THE YASH BIRLA GROUP

2012-2013

26th Annual Report

Melstar Information Technologies Limited

MELSTAR

A Software Services Company

Business Philosophy

"To follow ethical and transparent business practices with all its customers, vendors and employees. Build long-term relationships based on mutual trust and benefits. Development of people and society in all countries where Melstar has its operations."

Vision

"Create a World class I.T. Organization in terms of technology and people; providing outsourcing services in developing and supporting e-commerce solutions, software applications and business consulting."

"Develop and deploy cutting-edge Products and Solutions catering to Financial Services and Technology Business."

SEI: CMM Level - III Assessed

ISO-9001 : 2008 Certified

Registered and Corporate Office
Melstar House, G-4, M.I.D.C. Cross Road 'A', Andheri (East), Mumbai - 400 093
Tel . +91(22) 4056 6464 Fax : +91(22) 2831 0520
Email : info@melstar.com, Visit us at : **www.melstar.com**
Corporate Identity Number (CIN): L99999MH1986PLC040604

BOARD OF DIRECTORS

- Mr. Yashovardhan Birla — Chairman (Upto 07.11.2012)
- Mr. P V R Murthy — Director
- Mr. Anoj Menon — Independent Director (Upto 21.03.2013)
- Mr. Rajesh Shah — Independent Director
- Mr. M. S. Adige — Independent Director
- Mr. Richard D'Souza — Managing Director (w.e.f. 23.05.2013)

MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

- Mr. Richard D'Souza

COMPANY SECRETARY

- Mrs. Dhara Mirani

Auditors
M/s. Kanu Doshi Associates
Chartered Accountants
Mumbai

Bankers
Bank of India
HDFC Bank Limited

Registrar & Share Transfer Agent
Link Intime India Private Limited
(Unit - Melstar Information Technologies Limited)
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (West)
Mumbai - 400 078
Tel.: 2596 3838 / 25946970 Fax: 2594 6969
E-mail: rnt.helpdesk@linkintime.co.in

BRANCH OFFICE LOCATIONS

Bangalore
335, Connection Point,
Mezzanine Floor, Airport Exit Road,
Bangalore - 560 017
Tel.:+91 (80) 2522 5737

Chennai
Ramani Residency,
2nd Floor,
8,Maharaja Surya Rao Road,
Alwarpet, Chennai - 600 018
Tel.: +91 (44) 4211 0322 / 24
Telefax : +91 (44) 4211 0323

Hyderabad
Sravana Complex, 3rd Floor
Plot No. 8-2-269/19/S/2
Beside L.V. Prasad Eye Hospital Lane,
Road No. 2, Banjara Hills,
Hyderabad - 500 034
Tel.: +91 (40) 2355 1392
Telefax : +91 (40) 2355 1391

Pune
403, Picasso Plaza, 4th Floor,
NIBM Chowk, Kondhwa Main Road,
Pune - 411 048.
Tel. : +91 (20) 2683 6094
Fax : +91 (20) 2683 6392

Kolkata
301, Aahrini Action Area - 1,
New Town,
Kolkata - 700 156.
Tel. : 09903399853
Fax : (033) 40671033

Gurgaon
SCO 18-19, Sector 14,
Gurgaon - 122 001
Haryana
Tel.: +91 (0124) 4080 842 / 43 / 44
Telefax : +91 (0124) 4080 845

OVERSEAS SUBSIDIARY

Melstar Inc.
33, Wood Avenue South,
Suite 600,
Iselin, New Jersey 08830
Tel. : 732-744-3399
Fax : 732-744-3400

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NOTICE

Notice is hereby given that the Twenty-Sixth Annual General Meeting of the members of Melstar Information Technologies Limited, will be held on **Friday the 20th September, 2013 at 3.00 p.m. at Hall of Harmony, Discovery of India Building, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018 to transact the following business:-**

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2013 and the Profit and Loss Statements for the year ended on that date together with the Reports of Directors and the Auditors thereon.
2. To appoint a Director in the place of Mr. Rajesh Shah, who retires by rotation at this meeting and being eligible, offers himself for re-appointment.
3. To appoint M/s Kanu Doshi Associates, Chartered Accountant as Statutory Auditors of the Company to hold the office from the conclusion of this Meeting until the conclusion of next Annual General Meeting and to fix their remuneration.
4. To authorise the Board of Directors to appoint Branch Auditors, in consultation with the Statutory Auditors of the Company, for the existing overseas branch offices in the US and UK to act until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

To consider and if thought fit, to pass, with or without modification(s), the following resolutions:

5. As an Ordinary Resolution:

"**RESOLVED THAT** in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr.Richard D'Souza, who was appointed as an Additional Director pursuant to the provisions of Section 260 of the Companies Act, 1956 be and is hereby appointed as Director of the Company under the provisions of the Articles of Association of the Company."

6. As a Special Resolution:

"RESOLVED THAT as per the recommendation of the Remuneration Committee and pursuant to the provisions of Sections 198, 269, 309, 310, Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 and any statutory modifications or enactment thereof and all guidelines for managerial remuneration issued by the Central Government from time to time and subject to such other approvals as may be necessary, the consent of the Company be and is hereby accorded for the appointment of Mr. Richard D'Souza as Managing Director of the Company for a period of two years with effect from May 23, 2013 to May 22, 2015 on the remuneration and perquisites and terms and conditions as set out in the Agreement entered into between the Company and Mr. Richard D'Souza.

RESOLVED FURTHER THAT subject to the limits prescribed from time to time in Section II of Part II of Schedule XIII of the Companies Act, 1956 and the conditions prescribed therein, the remuneration payable as aforesaid shall be paid to Mr. Richard D'Souza as minimum remuneration, notwithstanding that in any financial year of the Company during the term of his office as such, the Company may have made no profits or inadequate profits.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to review, revise, increase or enhance the remuneration, perquisites and benefits to be paid or provided to Mr. Richard D'Souza (including the minimum remuneration) in accordance with the relevant provisions in the Companies Act, 1956 and/or the rules and regulations made thereunder and/ or relaxation or revision in the Guidelines for Managerial Remuneration as may be made and/ or announced by the Central Government from time to time.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to take such steps and to do all such acts, deeds, matters and things as may be necessary, expedient or desirable to give effect to the above resolution."

Registered Office:
Melstar House
G-4, MIDC
Cross Road 'A',
Andheri (East),
Mumbai - 400 093.
Mumbai, 29th July, 2013

By Order of the Board of Directors
For **MELSTAR INFORMATION TECHNOLOGIES LIMITED**

Dhara Mirani
Company Secretary

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXIES IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 relating to Special Business under Item No. 5 and 6 is annexed hereto.
3. The Register of Members and the Share Transfer Books of the Company will be closed from FRIDAY THE 13th September, 2013 to FRIDAY THE 20th September, 2013 (both days inclusive).
4. Members are requested to:
   a) intimate any change in their addresses to the Company's Registrar and Share Transfer Agents, Link Intime India Private Limited, C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai – 400 078.
   b) quote client ID and DP ID numbers in respect of shares held in dematerialised form and ledger folio number in respect of shares held in physical form in all the correspondence.
5. Members / Proxies are requested to bring Annual Report and attendance slip duly filled in.
6. Corporate members are requested to send a duly certified copy of the board resolution authorising their representative to attend and vote at the annual general meeting.
7. Pursuant to Clause 49 of the Listing Agreement the details of the Directors seeking appointment/ reappointment at the ensuing Annual general Meeting is provided in the Corporate Governance Report.
8. Members holding shares under multiple folios in the identical order of names are requested to consolidate their holdings into one folio.
9. Members desirous of getting any information about the accounts and operations of the company are requested to address their queries to the Secretary of the Company at least ten days in advance of the meeting so that the information required can be made readily available at the meeting to the extent possible.
10. The Annual Accounts of the Subsidiary Company and the related detailed information will be made available to shareholders of the holding Company seeking such information at any point of time. The Annual Accounts of the subsidiary company will also be kept for inspection by any shareholders at the registered office of the holding Company. The holding Company will furnish a hard copy of details of accounts of subsidiary to any shareholder on demand.
11. Ministry of Corporate Affairs, New Delhi ("MCA") has taken a "Green Initiative" in the Corporate Governance by permitting paperless compliances by companies vide its Circular No. 17/2011 dated April 21, 2011 and Circular No.18/2011 dated April 29, 2011 that the service of documents by a company can be made through electronic mode instead of sending the physical copy of the document(s) to its shareholders. With a view to support the green initiative of the MCA, Annual Reports for Financial Year 2013 of your Company has been sent via Electronic Mode (E-mail) to the Members whose E-mail ID was made available to us by the Company's Registrar and Share Transfer Agents. We are sure that the Members would also like to support the green initiative of the MCA. We request members to register / update their e-mail address with their Depository Participant or the Company's Registrar and Share Transfer Agents, in case they have not already registered / updated the same.

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

Item Nos. 5 and 6

Mr. Richard D'Souza, aged 66 years is a B.Sc. (Honours), MBA (XLRI), A.M.I.I.I.E, A.C.M.A, A.C.S, and LL.B. He has around 43 years of experience in Industry including 7 years as an Independent Management Consultant and he has worked in both multinational corporations as well as Indian Companies.

His 43 years experience encompasses all facets of management i.e. Strategic Planning and Direction, Top Management Positions, Organization Analysis, Business Process Engineering, Marketing of IT Product and Services Distribution, Major Accounts Management, Brand Building and Brand Equity.

Mr. Richard D'Souza was appointed as Chief Executive Officer of the Company with effect from 1st April 2009. Additionally he was appointed as Manager of the Company for the period of 3 years from 05.05.2010 till 04.05.2013. The terms of his appointment as Manager expired on 04.05.2013. He is on the Board of Melstar Inc.

Board of Directors of the Company in their meeting held on 23rd May, 2013 appointed Mr. Richard D'Souza as an additional Director pursuant to the provisions of Section 260 of the Companies Act, 1956 and Article 139 of Articles of Association of the Company.

Being an Additional Director of the Company, he holds office up to the date of this Annual General Meeting. The Company has received a notice along with a deposit in terms of Section 257 of the Companies Act, 1956, from a member, proposing the candidature of Mr. Richard D'Souza for the office of Director of the Company.

Further, in the same Board Meeting held on 23rd May, 2013, and as per the recommendation of the remuneration Committee, Mr. Richard D'Souza was appointed as Managing Director of the Company, with immediate effect, for a period of two years, subject to the approval of shareholders. In terms of Article 158(2) of the Articles of Association, Mr. Richard D'Souza shall not be liable to retirement by rotation till he continues to hold such office. The terms and conditions of the appointment are as under:

Mr. Richard D'Souza : Managing Director

Period 2 (two) years i.e. 23.05.2013 to 22.05.2015

As Managing Director, Mr. Richard D'Souza shall be responsible for the company's business affair as entrusted to him subject to the direction, supervision and control of the Board of Directors.

I. **Remuneration:** Mr. Richard D'Souza shall be entitled to a salary, perquisites, allowances & benefits not exceeding Rs. 60 Lacs per annum.

   Perquisite includes insurance, security charges, maintenance and repair of the house and the furniture, fixtures and furnishings therein, gas, electricity and water along with all amenities, facilities and utilities, Club Fees: Fees of Corporate/Health Clubs (not exceeding 2 clubs), Medical Reimbursement: Medical expenses incurred by the Managing Director for himself and his family shall be reimbursed by the Company, either directly or through Mediclaim Insurance, Leave Travel Assistance: The Managing Director shall be eligible for Leave Travel assistance for self and family once in a year in accordance with the rules of the Company.

   Valuation of perquisites: Perquisites mentioned in above shall be evaluated in accordance with the Income Tax Rules, 1961 wherever applicable, and in other cases at the actual cost to the Company.

   Minimum Remuneration: Notwithstanding anything herein contained, where in any financial year, during the currency of the tenure of Mr. Richard D'Souza, as Managing Director of the Company, if the Company has no profits or its profits are inadequate, the company will pay remuneration by way of salary and perquisites as specified above in excess of the ceiling prescribed under Schedule XIII of the Companies Act, 1956 or any other law or enactment for the time being or from time to time in force.

II. **Conveyance:** Free use of Company's car for the work of the Company along with driver, insurance, petrol, cost of repairs, overhauling, maintenance and garage rent.

   Communication Facilities: The Company shall bear all expenses of the Communication facilities installed at the Managing Director's residence including but not limited to Telephones (landlines/mobiles), Faxes, Computers/Laptops, Internet Connection.

III. **Leave:** The Managing Director shall be eligible for leave as per Rules of the Company and encashment of leave at the end of tenure.

   The Company's contribution to the Provident Fund, Superannuation Fund (or other benefit permissible in lieu thereof) or annuity fund will be as per the rules of the Company and the same will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.

   Gratuity payable in accordance with the gratuity Scheme of the Company provided that it does not exceed one half month's salary for each completed year of continuous service.

Note: For the purpose of perquisites stated above, family means the spouse, the dependent children and dependent parents of the appointee.

The perquisites indicated in **Category-III** shall not be included in computation of the ceiling on remuneration specified in **Category-I** of this section.

Disentitlements: The Managing Director shall not be entitled for sitting fees for attending meetings of the Board of Directors or Committee thereof.

The Managing Director shall not, as long as he continues to be Managing Director of the Company, be liable to retire by rotation.

Interest: Mr. Richard D'Souza is concerned and interested in the above matter. No other director of the Company is concerned or interested in the above matter.

The Board recommends the resolution as set out in Item No. 5 and 6 of the Notice for Members' approval.

Additional General Information

Additional Information as required in accordance with the provisions of Schedule XIII is given hereunder –

a) Nature of industry – Software consultancy, development and related services

b) Date of commercial production – The Company was incorporated on 12th August 1986 as a private company and is in operation since then. However, the present activities were commenced in the year 1997.

c) Financial performance of last 5 years based on given indicators - As per the audited financial results for the year ended 31-03-2013:

(Rs.)

	2012-13	2011-12	2010-11	2009-10	2008-09
Revenues	220,349,391	545,120,003	26,18,92,039	20,39,28,749	19,26,01,371
Net (Loss)/ Profit after Tax	(14,484,393)	14,617,030	14,626,249	(2,98,11,806)	(1,13,13,840)
Paid up Share capital	142,831,390	142,831,390	142,831,390	14,28,31,390	14,28,31,390
Net Worth	122,121,900	136,634,757	122,236,092	10,77,08,221	13,75,99,579

d) Net foreign exchange earnings of the company during the past five years –

Year	Inflow Rs.	Outflow Rs.
2008-09	1,63,55,588	1,62,90,533
2009-10	1,34,43,383	1,58,08,226
2010-11	93,94,142	76,34,351
2011-12	1,13,06,940	98,93,848
2012-13	21,967,169	20,871,420

e) Personal Information:

Mr. Richard D'Souza, aged 66 years is a B.Sc. (Honours), MBA (XLRI), A.M.I.I.I.E, A.C.M.A, A.C.S, and LL.B. He has over 43 years of experience in Corporate/Industry executive including 7 years as an Independent Management Consultant.

His 43 years experience encompasses all facets of management i.e. Strategic Planning and Direction, Top Management Positions, Organization Analysis, Business Process Engineering, Marketing of IT Product and Services Distribution, Major Accounts Management, Brand Building and Brand Equity.

f) Job profile and suitability:

Mr. Richard D'Souza is responsible for the overall conduct and management of business and affairs of the Company. This includes development of domestic and international business providing strategic direction to business units of the Company. Review of software services being rendered and prevailing competition, enhancement of efficiencies and rationalization of the cost. This coupled with his strong resource management capability and knowledge of software industry makes him fully suitable for the position.

Considering his qualifications and expertise in overall management functions, he is competent to carry on the responsibilities presently entrusted to him by the Board of Directors.

g) Past remuneration drawn by Mr. Richard D'Souza as Chief Executive Officer & Manager (01.04.2012 to 31.03.2013):

Particulars	**Rupees**
Basic Salary	33,00,000
Company's contribution to PF/FPF	396,000
Other perks	943,584
Total	**46,39,584**

h) Remuneration Proposed – As indicated above I.

(i) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person:

Taking into consideration the size of the Company, the profile of the appointee, the responsibility shouldered by him and the industry benchmarks, the proposed remuneration is reasonable and fairly competitive with the remuneration packages paid by other companies to similar senior level appointees.

The minimum remuneration proposed as above has been approved by the Remuneration Committee and Board of Directors in their meeting held on 23rd May, 2013.

j) Reason for loss or inadequacy of profits / steps taken or proposed to be taken for improvement:

The main reasons are decrease in sales due to extreme competition, pressure on margins and non-renewal of some major contracts having good margin and ultimately drop in profits of the company.

The Company is focusing on its core competencies and using sometimes-outsourced technology service providers to help improve productivity, develop new products, reduce business risks and manage the operations more effectively.

k) Expected increase in revenues and profits in measurable terms:

In the competitive environment, it is difficult to estimate revenues /profits in measurable terms. However, the management has framed strategies and developed execution plans to improve profitability by checking the losses. Curtailing costs and other operational expenses, maximizing use of existing offshore infrastructure facilities, expansion of client base, etc will continue to receive aggressive attention and the management is confident of reasonable increase in revenues and profits during the coming years.

l) Disclosure on pecuniary relationships:

Mr. Richard D'Souza does not have any other pecuniary relationship with the Company and its managerial personnel, directly or indirectly.

m) In the event of loss or inadequate profits, Mr. Richard D'Souza shall be entitled to receive remuneration as indicated in the Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956.

n) The approval for his appointment as Managing Director is sought by way of a Special Resolution as required under Schedule XIII to the Act.

As per the general circular of Ministry of Corporate Affairs (MCA) dated 14.07.2011, no approval of Central Government is required for appointment of Mr. Richard D'Souza as Managing Director of the Company.

The terms of appointment of Mr. Richard D'Souza, as set forth in this notice, may be treated as the abstract under Section 302 of the Companies Act, 1956.

o) **Disclosure:**

1) Mr. Richard D'Souza does not hold any interest in the capital of the Company. Further Mr. Richard D'Souza does not have any other direct or indirect interest nor is he related to any other directors or promoters of the Company at any time during the last two years before or on the date of appointment.

2) Mr. Richard D'Souza is also Director in Melstar Inc.

By Order of the Board
FOR MELSTAR INFORMATION TECHNOLOGIES LIMITED

Place : Mumbai
Date : 29th July, 2013

(DHARA MIRANI)
COMPANY SECRETARY

DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting the Twenty Sixth Annual Report together with the Audited Statement of Accounts of your Company for the year ended 31st March, 2013.

1. FINANCIAL RESULTS

(Rs. in Lakhs)

	2012-13	2011-12
Net Sales / Income From Operations	**2,036**	5,287
Other Operating Income	**33**	57
Operating Profit / (Loss) before interest and Depreciation (PBIDTA)	**(123)**	208
Finance costs	**81**	46
Depreciation	**84**	86
Operating Profit / (Loss) before tax	**(288)**	76
Other Income, net	**135**	107
Net Profit / (Loss) before tax and Exceptional Item	**(153)**	183
Exceptional Item	**-**	-
Net Profit / (Loss) before tax and after Exceptional Item	**(153)**	183
Provision for taxation	**8**	(37)
Net Profit / (Loss) after Tax	**(145)**	146
Deficit Brought Forward From Previous Year	**(81)**	(227)
Balance carried to Balance Sheet	**(226)**	(81)
Face value of Equity Shares (in Rupees)	**10**	10
EPS-Basic and Diluted (Before Exceptional Item) (in Rupees)	**(1.01)**	1.02
EPS-Basic and Diluted (After Exceptional Item) (in Rupees)	**(1.01)**	1.02
Book value per Share (in Rupees)	**8.55**	9.57

2. OPERATIONS

The total sales of the Company for the financial year ended on 31st March, 2013 were Rs. 2,036 Lakhs as against Rs. 5,287 Lakhs during the last financial year ended on 31st March, 2012. Similarly the net (Loss)/Profit before tax and Exceptional Item during the same periods were Rs. (153) Lakhs and Rs.183 Lakhs. This reduction in sales and net (Loss)/ Profit before tax and Exceptional Item is on account of no sale of software products due to thin margin, general slowdown in the economy, in-sourcing by existing clients, higher attrition rate and higher cost of hiring.

The Consolidated Group sales stood at Rs. 2,105 Lakhs against Rs. 5,353 Lakhs during the preceding year. The Consolidated Group net (Loss)/ Profit before tax and Exceptional Item during the year was Rs. (139) Lakhs as against Rs. 186 Lakhs in the previous year.

3. DIVIDEND

In view of the carried forward losses the Directors regret their inability to recommend any dividend to the Equity Shareholders of the Company for the year under review.

4. SUBSIDIARY COMPANY

As on 31st March, 2013, the Company has only one wholly-owned foreign subsidiary, viz. Melstar Inc., in U.S.A.

The operations of Melstar Inc. on standalone basis for the year under review are as under:

	2012-13		**2011-12**	
Particulars	**Foreign currency**	**Indian Rs.**	Foreign currency	Indian Rs.
Revenue	US$ 131,320	Rs. 69 Lakhs	US$ 137,136	Rs. 66 Lakhs
Profit After Tax	US$ 29,816	Rs. 16 Lakhs	US$ 8,598	Rs. 3 Lakhs

The profit during the current year was mainly on account of sundry balances written back of US$ 29031 (equivalent to Rs. 16 Lakhs).

