

**M A A R S**  
**Software International Limited**

**15th ANNUAL REPORT**  
**2010-2011**

## **CORPORATE OVERVIEW**

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 **Auditors**

M/s. Daiya, Tiwari & Soni, Chartered Accountants

 **Registrar And Share Transfer Agent's**

M/s. Cameo Corporate Services Limited  
Subramanian Building No 1, Club House Road, Chennai -600002.

 **Banker's**

ICICI Bank Limited,  
Lokhandwala Branch,  
Andheri (West).  
Mumbai.

## BOARD OF DIRECTORS

As on 8th September, 2011

- ¼ Mr. Nikunj Babulal Choradiya (Managing Director)
- ¼ Mr. T. Vardharajan (Whole Time Director)
- ¼ Mr. Sunil Sonil (Director) appointed on 01/08/2011
- ¼ Mr. Prem Kumar Mysore (Director) appointed on 02/06/2011
- ¼ Mr. Harvardhan Rathore (Director)

## BOARD OF DIRECTORS

T.  
VARADHARAJAN  
(WHOLE TIME  
DIRECTOR)

SUNIL SONIL  
(DIRECTOR)

PREM KUMAR  
MYSORE  
(DIRECTOR)

HARSHVARDHAN  
RATHORE  
(DIRECTOR)

NIKUNJ BABULAL  
CHORADIYA  
(MANAGING  
DIRECTOR)

## AUDITOR

M/s. Daiya, Tiwari & Soni, Chartered Accountants

## REGISTERED OFFICE

Q-205, Real Enclave,  
2<sup>nd</sup> Floor, No 22,  
Joshier Street,  
Nungambakkam  
Chennai-600034.

## BANKERS

ICICI Bank Limited,  
Lokhandwala Branch,  
Andheri (West).  
Mumbai.

## REGISTRAR & TRANSFER AGENTS

M/s. Cameo Corporate Services Limited  
Subramanian Building  
No 1, Club House Road,  
Chennai-600002.

## MISSION, VISION & CORE VALUES

**CUSTOMER FIRST** ————— We exist and prosper only because of the customer. We will respond to the changing needs and expectations of our customers speedily, courteously and effectively

**QUALITY FOCUS** ————— Quality is the key to delivering value for money to our customers. We will make quality a driving value in our work, in our product and in our interactions with others. We will do it 'First Time Right'.

**DIGNITY OF INDIVIDUAL** ————— We will value individual dignity, uphold the right to express disagreement and respect the time and efforts of others. Through our actions we will nurture fairness, trust and transparency.

**PROFESSIONALISM** ————— We have always sought the best people for jobs and given them freedom and the opportunity to grow. We will continue to do so. We will support innovation and well-reasoned risk-taking, but will demand professionalism.

**GOOD CORPORATE CITIZENSHIP** ————— As in the past, we will continue to seek long-term success, which is in alignment with our Country's need. We will do that without compromising ethical business standards

## NOTICE

**NOTICE** is hereby given that the **15<sup>TH</sup> Annual General Meeting of Maars Software International Limited** will be held at “ JC Mahal, Kodungaiyur, Chennai 600118 on Friday 30<sup>th</sup> September 2011 at 09.00 A.M. to transact the following business:

**ORDINARY BUSINESS :**

1. To receive, consider and adopt the Audited Profit & Loss Account for the period ended 31<sup>st</sup> March 2011 and Audited Balance Sheet as at that date together with the Reports of the Board of Directors and the Auditors thereon.
2. To Appoint Mr. Harshvardhan Singh. Director of the Company Rathore, Director who retires by rotation and being eligible offers himself for re-appointment.
3. To regularize the appointment of Mr. Prem Kumar Mysore who was appointed as Additional Director on 2<sup>nd</sup> June, 2011.
4. To regularize the appointment of Mr. Sunil Soni who was appointed as Additional Director on 1<sup>st</sup> August, 2011.
5. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

**RESOLVED THAT** M/s. **Daiya, Tiwari & Soni** , Chartered Accountants, who retire at the ensuing Annual General Meeting, be and are hereby re-appointed as the Statutory Auditors of the Company, to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company, upon such remuneration in addition to the reimbursement of traveling and other out of pocket expenses incurred incidental to their functions, as may be agreed to between the Board of Directors of the Company and the Auditors and that the Board of Directors of the Company be and are hereby authorized to fix the remuneration as aforesaid.

**By Order of the Board of Directors**

**Date:** 8<sup>th</sup> September, 2011

**Place:** Mumbai

Ms. Sanhita Dey

**(Company Secretary)**

Registered Office:  
Office No Q -205, Second Floor,  
Real Enclave, NO. 22,  
Josier Street, Nungambakkam,  
Chennai-600 034.

**NOTES:**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY, IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
2. The Register of Members and the Shares Transfer Books of the Company will be closed on from 24<sup>th</sup> September 2011 to 28<sup>th</sup> September 2011 (both days inclusive).
3. The members are requested to:  
Intimate to the Companys Registrars and Share Transfer Agents, M/s Cameo Corporate services Private Limited (for shares held in physical form) and to their Depository Participants (DP) (for shares held in dematerialized form) the changes, if any, in their registered address, Bank account number / details etc. at an early date, quote ledger folio numbers /DP Identity and Client Identity Numbers in all their correspondences;  
Bring the copy of the Annual Report and the Attendance Slip duly filled in for attending the Annual General Meeting;
4. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their questions to the Company at the registered office address so as to reach at least seven days before the date of the Meeting, to enable the information required to be made available at the Meeting, to the best extent possible.
5. Members / beneficial Owners are requested to quote their full name as per Companys record, Folio No. / DP and Client ID Nos. as the case may be, in all correspondence with the company.
6. In case of Joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
7. Corporate Members intending to send their authorized representatives are requested to send a duly certified copy of the Board resolution authorizing their representatives to attend and vote at the Annual General Meeting.

**Date:** 8<sup>th</sup> September, 2011

**By Order of the Board of Directors**

**Place:** Mumbai

Registered Office:  
Office No Q -205, Second Floor,  
Real Enclave, NO. 22,  
Josier Street, Nungambakkam,  
Chennai-600 034.

Ms. Sanhita Dey

**(Company Secretary)**

# DIRECTOR'S REPORT

Dear Members,

Your Directors are pleased to present the **Fifteenth Annual Report** together with the Audited Accounts for the period ended 31<sup>st</sup> March, 2011 (July to March) and also in highlighting the performance of the Company in the previous year along with the scope of the profit generating capacity of the Company in the years to come.

## FINANCIAL HIGHLIGHTS

	2010 -2011 (1 <sup>st</sup> July, 10 to 31 <sup>st</sup> March 11)	2009 -2010 (1 <sup>st</sup> April, 09 to 30 <sup>th</sup> June 10)
Profit Before Interest, Depreciation and Tax	(11,17,84,296)	(11,75,35,225)
Less: Interest & other finance costs	_____	_____
Depreciation and Amortization	<b>30,59,499</b>	<b>2,54,93,542</b>
Profit / (Loss) Before Tax	(11,48,43,797)	(14,30,28,767)
Less: Provision for Taxes (Current, Deferred & FBT)	1,12,213	(54,62,140)
Profit / (Loss) After Tax	(11,49,56,010)	(13,75,66,627)
Less: Previous Period Adjustments	-----	-----
Less: Appropriations	-----	-----
Proposed final dividend- Equity Shares	-----	-----
Preference share	-----	-----
Tax on Dividend	-----	-----
<b>Balance Carried Forward</b>	<b>(11,49,56,010)</b>	<b>(13,75,66,627)</b>

### TURNOVER AND PROFITS

During the year under review, due to the increase in competition in the IT Sector and the effects of the global meltdown in the previous year, the company has incurred a loss before tax of Rs. **11,48,43,797** /- and the loss before providing depreciation and amortization was Rs. **11,17,84,296** /- but Net Loss after Tax amounted to Rs. **11,49,56,010** /-

### OVERALL PERFORMANCE

The company in the year under consideration has survived the competition and managed to maintain and perform its business activities. The Company has consolidated its business activities in order to remove those which were having a negative impact on the Turnover of the Company. The company's portfolio of activities includes those activities wherein Company has emerged as a competitive organization and wherein Company can integrate its Business.

During the Financial Year under consideration i.e. 2010-2011, the Company has incurred a loss before tax of Rs. **11,48,43,797** /-

### DIVIDEND

In view of the loss suffered by your Company during the year, Directors show their inability to recommend any dividend during the year.

### FUTURE OUTLOOK

The future for Indian information technology sectors is growing due to the advancement in the technology and growing demand of from the service sectors for the provision of the better IT services. The IT sectors have had a history of outperforming the growth target perceived by various authorities. During the year under review the IT Sector has just been coming out of the economic crisis and the deficit suffered by the Financial Markets in the previous year. The financial markets influence the business cycle indirectly impacting the non-financial sectors, domestic and commercial consumptions of the goods and services. However even though there was a financial deficit your Company maintained its activities and has on the basis of the current experience planned its future activities.

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previous year. The financial markets influence the business cycle indirectly impacting the non-financial sectors, domestic and commercial consumptions of the goods and services. However even though there was a financial deficit your Company maintained its activities and has on the basis of the current experience planned its future activities.

#### SUBSIDIARIES

The Company has three wholly owned subsidiaries namely M/s Maars Infratech Private Limited, Maars Software International Limited FZLLC- Dubai and Hi-tech Software Services INC- USA to manage the business of The details on these subsidiaries are outlined in the Management Discussion and Analysis Section appended to this Report.

#### CONSOLIDATED FINANCIALS

The Audited Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2011 are annexed to this report. Further, the reports and standalone audited financial statements of subsidiary company viz. M/s Maars Infratech Private Limited , Maars Software International Limited FZLLC- Dubai and Hi-tech Software Services INC- USA is annexed to this report along with statement pursuant to Section 212 (1) (e) also forms part of this Annual Report.

#### CORPORATE GOVERNANCE

Pursuant to Clause 49 of the listing agreement with the Stock Exchange, the Corporate Governance Report along with Certificate by the Practicing Company Secretary on its compliance, Management Discussion and Analysis Report forms a part of this Annual Report.

#### DIRECTORS

##### $\frac{3}{4}$ Retiring Directors by Rotation:

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. Harshavardhan Singh Rathore, Director of the Company retires by rotation, and being eligible offers himself for re-appointment. Appropriate resolutions for re-appointment of aforesaid director are being moved at the ensuing Annual General Meeting. Brief resume of retiring directors are given in the notice of Annual General Meeting.

##### $\frac{3}{4}$ Additional Directors:

In accordance with Section 260 of the Companies Act 1956 and Articles of Association of the Company, Mr. Prem Kumar Mysore was appointed as Additional Director w.e.f. 02<sup>nd</sup> June 2011.

Mr. Prem Kumar Mysore holds office up to the date of the ensuing Annual General Meeting. The Company has received a notice from one of the Member signifying his / her intention to propose the appointment of Mr. Prem Kumar Mysore as Director of the Company and appropriate resolutions for his appointment are being moved at the ensuing Annual General Meeting.

**I**n accordance with Section 260 of the Companies Act 1956 and Articles of Association of the Company, Mr. Sunil Soni was appointed as Additional Director w.e.f. 01<sup>st</sup> August 2011.

Mr. Sunil Soni Mysore holds office up to the date of the ensuing Annual General Meeting. The Company has received a notice from one of the Member signifying his / her intention to propose the appointment of Mr. Sunil Soni as Director of the Company and appropriate resolutions for his appointment are being moved at the ensuing Annual General Meeting.

**¾ Independent Directors:**

**I**n accordance with Section 260 of the Companies Act 1956 and Articles of Association of the Company, Mr. Prem Kumar Mysore and Mr. Sunil Soni were appointed as Additional Director on 2<sup>nd</sup> June 2011 and 1<sup>st</sup> August 2011 respectively.

Both of the Directors holds office up to the date of the ensuing Annual General Meeting. The Company has received a notice from one of the Member signifying his / her intention to propose the appointment of both the directors as Director of the Company and appropriate resolutions for his appointment are being moved at the ensuing Annual General Meeting.

Both the directors were designated as the Independent Director of the Company w.e.f 2<sup>nd</sup> June 2011 and 1<sup>st</sup> August 2011 respectively. The said Terms and conditions are subject to Members approval and the same is sought to be ratified from the members of the Company in this said Annual General Meeting.

** DIRECTORS' RESPONSIBILITY STATEMENT**

**P**ursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Directors Responsibilities Statement, the Directors of the company hereby state and confirm that:

- (1) In the preparation of the annual accounts, the applicable accounting standards have been followed:

- (2) They 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 31<sup>st</sup> March 2011 and of the profits of the Company for the year ended on that date;
- (3) They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (4) They have prepared the annual accounts on a going concern basis.

#### PUBLIC DEPOSITS

The Company has not accepted any deposits from public in accordance with Section 58A of the Companies Act, 1956.

#### PARTICULARS OF EMPLOYEES

Information of the employees of the category specified in Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 is contained in Annexure-A appended to this report.

#### CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

Considering nature of activities carried on by the Company and the list of Industries included in the Companies (Disclosure of Particulars in the report of the Board of Directors) Rules, 1988, the consumption of the Energy by the company has been to the minimal level and your company has taken all the steps necessary to conserve the energy as and where required.

