



Twinstar Industries Ltd.
(Formerly Known As Twinstar Software Exports Ltd.)

15th Annual Report
2008-2009



BOARD OF DIRECTORS

Mr. D. S. Mehta	Managing Director
Mr. Nirmal Jain	Director
Mr. Yogesh Wadhwa	Director
Mr. K. S. Mehta	Director

AUDITORS

M/s. N. K. Jalan & Co.
Chartered Accountants
Mumbai

BANKERS

Bank of Baroda

SHARE TRANSFER AGENT

Sharex Dynamic (India) Pvt. Ltd.
Unit No. 1, Luthra Ind. Premises,
Andheri - Kurla Road,
Safed Pool, Andheri (E),
Mumbai - 400 072.
Tel. : 2851606, Fax : 28512885

REGISTERED OFFICE

Plot No. EL-178,
TTC MIDC Indl. Area,
Mahape, Navi Mumbai - 400 701.

NOTICE

NOTICE is hereby given that the 15th Annual General Meeting of TWINSTAR INDUSTRIES LIMITED will be held on Wednesday, the 30th day of September, 2009 at 9.00 a.m. at the Registered Office at Plot No. EL-178, TTC MIDC Indl. Area, Mahape, Navi Mumbai - 400 701, to transact the following business:

AS ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2009 and the Profit and Loss Account for the year ended as on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Nirmal Jain, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration

SPECIAL BUSINESS:

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

"RESOLVED THAT in terms of Section 269 read with Section 198, 309, 310, 316(4) and Schedule XIII of the Companies Act, 1956 ("the Act"), consent of the members be and is hereby accorded to re-appoint Mr. D. S. Mehta as Managing Director of the Company for a period of three years with effect from 28th September 2009 to 27th September, 2012 and for payment of remuneration to Mr. D. S. Mehta as detailed herein below:

- a) Salary Rs.2,00,000 per month.
- b) Commission: As may be determined by the Board from year to year, subject to the applicable provisions of the Companies Act, 1956.
- c) Perquisites:
Medical Reimbursement: Expenses incurred for Mr. D. S. Mehta and his family, subject to a ceiling of one month's salary in a year or three months' salary over a period of three years.

Leave Travel Concession: For Mr. D. S. Mehta and his family once in a year incurred in accordance with the Rules specified by the Company.

Club Fees: Subject to maximum of two clubs. This will not include admission and life membership fees.

Personal Accident Insurance: Premium not to exceed Rs.4000/- per annum.

For the purpose of this Category, family means the spouse, the dependent children and dependent parents of Mr. D. S. Mehta.

Contribution to Provident Fund, Superannuation Fund or Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income-tax Act 1961.



Gratuity not exceeding half a month's salary for each completed year of service. Past service of Mr. D. S. Mehta shall be taken into account for the purpose of calculating gratuity.

Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on Perquisites.

Free use of car with driver for the Company's business, all the expenditure in connection therewith being borne by the Company and free telephone and computer facilities at the residence.

Mr. D. S. Mehta shall be entitled to one month's privilege leave on full pay for every eleven months' service.

Mr. D. S. Mehta shall be entitled to reimbursement of all or any expenditure actually and properly incurred for Company's business. He shall not be entitled to any sitting fee for attending meetings of the Board of Directors' or Committees thereof.

Subject to the superintendence and control of the Board of Directors of the Company, Mr. D. S. Mehta shall be responsible for the day to day management of the Company and shall carry out such duties as may be entrusted to him by the Board of Directors.

The appointment may be terminated by either party giving to the other party, three months' notice in writing.

Compensation for loss of office in case of any termination before 27th September 2012 would be payable to Mr. D. S. Mehta as per the provisions of the Companies Act, 1956.

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take such steps as may be necessary, to give effect to this resolution and to accept the terms and conditions for appointment and remuneration payable to Mr. D. S. Mehta as Managing Director of the Company as may be specified by the Central Government while granting the approval and to modify the terms and conditions accordingly."

Explanatory Statement Pursuant to Section 173(2) of the Companies Act, 1956

The present term of appointment of Mr. D. S. Mehta expired on 27th September, 2009. The Board of Directors feels that for the sake of continuity of present management and efficient running of the Company, services of Mr. D. S. Mehta must be available to the Company.

Accordingly the Board of Directors, after taking into consideration the financial position of the Company, trends in the industries, Mr. D. S. Mehta's past performance and past remuneration packages of Managerial personnel in the same industries, at their meeting held on 29th August 2009 reappointed Mr. D. S. Mehta as Managing Director of the company for a period of three years w.e.f. 28th September 2009, subject to approval of members of the Company and in accordance with Section 269 read with Section 198, 309, 310, 316(4) and Schedule XIII of the Companies Act, 1956.

For the proper functioning of our Company, it is desirable to re-appoint Mr. D. S. Mehta as the Managing Director of the Company pursuant to the provisions of Section 269 read with Section 316 of the Companies Act, 1956.

Mr. D. S. Mehta by qualification is F.C.A..

In accordance with the provisions of Section 198,269,309,310,316 and Schedule XIII of the Companies Act, 1956, the particulars as prescribed therein are enclosed and the approval of the shareholders is sought for reappointment and for remuneration of Mr. D. S. Mehta as Managing Director w.e.f. 28th September,2009 upto 26th September 2012.

The aforesaid terms of remunerations have been set out in the 'Managing Director Agreement' executed between the Company and Mr. D. S. Mehta. The Managing Director Agreement also provides for the mutual rights and obligations of the parties and stipulations relating to its termination in certain circumstances.

Mr. D. S. Mehta is concerned or interested to the extent of the revised remuneration proposed in the aforesaid resolution.

Registered Office:

Plot No. EL-178,
TTC MIDC Indl. Area,
Mahape,
Navi Mumbai - 400 701
Date: 26th August 2008

For and on behalf of the Board
Twinstar Industries Ltd.

Managing Director

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. A form of proxy is attached to this notice. Any member appointing a proxy must do so by sending the duly executed instrument of proxy and deliver it to the Registered Office of the Company not less than 48 hours before the date and time of the meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 25th September, 2009 to 30th September, 2009 (both days inclusive).
4. Members are requested to bring their copy of Annual Report along with them to the Annual General Meeting.
5. Members are requested to send their queries at least 7 days before the meeting to the Registered Office of the Company so that information required by the Members may be made available at the Meeting.



REPORT OF THE DIRECTORS

TO THE MEMBERS:

The Directors present herewith their Fourteenth Annual Report and Audited Accounts for the year ended 31st March, 2009.

FINANCIAL RESULTS:

The table given herein below set out salient features pertaining to the working of the Company during the year under review.

(Rupees in Lacs)

	2008-09	2007-08
Particulars		
Sales and Services	906.82	823.32
Other Income	0.26	466.49
Profit/(Loss) before interest and depreciation	27.35	277.71
Less: Financial Expenses	0.00	0.00
Less: Depreciation	17.99	16.33
Net Profit/ (Loss) before Tax	9.35	294.07
Net Profit/ (Loss) after Tax	9.35	294.07
Add : Deferred tax	0.00	0.00
Add: Profit/ (Loss) brought forward	(-)333.20	(-)627.13
Add: Short Provision of Income Tax	0.00	0.00
Balance of Profit carried to Balance Sheet	(-)321.81	(-)333.08

OPERATIONS AND OVERALL PERFORMANCES:

During the year the total income of the Company is Rs 907.81 Lakhs against Rs. 1290.08 Lakhs in the previous year. The Company has been undergoing working financial crunch for last five years and non availability of working capital funds has affected the current business.