In view of the slowdown in the IT Industry of USA, no new projects were procured. However, the Company has delivered the existing projects successfully. The Company is looking for new projects with better margins during the current financial year.

5. FINANCIAL STATEMENTS OF SUBSIDIARY

In terms of General Circular issued by the Central Government under Section 212(8) of the Companies Act, 1956 vide Circular No. 5/12/2007-CL-III dated 08th February, 2011, it was decided to grant general exemption from attaching copies of the Balance Sheet, Profit and Loss Account, Report of the Board of Directors and the Report of the Auditors of the Subsidiary Companies to the Balance Sheet of the Company provided certain condition are fulfilled. However, as required under the aforesaid approval, a summarized statement of financial position of the subsidiary has been appended to the Annual Report elsewhere. In terms of Accounting Standard 21 issued by the Institute of Chartered Accountants of India, the Consolidated Financial Statements includes the financial information of the Subsidiary Company.

6. FUTURE PROSPECTS / OUTLOOK

Your Company is continuously working on strengthening the business. Your Company has been successfully executing major orders from prestigious customers and it has been enjoying the confidence of all customers across the country with repeat orders. Your Company has embarked on improving margins in all products by reducing the variable cost and rationalizing the fixed costs. The results of these initiatives are expected to yield in improving the overall profitability of the Company further during the current year.

7. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

a) in the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures from the same;

b) the directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the company as at March 31, 2013 and of the profit for the year ended on that date;

c) the directors had 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) the directors have prepared the annual accounts on a 'going concern' basis.

8. PUBLIC DEPOSITS

The Company has not accepted any deposits from the Public or the Shareholders during the year under review.

9. PARTICULARS OF EMPLOYEES

During the year under review, there was no employee covered under the provisions of section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Amendment Rules, 2011.

10. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

The information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo is given in the Annexure appended to this report.

11. CORPORATE GOVERNANCE

A separate section on Corporate Governance and a Certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreements with the Stock Exchanges, and also a Management Discussion and Analysis Report are appended hereto and forms integral part of the Annual Report.

12. DIRECTORS

Pursuant to article 154 of the Articles of Association of your Company and Section 256 of the Companies Act, 1956, Mr. Rajesh Shah, Director of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

Mr. Richard D'Souza was appointed as Chief Executive Officer of the Company with effect from 1st April 2009. Additionally Mr. Richard D'Souza was appointed as Manager of the Company for the period of three years from 05.05.2010 to 04.05.2013. The terms of his appointment as a Manager expired on 04.05.2013. The Board of Directors of the company in their meeting held on 23rd May 2013 appointed Mr. Richard D'Souza as additional Director. He holds office upto the date of ensuing Annual General Meeting. The Company has received notice in writing from member proposing the candidature of Mr. Richard D'Souza as a Director of the Company. Further in the same Board Meeting held on 23.05.2013, Board appointed Mr. Richard D'Souza as Managing Director of the Company for a period of two years w.e.f. 23.05.2013 subject to approval of Members.

Brief resume of the Directors proposed to be appointed, nature of their expertise in specific functional areas and names of the Companies in which they hold the directorship and membership/chairmanship of committees of the Board, as well as their shareholding as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are given in the Report on Corporate Governance forming part of the Annual Report.

Mr. Yashovardhan Birla, Chairman resigned from the Board with effect from 07th November, 2012 and Mr. Anoj Menon resigned as a Director of the Company with effect from 21st March, 2013.

The Directors place on records their sincere appreciation for the valuable contribution made by Mr. Yashovardhan Birla during his tenure as Chairman and by Mr. Anoj Menon during his tenure as Director of the Company.

13. AUDITORS

M/s. Kanu Doshi Associates, Chartered Accountants the Statutory Auditors of the Company, retire at the ensuing Annual General Meeting. They have confirmed their eligibility and willingness for reappointment. The Directors commend their reappointment by the Members at the forthcoming Annual General Meeting.

14. ACKNOWLEDGEMENTS

The Board wishes to express their deep appreciation for the assistance and co-operation received from various Regulatory and Government authorities, Stock Exchanges, Banks, Customers, Vendors, Business Associates and Shareholders of the Company during the year under review. The Board also places on record its deep appreciation for the committed and unstinted efforts with which all the employees have performed their duties and responsibilities during the year under review.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

	Mr. Richard D'Souza	**Mr. P. V. R. Murthy**
Place : Mumbai	**Managing Director and**	**Director**
Date : 29th July, 2013	**Chief Executive Officer**	

ANNEXURE TO DIRECTORS' REPORT

I. Information under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March, 2013

A. Conservation of Energy

The operations of the Company involve low energy consumption. Energy conservation measures have been taken wherever feasible. The Company has installed Power Factor correctors at the internal supply level to achieve high-energy efficiency. Efforts to conserve and optimize the use of energy through improved operational methods and other means is a continuous process.

B. Disclosure of particulars with respect to absorption of Technology, Research and Development (R&D)

No technology has been imported. Indigenous Technology available has been used for product development/component identifications or offering services and is continuously being upgraded to improve overall performance.

C. Foreign Exchange earnings & outgo

The share of the revenues from exports constituted 11% (2% for the previous year) of total revenues of the Company.

Rs. in lakhs

	2012-13	**2011-12**
Total Foreign Exchange earnings*	220	113
Total Foreign Exchange outgo**	209	99

* Includes software services export sales by foreign branch.

** Includes expenses of foreign branches.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Industry Structure and Business Overview:

As per the Industry experts, "Although India's IT services growth rate has slowed in the past two years, the rate of growth remains relatively high." Even though India's GDP growth has slowed in the past year because of global economic challenges, India's GDP growth fundamentals are on relatively solid footing, driven primarily by growing domestic consumption. For this reason, GDP growth is expected to remain steady in the longer term.

India's domestic IT services market is fast transitioning, with profound changes in buying needs and behavior. The number, size and scale of IT services deals are increasing. Buyers are becoming more sophisticated in their sourcing practice and vendor management. Deals are transitioning from first- to second-generation outsourcing. As companies grow in size and scale, the market is likely to see larger IT services deals with more- sophisticated deal engagement practices. This market has a critical mass that is worth tapping into and has the potential to expand further with "Software as a service (SaaS)"-type service offerings.

Opportunities:

Services spending on the transparency and efficiency-related projects from the government, such as e-governance projects like UIAI (Unique Identification Authority of India) and APDRP (Accelerated Power Development and Reforms Program) are expected to drive service spending."

The Indian market of the future is likely to see efficiency and enhancement-based deals in energy and utilities, transportation, education and parts of government bodies. Likewise, the market is likely to see more transformation deals in banking and insurance, telecom, retail and government. Government infrastructure projects will strongly drive IT, in conjunction with the expansion of the financial services and manufacturing subsectors. All industry verticals have a high propensity and willingness to spend on IT given the growth story across the board.

Every IT product and service has a finite useful life and must eventually be retired or replaced. When making these decisions, correct timing is critical. The Gartner IT Market Clock is a framework that can help IT and business leaders evaluate and prioritize IT investments. As mobile becomes a requirement for everything, organizations are rushing to incorporate it into all aspects of IT. However, mobile must be integrated into existing application and architectures – not added as a separate parallel universe.

The Nexus of Forces is the convergence and mutual reinforcement of social, mobility, cloud and information patterns that drive new business scenarios. Although these forces are innovative and disruptive on their own; together they are revolutionizing business and society, disrupting old business models and creating new leaders. The Nexus is the basis of the technology platform of the future.

The media tablet market did not exist in early 2010. But now, millions of workers use these tablets in the enterprise every day and the tablet market is just the tip of the mobility iceberg. Just below the surface lies a torrent of innovations that include mobile applications, social media, mobile health, cloud computing, mobile payments, interconnected machines, mobile collaboration, and wireless technologies.

It means, Hybrid IT is the result of combining internal and external services, usually from a combination of internal and public clouds, in support of a business outcome. Interest in the public cloud has been tempered by adoption risks, leading to architectures that connect internal core services and critical data to external, commoditized services.

As per the Industry experts, "Service providers wishing to enter into the Indian market, must factor in the rising infrastructure and IT labor rates, coupled with high attrition levels, in their planning exercise for their operations costs, as well as local regulations and bureaucratic challenges in establishing and operating businesses in India. Leveraging Tier 2 and Tier 3 cities (Kolkata, Trivandrum and Lucknow, for example) for Indian business is a tactic that could be used in conjunction with the mainstream delivery from Tier 1 locations."

Threats/ Risks

On the professional services consulting side, the Company faces threats from a multitude of new entrants who are competing on the price factor mainly without much attention to the quality. While in the long run such companies would suffer, in the short run they have infused considerable turbulence in the market place.

In the software Projects business the Company faces competition from leading Software Companies like IBM, Infosys, WIPRO, TCS etc. who have now started bidding aggressively into the domestic market. As a result while the basic quality culture for Indian bids has improved a lot, this is biggest threat for mid-size companies to get qualified in bids for such domestic projects though having necessary technical expertise. Only option for the mid size Companies is to bid such projects in consortium, which dilutes their visibility and profitability.

Internal Control Systems and their Adequacy

As a part of its commitment to healthy Governance, the Company has adopted requisite internal controls, systems and procedures for all its departments. Review of such systems and procedures is undertaken periodically and is commensurate with the Company's size of business and statutory requirements. As in the previous years, during this year too, the Internal Auditors carried out quarterly reviews of different aspects of internal controls. All such reports were presented to Audit Committee for its review and necessary action was taken to strengthen the controls and procedures where deemed expedient. A comprehensive Manual clearly defining each aspect of control covering all significant areas of the Company's operation such as accounting and finance, procurement, employee engagement, delivery of services, etc is already in place and is monitored at regular intervals. Safeguarding of assets and their protection against unauthorized use are also part of the manual.

Discussion on Financial Performance with respect to Operational performance

The financial statements have been prepared in accordance with the requirements of the Companies Act, 1956 and the applicable Accounting Standards as well as the Generally Accepted Accounting Principles (GAAP) in India. The salient aspects of the financial performance of the Company and its subsidiary have been dealt with at some length in the Directors' Report. The Consolidated Statements of Accounts of the Company covering the subsidiary Company duly audited are appended elsewhere in the Annual Report.

An Analysis of financial performance for the year ended 31st March 2013 is given hereinafter:

Sr. No.	Particulars		As at 31.03.2013 Rs. in Lakhs	As at 31.03.2012 Rs. in Lakhs
1	**Shareholders' funds**			
	(a)	Share capital	1,428	1,428
	(b)	Reserves and surplus	(207)	(62)
2	**Non-current liabilities**			
	(a)	Long-term borrowings	-	6
	(b)	Other long-term liabilities	-	-
	(c)	Long-term provisions	38	31
3	**Current liabilities**			
	(a)	Short-term borrowings	527	164
	(b)	Trade payables	1,188	1,602
	(c)	Other current liabilities	94	109
	(d)	Short-term provisions	21	30
4	**Non-current assets**			
	(a)	Fixed assets	999	1,085
	(b)	Long-term loans and advances	294	245
5	**Current assets**			
	(a)	Trade receivables	Rs.1223 Lakhs representing 219 days revenue for the year	Rs.1855 Lakhs representing 128 days revenue for the year
	(b)	Cash and cash equivalents	21	21
	(c)	Short-term loans and advances	324	26
	(d)	Other current assets	229	76
6	**Impact of Foreign Exchange Fluctuations**		Gain of Rs. 0.83 Lakhs	Loss of Rs. 0.02 Lakhs
7	**Depreciation**		84	86

Material Developments in Human Resources

People are the company's key resource and the Company has to and does treat people as an important asset by establishing a structured program for paying competitive remuneration and performance related incentives and career advancement under a structured performance appraisal system. The Company has in place a conducive work environment that encourages innovation, meritocracy and motivates the employees to give their best performance. Development and training of employees to inculcate culture of excellence is an integral part of the Company's HR policy, besides close interaction, guidance, communication and involvement by superiors.

The employees strength of the Company as on 31.03.2013 was 347.

The Company continues to evaluate the skills of its employees at various levels of hierarchy and hires appropriate resources with varying skills depending on the projects in hand / pipeline and specific requirements of its clients. A team of qualified professionals exists for resource development and imparting requisite quality training to the employees. In order to encourage the employees to get trained in latest technologies and skills, the Company has in place an Employee Benefit Programme called Reimbursement of "Certification Fees."

Quality

Melstar's proactive approach, combined with its commitment to building world-class capabilities is reflected in the SEI CMM Level III assessment and ISO 9001: 2008 certification. All technical employees of the Company have to undergo quality certification tests at regular intervals to ensure that the requisite quality standards are maintained. Clearing the quality tests has been made mandatory for continued employment and promotions. At the same time, the quality control team regularly continues due diligence exercises on all developmental activities by conducting periodical Internal Audits. To increase the awareness and implementation of the quality work, an award called "Quality Champion" is already in place and motivates the employees to follow quality standards.

FOR MELSTAR INFORMATION TECHNOLOGIES LIMITED

Place: Mumbai
Date : 29th July, 2013

(RICHARD D'SOUZA)
MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

Report on Corporate Governance

Company's Philosophy

The Company considers Corporate Governance as an important process for conducting and managing its business activities in a transparent and visible manner in the interest of all its stakeholders, besides keeping important segments of the society adequately informed. Melstar Information Technologies Limited (MITL) adopted good corporate practices all through its existence and oriented its actions in consonance with them. It has been the endeavour of MITL to give fair and equitable treatment to all its stakeholders including employees, customers and shareholders as also to comply with applicable rules and regulations.

Board of Directors

The Company has combination of Executive and Non – Executive Directors. As on 29th July, 2013, the Board of Directors has 4 (four) Members, out of which 1 (one) is an Executive Director, 1 (one) is a Promoter Non-Executive Director and 2 (Two) are Non Executive and Independent Directors.

Mr. Yashovardhan Birla resigned as Chairman from the Board on 7th November, 2012. Mr. Anoj Menon resigned as Independent and Non Executive Director vide its letter dated 21st March, 2013.

Mr. Richard D'Souza was appointed as additional Director and Managing Director of the Company with effect from 23rd May, 2013.

The Composition of the Directors of the Company is as under:

Name	Designation	Category of Directorship	No. of Directorships in other Companies as on 31.03.2013		Committee Member-ships (Excl. MITL)	Committee Chairman -ships (excluding member ships given in column 5)
1	2	3	4		5	6
			Other Listed Company	Unlisted Limited, Pvt.Ltd. Co., Foreign Co.		
Mr. Yashovardhan Birla (Upto 07.11.2012)	Chairman	Promoter and Non-Executive Chairman	3	11	-	-
Mr. P V R Murthy	Director	Promoter and Non-Executive Director	4	15	4	--
Mr. Anoj Arvind Menon (Upto 21.03.2013)	Director	Non-Executive, Independent Director	3	--	2	--
Mr. Rajesh Shah	Director	Non-Executive, Independent Director	3	1	-	3
Mr. M. S. Adige	Director	Non-Executive, Independent Director	7	4	5	1
Mr. Richard D'Souza (w.e.f. 23.05.2013)	Managing Director	Executive Director	-	1	-	-

Board Meetings

In conformity with the provisions of the Act as well as the Company's Articles, the Board met at regular intervals to review the quarterly / annual results and to transact other business. The Agenda for the Board meetings, containing relevant matters as requisite, are distributed in advance to all the Board members.

The Board met Four times during the year ended 31st March, 2013 viz. on 25th May 2012, 9th August 2012, 7th November, 2012 and 14th February, 2013. The following table gives the attendance record of the Directors at the Board and Annual General Meeting.

Details of Board meetings are as under.

Sr. No	Name	No. of Board Meetings held	No. of Meetings Attended	Attendance at the last AGM held on 30.08.2012
1	Mr. Yashovardhan Birla (Upto 07.11.2012)	4	2	No
2	Mr. P V R Murthy	4	4	Yes
3	Mr. Anoj Menon (Upto 21.03.2013)	4	3	No
4	Mr. Rajesh Shah	4	3	Yes
5	Mr. M. S. Adige	4	4	Yes

Notes:

1. None of the directors is related to any other director.
2. None of the directors received any loans or advances from the Company during the year.
3. None of the Directors holds Directorship in more than 15 Public Limited Companies, nor membership in more than 10 committees, nor chairmanship in more than 5 committees across all companies in which he is/was a Director. Since Remuneration Committee is non – mandatory, membership in Remuneration Committee has not been considered for this purpose.

Apart from receiving sitting fee, the Independent Directors do not have any material pecuniary relationships or transactions with the Company, its promoters, its directors, its senior management, its subsidiaries and associates, which may affect independence of the director.

Details of Director seeking appointment/re-appointment at the forthcoming Annual General Meeting (In pursuance of Clause 49 of the Listing Agreement):

Name of the director	Mr. Rajesh Shah	Mr. Richard D'Souza
Date of Birth	10.01.1953	09.06.1947
Date of appointment	23.06.2009	23.05.2013
Qualification	Chartered Accountant	B. S. C. (Hons) M.B. A. (PGDBM), Jamshedpur A.M.I.I.I.E. A.C.M.A. A.C.S. LL.B.
Expertise in specific Functional areas	Senior Partner with M/s A. J. Shah & Co., Chartered Accountants, since 1979	Over 43 years of experience in various fields like Corporate Management at various levels BPO/ KPO, Business Strategies, Commercials and International Banking Productivity Improvement/ Cost Management and Cost Control, Organisation Studies, Organisation Analysis,& Design Financial Services & Control, Various IT Systems, Corporate Training & Development, Marketing Technology, Retail & Development.
List of other directorship	1.Birla Pacific Medspa Limited 2.N2N Technologies Limited 3. Mehta & Padamsey Consultants Pvt. Ltd.	Melstar Inc (US)
Chairmanship/Membership of the committees of other Companies	1.Birla Pacific Medspa Limited (Chairman of Audit Committee)	NIL
Note	Mr. Rajesh Shah being eligible, offers himself for reappointment.	Mr. Richard D'Souza was appointed as Additional Director w.e.f. 23rd May, 2013. The Company has received notice, along with requisite fee, from a member under Section 257 of the Companies Act, 1956 proposing candidature of Mr. Richard D'Souza as Director of the Company under the provisions of Section 257 of the Act. Mr. D'Souza being eligible offers himself for appointment.
No. of shares held	Nil	Nil

Note: Only two Committee namely, Audit Committee and Shareholders/ Investor Grievance Committee have been considered.

COMMITTEES OF THE BOARD

(a)AUDIT COMMITTEE

Terms of Reference:

The terms of reference, role and scope of the Audit Committee cover the matters specified under Clause 49 of the Listing Agreement read with Section 292A of the Companies Act, 1956 such as overseeing the Company's financial reporting process and disclosure of financial information to ensure that the financial statements reflect a true and fair position and that adequate and credible information is disclosed as also recommending to the Board appointment / reappointment of Statutory Auditors, recommending and approving the remuneration paid to Statutory Auditors. The Audit Committee undertakes review of internal control systems, policies and practices, reports of the Company's internal and statutory auditors, quarterly and annual financial statements, financial and risk management policies, related party transactions, compliance with accounting standards and stock exchange requirements concerning financial statements, significant adjustments arising out of audit, disclosure of contingent liabilities, Directors' Responsibility Statement, reviewing financial statements of subsidiary, Management Discussion and Analysis, findings of any internal investigation and follow up thereon, etc. for recommendation to the Board. The Committee generally meet on the day of the Board meeting, except when otherwise considered expedient.

Meetings and attendance during the year:

During the year under report, four meetings of the Committee were held, viz. on

25th May 2012, 9th August 2012, 7th November, 2012 and 14th February, 2013.

The composition of the Audit Committee for the year ended 31st March, 2013 and the attendance at the meetings is as under:

	Name	Title	Status	No. of Meetings held during the year	No. of Meetings Attended
1	Mr. Rajesh Shah	Chairman	Independent and Non-Executive Director	4	3
2	Mr. P V R. Murthy	Member	Promoter and Non-Executive Director	4	4
3	Mr. M. S. Adige	Member	Independent and Non-Executive Director	4	4
4	Mr. Anoj Menon (Upto 21.03.2013)	Member	Independent and Non-Executive Director	4	3

At its meetings, the Audit Committee reviewed the quarterly and annual financial results before the Board took the same on record. The Committee also reviewed Internal Audit Reports, Internal Control Systems and Procedures and conducted other businesses as requisite and made recommendations to the Board where improvements were deemed necessary to strengthen the same. As a measure of good corporate governance, representatives of Statutory Auditors were regularly invited to the meetings of the Audit Committee and made significant contribution to its deliberations. The minutes of the meetings of the Audit committee are regularly placed before the Board. The Company Secretary acts as the Secretary to the Committee.

(b) Investor Grievance and Share Transfer Committee:

Broad Terms of Reference:

To examine and redress the complaints and grievances of shareholders of the Company, so as to direct and advise the Registrar & Transfer Agent (RTA) to ensure prompt redressal of complaints and grievances of the shareholders on any issue relating to the share transfer activity, to authorise issue of duplicate share certificates, to recommend to the Board appointment / removal of the Registrars and Share Transfer Agents and/or in the remuneration payable to them, etc.

