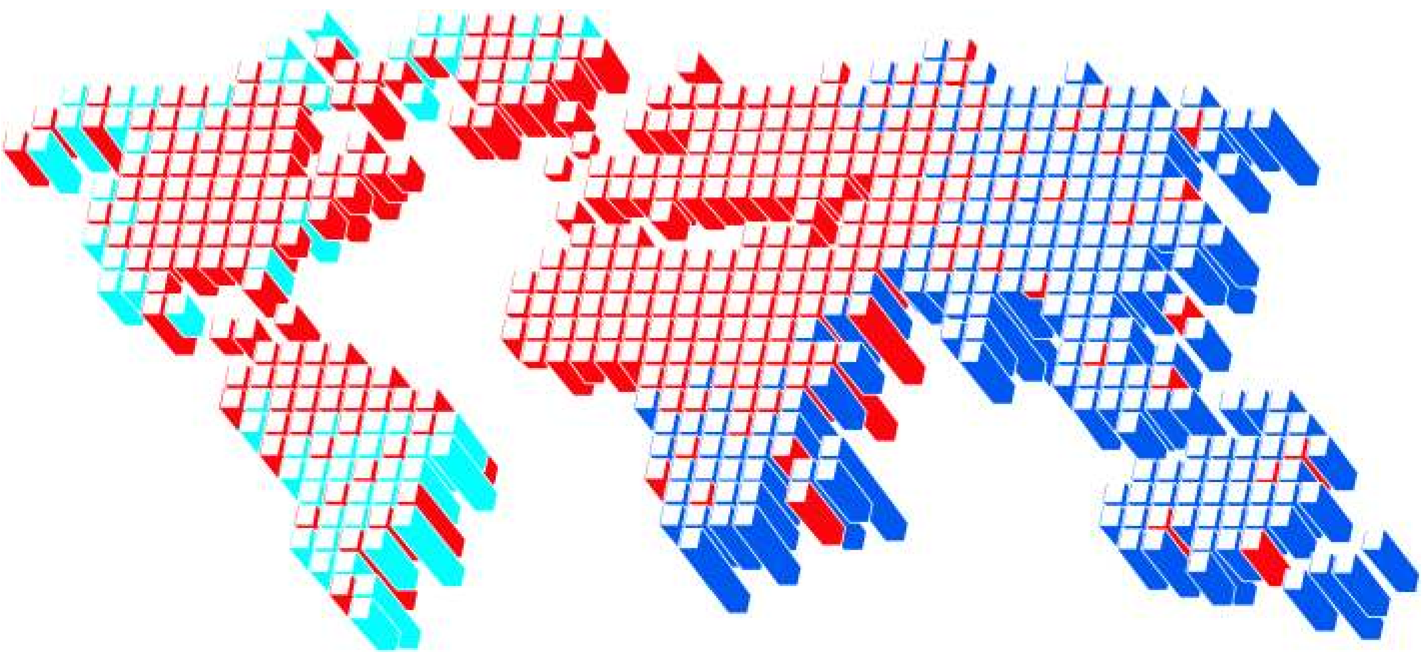
THE YASH BIRLA GROUP

22nd ANNUAL REPORT 2008-09



MELSTAR

An Application Management 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 : 2000 Certified

MELSTAR

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 w.e.f. 22.04.2009
● Mr. P V R Murthy	Director w.e.f. 22.04.2009
● Mr. Anoj Menon	Independent Director w.e.f. 22.04.2009
● Mr. Rajesh Shah	Independent Director w.e.f. 23.06.2009
● Mr. M. S. Adige	Independent Director w.e.f. 23.06.2009
● Mr. S. M. Arora	Managing Director
● Mr. M. R. Lal	upto 23.09.2008
● Mr. Richard D'Souza	upto 12.02.2009
● Mr. Bharat Ramani	upto 22.04.2009
● Mr. Suresh Bansal	upto 22.04.2009
● Mr. Anthony Gale	upto 22.04.2009
● Mr. Ashok Kumar Katial	upto 22.04.2009
● Mr. Sattar Shaikh	Executive Director upto 24.04.2009

CHIEF EXECUTIVE OFFICER

● Mr. Richard D'Souza w.e.f. 22.04.2009

COMPANY SECRETARY

● Mr. Vijay Modi

Auditors

Deloitte Haskins & Sells
Chartered Accountants
Mumbai

Bankers

Punjab & Sind Bank
HDFC Bank Limited
Janakalyan Sahakari 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 Fax: 2594 6969
E-mail: mumbai@linkintime.co.in

BRANCH OFFICE LOCATIONS

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

Chennai
Nakshatra Service Apartments,
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, 4th, 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
CD 185, Sector - 1,
Gr. Floor,
Salt Lake City,
Kolkata - 700 064
Tel.: +91 (33) 2321 6047 / 48

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

OVERSEAS SUBSIDIARIES

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

Melstar UK Limited
Melbury House
34 South borough Road
Bickley Bromley
Kent BR 1 2EB
Tel : +44 1689 853504
Fax : +44 1689 862804

Melstar Singapore Pte Limited
1, North Bridge Road,
19-04/05, High Street Centre
Singapore 179 094
Tele/Fax : +65 6788 6131

CONTENTS

NOTICE

Notice is hereby given that the Twenty-second Annual General Meeting of the members of Melstar Information Technologies Limited, will be held on Friday, the 18th September, 2009 at 3.00 p.m. at M. C. Ghia Hall, 2nd Floor, 18/20, K. Dubash Marg, Kalaghoda, Mumbai - 400 001 to transact the following business:-

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2009 and the Profit & Loss Account for the year ended on that date together with the Reports of Directors and the Auditors thereon.
2. To appoint M/s. Deloitte Haskins & Sells, Chartered Accountants, as Statutory Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.
3. 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:

4. 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. Yashovardhan Birla, 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, subject to retirement by rotation, under the provisions of the Articles of Association of the Company.

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. P V R Murthy, 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, subject to retirement by rotation, under the provisions of the Articles of Association of the Company.

6. 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. Anoj Arvind Menon, 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, subject to retirement by rotation, under the provisions of the Articles of Association of the Company.

7. 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. Rajesh Shah, 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, subject to retirement by rotation, under the provisions of the Articles of Association of the Company.

8. 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. M. S. Adige, 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, subject to retirement by rotation, under the provisions of the Articles of Association of the Company.

9. As a special resolution:-

   RESOLVED THAT pursuant to the provisions of Sections 94 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force), the Authorized capital of the company of Rs.20,00,00,000 (Rupees Twenty crores only) divided into 1,99,50,000 equity shares of Rs. 10/- each and 50,000 Preference Shares of Rs.10/- each be and is hereby increased to Rs 55,00,00,000 (Rupees Fifty five crores only) divided into 5,49,50,000 (Five crores forty nine lacs fifty thousand only) equity shares of Rs. 10/- (Rupees Ten) each and 50,000 Preference Shares of Rs.10/- each

10. As a special resolution:-

    RESOLVED THAT pursuant to Section 16 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force), the Memorandum of Association of the Company be and is hereby altered by substituting the existing Clause V thereof by the following Clause V:

    V. The Authorized Share Capital of the Company is Rs. 55,00,00,000 (Rupees fifty five crores only) divided into 5,49,50,000 (Five crores forty nine lacs fifty thousand only) equity shares of Rs. 10/- (Rupees Ten) each and 50,000 Preference Shares of Rs.10/- each

11. As a special resolution:-

    RESOLVED THAT pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force), the Articles of Association of the Company be and is hereby altered by substituting the existing Article 4 thereof by the following Article 4:

    4 The Authorized Share Capital of the Company is Rs. 55,00,00,000 (Rupees fifty five crores only) divided into 5,49,50,000 (Five crores forty nine lacs fifty thousand only) equity shares of Rs. 10/- (Rupees Ten) each and 50,000 Preference Shares of Rs.10/- each with power to increase or reduce the capital subject to any preferential, qualified or special rights, privileges or conditions as may be thought fit and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may be permitted by the Act.

12. As a special resolution:

    RESOLVED THAT pursuant to the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any amendment thereto or re-enactment thereof) and in accordance with the provisions of the Memorandum and Articles of Association of the Company and the Listing Agreements entered into by the Company with the Stock Exchanges where the shares of the company are listed, Foreign Exchange Management Act, 2000 (FEMA) and Issue of Foreign Currency Convertible Bonds and Equity Shares (through Depositary Receipt Mechanism) Scheme 1993 and the regulations/guidelines, if any, prescribed by the Securities and Exchange Board of India, Reserve Bank of India, or any other relevant authority from time to time, to the extent applicable and subject to such approvals, consents, permissions and sanctions as might be required and subject to such conditions as may be prescribed while granting such approvals, consents, permissions and sanctions, which the Board of Directors of the Company (hereinafter referred to as the “Board” which term shall be deemed to include any Committee(s) constituted/ to be constituted by the Board to exercise its powers including the powers conferred by this Resolution) is hereby authorized to accept, the Board be and is hereby authorized on behalf of the Company to create, issue, offer and allot, (including with provisions for reservation on firm and/or competitive basis, of such part of issue and for such categories of persons as may be permitted), in the course of one or more public or private offerings in domestic and/or one or more international market(s), with or without a green shoe option, any securities including Global Depository Receipts and/or American Depository Receipts convertible into Equity shares and/or Foreign Currency Convertible Bonds (FCCBs) and/or other securities convertible in to Equity shares at the option of the Company and/or the holder(s) of such securities, and/or securities linked to equity shares and/or securities with or without detachable/non-detachable warrants with a right exercisable by the warrant holder to subscribe for the equity shares and/or warrants with an option exercisable by the warrant-holder to subscribe for equity shares and/or any instruments or securities representing either equity shares and/or convertible securities linked to equity shares (including the issue and allotment of equity shares pursuant to a Green Shoe Option, if any), (all of which are hereinafter collectively referred to as ‘Securities’) to eligible investors (whether residents and/or non-residents and/or institutions (including Qualified Institutional Buyers (QIBs) pursuant to Chapter XIIIA of SEBI (Disclosure & Investor Protection) Guidelines, 2000 and/or banks and/or incorporated bodies, and/or individuals and/or trustees and/or stabilizing agents or otherwise and whether or not such investors are members of the Company), through prospectus and/or placement document in terms of Clause13A.7 of Chapter XIIIA of SEBI (Disclosure & Investor Protection) Guidelines, 2000 and/or letter of offer or circular and/or on public and/or private/preferential placement basis, such issue and allotment to be made at such time/times, in one or more tranches, for cash, at such price or prices, in such manner and where necessary, in consultation with the Book Running Lead Managers and/or other Advisors or otherwise, on such terms and conditions as the Board, may, in its absolute discretion, decide at the time of issue of Securities; provided that the total amount raised through the issuance of such Securities does not exceed Rs. 35.00 Crores (Rupees Thirty Five crores only) or its equivalent in one or more foreign currencies, including premium if any.

RESOLVED FURTHER THAT in case of allotment of securities to Qualified Institutional Buyers the same shall be made pursuant to Chapter XIIIA of SEBI (Disclosure & Investor Protection) Guidelines, 2000 and amendments made thereto from time to time and that the relevant date for the purpose of Clause 13A.3.1. of the above Chapter shall be date of meeting in which the Board or any Committee of Directors duly authorized by the Board decides to open the issue.

RESOLVED FURTHER THAT without prejudice to the generality of the above, the aforesaid issue of the Securities may have all or any terms or conditions or combination of terms in accordance with applicable regulations, prevalent market practices, including but not limited to terms and condition relating to payment of interest, dividend, premium on redemption at the option of the Company and/or holder of any securities, or for variation of the price or period of conversion of securities into equity shares or issue of equity shares during the period of the securities or terms pertaining to voting rights or option(s) for early redemption of securities.

RESOLVED FURTHER THAT the Company and/or any agency or body or person authorized by the Board, may issue depository receipts representing the underlying equity shares in the capital of the company or such other securities in negotiable, registered or bearer form with such features and attributes as may be required and to provide for the tradability and free transferability thereof as per market practices and regulations (including listing on one or more stock exchange(s) in or outside India).

RESOLVED FURTHER THAT the Board be and is hereby authorized to issue and allot such number of equity shares as may be required to be issued and allotted, including issue and allotment of equity shares upon conversion of any securities referred to above or as may be necessary in accordance with the terms of the offer, all such shares ranking pari passu inter se and with the then existing equity shares of the company in all respects.

RESOLVED FURTHER THAT for the purpose of giving effect to any offer, issue or allotment of equity shares or securities or instruments representing the same, as described above, the Board be and is hereby authorized on behalf of the Company, to do all such acts, deeds, matters and things at it may, in its absolute discretion, deem necessary or desirable for such purpose, including without limitation, the entering into arrangements for appointment of agencies for managing, underwriting, marketing, listing, trading of securities issued, such as depository, custodian, registrar, stabilizing agent, paying and conversion agent, trustee and to issue any offer document(s), including but not limited to prospectus, and sign all deeds, documents and writings and to pay any fees, commissions, remuneration, expenses relating thereto and with power on behalf of the Company to settle all questions, difficulties or doubts that may arise in regard to such issue(s) or allotment(s) as it may, in its absolute discretion, deem fit.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred, to any Committee of Directors or any one or more Directors of the Company with power to delegate to any officers of the company.

By Order of the Board of Directors
FOR MELSTAR INFORMATION TECHNOLOGIES LIMITED

VIJAY MODI
COMPANY SECRETARY

Registered Office:
G-4, Melstar House
MIDC, Cross Road “A”,
Andheri East
Mumbai - 400 093

Mumbai, 17th August, 2009

1. Explanatory Statement as required by Section 173(2) of the Companies Act, 1956 in respect of item Nos. 4 to 12 being special business is annexed hereto.

2. 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.

3. The Register of Members and the Share Transfer Books of the Company will be closed from 11th September, 2009 to 18th September, 2009 (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. Members holding shares under multiple folios in the identical order of names are requested to consolidate their holdings into one folio.
8. Members can avail of the facility of nomination in respect of shares held by them in physical form pursuant to the amendment to the Companies Act, 1956. Members desiring to avail of this facility may send their nomination in the prescribed Form No. 2B duly filled in, to Link Intime India Private Limited.
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.

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

Item Nos. 4, 5, 6, 7 and 8

The Board of Directors of the Company ("the Board") at its meeting held on April 22, 2009, pursuant to the provisions of Section 260 of the Companies Act, 1956 ("the Act") and Article 139 of the Articles of Association of the Company, had appointed Mr. Yashovardhan Birla, Mr. P V R Murthy and Mr. Anoj Arvind Menon, as Additional Directors of the Company.

In accordance with the Circular Resolution dated 23rd June, 2009, pursuant to the provisions of Section 260 of the Companies Act, 1956 and Article 139 of the Articles of Association, the Board had also appointed Mr. Rajesh Shah and Mr. M. S. Adige as Additional Directors of the Company.

In terms of the provisions of section 260 of the Act, Mr. Yashovardhan Birla, Mr. P V R Murthy, Mr. Anoj Arvind Menon, Mr. Rajesh Shah and Mr. M. S. Adige hold Office up to the date of this Annual General Meeting.

The Company has received notices in writing from members along with deposit of Rs. 500 for each director, proposing the candidatures of Mr. Yashovardhan Birla, Mr. P V R Murthy, Mr. Anoj Arvind Menon, Mr. Rajesh Shah and Mr. M. S. Adige for the office of Director of the Company under the provisions of Section 257 of the Act.

In order to avail benefit of their valuable and expert advice and guidance, the Board commends passing of the resolution as set out in item no. 4 to 8 of the accompanying notice.

Mr. Yashovardhan Birla, Mr. P V R Murthy, Mr. Anoj Arvind Menon, Mr. Rajesh Shah and Mr. M. S. Adige may be deemed to be concerned or interested in the resolution(s) relating to their respective appointment.

None of the Directors is related to any other Director on the Board.

Brief resume of these Directors, nature of their expertise in specific functional areas and names of Companies in which they hold directorships, number of shares held in the Company and memberships/chairmanships of Board Committees, as stipulated under clause 49 of the Listing Agreement with the Stock Exchanges in India, are given in the Annexure to this Notice.

Annexure

Item no	**4**	**5**	**6**	**7**	**8**
Name of the director	**Mr. Yashovardhan Birla**	**Mr. P V R Murthy**	**Mr. Anoj Menon**	**Mr. Rajesh Shah**	**Mr. M. S. Adige**
Date of Birth	29.09.1967	21.04.1951	03.02.1973	10.01.1953	07.11.1944
Date of appointment	22.04.2009	22.04.2009	22.04.2009	23.06.2009	23.06.2009
Qualification	M. Com, LL.B	C.A, MBA	B.Com, LL.B, Solicitor	C.A.	B.Sc (ME)
Expertise in specific Functional areas	He has been credited with the integration of various group companies, infusing a strong sense of global vision and taking an integrated approach to the group.	Almost 30 years of experience in the finance sector. He has worked as a part of the Top Management with various companies over a span of 16 years in the capacity of Managing Director, Director, CEO, Advisor, prior to joining the Yash Birla Group of Companies	Presently, working with Leading firm M/s. Desai & Diwanji. He has more than twelve years experience in all matters related to the Corporate Laws.	Senior Partner with M/s. A.J. Shah & Co. (Taxation) & (Audit), Chartered Accountants, since 1979	Has 41 years of cross functional experience in metal industry with exposure to various functional areas including techno-commercial areas of project management. He is a member of regional council of Confederation of Indian Industry (CII), All India Management Association, Bombay Management Association (BMA), Indian Institute of India Foundrymen and Indian Institute of Materials Management.
List of other directorship	Birla Cotsyn (India) Limited, Birla Power Solutions Limited, Birla Precision TechnologiesLimited, Dagger Forst Tools Limited, Zenith Birla India Limited, Asian Distributors Private Limited, Ashok Birla Apollo Hospital Private Ltd., Birla Bombay Private Limited, Birla Brothers Private Limited, Birla Cement & Industries Limited, Birla Wellness & Healthcare Private Ltd., Birla Pacific Medspa Private Limited, Birla Surya Limited, Birla Shloka Edutech Limited, Birla Edutech Limited, Lakshmi Properties Limited, Shearson Investment & Trading Co. Pvt. Ltd., Viking Travels Private Ltd	Birla Power Solutions Limited, Khamgaon Syntex Limited, Birla Cotsyn (India) Limited, Birla Precision Technologies Limited, Sanguine Media Limited, Birla Wellness And Healthcare Private Ltd., Birla Cement & Industries Limited, Birla Pacific Medspa Private Limited, Birla Kerala Vaidyashala Private Ltd., Ashok Birla Apollo Hospital Private Ltd., Birla Edutech Limited, Birla Surya Ltd.	C C Health Care Products Private Ltd.	Birla Power Solutions Limited Dagger Forst Tools Limited	Birla Precision Technologies Limited, Birla Cotsyn (I) Limited, Nagpur Power and Industries Limited, Artefact Projects Limited, AHG Metal Endustri Urunleri Ticarete Ve Sanayi, Istanbul, Turkey
Chairmanship/ Membership of the committees of other Companies	Birla Power Solutions Ltd., Birla Precision Technologies Ltd., Zenith Birla India Limited	Birla Cotsyn (India) Limited, Birla Precision Technologies Ltd., Birla Power Solutions Ltd.	Harvard Business School (I) Research Centre	--	--
Note	A Notice in writing has been received by the Company under section 257 of the Companies Act, 1956, signifying their intention to propose his Candidature for appointment as a Director of the Company. Mr. Yashovardhan Birla being eligible, offers himself for appointment.	A Notice in writing has been received by the Company under section 257 of the Companies Act, 1956, signifying their intention to propose his Candidature for appointment as a Director of the Company. Mr. P V R Murthy being eligible, offers himself for appointment.	A Notice in writing has been received by the Company under section 257 of the Companies Act, 1956, signifying their intention to propose his Candidature for appointment as a Director of the Company. Mr. Anoj Menon being eligible, offers himself for appointment.	A Notice in writing has been received by the Company under section 257 of the Companies Act, 1956, signifying their intention to propose his Candidature for appointment as a Director of the Company. Mr. Rajesh Shah being eligible, offers himself for appointment.	A Notice in writing has been received by the Company under section 257 of the Companies Act, 1956, signifying their intention to propose his Candidature for appointment as a Director of the Company. Mr. M. S. Adige being eligible, offers himself for appointment.
No. of shares held	Nil	Nil	Nil	Nil	Nil

Item Nos. 9, 10 and 11

The Company proposes to strengthen its financial position by generating long term resources by issuing securities including Global Depository Receipts and / or American Depository Receipts and / or Foreign Currency Convertible Bonds in international /domestic market/s, as contemplated in item No.12 of the Notice.

