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

We further state that such compliance is neither an assurance as to the future viability of the Company as per the records maintained by the Shareholder's/Investors Grievance Committee.

3. We state that no investor grievance are pending for a period exceeding one month against the Company as per the records maintained by the Shareholder's/Investors Grievance Committee.
4. On the basis of our review and according to the information and explanations provided to us, the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement(s) with the Stock Exchange have been complied with in all material respect of the Company.

For **Mahesh, Virender & Sriram**
Chartered Accountants
Reg No. 0019395

sd/-

(B R Mahesh)
Partner
M.No. 18628

Date: 09.11.2012
Place: Hyderabad



VMF SOFT TECH LIMITED (and reduced)

AUDITORS' REPORT

To
**The Shareholders of
M/s V M F Soft Tech Limited
Hyderabad**

We have audited the attached Balance Sheet of M/s V M F Soft Tech Limited (and reduced) Hyderabad as at 30th June 2012 and also the profit and loss account and cash flow statements of the company for year ended on that date, in which are incorporated the financials for nine months, of the amalgamating company, which were audited by other auditors.

1. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our Audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 2 above, we report that:
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. In our opinion, proper books of account, as required by law, have been kept by the Company so far as appears from our examination of those books;
 - c. The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
 - d. In our opinion, the Balance Sheet and Profit and Loss Account and cash flow statement dealt with by this report comply with the mandatory Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - e. In our opinion, and based on information and explanations given to us, none of directors are disqualified as on 30th June, 2012 from being appointed as directors in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - f. Subject to
 - a. Notes No: - 28, of notes to financials - Regarding non - confirmation of balances from various parties.
 - b. Notes No: 29 of notes to financials - Regarding non-provision for proportionate liability on account of employees' retirement benefits, which have not been quantified.
 - c. Note No 30 – of notes to financials - Regarding non provision of loss, if any, on account of unquoted investments market value not ascertainable.
 - d. Note No 31- of notes to financials - Regarding scheme of arrangement and amalgamation.



VMF SOFT TECH LIMITED (and reduced)

- g. Based on our audit and on consideration of separate audit report for nine months of, amalgamating company and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and other notes to financials thereon give the information required by the Companies Act, 1956, in the manner so required, and present 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 30th June, 2012;
 - ii. In the case of the profit and loss account of the Profit for the year ended on that date. And
 - iii. In the case of cash flow statement, of the cash flows for the year ended on that date

For **Mahesh, Virender & Sriram**
Chartered Accountants
Reg No. 0019395

sd/-
(B R Mahesh)
Partner
M.No. 18628

Date: 09.11.2012
Place: Hyderabad



VMF SOFT TECH LIMITED (and reduced)

Annexure 'A' to Auditors' Report

Referred to in paragraph 2 of our report of even date

- I. a. The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- b. The management during the year has verified all the fixed assets. There is a regular program of verification which in our opinion, is reasonable having regard to the size of the company and nature of its assets. No material discrepancies were noticed on such verification.
- c. During the year, the company has not disposed any fixed assets during the year under review.
- ii. The company does not have any inventory hence this clause is not applicable.
- iii. The Company neither granted nor taken any loans, secured or unsecured to / from companies, firms or other parties covered in the register in the register maintained under section 301 of the Companies Act, 1956.
- iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control procedure commensurate with the size of the company and the nature of its business for the purchases of plant and machinery, equipment and other assets and for the sale of goods.
- v. In our opinion according to the information and explanation given to us, the transactions of related companies have been entered in pursuance of section 301 of Companies Act, 1956 and the same are not prejudicial to the interest of the company
- vi. In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from public to which the provisions of Section 58A and 58AA of the Act and rules framed there under.
- vii. In our opinion, the internal audit functions carried out during have been commensurate with the size of the company and nature of its business.
- viii. Maintenance of cost records by the company has not been prescribed by the Central Government under Section 209 (1) (d) of the Companies Act, 1956.
- ix. a. As per the records maintained by the company, the company is regular in depositing undisputed statutory dues the authorities. The company is not having investor education protection fund. According to the explanation and information given to us, we understand that the company is not liable for under, sales tax and Employees State Insurance Acts.
- b. As per the records and as per the information and explanation given to us, no undisputed amounts payable in respect of Wealth Tax, Sales Tax, Customs Duty and Excise duty and Cess as at 30th June 2012 for a period of more than six months from the date they became payable.
- x. There are no accumulated losses at the end of the financial year. The company has not incurred cash losses during the year under review.
- xi. During the year under review the company has not taken any loans from the financial institutions.
- xii. The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.



VMF SOFT TECH LIMITED (and reduced)

Annexure 'A' to Auditors' Report

- xiii. In our opinion, the company is not a chit fund or a nidhi/ mutual benefit fund/ society. Therefore the provisions of clause 4(xiii) of the Companies (Auditor' s Report) order, 2003 are not applicable to the company.
- xiv. In our opinion, the company is not dealing in or trading in shares securities debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditor' s Report) order, 2003 are not applicable to the company.
- xv. The company has not given any guarantees for loans taken by others from banks or financial institutions.
- xvi. The company has taken any term loan during the year under review and is regular in payment of installments.
- xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment. No long-term funds have been used to finance short-term assets.
- xviii. The company has not made any preferential allotment of shares during the year to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- xix. The company has not issued any debentures during the year under review.
- xx. The company has not raised any money by public issue during the year under review.
- xxi. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For **Mahesh, Virender & Sriram**
Chartered Accountants
Reg No. 0019395

sd/-

(B R Mahesh)
Partner
M.No. 18628

Date: 09.11.2012
Place: Hyderabad



VMF SOFT TECH LIMITED (and reduced)

Notes to Financial statements part of accounts as at 30th June 2012

Accounting policies and notes to accounts forming part of accounts:

Note 1. Accounting policies

1) Basis of accounting:

- i) The financial statements are prepared under the historical cost convention and in accordance with the applicable accounting standards issued by the institute of chartered accountants of India and requirements of the Companies Act 1956 and on a going concern concept.
- ii) The company follows the mercantile system of accounting and recognizes income and expenditure on accrual basis.

2) Revenue Recognition:

- i) Revenue from software is recognized on billing to clients.

3) Fixed Assets:

- i) The tangible fixed assets are stated at cost of acquisition and subsequent improvements thereto including taxes. Duties, freight and other incidental expenses related to acquisition and installation.
- ii) The Intangible assets are recognized when it is probable that the future economic benefit that are attributable to the assets will flow to the enterprise and the cost of the assets can be measured reliably.

4) Depreciation:

Depreciation on fixed assets [Tangible and Intangible assets (other than goodwill)] is provided on Straight line method on pro –rata basis at the rates prescribed in schedule XIV of the Companies Act, 1956 as amended from time to time, including the fixed assets merged.

5) Impairment of Assets:

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors.

6) Borrowing cost:

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessary takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

7) Inventories:

Inventories are valued at lower of the cost or net realizable value which ever is lower..

8) Preliminary expenditure

To write off preliminary expenses in ten equal yearly installments.

9) Investments:

- i) Long term and unquoted current investments are stated at cost and quoted current investments at lower of cost or market value. Provision for diminution in value of long-term investments is made only if such a decline is other than temporary in the opinion of the management.



VMF SOFT TECH LIMITED (and reduced)

Notes to Financial statements part of accounts as at 30th June 2012 (Standalone)

10) Taxes on Income

- i. Current tax is determined on the amount of tax payable in respect of taxable income for the year.
- ii. To provide and recognize deferred tax on timing difference between taxable income and accounting income subject to prudent practices.

11) Segment reporting:

- i. To disclose the revenue and expenses by way of business segments, geographical segments and customer segments.

12) Related parties Transactions:

- i. Related party transactions including purchases, services, fund and non fund based agreements are disclosed separately.

