



**Twinstar Software
Exports Ltd.**

**14th Annual Report
2007-2008**

Twinstar Software Exports Ltd.

BOARD OF DIRECTORS

Mr. D. S. Mehta	Managing Director
Mr. Nirmal Jain	Director
Mr. G. S. Subbiah	Director
Mr. Jagdish Prasad Parish	Nominee Director, IDBI
Mr. Yogesh Wadhvana	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 14th Annual General Meeting of TWINSTAR SOFTWARE EXPORTS LIMITED will be held on Tuesday, the 30th day of September, 2008 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, 2008 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. K. S. Mehta, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration

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

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, 2008 to 30th September, 2008 (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, 2008.

FINANCIAL RESULTS:

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

Particulars	(Rupees in Lacs)	
	2007-08	2006-07
Sales and Services		
Other Income	823.32	2284.75
Profit/(Loss) before interest and depreciation	466.49	NIL
Less: Financial Expenses	277.71	26.85
Less: Depreciation	0.00	0.27
Net Profit/ (Loss) before Tax	16.33	14.67
Net Profit/ (Loss) after Tax	294.07	11.91
Add : Deferred tax	294.07	11.62
Add: Profit/ (Loss) brought forward	0.00	0.00
Add: Short Provision of Income Tax	(-)627.13	670.63
Balance of Profit carried to Balance Sheet	0.00	7.52
	(-)333.08	666.53

OPERATIONS AND OVERALL PERFORMANCES:

During the year the total income of the Company is Rs1280.81Lakhs against Rs.2284.75 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 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 focusing more on I.T. enabled services with a better Profitable Options. The outsourcing business from US/UK/Australia is increasing and Company is positioning itself well to take the advantage of the opportunities.

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:

TSEL 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:

The future prospect of the company is bright despite previous losses. The Company is in process of re-structuring and consolidation. The Company has already started making profits.

Operational and Financial Performance:

The summarized performance of TSEL was as under:

	(Rs. in Lakhs)	
	2007-2008	2006-07
Sales	823.32	2284.75
Others	466.49	
EBIDT	294.07	26.85

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. Kailash Mehta, 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, 2008 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, 2008 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: 26th August 2008

(D.S. Mehta)
Managing Director

(K.S. Mehta)
Director

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For and on behalf of the Board

Place Mumbai
Dated: 26th August 2008

(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: 26th August 2008

(D.S. Mehta)

Managing Director

(K.S. Mehta)

Director

AUDITOR'S CERTIFICATE

To,

The Members of Twinstar Software Exports Ltd.

We have examined the compliance of conditions of Corporate Governance by Twinstar Software Exports Ltd. for the year ended 31st March 2008 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: 26th August 2008

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

Mr. Nirmal Jain and Mr. Yogesh Wadhvana 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, 2007, 30th July, 2007, 8th August 2007, 20th August 2007, 31st October, 2007, and 31st January 2008.

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 2006-2007 Attendance At		
			Board Meetings	Last AGM	No. of other Director Ships
Mr. D. S. Mehta	Promoter / Executive Director	Managing Director	6	Yes	-
Mr. G. S. Subbiah	Non-Executive Director	Non-Executive Director	-	No	-
Mr. K.S. Mehta	Promoter / Non- Executive Director	Director	6	No	-
Mr. Yogesh Wadhvana	Independent Non-Executive Director	Director	--	Yes	1
Mr. Nirmal Jain	Independent Non-Executive Director	Director	6	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 Wadhvana	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 4 times during the financial year ended 31st March 2008 on 30th April, 2007, 30th July, 2007, 31st October, 2007 and 31st January, 2008

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	3	3

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
2006-2007	29.06.2007	09.00 a.m.	Registered Office: Plot No. EL-178, Mahape, Navi Mumbai
2005-2006	30.09.2006	09.00 a.m.	Registered Office: Plot No. EL-178, Mahape, Navi Mumbai
2004-2005	21.02.2006	09.00 a.m.	Registered Office: Plot No. EL-178, Mahape, Navi Mumbai

DISCLOSURES:

