



*Help Customers Gain Competitive Advantage
in the Global Marketplace*

20th Annual Report 2010-2011

www.onwardgroup.com

Board of Directors

Mr. Harish Mehta	Chairman & Managing Director
Mrs. Shaila Mehta	Director
Mr. Pradip Dubhashi	Director
Mr. Arun Meghani	Director
Mr. Samir Desai	Director
Dr. Atul Wad	Director
Mr. Sudhir Karnik	Alternate Director to Dr. Atul Wad

Auditors

Kirtane & Pandit
Chartered Accountants
'Sangati', Bhakti Marg,
Off. Law College Road,
Pune - 411 004.

Registered Office

Sterling Centre, 2nd Floor,
Dr. A. B. Road,
Worli,
Mumbai - 400 018.

Registrar & Share Transfer Agents

Link Intime India Pvt. Ltd.
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg,
Bhandup (West),
Mumbai - 400 078.

Corporate Website

www.onwardgroup.com

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Notice

NOTICE is hereby given that the Twentieth Annual General Meeting of Onward Technologies Limited will be held on Friday, 15th July, 2011 at Victoria Memorial School for the Blind, Opp. Tardeo A/C Market, 73, Tardeo Road, Mumbai 400 034 at 3.30 p.m. to transact the following business:

Ordinary Business

1. To receive, consider and adopt the audited Profit & Loss Account for the year ended 31st March, 2011, the Balance Sheet as at that date and the Report of the Auditors and that of the Directors thereon.
2. To appoint a director in place of **Mr. Harish Mehta**, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a director in place of **Mr. Pradip Dubhashi**, who retires by rotation and being eligible, offers himself for re-appointment.
4. To consider and if deemed fit, to pass with or without modification(s), the following Resolution as an **Ordinary Resolution**:

“**RESOLVED THAT M/s. Kirtane & Pandit, Chartered Accountants**, Pune, be and are hereby reappointed as the Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company and that the Board of Directors of the Company be and are hereby authorised to fix their remuneration.”

Special Business

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

“**RESOLVED THAT** pursuant to the provisions of Sections 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 and Schedule XIII to the said Act and subject to approval from the Central Government and from such other authorities and agencies as may be applicable in this regard, and as per the approval and recommendation of the Committee, the consent of the Company be and is hereby given to reappoint Mr. Harish Mehta as Chairman and Managing Director for the tenure of five years w.e.f. 1st April, 2011.

Remuneration as follows:

- (a) Salary : Rs.3,00,000/- per month aggregating to Rs.36,00,000/- per annum.
- (b) Perquisites:
 - (i) Unfurnished residential accommodation, the Company paying all rents, taxes and other expenses for the upkeep and maintenance of such accommodation or House Rent Allowance in lieu thereof, subject to the condition that the expenditure by the Company on hiring, upkeep and maintenance or house rent allowance in lieu thereof shall not exceed 60% of the salary.
 - (ii) Special Allowance up to a maximum of Rs.50,000/- per month subject to the discretion of the Board of Directors of the Company.
 - (iii) Expenditure on gas, electricity and water charges as also furnishings at the residence to be borne by the Company.
 - (iv) Use of one Motor Car with Driver with all running and maintenance expenses to be paid for by the Company.
 - (v) Benefit of the Provident Fund Scheme, Superannuation and Annuity Fund Scheme as per Company's Rules together with the benefit of any retirement fund or scheme, which the Company may introduce in the future.
 - (vi) Gratuity in accordance with the rules of the Company.
 - (vii) Reimbursement of actual medical expenses incurred for self and family as per Company's Rules.
 - (viii) Benefit of Sick Leave in accordance with the Rules of the Company.
 - (ix) Thirty days Privilege Leave with full pay and allowance for each completed year of service; the said leave being accumulatable and encashable at the end of his tenure.
 - (x) Benefit of 1st Class air / air conditioned train and/or such other mode of conveyance as the appointee may opt for, for self and family, while on Privilege Leave together with Hotel, Board and Lodging expenses as per the rules of the Company.

Notice (Contd.)

- (xi) Personal Accident Insurance cover at the cost of the Company provided that the actual premium thereof does not exceed Rs.4,000 p.a. or such other amount as the Board of Directors may deem fit.
 - (xii) Use of one Telephone at the residence and one Mobile Phone for the Company's business provided that the cost of personal long distance calls, if any, shall be reimbursed by the appointee to the Company.
 - (xiii) Fees (excluding life membership and entrance) of maximum of two clubs together with the benefit of all expenses incurred thereat towards the business of the Company.
 - (xiv) Reimbursement of business promotion/entertainment expenses/books and periodicals expenses incurred towards the business of the Company at actual.
- (c) Incentive:
Performance based incentive shall be payable to Mr. Harish Mehta at the end of the Financial Year based on the discretion of the Board not exceeding 5% of net profits of the Company.

RESOLVED FURTHER THAT in case of inadequacy of profits or absence of profits in any financial year during the tenure of Mr. Harish Mehta, Chairman and Managing Director, he shall be paid remuneration as stated aforesaid and such remuneration shall be deemed as the Minimum Remuneration payable to him;

RESOLVED FURTHER THAT in case the aggregate remuneration consisting of Salary, Incentive, Bonus, perquisites and benefits as aforesaid for any financial year during the tenure of Mr. Harish Mehta, Chairman & Managing Director, exceeds the limits of Sections 198, 309 and other applicable provisions, if any, of the Companies Act, 1956 read with Section 1 of Part II of Schedule XIII to the said Act or Section II of Part II of the said Schedule XIII to the said Act based on the prevailing Effective Capital of the Company from time to time, the Company do make payment of such remuneration to Mr. Harish Mehta, Chairman & Managing Director subject to the approval of the Central Government and such other authorities as may be necessary in this regard;

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds and things and to execute all such documents, instruments and writings as may be required to give effect to this resolution."

By the order of the Board of Directors

Place: Mumbai
Date: May 16, 2011

Harish Mehta
Chairman & Managing Director

Registered Office:
Sterling Centre, 2nd Floor
Dr. A. B. Road, Worli
Mumbai 400 018.

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 / HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Proxies to be effective should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
3. The Explanatory Statement pursuant to sub-section (2) of Section 173 of the Companies Act, 1956 is annexed to this notice. The bio data of the Directors proposed to be appointed / re-appointed is also annexed to this Notice as required under the Listing Agreement.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 13th July, 2011 to 15th July, 2011 (both days inclusive).
5. Members are requested to address all correspondence pertaining to their securities mentioning either the Folio Number / Client ID and DP ID numbers as applicable including any change of address, if any, to the Registrars and Transfer Agents of the Company viz.:

Link Intime India Pvt. Ltd.
C-13, Pannalal Silk Mills Compound
L. B. S. Marg, Bhandup, Mumbai-400078

Notice (Contd.)

6. Members / Proxies attending the Meeting are requested to bring their copies of Annual Report together with attendance slip at the meeting.
7. Members seeking any information relating to Accounts are requested to write to the Company at least 10 days before the date of the Annual General Meeting to enable the Management to keep the required information ready at the meeting.
8. The Ministry of Corporate Affairs, has come out with a circular dated 29th April 2011 which allows the companies to send documents including Annual Reports and other intimation by an email. Therefore you are requested to register your email IDs with the Company at **grd@onwardgroup.com**. The Company is already having email ID of the members holding their shares in Demat through their respective Depository Participants. The said email ID shall be considered as registered email ID for the said members unless informed otherwise to the Company or Registrar and Transfer Agent.

Explanatory Statement Pursuant to the Provisions of Section 173(2) of the Companies Act, 1956.**Item No. 2 and 5:**

As required under Clause 49 IV of the Listing Agreement given below are the details of the directors, Mr. Harish Mehta and Mr. Pradip Dubhashi proposed for re-appointment:

Mr. Harish Mehta has more than 35 years of cumulative experience in the Indian IT and Engineering services Industry and is the founder of Onward Group. Onward Technologies today is a publicly traded company with over 1,350 people and is a leading name in the Indian Engineering and IT services industry. Onward has grown catering to the technically rich, highly demanding, latitudinally diversified and pressure intensive Mechanical Engineering Design and IT business needs of their respectful clients across the globe. Onward has been successfully executing and implementing myriads of strategic Engineering and IT assignments for its clients and business partners from all over the world - Singapore, USA, UK, Germany, Japan, Middle-East and India. Its development centers are located in Mumbai, Chennai and Pune.

Mr. Mehta is a Governing council member of Indian Angel Network. He is a Director of Gujarat Venture Finance Limited. He is a Governing Council member of College of Engineering, Pune (COEP).

Mr. Mehta was the Deputy Chairman & Managing Director of Onward Novell Software (I) Ltd. (1993-2005), a 50:50 JV between Onward group and Novell Inc.

He was one of the Chief Architects for realizing the Hinditron - Digital Joint Venture in India.

Mr. Mehta has been a founder member of NASSCOM (National Association of Software & Service Companies), former Chairman and member of the Executive council. He is a trustee of Nasscom Foundation.

He was the first President of TiE – Mumbai. TiE is a non-profit global network of entrepreneurs and professionals, established to foster entrepreneurship and nurture entrepreneurs. He was a trustee of TiE Global (2001-2004) and a member of the Advisory Council India for American India Foundation.

He has successfully chaired Indian and International conferences as Managing Trustee of Trust to Promote Advanced Technologies in India. (TPATI). He is a trustee of Onward Foundation.

He is an Electrical Engineer from College of Engineering, Pune and a Master in Computer Science from Brooklyn Polytechnic Institute, NY, USA. In the year 1994 he was conferred with the CEO of the year award by N M Institute of Management and TATA HRD Network. He has been conferred with the Distinguished Alumnus award in 1995 by College of Engineering, Pune. Mr. Mehta was honored with Life time Achievement award for HR excellence by Deccan Herald in 2004.

He holds directorship in the following companies:

Onward eServices Ltd.
 Onward Technologies GmbH, Germany
 Shantmurli Holdings Pvt. Ltd.
 Onward Technologies, Inc., USA
 Gujarat Venture Finance Limited
 Onward Network Technologies Pvt. Ltd.
 Desai Finwealth Investments & Securities Pvt. Ltd.
 Onward Software Technologies Pvt. Ltd.
 Data Security Council of India
 Innovizetech Software Pvt. Ltd.

Notice (Contd.)

Mr. Harish Mehta was re-appointed as the Managing Director of the Company for three years w.e.f. 1st January, 2009 and approval from Central Government was obtained for the payment of his remuneration. Thereafter, he has turned around the Company and generated new businesses for the Company. Therefore, the Board has proposed to increase his remuneration for the remaining tenure. However, there are only 9 months left for his current tenure to lapse. Since the Board has decided to revise the remuneration of Mr. Harish Mehta, it was decided to change his tenure of re-appointment also with the revised terms and conditions and therefore it was decided by the Board in its meeting held on 16th May, 2011 to re-appoint him as the Chairman and Managing Director of the Company for the period of five years w.e.f. April 1, 2011.

Re-appointment of Managing Director requires approval from the shareholders. The Board recommends the said resolution for your approval. No Director of the Company other than Mr. Arun Meghani and Mrs. Shaila Mehta is concerned or interested in the aforesaid Resolution.

The resolution along with accompanying Explanatory Statement may be treated as abstract of the terms of appointment and Memorandum of Interest within the meaning of Section 302 of the Companies Act, 1956.

Item no. 3:

Mr. Pradip Dubhashi has expertise in management consultancy and finance related fields. Mr. Dubhashi holds a BE in Electrical Engineering and a post graduation in Management from XLRI, Jamshedpur. He was holding Senior Executive positions in SICOM, Mahindra Group and Venky Group. He is having in depth knowledge of various industries such as, Engineering, Cement, Chemicals and Specialities, Software and Biotechnology businesses. He has consulted for both Indian as well as foreign companies. He also nominated on the Boards of Directors of various companies including as a nominee Director of financial institutions. He has attended several courses conducted by IIMA, IEEE, NCST, ASCI and others in advanced topics in finance, management and technology areas.

He holds directorship in the following companies:

Onward eServices Ltd.
Prime Securities Ltd.
Microline India Pvt. Ltd.
PTP Technologies Ltd.
Indiaco Ltd.
Atco Ltd.
Krishidhan Seeds Ltd.

Member of Audit Committee:

Prime Securities Ltd.
Krishidhan Seeds Ltd.
Onward eServices Ltd.

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

By the order of the Board of Directors

Place: Mumbai
Date: May 16, 2011

Harish Mehta
Chairman & Managing Director

Registered Office:
Sterling Centre, 2nd Floor
Dr. A. B. Road, Worli
Mumbai 400 018.

Director's Report

To
The Members,

Your Directors are pleased to present before you the TWENTIETH ANNUAL REPORT together with Audited Annual Accounts of the Company for the financial year ended 31st March, 2011.

Financial Performance

As a globally integrated unit, Onward operates through its Indian subsidiary, (Onward eServices Limited (OeSL)) and global subsidiaries in North America (Onward Technologies, Inc. (OTI) & Germany (Onward Technologies GmbH) and with global branch offices in UK (Onward Technologies Ltd., UK) & UAE (Onward Technologies Ltd., UAE).

The summarized consolidated results of the Company are as under:

	(Rs. in Lacs)
	For the year ended
	31.3.2011
	For the year ended
	31.3.2010
Sales and Other Income (Net)	10,433.42
Profit before Finance Cost and Depreciation	1,169.83
Finance Cost	243.17
Depreciation	461.00
Operating Profit / (Loss) before Prior Period expenses	465.66
Prior Period Expenses	23.15
Profit / (Loss) Before Tax	442.51
Provision for Taxation	
- Current	19.05
- Deferred tax Expenses / (Benefits)	(76.41)
- Wealth Tax	0.25
Profit / (Loss) after Tax	499.62
	8,551.00
	404.10
	271.31
	541.57
	(408.78)
	10.63
	(419.41)
	12.71
	(156.91)
	-
	(275.20)

Transfer to Reserves

During the year, the Company has not transferred any amount to reserves.

Dividend

The overall performance of the Company has been satisfactory. The Company sees tremendous growth prospects and to capitalise on the opportunities the management has not recommended any dividend for the current financial year.

Operations

The Company has two major lines of focussed areas:

- 1) Mechanical Engineering Design Services (EDS)
- 2) IT Consulting Services (ITS)

EDS Operations are part of Onward Technologies in India & ITS operations are run through its wholly owned subsidiary, Onward eServices Ltd. (OeSL). Both these business lines are supported through global subsidiaries in North America (Onward Technologies, Inc. (OTI) & Germany (Onward Technologies GmbH) and with global branch offices in UK (Onward Technologies Ltd., UK) & UAE (Onward Technologies Ltd., UAE).

The financial year 2010-2011 started in the midst of market revival, with a healthy note for engineering services business. Global automotive industry, Indian auto industry, Off-highway equipment industry and General engineering industry all showed healthy growth. The Company's product engineering and Manufacturing engineering services capabilities saw good demand everywhere.

Director's Report *(Contd.)*

The Company believes its value proposition of offering low-cost innovation driven engineering services has started yielding good results. It is further confident the investments made in medium term will benefit the Company in long term.

The Company continued its investment in high-end technology tools such as RobCAD the robotic plant automation and simulation tool, CATIAv5, Unigraphics, Pro/ENGINEER, AutoCAD along with High End computing machines.

Your Company has grown at a rapid pace during the last year and after consolidating its position, is now ready to take the next quantum jump. Its global delivery business model of offering blended onsite, near shore, offshore and domestic services has helped to increase its manpower base substantially. The Engineering Services Business has grown 20% in this year as compared to last year.

During the year, your Company has invested substantially in creating world class infrastructure.

Onward's belief on Business Model and the unique value proposition of low cost innovation driven mechanical engineering services are proven to be healthier and stronger.

Human Resource Initiatives:

Given the nature of the Company's business, it was indeed a need to align the talented work force with the predefined cultural frame work and enrichment of various initiatives per the following:

The **Centre of Excellences (CoE)** at Onward has been an exciting forum not only from the business development perspective, but also to employees as well to our customers. It is mandatory from the stage of joining the organization to take part actively in one or more CoEs. Through CoEs, Onward has been enriched with pool of engineers with various world recognized global certifications in addition to Onward certifications in the areas of Value Engineering, Quality, Castings, Sheet metal, Plastics, Engine, BIW, Security, Project Management. We inaugurated and made operational the Thermal Chamber a testing facility as a part of Cold Storage Equipment performance testing related activities, thus helping in enriching our offerings to customers just not the design and verification, but also prototype and validated for SoP (Start of Production) enabled. The value creation has resulted in large employee satisfaction in realizing their dreams as engineers. Further this is helping in enhancing the competencies, capabilities, business development, and time to market, scalability, and certifications.

Innovation: During this year, Onward has been recognized and received appreciations on various innovations and corresponding contributions given to customers. Many of these innovations have been led towards Patent Disclosure effort. The ideas and the projects resulted into POC building from the team, with an impressive display of products, and have proven to be top amongst innovations. Entire team is promoting Innovation as community of practice at Onward in whatever we do.

Training: Training at Onward has been the key enabler during the year's growth especially in preparing the engineers to understand Onward ways of doing right first time, customer oriented to match with change in expectations and get ready to be deployed with respective customer projects and programmes. There have been continuous efforts and various initiatives in talent development with an investment on highly specialized Robotic Plant automation simulation software – RobCAD, CAD software: Catia, Unigraphics, KBTD; CAE software: StarCCM, Abaqus, Hypermesh, Ansys, Ansa, Matlab with high end computing machines. Formation of technology training centre as Onward finishing school is the key enabler.

Project Management & Quality Processes Initiatives : As a part of strengthening and enhance programme management and to be business oriented; the Business Managers and Project Managers were given training on Finance for Non-finance Managers, Customer relationship Management, a framework aligning with Disciplined approach with Quality and Customer expectations management. There have been continuous and periodical review processes with metrics in enriching the overall customer management. Prestigious clientele visited during the year, assessed and appreciated the overall policies, process frame work and adherence throughout the organization on ISO: 9001-2008 and ISO: 27001. The senior management commitment towards configuring and enriching the processes towards the changing business models has been well appreciated.

Director's Report *(Contd.)*

Employee Appreciation & Cultural Activities: Employee appreciations and cultural activities at Onward have taken a great positioning during the year. In addition to time to time pat-on-back, various recognitions at All Hands meet, Onward Foundation Day, quarterly project reviews/closures, customer visits/reviews, get-together and picnics for successful project delivery celebrations.

Most of the recommendations and recognitions have been from customers, as a delight feature during the year. Additionally, ESOPs have been offered to key performers during the year. Moreover, spot rewards are presented around the year for significant achievement or accomplishments – talent references, customer references, and solutions on wicked problems. Further there were quite happy moments and cultural activities celebrating festivals, playing outdoor games like Cricket, Badminton, Swimming and indoor games caroms, chess, etc.

Compensation and Benefits: The compensation structure post-recession driving the overall mindset towards performance oriented in ensuring business growth, operational excellence and employee growth. The key feature during the year is that Company offered ESOPs to key performers. Additionally, maintaining the retrieval, medical and other benefits, company car schemes which are at par with the industry. The key feature and the benefit each employee enjoys at Onward is the wide variety of opportunities vertical, horizontal and lateral while aligning in individual change in aspirations. The management has invested in strengthening and providing global careers, Innovation based solution programmes, entrepreneurial business management.

Employee Connect & Relations: Staying connected with employees is a passion at Onward. There are various efforts in order to encourage their involvement in various initiatives and decisions. Employees at Onward enjoy this status and voluntarily come forward in enriching the employee satisfaction. We have a process where every employee gets opportunity to participate in any given area could be cultural, business, social events, Knowledge Portals, operational, employee referrals, customer referrals, etc. This has been possible due to quarterly mentor-mentee review process with cross functional assessment, feedback exchange and realigns the aspirations and development road map. From this, Onward capitalizes in building leaders in Business, Technology, Application, Function and Process for scale and sustain business growth.

Subsidiaries

The subsidiaries of your Company are as follows:

Onward eServices Ltd.

During the financial year the business operations of the Company has been satisfactory and encouraging, maintained the steady revenue growth. During the year the Company has invested heavily on Manpower recruitments and trainings to align it with the business requirement which has helped the Company to increase its capabilities.

The Company has successfully scaled up its operations and made a positive progress in terms of revenue growth by grabbing large size orders to be executed in the Financial Year 2011-12.

Onward Technologies GmbH

The German & European region has been a very important & critical market for Onward business model. The Company today works with several large prominent companies across Europe which is all scaling up their global operations & investments in R&D.

The Management of the Company has taken the necessary decisions & investment budgets to scale up the operations and provide a dedicated focus to this region. The Company has recently appointed a dedicated Management/ Sales & Execution Teams, starting from April 2011 for the Europe region.

The Company expects the overall percentage of revenues from Germany & Europe region growing substantially year on year for the next few years.

Director's Report (Contd.)

Onward Technologies, Inc.

North America continues to be the most important region for the Company globally. The Company continues to invest in this region & is focused on building a strong team and infrastructure to continue the momentum & leverage the past investments.

During the year, the Company's revenue grew by 29% and has recorded a quantum growth of 56% in profitability after tax for the Financial Year ended 31st March 2011.

Over the next 12 months, the Management Team plans to scale up its operations in North America by strengthening the Management/ Sales/ Execution teams for both its line of business.

Shantmurli Holdings Pvt. Ltd.

During the year under review, the Company did not undertake any substantial activities.

As per Section 212 of the Companies Act, 1956, the Company is required to attach the Directors' Report, Balance Sheet, and Profit & Loss Account of its subsidiaries. The Ministry of Corporate Affairs, Government of India vide its circular no. 2/2011 dated February 8, 2011 has provided an exemption to companies from complying with Section 212, provided such companies publish the Audited consolidated financial statements in the Annual Report. Accordingly, the Annual Report 2010 – 2011 contain the summary of financial statements of our Company's subsidiaries duly audited by its respective statutory auditors. Relevent information for each subsidiary has been disclosed in the consolidated balance sheet. Refer Notes on the Consolidated Balance Sheet and Profit and Loss Account (Note no.19).