13) Employees' Retirement Benefits:

- i. Retirement benefits are provided in accounts on a rational method where in accrued liability for retirement benefits payable to all employees at the end of the year are reflected.

VMF SOFT TECH LIMITED (and reduced)

Standalone Balance Sheet as at 30th June 2012		Rs.	Rs.
PARTICULARS	Note No	As at 30th June 2012	As at 30th June 2011
I.EQUITY AND LIABILITIES			
(1)Shareholder's Funds			
(A)Share Capital	2	177,445,500	92,391,000
(B)Reserves And Surplus	3	24,678,579	(58,361,191)
(C)Money Rec. Agst. Share Warrants	4	Nil	3,450,000
(2)Non-Current Liabilities			
(A)Long Term Borrowings	5	1,675,110	Nil
(B)Deferred Tax Liabilities (Net)	6	1,700,152	2,158,782
(C)Other Long-Term Liabilities	7	32,869,787	366,061
(3)Current liabilities			
(A)Short Term Borrowing	8	14,165,514	Nil
(B)Trade Payables	9	2,943,026	142,303
(C)Other Current Liabilities	10	3,141,230	35,735
(D)Short Term Provisions	11	13,609,008	489,898
Total:		272,227,907	40,672,588
II. Assets			
(1) Non-current assets			
(A) Fixed Assets	12		
(i)Tangible Assets		9,966,501	3,541,814
(ii) Intangible Assets		98,287,062	2,469,216
(B) Non-Current Investments	13	104,856,578	18,149,552
(C) Deferred Tax Assets (Net)		Nil	Nil
(D) Long-Term Loans And Advances	14	6,035,136	1,564,286
(E) Other Non-Current Assets	15	360,976	421,139
(2) Current assets			
(A)Trade Receivables	16	33,028,035	14,096,174
(B) Cash And Cash Equivalents	17	2,812,518	233,125
(C) Short-Term Loans And Advances	18	16,881,101	197,282
Total:		272,227,907	40,672,588

Accounting Policies 1
Notes to Financial form part of accounts 1 to 33
For and on behalf of Board of Directors
sd/-

Krishna Chintam
Managing Director

sd/-
Niranjan Chintam
Chairman

Date: 09.11.2012
Place: Hyderabad

As per our report of even date
For **Mahesh, Virender & Sriram**
Chartered Accountants
Reg No. 0019395

sd/-
(B R Mahesh)
Partner
M.No. 18628

VMF SOFT TECH LIMITED (and reduced)
Standalone Statement of Profit and Loss for the year ended

PARTICULARS	Note No	for year ended	for year ended
		30th June 2012	30th June 2011
		Rs.	Rs.
INCOME			
Revenue From Operations	19	141,350,506	6,748,988
Other Income	20	497,916	104,182
TOTAL REVENUE		141,848,422	6,853,170
EXPENSES:			
Employee Benefit Expenses	21	71,674,645	1,160,859
Financial Costs	22	2,413,313	40,832
Depreciation And Amortization Expense	23	3,237,352	2,018,579
Other Expenses	24	39,684,351	39,694,886
TOTAL EXPENSES		117,009,661	42,915,156
PROFIT/LOSS BEFORE TAXES		24,838,762	(36,061,986)
TAX EXPENSE:			
Current Tax		Nil	Nil
Deferred Tax		725,687	(391,831)
PROFIT/(LOSS) FOR THE PERIOD		25,564,449	(36,453,817)
Earning Per Equity Share			
Basic		0.72	NA
Diluted		0.72	NA

Accounting Policies

1

Notes to Financial form part of accounts 1 to 33

For and on behalf of Board of Directors

sd/-

Krishna Chintam
 Managing Director

sd/-

Niranjan Chintam
 Chairman

Date: 09.11.2012

Place: Hyderabad

As per our report of even date

 For **Mahesh, Virender & Sriram**

Chartered Accountants

Reg No. 0019395

sd/-

(B R Mahesh)

Partner

M.No. 18628

VMF SOFT TECH LIMITED (and reduced)

Notes to Financial Statements	As at 30th June 2012		As at 30th June 2011	
	Number	Amount	Number	Amount
Note No : 2				
(A) Share Capital				
(a) Authorised				
Equity Shares of Rs.5 Each	47,000,000	235,000,000	20,000,000	200,000,000
Previous Year Rs.10 Each				
(b) Issued Subscribed & Paid Up				
Opening Balance	9,239,100	92,391,000	9,239,100	92,391,000
Reduction in share capital as per scheme of arrangement		(46,195,500)	Nil	Nil
Additions during the year {2,62,50,000 Equity Shares at Rs.5 each}	26,250,000	131,250,000	Nil	Nil
Total	35,489,100	177,445,500	9,239,100	92,391,000

(e) Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period

Particulars	Number	Amount
Shares outstanding at the beginning of the year	9,239,100	92,391,000
Reduction in share capital as per scheme of arrangement		(46,195,500)
Shares issued during the year	26,250,000	131,250,000
Shares bought back during the year	Nil	Nil
Shares outstanding at the end of the year	35,489,100	177,445,500

(f) Terms/rights attached to equity shares, including restrictions on distribution of dividends and the repayment of capital.

(1) Equity shares issued by the company are Equity Shares within the meaning of Section 85(2) of the Companies Act, 1956.

(2) Each holder of equity share is entitled to one vote per share.

(3) In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts.

(4) The distribution will be in proportion to the number of equity shares held by the shareholders.

VMF SOFT TECH LIMITED (and reduced)

(g) Shares in the Company held by each share holder holding more than 5 percent shares specifying the number of shares (after considering the scheme of amalgamation)

Name of Share Holder	As at 30th June 2012		As at 30th June 2011	
	No of Shares Held	% of holding	No of Shares Held	% of holding
Matnic Finvest Private Limited	16,585,950	46.74%	Nil	Nil
Kelton Wealth Management Pvt Ltd	3,000,000	8.45%	Nil	Nil
Venkat Homes Private Limited	500,000	1.41%	500,000	5.41%

Note No.	Notes to Financials	30 June 2012	30 June 2011
		Rs.	Rs.
3	RESERVE & SURPLUS:		
a)	General Reserve		
	Opening Balance	240,000	240,000
Add	Reserves of Amalgamating company (As per the scheme of Arrangement)	6,683,580	Nil
	Warrants Forfieted	3,450,000	Nil
	Closing Balance	10,373,580	240,000
b)	Capital Subsidy		
	Opening Balance	567,350	567,350
	Closing Balance	567,350	567,350
c)	Surplus		
	Opening Balance	(59,168,541)	(22,714,725)
	Reserves of Amalgamating company	1,726,919	Nil
	Net Profit / (Loss) for the current year	25,564,449	(36,453,817)
	Reduction in share capital (As per the scheme of Arrangement)	46,195,500	Nil
	Income Tax Adjustments	(580,678)	Nil
	Closing Balance	13,737,649	(59,168,541)
	Grand Total of Reserve & Surplus	24,678,579	(58,361,191)

VMF SOFT TECH LIMITED (and reduced)
Notes to and forming part of Standalone Balance Sheet

Note No.	Notes to Financials	30 June 2012	30 June 2011
		Rs.	Rs.
4	MONEY RECEIVED AGAINST SHARE WARRANTS		
	Share Warrants		
	Previous year 3,45,000 warrants of Rs.10 Each	Nil	3,450,000
	Total	Nil	3,450,000
	NON-CURRENT LIABILITIES		
5	LONG TERM BORROWINGS		
	Term Loan - Vehicle (from Daimler Financials Services India Pvt Ltd secured by hypothecation of vehicle and against personal guarantee of the directors)	1,675,110	Nil
	Total	1,675,110	Nil
6	DEFERRED TAX LIABILITIES (Net)		
	Opening Balance	2,425,839	1,766,952
	Current year transfer	Nil	391,831
	Written back in current year	(725,687)	Nil
	Total	1,700,152	2,158,782
7	OTHER LONG-TERM LIABILITIES:		
	Others	32,869,787	366,061
	Total	32,869,787	366,061
	CURRENT LIABILITIES		
8	SHORT TERM BORROWINGS		
	Secured Loans From Banks		
	Working Capital Loans - SBI (Secured by hypothecation of book debts and against personal guarantee of the directors)	14,165,514	Nil
	Total	14,165,514	Nil
9	TRADE PAYABLES		
	Sundry Creditors (There are no amounts due to Micro, Small & Medium Enterprises under Section 22 of Micro, Small & Medium Enterprises Development Act 2006 (MSMED Act))	2,943,026	142,303
	Total	2,943,026	142,303