#### FOREIGN EXCHANGE EARNINGS AND OUTGO

(Amount in Rupees)

Foreign Exchange Earnings	NIL
Foreign Exchange Outgo	NIL

#### AUDITORS

It is proposed to re-appoint the retiring auditors M/s. **Daiya, Tiwari & Soni**, Chartered Accountants, as the Statutory Auditors of the Company. The Company has received letters from them to the effect that their appointment, if made, would be within the prescribed limits under Section 224(1B) of the

Companies Act, 1956 and they are not disqualified for such appointment within the meaning of Section 226 of the said Act.

The notes on Accounts referred to in the Auditors Report are self explanatory and therefore does not call for any further comments.

✚ **INTERNAL CONTROL SYSTEM**

The Company has in place appropriate internal control systems, commensurate with its size and nature of operations.

✚ **ACKNOWLEDGEMENTS**

Your Directors wish to place on record their appreciation and sincere gratitude to the various Departments of the Central and State Government, Companys Bankers, clients, media and business constituents for t heir valuable assistance and support. The Directors also acknowledge the continued support received from investors and shareholders and the confidence reposed by them. The Directors place on record their appreciation for the sincere and dedicated services rendered by all the employees of the Company.

**For and on behalf of the Board of Directors**

*Director*

*Director*

Ms. Sanhita Dey

**(Company Secretary)**

**Date:** 8<sup>th</sup> September, 2011

**Place:** Chennai

# CORPORATE GOVERNANCE REPORT

## Introduction

Your Company believes that sound Corporate Governance is a pre-requisite to attainment of excellent performance in terms of creation of value and wealth for its stakeholders and customers on sustainable and long-term basis. Your Company continues to adopt the best practices in the area of Corporate Governance and promotes and practices a culture that is built on core values and ethics. Your Company has an active, experienced and a well-informed Board, necessary to ensure highest standards of Corporate Governance.

Corporate Governance is crucial to the very existence of a company as it builds confidence and trust in the eyes of general public at large and to everybody connected with the Company. Corporate governance is set of policies and laws affecting the way the Company is directed, administered and controlled. It has become an integral part of the business aligning the organizations to the best practices of good governance.

The detailed report on compliance by the Company of the Corporate Governance Code as incorporated in Clause 49 of the Listing Agreement with Stock Exchange is set out below:

### I. Company's Philosophy on code of Corporate Governance

Corporate Governance is the system by which business corporations are directed and controlled. The Corporate Governance structure specifies the distribution of rights and responsibilities among different participants in the corporation, such as Board, Managers, Shareholders and other stakeholders, and spells out the rules and procedure for making decisions in corporate affairs. By doing this, it also provides the structure thorough which the Company objectives are set, and the means of attaining those objectives and monitoring performance.

Maars Softwares philosophy on Corporate Governance is to enhance the long term economic value of the Company and its Stakeholders and society at large through attainment of highest levels of transparency, accountability, professionalism and equity in all facets of its operations.

The Company envisions being a globally preferred business associate with responsible concern for society and stakeholders value. The Company is committed to ethical values and self discipline through standards of good governance based on transparency, fairness, purposefulness, trust, responsibility, checks and balances directed at sustaining shareholders interest and overall organizational goals.

The Company makes best endeavors to uphold and nurture these core values in all facets of its operations and aims to increase and sustain its corporate value through growth and innovation.

The Company is fully committed to and continues to follow procedures and practices in conformity with the Code of Corporate Governance enshrined in the Listing Agreement.

## **II. Board of Directors & Board Committees**

### **(a) Composition and Category**

The Board is constituted in conformity with Clause 49 of the Listing Agreement with the Stock Exchange. The Company presently is headed by 5 Directors comprising of optimum combination of Executive and non-executive directors, over 50% of the Board of the Company comprises of non-executive directors and over half of the Board comprise of Independent Directors.

Independent Directors do not have any pecuniary relationship or transactions with the Company, its promoters, its management or its subsidiaries, which in judgment of the Board, may affect independence of the judgment of the Director.

None of the Directors on the Board is a member of more than ten committees and Chairman of more than five committees across all companies in which they are Directors.

The Composition of the Board of Directors is as under: **(Prior to reconstitution )**

<b>Category of Directorship</b>	<b>Name of the Director</b>
Non Independent, Executive	Mr. T. Vardharajan Mr. Nikunj Babulal Choradia
Independent, Non	e f th July 2011) Mr. Sangameshwar Mahapure (Resigned w.e.f 01st August 2011)

The Composition of the Board of Directors is as under: **(After reconstitution )**

<b>Category of Directorship</b>	<b>Name of the Director</b>
Non Independent, Executive	Mr. T. Vardharajan Mr. Nikunj Babulal Choradia
Independent, Non	e e

**(b) Board meetings & attendance of directors at the board meetings and last annual general meetings were as under:**

During the financial year the Members of the Board met 8 times as under:

<b>30.07.2010</b>	<b>16.08.2010</b>	<b>07.10.2010</b>	<b>13.11.2010</b>
<b>13.12.2010</b>	<b>29.12.2010</b>	<b>14.02.2011</b>	<b>10.03.2011</b>

The maximum time gap between any two meetings was not more than four (4) months.

Information placed before the Board of Directors broadly covers the items specified in revised Clause 49 of the Listing Agreement and such other items which are necessary to facilitate meaningful and focused deliberations on issues concerning the Company and taking decisions in an informed and efficient manner. Besides, the Directors on the Board have complete access to all information as and when necessary.

Name of the Directors	Category	Attendance Particulars		
		No. of Board Meetings		Last AGM
		Held	Attended	
Mr. T. Vardharajan	Whole time director	8	7	Yes
Mr. Nikunj Choradiya	Managing Director	8	6	Yes
Mr. Harshvardhan Rathore	Director	8	6	Yes
Mr. Shivprakash Agarwal (Resigned w.e.f 28.07.11)	Director	8	6	Yes
Mr. Sangameshwar Mahapure (Resigned w.e.f 01.08.11)	Director	8	7	Yes



### **(c) Board Procedure**

The procedures with respect to Board Meetings and the Meetings of the Committees thereof are in compliance with the requirements of the Companies Act, 1956, the Secretarial Standards (SS-1) prescribed for Board Meetings by the Institute of Company Secretaries of India, Listing agreement with the stock exchange (s) and other applicable laws and regulations.

The Board meets at least once a quarter to review quarterly performance and financial results. Notices of Board Meeting along with agenda papers are circulated in advance to the Directors. All material information for facilitating focused discussions is incorporated in the agenda papers are circulated in advance to the Directors.

The Board is also free to recommend inclusion of any matter for discussions at the meeting in consultation with the Chairman. Where it is not practicable to attach any document to the agenda, the same is tabled before the meeting. To enable the Board to discharge its responsibilities effectively, the members of the Board are briefed at every board meeting, on the overall performance of the Company by functional heads.

The code of conduct as applicable to the Board is framed in conformity with applicable rules and regulations and accordingly followed.

### **III. Audit Committee**

As a measure of good Corporate Governance and to provide assistance to the Board of Directors in fulfilling the boards overall responsibilities, an Audit Committee has been constituted by the Board.

#### **(a) Broad Terms of Reference**

The Company has a well constituted Audit Committee. It has been constituted in compliance with the Clause 49 of the Listing agreement entered into by the Company with the Stock Exchange. The scopes of activities of the Audit Committee are in accordance with paragraphs C and D of Clause 49(II) of the Listing Agreement. The broad terms of reference include:

1. Oversight 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.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
  - a. Matters required being included in the Directors Responsibility Statement to be included in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act, 1956
  - b. Changes, if any, in accounting policies and practices and reasons for the same.
  - c. Major accounting entries involving estimates based on the exercise of judgment by management.
  - d. Significant adjustments made in the financial statements arising out of audit findings.
  - e. Compliance with listing and other legal requirements relating to financial statements.
  - f. Disclosure of any related party transactions.
  - g. Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
- 5A. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
6. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.

8. Discussion with internal auditors any significant findings and follow up there on.
9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
12. To review the functioning of the Whistle Blower mechanism, in case the same is existing.
13. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The primary objective of the Audit Committee is to monitor and provide effective supervision of our financial reporting process with a view towards ensuring accurate, timely proper disclosure and the transparency, integrity and quality of financial reporting. Our Audit Committee oversee the work carried out in the financial reporting process by our management, the internal auditors and the independent auditors and reviews the process and safeguards employed as per the Listing Agreement.

In fulfilling the above role, the Audit Committee has the powers:

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

**(b) Composition**

The audit committee comprises of four (4) directors, the Chairman of the audit committee is independent Director. All the members of the audit Committee are financially literate. All these directors possess knowledge of corporate finance, accounts and company law. The vice- president finance, statutory auditors, internal auditors are invited for the committee meetings.

The minutes of the audit committee meetings are placed at the subsequent board meeting and are noted by the board.

The composition of the audit committee is as follows:

**Audit committee (Prior to reconstitution)**

<b>Name of Member</b>	<b>Position</b>	<b>Category</b>
Mr. Shivprakash Agarwal (Resigned w.e.f 28.07.11)	<b>Chairman</b>	<b>Executive Director</b>
Mr. Nikunj Choradia	<b>Member</b>	<b>Executive Director</b>
Mr. Sangameshwar Mahapure (Resigned w.e.f 01.08.11)	<b>Chairman</b>	<b>Non-executive independent director</b>
Mr. T. Vardharajan	<b>Member</b>	<b>Executive Director</b>

**Audit committee (After reconstitution)**

<b>Name of Member</b>	<b>Position</b>	<b>Category</b>
Mr. Harshavardhan Singh Rathore	<b>Member</b>	<b>Non-executive independent director</b>
Mr. Nikunj Choradia	<b>Member</b>	<b>Executive Director</b>
Mr. Prem Kumar Mysore	<b>Chairman</b>	<b>Non-executive independent director</b>
Mr. T. Vardharajan	<b>Member</b>	<b>Executive Director</b>
Mr. Sunil Soni	<b>Member</b>	<b>Non-executive independent director</b>

### **(c) Meetings & Attendance**

**A**s per the requirement of Section 292A of the Companies Act, 1956 read with Clause 49 of the Listing Agreement, the Audit committee duly convened Four (4) meetings during the financial year ended on 31<sup>st</sup> March 2011 (Nine Months). The Audit Committee met four times during the year on 15<sup>th</sup> July 2010, 11<sup>th</sup> August 2010, 07<sup>th</sup> December 2010, and 18<sup>th</sup> February 2011. The time gap between any two meetings was less than four months. The details of attendance at the Audit Committee Meetings are given below.

Name of the Member	Number of meetings attended
Mr. Sunil Soni	1
Mr. Nikunj Choradia	2
Mr. Prem Kumar Mysore	3
Mr. T. Vardharajan	3

### **IV. Remuneration Committee**

#### **(a) Terms of reference**

The Company has constituted a remuneration committee to form policies and recommend the package for the Executive Directors and Managing Directors.

The brief terms of references of remuneration committee are as under:

1. Review the performance of managing director taking into account the performance of the Company.
2. Review and recommend the board overall remuneration package, service agreements and other employment conditions of managing director.

**(b) Composition**

The remuneration committee comprises of four (4) directors. The composition of the remuneration committee is as follows:

**Remuneration Committee(After reconstitution)**

<b>Name of Member</b>	<b>Position</b>	<b>Category</b>
Mr. Nikunj Choradia	<b>Chairman</b>	<b>Executive</b>
Mr. Sangameshwar Mahapure (Resigned w.e.f. 01 <sup>st</sup> August 2011)	<b>Member</b>	<b>Non Executive Independent</b>
Mr. Shivprakash Agarwal (Resigned w.e.f. 28 <sup>th</sup> July 2011)	<b>Member</b>	<b>Executive</b>
Mr. T. Vardharajan	<b>Member</b>	<b>Executive</b>

**Remuneration Committee (After reconstitution)**

<b>Name of Member</b>	<b>Position</b>	<b>Category</b>
Mr. Nikunj Choradia	<b>Chairman</b>	<b>Executive</b>
Mr. Mr. Prem Kumar Mysore	<b>Member</b>	<b>Non Executive Independent</b>
Mr. T. Vardharajan	<b>Member</b>	<b>Executive</b>
Mr. Sunil Soni	<b>Member</b>	<b>Non Executive Independent</b>

**(c) Meetings and attendance**

Three Meetings were held during the financial year 2010-2011 in which all four members were present.

#### **(d) Remuneration policy**

The remuneration package of the Company is based on following aspects:

- I. Employment scenario.
- II. Remuneration package of the industry.
- III. Responsibility on individual personnel.
- IV. Performance of the Company and individual performance.

#### **Remuneration to non –executive Directors**

The Non executive directors are not paid any remuneration by way of commission or otherwise.

#### **Remuneration to Managing Director:**

Mr. Nikunj Choradiya, the Managing Director of the Company is not drawing any salary/ Remuneration from the Company.

#### **V. Shareholders/ Investors Grievance Committee:**

The Company had constituted transfer cum shareholders grievance committee.

The Committee normally meets as and when required. The Committee looks into redresses of shareholders complaints like non transfer/transmission of shares, non receipt of balance sheet etc. Further, the committee reviews the cases of transfer, split, consolidation and issue of duplicate share certificates, dematerialized shares received by the registrar and transfer agents. The committee also looked into cases of non receipt of demat credit, refunds in connection with public issue.