DIVIDEND:

With a view to consolidating the financial position, your Directors do not recommend any dividend for the year under review.

TWINSTAR SOFTWARE INC.:

Twinstar Software Inc. is a 100% subsidiary of the Company incorporated under the Laws of California State, USA. The main object of the subsidiary is to work as a marketing window for the Company. It is engaged in marketing the Company's products and services, which in turn will accelerate the Company's growth. Business activities of the subsidiary during the year under review have been sluggish due to Slowdown in USA.

Pursuant to the provisions of Section 212 of the Companies Act, 1956, financial statements of the subsidiary are annexed hereto.

ACCOUNTING STANDARDS:

The Institute of Chartered Accountants of India has introduced the various Accounting Standards in the year under review, to make the financial statements and disclosures in line with the international accounting practices and disclosures. Most of these "Accounting Standards" are mandatory in nature and the Company has incorporated them in the accounts accordingly.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

Industry Structure and Development:

The Company is diversifying into activities other than I.T business. The company will be focusing on commodity exports, jewellery exports and trading. This is being done to encash the contacts and connections built in the international market over a period of time. The company has also changed its name in order to identify itself with all its new objectives. The I.T business will remain with the company as one of its divisions.

Industry Overlook:

The Information Technology sector is going to be in demand in long term. Industry dynamics are changing. USA have been a big market as they are looking at cost cutting for their day to day operations which would yield further business to India. Therefore focus on IT enabled services would yield benefits including employment generations and foreign exchange earnings.

Opportunity and Threats:

TSI has now undertaken a new line of activity i.e. business process outsourcing with its large infrastructure at Navi Mumbai. The presence in international market and relationship with large corporate houses in the world would bring good opportunity especially today when 'outsourcing' is becoming a good solution for large corporate houses in world market.

The overseas labour union resistance may pose threat to profitability.

Future Outlook:

As far as I.T business is concerned, the market is not encouraging for the time being mainly because of the US economy. The company has taken up new objects and agendas which are very promising.

Operational and Financial Performance:

The summarized performance of TSEL was as under:

	(Rs. in Lakhs)	
	2008-2009	2007-2008
Sales	906.82	823.32
Others	0.26	466.49
EBIDT	9.35	294.07

Human Resources and Industrial Relations:

Despite uncertainties prevailing during the year under review on account of sluggish market condition, the management was able to ensure high morale of the employees and medical transcriptionists.

Internal Control System:

The Company has very effective control system covering both accounting and administrative controls. The internal audit carries out audit tests and report on non-compliance / weaknesses if any, through internal audit reports. These reports are reviewed by the Management Committee and subsequently by the Audit Committee of the Board.

DIVIDEND:

With a view to consolidating the financial position, your Directors do not recommend any dividend for the year under review.

DEPOSITS:

The Company has not accepted any deposit from the public during the year under review and, as such, there are no outstanding deposits in terms of the Companies (Acceptance of Deposits) Rules, 1975.

DIRECTORS:

Mr. Nirmal Jain, Director retires by rotation and being eligible offers himself for reappointment. Your Directors recommend his re-appointment.

DIRECTORS' RESPONSIBILITIES STATEMENT:

Pursuant to section 217(2AA) of the Companies Act, 1956 your Directors confirm that:

- i) In preparation of annual accounts for the year ended 31st March, 2009 the Company has followed the applicable accounting standards with proper explanation relating to materials departures, if any;
- ii) The Directors have selected such accounting policies and applied them consistently and made estimates prudently and reasonably so as to give a true and fair view of the state of affairs of the Company as on 31st March, 2009 and of the profit and loss of the Company for the year under review;



- iii) Proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with applicable provisions of the Companies Act, 1956, for safeguarding the assets of the Company and preventing fraud and other irregularities;
- iv) The annual accounts have been prepared on a going concern basis.

AUDITORS:

M/s. N. K. Jalan, Chartered Accountants, will retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer them for re-appointment. They have furnished a certificate to the effect that the proposed re-appointment, if made, will be accordance with Section 224(1B) of the Companies Act, 1956. The Members are requested to appoint them and authorise the Board to fix their remuneration.

AUDITORS' REMARKS:

The observations made in the Auditors' Report and Notes to Accounts are self-explanatory and, therefore, do not call for any further comments or explanations.

CORPORATE GOVERNANCE:

A separate report on Corporate Governance is produced as part of the Annual Report along with the Auditor's Certificate on it's compliance.

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

Information required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 is given in Annexure forming part of this Report.

PERSONNEL:

The Board wishes to place on record its appreciation of all the employees of the Company for their sustained efforts and immense contribution to the performance during the year under review. A climate of harmonious industrial relations prevailed throughout the year.

INFORMATION UNDER SECTION 217 (2A) (PARTICULARS OF EMPLOYEES):

No employee is drawing the remuneration exceeding the specified limit prescribed u/s. 217 (2A) of the Companies Act, 1956 (Particulars of Employees) Rules, 1975.

ACKNOWLEDGEMENTS:

Your Directors place on record their appreciation for the continued assistance and co-operation extended to the Company by Financial Institutions and Banks.

Your Directors also place on record their appreciation of the confidence reposed and continued support extended by the members to the management.

For and on behalf of the Board

Place: Mumbai
Dated: 30th July 2009

(D.S. Mehta)
Managing Director

(K.S. Mehta)
Director

ANNEXURE TO THE DIRECTORS' REPORT AS REQUIRED UNDER SECTION 217 (1) (e):

In terms of section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosures of Particulars in the Report of the Board of Directors) Rules, 1988, the relevant information is given below :

(A) CONSERVATION OF ENERGY :

The Company's operations involve low energy consumption. Wherever possible energy conservation measures have been implemented and there are no major areas where further energy conservation measures can be taken. However, efforts to conserve and optimize the use of energy through improved operational methods and other means will continue.

(B) TECHNOLOGY ABSORPTION, RESEARCH & DEVELOPMENT (R & D):

Research and Development continues to be given high priority. The Company plans to expand its product range to meet emerging market needs. The Company also plans to develop methodologies and tools to further improve productivity in addition to carrying out R&D work in certain areas like local software development and IT enabled services.

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO :

(Rupees in Lacs)

	Current Year	Previous Year
1. Foreign Exchange Earnings:	Rs. NIL	NIL
2. Foreign Exchange Outgo:	Rs. NIL	NIL

For and on behalf of the Board

Place: Mumbai
Dated: 30th July 2009

(D.S. Mehta)
Managing Director

(K.S. Mehta)
Director

AUDITOR'S CERTIFICATE

To,

The Members of Twinstar Industries Ltd.

We have examined the compliance of conditions of Corporate Governance by Twinstar Industries Ltd. for the year ended 31st March 2009 as stipulated in clause 49 of the Listing Agreement of the said Company with 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 financial statements of the Company.