VMF SOFT TECH LIMITED (and reduced)
Notes to and forming part of Standalone Balance Sheet

Note No.	Notes to Financials	30-Jun-12	30-Jun-11
		Rs.	Rs.
10	OTHER CURRENT LIABILITIES		
	Advances Received	629,836	-
	Book Overdraft- Bank Accounts	-	35,735
	Current Maturities of long term debt	1,404,000	-
	TDS Payable	920,056	-
	Professional tax payable	1,850	-
	Provident Fund Payable	185,488	-
	Total	3,141,230	35,735
11	SHORT-TERM PROVISIONS		
	(a) Provisions for Employees benefits	1,995,386	221,450
	(b) Outstanding Expenses	590,447	160,278
	(c) Audit fee payable	146,534	80,000
	(d) Provision for Taxation		
	MAT Credit	3,183,885	28,170
	Income Tax Provisions	7,587,756	Nil
	Provision for FBT	105,000	Nil
	Total	13,609,008	489,898

Note No - 12 Fixed Assets

S. No.	Description of Asset	Gross block			Depreciation			Net block		Rate of Dep.	
		As At 30-Jun-2011	Additions during the year	As At 30-Jun-2012	Up to 30-Jun-2011	Additions as per Scheme of amalgamation	For the year	Up to 30-Jun-2012	As at 30-Jun-2012		As at 30-Jun-2011
1	Tangible Assets										
	Plant & Machinery	215,896	190,036	405,932	171,820	28,843	18,213	218,876	187,056	44,076	4.75%
	[a] Equipment	203,070	937,063	1,140,133	128,857	263,818	47,557	440,232	699,901	74,213	4.75%
	[c] Communication Equipment	170,020	331,588	501,608	108,935	49,451	24,825	183,211	318,397	61,085	4.75%
	[d] Air Conditioners	499,972		499,972	242,198		23,749	265,947	234,025	257,774	4.75%
2	Computers	5,092,599	5,420,873	10,513,472	1,987,934	2,838,187	1,537,019	6,363,140	4,150,332	3,104,665	16.21%
3	Furniture & Fixtures		145,697	145,697		40,170	7,962	48,132	97,565		16.21%
4	Vehicles										
	[a] Scooter & Cycles	3,800	2,600	6,400	3,799	1,114	184	5,097	1,303	1	9.50%
	[b] Car		4,456,550	4,456,550			178,628	178,628	4,277,922		9.50%
	Total Tangible Assets	6,185,357	11,484,407	17,669,764	2,643,543	3,221,583	1,838,137	7,703,263	9,966,501	3,541,814	
	Intangible Assets										
	Soft Ware	6,721,205	1,823,375	8,544,580	4,251,989	916,476	1,339,052	6,507,517	2,037,062	2,469,216	16.21%
	Good Will		96,250,000	96,250,000					96,250,000		
	Total Intangible Assets	6,721,205	98,073,375	104,794,580	4,251,989	916,476	1,339,052	6,507,517	98,287,062	2,469,216	
	Previous years figures	12,799,112	107,450	12,906,562	4,937,116		1,958,416	6,895,532	6,011,030	7,861,996	

VMF SOFT TECH LIMITED (and reduced)
Note No - 13 NON-CURRENT INVESTMENTS
Investments in Equity Instruments

S.L No.	Name of the Body Corporate	Subsidiary / Associate / JV / Controlled entity /Others	No. of Shares/Units		Quoted / Un quoted	Partly paid/ Fully paid	Extent of Holding (%)		Amount		Whether stated at Cost Yes/No	If Answer to column (9) is 'No' Basics of Valuation
			30-06-12	30-06-11			30-06-12	30-06-11	30-06-12	30-06-11		
1	IGLILY INC	Other	36,000	36,000	Unquoted	Fully Paid	18.00%	18.00%	18,149,552	18,149,552	Yes	
2	MCS GlobalINC	Subsidiary	750,000	750,000	Unquoted	Fully Paid	100.00%	100.00%	86,707,026	Nil	Yes	
	Total								104,856,578	18,149,552		

VMF SOFT TECH LIMITED (and reduced)
Notes to and forming part of Standalone Balance Sheet

Note No.	Notes to Financials	30-Jun-12	30-Jun-11
		Rs.	Rs.
	NON - CURRENT ASSETS		
14	LONG TERM LOANS AND ADVANCES:		
	(Unsecured Considered Good Unless Otherwise Stated)		
	Deposits	4,580,136	109,286
	Others	1,455,000	1,455,000
	Total	6,035,136	1,564,286
15	OTHER NON-CURRENT ASSETS		
	MISC . EXPENDITURE		
	(To The Extent Not Written Off)		
	Opening Balance	421,139	481,302
Less	Written Off During The Year	60,163	60,163
	Closing Balance	360,976	421,139
	CURRENT ASSETS		
16	TRADE RECEIVABLES:		
	(Unsecured & Considered Good)		
	Outstanding For more than Six Months	13,201,936	13,201,936
	Others	19,826,099	894,238
	Total	33,028,035	14,096,174
17	CASH & CASH EQUIVALENTS :		
	Fixed Deposits	61,750	Nil
	Bank Balance	2,730,849	105,004
	Cash On Hand	19,919	128,121
	Total	2,812,518	233,125
18	SHORT TERM LOANS & ADVANCES:		
	(Unsecured and Considered good)		
	Staff Advance	74,780	131,000
	Prepaid Taxes	11,722,030	37,112
	MAT Entitlement	3,156,715	29,170
	Other Advances	1,158,512	Nil
	Prepaid Expenses	387,558	Nil
	Interest accrued on fixed deposits	4,446	Nil
	Service tax input	377,061	Nil
	Total	16,881,101	197,282

VMF SOFT TECH LIMITED (and reduced)
Notes to and forming part of Standalone Balance Sheet

Note No.	Notes to Financials	30-Jun-12	30-Jun-11
		Rs.	Rs.
19	REVENUE FROM OPERATIONS		
	Soft Ware Development Receipt	140,939,858	6,748,988
	Other Operating Revenues	410,648	Nil
	Total	141,350,506	6,748,988
20	OTHER INCOME		
	Interest received on FDR	89,664	104,177
	Interest on Income Tax Refund	336,999	Nil
	Sundry Accounts written back	71,253	5
	Total	497,916	104,182
21	EMPLOYEE BENEFIT EXPENSES		
	Salaries	55,350,283	1,160,181
	Provident Fund	1,227,483	Nil
	Staff Welfare Expenses	1,489,066	678
	Bonus	13,607,813	Nil
	Total	71,674,645	1,160,859
22	FINANCIAL COST		
	Bank Charges	396,824	40,832
	Interest on Vehicle Loan	143,057	Nil
	Interest on working capital loan	1,856,463	Nil
	Interest on TDS late Payment	16,968	Nil
	Total	2,413,313	40,832
23	DEPRECIATION AND AMORTZATION EXPENSE:		
	Depreciation	3,177,189	1,958,416
	Miscellaneous Exp Written off	60,163	60,163
	Total	3,237,352	2,018,579

VMF SOFT TECH LIMITED (and reduced)