The minutes of the investor grievance committee meetings are placed at the subsequent board meeting and are noted by the board

#### **Details of Shareholders Complaints:**

There were no shareholders complaints received from the Shareholders of the Company during the period ended 31<sup>st</sup> March 2011, thus there were no outstanding complaints as on 30<sup>th</sup> June 2010. Shareholders complaints and other correspondences are normally attended within seven working days except where constrained by disputes or legal impediments.

Compliance Officer: -

<b>NAME OF THE COMPLIANCE OFFICER</b>	<b>Mr. Niku nj Choradiya</b>
<b>CONTACT DETAILS</b>	<b>044 -30533337</b>
<b>E-MAIL ID</b>	<b>www.maarssoftware@gmail.com</b>

**VI. General Body Meetings: Location and time when last 3 Annual General Meetings are held:**

The details of the Annual General Meetings held in last three years are as under:

<b>Financial Year</b>	<b>Date</b>	<b>Time</b>	<b>Special Resolution passed</b>	<b>Venue</b>
2007-2008	29.09.2008	10.30 a.m.	Allotment of 13 Lacs Equity shares to Mascon Global Limited, appointment of Mr. T Vardharajan as Executive Director & appointment of Mr. Nikunj Choradiya as Managing Director	Sri Obul Reddy Hall, Sri Thyaga Brahma Gana Sabha, Vanimahal, 103, G.N Chetty Road, T Nagar, Chennai 600 017
2008-2009	24.09.2009	11.00 a.m.	Appointment of Mr. Harshvardhan Singh Rathore as a Director,  Authority given to Board to make compliances with the stock exchange	Balamandir German Hall No. 17, Prakasam Street, T Nagar, Chennai 600 017
2009-2010	31.03.2011	11.00 a.m.	None	Office No. Q(205), Second Floor, No.22, Josier Street, Nungambakkam, Chennai 600034

**a. Passing of resolution by postal ballot**

During the Financial year 2010-2011, there were no resolutions passed through postal ballot.



Further, at the forthcoming Annual General Meeting, there is no item in the agenda that needs approval by postal ballot.

### **VIII. Disclosures**

#### **Disclosures on materially significant related party transactions that may have potential conflict with the interest of the Company at large.**

As per the provisions of Sections 297, 299 and 301 of the Companies Act, 1956 the Directors of the Company are substantially interested in following Companies:

- (A) Mr. Shivprakash Agarwal, Director of the Company is interested in contracts with M/s. Asian Films Productions & Distribution Ltd. as he was one of the Directors of that Company and resigned from that Company w.e.f. 9<sup>th</sup> October 2010.
- a. There are no materially significant related party transactions made by the Company with its promoters, the directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the company at large.

Transactions with related parties as per requirement of Accounting Standard 18 are disclosed in note no. 18 in Schedule R in the annual accounts.

- b. **Details of non compliance by the Company, penalties, and restrictions imposed on the Company by stock exchange or SEBI or any statutory authority on any matter related to capital markets during the last three years.**

Our Company is listed on Bombay Stock Exchange and National Stock Exchange, the Company has complied with all the rules, regulations and conditions laid down by the respective Exchanges in the Listing Agreement entered into by the Company.

However, the Company has been recently suspended by the Premier Institute of National Stock Exchange due to inadvertent non-Compliances, our management is striving hard to rectify the defects and again list the Securities of the Company with honorable NSE.

Further, no penalty was imposed by SEBI, Stock Exchange or any statutory Authority on any matter related to capital markets during the last three years.

### **c. Whistle Blower Policy**

The Company has not yet formulated Whistle Blower Policy, the same being a non mandatory requirement.

### **d. Details of compliance with mandatory requirements and adoption of non mandatory requirements. –**

The Company has not only complied with all the mandatory requirements of Listing Agreement but has also complied with the non mandatory requirement setting example of good corporate governance.

The Company has adopted the following non-mandatory requirements of Clause 49 of the Listing Agreement relating to Corporate Governance.

- i. The Company has set up a Remuneration/Compensation Committee. Details of the Remuneration/ Compensation Committee have been provided under the Section Remuneration/Compensation Committee.
- ii. The financial statements of the Company are unqualified.

### **e. Disclosure of accounting treatment**

In the preparation of financial statements, the Company has followed the Accounting Standards issued by the Institute of Chartered Accountants of India. The significant accounting policies which are consistently applied are set out in the Annexure to Notes to accounts forming part of this Annual Report.

### **f. Disclosure for Risk Management**

The Company has laid down procedures to inform the Board members about the risk assessment and minimization procedures. These procedures are periodically reviewed to ensure that the executive management controls risk through means of properly defined framework.

## **IX. Subsidiaries**

The Company has Three wholly owned subsidiary namely **Maars Infratech Private Limited, Maars Software International Limited -Dubai & Hi -tech Software Services INC -USA**

However, these subsidiaries do not fall under definition of material non Listed Indian subsidiaries. As per the Listing Agreement, the minutes of board meetings of subsidiaries are placed at the board meetings of our company.

#### **X. Code of Conduct**

The Company has adopted Code of Conduct for Directors and Senior management of the Company in the Board Meeting held on for the financial year 2010-2011. The Code is posted on the Companys website.

The Company has received confirmation from all the Directors and Senior Management personnel regarding compliance of the code for the period ended 31<sup>st</sup> March 2011. A declaration signed by the Director (MD) in this regard is given below:

I hereby confirm that:

The Company has obtained from all the members of the Board and senior management personnel of the Company, affirmation that they have complied with the Code of Conduct framed for Directors & Senior Management in respect of the Financial Year 2010-2011.

#### **XI. Code of Conduct for prevention of Insider Trading.**

Pursuant to SEBI (Prohibition of Insider Trading) Regulation, 1992 as amended from time to time , the Company has adopted a Code of Conduct for prevention of Insider Trading. The Code is applicable to all the Directors and Designated Employees who are expected to have access to price sensitive information relating to the Company.

#### **XII . CEO/ CFO Certification**

The Company had taken certification from Mr. Nikunj Choradia (Managing Director) for the financial year 2010-2011. The same was noted in the Board meeting held on 8<sup>th</sup> September 2011.

#### **XIII . Means of Communication**

- (i) The Board of Directors of the Company approves and takes on record quarterly, yearly financial results in the proforma prescribed by Clause 41 of the Listing Agreement within one month of close of the respective period.
- (ii) The approved Financial results are forthwith sent to the Stock exchanges and are published in the English Newspaper namely, Business Line . In addition, the same are published in local language newspaper namely Dina Malhar within forty eight hours of approval thereof.

- (iii) Pursuant to clause 41 of the listing agreement, all data related to quarterly financial results, shareholding pattern etc. are hosted on the Electronic Data Information Filing and Retrieval (EDIFAR) website [www.sebiedifar.nic.in](http://www.sebiedifar.nic.in) maintained by SEBI in association with the National Informatics Center, within the time frame prescribed in this regard.
- (iv) The Companys financial results and official news releases are displayed on the Companys website
- (v) The Company has formed the site [grievanceredressal@maarssoft.com](mailto:grievanceredressal@maarssoft.com) exclusively for the purpose of redressal of investors complaints.
- (vi) Management Discussion and Analysis (MDA) forms part of the Annual Report, which is posted to the shareholders of the Company.

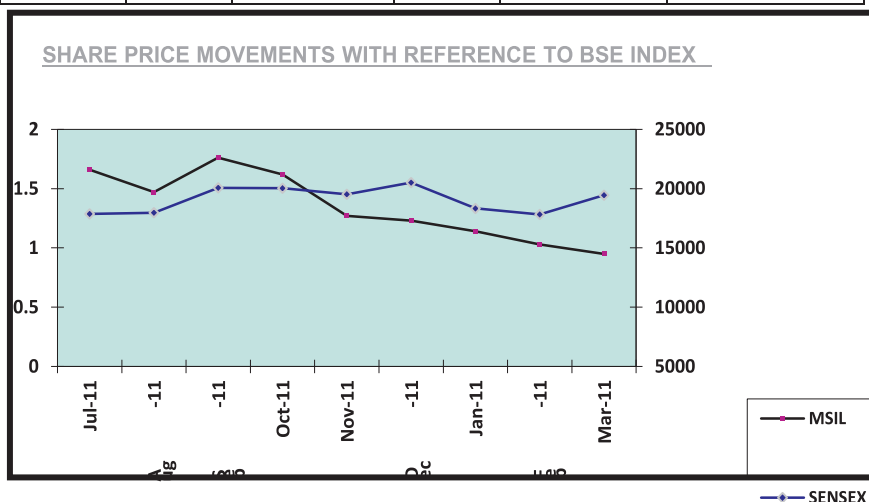
#### **XIV. General Shareholder Information:**

<b>SL. No.</b>	<b>Item</b>	<b>Particulars</b>
1	Date of Incorporation	23 <sup>rd</sup> August, 1995
2	Date and Time of Annual General Meeting	30 <sup>th</sup> September, 2011 at 9.00 AM (Friday)
3	Venue of Annual General Meeting	JC Mahal, kodungaiyur, Chennai 600 118
4	Date of Book Closure	From 24 <sup>th</sup> September 2011 to 28 <sup>th</sup> September 2011
5	Listing on Stock Exchanges	Bombay Stock Exchange Limited (BSE) National Stock Exchange of India Limited (NSE)
6	Stock Code	BSE Scrip Code 531528 NSE symbol - MAARSFTW
7	ISIN Number	INE390A01017

**a. Stock Market Data :**

The Monthly high and low quotations and volume of shares traded on the Bombay Stock Exchange Limited (BSE) were as follows:

Month	High (In Rs.)	BSE SENSEX High	Low (In Rs.)	BSE SENSEX Low	No. of shares traded
July 2010	1.93	18,237.56	1.57	17,395.58	46,77,377
Aug 2010	1.80	18,475. 27	1.46	17,819.99	24,87,784
Sept 2010	1.95	20,267.98	1.47	18,027.18	28,98,138
Oct 2010	2.00	20,854.55	1.55	19,768.96	35,72,651
Nov 2010	1.72	21,108.64	1.02	18,954.82	32,71,956
Dec 2010	1.46	20,552.03	1.01	19,074.57	19,87,086
Jan 2011	1.45	20,664.80	1.12	18,038.48	13,79,985
Feb 2011	1.22	18,690.97	0.81	17,295.62	13,66,912
Mar 2011	1.15	19,575.16	0.78	17,792.17	13,31,188



**b. Registrar and Share Transfer Agents :**

The Company has appointed M/S Cameo Corporate Services limited as Registrar and Share Transfer Agents for physical and demat segment. The address for correspondence is as under:

**M/s Cameo Corporate Services Limited**

Subramanian Building  
No. 1, Club House Road,  
Chennai 600 002  
**Tel:** (044) 28460390  
**Fax:** (044) 28460129

**c. Share Transfer System:**

Transfer of shares in physical form is processed and completed by Cameo Corporate Services Limited within a period of 30 days from the date of receipt provided all the documents are in order. In case of shares in demat Form; the transfers are processed by NSDL/CDSL through respective depository participants. In compliance with the listing agreement, a practicing Company Secretary carries audit of the system of Transfer and a certificate to that effect is issued.

**d.** Since the Company is engaged in service industry, there are no plants or manufacturing units.

**j. Nomination**

Individual shareholders holding shares singly or jointly in physical form can nominate a person in whose name the shares shall be transferable in case of death of the registered shareholders(s). Nomination facility in respect of shares held in electronic form is also available with the depository participants as per bye laws and business rules applicable to NSDL and CDSL.

**k. Secretarial audit**

As stipulated by SEBI, a qualified practicing Company Secretary carries out secretarial audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and total issued and listed capital. This audit is carried out every quarter and the report thereon is submitted to the listed stock exchange. The audit confirms that the total listed and paid up capital is in agreement with the aggregate of the total number of shares in dematerialized form (held with NSDL & CDSL) and total number of shares in physical form.

**XV. Address for Correspondence**

**Maar s Software International Limited**

**Regd. Office:** Q- 205, 2<sup>nd</sup> Floor, Real Enclave, No. 22, Joisher Street, Nungambakkam, Chennai- 600 034, Tamil Nadu.

**Corporate Office:** 20, 4<sup>th</sup> Floor, Mohid Heights, Near Versova Telephone Exchange, Lokhandwala Road, Mumbai -400 053.

**E-mail:** [maarssoftware@gmail.com](mailto:maarssoftware@gmail.com)

**Website:** [Http://www.maarssoft.com](http://www.maarssoft.com)

Ms. Sanhita Dey  
(Company Secretary)

# MANAGEMENT DISCUSSION AND ANALYSIS REPORT

## Economic Scenario

The country which was termed underdeveloped till a few decades back has shown the world its great potential. Moving along slowly with accurately measured footsteps India is surely trading on. The recent all round growth and development has made people across the globe realize the importance of India as a powerful economy. The economic scenario in India has been pretty stable over the last 3 years. Despite the economic downturn three years back the Indian economy has managed to remain stable. Indias GDP growth in 2010-2011 has not been phenomenal but is certainly encouraging and forced other powerful economies to take notice of it. The country today, despite all odds is showing signs of health, wealth and vigor.