We hereby undertake that annual accounts of subsidiary companies and the related detailed information shall be made available to shareholders of holding and subsidiary companies seeking such information at any point of time. The Annual Accounts of subsidiary companies shall kept for inspection by any shareholders in the registered office of the Holding Company and of the subsidiary companies. We shall furnish the hard copies of details of accounts of subsidiaries to any shareholder on demand within a reasonable period of time.

Share Capital

During the year the Share Capital of the Company was increased from Rs. 132,728,700 to Rs. 133,200,700 by allotment of 47,200 new shares issued under ESOP Scheme. At present the paid-up capital is Rs.133,200,700 divided into 13,320,070 Equity Shares of Rs.10 each.

Fixed Deposits

During the year under review, the Company had not invited or accepted any deposits from the Public.

Employee Stock Option Scheme

Your Company had implemented Employee Stock Option Scheme 2009 for the benefit of Employees of the Company and its subsidiaries. The aforesaid scheme was approved by the Members of the Company at the Annual General Meeting held on 31st August, 2009 and the scheme is monitored under the guidance of the members of Compensation Committee of the Board of Directors. The rationale of implementation of new scheme was to attract, motivate and retain talented personnel with the Organisation for long time. The total number of warrants approved under the scheme for employees of the Company, independent directors and employees of its subsidiaries are 875,000 with option to convert into 3,500,000 equity shares. The subsidiaries include Onward eServices Ltd., India, Onward Technologies, Inc. USA and Onward Technologies GmbH in Germany.

The Disclosures required to be made under SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines 1999, is given as Annexure to this report including details on the grant, vesting, exercise, and lapsed options under the aforesaid ESOP schemes.

An independent Director has been granted 2,500 options under the ESOP Scheme, 2009.

Director's Report (Contd.)

Auditors

M/s. Kirtane & Pandit, Chartered Accountants, Pune, Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting. The Company has received a letter from them to the effect that their re-appointment, if made, would be within the prescribed limits under Section 224(1-B) of the Companies Act, 1956.

The Auditor's observations are self explanatory and need not be further commented in this report.

Director's Responsibility Statement

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

- (a) in the preparation of the annual accounts for the financial year ended 31st March 2011, the applicable accounting standards have been followed and that no material departures have been made from the same, save to the extent, referred to in the Auditor's Report;
- (b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March 2011 and of the profit or loss of the Company for the year ended 31st March 2011;
- (c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (d) the Directors have prepared the annual accounts for the financial year ended 31st March 2011 on a going concern basis.

Listing Information

The equity shares of the Company are listed on The Stock Exchange, Mumbai, and National Stock Exchange of India Limited. The Company has initiated process of voluntary delisting of its equity shares from Ahmedabad Stock Exchange; however, the delisting approval from the exchange is awaited.

Corporate Governance

The Company has taken appropriate steps and measures to comply with all the applicable provisions of the revised Clause 49 on Corporate Governance and Section 292A of the Companies Act, 1956. A detailed report on Corporate Governance along with a certificate of Statutory Auditors of the Company is attached herewith as an Annexure to this report.

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo :

(i) Conservation of Energy:

The Company utilizes electricity for operation of computers and initiates all efforts to minimize the consumption. At all levels conservation of energy is stressed upon. Company also takes possible measures to reduce the consumption by deploying automation.

(ii) Technology Absorption:

Research and Development

The IT and ITES Industry are subject to high rate of technological obsolescence. The Company is continuing its efforts to develop new software products with an eye to expand the levels of automation in the industries its customers operate. The constant R&D efforts have delivered new versions and features for the existing products in all the segments it works.

a) Specific Areas for R & D

The Company believes that technological obsolescence is a practical reality. It invests and encourages continuous innovation. Its R&D is always focused to provide unique benefits to our customers and other stakeholders by working both proactively (self-driven research) and reactively (customer-driven research).

Director's Report (Contd.)**b) Benefits derived as a result of R&D effort**

R & D activities taken up by the Company helps it to remain competitive.

c) Future Plans

Expansion of current activities by adding more R&D related activities in Manufacturing and other information Technology applications, which have potential for commercial applications.

(iii) Foreign Exchange Earnings and Outgo: (Standalone, India Operations)

	<u>2010 - 11</u>	<u>2009 - 10</u>
Foreign Exchange earnings	Rs. 2,284.19 Lac	Rs.1,954.98 Lac
Foreign Exchange outgo	Rs. 308.70 Lac	Rs. 371.62 Lac

Employee Particulars

The particulars of employees as required to be disclosed in accordance with the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended, form part of this Directors' Report. However, as per the Provisions of Section 219 (1) (b) (iv) of the Companies Act, 1956, the Report and the Accounts are being sent to all Members of the Company excluding the aforesaid information. Any Members interested in obtaining such particulars may write to the Company at its registered address.

Directors

Mr. Pradip Dubhashi and Mr. Harish Mehta shall retire by rotation and being eligible offer themselves for re-appointment.

It was proposed to change the tenure of re-appointment of Mr. Harish Mehta as the Chairman and Managing Director of the Company for a period of 5 years w.e.f. April 1, 2011 on revised terms and conditions as mentioned in the Notice of this Annual General Meeting.

Audit Committee

The present Audit Committee of the Board comprises of Mr. Pradip Dubhashi, Mr. Arun Meghani and Dr. Atul Wad. Mr. Pradip Dubhashi is the Chairman of the Committee.

Acknowledgements

Your Directors hereby put on record their sincere gratitude towards the continued assistance and co-operation extended to the Company by its Customers, Stakeholders, Suppliers, Banks, Financial Institutions and various Government authorities towards the growth of the Company.

Your Directors also place on record their deep sense of appreciation for the dedicated services rendered by the employees of the Company.

For and on behalf of the Board of Directors

Place : Mumbai
Date : May 16, 2011

Harish Mehta
Chairman & Managing Director

**Disclosure required under SEBI (Employee Stock Option Plan) Guidelines, 1999
Annexure "A"**

Sr.No.	Description	ESOP 2009	
		2010 - 11	2009 - 10
1	Total number of options under the Plan	875,000	875,000
2	Options granted during the year	201,500	77,000
3	Pricing formula	Rs.10	Rs.10
4	Options vested (as of March 31)	19,250	0
5	Options exercised during the year	9,500	0
6	Total number of shares arising as a result of exercise of Option (as of March 31)	38,000	0
7	Options lapsed	28,950	0
8	Variation of terms of options	vesting period shall commence on the expiry of one year from the date of grant of the options to the employees and could extend up to a period of four years from the said expiry of one year from the date of grant of options	
9	Money realized by exercise of options during the year	380,000	0
10	Total number of options in force at the end of the year	240,050	77,000
11	Employee wise details of options granted to a) Senior Management during the year :		
	Mr. M.V.S.S. Narayanacharyulu	25,000	
	Mr. Sudheendra Gumaste	25,000	
	Mr. Sudhir Badamikar	10,000	
	b) Employees holding 5% or more of the total number of options granted during the year	N.A.	N.A.
	c) Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued Capital (excluding outstanding warrants and conversions) of the Company at the time of grant	N.A.	N.A.
12	Diluted Earnings Per Share pursuant to issue of Shares on exercise of option calculated in accordance with International Accounting Standard (IAS) 33. (Rs.)	2.66	(2.73)

Auditors' Report on Employees' Stock Option Scheme

We have examined the books of account and other relevant records of ONWARD TECHNOLOGIES LIMITED and based on the information and explanation given to us, certify that in our opinion, the Company has implemented the Employees Stock Option Scheme in accordance with SEBI (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the resolutions of the Company in the Annual General Meeting held on 31st August, 2009.

For Kirtane & Pandit

Chartered Accountants
(Firm Reg. No. 105215W)

Parag P. Pansare

Partner
Membership No.: 117309
Mumbai, May 16, 2011

Management Discussion and Analysis

Overview

Overall the year 2010-11 has been noteworthy with respect to the aftermath of recession; and ended with a revival, posting a positive guidance for 2011-12.

While the overall economic environment remained uncertain during beginning of the fiscal, we continued to see greater demands for services from our clients. Throughout the year, our strategic efforts have been focused on building a **Hard-core Engineering Services and Solutions Organization** in multiple domains like automotive, off-highway, thermal engineering, laboratory furniture, water treatment etc.

Global automotive industry is clearly shifting into overdrive. In order to match the changing customer expectations, enhance the capability, focused execution adhering to first time right approach; we have taken up various initiatives like entering into teaming agreement with partners having complementary capabilities & infrastructure. We also accomplished setting up in our laboratory, a Thermal Chamber for one of our esteemed customer in Thermal Engineering domain. The laboratory is also being leveraged for hands-on training to our engineers in Powertrain and BIW technology. A full-fledged training center is started for young dynamic graduate engineers fresh out of reputed engineering institutes imparting them with practical training in various technologies like ProE, CATIA, UG, SW etc. We also could build a strong team in Virtual Engineering. These initiatives have helped us to strengthen our capabilities in mechanical engineering domain. Looking ahead, we remain focused on intently pursuing the opportunities and the business model with fullest advantage.

The Company continues to focus on improvements in Quality, Productivity and Operational Efficiencies in the chosen strategic areas and with the unique value proposition of Low Cost Innovation Driven Solutions.

Performance Snapshot:

Onward is one of the leading Engineering Design Services Company having presence in India and global markets. The Company's revenue is mainly from two concentrated lines of business i.e. engineering design and IT services. The FY 10-11 has been a significant year in the history of Onward, the Company has now started realizing the benefits of its investments and restructuring exercised in the last three years. Your Company is now on strong footing to achieve its long term goals and the management is very excited to do well in the years to come, it can now focus on to capture the other so far unexploited part of the world markets and is geared up to marketing aggressively in exploring business opportunities in European markets and further strengthening its position in US, middle east and local markets as well.

During the year overall economy has witnessed the pressure of uncertainty of forex markets and rising inflation in the local market. Amid rising interest rates and forex market volatility situation, your management has reacted sensitively to minimize the impact of rising interest rates and forex risks by taking timely proactive actions. During the year, the Company has swapped its high cost loans with lower rate loans and to negate the impact of forex rate fluctuation, the Company has taken due care in advance, to hedge the maximum forex of its next financial year's exposures.

The financial results for the year have been encouraging in all fronts and it is our pleasure to note that during the year, your Company has crossed the hundred Crore revenue mark with a healthy bottom-line. Total income during the year from both the lines of business considering its subsidiaries operations, on a consolidated basis was Rs. 104 Crore with Rs. 5 Crore profit after tax. The market wise revenue details are available in the consolidated notes to account vide Schedule "S", Note no.11.

Opportunities and Threats

Outlook for next twelve months:

Next fiscal, management's efforts are focused on growth in overseas business, while further strengthening the momentum in the domestic market. Our customer relationships are moving up the value chain in the areas of:

- Building global delivery organization with customized business models;
- Penetrating existing customer to offer wider range of engineering services;
- Providing solutions in Value Engineering and Virtual Engineering driven optimizations;
- Support in New Product Development;
- Simultaneous Engineering programs with support until Start of Production.

The various initiatives taken by the Company in the past has now started showing up results in adding/ maintaining/ enhancing our relationships with all leading Global OEMs & Tier1 suppliers.

Management Discussion and Analysis (Contd.)

Global corporate engineering services spend of the 11 verticals including the traditional verticals (Aerospace, Automotive, Telecom, Semiconductors, Consumer Electronics and Construction/Heavy Machinery) and emerging verticals (Computing Systems, Energy, Infrastructure, Industrial Automation and Medical Devices) amounted to USD 320-340 billion in 2009, a share of about 55-60 per cent of total corporate engineering services spend. Of this, currently off shored revenue is USD 38 billion and India's share in this is 21 per cent – USD 7.9 billion. Globally, offshorable revenues are expected to reach between USD 90-100 billion out of which India would garner a 40 per cent share by 2020 (i.e., USD 40-45 billion).

Major technology and engineering services initiatives are taking place across these verticals: Green technology – increasing fuel efficiency and use of alternate fuels (Aerospace, Automotive), power management (Energy smart grids, Semiconductors), convergence in technologies/voice & data convergence (Telecom handsets), portability and miniaturization (laptops/netbooks, Medical Devices), robotics (Medical Devices, Industrial Automation, Construction/Heavy Machinery), real-time monitoring to facilitate higher levels of control/reliability/efficiency (Industrial Automation, Construction/Heavy Machinery). Across most verticals, India and China are the leading destinations for off shoring due to their strong capabilities, cost arbitrage, manufacturing base, local demand, and large talent pool. Other emerging destinations include Taiwan (Computing Systems), Ireland (Medical Devices), Poland and Brazil (Construction/Heavy Machinery), etc.

Engineering services is strategic to India and has the potential to bring a steep change to the Indian economy. The engineering services market has played an important role in developing the engineering services capabilities of the country. India is now an emerging epicenter of the global engineering services market with more companies exploiting its supply base for future growth. It is important for major stakeholders of this industry, Indian Government, trade associations including NASSCOM to ensure the growth trajectory of the industry and moving it to the next level of product development.

According to a NASSCOM-Booz Allen Hamilton study, the current market for ESO in India is around \$6 billion. It is expected to touch \$38-50 billion by 2020. This could be 25-30% of the global offshore engineering services market.

At the same time, experts are quick to throw a word of caution. The opportunity will not remain forever and India needs to develop the complete eco-system in terms of manufacturing capabilities and quality talent to be able to promote the 'Engineered in India' brand name.

Risks and Concerns

Rising up to the new challenges will only be possible when we scale-up the value chain and put in efforts toward providing more and more of end-to-end solutions to the clients.

Indian firms will have to strive for that extra mile and put in smart work to survive in the newer growth opportunities.

Internal Control and their adequacy

The Company maintains adequate control commensurate with the size of the organization. The Company formulates and implements policies to safeguard assets from unauthorized use or disposition. The Company also ensures that proper measures and checks are maintained at all levels of transactions by way of authorization, recording and reporting.

Major risks identified include geographic and client concentration, slowdown of receivables, managing of contractual obligations etc. To address these risks, the Company has increased its diversification across geographies, enlarged the basket of offerings and increased its focus on the domestic market. Receivables are also being closely monitored.

Cautionary Statement

Statement in this Management Discussion and Analysis deals with Company's objectives, projections, estimates, expectations and predictions. The expectations of the management are regarded as forward looking statements with meaning of applicable securities, laws and regulations. These 'forward looking statements' are inherently subject to risks and uncertainties, beyond the control of the Company or its management. Many factors could cause the actual results, performance and achievements of the Company to be materially different from any future results, performances or achievement that may be expressed or implied by such forward looking statements. Onward Technologies Limited shall not be liable for any loss which may arise as a result of any action taken on the basis of the information contained herein nor would be any obligation to update the forward looking statements to reflect developments of events or circumstances hereafter.

On behalf of the Board of Directors

Place : Mumbai
Date : May 16, 2011

Harish Mehta
Chairman & Managing Director

Report on Corporate Governance for the year 2010-11

I Company's philosophy on Corporate Governance:

Corporate Governance is maximizing the shareholder value in a corporation while ensuring fairness to all stakeholders, customers, employees, investors and other stakeholders of the Company. It is a system by which companies are directed and controlled by the management in the best interest of shareholders and other stakeholders of the Company. Corporate Governance stands for responsible and value creating management and control of the Company.

The Company's policies and practices are not only consistent with the statutory requirements but also underline our commitment to operate in the best interest of the stakeholders in order to build an environment of trust and confidence among all components having conflicting as well as competing interest. Your Company firmly believes that Corporate Governance is a powerful tool to subserve the long-term growth of the Company and such practices are founded upon the core values of transparency, professionalism, empowerment, equity and accountability. Your Company makes best endeavours to uphold and nurture these core values in all facets of its operations and aim to increase and sustain its corporate value through growth and innovation.

Your Company fully implements the Corporate Governance Code of Conduct. The Board of Directors fully support and endorse Corporate Governance practices.

II Board of Directors:

The size and composition of the Board is in conformity with the requirements of Clause 49 of Listing agreement entered into with the Stock Exchanges.

A Composition of the Board and other related information as on 31st March 2011:

Name of Director	Designation / Category	No. of directorships in other companies in India (excludes Private companies and alternate directorships)	No. of other Committee memberships (excludes Private companies and alternate directorships)	No. of Board Meetings Attended	Last Annual General Meeting Attended
Mr. Harish S. Mehta	Chairman & Managing Director/ Promoter Director	2	Nil	4	Yes
Mrs. Shaila Mehta	Non Independent/ Non-Executive	1	Nil	4	Yes
Mr. Arun Meghani	Non Independent/ Non-Executive	2	1	2	No
Mr. Samir Desai	Independent / Non-Executive	Nil	Nil	1	No
Mr. Pradip Dubhashi	Independent / Non-Executive	6	3	4	Yes
Dr. Atul Wad	Independent / Non-Executive	Nil	Nil	Nil	No
Mr. Sudhir Karnik (Alternate Director to Dr. Atul Wad)	Independent / Non-Executive	1	1	4	Yes

Report on Corporate Governance for the year 2010-11 (Contd.)

B. Board Meetings

As a process of good Corporate Governance, all corporate affairs and matters requiring discussion/decisions by the Board, the Company has a policy for the meetings of Board of Directors and committee thereof. This policy ensures to systematize the decision making process at the meetings of Board/committees, in an informed and most efficient manner.

The Board meetings are held at least once in every quarter. The Board meetings are generally held at Mumbai. The dates of the Board Meetings are fixed well in advance and intimated to the Board members so as to enable the directors to plan their schedule accordingly. The agenda items are comprehensive and informative in nature to facilitate deliberations and appropriate decisions at the Board Meeting. On selective items, presentations are made to the Board. Annexure 1A of Clause 49 has been complied as applicable to the Company. Agenda items inter alia include the following:

- Annual Operating Plans
- Quarterly and Annual financial results
- Recommendation of dividend
- Change in constitution of various committees
- Monitoring and noting business transacted by various committees by taking on record minutes of various committees
- Proposal for amalgamation, merger, acquisitions etc.
- Floating of subsidiaries in India as well as abroad
- Details of investment in Joint Ventures
- New projects and expansion plans
- General notices of interest of Directors and various disclosure from Directors
- Laying down policies for Code of Conduct and Prevention of Insider Trading and its implementation
- Laying down ESOP Schemes
- Deciding managerial remuneration
- Litigation matters
- Allotment of shares
- Application to Central Government in various matters relating to the Companies Act, 1956

Four Board meetings were held during the year ended 31st March 2011 and the gap between two meetings did not exceed four months. The Board meetings were held on: 21st May, 2010, 16th July, 2010, 18th October, 2010 and 17th January, 2011 respectively.

Code of Conduct:

The Company has laid down a "Code of Conduct" for the members of the Board of Directors and the Senior Management. Annual affirmation of compliance with the Code have been made by the directors and senior management of the Company. A declaration to this effect signed by the CEO is given in this report. The Code has also been posted on Company's website, www.onwardgroup.com.

The CEO has certified to the Board with reference to the Financial Statement and other matters as required in clause 49 of the listing agreement.

Prohibition of Insider Trading Policy:

The Company has formulated and implemented the Code of Conduct for Prevention of Insider Trading to comply with relevant regulations laid down by SEBI. Accordingly, the Company announces closure of Trading Windows, free period, declaration of prohibited period etc. The Company has designed a reporting system to prevent insider trading by designated persons as mentioned in the said policy and takes quarterly and annual disclosure from the concerned persons. The said Code of Conduct for Prevention of Insider Trading Policy is also posted on the website of the Company, www.onwardgroup.com

Report on Corporate Governance for the year 2010-11 (Contd.)

C. Directors' membership in Board committees

None of the Directors of the Company were members in more than 10 committees or acted as the Chairperson of more than five committees across all companies in which they were Directors. For the purpose of calculating the said limit Chairmanship/membership has been considered only for Audit Committee and Shareholders Grievance Committee.

III Committees of Board of Directors

Your Company has constituted five Committees of Board of Directors. These are :

- A. Audit Committee
- B. Remuneration Committee
- C. Compensation Committee
- D. Shareholders' / Investors' Grievance Committee
- E. Banking Committee

A. Audit Committee:

1. Brief description of terms of reference:

The Audit Committee was constituted in terms of Section 292A of the Companies Act, 1956 and the provisions of Clause 49 of the Listing Agreement entered into with the Stock Exchanges.

The primary objective of the Audit Committee is to monitor and provide effective supervision of the management's financial reporting process and to ensure accurate, timely and proper disclosures and transparency, integrity and quality of financial reporting to the Board of Directors on the following terms of references :

- a) Overview of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- b) Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of statutory auditor and the fixation of audit fee and also approval of payment for any other services rendered.
- c) Reviewing with the management the annual financial statements before submission to the Board for approval, focusing primarily on –
 - Any changes in accounting policies and practices.
 - Major accounting entries based on exercise of judgment by management.
 - Qualification in draft audit report.
 - Significant adjustments made in the financial statements arising out of audit.
 - The going concern assumption.
 - Compliance with accounting standards.
 - Compliance with listing and legal requirements concerning financial statements.
 - Any related party transactions i.e., transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives etc., that may have potential conflict with the interests of the Company at large.
- d) Reviewing with the management the performance of statutory and internal auditors, and the adequacy of internal control systems.
- e) Reviewing with the management, the quarterly financial statements before submission to the Board for approval.
- f) Discussion with internal auditors on any significant findings and follow up thereon.

Report on Corporate Governance for the year 2010-11 (Contd.)

- g) Reviewing the findings of any internal investigations by the internal auditors into matters where there is a suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- h) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussions to ascertain any area of concern.
- i) Reviewing the Company's financial and risk management policies.
- j) To determine the reasons for any substantial defaults in payment to deposit holders, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.