Notes to and forming part of Standalone Balance Sheet

Note No.	Notes to Financials	30-Jun-12	30-Jun-11
		Rs.	Rs.
24	OTHER EXPENSES:		
	Professional Fee	10,623,082	598,394
	Rent	8,738,688	96,000
	Travelling and conveyance	4,949,248	285,005
	Sundry Debtors written off	3,748,408	31,341,409
	Job Work Charges	2,682,196	6,413,432
	Communication Expenses	1,072,633	46,919
	Office Maintenance	1,294,849	34,965
	Printing and Stationery	638,384	3,049
	Advertisements Expenses	313,483	27,814
	AGM & EGM Expenses	111,814	31,329
	Income Tax	Nil	572,418
	Repairs and Maintenance	3,073,650	Nil
	Business Promotion Expenses	1,259,335	Nil
	Rates & Taxes	661,054	62,545
	Exchange fluctuations	271,624	141,607
	Donations	19,950	Nil
	Subscription fees	120,953	Nil
	Audit Fee	90,000	25,000
	Income Tax Representation Fee	15,000	15,000
	Total	39,684,351	39,694,886

Additional Notes to Financial statements part of accounts as at 30th June 2012

25. Contingencies

- I All major events occurring after the date of financial statements, which impair the financials are duly provided.

1. Contingent liabilities	30-06-2012 Rs. Lakhs	30-06-2011 Rs. Lakhs
(a) Claims against the company not acknowledged as debts	NIL	NIL
(b) Uncalled liability on shares partly paid	NIL	NIL
(c) Arrears of fixed cumulative dividend	NIL	NIL
(d) Estimated amount of contracts remaining to be paid on capital account not provided for	NIL	NIL
(e) Other money for which the company is contingently liable	NIL	NIL

VMF SOFT TECH LIMITED (and reduced)

2. Directors remuneration	30-06-2012 Rs. Lakhs	30-06-2011 Rs.Lakhs
(a) Paid during the year	NIL	NIL
Total	NIL	NIL
(b) Computation of net profit under section 309 [5] of the companies act, 1956	NA	NA

3. Particulars of employees	30-06-2012 Rs. Lakhs	30-06- 2011 Rs.Lakhs
Particulars of employees in accordance with section 217 2A of the companies act, 1956	NIL	NIL

26. Additional information:

Quantitative details are not applicable since it is a software development company.

Software sales	30-06-2012 Rs. Lakhs	30-06- 2011 Rs.Lakhs
Export	Rs. 1023.01	Rs. 67.49
Local	Rs. 386.38	NIL
	Rs. 1049.39	Rs. 67.49

	30-06-2012 Amount in Foreign Currency	30-06-2012 Amount in INR	30-06-2011 Amount in Foreign Currency	30-06-2011 Amount in INR
(e) Value of imports during the year	Nil	Nil	Nil	Nil
(f) Expenditure in foreign currencies	USD 34,703	16,34,447	Nil	Nil
(g) Earnings in foreign currencies	USD 20,26,909 GBP 25,895 AUD 11,990	10,23,01,442 20,30,560 6,54,654	US \$1,49,490	67,48,988

27. Related Party Transactions as per AS 18

Transactions with related parties in the ordinary course of business

	30-06-2012	30-06- 2011
Associated Companies	MCS Global Inc/ Rs. 22,79,420	Nil
Key Managerial Personnel	Not Applicable	Not Applicable



VMF SOFT TECH LIMITED (and reduced)

28. Confirmation of balances from parties as at the end of the year has not been received. The adjustments, if any, shall be made as an ongoing process. Current liabilities are subject to confirmation and adjustments, if any.
29. Employees' retirement benefits have not been provided pending actuarial valuation.
30. In the opinion of the management the followings investments are good and recoverable in view of the future road map of the companies.

MCS GLOBAL INC - Rs. 8,67,07,026
IGLILY INC - Rs.1,81,49,552

- 31.1) In respect of scheme of arrangement and amalgamation of VMF Soft Tech Limited and Tekriti Software Private Limited, The Honorable High Court of Andhra Pradesh on October 8 2012, sanctioned a scheme of amalgamation of M/s VMF Soft Tech Limited and M/s Tekriti Software Private Limited under section 391 to 394 of Companies Act, 1956. The said scheme is effective from July 1, 2011. Tekriti Software was engaged in business of software development, whose accounts are also audited by an independent auditor.
- (ii) Pursuant to the scheme of amalgamation, MCS Global Inc is now wholly owned subsidiary of VMF Soft Tech Limited.
- (iii) Upon accounting for the said merger, the resultant net assets accrual is shown as goodwill under intangible assets of the company.
- (iv) In view of above amalgamation the figures of current year are not comparable with those of previous year.
32. During the year ended 30th June 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the company for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The company has also reclassified / regrouped the previous year figures in accordance with the requirements applicable in the current year.
- 33 Deferred Tax liability:- In conformity with the accounting standards no 22 issued by the Institute of Chartered Accountants of India on "Accounting for Taxes on income". The composition of deferred tax is on account of timing differences relating to depreciation. Provision for deferred tax for current year has been provided.

Signatories to Notes to financials 1 to 33

For and on behalf of Board of Directors

sd/-

Krishna Chintam
Managing Director

sd/-

Niranjana Chintam
Chairman

Date: 09.11.2012
Place: Hyderabad

Vide our report of even date

For **Mahesh, Virender & Sriram**
Chartered Accountants
Reg No. 0019395

sd/-

(B R Mahesh)
Partner
M.No. 18628

VMF SOFT TECH LIMITED (and reduced)
CASH FLOW STATEMENT FOR THE YEAR ENDED 30-06-2012

		Rs.	Rs.
	Particulars	30 June 2012	30 June 2011
a.	Cash flow from operating activities		
	Net Loss/Profit before tax	2 48 38 762	-3 60 61 986
	Depreciation and Amortization	32 37 352	19 58 416
	Interest & Finance Charges	24 13 313	-1 04 177
	Miscellaneous Expenditure Written off	Nil	60 163
	Sundry Accounts Written Back	-71 253	-5
	Operating profit before working capital changes	3 04 18 173	-3 41 47 589
	<u>Adjustment for (increase) / decrease in operating assets</u>		
	Trade & other Receivables	-77 52 776	3 05 94 062
	Short-Term Loans And Advances	-1 40 80 396	Nil
	Other Current Assets	84 82 882	30 47 651
	Long-Term Loans And Advances	- 46 66 901	Nil
	<u>Adjustment for (increase) / decrease in operating Liabilities</u>		
	Other Current Liabilities	13 60 780	4 42 857
	Short Term Borrowing	1 41 65 514	Nil
	Short Term Provisions	1 31 19 110	Nil
	Trade Payables	28 00 723	Nil
	Other Long-Term Liabilities	-4 37 10 504	Nil
	Cash generated from operations	1 36 606	-63 019
	Interest & finance charges paid	- 24 13 313	1 04 177
	Extra ordinary items	71 253	5
	Net cash from operating activity	- 22 05 454	-63 014
b.	Cash flow from investing activity		
	Purchase of fixed assets	-67 99 115	-1 07 450
	Interest received	Nil	1 04 177
	Extra-ordinary items	Nil	Nil
	Net cash used in investing activities	-67 99 115	-3 273
c.	Cash flow from financing activities		
	Proceeds of share application and or allotment	Nil	1 06 540
	Proceeds of long term borrowings	16 75 110	Nil
	Repayment of share application money	- 4 61 540	Nil
	Extraordinary items	Nil	Nil
	Net cash accrued in Financing activities	12 13 570	1 06 540
	Net increase in cash and cash equivalent	-77 90 999	40 253
	Cash & Cash equivalent as at 1 day	1 06 03 518	1 57 136
	Cash & Cash equivalent as at last day	28 12 519	1 97 390