## Overview

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1956, guidelines issued by Securities and Exchange Board of India (SEBI) and Generally Accepted Accounting Principles (GAAP) in India. Our Management accepts responsibility for the integrity and objectivity of these financial statements, as well as for various estimates and judgments used therein. The estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis, so that the financial statements reflect in a true and fair manner the form and substance of transactions, and reasonably present our state of affairs, profits and cash flows for the year.

## Industry Structure and Developments

Changing economic and business conditions and rapid technological innovation are creating an increasingly competitive market environment that is driving corporations to transform their operations. Consumers of products and services are increasingly demanding accelerated delivery times and lower prices. Companies are focusing on their core competencies and are using outsourced technology service providers to adequately address these needs. The role of technology has evolved from supporting corporations to transforming them. There is an increasing need for highly skilled technology professionals in the markets in which we operate. At the same time,



corporations are reluctant to expand their internal IT departments and increase costs. These factors have increased corporations reliance on their outsourced technology service providers and are expected to continue to drive future growth for outsourced technology services.

**T**echnology, especially information technology has transformed business by creating productivity gains and new business models in the last decades. This has resulted in the increased importance of IT to the success of companies worldwide. Changing economic and business conditions, rapid technological innovation, proliferation of the internet and globalization are creating an increasingly competitive market environment that is driving corporations to transform the manner in which they operate. Customers are increasingly demanding improved products and services with accelerated delivery times and at lower prices. To adequately address these needs, corporations are focusing on their core competencies and are using outsourced technology service providers to help improve productivity develop new products, conduct research and development activities, reduce business risk, and manage operations more effectively.

**T**he role of technology has evolved from supporting corporations to transforming them. The ability to design, develop, implement, and maintain advanced technology platforms and solutions to address business and customer needs has become a competitive advantage and a priority for corporations worldwide. Concurrently, the prevalence of multiple technology platforms and a greater emphasis on network security and redundancy have increased the complexity and cost of IT systems, and have resulted in greater technology related risks. The need for more dynamic technology solutions and the increased complexity, cost and risk associated with these platforms have created a growing need for specialists with experience in leveraging technology to help drive business strategy.

### Opportunities and Threats

#### **Opportunities**

India, in the recent years, is witnessing higher investments in infrastructure activities, so the atmosphere for the IT Industry is expected to be more conducive in the time to come.

There is an increasing need for highly skilled technology professionals in the market in which we operate. At the same time, corporations are reluctant to

expand their internal IT department and increase costs. These factors have increased Corporations reliance on their outsourced technology service providers and are expected to continue driving future growth for outsourced technology services.

India is fast developing as a IT Hub and the premier destination for offshore technology services. According to NASSCOMs strategic review 2007, the Indian IT-BPO sector would achieve USD 60billion in export revenue by FY 2010 we believe that our robust quality process and our access to skilled talent base at lower cost of providing services places us in a unique position to take advantage of the trend towards outsourcing IT Services.

### **Threats**

There is a significant amount of competitions from Indian and Foreign Companies operating in the similar segment.

Intense competition for the limited quality talent and skilled professional required to perform the services we offer is a significant threat, looking ahead.

These risks are broadly country risks. At an organizational level we have well-defined contingency plans to address the unforeseen events and minimize their impact on the services delivered.

### **Outlook**

The Global IT Industry is expected to grow at a rapid rate for next coming years. The offshore spending of the IT Industry itself is expected to grow at a rapid rate for example In the Countries Like Middle East, where IT investments hitherto were in the nascent stage, have increasingly stepped up their spend on harnessing higher automation and digitization. Not only this ITES/ BPO is expected to grow at a much higher rate. The ITES/ BPO is expected to give rise to maximum off shoring opportunities in the near future.

### **Risk and Concerns**

Besides increasing the client base, the Company needs to retain its current clients by providing timely quality services. The Company must look for emerging business opportunity in the growing demand for IT professionals across industries.

Internal Control Systems and their adequacy

The Company has in place the internal control systems and procedures commensurate with the size and nature of its business. These procedures are designed to ensure that:

All assets and resources are used efficiently and are adequately protected. All internal policies and statutory guidelines are complied with. There is accuracy of financial reports and management information.

Audit Committee has been entrusted with detailed terms of reference to review and look into proper recording of transactions and preparations of financial statement. One of the important functions of the Audit Committee is to review the adequacy of internal control systems and compliance thereof.

### Human Resource Development

The Company's progress is largely attributed to the wholehearted support from its manpower. The technical team were constantly challenged for quality performance and expected to work with an entrepreneurial spirit on the project.

**For and on behalf of the Board**

**Chairman & Managing Director**

Ms. Sanhita Dey

**(Company Secretary)**

Date: 8<sup>th</sup> September 2011

Place: Chennai

# AUDITOR'S REPORT

To,

The Member of **MAARS Software International Limited,**

We have examined the attached Consolidated Balance Sheet of Maars Software International Limited and its subsidiaries Maars Infratech Pvt. Ltd (India), and Maars Software International Ltd FZLLC (Dubai) as at March 31, 2011, the Consolidated Profit and Loss Account for the year then ended and Consolidated Cash Flow Statement thereon.

These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in India. These 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 misstatements. As audit includes, examining on test basis, evidence supporting 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 statements. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statement of the subsidiary. This has been audited by other auditors, whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of the subsidiary, is based solely on the other auditors report.

We report that the Consolidated Financial Statements have been prepared by the Company's Management in accordance with requirements of Accounting Standards (A.S) 21, Consolidated Financial Statements issued by the Institute of Chartered Accountants of India.

In our opinion and to the best of our information and according to the explanations given to us, the Consolidated Financial Statements give a true and fair 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 subsidiary as at 31.03.2011.

- b) In the case of the Consolidated Profit and Loss Account of the Loss of the Company and its Subsidiary as at 31.03.2011.
- c) In the case of the Cash Flow Statement of the Cash Flows of the Company and its Subsidiaries.

**For Daiya , Tiwari & Soni .**

FRN:-004268C

(CA Pawan Sharma)

**Partner**

**Date:** 8<sup>th</sup> September, 2011

**Place:** Chennai

M.No.- 075861

# ANNEXURE TO THE AUDITOR'S REPORT

## ANNEXURE TO THE AUDITOR'S REPORT

□Annexure referred to in paragraph 3 of the Auditors Report of even date on the accounts of **MAARS Software International Limited** for the year ended on **31<sup>st</sup> March, 2011** ]

1. (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.  
  
(b) As informed to us, the management in accordance with a phased program of verification adopted by the company has physically verified a major portion of these assets. In our opinion the frequency of verification is reasonable.  
  
(c) As per information and explanations provided by the management during the year, the company has not disposed off a substantial portion of fixed assets.
2. The company is in the business of software development and training and does not carry any inventories.
3. According to the information and explanations given to us during the year company has not taken loans from and has not granted loans to the parties covered U/s. 301 of the Companies Act, 1956. Accordingly, paragraph 4(iii) of the said order not applicable to the company.
4. 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 purchases of fixed assets and with regard to the sale of goods. During the course of our audit, no major weakness has been noticed in the internal controls.
5. According to the information and explanations provided by the management, there have been transactions that need to be entered in the register required to be maintained U/s. 301 of the Companies Act, 1956.
6. The company has not taken/ accepted any deposits from the public to which the directives issued by the RBI and the provision of section 58A, 58AA and any other relevant provisions of the companies act 1956and the rule framed there under are applicable accordingly, the provision of paragraph 4(vi) of the said order not applicable to the company..

7. In our opinion, the company has an internal control system commensurate with the size and nature of its business.
8. As informed to us, that maintenance of cost records has not been prescribed by the Central Govt. U/s. 209(1)(d) of the Companies act, 1956, is not applicable to the company.
  - (a) According to the records of the company, generally the company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, Employees state insurance, income-tax, sales-tax, wealth-tax, custom duty, excise-duty, cess and other statutory dues applicable to it.
  - (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income-tax, wealth-tax, sales tax, customs duty and excise duty were outstanding, as at 31.03.2011, for a period of more than six months from the dated they became payable.
  - (c) According to the records of the company, there are no dues of sales tax, income tax, custom tax/wealth tax, excise duty/cess, which has not been deposited on account of any dispute except the income tax for the assessment year 2001-2002 amounting to Rs.84,83,898/- for which an appeal was preferred before the honorable Income Tax Tribunal .Apart from the above, for the assessment year 2005-2006 amounting to Rs.32,93,993/- is disputed to be paid on account of appeal preferred before the honorable CIT (Appeals), Chennai respectively against the assessment order passed by the A.O.
10. The accumulated losses of the company are not more than fifty percent of its net worth. The company has not incurred any cash losses during the financial year covered by our audit and the immediate preceding financial year.
11. Based on our Audit procedure and on the information and explanation given by the management, the company has not provided for payment of interest on the dues payable to banks and financial institutions. As informed to us the company is in process of one time settlement with the said banks and financial institutions.
12. The company has not granted any loans or advances on basis of the security by way of pledge of shares, securities, debentures and other securities.
13. In our opinion company is not a chit fund or a nidhi/ mutual benefit fund/society. Accordingly the provision of paragraph of 4(xiii)of the said order are not applicable to the company.



14. The company is not dealing in or trading in shares, security, debenture, and other investments. Accordingly, the provision of the paragraph of 4 (xiv) of the said order are not applicable to the company.
15. The company has given guarantee to Bank of India for loan taken by the erstwhile UK Subsidiary. The said guarantee was materialized. As explained to us, amount due thereon has been included as a part of one time settlement proposal submitted by the company. The amount involved in that guarantee is 1 million pounds (Approx.).
16. The company has not taken any term loan during the year under review.
17. According to the information and explanation given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-terms basis have been used for long-term investment. No long-term funds have been used to finance short-term assets except core (permanent) working capital.
18. Based on our examination of records and the information provided to us by the management, we report that the company has made a preferential allotment of 77,20,000 Equity shares of Rs 10/ Each against 8% Cumulative convertible Preference shares allotted to Bank of India as a part of one settlement for conversion of outstanding loan are still not accepted by Bank of India. Except the above the company has not made any preferential allotment of shares to parties and companies covered under section 301 of the Act.
19. During the period covered by our audit report, the company has not issued any debentures.
20. The company has not raised funds from public issue during the year.
21. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

**For Daiya , Tiwari & Soni .**

Chartered Accountants

FRN:-004268C

(CA Pawan Sharma)

Partner

**Date:** 8<sup>th</sup> September, 2011

**Place:** Chennai

M.No.- 075861



**MAARS SOFTWARE INTERNATIONAL LIMITED**  
**STANDALONE BALANCE SHEET AS AT MARCH 31, 2011**

Amount in  
Rupees

Particulars	Schedule	9 months ended 'March 31, 2011	15 months ended 'June 30, 2010
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' funds</b>			
Share capital	A	1,525,202,000	1,512,202,000
Reserves and surplus	B	216,011,963	216,011,963
		<b>1,741,213,963</b>	<b>1,728,213,963</b>
<b>Loan funds</b>			
Secured loans	C	106,360,738	106,360,738
Unsecured loans	D	646,586,024	238,836,024
		<b>752,946,762</b>	<b>345,196,762</b>
<b>Deferred tax liability (net)</b> (Refer note 11 to Schedule 'S')		<b>23,710,555</b>	<b>23,710,555</b>
		<b>2,517,871,280</b>	<b>2,097,121,280</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed assets</b>			
Gross block	E	694,577,677	694,577,677
Less: Depreciation/amortization		338,892,827	335,999,742
Net block		355,684,851	358,577,935
Capital work in progress		-	-
		<b>355,684,851</b>	<b>358,577,935</b>
<b>Investments</b>			
<b>Deferred tax asset (net)</b>	F	<b>730,691,298</b>	<b>560,699,839</b>
<b>Current assets, loans and advances</b>			
Inventories	G	-	-
Sundry debtors	H	210,588,810	210,061,708
Cash and bank balances	I	943,781	474,686
Loans and advances	J	1,245,612,902	1,068,091,311
		1,457,145,493	1,278,627,704
<b>Less: Current liabilities and provisions</b>			
Current liabilities	K	344,073,099	295,749,290
Provisions		306,612	330,692
		344,379,711	296,079,982
<b>Net current assets</b>		<b>1,112,765,782</b>	<b>982,547,722</b>
<b>Miscellaneous expenditure</b> [to the extent not written off or adjusted]			
Profit and loss account	L	-	-
		318,729,349	195,295,783
		<b>2,517,871,279</b>	<b>2,097,121,280</b>
<b>Notes to account</b>			
	S	(0)	0
The accompanying schedules form an integral part of this balance sheet.			