In our opinion and to the best of our 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 the above mentioned Listing Agreement.

We state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the investors Grievance Committee.

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

FOR N. K. JALAN & CO.
CHARTERED ACCOUNTANTS

(N.K. JALAN)
Proprietor

Place: Mumbai
Date: 30th July 2009



REPORT ON CORPORATE GOVERNANCE

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

The Company aims at attainment of the highest levels of Corporate Governance with transparency and accountability in its actions and operations and to become good corporate citizen.

BOARD OF DIRECTORS:

The Board consists of Mr. D.S. Mehta, Managing Director

Mr. K.S. Mehta, Non -Executive Directors of the Company.

Mr. Nirmal Jain and Mr. Yogesh Wadhwa are independent Non-Executive Director

During the year under review, 6 (Six) Board Meeting were held. The dates on which the meetings were held were as follows:-

30th April 2008, 30th July 2008, 20th August 2008, 31st October, 2008, and 31st January 2009.

The composition of the Board of Directors and attendance of the Directors at the Board Meetings during the year and at the last Annual General Meeting as also number of other directorships in Indian Public Limited Companies are as follows :-

Name of the Director	Category	Designation	Financial Year 2008-2009 Attendance At		
			Board Meetings	Last AGM	No. of other Director Ships
Mr. D. S. Mehta	Promoter / Executive Director	Managing Director	5	Yes	-
Mr. K.S. Mehta	Promoter / Non- Executive Director	Director	5	No	-
Mr. Yogesh Wadhwa	Independent Non-Executive Director	Director	2	Yes	1
Mr. Nirmal Jain	Independent Non-Executive Director	Director	5	No	-

AUDIT COMMITTEE:

The Company has already constituted an Audit Committee comprises of 3 Non-executive Director.

Mr. Nirmal Jain	Chairman	Independent Director
Mr. Kailash Mehta	Director	Non-Executive Director
Mr. Yogesh Wadhwa	Director	Independent Director

Terms of reference:

Apart from all the matters provided in clause 49 of the Listing Agreement and section 292A of the Companies Act, 1956, the committee reviews reports of the internal Audit Department, meet statutory auditors periodically and discusses their findings, suggestions, internal control systems, scope of audit, observations of the auditors and other related matters and reviews major accounting policies followed by the company.

The Committee meets every quarter when Board meets to finalize quarterly unaudited results. A meeting of the Audit Committee is also held to review the audited financial results of the Company before the said results approved by the Board of Directors.

The Committee has met 5 times during the financial year ended 31st March 2009 on 30th April 2008, 30th July 2008, 20th August 2008, 31st October 2008 and 31st January 2009

INVESTORS GRIEVANCE COMMITTEE:

The Company has constituted the committee comprising of Mr. Kailash Mehta and Mr. Nirmal Jain, Non-Executive Directors and Mr. D.S. Mehta, Managing Director.

The Committee oversees the performance of the Registrar and Transfer Agents and recommends measures to improve the level of investor services.

The Committee has been formed to approve the matter relating to transfer of shares, issue of duplicate share certificate, review and redressal of investors' grievances and other allied matters.

The Company meets fortnightly for the approval of the share transfers/issue of duplicate shares/replacements etc.

The total numbers of complaints received and replied to the satisfaction of the shareholders during the year are as follows:-

Description	Received	Replied
Consumer Forum	Nil	Nil
Stock Exchanges	Nil	Nil
SEBI Complaints	Nil	Nil-
Legal Notice	Nil	Nil
Miscellaneous	1	1

REMUNERATION POLICY:

The Company's remuneration policy aims at attracting high calibre talent by taking into account the talent market, national and international remuneration trends and the competitive requirements of each of its business. The remuneration of employees largely consists of salary and perquisites. The components of the total remuneration vary for different cadres, and are governed by industry pattern, qualification and experience of the employee, responsibilities and individual performance.

Remuneration to Director:

The remuneration of director in all cases is decided by the Board subject to necessary approval of shareholders and other applicable approvals, if any save and except Mr. D.S. Mehta, Managing Director, no other Director is drawing remuneration.

During the year, Mr. D. S. Mehta, Managing Director has been paid aggregate remuneration of Rs. Nil by way of Salary and Remuneration.

All the Directors except Managing Director are in receipt of sitting fees of Rs. 1000/- per meeting attended by them. This is as per the Articles of Association of the Company.

GENERAL BODY MEETING:

The last three Annual General Meetings of the Company were held as under:

Financial Year	Date	Time	Location
2008-2009 Mumbai	30.09.2009	09.00 a.m.	Registered Office: Plot No. EL-178, Mahape, Navi
2006-2007 Mumbai	29.06.2007	09.00 a.m.	Registered Office: Plot No. EL-178, Mahape, Navi
2005-2006 Mumbai	30.09.2006	09.00 a.m.	Registered Office: Plot No. EL-178, Mahape, Navi

DISCLOSURES:**Disclosures regarding materially significant related party transactions:**

Their are no materially significant transactions during the year with the related parties viz. promoters, directors or the management, their subsidiaries or relatives etc. that may have a conflict with the interest of the Company at large.

Disclosure of non-compliance by the Company:

No penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any Statutory Authority on any matter related to Capital Markets for non-compliance by the Company.

Code of conduct



The company has laid down a "Code of Conduct" for the members of the Board of Directors and the Senior Management. All Board members have affirmed compliance with the code for the year 2008-09. A declaration to this effect signed by the Managing Director is given in this report.

MEANS OF COMMUNICATION:

The quarterly and yearly financial results, of the Company, are regularly submitted to the Stock Exchanges in accordance with the Listing Agreement. The Quarterly Results are Normally published in Navshakti and Free Press Journal

GENERAL SHAREHOLDER INFORMATION:

15th Annual General Meeting

Venue: Plot No. EL-178, TTC MIDC Indl. Area, Mahape, Navi Mumbai: 400 701.

Time: 9.00 a.m.

Date: 30th September, 2009

Financial Calendar (Tentative)

Results for quarter ended 30.06.2009	By end of July 2009
Results for quarter ending 30.09.2009	By end of October 2009
Results for quarter ending 31.12.2009	By end of January 2009
Results for quarter ending 31.03.2010	By end of April 2010

Book Closure:

25th September, 2009 to 30th September, 2009 (both days inclusive).

Dividend Payment Date:

The company has not declared any dividend.

Listing on Stock Exchanges and Stock Codes:

The names and addresses of the stock exchanges at which the equity shares of the Company are listed and the respective stock codes are as under:

Sr. No.	Name of the Stock Exchange	Stock Code
1	BSE, Phiroze Jeejeebhoy Towers, 25th Floor, Dalal Street, Mumbai : 400 001	31917
2.	Stock Exchange - Ahmedabad, Kamdhenu Complex, Panjara Pole, Ahmedabad - 380 015	61860
3.	Bangalore Stock Exchange Ltd., Stock Exchange Towers, 1st Cross, J.C. Road, Bangalore - 560 027	TSEL

Market Price Data:

High/Low of market price of the Company's equity shares traded on BSE during the last financial year was as follows:

Month	BSE	
	High	Low
April 2008	3.10	2.40
May 2008	3.20	2.53
June 2008	2.94	1.95
July 2008	2.80	1.70
August 2008	3.02	2.01
September 2008	4.38	1.96
October 2008	3.90	2.37
November 2008	2.65	1.48
December 2008	1.78	1.36
January 2009	2.49	1.74
February 2009	4.26	2.36
March 2009	5.00	3.81

Registrar and Transfer Agent:

Registrar and Transfer Agents (share transfer and communication regarding share certificates and change of address)

Sharex Dynamic (India) Pvt. Ltd.