For and on behalf of Board of Directors

sd/-

Krishna Chintam
 Managing Director

sd/-

Niranjan Chintam
 Chairman

Date: 09.11.2012

Place: Hyderabad

Vide our report of even date

 For **Mahesh, Virender & Sriram**
 Chartered Accountants
 Reg No. 0019395

sd/-

(B R Mahesh)
 Partner
 M.No. 18628



VMF SOFT TECH LIMITED (and reduced)

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS AS ON 30TH JUNE 2012

To
**The Board of Directors of
M/s V M F Soft tech Limited (and reduced)
Hyderabad**

1. We have audited the attached Consolidated Balance sheet of M/s V M F Soft Tech Limited (and reduced), it's subsidiary as at 30th June, 2012 and the statement of Consolidated profit and loss and the Consolidated Cash Flow Statement of the Group for the year ended on that date. In which are incorporated the financials for nine months, of the amalgamating company, which were audited by other auditors. The Consolidated Financial statements include investments in associates accounted on the equity method in accordance with accounting standard-23 (Accounting for investment in Associates in Consolidated Financial Statements) and as notified under the Companies (Accounting Standards) Rules, 2006. These Financial Statements are the responsibility of the Company's Management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated Financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion
3. (a) As stated in Notes to financials, the financial statements of the foreign subsidiary have been considered in preparation of consolidated financial statements, based on the unaudited financial statements of the subsidiary.
(b) In respect of the financial statements of the amalgamating company, the said financial statements and other financial information have been audited by other auditors whose reports have been furnished to us and our opinion in so far as it relates to the amounts included in respect of the subsidiaries and amalgamating company is based solely on the report of the management and auditors
(c) 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), as notified under the Companies (Accounting Standards) Rules, 2006.
4. Based on our audit and on consideration of separate audit report for nine months of, amalgamating company and to the best of our information and according to the explanations given to us, subject to paragraph 3 (a) & (b) above, in our opinion, the consolidated financial statements read together with the Significant Accounting Policies and other notes to financials thereon give the information required by the Companies Act, 1956, in the manner so required, and present a true and fair view, in conformity with the accounting principles generally accepted in India:
 - i. In the case of consolidated Balance Sheet, of the state of affairs of the Company as at 30th June, 2012;
 - ii. In the case of consolidated profit and loss account of the Profit for the year ended on that date. And
 - iii. In the case of consolidated cash flow statement, of the cash flows for the year ended on that date

For **Mahesh, Virender & Sriram**
Chartered Accountants
Reg No. 0019395

sd/-
(B R Mahesh)
Partner
M.No. 18628

Date: 09.11.2012
Place: Hyderabad



VMF SOFT TECH LIMITED (and reduced)

Notes to Consolidated Financial statements part of accounts as at 30th June 2012

Accounting policies and notes to accounts forming part of accounts:

Note 1. Accounting policies

1) Basis of accounting:

- i) The financial statements are prepared under the historical cost convention and in accordance with the applicable accounting standards issued by the institute of chartered accountants of India and requirements of the Companies Act 1956 and on a going concern concept.
- ii) The company follows the mercantile system of accounting and recognizes income and expenditure on accrual basis.

2) Revenue Recognition:

- i) Revenue from software is recognized on billing to clients.

3) Fixed Assets:

- i) The tangible fixed assets are stated at cost of acquisition and subsequent improvements thereto including taxes. Duties, freight and other incidental expenses related to acquisition and installation.
- ii) The Intangible assets are recognized when it is probable that the future economic benefit that are attributable to the assets will flow to the enterprise and the cost of the assets can be measured reliably.

4) Depreciation:

Depreciation on fixed assets [Tangible and Intangible assets (other than goodwill)] is provided on Straight line method on pro –rata basis at the rates prescribed in schedule XIV of the Companies Act, 1956 as amended from time to time, including the fixed assets merged.

5) Impairment of Assets:

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors.

6) Borrowing cost:

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessary takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

7) Inventories:

Inventories are valued at lower of the cost or net realizable value which ever is lower..

8) Preliminary expenditure

To write off preliminary expenses in ten equal yearly installments.

9) Investments:

- i) Long term and unquoted current investments are stated at cost and quoted current investments at lower of cost or market value. Provision for diminution in value of long-term investments is made only if such a decline is other than temporary in the opinion of the management.



VMF SOFT TECH LIMITED (and reduced)

Notes to Financial statements part of accounts as at 30th June 2012 (Consolidated)

10) Taxes on Income

- i) Current tax is determined on the amount of tax payable in respect of taxable income for the year.
- ii) To provide and recognize deferred tax on timing difference between taxable income and accounting income subject to prudent practices.

11) Segment reporting:

- i) To disclose the revenue and expenses by way of business segments, geographical segments and customer segments.

12) Related parties Transactions:

- i) Related party transactions including purchases, services, fund and non fund based agreements are disclosed separately.

13) Employees' Retirement Benefits:

- i) Retirement benefits are provided in accounts on a rational method where in accrued liability for retirement benefits payable to all employees at the end of the year are reflected.

VMF SOFT TECH LIMITED (and reduced)

Consolidated Balance Sheet as at 30th June 2012		Rs.	Rs.
PARTICULARS	Note No	As at 30th June 2012	As at 30th June 2011
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(A) Share Capital	2	177,445,500	92,391,000
(B) Reserves And Surplus	3	49,559,403	(58,361,191)
(C) Money Rec. Agst. Share Warrants	4	Nil	3,450,000
(2) Non-Current Liabilities			
(A) Long Term Borrowings	5	1,675,110	Nil
(B) Deferred Tax Liabilities (Net)	6	1,700,152	2,158,782
(C) Other Long-Term Liabilities	7	32,869,787	366,061
(3) Current liabilities			
(A) Short Term Borrowing	8	14,165,514	Nil
(B) Trade Payables	9	7,067,756	142,303
(C) Other Current Liabilities	10	3,141,230	35,735
(D) Short Term Provisions	11	15,794,287	489,898
Total:		3,03,418,739	40,672,588
II. Assets			
(1) Non-current assets			
(A) Fixed Assets	12		
(I) Tangible Assets		10,101,181	3,541,814
(ii) Intangible Assets		153,709,368	2,469,216
(B) Non-Current Investments	13	18,149,552	18,149,552
(C) Deferred Tax Assets (Net)		Nil	Nil
(D) Long-Term Loans And Advances	14	6,337,859	1,564,286
(E) Other Non-Current Assets	15	360,976	421,139
(2) Current assets			
(A) Trade Receivables	16	85,361,113	14,096,174
(B) Cash And Cash Equivalents	17	5,283,747	233,125
(C) Short-Term Loans And Advances	18	24,114,942	197,282
Total:		3,03,418,739	40,672,588

Accounting Policies 1

Notes to Financial form part of accounts 1 to 34

For and on behalf of Board of Directors

sd/-

Krishna Chintam

Managing Director

sd/-

Niranjan Chintam

Chairman

Date: 09.11.2012

Place: Hyderabad

As per our report of even date

For **Mahesh, Virender & Sriram**

Chartered Accountants

Reg No. 0019395

sd/-

(B R Mahesh)

Partner

M.No. 18628

VMF SOFT TECH LIMITED (and reduced)
Consolidated Statement of Profit and Loss for the year ended

PARTICULARS	Note No	for year ended	for year ended
		30th June 2012	30th June 2011
		Rs.	Rs.
INCOME			
Revenue From Operations	19	390,605,817	6,748,988
Other Income	20	2,179,411	104,182
TOTAL REVENUE		392,785,228	6,853,170
EXPENSES:			
Employee Benefit Expenses	21	255,643,233	1,160,859
Financial Costs	22	2,837,498	40,832
Depreciation And Amortization Expense	23	8,861,514	2,018,579
Other Expenses	24	93,722,810	39,694,886
TOTAL EXPENSES		361,065,055	42,915,156
PROFIT/LOSS BEFORE TAXES		31,720,173	(36,061,986)
TAX EXPENSE:			
Current Tax		3,052,953	Nil
Deferred Tax		725,687	(391,831)
PROFIT/(LOSS) FOR THE PERIOD		29,392,908	(36,453,817)
Earning Per Equity Share			
Basic		0.83	NA
Diluted		0.83	NA