It is therefore deemed appropriate to increase the Authorised Share Capital from Rs.20.00 crores to Rs 55.00 crores and consequently to alter the Memorandum and Articles of Association of the Company as set out at item Nos 9, 10 and 11 of the accompanying Notice.

In accordance with the provisions of the Companies Act, 1956, the Company is seeking the approval of the shareholders for increase in authorised share capital and for alteration of capital clause V of the Memorandum of Association and Article 4 of the Articles of Association of the Company. Your Board of Directors accordingly recommends the resolutions at item no. 9, 10 and 11 as special resolutions for the approval of the shareholders.

None of the Directors is, in any way, concerned or interested in the said resolutions.

Item No. 12

As your Company is considering tapping the domestic/international markets with a view to augment resources for meeting the requirement of funds for the normal capital expenditure, expansion, modernization, general corporate purposes, working capital requirements, replacement of debt and for other purposes as may be permitted / allowed etc., it is accordingly proposed to issue securities in the international/domestic market(s) as contemplated in the resolution set out at item No. 12 of the accompanying Notice, as may be decided by the Board and found to be expedient and in the interest of the Company.

The detailed terms and conditions of the Issue as and when made will be determined by the Board of Directors in consultation with the Merchant Bankers, Lead Managers, Advisors, Underwriters and other experts in accordance with the applicable provisions of law.

The proposed issue of securities as above may be made in one or more tranches, in domestic and/or international market in one or more currency, upto an aggregate amount of Rs.35.00 crores (Rupees Thirty five Crores Only) or equivalent thereof. The issue price of the security to be issued in the proposed offerings will be determined by the Board of Directors at the time of the offer depending on the then prevailing market conditions. The securities will be listed on such international/Indian Stock Exchanges as the Board may be advised.

Section 81(1A) of the Companies Act, 1956, provides, inter alia, that where it is proposed to increase the subscribed share capital of the Company by allotment of further shares, such further shares shall be offered to the persons who on the date of the offer are holders of the Equity Shares of the Company, in proportion to the capital paid up on those shares as of that date unless the shareholders decide otherwise. The Listing Agreements executed by the Company with the various Stock Exchanges also provide that the Company shall issue or offer in the first instance all securities to the existing equity shareholders, unless the shareholders decide otherwise. The Special Resolution seeks the consent of the Shareholders authorizing the Board of Directors to make the proposed issue of Securities and in the event it is decided to issue Securities convertible into Equity Shares, to issue to the holders of such convertible Securities in such manner and such number of Equity Shares on conversion as may be required to be issued in accordance with the terms of the issue.

The Board of Directors recommends the resolution set out at item No.12 of the accompanying Notice for the approval of the Members.

None of the Directors is, in any way, concerned or interested in the resolution.

By Order of the Board of Directors
FOR MELSTAR INFORMATION TECHNOLOGIES LIMITED

VIJAY MODI
COMPANY SECRETARY

Mumbai, 17th August, 2009

DIRECTORS' REPORT

The Directors present hereunder the 22nd Annual Report on the Business and operations of the Company along with the Audited Statement of Accounts of the Company and of the Group for the year ended 31st March, 2009. The financial results for the year are summarized as under:

1. FINANCIAL RESULTS

(Rupees in Lacs)

	2008-09	2007-08
Sales	**1824**	1556
Other income	**102**	133
Operating Profit/(Loss) before depreciation, interest and taxes	**26**	(89)
Less: Depreciation	**96**	107
Less: Interest	**29**	27
Operating Loss before unusual item	**(99)**	(223)
Less: Provision for/write off of doubtful debts/advances, fixed assets	**16**	1
Loss before Taxation	**(115)**	(224)
Provision for taxation including FBT	**(6)**	(7)
Income tax earlier years (net)- Income	**8**	96
Loss after tax	**(113)**	(135)
Profit brought forward from earlier year	**37**	174
Adjustments on account of liability in respect of Employee Benefits as on April 1, 2007	**-**	(2)
Amount transferred to capital redemption reserve	**0.20**	-
Balance carried to Balance sheet	**(76)**	37
EPS – Basic and Diluted (in Rupees)	**(0.79)**	(0.94)
Book value per Share (in Rupees)	**9.63**	10.34

2. RESULTS OF OPERATIONS

(a) Revenues

The total sales of the Company and of the Group for the year under report were as under:

(Rupees in Lacs)

	2008 – 09	2007-08
MITL Holding Company		
US Branch	**164**	224
UK Branch	**---**	---
India Operations	**1,660**	1,332
Sub Total	**1,824**	1,556
Melstar Inc.	**1,044**	1,574
Melstar Singapore Pte. Ltd.	**---**	---
Melstar Limited(under liquidation)	**---**	---
Melstar UK Limited	**---**	105
Total	**2,868**	3,235

The sales of the Company stood at Rs. 1,824 Lacs against Rs. 1,556 Lacs and the Group stood at Rs. 2,868 Lacs against Rs. 3,235 Lacs during the preceding year. The US Branch sales of the Company reduced by around 27% and the domestic business improved by 25% compared to previous year.

(b) Operations

The operations of the Company during year under report resulted in a net loss of Rs. 113 Lacs compared to the net loss of Rs.135 lacs in the previous year.

Due to overall global meltdown, the IT industry in particular has been adversely affected and hence your Group Company sales has declined compared to previous year.

The performance of the subsidiaries was not encouraging during the year under review. The Group operations resulted into a net loss of Rs. 193 Lacs (against a net loss of Rs. 87 Lacs in the preceding year). The Group loss was mainly on account of writing down of Deferred Tax Assets recognised in Melstar Inc. in earlier years Rs. 147 Lacs. The Subsidiaries also continued to face acute liquidity crisis during the year and cash flows remained under severe pressure.

3. SUBSIDIARY COMPANIES

The Company has four wholly-owned foreign subsidiaries, viz, Melstar Inc., Melstar UK Limited, Melstar Limited (Under liquidation at present), Melstar Singapore Pte Limited.

Linkhand Support Limited (subsidiary of Melstar Limited) has since been dissolved by letter dated 7th August, 2008 issued by Companies House United Kingdom.

The important developments that have taken place during the year under report in various subsidiaries of the Company are dealt with hereunder:

The respective management of the subsidiary could not expand operations during the year under report because of cash flow constraints. It is expected that the performance of the subsidiary would improve during the current financial year.

In view of severe downturn in the IT industry in US and UK, the performance of US and UK Subsidiary(s) suffered adversely during the year under review.

(a) US Subsidiary - Melstar Inc.

The operations of Melstar Inc. for the year under review are as under

	2008-09		2007-08	
Particulars	**Foreign Currency**	**Indian Rs.**	Foreign Currency	Indian Rs.
Revenue	**US$ 22,99,932**	**Rs.1,044 Lacs**	US$ 37,85,655	Rs. 1,574 Lacs
Operating Profit	**US$ 49,427**	**Rs. 22 Lacs**	US$ 86,333	Rs. 36 Lacs

(b) UK Subsidiaries:

(i) Melstar Limited

Melstar Limited was dissolved pursuant to special resolution passed on 29.08.2008. The necessary documents have been filed with Companies House, United Kingdom and awaiting final certificate to that effect from the said authority.

(ii) Melstar UK Limited

The operations of Melstar UK Limited for the year under review are as under.

	2008-09		2007-08	
Particulars	**Foreign currency**	**Indian Rs.**	Foreign currency	Indian Rs.
Revenue	**GBP -**	**Rs. - Lacs**	GBP 1,28,353	Rs. 106 Lacs
Loss	**GBP 65,460**	**Rs. 50 Lacs**	GBP 50,930	Rs. 42 Lacs

The loss in the subsidiary is mainly on account of inter company receivables written off aggregating to UKP 55,778 (equivalent to Rs. 43 Lacs) as stated below.

	UKP
Melstar Limited (under liquidation)	53,984
Linkhand Support Limited (since dissolved)	1,794
Total	**55,778**

(c) Singapore Subsidiary - Melstar Singapore Pte Limited

During the year under report, this subsidiary did not undertake any business activities. The management is taking necessary steps to minimise the operational expenses.

4. DIVIDEND

In view of overall losses suffered by the Group during the year, the Directors regret their inability to recommend any dividend to the Equity Shareholders of the Company for the year under report.

5. FINANCIAL STATEMENTS OF SUBSIDIARIES

In terms of the approval granted by the Central Government under Section 212(8) of the Companies Act, 1956, vide its letter No.47/116/2009-CL-III dated 17.03.2009 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 have not been attached to the Balance Sheet of the Company. The Company will make available these documents / details upon request by any member of the Company interested in obtaining the same. Further, these documents will also be kept open for inspection by any member at the Company's Registered Office and that of the subsidiaries concerned. However, as required under the aforesaid approval, a summarized statement of financial position of the subsidiaries has been appended to the Annual Report elsewhere. Also in terms of Accounting Standard 21 issued by the Institute of Chartered Accountants of India, the Consolidated Financial Statements presented by the Company include the financial information of the subsidiaries as well.

6. CHANGE OF PROMOTERS AND MANAGEMENT CONTROL

Pursuant to a Share Sale & Purchase Agreement dated 11-09-2008 and subsequent Open Offer under the SEBI Takeover Code, YASH BIRLA GROUP COMPANIES viz Godavari Corporation Private Limited, Nirved Traders Private Limited & Shearson Investments & Trading Company Private Limited acquired the equity shares of the face value of Rs. 10/- each of the Company as stated below.

From the Ex-Promoters & Persons acting in concert	42,28,920 shares	Godavari Corporations Pvt. Ltd.	23,90,819 shares	16.74%
From the members of the Company under Open offer	28,54,622 shares	Shearson Investments & Trading Co. Pvt. Ltd.	24,43,979 shares	17.11%
		Nirved Traders Pvt. Ltd.	22,48,744 shares	15.74%
Total	**70,83,542 shares**	**Total**	**70,83,542 shares**	**49.59%**

In total representing 49.59% of the paid up capital of the Company.

Consequently, YASH BIRLA Group Companies have now become the Promoter Group holding 70,83,542 (49.59%) equity shares of Rs 10/- each & also having Management Control over the Company.

Mr. Yashovardhan Birla, Mr. P V R Murthy and Mr. Anoj Arvind Menon were appointed as Additional Directors in terms of Section 260 of the Companies Act, 1956 effective from 22nd April, 2009. Mr. Rajesh Shah and Mr. M. S. Adige were also appointed as Additional Directors w.e.f. 23rd June, 2009. They hold office up to the date of the ensuing Annual General Meeting. The Company has received notices in writing from members proposing the candidatures of Mr. Yashovardhan Birla, Mr. P V R Murthy, Mr. Anoj Arvind Menon, Mr. Rajesh Shah and Mr. M. S. Adige for the office of the Director.

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 Notice.

During year under review, Mr. Sattar Shaikh, Mr. Bharat Ramani, Mr. Anthony C. Gale, Mr. Suresh Bansal, Mr. Ashok Kumar Katial and Mr. Richard D'Souza resigned as Director of the Company.

The Board records its appreciation of the contribution made by the said Directors during their tenure as a Director.

Mr. Richard D'Souza was Independent & Non-Executive Director for the period from 30.04.2008 to 12.02.2009. He has now been appointed as the **Chief Executive Officer** of the Company with effect from 1st April, 2009.

7. FUTURE PROSPECTS / OUTLOOK

In view of the takeover of the management by the Yash Birla Group, the Company expects to revamp its presence in the global markets by reviving its operations in UK and Singapore and strengthening its operations in USA. For any software Company overseas projects have a great impact on the bottom and top level.

The Company expects to improve its revenues and profitability by optimum utilization of its resources with continued emphasis on cost reduction. As indicated earlier, the domestic business has started giving results with reasonable margin. The Company established business association with a few large global companies, which are expected to grow appreciably during the current financial year. The Company also hopes that it would be able to add more clients during current year and relationship with the existing clients would become stronger in terms of revenues, barring unforeseen events.

8. 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, 2009 and of the loss 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.

The above statements have been noted by the Audit Committee at its meeting held on 30.06.2009.

GROUP

The disclosure pursuant to Regulation 3(1)(e) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 are as under.

Godavari Corporations Pvt. Ltd.	23,90,819 shares	16.74%
Shearson Investments & Trading Co. Pvt. Ltd.	24,43,979 shares	17.11%
Nirved Traders Pvt. Ltd.	22,48,744 shares	15.74%
Total	**70,83,542 shares**	**49.59%**

9. PUBLIC DEPOSITS

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

10. EMPLOYEES

In terms of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, the name and other particulars of the employees are set out in the Annexure appended to this report.

11. 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.

12. 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.

13. AUDITORS

M/s. Deloitte Haskins & Sells, 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 AGM.

14. AUDITORS QUALIFICATION AND MANAGEMENT REPLY

The Directors' response to the qualification made by the Auditors in the Audit Report, is as under.

Item No. 4 of the Auditors' Report on the Consolidated Financial Statements:

The financial statements of a wholly owned subsidiary located at U.K. which represent total assets of Rs. 1,96,897 as at 31st March, 2009, total revenues of Rs. Nil and net cash flows of Rs. Nil for the year then ended, have been incorporated in the consolidated financial statements on the basis of the unaudited financial statements as provided by the management of the subsidiary.

For Directors' response, please refer to Note No. 9 of Schedule 18 of the Audited Consolidated Group Accounts, the contents of which are self-explanatory and do not call for any further comments.

15. 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

YASHOVARDHAN BIRLA
CHAIRMAN

Mumbai, 30th June, 2009

ANNEXURE TO DIRECTORS' REPORT

I. Particulars of employees

Information as per Section 217(2A) of the Companies Act, 1956 read with Companies (particulars of employees) Rules, 1975 and forms part of the Directors Report for the year ended 31st March, 2009.

Sr. No.	Name	Designation	Gross Remuneration (Rs.)	Qualification	Exp (yrs)	Date of Joining	Age (yrs)	Previous Employment-Designation
1	S.M. Arora	Managing Director	32,94,912	B.A., M.B.A.	50	24.01.91	73	Melstar Industries Ltd. Director
2	Sattar Shaikh	Executive Director	32,94,901	B.Com	29	01.08.97	50	Melstar Industries Ltd. Director

Notes:

1. Nature of Employment is Contractual. The terms of the Managing Director and the Executive Director are governed by the Shareholders' Resolutions.
2. Remuneration comprises basic salary, allowances and taxable value of perquisites.
3. Other Terms & Conditions are as applicable under the Rules of the Company.
4. Mr. Arora and Mr. Shaikh (being the Ex-Promoter Director), each of them together with their relatives were holding more than 1% of the paid up capital of the Company as at 31.03.2009.

   However, pursuant to Share Sale and Purchase Agreement dated 11th September, 2008, these Directors agreed to sale their entire shareholding in the Company to the Yash Birla Group Companies.

II. 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, 2009

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 9% (14% for the previous year) of total revenues of the Company.

	Rs. In lacs	
	2008-09	2007-08
Total Foreign Exchange earnings*	164	224
Total Foreign Exchange outgo**	163	214

* Represents software export sales by foreign branch.

** Includes expenses of foreign branches.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Forward Looking Statements

This report contains forward-looking statements, which may be identified by their use of words like 'expects', 'will' or other words of similar meaning. Forward-looking statements are based on certain assumptions and expectations of future events and the Company cannot guarantee that these assumptions and expectations are accurate or will be realized. The Company assumes no responsibility to publicly amend or revise the forward-looking statements or any loss to the investors in the shares of the Company making investments relying on such forward-looking statements.

The IT-BPO industry in India has today become a growth engine for the economy, contributing substantially to increase in the GDP, urban employment and exports, to achieve the vision of a "young and resilient" India.

2008 was a transformational year for the Indian Information Technology-Business Process Outsourcing (IT-BPO) sector, as it began to re-engineer itself to face the challenges presented by a macro-economic environment which witnessed substantial volatility in commodity prices, inflation, and decline in GDP rates, cross-currency movement, finally culminating in the economic downturn.

During the year, the sector maintained its double digit growth rate and was a net hirer. This growth has been fueled by increasing diversification in the geographic base and industry verticals and adaptation in the service offerings portfolio. While the effects of the economic crisis are expected to linger in the near term future, the Indian IT-BPO industry has displayed resilience and tenacity in countering the unpredictable conditions and reiterating the viability of India's fundamental value proposition. Consequently, India has retained its leadership position in the global sourcing market.

While the current mood is that of "cautious optimism", the industry is expected to witness sustainable growth over a two-year horizon, going past its USD 60 billion export target in Financial Year 2011. While the industry has significant headroom for growth, competition is increasing, with a number of countries creating enabling business environments aimed at replicating India's success in the IT-BPO industry.

The Indian IT-BPO industry is estimated to achieve revenues of USD 71.7 billion in Financial Year 2009, with the IT software and services industry accounting for USD 60 billion of revenues. During this period, direct employment is expected to reach nearly 2.23 million, an addition of 226,000 employees, while indirect job creation is estimated to touch 8 million.

Exports market :

The Export revenues are estimated to gross USD 47.3 billion in Financial Year 2009, accounting for 66 per cent of the total IT-BPO industry revenues. Cross currency movement during the year, led by the strengthening (and high volatility) of the US dollar versus some of the major invoicing currencies (Euro, Pound), suppressed volume growth in the European market by about 2.2 per cent at an industry level. Software and services exports (including BPO) are expected to account for over 99 per cent of total exports, employing over 1.76 million employees.

Geographic focus :

While the US with a 60 per cent share remains the largest export market for Indian IT-BPO services, incremental growth is being driven by the European market.