Disclosures regarding materially significant related party transactions

There 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 2007. 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:

14th 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, 2008

Financial Calendar (Tentative)

Results for quarter ended 30.06.2008	By end of July 2008
Results for quarter ending 30.09.2008	By end of October 2008
Results for quarter ending 31.12.2008	By end of January 2009
Results for quarter ending 31.03.2009	By end of April 2009

Book Closure:

25th September, 2008 to 30th September, 2008 (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 2007	2.65	1.92
May 2007	2.71	1.81
June 2007	2.99	2.00
July 2007	3.42	2.10
August 2007	3.84	2.39
September 2007	3.62	2.77
October 2007	3.15	2.35
November 2007	3.24	2.10
December 2007	6.63	2.81
January 2008	8.44	3.54
February 2008	4.28	3.21
March 2008	3.78	2.25



Twinstar Software Exports Ltd.

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 2008 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	.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, 2008, 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 Software Exports Ltd.
Plot No. Fl - 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 Software Exports Ltd. for the year ended 31st March, 2008 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 Manufacturing and Other Companies (Auditors Report) Order, 1988 issued by the Company Law Board in terms of Section 227(4A) 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

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, 2008 and taken on record by the Board of Directors, we report that none of the directors is disqualified, as on 31st March, 2008 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, 2008, 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 : 03 09 2008



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 the management during the year, but there is a regular program of verification 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 one 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 sales tax of Rs.60,976/- property tax of Rs.22,72,358/- Profession Tax of Rs.1400/- and Income tax of Rs.3,16,582.16 and T.D.S of Rs.5,58,254 as at 31st March, 2008 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.
10. The company is registered for a period of more than 5 years but it has accumulated losses of not more than 50% of the net worth. The company has incurred cash losses in the financial year and in financial year immediately preceding 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, 2008.
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. In our opinion, the term loans have been applied for the purpose for which they were raised.
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 made preferential allotment of 14,99,700 Equity shares of Rs.10 each during the year. The shares are locked in up to 19th August, 2008.
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. Hence, 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,

Membership No.11878
Dated: 03.09.2008

Balance Sheet As on 31st March, 2008

Particulars	Sch.	As on 31/03/2008		As on 31/03/2008	
		Rs. (in lakhs)	Rs. (in lakhs)	Rs. (in lakhs)	Rs. (in lakhs)
Sources of Funds					
Capital	1		1,746		1,595
Reserve & Surplus	2		198		0
Secured Loans	3	1	1	842	842
Total			1,945		2,437
Application of Funds					
Fixed Assets					
a. Gross Block	4		1,439		1,419
b. Less: Depreciation			1,199		1,183
c. Net Block			241		236
d. Capital Work-In-Progress		0	241	0	236
Investments					
Current Assets, Loans & Advances					
Sundry Debtors			1,621		1,759
Cash & Bank Balances			4		37
Loans & Advances			657		51
			2,281		1,847
Less: Current Liabilities & Provisions					
Current Liabilities	7		950		277
Provisions			2		5
			950		1,362
Miscellaneous Expenditure			1		1
Profit & Loss A/c			341		635
Notes To Accounts	13				
Total			1,945		2,437

As per our Report of Even Date
For **N. K. JALAN & CO.**
CHARTERED ACCOUNTANTS

For **TWINSTAR SOFTWARE EXPORTERS LTD**

N K JALAN
PROPRIETOR

D. S. MEHTA
DIRECTOR

K. S. MEHTA
DIRECTOR

Mcm. No. 11878
Place : MUMBAI
Date : 03/09/2008

Place : MUMBAI
Date : 03/09/2008



Twinstar Software Exports Ltd.