Accounting Policies 1
Notes to Financial form part of accounts 1 to 34
For and on behalf of Board of Directors

sd/-

Krishna Chintam
Managing Director

sd/-

Niranjan Chintam
Chairman

Date: 09.11.2012
Place: Hyderabad

As per our report of even date
For **Mahesh, Virender & Sriram**
Chartered Accountants
Reg No. 0019395

sd/-

(B R Mahesh)
Partner
M.No. 18628

VMF SOFT TECH LIMITED (and reduced)

Notes to and forming part of Consolidated Balance Sheet

Note No : 2 (A) Share Capital	As at 30th June 2012		As at 30th June 2011	
	Number	Amount	Number	Amount
(a) Authorised				
Equity Shares of Rs.5 Each Previous Year Rs.10 Each	47,000,000	235,000,000	20,000,000	200,000,000
(b) Issued Subscribed & Paid Up				
Opening Balance	9,239,100	92,391,000	9,239,100	92,391,000
Reduction in share capital as per scheme of arrangement		(46,195,500)	Nil	Nil
Additions during the year {2,62,50,000 Equity Shares at Rs.5 each	26,250,000	131,250,000	Nil	Nil
Total	35,489,100	177,445,500	9,239,100	92,391,000

(e) Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period

Particulars	Number	Amount
Shares outstanding at the beginning of the year	9,239,100	92,391,000
Reduction in share capital as per scheme of arrangement		(46,195,500)
Shares issued during the year	26,250,000	131,250,000
Shares bought back during the year	Nil	Nil
Shares outstanding at the end of the year	35,489,100	177,445,500

(f) Terms/rights attached to equity shares, including restrictions on distribution of dividends and the repayment of capital.

(1) Equity shares issued by the company are Equity Shares within the meaning of Section 85(2) of the Companies Act, 1956.

(2) Each holder of equity share is entitled to one vote per share.

(3) In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts.

(4) The distribution will be in proportion to the number of equity shares held by the shareholders.

VMF SOFT TECH LIMITED (and reduced)

Notes to and forming part of Consolidated Balance Sheet

(g) Shares in the Company held by each share holder holding more than 5 percent shares specifying the number of shares held by the shareholders. (after considering the scheme of amalgamation)

Name of Share Holder	As at 30th June 2012		As at 30th June 2011	
	No of Shares Held	% of holding	No of Shares Held	% of holding
Matric Finvest Private Limited	16,585,950	46.74%	Nil	Nil
Kelton Wealth Management Pvt Ltd	3,000,000	8.45%	Nil	Nil
Venkat Homes Private Limited	500,000	1.41%	500,000	5.41%

Note No.	Notes to Financials	Rs.	Rs.
		30 June 2012	30 June 2011
3	RESERVE & SURPLUS:		
a)	General Reserve		
	Opening Balance	240,000	240,000
Add	Reserves of Amalgamating company (As per the scheme of Arrangement)	6,683,580	Nil
	Warrants Forfeited	3,450,000	Nil
	Closing Balance	10,373,580	240,000
b)	Capital Subsidy		
	Opening Balance	567,350	567,350
	Closing Balance	567,350	567,350
c)	Surplus		
	Opening Balance	(59,168,541)	(22,714,725)
	Reserves of Amalgamating company (As per the scheme of Arrangement)	1,726,919	Nil
	Reserves of Subsidiary Company	1,333,494	Nil
	Additions During The Year (Balance In Statement Of Profit & Loss A/C)	29,392,908	(36,453,817)
	Reduction in share capital (As per the scheme of Arrangement)	46,195,500	Nil
	Income Tax Adjustments	(589,647)	Nil
	Closing Balance	18,890,632	(59,168,541)
	Foreign Exchange Currency Translation Reserve	1,153,638	Nil
	Closing Balance	1,153,638	Nil
	Capital Reserve		
	(On acquisition of subsidiary)	18,574,201	Nil
	Grand Total of Reserve & Surplus	49,559,403	(58,361,191)

VMF SOFT TECH LIMITED (and reduced)
Notes to and forming part of Consolidated Balance Sheet

Note No.	Notes to Financials	30 June 2012	30 June 2011
		Rs.	Rs.
4	MONEY RECEIVED AGAINST SHARE WARRANTS		
	Opening Balance	3,450,000	3,450,000
Less	Warrants forfeited	3,450,000	Nil
	Total	Nil	3,450,000
	NON-CURRENT LIABILITIES		
5	LONG TERM BORROWINGS		
	Term Loan - Vehicle (from Diamler Financials Services India Pvt Ltd secured by hypothecation of vehicle and against personal guarantee of the directors)	1,675,110	Nil
	Total	1,675,110	Nil
6	DEFERRED TAX LIABILITIES (Net)		
	Opening Balance	2,425,839	1,766,952
	Current year transfer	Nil	391,831
	Written back in current year	(725,687)	Nil
	Closing Balance	1,700,152	2,158,782
7	OTHER LONG-TERM LIABILITIES:		
	Others	32,869,787	366,061
	Total	32,869,787	366,061
	CURRENT LIABILITIES		
8	SHORT TERM BORROWINGS		
	Secured Loans From Banks Working Capital Loans - SBI (Secured by hypothecation of book debts and against personal guarantee of the directors)	14,165,514	Nil
	Total	14,165,514	Nil
9	TRADE PAYABLES		
	Sundry Creditors (There are no amounts due to Micro, Small & Medium Enterprises under Section 22 of Micro, Small & Medium Enterprises Development Act 2006 (MSMED Act))	7,067,756	142,303
	Total	7,067,756	142,303

VMF SOFT TECH LIMITED (and reduced)
Notes to and forming part of Consolidated Balance Sheet

Note No.	Notes to Financials	30-Jun-12	30-Jun-11
		Rs.	Rs.
10	OTHER CURRENT LIABILITIES		
	Advances Received	629,836	-
	Book Overdraft- Bank Accounts	-	35,735
	Current Maturities of long term debt	1,404,000	-
	TDS Payable	920,056	-
	Professional tax payable	1,850	-
	Provident Fund Payable	185,488	-
	Total	3,141,230	35,735
11	SHORT-TERM PROVISIONS		
	(a) Provisions for Employees benefits	1,995,386	221,450
	(b) Outstanding Expenses	590,447	160,278
	(c) Audit fee payable	146,534	80,000
	(d) Provision for Taxation		
	MAT Credit	3,183,885	28,170
	Income Tax Provisions	7,587,756	Nil
	Provision for FBT	105,000	Nil
	(e) Current Tax	2,185,278	Nil
	Total	15,794,287	489,898