As per our report of even date attached

**For Daiya Tiwari & Soni**

Chartered Accountants

FRN:004268C

**(CA Pawan Sharma)**

Partner

Membership No.-075861

Chennai

Date: 07th Sept. 2011

**For and on behalf of the board of directors**

Managing Director

Chennai

Date: 07th Sept. 2011

Director

**MAARS SOFTWARE INTERNATIONAL LIMITED**  
**STANDALONE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011**

Amount in Rupees

Particulars	Schedule	9 months ended 'March 31, 2011	15 months ended 'June 30, 2010
<b>INCOME</b>			
Revenue from operations	M	-	9,400,721
Other income	N	6,311,290	12,594,934
		<b>6,311,290</b>	<b>21,995,655</b>
<b>EXPENDITURE</b>			
Cost of operations	O	-	6,306,720
Employees cost	P	399,314	208,655
Administration and other expenses	Q	4,618,049	14,351,528
Finance cost	R	53,038	55,207
Depreciation/amortisation (Refer Note 2 (d) of Schedule "S")	S	2,893,085	25,213,394
Loss on sale of Shares		121,781,372	143,225,413
Preliminary Expenses w/off		-	-
		<b>129,744,858</b>	<b>189,360,917</b>
<b>Profit/(Loss) before tax</b>		<b>(123,433,568)</b>	<b>(167,365,262)</b>
Less: Provision for taxation			
- Current tax		-	-
- Deferred tax charge / (credit)		-	(5,598,238)
- Tax adjustments for earlier year (net)		-	-
<b>Profit/(Loss) after tax</b>		<b>(123,433,568)</b>	<b>(161,767,024)</b>
Balance brought forward from previous year		(195,295,783)	(33,528,760)
<b>Balance of Profit/(Loss) carried forward to balance sheet</b>		<b>(318,729,349)</b>	<b>(195,295,783)</b>
Earnings per share of Rs. 10/- each (Refer Note 12 of Schedule S)			
-Basic		<b>(0.83)</b>	<b>(1.10)</b>
-Diluted		<b>(0.91)</b>	<b>(1.10)</b>
<b>Notes to account</b>	S		
<p>The accompanying schedules form an integral part of this profit and loss account.</p> <p>As per our report of even date attached</p> <p><b>For Daiya Tiwari &amp; Soni</b> <span style="float: right;"><b>For and on behalf of the board of directors</b></span></p> <p>Chartered Accountants</p> <p>FRN:004268C</p> <p><b>(CA Pawan Sharma)</b></p> <p>Partner</p> <p>Membership No.-075861 <span style="float: right;">Managing Director</span></p> <p>Chennai <span style="float: right;">Chennai</span></p> <p>Date: 07th Sept. 2011 <span style="float: right;">Date: 07th Sept. 2011</span></p> <p style="text-align: right;">Director</p>			

**MAARS SOFTWARE INTERNATIONAL LIMITED**  
**SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS AS AT MARCH 31, 2011**

Amount in  
Rupees

Particulars	9 months ended 'March 31, 2011	15 months ended 'June 20, 2010
<b>Schedule 'A'</b>		
<b>Share Capital</b>		
Authorized		
16,00,00,000 Equity shares of Rs.10 each (Previous Year :16,00,00,000 Equity shares of Rs.10 each)	1,600,000,000	1,600,000,000
1,50,00,000 Preference shares of Rs.10 each (Previous Year :1,50,00,000 Preference shares of Rs.10 each)	150,000,000	150,000,000
	<b>1,750,000,000</b>	<b>1,750,000,000</b>
Issued, subscribed and paid-up		
Equity shares		
14,89,80,200 Equity shares of Rs.10 each (Previous Year :14,76,80,200 Equity shares of Rs.10 each)	1,489,802,000	1,476,802,000
During the year company issued 1,30,0000 Equity share of Rs 10 each at par on Prefitinal Basis (SEBI ICDR Guideline -2009) issued to Mascon Global Limited		
Preference shares		
35,40,000 Preference shares of Rs.10 each (Previous Year :35,40,000 Preference shares of Rs.10 each)	35,400,000	35,400,000
	<b>1,525,202,000</b>	<b>1,512,202,000</b>
<b>Schedule 'B'</b>		
<b>Reserves and Surplus</b>		
Securities premium account		
As per last balance sheet	216,011,963	216,011,963
Add: Received during the year on issue of equity shares		-
	216,011,963	216,011,963
Balance in profit and loss account	-	-
Less : GDR Issue Expenses		-
	<b>216,011,963</b>	<b>216,011,963</b>
<b>Schedule 'C'</b>		
<b>Secured loans</b>		
<b>Loans from banks</b>		
Scheduled Banks: Cash credit -secured against immovable property of Basement, Ground Floor, First Floor at Habibullah road and book debts of the company	6,245,297	6,245,297
Scheduled Banks: Term Loan -secured against immovable property of Third & Forth Floor at Habibullah road	32,722,820	32,722,820
Financial Institution: Term Loan -secured against Plant & Machinery and Immovable property at Padur & Secound Floor at Habibullah road	67,392,621	67,392,621
	<b>106,360,738</b>	<b>106,360,738</b>
<b>Schedule 'D'</b>		
<b>Unsecured loans</b>		
From directors	-	-

**Maars Software International Limited**  
**SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS AS AT MARCH 31, 2011**

Schedule 'E'  
 Fixed assets

Particulars	Gross block				Depreciation/amortization			Net block		Amount in Rupees
	As at	Adjustments		As at	Year Ended	Deletion/ Adjustments	As at	As at	As at	
	JULY 1, 2010	Additions	Deductions	MARCH 31, 2011			MARCH 31, 2011	MARCH 31, 2011		
<u>Tangible assets</u>										
-										
Land	27,394,864			27,394,864	-		-	27,394,864		27,394,864
Building	222,755,518			222,755,518	-		36,127,343	186,628,175		186,628,175
Computers	162,672,920			162,672,920	-		162,672,920	-		-
Furniture and fixtures	46,011,099			46,011,099	2,184,377		31,098,079	14,913,020		17,097,397
Plant and machinery	19,443,276			19,443,276	708,707		9,904,378	9,538,898		10,247,605
<u>Intangible assets</u>										
Motion picture rights	86,100,000			86,100,000	-		-	86,100,000		86,100,000
intangible assets - software	130,200,000			130,200,000	99,090,106		99,090,106	31,109,894		31,109,894
<b>Total</b>	<b>694,577,677</b>	<b>-</b>	<b>-</b>	<b>694,577,677</b>	<b>2,893,085</b>	<b>-</b>	<b>338,892,827</b>	<b>355,684,851</b>	<b>358,577,935</b>	<b>358,577,935</b>
Previous year	694,577,677	-	-	694,577,677	25,213,394	-	335,999,742	358,577,935	-	383,791,329

From others			646,586,024	238,836,024
			<b>646,586,024</b>	<b>238,836,024</b>
<b>Schedule 'F'</b>				
<b>Investments (At Cost)</b>				
<b>Investment in Quoted Shares ( AT COST)</b>				
Investment in Quoted Shares & securities			10,955,308	18,403,849
<b>Investment in Subsidiaries (At Cost)</b>				
Maars Infratech Pvt Ltd - Invst	9999			
Rs.10			99,990	99,990
Maars Software International Ltd - FZLLC	1	AED		
150000			1,752,000	1,752,000
<b>Investment in Unquoted Shares (At cost)</b>				
Investment in Unquoted Shares			717,884,000	540,444,000
			<b>730,691,298</b>	<b>560,699,839</b>
<b>Book Value of unquoted investments</b>			<b>730,691,298</b>	<b>560,699,839</b>
<b>Market Value of Quoted Investments</b>			<b>10,700,000</b>	<b>2,046,000</b>
<b>Schedule 'G'</b>				
<b>Inventories</b>				
[As taken, valued and certified by the management]				
Projects-in-progress			-	-
			-	-
<b>Schedule 'H'</b>				
<b>Sundry Debtors</b>				
[Unsecured, - Refer Note 7 of Schedule 'S']				
Considered Good			9,927,823	9,400,721
Considered Doubtful for a period exceeding 6 months			200,660,987	200,660,987
			210,588,810	210,061,708
Less: Provision for Doubtful Debts			-	-
			210,588,810	210,061,708
Others Debts - Considered Good			-	-
			<b>210,588,810</b>	<b>210,061,708</b>
<b>Schedule 'I'</b>				
<b>Cash and bank balances</b>				
Cash in hand			23,223	83,833
Balances with scheduled banks				
- Current accounts			920,558	390,853
- Deposit accounts*			-	-
			<b>943,781</b>	<b>474,686</b>
<b>Schedule 'J'</b>				
<b>Loans and Advances</b>				
[Unsecured]				
Loans to Wholly Owned Subsidiaries			15,545,186	10,850,631

Doubtful advances	9,100,000	
Share application money	5,000,000	
Advances recoverable in cash or in kind or for value to be received		
Loans and advances	1,141,783,563	1,025,385,570
	1,171,428,749	1,036,236,201
Advance income Tax (net)		
Prepaid Expenses	1,987,243	1,721,163
Advance to Broker	-	716,769
	54,149,982	-
Advance For Expenses	5,263,123	5,529,392
Deposits	12,783,805	13,037,155
	<b>1,245,612,902</b>	<b>1,068,091,311</b>
<b>Schedule 'K'</b>		
<b>Current Liabilities and Provisions</b>		
<b>Current Liabilities</b>		
Sundry Creditors	6,306,720	6,306,720
Advance From Customers	297,101,668	229,220,997
Accrued Salary	14,087,576	14,087,576
Other liabilities	11,601,269	31,158,131
Dividend Payable	9,412,616	9,412,616
Foreign Currency Monetary items Reserves	5,563,250	5,563,250
	344,073,099	295,749,290
<b>Provisions</b>		
Income tax	-	-
Statutory liabilities	39,612	31,867
For Expenses	267,000	298,825
	306,612	330,692
	<b>344,379,711</b>	<b>296,079,982</b>
<b>Schedule 'L'</b>		
<b>Miscellaneous expenditure</b>		
[to the extent not written off or adjusted]		
Preliminary Expenses	-	-
Expenses Incurred during the year	-	-
Less: Amortized during the year	-	-
	-	-
<b>Schedule 'M'</b>		
<b>Revenue From Operations</b>		
income from textile business	-	9,400,721
income from software Development , training and product -Export	-	-
	-	<b>9,400,721</b>
<b>Schedule 'N'</b>		
<b>Other income</b>		
Interest Received	2,392,601	-
Miscellaneous income	579,812	-
Foreign Exchange gain		

	3,338,877	12,594,934
	<b>6,311,290</b>	<b>12,594,934</b>
<b>Schedule 'O'</b>		
<b>Cost of Operations</b>		
Purchases	-	6,306,720
	-	<b>6,306,720</b>
<b>Schedule 'P'</b>		
<b>Employee Cost</b>		
Salaries, wages and other benefits	279,600	205,897
Director Remuneration	119,000	-
Staff welfare Expenses	714	2,758
Gratuity	-	-
	<b>399,314</b>	<b>208,655</b>
<b>Schedule 'Q'</b>		
<b>Administration and other expenses</b>		
Travelling and conveyance	310,492	321,452
Advertising and sales promotion	184,340	4,593,297
Legal and professional charges	1,293,070	825,717
Printing and stationery	1,157,027	159,088
Rent	89,100	119,700
<u>Repairs and maintenance</u>		-
- Buildings	8,100	-
- Others		12,700
Prior Period Expenses	190,538	-
Communication	5,702	3,846
Postage and telegram	3,663	8,161
Auditors remuneration	200,000	200,000
Others expenses	73,153	470,899
Sundry Debits W/off		- 6,508,304
ROC Fees	24,510	-
Subscription /Listing Fees	1,038,646	1,055,364
Meeting & Conference Expenses		- 73,000
R & T Exp.	39,708	-
	<b>4,618,049</b>	<b>14,351,528</b>
<b>Schedule 'R'</b>		
<b>Finance cost</b>		
Interest on		
- Fixed period loans	-	-
- Others	-	-
Bank charges	53,038	55,207
	<b>53,038</b>	<b>55,207</b>

**MAARS SOFTWARE INTERNATIONAL LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011**

Amount in Rupees

	9 months ended 'March 31, 2011	15 months ended 'June 30, 2010
<b>Particulars</b>		
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit before tax	(123,433,568)	(167,365,262)
Adjustments for:		
Depreciation/amortisation	2,893,085	25,213,394
Loss on sale of assets	-	-
Loss on sale of investment	121,781,372	-
Dividend income		
Interest cost	53,038	-
Interest received	(2,392,601)	(83,059,644)
Provision for doubtful debts / advances	-	-
Miscellaneous expenditure written off	-	-
	<u>122,334,894</u>	<u>(57,846,250)</u>
Operating cash flow before changes in working capital	<b>(1,098,674)</b>	<b>(225,211,512)</b>
Adjustments for:		
(Increase)/decrease in inventories	-	-
(Increase)/decrease in sundry debtors	(527,102)	(7,102,243)
(Increase)/decrease in loans and advances	(177,521,591)	(531,630,867)
Increase/(decrease) in current liabilities and provisions	48,299,729	112,762,605
Net changes in working capital	<b>(130,847,638)</b>	<b>(425,970,505)</b>
Taxes paid	-	-
<b>Cash generated from/(used in) operations</b>	<b>(130,847,638)</b>	<b>(651,182,017)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	-	(86,100,000)
Purchase of investments	(169,991,459)	(41,685,990)
Loss on Sale of investments	(121,781,372)	-
Dividend received	-	-
Interest received	2,392,601	83,059,644
<b>Cash generated /(used in) from investing activities</b>	<b>(289,380,230)</b>	<b>(44,726,346)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Interest paid	(53,038)	-
Proceeds from issue of equity share capital	13,000,000	-
Proceeds from issue of Fully Convertible Warrants	-	-
Redemption of Preference Share Capital	-	-
Securities premium received from issue of equity share capital	-	-
Share issue expenses (adjusted against securities premium account)	-	-
GDR issue expenses	-	-
Proceeds from borrowings	407,750,000	-
Repayment of borrowings	-	800,000
<b>Cash generated /(used in) from financing activities</b>	<b>420,696,962</b>	<b>800,000</b>
<b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>469,094</b>	<b>(695,108,363)</b>
Cash and cash equivalents at the beginning of the year	474,686	550,847,756
Cash and cash equivalents at the end of the year	<b>943,780</b>	<b>(144,260,608)</b>
<b>Note:</b>		
1 <b>Cash and cash equivalents at the year end comprise:</b>		
Cash on hand	23,223	83,833
Balance with scheduled banks in		
- Current accounts	920,558	390,853
- Deposit accounts	-	-
	<b>943,780</b>	<b>474,686</b>
2		
The Cash Flow Statement has been prepared under indirect method as set out in Accounting Standard 3, 'Cash Flow Statement' issued by the Institute of Chartered Accountants of India		
As per our report of even date attached		
<b>For Daiya Tiwari &amp; Soni</b>		<b>For and on behalf of the board of directors</b>
Chartered Accountants		
FRN:004268C		
<b>(CA Pawan Sharma)</b>		
Partner		
Membership No.-075861		Managing Director      Director
Chennai		Chennai
Date: 07th Sept. 2011		Date: 07th Sept. 2011



# NOTES TO ACCOUNTS

## Schedule 14

Notes forming part of Balance Sheet and Profit and Loss Account for the year ended 31.03 .2011

### SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

#### 1. METHOD OF ACCOUNTING:

The accounts are prepared in accordance with the applicable mandatory accounting standards (AS) issued by the Institute of Chartered Accountants of India. Generally accrual basis is adopted in the preparation of accounts. Except AS-11 issued by ICAI.