During the year under report the Committee met six times, i.e. on 1st June 2012, 22nd August 2012, 4th January, 2013, 11th January, 2013 and 18th January, 2013. 15th February, 2013.

The Composition of the Committee for the year ended 31.03.2013 is as under:

	Name	Title	Status	No. of Meetings Attended
1	Mr. Anoj Menon (Upto 21.03.2013)	Chairman	Independent and Non-Executive Director	6
2.	Mr. P V R Murthy	Member	Promoter and Non-Executive Director	6

The Investor Grievance and Share Transfer Committee was re-constituted on 23.05.2013 as under:

	Name	Title	Status
1	Mr. M. S. Adige	Chairman	Independent and Non-Executive Director
2	Mr. Rajesh Shah	Member	Independent and Non-Executive Director
2.	Mr. P. V. R. Murthy	Member	Promoter and Non-Executive Director

The Company Secretary acts as the Compliance Officer and has been regularly interacting with the Share Transfer Agents to ensure that the complaints/grievances of the investors are attended to without undue delay and where deemed expedient, the complaints are referred to the Chairman of the Committee or discussed at its meetings. In general, all complaints are attended to within seven days from the date of receipt.

The Company has a dedicated e-mail ID, dmirani@melstar.com attended by the Secretarial Department to enable the investors to communicate with the Company.

The Company has received one complaint from member for non receipt of Annual Report during the year. The same was resolved satisfactorily.

During the year, the Registrar had registered 07 transfers comprising 1025 shares and processed 13 requests for dematerialization of 1700 shares. There were no valid requests pending for share transfers at the end of the year."

(c) Remuneration Committee (Non-mandatory):

Broad Terms of Reference:

The Remuneration committee of the Board is constituted to formulate and recommend to the Board from time to time, a compensation structure for Executive Member of the Board and relatives of Directors.

Remuneration Policy / Criteria with details of Remuneration

The Remuneration policy of the Company for its Executive Director(s) is guided mainly by the following factors:

i. Responsibilities shouldered;

ii. Company / individual performance during the year;

iii. Practices prevailing in comparable organizations, i.e. competitive structure; and

iv. Transparent, fair and simple to administer as well as fully legal and tax compliant.

The Remuneration Committee was re-constituted on 14.02.2013. The Composition of the Committee is as under:

	Name	Title	Status
1.	Mr. Rajesh Shah	Chairman	Independent and Non-Executive Director
2.	Mr. M. S. Adige	Member	Independent and Non-Executive Director
3.	Mr. P. V. R. Murthy	Member	Promoter and Non-Executive Director
4.	Mr. Anoj Menon (Upto 21.03.2013)	Member	Independent and Non-Executive Director

The Meeting of the Committee was held on 23rd May, 2013, Mr. Rajesh Shah, Mr. M.S. Adige & Mr. P. V. R. Murthy were present for the Meeting.

Details of remuneration paid to the managerial personnel during the financial year ended 31st March 2013:

Name	Designation	Sitting Fee (Rs.)	Salary (Rs.)	Perquisites (Rs.)	Contribution to Provident Fund and others	Total (Rs.)
Mr. Richard D'Souza	Chief Executive Officer / Manager	Nil	3,300,000	943,584	396,000	4639584

Note: Mr. Richard D'Souza was appointed as Manager of the Company for a period of three years from 05.05.2010 to 04.05.2013 in terms of resolution passed by the Annual General Meeting of the Company held on 24th September, 2010. Central Government vide its letter dated 21st April 2011 approved the appointment for a period of three years from 05.05.2010 to 04.05.2013 and remuneration for a period of two years i.e. from 05.05.2010 to 04.05.2012. Consequent to the Ministry of Corporate Affairs Circular dated 14.07.2011; no approval of Central Government was required for payment of remuneration to Mr. Richard D'Souza as Manager for the period from 05.05.2012 to 04.05.2013.

Non Executive Directors:

A fee of Rs. 10,000/- is being paid to Non-executive Directors for attending each meeting of the Board and the members of the Audit Committee are being paid a fee of Rs. 10,000/- for attending each Audit Committee Meeting.

Details of Sitting Fees paid to all Non-Executive Directors for financial year 2012-13 is as follows:

	Name	Designation	Rupees
1	Mr. Yashovardhan Birla (Upto 07.11.2012)	Promoter and Non-Executive Chairman	Rs. 20,000/-
2	Mr. P V R Murthy	Promoter and Non-Executive Director	Rs. 80,000/-
3	Mr. Anoj Menon (Upto 21.03.2013)	Non-Executive and Independent Director	Rs. 60,000/-
4	Mr. Rajesh Shah	Non-Executive and Independent Director	Rs. 60,000/-
5	Mr. M. S. Adige	Non-Executive and Independent Director	Rs. 80,000/-

GENERAL BODY MEETINGS

The Annual General Meetings of the Company held during the previous three years were as under:

Financial Year	Date	Time	Location	Special Resolutions transacted
AGM: 2009-10	24.09.2010	3.00 p.m.	M. C. Ghia Hall, 2nd Floor, 18/20 K. Dubash Marg, Kalaghoda, Mumbai – 400 001	1. Alteration of Articles of Association relating to appoint Mr. Yashovardhan Birla as a permanent Director 2. Appointment of Mr. Richard D'Souza as the Manager of the Company
AGM: 2010-11	12.08.2011	3.30 p.m.	M. C. Ghia Hall, 2nd Floor, 18/20 K. Dubash Marg, Kalaghoda, Mumbai – 400 001	NIL
AGM: 2011-12	30.08.2012	3.00 p.m.	M. C. Ghia Hall, 4th Floor, 18/20 K. Dubash Marg, Kalaghoda, Mumbai – 400 001	NIL

DISCLOSURES ON RELATED PARTY TRANSACTIONS

No materially significant related party transactions were entered by the Company with its promoters or directors, which could be deemed to be potentially conflicting with the interests of the Company. There were some transactions with related parties in the ordinary course of business of the Company. The register of contracts contains details of transaction in which directors are interested and the same is placed before the meeting of the Board. The details of such transactions are disclosed in the Notes to Accounts. (Please Refer Note no. 26 of the financial statements).

SUBSIDIARY COMPANY

The Company has one Subsidiary Company. The minutes of the subsidiary are placed before the Board of Directors of the Company and the same were reviewed.

There are no materially significant related party transactions made by the Company with its Promoters, Directors or Management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the Company at large.

There was no reported case of levy of any penalties, or imposition of strictures on the Company by the Stock Exchanges or SEBI on any matter related to the capital markets during the last three years.

RISK MANAGEMENT

A risk management policy is in place, wherein key risks are categorised and assessed in terms of probability and its likely impact on the Company's business which are evaluated and report of the same are placed before the Board for review.

MEANS OF COMMUNICATION

The Company regularly publishes its quarterly, half-yearly and annual results in due time in National and Regional Daily newspapers (Business Standard and Mahanayak) in compliance with requirements. These are also displayed on Company's website www.melstar.com. No presentation was made to analyst during the financial year under report.

The Management Discussion and Analysis Report appended elsewhere and forms integral part of the Annual Report.

OTHERS

A firm of Company Secretaries periodically carried out Secretarial Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The secretarial audit reports confirm that the total issued and paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

General Shareholder Information

Annual General Meeting

Day, date and time of Annual general meeting	Friday	20.09.2013	3.00 p.m.	Hall of Harmony, Discovery of India Building, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018
Dates of book closure	From FRIDAY 13.09.2013 to FRIDAY 20.09.2013 (both days inclusive)			

Special Resolutions: Proposed one Special Resolution at the above-mentioned Annual General Meeting.

Resolutions passed by Postal Ballot: No resolution was passed by Postal Ballot during the year 2012-13.

Financial Calendar:

1) First Quarter Results:	On or before 14th August
2) Second Quarter / Half yearly Results:	On or before 15th November
3) Third Quarter results:	On or before 15th February.
4) Fourth Quarter / Audited Annual Results:	On or before 30th May

Stock Exchanges on which Company's shares are listed:

Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001 Code: 532307	The National Stock Exchange of India Limited Exchange Plaza, Bandra-Kurla Complex, Bandra (E), Mumbai – 400 051 Code: MELSTAR

The Company has been regular in paying the Listing Fees to the Stock Exchanges. Listing Fees for the year **2013-14** have also been paid.

Registrar and Share Transfer Agent: The complete address of Registrar and Share Transfer Agent for communication is as follows:

Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (West),
Mumbai – 400 078. Tel.: 2596 3838 / 25946970
Fax: 2594 6969. E-mail: rnt.helpdesk@linkintime.co.in

Share Transfer System

The Shares lodged for transfers and dematerialization are processed by the Registrar and Share Transfer Agent on a weekly basis and generally registered and returned within a period of two weeks from the date of receipt, if the documents are complete in all respects.

The Company has been obtaining half yearly certificates from a Company Secretary in Practice within 30 days from the close of the relevant period with regard to compliance of share transfer formalities as per the requirement of clause 47(c) of the Listing Agreement of the stock exchanges, where the securities of the company are listed.

Market price data:

High / Low during each month and performance in comparison to BSE Sensex / BSE IT Index during the financial year ended 31.03.2013:

National Stock Exchange of India Limited				Bombay Stock Exchange Limited				
Month	High	Low	No. of shares Traded	High	Low	No. of shares traded	BSE Index	BSE IT Index
Apr -12	6.20	5.10	14710	6.10	5.20	60899	17318.81	5704.31
May-12	8.05	4.95	23771	9.12	5.17	106751	16218.53	5666.08
Jun-12	9.20	6.95	49138	9.90	7.04	80660	17429.98	5765.16
Jul -12	8.85	7.20	10221	9.33	7.06	36851	17236.18	5345.02
Aug-12	9.20	6.80	14146	9.55	7.96	12412	17429.56	5741.96
Sep-12	7.40	6.00	9482	7.85	6.06	8465	18762.74	5922.64
Oct-12	7.10	5.15	27213	6.72	5.04	92564	18505.38	5718.69
Nov-12	5.30	3.75	52390	5.30	3.61	121654	19339.90	5888.42
Dec-12	4.90	4.15	12910	5.00	4.10	33092	19426.71	5684.08
Jan-13	5.35	4.10	18056	5.19	4.26	19160	19894.98	6393.63
Feb-13	4.75	3.70	14280	5.00	3.51	23688	18861.54	6754.33
Mar-13	3.95	2.85	15413	3.52	2.99	46028	18835.77	6885.46

DISTRIBUTION OF SHAREHOLDING AS AT 31st March, 2013

Shareholding of Nominal value of Rs.	No. of Share holders	% of Total	Shares	% of Total
1 - 500	8413	81.4976	1428720	10.0028
501 - 1,000	1008	9.7646	859377	6.0167
1,001 - 2,000	452	4.3786	704877	4.9350
2,001 - 3,000	161	1.5596	415540	2.9093
3,001 - 4,000	65	0.6297	235166	1.6465
4,001 - 5,000	51	0.4940	243165	1.7025
5,001-10,000	102	0.9881	720183	5.0422
10,001 and above	71	0.6878	9676111	67.7450
Total	**10323**	**100.0000**	**1,42,83,139**	**100.0000**

Share holding Pattern as at 31.03.2013

	Category	No. of shares	% of holding
A	**Promoters' holding**		
1.	Bodies Corporate pursuant to open offer purchase	71,41,471	50.00
B	**Non-Promoters holding**		
1.	Banks, Financial Institutions, Insurance Companies (Central / State Government Institutions / Non-Gov. Institutions	1,00,000	0.70
2.	Private Corporate Bodies	10,28,075	7.20
3.	Indian Public / HUFs/ Employees	56,89,547	39.84
4.	NRIs	2,80,623	1.96
5.	Foreign Individuals	43,423	0.30
	TOTAL	**1,42,83,139**	**100.00**

Dematerialization of Shares and Liquidity: All shares of the Company are under compulsory dematerialization for delivery on sale / purchase. As at 31.03.2013, the number of shares of the Company in demat form stood at **1,40,20,794** share representing **98.16%** of shares issued by the Company. Considering the advantages of trading in demat form, members are encouraged to consider dematerialisation of their shareholding so as to avoid inconvenience in future.

Demat ISIN Number allotted to company's shares by NSDL and CDSL is: **INE817A01019.**

Declaration on Compliance with the Code of Conduct

It is hereby confirmed that all the Directors and Senior Management Personnel (i.e. one level below the executive directors, including all functional heads) of the Company have received, read and understood for compliance with the Code of Conduct framed by the Company and confirmations for the year ended **31.03.2013** have been obtained from the Directors and Senior Management Personnel of the Company.

The Code of conduct for Directors and Senior Managers as adopted by the Board has been posted on the web site of the Company (www.melstar.com).

Address of registered office, subsidiary office and other Indian offices for correspondence: Please refer to the first page of the Annual Report.

Outstanding GDRs / ADRs, etc.: The Company has not issued any GDRs or ADRs or any other convertible instruments.

COMPLIANCE WITH NON-MANDATORY REQUIREMENTS:

The Company has implemented the following non-mandatory requirements recommended under Clause 49 of the Listing Agreement:

1. **Tenure of Independent Directors**

   No specific tenure has been specified for the Independent Directors.

2. **Training of Board Members**

   The Company has not laid down any Training mechanism for its Directors. However, the Directors on Board are senior professionals of high standing and experience in Corporate sector / industry in which the Company operates. They are being kept informed of the business model, growth factors and the risk profile of the Company.

3. **Mechanism for evaluating Non-Executive Board Members**

   The Company has not laid down any mechanism for evaluation of contributions of Independent Non-executive Directors.

4. **Whistle Blower Policy**

   The company has not laid down a Whistle Blower Policy. However, employees can bring to the notice of the management their concerns on any issues. A “Suggestion Box” is also available in the Company in which employees can deposit in writing their concerns and suggestions even without disclosing their name.

FOR MELSTAR INFORMATION TECHNOLOGIES LIMITED

(RICHARD D’SOUZA)
Managing Director & Chief Executive Officer

Place : Mumbai
Date : 29th July, 2013

Date: 23rd May, 2013

The Board of Directors
Melstar Information Technologies Limited
Melstar House,
G-4, MIDC Cross Road "A"
Andheri (East), Mumbai – 400 093.

Dear Sirs,

Sub: Declaration on Compliance with the Code of Conduct

It is hereby confirmed that all the Directors and Senior Management Personnel (i.e. one level below the executive directors, including all functional heads) of the Company have received, read and understood for compliance with the Code of Conduct framed by the Company and confirmations for the year ended 31.03.2013 have been obtained from the Directors and Senior Management Personnel of the Company.

FOR MELSTAR INFORMATION TECHNOLOGIES LIMITED

(RICHARD D'SOUZA)
Managing Director & CEO

COMPLIANCE CERTIFICATE

Certificate by the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) pursuant to Clause 49 of the Listing Agreement:

We, Richard D'Souza –Managing Director & CEO and Anil S. Korpe – Head -Finance & Accounts in the capacity as a CFO hereby certify that:

(a) We have reviewed financial statements and the cash flow statement for the year ended 31.03.2013 and that to the best of our knowledge and belief:

  (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

  (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

(b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.

(c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps they have taken or propose to take to rectify these deficiencies.

(d) We have indicated to the Auditors and Audit Committee:

  I. significant changes in internal control over financial reporting during the year;

  ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial Statements; and

  III. instances of significant fraud of which they 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

For MELSTAR INFORMATION TECHNOLOGIES LIMITED

Richard D'Souza — **Managing Director & CEO**

Anil S. Korpe — **Head - Finance and Accounts**

Date: 23rd May, 2013

Palce: MUMBAI

CERTIFICATE

To the Members of
Melstar Information Technologies Limited

We have examined the compliance of conditions of Corporate Governance by Melstar Information Technologies Limited (the Company) for the year-ended March 31, 2013, as stipulated in Clause 49 of the Listing Agreements entered in to with the stock Exchanges in India.

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

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreements.

We state that no investor grievances as at March 31,2013 are pending for a period exceeding one month against the Company as per the records maintained by the share registrar and reviewed by the shareholder/Investors Grievance Committee.

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

For **Kanu Doshi Associates**
Chartered Accountants

Place: Mumbai
Date: 29th July, 2013.

Ankit Parekh
Partner
Mem.No: 114622

INDEPENDENT AUDITOR'S REPORT

To,
The Members of Melstar Information Technologies Limited
Report on the Financial Statements

We have audited accompanying financial statements of **MELSTAR INFORMATION TECHNOLOGIES LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2013 and the Statement of Profit and Loss and Cash Flow Statement for the period then ended, and a summary of significant accounting policies and other explanatory information.

Management' Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;

b) in the case of the Statement of Profit and Loss, of the loss for the period ended on that date; and

c) in the case of Cash Flow Statement, of the cash flows for the period ended on that date.

Report on other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003,("the order") as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. As required by section 227(3) of the Act, 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 purpose 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 and proper returns adequate for the purpose of our audit have been received from the USA and UK branches audited by other auditors.
   c) The Branch Auditors' report of the UK and USA branches have been forwarded to us and the same has been appropriately dealt with in the preparation of this report.
   d) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account and the audited Branch returns.
   e) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
   f) On the basis of the written representations received from the directors, as on March 31, 2013 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2013 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

For Kanu Doshi Associates
Chartered Accountants
Firm Registration Number: 104746W

Ankit Parekh
Partner
Membership No: 114622

Place: Mumbai
Date: May 23, 2013

ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in paragraph 1 of Report on other Legal and Regulatory Requirements of our Report of even date on the accounts of **MELSTAR INFORMATION TECHNOLOGIES LIMITED** for the year ended March 31, 2013)

(i) (a) The Company has generally maintained proper records showing full particulars including quantitative details and situation of fixed assets.

(b) As informed and explained to us, all Fixed Assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification.

(c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.

(ii) The company does not have any inventories during the year. Consequently, clause 4(ii) of the order is not applicable.

(iii) According to information and explanations given to us, the Company has neither granted nor taken loan, secured or unsecured, to or from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the sub-clauses (b), (c), (d), (f) and (g) of clause (iii) are not applicable to the Company.

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

(v) To the best of our knowledge and belief and according to the information and explanations given to us that there are no transactions, particulars of contracts or arrangements required to be entered in the register maintained in pursuance of section 301 of the Companies Act, 1956. Accordingly, clause (v) (b) of the order is not applicable.

(vi) During the year, the Company has not accepted any deposits from the public. As such, the compliance with directives issued by the Reserve Bank of India and the provisions of section 58A, 58AA of the Companies Act, 1956 and the rules framed thereunder are not applicable.

(vii) In our opinion, the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by the management have been commensurate with the size of the Company and nature of its business.

(viii) According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 for any of the products of the Company and hence clause 4 (viii) of the Order is not applicable to the Company.

(ix) (a) According to the records of the Company, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-Tax, Sales-Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, cess and any other statutory dues with the appropriate authorities during the year except for tax deducted as source (Pay as You Earn – in respect of United Kingdom Branch). The arrears of Pay as You Earn dues as at the last day of the financial year, outstanding for a period of more than six months from the date they became payable, are UKP 12,222 (Equivalent to Rs. 10,05,647/-).

(b) There are no dues of sales tax/ income tax / custom duty / wealth tax / service tax/ excise duty/ cess, which have not been deposited with the appropriate authorities on account of any dispute.

(x) The Company's accumulated losses at the end of the financial year are less than fifty per cent of its net worth. The Company has incurred cash loss in current year but not in previous year.

(xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.

(xii) According to the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.

(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 (as amended) are not applicable to the Company.

(xiv) According to the information and explanations given to us, the Company has maintained proper records of transactions and contracts in respect of dealing and trading in shares, securities, debentures and other investment and timely entries have generally been made therein. All shares, securities, debentures and other investment have been held by the Company in its own name.

(xv) According to the information and explanations given to us and the record examined by us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.

(xvi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.

(xvii) On the basis of an overall examination of the Balance Sheet of the Company and according to the information and explanations given to us, in our opinion there are no funds raised on short-term basis, which have been used for long-term investment.

(xviii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act.

(xix) The Company has not issued debentures during the financial year and hence, the question of creating securities in respect thereof does not arise.

(xx) The Company has not raised any money through public issue during the year.

(xxi) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the management.