Vertical Markets:

The industry's vertical market mix is well balanced across several mature and emerging sectors. While the Banking, Financial Services and Insurance segment (BFSI) remains the biggest sector with over 41 per cent of total revenues, verticals like Hi-tech / Telecom, Manufacturing and retail are increasingly gaining share.

Industry Structure:

The industry is dominated by large integrated players consisting of both Indian and international service providers. During the year, the share of Indian providers went up to 65-70 per cent due to the emerging trend of monetisation of captives. MNCs however, continued to make deeper inroads into the industry and strengthened their Indian delivery centres during 2008.

Domestic market:

The domestic market presents a significant opportunity as IT spending in India is growing at a pace faster than any other country in the Asia Pacific region. The demand for offshoring is driven by specialized skill sets and not just labour arbitrage. Domestic IT-BPO revenues are expected to grow at almost 20 per cent to reach INR 1,113 billion in Financial Year 2009, driven by increased IT-BPO adoption. While growth in the hardware spend (the largest segment) has moderated, the domestic BPO segment remained the stellar performer, with a growth of 40 per cent during Financial Year 2008 and revenues of INR 88.7 million. Domestic IT services are expected to grow by 20 per cent in Financial Year 2009, driven by increased acceptance of IT as a growth enabler and a competitive tool for Indian corporations looking to compete in an increasingly globalised environment. Increased IT adoption in not only the large /mid-sized companies, but also in the strong small and medium business (SMB) segment is expected to drive growth in the future.

Some of the threats the Company could encounter are:

a) Growing competition from a number of market players having large capacities.

b) Timely availability of skilled personnel has fallen short of the industry requirement, besides high attrition rate. This might have some impact on Company's recruitment costs, growth in terms of number of resources and on revenues/ profitability.

c) Availability of adequate Working Capital at the right time, could on occasions adversely affect its efforts to generate new business.

d) Continued pressures on billing rates due to substantial increase in salary level in the industry also may negate profitability.

e) Political instabilities and policies of various foreign governments to protect local employment by restricting market access by foreign players could also have some adverse impact.

f) Overseas travel / Visa restrictions imposed on Indian software professionals would be another area to contend with.

g) Economic recessionary trends can also impact the business performance.

Segment-wise Performance

The Company has three geographical segments viz. US, UK & Asia Pacific and the salient features have been dealt with in detail in the Directors' Report.

Future Outlook

The Company expects to improve its revenues and profitability by maximum utilization of its infrastructure and resources with continued efforts at containing costs and limited interruptions consistent with the need for growth. The Company has been concentrating more on the domestic business since the last couple of years and it has started yielding results. With the expansion of Indian operations by many large global companies, the Company look forward to more varied and challenging opportunities. The Company expects more business from said large global companies during the current year, barring unforeseen events. Generating business for offshore will be given a major thrust in the coming financial year.

Key global sourcing drivers will continue to be cost, access to talent, business improvements, increasing speed-to-market and access to emerging markets. The future outlook for all these drivers is positive, leading to increased momentum for global sourcing. The focus on cost reduction is expected to increase, keeping in mind the current recessionary environment. Environmental considerations such as climate change, global warming, social responsibilities, and compliance issues are all adding up to increase pressure on margins, which can be offset by increasing global sourcing to keep tabs on spiralling costs. Access to talent is likely to become more decisive as workforce demographics indicate a shortfall in the long term, in all major developed countries such as USA, UK, France and Germany, Japan and some developing countries as well.

Sustained demand, robust fundamentals and a supportive business environment will help realize the significant potential the IT-BPO industry offers, both for exports and the domestic market. The industry can achieve an export target of USD 60-62 billion by Financial Year 2011, employing 2.5-3 million professionals directly and contributing substantially to the socio-economic development of the country.

Risks and Concerns

Risk management is an essential component of the responsibilities of the management of a company. It has to ensure that the risks which might encounter while conducting its business activities are easily identified and managed with appropriate skills effectively to minimize / eliminate the adverse impact. The concerns that the Company could encounter are -

a) Government policies and restrictive measures;

b) Business process risks;

c) Inadequacy of resources - people, support services, working capital and above all timely availability;

d) Dependence on a selected few clients, changes in the market conditions, price situation, credit period, etc.

Mitigation

A preliminary analysis of the Company's risk profile is already in place. A comprehensive assessment / framework of the risk profile and risk response and measures to prevent and combat various types of risks to which the Company might get exposed in the process of execution of assignments / contracts as also in its future endeavors for growth to ensure optimum use of resources at its command consistent with the internal control systems and procedures as also in conformity with the regulatory requirements to withstand any adverse impact of factors and events outside its control, is in the process of setting for effective monitoring.

The Company has also an effective internal audit function independent of external auditors, which regularly reviews effectiveness of the Company's policies. The Audit Committee of the Board periodically reviews implementation of internal control systems and procedures so as to strengthen the control process and to keep the Company's business insulated from internal and external risks and to check the impact of consequential damage and financial loss, if any.

Disaster prevention / recovery

Unexpected disasters can cause heavy damage to the properties, communication and data servers / systems and loss of invaluable data / softwares. Such events generally spring from power failure, earthquakes, fire, flood, war or other natural calamities. To prevent and/or to combat such events, the Company has developed and implemented a Business Recovery and Continuity Plans besides a separate Security Policy to address such damages, minimize its impact and at the same time continue its business with shortest possible time delays in such adverse conditions.

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 subsidiaries have been dealt with at some length in the Directors Report.

The Consolidated Statements of Accounts of the Company covering all the subsidiaries duly audited {except Melstar Limited has made an application for voluntary liquidation with the Companies House, UK and confirmation is awaited and Linkhand Support Limited, a step down subsidiary at UK was dissolved during the year and the approval for the same has been received from Companies House, UK} are appended elsewhere in the Annual Report.

An Analysis of financial performance for the year ended 31st March 2009 is given hereinafter:

Sr. no.	Particulars	As on 31.03.2009 Rs. in lacs	As on 31.03.2008 Rs. in lacs
1	Share Capital	**1428**	1428
2	Reserves & Surplus	**23**	48
3	Secured Loans	**112**	183
4	Unsecured Loans	**56**	17
5	Fixed Assets	**1334**	1448
6	Investments	**13**	13
7	Debtors	**Rs. 240 lacs representing 48 days revenue for the year**	Rs.285 lacs representing 67 days revenue for the year
8	Cash and Bank Balances	**68**	42
9	Other Current Assets	**0.02**	0.78
10	Loans & Advances	**279**	331
11	Current Liabilities	**342**	403
12	Provisions	**48**	39
13	Profit and Loss Account (Dr. Bal)	**75**	---
14	Impact of Foreign Exchange Fluctuations	**Gain of Rs. 0.84 lacs**	Loss of Rs. 1.47 lacs
15	Depreciation	**96**	107

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 31.3.2009 was 327.

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 had in place a Programme called "Certification Fee Reimbursement Programme".

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: 2000 certification since 2002. 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

S. M. ARORA	**RICHARD D'SOUZA**
MANAGING DIRECTOR	**CHIEF EXECUTIVE OFFICER**

Mumbai, 30th June, 2009

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 stake holders, 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

Pursuant to the Share Sale and Purchase Agreement dated 11th September, 2008 with the erstwhile promoters of the Company and subsequent open offer thereon, the Yash Birla Group Companies have acquired 4,228,920 equity shares from the erstwhile promoters and persons acting in concert and 2,854,622 equity shares from the members of the Company under open offer under SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, totally constituting 49.59% of the paid-up share capital of the Company. This transaction was completed on 22nd April 2009, and consequently, the Yash Birla Group Companies became the new promoters and the Board of Directors of the Company was reconstituted thereafter.

The Company has combination of Executive and Non-Executive Directors. The Board comprises of an Executive Director, two Promoter and Non-Executive Directors and three Non-Executive and Independent Directors.

During the financial year 2008 – 09, there was no regular Chairman; hence one of the independent directors was chairing each meeting of the Board.

The Composition of the Directors of the Company are as under.

Name	Designation	Category	No. of Directorships in other Companies		Committee Memberships (Incl. MITL)	Committee Chairmanships (excluding memberships given in column 5)
1	2	3	4		5	6
			Other Listed Company	Unlisted Limited, Pvt. Ltd. and Foreign subsidiary Cos.		
Mr. Yashovardhan Birla w.e.f 22.04.09	Chairman	Promoter and Non-Executive Chairman	6	13	1	2
Mr. P V R Murthy w.e.f 22.04.09	Director	Promoter and Non-Executive Director	5	8	5	-
Mr. Anoj Arvind Menon w.e.f 22.04.09	Director	Non-Executive and Independent Director	-	2	1	-
Mr. Rajesh Shah w.e.f 23.06.09	Director	Non-Executive and Independent Director	2	-	9	-
Mr. M. S. Adige w.e.f 23.06.09	Director	Non-Executive and Independent Director	5	-	3	-
Mr. Surinder Mohan Arora	Managing Director	Executive Director	-	4	1	-
Mr. M. R. Lal Upto 23.09.08	Director	Non-Executive and Independent Director	-	1	-	3
Mr. Richard D'Souza From: 30.04.08 to 12.02.09	Director	Non-Executive and Independent Director	-	1	2	-

Mr. Bharat Ramani Upto 22.04.09	Director	Promoter and Non-Executive Director	-	3	-	-
Mr. Suresh Bansal Upto 22.04.09	Director	Promoter and Non-Executive Director	-	11	-	-
Mr. Anthony Gale Upto 22.04.09	Director	Non-Executive Director	-	8	-	-
Mr. A. K. Katial Upto 22.04.09	Director	Non-Executive and Independent Director	-	3	2	-
Mr. Sattar Shaikh Upto 24.04.09	Executive Director	Promoter and Executive Director	-	4	-	-

Note : The Board, the Audit Committee and Investor Grievance and Share Transfer Committee are re-constituted for the minimum number of Independent Directors/Members w.e.f. 23rd June, 2009.

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. When considered expedient additional meetings were convened and held. The Board meetings are held at the Registered Office of the Company in Mumbai. The Agenda for the Board meetings, containing relevant matters as requisite, are distributed in advance to all the Board members.

The Board met five times during the year ended 31st March, 2009 viz. on 30th April, 2008, 3rd July, 2008, 31st July, 2008, 25th October, 2008 and 30th January, 2009. 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 29.09.2008
1	Mr. S. M. Arora, Managing Director	5	5	Yes
2	Mr. S. Shaikh, Executive Director	5	5	Yes
3	Mr. Bharat Ramani	5	3	No
4	Mr. Suresh Bansal	5	-	No
5	Mr. Anthony Gale	5	1	No
6	Mr. M. R. Lal Upto 23.09.08	5	1	No
7	Mr. A. K. Katial	5	5	No
8	Mr. Richard D'Souza From 30.04.08 to 12.02.09	5	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.
4. Consequent to the vacancy caused, in the post of the Chairman of Audit Committee due to the resignation of Mr. M. R. Lal on account of his ill health, the compliance as to the requirement of the attendance of the Audit Committee Chairman at the Annual General Meeting, could not be met with.

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 Notice forming part of the Annual Report.

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.

COMMITTEES OF THE BOARD

(a) AUDIT COMMITTEE

Broad Terms of Reference:

The terms of reference of the Audit Committee include 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 and/or removal of external and internal auditors and fixing their remuneration. 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 subsidiaries, Management Discussion and Analysis, findings of any internal investigation and follow up thereon, etc. for recommendation to the Board. The Role and Responsibilities of each Committee are well defined and the role of Audit Committee has been revised as per the subsequent amendments to the Code. 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, five meetings of the Committee were held, viz. on 30th April, 2008, 3rd July, 2008, 31st July, 2008, 25th October, 2008 and 30th January, 2009.

The composition of the Audit Committee for the year ended 31st March, 2009 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. M. R. Lal Upto 23.09.08	Chairman	Independent and Non-Executive Director	5	1
2	Mr. A. K. Katial Upto 22.04.09	Member	Independent and Non-Executive Director	5	5
3	Mr. Richard D'Souza From 30.04.08 to 12.02.09	Member	Independent and Non-Executive Director	5	4

The Audit Committee of the Board were re-constituted on 23.06.2009 as under:

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

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 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.

The Composition of the Committee for the year ended 31.03.2009 is as under:

	Name	Title	Status
1	Mr. M. R. Lal Upto 23.09.08	Chairman	Independent and Non-Executive Director
2	Mr. S. M. Arora	Member	Promoter and Managing Director
3	Mr. S. Shaikh	Member	Promoter and Executive Director

During the year under report the Committee met twice, i.e. on 7th November, 2008 and 31st March, 2009.

The Investor Grievance and Share Transfer Committee were reconstituted on 23.06.2009.

Investor Grievance and Share Transfer Committee Name	Title	Status
Mr. Anoj Menon	Chairman	Independent and Non-Executive Director
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, vmodi@melstar.com attended by the Secretarial Department to enable the investors to communicate with the Company.

The Registrar and Share Transfer Agent (RTA) of the Company during the financial year under report received 8 complaints from the members and all the complaints had been satisfactorily dealt with during the said period.

During the year, the Registrar had registered 24 transfers comprising 2700 shares and processed 29 requests for dematerialization of 4700 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

To review and determine the policies of the Company relating to remuneration packages for Executive Directors and relatives of directors, administer benefits of ESOP Scheme to the eligible employees, etc.

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

Current Composition of the Committee with three Independent Non-Executive Directors is –

	Name	Title	Status
1	Mr. M. R. Lal Upto 23.09.08	Member	Independent and Non-Executive Director
2	Mr. Richard D'souza From 30.04.08 to 12.02.09	Member	Independent and Non-Executive Director
3	Mr. A. K. Katial upto 22.04.09	Member	Independent and Non-Executive Director

Remuneration Policy / Criteria with details of Remuneration

The Remuneration policy of the Company for its Executive Directors 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 Company continues to pay minimum fixed remuneration to its Executive Directors for the last few years due to inadequacy of profits as computed per the provisions of Schedule XIII to the Companies Act, 1956.

The remuneration paid to the Executive / Non-Executive Directors of the Company for the year ended 31st March, 2009 are as under:

a) Executive Directors

	Name	Designation	Sitting Fee	Salary Rupees	Perquisites Rupees	Contribution to Provident Fund and others
1	Mr. S. M. Arora	Managing Director	Nil	24,60,000	5,39,712	2,95,200
2	Mr. Sattar Shaikh	Executive Director	Nil	24,60,000	5,39,701	2,95,200

The Resolutions passed by the shareholders of the Company approving their terms are deemed as binding. The terms of their appointment were renewed for a period of three years with effect from 01.04.2008.

b) Non-Executive Directors

A fee of Rs. 20,000/- is being paid to Non-executive Directors for attending each meeting of the Board. The Chairman of the Audit Committee Meeting is being paid Rs. 20,000/- and other members are being paid a fee of Rs.10,000/- for attending each Committee Meeting. The details of remuneration paid to the Independent Non-Executive Directors towards sitting fee are as under:

	Name	Designation	Rupees
1	Mr. M. R. Lal Upto 23.09.08	Independent Non-Executive Director	40,000
2	Mr. Richard D'Souza From 30.04.08 to 12.02.09	Independent Non-Executive Director	120,000
3	Mr. A. K. Katial Upto 22.04.09	Independent Non-Executive Director	150,000

ANNUAL AND EXTRA-ORDINARY GENERAL MEETINGS

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

Financial Year	Date	Time	Location	Special Resolutions transacted
Extra-ordinary General Meeting	27.7.2006	12.00 Noon	AIPMA House, A-52, Road No.1, MIDC, Marol, Andheri (E), Mumbai - 400 093	Re-classification of Authorised Share Capital and Utilization of Securities Premium Account
AGM: 2005-06	20.12.2006	10.30 a.m.	AIPMA House, A-52, Road No.1, MIDC, Marol, Andheri (E), Mumbai - 400 093	Resolution under Section 163 of the Companies Act to keep statutory registers at the office of the Registrars and Share Transfer Agents. Appointment of Mr. Farooq Shaikh as "Sr. Manager – Business Development" for a period of five years w.e.f. 1.4.2006
AGM: 2006-07	26.09.2007	10.30 a.m.	AIPMA House, A-52, Road No.1, MIDC, Marol, Andheri (E), Mumbai - 400 093	None
AGM: 2007-08	29.09.2008	10.00 a.m.	Hotel Tunga International, Central Road, M.I.D.C., Andheri (E), Mumbai – 400 093.	Re-appointments of Mr. S. M. Arora as the Managing Director and Mr. Sattar Shaikh as Executive Director for a period of three years w.e.f. 1.4.2008
Court Convened Meeting	27.07.2006	10.30 a.m.	AIPMA House, A-52, Road No.1, MIDC, Marol, Andheri (E), Mumbai - 400 093	Approval of 'Scheme of Arrangement' for amalgamation of Melstar Fashions Private Limited with the Company and its Shareholders.

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. However, there were some transactions with the Company's wholly-owned foreign subsidiaries, which were mainly for administrative purpose. Some of the Directors of the Company (as stated above) are Directors of such wholly-owned foreign subsidiaries as well, though none of them has any personal financial interest in any of these subsidiaries. The details of such transactions are disclosed in the Notes to Accounts (Please Refer Note No. 9 of Schedule 17 of the financial statements).

SUBSIDIARY COMPANIES

The minutes of all the subsidiaries 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 & Dainik Sagar) in compliance with requirements. These are also filed electronically with EDIFAR web site. 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 Chartered Accountants/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	18.09.09	3:00 p.m.	M. C. Ghia Hall, 2nd Floor, 18/20, K. Dubash Marg, Kalaghoda, Mumbai – 400 001
Dates of book closure	From Friday, 11.09.2009 to Friday, 18.09.2009 (both days inclusive)			

Special Resolutions: Proposed 4 special resolutions at the above-mentioned Annual General Meeting.

Financial Calendar:

1) First Quarter Results: On or before 31st July.
2) Second Quarter / Half yearly Results: On or before 31st October.
3) Third Quarter results: On or before 31st January.
4) Fourth Quarter / Audited Annual Results: On or before 30th June.