#### 2. SIGNIFICANT ACCOUNTING POLICIES

##### REVENUE RECOGNITION

Revenue from Consultancy and Software Development is recognized as per the terms of specific contracts and based on software development and invoiced to the clients.

##### FIXED ASSETS

Fixed Assets have been valued at cost less depreciation. Cost includes other attributable expenses relating to the cost of acquisition.

##### DEPRECIATION

Depreciation of Fixed Assets, has been provided on Straight Line Method at the rate prescribed in the Companies Act, 1956. As per management opinion company has not provided any depreciation of Building and License Fee included under Intangible Assets. And company not provided depreciations on IPR for film rights and company provide depreciation in the year of release of the films.

##### INVESTMENTS

Company valued its investments at Cost at the end of the year but company not diffracted his investments into long term investments to current investments.

Company has not making any provision for diluataion in the value of shares and securities. And as per management opinion there is no requirements to make any provisions for the same.

### **BORROWING COSTS**

Borrowing costs, which are not directly attributable to acquisition of the assets, are recognized as expenses under interest and finance charges.

### **RETIREMENT BENEFITS TO THE EMPLOYEES**

The Companys Liability in the form of Provident Fund is fully charged to Revenue Expenditure. Liability towards Gratuity has been provided as per managements calculation base on the service contracts. Provision has been made for Leave Encashment on actual basis.

### **FOREIGN CURRENCY TRANSLATION**

Foreign currency transactions are recorded at exchange rates prevailing on the date of respective transactions.

Current assets and current liabilities in foreign currencies existing at balance sheet date are translated at year-end rates.

Foreign currency translation differences related to acquisition of imported fixed assets, if any are adjusted in the carrying amount of the related fixed assets. All other foreign currency gains and losses are recognized in the profit and loss account. Conversion of Maars software FZLLC are as under.

- x Fixed Assets and capital and partner account are converted at historical rate that is 1AED = Rs 12.54.
- x All Currents assets like loans and advances, creditors, debtors, inventory are converted at closing rate as on 31.3.2011 that is 1AED = Rs 12.33

Items of profit and loss account and all the expenses and revenue are converted at Average rate as on 31.3.2011 that is 1AED = Rs 12.327.

**3. NOTES ON ACCOUNTS:**

**(a) *Contingent Liabilities / not provided for during the year:***

	Current Year 31.03.2011	Previous Year 30.06.2010
Disputed claims against company towards income tax demand not acknowledge as debt for the year 2005-06 for which appeal is pending before CIT (Appeal), Chennai.	Rs.32,93,993/-	Rs.32,93,993/-
Disputed claims against company towards income tax demand not acknowledge as debt for the year 2002-03 for which appeal is pending before CIT (Appeal), Chennai.	Rs 7,47,583/-	
Disputed claims against company towards income tax demand not acknowledge as debt for the year 2006-07 for which appeal is pending before CIT (Appeal), Chennai.	Rs 2,08,93,344/-	
Disputed claims against company towards income tax demand not acknowledge as debt for the year 2007-08 for which appeal is pending before CIT (Appeal), Chennai.	Rs 18,60,820/-	
Disputed claims against company towards income tax demand not acknowledge as debt for the year 2008-09 for which appeal is pending before CIT (Appeal), Chennai.	Rs 51,22,334/-	

\*\* Note: The Appeal is pending before Income Tax appellate authority, Chennai for the Assessment Year 2001-02 amounting to Rs.84,83,898/- which was acknowledged as debt during the current year.

**(b) Auditors Remuneration: (Fig. In Rupees)**

	<b>Current Year</b>	<b>Previous Year</b>
a) Audit Fees	Rs.2,25,000/-	Rs.2,05,000/-
<b>Total:</b>	<b>Rs.2, 25,000/ -</b>	<b>Rs.2,05,000 / -</b>

**(c) Segment Reporting: during the year company has traded in a single segment that's why as per AS -17 Segment wise Reporting not required.**

**(d) Related Party Disclosure:**

**Name of the related parties:**

**(1) Subsidiaries :**

(a) Maars Infratech Pvt. Ltd

(b) Maars Software International Ltd. FZLLC-Dubai

**(2) Key Management Personnel:**

(a) Mr Nikunj Babulal Choradiya, Managing Director

(b) Mr. T. Varadharajan, Director

Transaction with related parties

(Rupees in Millions)

Nature of Transaction	Key Management Personnel	Subsidiaries
<b>During the year:</b>		
- Unsecured Loan	--	Nil
- Investment	--	Nil
- Receivables	--	Nil
- Loans/Advances	--	40.206
<b>Balance Outstanding as at the year end</b>		
- Unsecured Loan	--	--
- Investment	--	18.52
- Receivables	--	--
- Loans/Advances	--	40.206

e. **Earning Per Share as computed in accordance with AS** – 20  
**for the year ended on 31.3.2011:**

(i)Net Profit (Before Extra ordinary Item)	<b>Rs. (123433568 )/-</b>
(ii)No. of total shares outstanding	14,79,80,200
(iii)Basic & Diluted EPS	Rs. (0.77)
(iv)Nominal Value of Share	Rs. 10/-

f. **Managerial Remuneration:** **NIL**

**g. Deferred Tax Asset/Liability :**

Deferred tax on timing differences between taxable and accounting income is accounted for, using the tax rates and the tax laws enacted or substantially enacted as on the balance sheet date. Deferred tax assets on unabsorbed tax losses and unabsorbed depreciation are recognized only when there is a virtual certainty of their realization. Other items are recognized only when there is a reasonable certainty of their realization.

The Company has adopted Accounting Standard-22 on "Accounting for Taxes on Income" issued by the Institute of Chartered accountants of India. Consequently, the Company has not recorded deferred tax liability/Assets in respect of timing differences on account of Depreciation as on 31<sup>st</sup> March 2011 and the net effects of the same has been given in the Profit & Loss Account and Balance Sheet as on 31<sup>st</sup> March 2011.

**h. Transaction with S mall Scale Industries:**

The Company did not have any transactions with Small Scale Industrial (S SIs) Undertakings during the year ended March 31, 2011 and hence there are no amounts due to such undertakings. The identification of SMEs undertakings is based on the managements knowledge of their status. The Company has not received any information from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amount unpaid as at the year end together with interest paid / payable as required under the said Act have not been furnished.

**i. Confirmation:**

Balances whether debit or credits are subject to confirmation. Balances in respect of certain sundry debtors, sundry creditors and loans and advances are taken as shown by the books of account and are subject to confirmation and consequent adjustments and reconciliation, if any.

**j. Foreign Exchange earnings and outgo**

	<b>Current Year</b>	<b>Previous Year</b>
	<b>31.3 .2011</b>	<b>30.06.2010</b>
Total Foreign Exchange Earnings	NIL	NIL
Total Foreign Exchange Used	NIL	NIL

- k. All the figures have been rounded off to the nearest rupee.
- l. The previous years figures have been regrouped/restated where ever it required.
- m. We have verified the vouchers and documents which were made available to us for our verification. Where no such vouchers or documentary evidences were available, we relied on the information and explanation given by the management.
- n. Cash on hand is as certified by the management.
- o. **Provision and contingent liabilities** :

Provisions are recognized when the Company has present legal or constructive obligation, a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made for the amount of the obligation. Contingent liabilities, if any, are disclosed by way of notes to the Balance Sheet

As per our Report of even date attached

**For Daiya Tiwari & Soni .**

**For & on behalf of Board of Directors**

**Chartered Accountants**

**FRN: -004268C**

**Nikunj Babulal Choradiya**

**(Managing Director)**

**(CA Pawan Sharma)**

**Partner**

**M.No. - 075861**

**T. Varadharajan**

**(Director)**

**Place: Chennai**

**Ms. Sanhita Dey**

**Date: 8<sup>th</sup> September 2011**

**(Company Secretary)**

## NOTICE

Notice is hereby given that the **ANNUAL GENERAL MEETING** of the Members of the Maars Infratech Pvt. Ltd will be held at the Registered office of the Company at 18-22, 4<sup>th</sup> Floor, Mohid Heights, Lokhandwala Road, Andheri(west) Mumbai-400053, Maharashtra. Mumbai 400026 30<sup>th</sup> Sep. at 3.00 P.M. To transact the following Business

### ORDINARY BUSINESS

1. To receive, consider, and adopt the Audited Balance Sheet as on 31<sup>st</sup> March 2010 & Profit & Loss Account for the Year ended on that Date together with the reports of Directors and Auditors thereon.
2. To appoint, an Auditors to hold office from the conclusion of this annual general meeting until the conclusion of next annual general meeting and fix their remuneration.

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The instrument appointing proxy should be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting.

By order of the Board

Director.

Mumbai  
Dated : 1-09-2011



# Maars Infratech Pvt. Ltd

## DIRECTORS' REPORT

To,  
The Members,

Your Directors have pleasure in presenting the Annual Report together with the Balance sheet as on 31st March 2011, .

### FINANCIAL RESULTS

	Year ended On 31 <sup>st</sup> March 2011 (Rupees)
Profit \ (Loss)	363150
LESS : Depreciation	-----
Profit/(loss) before tax	363150
Less: Provision for Deferred tax	NIL
Less: Provision for Tax	112213
Net profit after tax	250937
Profit & loss brought forward	227652
Profit & loss carried to the balance sheet	478589

### OPERATIONS

During the year under review the company earned the earn a profit and Board of Directors believe that the better results would be in the current financial year.

### DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the requirement under section 217(2AA) of the companies act, 1956, with respect to the Directors Responsibility Statement, it is hereby confirmed :

- I) That in the preparation of the accounts for the financial year ended 31st March 2011, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- II) That the Directors have selected such accounting policies and applied them consistently and made Judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of financial year and of the profit or loss of the company for the year under review
- III) That the directors have take proper and sufficient care for the maintenance of the 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;
- IV) That the Directors have prepared the accounts for the financial year ended 31st March, 2011 on a `going concern' basis.

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

Since the company doesn't own any manufacturing facility, the provisions of section 217(1) (e) of the companies act, 1956 read with the companies (disclosure of particulars in the Report of the Board directors) rules, 1988 are not applicable. During the year under review the company did not have any foreign exchange earning and outgo.

**PARTICULARS OF EMPLOYEE**

Since the none of the employees of the company employed throughout the year were in receipt of remuneration of Rs. 24,00,000/- per annum, or 2,00,000 per month or part thereof statement pursuant to the provisions of section 217(2A) the companies act 1956 read with the Companies (Particulars of employees) rules 1975 is not furnished.

**AUDITORS**

M/S. Daiya Tiwari & Soni., Chartered Accountants , Auditors of the Company they are being eligible, for appointment.

**APPRECIATION :**

The Directors wish to place on records their appreciation for valuable support extended by Bankers of the company & acknowledge co-operation and efforts of the staff in making company's operation successful.

For and on behalf of the Board

Director

Mumbai

Dated : 01.09.2011

## AUDITOR'S REPORT

To,  
The Members,  
**Maars Infratech Pvt. Ltd**

We have audited the attached Balance sheet of the M/s Maars Infratech Pvt. Ltd as on 31<sup>st</sup> March,2011 and also Profit & Loss Account of the company for the year ended on 31<sup>st</sup> March,2011. 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 have conducted our audit in accordance with the auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance 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 presentation of the financial statement we believe that our audit provides a reasonable basis for our opinion.