Branch off. :

Unit No. 1, Luthra Ind. Premises,
Andheri - Kurla Road,
Safed Pool, Andheri (E),
Mumbai - 400 072

Share Transfer System:

Share transfer request are registered within an average period of 15 to 30 days from the date of receipt.

Distribution of Shareholding:

Distribution of Shareholding as on 31st March 2009 was as under;

No. of Shares Held Value	No. of Shareholders		Share Amount	
	Total	% of Total	Total	% of Total
Up to - 5000	7360	72.48	16604300.00	9.49
5001 - 10000	1397	13.76	12356530.00	7.06
10001 - 20000	638	6.28	10568960.00	6.04
20001 - 30000	208	2.05	5426120.00	3.10
30001 - 40000	97	0.96	3555640.00	2.03
40001 - 50000	130	1.28	6327530.00	3.62
50001 - 100000	163	1.61	12485230.00	7.13
100001 and Above	161	1.59	107675690.00	61.53
Total	10154	100.00	175000000.00	100.00

Dematerialisation of Shares:

The shares of the Company fall under the category of compulsory delivery in dematerialized mode by all categories of investors as per the notification issued by the Securities Exchange Board of India and are actively traded on the Bombay Stock Exchange. As on 31st March, 2009, 8864584 original Equity Shares of Rs. 10/- each were in dematerialised form with NSDL and 3484016 original Equity Shares of Rs. 10/- each were in dematerialised form with CDSL constituting 50.66 % and 19.91% respectively of the paid-up capital.

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

Not Applicable

Location of the Plants:

Software Development Centre at Plot No. EL-178, TTC MIDC Indl. Area, Electronic Zone, Mahape, Navi Mumbai: 400 701.

Investor Correspondence:

For transfer/ dematerialisation of shares and any other query relating to the shares of the Company.

Sharex Dynamic (India) Pvt. Ltd.

Unit No. 1, Luthra Ind. Premises,
Andheri - Kurla Road,
Safed Pool, Andheri (E),
Mumbai - 400 072
Tel : 28515606, Fax : 28512885

Any query on Annual Report

Twinstar Industries Ltd.

Plot No. EL - 178, TTC MIDC Indl. Area,
Electronic Zone, Mahape, Navi Mumbai: 400 701.



N. K. JALAN & CO
Chartered Accountants,

2-A, Mayur Apartments,
Dadabhai Cross Road No.3,
Vile Parle (West),
Mumbai – 400 056.
Off : 26714104/26234104
fax : 26231209

AUDITORS' REPORT

TO,
THE MEMBERS OF
TWINSTAR SOFTWARE EXPORTS LTD.,

We have audited the attached Balance Sheet of Twinstar Industries Ltd. for the year ended 31st March, 2009 and also the Profit & Loss Account 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 statements on our audit.

We have 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 materials misstatement. An audit includes examining. On a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditors Report) Order, 2003 issued by the Central Government of India in terms of Sub Section 4A of Section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matter specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the annexure referred to in paragraph 1 above, we report that :

- i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- ii) In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of the books;
- iii) The Balance Sheet and the Profit & Loss Account dealt with by this report are in agreement with the books of account;
- iv) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956; to the extent applicable.
- v) On the basis of 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;
- vi) 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 true and fair view in conformity with the accounting principles generally accepted in India;
 - a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009, and
 - b) in the case of the Profit & Loss Account, of the profit of the Company for the year ended on that date.

N.K. JALAN & CO.
Chartered Accountants

(N. K. Jalan) Proprietor
Membership No.11878

Mumbai
Dated : 30th July 2009

ANNEXURE TO THE AUDITORS REPORT
(Referred to in Paragraph 1 of our report of even date)

1. (a) The Company has maintained proper records showing full particular including quantitative details and situation of fixed assets.
- (b) All the assets have not been physically verified by us during the year, but there is a regular program of verification by the management, which in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) During the year, the company has not disposed off the plant and machinery.
2. There is no inventory and hence clause 2(a)(b)(c) is not applicable.
3. (a) The company had not taken loan from any party covered in the register maintained under section 301 of the companies Act, 1956. The company has not granted any loans.
- (b) In our opinion, the rate of interest and other terms and conditions on which loans have been taken from/granted to companies, firms or other parties listed in register maintained under section 301 of the Companies Act, 1956 are not prima facie, prejudicial to the interest of the company.
- (c) There is no overdue loan from directors or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
4. According to the information and explanation given to us, there are adequate internal Control procedure commensurate with the size of company and nature of business.
5. (a) According to the information and the explanation given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, there are no transactions made in pursuance of contracts or arrangements.
6. The Company has not accepted any public deposits, hence provision of this clause is not applicable.
7. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
8. The Company is not required to maintain cost records u/s 209(1)(d) of the companies Act, 1956. Accordingly the provision of clause 4(viii) of the order 2003 is not applicable to this company.
9. (a) The company is regular in depositing with appropriate authority Undisputed statutory dues including provident fund, employees state insurance, wealth tax, custom duty, excise duty and other statutory dues applicable to it except income tax, sales tax and property tax.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of wealth tax, customs duty, excise duty were in arrears except property tax of Rs.28,77,168/- Profession Tax of Rs.1400/- and Income tax of Rs.3,16,582.16 as at 31st March, 2009 for a period of more than 6 months from the date they became payable.
- (c) According to the information and explanations given to us, there are no dues of custom duty, income tax, wealth tax, excise duty and cess except sales tax, which have not been deposited on account of any dispute.
- (d) The company has w/off excess TDS provision from a.y. 2003-04 to a.y. 2006-07 to the extent of Rs. 511888/-.
- (e) The company has w/off excess sales tax provision to the extent of Rs. 60976/- and sundry balances to the extent of Rs. 505/-.
- (f) The company has w/off advance paid to creditors to the extent of Rs. 370000/-.
- (g) The net effect of the above items has been shown as Sundry Balances w/off in Profit & Loss Appropriation A/c.
10. The company is registered for a period of more than 5 years. It has not accumulated losses of more than 50% of the net worth. The company has incurred cash losses in the financial year and in financial year immediately proceeding the financial year.
11. In our opinion and according to the information and explanations given to us, there is no term loan outstanding as on the year ended 31st March, 2009.
12. The company has not granted any advances in the nature to loans on the basis of security by way of pledge of shares or other securities.
13. In our opinion, the company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xii) of the companies (Auditor's Report) Orders, 2003 is not applicable to this company.
14. In our opinion, the company is not dealing in or trading in share, securities, debentures and other investments; hence, the clause (xiv) of the order is not applicable.
15. In our opinion, the company has not given any guarantees for loans taken by others from banks or financial institutions. Hence, the clause (xv) of the order is not applicable.
16. The company has not raised any term loans during the year.
17. According to the informations and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for long term investment. However, long term funds have been used to meet short term working capital requirement.
18. The company has not made any preferential allotment of shares during the year.
19. During the period covered by our audit, the company has not issued any debentures. Hence, the clause (xix) of the Order is not applicable.
20. The company has not raised any money from public issue during the period covered by our audit. Accordingly, the provisions of clause 4 (xx) of the Order, 2004 is not applicable to this company.
21. Accordingly to the information and explanations given to us, no fraud on or by the company has been noticed during the course of our audit.