Stock Exchanges on which Company's shares are listed:

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

The Company has been regular in paying the Listing Fees to the Stock Exchanges. Listing Fees for the year 2009-10 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
(Unit - Melstar Information Technologies Limited)
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (West)
Mumbai - 400 078
Tel.: 2596 3838 Fax: 2594 6969
E-mail: mumbai@linkintime.co.in

Share Transfer System

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 had 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 31.3.2009:

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-08	10.80	7.75	141671	10.77	7.66	223743	17,287.31	4,261.93
May-08	12.00	9.55	202301	12.02	9.32	394490	16,415.57	4,643.79
Jun-08	11.80	8.75	88003	11.90	8.75	259369	13,461.60	4,019.82
Jul-08	10.00	7.15	46331	9.50	7.30	221160	14,355.75	3,689.57
Aug-08	9.95	8.30	46615	9.65	8.25	69141	14,564.53	3,966.75
Sep-08	13.95	8.20	635901	13.70	9.01	1102564	12,860.43	3,095.08
Oct-08	11.45	9.40	197947	11.50	9.41	334606	9,788.06	2,861.94
Nov-08	12.00	10.10	207787	12.00	10.05	403805	9,092.72	2,558.94
Dec-08	13.10	9.80	106917	13.20	9.60	300667	9,647.31	2,227.96
Jan-09	11.80	8.10	53252	12.24	8.00	105634	9,424.24	2,236.51
Feb-09	9.95	7.35	34658	9.45	7.75	72806	8,891.61	2,096.17
Mar-09	12.80	8.10	146993	12.75	8.20	260615	9,708.50	2,285.68

DISTRIBUTION OF SHAREHOLDING AS AT 31st March, 2009

Shareholding of Nominal value of Rs.	No. of Share holders	% of Total	Shares	% of Total
1 - 500	9754	81.8426	1703769	11.9285
501 - 1,000	1178	9.8842	1015382	7.1090
1,001 - 2,000	516	4.3296	823637	5.7665
2,001 - 3,000	158	1.3257	414125	2.8994
3,001 - 4,000	71	0.5957	261310	1.8295
4,001 - 5,000	60	0.5034	286268	2.0042
5,001 - 10,000	96	0.8055	697506	4.8834
10,001 and above	85	0.7132	9081142	63.5795
Total	**11918**	**100.0000**	**14283139**	**100.0000**

Shareholding Pattern as at 31.03.2009

	Category	No. of shares	% of holding
A	**Promoters' holding**		
1	Promoters	3088556	21.62
	Bodies Corporate pursuant to open offer purchase	2370422	16.60
B	**Non-Promoters holding**		
1.	Banks, Financial Institutions, Insurance Companies (Central / State Government Institutions / Non-Gov. Institutions	100000	0.70
2.	Private Corporate Bodies	696065	4.87
3.	Indian Public / HUFs/ Employees	5957674	41.71
4.	NRIs	271408	1.90
5.	Foreign Individuals	707347	4.95
6.	Mr A C Gale Non Executive Director/Foreign National	1089332	7.63
7.	Mr. A. K. Katial Independent Non Executive Director	2335	0.02
	TOTAL	**14283139**	**100.00**

DISTRIBUTION OF SHAREHOLDING AS AT 24TH APRIL, 2009

Shareholding of Nominal value of Rs.	No. of Share holders	% of Total	Shares	% of Total
1 - 500	9686	82.2311	1688096	11.8188
501 - 1,000	1160	9.8480	999512	6.9978
1,001 - 2,000	503	4.2703	804879	5.6352
2,001 - 3,000	143	1.2140	374618	2.6228
3,001 - 4,000	69	0.5858	252724	1.7694
4,001 - 5,000	61	0.5179	291520	2.0410
5,001 - 10,000	91	0.7726	656333	4.5952
10,001 and above	66	0.5603	9215457	64.5198
Total	**11779**	**100.0000**	**14283139**	**100.0000**

Shareholding Pattern as at 24.04.2009

	Category	No. of shares	% of holding
A	**Promoters' holding**		
1	Promoters	7083542	49.59
B	**Non-Promoters holding**		
1.	Banks, Financial Institutions, Insurance Companies (Central / State Government Institutions / Non-Gov. Institutions	100000	0.70
2.	Private Corporate Bodies	771876	5.40
3.	Indian Public / HUFs/ Employees	5830922	40.82
4.	NRIs	273152	1.92
5.	Foreign Individuals	223647	1.57
6.	Mr. Yashovardhan Birla	NIL	NIL
7.	Mr. P V R Murthy	NIL	NIL
8.	Mr. Anoj Arvind Menon	NIL	NIL
9.	Mr. Rajesh V. Shah	NIL	NIL
10.	Mr. M. S. Adige	NIL	NIL
11.	Mr. S. M. Arora	NIL	NIL
	TOTAL	**14283139**	**100.00**

Dematerialization of Shares and Liquidity : All shares of the Company are under compulsory dematerialization for delivery on sale/ purchase. As at 31.3.2009, the number of shares of the Company in demat form stood at 1,35,14,968 shares representing 94.62% 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.**

UNCLAIMED DIVIDENDS

A sum of Rs. 199,790/- being unpaid dividend for the financial year ended 31.3.2001 has been transferred to Investor Education and Protection Fund on 18.08.2008 established by the Central Government.

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 31.3.2009 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 offices 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

S. M. ARORA	**RICHARD D'SOUZA**
MANAGING DIRECTOR	**CHIEF EXECUTIVE OFFICER**

Mumbai, 30TH JUNE, 2009

30th June, 2009

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 31.03.2009 have been obtained from the Directors and Senior Management Personnel of the Company.

For **MELSTAR INFORMATION TECHNOLOGIES LIMITED**

S. M. ARORA	**RICHARD D'SOUZA**
MANAGING DIRECTOR	**CHIEF EXECUTIVE OFFICER**

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of
Melstar Information Technologies Limited

We have examined the compliance of conditions of Corporate Governance by Melstar Information Technologies Limited, for the year ended on 31st March, 2009, as stipulated in clause 49 of the Listing Agreement of the said Company with the stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the 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 the information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement except the following:

1. The number of Independent Directors on the Board of Directors of the Company for the period from 24th September, 2008 is lower than one-third of the total strength of the Board, being the minimum as required under sub clause I (A) (ii) of Clause 49 of the Listing Agreement. The Board of Directors has been reconstituted on 23rd June, 2009 and the said requirement has since been complied with.
2. The number of members of the Audit Committee of the Company for the period from 24th September, 2008, was less than three, being the minimum as required under sub clause II (A) (i) of Clause 49 of the Listing Agreement. The Audit Committee has been reconstituted on 23rd June, 2009 and the said requirement has since been complied with.
3. Non- attendance of the Audit Committee Chairman at the Annual General Meeting of the Company as is required under sub Clause II (A) (iv) of Clause 49 of the Listing Agreement, for the reasons explained in note 4 to Paragraph on "Details on Board Meetings" of the Corporate Governance Report.
4. The Chairman of the Investors Grievance Committee was not a Non-Executive Director for the period from 24th September, 2008, as required under sub clause 4 (G) (iii) of Clause 49 of the Listing Agreement. A Non-Executive Director has been appointed as Chairman of the Investors Grievance Committee on 23rd June, 2009.

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 **Deloitte Haskins & Sells**
Chartered Accountants

R.A. Banga
Partner
Membership No. 37915

Mumbai, dated: June 30, 2009

Auditors' Report to the Members of Melstar Information Technologies Limited

1. We have audited the attached balance sheet of Melstar Information Technologies Limited as at 31st March, 2009, the profit and loss account and also the cash flow statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:

   a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

   b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of the books; and proper returns adequate for the purposes of our audit have been received from branches not visited by us. The branch auditors reports have been forwarded to us and have been appropriately dealt with;

   c) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the above books of account and with the audited returns from the branches;

   d) In our opinion the balance sheet, profit and loss account and cash flow statement dealt with by this report are in compliance with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.

   e) On the basis of the written representations received from the directors as on 31st March, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2009, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;

   f) In our opinion and to the best of our information, and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

      i) in case of the balance sheet, of the state of affairs of the Company as at 31st March, 2009;

      ii) in case of the profit and loss account, of the loss for the year ended on that date; and

      iii) in the case of the cash flow statement, of the cash flows for the year ended on that date.

For **Deloitte Haskins & Sells**
Chartered Accountants

R. A. Banga
Partner
Membership No. 37915

Mumbai, dated: 30th June, 2009

ANNEXURE TO THE AUDITORS' REPORT

Re: Melstar Information Technologies Limited
Referred to in Paragraph 3 of our report of even date

i) In respect of fixed assets:

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

b) The physical verification of fixed assets was carried out by the management during the year and no material discrepancies were noticed by the management on such verification as compared with the records of the fixed assets maintained by the Company. In our opinion, the frequency of verification is reasonable.

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

ii) In respect of inventory:

a) The inventory of the Company has been physically verified during the year by the management at reasonable intervals.

b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management were reasonable and adequate in relation to the size of the Company and the nature of its business.

c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.

iii) According to the information and explanations given to us, the Company has not granted or taken any loans, secured or unsecured, to or from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act 1956 and accordingly sub-clauses (b), (c), (d), (f) and (g) of clause 4 (iii) of the Order are not applicable to the Company.

iv) In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and nature of its business for the purchase of fixed assets and sale of goods and services. There were no transactions for purchase of inventory during the current year. During the course of our audit we have not observed any continuing failure to correct major weaknesses in the internal control system.

v) According to the information and explanations given to us, there are no contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956 and accordingly clause 4 (v) of the Order is not applicable to the Company.

vi) The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of sections 58A and 58AA of the Act and the rules framed there under are not applicable to the Company.

vii) In our opinion, the internal audit function carried out during the year, by a firm of Chartered Accountants appointed by the management has 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) According to the information and explanations given to us in respect of statutory and other dues:

a) The Company has generally been regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Excise duty, Custom duty, Income-tax, Sales-tax, Wealth Tax, Service Tax, Cess and any other material statutory dues applicable to the Company with appropriate authorities during the year except tax deducted at source (Pay As You Earn--in respect of UK 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.894,317/-).

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 accumulated losses of the Company at the year end are not in excess of fifty percent of its net worth. *The Company has incurred cash losses during the current year and in the immediately preceding financial year.*

xi) On the basis of information and explanations given by the management, the Company has not defaulted in repayment of dues to a bank *except for one installment outstanding as on March 31, 2009, of Rs 1,000,000, for a period of 42 days.*

xii) According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and any other securities and hence the question of maintenance of adequate records for this purpose does not arise.

xiii) The provisions of any special statute as specified under clause (xiii) of the Order are not applicable to the Company.

xiv) In our opinion and according to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures, or investments.

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

xvi) To the best of our knowledge and belief, and according to the information and explanations given to us, in our opinion, term loans availed by the Company, were applied by the Company for the purposes for which the loans were availed.

xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term investment.

xviii) The Company has not made preferential allotment of shares to parties and companies, covered in the register maintained under Section 301 of the Companies Act, 1956 during the year.

xix) The Company has not issued any debentures during the year.

xx) The Company has not raised funds by way of public issue during the year.

xxi) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

For **Deloitte Haskins & Sells**
Chartered Accountants

R. A. Banga
Partner
Membership No. 37915

Mumbai, dated: 30th June, 2009

Balance Sheet as at March 31, 2009

		Schedule No.	Rupees	As at 31.03.2009 Rupees	As at 31.03.2008 Rupees
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital		1	**142,831,390**		142,851,390
Reserves and Surplus		2	**2,314,291**		4,783,586
				145,145,681	147,634,976
Loan Funds					
Secured Loans		3	**11,210,937**		18,288,055
Unsecured Loans		4	**5,603,395**		1,739,912
				16,814,332	20,027,967
	TOTAL			**161,960,013**	**167,662,943**
APPLICATION OF FUNDS					
Fixed Assets		5			
Gross Block			**223,923,988**		231,053,091
Less : Accumulated Depreciation and Amortisation			**90,523,383**		86,277,095
Net Block				**133,400,605**	144,775,996
Investments		6		**1,250,000**	1,250,000
Current Assets, Loans and Advances					
Sundry Debtors		7	**24,004,303**		28,497,812
Cash and Bank		8	**6,821,752**		4,152,391
Other Current Assets		9	**2,330**		78,393
Loans and Advances		10	**27,946,838**		33,082,060
			58,775,223		65,810,656
Less : Current Liabilities and Provisions					
Current Liabilities		11	**34,179,426**		40,296,262
Provisions		12	**4,832,491**		3,877,447
			39,011,917		44,173,709
Net Current Assets				**19,763,306**	21,636,947
Profit and Loss Account				**7,546,102**	-
	TOTAL			**161,960,013**	**167,662,943**
Significant Accounting Policies and Notes to Accounts		17			

As per our attached report of even date
For Deloitte Haskins & Sells
Chartered Accountants

R. A. Banga
Partner

Mumbai, Dated : June 30, 2009

For and on behalf of the Board of Directors

Yashovardhan Birla
Chairman

Surinder Mohan Arora
Managing Director

P.V. R. Murthy
Director

Richard D'Souza
Chief Executive Officer

Vijay Modi
Company Secretary

Mumbai, Dated : June 30, 2009

Profit and Loss Account for the year ended 31st March, 2009

	Schedule No.	Rupees	31.03.2009 Rupees	Previous Year Rupees
INCOME				
Sales			**182,380,149**	155,090,528
Income from Infrastructural Services			**-**	507,299
Other Income	**13**		**10,221,222**	13,323,180
			192,601,371	168,921,007
EXPENDITURE				
Sofware Development expenses			**22,734,221**	29,202,085
Employees Cost	**14**		**139,966,529**	122,615,156
Operating and Other expenses	**15**		**28,968,908**	26,105,879
Interest Expenses	**16**		**2,885,479**	2,696,397
Depreciation and Amortisation			**9,567,808**	10,687,378
			204,122,945	191,306,895
Loss before tax			**(11,521,574)**	(22,385,888)
Provision for Taxation				
Income Tax				
- Current Tax of Earlier Years written back			**795,607**	9,559,047
Fringe Benefit Tax			**(587,873)**	(652,191)
Net Loss after tax			**(11,313,840)**	(13,479,032)
Surplus Brought Forward From Previous Year			**3,787,738**	17,424,703
Less: Adjustment on account of liability in respect of Employee Benefits, as on April 1, 2007			**-**	(157,933)
Less: Amount transferred to Capital Redemption Reserve			**(20,000)**	-
Balance carried to Balance Sheet			**(7,546,102)**	**3,787,738**
Earnings Per Share (Refer note no.8 of schedule 17)				
- Basic and Diluted			**(0.79)**	(0.94)
Face value of Equity Shares (in Rs.)			**10.00**	10.00
Significant Accounting policies and notes to accounts	**17**			

As per our attached report of even date
For Deloitte Haskins & Sells
Chartered Accountants

R. A. Banga
Partner

Mumbai, Dated : June 30, 2009

For and on behalf of the Board of Directors

Yashovardhan Birla
Chairman

Surinder Mohan Arora
Managing Director

P.V. R. Murthy
Director

Richard D'Souza
Chief Executive Officer

Vijay Modi
Company Secretary

Mumbai, Dated : June 30, 2009

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2009

		Rupees	2008-09 Rupees	Rupees	2007-08 Rupees
A	**Cash flow from operating activities**				
	Loss before tax		**(11,521,574)**		(22,385,888)
	Adjustments for :				
	Depreciation and amortisation	**9,567,808**		10,687,378	
	Transitional provision on account of adoption of Accounting Standard (AS) 15 (Revised 2005) 'Employee Benefits', on 1st April, 2007.	**-**		(157,933)	
	Fixed Assets written-off	**1,504,471**		-	
	Loss on fixed assets sold (Net)	**957,670**		133,697	
	Interest expense	**2,885,479**		2,696,397	
	Interest	**(24,196)**		(222,783)	
	Exchange Difference (Net)	**(141,198)**		132,385	
			14,750,034		13,269,141
	Operating profit/ (loss) before working capital changes		**3,228,460**		(9,116,747)
	Adjustments for :				
	Trade and other receivables	**2,178,927**		5,838,228	
	Trade payables	**(5,113,060)**	**(2,934,133)**	1,075,153	6,913,381
	Cash generated from / (used in) operations		**294,327**		(2,203,366)
	Income Taxes Received/(Paid) (Net)		**3,472,866**		(2,875,548)
	Fringe Benefit Tax paid		**(662,554)**		(651,600)
	Corporate Dividend Tax paid		**-**		(71)
	Net cash generated from/ (used in) operating activities		**3,104,639**		(5,730,585)
B	**Cash flow from investing activities**				
	Interest	**100,259**		144,390	
	Additions to fixed assets	**(1,053,190)**		(3,259,784)	
	Proceeds from sale of fixed assets	**398,633**		117,778	
	Interest on Income Tax refund	**3,823,490**		942,628	
	Repayment of loans/advances by subsidiaries (net)	**1,557,897**		1,550,414	
	Net cash generated from/ (used in) investing activities		**4,827,089**		(504,574)
C	**Cash flow from financing activities**				
	Proceeds from borrowings	**4,184,407**		9,026,530	
	Repayment of borrowings	**(11,261,525)**		(9,989,470)	
	Inter Corporate Deposit received	**4,000,000**		-	
	Dividend on cumulative preference shares	**-**		(417)	
	Unclaimed dividend paid	**-**		(240)	
	Loans/advances taken from subsidiaries (net)	**-**		19,401	
	Interest paid	**(2,683,608)**		(2,696,397)	
	Redemption of 5% Cumulative Preference Shares	**(20,000)**		-	
	Unpaid dividend (transferred to Investor Education and Protection Fund)	**(199,670)**		(86,077)	
	Net cash used in financing activities		**(5,980,396)**		(3,726,670)
	Net increase/ (decrease) in cash and cash equivalents		**1,951,332**		(9,961,829)
	Opening balance of cash and cash equivalents		**4,293,589**		14,255,418
	Closing balance of cash and cash equivalents		**6,244,921**		4,293,589

Notes :

1 Cash and cash equivalents include cash and bank balances in current accounts and deposit accounts (Refer schedule 8 of the Balance Sheet)

Cash and Cash equivalents include :

	31st March 2009 Rs	31st March 2008 Rs
Cash and Bank Balances	6,821,752	4,152,391
Unrealised (gain)/loss on foreign currency cash and cash equivalents	(576,831)	141,198
Total cash and cash equivalents	**6,244,921**	**4,293,589**

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

As per our attached report of even date
For Deloitte Haskins & Sells
Chartered Accountants

R. A. Banga
Partner

Mumbai, Dated : June 30, 2009

For and on behalf of the Board of Directors

Yashovardhan Birla
Chairman

Surinder Mohan Arora
Managing Director

P.V. R. Murthy
Director

Richard D'Souza
Chief Executive Officer

Vijay Modi
Company Secretary

Mumbai, Dated : June 30, 2009

	Rupees	As at 31.03.2009 Rupees	As at 31.03.2008 Rupees
SCHEDULE 1: SHARE CAPITAL			
Authorised:			
19,950,000 (19,950,000) Equity Shares of Rs.10/- each		**199,500,000**	199,500,000
50,000 (50,000) Preference Shares of Rs.10/- each		**500,000**	500,000
TOTAL		**200,000,000**	200,000,000
Issued, subscribed and paid up :			
Equity:			
14,283,139 (14,283,139) Equity Shares of Rs.10/- each, fully paid up		**142,831,390**	142,831,390
Preference:			
Nil (2,000) 5% Cumulative Redeemble Preference Shares of Rs.10/- each, fully paid up		**-**	20,000
Notes:			
Of the above:			
(a) 6,310,850 (6,310,850) Equity Shares of Rs.10/- each, fully paid had been allotted as bonus shares by capitalisation of free reserves.			
(b) 5,000 (5,000) Equity Shares of Rs.10/- each, fully paid had been allotted to the shareholders of the erstwhile Melstar Industries Limited, consequent to a scheme of amalgamation, without payment received in cash.			
(c) 1,675,449 (1,675,449) Equity Shares of Rs.10/- each, fully paid had been allotted to the shareholders of Linkhand Limited without payment received in cash in accordance with the agreement for acquisition.			
(d) 456,990 (456,990) Equity Shares of Rs.10/- each, fully paid had been allotted to the erstwhile shareholders of Global Systems Development Inc. without payment received in cash in accordance with the share purchase agreement.			
(e) Nil (2,000) 5% Cumulative Redeemable Preference Shares of Rs.10/- each were allotted to the shareholders of erstwhile Melstar Fashions Private Limited, consequent to a Scheme of amalgamation, without payment received in cash.			
Note:			
These Preference Shares were redeemable at the end of ten years from the date of allotment i.e. 31st October, 2006, with a call option with the Company to redeem at any time after the end of eighteen months from the date of allotment. The said Preference Shares were redeemed during the year on 7th July, 2008, on exercise of call option by the Company vide Board Resolution dated 3rd July, 2008.			
TOTAL		**142,831,390**	142,851,390
SCHEDULE 2 : RESERVES AND SURPLUS			
1. Capital Reserve			
As per last Balance Sheet		**173,542**	173,542
2. Capital Redemption Reserve			
Balance at the commencement of the year	**-**		-
Add: Amount transferred from Profit and Loss Account	**20,000**		-
		20,000	-
3. Foreign Currency Translation Reserve			
Balance at the commencement of the year	**822,306**		921,775
Less: Credited/ (Debited) during the year	**1,298,443**		(99,469)
		2,120,749	822,306
4. Surplus in Profit and Loss Account		**-**	3,787,738
TOTAL		**2,314,291**	4,783,586

	Rupees	As at 31.03.2009 Rupees	As at 31.03.2008 Rupees
SCHEDULE 3 : SECURED LOANS			
From Banks : **Notes**			
a. Term Loans **1**		**8,000,000**	17,000,000
b. Overdraft Facility **1**		**3,210,937**	1,026,530
c. Vehicle Loans **2**		**-**	261,525
TOTAL		**11,210,937**	18,288,055

Notes :

1. Term loans and overdraft facility from a bank are secured by equitable mortgage by deposit of title deeds of office premises situated at Andheri(Mumbai) and is further secured by personal guarantee of two directors of the Company.
2. Vehicle loans were secured by charge on the respective vehicles purchased.