For Kanu Doshi Associates
Chartered Accountants
Firm Registration No: 104746W

Place: Mumbai
Date: May 23, 2013

Ankit Parekh
Partner
Membership No.: 114622

Balance Sheet as at March 31, 2013

In rupees

	Particulars	Note No.	As at 31.03.2013	As at 31.03.2012
I	**EQUITY AND LIABILITIES**			
1	**Shareholders' Funds**			
	(a) Share Capital	2	142,831,390	142,831,390
	(b) Reserves and Surplus	3	(20,709,491)	(6,196,633)
			122,121,899	136,634,757
2	**Non-Current Liabilities**			
	(a) Long-term borrowings	4	-	568,417
	(b) Long term provisions	5	3,813,638	3,069,243
			3,813,638	3,637,660
3	**Current Liabilities**			
	(a) Short-term borrowings	6	52,696,746	16,413,143
	(b) Trade payables (Refer Note No.32 & 33)		118,765,551	160,202,632
	(c) Other current liabilities	7	9,422,599	10,929,163
	(d) Short-term provisions	8	2,118,957	2,966,648
			183,003,853	190,511,586
	TOTAL		**308,939,390**	**330,784,003**
II	**ASSETS**			
1	**Non-current assets**			
	(a) Fixed assets	9		
	(i) Tangible assets		99,594,643	107,983,541
	(ii) Intangible assets		281,258	538,554
	(b) Non-current investments	10	-	-
	(c) Long term loans and advances	11	29,370,208	24,493,833
			129,246,109	133,015,928
2	**Current assets**			
	(a) Trade receivables	12	122,290,554	185,476,162
	(b) Cash and cash equivalents	13	2,119,864	2,127,955
	(c) Short-term loans and advances	14	32,420,477	2,599,214
	(d) Other current assets	15	22,862,386	7,564,744
			179,693,281	197,768,075
	TOTAL		**308,939,390**	**330,784,003**
	Significant Accounting policies	1		
	Notes form an integral part of the financial statements			

As per our report of even date
For Kanu Doshi Associates
Chartered Accountants
Firm Registration No. 104746W

Ankit Parekh
Partner
Membership No. 114622

Mumbai, Dated : May 23, 2013

For and on behalf of the Board of Directors

Richard D'Souza
Managing Director & Chief Executive Officer

P.V. R. Murthy
Director

Dhara Mirani
Company Secretary

Mumbai, Dated : May 23, 2013

Profit and Loss Statement for the year ended 31st March, 2013

In rupees

	Particulars	Note No.	For the year ended 31st March 2013	For the year ended 31st March 2012
I.	Revenue from operations	16	203,551,014	528,736,969
II.	Other Income	17	16,798,377	16,383,034
III.	**Total Revenue (I + II)**		**220,349,391**	**545,120,003**
IV.	**Expenses :**			
	Purchases of Stock in Trade		-	266,642,549
	Employee benefits expense	18	166,582,158	211,677,943
	Finance costs	19	8,065,020	4,646,621
	Depreciation and amortization expenses	9	8,409,740	8,596,520
	Other expenses	20	52,562,266	35,264,340
	Total Expenses		**235,619,184**	**526,827,973**
V.	**(Loss)/ Profit before exceptional and extraordinary items and tax (III-IV)**		(15,269,793)	18,292,030
VI.	Exceptional Item		-	-
VII.	**(Loss)/ Profit before extraordinary items and tax (V + VI)**		(15,269,793)	18,292,030
VIII.	Extraordinary Items		-	-
IX.	**(Loss)/ Profit before tax (VII- VIII)**		**(15,269,793)**	**18,292,030**
X.	Tax expense:			
	(1) Current tax (MAT)		-	(3,675,000)
	(2) Currrent tax of earlier year written back		785,400	-
XI.	**(Loss)/ Profit for the period from continuing operations (IX+X)**		**(14,484,393)**	**14,617,030**
XII.	Profit/(Loss) from discontinuing operations		-	-
XIII.	Tax expense of discontinuing operations		-	-
XIV.	**Profit/(loss) from Discontinuing operations (after tax) (XII-XIII)**		-	-
XV	**(Loss)/ Profit for the period (XI + XIV)**		**(14,484,393)**	**14,617,030**
XVI	Earnings per equity share (Refer Note No. 26) (Rupees):			
	Basic & Diluted (Before Exceptional Item)		(1.01)	1.02
	Basic & Diluted (After Exceptional Item)		(1.01)	1.02
	Face value of Equity shares (in Rs.)		10.00	10.00
	Significant Accounting policies	1		
	Notes form an integral part of the financial statements			

As per our report of even date
For Kanu Doshi Associates
Chartered Accountants
Firm Registration No. 104746W

Ankit Parekh
Partner
Membership No. 114622

Mumbai, Dated : May 23, 2013

For and on behalf of the Board of Directors

Richard D'Souza
Managing Director & Chief Executive Officer

P.V. R. Murthy
Director

Dhara Mirani
Company Secretary

Mumbai, Dated : May 23, 2013

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013

		Rupees	2012-13 Rupees	Rupees	2011-12 Rupees
A	**Cash flow from operating activities**				
	(Loss)/ Profit before tax		**(15,269,793)**		18,292,030
	Adjustments for :				
	Depreciation and amortisation	**8,409,740**		8,596,520	
	Fixed Assets written off	**244,533**		-	
	(Profit)/ Loss on Sale of Fixed Assets sold/ discarded (Net)	**(952)**		103,036	
	Interest on Income Tax refund	**(620,272)**		(1,092,650)	
	Interest expense	**5,515,982**		4,413,783	
	Interest received on Inter Corporate Deposits and Other Deposits	**(2,941,916)**		(19,055)	
	Exchange Difference (Net)	**(43,501)**		(9,967)	
			10,563,614		11,991,667
	Operating (loss)/ profit before working capital changes		**(4,706,179)**		30,283,697
	Adjustments for :				
	Trade and other receivables	**47,725,251**		(142,727,377)	
	Trade payables	**(41,757,741)**	**5,967,510**	127,364,359	(15,363,018)
	Cash generated from operations		**1,261,331**		14,920,679
	Income Tax (Paid)/ Refund (Net)		**(3,779,467)**		(3,420,070)
	Net cash (used in)/ generated from operating activities		**(2,518,136)**		11,500,609
B	**Cash flow from investing activities**				
	Interest received on Inter Corporate Deposits and Other Deposits	**2,941,916**		19,055	
	Inter Corporate Deposit paid	**(30,000,000)**		-	
	Additions to fixed assets	**(6,600)**		(583,095)	
	Proceeds from sale of fixed assets	**952**		48,712	
	Interest on Income Tax refund	**620,272**		1,092,650	
	Net cash (used in)/ generated from investing activities		**(26,443,460)**		577,322
C	**Cash flow from financing activities**				
	Proceeds from borrowings	**36,283,603**		827	
	Repayment of borrowings	**(1,919,356)**		(8,099,167)	
	Interest paid	**(5,454,243)**		(4,428,849)	
	Net cash generated/ (used in) financing activities		**28,910,004**		(12,527,189)
	Net decrease in cash and cash equivalents		**(51,592)**		(449,258)
	Opening balance of cash and cash equivalents		**2,119,160**		2,568,418
	Closing balance of cash and cash equivalents		**2,067,568**		2,119,160

Notes :

1 Cash and cash equivalents include cash and bank balances in current accounts and deposit accounts (Refer Note No.13)

Cash and Cash equivalents include :

	31st March 2013 Rs	31st March 2012 Rs
Cash and Bank Balances	2,119,864	2,127,955
Unrealised (gain)/ loss on foreign currency cash and cash equivalents	(52,296)	(8,795)
Total cash and cash equivalents	**2,067,568**	**2,119,160**

2 Previous year figures have been regrouped wherever necessary to correspond with the figures of the current year.

As per our report of even date
For Kanu Doshi Associates
Chartered Accountants
Firm Registration No. 104746W

Ankit Parekh
Partner
Membership No. 114622

Mumbai, Dated : May 23, 2013

For and on behalf of the Board of Directors

Richard D'Souza
Managing Director & Chief Executive Officer

P.V. R. Murthy
Director

Dhara Mirani
Company Secretary

Mumbai, Dated : May 23, 2013

Notes to financial statements for the period ended 31st March, 2013

1 Significant Accounting Policies:

a) System of Accounting:

The accounts have been prepared on the basis of Going Concern concept and under the historical cost convention except for certain Fixed Assets which are revalued. The Company adopts accrual basis in preparation of its accounts to comply in all material aspects with applicable accounting principles generally accepted in India, the Accounting Standards as specified in the Companies (Accounting Standards) Rules 2006 issued by the Central Government, in consultation with National Advisory Committee on Accounting Standards ('NACAS') and the relevant provisions of the Companies Act, 1956, to the extent applicable.

b) Use of estimates:

The preparation of financial statements in accordance with the generally accepted accounting principles requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimate is recognized in the period in which the estimates are revised and in any future period affected.

c) Fixed Assets and Intangible Assets :

Fixed Assets are valued at cost, except for certain Fixed Assets which have been stated at revalued amounts as determined by approved independent valuer, after reducing accumulated depreciation until the date of the balance sheet. Direct Costs are capitalised until the assets are ready to use and include financing costs relating to any specific borrowing attributable to the acquisition of fixed assets.

Intangible assets are recognised, only if it is probable that the future economic benefits that are attributable to the assets will flow to the enterprise and the cost of the assets can be measured reliably. The intangible assets are recorded at cost and are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

d) Investments:

Long Term Investments are stated at cost, which include cost of acquisition and related expenses. Provision is made to recognise a decline, other than temporary, in the value of investments. Current investments are stated at cost or fair value whichever is lower.

Overseas Investments are carried at their original rupee cost.

e) Depreciation and Amortisation:

Depreciation in respect of assets is provided for on Straight Line Method at the rates prescribed in Schedule XIV to the Companies Act, 1956. Depreciation on revalued fixed assets is provided on Straight Line Method over the residual life of the asset and charged to the Profit and Loss account. Individual assets cost of which doesn’t exceed Rs. 5,000/- each are depreciated in full in the year of purchase.

Leasehold land is written off over the lease period.

Intangible Assets– Computer Software are amortised over a period of five years based on the technical evaluation of their useful economic life.

f) Inventories:

Software Finished Goods (Traded) :

Software Finished Goods (Traded) are valued at cost (arrived on FIFO basis) or net realisable value, whichever is lower.

g) Foreign Currency Transactions/Translation:

Transactions in foreign currency are recorded at the original rates of exchange in force at the time transactions are effected. Exchange differences arising on settlement of all transactions are recognised in the profit and loss account.

Monetary items denominated in foreign currency are reported using the exchange rates prevailing at the date of balance sheet and the resulting net exchange difference is recognised in the profit and loss account.

Foreign Branches:

The translation of financial statements of Foreign Branches is done as under in accordance with Accounting Standard (AS) 11 (Revised) on ‘The Effect of Changes in Foreign Exchange Rates’, considering its foreign branches as non-integral foreign operations:

i. All the items of income and expenses during the year are translated at an average rate.

ii. All the monetary and non-monetary assets and liabilities are translated at closing rate.

iii. The resulting exchange difference is accumulated in 'foreign currency translation reserve' until the disposal of the net investment in the said non-integral foreign operations.

h) Borrowing Costs:

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

i) Employee benefits :

a) Post Employment Benefits and Other Long Term Benefits.

i) Defined Contribution Scheme

Company's contribution for the year paid/payable to defined contribution retirement benefit schemes are charged to Profit and Loss Account.

ii) Defined Benefit and Other Long Term Benefit Schemes Company's liabilities towards defined benefit schemes and other long term benefits viz. gratuity and compensated absences expected to occur after twelve months, are determined using the Projected Unit Credit Method.Actuarial valuations under the Projected Unit Credit Method are carried out at the balance sheet date.Actuarial gains and losses are recognised in the Profit and Loss account in the period of occurrence of such gains and losses.Past service cost is recognised immediately to the extent benefits are vested, otherwise it is amortised on straight-line basis over the remaining average period until the benefits become vested.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost.

b) Short-term employee benefits

Short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised undiscounted during the period employee renders services. Such benefits include bonus/ ex-gratia/ compensated absences.

j) Revenue recognition:

Revenues from software consultancy services are recognised on specified terms of contract in case of contract on time basis and in case of fixed price contract, revenue is recognized using percentage of completion method of accounting. Revenues from software products trading are recognized upon acceptance of delivery of such software products. Unbilled services included in other current assets represents amount recognized based on services performed in advance of billing in accordance with contract terms.

Amount received in advance of services performed are recorded as unearned income.

Revenues outside India include value added tax wherever applicable.

Revenues in India exclude service tax charged.

Revenue is recognised only when it is reasonably certain that the ultimate collection will be made.

Dividend Income is recognised in the statement of Profit and Loss, when right to receive payment is established.

Interest income is recognised on time proportion basis.

Lease rentals are recognised on straight line basis over the lease term.

k) Taxes on Income:

Current tax is determined as the amount of tax payable in respect of taxable income for the year.

Minimum alternate tax (MAT) paid in accordance with the tax laws, which gives rise to future economic benefit in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal tax after the tax holiday period.

Deferred tax is recognized, subject to consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets arising on account of unabsorbed depreciation or carry forward losses are recognized only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized. At each balance sheet date the Company reassesses unrecognised deferred tax assets, to the extent they become reasonably certain or virtually certain of realisation, as the case may be.

l) Fringe Benefit Tax:

Fringe Benefit Tax was recognized in accordance with the relevant provisions of the Income Tax Act, 1961 and the Guidance note on Fringe Benefit Tax issued by the Institute of Chartered Accountants of India (ICAI).

m) Operating Leases:

Assets taken on lease under which all risks and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease payments under operating leases are recognised as expenses on accrual basis in accordance with the respective lease agreements.

n) Impairment of assets:

An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value. An impairment loss is charged to Profit and Loss account in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting periods is reversed if there has been a change in the estimate of the recoverable amount.

o) Provisions, Contingent Liabilities and Contingent Assets:

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognised but are disclosed in the Notes to Accounts. Contingent Assets are neither recognised nor disclosed in the financial statements.

p) Cash Flow Statement:

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

q) Earnings per share:

In determining earnings per share, the company considers the net profit after tax after reducing the preference dividend and tax thereon and includes the post-tax effect of any extra-ordinary items. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the period. The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share, and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares.

r) Cash and cash equivalents:

Cash and cash equivalents for the purpose of Cash Flow Statement comprises of cash at banks, cash in hand (including cheques in hand) and bank deposits with maturity of less than three months.

2 SHARE CAPITAL

PARTICULARS	As at 31.03.2013		As at 31.03.2012	
	Number	Rupees	Number	Rupees
Authorised				
Equity Shares of Rs.10/- each	54,950,000	549,500,000	54,950,000	549,500,000
Preference Shares of Rs.10/- each	50,000	500,000	50,000	500,000
		550,000,000		**550,000,000**
Issued, Subscribed and Paid up				
Equity Shares of Rs.10/- each, fully paid up	14,283,139	142,831,390	14,283,139	142,831,390
TOTAL		**142,831,390**		**142,831,390**

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

Particulars			Equity Shares	
			Number	Rupees
Shares outstanding at the beginning of the year			14,283,139	142,831,390
Shares Issued during the year			-	-
Shares bought back during the year			-	-
Shares outstanding at the end of the year			14,283,139	142,831,390

Details of shareholders holding more than 5% of Share Capital in the Company

Name of Shareholder	As at 31.03.2013		As at 31.03.2012	
	Number of Shares held	% of Holding	Number of Shares held	% of Holding
Shearson Investment Trading Co. Pvt. Ltd.	2501908	17.52	2501908	17.52
Godavari Corporation Pvt. Ltd.	2390819	16.74	2390819	16.74
Nirved Traders Private Limited	2248744	15.74	2248744	15.74

Terms /Rights attached to Equity Shares

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share.

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

3 RESERVES & SURPLUS

(In rupees)

PARTICULARS	As at 31.03.2013		As at 31.03.2012	
1. Capital Reserve		173,542		173,542
2. Capital Redemption Reserve		20,000		20,000
3. Foreign Currency Translation Reserve				
Opening Balance	1,724,454		1,942,819	
Add : Debited during the year	(28,465)		(218,365)	
		1,695,989		1,724,454
4. Surplus/ (Deficit) in the Statement of Profit and Loss				
Opening Balance	(8,114,629)		(22,731,659)	
Add : Net (Loss)/ Profit for the current year	(14,484,393)		14,617,030	
		(22,599,022)		(8,114,629)
TOTAL		**(20,709,491)**		**(6,196,633)**

4. LONG TERM BORROWINGS

(In rupees)

PARTICULARS	As at 31.03.2013	As at 31.03.2012
Secured		
Term Loan		
From Bank	-	568,417
TOTAL	**-**	**568,417**

Note :

a) The Term Loan has been pre-paid during the year consequent to take-over of bank limits by another bank. Term Loan outstanding as on 31st March, 2012 was secured by registered mortgage of office premises situated at Andheri(Mumbai) and was further secured by all existing & future, current & fixed assets of the Company.

b) Term Loan outstanding as on 31st March, 2012 Rs.1,948,417 includes current maturities of above loan and was repayable in seventeen instalments of Rs.115,000/- each. The Rate of interest on the said Term Loan was Base Rate+2.50%+Term Premium.

5 LONG TERM PROVISIONS

(In rupees)

PARTICULARS	As at 31.03.2013	As at 31.03.2012
Provision for employee benefits		
Gratuity (unfunded)(Refer Note No. 31(ii))	2,949,723	2,025,125
Compensated absences (unfunded)(Refer Note No. 31(ii))	863,915	1,044,118
TOTAL	**3,813,638**	**3,069,243**

6 SHORT TERM BORROWINGS

(In rupees)

PARTICULARS	As at 31.03.2013	As at 31.03.2012
Secured		
Loan repayable on demand		
From Bank		
- Clean Overdraft Facility	12,645,170	16,413,143
- Cash Credit Facility	40,051,576	-
TOTAL	**52,696,746**	**16,413,143**

Note :

a) Clean Overdraft Facility and Cash Credit Facility is secured by equitable mortgage by deposit of title deeds of office premises of the Company situated at Andheri(Mumbai) and further secured by hypothecation of receivables and other current assets of the Company. Clean Overdraft Facility in the previous year was secured by registered mortage of office premises situated at Andheri (Mumbai) and was further secured by all then existing & future , current & fixed assets of the Company

b) Clean Overdraft Facility and Cash Credit Facility is repayable on demand subject to annual review. The rate of interest for Clean Overdraft Facility is Base Rate+3.75% (Previous year Base Rate+ 2.50%) and Base Rate+2.75% on Cash Credit Facility.

7. OTHER CURRENT LIABILITIES

(In rupees)

PARTICULARS	As at 31.03.2013	As at 31.03.2012
Current maturities of Long term debt-Term Loan *	-	1,380,000
Income received in advance	-	389,824
Interest accrued but not due	90,800	29,061
Security deposits (Refer note no. 27(2))	4,900,000	4,900,000
Other Payables		
- Withholding taxes (includes Rs.1,005,647 (Previous year Rs.995,258) in respect of Branch located at U.K.)	1,954,770	2,443,929
- Service Tax	1,192,811	21,205
- VAT	120,695	313,729
- Provident Fund	1,046,369	1,251,330
- Employees' State Insurance	27,679	35,550
- Profession Tax	89,475	164,535
TOTAL	**9,422,599**	**10,929,163**

* The Term Loan has been pre-paid during the year consequent to take-over of bank limits by another bank.

8 . SHORT TERM PROVISIONS

(In rupees)

PARTICULARS	As at 31.03.2013	As at 31.03.2012
Provision for employee benefits		
Gratuity (unfunded)(Refer Note No. 31(ii))	755,525	1,189,577
Compensated absences (unfunded) (Refer Note No. 31(ii))	1,363,432	1,777,071
TOTAL	**2,118,957**	**2,966,648**

NOTE 9 : FIXED ASSETS

(Rupees)

	Particulars	Gross Block					Accumulated Depreciation/ Amortisation					Net Block	
		Balance as at 1 April 2012	Additions	(Disposals)	other Adjustment	Balance as at 31 March 2013	Balance as at 1 April 2012	Depreciation charge for the year	On disposals	other Adjustment	Balance as at 31 March 2013	Balance as at 1 April 2012	Balance as at 31 March 2013
a	**Tangible Assets**												
	Leasehold Land	304,995	-	-	-	304,995	51,994*	3,974	-	-	55,968	253,001	249,027
		(304,995)	(-)	(-)	(-)	(304,995)	(48,020)	(3,974)	(-)	(-)	(51,994)	(256,975)	(253,001)
	Buildings	152,139,251	-	-	-	152,139,251	55,340,905	5,713,821	-	-	61,054,726	96,798,346	91,084,525
		(152,139,251)	(-)	(-)	(-)	(152,139,251)	(49,627,084)	(5,713,821)	(-)	(-)	(55,340,905)	(102,512,167)	(96,798,346)
	Plant and Equipment	11,656,068	6,600	(407,840)	4,626	11,259,454	6,956,277	983,103	(376,659)	3,147	7,565,868	4,699,791	3,693,586
		(16,090,225)	(378,906)	(4,822,235)	(9,172)	(11,656,068)	(10,590,083)	(1,113,417)	(4,750,145)	(2,922)	(6,956,277)	(5,500,142)	(4,699,791)
	Furniture and Fixtures	19,612,404	-	(370,010)	-	19,242,394	14,698,867	1,214,302	(156,658)	-	15,756,511	4,913,537	3,485,883
		(19,618,648)	(-)	(6,244)	(-)	(19,612,404)	(13,488,819)	(1,216,292)	(6,244)	(-)	(14,698,867)	(6,129,829)	(4,913,537)
	Vehicles	2,633,082	-	-	-	2,633,082	2,116,124	161,810	-	-	2,277,934	516,958	355,148
		(2,633,082)	(-)	(-)	(-)	(2,633,082)	(1,947,998)	(168,126)	(-)	(-)	(2,116,124)	(685,084)	(516,958)
	Office equipment	1,592,024	-	-	-	1,592,024	790,116	75,434	-	-	865,550	801,908	726,474
		(1,681,153)	(91,049)	(180,178)	(-)	(1,592,024)	(811,473)	(79,162)	(100,519)	(-)	(790,116)	(869,680)	(801,908)
	Total	**187,937,824**	**6,600**	**(777,850)**	**4,626**	**187,171,200**	**79,954,283**	**8,152,444**	**(533,317)**	**3,147**	**87,576,557**	**107,983,541**	**99,594,643**
		(192,467,354)	(469,955)	(5,008,657)	(9,172)	(187,937,824)	(76,513,477)	(8,294,792)	(4,856,908)	(2,922)	(79,954,283)	(115,953,877)	(107,983,541)
b	**Intangible Assets**												
	Computer software	1,729,612	-	-	-	1,729,612	1,191,058	257,296	-	-	1,448,354	538,554	281,258
		(1,616,472)	(113,140)	(-)	(-)	(1,729,612)	(889,330)	(301,728)	(-)	(-)	(1,191,058)	(727,142)	(538,554)
	Total	**1,729,612**	**-**	**-**	**-**	**1,729,612**	**1,191,058**	**257,296**	**-**	**-**	**1,448,354**	**538,554**	**281,258**
		(1,616,472)	(113,140)	(-)	(-)	(1,729,612)	(889,330)	(301,728)	(-)	(-)	(1,191,058)	(727,142)	(538,554)
	Total	**189,667,436**	**6,600**	**(777,850)**	**4,626**	**188,900,812**	**81,145,341**	**8,409,740**	**(533,317)**	**3,147**	**89,024,911**	**108,522,095**	**99,875,901**
	Previous Year	(194,083,826)	(583,095)	(5,008,657)	(9,172)	(189,667,436)	(77,402,807)	(8,596,520)	(4,856,908)	(2,922)	(81,145,341)	(116,681,019)	(108,522,095)

* Amount Written off in respect of Leasehold land for the period of lease which has expired.