N.K. JALAN & CO.
Chartered Accountants

N. K. Jalan
Proprietor Mumbai,

**Balance Sheet As on 31st March, 2009**

Particulars	Sch.	As on 31/03/2009		As on 31/03/2008	
		Rs. (in lakhs)	Rs. (in lakhs)	Rs. (in lakhs)	Rs. (in lakhs)
Sources of Funds					
Capital	A		174,602,360		174,602,360
Reserve & Surplus	B		19,837,000		19,837,000
Secured Loans	C	73,420	73,420	112,330	112,330
Total			<u>194,512,780</u>		<u>194,551,690</u>
Application of Funds					
Fixed Assets	D				
a. Gross Block		143,979,022		143,944,032	
b. Less: Depreciation		121,689,114		119,889,522	
c. Net Block		22,289,908		24,054,510	
d. Capital Work-In-Progress		<u>0</u>	22,289,908	<u>0</u>	24,054,510
Investments	E		3,994,500		3,994,500
Current Assets, Loans & Advances	F				
Sundry Debtors		95,451,169		162,055,168	
Cash & Bank Balances		716,845		371,013	
Loans & Advances		<u>63,542,450</u>		<u>65,721,302</u>	
		159,710,464		228,147,482	
Less : Current Liabilities & Provisions	G				
Current Liabilities		23,651,741		94,953,718	
Provisions		<u>12,000</u>		<u>12,000</u>	
		23,663,741	136,046,723	94,965,718	133,181,764
Miscellaneous Expenditure			32,181,649		33,320,916
Profit & Loss A/c					
Notes To Accounts	L				
Total			<u>194,512,780</u>		<u>194,551,690</u>

As per our Report of Even Date

For N. K. JALAN & CO.
CHARTERED ACCOUNTANTS

For TWINSTAR SOFTWARE EXPORTS LTD.

N K JALAN
PROPRIETORD. S. MEHTA
DIRECTORK. S. MEHTA
DIRECTORMem. No. 11878
Place : MUMBAI
Date : 30th July 2009Place : MUMBAI
Date : 30th July 2009

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

Particulars	Sch.	For the year ended 31/03/2009		For the year ended 31/03/2008	
		Rs. (in lakhs)	Rs. (in lakhs)	Rs. (in lakhs)	Rs. (in lakhs)
Income					
Sales	H	90,682,146		82,366,218	
Other Income	I	26,070	90,708,216	46,641,946	129,008,164
Expenditure					
Cost of Materials	J	85,364,588		77,512,868	
Administrative & Other Expenses	K	2,608,138		20,457,088	
Depreciation		1,799,592	89,772,318	1,633,440	99,603,396
Net Profit Before Tax			935,898		29,404,768
Less : Provision for Fringe Benefit Tax			0		-12,000
			935,898		29,392,768
Add/Less : Profit / Loss of Previous Year			-33,320,916		-62,713,684
			-32,385,018		-33,320,916
Short Provision of Income Tax			203,369		0
Net Profit after tax transferred to Balance Sheet			-32,181,649		-33,320,916

As per our Report of Even Date

For N. K. JALAN & CO.
CHARTERED ACCOUNTANTS

For TWINSTAR SOFTWARE EXPORTS LTD

N K JALAN
PROPRIETOR

D. S. MEHTA
DIRECTOR

K. S. MEHTA
DIRECTOR

Mem. No. 11878
 Place : MUMBAI
 Date : 30th July 2009

Place : MUMBAI
 Date : 30th July 2009

**Schedules Annexed to and forming part of Balance Sheet as on 31/03/2009****Schedule A : Share Capital****Rs. (in lakhs)**

Particulars	31/03/2009	31/03/2008
<u>Authorised Share Capital</u>		
17500000 Shares of Rs.10 Each/-	175,000,000	175,000,000
	175,000,000	175,000,000
<u>Issued Subscribed and paid up Capital</u>		
17460236 Equity Share of Rs.10 each.	174,602,360	174,602,360
(P.Y.15952550 equity shares of Rs.10/-)	174,602,360	174,602,360
	174,602,360	174,602,360
Total Share Capital	174,602,360	174,602,360

Schedule B : Reserves & Surplus**Rs. (in lakhs)**

Particulars	31/03/2009	31/03/2008
General Reserve	19,837,000	19,837,000
	19,837,000	19,837,000

Schedule C : Reserves & Surplus**Rs. (in lakhs)**

Particulars	31/03/2009	31/03/2008
Secured Loans - From Others		
Car loan from finance companies	73,420	112,330
	73,420	112,330

Note :

Secured by hypothecation of car and personal guarantee of directors.

Schedules Annexed to and forming part of Balance Sheet as on 31/03/2009**Schedule D : Fixed Assets****Rs. (in lakhs)**

Particulars	Rate of Depn.	GROSS BLOCK			DEPRECIATION				NET BLOCK		
		Op. as on 01/04/2008	Additions	Deduction	Cost as on 31/03/2009	Op. as on 01/04/2008	for the year	Deductions	Cost as on 31/03/2009	As on 31/03/2009	As on 31/03/2008
LEASEHOLD LAND	0.00	5013214	0	0	5013214	0	0	0	0	5013214	5013214
BUILDING	3.34	15461464	0	0	15461464	4492184	516413	0	5008597	10452867	10969280
FURNITURE & FIXTURES	6.33	6781296	0	0	6781296	3904528	429256	0	4333784	2447512	2876768
VEHICLES	9.50	2837746	0	0	2837746	2481238	269586	0	2750824	86922	356508
COMPUTER EQUIPMENTS	16.21	106900237	0	0	106900237	106819865	19279	0	106839144	61093	80372
OFFICE EQUIPMENT	4.75	540319	0	0	540319	257047	25665	0	276712	263607	289272
DIESEL GENERATING SET	4.75	376578	0	0	376578	197149	17887	0	215036	161542	179429
U.P.S SYSTEM	4.75	1019340	0	0	1019340	430568	48418	0	478986	540354	588772
AIR CONDITIONER	4.75	1060418	0	0	1060418	410144	50369	0	460513	599905	650274
ELECTRIC INSTALLATION	4.75	1903420	0	0	1903420	736646	90412	0	827058	1076362	1166774
COMPUTER & HARDWARE	16.21	2050000	0	0	2050000	166153	332307	0	498460	1551540	1883847
LCD TV	0.00	0	34990	0	34990	0	0	0	0	34990	0
		143944032	34990	0	143979022	119889522	1799592	0	121689114	22289908	24054510
Total		143944032	2050000	0	143944032	118256082	1633440	0	119889522	24054510	23637950