	Rupees	As at 31.03.2009 Rupees	As at 31.03.2008 Rupees
SCHEDULE 4 : UNSECURED LOANS			
Other Loans and Advances			
- From Subsidiary Company		**1,603,395**	1,739,912
Short Term Loans and Advances (Inter -Corporate)		**4,000,000**	-
TOTAL		**5,603,395**	1,739,912

SCHEDULE 5:

FIXED ASSETS

(RUPEES)

Description	GROSS BLOCK				DEPRECIATION AND AMORTISATION				NET BLOCK	
	As at 1/4/2008	Additions	Adjustments/ Deductions	As at 31/03/2009	Upto 1/4/2008	For the year	Adjustments/ Deductions	As at 31/03/2009	As at 31/03/2009	As at 31/03/2008
LEASEHOLD LAND	304,995	-	-	304,995	36,098	3,974	-	40,072*	264,923	268,897
BUILDINGS (INCLUDNG IMPROVEMENTS TO LEASEHOLD PREMISES)**	153,029,237	-	-	153,029,237	33,209,331	5,730,403	-	38,939,734	114,089,503	119,819,906
PLANT AND MACHINERY AND EQUIPMENT	36,538,899	136,484	(5,300,097)	31,375,286	29,237,440	962,328	(3,795,627)	26,404,141	4,971,145	7,301,459
FURNITURE AND FIXTURE	30,541,096	-	-	30,541,096	19,338,749	1,623,850	-	20,962,599	9,578,497	11,202,347
VEHICLES	6,788,924	-	(2,882,196)	3,906,728	2,827,564	485,164	(1,525,893)	1,786,835	2,119,893	3,961,360
INTANGIBLE ASSETS:										
-SOFTWARE UTILITIES	3,849,940	916,706	-	4,766,646	1,627,913	762,089	-	2,390,002	2,376,644	2,222,027
TOTAL	**231,053,091**	**1,053,190**	**(8,182,293)**	**223,923,988**	**86,277,095**	**9,567,808**	**(5,321,520)**	**90,523,383**	**133,400,605**	**144,775,996**
PREVIOUS YEAR	**273,510,976**	**3,259,784**	**(45,717,669)**	**231,053,091**	**121,055,911**	**10,687,378**	**(45,466,194)**	**86,277,095**	**144,775,996**	**-**

* 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.

Note:

Adjustments/ deductions include obsolete fixed assets discarded during the year. (Cost Rs.3,716,416 accumulated depreciation and amortisation Rs.2,211,945) (Previous year Cost Rs.44,500,005 and depreciation and amortisation Rs 44,500,005)

	Rupees	As at 31.03.2009 Rupees	As at 31.03.2008 Rupees
SCHEDULE 6: INVESTMENTS (FULLY PAID)			
Long term (At cost/ carrying amount unless otherwise stated)			
Trade Investments - Unquoted			
In shares of subsidiary companies (Refer note no. 2 of schedule 17)			
i) 45,940 (45,940) shares (common stock) of US$ 25/- each of Melstar Inc. (USA)	**64,648,453**		64,648,453
Less: Provision for diminution	**(64,648,453)**		(64,648,453)
	-		-
ii) 150,000 (150,000) shares of Sterling Pound 1/- each of Melstar UK Limited (UK)	**9,790,695**		9,790,695
Less: Provision for diminution	**(9,790,695)**		(9,790,695)
	-		-
iii) 958,992 (958,992) shares of Sterling Pound 1/- each of Melstar Limited (UK)	**94,245,891**		94,245,891
Less: Provision for diminution	**(94,245,891)**		(94,245,891)
	-		-
iv) 1,700,000 (1,700,000) shares of SGD 1/- each of Melstar Singapore Pte Ltd	**45,989,728**		45,989,728
Less: Provision for diminution	**(45,989,728)**		(45,989,728)
	-		-
Others			
125,000 (125,000) Equity Shares of Rs.10/- each of Janakalyan Sahakari Bank Ltd		**1,250,000**	1,250,000
TOTAL		**1,250,000**	1,250,000
Note:			
Aggregate of Unquoted Investments			
Cost/ carrying amount		**1,250,000**	1,250,000
SCHEDULE 7 : SUNDRY DEBTORS (Unsecured, considered good unless otherwise stated)			
Debts outstanding for a period exceeding six months			
Considered Good	**-**		155,007
Considered Doubtful	**43,574,145**		43,494,181
		43,574,145	43,649,188
Other Debts		**24,004,303**	28,342,805
		67,578,448	71,991,993
Less :- Provision		**43,574,145**	43,494,181
TOTAL		**24,004,303**	28,497,812
Note: Includes debts due from a subsidiary company Rs.Nil (Previous year Rs.16,303,514)			
SCHEDULE 8 : CASH AND BANK			
1. Cash on Hand		**38,697**	26,780
2. Bank Balances			
a) with Scheduled Banks			
i) in Current Accounts	**497,464**		764,712
ii) in Deposit Accounts (Margin deposit under lien)	**350,000**		350,000
		847,464	1,114,712
b) with others in Current Account			
i) PNC Bank (New Jersey) (Maximum balance during the year Rs. 7,126,340 (Previous year Rs.4,068,725))	**5,469,064**		2,875,377
iii) Barclays Bank (London) (Maximum balance during the year Rs.550,894 (Previous year Rs.169,774)	**466,527**		135,522
		5,935,591	3,010,899
TOTAL		**6,821,752**	4,152,391
* Current Accounts includes Rs.Nil in Exchange Earners Foreign Currency Account (Previous year Rs.256,700)			

	Rupees	As at 31.03.2009 Rupees	As at 31.03.2008 Rupees
SCHEDULE 9 : OTHER CURRENT ASSETS			
Interest Accrued on Bank Fixed Deposit		**2,330**	78,393
TOTAL		**2,330**	78,393
SCHEDULE 10 : LOANS AND ADVANCES (Unsecured, considered good unless otherwise stated)			
1. Loans and Advances to Subsidiaries			
Considered Good	**166,760**		1,724,657
Considered Doubtful (Refer note no. 2 of schedule 17)	**114,153,589**		114,153,589
		114,320,349	115,878,246
2. Advances recoverable in cash or kind or for value to be received			
Considered Good	**4,214,119**		12,401,646
Considered Doubtful	**200,114**		200,114
		4,414,233	12,601,760
3. Unbilled Services (Subsequently Billed)		**6,914,092**	3,151,399
4. Advance Payment of Income Tax (Net of Provision for Taxation)		**16,628,119**	15,804,358
5. Advance Payment of Fringe Benefit Tax (Net of Provision for Taxation)		**23,748**	-
		142,300,541	147,435,763
Less :- Provision		**114,353,703**	114,353,703
TOTAL		**27,946,838**	33,082,060
SCHEDULE 11 : CURRENT LIABILITIES			
Sundry Creditors -			
i) Total outstanding dues of Micro Enterprises and Small Enterprises (Refer note no.15 of schedule 17)		**-**	-
ii) Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises		**26,630,500**	32,059,162
Other Liabilities		**7,347,055**	8,037,430
Unclaimed Dividend		**-**	199,670
Interest Accrued but not due on Loans		**201,871**	-
TOTAL		**34,179,426**	40,296,262
SCHEDULE 12 : PROVISIONS			
For Fringe Benefit Tax (Net of advance tax)		**-**	50,933
For Gratuity (Refer note no. 13 [ii] of schedule 17)		**3,226,239**	2,528,700
For Compensated absences		**1,606,252**	1,297,814
TOTAL		**4,832,491**	3,877,447
Schedule 13: OTHER INCOME			
Exchange Difference (Net)		**83,991**	-
Sundry Credit Balances Written Back		**62,032**	1,078,883
Advances Written Off In Earlier Years Now Recovered		**-**	26,481
Excess Provision of Earlier Years Written Back		**758,019**	1,716,089
Miscellaneous Income		**392,559**	137,409
Rent		**5,076,935**	9,198,907
Interest on Bank Fixed Deposits (Tax deducted at Source Rs.3,681 (Previous year Rs.11,577))		**24,196**	222,783
Interest on Income Tax Refunds (Net)		**3,823,490**	942,628
TOTAL		**10,221,222**	13,323,180

	Rupees	As at 31.03.2009 Rupees	As at 31.03.2008 Rupees
Schedule 14: EMPLOYEES COST			
a) Salaries, Wages and Bonus		**132,710,763**	116,070,573
b) Contribution to Provident and Other funds		**5,352,535**	4,624,233
c) Gratuity		**718,575**	370,455
d) Compensated Absences		**719,237**	1,051,101
e) Staff Welfare		**465,419**	498,794
TOTAL		**139,966,529**	122,615,156
Schedule 15: OPERATING AND OTHER EXPENSES			
Electricity		**2,925,454**	1,996,339
Rent		**2,823,780**	1,990,375
Rates and Taxes		**442,136**	1,022,249
Insurance		**532,968**	622,727
Repairs and Maintenance			
- Plant and Machinery		**920,611**	1,468,686
- Building		**199,500**	447,715
Travelling and Conveyance		**2,665,727**	3,257,887
Communication Expenses		**1,867,983**	2,302,740
Advertising and Sales promotion expenses		**838,845**	734,554
Legal and Professional fees		**4,161,426**	3,864,223
Recruitment Expenses		**2,804,090**	2,040,823
Loss on Sale of Fixed Assets (Net)		**957,670**	133,697
Provision for Doubtful Debts and Advances (Net)		**79,964**	3,456
Irrecoverable Debts/ Advances written off		**2,765**	97,858
Exchange Difference (Net)		**-**	146,791
Fixed Assets written off		**1,504,471**	-
Directors Sitting Fees		**310,000**	480,000
Miscellaneous Expenses		**5,931,518**	5,495,759
TOTAL		**28,968,908**	26,105,879
Note : (Miscellaneous Expenses includes Auditor's Remuneration, Bank Charges, Security Expenses, Vehicle Expenses, Computer Software Expenses, etc.)			
Schedule 16 : INTEREST EXPENSES			
On Fixed Loans		**1,997,056**	1,997,348
Others		**888,423**	699,049
TOTAL		**2,885,479**	2,696,397

Schedule 17: Significant Accounting policies and Notes to Accounts

A. Significant Accounting Policies:

a) Basis of preparation of financial statements :

The accompanying financial statements have been prepared under the historical cost convention (except for certain fixed assets which have been revalued), in accordance with generally accepted accounting principles and the provisions of the Companies Act, 1956 and the applicable accounting standards.

b) Use of estimates :

The preparation of financial statements in conformity with the generally accepted accounting principles requires, estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Differences between the actual results and estimates are recognised in the period in which the results are known/materialised.

c) Fixed Assets :

Fixed assets are stated at cost of acquisition or construction or at revalued amounts less accumulated depreciation, amortization and impairment losses, if any.

d) Intangible 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.

e) 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.

f) Depreciation and Amortisation:

Depreciation in respect of assets acquired upto March 31, 1995 is provided for on written down value method at the rates prescribed in Schedule XIV to the Companies Act, 1956. In respect of assets acquired after March 31, 1995 depreciation 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.

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.

g) Inventories:

Software Finished Goods (Traded) :

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

h) 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.

i 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.

j) Employee benefits :

a) Post Employment Benefits and Other Long Term Benefits.

i) <u>Defined Contribution Scheme</u>

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

ii) <u>Defined Benefit and Other Long Term Benefit Schemes</u>

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 ar recognised undiscounted during the period employee renders services. Such benefits include bonus/ ex-gratia.

k) 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. Unbilled services included in loans and advances 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 recognized on time proportion basis.

l) Taxes on Income:

Current tax is determined as the amount of tax payable in respect of taxable income for the year. 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 unrecongnised deferred tax assets, to the extent they become reasonably certain or virtually certain of realisation, as the case may be.

m) Fringe Benefit Tax:

Fringe Benefit Tax is 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).

n) 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.

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) 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.

B. Notes to Accounts

1 [a] Contingent Liabilities in respect of :-

Rupees

	As at 31.03.2009	As at 31.03.2008
Income tax demands/ matters in respect of earlier years under dispute, pending in appeals before higher authorities, (including Rs.NIL(Previous year Rs.921,975) consequent to department preferring an appeal on the favourable order passed by the C.I.T. (Appeals).	**NIL**	921,975
ESIC demand disputed and pending decisions before higher authorities. Amount paid there against and included under “Loans and advances” Schedule 10 (Rs.35,000) Previous year (Rs.35,000)	**135,627**	135,627

[b] Arrears of fixed cumulative preference dividend for the year ended March 31, 2009 Rs. NIL (Previous year Rs. 1,000).

2. The Company, considering the erosion/substantial erosion in the net worth of its wholly-owned subsidiaries (including the wholly-owned subsidiary located at UK, in respect of which Company Voluntary Arrangement (CVA) has been completed during the year, and in respect of which an application has been made for voluntary liquidation with the Companies House UK for which confirmation is awaited), had in the earlier years made provisions 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 and debts due from such subsidiaries aggregating to Rs.114,153,589 (Previous year Rs.130,457,103).

3. Pursuant to the Share Sale and Purchase Agreement dated 11th September, 2008 with the erstwhile promoters of the Company and subsequent open offer thereon, the Yash Birla Group companies have acquired 4,228,920 equity shares from the erstwhile promoters and persons acting in concert and 2,854,622 equity shares from the members of the Company under open offer under SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, totally constituting 49.59% of the paid-up share capital of the Company. This transaction was completed on 22nd April 2009, and consequently, the Yash Birla Group companies became the new promoters and the Board of Directors of the Company was reconstituted thereafter.

4. The components of Deferred Tax liabilities and assets as at March 31, 2009 is as under:

Rupees

Particulars	**As at 31.03.2009**	As at 31.03.2008
Deferred tax liability (A)	**483,666**	2,596,046
Arising on account of timing difference on:		
Depreciation	**483,666**	2,596,046
Deferred tax asset (B)*	**483,666**	2,596,046
Provision for Gratuity	**483,666**	859,505
Provision for Doubtful Debts	**-**	1,736,541
Total	**Nil**	Nil

* Considered to the extent that there are compensating timing differences, reversal of which will result in sufficient income against which this can be realized.

5. Managerial Remuneration under Section 198 of the Companies Act, 1956:

(Minimum remuneration) Rupees

Particulars	**Current Year**	Previous Year
Salary and allowances	**4,920,000**	4,320,000
Contribution to Provident Fund	**590,400**	518,400
Perquisites in cash or in kind	**1,079,413**	1,674,704
Total	**6,589,813**	6,513,104

Notes:

1) Remuneration for the current year is the minimum managerial remuneration payable to the directors in accordance with Schedule XIII of the Companies Act, 1956 and is in accordance with the shareholders resolution.

2) The provision for gratuity and compensated absences is made on the basis of the actuarial valuation for all the employees of the Company, including the managerial personnel. Proportionate amount of gratuity and compensated absences is not included in the above disclosure, since the exact amount is not ascertainable.

3) The above amount does not include remuneration paid by a foreign subsidiary company to one of the non executive director of the Company Rs. 8,511,911 (previous year Rs. 8,968,372)

6. Payments to Auditors:

Rupees

		Current Year *	Previous Year *
a.	As Auditors	**900,000**	900,000
b.	As Advisors or any other capacity in respect of :		
	i. Taxation matters	**-**	-
	ii. In any other manner, certification work, etc.	**50,000**	10,000
c.	Reimbursement of expenses	**4,057**	3,115
d.	To Branch Auditors	**25,000**	25,000
	Total	**979,057**	938,115

*Excludes Service Tax

7. Additional information pursuant to the provisions of paragraphs 3 and 4D of part II of schedule VI to the Companies Act, 1956. (To the extent applicable.)

DETAILS OF INVENTORY AND TURNOVER

Product	Opening Stock		Sales		Closing Stock	
	Qty. (Nos)	**Value (Rs.)**	**Qty. (Nos)**	**Value (Rs.)**	**Qty. (Nos)**	**Value (Rs.)**
Software						
a) Trading	12	--	6	1,730,769	6	--
	(12)	(--)	(--)	(--)	(12)	(--)
b) Services (including development)	--	--	--	180,649,380	--	--
	(--)	(--)	(--)	(155,090,528)	(--)	(--)
Total	**12**	**--**	**6**	182,380,149	**6**	**--**
	(12)	**(--)**	**(--)**	(155,090,528)	**(12)**	**(--)**

Note:

1. Previous year figures are given in brackets
2. The company is engaged in providing software services. The production procurement and sale of such software cannot be expressed in any generic unit. Hence it is not possible to give all the quantitative details as required under paragraphs 3 and 4D of Part II of Schedule VI of the Companies Act, 1956.

B. EXPENDITURE IN FOREIGN CURRENCY

Rupees

	Current Year	Previous Year
Software Development Charges	**14,825,297**	20,415,839
Other Expenses	**1,465,236**	1,012,332

Note:Expenses of Foreign branches Rs.16,231,623(Previous year Rs. 21,364,356) have been included in the appropriate heads above.

C. EARNINGS IN FOREIGN CURRENCY

Rupees

	Current Year	Previous Year
FOB Value of Exports	**16,355,588**	22,386,958

Note: Software Exports represents sales by foreign branches.