** Building was revalued on 1st April, 2005 with reference to the fair market value; amount added on revaluation was Rs.76,558,113; the revalued amount substituted for historical cost on 1st April 2005 was Rs. 126,130,511, based on report issued by approved independent valuer.

Note :

1 Adjustments/ deductions include obsolete fixed assets discarded during the year. (Cost Rs.733,825 accumulated depreciation and amortisation Rs.489,291) (Previous year Cost Rs.Nil and depreciation and amortisation Rs Nil)

2 Figures shown in brackets are in respect of Previous Period.

10 NON CURRENT INVESTMENTS

(In rupees)

PARTICULARS	**As at 31.03.2013**	**As at 31.03.2012**
Unquoted - (At cost or carrying amount unless otherwise stated)		
Trade Investments		
Investments in Equity Instruments of Wholly Owned Subsidiary Companies		
i) 45,940 (Previous year 45,940) shares (common stock) of US$ 25/- each of Melstar Inc. (USA)	64,648,453	64,648,453
Less: Provision for diminution (Refer Note No.22)	(64,648,453)	(64,648,453)
	-	-
ii) 150,000 (Previous year 150,000) shares of Sterling Pound 1/- each of Melstar UK Limited (UK)	9,790,695	9,790,695
Less: Provision for diminution (Refer Note No.22)	(9,790,695)	(9,790,695)
	-	-
iii) 958,992 (Previous year 958,992) shares of Sterling Pound 1/- each of Melstar Limited (UK)	94,245,891	94,245,891
Less: Provision for diminution (Refer Note No.22)	(94,245,891)	(94,245,891)
	-	-
iv) 1,700,000 (Previous year 1,700,000) shares of SGD 1/- each of Melstar Singapore Pte Ltd	45,989,728	45,989,728
Less: Provision for diminution (Refer Note No.22)	(45,989,728)	(45,989,728)
	-	**-**
Non Trade Investment		
125,000 (Previous year 125,000) Equity Shares of Rs.10/- each of Janakalyan Sahakari Bank Ltd	1,250,000	1,250,000
Less: Provision for diminution	(1,250,000)	(1,250,000)
	-	-
TOTAL	**-**	**-**
Note:		
Aggregate of Unquoted Investments Cost/ carrying amount	215,924,767	215,924,767
Aggregate provision for diminution in value of investments	(215,924,767)	(215,924,767)

11 LONG TERM LOANS AND ADVANCES

(In rupees)

PARTICULARS	**As at 31.03.2013**		**As at 31.03.2012**	
Security Deposits				
Unsecured, considered good	344,653		1,689,030	
Considered doubtful	-		153,065	
Less:- Provision	-		(153,065)	
		344,653		1,689,030
Others (Unsecured, considered good)				
Advances recoverable in cash or kind or for value to be received	2,251,709		595,824	
Advance payment of Income Tax (Net of Provision for Taxation)	26,750,098		22,185,231	
Advance Payment of Fringe Benefit Tax (Net of Provision for Taxation)	23,748		23,748	
		29,025,555		22,804,803
TOTAL		**29,370,208**		**24,493,833**

12 . TRADE RECEIVABLES

(In rupees)

PARTICULARS	**As at 31.03.2013**		**As at 31.03.2012**	
Trade receivables outstanding for a period exceeding six months from the date they are due for payment				
-Unsecured, considered good	89,183,982		128,226	
-Unsecured, considered doubtful	43,279,757		43,438,136	
	132,463,739		43,566,362	
Less: Provision for bad and doubtful debts * (Refer Note No.22)	(43,279,757)		(43,438,136)	
		89,183,982		128,226
Trade receivables outstanding for a period less than six months from the date they are due for payment				
-Unsecured, considered good	33,106,572		185,347,936	
-Unsecured, considered doubtful	-		-	
	33,106,572		185,347,936	
Less: Provision for bad and doubtful debts	-		-	
		33,106,572		185,347,936
TOTAL		**122,290,554**		**185,476,162**

* Includes debts due from subsidiary comapanies Rs.17,167,788 (Previous year Rs.17,393,388)

13 CASH AND CASH EQUIVALENTS

(In rupees)

PARTICULARS	**As at 31.03.2013**	**As at 31.03.2012**
Balances with Banks	2,090,724	2,099,413
Cash on hand	29,140	28,542
TOTAL	**2,119,864**	**2,127,955**

14. SHORT TERM LOANS AND ADVANCES

(In rupees)

PARTICULARS	**As at 31.03.2013**		**As at 31.03.2012**	
Security Deposits				
Unsecured, considered good		1,271,254		-
Loans and Advances to related parties				
Loans and Advances to Subsidiaries				
Unsecured, considered good	-		-	
Considered doubtful	114,306,058		114,306,058	
Less:- Provision (Refer Note No.22)	(114,306,058)		(114,306,058)	
Amounts receivable from Enterprises over which Key Management Personnel and / or their relatives have significant influence		-		-
Inter Corporate Deposits (Refer note no.27(2))		30,000,000		-
Others (Unsecured, considered good)				
Advances recoverable in cash or kind or for value to be received		1,149,223		2,599,214
TOTAL		**32,420,477**		**2,599,214**

15 OTHER CURRENT ASSETS

(In rupees)

PARTICULARS	As at 31.03.2013	As at 31.03.2012
Unbilled Revenue	13,650,816	6,108,781
Amounts receivable from Enterprises over which Key Management Personnel and / or their relatives have significant influence (Refer note no.27(2))	9,211,570	1,455,963
TOTAL	**22,862,386**	**7,564,744**

16 REVENUE FROM OPERATIONS

(In rupees)

PARTICULARS	For the period ended 31st March, 2013	For the year ended 31st March, 2012
Sale of Software Products Trading	-	272,152,132
Sale of Software Services	203,551,014	256,584,837
TOTAL	**203,551,014**	**528,736,969**

17 OTHER INCOME

(In rupees)

PARTICULARS	For the period ended 31st March, 2013	For the year ended 31st March, 2012
Exchange Difference (Net)	82,933	-
Sundry Credit Balances Written Back	431,790	1,978,561
Profit on Assets sold / discarded (Net)	952	-
Provision for doubtful debts/ advances written back (Net)	349,619	647,524
Excess Provision of Earlier Years Written Back	2,470,370	3,005,595
Miscellaneous Income	525	44,649
Rent	9,900,000	9,595,000
Interest on Inter Corporate Deposits and Other Deposits	2,941,916	19,055
Interest on Income Tax Refunds	620,272	1,092,650
TOTAL	**16,798,377**	**16,383,034**

18 EMPLOYEE BENEFITS EXPENSES

(In rupees)

PARTICULARS	For the period ended 31st March, 2013	For the year ended 31st March, 2012
Salaries and Wages	157,837,362	201,006,822
Contribution to Provident and other Funds	6,421,837	7,770,624
Gratuity	843,412	501,205
Compensated Absences	952,806	1,707,591
Staff Welfare Expenses	526,741	691,701
TOTAL	**166,582,158**	**211,677,943**

19 FINANCE COSTS

(In rupees)

PARTICULARS	For the period ended 31st March, 2013	For the year ended 31st March, 2012
Interest expenses		
On Fixed Period Loans	105,700	432,063
Others	5,410,282	3,981,720
Other borrowing costs	2,549,038	232,838
TOTAL	**8,065,020**	**4,646,621**

20 OTHER EXPENSES

(In rupees)

PARTICULARS	For the period ended 31st March, 2013	For the year ended 31st March, 2012
Purchases of Software Services	29,338,436	11,542,273
Electricity	2,690,450	2,618,075
Rent	3,448,379	3,753,426
Rates and Taxes	354,198	263,209
Insurance	610,526	970,012
Repairs to buildings	279,374	-
Repairs to machinery	372,766	413,213
Travelling and Conveyance	1,615,899	1,455,211
Communication Expenses	1,599,885	1,841,673
Advertising and Sales promotion expenses	206,454	1,128,546
Legal and Professional fees	6,507,817	4,772,080
Recruitment Expenses	1,570,030	1,764,964
Loss on Sale of Fixed Assets (Net)	-	103,036
Irrecoverable Debts/ Advances written off	282,540	859,852
Exchange Difference (Net)	-	2,215
Fixed Assets written off	244,533	-
Directors Sitting Fees	300,000	350,000
Miscellaneous Expenses	3,140,979	3,426,554
TOTAL	**52,562,266**	**35,264,340**
Note: (Miscellaneous Expenses includes Bank Charges, Security Expenses, Vehicle Expenses etc.)		

21.(i)

In rupees

	As at 31.03.2013	As at 31.03.2012
Claims against Company not acknowledged as debt and pending before the Courts in Mumbai. The Company expects that the matter will be resolved in Company's favour and no liability is expected.	387,620	887,150

(ii) **Contingent Liability :**

In rupees

Particulars	**As at 31.03.2013**	**As at 31.03.2012**
Disputed ESIC Liability: ESIC demand disputed and pending decisions before higher authorities. Amount paid there against and included under "Short Term Loans and Advances" NoteNo.14 Rs.35,000 Previous year (Rs.35,000)	135,627	135,627

22. The Company, considering the erosion/substantial erosion in the net worth of its wholly-owned subsidiaries located at U.S.A., U.K. and Singapore, had made provision for diminution in the value of investments in the said subsidiaries aggregating to Rs. 214,674,767 (Previous year Rs.214,674,767) and for doubtful loans/advances given to said subsidiaries aggregating to Rs.114,306,058 (Previous year Rs.114,306,058) and also for doubtful debts being debts due from one of the step down subsidiary located at UK and a wholly-owned subsidiary located at U.S.A. of Rs.17,167,788(Previous year Rs.17,393,388).

    Out of the two subsidiaries located at U.K. one subsidiary stands dissolved in the earlier year and another stands dissolved in the previous year. The step down subsidiary was also dissolved in the earlier year. Pursuant to application made to the Regulatory Authority, the name of the subsidiary located at Singapore had been Struck Off in the earlier year.

    Consequent to such dissolutions/ struck off, the Company is in the process of seeking approvals from the Reserve Bank of India (RBI), for writing off these amounts from the books of account. The Company would make the necessary adjustments as and when approvals from the RBI are received. Such adjustments would have no impact on the Profit and Loss Account.

23. The break-up of deferred tax assets as at 31st March, 2013 is as under:

In rupees

	As at 31.03.2013	**Credit/ (Charge)**	**As at 31.03.2012**
a) Deferred Tax Liability			
WDV of Fixed Assets	**(27,998,910)**	**(33,194,296)**	**5,195,386**
b) Deferred Tax Asset			
Provision for Gratuity and Leave Encashment	1,833,172	(125,475)	1,958,647
Provision for Doubtful Debts and Advances	48,694,017	(2,543,644)	51,237,661
Others	5,070,663	3,880,494	1,190,170
	55,597,852	**1,211,375**	**54,386,477**
Total Deferred Tax (Liability)/ Asset	**27,598,942**	**(31,982,921)**	**59,581,863**

The deferred tax assets, not recognised as at the year end on the basis of prudence, would be accounted for in the subsequent year/years considering the requirements of the Accounting Standard (AS) 22 on " Accounting for Taxes on Income", regarding reasonable/virtual certainty and the accounting policy followed by the Company in this respect.

24. Payments to Auditors:

In rupees

Sr No	**Particulars**	**Current Year ***	**Previous Year***
a.	As Auditors	425,000	350,000
b.	For Taxation matters	-	50,000
c.	For other services	15,000	-
d.	For Reimbursement of expenses	10,698	7,562
e.	To Branch Auditors	35,000	45,000
	Total	**485,698**	**452,562**

*Excludes Service Tax

25. Additional information pursuant to the provisions of paragraph 5(ii)(d) part II of the revised schedule VI to the Companies Act, 1956. (To the extent applicable)

A. **EXPENDITURE IN FOREIGN CURRENCY**

In rupees

Particulars	Current Year	Previous Year
Purchases of Software Services	18,765,587	7,551,270
Legal and Professional Charges	1,058,287	1,474,184
Others	1,047,546	868,394
Total	**20,871,420**	**9,893,848**

Note: Expenses of Foreign branches Rs. 20,791,990 (Previous year Rs. 9,878,121) have been included in the appropriate heads above.

B. **EARNINGS IN FOREIGN CURRENCY**

In rupees

Particulars	Current Year	Previous Year
FOB Value of Exports	21,967,169	11,306,940
Sundry balances written back	467,760	1,238,975

FOB Value of Exports includes:

Software Services Exports Rs. 1,951,922 (Previous year Rs. 3,203,139) and Income from Software Services by foreign Branch Rs. 20,015,247(Previous year Rs. 8,103,801)

26. Earnings per share is calculated as follows:

Particulars	For the year ended March 31, 2013	For the year ended March31, 2012
a. Net (Loss)/Profit after tax attributable to equity shareholders (Rupees)	(14,484,393)	14,617,030
b. Weighted average number of equity shares considered for calculation of Basic and Diluted Earnings Per Share (Nos.)	14,283,139	14,283,139
c. Nominal value of equity share (Rupees)	10	10
d. Basic and Diluted Earnings per share (Rupees)	(1.01)	1.02

27. Related parties disclosures

1) Names of related parties and description of relationship:

i. Subsidiaries and step down subsidiary	Melstar Inc. Melstar Limited (Dissolved on 19th May, 2010) Linkhand Support Limited (Dissolved on 12th August, 2008) Melstar UK Limited (Dissolved on 26th April, 2011) Melstar Singapore Pte. Limited (Struck Off as on 05th October, 2010)
ii. Key Management Personnel with whom the transactions have taken place during the year	Mr. Yashovardhan Birla (Chairman)(Up to 07th November, 2012) Mr. P. V. R. Murthy (Non-Executive Director) Mr. Richard D’Souza (Chief Executive Officer and Manager)
iii. Enterprises Over which Key Management Personnel and / or their relatives have significant influence with whom the transactions have taken place during the year	Birla Shloka Edutech Limited Birla Edutech Limited Birla Viking Travels Limited (Up to 07th November, 2012) Birla Global Corporate Private Limited Birla Cotsyn India Limited Birla Power Solutions Limited

2) Transactions with related parties:

In rupees

	Particulars	Subsidiary Companies		Key Management Personnel		Enterprises Over which Key Management Personnel and / or their relatives have significant infulence	
		2012-2013	2011-2012	2012-2013	2011-2012	2012-2013	2011-2012
a)	**Loans and advances**						
	Balance as at 1st April	**114,306,058**	**114,306,058**	**-**	**-**	**-**	**-**
	Melstar Inc	51,034,988	51,034,988	-	-	-	-
	Melstar Limited	54,510,067	54,510,067	-	-	-	-
	Melstar Singapore Pte Limited	8,761,003	8,761,003	-	-	-	-
	Given/Adjusted during the year	-	-	**-**	**-**	**32,925,132**	**-**
	Birla Power Solutions Limited	-	-	-	-	16,638,988	-
	Birla Cotsyn India Limited	-	-	-	-	16,286,144	-
	Repaid/Adjusted during the year	-	-	**-**	**-**	**-**	**-**
	Balance as at March 31 (Includes Rs.114,306,058) (Previous year Rs.114,306,058) provision made towards doubtful loans and advances to subsidiary companies)	**114,306,058**	**114,306,058**	**-**	**-**	**32,925,132**	**-**
	Melstar Inc	51,034,988	51,034,988	-	-	-	-
	Melstar Limited	54,510,067	54,510,067	-	-	-	-
	Melstar Singapore Pte Limited	8,761,003	8,761,003	-	-	-	-
	Birla Power Solutions Limited	-	-	-	-	16,638,988	-
	Birla Cotsyn India Limited	-	-	-	-	16,286,144	-
b)	**Investments**						
	Balance as at March 31 (includes Rs.214,674,767 (Previous year Rs.214,674,767) provided towards diminution)	**214,674,767**	**214,674,767**	**-**	**-**	**-**	**-**
	Melstar Inc	64,648,453	64,648,453	-	-	-	-
	Melstar Limited	94,245,891	94,245,891	-	-	-	-
	Melstar Singapore Pte Limited	45,989,728	45,989,728	-	-	-	-
	Melstar UK Limited	9,790,695	9,790,695	-	-	-	-
c)	**Trade Receivables**						
	Balance as at March 31 (includes Rs.17,167,788 (Previous year Rs.17,393,388) provided towards doubtful debts)	**17,167,788**	**17,393,388**	**-**	**-**	**661,800**	**661,800**
	Linkhand Support Limited	16,303,514	16,303,514	-	-	-	-
	Melstar Inc	864,274	1,089,874	-	-	-	-
	Birla Global Corporate Private Limited	-	-	-	-	661,800	661,800
d)	**Deposits Received**						
	Balance as at March 31	**-**	**-**	**-**	**-**	**4,500,000**	**4,500,000**
	Birla Edutech Limited	-	-	-	-	2,700,000	2,700,000
	Birla Shloka Edutech Limited	-	-	-	-	1,800,000	1,800,000

e)	**Receivables**						
	Balance as at March 31	**-**	**-**	**-**	**-**	**6,286,438**	**1,455,963**
	Birla Edutech Limited	-	-	-	-	3,997,014	1,091,972
	Birla Shloka Edutech Limited	-	-	-	-	2,224,728	363,991
	Birla Global Corporate Private Limited	-	-	-	-	64,696	-
f)	**Trade Payables**						
	Balance as at March 31	**-**	**-**	**209,150**	**202,720**	**-**	**278,615**
	Mr.Richard D'Souza	-	-	209,150	202,720	-	-
	Birla Viking Travels Limited	-	-	-	-	-	13,825
	Birla Global Corporate Private Limited	-	-	-	-	-	264,790
g)	**Income**						
	Sales of Services	**-**	**-**	**-**	**-**	**-**	**600,000**
	Birla Global Corporate Private Limited					-	600,000
	Rent	**-**	**-**	**-**	**-**	**9,900,000**	**9,375,000**
	Birla Shloka Edutech Limited	-	-	-	-	3,960,000	3,750,000
	Birla Edutech Limited	-	-	-	-	5,940,000	5,625,000
	Interest Income	**-**	**-**	**-**	**-**	**2,925,132**	**-**
	Birla Power Solutions Limited	-	-	-	-	1,638,988	-
	Birla Cotsyn India Limited	-	-	-	-	1,286,144	-
h)	**Expenditure**						
	Remuneration	**-**	**-**	**4,639,584**	**4,498,725**	**-**	**-**
	Mr.Richard D'Souza	-	-	4,639,584	4,498,725	-	
	Sitting Fees	**-**	**-**	**100,000**	**110,000**	**-**	**-**
	Mr.Yashovardhan Birla	-	-	20,000	30,000	-	-
	Mr.P.V.R.Murthy	-	-	80,000	80,000	-	-
	Other expenses	**-**	**-**	**-**	**-**	**3,149,672**	**1,471,055**
	Birla Viking Travels Limited	-	-	-	-	176,316	271,055
	Birla Edutech Limited	-	-	-	-	6,700	-
	Birla Global Corporate Private Limited	-	-	-	-	2,966,656	1,200,000

Notes: Related party relationship is as identified by the Company and relied upon by the auditors.