Schedule E : Investments**Rs. (in lakhs)**

Particulars	31/03/2009	31/03/2008
Investment in Twinstar software Inc.	3,994,500 3,664,500	3,994,500 3,994,500
Total Investments	3,994,500	3,994,500

Schedule F : Current Assets, Loans & Advances**Rs. (in lakhs)**

Particulars	31/03/2009	31/03/2008
Current Assets		
Cash & Bank Balances		
Cash balance on hand	697,030	15,585
	697,030	15,585
Bank Balance with Scheduled Banks		
- On Current Accounts	19,815	355,427
	19,815	355,427
	716,845	371,013
Sundry Debtors		
O/S for more than six months Other Debtors	95,451,196 95,451,169	162,055,168 162,055,168
Total Current Assets	96,168,014	162,426,180
Loans & Advances		
Unsecured Considered Good		
Advance recoverable in cash or in kind or for value to be received	58,141,568	59,140,920
Deposits	299,696	299,696
Other Loans and Advances	4,981,743	6,161,243
Payments of Taxes	119,443	119,443
	63,542,450	65,721,302



Schedule G : Current Liabilities & Provisions

Rs. (in lakhs)

Particulars	31/03/2009	31/03/2008
Current Liabilities		
Sundry Creditors - Others	18,349,426	91,581,645
Other Liabilities	<u>5,302,315</u>	<u>3,372,073</u>
	23,651,741	94,953,718
Provisions		
Provision for Taxation	<u>12,000</u>	<u>12,000</u>
Other Provisions	<u>12,000</u>	<u>12,000</u>
	23,663,741	94,965,718

Schedule H : Sales

Rs. (in lakhs)

Particulars	31/03/2009	31/03/2008
Sales & Services	15,000,000	69,067,286
Sales & Services (Bangalore)	<u>75,682,146</u>	<u>13,298,932</u>
	90,682,146	82,366,218

Schedule I : Other Income

Rs. (in lakhs)

Particulars	31/03/2009	31/03/2008
Interest on IDBI loan W/Off	0	46,641,946
Income Tax Refund 98-99	<u>26,070</u>	<u>0</u>
	26,070	46,641,946

Schedule J : Cost of Materials

Rs. (in lakhs)

Particulars	31/03/2009	31/03/2008
Cost of Goods Sold		
Purchases		
Purchases	<u>83,835,838</u>	<u>0</u>
	83,835,838	0
Purchases (Bangalore)		
Purchases	<u>0</u>	<u>69,514,718</u>
	0	69,514,718
Software Development Charges		
Purchases	<u>1,528,750</u>	<u>7,998,150</u>
	1,528,750	7,998,150
Total Cost of Goods Sold	<u>85,364,588</u>	<u>77,512,868</u>

Schedule K : Administrative & Other Expenditure

Rs. (in lakhs)

Particulars	31/03/2009	31/03/2005
Payments to Employees		
Bonus	0	12,016
	0	12,016
Administrative Expenses		
Advertisement & Publicity	50,170	6,822
Advocate Fees	0	3,500
Audit Fees	39,284	39,284
Bad Debts	0	17,633,985
Bank Charges	9,931	57,443
Bombay Stock Exchange	0	30,150
Car Expenses	18,725	2,500
Consultancy Charges	0	14,688
Courier Charges	3,200	2,650
Electrical Charges (Navi Mumbai)	34,370	12,000
Electricity Charges	18,019	82,771
Filing Fees	0	23,500
Interest	0	12,500
Internet Fees	3,500	4,100
Listing Fees	33,251	23,995
Membership & Subscription	0	32,085
Miscellaneous Exp.	222,536	188,550
Office Expenses	18,755	20,809
Postage & Telegram	0	45
Printing & Stationery	7,972	30,283
Profession Fees	67,500	64,201
Property Tax	604,810	604,810
Recruitment Charges	0	8,427
Registrar & Transfer Charges	19,825	75,538
Registration Fees	35,543	50,000
Rent,Rates & Taxes	0	2,180
Repairs & Maintenance	2,600	0
ROC Expenses	11,236	5,446
Salary,Perquisites & Allowances	554,108	449,983
Sales Promotion	0	3,445
Security Charges	91,790	72,000
Stipend (Navi Mumbai)	222,000	243,450
Sundry Exp.	406,278	478,502
Telephone Exp.	6,019	0
Telephone Exp.	103,215	0
Traning Expenses	0	5,000
water charges	23,500	0
Xerox Charges	0	1,430
	<u>2,608,138</u>	<u>20,286,072</u>
Selling and Distribution Expenses		
Marketing Expenses	0	159,000
	0	159,000
	<u>2,608,138</u>	<u>20,457,088</u>

**Groupings to Schedules Annexed to Balance Sheet as on 31/03/2009**

	Rs.
Sundry Creditors - Others	
A T Jain & Co.	6,725
Allied Digital Services	89,416
AMI SHAH & ASSOCIATES	13,236
Bhoomi Computers Pvt. Ltd.	14,866,946
BRIGHT SECURITY SERVICES	71,713
D. S. Mehta	2,652,030
Dalmia Travels	24,070
Gussepe Rodrigues	7,862
Hemanshu Kapadia & Associates	6,357
Kabir Travels	21,609
Kala Mehta	182,700
Knight Detective & security	17,660
Namita Stokreade Pvt. Ltd.	20,100
Outstanding Liability	15,000
Radiant Finvest	110,500
Shah & Associates	15,964
Sharex Dynamci	119,651
SHREE ENTERPRISES	82,615
Sofqual Software	4,000
Virendra G. Bhatt	21,272
	<u>18,349,426</u>
Other Liabilities	
Audit Fees Payable	78,568
Income Tax payable	316,582
Profession Tax	1,400
Property TAX Payable	2,877,168
Salary payable	105,450
SERVICE TAX PAYABLE	1,844,141
TDS (A.Y.08-09)	7,480
TDS on Consultancy	8,307
TDS on Contract	2,274
TDS on Contract A.Y. 2007-08	1,620
TDS on Professional Fees	12,231
Water Charges Payable	47,094
	<u>5,302,315</u>
Other Provisions	
Provision for FBT	12,000
	<u>12,000</u>
Cash balance on hand	
Cash in Hand	697,030
	<u>697,030</u>