8. Earnings per share is calculated as follows:

	For the year ended March 31, 2009	For the year ended March 31, 2008
a. Net Loss after tax attributable to equity shareholders (Rupees)	**(11,313,840)**	(13,479,032)
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)	**(0.79)**	(0.94)

9. Related parties disclosures

1) Names of related parties and description of relationship:

i. Subsidiaries	Melstar Inc. Melstar Limited Linkhand Support Limited (Up to 12th August, 2008) Melstar UK Limited Melstar Singapore Pte. Limited
ii. Key Management Personnel	Mr. Surinder Mohan Arora (Managing Director) Mr. Sattar Shaikh (Executive Director)(Up to 24th April, 2009) Mr. Bharat Ramani (Non-Executive Director) (Up to 22nd April, 2009)
iii. Relatives of Key Management Personnel	Mr. Farooq Shaikh

2) Transactions with related parties:

Rupees

		Subsidiary Companies	Key Management Personnel	Relatives of Key Management Personnel	Total
a)	**Loans and advances**				
	Balance as at 1st April	115,878,246	Nil	Nil	115,878,246
		(117,428,660)	(Nil)	(Nil)	(117,428,660)
	Given / Adjusted during the year	3,988,366	Nil	Nil	3,988,366
		(2,125,525)	(Nil)	(Nil)	(2,125,525)
	Repaid / Adjusted during the year	5,546,263	Nil	Nil	5,546,263
		(3,675,939)	(Nil)	(Nil)	(3,675,939)
	Balance as at March 31 (Includes Rs.114,153,589 (Previous year Rs.114,153,589) provision made towards doubtful loans and advances.	114,320,349	Nil	Nil	114,320,349
		(115,878,246)	(Nil)	(Nil)	(115,878,246)
b)	**Investments**				
	Balance as at March 31 (includes Rs. 214,674,767 (Previous year Rs. 214,674,767) provided towards diminution)	214,674,767	Nil	Nil	214,674,767
		(214,674,767)	(Nil)	(Nil)	(214,674,767)
c)	**Sundry Debtors**				
	Balance as at March 31 (includes Rs. Nil (Previous year Rs.16,303,514) provided towards doubtful debts	Nil	Nil	Nil	Nil
		(16,303,514)	(Nil)	(Nil)	(16,303,514)
d)	**Unsecured Loans**				
	Balance as at April1	1,739,912	Nil	Nil	1,739,912
		(1,720,511)	(Nil)	(Nil)	(1,720,511)
	Received during the year	Nil	Nil	Nil	Nil
		(186,593)	(Nil)	(Nil)	(186,593)
	Repaid/ adjusted during The Year	136,517	Nil	Nil	136,517
		(167,192)	(Nil)	(Nil)	(167,192)
	Balance as at March 31	1,603,395	Nil	Nil	1,603,395
		(1,739,912)	(Nil)	(Nil)	(1,739,912)
e)	**Expenditure**				
	Remuneration	Nil	6,589,813	965,802	7,555,615
		(Nil)	(6,513,104)	(727,032)	(7,240,136)

Notes:

1. Related party relationship is as identified by the Company and relied upon by the auditors.
2. Previous year figures are given in brackets.

Out of the above items transactions in excess of 10% of the total related party transactions are as under:

In Rupees

Transactions	**For the year ended 31-03-2009**	For the year ended 31-03-2008
a) Loans given		
Subsidiaries:		
Melstar Inc	**3,988,366**	2,125,525
b) Loans repaid		
Subsidiaries:		
Melstar Inc	**5,546,263**	3,675,939
c) Key Management Personnel (Remuneration)		
- Mr. S.M.Arora	**3,294,912**	3,256,004
- Mr. Sattar Shaikh	**3,294,901**	3,257,100
	6,589,813	6,513,104
d) Relatives of Key Management Personnel (Remuneration)		
- Mr. Farooq Shaikh	**965,802**	727,032
e) Unsecured Loan (Loans received during the year]		
Melstar UK Ltd.	**-**	186,593
Loans repaid/ adjusted during the year		
Melstar UK Ltd.	**136,517**	167,192

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

Rupees

Name of the company	**Nature of relationship**	**Amount outstanding as at March 31, 2009**	**Amount outstanding as at March 31, 2008**	**Maximum amount outstanding during the year**	**Maximum amount outstanding during the previous year**
Melstar Inc	Wholly owned subsidiary	46,542,519*#	46,542,519*#	46,542,519	46,542,519
Melstar Inc	Wholly owned subsidiary	166,760*	1,724,657***	3,637,563	1,813,225
Melstar Inc	Wholly owned subsidiary	Nil	Nil	Nil	1,461,846
Melstar Inc	Wholly owned subsidiary	4,340,000**#	4,340,000**#	4,340,000	4,340,000
Melstar Ltd.	Wholly owned subsidiary	54,510,067*#	54,510,067*#	54,510,067	54,510,067
Melstar Singapore Pte Ltd.	Wholly owned subsidiary	8,761,003*#	8,761,003*#	8,761,003	8,761,003
Total		114,320,349	115,878,246		

* 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).

*** Interest free and repayable on demand after March 31, 2008.

Amounts outstanding as at March 31, 2009 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.

11. 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.

12. 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*	15,247,443	203,256	GBP
	(30,419,215)	(389,963)	
	11,480,631	238,940	USD
	(12,441,897)	(262,060)	
TOTAL	26,728,074		
	(42,861,112)		
Loans and Advances**	28,520,136	350,974	GBP
	(28,520,136)	(350,974)	
	34,687,252	798,689	USD
	(34,607,396)	(797,592)	
	8,761,003	334,262	SGD
	(8,761,003)	(334,262)	
TOTAL	71,968,391		
	(71,888,535)		

Amount payable in foreign currency on account of the following

Particulars	Amount in Rupees	Amount in Foreign Currency	Foreign Currency
Import of services	144,473	3,220	CHF
	(495,143)	(12,317)	
	NIL	NIL	USD
	(9,070)	(227)	
TOTAL	144,473		
	(504,213)		

* Of these, Rs. 26,044,748(previous year Rs. 42,348,262) has been provided towards doubtful recoveries.

** Of these Rs. 71,801,631 (previous year Rs.71,801,631) has been provided towards doubtful recoveries.

Note: Figures in Brackets indicate previous year figures.

13. 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 recognised Rs. 4,761,437 (Previous year Rs. 4,102,222) 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, 2009 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.

Rupees

Sr. No	Particulars	Gratuity (Non-funded)	
		As on 31.03.2009	As on 31.03.2008
I)	**Reconciliation in present value of obligations (PVO) – defined benefit obligation :**		
	Current Service Cost	**1,125,576**	1,043,468
	Interest Cost	**291,501**	256,137
	Actuarial (gain)/losses	**(698,502)**	(929,150)
	Benefits paid	**(21,036)**	-
	Past service cost	**-**	-
	PVO at the beginning of the year	**2,528,700**	2,158,245
	PVO at end of the year	**3,226,239**	2,528,700
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	**3,226,239**	2,528,700
	Fair Value of planned assets at end of year	**-**	-
	Funded status	**(3,226,239)**	(2,528,700)
	Unrecognised actuarial gain/(loss)	**-**	-
	Net asset/liability) recognised in the balance sheet	**(3,226,239)**	(2,528,700)
IV)	**Net cost for the year ended March 31, 2009 :**		
	Current Service cost	**1,125,576**	1,043,468
	Interest cost	**291,501**	256,137
	Expected return on plan assets	**-**	-
	Actuarial (gain)/losses	**(698,502)**	(929,150)
	Net cost	**718,575**	370,455
V)	**Category of assets as at March 31, 2009 :**	**-**	-
VI	**Actual return on the plan assets**	**-**	-
VII)	**Assumption used in accounting for the gratuity plan:**		
	Discount rate (%)	**7.75**	8.00
	Salary escalation rate (%)	**5.00**	5.00
	Expected rate of return on plan assets	**N.A.**	N.A.

14. The Company achieved higher turnover during the current year, compared to the previous year. Though the Company has incurred a loss for the year, in absolute terms, the loss has reduced as over the previous year and the net worth continues to be positive. The Company continues its efforts for rationalization of resources to achieve maximum operational efficiencies and is further considering various business strategies/avenues of growth in revenues, which are expected to increase the turnover in the near future. On that basis, the Company expects increase in its business operations, turnover and operational efficiencies in the subsequent period resulting in better margins and profitability.

15. The information regarding Micro Enterprises and Small Enterprises has been determined on the basis of information available with the Company. This has been relied upon by the auditors.

    Amount due to vendors under Micro Enterprises and Small Enterprises for the year ended March 31, 2009 is Rs. Nil (Previous year Rs. Nil). Interest paid during the year/ outstanding as at the end of the year Rs. Nil (Previous year Rs. Nil)

16. 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.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.	11-40604
State Code	11
Balance Sheet Date	Date 31, Month 03, Year 2009

II Capital raised during the year at Face Value (Amount in Rs.Thousands)
(Refer note no. 3 above)

Public Issue	NIL
Rights Issue	NIL
Bonus Issue	NIL
Private Placement	NIL

III Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities	161960
Total Assets	161960
Sources of Funds	
Paid-up Capital	142831
Reserves & Surplus	2314
Secured Loans	11211
Unsecured Loans	5604
Application of Funds	
Net Fixed Assets	133401
Investments	1250
Net Current Assets	19763
Misc. Expenditure	NIL
Accumulated Losses	7546

IV Performance of Company (Amount in Rs. Thousands)

Turnover (including other income)	192601
Total Expenditure	204123
Profit/Loss Before Tax (+ -)	- 11522
Profit/Loss After Tax (+ -)	- 11314

Earnings Per Share in Rs.
(Refer note no.8 above)

	+ -	
BASIC	-	0.79
DILUTED	-	0.79

Final Dividend rate % 00

V Generic Names of Three Principal Products/Services of company (as per monetary terms)

Item Code No. (ITC Code)	8524.2301
Product Description	COMPUTER SOFTWARE
Item Code No. (ITC Code)	NIL
Product Description	NIL
Item Code No. (ITC Code)	NIL
Product Description	NIL

For and on behalf of the Board of Directors

Yashovardhan Birla
Chairman

Surinder Mohan Arora
Managing Director

P.V. R. Murthy
Director

Richard D'Souza
Chief Executive Officer

Vijay Modi
Company Secretary

Mumbai, Dated : June 30, 2009

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, 2009 %	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, 2009	31.12.1992	US$	1,148,500	100%	49,427	Nil	(2,057,636)	Nil
			INR	58,541,916		2,519,418	Nil	(104,882,851)	Nil
Melstar UK Limited	March 31, 2009	08.10.1999	GBP	150,000	100%	(65,460)	Nil	(225,401)	Nil
			INR	10,975,688		(4,789,790)	Nil	(16,492,873)	Nil
Melstar Limited (under CVA)	March 31, 2009	02.01.2001	GBP	958,992	100%	126,828	Nil	(2,478,438)	Nil
			INR	70,170,643		9,280,163	Nil	(181,350,407)	Nil
Linkhand Support Limited *	August 12, 2008	02.01.2001	GBP	100	100% subsidiary of Melstar Limited	1,751,307	Nil	(1,868,373)	Nil
			INR	7,317		128,145,322	Nil	(136,711,188)	Nil
Melstar Singapore Pte Limited	March 31, 2009	16.03.2001	SG$	1,700,000	100%	(1,645,016)	Nil	(419,694)	Nil
			INR	57,107,250		(55,260,200)	Nil	(14,098,571)	Nil

Notes:

1. Indian Rupee equivalent figures have been arrived at by applying the year end inter-bank Exchange Rate :

   (a) 1 US$ = Rs. 50.9725, (b) 1GBP = Rs. 73.17125 and (c) 1 SG$ = Rs. 33.5925

2. Accounts of Melstar Limited and Linkhand Support Limited are unaudited.

   * Linkhand Support Limited, a 100% subsidiary of Melstar Limited, was dissolved with effect from 12th August 2008.

For and on behalf of the Board of Directors

Yashovardhan Birla
Chairman

S.M.Arora
Managing Director

P V R Murthy
Director

Richard D'Souza
Chief Executive Officer

Vijay Modi
Company Secretary

Mumbai, Dated : June 30, 2009

AUDITORS' REPORT

AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF MELSTAR INFORMATION TECHNOLOGIES LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF MELSTAR INFORMATION TECHNOLOGIES LIMITED AND ITS SUBSIDIARIES

1. We have audited the attached consolidated balance sheet of Melstar Information Technologies Limited ("the Company") and its subsidiaries (collectively "the Group") as at 31st March, 2009, and the consolidated profit and loss account and also the consolidated cash flow statement for the year ended on that date, annexed thereto, in which are incorporated the returns from the foreign branches of the Parent Company, audited by other auditors. These consolidated financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets of Rs. 6,931,805 as at 31st March, 2009, total revenues of Rs. 106,393,453 for the year ended on that date and net cash outflows of Rs. 2,184,820 for the year ended on that date, as considered in the consolidated financial statements. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion in so far as it relates to the amounts included in respect of these subsidiaries, is based solely on the report of the other auditors.

4. The financial statements of a wholly owned subsidiary located at U.K. which represent total assets of Rs. 196,897 as at 31st March, 2009, total revenues of Rs. Nil and net cash flows of Rs. Nil for the year then ended, have been incorporated in the consolidated financial statements on the basis of the unaudited financial statements as provided by the management of the subsidiary.

5. Attention is invited to Note No. 13 of Schedule 18 regarding the losses suffered by the Parent Company and a wholly owned subsidiary located at U.S.A, which has negative net worth as at the year-end, and the management expectations for the future growth in their business operations as explained in the said note, which is dependent upon increase in turnover and availability of continued finance.

6. Subject to our remark in paragraph 4 above:

   (a) we report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard 21, Consolidated Financial Statements, notified by the Companies (Accounting Standards) Rules, 2006.

   (b) Based on our audit and on consideration of the reports of other auditors on separate financial statements and on the other financial information of the components, in our opinion and to the best of our information and according to the explanations given to us, the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

      (i) in the case of the consolidated balance sheet, of the state of affairs of the Group as at 31st March, 2009;

      (ii) in the case of the consolidated profit and loss account, of the loss for the year ended on that date; and

      (iii) in the case of the consolidated cash flow statement, of the cash flows for the year ended on that date.

For **Deloitte Haskins & Sells**
Chartered Accountants

R.A. Banga
Partner
Membership No. 37915

Mumbai, dated: 30th June, 2009

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2009

	Schedule No.	Rupees	As at 31.03.2009 Rupees	As at 31.03.2008 Rupees
SOURCES OF FUNDS				
Shareholders' Funds				
Share Capital	1	142,831,390		142,851,390
Reserves and Surplus	2	86,627,039		85,301,153
			229,458,429	228,152,543
Loan funds				
Secured Loans	3	15,483,102		24,066,804
Unsecured Loans	4	11,891,767		7,325,086
			27,374,869	31,391,890
TOTAL			256,833,298	259,544,433
APPLICATION OF FUNDS				
Fixed Assets	5			
Gross Block		223,923,988		424,685,462
Less : Accumulated Depreciation,Amortisation and Impairment		90,523,383		280,112,930
Net Block			133,400,605	144,572,532
Investments	6		1,250,000	1,250,000
Deferred Tax Assets (Refer Note no. 4(b) of Schedule 18)			-	13,476,872
Current Assets, Loans and Advances				
Sundry Debtors	7	26,335,146		44,025,535
Cash and Bank	8	11,563,593		9,957,669
Other Current Assets	9	2,330		78,393
Loans and Advances	10	27,836,096		32,617,231
		65,737,165		86,678,828
Less : Current Liabilities and Provisions				
Current Liabilities	11	98,164,931		122,714,736
Provisions	12	4,832,491		3,877,447
		102,997,422		126,592,183
Net Current Assets			(37,260,257)	(39,913,355)
Profit and Loss Account	13		159,442,950	140,158,384
TOTAL			256,833,298	259,544,433
Significant Accounting Policies and Notes to Accounts	18			

As per our attached report of even date
For Deloitte Haskins & Sells
Chartered Accountants

R. A. Banga
Partner

Mumbai, Dated : June 30, 2009

For and on behalf of the Board of Directors

Yashovardhan Birla
Chairman

Surinder Mohan Arora
Managing Director

P.V. R. Murthy
Director

Richard D'Souza
Chief Executive Officer

Vijay Modi
Company Secretary

Mumbai, Dated : June 30, 2009

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

	Schedule No.	31.03.2009 Rupees	31.03.2008 Rupees
INCOME			
Sales		**286,822,951**	323,022,325
Income from Infrastructural Services		**-**	507,299
Other Income	**14**	**17,193,727**	15,753,400
		304,016,678	339,283,024
EXPENDITURE			
Sofware Development Expenses		**111,259,467**	163,732,567
Employees Cost	**15**	**148,022,277**	140,319,590
Operating and Other expenses	**16**	**35,783,090**	43,338,377
Interest Expenses	**17**	**3,702,176**	3,839,363
Depreciation and Amortisation		**9,364,337**	10,447,922
		308,131,347	361,677,819
Loss before Tax		**(4,114,669)**	(22,394,795)
Provision for Taxation			
Income Tax			
- Current Tax		**(670,452)**	-
- Deferred Tax (Refer note no. 4(b) of schedule 18)		**(14,687,179)**	5,024,661
- Current Tax of earlier years written back (net)		**795,607**	9,301,256
Fringe Benefit Tax		**(587,873)**	(652,191)
Net Loss after tax		**(19,264,566)**	(8,721,069)
Deficit Brought Forward From Previous Year		**(299,341,490)**	(290,462,488)
Less: Adjustment on account of liability in respect of Employee Benefits, as on April 1, 2007		**-**	(157,933)
Less: Amount transferred to Capital Redemption Reserve [Refer note (12) of schedule 18]		**(20,000)**	-
Balance carried to Balance Sheet		**(318,626,056)**	(299,341,490)
Earnings Per Share (Refer note no. 6 of schedule 18)			
-Basic and Diluted		**(1.35)**	(0.61)
Face value of Equity Shares (in Rs.)		**10.00**	10.00
Significant Accounting policies and notes to accounts	**18**		

As per our attached report of even date
For Deloitte Haskins & Sells
Chartered Accountants