28. Details of loans and advances in the nature of loans as per the requirements of clause 32 of the Listing Agreement with Stock Exchanges:

In rupees

Name of the company	**Amount outstanding as at March 31, 2013**	**Amount outstanding as at March 31, 2012**	**Maximum amount outstanding during the year**	**Maximum amount outstanding during the previous year**
Wholly owned subsidiaries				
Melstar Inc.	46,542,519*#	46,542,519*#	46,542,519	46,542,519
Melstar Inc.	152,469*#	152,469*#	152,469	152,469
Melstar Inc.	4,340,000**#	4,340,000**#	4,340,000	4,340,000
Melstar Ltd.	54,510,067*#	54,510,067*#	54,510,067	54,510,067
Melstar Singapore Pte Ltd.	8,761,003*#	8,761,003*#	8,761,003	8,761,003
Total	**114,306,058**	**114,306,058**		

* Repayable on demand and interest free.

** Interest bearing loan @7% p.a. upto March 31,2005, interest free thereafter and repayable by March 31, 2007 as per revised repayment schedule, as approved by the Board of Directors and intimated to Reserve Bank of India as per Foreign Exchange Management Act, 1999 (FEMA).

\# Amounts outstanding as at March 31, 2013 stand fully provided for towards doubtful recoveries.

Note: There are no investments by the loanees in the shares of the parent company and /or subsidiary companies.

29. The Company has presented the data relating to its segments based on its consolidated financial statements, which are presented in the same annual report. Accordingly in terms of provisions of Accounting Standard (AS) 17 on ‘Segment Reporting’, no disclosures related to segments are presented in its stand-alone financial statements.

30. The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are as follows:

Amount receivable in foreign currency on account of the following

Particulars	**Amount in Rupees**	**Amount in Foreign Currency**	**Foreign Currency**
Export of goods*	31,550,957	407,173	GBP
	(31,550,957)	(407,173)	
	11,236,710	234,134	USD
	(11,573,786)	(240,854)	
TOTAL	42,787,667		
	(43,124,743)		
Loans and Advances**	28,520,136	350,974	GBP
	(28,520,136)	(350,974)	
	34,672,961	798,689	USD
	(34,672,961)	(798,689)	
	8,761,003	334,262	SGD
	(8,761,003)	(334,262)	
TOTAL	71,954,100		
	(71,954,100)		

* Of these, Rs. 42,348,262 (previous year Rs. 42,348,262) has been provided towards doubtful recoveries.

** Fully provided towards doubtful recoveries (previous year Rs.71,954,100).

Note: Figures in Brackets indicate previous year figures.

31. **Post Employment Benefit Plans**

(i) Defined contribution plans

The Company makes contributions towards provident fund to a defined contribution retirement benefit plan for qualifying employees. The Provident Fund plan is operated by Regional Provident Fund Commissioner. Under the plan, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit plan to fund the benefits.

The Company recognized Rs. 5,529,994 (Previous year Rs. 6,775,404) for provident fund contributions in the profit and loss account. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

(ii) Defined benefit plan

The Company has defined benefit plan for qualifying employees in respect of Gratuity benefits. The scheme provides for payment to vested employees as under:

On Normal retirement/early retirement/withdrawal/resignation:

As per the provisions of Payment of Gratuity Act, 1972 with vesting period of 5 years of service.

On death in service:

As per the provisions of Payment of Gratuity Act, 1972 without any vesting period.

The most recent actuarial valuation of the present value of defined benefit obligation for gratuity was carried out at March 31, 2013 by an actuary. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

In rupees

Sr. No	Particulars	Gratuity (Non-funded)	
		As on 31.03.2013	As on 31.03.2012
I)	**Reconciliation in present value of obligations (PVO) – defined benefit obligation :**		
	Current Service Cost	429,870	697,648
	Interest Cost	273,250	241,598
	Actuarial (gain)/losses	140,292	(438,041)
	Benefits paid	(352,866)	(306,479)
	Past service cost	-	-
	PVO at the beginning of the year	3,214,702	3,019,976
	PVO at end of the year	3,705,248	3,214,702
II)	**Change in fair value of plan assets :**		
	Expected return on plan assets	-	-
	Actuarial gain/(losses)	-	-
	Contributions by the employer	-	-
	Benefits paid	-	-
	Fair value of plan assets at beginning of the year	-	-
	Fair value of plan assets at end of the year	-	-
III)	**Reconciliation of PVO and fair value of plan assets:**		
	PVO at end of year	3,705,248	3,214,702
	Fair Value of planned assets at end of year	-	-
	Funded status	(3,705,248))	(3,214,702)
	Unrecognised actuarial gain/(loss)	-	-
	Net asset/(liability) recognised in the balance sheet	(3,705,248)	(3,214,702)
IV)	**Net cost for the year ended March 31, 2013 :**		
	Current Service cost	429,870	697,648
	Interest cost	273,250	241,598
	Expected return on plan assets	-	-
	Actuarial (gain)/losses	140,292	(438,401)
	Past service cost	-	-
	Net cost	843,412	501,205
V)	**Category of assets as at March 31, 2013 :**	-	-
VI)	**Actual return on the plan assets**	-	-
VII)	**Assumption used in accounting for the gratuity plan:**		
	Discount rate (%)	8.00	8.50
	Salary escalation rate (%)	6.00	6.00
	Expected rate of return on plan assets	N.A.	N.A.

Note:

Provision towards compensated absences made on the basis of actuarial valuation as per Accounting Standard 15 (Revised). Actuarial value liability is Rs. 857,796 (Previous year Rs.860,534) based upon the following assumptions:

	2011-12	2012-13
Discount Rate	8.50%	8.00%
Salary Escalation	6.00%	6.00%

The liability towards short-term compensated absences is Rs. 1,369,551 (Previous year Rs.1,960,655) is provided on actual basis.

32. Disclosures relating to amounts payable as at the yearend together with interest paid / payable to Micro, Small and Medium Enterprises have been made in the accounts, as required under the Micro, Small and Medium Enterprises Development Act, 2006 to the extent of information available with the Company determined on the basis of intimation received from suppliers regarding their status and the required disclosure are given below:

Particulars		**For the year ended 31st March, 2013Rs.**	**For the year ended 31st March, 2012Rs.**
A	Principal amount remaining unpaid as on 31st March 2013	-	-
B	Interest due thereon as on 31st March 2013	-	-
C	Interest paid by the Company in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year.	-	-
D	Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act,2006	-	-
E	Interest accrued and remaining unpaid as at 31st March 2013	-	-
F	Further Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise.	-	-

33. Trade receivables, trade payables, short term loans and advances, other current assets and other current liabilities are subject to confirmation and reconciliation if any.

34. Previous year's figures have been regrouped wherever necessary, to correspond with the figures of the current year. Amounts and other disclosures for the preceding year are included as integral part of the current year financial statements and are to be read in relation to the amounts and other disclosures relating to the current year. Figures have been rounded off to the nearest rupee.

As per our report of even date
For Kanu Doshi Associates
Chartered Accountants
Firm Registration No. 104746W

Ankit Parekh
Partner
Membership No. 114622

Mumbai, Dated : May 23, 2013

For and on behalf of the Board of Directors

Richard D'Souza
Managing Director & Chief Executive Officer

P.V. R. Murthy
Director

Dhara Mirani
Company Secretary

Mumbai, Dated : May 23, 2013

Statement pursuant to Section 212 of the Companies Act, 1956 relating to subsidiary companies.

Name of subsidiary company	Financial year ended on	Date of becoming subsidiary	Currency	Paid up Capital	Holding Company's interest in the subsidiary as of March 31, 2013 %	For current financial year of the subsidiary		For previous financial years since it became a subsidiary	
						Aggregate profits / (losses) not dealt with in the Holding Company's accounts	Aggregate profits / (losses) dealt with in the Holding Company's accounts	Aggregate profits / (losses) not dealt with in the Holding Company's accounts	Aggregate profits / (losses) dealt with in the Holding Company's accounts
Melstar Inc.	March 31, 2013	31.12.1992	US$	1,148,500	100%	29,816	Nil	(1,736,423)	Nil
			INR	62,472,658		1,621,841	Nil	(94,452,729)	Nil

Note:
Indian Rupee equivalent figures have been arrived at by applying the year end inter-bank Exchange Rate : 1 US$ = Rs. 54.395

For and on behalf of the Board of Directors

Richard D'Souza
Managing Director & Chief Executive Officer

P.V. R. Murthy
Director

Dhara Mirani
Company Secretary

Mumbai, Dated : May 23, 2013

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Melstar Information Technologies Limited

We have audited the accompanying consolidated financial statements of Melstar Information Technologies Limited ("the Company") and its subsidiary, which comprise the consolidated Balance Sheet as at March 31, 2013, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

Based on our audit and on consideration of reports of other auditor on separate financial statement of the components as explained in paragraph of 1 below and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2013;

(b) in the case of the consolidated Profit and Loss Account, of the loss for the year ended on that date; and

(c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Other Matter

1. We further report that in respect of the following subsidiary, we did not carry out the audit. This financial statement and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of the other auditor. The details of assets, revenue and net cash flow in respect of the said subsidiary are given below:

Name of the Subsidiary	Total Assets	Total Revenue	Net Cash flow
Melstar Inc.	Rs 26,02,006/-	Rs.69,27,787/-	(Rs. 1,46,805 /-)

For Kanu Doshi Associates
Chartered Accountants
Firm Registration Number: 104746W

Ankit Parekh
Partner
Membership No. 114622

Place: Mumbai
Date: May 23, 2013

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2013

In rupees

	Particulars	Note No.	As at 31.03.2013	As at 31.03.2012
I	**EQUITY AND LIABILITIES**			
1	**Shareholders' Funds**			
	(a) Share Capital	2	**142,831,390**	142,831,390
	(b) Reserves and Surplus	3	**(20,432,877)**	(7,275,483)
			122,398,513	135,555,907
2	**Non-Current Liabilities**			
	(a) Long-term borrowings	4	**-**	568,417
	(b) Long term provisions	5	**3,813,638**	3,069,243
			3,813,638	3,637,660
3	**Current Liabilities**			
	(a) Short-term borrowings	6	**52,696,746**	16,413,143
	(b) Trade payables (Refer Note No.30 & 31)		**121,090,943**	163,283,915
	(c) Other current liabilities	7	**9,422,599**	10,929,163
	(d) Short-term provisions	8	**2,118,957**	2,966,648
			185,329,245	193,592,869
	TOTAL		**311,541,396**	332,786,436
II	**ASSETS**			
1	**Non-current assets**			
	(a) Fixed assets	9		
	(i) Tangible assets		**99,594,643**	107,983,542
	(ii) Intangible assets		**281,258**	538,554
	(b) Non-current investments	10	**-**	-
	(c) Long term loans and advances	11	**29,370,208**	24,493,833
			129,246,109	133,015,929
2	**Current assets**			
	(a) Trade receivables	12	**124,652,167**	187,091,396
	(b) Cash and cash equivalents	13	**2,360,257**	2,515,153
	(c) Short-term loans and advances	14	**32,420,477**	2,599,214
	(d) Other current assets	15	**22,862,386**	7,564,744
			182,295,287	199,770,507
	TOTAL		**311,541,396**	332,786,436
	Significant Accounting policies	1		
	Notes form an integral part of the financial statements			

As per our report of even date
For Kanu Doshi Associates
Chartered Accountants
Firm Registration No. 104746W

Ankit Parekh
Partner
Membership No. 114622

Mumbai, Dated : May 23, 2013

For and on behalf of the Board of Directors

Richard D'Souza
Managing Director & Chief Executive Officer

P.V. R. Murthy
Director

Dhara Mirani
Company Secretary

Mumbai, Dated : May 23, 2013

CONSOLIDATED PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

In rupees

	Particulars	Note No.	For the year ended 31st March 2013	For the year ended 31st March 2012
I.	Revenue from operations	16	210,478,801	535,300,727
II.	Other Income	17	18,066,145	16,544,523
III.	**Total Revenue (I + II)**		**228,544,946**	**551,845,250**
IV.	**Expenses :**			
	Purchases of Stock in Trade		-	266,642,549
	Employee benefits expense	18	166,582,158	211,677,943
	Finance costs	19	8,065,020	4,646,621
	Depreciation and amortization expenses	9	8,409,740	8,596,520
	Other expenses	20	59,376,084	41,703,100
	Total Expenses		**242,433,002**	**533,266,733**
V.	**(Loss)/ Profit before exceptional and extraordinary items and tax (III-IV)**		(13,888,056)	18,578,517
VI.	Exceptional Item		-	-
VII.	**(Loss)/ Profit before extraordinary items and tax (V + VI)**		(13,888,056)	18,578,517
VIII.	Extraordinary Items		-	-
IX.	**(Loss)/ Profit before tax (VII- VIII)**		**(13,888,056)**	**18,578,517**
X.	Tax expense:			
	(1) Current tax (MAT)		-	(3,675,000)
	(2) Currrent tax of earlier year written back		785,400	-
XI.	**(Loss)/ Profit for the period from continuing operations (IX+X)**		**(13,102,656)**	**14,903,517**
XII.	Profit/(Loss) from discontinuing operations		-	-
XIII.	Tax expense of discontinuing operations		-	-
XIV.	**Profit/(loss) from Discontinuing operations (after tax) (XII-XIII)**		-	**-**
XV	**(Loss)/ Profit for the period (XI + XIV)**		**(13,102,656)**	**14,903,517**
XVI	Earnings per equity share (Refer Note No. 25) (Rupees):			
	Basic & Diluted (Before Exceptional Item)		(0.92)	1.04
	Basic & Diluted (After Exceptional Item)		(0.92)	1.04
	Face value of Equity shares (in Rs.)		10.00	10.00
	Significant Accounting policies	1		
	Notes form an integral part of the financial statements			

As per our report of even date
For Kanu Doshi Associates
Chartered Accountants
Firm Registration No. 104746W

Ankit Parekh
Partner
Membership No. 114622

Mumbai, Dated : May 23, 2013

For and on behalf of the Board of Directors

Richard D'Souza
Managing Director & Chief Executive Officer

P.V. R. Murthy
Director

Dhara Mirani
Company Secretary

Mumbai, Dated : May 23, 2013

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013

In rupees

		2012-13		2011-12	
A	**Cash flow from operating activities**				
	(Loss)/ Profit before tax		(13,888,056)		18,578,517
	Adjustments for :				
	Depreciation and amortisation	8,409,740		8,596,520	
	(Profit)/ Loss on Sale of Fixed Assets sold/ discarded (Net)	(952)		103,036	
	Fixed Assets written off	244,532		-	
	Exchange Difference (Net)	7,313		(35,509)	
	Interest on Income Tax refund	(620,272)		(1,092,650)	
	Interest received on Inter Corporate Deposits and Other Deposits	(2,941,916)		(19,055)	
	Interest Expense	5,515,982	10,614,427	4,413,783	11,966,125
	Operating (loss)/ Profit before working capital changes		**(3,273,629)**		**30,544,642**
	Adjustments for :				
	Trade and other Receivables	46,952,608		(142,873,358)	
	Trade and other Payables	(42,513,639)	4,438,969	127,451,654	(15,421,705)
	Cash generated from operations		**1,165,340**		**15,122,937**
	Income Tax (Paid)/ Refund (Net)		(3,779,467)		(3,420,070)
	Net cash (used in)/ generated from operating activities		**(2,614,127)**		**11,702,867**
B	**Cash flow from investing activities**				
	Interest received on Inter Corporate Deposits and Other Deposits	2,941,916		19,055	
	Inter Corporate Deposit paid	(30,000,000)		-	
	Additions to fixed assets	(6,600)		(583,095)	
	Proceeds from sale of fixed assets	952		48,713	
	Interest on Income Tax refund	620,272		1,092,650	
	Net cash (used in)/ generated from investing activities		**(26,443,460)**		**577,323**
C	**Cash flow from financing activities**				
	Proceeds from borrowings	36,283,603		827	
	Repayment of borrowings	(1,919,356)		(8,099,167)	
	Interest paid	(5,454,243)		(4,428,849)	
	Net cash generated/ (used in) financing activities		**28,910,004**		**(12,527,189)**
	Net decrease in cash and cash equivalents		**(147,583)**		**(246,999)**
	Opening balance of cash and cash equivalents		**2,481,725**		**2,728,723**
	Closing balance of cash and cash equivalents		**2,334,142**		**2,481,725**

Notes :

1 Cash and cash equivalents include cash and bank balances in current account and deposit accounts (Refer Note No. 13)

Cash and Cash equivalents include :

	31st March 2013 Rs	31st March 2012 Rs
Cash and Bank Balances	2,360,257	2,515,153
Unrealised (gain)/ loss on foreign currency cash and cash equivalents	(26,115)	(33,428)
Total cash and cash equivalents	**2,334,142**	**2,481,725**

2 Previous year figures have been regrouped wherever necessary to correspond with the figures of the current year.

As per our report of even date
For Kanu Doshi Associates
Chartered Accountants
Firm Registration No. 104746W

Ankit Parekh
Partner
Membership No. 114622

Mumbai, Dated : May 23, 2013

For and on behalf of the Board of Directors

Richard D'Souza
Managing Director & Chief Executive Officer

P.V. R. Murthy
Director

Dhara Mirani
Company Secretary

Mumbai, Dated : May 23, 2013

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2013

1 SIGNIFICANT ACCOUNTING POLICIES:

a) Basis of preparation of Financial Statements:

i) The financial statements of the subsidiaries used in the consolidation are drawn upto the same reporting date as that of the Parent Company, namely March 31, 2013.

ii) The consolidated accounts have been prepared on the basis of Going Concern concept, and under the historical cost convention except for certain Fixed Assets of the Parent Company which are revalued. The Parent Company and subsidiaries adopt accrual basis in preparation of its accounts to comply in all material aspects with applicable accounting principles generally accepted in India, the Accounting Standards as specified in the Companies (Accounting Standards) Rules 2006 issued by the Central Government, in consultation with National Advisory Committee on Accounting Standards ('NACAS') and the relevant provisions of the Companies Act, 1956, to the extent applicable.

iii) The preparation of financial statements in accordance with the generally accepted accounting principles requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimate is recognized in the period in which the estimates are revised and in any future period affected.

b) Principles of consolidation:

i) The consolidated financial statements relate to Melstar Information Technologies Limited (MITL, the Parent Company) and its subsidiary companies have been prepared in accordance with the Accounting Standard (AS) 21 'Consolidated Financial Statements', and have been combined on a line-by-line basis by adding together the book value of like items of assets, liabilities, income and expenses, after fully eliminating intra- group balances, intra – group transactions and the unrealized gains and/ or losses.

ii) The consolidated financial statements have been consolidated using uniform accounting policies for like transactions and other events in similar circumstances.

iii) The excess of cost to the Parent Company of its investments in the subsidiaries, over the Parent Company's share of equity in subsidiaries, is recognized in the financial statements as goodwill on consolidation and carried forward in the accounts.

iv) Minority interest is presented separately from the liabilities or assets and the equity of the Parent shareholders in the consolidated Balance Sheet. Minority interest in the income or loss of the Company is separately presented.

v) The difference between the proceeds from sale/disposal of investment in a subsidiary and the carrying amount of its assets less liabilities as on the date of sale /disposal is recognised in the consolidated statement of profit and loss account as the profit or loss on disposal of investment in subsidiary.

c) Fixed Assets and Intangible Assets :

Fixed Assets are valued at cost, except for certain Fixed Assets which have been stated at revalued amounts as determined by approved independent valuer, after reducing accumulated depreciation until the date of the balance sheet. Direct Costs are capitalised until the assets are ready to use and include financing costs relating to any specific borrowing attributable to the acquisition of fixed assets.

Intangible assets are recognised, only if it is probable that the future economic benefits that are attributable to the assets will flow to the enterprise and the cost of the assets can be measured reliably. The intangible assets are recorded at cost and are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

d) Investments:

Long Term Investments are stated at cost, which includes cost of acquisition and related expenses. Provision is made to recognise a decline, other than temporary, in the value of such investments. Current investments are stated at cost or fair value, whichever is lower.

e) Depreciation and Amortisation :

Depreciation in respect of assets is provided for on Straight Line Method at the rates prescribed in Schedule XIV to the Companies Act, 1956. Depreciation on revalued fixed assets is provided on Straight Line Method over the residual life of the asset and charged to the Profit and Loss account. Individual assets cost of which doesn't exceed Rs. 5,000/- each are depreciated in full in the year of purchase.

Leasehold land is written off over the lease period.

Intangible Assets – Computer softwares are amortised over a period of five years based on the technical evaluation of their useful economic life.

f) **Inventories:**

Software Finished Goods (Traded) :

Software Finished Goods (Traded) are valued at cost (arrived on FIFO basis) or net realisable value, whichever is lower.

g) **Foreign Currency Transactions:**

Transactions in foreign currency are recorded at the original rates of exchange in force at the time transactions are effected. Exchange differences arising on settlement of all transactions are recognised in the profit and loss account.