Groupings to Schedules Annexed to Balance Sheet as on 31/03/2009

	Rs.
On Current Accounts	
Bank of Baroda 114474	3,409
Bank of Baroda 114903	8,836
Bank of Baroda Andheri	5,000
Bank of Baroda Navi Mumbai	885
Bank of Baroda, Sir P. M. Road	686
Rajkot Nagarik Sahakari Bank	1,000
	<u>19,815</u>
Advance recoverable in cash or in kind or for value to be received	
Premdeep	3,300,000
Prepaid Expenses	25,666
S. D. News Agency	831,000
Stuti Finlease Pvt. Ltd (Advance against services)	53,500,900
VAT - 08-09	57,854
VAT - 09-10	426,148
	<u>58,141,568</u>
Payments of Taxes	
Income Tax (A. Y. 2007-08)	119,443
	<u>119,443</u>
Deposits	
Bank Guarantee	161,442
Electricity	60,709
MIDC Water	6,880
Sundry Deposits	53,145
Telephone	17,520
	<u>299,696</u>
Other Loans and Advances	
Advance to creditors	3,623,216
Interest accrued but not received	3,013
TDS (A.Y. 2002-03)	200,093
TDS (A.Y. 2004-05)	1,178
TDS (A.Y. 2005-06)	256,271
TDS Receivable A.Y. 2007-08	867,873
TDS Receivable A.Y. 2006-07	30,099
	<u>4,981,743</u>
Debtors (O/S for more than six months)	
ABM Knowledgeware Ltd.	22,051,060
Bhawal holdings Pvt. Ltd.	300,000
Broad Communications Ltd.	109,431
Cbay Systems	4,460,752
Pride Infotech Pvt. Ltd	4,203,459
Star Computer Centre	1,556,180
Trans Millenia System Inc.	7,902,094
Transmillenia (Local)	10,606,992
Twinstar Computer Pvt. Ltd.	11,906,094
Universal Infotach	32,354,842
	<u>95,451,169</u>
Advance to creditors	
Kala Exports (Advance against Purchase Order)	3,623,216
	<u>3,623,216</u>



SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

SCHEDULE 12: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

i) Basis of Accounting:

The Company follows accrual system of accounting except for interest receivable on unpaid allotment money which is accounted on cash basis. The financial statements have been prepared under historical cost convention as a going concern.

ii) Fixed Assets:

Fixed Assets are stated at cost including freight, duties, taxes and other incidental expenses incurred in relation to acquisition and installation of the same.

iii) Depreciation:

Depreciation on Fixed Assets is provided on Straight Line Method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956.

iv) Investments:

Long Term investments are stated at cost.

v) Revenue Recognition:

Revenue from Software Development is recognized based on Software developed and billed to the clients. Revenue from the sale of Software products is recognized when the sale has been completed.

vi) Miscellaneous Expenditure:

Preliminary and Public Issue Expenses have been amortized over a period of ten years.

vii) Employee Benefits:

Provision for gratuity has not been made by the Company since none of the employees of the Company are eligible for gratuity payable under The Gratuity Act. Leave encashment benefits on retirement to employees will be accounted on payment basis. There are no defined benefit in the company.

viii) Foreign Currency Transactions:

All transactions in foreign currency during the year are recorded at the rates of exchange prevailing on the dates when the relevant transactions took place. Unrealized transactions in foreign currency relating to current assets are translated into rupees at the exchange rate prevailing at the year end. The exchange gains/Losses arising out of such translations are dealt with in the Profit and Loss Account.

ix) Taxation

Income Tax expenses is accrued in accordance with AS22 'Accounting for Taxes on income' which includes current taxes and deferred taxes. Deferred income taxes reflects the impact of current year timing difference between taxable income and accounting income for the year. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available.

x) Contingent Liability:

Contingent Liability on account of Bank Guarantee of Rs.1,55,686/= (Bank guarantee given for custom bonding to the extent of bank guarantee of Rs.1,12,150/=).

2. The Company has made long term Investments in Twinstar Software Inc., U.S.A. which has set up its marketing operations in United States of America. Taking into consideration the future prospects of the said company and its potential for earnings, the management is of the opinion that there is no diminution in the value of the investment warranting a provision.

3. a) In the opinion of the Board of Directors, the Current Assets, Loans and Advances have a value on realization in the ordinary course of business, at least equal to the amount at which they are stated in the Balance Sheet.
- b) Balance of Sundry Debtors, Sundry Creditors and Loans & Advances including capital advances are subject to confirmation, reconciliation and adjustments if any.

	<u>Current Year</u>	<u>Previous Year</u>
4. Remuneration paid to Managing Director:		
Salary	-	-
5. <u>Auditors' Remuneration:</u>		
Audit Fees	Rs. 32034	Rs. 32,034
Tax Audit Fees	Rs. 7,250	Rs. 7,250
Total	Rs. 39,284	Rs. 39,284
6. Expenditure in Foreign Currency:		
Foreign Traveling	NIL	NILL
7. Earnings in Foreign Currency:		
FOB value of Exports	NIL	NILL

8. The Company being a software development unit and providing services on specific orders from clients, thus raw material and finished goods, etc. are not quantifiable. There are no openings or closing stock of goods.
9. There is no quantitative information which is required to be given under paragraphs 3 & 4 of Part II of Schedule VI of the Companies Act, 1956.
10. Disclosure of Segment Reporting under Accounting Standard 17 :

(Amount in Rupees)

For the Year Ended 31st March 2009	Exports	Local	Total
Segment Revenue	-	906.82 1290.08	906.82 1290.08
Operating Profit/Loss	-	27.35 310.38	27.35 310.38
Interest Expenses	-	-	-
Net Profit / Loss	-	-	9.35 294.04
Segment Assets	-	-	222.89
Segment Liabilities	-	-	236.63
Depreciation	-	-	17.99
Non-Cash Expenses	-	-	17.99

Notes:

The Company is organized into main two Geographical segment viz. Export Division comprising of export of software and local division comprising of Local Sales of software and back office operation.

11. Calculation of Earning Per Share (Face Value Rs, 10/- per Share) Fig in Lacs



	Year Ended 31.03.2009	Year Ended 31.03.2008
A. Net Profit/ (Loss) after Tax	9.35	294.04
B. Weighted average number of Equity Shares Basic and Diluted	1,74,60,236	1,74,60,236
C. Nominal Value of Equity Shares	10/-	10/-

12. In accordance with the Accounting standards 22 on "Accounting for Taxes on Income", (AS22) issued by the Institute of Chartered Accountant of India, deferred tax assets and liabilities should be recognized for all timing differences in accordance with the said standard. However, considering the present financial position and the requirement of the accounting standard regarding certainty/virtual certainty, the same is not provided for as an asset (net). However, the same will be reassessed at subsequent balance sheet dates and will be accounted for in the year of certainty/virtual certainty in accordance with the aforesaid accounting standard.

The tax effect of significant timing differences during the year that have resulted in deferred tax assets and liabilities are given below :

(a)	Deferred tax Liability	
	Depreciation	Rs. 45,29,626/-
		=====
	Deferred tax assets	
		Rs. 1,78,76,187/-
		=====
	Net Deferred Tax Assets (a-b)	Rs. 1,33,46,561/-
	Recognized in Balance Sheet	NIL

13. According to the information and the explanation given to us, there are no related party's transactions.
14. There is no outstanding payable to any Small Scale Industries by the Company as on 31st March, 2009
15. Previous year's figure have been regrouped and/or rearranged wherever necessary.
16. Balance Sheet Abstract and Company's General Business Profile required as per Schedule VI to the Companies Act, 1956 is annexed herewith.

For and behalf of the Board
For Twinstar Software Exports Ltd.

As per our Report of evendate.

FOR N.K.JALAN & CO.

N.K.JALAN (Proprietor)

Membership No.11878

(D.S. Mehta)
Managing Director

(K.S. Mehta)
Director

Place: Mumbai

Dated: 30th July 2009

SCHEDULE VI PART IV TO THE COMPANIES ACT, 1956

Information referred to in Note No. 9 in Accounting Policies & Notes:

Part IV Schedule VI of Companies Act, 1956 (as amended)

Balance Sheet Abstract and Company's General Business Profits.