R. A. Banga
Partner

Mumbai, Dated : June 30, 2009

For and on behalf of the Board of Directors

Yashovardhan Birla
Chairman

Surinder Mohan Arora
Managing Director

P.V. R. Murthy
Director

Richard D'Souza
Chief Executive Officer

Vijay Modi
Company Secretary

Mumbai, Dated : June 30, 2009

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2009

		Rupees	2008-09 Rupees	Rupees	2007-08 Rupees
A	**Cash flow from operating activities**				
	Loss before tax		**(4,114,669)**		(22,394,795)
	Adjustments for :				
	Depreciation and amortisation	**9,364,337**		10,447,922	
	Transitional provision on account of adoption of Accounting Standard (AS) 15 (Revised 2005) 'Employee Benefits', on 1st April, 2007. (Refer note no. 10(a) of schedule 16)	**-**		(157,933)	
	Loss on fixed assets sold (net)	**957,670**		133,697	
	Fixed assets written off	**1,504,471**		-	
	Foreign Currency Translation Reserve credited to Profit and Loss Account (Refer Note no.9(b) of Schedule 18)	**(5,021,853)**		-	
	Exchange Difference (Net)	**(376,675)**		389,498	
	Interest on bank fixed deposits	**(24,196)**		(623,324)	
	Interest Expense	**3,702,176**	**10,105,930**	3,839,363	14,029,223
	Operating Profit/ (Loss) before working capital changes		**5,991,261**		(8,365,572)
	Adjustments for :				
	Trade and other Receivables	**20,061,017**		26,513,255	
	Trade and other Payables	**(23,546,029)**	**(3,485,012)**	(14,621,501)	11,891,754
	Cash generated from operations		**2,506,249**		3,526,182
	Income Taxes Received/ (Paid) (Net)		**2,802,414**		(2,732,411)
	Fringe Benefit Tax paid		**(662,554)**		(651,600)
	Corporate Dividend Tax paid		**-**		(71)
	Net cash generated from operating activities		**4,646,109**		142,100
B	**Cash flow from investing activities**				
	Interest	**100,259**		544,931	
	Additions to fixed assets	**(1,053,190)**		(3,259,784)	
	Proceeds from sale of fixed assets	**398,633**		117,778	
	Interest on Income tax refund	**3,823,490**		942,628	
	Net cash generated from/ (used in) investing activities		**3,269,192**		(1,654,447)
C	**Cash flow from financing activities**				
	Proceeds from borrowings	**4,751,088**		9,026,530	
	Repayment of borrowings	**(12,768,109)**		(14,453,540)	
	Inter Corporate Deposit received	**4,000,000**		-	
	Dividend on 5% Cumulative preference shares	**-**		(417)	
	Unclaimed Dividend paid	**-**		(240)	
	Interest paid	**(3,500,305)**		(3,839,363)	
	Redemption of 5% Cumulative Preference Shares	**(20,000)**		-	
	Unpaid dividend (transferred to Investor Education and Protection Fund)	**(199,670)**		(86,077)	
	Net cash used in financing activities		**(7,736,996)**		(9,353,107)
	Net increase/ (decrease) in cash & cash equivalents		**178,305**		(10,865,454)
	Opening balance of cash and cash equivalents		**10,334,344**		21,199,798
	Closing balance of cash and cash equivalents		**10,512,648**		10,334,344

Notes :

1 Cash and cash equivalents include cash and bank balances in current account and deposit accounts (refer schedule 8 of the Balance Sheet)

Cash and Cash equivalents include :

	31st March 2009 Rs	31st March 2008 Rs
Cash and Bank Balances	11,563,593	9,957,669
Unrealised (gain)/ loss on foreign currency cash and cash equivalents	(1,050,945)	376,675
Total cash and cash equivalents	**10,512,648**	**10,334,344**

2 During the year one of the step down subsidiary located at UK was dissolved and did not involve any cash consideration.

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

As per our attached report of even date
For Deloitte Haskins & Sells
Chartered Accountants

R. A. Banga
Partner

Mumbai, Dated : June 30, 2009

For and on behalf of the Board of Directors

Yashovardhan Birla
Chairman

Surinder Mohan Arora
Managing Director

P.V. R. Murthy
Director

Richard D'Souza
Chief Executive Officer

Vijay Modi
Company Secretary

Mumbai, Dated : June 30, 2009

SCHEDULES FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2009

	Rupees	As at 31.03.2009 Rupees	As at 31.03.2008 Rupees
SCHEDULE 1: SHARE CAPITAL			
Authorised:			
19,950,000 (19,950,000) Equity Shares of Rs.10/- each		**199,500,000**	199,500,000
50,000 (50,000) Preference Shares of Rs.10/- each		**500,000**	500,000
TOTAL		**200,000,000**	200,000,000
Issued,subscribed and paid up :			
Equity:			
14,283,139(14,283,139) Equity Shares of Rs.10/- each, fully paid up		**142,831,390**	142,831,390
Preference:			
Nil (2,000) 5% Cumulative Redeemable Preference Shares of Rs.10/- each, fully paid up		**-**	20,000
Notes:			
Of the above:			
(a) 6,310,850 (6,310,850) Equity Shares of Rs.10/- each, fully paid had been allotted as bonus shares by capitalisation of free reserves.			
(b) 5,000 (5,000) Equity Shares of Rs.10/- each, fully paid had been allotted to the shareholders of the erstwhile Melstar Industries Limited, consequent to a scheme of amalgamation, without payment received in cash.			
(c) 1,675,449 (1,675,449) Equity Shares of Rs.10/- each, fully paid had been allotted to the shareholders of Linkhand Limited without payment received in cash in accordance with the agreement for acquisition.			
(d) 456,990 (456,990) Equity Shares of Rs.10/- each, fully paid had been allotted to the erstwhile shareholders of Global Systems Development Inc. without payment received in cash in accordance with the share purchase agreement.			
(e) Nil (2,000) 5% Cumulative Redeemable Preference Shares of Rs.10/- each were allotted to the shareholders of erstwhile Melstar Fashions Private Limited, consequent to a Scheme of amalgamation, without payment received in cash.			
TOTAL		**142,831,390**	142,851,390
SCHEDULE 2 : RESERVES AND SURPLUS			
1. Capital Reserve			
Balance as per last Balance Sheet		**173,542**	173,542
2. Securities Premium Account			
Balance as per last Balance Sheet		**67,470,974**	67,470,974
3. Capital Redemption Reserve			
Balance at the commencement of the year	-		-
Add: Amount transferred from Profit and Loss Account	**20,000**		-
		20,000	-
4. General Reserve			
Balance at the commencement of the year	**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		-	-
Balance at the commencement of the year	**17,656,637**		13,505,613
Add : Credited during the year	**6,327,739**		4,151,024
Less: Credited to Profit and Loss Account on dissolution of a foreign subsidiary (Refer Note no.9(b) of Schedule 18)	**(5,021,853)**		-
		18,962,523	17,656,637
TOTAL		**86,627,039**	85,301,153

SCHEDULES FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2009

	Notes	Rupees	As at 31.03.2009 Rupees	As at 31.03.2008 Rupees
SCHEDULE 3 : SECURED LOANS				
From Banks :	Notes			
a. Term Loans	1		**8,000,000**	17,000,000
b. Overdraft Facility	1		**3,210,937**	1,026,530
c. Cash Credit (repayable in foreign currency)	2		**4,272,165**	5,778,749
d. Vehicle Loans	3		**-**	261,525
TOTAL			**15,483,102**	24,066,804

Notes :

1. Term loans and Overdraft Facility of the Parent Company from a bank are secured by equitable mortgage by deposit of title deeds of office premises situated at Andheri(Mumbai) and is further secured by personal guarantee of two directors of the Parent Company.
2. The Cash Credit Account of UK subsidiary company is secured by the debentures from Melstar Limited jointly with Linkhand Support Limited (subsidiary company), as and when issued. [Refer note no. 9 (a) of Schedule 18]
3. Vehicle loans were secured by charge on the respective vehicles purchased.

	Rupees	As at 31.03.2009 Rupees	As at 31.03.2008 Rupees
SCHEDULE 4 : UNSECURED LOANS			
Short Term Loans and Advances			
- From Directors (overseas subsidiary companies)		**7,127,179**	6,727,336
- Inter-Corporate		**4,000,000**	-
- From Others		**764,588**	597,750
TOTAL		**11,891,767**	7,325,086

SCHEDULES FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2009

SCHEDULE 5 : FIXED ASSETS

GROUP CONSOLIDATED FIXED ASSETS AS AT 31ST MARCH'2009

	GROSS BLOCK				DEPRECIATION AND AMORTISATION				IMPAIRMENT LOSS			NET BLOCK	
Description	As at 1/4/2008	Additions	Adjustments/ Deductions	As at 31/03/2009	Upto 1/4/2008	For the year	Adjustments/ Deductions	As at 31/03/2009	Upto 1/4/2008	Adjustments/ Deductions	As at 31/03/2009	As at 31/03/2009	As at 31/03/2008
LEASEHOLD LAND	304,995	-	-	304,995	36,098	3,974	-	40,072 *	-	-	-	264,923	268,897
BUILDINGS (INCLUDING IMPROVEMENTS TO LEASEHOLD PREMISES) **	153,029,237	-	-	153,029,237	33,209,331	5,730,403	-	38,939,734	-	-	-	114,089,503	119,819,906
PLANT AND MACHINERY AND EQUIPMENT	36,621,578	136,484	(5,382,776)	31,375,286	29,320,122	962,328	(3,878,309)	26,404,141	-	-	-	4,971,145	7,301,456
FURNITURE AND FIXTURE	30,559,933	-	(18,837)	30,541,096	19,357,587	1,623,850	(18,838)	20,962,599	-	-	-	9,578,497	11,202,346
VEHICLES	6,788,924	-	(2,882,196)	3,906,728	2,827,566	485,164	(1,525,895)	1,786,835	-	-	-	2,119,893	3,961,358
INTANGIBLE ASSETS:													
-SOFTWARE UTILITIES	13,340,268	916,706	(9,490,328)	4,766,646	11,321,699	558,618	(9,490,315)	2,390,002	-	-	-	2,376,644	2,018,569
-SOFTWARE PRODUCTS	184,040,527	-	(184,040,527)	-	143,793,785	-	143,793,785)	-	40,246,742	(40,246,742)	-	-	-
TOTAL	**424,685,462**	**1,053,190**	**(201,814,664)**	**223,923,988**	**239,866,188**	**9,364,337**	**(158,707,142)**	**90,523,383**	**40,246,742**	**(40,246,742)**	**-**	**133,400,605**	**144,572,532**
PREVIOUS YEAR	**467,147,709**	**3,259,784**	**(45,722,031)**	**424,685,462**	**274,884,460**	**10,447,922**	**(45,466,194)**	**239,866,188**	**40,246,742**	**-**	**40,246,742**	**144,572,532**	

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

** Building of the Parent Company 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.

Notes:

a) Fixed assets written off during the year on dissolution of a subsidiary company located at UK (Cost Rs 184,040,527, accumulated depreciation and amortisation Rs.143,793,785 and accumulated impairment Rs 40,246,742) (Refer note no.9 (b) of Schedule 18)

b) Adjustments/ deductions include obsolete fixed assets discarded during the year. (Cost Rs.13,308,252 accumulated depreciation and amortisation Rs.11,803,781) (Previous year Cost Rs.44,500,005 and depreciation and amortisation Rs 44,500,005)

	Rupees	As at 31.03.2009 Rupees	As at 31.03.2008 Rupees
SCHEDULE 6: INVESTMENTS			
Long term (At cost, fully paid)			
Trade Investment- Unquoted			
125,000 (125,000) Equity Shares of Rs.10/- each of Janakalyan Sahakari Bank Ltd		**1,250,000**	1,250,000
TOTAL		**1,250,000**	1,250,000
Note:			
Aggregate of Unquoted Investments			
Cost/ carrying amount		**1,250,000**	1,250,000

SCHEDULES FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2009

	Rupees	As at 31.03.2009 Rupees	As at 31.03.2008 Rupees
SCHEDULE 7 : SUNDRY DEBTORS			
(Unsecured, considered good unless otherwise stated)			
Debts outstanding for a period exceeding six months			
Considered Good	**-**		155,007
Considered Doubtful	**27,613,707**		27,533,743
		27,613,707	27,688,750
Other Debts		**26,335,146**	43,870,528
Less :- Provision		**27,613,707**	27,533,743
TOTAL		**26,335,146**	44,025,535
SCHEDULE 8 : CASH AND BANK			
1. Cash on Hand		**38,697**	27,070
2. Bank Balances			
a) with Scheduled Banks			
i) in Current Accounts *	**497,464**		764,712
ii) in Deposit Accounts (Margin deposit under lien)	**350,000**		350,000
		847,464	1,114,712
b) with others in Current Account		**10,677,432**	8,815,887
TOTAL		**11,563,593**	9,957,669
* Current Accounts includes Rs.Nil in Exchange Earners Foreign Currency Account (Previous year Rs.256,700)			
SCHEDULE 9 : OTHER CURRENT ASSETS			
Interest Accrued on Bank Fixed Deposit		**2,330**	78,393
TOTAL		**2,330**	78,393
SCHEDULE 10 : LOANS AND ADVANCES			
(Unsecured, considered good unless otherwise stated)			
1. Advances recoverable in cash or kind or for value to be received			
Considered Good	**4,270,137**		13,661,474
Considered Doubtful	**200,114**		200,114
		4,470,251	13,861,588
2. Unbilled Services (Subsequently Billed)		**6,914,092**	3,151,399
3. Advance Payment of Income Tax (Net of Provision for Taxation)		**16,628,119**	15,804,358
4. Advance Payment of Fringe Benefit Tax (Net of Provision for Taxation)		**23,748**	-
		28,036,210	32,817,345
Less : Provision		**200,114**	200,114
TOTAL		**27,836,096**	32,617,231

SCHEDULES FORMING PART OF BALANCE SHEET AS AT MARCH 31,2009

	Rupees	As at 31.03.2009 Rupees	As at 31.03.2008 Rupees
SCHEDULE 11 : CURRENT LIABILITIES			
Sundry Creditors -			
i) Total outstanding dues of Micro Enterprises and Small Enterprises (Refer not no.14 of Schedule 18)		**-**	-
ii) Total outstanding dues to Creditors other than Micro Enterprises and Small Enterprises		**50,382,198**	70,654,719
Other Liabilities		**47,580,862**	51,860,347
Unclaimed Dividend		**-**	199,670
Interest Accrued but not due on Loans		**201,871**	-
TOTAL		**98,164,931**	122,714,736
SCHEDULE 12 : PROVISIONS			
For Fringe Benefit Tax (Net of advance tax)		**-**	50,933
For Gratuity (Refer note no.11(ii) of Schedule 18)		**3,226,239**	2,528,700
For Compensated Absences		**1,606,252**	1,297,814
TOTAL		**4,832,491**	3,877,447
SCHEDULE 13 : PROFIT AND LOSS ACCOUNT			
Balance as per Profit and Loss Account		**318,626,056**	299,341,490
Less : Deducted as per Contra from General Reserve to the extent of Balance there in		**159,183,106**	159,183,106
Balance in Profit and Loss Account		**159,442,950**	140,158,384

SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

	31.03.2009 Rupees	31.03.2008 Rupees
Schedule 14: OTHER INCOME		
Exchange Difference (Net)	5,105,845	-
Sundry Credit Balances Written Back	1,572,037	2,445,580
Provision for Doubtful Debts/Advances written back (Net)	-	369,181
Advances written off in earlier year now recovered	-	26,481
Excess Provision of Earlier years Written back	1,198,665	1,853,414
Miscellaneous income	392,559	293,885
Rent	5,076,935	9,198,907
Interest on Bank Fixed Deposits, etc. (Tax deducted at Source Rs.3,681 (Previous Year Rs.11,577))	24,196	623,324
Interest on Income Tax Refunds (Net)	3,823,490	942,628
TOTAL	17,193,727	15,753,400
Schedule 15: EMPLOYEES COST		
a) Salaries, Wages and Bonus	140,101,447	132,793,934
b) Contribution to Provident and Other funds	5,352,535	5,401,263
c) Gratuity	718,575	370,455
d) Compensated Absences	1,332,289	1,051,101
e) Staff Welfare	517,431	702,837
TOTAL	148,022,277	140,319,590
Schedule 16: OPERATING AND OTHER EXPENSES		
Electricity	2,925,454	1,996,339
Rent	3,639,418	2,829,586
Rates and Taxes	490,136	2,690,783
Insurance	2,334,396	2,661,011
Repairs and Maintenance		
- Plant and Machinery	920,611	1,468,686
- Building	199,500	447,715
Travelling and Conveyance	3,504,494	4,625,907
Communication Expenses	2,132,003	2,533,919
Advertising and Sales promotion expenses	1,522,965	7,075,716
Legal and Professional Fees	4,946,513	6,877,937
Recruitment Expenses	2,832,472	2,165,541
Provision for Doubtful Debts and Advances (Net)	79,964	-
Loss on Sale of Fixed Assets (Net)	957,670	133,697
Irrecoverable Debts/Advances written off	222,871	506,310
Exchange Difference (Net)	-	155,836
Fixed Assets Written off	1,504,471	-
Directors Sitting Fees	310,000	480,000
Miscellaneous Expenses	7,260,152	6,689,394
TOTAL	35,783,090	43,338,377
Note :		
(Miscellaneous Expenses includes Auditor's Remuneration, Bank Charges, Security Expenses, Vehicle Expenses, Computer Software Expenses, etc.)		
Schedule 17 : INTEREST EXPENSES		
On Fixed Loans	1,997,056	2,020,213
Others	1,705,120	1,819,150
TOTAL	3,702,176	3,839,363

Schedules forming part of Consolidated Financial Statement

Schedule 18: Significant Accounting Policies and Notes forming part of the consolidated financial statements

A. 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, 2009.

ii) The consolidated financial statements have been prepared under the historical cost convention (except for certain fixed assets of the Parent Company which have been revalued), in accordance with generally accepted accounting principles and the provisions of the Companies Act, 1956 and the applicable accounting standards, except for the financial statements of certain subsidiaries not prepared on going concern basis.(Refer note no. B-9 (d) below).

iii) The preparation of financial statements in conformity with the generally accepted accounting principles require, estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the finacial statements and the reported amounts of revenues and expenses during the reporting period. Differences between the actual results and estimates are recognised in the period in which the results are known / materialized.

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:**

Fixed assets are stated at cost of acquisition or construction or at revalued amounts less accumulated depreciation, amortisation and impairment losses, if any.

d) **Intangible 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 amortization and impairment losses, if any.

e) **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.

f) **Depreciation and Amortisation :**

Depreciation in respect of assets acquired upto March 31, 1995 is provided for on written down value method at the rates prescribed in Schedule XIV to the Companies Act, 1956. In respect of assets acquired after 31st March 1995, depreciation 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.

Leasehold land is written off over the lease period.

Intangible Assets – Computer software and internally developed software products are amortised over a period of three to five years based on the technical evaluation of their useful economic life.

g) **Inventories:**

Software Finished Goods (Traded) :

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

h) **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.

i) **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 item 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.

j) **Employee Benefits:**

a) Post Employment Benefits and Other Long Term Benefits.

i) <u>Defined Contribution Scheme</u>

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

ii) <u>Defined Benefit and Other Long Term Benefit Schemes</u>

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 remaing 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.

k) **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. Unbilled services included in loans and advances 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 recognized on time proportion basis.

l) **Taxes on Income:**

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

m) **Fringe Benefit Tax:**

Fringe Benefit Tax is 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).

n) **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.

o) **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, Europe and U.S.A.

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.

p) **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.

q) **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.

r) **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.

B. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Subsidiaries to consolidation:

The subsidiaries (which along with MITL, the Parent Company, constitute The Group) considered in the presentation of these consolidated financial statements are :

Name of subsidiary	Country of incorporation	Proportion of Ownership Interest
Melstar Inc (MI)	U.S.A	100%
Melstar Ltd.(ML)	U.K.	100%
Linkhand Support Ltd. (a direct subsidiary of Melstar Limited) (Up to 12TH August, 2008) [Refer note 9 (b) of Schedule 18](LSL)	U.K.	100%
Melstar U.K. Ltd.(MUK)	U.K.	100%
Melstar Singapore Pte Ltd (MSPL)	Singapore	100%

The consolidated financial statements have been prepared on the basis of audited financial statement of the Parent Company and three subsidiaries and unaudited financial statements of 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.

2. a) Contingent Liabilities in respect of :-

Rupees

	As at 31.03.2009	As at 31.03.2008
Income tax demands/ matters in respect of earlier years under dispute, pending in appeals before higher authorities, (including Rs.Nil (Previous year Rs.921,975)) consequent to department preferring an appeal on the favourable order passed by the C.I.T. (Appeals).	**Nil**	921,975
ESIC demand disputed and pending decisions before higher authorities. Amount paid there against and included under "Loans and advances" Schedule 10 (Rs.35,000) Previous year (Rs.35,000)	**135,627**	135,627

b) Arrears of fixed cumulative preference dividend for the year ended March 31, 2009 Rs. Nil (Previous year Rs.1000).

3. Pursuant to the Share Sale and Purchase Agreement dated 11th September, 2008 with the erstwhile promoters of the Parent Company and subsequent open offer thereon, the Yash Birla Group companies have acquired 4,228,920 equity shares from the erstwhile promoters and persons acting in concert and 2,854,622 equity shares from the members of the Company under open offer under SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, totally constituting 49.59% of the paid-up share capital of the Parent Company. This transaction was completed on 22nd April 2009, and consequently, the Yash Birla Group companies became the new promoters and the Board of Directors of the Parent Company was reconstituted thereafter.

4. The components of Deferred Tax liabilities and assets as at March 31, 2009 are as under :

a) Parent Company (India)

Rupees*

Particulars	**As at 31.03.2009**	As at 31.03.2008
Deferred tax liability (A)	**(483,666)**	(2,596,046)
Arising on account of timing difference on:		
Depreciation	**(483,666)**	(2,596,046)
Deferred tax asset (B)*	**483,666**	2,596,046
Provision for Gratuity	**483,666**	859,505
Provision for Doubtful Debts	**-**	1,736,541
Total	**Nil**	Nil

*Considered to the extent that there are compensating timing differences, reversal of which will result in sufficient income against which this can be realized.

b) US subsidiary

Rupees

Particulars	**As at 31.03.2009**	As at 31.03.2008
Deferred tax liability (A)	**Nil**	Nil
Deferred tax asset (B)		
Carried forward Loss/unabsorbed depreciation	**Nil**	2,889,165
Provision for Doubtful Debts	**Nil**	10,587,707
Total	***Nil**	13,476,872

* Written down during the year, on review thereof on the balance sheet date in accordance with AS-22 'Accounting for Taxes on Income'

The deferred tax assets and liabilities and the provision for current tax pertaining to foreign branches/subsidiaries have been computed considering the tax laws and rates in their respective countries.

5. Segment Reporting:

Rupees

Particulars	Asia-Pacific	USA	Others	Total
Segment Revenues				
Total Revenue	167,521,252 (135,408,738)	122,308,395 (182,101,892)	5,262,410 (11,007,535)	295,092,057 (328,518,165)
Segment Result Before Interest and Tax	3,510,186 (-11,275,495)	3,904,069 (6,046,948)	4,235,516 (-4,431,694)	11,649,771 (-9,660,241)
Un-allocable Income	N.A. (N.A.)	N.A. (N.A.)	N.A. (N.A.)	8,924,621 (10,764,859)
Un-allocable Expenses	N.A. (N.A.)	N.A. (N.A.)	N.A. (N.A.)	20,986,885 (19,660,050)
Interest Expenses	N.A. (N.A.)	N.A. (N.A.)	N.A. (N.A.)	3,702,176 (3,839,363)
Provision for Tax - Current Tax	N.A. (N.A.)	N.A. (N.A.)	N.A. (N.A.)	670,452 (-)
- Deferred Tax	N.A. (N.A.)	N.A. (N.A.)	N.A. (N.A.)	14,687,179 (5,024,661)
Fringe Benefit Tax	N.A. (N.A.)	N.A. (N.A.)	N.A. (N.A.)	587,873 (652,191)
Income Tax Earlier years (Net)	N.A. (N.A.)	N.A. (N.A.)	N.A. (N.A.)	795,607 (9,301,256)
Net Loss after tax	N.A. (N.A.)	N.A. (N.A.)	N.A. (N.A.)	19,264,566 (8,721,069)
Other Information				
Segment Assets	98,567,051 (105,653,217)	16,578,425 (27,380,980)	757,683 (2,794,410)	115,903,159 (135,828,607)
Unallocated assets				84,484,611 (110,149,624)
Total Assets	98,567,051 (105,653,217)	16,578,425 (27,380,980)	757,683 (2,794,410)	200,387,770 (245,978,231)
Segment Liabilities	34,117,960 (38,840,269)	17,923,222 (30,786,816)	63,120,173 (70,068,932)	115,161,355 (139,696,017)
Unallocated liabilities				15,210,936 (18,288,056)
Total Liabilities	34,117,960 (38,840,269)	17,923,222 (30,786,816)	63,120,173 (70,068,932)	130,372,291 (157,984,073)
Capital Expenditure				
Segment capital expenditure	1,053,190 (2,198,363)	- (-)	- (-)	1,053,190 (2,198,363)
Unallocated capital expenditure	- (-)	- (-)	- (-)	- (1,061,421)
Total capital expenditure	1,053,190 (2,198,363)	- (-)	- (-)	1,053,190 (3,259,784)
Depreciation, Amortization and Impairment				
Segment Depreciation and Amortization	5,483,009 (6,137,575)	- (-)	- (61,536)	5,483,009 (6,199,111)
Impairment Loss	- (-)	- (-)	- (-)	- (-)
Unallocated depreciation and amortization	-	-	-	3,881,328 (4,248,811)
Total depreciation, amortization and impairment	5,483,009 (6,137,575)	- (-)	- (61,536)	9,364,337 (10,447,922)

Significant Non-Cash Expenditure				
Segment significant non cash expenditure	82,729 (97,859)	106,535 (-)	113,571 (408,451)	302,835 (506,310)
Unallocated non cash expenditure	-	-	-	2,462,141 (-)
Total significant non cash expenditure	82,729 (97,859)	106,535 (-)	113,571 (408,451)	2,764,976 (506,310)

2. Revenue comprises of:

	Rupees
Sales	286,822,951 (323,022,325)
Income from infrastructural services	Nil (507,299)
Other Income	8,269,106 (4,988,541)
Total	**295,092,057** **(328,518,165)**

3. The Company 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.

6. Earnings per share is computed as under:

		Current Year	Previous Year
a.	Net Loss after tax attributable to equity shareholders (Rupees)	**(19,264,566)**	(8,721,069)
b.	Weighted average number of equity shares considered for calculation of Basic and Diluted EPS (Nos.)	**14,283,139**	14,283,139
c.	Face value of equity shares (Rupees)	**10**	10
d.	Basic and Diluted Earnings per share (Rupees)	**(1.35)**	(0.61)

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

a) Names of related parties and description of relationship:

i) Key Management Personnel
- Mr. Surinder Mohan Arora (Managing Director)
- Mr.Sattar Shaikh (Executive Director) (Upto 24th April ,2009)
- Mr.Bharat Ramani (Executive Director of a subsidiary company, upto 22nd April, 2009)
- Mr. A.C.Gale (Director of a subsidiary company up to 22nd April, 2009)

ii) Relatives of Key Management Personnel Mr. Farooq Shaikh

b) Nature of transactions with Related Parties **Rupees**

		Key Management Personnel	**Relatives of Key Management Personnel**	**Total**
a)	Unsecured Loans			
	Balance as at 1st April	3,970,063 (4,251,500)	Nil (Nil)	3,970,063 (4,251,500)
	Received during the year	Nil (Nil)	Nil (Nil)	Nil (Nil)
	Repaid / Adjusted during the year	3,11,500 (281,437)	Nil (Nil)	3,11,500 (281,437)
	Balance as at 31st March	3,658,563 (3,970,063)	Nil (Nil)	3,658,563 (3,970,063)

		Key Management Personnel	Relatives of Key Management Personnel	Total
b)	**Expenditure**			
	Remuneration	15,101,724 (15,481,476)	965,802 (727,032)	16,067,526 (16,208,508)
c)	**Sundry Creditors**			
	Salary payable	1,784,218 (1,754,004)	Nil (Nil)	1,784,218 (1,754,004)

Notes: 1. Related party relationship is as identified by the Company and relied upon by the auditors.

2. Previous year figures are given in brackets.

c) Out of the above items, transactions in excess of 10% of the total related party transactions are as under:

Rupees

Transactions	For the year ended 31-03-2009		For the year ended 31-03-2008
a) Unsecured Loans repaid/adjusted			
- Mr. Anthony Gale		**3,11,500**	281,437
b) Expenditure			
Remuneration			
-Mr. Bharat Ramani	**8,511,911**		89,68,372
- Mr. S.M.Arora	**3,294,912**		32,56,004
- Mr. Sattar Shaikh	**3,294,901**		32,57,100
	15,101,724		15,481,476

8. The management is of the opinion that the amount provided in respect of statutory dues i.e. VAT, PAYE, National Insurance etc., in the books of two U.K. subsidiaries, as at the year end aggregating to Rs. 40,233,808/- (Previous year Rs.43,767,128) is adequate and no further provision towards such dues or any penalties in respect thereof is considered necessary, at this stage.

9. a) The wholly-owned subsidiary located at UK, in respect of which, Company Voluntary Arrangement (CVA) has been completed during the year, and in respect of which an application has been made for voluntary liquidation with the Companies House UK for which confirmation is awaited. Pending this, the creditors/liabilities balances aggregating to Rs.53,646,872/- (Previous Year Rs.54,789,712) are carried forward in the books of account and the necessary adjustments, if any, shall be made in the year of completion of the CVA.

b) One of the step down subsidiary located at UK, was dissolved during the year and the approval for the same has been received from Companies House U.K. Consequently, the related exchange difference of Rs 5,021,854 accumulated in the foreign currency translation reserve, has been credited to the consolidated results under “Other Operating Income”, in accordance with AS-11 (Revised) “The Effect of Changes in Foreign Exchange Rates”.

c) Two wholly owned subsidiaries located in the U.K. and another wholly owned subsidiary located in Singapore, had no turnover. These subsidiaries have incurred losses and their net worth at the year-end, is negative/ has been substantially eroded.

d) The Board of Directors of the Parent Company has decided to close the operations and activities of the subsidiaries referred to in notes a) and c) above and on that basis the accounts of these subsidiaries, included in the consolidated financial statements, have not been prepared on a going concern basis. The fixed assets, current assets and loans/ advances of the aforesaid subsidiaries, were carried at nil/ realisable values as at the previous year-end, in the consolidated financial statements and hence no adjustments relating to the recoverability and classification of the recorded asset amounts at the consolidated level were necessary. Further, all the liabilities of the said subsidiaries were appropriately classified in the consolidated financial statements and hence no adjustments to their classification was necessary.

10. 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 (15,247,443)	203,257 (203,257)	GBP
	11,480,631 (11,310,155)	238,940 (235,984)	USD
TOTAL	**26,728,074** (**26,557,598**)		

b. Amount payable in foreign currency on account of the following

Particulars	Amount in Rupees	Amount in Foreign Currency	Foreign Currency
Import of services	144,473 (495,143)	3,220 (12,317)	CHF
	Nil (9,070)	Nil (227)	USD
TOTAL	144,473 **(504,213)**		

* 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.

11. 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.4,761,437 (Previous year Rs. 4,102,222) 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, 2009 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, 2009.

Rupees

Sr. No	Particulars	Gratuity (Non-funded)	
		As on 31.03.2009	As on 31.03.2008
I)	**Reconciliation in present value of obligations (PVO) – defined benefit obligation :**		
	Current Service Cost	**1,125,576**	1,043,468
	Interest Cost	**291,501**	256,137
	Actuarial (gain)/losses	**(698,502)**	(929,150)
	Benefits paid	**(21,036)**	-
	Past service cost	**-**	-
	PVO at the beginning of the year	**2,528,700**	2,158,245
	PVO at end of the year	**3,226,239**	2,528,700
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	**3,226,239**	2,528,700
	Fair Value of planned assets at end of year	**-**	-
	Funded status	**(3,226,239)**	(2,528,700)
	Unrecognised actuarial gain/(loss)	**-**	-
	Net asset/liability) recognised in the balance sheet	**(3,226,239)**	(2,528,700)
IV)	**Net cost for the year ended March 31, 2009 :**		
	Current Service cost	**1,125,576**	1,043,468
	Interest cost	**291,501**	256,137
	Expected return on plan assets	**-**	-
	Actuarial (gain)/losses	**(698,502)**	(929,150)
	Net cost	**718,575**	370,455
V)	**Category of assets as at March 31, 2009 :**	**-**	-
VI	**Actual return on the plan assets**	**-**	-
VII)	**Assumption used in accounting for the gratuity plan:**		
	Discount rate (%)	**7.75**	8.00
	Salary escalation rate (%)	**5.00**	5.00
	Expected rate of return on plan assets	**N.A.**	N.A.

12. 5 % Cumulative Redeemable Preference Shares of Rs. 10/- each were allotted to the shareholders of erstwhile Melstar Fashion Private Limited, consequent to a Scheme of amalgamation, without payment received in cash and were redeemable at the end of ten years from the date of allotment i.e. 31st October, 2006, with a call option with the Parent Company to redeem at any time after the end of eighteen months from the date of allotment. The said Preference Shares were redeemed during the year on 7th July, 2008, on exercise of call- option by the Parent Company vide Board Resolution dated 3rd July, 2008, otherwise than out of proceeds of fresh issue. Accordingly, Rs 20,000 being the nominal amount of the shares redeemed has been transferred to the Capital Redemption Reserve out of the surplus profit brought forward from the previous year of the Parent Company.

13. a) The Parent Company achieved higher turnover during the current year, compared to the previous year. Though the Parent Company has incurred a loss for the year, in absolute terms, the loss has reduced as over the previous year and the net worth continues to be positive. The Parent Company continues its efforts for rationalization of resources to achieve maximum operational efficiencies and is further considering various business strategies/avenues of growth in revenues, which are expected to increase the turnover in the near future. On that basis, the Parent Company expects increase in its business operations, turnover and operational efficiencies in the subsequent period resulting in better margins and profitability.

    b) The Consolidated Financial Statements include the results of a wholly owned subsidiary Melstar Inc., located at U.S.A. Although the said company has earned profit before tax for the year, its net worth continues to be negative. The said company expects operational efficiencies in the near future through increase in turnover and better resource management and expects better margins and profitability.

14. The information regarding Micro Enterprises and Small Enterprises has been determined on the basis of information available with the Parent Company. This has been relied upon by the auditors. Amount due to vendors under Micro Enterprises and Small Enterprises for the year ended March 31, 2009 is Rs. Nil (Previous year Rs. Nil). Interest paid during the year/ outstanding at the year end Rs. Nil (Previous year Rs. Nil)

15. Previous year figures have been regrouped wherever necessary to correspond with the figures of the current year. Figures have been rounded off to the nearest rupee. 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.

SUMMARIZED FINANCIAL INFORMATION IN RESPECT OF SUBSIDIARIES OF THE COMPANY IN COMPLIANCE WITH THE TERMS OF APPROVAL OF THE MINISTRY OF COMPANY AFFAIRS UNDER SECTION 212(8) OF THE COMPANIES ACT, 1956

The Company has received the approval of Ministry of Company Affairs under Section 212(8) of the Companies Act, 1956 vide its letter No.47/116/2009-CL-III dated 17.3.2009 exempting 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 31.3.2009. Information as required in terms of the aforesaid letter of approval is furnished below:

	Name of subsidiary companies	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
1	Melstar Inc	United States	31.3.2009	US$	1,148,500	(2,128,679)	430,314	1,410,493	-	2,299,932	64,191	14,764	49,427
				INR	58,541,916	(108,504,090)	21,934,180	71,896,354	-	117,233,284	3,271,976	752,558	2,519,418
2	Melstar UK Limited	United Kingdom	31.3.2009	GBP	150,000	(290,862)	23,109	163,971	-	-	(65,460)	-	(65,460)
				INR	10,975,688	(21,282,736)	1,690,914	11,997,962	-	-	(4,789,790)	-	(4,789,790)
3	Melstar Limited	United Kingdom	31.3.2009	GBP	958,992	(2,299,598)	2,691	1,343,297	-	-	126,828	-	126,828
				INR	70,170,643	(168,264,460)	196,903	98,290,720	-	-	9,280,163	-	9,280,163
4	Linkhand Support Limited *	United Kingdom	12.8.2008	GBP	100	(100)	-	-	-	-	1,751,307	-	1,751,307
	(Subsidiary of Melstar Limited)			INR	7,317	(7,317)	-	-	-	-	128,145,322	-	128,145,322
5	Melstar Singapore Pte Limited	Singapore	31.3.2009	SG$	1,700,000	(2,064,710)	74	364,784	-	-	(1,645,016)	-	(1,645,016)
				INR	57,107,250	(69,358,771)	2,486	12,254,007	-	-	(55,260,200)	-	(55,260,200)

Notes:

1 None of the above Subsidiaries has proposed any dividend.

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

3 Indian Rupee equivalent figures have been arrived at by applying the year end inter-bank Exchange Rate: (a) 1US$ = Rs.50.9725, (b) 1GBP = Rs.73.17125, (c) 1SG$ = Rs.33.5925

* Linkhand Support Limited, a 100% subsidiary of Melstar Limited, was dissolved with effect from 12th August 2008.

By Order of the Board of Directors

Yashovardhan Birla
Chairman

S.M.Arora
Managing Director

P V R Murthy
Director

Richard D'Souza
Chief Executive Officer

Vijay Modi
Company Secretary

Mumbai, Dated : June 30, 2009

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 22nd ANNUAL GENERAL MEETING of the Company to be held at M. C. Ghia Hall, 2nd Floor, 18/20, K. Dubash Marg, Kalaghoda, Mumbai - 400 001 on Friday, the 18th September, 2009 at 3.00 p.m. and at any adjournment thereof.

Affix
Re. 1/-
Revenue
Stamp

Dated this .... day of September, 2009

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 22nd ANNUAL GENERAL MEETING of the Company being held on Friday 18th September, 2009 at M. C. Ghia Hall, 2nd Floor, 18/20, K. Dubash Marg, Kalaghoda, Mumbai - 400 001.

………….. ……………………………………………………......

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

- **Business / System Analysis**
- **System Design**
- **Application Development**
- **Production Support & Maintenance**
- **Application Technology Support**
- **Application Consulting**

Quality Policy

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

Book - Post

If undelivered, please return to :

MELSTAR
An Application Management Company

Regd. & Corporate Office :
Melstar House, G-4, MIDC Cross Road "A", Andheri (East), Mumbai - 400 093