Notes to and forming part of Consolidated Balance Sheet

Note No - 12 Fixed Assets

S. No.	Description of Asset	Gross block			Depreciation			Net block			
		As At 30-Jun-2011	Additions during the year	Add Subsidiary	As At 30-Jun-2012	Up to 30-Jun-2011	Add Subsidiary	For the year	Up to 30-Jun-2012	As at 30-Jun-2012	As at 30-Jun-2011
1	Tangible Assets										
	Plant & Machinery	215,896	190,036		405,932	171,820	28,843	18,350	219,013	186,919	44,076
	[a] Equipment	203,070	937,063		1,140,133	128,857	263,818	47,557	440,232	699,901	74,213
	[b] Electrical Equipment	170,020	331,588		501,608	108,935	49,451	24,825	183,211	318,397	61,085
	[c] Communication Equipment	499,972			499,972	242,198		23,749	265,947	234,025	257,774
	[d] Air Conditioners	5,092,599	5,420,873		10,736,929	1,987,934	2,838,187	1,537,019	6,451,782	4,285,147	3,104,665
2	Computers		145,697	223,457	354,044		40,170	7,962	256,479	97,565	
3	Furniture & Fixtures										
4	Vehicles	3,800	2,600		6,400	3,799	1,114	184	5,097	1,303	1
	[a] Scooter & Cycles		4,456,550		4,456,550			178,628	178,628	4,277,922	
	[b] Car										
	Total Tangible Assets	6,185,357	11,484,407	431,804	18,101,568	2,643,543	3,221,583	1,838,274	8,000,389	10,101,179	3,541,814
	Intangible Assets										
	Soft Ware	6,721,205	1,823,375	64,378,757	72,923,337	4,251,989	916,476	6,963,077	15,463,988	57,459,368	2,469,216
	Good Will		96,250,000		96,250,000			3,332,426		96,250,000	
	Total Intangible Assets	6,721,205	98,073,375	64,378,757	169,173,337	4,251,989	916,476	6,963,077	15,463,988	153,709,368	2,469,216
	Previous years figures	127,99,112	107,450		12,906,562	4,937,116		1,958,416	6,895,532	6,011,030	7,861,996

VMF SOFT TECH LIMITED (and reduced)

Notes to and forming part of Consolidated Balance Sheet

Note No - 13 NON-CURRENT INVESTMENTS Investments in Equity Instruments

S.L No.	Name of the Body Corporate	Subsidiary / Associate / JV / Controlled entity /Others	No. of Shares/Units		Quoted / Un quoted	Partly paid/ Fully paid	Extent of Holding (%)		Amount		Whether stated at Cost Yes/No	If Answer to column (9) is 'No' Basics of Valuation
			30-06-12	30-06-11			30-06-12	30-06-11	30-06-12	30-06-11		
1	IGLILY INC	Other	36,000	36,000	Unquoted	Fully Paid	18.00%	18.00%	18,149,552	18,149,552	Yes	
	Total								18,149,552	18,149,552		

VMF SOFT TECH LIMITED (and reduced)
Notes to and forming part of Consolidated Balance Sheet

Note No.	Notes to Financials	30-Jun-12	30-Jun-11
		Rs.	Rs.
	NON - CURRENT ASSETS		
14	LONG TERM LOANS AND ADVANCES:		
	(Unsecured Considered Good Unless Otherwise Stated)		
	Deposits	4,882,859	109,286
	Others	1,455,000	1,455,000
	Total	6,337,859	1,564,286
15	OTHER NON-CURRENT ASSETS		
	MISC . Expenditure		
	(To The Extent Not Written Off)		
	Opening Balance	421,139	481,302
Less	Written Off During The Year	60,163	60,163
	Total	360,976	421,139
	CURRENT ASSETS		
16	TRADE RECEIVABLES:		
	(Unsecured & Considered Good)		
	Outstanding For more than Six Months	13,201,936	13,201,936
	Others	72,159,177	894,238
	Total	85,361,113	14,096,174
17	CASH & CASH EQUIVALENTS :		
	Fixed Deposits	61,750	Nil
	Bank Balance	5,202,078	105,004
	Cash On Hand	19,919	128,121
	Total	5,283,747	233,125
18	SHORT TERM LOANS & ADVANCES:		
	(Unsecured and Considered good)		
	Staff Advance	533,675	131,000
	Prepaid Taxes	11,980,436	37,112
	MAT Entitlement	3,156,715	29,170
	Other Advances	7,193,355	Nil
	Prepaid Expenses	869,253	Nil
	Interest accrued on fixed deposits	4,446	Nil
	Service tax input	377,061	Nil
	Total	24,114,942	197,282

VMF SOFT TECH LIMITED (and reduced)
Notes to and forming part of statement of Consolidated Profit And Loss Account

Note No.	Notes to Financials	30-Jun-12	30-Jun-11
		Rs.	Rs.
19	REVENUE FROM OPERATIONS		
	Soft Ware Development Receipt	390,083,769	6748988
	Other Operating Revenues	522,048	Nil
	Total	390,605,817	6,748,988
20	OTHER INCOME		
	Interest received on FDR	89,664	104,177
	Interest on Income Tax Refund	392,684	Nil
	Sundry Accounts written back	1,697,063	5
	Total	2,179,411	104,182
21	EMPLOYEE BENEFIT EXPENSES		
	Salaries	239,305,322	1,160,181
	Provident Fund	1,227,483	Nil
	Staff Welfare Expenses	1,502,615	678
	Bonus	13,607,813	Nil
	Total	255,643,233	1,160,859
22	FINANCIAL COST		
	Bank Charges	783,371	40,832
	Interest on Vehicle Loan	143,057	Nil
	Interest on working capital loan	1,856,463	Nil
	Interest on statutory payment	54,607	Nil
	Total	2,837,498	40,832
23	DEPRECIATION AND AMORTZATION EXPENSE:		
	Depreciation	8,801,351	1,958,416
	Miscellaneous Exp Written off	60,163	60,163
	Total	8,861,514	2,018,579

VMF SOFT TECH LIMITED (and reduced)
Notes to and forming part of statement of Consolidated Profit And Loss Account

Note No.	Notes to Financials	30-Jun-12	30-Jun-11
		Rs.	Rs.
24	OTHER EXPENSES:		
	Professional Fee	27,936,449	598,394
	Rent	12,664,878	96,000
	Travelling and conveyance	7,830,122	285,005
	Sundry Debtors written off	4,977,494	31,341,409
	Job Work Charges	17,684,109	6,413,432
	Communication Expenses	2,044,555	46,919
	Office Maintenance	12,250,314	34,965
	Printing and Stationery	924,106	3,049
	Advertisements Expenses	313,483	27,814
	AGM & EGM Expenses	111,814	31,329
	Taxes	Nil	572,418
	Repairs and Maintenance	3,538,144	Nil
	Business Promotion Expenses	2,249,942	Nil
	Rates & Taxes	661,054	62,545
	Exchange fluctuations	271,624	141,607
	Donations	33,750	Nil
	Subscription Expenses	125,971	Nil
	Audit Fee	90,000	25,000
	Income Tax Representation Fee	15,000	15,000
	Total	93,722,810	39,694,886

Additional Notes to Consolidated Financial statements part of accounts as at 30th June 2012
25. Contingencies

- l) All major events occurring after the date of financial statements, which impair the financials are duly provided.

1. Contingent liabilities	30-06-2012 Rs. Lakhs	30-06-2011 Rs.Lakhs
(a) Claims against the company not acknowledged as debts	NIL	NIL
(b) Uncalled liability on shares partly paid	NIL	NIL
(c) Arrears of fixed cumulative dividend	NIL	NIL
(d) Estimated amount of contracts remaining to be paid on capital account not provided for	NIL	NIL
(e) Other money for which the company is contingently liable	NIL	NIL

VMF SOFT TECH LIMITED (and reduced)

2. Directors remuneration	30-06-2012 Rs. Lakhs	30-06-2011 Rs.Lakhs
(a) Paid during the year	NIL	NIL
Total	NIL	NIL
(b) Computation of net profit under section 309 [5] of the companies act, 1956	NA	NA

3. Particulars of employees	30-06-2012 Rs. Lakhs	30-06- 2011 Rs.Lakhs
Particulars of employees in accordance with section 217 2A of the companies act, 1956	NIL	NIL

26. Additional information:

Quantitative details are not applicable since it is a software development company.