2. Composition

The Audit Committee comprises of three Non-Executive Directors with majority of them being Independent. The Chairman of the Committee is an Independent Director. During the year under review, four meetings of the Committee were held on the following dates : 21st May, 2010, 16th July, 2010, 18th October, 2010 and 17th January, 2011 respectively.

The Directors who are part of the Audit Committee as on March 31, 2011 and the attendance of each of the members of the Committee is given below:

Name of Director	Designation	Category	No. of Meetings attended
Mr. Pradip Dubhashi	Chairman	Independent member & Non-Executive	4
Mr. Arun Meghani	Member	Non Independent member and Non-Executive	2
Dr. Atul Wad	Member	Independent member & Non-Executive	Nil
Mr. Sudhir Karnik (Alternate Director to Dr. Atul Wad)	Member	Independent member & Non-Executive	4

The statutory as well as internal auditors of the Company were also invited for the meetings. In absence of Company Secretary, the Compliance Officer assumes responsibilities of secretary of Audit Committee.

B. Remuneration Committee:

- i) The Board of Directors have constituted a Remuneration Committee of Directors on 19th October, 2005.
- ii) The broad terms of reference of the Remuneration Committee are as under:
 - a) To approve the remuneration and commission / incentive remuneration payable to the Managing Director for each financial year.
 - b) Such other matters as the Board may from time to time request the Remuneration Committee to examine and recommend / approve.

(1) Composition

The Remuneration committee consists of the following Board of Directors :

- (i) Mr. Pradip Dubhashi, Independent / Non-Executive Director
- (ii) Mr. Arun Meghani, Non Independent Director / Non-Executive Director
- (iii) Dr. Atul Wad, Independent / Non-Executive Director
- (iv) Mr. Sudhir Karnik (Alternate Director to Dr. Atul Wad), Independent / Non-Executive Director

Mr. Pradip Dubhashi is the Chairman of the Remuneration Committee.

No Remuneration Committee meeting was held in the year.

Report on Corporate Governance for the year 2010-11 (Contd.)

(2) Non Executive Directors' Remuneration details for the financial year ended March 31, 2011

Name of the Director	Sitting Fees (Rs.)	Total (Rs.)
Mrs. Shaila Mehta	100,000	100,000
Mr. Pradip Dubhashi	135,000	135,000
Mr. Arun Meghani	50,000	50,000
Mr. Samir Desai	20,000	20,000
Dr. Atul Wad	Nil	Nil
Mr. Sudhir Karnik (Alternate Director to Dr. Atul Wad)	120,000	120,000

The Company pays sitting fees of Rs. 20,000/- per Board Meeting to Non Executive Directors attending Board Meeting. The Company pays Rs. 5,000/- as sitting fees to the members of Audit Committee. Since the payment of sitting fees is within the limit, approval from shareholders is not required.

C. Compensation Committee:

1. Brief Description of terms of reference

The Compensation committee approves, allocates and administers the existing Employee Stock Option Plans (ESOP), 2009, reviews performance appraisal criteria and set norms for ESOP allocation.

2. Composition

The Compensation committee comprises of the following Directors on the Board of the Company:

- (i) Mr. Harish Mehta, Chairman & Managing Director
- (ii) Mr. Pradip Dubhashi, Independent Director
- (iii) Mr. Samir Desai, Independent Director

Mr. Harish Mehta chaired the meetings.

During the year, the Committee had three meetings, which were held on 21st May, 2010, 18th October, 2010 and 21st February, 2011. Mr. Harish Mehta and Mr. Pradip Dubhashi attended all the meetings and Mr. Samir Desai was granted leave of absence.

D. Shareholders' / Investors' Grievance Committee:

1. Brief description of terms of reference

The scope of Shareholders' / Investors' Grievance committee is to review and address the grievances of the shareholders in respect of share transfers, transmission, issuance of duplicate share certificates, dematerialization and rematerialisation of shares and other shares related activities from time to time.

2. Composition

The composition of the Shareholders' / Investors' Grievances committee is as under:

- (i) Mrs. Shaila Mehta – Non Independent / Non-Executive Director
- (ii) Mr. Pradip Dubhashi – Independent / Non-Executive Director
- (iii) Dr. Atul Wad – Independent / Non-Executive Director
- (iv) Mr. Sudhir Karnik (Alternate Director to Dr. Atul Wad), Independent / Non-Executive Director

Mrs. Shaila Mehta chaired the meetings.

Report on Corporate Governance for the year 2010-11 (Contd.)

During the year, four meetings were held on 21st May, 2010, 16th July, 2010, 18th October, 2010 and 17th January, 2011 respectively. Mrs. Shaila Mehta, Mr. Pradip Dubhashi and Mr. Sudhir Karnik attended all the meetings.

Status of Complaints received during the Accounting year ended 31st March, 2011:

Nature of Complaints	Received	Resolved	Pending
Relating to Transfer, Transmission, etc.	Nil	Nil	Nil
Other / Miscellaneous	Nil	Nil	Nil
Total	Nil	Nil	Nil

There were no pending complaints as well as share transfer proposal as on March 31, 2011.

To facilitate the shareholders an email id - grd@onwardgroup.com has been activated for any Investor grievances.

Name and designation of the Compliance Officer: Mr. Yogesh Desai, DGM – Accounts & Finance

E) Banking Committee:

1. Brief description of terms of reference

The scope of Banking committee is to discuss the matter relating to banking transaction, i.e. opening of account, change in signatories, obtaining financial assistance from the banks, etc.

2. Composition

The composition of the Banking committee is as under:

- (i) Mr. Harish Mehta – Non Independent / Executive Director
- (ii) Mrs. Shaila Mehta – Non Independent / Non-Executive Director
- (ii) Mr. Arun Meghani – Non Independent / Non-Executive Director

Mr. Harish Mehta chaired the meetings.

During the year, nine meetings were held on 7th June, 2010, 18th August, 2010, 30th September, 2010, 8th October, 2010, 12th October, 2010, 22nd November, 2010, 29th November, 2010, 18th February, 2011 and 1st March, 2011 respectively. Mr. Harish Mehta and Mrs. Shaila Mehta attended all the meetings.

F) General Body Meetings:

a) Details of the last three Annual General Meetings are as under :

Financial Year	Venue	Date	Time	Special Resolution passed, If any
2007 - 08	Onward House D – 28/7 T.T.C. MIDC Ind. Area Turbhe, Navi Mumbai - 400 705	31.7.2008	4.00 p.m.	No
2008 - 09	The Victoria Memorial School for the Blind Opp. Tardeo A/C Market 73, Tardeo Road Mumbai - 400 034.	31.8.2009	10.00 a.m.	Yes (9 Nos)
2009 - 10	The Victoria Memorial School for the Blind Opp. Tardeo A/C Market 73, Tardeo Road Mumbai - 400 034.	16.7.2010	3.30 p.m.	Yes (1 No)

Report on Corporate Governance for the year 2010-11 (Contd.)

There was no resolution passed by the shareholders through Postal Ballot at the last Annual General Meeting. There is no proposal to pass any Special Resolution by way of conducting postal ballot.

There was no Extra Ordinary General Meeting held in 2010 – 11.

IV Disclosures:

- There were no transactions of material significant nature between the Company and its directors or promoters or the management, or their relatives etc. save and except transactions entered in the Register of Contracts, and the said transactions are not having potential conflict with the interests of the Company.
- The Company has complied with statutory compliances and no penalty or stricture is imposed on the Company by the Stock Exchanges or Securities & Exchange Board of India (SEBI), any other statutory authority on any matter related to the capital markets during the last three years.
- While preparing the financial statements of the Company for the year ended March 31, 2011, the management has ensured that all Accounting Standards have been properly followed and there has been no deviation from this practice.
- The management has evolved a Risk Assessment and minimization procedure code which is reviewed quarterly.
- Directors' Remuneration details for the financial year ended March 31, 2011 to Executive Director :

Name of the Director	Salary & Perquisites (Rs.)	Incentive (Rs.)	Sitting Fees (Rs.)	Total (Rs.)
Mr. Harish Mehta, Chairman & Managing Director	2,561,761	–	–	2,561,761

V Means of Communication:

The Board of Directors of the Company approves and takes on record the quarterly, half yearly and annual financial results in the proforma prescribed under the listing agreement entered into with the Stock Exchanges where the shares of the Company are listed. These results are promptly submitted to the Stock Exchanges and the same are published in English and Marathi Newspapers within 48 hours of such adoption by the Company. These results and the Code of Conduct for Corporate Governance are also posted on the Company's website www.onwardgroup.com

The Company issues news releases on significant corporate decisions / activities and posts them on its website.

The Company's website www.onwardgroup.com provides a separate section for investors where relevant shareholders information is available. The Annual Reports of the Company are available on the website in a user friendly and downloadable form.

Annual Report is circulated to members. The Management Discussion and Analysis Report and Corporate Governance Report are part of the Annual Report.

The Company has appointed Link Intime India Pvt. Ltd. as Registrar and Transfer Agent who are also authorized to take care of investors' complaints. The secretarial department also assists in resolving various investor complaints. The Company has created a separate e-mail id grd@onwardgroup.com exclusively for resolving investors' grievances.

Report on Corporate Governance for the year 2010-11 (Contd.)**VI General Shareholders Information:**

Annual General Meeting

Date : 15th July, 2011
 Time : 3.30 p.m.
 Venue : Victoria Memorial School for the Blind
 Next to Girnar House
 73, Tardeo Road
 Mumbai - 400 034

Financial Year : April 1 to March 31
 First quarter results : 3rd week of July, 2011
 Second quarter results : 3rd week of October 2011
 Third quarter results : 3rd week of January 2012
 Results for the year ending March 2012 : 4th week of May 2012
 Book closure dates : 13th July, 2011 to 15th July, 2011
 (both days inclusive)

Dividend payment date : –

Registered office : Sterling Centre, 2nd Floor
 Dr. A. B. Road
 Worli
 Mumbai - 400 018

Stock Exchange where Equity shares listed : The Stock Exchange, Mumbai

Stock Code : 517536

Group : B1
 : National Stock Exchange of India Ltd.
 ONWARDTEC
 The Stock Exchange, Ahmedabad
 (Applied for delisting)

Demat ISIN no. for CDSL and NSDL : INE 229 A 01017

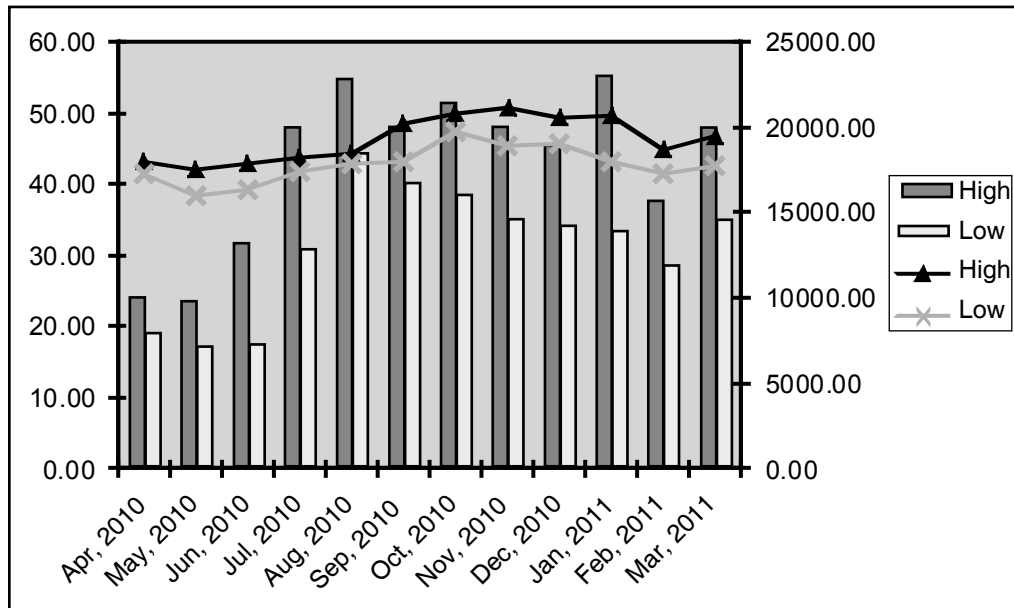
Market price data: High/Low during each month in the last financial year :

(Rupees)

Month	BSE		NSE	
	High	Low	High	Low
April, 2010	23.90	18.85	25.30	18.65
May, 2010	23.50	17.10	23.00	16.20
June, 2010	31.60	17.35	31.55	16.35
July, 2010	47.95	30.90	47.95	30.60
August, 2010	54.80	44.25	54.50	44.50
September, 2010	48.00	40.15	49.40	39.80
October, 2010	51.30	38.30	51.40	38.60
November, 2010	47.95	35.00	47.25	33.55
December, 2010	45.30	34.05	45.45	33.90
January, 2011	55.40	33.30	55.15	33.90
February, 2011	37.45	28.60	37.30	29.10
March, 2011	47.95	35.05	48.95	34.30

Report on Corporate Governance for the year 2010-11 (Contd.)

Stock price performance in comparison to the BSE Sensex



Registrar and Share Transfer Agents

Link Intime India Pvt. Ltd.
 C-13 Pannalal Silk Mills Compound,
 L.B.S. Marg,
 Bhandup (West),
 Mumbai - 400 078.

Tel : +91 22 25963838
 Fax : +91 22 25962691
 E-mail: isrl@linkintime.com

Share Transfer System

The Share Transfer Committee meets at regular intervals to process all shares received for transfer and the same are returned within 21 days from the date of lodgment if documents are complete in all respects.

Distribution of Shareholding as on 31st March, 2011:

Shareholding of Nominal value (Rs.)	No. of ShareHolders	% of Share holders	Amount (Rs.)	% of Shareholding
1 to 5,000	6,978	85.50	12,638,430	9.49
5,001 to 10,000	622	7.62	5,209,470	3.91
10,001 to 20,000	277	3.39	4,111,640	3.09
20,001 to 30,000	98	1.20	2,519,080	1.89
30,001 to 40,000	38	0.47	1,381,780	1.04
40,001 to 50,000	34	0.42	1,628,660	1.22
50,001 to 100,000	52	0.64	3,884,060	2.91
100,001 to 9,999,999,999	62	0.76	101,827,580	76.45
Total	8,161	100.00	133,200,700	100.00

Report on Corporate Governance for the year 2010-11 (Contd.)**Shareholding Pattern as on 31st March 2011:**

Categories	No. of shares held	Percentage of shareholding
Promoter Corporate Bodies	7,014,928	52.66
Directors & Relatives	251,321	1.89
Corporate Bodies	1,736,193	13.03
Mutual Fund	3,750	0.03
Banks	350	0.00
Non Resident Indians	34,207	0.26
Public	3,974,697	29.84
Clearing Members	304,624	2.29
Total	13,320,070	100.00

De-materialisation of Shares and Liquidity	As on March 31, 2011, 13,081,712 shares representing 98.21% of the paid-up share capital of the Company were in de-materialised form
Outstanding GDR/ADR/Warrants or any Convertible instruments, conversion dates and likely impact on equity	Since, the Company has not issued any GDR/ADR/Warrants or any convertible instruments this clause is not applicable
Plant location	The Company does not have any manufacturing plant
Address for Correspondence	<p>Link Intime India Pvt. Ltd. has been entrusted and appointed as Registrars & Share Transfer agents of the Company. All queries pertaining to transfer, transmission, de-materialisation and change of address be directed to them at their following address :</p> <p>Link Intime India Pvt. Ltd. C-13 Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai-400 078.</p> <p>Tel: +91 22 25963838 Fax: +91 22 25962691 E-mail: isrl@linkintime.com</p> <p>Contact person: Mr. Tushar Ghodke</p>

For and on behalf of the Board of Directors

Place : Mumbai
Date : May 16, 2011

Harish Mehta
Chairman & Managing Director

Chief Executive Officer (CEO) Certification

I, Harish Mehta, Chairman and Managing Director of Onward Technologies Limited, to the best of my knowledge and belief, certify that:

1. We have reviewed the Financial Statements and the Cash Flow Statement for the year 2010-11 and that to the best of our knowledge and belief;
 - (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
4. We have indicated to the Auditors and the Audit Committee :
 - (i) Significant changes in internal control over financial reporting during the year;
 - (ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) There are no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place: Mumbai
Date: May 16, 2011

Harish Mehta
Chairman & Managing Director

Auditors' Certificate

To

The Members of Onward Technologies Limited

We have examined the compliance of conditions of corporate governance by Onward Technologies Limited, for the year ended on March 31, 2011, 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 the 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 generally complied with the conditions of corporate governance as stipulated in the above-mentioned Listing Agreement except compliance under clause 47 regarding appointment of Whole Time Company Secretary.

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

For Kirtane & Pandit

*Chartered Accountants
(Firm No. 105215W)*

Parag P. Pansare

*Partner
Membership No.: 117309*

Mumbai, May 16, 2011

Auditors' Report

To the Members of Onward Technologies Limited

We have audited the attached Balance Sheet of ONWARD TECHNOLOGIES LIMITED ("the Company") as at March 31, 2011, the Profit and Loss Account for the year ended on that date annexed thereto and the Cash Flow Statement for the year ended on that date, which we have signed under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

1. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. Further to our comments in the Annexure referred to in paragraph (1) above, we report that:
 - a) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of such books;
 - c) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) so far as appears from our scrutiny of books of account and other records, we are of the opinion that the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - e) on the basis of the written representations received from the directors as on March 31, 2011 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - f) in our opinion and to the best of our information and according to the explanations given to us the said accounts read together with the notes thereon subject to note no 3 of schedule R, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the Balance Sheet, of the state of the affairs of the Company as at March 31, 2011;
 - ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For Kirtane & Pandit

Chartered Accountants
(Firm Reg. No. 105215W)

Parag P. Pansare

Partner
Membership No.: 117309

Mumbai, May 16, 2011

Auditors' Report *(Contd.)***Annexure referred to in paragraph 1 of our report of even date addressed to the Members of ONWARD TECHNOLOGIES LIMITED, on the financial statements for the year ended March 31, 2011.**

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- (b) During the year fixed assets have not been physically verified by the Management,
- (c) During the year, the Company has disposed some of its fixed assets. In our opinion and according to the information and explanations given to us, fixed assets disposed off were not substantial and therefore has not affected the going concern assumption.
- (ii) (a) The Company is a service company, primarily engaged in Mechanical Engineering designing and Information Technology services and consultancy, further in respect of trading activities of the Company, the products viz. Software are purchased only if counter orders are received from the customer, thus it does not carry any physical inventories as on balance sheet date. Thus, paragraph 4(ii) (a) and (b) of the Order (as amended) is not applicable.
- (b) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of movement of inventories.
- (iii) (a) According to the information and explanations given to us, the Company has not granted any secured or unsecured loan to companies, firm or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Consequently, clauses (iii)(a) to (iii)(d) of paragraph 4 of the order are not applicable.
- (b) The Company has taken loan from two companies whose names are listed in the register maintained under Section 301 of the Companies Act, 1956. The total amount involved at the year end was Rs. 737.72 Lac.
- (c) The rate of interest and other terms and conditions of unsecured loans taken by the Company, are prima facie not prejudicial to the interest of the Company.
- (d) The terms of arrangement do not stipulate any repayment schedule for principle and interest thereon and are repayable on demand. Accordingly, paragraph 4 (iii)(g) of the Order is not applicable to the Company in respect of repayment of the principal and interest amount.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods and service. We have neither come across nor have been informed of any major weaknesses in the internal control system in the aforesaid areas.
- (v) (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements that are required to be entered in the register in pursuance of Section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of Rs.Five Lakhs with any parties during the year have been made at prices, which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public. Accordingly, paragraph 4(vi) of the Order (as amended) is not applicable.
- (vii) On the basis of internal audit report broadly reviewed by us, we are of the opinion that, the Company has an adequate internal audit system commensurate with the size and nature of its business.
- (viii) According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956 for any of the products and services rendered of the Company. Accordingly, paragraph 4(viii) of the Order (as amended) is not applicable.

Auditors' Report (Contd.)

- (ix) (a) In our opinion, the Company is not regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and any other material statutory dues, as may be applicable, with the appropriate authorities as observed by us during the course of our examination of the books of account carried out in accordance with generally accepted auditing practices in India. There were no dues on account of cess under Section 441A of the Companies Act, 1956 since the aforesaid section has not yet been made effective by the Central Government.
- (b) In our opinion and according to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, customs duty, excise duty, cess and any other material statutory dues, as may be applicable, were in arrears, as at March 31, 2011 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, as at the end of the year, there are no dues on account of sales tax, income tax, customs duty, wealth tax, service tax, excise duty, cess and any other statutory dues as may be applicable, that have not been deposited on account of any dispute except as follows:-

(Rs. Lacs)

Sr. No.	Name of Statute	Nature of Dues	Year	Amount Demanded Rs.	Forum where dispute is pending.
1.	Income Tax Act, 1961	Transfer pricing adjustment and Disallowance u/s 36(10(va))	A.Y.2006-07	383.94	CIT(Appeal), Mumbai
2.	Income Tax Act, 1961	Transfer pricing adjustment	A.Y.2007-08	260.77	CIT(Appeal), Mumbai
3.	Central Sale Tax	Non submission of Form C	F.Y. 2002-03	6.99	JT. Comm of Sale Tax, Mumbai
4.	Central Sale Tax	Interest	F.Y. 2003-04	6.09	JT. Comm of Sale Tax, Mumbai
5.	Maharashtra State Tax on Professions, Trade, Callings and Employments Act, 1975	Assessment Dues	F.Y.2007-08	5.79	Dt. Comm of Sales Tax (Appelas)

- (x) The Company does have accumulated losses at the end of the financial year, however it doesn't exceed fifty percent of net worth of the Company and it has not incurred cash losses in current financial year as well as in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, the provision of clause 4(xii) of the Order (as amended) is not applicable.