Trading, Profit & Loss Account for the year ended 31st March, 2008

Particulars	Sch.	For the year ended 31/03/2008		For the year ended 31/03/2008	
		Rs. (in lakhs)	Rs. (in lakhs)	Rs. (in lakhs)	Rs. (in lakhs)
Income					
Sales	8	824		2,285	2,285
Other Income	9	466	1,290	0	
Expenditure					
Cost of Materials	10	775		2,218	
Administrative & Other Expenses	11	205		40	
Financial Expenses	12	0		0	2,273
Depreciation		16	996	15	12
Net Profit Before Tax			294		0
Less : Provision for Fringe Benefit Tax			0		12
			294		-631
Add/Less : Profit / Loss of Previous Year			-627		-620
			-333		-8
Short Provision of Income Tax			0		
Net Profit after tax transferred to Balance Sheet			-333		

As per our Report of Even Date
For **N. K. JALAN & CO.**
CHARTERED ACCOUNTANTS

For **TWINSTAR SOFTWARE EXPORTERS LTD**

N K JALAN
PROPRIETOR

D. S. MEHTA
DIRECTOR

K. S. MEHTA
DIRECTOR

Mem. No. 11878
Place : MUMBAI
Date : 03/09/2008

Place : MUMBAI
Date : 03/09/2008

Schedules Annexed to and forming part of Balance Sheet as on 31/03/2008**Schedule 1 : Share Capital****Rs. (in lakhs)**

Particulars	31/03/2008	31/03/2007
<u>Authorised Share Capital</u> 17500000 Shares of Rs.10 Each/-	1,750	1,650
<u>Issued Subscribed and paid up Capital</u> 17460236 Equity Share of Rs.10 each. (P.Y.15952550 equity shares of Rs.10/-)	1,750	1,650
	1,746	1,595
	1,746	1,595
Total Share Capital	1,746	1,595

Note :

Durring the year 149970 Equity shares of Rs.10 each on preferential basis.The shares are locked in up to 19/08/2008.

Schedule 2 : Reserves & Surplus**Rs. (in lakhs)**

Particulars	31/03/2008	31/03/2007
General Reserve	198	0
	198	0

Schedule 3 : Reserves & Surplus**Rs. (in lakhs)**

Particulars	31/03/2008	31/03/2007
Secured Loans - From Others	1	3
Car loan from finance companies	0	466
Interest accrued and due	0	373
Term Loan from IDBI		
	1	842

Note :

Secured by hypothecation of car and personal guarantee of directors.

Schedules Annexed to and forming part of Balance Sheet as on 31/03/2008

Schedule 4 : Fixed Assets											
Rs. (in lakhs)											
Particulars	Rate of Depn	GROSS BLOCK			DEPRECIATION				NET BLOCK		
		Op. as on 01/04/2007	Additions	Deduction	Cost as on 31/03/2008	Op. as on 01/04/2007	for the year	Deductions	Cost as on 31/03/2008	As on 31/03/2008	As on 31/03/2008
RESIDENTIAL LAND	0.00	50	0	0	50	0	0	0	0	50	50
BUILDING	3.34	155	0	0	155	40	5	0	45	110	115
FURNITURE & FIXTURES	6.33	68	0	0	68	35	4	0	39	29	33
VEHICLES	9.50	28	0	0	28	22	3	0	25	4	6
COMPUTER EQUIPMENTS	16.21	1069	0	0	1069	1068	0	0	1068	1	1
OFFICE EQUIPMENT	4.75	5	0	0	5	2	0	0	3	3	3
DIESEL GENERATING SET	4.75	4	0	0	4	2	0	0	2	2	2
U.P.S SYSTEM	4.75	10	0	0	10	4	0	0	4	6	6
AIR CONDITIONER	4.75	11	0	0	11	4	1	0	4	7	7
ELECTRIC INSTALLATION	4.75	19	0	0	19	6	1	0	7	12	13
COMPUTER & HARDWARE	16.21	0	21	0	21	0	2	0	2	19	0
			21	0	1439	1183	16	0	1199	241	236
Total		1419	0	0	141894032	116788795		0	118256082	23637950	25105237

Schedule 5 : Investments

Rs. (in lakhs)

Particulars	31/03/2008	31/03/2007
Investment in Subsidiary Companies		
Investment in Twinstar software Inc.	40	40
	40	40
Total Investments	40	40

Schedule 6 : Current Assets, Loans & Advances

Rs. (in lakhs)