I Registration Details**Registration No.** 079084**State Code** 11**Balance Sheet Date** 31.03.2008**II Capital Raised During the year (Amount in Rs. Thousands)****Public Issue.**

Nil

Right Issue

Nil

Bonus Issue.

Nil

Private Placement

Nil

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

194551

Total Assets

194551

Sources of Funds**Paid up Capital**

174602

Reserves & Surplus

198371

Secured loans

112

Unsecured loans

Nil

Application of Funds**Net Fixed assets**

24054

Investments

3994

Net Current Assets

133182

Misc. Expenses

0

Accumulated Losses

-33321

IV Performance of Company (Amount in Thousands)**Turnover**

129008

Total Expenditures

99603

Profit before Tax

29405

Profit After Tax

29393

(+ For Profit, - for Loss)**V Generic Name of Three Principal Products/Services of Company (as per Monetary Terms)****Item Code No. ITTC Code** N. A.**Product Description****Item Code No. ITTC Code** N. A.**Product Description****Item Code No. ITTC Code** N. A.**Product Description**



AUDITORS' REPORT

TO,
THE MEMBERS OF
TWINSTAR SOFTWARE EXPORTS LTD.,

We have examined the attached Consolidated Balance Sheet of Twinstar Software Exports Ltd. and its subsidiary Company for the year ended 31st March, 2009 and also the Consolidated Profit & Loss Account 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 statements on our audit.

We have 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 materials misstatement. An audit includes examining, On a test basis, evidence supporting the amounts and disclosures in the financial statements . An audit includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statement of subsidiary and we report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, 'Consolidated Financial Statements' issued by the Institute of Chartered Accountants if India and on the basis of the separate audited financial statement of Twinstar Industries Ltd. and its subsidiary included in the consolidated financial statements.

In our opinion and to the best of our information and according to the explanations given to us, we are of the opinion that :

- a) The Consolidated Balance Sheet give a true and fair view of the consolidated state of affairs of Twinstar Software Exports Ltd and its subsidiary as at 31st March, 2009, and
- b) The Consolidated Profit & Loss Account give a true and fair view of the consolidated state of affairs of Twinstar Software Exports Ltd and its subsidiary as at 31st March, 2009, and

N.K. JALAN & CO.

Chartered Accountants

(N. K. Jalan)

Proprietor

Mumbai,

Dated : 30 July 2009

CONSOLIDATED BALANCE SHEET AS ON 31ST MARCH, 2009

	Current Year	(Rs. in Lakhs) Previous Year
SOURCES OF FUNDS		
1. Shareholder's Funds :		
Share Capital	1,746.02	1,746.02
Reserves & Surplus	198.37	198.37
2. Loan Funds :		
Secured Loans	0.73	1.12
Unsecured Loans	0.00	0.00
TOTAL	1,945.12	1,945.51
APPLICATION OF FUNDS		
1. Fixed Assets :	1,439.79	1,439.44
Gross Block	1,216.89	1,198.89
Less Depreciation		
Net Block	222.89	240.54
2. Investments	39.94	39.94
3. Current Assets, Loans & Advances :		
Sundry Debtors	954.51	1,620.55
Cash & Bank balances	7.16	3.71
Loans & Advances	635.42	657.21
	1,597.01	2,281.47
Less :		
Current Liabilities & Provisions :	236.63	949.65
Current Liabilities & Provision		
Net Current Assets	1,360.46	1,331.81
4. Deferred Tax Liability (refer Not '13' of Schedule '15')	0.00	0.00
5. Miscellaneous Expenditure (to the extent not written off or adjusted)	0.00	0.00
6. Profit & Loss Account	321.81	333.02
TOTAL	1,945.13	1,945.52

Schedules referred to above and the notes therein form an integral part of the Accounts

As per our Report of even date
FOR N. K. JALAN & CO.

For and on behalf of Board
For Twinstar Software Exports Ltd.

(N.K. JALAN)
Proprietor

Managing Director Director

PLACE : MUMBAI
DATED : 30th July 2009

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2009.**

	31-Mar-09	31-Mar-08
Cash Flow from Operating Activities		
Net Profit / Loss Before Tax	935898	29404768
Adjustment for		
Balances W/offs	203369	0
Depreciation	1799592	1633440
Operating Profit before Working Capital Changes	2938859	31038208
Decrease/(Increase) in Sundry Debtors	66603998	965152
Decrease/(Increase) in Loans & Advances	2178852	(62514548)
Increase/(Decrease) in Current Liabilities	(71301977)	78441866
Net Changes in Working Capital	419732	47930678
FBT Paid	0	(12000)
Cash Flow from/ (used in) Operation	A 419732	47918678
Cash Flow From Investing Activities		
Purchase of Fixed Asset	(34990)	(2050000)
Net Cash Inflow/ (Outflow) from Investing activities	B (34990)	(2050000)
Cash Flow From Financial Activities		
Proceeds from Issue of share capital	0	15076860
Increase/(Decrease) in Secured Loan	(38910)	(64297585)
Net Cash Inflow/ (Outflow) from Financial activities	C (38910)	(49220725)
Net Increase/(Decrease) in Cash and equivalents	A+B+C 345832	(3352047)
Cash and Cash Equivalent (Opening Balance)	371013	3723060
Cash and Cash Equivalent (Closing Balance)	716845	371013

TWINSTAR SOFTWARE INC.
BALANCE SHEET AS ON 31ST DECEMBER, 2008

PARTICULARS	AMOUNT (In Rupees)
ASSETS :	
CURRENT ASSETS	
Sundry Debtors	12,865,973
Cash and Cash Equivalents	8,637
Total Current Assets	12,874,610
OTHER ASSETS	
Sundry Advances	1,925,094
Total Advances	1,925,094
MISCELLANEOUS EXPENDITURE	
Deferred Revenue Expenditure	79,726
Total Assets	14,879,430
LIABILITIES & STOCKHOLDER'S EQUITY	
CURRENT LIABILITIES	
Sundry Creditors	11,518,794
CA corporate Tax Payable	173,600
Total Current Liabilities	11,692,394
STOCKHOLDER'S EQUITY	
Common Stock 10,000,000 shares , par value \$ 0.10 authorised 1,000,000 shares issued and outstanding	3,995,000
Retained Earnings	(807,964)
Total Stockholder's Equity	3,187,036
Total Liabilities & Stockholder's Equity	14,879,430

INCOME STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2008

PARTICULARS	AMOUNT (In Rupees)
REVENUE	
Sales	-
Interest on Bank Deposits	-
Total Revenue	-
EXPENSES	
Cost of Goods Sold	-
Bank Charges	-
Legal Expenses	-
Office Rent	-
Depreciation	-
Total Expenses	-
Income before Taxes	-
Less : California Corporation Tax	34,720
Net Income /Loss	(34,720)
Add: Exchange Rate Difference	(773,244)
Balance carried forward from last year	-
Balance transferred to Balance Sheet	(807,964)

Book Post

If undelivered Please return to :

TWINSTAR SOFTWARE EXPORTS LTD.

Plot No. EL-178,

TTC MIDC Indl. Area,

Mahape, Navi Mumbai - 400 701.