Auditors' Report *(Contd.)*

- (xiii) In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi mutual benefit fund / society. Therefore, the provisions of clause 4 (xiii) of the Order (as amended) are not applicable.
- (xiv) In our opinion and according to the information and explanations given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Order (as amended) is not applicable.
- (xv) In our opinion and according to the information and explanations given to us, the Company has given guarantees for loans taken by its wholly owned subsidiaries from banks or financial institutions.
- (xvi) In our opinion, the term loans have been applied for the purpose for which they were raised.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) According to the information and explanations given to us, the Company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, paragraph 4(xviii) of the Order (as amended) is not applicable.
- (xix) According to the information and explanations given to us, during the year, the company has not issued debentures. Accordingly, paragraph 4(xix) of the Order (as amended) is not applicable.
- (xx) As the Company has not raised any money by way of public issue, disclosure requirement of the end use of money raised by public issue does not apply to the Company.
- (xxi) During the course of our examination of the books and records of the Company and according to the information and explanations given to us, we have neither come across any instant of fraud on or by the Company, noticed or reported during the course of our audit, nor have we been informed of such case by the Management .

For Kirtane & Pandit
Chartered Accountants
(Firm Reg. No. 105215W)

Parag P. Pansare
Partner
Membership No.: 117309

Mumbai, May 16, 2011

Balance Sheet as at 31st March, 2011

	Schedule	As At 31.3.2011 Rupees	As At 31.3.2010 Rupees
Sources of Funds			
Shareholders' Funds			
Share Capital	A	137,229,549	133,527,003
Reserves and Surplus	B	74,893,553	73,989,333
		<u>212,123,102</u>	<u>207,516,336</u>
Loan Funds			
Secured Loans	C	56,236,791	94,561,536
Unsecured Loans	D	84,312,395	89,404,170
		<u>140,549,186</u>	<u>183,965,706</u>
Deferred Tax Liabilities (Refer Note : 17)		—	—
		<u>352,672,288</u>	<u>391,482,042</u>
Application of Funds			
Fixed Assets			
Gross Block	E	389,615,829	368,529,477
Less: Accumulated Depreciation		<u>271,358,180</u>	<u>244,473,352</u>
Net Block		<u>118,257,649</u>	<u>124,056,125</u>
Investments	F	198,155,222	173,155,222
Current Assets, Loans and Advances			
Sundry Debtors	G	85,993,657	117,390,132
Cash & Bank Balances	H	8,494,255	2,828,530
Other Current Assets	I	893,572	2,526,736
Loans & Advances	J	81,653,088	45,573,594
		<u>177,034,572</u>	<u>168,318,992</u>
Less: Current Liabilities and Provisions			
Current Liabilities	K	140,525,044	118,128,832
Provisions	L	18,832,338	11,681,026
		<u>159,357,382</u>	<u>129,809,858</u>
Net Current Assets		17,677,190	38,509,134
Profit & Loss Account		18,582,227	55,761,561
		<u>352,672,288</u>	<u>391,482,042</u>
Notes to Accounts	R		

The schedules referred above form an integral part of the Balance Sheet

As per our report of even date

For Kirtane & Pandit

Chartered Accountants

For and on behalf of the Board of Directors

Parag P. Pansare

Partner

Harish Mehta

Chairman & Managing Director

Shaila Mehta

Director

Place : Mumbai

Date : May 16, 2011

Arun Meghani

Director

Pradip Dubhashi

Director

Profit and Loss Account for the year ended 31st March, 2011

	Schedule	Year ended 31.3.2011 Rupees	Year ended 31.3.2010 Rupees
Income			
Sales and Other Income	M	471,199,195	357,579,569
Expenditure			
Cost of Goods Sold	N	18,916,711	14,523,859
Employee Cost	O	259,596,603	181,571,310
Operation and other Expenses	P	105,781,124	157,026,296
Finance Cost	Q	19,607,744	24,677,774
Depreciation	E	29,771,552	30,696,256
		433,673,734	408,495,495
Profit/(Loss) Before Extra Ordinary Item & Tax		37,525,461	(50,915,926)
Prior Period Items		321,027	959,501
Profit/(Loss) Before Tax		37,204,434	(51,875,427)
Current Tax (Under MAT)		7,478,500	–
Less : MAT Credit Entilement		(7,478,500)	–
Deferred Tax Expenses/(Benefits)		–	(15,691,137)
Wealth Tax		25,100	–
		25,100	(15,691,137)
Profit/(Loss) After Tax		37,179,334	(36,184,290)
Balance B/F from previous year		(55,761,561)	(19,577,271)
Balance Carried to Balance Sheet		(18,582,227)	(55,761,561)
Basic Earning per Share		2.80	(2.73)
Diluted Earning per Share		2.66	(2.73)
(Refer Note : 18)			
Notes to Accounts	R		

The Schedule referred above form an integral part of the Profit & Loss Account

As per our report of even date

For Kirtane & Pandit

Chartered Accountants

For and on behalf of the Board of Directors

Parag P. Pansare

Partner

Harish Mehta

Chairman & Managing Director

Shaila Mehta

Director

Place : Mumbai

Date : May 16, 2011

Arun Meghani

Director

Pradip Dubhashi

Director

Cash Flow Statement for the year ended 31st March, 2011

(A)	Current Year Rs.	Previous Year Rs.
Cash Flows from operating activities		
Profit Before Extra Ordinary Item & Tax	37,525,461	(50,915,926)
Adjustments for :		
Depreciation	29,771,552	30,696,256
Deferred Employees Compensation Expenses	4,134,766	(6,827,879)
Adjustments for Reduction in Value of Fixed Assets as per AS-11	-	7,175,676
Interest Income	(382,145)	(846,143)
Dividend received	(23,579)	(5,000)
Net Loss on sale of Fixed Assets	357,352	380,971
Interest Expenses	18,331,500	24,677,774
Operating Profit before working capital changes	89,714,907	4,335,729
Adjustments for :		
Decrease/(Increase) in Stocks	-	-
Decrease/(Increase) in Sundry Debtors	31,396,475	(16,020,146)
Decrease/(Increase) in Other Current Assets	1,633,164	(2,327,715)
Decrease/(Increase) in Loans and Advances	(36,079,494)	4,202,788
(Decrease)/Increase in Current Liabilities	22,396,212	(23,269,409)
(Decrease)/Increase in Provisions	7,151,312	(12,919)
Cash generated from operations	116,212,576	(33,091,672)
Income Tax Provided	(25,100)	-
Cash flow before Extraordinary Item	116,187,476	(33,091,672)
Increase/(Decrease) in Deferred Tax Liability/Benefit	-	-
Prior Period Items	(321,027)	(959,501)
Net Cash from Operating Activities (A)	115,866,449	(34,051,173)
(B) Cash Flow from Investing Activities		
Purchase of Fixed Assets and Investments	(49,347,324)	(3,468,137)
Proceeds from sale of Fixed Assets	16,896	58,668
Interest received	382,145	846,143
Dividend received	23,579	5,000
Net Cash used in Investing Activities (B)	(48,924,704)	(2,558,326)
(C) Cash Flow from Financing Activities		
Proceeds from Issue of Share Capital	472,000	-
Share Premium Account	-	-
Proceeds from Sale of Investments	-	82,685,806
Proceeds from long-term borrowings	6,000,000	532,000
Repayment of long-term borrowings	(49,416,520)	(23,127,210)
Dividend and Dividend Tax paid	-	-
Increase in Non Current Assets	-	-
Interest paid	(18,331,500)	(24,677,774)
Net Cash (used)/generated in Financing Activities (C)	(61,276,020)	35,412,822
Net Increase/(Decrease) in Cash and Cash equivalents (A + B + C)	5,665,725	(1,196,677)
Cash and Cash equivalents opening balance	2,828,530	4,025,206
Cash and Cash equivalents closing balance	8,494,255	2,828,530

Fixed Deposits included in closing balance of Cash & Cash equivalent in closing balance includes Fixed Deposits of **Rs. 2,921,500** (P.Y. Rs.350,425) pledged with Banks as margin to secure Bank Guarantees issued by Banks, **Rs.10,000** (P.Y. Rs.10,000) pledged with Sales Tax Authority & **Rs.3,600** (P.Y. Rs.3,600) pledged with Customer.

As per our report of even date

For Kirtane & Pandit
Chartered Accountants

Parag P. Pansare
Partner

Place : Mumbai
Date : May 16, 2011

For and on behalf of the Board of Directors

Harish Mehta
Chairman & Managing Director

Arun Meghani
Director

Shaila Mehta
Director

Pradip Dubhashi
Director

Schedules Annexed to and forming part of the Balance Sheet as at 31st March, 2011

	As At 31.3.2011 Rupees	As At 31.3.2010 Rupees
Schedule - 'A'		
Share Capital :		
Authorised		
18,000,000 (P. Y. 18,000,000) Equity Shares of Rs. 10 each	180,000,000	180,000,000
1,000,000 Preference Shares of Rs. 10 each	10,000,000	10,000,000
1,000,000 Unclassified Shares of Rs. 10 each	10,000,000	10,000,000
	<u>200,000,000</u>	<u>200,000,000</u>
Issued, Subscribed and Paid Up		
1) 13,320,070 (P. Y. 13,272,870) Equity Shares of Rs. 10 each Fully Paid up	133,200,700	132,728,700
2) Employee Stock Options Outstanding Less: Deferred Employees Compensation Expenses	8,922,380 4,893,531	3,563,720 2,765,417
	<u>137,229,549</u>	<u>133,527,003</u>
a) 960,200 (P. Y. 317,200) Equity Shares are outstanding as at Balance Sheet date; each Shares being a Fully Paid up Equity Share of Rs. 10 each. [Under scheme 2001: NIL (P.Y. 9,200) & under scheme 2009:960,200 (P.Y. 308,000)]		
b) The Company allotted 5,987,682 as fully paid up bonus shares on 10.12.2001 by utilisation of Securities Premium and Reserves & Surplus.		
Schedule - 'B'		
Reserves and Surplus :		
Securities Premium		
Opening Balance	73,989,333	73,989,333
Add: Share Premium on 47,200 (P. Y. NIL) Equity Share issued during the year ESOPs Fully Paid up	904,220	—
	<u>74,893,553</u>	<u>73,989,333</u>
General Reserve		
Opening Balance	—	—
Less: Transferred to Profit & Loss Account	—	—
	<u>—</u>	<u>—</u>
	<u>74,893,553</u>	<u>73,989,333</u>

Schedules Annexed to and forming part of the Balance Sheet as at 31st March, 2011

	As At 31.3.2011 Rupees	As At 31.3.2010 Rupees
Schedule - 'C'		
Secured Loans :		
1. Term Loan		
From Banks/Financial Institution (Term loans are secured by pari-passu first charge on Fixed Assets and pari-passu second charge on Current Assets both present and future as well as guarantee in personal capacity of the Managing Director of the Company)	–	18,750,000
Working Capital Term Loan (Secured by exclusive charge on all existing & future Current Assets & moveable Fixed Assets & guarantee in personal capacity of the Chairman & Managing Director of the Company)	14,203,174	–
2. Others (Hypothecation) Secured by Hypothecation of Motor Cars	6,749,116	2,482,739
3. Short Term Loans		
From Bank		
Cash Credit : (Secured by exclusive charge on all existing & future Current Assets & moveable Fixed Assets & guarantee in personal capacity of the Chairman & Managing Director of the Company)	35,284,501	73,328,797
	<u>56,236,791</u>	<u>94,561,536</u>
Schedule - 'D'		
Unsecured Loans :		
Loan from Group Companies	84,312,395	89,404,170
	<u>84,312,395</u>	<u>89,404,170</u>

Schedules Annexed to and forming part of the Balance Sheet as at 31st March, 2011

Schedule - 'E'

Fixed Assets :

Particulars	Gross Block (At Cost)				Depreciation				Net Block	
	As At 1.4.2010 Rs.	Additions During the Year Rs.	Sale/Adj. During the Year Rs.	Total Upto 31.3.2011 Rs.	Provided Upto 31.3.2010 Rs.	Provided During the Year Rs.	Sale/Adj. During the Year Rs.	Total Upto 31.3.2011 Rs.	As At 31.3.2011 Rs.	As At 31.3.2010 Rs.
Owned Assets										
Tangible Assets										
Land & Building	1,706,250	–	–	1,706,250	409,219	27,812	–	437,031	1,269,219	1,297,031
Computer Equipment										
Hardware & Software	250,630,562	14,231,191	2,180,483	262,681,270	172,501,084	23,068,967	2,180,483	193,389,568	69,291,702	78,129,478
Instruments & Accessories	1,228,859	24,000	134,901	1,117,958	1,224,261	3,134	134,901	1,092,494	25,464	4,598
Office Equipments	6,331,377	–	35,000	6,296,377	3,042,150	286,614	35,000	3,293,764	3,002,613	3,289,227
Other Equipments	9,669,475	1,551,196	34,400	11,186,271	5,016,963	657,321	34,400	5,639,884	5,546,387	4,652,512
Furniture & Fixtures	50,547,967	94,887	9,026	50,633,828	32,271,212	2,966,879	9,026	35,229,065	15,404,763	18,276,755
Electrical Fittings	6,762,390	940,570	14,926	7,688,034	4,670,052	376,754	14,926	5,031,880	2,656,154	2,092,338
Vehicles	11,237,482	6,719,500	852,236	17,104,746	3,969,617	1,355,116	477,988	4,846,745	12,258,001	7,267,865
Lease Hold Improvement	10,599,156	785,980	–	11,385,136	1,552,835	1,028,955	–	2,581,790	8,803,346	9,046,321
Leased Assets	19,815,959	–	–	19,815,959	19,815,959	–	–	19,815,959	–	–
Total	368,529,477	24,347,324	3,260,972	389,615,829	244,473,352	29,771,552	2,886,724	271,358,180	118,257,649	124,056,125
Previous Year	373,892,383	3,468,136	8,831,042	368,529,477	214,992,824	30,696,256	1,215,728	244,473,352	124,056,125	158,899,560

	As At 31.3.2011 Rupees	As At 31.3.2010 Rupees
Schedule - 'F'		
Investments :		
Long Term Investment		
In Government Securities		
6 Years National Saving Certificates (Pledged with Sales Tax Authorities)	23,000	23,000
Investment in Subsidiaries (Non-Trade, Non Quoted)		
114,000 (P. Y. 114,000) Fully Paid Equity Shares of US \$20 each of Onward Technologies, Inc.	95,169,663	95,169,663
Share Capital in Onward Technologies GmbH	4,171,035	4,171,035
7,290,000 (P. Y. 6,290,000) Fully Paid up Equity Shares of Rs. 10 each of Onward eServices Ltd.	72,900,000	62,900,000
Share Application Money to Onward eServices Ltd.	15,000,000	–
5,000 (P. Y. 5,000) Shares of Rs. 100 each (Fully Paid up) of Shantmurli Holdings Private Limited	10,692,664	10,692,664
Non-trade (Quoted)		
3,000 (P. Y. 3,000) Fully Paid Equity Shares of Dena Bank Ltd. Market Value Rs.312,750 (P. Y. Rs. 235,350)	90,000	90,000
Non-trade (Unquoted)		
8,386 (P. Y. 8,386) Fully Paid Shares of Rs. 10 each of The North Kanara GSB Co-op. Bank Ltd.	83,860	83,860
2,500 (P. Y. 2,500) Fully Paid Shares of Rs. 10 each of The Saraswat Co-op. Bank Ltd.	25,000	25,000
	198,155,222	173,155,222

Schedules Annexed to and forming part of the Balance Sheet as at 31st March, 2011

	As At 31.3.2011 Rupees	As At 31.3.2010 Rupees
Schedule - 'G'		
Sundry Debtors :		
(Unsecured, Considered Good unless specified Otherwise)		
Due for more than 6 months (Refer Note : 7)	6,649,560	8,875,595
Other Debts	79,344,097	108,514,537
	<u>85,993,657</u>	<u>117,390,132</u>
Schedule - 'H'		
Cash and Bank Balances :		
Cash on hand	13,864	28,324
Balance with scheduled Banks :		
- In Current & Cash Credit Accounts	5,550,420	2,436,181
- In Fixed Deposit Accounts (Refer Note : 4)	2,929,971	364,025
	<u>8,494,255</u>	<u>2,828,530</u>
Schedule - 'I'		
Other Current Assets :		
Interest Receivable	125,806	71,010
Receivable from Foreign Exchange Broker (Refer Note : 12)	767,766	2,455,726
	<u>893,572</u>	<u>2,526,736</u>
Schedule - 'J'		
Loans and Advances :		
(Unsecured, Considered Good)		
(i) Loans :		
To Staff	60,469	228,042
(ii) Advance towards Equity in Subsidiary	2,729,425	2,729,425
(iii) Advances recoverable in cash or in kind or for value to be received :		
Advance Income Taxes	57,386,416	30,547,693
Advance paid to Supplier	1,606,494	-
Others	13,586,404	6,546,544
	<u>72,579,314</u>	<u>37,094,237</u>
Deposits	6,283,880	5,521,890
	<u>81,653,088</u>	<u>45,573,594</u>
Schedule - 'K'		
Current Liabilities :		
Sundry Creditors (Refer Note : 9)	31,346,156	78,817,550
Advance from Customer	47,352,438	785,240
Interest accrued but not due	8,486,994	454,576
	<u>87,185,588</u>	<u>80,057,366</u>
Other Liabilities	53,339,456	38,071,466
	<u>140,525,044</u>	<u>118,128,832</u>
Schedule - 'L'		
Provisions :		
Provision for Income Tax	10,622,130	3,118,530
Provision for Leave Encashment & Gratuity	8,210,208	8,562,496
	<u>18,832,338</u>	<u>11,681,026</u>

Schedules Annexed to and forming part of the Profit and Loss Account for the year ended 31st March, 2011

	Year ended 31.3.2011 Rupees	Year ended 31.3.2010 Rupees
Schedule - 'M'		
Sales and Other Income :		
Sales		
Sale of Products	35,456,022	32,135,308
Sale of Services	427,070,525	316,671,839
	<u>462,526,547</u>	<u>348,807,147</u>
Other Income		
Interest from Bank	396,894	502,865
Interest from Others	14,749	343,278
Profit on Sale of Fixed Assets	65,241	-
Foreign Exchange Gain	4,363,899	-
Miscellaneous Income	3,831,865	7,926,279
	<u>8,672,648</u>	<u>8,772,422</u>
	<u>471,199,195</u>	<u>357,579,569</u>
Schedule - 'N'		
Cost of Goods Sold :		
Opening Stock	-	-
Add: Purchases	18,916,711	14,523,859
	<u>18,916,711</u>	<u>14,523,859</u>
Less: Closing Stock	-	-
	<u>18,916,711</u>	<u>14,523,859</u>
Schedule - 'O'		
Employee Cost :		
Remuneration and Benefits to Employees :		
Salaries and Bonus	239,309,225	169,419,900
Company's Contribution towards PF & other Statutory Dues	13,516,019	10,214,573
Superannuation	-	610,353
Group Gratuity	897,662	570,897
Staff Welfare Expenses	5,873,697	755,587
	<u>259,596,603</u>	<u>181,571,310</u>

Schedules Annexed to and forming part of the Profit and Loss Account for the year ended 31st March, 2011

	Year ended 31.3.2011 Rupees	Year ended 31.3.2010 Rupees
Schedule - 'P'		
Operation and Other Expenses :		
Compensation for the use of premises	18,399,716	16,647,903
Conveyance	7,025,293	5,243,706
Electricity Charges	10,078,097	7,967,128
Insurance Premium	2,641,156	1,288,053
Leasing and Hire Charges	17,693,231	11,637,796
Loss on Sale of Fixed Assets	357,352	380,971
Miscellaneous Expenses	5,870,809	4,403,315
Professional Fees	11,214,539	10,135,266
Foreign Exchange Loss	-	6,027,293
Bad Debt	989,048	58,294,163
Provision for Doubtful Debt	318,318	-
Repairs & Maintenance Computer Equipment	865,417	201,748
Repairs & Maintenance others	4,259,834	3,209,771
Rates & Taxes	1,047,821	3,121,506
Remuneration to Auditors (Refer Note : 10D)	576,147	480,863
Communication Expenses	6,502,448	5,441,639
Traveling Expenses	13,862,346	11,696,934
Selling & Marketing Expenses	4,079,552	10,848,241
	<u>105,781,124</u>	<u>157,026,296</u>
Schedule - 'Q'		
Finance Cost :		
Interest Cost	18,331,500	23,414,405
Bank Charges	1,276,244	1,263,369
	<u>19,607,744</u>	<u>24,677,774</u>

Notes on the Balance Sheet and Profit and Loss Account

SCHEDULE - 'R'

NOTES TO ACCOUNTS FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

1. Significant Accounting Policies

A. Accounting Assumptions

The financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles ("GAAP") under the historical cost convention on the accrual basis. GAAP comprises mandatory accounting standards as specified in the Companies (Accounting Standards) Rules, 2006, the provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India. These accounts have been prepared on the assumption that the Company is a going concern and have been consistently applied by the Company; and the accounting policies not referred to otherwise, are in conformity with Indian GAAP.

B. Use of estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of financial statements. The recognition, measurement, classification or disclosure of an item or information in the financial statements has been made relying on these estimates. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from those estimated. Any revision to accounting estimates is recognised prospectively in the current and future periods.

C. Revenue Recognition

Revenue comprises sale of user licence of software, professional services and consultancy, training, interest and dividend. Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and that the revenue can be reliably measured. Revenue is disclosed exclusive of sales tax, service tax, VAT or other taxes, as applicable.

Sales

- i) Services rendered through transfer via tele-communication network are recognised on receiving confirmation of receipt from customer.
- ii) In respect of income received from contracts dependent on time and material basis are recognised when related service are performed.
- iii) Revenue through training, annual maintenance contracts and fixed-price maintenance contracts are recognized proportionately over the period in which services are rendered / training is provided.
- iv) Revenue from the sale of user licences for software applications is recognised on transfer of the title in the user licence.
- v) Revenue from sale to overseas subsidiary companies are recognized in accordance with transfer pricing agreement entered with the subsidiary companies.