Monetary items denominated in foreign currency are reported using the exchange rates prevailing at the date of balance sheet and the resulting net exchange difference is recognised in the profit and loss account.

h) **Foreign Branches and Foreign Subsidiaries:**

In case of Foreign Branches and Foreign Subsidiaries, the local accounts are maintained in local functional currency. The translation of financial statements of Foreign Branches and Foreign Subsidiaries is done as under in accordance with Accounting Standard (AS) 11 (Revised) on “The Effect of Changes in Foreign Exchange Rates”, considering the foreign branches and foreign subsidiaries as non-integral foreign operations:

i. All items of income and expenses during the year are translated at an average rate.

ii. Monetary and non-monetary assets and liabilities are translated at closing rate.

iii. The resulting exchange difference is accounted in ‘foreign currency translation reserve’ until the disposal of the net investment in the said non integral foreign operations. On the disposal of a non-integral foreign operation, the cumulative amount of the exchange differences which have been deferred and which relate to that operation are recognised as income or as expenses.

i) **Employee Benefits:**

a) Post Employment Benefits and Other Long Term Benefits.

i) Defined Contribution Scheme

Company’s contribution for the year paid/payable to defined contribution retirement benefit schemes are charged to Profit and Loss Account.

ii) Defined Benefit and Other Long Term Benefit Schemes

Company’s liabilities towards defined benefit schemes and other long term benefits viz.gratuity and compensated absences expected to occur after twelve months, are determined using the Projected Unit Credit Method. Actuarial valuations under the Projected Unit Credit Method are carried out at the balance sheet date. Actuarial gains and losses are recognised in the Profit and Loss account in the period of occurrence of such gains and losses. Past service cost is recognised immediately to the extent benefits are vested, otherwise it is amortised on straight-line basis over the remaining average period until the benefits become vested.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost.

b) Short-term employee benefits

Short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised undiscounted during the period employee renders services. Such benefits include bonus/ ex-gratia/ compensated absences.

j) **Revenue recognition:**

Revenues from software consultancy services are recognised on specified terms of contract in case of contract on time basis and in case of fixed price contract, revenue is recognized using percentage of completion method of accounting. Revenues from software products trading are recognized upon acceptance of delivery of such software products. Unbilled services included in other current assets represents amount recognized based on services performed in advance of billing in accordance with contract terms.

Amount received in advance of services performed are recorded as unearned income.

Revenues outside India include value added tax wherever applicable.

Revenues in India exclude service tax charged.

Revenue is recognised only when it is reasonably certain that the ultimate collection will be made.

Dividend Income is recognised in the statement of Profit and Loss, when right to receive payment is established.

Interest income is recognised on time proportion basis.

Lease rentals are recognised on straight line basis over the lease term.

k) Taxes on Income:

Current tax is determined as the amount of tax payable in respect of taxable income for the year.

Minimum alternate tax (MAT) paid in accordance with the tax laws, which gives rise to future economic benefit in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal tax after the tax holiday period.

Deferred tax is recognized, subject to consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets arising on account of unabsorbed depreciation or carry forward losses are recognized only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized. At each balance sheet date the Company reassesses unrecognized deferred tax asset, to the extent they become reasonably certain or virtually certain of realization, as the case may be.

l) Fringe Benefit Tax:

Fringe Benefit Tax was recognized in accordance with the relevant provisions of the Income Tax Act, 1961 and the Guidance note on Fringe Benefit Tax issued by the Institute of Chartered Accountants of India (ICAI).

m) Operating Leases:

Assets taken on lease under which all risks and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease payments under operating leases are recognised as expenses on accrual basis in accordance with the respective lease agreements.

n) Segmental reporting:

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company with the following additional policies for segment reporting:

i. The Company has identified geographical segments as primary segment, having regard to the organizational structure, location of customers, internal financial reporting systems and differing risks and returns.

ii. The segments are Asia-Pacific, U.S.A. and others.

iii. Unallocated assets represent Fixed and other assets, which are not identifiable to any of the reportable segments as the same are used interchangeably between segments.

o) Impairment of assets:

An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value. An impairment loss is charged to Profit and Loss account in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting periods is reversed if there has been a change in the estimate of the recoverable amount.

p) Borrowing Costs:

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

q) Provisions, Contingent Liabilities and Contingent Assets:

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognised but are disclosed in the Notes to Accounts. Contingent assets are neither recognised nor disclosed in the financial statements.

r) Cash Flow Statement:

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

s) Earnings per share:

In determining earnings per share, the company considers the net profit after tax after reducing the preference dividend and tax thereon and includes the post-tax effect of any extra-ordinary items. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the period. The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share, and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares.

t) Cash and cash equivalents:

Cash and cash equivalents for the purpose of Cash Flow Statement comprise of cash at banks, cash in hand (including cheques in hand) and bank deposits with maturiy of less than three months.

2 SHARE CAPITAL

PARTICULARS	As at 31.03.2013		As at 31.03.2012	
	Number	**Rupees**	Number	Rupees
Authorised				
Equity Shares of Rs.10/- each	**54,950,000**	**549,500,000**	54,950,000	549,500,000
Preference Shares of Rs.10/- each	**50,000**	**500,000**	50,000	500,000
		550,000,000		550,000,000
Issued, Subscribed and Paid up				
Equity Shares of Rs.10/- each, fully paid up	**14,283,139**	**142,831,390**	14,283,139	142,831,390
TOTAL		**142,831,390**		142,831,390

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

Particulars	Equity Shares	
	Number	**Rupees**
Shares outstanding at the beginning of the year	14,283,139	142,831,390
Shares Issued during the year	-	-
Shares bought back during the year	-	-
Shares outstanding at the end of the year	14,283,139	142,831,390

Details of shareholders holding more than 5% of Share Capital in the Company

Name of Shareholder	As at 31.03.2013		As at 31.03.2012	
	Number of Shares held	**% of Holding**	**Number of Shares held**	**% of Holding**
Shearson Investment Trading Co. Pvt. Ltd.	**2501908**	**17.52**	2501908	17.52
Godavari Corporation Pvt. Ltd.	**2390819**	**16.74**	2390819	16.74
Nirved Traders Private Limited	**2248744**	**15.74**	2248744	15.74

Terms /Rights attached to Equity Shares

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share.

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

3 RESERVES & SURPLUS

(In rupees)

PARTICULARS	As at 31.03.2013		As at 31.03.2012	
1. Capital Reserve		**173,542**		173,542
2. Capital Redemption Reserve		**20,000**		20,000
3. Securities Premium Reserve		**67,470,974**		67,470,974
4. General Reserve				
Opening Balance	**159,183,106**		159,183,106	
Less: Debit balance in Profit and Loss account, deducted as per contra	**(159,183,106)**		(159,183,106)	
5. Foreign Currency Translation Reserve				
Opening Balance	**11,584,541**		11,959,645	
Less: (Debited)/Credited during the year	**(54,737)**		(375,103)	
		11,529,804		11,584,542
6. Surplus/ (Deficit) in the Statement of Profit and Loss				
Opening Balance	**(245,707,647)**		(260,611,164)	
Add : Profit/ (Loss) during the year	**(13,102,656)**		14,903,517	
	(258,810,303)		(245,707,647)	
Less : Deducted as per contra from General Reserve to the extent of balance there in	**159,183,106**		159,183,106	
		(99,627,197)		(86,524,541)
TOTAL		**(20,432,877)**		(7,275,483)

4 LONG TERM BORROWINGS

(In rupees)

PARTICULARS	As at 31.03.2013	As at 31.03.2012
Secured		
Term Loan		
From Bank	**-**	568,417
TOTAL	**-**	568,417

Note :

a) The Term Loan has been pre-paid during the year consequent to take-over of bank limits by another bank. Term Loan outstanding as on 31st March, 2012 was secured by registered mortgage of office premises situated at Andheri(Mumbai) and was further secured by all existing & future, current & fixed assets of the Company.

b) Term Loan outstanding as on 31st March, 2012 Rs.1,948,417 includes current maturities of above loan and was repayable in seventeen instalments of Rs.115,000/- each. The Rate of interest on the said Term Loan was Base Rate+2.50%+Term Premium.

5 LONG TERM PROVISIONS

(In rupees)

PARTICULARS	As at 31.03.2013	As at 31.03.2012
Provision for employee benefits		
Gratuity (unfunded)(Refer Note No. 29(ii))	**2,949,723**	2,025,125
Compensated absences (unfunded)(Refer Note No. 29(ii))	**863,915**	1,044,118
TOTAL	**3,813,638**	3,069,243

6 SHORT TERM BORROWINGS

(In rupees)

PARTICULARS	As at 31.03.2013	As at 31.03.2012
Secured		
Loan repayable on demand		
From Bank		
-Clean Overdraft Facility	12,645,170	16,413,143
-Cash Credit Facility	40,051,576	-
TOTAL	**52,696,746**	**16,413,143**

Note :

a) Clean Overdraft Facility and Cash Credit Facility is secured by equitable mortgage by deposit of title deeds of office premises of the Company situated at Andheri(Mumbai) and further secured by hypothecation of receivables and other current assets of the Company. Clean Overdraft Facility in the previous year was secured by registered mortage of office premises situated at Andheri (Mumbai) and was further secured by all then existing & future , current & fixed assets of the Company

b) Clean Overdraft Facility and Cash Credit Facility is repayable on demand subject to annual review. The rate of interest for Clean Overdraft Facility is Base Rate+3.75% (Previous year Base Rate+ 2.50%) and Base Rate+2.75% on Cash Credit Facility.

7 OTHER CURRENT LIABILITIES

(In rupees)

PARTICULARS	As at 31.03.2013	As at 31.03.2012
Current maturities of Long term debt - Term Loan *	-	1,380,000
Income received in advance	-	389,824
Security deposits (Refer note no.26(b))	4,900,000	4,900,000
Interest accrued but not due	90,800	29,061
Other Payables		
- Withholding taxes (includes Rs.1,005,647 (Previous year Rs.995,258) in respect of Branch located at U.K.)	1,954,770	2,443,929
- Service Tax	1,192,811	21,205
- VAT	120,695	313,729
- Provident Fund	1,046,369	1,251,330
- Employees' State Insurance	27,679	35,550
- Profession Tax	89,475	164,535
TOTAL	**9,422,599**	**10,929,163**

* The Term Loan has been pre-paid during the year consequent to take-over of bank limits by another bank.

8 SHORT TERM PROVISIONS

(In rupees)

PARTICULARS	As at 31.03.2013	As at 31.03.2012
Provision for employee benefits		
Gratuity (unfunded)(Refer Note No. 29(ii))	755,525	1,189,577
Compensated absences (unfunded)(Refer Note No. 29(ii))	1,363,432	1,777,071
TOTAL	**2,118,957**	**2,966,648**

Note 9 : FIXED ASSETS

(Rupees)

	Particulars	Gross Block					Accumulated Depreciation/ Amortisation					Net Block	
		Balance as at 1 April 2012	Additions	(Disposals)	other Adjustment	Balance as at 31 March 2013	Balance as at 1 April 2012	Depreciation charge for the year	On disposals	other Adjustment	Balance as at 31 March 2013	Balance as at 1 April 2012	Balance as at 31 March 2013
a	**Tangible Assets**												
	Leasehold Land	304,995	-	-	-	304,995	51,994*	3,974	-	-	55,968	253,001	249,027
		(304,995)	(-)	(-)	(-)	(304,995)	(48,020)	(3,974)	(-)	(-)	(51,994)	(256,975)	(253,001)
	Buildings	152,139,251	-	-	-	152,139,251	55,340,905	5,713,821	-	-	61,054,726	96,798,346	91,084,525
		(152,139,251)	(-)	(-)	(-)	(152,139,251)	(49,627,084)	(5,713,821)	(-)	(-)	(55,340,905)	(102,512,167)	(96,798,346)
	Plant and Equipment	11,656,068	6,600	(407,840)	4,626	11,259,454	6,956,277	983,103	(376,659)	3,147	7,565,868	4,699,791	3,693,586
		(16,090,225)	(378,906)	(4,822,235)	(9,172)	(11,656,068)	(10,590,083)	(1,113,417)	(4,750,145)	(2,922)	(6,956,277)	(5,500,142)	(4,699,791)
	Furniture and Fixtures	19,612,404	-	(370,010)	-	19,242,394	14,698,867	1,214,302	(156,658)	-	15,756,511	4,913,537	3,485,883
		(19,618,648)	(-)	(6,244)	(-)	(19,612,404)	(13,488,819)	(1,216,292)	(6,244)	(-)	(14,698,867)	(6,129,829)	(4,913,537)
	Vehicles	2,633,082	-	-	-	2,633,082	2,116,124	161,810	-	-	2,277,934	516,958	355,148
		(2,633,082)	(-)	(-)	(-)	(2,633,082)	(1,947,998)	(168,126)	(-)	(-)	(2,116,124)	(685,084)	(516,958)
	Office equipment	1,592,024	-	-	-	1,592,024	790,116	75,434	-	-	865,550	801,908	726,474
		(1,681,153)	(91,049)	(180,178)	(-)	(1,592,024)	(811,473)	(79,162)	(100,519)	(-)	(790,116)	(869,680)	(801,908)
	Total	**187,937,824**	**6,600**	**(777,850)**	**4,626**	**187,171,200**	**79,954,283**	**8,152,444**	**(533,317)**	**3,147**	**87,576,557**	**107,983,541**	**99,594,643**
		(192,467,354)	(469,955)	(5,002,413)	(9,172)	(187,937,824)	(76,513,477)	(8,294,792)	(4,850,664)	(2,922)	(79,954,283)	(115,953,877)	(107,983,541)
b	**Intangible Assets**												
	Computer software	1,729,612	-	-	-	1,729,612	1,191,058	257,296	-	-	1,448,354	538,554	281,258
		(1,616,472)	(113,140)	(-)	(-)	(1,729,612)	(889,330)	(301,728)	(-)	(-)	(1,191,058)	(727,142)	(538,554)
	Total	**1,729,612**	**-**	**-**	**-**	**1,729,612**	**1,191,058**	**257,296**	**-**	**-**	**1,448,354**	**538,554**	**281,258**
		(1,616,472)	(113,140)	(-)	(-)	(1,729,612)	(889,330)	(301,728)	(-)	(-)	(1,191,058)	(727,142)	(538,554)
	Total	**189,667,436**	**6,600**	**(777,850)**	**4,626**	**188,900,812**	**81,145,341**	**8,409,740**	**(533,317)**	**3,147**	**89,024,911**	**108,522,095**	**99,875,901**
	Previous Year	(194,083,826)	(583,095)	(5,002,413)	(9,172)	(189,667,436)	(77,402,807)	(8,596,520)	(4,850,664)	(2,922)	(81,145,341)	(116,681,019)	(108,522,095)

* Amount Written off in respect of Leasehold land for the period of lease which has expired.

** Building was revalued on 1st April, 2005 with reference to the fair market value; amount added on revaluation was Rs.76,558,113; the revalued amount substituted for historical cost on 1st April 2005 was Rs. 126,130,511, based on report issued by approved independent valuer.

Note :

1 Adjustments/ deductions include obsolete fixed assets discarded during the year. (Cost Rs.733,825 accumulated depreciation and amortisation Rs.489,291)

(Previous year Cost Rs.Nil and depreciation and amortisation Rs Nil)

2 Figures shown in brackets are in respect of Previous Period.

10 NON CURRENT INVESTMENTS

(In rupees)

PARTICULARS	As at 31.03.2013	As at 31.03.2012
Non Trade Investments - Unquoted - (At cost or carrying amount unless otherwise stated)		
125,000 (Previous year 125,000) Equity Shares of Rs.10/- each of Janakalyan Sahakari Bank Ltd	1,250,000	1,250,000
Less: Provision for diminution	(1,250,000)	(1,250,000)
TOTAL	**-**	**-**

Note:

Aggregate of Unquoted Investments Cost/ carrying amount	1,250,000	1,250,000
Aggregate provision for diminution in value of investments	(1,250,000)	(1,250,000)

11 LONG TERM LOANS AND ADVANCES

(In rupees)

PARTICULARS	As at 31.03.2013		As at 31.03.2012	
Security Deposits				
Unsecured, considered good	344,653		1,689,030	
Considered doubtful	-		153,065	
Less:- Provision	-		(153,065)	
		344,653		1,689,030
Others (Unsecured, considered good)				
Advances recoverable in cash or kind or for value to be received	2,251,709		595,824	
Advance payment of Income Tax (Net of Provision for Taxation)	26,750,098		22,185,231	
Advance Payment of Fringe Benefit Tax (Net of Provision for Taxation)	23,748		23,748	
		29,025,555		22,804,803
TOTAL		**29,370,208**		**24,493,833**

12 TRADE RECEIVABLES

(In rupees)

PARTICULARS	As at 31.03.2013		As at 31.03.2012	
Trade receivables outstanding for a period exceeding six months from the date they are due for payment				
-Unsecured, considered good	89,183,982		128,226	
-Unsecured, considered doubtful	26,111,969		26,044,748	
	115,295,951		26,172,974	
Less: Provision for bad and doubtful debts	(26,111,969)		(26,044,748)	
		89,183,982		128,226
Trade receivables outstanding for a period less than six months from the date they are due for payment				
-Unsecured, considered good	35,468,185		186,963,170	
-Unsecured, considered doubtful	**-**		-	
	35,468,185		186,963,170	
Less: Provision for bad and doubtful debts	**-**		-	
		35,468,185		186,963,170
TOTAL		**124,652,167**		**187,091,396**

13 CASH AND CASH EQUIVALENTS

(In rupees)

PARTICULARS	As at 31.03.2013	As at 31.03.2012
Balances with Banks	2,331,117	2,486,611
Cash on hand	29,140	28,542
TOTAL	**2,360,257**	**2,515,153**

14 SHORT TERM LOANS AND ADVANCES

(In rupees)

PARTICULARS	As at 31.03.2013	As at 31.03.2012
Security Deposits		
Unsecured, considered good	1,271,254	-
Amounts receivable from Enterprises over which Key Management Personnel and/ or their relatives have significant influence		
Inter Corporate Deposits (Refer note no.26(b))	30,000,000	-
Others (Unsecured, considered good)		
Advances recoverable in cash or kind or for value to be received	1,149,223	2,599,214
TOTAL	**32,420,477**	**2,599,214**

15 OTHER CURRENT ASSETS

(In rupees)

PARTICULARS	As at 31.03.2013	As at 31.03.2012
Unbilled Revenue	13,650,816	6,108,781
Amounts receivable from Enterprises over which Key Management Personnel and/ or their relatives have significant influence (Refer note no.26(b))	9,211,570	1,455,963
TOTAL	**22,862,386**	**7,564,744**

16 REVENUE FROM OPERATIONS

(In rupees)

PARTICULARS	For the year ended 31st March, 2013	For the year ended 31st March, 2012
Sale of Software Products Trading	-	272,152,132
Sale of Software Services	210,478,801	263,148,595
TOTAL	**210,478,801**	**535,300,727**

17 OTHER INCOME

(In rupees)

PARTICULARS	For the year ended 31st March, 2013	For the year ended 31st March, 2012
Exchange Difference (Net)	82,933	-
Sundry Credit Balances Written Back	1,963,333	2,140,050
Profit on Assets sold / discarded (Net)	952	-
Provision for doubtful debts/ advances written back (Net)	85,844	647,524
Excess Provision of Earlier Years Written Back	2,470,370	3,005,595
Miscellaneous Income	525	44,649
Rent	9,900,000	9,595,000
Interest on Inter Corporate Deposits and Other Deposits	2,941,916	19,055
Interest on Income Tax Refunds	620,272	1,092,650
TOTAL	**18,066,145**	**16,544,523**

18 EMPLOYEE BENEFITS EXPENSES

(In rupees)

PARTICULARS	For the year ended 31st March, 2013	For the year ended 31st March, 2012
Salaries and Wages	157,837,362	201,006,822
Contribution to Provident and other Funds	6,421,837	7,770,624
Gratuity	843,412	501,205
Compensated Absences	952,806	1,707,591
Staff Welfare Expenses	526,741	691,701
TOTAL	**166,582,158**	**211,677,943**

19 FINANCE COSTS

(In rupees)

PARTICULARS	For the year ended 31st March, 2013	For the year ended 31st March, 2012
Interest expenses		
On Fixed Period Loans	105,700	432,063
Others	5,410,282	3,981,720
Other borrowing costs	2,549,038	232,838
TOTAL	**8,065,020**	**4,646,621**

20 OTHER EXPENSES

(In rupees)

PARTICULARS	**For the year ended 31st March, 2013**	**For the year ended 31st March, 2012**
Purchases of Software Services	35,800,924	17,596,958
Electricity	2,690,450	2,618,075
Rent	3,448,379	3,753,426
Rates and Taxes	358,418	294,894
Insurance	766,628	1,103,598
Repairs to buildings	279,374	-
Repairs to machinery	372,766	413,213
Travelling and Conveyance	1,615,899	1,455,211
Communication Expenses	1,599,885	1,841,673
Advertising and Sales promotion expenses	206,454	1,128,546
Legal and Professional fees	6,547,443	4,800,798
Recruitment Expenses	1,598,729	1,764,964
Loss on Sale of Fixed Assets (Net)	-	103,036
Irrecoverable Debts/ Advances written off	282,540	859,852
Exchange Difference (Net)	-	2,215
Fixed Assets written off	244,533	-
Directors Sitting Fees	300,000	350,000
Miscellaneous Expenses	3,263,662	3,616,641
TOTAL	**59,376,084**	**41,703,100**

Note: (Miscellaneous Expenses includes Bank Charges, Security Expenses, Vehicle Expenses etc.)