Particulars	31/03/2008	31/03/2007
Current Assets		
Cash & Bank Balances		
Cash balance on hand	0	3
Bank Balance with Scheduled Banks - On Current Accounts	0	3
	4	33
Bank Balance with Other Banks - On Deposit Account	4	33
	0	2
	0	2
	4	37
Sundry Debtors		
Unsecured considered good		
O/S for more than six months Other Debtors	1,621	1,610
	0	20
	1,621	1,630
Total Current Assets	1,624	1,667
Loans & Advances		
Unsecured Considered Good		
Advance recoverable in cash or in kind or for value to be received	591	17
Deposits	3	1
Other Loans and Advances	62	14
Payments of Taxes	1	0
	657	32

Schedule 7 : Current Liabilities & Provisions		Rs. (in lakhs)	
Particulars	31/03/2008	31/03/2007	
Current Liabilities			
Sundry Creditors - Others	916	143	
Other Liabilities	34	18	
	950	162	
Provisions			
Provision for Taxation	0	3	
Other Provisions	0	0	
	0	3	
	950	165	
Schedule 8 : Sales		Rs. (in lakhs)	
Particulars	31/03/2008	31/03/2007	
Sales & Services	691	1,615	
Sales & Services (Bangalore)	133	670	
	824	2,285	
Schedule 9 : Other Income		Rs. (in lakhs)	
Particulars	31/03/2008	31/03/2007	
Miscellaneous Income	0	0	
Interest on IDBI loan W/Off	466	0	
	466	0	
Schedule 9 : Cost of Materials		Rs. (in lakhs)	
Particulars	31/03/2008	31/03/2007	
Cost of Goods Sold			
Purchases			
Purchases	0	1,630	
	0	1,630	
Purchases (Bangalore)			
Purchases	695	588	
	695	588	
Software Development Charges			
Purchases	80	1	
	80	1	
Total Cost of Goods Sold	775	2,218	



Schedule 11 : Administrative & Other Expenditure		Rs. (in lakhs)	
Particulars	31/03/2008	31/03/2007	
Payments to Employees			
Bonus	0		0
	0		0
Administrative Expenses			
Advertisement & Publicity	0		0
Advocate Fees	0		0
Audit Fees	0		0
Bad Debts	176		0
Bank Charges	1		0
Bombay Stock Exchange	0		0
Car Expenses	0		0
Conference Charges	0		1
Consultancy Charges	0		0
Conveyance	0		0
Courier Charges	0		0
Electrical Charges (Navi Mumbai)	0		0
Electricity Charges	1		1
Exchange Rate Difference	0		2
Filing Fees	0		0
Interest	0		0
Internet Fees	0		0
Listing Fees	0		0
Membership & Subscription	0		0
Miscellaneous Exp.	2		0
Office Expenses	0		0
Postage & Telegram	0		0
Printing & Stationery	0		0
Profession Fees	1		0
Professional Charges	0		0
Property Tax	6		5
Recruitment Charges	0		0
Registrar & Transfer Charges	1		1
Registration Fees	1		0
Rent,Rates & Taxes	0		0
Repairs & Maintenance	0		0
ROC Expenses	0		0
Salary,Perquisites & Allowances	4		3
Sales Promotion	0		0
Security Charges	1		1
Staff Welfare	0		0
Stipend (Navi Mumbai)	2		22
Sundry Exp.	5		0
Telephone Exp.	0		1
Traning Expenses	0		0
Travelling Exp	0		1
Xerox Charges	0		0
	203		40
Selling and Distribution Expenses			
Marketing Expenses	2		0
	2		0
	205		40
Schedule 11 : Administrative & Other Expenditure		Rs. (in lakhs)	
Bank Interest			
Bank Charges	0		0
	0		0

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS
SCHEDULE L: 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 other 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 reflect 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.



Twinstar Software Exports Ltd.