In view of para 2 (iv) of the Companies (Auditors' Report) Order, 2003, the company is exempt from the provision of the said order and hence, no such order report has been included in our report.

We report that:-

- (a) We have obtained all the information and explanation, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- (b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of the books.
- (c) In our opinion, the Balance Sheet and Profit & Loss Account comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
- (d) The Balance sheet and Profit & Loss Account dealt with by the report are in agreement with the books of account of the company.
- (e) According to information and explanations given to us, none of the Directors is disqualified as on 31-3-2011 from being appointed as a directors under Section 274 (1) (g) of the Companies Act, 1956.
- (f) In our opinion and to the best of our information and according to the explanation given to us, and read together with other notes thereon, give the information required by Companies Act, 1956. In manner so required and present true & fair view,
- (i) In the case of Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2011 and
- (ii) In the case of the Profit & Loss Account, of the Loss of the company for the year ended 31<sup>st</sup> March 2011.

**Place: Mumbai**  
**Date :07-9--2011**

**For, Daiya Tiwari & Soni.**  
Chartered Accountants,  
FRN 004268C

**(CA Pawan Sharma)**  
Partner  
M.No. - 75861

**Maars Infratech Pvt. Limited**  
**BALANCE SHEET AS AT MARCH 31, 2011**

Amount in Rupees

	Schedule	9 months ended 'March 31, 2011	15 months ended 'June 30, 2010
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' funds</b>			
Share capital	A	100,000	100,000
Reserves and surplus	B	478,589	227,652
		<b>578,589</b>	<b>327,652</b>
<b>Loan funds</b>			
Secured loans	C	-	-
Unsecured loans	D	15,835,107	9,350,631
		<b>15,835,107</b>	<b>9,350,631</b>
<b>Deferred tax liability (net)</b>		-	-
		<b>16,413,697</b>	<b>9,678,283</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed assets</b>			
Gross block		-	-
Less: Depreciation/amortization		-	-
Net block		-	-
Capital work in progress		-	-
		-	-
<b>Investments</b>			
		-	-
<b>Deferred tax asset (net)</b>			
		-	-
<b>Current assets, loans and advances</b>			
Inventories	E	6,255,454	1,380,000
Sundry debtors	F	-	-
Cash and bank balances	G	1,067,258	1,119,623
Loans and advances	H	11,645,500	11,615,334
		18,968,212	14,114,957
<b>Less: Current liabilities and provisions</b>			
Current liabilities	I	1,812,635	4,247,500
Provisions		746,080	194,774
		2,558,715	4,442,274
<b>Net current assets</b>		<b>16,409,497</b>	<b>9,672,683</b>
<b>Miscellaneous expenditure</b>			
[to the extent not written off or adjusted]	P	4,200	5,600
Profit and loss account		-	-
		<b>16,413,697</b>	<b>9,678,283</b>
<b>Notes to account</b>			
	Q	0	-
The accompanying schedules form an integral part of this balance sheet.			
As per our report of even date attached		For and on behalf of the board of directors	
<b>For Daiya Tiwari &amp; Soni</b>			
Chartered Accountants			
FRN:004268C			
<b>(CA Pawan Sharma)</b>			
Partner		Director	
Membership No.-075861		Mumbai	
Mumbai		Date: 07th Sept. 2011	
Date: 07th Sept. 2011			

**Maars Infratech Pvt. Limited**  
**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011**

(Amount in Rupees)

	Schedule	9 months ended 'March 31, 2011	15 months ended 'June 30, 2010
<b>INCOME</b>			
Revenue from operations	J	3,880,000	6,120,000
Other income	K	1,200,000	966,575
		<b>5,080,000</b>	<b>7,086,575</b>
<b>EXPENDITURE</b>			
Cost of operations	L	3,802,400	6,010,779
Employees cost	M	770,000	560,974
Administration and other expenses	N	143,050	73,690
Finance cost	O	-	1,268
Depreciation/amortisation		-	-
Preliminary Expenses w/off	P	1,400	1,400
		<b>4,716,850</b>	<b>6,648,111</b>
<b>Profit/(Loss) before tax</b>		<b>363,150</b>	<b>438,464</b>
Less: Provision for taxation			
- Current tax		112,213	102,687
- Deferred tax charge / (credit)		-	33,411
- Wealth tax		-	-
- Fringe benefit tax		-	-
- Tax adjustments for earlier year (net)		-	-
<b>Profit/(Loss) after tax</b>		<b>250,937</b>	<b>302,366</b>
Balance brought forward from previous year		227,652	(74,714)
<b>Amount available for appropriation</b>		<b>478,589</b>	<b>227,652</b>
<b>Balance of Profit/(Loss) carried forward to balance sheet</b>		<b>478,589</b>	<b>227,652</b>
Earnings per share of Rs. 10/- each			
-Basic		<b>25.09</b>	<b>30.24</b>
-Diluted			
<b>Notes to account</b>	Q		
The accompanying schedules form an integral part of this profit and loss account.			
As per our report of even date attached		<b>For and on behalf of the board of directors</b>	
<b>For Daiya Tiwari &amp; Soni</b>			
Chartered Accountants			
FRN:004268C			
<b>(CA Pawan Sharma)</b>			
Partner			
Membership No.-075861		Managing Director	Director
Mumbai			
Date: 07th Sept. 2011			

**Maars Infratech Pvt. Limited**

**SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS AS AT MARCH 31, 2011**

(Amount in Rupees)

	<b>9 months ended 'March 31, 2011</b>	<b>15 months ended 'June 30, 2010</b>
<b>Schedule 'A'</b>		
<b>Share Capital</b>		
Authorized		
10,000 Equity shares of Rs.10 each (Previous Year :10,000 Equity shares of Rs.10 each)	100,000	100,000
	<b>100,000</b>	<b>100,000</b>
Issued, subscribed and paid-up		
Equity shares		
10,000 Equity shares of Rs.10 each (Previous Year :10,000 Equity shares of Rs.10 each)	100,000	100,000
	<b>100,000</b>	<b>100,000</b>
<b>Schedule 'B'</b>		
<b>Reserves and Surplus</b>		
Securities premium account		
As per last balance sheet	-	-
Add: Received during the year on issue of equity shares	-	-
	478,589	227,652
Balance in profit and loss account	<b>478,589</b>	<b>227,652</b>
<b>Schedule 'C'</b>		
<b>Secured loans</b>		
Loans from banks	-	-
	-	-
<b>Schedule 'D'</b>		
<b>Unsecured loans</b>		
Loan from holding Company	15,545,186	<b>9,350,631</b>
From Directors	289,921	
	<b>15,835,107</b>	<b>9,350,631</b>
	<b>9 months ended 'March 31, 2011</b>	<b>15 months ended 'June 30, 2010</b>
<b>Schedule 'E'</b>		
<b>Inventories</b>		
[As taken, valued and certified by the management]		
Projects-in-progress	6,255,454	1,380,000
Raw material	-	-
	<b>6,255,454</b>	<b>1,380,000</b>
<b>Schedule 'F'</b>		
<b>Sundry Debtors</b>		
Considered Good	-	-
Considered Doubtful for a period exceeding 6 months	-	-
	-	-
<b>Schedule 'G'</b>		
<b>Cash and bank balances</b>		
Cash on hand	567	567
Balances with scheduled banks		
- Current accounts	1,066,691	1,119,056
- Deposit accounts*	-	-
	<b>1,067,258</b>	<b>1,119,623</b>
<b>Schedule 'H'</b>		
<b>Loans and Advances</b>		
Advances recoverable in cash or in kind or for value to be received		
Loan & Advances	10,000,000	10,000,000
- Considered Good	1,500,000	1,589,834
TDS recivables	120,000	
Deposits	25,500	25,500
	11,645,500	11,615,334
	<b>11,645,500</b>	<b>11,615,334</b>
<b>Schedule 'I'</b>		
<b>Current Liabilities and Provisions</b>		
<b>Current Liabilities</b>		
Sundry Creditors	1,812,635	367,500
Advance From Customers	-	3,880,000
Other liabilities	-	-
	1,812,635	4,247,500
<b>Provisions</b>		
Income tax (net of tax payments)	111,337	6,135
Statutory liabilities	150,157	
For Expenses	484,586	188,639
	746,080	194,774
	<b>2,558,715</b>	<b>4,442,274</b>

<b>Schedule 'P'</b>		
<b>Miscellaneous expenditure</b> [to the extent not written off or adjusted]		
Preliminary Expenses	5,600	7,000
Expenses Incurred during the year	1,400	1,400
Less: Amortized during the year	<b>4,200</b>	<b>5,600</b>
<b>Schedule 'J'</b>		
<b>Revenue From Operations</b>		
income from Constration	-	-
constration of Resinditial plot no. 387/388 being 75 % work completion	3,880,000	6,120,000
commercial	-	-
	<b>3,880,000</b>	<b>6,120,000</b>
<b>Schedule 'K'</b>		
<b>Other income</b>		
Interest Received	1,200,000	966,575
Miscellaneous income	-	-
	<b>1,200,000</b>	<b>966,575</b>
<b>Schedule 'L'</b>		
<b>Cost of Operations</b>		
Cost of Development , salary , consultancy , charges	3,802,400	6,010,779
Staff welfare Expenses	-	-
	<b>3,802,400</b>	<b>6,010,779</b>
<b>Schedule 'M'</b>		
<b>Employee Cost</b>		
Salaries, wages and other benefits	290,000	168,000
Director Remuneration	480,000	392,974
Staff welfare Expenses	-	-
	<b>770,000</b>	<b>560,974</b>
<b>Schedule 'N'</b>		
<b>Administration and other expenses</b>		
Travelling and conveyance	26,300	-
Accounting charges	30,000	18,000
Legal and professional charges	1,735	827
Printing and stationery	7,834	1,560
Conveyance	23,621	-
Communication	17,579	18,035
Auditors remuneration	25,000	25,000
Others office expenses	10,981	9,597
Misc. Expenses	-	671
	<b>143,050</b>	<b>73,690</b>
<b>Schedule 'O'</b>		
<b>Finance cost</b>		
Interest on		
- Fixed period loans	-	-
- Others	-	-
Bank charges	-	1,268
	<b>-</b>	<b>1,268</b>

**Maars Infratech Pvt. Ltd**

**SCHEDULE -Q**

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS :**

ACCOUNTING POLICES AND NOTES FORMING PART OF THE BALANCE SHEET AS AT AND PROFIT AND LOSS ACCOUNT FOR YEAR ENDED 31<sup>st</sup> March,2011..

**1. ACCOUNTING POLICIES:**

A) BASIS OF ACCOUNTING:

The account are prepared under historical cost convention and as per mercantile system.

B) FIXED ASSETS AND DEPRECIATION : Nil

C) INVESTMENTS:

Investment are stated at cost

D) CONTINGENT LIABILITY:

There is no Contingent Liability provided for and are disclosed in notes to the account.

E) INVENTORIES:

During the year there WIP- of constriction contract is stated on cost and such valuation is done by management of the companion time to time basis.

**2. NOTE TO THE ACCOUNTS:**

1. Previous Year's figure have been regrouped / rearranged wherever necessary.

	<u>2010-11</u>	<u>2009-10</u>
2.Earning in foreign currency	Rs.NIL	Rs.NIL
3. Expenditure in foreign currency	Rs.NIL	Rs.NIL
4. Remuneration to Auditors	Rs. 25000/-	Rs. 25000/-

5. The company is not manufacturing any items, the additional information pursuant to part – II B of Schedule VI of the Companies Act, 1956 has not been furnished.

6. Accounting for Taxation:

Due to losses in the year, Deferred tax assets / liabilities has been provided for in the books of account s as per AS-22 issued by ICAI.