Income from Operating Lease

Minimum lease payments as per contracts are recognised as revenue on a straight- line basis over the lease term.

Income from Investment

- i) Dividend income is recognized when the Company's right to receive dividend is established.
- ii) Interest is recognised on time proportionate basis taking into account the amount outstanding and the rate applicable.

Notes on the Balance Sheet and Profit and Loss Account (Contd.)

D. Fixed Assets, Depreciation & Impairment

Fixed assets are stated at cost, less accumulated depreciation and impairment losses, if any. Cost includes all expenditure necessary to bring the asset to its working condition for its intended use. Own developed assets are capitalized inclusive of all direct costs and attributable overheads. Capital work-in-progress comprises of advances paid to acquire fixed assets and the cost of fixed assets that are not yet ready for their intended use as at the balance sheet date.

Intangible assets are recorded at the consideration paid for their acquisition. Cost of an internally generated asset comprises all expenditure that can be directly attributed, or allocated on a reasonable and consistent basis, to creating, producing and making the asset ready for its intended use.

Depreciation on fixed assets is computed on the straight-line method over their useful lives at rates prescribed under Schedule XIV of the Companies Act, 1956. Individual assets acquired after financial year 2004-2005 valuing for less than Rs.5,000 are entirely depreciated in the year of acquisition.

Lease hold improvements are depreciated over the period of contract of lease including lease period which can be further extendable at discretions of the lessee.

The management periodically assesses fixed assets, using external and internal sources whether there is an indication that an asset may be impaired. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized in the income statement for items of fixed assets carried at cost. The recoverable amount is the higher of an asset's net selling price and value in use. The net selling price is the amount obtained from the sale of an asset in an arm's length transaction while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if not possible, for the cash generating unit.

Impairment loss recognised for an asset in earlier accounting periods is reversed, to the extent of its recoverable amount, if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

E. Foreign Currency Transactions

Transactions in foreign currencies are normally recorded at the average exchange rate prevailing on the date on which transaction occurred.

Outstanding balances of foreign currency monetary items are reported using the period end rates.

Non-monetary items carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rate that existed, when the values were determined.

Exchange differences arising as a result of the above are recognised as income or expense in the profit and loss account except the following.

In pursuance to notification no G.S.R 225 (E) 31.03.2009 issued by the Ministry of Corporate Affairs for amending Accounting Standard 11 "The Effects of Changes in Foreign Exchange Rates", the Company has opted the option of capitalising Foreign Exchange gain/loss on long term foreign currency monetary assets.

Foreign Branches

Foreign currency transactions entered into by branches, which are integral foreign operations, are translated in the same manner as foreign currency transactions described above. Monetary assets and liabilities are translated at rates prevailing on the balance sheet date. Non-monetary assets and liabilities are translated at the rate prevailing on the date of the transaction. Depreciation on fixed assets is recognised as per the Company's policy. Net gain/loss on foreign currency translation is recognised in the profit and loss account.

Notes on the Balance Sheet and Profit and Loss Account (Contd.)

Derivative

The Company uses foreign exchange forward contracts to hedge its exposure to movements in foreign exchange rates. The use of these foreign exchange forward contracts reduces the risk or cost to the Company and the Company does not use the foreign exchange forward contracts for trading or speculation purposes.

In case of forward contracts, the difference between the forward rate and the exchange rate, being the premium or discount, at the inception of a forward exchange contract is recognized as income or expense over the life of the contract. Exchange differences on such contracts are recognized in the profit and loss account in the reporting period in which the rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense for the period.

F. Investments

Trade investments are the investments made to enhance the Company's business interests. Investments are either classified as current/short term or long term based on the management's intention at the time of purchase. Long term investments are carried at cost less any permanent diminution in value (if any), determined separately for each individual investment. Current/short term investments are carried at the lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each category of investment. Cost for overseas investments comprises the Indian rupee value of the consideration paid for the investment.

G. Cash Flow Statement

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

H. Payments & Benefits to Employees

(a) Short Term Employee Benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salaries, wages, and short term compensated absences etc. and the expected cost of bonus, ex-gratia are recognized in the period in which the employee renders the related service.

(b) Post Employment Benefits

(i) **Defined Contribution Plans:** The Company's superannuation scheme, state governed provident fund scheme, employee state insurance scheme and employee pension scheme are defined contribution plans. The contribution paid/payable under the schemes is recognized during the period in which the employee renders the related service,

(ii) **Defined Benefit Plans:** The employees' gratuity fund schemes managed by Trust are the Company's defined benefit plans. The present value of the obligation under such defined benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plans, is based on the market yields on Government securities as at the balance sheet date having maturity periods approximating to the terms of related obligations.

Actuarial gain and losses are recognized immediately in the profit and loss account.

In case of funded plans, the fair value of the plan assets is reduced from the gross obligation under the defined benefit plans, to recognize the obligation on net basis.

Notes on the Balance Sheet and Profit and Loss Account (Contd.)

(c) Long Term Employee Benefits

The obligation for long term employee benefits such as long term compensated absences is recognized in the same manner as in the case of defined benefit plans as mentioned in (b) (ii) above.

I. Operating Lease

Assets acquired on lease where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating lease. Lease rentals are charged off to the profit and loss account as incurred. Initial direct costs in respect of assets given on operating lease are expensed off in the year in which such costs are incurred.

J. Earning Per Share

Basic earnings per share are calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for any bonus shares issued during the year and also after the balance sheet date but before the date the financial statements are approved by the board of directors.

For the purpose of calculating diluted earnings per share, the net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

The number of equity shares and potentially dilutive equity shares are adjusted for bonus shares as appropriate. The dilutive potential equity shares are adjusted for the proceeds receivable, had the shares been issued at fair value. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date.

K. Tax Expense

Tax expense for the year comprises of current tax wealth tax and deferred tax.

Current tax is measured after taking into consideration, the deductions and exemptions admissible under the provisions of the Income Tax Act, 1961.

Deferred tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing difference of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. If there is unabsorbed depreciation or carry forward of losses under tax laws, deferred tax assets are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax resulting from timing differences which originate during the tax holiday period but are expected to reverse after such tax holiday period is recognised in the year in which the timing differences originate using the tax rates and laws enacted or substantively enacted at the balance sheet date.

Minimum Alternative Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay income tax higher than that computed under MAT, during the period that MAT is permitted to be set off under the Income Tax Act, 1961 (specified period). In the year, in which the MAT credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in the guidance note issued by the Institute of Chartered Accountants of India (ICAI), the said asset is created by way of a credit to the profit and loss account and shown as MAT credit entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay income tax higher than MAT during the specified period.

Notes on the Balance Sheet and Profit and Loss Account (Contd.)**L. Employee Stock Option Scheme**

In accordance with SEBI guidelines, the excess of the market price of shares, at the date of grant of options under the Employee Stock Option Scheme, over the exercise price, is treated as Employee Compensation expenses and amortised on a systematic basis over the vesting period of the options.

In the case of graded vesting, the vesting period is determined separately for each portion of the option. The unamortised portion of the cost is shown under "Share Capital".

M. Provisions and Contingent Liabilities

The Company recognizes a provision when there is a present obligation as a result of a past event that probably requires outflow of resources, which can be reliably estimated. Disclosures for a contingent liability is made, without a provision in books, when there is an obligation that may, but probably will not, require outflow of resources.

2. In the opinion of the board and to the best of their knowledge, the current assets, loans and advances, shown in the balance sheet have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated therein.
3. Debtors and Creditors are subject to confirmation.
4. **Contingent Liabilities not provided for:**

Particular	Year Ended March 31 (Rs.)	
	2011	2010
Counter guarantees given by the Company for the guarantees issued by Company's bankers	3,474,500	2,289,750
Fixed deposits shown under the head cash and bank balances include deposits pledged with the banks as margins to secure letters of credit and guarantees issued by banks	(2,921,500)	(350,425)
Net amount	553,000	1,939,325
Corporate guarantees given by the Company for the loans taken by subsidiaries	48,832,878	—
Disputed income tax demand	64,470,747	80,325,421
Disputed sales tax demand	1,307,274	—
Disputed profession tax demand	579,128	—
Total	66,910,149	82,264,746

5. Disclosure in pursuance of notification no G.S.R 225 (E) 31.03.2009 of Ministry of Corporate Affairs:

Particular	Year Ended March 31 (Rs.)	
	2011	2010
Opening foreign exchange difference capitalized	4,447,154	12,400,341
Foreign exchange difference capitalized during the period	576,585	(7,175,676)
Less: Amount amortised during the period	98,478	777,511
Closing foreign exchange difference capitalized	4,925,261	4,447,154

6. Managerial Remuneration

Particular	Year Ended March 31 (Rs.)	
	2011	2010
Salary and allowances	2,561,761	2,461,826
Total	2,561,761	2,461,826

Notes on the Balance Sheet and Profit and Loss Account (Contd.)

7. The break-up of Sundry Debtors is as follows:

Particular	Year Ended March 31 (Rs.)	
	2011	2010
Debts due for more than 6 months		
- Considered good	6,649,560	8,875,595
- Considered doubtful	318,318	–
Sub-total (A)	6,967,878	8,875,595
Debts due for less than 6 months		
- Considered good	79,344,097	108,514,537
- Considered doubtful	–	–
Sub-total (B)	79,344,097	108,514,537
Less: Provision for doubtful debts	318,318	–
Balance (A + B)	85,993,657	117,390,132

Note: Debt include amount due from related parties.

Particular	Year Ended March 31 (Rs.)	
	2011	2010
Debts due from Subsidiary Companies:		
a) Onward Technologies, Inc., USA	–	58,452,378
b) Onward Technologies GmbH, Germany	5,022,881	2,378,963
Total	5,022,881	60,831,341

8. A. Loans and advances include amounts receivable/payable from/to related parties:

Particular	Year Ended March 31 (Rs.)	
	2011	2010
Loans and advances include amounts receivable from related parties:		
a) Onward eServices Limited	3,528,874	–
b) Shantmurli Holdings Pvt. Limited	345,177	330,177
c) Onward Technologies GmbH, Germany	2,729,425	2,729,425
d) Onward Software Technologies Pvt. Limited	55,000	55,000
Total	6,658,476	3,114,602

B.

Particular	Year Ended March 31 (Rs.)	
	2011	2010
Other Liabilities include amount payable to related parties:		
a) Onward Network Technologies Pvt. Limited	246,163	–
b) Onward Technologies, Inc., USA	47,077,901	–
Total	47,324,064	–

Notes on the Balance Sheet and Profit and Loss Account (Contd.)**9. Amount Due to Small, Medium and Micro enterprises:**

During the year Company has called for information from its vendors for their status under "The Small, Medium and Micro Enterprises Development Act 2006". Disclosure is made on the basis of the information received till date.

Particular	Year Ended March 31 (Rs.)	
	2011	2010
a) Total outstanding due to micro enterprise & small enterprise	126,809	—
b) Total outstanding due to other than micro enterprise & small enterprise	31,825,411	78,817,550
c) Principal amount remaining unpaid to suppliers at the year end	—	—
d) Interest due there on remaining unpaid to suppliers at year end	—	—
e) The amount of interest due and payable and remain unpaid at the end of accounting year	—	—
f) The amount of further interest remaining due and payable even in succeeding years	—	—

10. Additional Information Pursuant to the Provisions of Paragraphs 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956:

(A) Information in respect of capacity and class of goods manufactured:

The Company, being primarily engaged in rendering of services, the details in respect of licensed capacity, installed capacity and production / consumption of raw materials etc. are not given.

(B) Purchases / Sales and Stocks:

	Quantity		Value (Rs.)	
	Software	Others	Software	Others
(i) Opening Stock: (Stock in trade)	— (—)	— (—)	— (—)	— (—)
(ii) Purchases:	242 (349)	19 (16)	9,718,802 (11,564,985)	9,197,908 (2,755,824)
(iii) Sales: (Refer note below)	242 (349)	19 (16)	24,412,588 (28,705,946)	10,992,866 (3,429,362)
(iv) Closing Stock: (Stock in trade)	— (—)	— (—)	— (—)	— (—)

Note:

It is not possible to state the value of sales separately for each class of products above, as sales are usually made of several types of items together for a composite price, the bifurcation of which is not practicable.

(C) Earnings in Foreign Currency:

Particular	Year Ended March 31 (Rs.)	
	2011	2010
Product sale	50,568	5,451,059
Software exports including consulting services & commissions	228,418,555	195,498,231

Notes on the Balance Sheet and Profit and Loss Account (Contd.)
(D) Auditor's Remuneration: (Net of Service Tax):

Particular	Year Ended March 31 (Rs.)	
	2011	2010
Audit Fees	250,000	250,000
Tax Audit Fees	75,000	50,000
Other Services	244,850	175,000
Reimbursement of out of pocket expenses	6,297	5,863
Total	576,147	480,863

(E) Expenditure in Foreign Currency:

Particular	Year Ended March 31 (Rs.)	
	2011	2010
Subscription, Books & Periodicals	–	8,838
Travelling	9,137,560	4,354,115
Professional Fees	1,283,128	1,064,225
Communication	108,195	299,899
Salaries & Bonus	17,375,700	21,342,781
Miscellaneous Expenditure	357,367	181,053
Compensation Premises	1,270,828	1,442,701
Marketing Fees & Technical Support	17,007	7,151,772
Conveyance	1,204,520	1,024,809
Finance Charges	115,359	291,812
Total	30,869,664	37,162,005

(F) Value of Import basis:

Particular	Year Ended March 31 (Rs.)	
	2011	2010
Software	9,630,042	11,564,985
Capital Goods	–	–

11. a. The principal amount of term loan payable within a year is **NIL** (P. Y. Rs.125.00 Lac).
 b. The Principal amount of Working Capital Term Loan payable within a year is **Rs. 86.71 Lac** (P. Y. Rs. Nil).
12. **Derivative Instruments and un-hedged Foreign Currency:**

Derivatives Instrument	Amount Outstanding As on March 31		Purpose
	2011	2010	
Forward contract	\$1,600,000	\$1,350,000	Hedging against USD receivable

Particular of un-hedged foreign currency exposure as on Balance Sheet Date:

(Figures in Lac)

Year	Foreign Currency Receivable				
	USD	GBP	EURO	DIRHAM	BRL
2011	0.35	0.91	1.33	0.33	0.09
2010	–	0.82	1.82	2.47	–

Particular of un-hedged foreign currency exposure as on Balance Sheet Date:

(Figures in Lac)

Year	Foreign Currency Payable			
	USD	GBP	EURO	DIRHAM
2011	5.68	0.01	0.02	0.02
2010	11.75	–	–	–

Notes on the Balance Sheet and Profit and Loss Account (Contd.)**13. Disclosure in pursuance of Accounting Standard – 15 (Revised 2005) on “Employee Benefits”****1. Defined Contribution Plans**

The Company has recognized following amounts in the profit & loss account for the year:

Particular	Year Ended March 31 (Rs.)	
	2011	2010
Contribution to employees provident fund	13,516,019	10,214,573
Contribution to superannuation fund	–	610,353
Contribution to labour welfare fund	31,056	23,832
Total	13,547,075	10,848,758

2. Defined Benefit Plans / Compensated absences – as per Actuarial Valuation on March 31, 2011.

a) Reconciliation of opening and closing balances of the present value of the Defined Benefit Obligation (DBO):

Sr. No.	Particulars	Gratuity (Rs.)	
		2011	2010
1	Obligations at period beginning	6,370,950	6,441,652
2	Current service cost	2,645,156	2,586,288
3	Interest cost	509,676	626,911
4	Actuarial (gain) / losses	(2,288,933)	(2,763,983)
5	Benefits paid	(227,983)	(519,918)
6	Past Service Cost (Vested Benefit)	64,960	–
7	DBO at period closing	7,073,556	6,370,950

b) A reconciliation of the opening and closing balances of the fair value of plan assets:

Sr. No.	Particulars	Gratuity (Rs.)	
		2011	2010
1	Opening fair value of plan asset at period beginning	937,398	1,365,658
2	Expected returns on plan assets	74,992	88,456
3	Actuarial gain / (losses)	8,530	3,202
4	Contribution by the employer	–	–
5	Benefits paid	(227,983)	(519,918)
6	Fair value of plan assets at period closing	792,937	937,398

c) Net assets / (liabilities) recognized in the balance sheet as on March 31, 2011:

Sr. No.	Particulars	Gratuity (Rs.)	
		2011	2010
1	Present value of funded obligations	7,073,556	6,370,950
2	Fair value of plan assets	(792,937)	(937,398)
3	Present value of unfunded obligations	–	–
4	Net assets / (liabilities) recognized in the balance sheet	(6,280,619)	(5,433,552)

d) Total expenses recognized in the profit and loss account:

Sr. No.	Particulars	Gratuity (Rs.)	
		2011	2010
1	Current service cost	2,645,156	2,586,288
2	Interest on defined benefit obligation	509,676	626,911
3	Expected returns on plan assets	(74,992)	(88,456)
4	Actuarial (gains) / losses	(2,297,463)	(2,767,185)
5	Past Service Cost (Vested Benefit)	64,960	–
	Total	847,067	357,558

All the above have been included under the line item remuneration and benefits to employees in Schedule - 'O' of the revenue account.

Notes on the Balance Sheet and Profit and Loss Account (Contd.)

- e) Major categories of plan assets as a percentage of total plan assets:

Sr. No.	Particulars	Plan Asset - %	Plan Asset - Rs.
1	Other / insurer managed funds	100	(792,937)

- f) Compensated Leave:

Para 132 of AS15 (revised 2005) does not require any specific disclosures except where expense resulting from compensated absence is of such size, nature or incidence that its disclosure is relevant under Accounting Standard No. 5 or Accounting Standard No. 18. In the opinion of the management the expense resulting from compensated absence is not significant and hence no disclosures are prepared under various paragraphs of AS 15 (revised 2005).

- g) Experience Adjustments:

Particulars	Year Ended March 31 (Rs.)		
	2011	2010	2009
Defined benefit obligation	7,073,556	6,370,950	6,441,652
Plan assets	792,937	937,398	1,365,658
Surplus / (deficit)	(6,280,619)	(5,433,552)	(5,075,994)
Exp. adj. on plan liabilities	(2,956,831)	(1,049,289)	621,820
Exp. adj. on plan assets	8,530	3,202	(68,877)

- h) Actuarial Assumptions:

Sr. No.	Particulars	Year Ended March 31	
		2011	2010
1	Discount rate	8.25%	8.00 %
2	Expected return on plan asset	8.00%	8.00%
3	Retirement age	58 years	58 years
4	Salary escalation rate	5.00%	4.00%
5	Attrition Rate	2%	8%

- i) Gratuity is administered through group gratuity scheme with Life Insurance Corporation of India.

- j) Salary Escalation Rate:

Future salary increases considered in actuarial valuation take into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

- k) Expected rate of return on plan assets:

This is based on actuaries' expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations.

- l) Discount Rate:

The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

14. Information about Business Segments

As permitted by paragraph 4 of Accounting Standard-17 (AS - 17), 'Segment Reporting', if a single financial report contains both consolidated financial statements and the separate financial statements of the parent, segment information need be presented only on the basis of the consolidated financial statements. Thus, disclosures required by AS - 17 are given in consolidated financial statements.

Notes on the Balance Sheet and Profit and Loss Account (Contd.)**15. Related Party Disclosures**

(a) List of related parties and relationships:

	Relation	Parties
A.	Subsidiaries	Onward Technologies GmbH, Germany Shantmurli Holdings Pvt. Ltd. Onward Technologies, Inc., USA Onward eServices Ltd.
B.	Enterprise over which key management personnel exercise significant influence	Onward Network Technologies Pvt. Ltd. Desai Finwealth Investments & Securities Pvt. Ltd. Onward Software Technologies Pvt. Ltd.
C.	Key Management Personnel and Relatives Chairman & Managing Director Director Related to Directors Related to Director	Harish Mehta Shaila Mehta Jigar Mehta Arun Meghani

(b) Related party transactions:

(Rs. in Lac)

Aggregate of Transactions	Subsidiaries	Key Management Personnel	Relatives of Key Management Personnel	Associate Companies & Promoter Companies	Total
Sales	1,397.48 (1,036.37)	– (–)	– (–)	– (–)	1,397.48 (1,036.37)
ICDs received including loans and advances)	164.40 (–)	– (–)	– (–)	469.81 (479.47)	634.21 (479.47)
ICD repaid	340.15 (–)	– (–)	– (–)	386.70 (166.76)	726.85 (166.76)
Directors sitting charges	– (–)	1.00 (1.40)	– (–)	– (–)	1.00 (1.40)
Interest paid during the year	– (–)	– (–)	– (–)	97.79 (60.72)	97.79 (60.72)
Expenses Reimbursement	– (–)	– (–)	– (–)	3.64 (2.18)	3.64 (2.18)
Marketing Fees & Technical Support	– (71.28)	– (–)	– (–)	– (–)	– (71.28)
Bad debts	– (575.04)	– (–)	– (–)	– (–)	– (575.04)
Rent paid	– (–)	– (–)	– (–)	99.27 (99.27)	99.27 (99.27)
Salaries paid	– (–)	25.62 (24.62)	24.75 (45.31)*	– (–)	50.37 (69.93)
Investment	100.00 (–)	– (–)	– (–)	– (–)	100.00 (–)
Share Application Money	150.00 (–)	– (–)	– (–)	– (–)	150.00 (–)

* Remuneration paid for the period April 1, 2009 to March 31, 2010 was approved by shareholders in the Annual General Meeting held on August 31, 2009, consequently the Company had applied to the Central Government for which approval from the Central Government had received for Rs.27.00 Lac per annum, however the Company had again re-filed application to the Central Government for revision, which is pending as on date.

Notes: Previous year figures have been shown in brackets.