	<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. 22,834
Tax Audit Fees	Rs. 7,250	Rs. 7,250
	-----	-----
Total	Rs. 39,284	Rs. 29,834
	=====	=====
6. Expenditure in Foreign Currency:		
Foreign Traveling	Rs. NIL	Rs. NILL
7. Earnings in Foreign Currency:		
FOB value of Exports	Rs. NIL	Rs. 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 :

For the Year Ended 31st march, 2008	Exports	Local	(Amount in Rupees) Total
Segment Revenue	-	1290.08 2284.74	1290.08 2284.74
Operating Profit/Loss	-	310.38 (26.84)	310.38 (26.84)
Interest Expenses	-	-	-
Net Profit / Loss	-	-	294.04 (13.43)
Segment Assets	-	-	240.54
Segment Liabilities	-	-	949.65
Depreciation	-	-	16.33 -
Non-Cash Expenses	-	-	16.33 -

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)

	Year Ended 31.03.2008	Year Ended 31.03.2007
A. Net Profit/ (Loss) after Tax	294.04	14.63
B. Weighted average number of Equity Shares Basic and Diluted	17460236	16,000,300
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. 24,05,4510/=
	=====
Deferred tax assets	Rs. 10,86,6423/=
	=====
Net Deferred Tax Assets (a-b)	Rs. (13,18,8087/-)
Recognized in Balance Sheet	NIL

13. During the year company has paid Rs.66478946 as one time settlement to IDBI. Difference in amount is written back to p & L Appropriation and the difference in interest is written back to Profit & Loss accounts.

14. According to the information and the explanation given to us, there are no related party's transactions.

15. There is no outstanding payable to any Small Scale Industries by the Company as on 31st March, 2008

16. Previous year's figure have been regrouped and/or rearranged wherever necessary.

17. 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) (K.S. Mehta)
Managing Director Director

Place: Mumbai

Dated: 03.09.2008.

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.	Right Issue
Nil	Nil
Bonus Issue.	Private Placement
Nil	Nil

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

Total Liabilities	Total Assets
194551	194551

Sources of Funds

Paid up Capital	Reserves & Surplus
174602	198371
Secured loans	Unsecured loans
112	Nil

Application of Funds

Net Fixed assets	Investments
24054	3994
Net Current Assets	Misc. Expenses
133182	0
Accumulated Losses	
-33321	

IV Performance of Company (Amount in Thousands)

Turnover	Total Expenditures
129008	99603
Profit before Tax	Profit After Tax
29405	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	



Twinstar Software Exports Ltd.

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, 2007 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 Software Exports 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, 2007, 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, 2007, and

N.K. JALAN & CO.

Chartered Accountants

(N. K. Jalan)

Proprietor

Mumbai,

Dated : 28.08.2007

CONSOLIDATED BALANCE SHEET AS ON 31ST MARCH, 2008

(Rs. in Lakhs)

	Schedules	Current Year	Previous Year
SOURCES OF FUNDS			
1. Shareholder's Funds :			
Share Capital	1	1,595.26	1,595.26
Reserves & Surplus	2	0.00	0.00
2. Loan Funds :	3		
Secured Loans		842.47	853.68
Unsecured Loans		0.00	0.00
TOTAL		<u>2,437.73</u>	<u>2,448.94</u>
APPLICATION OF FUNDS			
1. Fixed Assets :	4		
Gross Block		1,418.94	1,418.94
Less Depreciation		1,182.56	1,167.84
Net Block		<u>236.38</u>	<u>251.10</u>
2. Investments	5	0.00	0.00
3. Current Assets, Loans & Advances :			
Sundry Debtors	6	1,758.85	1,679.28
Cash & Bank balances	7	37.31	5.91
Loans & Advances	8	51.30	36.62
		<u>1,847.46</u>	<u>1,721.81</u>
Less :			
Current Liabilities & Provisions :			
Current Liabilities & Provision	9	282.16	195.25
Net Current Assets		<u>1,565.30</u>	<u>1,525.56</u>
4. Deferred Tax Liability (refer Not '13' of Schedule '15')		0.00	-38.30
5. Miscellaneous Expenditure (to the extent not written off or adjusted)	10	0.80	0.80
6. Profit & Loss Account	2	(635.25)	(709.63)
TOTAL		<u>2,437.73</u>	<u>2,448.79</u>
Significant Accounting Policies and Notes	15		