21. The subsidiary (which along with MITL, the Parent Company, constitutes The Group) considered in the presentation of these consolidated financial statements is:

Name of subsidiary	**Country of incorporation**	**Proportion of Ownership Interest**	
		Current Year	**Previous Year**
Melstar Inc. (MI)	U.S.A.	100%	100%

The consolidated financial statements have been prepared on the basis of audited financial statement of the Parent Company and one subsidiary (Previous year one subsidiary).

Significant Accounting Policies and Notes to consolidated financial statements are intended to serve as a means of informative disclosure and a guide to better understand the consolidated position of the Group. Recognising this purpose, the Company has disclosed only such policies and Notes from the individual financial statements, which fairly present the needed disclosures.

22. (i) In rupees

	As at 31.03.2013	**As at 31.03.2012**
Claims against Company not acknowledged as debt and pending before the Courts in Mumbai. The Company expects that the matter will be resolved in Company's favour and no liability is expected.	387,620	882,963

(ii) Contingent Liability : In rupees

Particulars	**As at 31.03.2013**	**As at 31.03.2012**
Disputed ESIC Liability: ESIC demand disputed and pending decisions before higher authorities. Amount paid there against and included under "Short Term Loans and Advances" NoteNo.15 Rs.35,000 Previous year (Rs.35,000)	135,627	135,627

23. The break up of deferred tax assets as at 31st March, 2013 is as under:

Parent Company (India)

In rupees

	As at 31.03.2013	Credit/ (Charge)	As at 31.03.2012
a) Deferred Tax Liability			
WDV of Fixed Assets	**(27,998,910)**	**(33,194,296)**	**5,195,386**
b) Deferred Tax Asset			
Provision for Gratuity and Leave Encashment	1,833,172	(125,475)	1,958,647
Provision for Doubtful Debts and Advances	48,694,017	(2,543,644)	51,237,661
Others	5,070,663	3,880,494	1,190,170
	55,597,852	**1,211,375**	**54,386,477**
Total Deferred Tax (Liability)/ Asset	**27,598,942**	**(31,982,921)**	**59,581,863**

The deferred tax assets, not recognised as at the year end on the basis of prudence, would be accounted for in the subsequent year/years considering the requirements of the Accounting Standard (AS) 22 on "Accounting for Taxes on Income", regarding reasonable/virtual certainty and the accounting policy followed by the Company in this respect.

24. Segment Reporting:

1. In rupees

Particulars	Asia-Pacific	USA	Others	Total
Segment Revenues				
External Revenue	184,352,690	30,730,068	-	215,082,758
Inter-Segment Revenue				-
Total Revenue	184,352,690	30,730,068	-	215,082,758
	(521,785,698)	(18,793,279)	(559,568)	(541,138,545)
Segment Result Before exceptional Items	(12,276,367)	2,741,399	-	(9,534,968)
	(20,501,663)	(856,470)	(552,526)	(21,910,659)
Exceptional Items allocated to segment	-	-	-	-
	(-)	(-)	(-)	(-)
Segment Result after exceptional Items	(12,276,367)	2,741,399	-	(9,534,968)
	(20,501,663)	(856,470)	(552,526)	(21,910,659)
Un-allocable Income	-	-	-	13,462,188
	(-)	(-)	(-)	(10,706,705)
Un-allocable Expenses	-	-	-	12,299,294
	(-)	(-)	(-)	(9,625,064)
Interest Expenses	-	-	-	5,515,982
	(-)	(-)	(-)	(4,413,783)
Exceptional Items Unallocable to Segment	-	-	-	-
	(-)	(-)	(-)	(-)
Provision for tax - Current tax	-	-	-	-
	(-)	(-)	(-)	(3,675,000)
- Current tax of earlier year written back	-	-	-	785,400
	(-)	(-)	(-)	(-)
Net Profit after tax	-	-	-	(13,102,656)
	(-)	(-)	(-)	(14,903,517)

Particulars	Asia-Pacific	USA	Others	Total
Other Information				
Segment Assets	187,346,761	11,586,108	-	198,932,869
	(256,118,420)	(5,901,062)	(-)	(262,019,482)
Unallocated assets	-	-	-	112,608,527
	(-)	(-)	(-)	(70,766,952)
Total Assets	187,346,761	11,586,108	-	311,541,396
	(256,118,420)	(5,901,062)	(-)	(332,786,434)
Segment Liabilities	118,650,628	11,729,411	1,166,093	131,546,132
	(165,997,984)	(6,816,935)	(1,154,046)	(173,968,965)
Unallocated liabilities	-	-	-	57,596,751
	(-)	(-)	(-)	(23,261,562)
Total Liabilities	118,650,628	11,729,411	1,166,093	189,142,883
	(165,997,984)	(6,816,935)	(1,154,046)	(197,230,527)
Capital Expenditure				
Segment capital expenditure	6,600	-	-	6,600
	(583,095)	(-)	(-)	(583,095)
Unallocated capital expenditure	-	-	-	-
	(-)	(-)	(-)	(-)
Total capital expenditure	6,600	-	-	6,600
	(583,095)	(-)	(-)	(583,095)
Depreciation and Amortisation				
Segment depreciation and amortisation	5,193,780	11,334	-	5,205,114
	(5,380,560)	(11,334)	(-)	(5,391,894)
Unallocated depreciation and amortisation	-	-	-	3,204,626
	(-)	(-)	(-)	(3,204,626)
Total depreciation and amortisation	5,193,780	11,334	-	8,409,740
	(5,380,560)	(11,334)	(-)	(8,596,520)
Significant Non-Cash Expenditure				
Segment significant non cash expenditure	527,017	56	-	527,073
	(955,846)	(-)	(7,042)	(962,888)
Unallocated non cash expenditure	-	-	-	-
	(-)	(-)	(-)	(-)
Total significant non cash expenditure	527,017	56	-	527,073
	(955,846)	(-)	(7,042)	(962,888)

2. External Revenue comprises of:

In rupees

Income from Sale of Software Products Trading	- (272,152,132)
Income from Services	210,478,801 (263,148,595)
Other Income	4,603,957 (5,837,818)
Total	**215,082,758** **(541,138,545)**

3. The Group is providing mainly software solutions and in the opinion of the management has only one reportable business segment, the results of which are disclosed in the financial statements.

4. Previous year figures are given in brackets.

25. Earnings per share is computed as under:

	Particulars	For the year ended March 31, 2013	For the year ended March31, 2012
a.	Net(Loss)/Profitaftertaxattributabletoequity shareholders(Rupees)	(13,102,656)	14,903,517
b.	Weighted average number of equity shares considered for calculation of Basic and Diluted Earnings Per Share (Nos.)	14,283,139	14,283,139
c.	Nominal value of equity share (Rupees)	10	10
d.	Basic and Diluted Earnings per share(Rupees)	(0.92)	1.04

26. Related party disclosures for the group are as under:

a) Names of related parties and description of relationship:

i.	Key Management Personnel with whom transactions have taken place during the year	Mr. Yashovardhan Birla (Chairman) (Up to 07th November, 2012) Mr. P. V. R. Murthy (Non-Executive Director) Mr. Richard D'Souza (Chief Executive Officer and Manager)
ii.	Enterprises Over which Key Management Personnel and / or their relatives have significant influence with whom the transactions have taken place during the year	Birla ShlokaEdutech Limited Birla Edutech Limited Birla Viking Travels Limited (Up to 07th November, 2012) Birla Global Corporate Private Limited Birla Cotsyn India Limited Birla Power Solutions Limited

b) Nature of transactions with Related Parties

In rupees

	Particulars	Key Management Personnel		Enterprises Over which Key Management Personnel and / or their relatives have significant infulence	
		2012-2013	**2011-2012**	**2012-2013**	**2011-2012**
a)	**Loans and advances**				
	Balance as at 1st April	**-**	**-**	**-**	**-**
	Given/Adjusted during the year	**-**	**-**	**32,925,132**	**-**
	Birla Power Solutions Limited	-	-	16,638,988	-
	Birla Cotsyn India Limited	-	-	16,286,144	-
	Repaid/Adjusted during the year	**-**	**-**	**-**	**-**
	Balance as at March 31	**-**	**-**	**32,925,132**	**-**
	Birla Power Solutions Limited	-	-	16,638,988	-
	Birla Cotsyn India Limited	-	-	16,286,144	-
b)	**Trade Receivables**				
	Balance as at March 31	**-**	**-**	**661,800**	**661,800**
	Birla Global Corporate Private Limited	-	-	661,800	661,800
c)	**Deposits Received**				
	Balance as at March 31	**-**	**-**	**4,500,000**	**4,500,000**
	Birla Edutech Limited	-	-	2,700,000	2,700,000
	Birla Shloka Edutech Limited	-	-	1,800,000	1,800,000
d)	**Receivables**				
	Balance as at March 31	**-**	**-**	**6,286,438**	**1,455,963**
	Birla Edutech Limited	-	-	3,997,014	1,091,972
	Birla Shloka Edutech Limited	-	-	2,224,728	363,991
	Birla Global Corporate Private Limited	-	-	64,696	-
e)	**Trade Payables**				
	Balance as at March 31	**209,150**	**202,720**	**-**	**278,615**
	Mr.Richard D'Souza	209,150	202,720	**-**	**-**
	Birla Viking Travels Limited	**-**	**-**	-	13,825
	Birla Global Corporate Private Limited	**-**	**-**	-	264,790

	Particulars	Key Management Personnel		Enterprises Over which Key Management Personnel and / or their relatives have significant infulence	
		2012-2013	2011-2012	2012-2013	2011-2012
f)	**Income**				
	Sales of Services	**-**	**-**	**-**	**600,000**
	Birla Global Corporate Private Limited			-	600,000
	Rent	**-**	**-**	**9,900,000**	**9,375,000**
	Birla Shloka Edutech Limited	-	-	3,960,000	3,750,000
	Birla Edutech Limited	-	-	5,940,000	5,625,000
	Interest Income	**-**	**-**	**2,925,132**	**-**
	Birla Power Solutions Limited	-	-	1,638,988	-
	Birla Cotsyn India Limited	-	-	1,286,144	-
g)	**Expenditure**				
	Remuneration	**4,639,584**	**4,498,725**	**-**	**-**
	Mr.Richard D'Souza	4,639,584	4,498,725	-	
	Sitting Fees	**100,000**	**110,000**	**-**	**-**
	Mr.Yashovardhan Birla	20,000	30,000	-	-
	Mr.P.V.R.Murthy	80,000	80,000	-	-
	Other expenses	**-**	**-**	**3,149,672**	**1,471,055**
	Birla Viking Travels Limited	-	-	176,316	271,055
	Birla Edutech Limited	-	-	6,700	-
	Birla Global Corporate Private Limited	-	-	2,966,656	1,200,000

Note: Related party relationship is as identified by the Company and relied upon by the auditors.

27. The Consolidated Financial Statements include the results of a wholly owned subsidiary Melstar Inc., located at U.S.A., in respect of which there is reduction in turnover during the current year and its net worth continues to be negative. The Group is making efforts for and expects better financial performance over a period of time.

28. The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are as follows:

a. **Amount receivable in foreign currency on account of the following**

Particulars	Amount in Rupees	Amount in Foreign Currency	Foreign Currency
Export of goods/services*	**15,247,443**	**203,257**	**GBP**
	(15,247,443)	**(203,257)**	
	11,236,710	**234,134**	**USD**
	(11,573,786)	**(240,854)**	
TOTAL	**26,821,229**		
	(26,821,229)		

*** Of these, Rs.26,044,748(Previous Year Rs. 26,044,748) has been provided for towards doubtful recoveries.**

Note: Previous year figures are given in brackets.

29. Post Employment Benefit Plans

(i) Defined contribution plans

The Parent Company makes contributions towards provident fund to a defined contribution retirement benefit plan for qualifying employees. The Provident Fund plan is operated by Regional Provident Fund Commissioner. Under the plan, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit plan to fund the benefits.

The Parent Company recognised Rs. 5,529,994(Previous year Rs. 6,775,404) for provident fund contributions in the profit and loss account. The contributions payable to these plans by the Parent Company are at rates specified in the rules of the schemes.

(ii) Defined benefit plan

The Parent Company has defined benefit plan for qualifying employees in respect of Gratuity benefits. The scheme provides for payment to vested employees as under:

On Normal retirement/ early retirement/ withdrawal/resignation:

As per the provisions of Payment of Gratuity Act, 1972 with vesting period of 5 years of service.

On death in service:

As per the provisions of Payment of Gratuity Act, 1972 without any vesting period.

The most recent actuarial valuation of the present value of defined benefit obligation for gratuity was carried out at March 31, 2013 by an actuary. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The following table sets out the status of the gratuity plan the amounts recognised in the Parent Company's financial statements as at March 31, 2013.

In rupees

Sr. No.	**Particulars**	**Gratuity (Non-funded)**	
		As on 31.03.2013	As on 31.03.2012
I)	**<u>Reconciliation in present value of obligations (PVO) – defined benefit obligation :</u>**		
	Current Service Cost	429,870	697,648
	Interest Cost	273,250	241,598
	Actuarial (gain)/losses	140,292	(438,041)
	Benefits paid	(352,866)	(306,479)
	Past service cost	-	-
	PVO at the beginning of the year	3,214,702	3,019,976
	PVO at end of the year	3,705,248	3,214,702
II)	**<u>Change in fair value of plan assets :</u>**		
	Expected return on plan assets	-	-
	Actuarial gain/(losses)	-	-
	Contributions by the employer	-	-
	Benefits paid	-	-
	Fair value of plan assets at beginning of the year	-	-
	Fair value of plan assets at end of the year	-	-
III)	**Reconciliation of PVO and fair value of plan assets:**		
	PVO at end of year	3,705,248	3,214,702
	Fair Value of planned assets at end of year	-	-
	Funded status	(3,705,248))	(3,214,702)
	Unrecognised actuarial gain/(loss)	-	-
	Net asset/(liability) recognised in the balance sheet	(3,705,248)	(3,214,702)
IV)	**Net cost for the year ended March 31, 2013 :**		
	Current Service cost	429,870	697,648
	Interest cost	273,250	241,598
	Expected return on plan assets	-	-
	Actuarial (gain)/losses	140,292	(438,401)
	Past service cost	-	-
	Net cost	843,412	501,205
V)	**Category of assets as at March 31, 2013 :**	-	-
VI)	**Actual return on the plan assets**	-	-
VII)	**Assumption used in accounting for the gratuity plan:**		
	Discount rate (%)	8.00	8.50
	Salary escalation rate (%)	6.00	6.00
	Expected rate of return on plan assets	N.A.	N.A.

Note:

Provision towards compensated absences made on the basis of actuarial valuation as per Accounting Standard 15 (Revised). Actuarial value liability is Rs. 857,796 (Previous year Rs.860,534) based upon the following assumptions:

	2012-13	**2011-12**
Discount Rate	8.00%	8.50%
Salary Escalation	6.00%	6.00%

The liability towards short-term compensated absences is Rs.1,369,551(Previous year Rs.1,960,655) is provided on actual basis.

30. Disclosures relating to amounts payable as at the yearend together with interest paid / payable to Micro, Small and Medium Enterprises have been made in the accounts, as required under the Micro, Small and Medium Enterprises Development Act, 2006 to the extent of information available with the Company determined on the basis of intimation received from suppliers regarding their status and the required disclosure are given below:

Particulars		For the year ended 31st March, 2013 Rs.	For the year ended 31st March, 2012 Rs.
A	Principal amount remaining unpaid as on 31st March 2013	-	-
B	Interest due thereon as on 31st March 2013	-	-
C	Interest paid by the Company in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year.	-	-
D	Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act,2006	-	-
E	Interest accrued and remaining unpaid as at 31st March 2013	-	-
F	Further Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise.	-	-

31. Trade receivables, trade payables, short term loans and advances, other current assets and other current liabilities are subject to confirmation and reconciliation if any.

32. Previous year's figures have been regrouped wherever necessary, to correspond with the figures of the current year. Amounts and other disclosures for the preceding year are included as integral part of the current year financial statements and are to be read in relation to the amounts and other disclosures relating to the current year. Figures have been rounded off to the nearest rupee.

As per our report of even date
For Kanu Doshi Associates
Chartered Accountants
Firm Registration No. 104746W

Ankit Parekh
Partner
Membership No. 114622

Mumbai, Dated : May 23, 2013

For and on behalf of the Board of Directors

Richard D'Souza
Managing Director & Chief Executive Officer

P.V. R. Murthy
Director

Dhara Mirani
Company Secretary

Mumbai, Dated : May 23, 2013

SUMMARIZED FINANCIAL INFORMATION IN RESPECT OF SUBSIDIARY OF THE COMPANY IN COMPLIANCE WITH THE TERMS OF GENERAL CIRCULAR ISSUED BY THE CENTRAL GOVERNMENT UNDER SECTION 212(8) OF THE COMPANIES ACT, 1956 VIDE CIRCULAR NO. 5/12/2007-CL-III DATED 8TH FEBRUARY 2011

In Terms of General Circular issued by the Central Government under Sectuion 212(8) of the Compaies Act, 1956 vide Circular No. 5/12/2007-CL-III dated 08th February, 2011, exempted the Company from attaching the Balance Sheet, Profit and Loss Account and other documents of the Subsidiary Companies to its Annual Accounts for the year ended 31.3.2013. Information as required in terms of the aforesaid General Circular is furnished below:

Name of subsidiary company	Country of Incorporation	Financial Year ended on	Currency	Capital	Reserves	Total Assets	Total Liabilities	Details of Investment	Turnover	Profit/(Loss) before Taxation	Provision for Taxation	Profit/(Loss) after Taxation
Melstar Inc.	United States	31.3.2013	US$	1,148,500	(1,827,077)	552,612	1,231,189	-	131,320	31,192	1,376	29,816
			INR	62,472,658	(99,383,853)	30,059,330	66,970,526	-	7,143,151	1,696,689	74,848	1,621,841

Notes:

1 The above Subsidiary has not proposed any dividend.

2 The Company shall provide to any member on request the Annual Accounts of the subsidiary and other related information at any point of time. Copies of the Annual Accounts of the Subsidiary shall also be available for inspection by any member at the Registered Office of the Company and its subsidiary on any working day.

3 Indian Rupee equivalent figures have been arrived at by applying the year end inter-bank Exchange Rate : 1 US$ = Rs. 54.395

For and on behalf of the Board of Directors

Richard D'Souza
Managing Director & Chief Executive Officer

P.V. R. Murthy
Director

Dhara Mirani
Company Secretary

Mumbai, Dated : May 23, 2013

Proxy No.

MELSTAR INFORMATION TECHNOLOGIES LIMITED

Regd. Office : Melstar House, G-4, M.I.D.C. Cross Road 'A', Andheri (East), Mumbai - 400 093.

FORM OF PROXY

Regd. Folio / Client ID												
DP ID												
No of Shares												

I / We ………………………………………………… of ……………………………….in the district of ………………………… being a member / members of the above named Company, hereby appoint ……………..............……………………… of …………………………………….......................… in the district of .... or failing him / her ……………………........………………...…. of ……...……………………… in the district of ....as my/our proxy, to attend and vote for me/us and on my/our behalf at the 26th ANNUAL GENERAL MEETING of the Company to be held at Hall of Harmony, Discovery of India Building, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018 on Friday the 20th September 2013 at 3.00 p.m. and at any adjournment thereof.

Affix
Re. 1/-
Revenue
Stamp

Dated this .... day of September, 2013

Signature(s) across the stamp

Notes :

1) The Proxy, in order to be effective, must be duly completed, signed and deposited at the Registered Office of the Company, not less than **48 hours** before the time for holding the meeting.
2) A proxy need not be a member.
3) All alterations made in the Proxy Form should be initialled.

MELSTAR INFORMATION TECHNOLOGIES LIMITED

Regd. Office : Melstar House, G-4, M.I.D.C. Cross Road 'A', Andheri (East), Mumbai - 400 093.

ATTENDANCE SLIP

Regd. Folio / Client ID											No. of Shares held						
DP ID																	

I certify that I am a member / proxy for a member of the Company.

I hereby record my presence at the 26th ANNUAL GENERAL MEETING of the Company being held on Friday the 20th September 2013 at Hall of Harmony, Discovery of India Building, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018

…………….. Name of the member / proxy

………………... Signature of the attending member / proxy

NOTE : Please fill up this slip and hand it over at the entrance of the meeting hall. Members are requested to bring their copies of Annual Report for reference at the meeting.

Mission

"To offer highest value proposition to Global Customers in the area of Application Management Services by providing them with a unique sustainable Cost Reduction Model on long term basis."

Service Offerings

Onsite / Offsite / Offshore

- **Application Design and Development**
- **Application/Project Consulting Business**
- **Off shore Development facility**
- **Application Support/Maintenance and Migrations**

Quality Policy

"We shall provide quality software products, solutions and services to consistently meet the customer's changing requirements."

Melstar Information Technologies Limited

2012-2013

26th Annual Report

Book-Post

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MELSTAR

A Software Services Company

Registered & Corporate Office:

Melstar House, G-4, MIDC Cross Road "A", Andheri (East), Mumbai - 400 093

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