Notes on the Balance Sheet and Profit and Loss Account (Contd.)

(C) Balance outstanding at end of financial year:

(Rs. in Lac)

Aggregate of Transactions	Subsidiaries	Key Management Personnel & Relative	Associate Companies & Promoter Companies	Total
Debit Balances outstanding				
Loans and advances	– (3.30)	– (–)	– (0.55)	– (3.85)
Debtors	50.53 (608.31)	– (–)	– (–)	50.53 (608.31)
Advance towards expenses	3.45 (3.30)	– (–)	0.55 (0.55)	4.00 (3.85)
Advance Salary	– (–)	5.82 (3.84)	– (–)	5.82 (3.84)
Investments	1,829.33 (1,729.33)	– (–)	– (–)	1,829.33 (1,729.33)
Share Application Money	150.00 (–)	– (–)	– (–)	150.00 (–)
Credit Balances outstanding				
Loans and advances	105.00 (120.73)	– (–)	817.89 (788.64)	922.89 (909.37)
Credit balance in Debtors	470.78 (–)	– (–)	– (–)	470.78 (–)
Creditors	– (570.15)	– (–)	– (2.18)	– (572.33)

Note: Previous year figures have been shown in brackets.

 16. I) **Disclosure for Income from Operating Lease:**

The Company has leased office premise under operating lease. The lease charges to be received in future are as follows:

Particular	Year Ended March 31 (Rs.)	
	2011	2010
Lease payment credited to profit & loss account	598,500	466,335

Minimum Lease payment	Year Ended March 31 (Rs.)	
	2011	2010
Up to 1 year	178,723	570,000
Greater than 1 year but less than 5 years	–	712,500

Notes on the Balance Sheet and Profit and Loss Account (Contd.)**ii) Disclosure for Operating Leases:**

The Company has leased certain flats / office premises under operating leases. The lease payments to be made in respect of the leases in future are as follows:

Particular	Year Ended March 31 (Rs.)	
	2011	2010
Lease payment debited to profit & loss account	18,399,716	16,647,903

Lease obligation	Year Ended March 31 (Rs.)	
	2011	2010
Up to 1 year	5,858,240	13,147,438
Greater than 1 year but less than 5 years	–	34,404,500
Greater than 5 years	–	37,800,000

17. Statement of Computation of Deferred Tax Liabilities/Assets (Net)

Particulars	Year Ended March 31 (Rs.)	
	2011	2010
A) Deferred Tax Assets		
a) Carried forward of unabsorbed depreciation and loss	15,876,226	14,347,064
b) Provision disallowed under Sec 43B, Sec 40(a)(1) and Sec 40A(7)	2,536,954	3,065,098
Total (A)	18,413,180	17,412,162
B) Deferred Tax Liability		
Difference in net Block as per Books of Account and as per Income Tax Act, 1956	18,413,180	17,412,162
Total (B)	18,413,180	17,412,162
Net Deferred tax assets / (liability) (A–B) as on end of reporting period	–	–
Net Deferred tax assets / (liability) as on the beginning of reporting period	–	(15,691,136)
Deferred Tax expense / (benefit) recognised in profit and loss account	–	(15,691,136)

18. Earnings per Share

The earnings per share have been computed in accordance with the “AS 20”.

Particular	Year Ended March 31	
	2011	2010
Profit / (loss) after tax	Rs.37,179,334	Rs.(36,184,290)
Profit / (loss) attributable to equity shareholders	Rs.37,179,334	Rs. (36,184,290)
Adjusted number of ordinary shares, (face value Rs.10)	13,281,089	13,272,870
Basic earning per share	Rs.2.80	Rs.(2.73)
Weighted average number of shares under options	960,200	317,200
Diluted earning per share	Rs.2.66	Rs.(2.73)

Particular	Year Ended March 31	
	2011	2010
Weighted average number of shares under options	960,200	317,200
Fair value of shares during the year	Rs.33.95	Rs.19.85
Exercise price for share under option	Rs.10.00	Rs.10.00
Number of shares that would have been issued at fair value	282,828	159,800

Notes on the Balance Sheet and Profit and Loss Account (Contd.)

19 a. Onward Technologies employee stock option plan 2001

The Company instituted the 2001 plan for all eligible employees in pursuance of a special resolution approved by the shareholders at the extraordinary general meeting held on January 15, 2001. Scheme covers grant of options to specified permanent employees of the Company as well as its subsidiaries.

Pursuant to scheme, the Company has granted options each to eligible employees at an exercise price of Rs. 10 per equity share of Rs. 10 each.

Under the term of scheme, 25% of the options will vest in the employees at the end of first year, 25% at the end of second year, 25% at the end of third year and balance 25% at the end of fourth year from the grant date.

The employee stock options granted shall be capable of being exercised within a period of four years from the date of first vesting the options, they would be exercisable by the option holder and the shares arising on exercise of such options shall not be subject to any lock-in period. Further, in the case of termination of employment, all non-vested options would stand cancelled. Options that have vested but have not been exercised can be exercised within the time prescribed as mentioned above, failing which they would stand cancelled. The movement in the stock options during the year was as per the table given below:

Particular	Year Ended March 31	
	2011	2010
Options outstanding at period beginning	2,300.00	10,012.50
Granted during the year	–	–
Forfeited / cancelled during the year	–	7,712.50
Exercised during the year	2,300.00	–
Options outstanding at period closing	–	2,300.00
Share exercisable at the end of the year	–	9,200.00

b. Onward Technologies employee stock option plan 2009

The Company instituted the 2009 plan for all eligible employees in pursuance of a special resolution approved by the shareholders at the extraordinary general meeting held on August 31, 2009. Scheme covers grant of options to specified permanent employees of the Company as well as its subsidiaries.

Pursuant to scheme, the Company has granted options each to eligible employees at an exercise price of Rs. 10 per equity share of Rs. 10 each.

Under the term of scheme, 25% of the options will vest in the employees at the end of first year, 25% at the end of second year, 25% at the end of third year and balance 25% at the end of fourth year from the grant date.

Notes on the Balance Sheet and Profit and Loss Account (Contd.)

The employee stock options granted shall be capable of being exercised within a period of four years from the date of first vesting the options, they would be exercisable by the option holder and the shares arising on exercise of such options shall not be subject to any lock-in period. Further, in the case of termination of employment, all non-vested options would stand cancelled. Options that have vested but have not been exercised can be exercised within the time prescribed as mentioned above, failing which they would stand cancelled. The movement in the stock options during the year was as per the table given below:

Particular	Year Ended 31st March	
	2011	2010
Options outstanding at period beginning	77,000	–
Granted during the year	201,500	77,000
Forfeited / cancelled during the year	28,950	–
Exercised during the year	9,500	–
Options outstanding at period closing	240,050	77,000
Exercisable at the end of the year	960,200	308,000

- c) Stock options issued during the year have been accounted as per the accounting guidelines issued by SEBI in the year 1999. Accordingly, an amount of **Rs. 4,134,766** (P. Y. Rs. (-) 6,827,879) representing the current year charge has been debited to profit & loss account during the year under both plan.
20. During the financial year 2009-10, the Company had written off as bad debts certain receivables for offshore work done for Rs. 575.04 Lac for its US based customers who were affected by the downturn in the US economy and the Global economic meltdown.
21. The Company has not yet appointed a Company Secretary, however, all compliances are done by an independent Company Secretary firm.
24. Previous year's figures have been regrouped / recast wherever necessary.
25. Figures are rounded off to the nearest rupee.
26. Figures in bracket pertain to the previous year.

For Kirtane & Pandit
Chartered Accountants

Parag P. Pansare
Partner

Place: Mumbai
Date: May 16, 2011

For and on behalf of the Board of Directors

Harish Mehta
Chairman & Managing Director

Arun Meghani
Director

Shaila Mehta
Director

Pradip Dubhashi
Director

Balance Sheet Abstract and Company's General Business Profile

I	Registration Details	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> 6 2 5 4 2	State Code	<input type="text"/> <input type="text"/> 1 1
	Balance Sheet Date	<input type="text"/> <input type="text"/> 3 1	<input type="text"/> <input type="text"/> 0 3	<input type="text"/> <input type="text"/> 2 0 1 1
		Date	Month	Year
II	Capital Raised During the Year (Amount in Rs Thousands)			
	Public Issue	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N I L	Rights Issue	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N I L
	Bonus Issue	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N I L	Preferential Basis	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N I L
III	Position of Mobilisation and Deployment of Funds (Amount in Rs Thousands)			
	Total Liabilities	<input type="text"/> <input type="text"/> <input type="text"/> 3 5 2 6 7 2	Total Assets	<input type="text"/> <input type="text"/> <input type="text"/> 3 5 2 6 7 2
	Sources of Funds:		Application of Funds :	
	Paid-Up Capital	<input type="text"/> <input type="text"/> <input type="text"/> 1 3 7 2 2 9	Net Fixed Assets	<input type="text"/> <input type="text"/> <input type="text"/> 1 1 8 2 5 8
	Reserves & Surplus	<input type="text"/> <input type="text"/> <input type="text"/> 7 4 8 9 4	Investments	<input type="text"/> <input type="text"/> <input type="text"/> 1 9 8 1 5 5
	Secured Loans	<input type="text"/> <input type="text"/> <input type="text"/> 5 6 2 3 7	Net Current Assets	<input type="text"/> <input type="text"/> <input type="text"/> 1 7 6 7 7
	Unsecured Loans	<input type="text"/> <input type="text"/> <input type="text"/> 8 4 3 1 2	Misc. Expenditure	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N I L
	Deferred Tax Liabilities	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N I L	Accumulated losses	<input type="text"/> <input type="text"/> <input type="text"/> 1 8 5 8 2
IV	Performance of Company (Amount in Rs Thousands)			
	Turnover	<input type="text"/> <input type="text"/> <input type="text"/> 4 7 1 1 9 9	Total Expenditure	<input type="text"/> <input type="text"/> <input type="text"/> 4 3 3 6 7 4
	+ -	Profit / Loss Before Tax	+ -	Profit / Loss after Tax
	<input type="text"/> <input type="text"/> +	<input type="text"/> <input type="text"/> 3 7 2 0 4	<input type="text"/> <input type="text"/> +	<input type="text"/> <input type="text"/> 3 7 1 7 9
	Please tick Appropriation Box + for Profit – for Loss			
	Earning Per Share in Rs	<input type="text"/> <input type="text"/> <input type="text"/> 2 . 8 0	Dividend Rate (%)	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N I L
V	Generic Name Of Three Principal Products /Services of Company			
	Item Code No	I	<input type="text"/> CAD / CAE SERVICES	
	Product Description	ii	<input type="text"/> ENGG / CONSULTANCY SERVICES	
		iii	<input type="text"/> SOFTWARE / HARDWARE PRODUCTS	

For and on behalf of the Board of Directors

Harish Mehta
Chairman & Managing Director

Shaila Mehta
Director

Arun Meghani
Director

Pradip Dubhashi
Director

Place : Mumbai
Date : May 16, 2011

Auditors' Report on Consolidated Financial Statements

To the Board of Directors of

Onward Technologies Limited

We have audited the attached Consolidated Balance Sheet of ONWARD TECHNOLOGIES LIMITED ("the Company") and its subsidiaries (together referred to as 'the group', as described in the schedule as at March 31, 2011 the Consolidated Profit and Loss Account for the year ended annexed thereto and the Consolidated Cash Flow Statement for the year ended on that date. These Consolidated financial statements are the responsibility of the Company's management and have been prepared by management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

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

We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets of Rs. 101,740,445/- (net) as at March 31, 2011 and total revenues of Rs. 436,754,977/- for the year then ended. In case of German subsidiary viz. Onward Technologies GmbH, the financial statements as certified by director of that subsidiary have been considered for the purpose of consolidation and the financial statements of US subsidiary viz. Onward Technologies Inc. have been audited by other independent auditors whose reports have been furnished to us, and our opinion is based solely on the report of such other auditor.

We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements issued by the Institute of Chartered Accountants of India and Notified by the Companies (Accounting Standards) Rules, 2006.

Based on our audit and on consideration of the report of other auditor on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us subject to read together with the Significant Accounting Policies and other notes appearing in Schedule 'S' subject to note no 2 and 5 of Notes to Account, we are of the opinion that the said consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India :

- (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Company and its subsidiaries as at March 31, 2011;
- (b) in the case of Consolidated Profit and Loss Account, of the profit for the year ended on that date; and
- (c) in the case of Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

For Kirtane & Pandit

Chartered Accountants
(Firm Reg. No. 105215W)

Parag P. Pansare

Partner
Membership No: 117309

Mumbai, May 16, 2011

Consolidated Balance Sheet of Onward Technologies Limited and its Subsidiaries as at 31st March, 2011

	Schedule	As at 31.3.2011 Rupees	As at 31.3.2010 Rupees
Sources of Funds			
Shareholders' Funds			
Share Capital	A	137,229,549	133,527,003
Reserves and Surplus	B	80,018,304	78,732,407
		<u>217,247,853</u>	<u>212,259,410</u>
Loan Funds			
Secured Loans	C	114,169,609	114,947,217
Unsecured Loans	D	163,637,005	173,107,165
		<u>277,806,614</u>	<u>288,054,382</u>
		<u>495,054,467</u>	<u>500,313,792</u>
Application of Funds			
Fixed Assets			
Gross Block	E	772,582,504	750,020,925
Less : Depreciation		622,634,329	579,544,699
Net Block		<u>149,948,175</u>	<u>170,476,226</u>
Investments	F	221,860	221,860
Deferred Tax Assets		7,641,957	—
Current Assets, Loans and Advances			
Sundry Debtors	G	272,597,251	187,282,348
Cash & Bank Balances	H	11,786,177	23,178,698
Other Current Assets	I	271,614	438,640
Loans & Advances	J	144,506,068	96,917,607
		<u>429,161,110</u>	<u>307,817,293</u>
Less : Current Liabilities and Provisions			
Current Liabilities	K	183,582,243	127,654,060
Provisions	L	23,390,754	15,680,057
		<u>206,972,997</u>	<u>143,334,117</u>
Net Current Assets		<u>222,188,113</u>	<u>164,483,176</u>
Profit & Loss Account			
Miscellaneous expenditure (To the extent not written off or adjusted)	M	260,939	376,908
		<u>495,054,467</u>	<u>500,313,792</u>
Notes to Accounts	S		

The Schedule referred above form an integral part of the Balance Sheet

As per our report of even date

For Kirtane & Pandit
Chartered Accountants

For and on behalf of the Board of Directors

Parag P. Pansare
Partner

Harish Mehta
Chairman & Managing Director

Shaila Mehta
Director

Place : Mumbai
Date : May 16, 2011

Arun Meghani
Director

Pradip Dubhashi
Director

Consolidated Profit and Loss Account of Onward Technologies Limited and its Subsidiaries for the year ended 31st March, 2011

	Schedule	Year ended 31.3.2011 Rupees	Year ended 31.3.2010 Rupees
Income			
Sales and Other Income	N	1,043,341,582	855,100,323
Expenditure			
Cost of Goods Sold	O	19,596,357	17,079,429
Employee Cost	P	634,991,129	568,577,885
Operation and other expenses	Q	271,655,208	228,917,244
Finance Cost	R	24,316,652	27,130,706
Depreciation	E	46,100,422	54,156,665
		<u>996,659,768</u>	<u>895,861,929</u>
Profit/(Loss) Before Extraordinary Items & Tax		46,681,814	(40,761,606)
Preliminary Expenses Written off		115,969	115,969
Prior Period Items		2,315,074	1,063,231
Profit/(Loss) Before Tax		44,250,771	(41,940,806)
Less :Tax Expenses :			
Current Tax		1,904,523	1,270,540
Deferred Tax Benefit		(7,641,051)	(15,691,137)
Wealth Tax		25,100	—
		<u>(5,711,428)</u>	<u>(14,420,597)</u>
Profit/(Loss) After Tax		49,962,199	(27,520,209)
Balance B/F from previous year		(164,755,622)	(137,235,413)
Balance Available for Appropriation		(114,793,423)	(164,755,622)
Appropriation			
Transferred from General Reserve		—	—
Balance Carried to Balance Sheet		<u>(114,793,423)</u>	<u>(164,755,622)</u>
Basic Earning per Share		3.76	(2.07)
Diluted Earning per share		3.58	(2.07)
Notes to Accounts	S		

The Schedule referred above form an integral part of the Profit & Loss Account

As per our report of even date

For Kirtane & Pandit
Chartered Accountants

Parag P. Pansare
Partner

Place : Mumbai
Date : May 16, 2011

For and on behalf of the Board of Directors

Harish Mehta
Chairman & Managing Director

Arun Meghani
Director

Shaila Mehta
Director

Pradip Dubhashi
Director

Consolidated Cash Flow Statement of Onward Technologies Limited and its Subsidiaries for the year ended 31st March, 2011

(A) Cash Flows from operating activities	Current Year Rs.	Previous Year Rs.
Net Profit/(Loss) before Taxation, Extraordinary Items & Prior Period Items	46,565,845	(40,877,575)
Adjustments for :		
Depreciation	46,100,422	54,156,665
Deferred Employee Compensation Expenses	4,134,766	(6,827,879)
Adjustments for Reduction in Value of Fixed Assets as per AS-11	-	7,175,676
Change in Defferred Tax Assets	(7,641,957)	-
Miscellaneous Expenses written off	115,969	115,969
Interest Income	(478,878)	(1,616,122)
Dividend received	(23,579)	(5,000)
Net (Profit)/Loss on sale of Fixed Assets	373,395	971,202
Finance Cost	24,316,652	27,130,706
Operating Profit before working capital changes	113,462,635	40,223,642
Adjustments for :		
Decrease/(Increase) in Sundry Debtors	(85,314,903)	61,524,854
Decrease/(Increase) in Other Current Assets	167,026	77,500
Decrease/(Increase) in Loans and Advances	(47,588,461)	(10,231,752)
(Decrease)/Increase in Current Liabilities	55,928,183	(40,214,215)
(Decrease)/Increase in Provisions	7,710,697	(2,687,421)
Cash generated from operations	44,365,177	48,692,608
Income Tax Provided	5,712,334	(1,270,540)
Cash flow before Extraordinary item	50,077,511	47,422,068
Prior Period Items	(2,315,074)	(1,063,231)
Net Cash from Operating Activities (A)	47,762,437	46,358,837
(B) Cash Flow from Investing Activities		
Purchase of Fixed Assets and Investments	(25,985,345)	(6,315,013)
Proceeds from sale of Fixed Assets	38,673	114,674
Interest received	478,878	1,616,122
Dividend received	23,579	5,000
Net Cash used in Investing Activities (B)	(25,444,215)	(4,579,217)
(C) Cash Flow from Financing Activities		
Proceeds from Issue of Share Capital	472,000	-
Proceeds from long-term borrowings	55,480,795	58,021,889
Repayment of long-term borrowings	(65,728,563)	(54,571,788)
Finance Cost	(24,316,652)	(27,130,706)
Net Cash used in Financing Activities (C)	(34,092,420)	(23,680,605)
Net Increase/(Decrease) in Cash and Cash equivalents (A + B + C)	(11,774,198)	18,099,015
Cash and Cash equivalents opening balance	23,178,698	23,940,457
Foreign Currency Translation Adjustment	381,677	(18,860,774)
Cash and Cash equivalents closing balance	11,786,177	23,178,698

Fixed Deposits included in closing balance of Cash & Cash equivalent is **Rs. 3,752,067** (P. Y. Rs. 3,752,914) pledged with Banks as margin to secure Letters of Credit & Bank Guarantees issued by Banks, **Rs. 10,000** (P. Y. Rs. 10,000) pledged with Sales Tax Authority & **Rs.3,600** (P.Y. Rs. 3,600) pledged with customer.