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 :

**Twinstar Software Exports Ltd.****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	
Deffered Revenue Expenditure	79,726
Total Assets	14,879,430
LIABILITIES & STOCK HOLDER'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, 2007

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)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2008

PARTICULARS	AMOUNT (In Rupees)
CASH FLOW FROM OPERATING ACTIVITIES	
Cash paid for deferred revenue expenses	—
Net Cash provided (used) by operating activities	—
<i>Net increase / (decrease) in cash and equivalents</i>	—
Cash and equivalents, beginning of the year	8,637
Cash and equivalents, ends of the year	8,637

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2006

PARTICULARS	AMOUNT (In Rupees)
RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Net Income	
Adjustment to reconcile net income to net cash provided by operating activities	
(Increase) / Decrease in Sundry Debtors	—
(Increase) / Decrease in Other Assets	—
(Increase) / Decrease in Sundry Creditors	—
Total Adjustments	—
Net Cash provided (used) by operating activities	—

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2008.

31-Mar-07

CASH FLOW FROM OPERATING ACTIVITIES

NET PROFIT/LOSS BEFORE TAX		29404768
ADJUSTMENT FOR: DEPRECIATION		1633440
		31038208
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		
Decrease/(Increase) in Sundry Debtors		965152
Decrease/(Increase) in Loans & Advances		(62514548)
Increase/(Decrease) in Current Liabilities		78441866
Net Changes in Working Capital		47930678
FBT Paid		(12000)
Cash Flow from/ (used in) Operation	A	47918678
Cash Flow From Investing Activities		
Purchase of Fixed Asset		(2050000)
Net Cash Inflow/ (Outflow) from Investing activities	B	(2050000)
Net Cash Inflow/ (Outflow) from Financial Activities		
Proceeds from Issue of share capital		15076860
Increase/(Decrease) in Secured Loan		(64297585)
Net Cash Inflow/ (Outflow) from Financial activities		(49220725)
C		
Net Increase/(Decrease) in Cash and Cash equivalents	A+B+C	(3352047)
Cash and Cash Equivalent (Opening Balance)		3723060
Cash and Cash Equivalent (Closing Balance)		371013

TWINSTAR SOFTWARE EXPORTS LIMITED

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

Thirteenth Annual General Meeting

ATTENDANCE SLIP

I certify that I am registered shareholder/Proxy for the Registered Shareholder of the Company. I hereby record my presence at the 14th Annual General Meeting of TWINSTAR SOFTWARE EXPORTS LIMITED held on Tuesday 30th September, 2008 at Regd. Office: Plot No. EL-178, TTC MIDC Indl. Area, Mahape, Navi Mumbai - 400 701 at 9.00 am

Full Name of the Member : _____
(as registered with the Company)

Full name of the Proxy : _____

Regd Folio No. : _____ No of Shares : _____

Signature of the Shareholder/Member/Proxy : _____

Notes:

1. Shareholders/Joint Shareholders, Proxies are requested to bring the attendance slips with them. Duplicate slips will not be issued at the entrance of the Auditorium.
2. Please bring your copy of the Annual Report to the Meeting venue.
3. Please avoid being accompanied by Non-members and Children.

TWINSTAR SOFTWARE EXPORTS LIMITED

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

PROXY FORM

Regd. Folio No. : _____ No. of Shres : _____

I/We _____
of _____ being a member of TWINSTAR SOFTWARE EXPORTS LIMITED
hereby appoint _____ of _____ or
failing him _____ of _____
or failing him _____ of _____ as my/
our proxy to vote for me/us and on my/our behalf at the 14th Annual General Meeting of the Company to be held on Tuesday 30th September, 2008 at Regd. Office: Plot No. EL-178, TTC MIDC Indl. Area, Mahape, Navi Mumbai - 400 701 at 9.00 a.m. and at any adjournment thereof.

As witness my/our hand(s) this _____ day of _____, 2007

Signed by the said _____

Note: The Proxy form must be deposited at the Registered Office of the Company not less than 48 hours before the meeting. A Proxy need not be a member.