Software sales	30-06-2012 Rs. Lakhs	30-06- 2011 Rs.Lakhs
Export	Rs. 3514.45	Rs. 67.49
Local	Rs. 386.38	NIL
Total	Rs. 3900.83	Rs. 67.49

	30-06-2012 Amount in Foreign Currency	30-06-2012 Amount in INR	30-06-2011 Amount in Foreign Currency	30-06-2011 Amount in INR
(e) Value of imports during the year	Nil	Nil	Nil	Nil
(f) Expenditure in foreign currencies	USD 5004743	25,10,31,047	Nil	Nil
(g) Earnings in foreign currencies	USD 70,73,067 GBP 25,895 AUD 11990	35,55,17,668 20,30,560 6,54,654	US \$1,49,490	67,48,988

27. Related Party Transactions as per AS 18

Transactions with related parties in the ordinary course of business

	30-06-2012	30-06- 2011
Associated Companies	MCS Global Inc/ Rs. 22,79,420	Nil
Key Managerial Personnel	Not Applicable	Not Applicable



VMF SOFT TECH LIMITED (and reduced)

28. Confirmation of balances from parties as at the end of the year has not been received. The adjustments, if any, shall be made as an ongoing process. Current liabilities are subject to confirmation and adjustments, if any.
29. Employees' retirement benefits have not been provided pending actuarial valuation.
30. In the opinion of the management the followings investments are good and recoverable in view of the future road map of the companies.
- IGLILY INC - Rs. 1,81,49,552
31. i) In respect of scheme of arrangement and amalgamation of VMF Soft Tech Limited and Tekriti Software Private Limited, The Honorable High Court of Andhra Pradesh on October 8 2012, sanctioned a scheme of amalgamation of M/s VMF Soft Tech Limited and M/s Tekriti Software Private Limited under section 391 to 394 of Companies Act, 1956. The said scheme is effective from July 1, 2011. Tekriti Software was engaged in business of software development, whose accounts are also audited by an independent auditor.
- (ii) Pursuant to the scheme of amalgamation, MCS Global Inc is now wholly owned subsidiary of VMF Soft Tech Limited.
- (iii) Upon accounting for the said merger, the resultant net assets accrual is shown as goodwill under intangible assets of the company.
- (iv) The accounts of MCS Global Inc are included with consolidated financial statements based on unaudited accounts of MCS Global Inc.
- (v) In view of amalgamation the figures of current year are not comparable with those of previous year.
32. Translation of Non-Integral Foreign Operations
Financial statements of non-integral foreign operations are translated as under:
- i) Assets and Liabilities both monetary and non monetary are translated at the rate prevailing at the end of the year.
- ii) Income and expense items are translated at exchange rates at the average rate.
Exchange differences arising on translation of non integral foreign operations are accumulated in the foreign currency translation reserves until the disposal of such operations
33. During the year ended 30th June 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the company for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The company has also reclassified / regrouped the previous year figures in accordance with the requirements applicable in the current year.
34. Deferred Tax liability:- In conformity with the accounting standards no 22 issued by the Institute of Chartered Accountants of India on "Accounting for Taxes on income". The composition of deferred tax is on account of timing differences relating to depreciation. Provision for deferred tax for current year has been provided.

Signatories to Notes to financials 1 to 34
For and on behalf of Board of Directors
sd/-

Krishna Chintam
Managing Director

sd/-

Nirajan Chintam
Chairman

Vide our report of even date
For **Mahesh, Virender & Sriram**
Chartered Accountants
Reg No. 0019395

sd/-

(B R Mahesh)
Partner
M.No. 18628



VMF SOFT TECH LIMITED (and reduced)

CASH FLOW STATEMENT FOR THE YEAR ENDED 30-06-2012

Rs.

Rs.

Particulars	30 June 2012	30 June 2011
a. Cash flow from operating activities		
Net Loss/Profit before tax	3 17 20 173	-3 60 61 986
Depreciation and Amortization	88 61 514	19 58 416
Interest & Finance Charges	28 37 498	-1 04 177
Miscellaneous Expenditure Written off	Nil	60 163
Sundry Accounts Written Back	-16 97 063	-5
Operating profit before working capital changes	4 17 22 123	-3 41 47 589
<u>Adjustment for (increase) / decrease in operating assets</u>		
Trade & other Receivables	-7 02 000	3 05 94 062
Short-Term Loans And Advances	-2 01 07 284	Nil
Other Current Assets	95 14 223	30 47 651
Long-Term Loans And Advances	- 50 31 591	Nil
<u>Adjustment for (increase) / decrease in operating Liabilities</u>		
Other Current Liabilities	-1 34 55 864	4 42 857
Short Term Borrowing	1 37 99 453	Nil
Short Term Provisions	1 53 04 389	Nil
Trade Payables	70 67 756	Nil
Other Long-Term Liabilities	-43 34 443	Nil
Cash generated from operations	47 66 762	-63 019
Interest & finance charges paid	- 28 37 498	1 04 177
Extra ordinary items	16 97 063	5
Net cash from operating activity	36 26 327	-63 014
b. Cash flow from investing activity		
Purchase of fixed assets	-2 24 05 103	-1 07 450
Interest received	Nil	1 04 177
Extra-ordinary items	Nil	Nil
Net cash used in investing activities	-2 24 05 103	-3 273
c. Cash flow from financing activities		
Proceeds of share application and or allotment	Nil	1 06 540
Proceeds of long term borrowings	16 75 110	Nil
Repayment of share application money	- 4 61 540	Nil
Extraordinary items	Nil	Nil
Net cash accrued in Financing activities	12 13 570	1 06 540
Net increase in cash and cash equivalent	-1 75 65 205	40 253
Cash & Cash equivalent as at 1 day	1 22 81 458	1 57 136
Cash & Cash equivalent as at last day	52 83 748	1 97 390

For and on behalf of Board of Directors

sd/-

Krishna Chintam
Managing Director

sd/-

Niranjan Chintam
Chairman

Date: 09.11.2012

Place: Hyderabad

Vide our report of even date

For **Mahesh, Virender & Sriram**
Chartered Accountants
Reg No. 0019395

sd/-

(B R Mahesh)
Partner
M.No. 18628



VMF SOFT TECH LIMITED (and reduced)

VMF SOFT TECH LIMITED (and reduced)
Regd. Plot No. 1367, Road No. 45, Jubilee Hills, Hyderabad – 500 033, A.P. India.

PROXY FORM

I/We _____ of _____ being a Member(s) of above named company, hereby appoint _____ of _____ or failing him/her _____ of _____ as my/our proxy to attend and vote for me/us, on my/our behalf at the 18th Annual General Meeting of the Company to be held on Friday the 7th Day of December 2012 at 11.00 AM. at Kalinga Cultural Trust, Plot No. 1269, Road No. 12, Near MLA Colony, Banjara Hills, Hyderabad - 500 034. and at any adjournment(s) thereof.

As Witnessed Signed this _____ day of December 2012

Affix
15 paise
Revenue
Stamp Here

Signature

Folio No./Client ID

Number of shares held.....

Note: The proxy in order to be effective should be duly stamped, completed, signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for

VMF SOFT TECH LIMITED (and reduced)
Regd. Plot No. 1367, Road No. 45, Jubilee Hills, Hyderabad – 500 033, A.P. India.

ATTENDANCE SLIP

(Please present this slip at the Meeting venue)

I hereby record my presence at the 18th Annual General Meeting of the members of the company on Friday the 7th Day of December 2012 at 11.00 AM at Kalinga Cultural Trust, Plot No. 1269, Road No. 12, Near MLA Colony, Banjara Hills, Hyderabad - 500 034.

Shareholders/Proxy's Signature.....

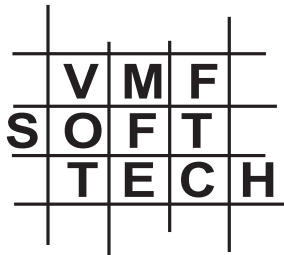
Shareholders/Proxy's full name
(In block letters)

Folio No./Client ID Number of shares held.....

Note:

Shareholders attending the meeting in person or by proxy are required to complete the attendance slip and hand it over at the entrance of the meeting hall.

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Regd. Plot No. 1367, Road No. 45, Jubilee Hills, Hyderabad – 500 033, A.P. India.