As per our report of even date
For Kirtane & Pandit
 Chartered Accountants

Parag P. Pansare
 Partner

Place : Mumbai
 Date : May 16, 2011

For and on behalf of the Board of Directors

Harish Mehta
 Chairman & Managing Director

Arun Meghani
 Director

Shaila Mehta
 Director

Pradip Dubhashi
 Director

Schedules Annexed to and forming part of the Consolidated Balance Sheet as at 31st March, 2011

	As At 31.3.2011 Rupees	As At 31.3.2010 Rupees
Schedule - 'A'		
Share Capital :		
Authorised		
18,000,000 (P. Y. 18,000,000) Equity Shares of Rs. 10 each	180,000,000	180,000,000
1,000,000 Preference Shares of Rs. 10 each	10,000,000	10,000,000
1,000,000 Unclassified Shares of Rs. 10 each	10,000,000	10,000,000
	<u>200,000,000</u>	<u>200,000,000</u>
Issued, Subscribed and Paid Up		
1) 13,320,070 (P. Y. 13,272,870)		
Equity Shares of Rs. 10 each Fully Paid up	133,200,700	132,728,700
2) Employee Stock Options Outstanding	8,922,380	3,563,720
Less: Deferred Employees Compensation Expenses	4,893,531	2,765,417
	<u>137,229,549</u>	<u>133,527,003</u>
a) 960,200 (P. Y. 317,200) Equity Shares are outstanding as at Balance Sheet date; each Shares being a Fully Paid up Equity Share of Rs. 10 each. [Under scheme 2001: Nil (P.Y. 9,200) & under scheme 2009: 960,200 (P.Y. 308,000)]		
b) The Company allotted 5,987,682 as fully paid up bonus shares on 10.12.2001 by utilisation of Securities Premium and Reserves & Surplus.		
Schedule - 'B'		
Reserves and Surplus :		
Securities Premium		
Opening Balance	73,989,333	73,989,333
Add : Share Premium on 47,200 (P.Y. Nil) Equity Shares Issued During the Year Under ESOPs Fully Paid.	904,220	—
	<u>74,893,553</u>	<u>73,989,333</u>
General Reserve		
Opening Balance	—	—
Less: Transferred to Profit & Loss Account	—	—
	<u>—</u>	<u>—</u>
Add: Foreign Currency Translation Adjustement Opening Balance	4,743,074	23,603,848
Add: Adjustment During the Year	381,677	(18,860,774)
	5,124,751	4,743,074
	<u>80,018,304</u>	<u>78,732,407</u>

Schedules Annexed to and forming part of the Consolidated Balance Sheet as at 31st March, 2011

	As At 31.3.2011 Rupees	As At 31.3.2010 Rupees
Schedule - 'C'		
Secured Loans :		
1. Term Loan	29,480,795	18,750,000
2. Working Capital Term Loan	33,555,257	—
(Term loans are secured by pari-passu second charge on entire Current Assets both present and future, pari-passu first charge on movable Fixed Assets both present and future as well as personal guarantee of the Managing Director of the Company)		
3. Others (Motor Cars)		
(Secured by Hypothecation of Motor Cars From Bank)	6,749,116	3,477,558
4. Cash Credit :	44,384,441	92,719,659
(Secured by Hypothecation Current Assets including Inventories & Sundry Debtors both present and future and pari-passu charge on movable Fixed Assets both present and future.)		
	<u>114,169,609</u>	<u>114,947,217</u>
Schedule - 'D'		
Unsecured Loans :		
Short Term Loans :		
Loans from Group Companies	163,637,005	173,107,165
	<u>163,637,005</u>	<u>173,107,165</u>

Schedule - E
Fixed Assets :

Particulars	Gross Block (At Cost)				Depreciation				Net Block	
	As At 1.4.2010	Additions during the year	Sale/Adj. during the year	Total upto 31.3.2011	Provided upto 31.3.2010	Provided during the year	Sale/Adj. during the year	Total upto 31.3.2011	As At 31.3.2011	As At 31.3.2010
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Owned Assets										
Goodwill (at Cost)	2,733,645	—	—	2,733,645	2,733,645	—	—	2,733,645	—	—
Tangible Assets										
Land & Building	1,706,250	—	—	1,706,250	409,219	27,812	—	437,031	1,269,219	1,297,031
Computer Equipment Hardware & Software	531,451,541	15,325,103	2,235,213	544,541,431	450,887,123	24,366,700	2,235,153	473,018,670	71,522,761	80,566,204
Instruments & Accessories	1,366,940	24,000	134,901	1,256,039	1,330,495	8,774	134,901	1,204,368	51,671	36,445
Office Equipments	8,934,448	42,188	68,100	8,908,536	4,731,414	548,844	56,182	5,224,076	3,684,460	4,203,034
Other Equipments	10,300,212	1,779,996	54,070	12,026,138	5,181,226	692,946	43,482	5,830,690	6,195,448	5,118,986
Furniture & Fixtures	56,874,812	367,129	49,566	57,192,375	36,473,516	3,365,883	34,252	39,805,147	17,387,228	20,401,297
Electrical Fittings	7,224,483	940,570	28,801	8,136,252	5,038,745	404,338	28,801	5,414,282	2,721,970	2,185,738
Vehicles	12,819,274	6,719,500	852,236	18,686,538	4,156,615	1,505,386	477,988	5,184,013	13,502,525	8,662,660
Intangible Assets										
Development of Software	85,150,375	—	—	85,150,375	47,148,088	13,802,876	—	60,950,964	24,199,411	38,000,467
Lease Hold Improvement	11,642,986	785,980	—	12,428,966	1,638,621	1,376,863	—	3,015,484	9,413,482	10,004,364
Leased Assets	19,815,959	—	—	19,815,959	19,815,959	—	—	19,815,959	—	—
Total	750,020,925	25,984,466	3,422,887	772,582,504	579,544,666	46,100,422	3,010,759	622,634,329	149,948,175	170,476,226
Previous Year	753,548,560	6,316,013	9,843,648	750,020,925	526,970,130	54,156,665	1,582,096	579,544,699	170,476,226	226,578,430

Schedules Annexed to and forming part of the Consolidated Balance Sheet as at 31st March, 2011

	As At 31.3.2011 Rupees	As At 31.3.2010 Rupees
Schedule - 'F'		
Investments :		
Trade (Unquoted)		
In Government Securities		
6 Years National Saving Certificates (Pledged with Sales Tax Authorities)	23,000	23,000
Non-trade (Quoted)		
3,000 (P. Y. 3,000) Fully Paid Equity Shares of Dena Bank Ltd. Market Value Rs. 312,750 (P. Y. Rs. 235,350)	90,000	90,000
Non-trade (Unquoted)		
8,386 (P. Y. 8,386) Fully Paid Shares of Rs. 10 each of The North Kanara GSB Co-op. Bank Ltd.	83,860	83,860
2,500 (P. Y. 2,500) Fully Paid Shares of Rs. 10 each of The Saraswat Co- op. Bank Ltd.	25,000	25,000
	<u>221,860</u>	<u>221,860</u>
Schedule - 'G'		
Sundry Debtors :		
(Unsecured, Considered Good unless specified Otherwise)		
Due for more than 6 months (Refer Note : 5)	22,729,032	25,261,421
Other Debts	249,868,219	162,020,927
	<u>272,597,251</u>	<u>187,282,348</u>
Schedule - 'H'		
Cash and Bank Balances :		
Cash on hand	157,465	161,629
Balance with scheduled Banks :		
- In Current Accounts	7,863,045	17,270,379
- Money in Transit	-	1,980,176
- In Fixed Deposit Accounts (Refer Note : 4)	3,765,667	3,766,514
	<u>11,786,177</u>	<u>23,178,698</u>
Schedule - 'I'		
Other Current Assets :		
Interest and other Receivable	271,614	438,640
	<u>271,614</u>	<u>438,640</u>
Schedule - 'J'		
Loans and Advances :		
(Unsecured, Considered Good)		
(i) Loans to staff	364,823	132,590
(ii) Advances recoverable in cash or in kind or for value to be received :		
Advance Taxes	102,562,575	67,776,307
Others	28,876,486	17,254,487
(iii) Deposits	12,702,184	11,754,223
	<u>144,506,068</u>	<u>96,917,607</u>
Schedule - 'K'		
Current Liabilities :		
Sundry Creditors	54,821,588	63,531,664
Advance payments for which value has still to be given	378,367	905,576
Interest accrued but not due	9,406,660	547,971
Other Liabilities	118,975,628	62,668,849
	<u>183,582,243</u>	<u>127,654,060</u>

Schedules Annexed to and forming part of the Consolidated Balance Sheet as at 31st March, 2011

	As At 31.3.2011 Rupees	As At 31.3.2010 Rupees
Schedule - 'L'		
Provisions :		
Provision for Gratuity	8,218,057	7,177,088
Provision for Taxes	12,436,534	4,932,934
Provision for Leave Encashment	2,736,163	3,570,035
	<u>23,390,754</u>	<u>15,680,057</u>
Schedule - 'M'		
Miscellaneous Expenditure :		
Preliminary Expenses	376,908	492,877
Add: Incurred During the year	—	—
	<u>376,908</u>	<u>492,877</u>
Less: Written off during the year	115,969	115,969
	<u>260,939</u>	<u>376,908</u>

Schedules Annexed to and forming part of the Consolidated Profit and Loss Account for the year ended 31st March, 2011

	Year ended 31.3.2011 Rupees	Year ended 31.3.2010 Rupees
Schedule - 'N'		
Sales and Other Income :		
Sale of Products	33,101,050	34,743,741
Sale of Services	998,810,528	807,778,752
	<u>1,031,911,578</u>	<u>842,522,493</u>
Other Income :		
Interest from Bank	457,597	1,262,412
Interest from Others	21,281	353,710
Profit on Sales of Fixed Assets	65,241	—
Foreign Exchange Gain	4,363,899	—
Miscellaneous Income	6,521,986	10,961,708
	<u>11,430,004</u>	<u>12,577,830</u>
	<u>1,043,341,582</u>	<u>855,100,323</u>
Schedule - 'O'		
Cost of Goods Sold :		
Opening Stock	—	—
Add: Purchases	19,596,357	17,079,429
	<u>19,596,357</u>	<u>17,079,429</u>
Less: Closing Stock	—	—
	<u>19,596,357</u>	<u>17,079,429</u>

Schedules Annexed to and forming part of the Consolidated Profit and Loss Account for the year ended 31st March, 2011

	Year ended 31.3.2011 Rupees	Year ended 31.3.2010 Rupees
Schedule - 'P'		
Employee Cost :		
Remuneration and Benefits to Employees :		
Salaries and Bonus	600,862,443	543,416,627
Company's Contribution towards PF & Other Statutory Dues	25,382,537	19,480,026
Superannuation	-	610,353
Group Gratuity	1,603,229	755,587
Staff Welfare Expenses	7,142,920	4,315,292
	<u>634,991,129</u>	<u>568,577,885</u>
Schedule - 'Q'		
Operation and other Expenses :		
Compensation for the use of premises	27,961,555	26,041,286
Consumption/Scrap of Spares and consumables	-	846,117
Conveyance	11,093,129	7,024,488
Electricity Charges	10,856,829	8,818,869
Insurance Premium	5,113,111	4,425,273
Leasing and Hire Charges	17,751,661	11,817,634
Loss on Sale of Fixed Assets	373,395	971,202
Miscellaneous Expenses	10,410,529	8,795,978
Professional Fees	116,514,344	28,982,848
Training Expenses	4,336,528	-
Repairs and Maintenance Computer equipments	1,168,195	864,800
Repairs and Maintenance others	4,372,140	3,642,373
Rates & Taxes	1,626,156	3,763,815
Remuneration to Auditors (Refere Note : 8)	2,243,997	2,052,892
Selling Expenses	8,199,583	6,741,061
Bad Debts	3,481,241	59,650,598
Provision for Doubt ful Debt	318,318	-
Foreign Exchange Loss	17,107	6,779,183
Communication Expenses	10,314,944	9,735,708
Traveling Expenses	35,502,446	37,963,119
	<u>271,655,208</u>	<u>228,917,244</u>
Schedule - 'R'		
Finance Cost :		
Interest Cost	22,838,832	24,983,128
Bank Charges	1,477,820	2,147,578
	<u>24,316,652</u>	<u>27,130,706</u>

Notes on the Consolidated Balance Sheet and Profit and Loss Account

Schedule – ‘S’

Notes to Accounts forming part of the Consolidated Balance Sheet as at March 31, 2011 and the Consolidated Profit and Loss Account for the year ended March 31, 2011

1. Significant Accounting Policies

A. Accounting Assumptions

The financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (“GAAP”) under the historical cost convention on the accrual basis. GAAP comprises mandatory accounting standards as specified in the Companies (Accounting Standards) Rules, 2006, the provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India. These accounts have been prepared on the assumption that the Company is a going concern and have been consistently applied by the Company; and the accounting policies not referred to otherwise, are in conformity with Indian GAAP.

B. Use of estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of financial statements. The recognition, measurement, classification or disclosure of an item or information in the financial statements has been made relying on these estimates. Although these estimates are based upon management’s best knowledge of current events and actions, actual results could differ from those estimated. Any revision to accounting estimates is recognised prospectively in the current and future periods.

C. Fixed Assets, Depreciation & Impairment

Fixed assets are stated at cost, less accumulated depreciation and impairment losses, if any. Cost includes all expenditure necessary to bring the asset to its working condition for its intended use. Own developed assets are capitalized inclusive of all direct costs and attributable overheads. Capital work-in-progress comprises of advances paid to acquire fixed assets and the cost of fixed assets that are not yet ready for their intended use as at the balance sheet date.

Intangible assets are recorded at the consideration paid for their acquisition. Cost of an internally generated asset comprises all expenditure that can be directly attributed, or allocated on a reasonable and consistent basis, to creating, producing and making the asset ready for its intended use.

Depreciation on fixed assets is computed on the straight-line method over their useful lives at rates prescribed under Schedule XIV of the Companies Act, 1956. Individual assets acquired after financial year 2004-2005 valuing for less than Rs. 5,000 are entirely depreciated in the year of acquisition.

Depreciation on fixed asset in respect of US subsidiary is provided on straight-line basis over the useful life as under:

Asset	Useful life
Office equipment	5 years
Furniture and fixtures	7 years
Computer hardware	5 years
Computer software	3 years

Lease hold improvements are depreciated over the period of contract of lease including lease period which can be further extendable at discretions of the lessee.

The costs of Intangible Assets are amortized over a period of 6 years, which is considered to be the useful life of this software.

Notes on the Consolidated Balance Sheet and Profit and Loss Account (Contd.)

The management periodically assesses fixed assets, using external and internal sources whether there is an indication that an asset may be impaired. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized in the income statement for items of fixed assets carried at cost. The recoverable amount is the higher of an asset's net selling price and value in use. The net selling price is the amount obtained from the sale of an asset in an arm's length transaction while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if not possible, for the cash generating unit.

Impairment loss recognised for an asset in earlier accounting periods is reversed, to the extent of its recoverable amount, if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

D. Foreign Currency Transactions

Transactions in foreign currencies are normally recorded at the average exchange rate prevailing on the date on which transaction occurred.

Outstanding balances of foreign currency monetary items are reported using the period end rates.

Non-monetary items carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rate that existed, when the values were determined.

Exchange differences arising as a result of the above are recognised as income or expense in the profit and loss account.

In pursuance to notification no G.S.R 225 (E) 31.03.2009 issued by the Ministry of Corporate Affairs for amending Accounting Standard 11 "The Effects of Changes in Foreign Exchange Rates", the Company has opted the option of capitalising foreign exchange gain/loss on long term foreign currency monetary assets.

Foreign Branches

Foreign currency transactions entered into by branches, which are integral foreign operations, are translated in the same manner as foreign currency transactions described above. Monetary assets and liabilities are translated at rates prevailing on the balance sheet date. Non-monetary assets and liabilities are translated at the rate prevailing on the date of the transaction. Depreciation on fixed assets is recognised as per the Company's policy. Net gain/loss on foreign currency translation is recognised in the profit and loss account.

Derivative

The Company uses foreign exchange forward contracts to hedge its exposure to movements in foreign exchange rates. The use of these foreign exchange forward contracts reduces the risk or cost to the Company and the Company does not use the foreign exchange forward contracts or options for trading or speculation purposes.

In case of forward contracts, the difference between the forward rate and the exchange rate, being the premium or discount, at the inception of a forward exchange contract is recognized as income or expense over the life of the contract. Exchange differences on such contracts are recognized in the profit and loss account in the reporting period in which the rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense for the period.

E. Investments

Trade investments are the investments made to enhance the Company's business interests. Investments are either classified as current/short term or long term based on the Management's intention at the time of purchase. Long term investments are carried at cost less any permanent diminution in value (if any), determined separately for each individual investment. Current/short term investments are carried at the lower of Cost and Fair Value. The comparison of Cost and Fair Value is done separately in respect of each category of investment. Cost for overseas investments comprises the Indian Rupee value of the consideration paid for the investment.

Notes on the Consolidated Balance Sheet and Profit and Loss Account (Contd.)

F. Payments & Benefits to Employees

(a) Short Term Employee Benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salaries, wages, and short term compensated absences etc. and the expected cost of bonus, ex-gratia are recognized in the period in which the employee renders the related service.

(b) Post Employment Benefits

(i) Defined Contribution Plans: The Company's superannuation scheme, state governed provident fund scheme, employee state insurance scheme and employee pension scheme are defined contribution plans. The contribution paid/payable under the schemes is recognized during the period in which the employee renders the related service,

(ii) Defined Benefit Plans: The employees' gratuity fund schemes managed by Trust are the Company's defined benefit plans. The present value of the obligation under such defined benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plans, is based on the market yields on Government securities as at the balance sheet date having maturity periods approximating to the terms of related obligations.

Actuarial gain and losses are recognized immediately in the profit and loss account.

In case of funded plans, the fair value of the plan assets is reduced from the gross obligation under the defined benefit plans, to recognize the obligation on net basis.

(c) Long Term Employee Benefits

The obligation for long term employee benefits such as long term compensated absences is recognized in the same manner as in the case of defined benefit plans as mentioned in (b) (ii) above.

G. Revenue Recognition

Revenue comprises sale of user licence of software, professional services and consultancy, training, interest and dividend. Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and that the revenue can be reliably measured. Revenue is disclosed exclusive of sales tax, service tax, VAT or other taxes, as applicable.

Sales

- i) Services rendered through transfer via tele-communication network are recognised on receiving confirmation of receipt from customer.
- ii) In respect of income received from contracts dependent on time and material basis are recognised when related service are performed.
- iii) Revenue through training, annual maintenance contracts and fixed-price maintenance contracts are recognized proportionately over the period in which services are rendered / training are provided.
- iv) Revenue from the sale of user licences for software applications is recognised on transfer of the title in the user licence.
- v) Revenues from fixed price engagements are recognized using the percentage-of-completion method of accounting after receiving confirmation from client.

Notes on the Consolidated Balance Sheet and Profit and Loss Account (Contd.)

Income from Operating Lease

Minimum lease payments as per contracts are recognised as revenue on a straight-line basis over the lease term.

Income from Investment

- i) Dividend income is recognized when the Company's right to receive dividend is established.
- ii) Interest is recognised on time proportionate basis taking into account the amount outstanding and the rate applicable.

H. Miscellaneous Expenditure

Miscellaneous expenditure represents expenditure on private placement of shares. The expenditure on private placement of shares is being written off over a period of ten years.

I. Principles of Consolidation

The Consolidated Financial Statements of the Group are prepared in accordance with Accounting Standard 21 - 'Consolidated Financial Statements' as notified in Companies (Accounting Standard) Rules 2006,

The financial statements of the Company and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra group balances and intra group transactions. The unrealized profits or losses resulting from the intra group transactions and intra group balances have been eliminated.

The excess of the cost to the Company of its investment in the subsidiaries over the Company's portion of equity on the acquisition date is recognized in the financial statements as goodwill and is tested for impairment annually. The excess of Company's portion of equity of the subsidiary over the cost of investment therein is treated as capital reserve.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and in case of subsidiary companies incorporated outside India which does not maintain books of account under Indian GAAP has not been adjusted for deviations from accounting policy followed by holding Company and subsidiary Company while preparing consolidated financial statement as same are not material and does not affect consolidated financial statements.

J. Cash Flow Statement

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

K. Tax Expense

Tax expense for a year comprises of current tax and deferred tax.

Current tax is measured after taking into consideration, the deductions and exemptions admissible under the provisions of the Income Tax Act, 1961.

Deferred tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing difference of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. If there is unabsorbed depreciation or carry forward of losses under tax laws, deferred tax assets are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which

Notes on the Consolidated Balance Sheet and Profit and Loss Account (Contd.)

such deferred tax assets can be realised. Deferred tax resulting from timing differences which originate during the tax holiday period but are expected to reverse after such tax holiday period is recognised in the year in which the timing differences originate using the tax rates and laws enacted or substantively enacted at the balance sheet date.

Minimum Alternative Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay income tax higher than that computed under MAT, during the period that MAT is permitted to be set off under the Income Tax Act, 1961 (specified period). In the year, in which the MAT credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in the guidance note issued by the Institute of Chartered Accountants of India (ICAI), the said asset is created by way of a credit to the profit and loss account and shown as MAT credit entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay income tax higher than MAT during the specified period.

L. Earning Per Share

Basic earnings per share are calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for any bonus shares issued during the year and also after the balance sheet date but before the date the financial statements are approved by the board of directors.

For the purpose of calculating diluted earnings per share, the net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

The number of equity shares and potentially dilutive equity shares are adjusted for bonus shares as appropriate. The dilutive potential equity shares are adjusted for the proceeds receivable, had the shares been issued at fair value. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date.

M. Employee Stock Option Scheme

In accordance with SEBI guidelines, the excess of the market price of shares, at the date of grant of options under the Employee Stock Option Schemes, over the exercise price, is treated as Employee Compensation expenses and amortised on a straight line basis over the vesting period of the options. In the case of graded vesting, the vesting period is determined separately for each portion of the option. The unamortised portion of the cost is shown under "Reserves and Surplus".

N. Operating Lease

Assets acquired on lease where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating lease. Lease rentals are charged off to the profit and loss account as incurred. Initial direct costs in respect of assets given on operating lease are expensed off in the year in which such costs are incurred.

O. Provisions and Contingent Liabilities

The Company recognizes a provision when there is a present obligation as a result of a past event that probably requires outflow of resources, which can be reliably estimated. Disclosures for a contingent liability is made, without a provision in books, when there is an obligation that may, but probably will not, require outflow of resources.

2. Debtors & Creditors balances are subject to confirmation.

Notes on the Consolidated Balance Sheet and Profit and Loss Account (Contd.)

3. In the opinion of the board and to the best of their knowledge, the current assets, loans and advances, shown in the balance sheet have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated therein.

4. Contingent Liabilities not provided for :

Particular	Year Ended March 31 (Rs.)	
	2011	2010
Counter guarantees given by the Company against the guarantees issued by Company's bankers	6,750,906	17,725,141
Fixed deposits shown under the head cash and bank balances include deposits pledged with the banks as margins to secure letters of credit and guarantees issued by banks	(3,757,196)	(3,752,914)
Net amount	2,993,710	13,972,227
Disputed income tax demand	81,337,934	81,099,449
Disputed Sales tax demand	4,367,274	—
Disputed Profession tax demand	579,128	—
Total	89,278,046	95,071,676

5. The break-up of Sundry Debtors is as follows:

Particular	Year Ended March 31 (Rs.)	
	2011	2010
Debts due for more than 6 months		
- Considered good (*)	22,729,032	27,149,429
- Considered doubtful	1,932,290	—
Sub-total	24,661,322	27,149,429
Debts due for less than 6 months		
- Considered good	249,868,219	162,020,927
- Considered doubtful	—	—
Sub-total	249,868,219	162,020,927
Less: Provision for doubtful debts	1,932,290	1,888,008
Balance	272,597,251	187,282,348

(*) Include amount outstanding for more than three years amounting to **Rs. 4,069,335** (P. Y. Rs.5,101,584) for which no provision has been made, as the management is confident for the recovery of the same.

6. Loans and advances include amounts receivable/payable from related parties:

Particular	Year Ended March 31 (Rs.)	
	2011	2010
Loans and advances include amounts receivable from associate Companies:		
Onward Software Technologies Pvt. Limited	55,000	55,000
Total	55,000	55,000
Other Liabilities include amounts payable to associated Companies:		
Onward Network Technologies Pvt. Ltd.	246,163	—
Total	246,163	—

Notes on the Consolidated Balance Sheet and Profit and Loss Account (Contd.)
7. Holding of Onward Technologies in its Subsidiaries :

Name of the Subsidiaries	Country of Incorporation	Holding as on March 31	
		2011	2010
Onward eServices Ltd.	India	100%	100%
Onward Technologies, Inc., USA	USA	100%	100%
Onward Technologies GmbH, Germany	Germany	100%	100%
Shantmurli Holdings Pvt. Ltd.	India	100%	100%

8. Auditor's Remuneration:

Particular	Year Ended March 31 (Rs.)	
	2011	2010
Audit Fees	827,854	864,736
Tax Audit Fees	125,000	100,000
Other Services	1,241,129	1,077,539
Reimbursement of out of pocket expenses	34,991	10,617
Total	2,228,974	2,052,892

9. Disclosure in pursuance of Accounting Standard – 15 (Revised 2005) on "Employee Benefits"
1. Defined Contribution Plans :

The Company has recognized following amounts in the profit & loss account for the year :

Sr. No.	Particulars	Year Ended March 31 (Rs.)	
		2011	2010
1	Contribution to employees provident fund	16,665,113	13,671,806
2	Contribution to superannuation fund	–	610,353
3	Contribution to labour welfare fund	33,936	26,712
4	Contribution to ESIC	514,598	322,538
	Total	17,213,647	14,631,409

2. Defined Benefit Plans/Compensated absences – as per Actuarial Valuation on March 31, 2011 :

a) Reconciliation of opening and closing balances of the present value of the Defined Benefit Obligation (DBO):

Sr. No.	Particulars	Gratuity (Rs.)	
		2011	2010
1	Obligations at period beginning	8,473,524	9,661,697
2	Current service cost	4,172,826	4,012,876
3	Interest cost	677,882	924,934
4	Actuarial (gain) / losses	(3,262,339)	(4,649,112)
5	Benefits paid	(919,655)	(1,476,871)
6	Past service cost (vested benefit)	64,690	–
7	DBO at period closing	9,206,928	8,473,524

Notes on the Consolidated Balance Sheet and Profit and Loss Account (Contd.)

- b) A reconciliation of the opening and closing balances of the fair value of plan assets:

Sr. No.	Particulars	Gratuity (Rs.)	
		2011	2010
1	Opening fair value of plan asset at period beginning	1,603,101	1,761,695
2	Expected returns on plan assets	128,248	178,264
3	Actuarial gain / (losses)	(22,823)	(65,031)
4	Contribution by the employer	200,000	1,205,044
5	Benefits paid	(919,655)	(1,476,871)
6	Fair value of plan assets at period closing	988,871	1,603,101

- c) Net assets / (liabilities) recognized in the balance sheet as on March 31, 2011:

Sr. No.	Particulars	Gratuity (Rs.)	
		2011	2010
1	Present value of funded obligations	9,206,928	8,473,524
2	Fair value of plan assets	988,871	(271,695)
3	Present value of unfunded obligations	—	—
4	Net assets / (liabilities) recognized in the balance sheet	(8,218,057)	(6,870,423)

- d) Total expenses recognized in the profit and loss account:

Sr. No.	Particulars	Gratuity (Rs.)	
		2011	2010
1	Current service cost	4,172,826	4,012,876
2	Interest on defined benefit obligation	677,882	924,934
3	Expected returns on plan assets	(128,248)	(178,264)
4	Actuarial (gains) / losses	(3,239,516)	(4,584,081)
5	Past service cost (vested benefit)	64,690	—
	Total	1,547,634	175,465

All the above have been included under the line item remuneration & benefits to employees in Schedule "P" of the revenue account.

- e) Major categories of plan assets as a percentage of total plan assets:

Sr. No.	Particulars	Plan Asset - %	Plan Asset - Rs.
1	Other / insurer managed funds	100	988,871

- f) Compensated Leave:

Para 132 of AS15 (revised 2005) does not require any specific disclosures except where expense resulting from compensated absence is of such size, nature or incidence that its disclosure is relevant under Accounting Standard No. 5 or Accounting Standard No. 18. In the opinion of the management the expense resulting from compensated absence is not significant and hence no disclosures are prepared under various paragraphs of AS 15 (revised 2005).

Notes on the Consolidated Balance Sheet and Profit and Loss Account (Contd.)

g) Actuarial Assumptions:

Sr. No.	Particulars	Year Ended March 31	
		2011	2010
1	Discount rate (%)	8.25	8.00
2	Expected return on plan asset (%)	8.00	8.00
3	Retirement age	58 years	58 years
4	Salary escalation rate (%)	4.50	4.00

h) Gratuity is administered through group gratuity scheme with Life Insurance Corporation of India.

i) Salary Escalation Rate:

Future salary increases considered in actuarial valuation take into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

j) Expected rate of return on plan assets:

This is based on actuaries' expectation of the average long-term rate of return expected on investments of the fund during the estimated term of the obligations.

k) Discount Rate:

The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

10. Managerial Remuneration

Particular	Year Ended March 31 (Rs.)	
	2011	2010
Salary and allowances	2,561,761	2,461,826
Total	2,561,761	2,461,826

11. Information about Business Segments

In accordance with the requirement of Accounting Standard 17 (AS 17) 'Segment Reporting' issued by the Institute of Chartered Accountants of India, disclosed business segment as the primary segment. Segments have been identified taking into account the nature of the products and service and different risks and returns as under:

- a) Professional Services & Consultancy (including Exports)
- b) Software Products – resale

These segments have been identified because management perceives that these businesses are subject to different risks and returns.

'Software Products - resale' segment concentrated around the Company's products and other agency related products.

Notes on the Consolidated Balance Sheet and Profit and Loss Account (Contd.)

The primary segment disclosures with respect to business segments are as under:

(Rs. in Lac)

Particulars	Business Segment		Un-allocable	Total
	Professional Services & Consultancy (including Exports)	Software Products - resale		
Segment revenue	9,956 (8,069)	363 (356)		10,319 (8,425)
Segment results	859 (309)	174 (156)		1,033 (465)
Other un-allocable expenditure, depreciation adjusted with other incomes			347 (612)	347 (612)
Segment result before interest and tax				686 (-147)
Less: Interest				243 (272)
Profit / loss (-) before tax				443 (-419)
Income tax Expenses / (Benefits)				-57 (-144)
Total profit / loss (-) after tax				500 (-275)

Secondary segment disclosures on the basis of geographical segments :

(Rs. in Lac)

Geographical Segments	Year Ended March 31 (Rs.)	
	2011	2010
India	3,675	2,908
Europe	544	806
U.S.A.	5,737	4,539
Other Overseas market	363	172
Total	10,319	8,425

The fixed assets used in the Company's business or liabilities contracted have not been identified to any of the reportable segments as the fixed assets and services are used interchangeably between segments and as such it is not practicable to allocate fixed assets to segments and to provide segment disclosures in relation to total assets and liabilities.

Notes on the Consolidated Balance Sheet and Profit and Loss Account (Contd.)
Related Party Disclosures:

(a) List of Related Parties and Relationships:

	Relation	Parties
A.	Enterprise over which key management personnel exercise significant influence	Onward Network Technologies Pvt. Ltd. Desai Finwealth Investments & Securities Pvt. Ltd. Onward Software Technologies Pvt. Ltd.
B.	Key Management Personnel and Relatives Chairman & Managing Director Director Related to Directors Related to Director	Harish Mehta Shaila Mehta Jigar Mehta Arun Meghani

(b) Related Party Transactions:

(Rs. in Lac)

Aggregate of Transactions	Key Management Personnel	Relative of Key Management Personnel	Associate Companies & Promoter Companies	Total
ICDs received (net) (including loans and advances)	– (–)	– (–)	503.81 (586.04)	503.81 (586.04)
ICDs repaid (net)	– (–)	– (–)	457.48 (212.76)	457.48 (212.76)
Directors sitting charges	1.00 (1.40)	– (–)	– (–)	1.00 (1.40)
Interest paid during the year on ICDs	– (–)	– (–)	97.79 (69.54)	97.79 (69.54)
Expenses reimbursement	– (–)	– (–)	3.64 (2.18)	3.64 (2.18)
Rent paid	– (–)	– (–)	99.27 (99.27)	99.27 (99.27)
Salaries paid	25.62 (24.62)	24.75 (45.31)*	– (–)	50.37 (69.93)

Notes on the Consolidated Balance Sheet and Profit and Loss Account (Contd.)

Debit Balances outstanding				
Advance towards expenses	-	-	-	-
	(-)	(-)	(0.55)	(0.55)
Advance salary	-	-	-	-
	(-)	(3.84)	(-)	(3.84)
Credit Balances outstanding				
Loans and advances	-	-	1,725.21	1,725.21
	(-)	(-)	(1,732.00)	(1,732.00)
Creditors	-	-	-	-
	(-)	(-)	(2.18)	(2.18)

- * Remuneration paid for the period April 1, 2009 to March 31, 2010 was approved by shareholders in the Annual General Meeting held on August 31, 2009, consequently the Company had applied to the Central Government for which approval from the Central Government had received for Rs.27.00 Lac per annum, however the Company had again re-filed application to the Central Government for revision, which is pending as on date.

Notes : Previous year figures have been shown in brackets.

12. I) **Disclosure for Income from Operating Lease:**

The Company has leased office premise under operating lease. The lease charges to be received in future are as follows:

Particular	Year Ended March 31 (Rs.)	
	2011	2010
Lease payment credited to profit & loss account	598,500	466,335

Minimum Lease payment	Year Ended March 31 (Rs.)	
	2011	2010
Up to 1 year	178,723	570,000
Greater than 1 year but less than 5 years	-	712,500

II) **Disclosure for Operating Leases:**

The Company has leased certain flats / office premises under operating leases. The lease payments to be made in respect of the leases in future are as follows:

Particular	Year Ended March 31 (Rs.)	
	2011	2010
Lease payment debited to profit & loss account	29,566,564	25,713,556

Lease obligation	Year Ended March 31 (Rs.)	
	2011	2010
Up to 1 year	11,590,505	20,347,127
Greater than 1 year but less than 5 years	5,732,265	42,477,003
Greater than 5 years	-	37,800,000

Notes on the Consolidated Balance Sheet and Profit and Loss Account (Contd.)

13. Earnings per Share:

The earnings per share have been computed in accordance with the "AS 20".

Particular	Year Ended March 31	
	2011	2010
Profit / (Loss) after Tax	Rs. 49,962,199	Rs. (27,520,209)
Profit / (Loss) attributable to equity shareholders	Rs. 49,962,199	Rs. (27,520,209)
Adjusted number of ordinary Shares, (face value Rs.10)	13,281,089	13,272,870
Basic earning per share	Rs. 3.76	Rs. (2.07)
Weighted average no. of shares under options	677,372	317,200
Diluted earning per share	Rs. 3.58	Rs. (2.07)

Particular	Year Ended 31st March	
	2011	2010
Weighted average no. of shares under options	960,200	317,200
Fair value of shares during the year	Rs. 33.95	Rs. 19.85
Face value of shares	Rs. 10.00	Rs. 10.00
Number of shares that would have been issued at fair value	282,828	159,800

14. a. Onward Technologies employee stock option plan 2001

The Company instituted the 2001 plan for all eligible employees in pursuance of a special resolution approved by the shareholders at the extraordinary general meeting held on January 15, 2001. Scheme covers grant of options to specified permanent employees of the Company as well as its subsidiaries.

Pursuant to scheme, the Company has granted options each to eligible employees at an exercise price of Rs. 10 per equity share of Rs. 10 each.

Under the term of scheme, 25% of the options will vest in the employees at the end of the first year, 25% at the end of the second year, 25% at the end of third year and balance 25% at the end of fourth year from the grant date.

The employee stock options granted shall be capable of being exercised within a period of four years from the date of first vesting the options, they would be exercisable by the option holder and the shares arising on exercise of such options shall not be subject to any lock-in period. Further, in the case of termination of employment, all non-vested options would stand cancelled. Options that have vested but have not been exercised can be exercised within the time prescribed as mentioned above, failing which they would stand cancelled. The movement in the stock options during the year was as per the table given below:

Particular	Year Ended March 31	
	2011	2010
Options outstanding at period beginning	2,300.00	10,012.50
Granted during the year	—	—
Forfeited / cancelled during the year	—	7,712.50
Exercised during the year	2,300.00	—
Options outstanding at period closing	—	2,300.00
Exercisable at the end of the year	—	9,200.00

Notes on the Consolidated Balance Sheet and Profit and Loss Account (Contd.)

b. Onward Technologies employee stock option plan 2009

The Company instituted the 2009 plan for all eligible employees in pursuance of a special resolution approved by the shareholders at the extraordinary general meeting held on August 31, 2009. Scheme covers grant of options to specified permanent employees of the Company as well as its subsidiaries.

Pursuant to scheme, the Company has granted options each to eligible employees at an exercise price of Rs. 10 per equity share of Rs. 10 each.

Under the term of scheme, 25% of the options will vest in the employees at the end of first year, 25% at the end of second year, 25% at the end of third year and balance 25% at the end of fourth year from the grant date.

The employee stock options granted shall be capable of being exercised within a period of four years from the date of first vesting the options, they would be exercisable by the option holder and the shares arising on exercise of such options shall not be subject to any lock-in period. Further, in the case of termination of employment, all non-vested options would stand cancelled. Options that have vested but have not been exercised can be exercised within the time prescribed as mentioned above, failing which they would stand cancelled. The movement in the stock options during the year was as per the table given below:

Particular	Year Ended March 31	
	2011	2010
Options outstanding at period beginning	77,000	—
Granted during the year	201,500	77,000
Forfeited / cancelled during the year	28,950	—
Exercised during the year	9,500	—
Options outstanding at period closing	240,050	77,000
Exercisable at the end of the year	960,200	308,000

- c) Stock options issued during the year have been accounted as per the accounting guidelines issued by SEBI in the year 1999. Accordingly, an amount of **Rs. 4,134,766** (P. Y. Rs. (-) 6,827,879) representing the current year charge has been debited to profit & loss account during the year under both plan.

15. Statement of Computation of Deferred Tax Liabilities/Assets (Net)

Particulars	Year Ended March 31	
	2011	2010
A) Deferred Tax Assets		
a) Carried forward of unabsorbed depreciation and loss	21,778,656	25,664,715
b) Provision disallowed under Sec 43B, Sec 40(a)(1) and Sec 40A(7)	3,390,215	3,740,148
Total (A)	25,168,871	29,404,862
B) Deferred Tax Liability		
Difference in net Block as per Books of Account and as per Income Tax Act, 1956	25,168,871	29,404,862
Total (B)	25,168,871	29,404,862
Net Deferred tax assets / (liability) (A-B) as on end of reporting period	—	—
Net Deferred tax assets / (liability) of Onward Technologies, Inc.	7,641,051	—
Net Deferred tax assets / (liability) as on the beginning of Reporting Period	—	(15,691,136)
Deferred Tax expense / (benefit) recognised in profit and loss account	7,641,051	—

Notes on the Consolidated Balance Sheet and Profit and Loss Account (Contd.)

16. The Company has not yet appointed a Company Secretary, however all compliances are done by an independent Company Secretary firm.
17. During the financial year 2009-10, the Company had written off as bad debts certain receivables for offshore work done for Rs. 575.04 Lac for its US based customers who were affected by the downturn in the US economy and the Global economic meltdown.
18. a. The principal amount of term loan payable within a year is Rs. **Nil** (P. Y. Rs.125.00 Lac).
 b. The Principal amount of Working Capital Term Loan payable within a year is **Rs. 142.33 Lac** (P. Y. Rs. Nil).
19. **Disclosure pursuant to the general circular No 2 dated February 8, 2011 :**

(Amount in Rs.)

Particulars	OTI	OTG	OeSL	SHPL
Capital	95,169,663	6,900,460	87,900,000	500,000
Reserves	–	–	–	9,696,183
Total Assets	149,923,747	5,921,557	154,976,825	10,554,596
Debit balance in P&L A/C	13,478,349	6,547,601	70,564,020	–
Total Liabilities	47,802,227	5,568,697	49,867,043	358,413
Investments	–	–	–	–
Turnover	435,302,692	603,954	133,488,809	–
Profit / (Loss) before Tax	18,527,097	28,729	(11,233,202)	(274,409)
Provision for Tax (Including Deferred Tax Expenses / (Benefits))	(5,736,528)	–	–	–
Profit / (Loss) after Tax	24,263,625	28,729	(11,233,202)	(274,409)
Proposed Dividend	–	–	–	–

Full names of subsidiaries are as under:

OTI – Onward Technologies, Inc., USA – amount in rupees converted @ Rs.45.29 per USD

OTG - Onward Technologies GmbH, Germany - amount in rupees converted @ Rs.63.84 per EUR

OeSL – Onward eServices Ltd., India – Indian Company, so no conversion required

SHPL – Shantmurli Holdings Pvt. Ltd., India – Indian Company, so no conversion required

20. Previous year's figures have been regrouped / recast wherever necessary.
21. Figures are rounded off to the nearest rupee.
22. Figures in bracket pertain to the previous year.

For Kirtane & Pandit
Chartered Accountants
For and on behalf of the Board of Directors
Parag P. Pansare
Partner
Harish Mehta
Chairman & Managing Director
Shaila Mehta
Director

 Place: Mumbai
 Date: May 16, 2011

Arun Meghani
Director
Pradip Dubhashi
Director

Statement in Accordance with the Provisions of Section 212 of the Companies Act, 1956

Sr. No.	Name of Subsidiary	Shantmurli Holdings Pvt. Ltd.	Onward Technologies, Inc.	Onward Technologies GmbH	Onward eServices Ltd.
1.	Financial year of the Subsidiary ended on	31.3.2011	31.3.2011	31.3.2011	31.3.2011
2.	Extent of the interest of the Company in the subsidiary at the end of the financial year of each a) Face value b) Number of shares held: Onward Technologies Ltd.	Rs. 100 5,000	US \$20 114,000	Euro 83,915	Rs.10 72,900,000
3.	a) Net aggregate amount of profits less losses so far as they concern members of the Company and not dealt with in the Company's account : i) For the financial year ended March 31, 2011 ii) For the previous financial years since it became a Subsidiary b) The net aggregate amount of Profits less so far as they concern members of the Company and dealt with in the Company's account	Rs. (274,409) Rs.9,990,135 Nil	Rs. 24,261,789 Rs.(44,633,547) Nil	Rs.28,729 Rs.(5,624,398) Nil	Rs.(11,233,202) Rs.(54,169,853) Nil

For and on behalf of the Board of Directors

Harish Mehta
Chairman & Managing Director

Shaila Mehta
Director

Place : Mumbai
Date : May 16, 2011

Arun Meghani
Director

Pradip Dubhashi
Director

Notes

ONWARD TECHNOLOGIES LIMITED

Registered Office :

Sterling Centre, 2nd Floor, Dr. A. B. Road, Worli, Mumbai 400 018.

PROXY FORM

Regd. Folio / Beneficiary No.
I/We.....
of being a member/members of Onward
Technologies Limited hereby appoint
ofor failing him/her.....
ofas my/our proxy to vote for me/us on my / our
behalf at the 20th ANNUAL GENERAL MEETING of the Company to be held on Friday, 15th July, 2011 and at any
adjournment (s) thereof.

Signed thisday of 2011

Signature on

Re. 1 Revenue Stamp

Note : This form, in order to be effective, should be duly stamped, completed and signed and must be deposited at the
Registered Office of the Company, not less than 48 hours before the meeting.

Please tear here

ONWARD TECHNOLOGIES LIMITED

Registered Office :

Sterling Centre, 2nd Floor, Dr. A. B. Road, Worli, Mumbai 400 018.

ATTENDANCE SLIP

20th Annual General Meeting – 15th July, 2011

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

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

I hereby record my presence at the **20th ANNUAL GENERAL MEETING** of the Company at Victoria Memorial
School for the Blind, Opp. Tardeo A/C Market, 73, Tardeo Road, Mumbai 400 034 on Friday, 15th July, 2011.

Member's/Proxy's name in
BLOCK Letters

Signature of Member/Proxy

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

Confidentiality

Trust



Security

Integrity



India Offices

Registered Office

Onward Technologies Limited
2nd Floor, Sterling Center
Dr. A. B. Road
Worli, Mumbai - 400018

Pune Office

Onward House, 1-A/1
Krishna Keval Nagar
Kondhwa, Pune - 411048

Mumbai Office

Unit No. 152, SDF V, 1st Floor
Seepz, Andheri (East)
Mumbai - 400096

Chennai Office

Onward House
No. 5-B, Lakshmi Colony
T Nagar, Chennai - 600017

Kolkata Office

88A Hazra Road, 3rd Floor
Kolkata - 700026

International Offices

NORTH AMERICA

Chicago Head Office

Onward Technologies Inc.
Columbia Center III
9525 W. Bryn Mawr Avenue, Suite #755
Rosemont, Illinois 60018

Cambridge Office

Onward Technologies Inc.
222, Third Street, Suite #2244
Cambridge, MA 02142

EUROPE

Onward Technologies Limited
Berkshire House, 252-256, Kings Road
Reading, RG1 4 HP, Berkshire, UK

Onward Technologies GmbH
Hagenauer Strasse 59, 65203
Wiesbaden, Germany

ASIA PACIFIC

Onward Technologies Limited
Block No, D-42 Old Building
P.O. Box 40225
Ajman Free Zone, UAE