7. RELATED PARTY DISCLOSURE

a. Companies under same management:- Nil

b. Directors:-

01. Shri Harsh Vardhan Rathore

02. Shri Hussian Shattaf

c. Transaction entered into with the above parties: - 480000/-As a Director Remunerations

8. Balances whether debit or credits are subject to confirmation.

9. Cash on hand is as certified by the management.



10. The information relating to the Balance sheet abstract and Company's general business profile as per part IV to the Companies Act, 1956 is as under

1 REGISTRATION DETAILS:

Registration no.	:	188949
State Code	:	11
Balance sheet Date	:	31-3-2011

2 CAPITAL RAISED DURING THE PERIOD (AMOUNT IN RS):

- Public Issue	:	NIL
Right Issue	:	NIL
Bonus Issue	:	NIL

3. POSITION OF MOBILISATION AND DEPLOMENT OF FUNDS ( Rs. In Thousand)

Total Liabilities	:	16414
Total Assets	:	16414

SOURCES OF FUNDS :

Paid up Capital	:	100
Share Application Money	:	NIL
Reserve & Surplus	:	479
Secured Loans	:	NIL
Unsecured Loans	:	15835

APPLICATION OF FUNDS :

Net Fixed Assets	:	NIL
Investments	:	NIL
Net Current Assets	:	16409
Misc. Expenditure	:	4
Accumulated Losses	:	NIL

4. PERFORMANCE OF COMPANY ( AMOUNT IN THOUSAND):

Turnover	:	3880
Other income	:	1200
Total Expenditure	:	4717
Profit/(Loss) before Tax	:	363
Profit/(Loss) after Tax	:	251
Earning per share in Rs.	:	25.09
Dividend Rate (%)	:	NIL

5. GENERIC NAMES OF THREE PRINCIPAL SERVICES OF COMPANY :

( AS PER MONETARY TERMS )

Items code no. ITC Code	:	N.A.
Service Description	:	Constrictions, Real state developer

As Per Our Report of Even Date Attached

**For DaiyaTiwari & Soni ,**  
**Chartered Accountants**  
**FRN:004268C**

**For and on behalf of the Board of Director**

**(CA Pawan Sharma)**  
**Partner**

**Director**

**Director**

**M. No.-75861**  
**Place:- MUMBAI**  
**Date:7-9-2011**

**Maars Infratech Pvt. Limited**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011**

Amount in  
Rupees

	Particulars	9 months ended 'March 31, 2011	15 months ended 'June 30, 2010
	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>A.</b>	<b>Net profit before tax</b>	<b>363,150</b>	<b>438,464</b>
	Adjustments for:		
	Depreciation/amortisation		
	Provision for Income tax	(112,213)	
	Interest cost		-
	Interest received	(1,200,000)	
	Provision for doubtful debts / advances	-	-
	Miscellaneous expenditure written off	1,400	-
		(1,310,813)	-
	Operating cash flow before changes in working capital	<b>(947,663)</b>	<b>438,464</b>
	Adjustments for:		
	(Increase)/decrease in inventories	(4,875,454)	1,380,000
	(Increase)/decrease in sundry debtors	-	-
	(Increase)/decrease in loans and advances	(30,166)	(11,615,334)
	Increase/(decrease) in current liabilities and provisions	(1,883,559)	4,442,274
	Net changes in working capital	<b>(7,736,842)</b>	<b>(5,793,060)</b>
	Taxes paid	-	-
	<b>Less : Extra ordinary items</b>		
	Prelimenry Expenses	-	<b>(5,600)</b>
	<b>Cash generated from/(used in) operations</b>	<b>(7,736,842)</b>	<b>(5,360,196)</b>
	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
<b>B.</b>	Purchase of fixed assets		
	Purchase of investments		
	Sale of investments		-
	Dividend received	-	-
	Interest received	1,200,000	-
	<b>Cash generated /(used in) from investing activities</b>	<b>1,200,000</b>	-
	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
<b>C.</b>	Interest paid		-
	Securities premium received from issue of equity share capital	-	-
	Proceeds from Issue of Shares	-	100,000
	Proceeds from borrowings	6,484,476	9,350,631

Repayment of borrowings	-	
<b>Cash generated /(used in) from financing activities</b>	<b>6,484,476</b>	<b>9,450,631</b>
<b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>(52,366)</b>	<b>4,090,435</b>
Cash and cash equivalents at the beginning of the year	1,119,623	-
Cash and cash equivalents at the end of the year	<b>1,067,257</b>	<b>4,090,435</b>
<b>Note:</b>		
<b>1 Cash and cash equivalents at the year end comprise:</b>		
Cash on hand	567	567
Balance with scheduled banks in		
- Current accounts	1,066,691	1,119,056
- Deposit accounts	-	-
	<b>1,067,258</b>	<b>1,119,623</b>
<b>2</b>		
The Cash Flow Statement has been prepared under indirect method as set out in Accounting Standard 3, 'Cash Flow Statement' issued by the Institute of Chartered Accountants of India		
As per our report of even date attached		
<b>For Daiya Tiwari &amp; Soni</b> Chartered Accountants FRN:004268C	<b>For and on behalf of the board of directors</b>	
<b>(CA Pawan Sharma)</b> Partner Membership No.-075861	Director	Director
Mumbai Date: 07th Sept. 2011	Mumbai Date: 07th Sept. 2011	

The Shareholders,

Maarss Software International Ltd. FZE,  
Hamriah Free Zone,  
Sharjah-United Arab Emirates

We have audited the accompanying financial statements of **Maarss Software International Ltd. FZE, Hamriah Free Zone, Sharjah-United Arab Emirates** as at March 31, 2011 and the related statements of income, statement of changes in shareholders' equity, statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

### **Management Responsibility**

The Company Management is responsible for the preparation of these financial statements in accordance with International Financial Reporting Standards (IFRS). The responsibility includes fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances .

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. An audit also includes evaluating the appropriateness of accounting principles used and reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

Previous year figures shown in the financial statements are audited by other auditors.

Except for the effects of the matters discussed in the preceding paragraph, which may require financial adjustments, in our opinion, the financial statements present fairly, in all material respects, the financial position of **Maars Software International Ltd. FZE, Hamriyah Free Zone-Sharjah-United Arab Emirates** as of March 31, 2010, and of its financial performance and its cash flows for the year then ended subject to the above in accordance with International Financial Reporting Standards.

**Bin Shabib Chartered Accountants**  
**Dubai – United Arab Emirates**

**Maars Software international limited FZE**  
**HAMRIYA FREE ZONE - SHARJAH, UNITED ARAB EMIRATES**  
**BALANCE SHEET AS ON 31 March 2011**

Particulars	Notes	9 months ended March 31,2011	15 months ended June 30,2010
<b>Fixed assets</b>	1	36,000	49,500
<b>Current Assets</b>			
Cash and bank	2	1,954,255	528,105
Accounts receivable	3	6,056,042	6,367,499
Other assets	4	0	-
		8,010,297	6,895,604
<b>TOTAL ASSETS</b>		<b>8,046,297</b>	<b>6,945,104</b>
<b>Current Liabilities</b>	5	4,541,177	4,107,350
		4,541,177	4,107,350
<b>Shareholders Funds</b>			
Share capital		150,000	150,000
Retained earnings		1,355,120	687,754
Partners accounts		2,000,000	2,000,000
<b>TOTAL LIABILITIES &amp; EQUITY</b>		<b>8,046,298</b>	<b>6,945,104</b>

The Auditor's Report is set forth on Page .1.  
The attached notes and schedules form an integral part of these Financial Statements

For Maars Software International Ltd. FZE

Director

**Maars Software international limited FZE**

**Maars Software international limited FZE**  
**HAMRIYA FREE ZONE - SHARJAH, UNITED ARAB EMIRATES**  
**STATEMENT OF INCOME & APPROPRIATION OF PROFITS**  
**FOR THE YEAR ENDED 31 MARCH 2011**

Particulars	Notes	9 months ended	15 months
		March 31,2011	ended June
		AED	AED
Turnover		8,651,489	10612498
Cost of operations		(4,844,834)	-4337782
Personnel expenses		(2,601,899)	-3669832
Operating expenses		(523,890)	-663026
<b>Net profit before depreciation</b>		<b>680,866</b>	<b>1,941,858</b>
Depreciation	1	(13,500)	-22500
<b>Net profit</b>		<b>667,366</b>	<b>1,919,358</b>
Retained earnings b/f		687,754	-1231604
Profit / (loss) for the year		667,366	1,919,358
<b>Retained earnings</b>		<b>1,355,120</b>	<b>687,754</b>

The Auditors' Report is set forth on Page .1.

The attached notes and schedules from an integral part of these Financial Statements

**For Maars Software International Ltd.**  
**FZE**

**Director**

**HAMRIYA FREE ZONE - SHARJAH, UNITED ARAB EMIRATES**  
**STATEMENT OF SOURCE & APPLICATION OF FUNDS**  
**FOR THE YEAR ENDED 31 MARCH 2011**

Particulars	Notes	9 months ended March 31, 2011	15 months ended June 30, 2010
		AED	AED
<b>Cashflow from operating activities</b>			
Net profit/loss for the year		667,366	1,919,358
Adjustment for non-cash items			
Depreciation on fixed assets		13,500	22,500
		680,866	1,941,858
Changes in operating assets			
Change in trade receivables		311,457	-
Change in prepayments & other assets		-	0
Change in creditors & other liabilities		433,827	918840.964
	(A)	1,426,150	495,175
<b>Cashflow from investing activities</b>			
Outlay for Fixed Assets		0	0
	(B)	0	0
<b>Cashflow from financing activities</b>			
Issue of share Capital			0
Change in shareholder's loans		0	0
	(C)	0	0
Net increase in cash & cash equivalents	(A+B+C)	1,426,150	495,175
Cash & cash equivalents at beginnings of the year		528,105	32,930
Cash & cash equivalents at end of the year		1,954,255	528,105

The Auditors' Report is set forth on Page .1.

The attached notes and schedules form an integral part of these Financial Statements

**For Maars Software International Ltd. FZE**

**Director**

**Maars Software international limited FZE**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2011**

1	Schedule of Fixed Assets	Furniture & fittings	Computers & Equipments	Motor Vehicles	Total
		AED	AED	AED	AED
	<b>Fixed Assets at Cost</b>				
	As on 01st July 2010	72,000			72,000
	Additions during the year				
	Disposals during the year				
	As on 30th March 2011	72,000	-	-	72,000
	<b>Depreciation</b>				
	As on 01st July 2010	(22,500)			(22,500)
	Depreciation for the Year		-	-	-
	Adjustment for disposals	(13,500)	-	-	(13,500)
	As on 30th March 2011	(36,000)	-	-	(36,000)
	<b>Net book value</b>				
	As on 31th March 2011	36,000	-	-	36,000
	As on 30th June 2010	49,500	-	-	49,500
2	<b>CASH &amp; BANK</b>				
	Cash in hand		1,804,471		428,321
	Cash at Bank		149,784		99,784
			1,954,255		528,105
3	<b>ACCOUNTS RECEIVABLE</b>				
	Accounts receivable		6,056,042		6,367,499
			6,056,042		6,367,499
4	<b>OTHER ASSETS</b>				
	Investment		-		-
	Advances for Production work		-		-
	Prepaid expenses		-		-
	Refundable Deposit		-		-
			-		-
5	<b>CREDITORS &amp; OTHER LIABILITIES</b>				
	Accounts payable		3,866,177		3,461,550
	Accrued expenses & provision		675,000		645,800
			4,541,177		4,107,350



**10 LIABILITIES**

The management has confirmed that no liabilities exist,contingent or otherwise, as on the date of Balance sheet other than those included in the Balance sheet.

**11 OTHERS**

Figures have been rearranged and regrouped wherever necessary to confirm to the presentation

The Auditor's Report is set forth on Page 1.

The attached notes and schedule form integral part of these Financial Statements

**For Maars Software  
International Ltd. FZE**

**Director**

**Auditor's Report on the Consolidated Financial Statements as required for Accounting Standard (AS) – 21 of I.T. issued by ICAI**

The Board of Directors

**MAARS Software International limited**

Chennai – 17

We have examined the attached Consolidated Balance Sheet of Maars Software International Limited and its subsidiaries Maars Infratech Pvt. Ltd (India), and Maars Software International Ltd FZLLC (Dubai) as at March 31, 2011, the Consolidated Profit and Loss Account for the year then ended and Consolidated Cash Flow Statement thereon.

These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in India. These 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 misstatements. As audit includes, examining on test basis, evidence supporting 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 statements. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statement of the subsidiary. This has been audited by other auditors, whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of the subsidiary, is based solely on the other auditor's report.

We report that the Consolidated Financial Statements have been prepared by the Company's Management in accordance with requirements of Accounting Standards (A.S) 21, "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.

In our opinion and to the best of our information and according to the explanations given to us, the Consolidated Financial Statements give a true and fair 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 subsidiary as at 31.03.2011.
- b) In the case of the Consolidated Profit and Loss Account of the Loss of the Company and its Subsidiary as at 31.03.2011.
- c) In the case of the Cash Flow Statement of the Cash Flows of the Company and its Subsidiaries.

**Place: CHENNAI**

**Date: 07-09-2011**

**For, Daiya Tiwaru & Soni.**

**Chartered Accountants,**

**FRN:004268C**

**(CA Pawan Sharma)**

**Partner**

**M. No. - 075861**

**MAARS SOFTWARE INTERNATIONAL LIMITED**  
**Consolidated BALANCE SHEET AS March 31, 2011**

	SCHEDULE	9 Month ended on March 31,2011	15 Month ended on june30, 2010
<b>SOURCE OF FUNDS</b>		<b>(Rupees)</b>	<b>(Rupees)</b>
<b><u>SHAREHOLDERS' FUNDS</u></b>			
Share Capital	1	1525202000	1512202000
Reserves and Surplus	2	216011963	216011963
<b><u>LOAN FUNDS</u></b>			
Secured Loans	3	106360738	106360738
Unsecured Loans	4	646586024	238836024
Deferred Tax Liability		23710555	23710555
<b>TOTAL</b>		<b>2517871280</b>	<b>2097121280</b>
<b><u>APPLICATION OF FUNDS</u></b>			
Fixed Assets	5		
Gross Block		693970644	694577677.1
Less : Depreciation		338184102	335124603
Net Block		355786542	359453074
<b>Investments</b>	6	728839308	558847849
<b><u>Current Assets, Loans and Advances</u></b>			
i) Sundry Debtors	7	285247699	288148255
ii) Cash and Bank Balances	8	26103095	8070619
iii) Loans and Advances	9	1217057216	1054582645
vi) Inventories		6255454	1380000
		1534663464	1352181519
<b>Less: Current Liabilities and Provisions</b>			
- Current Liabilities & Provisions	10	402922061	350891316
		402922061	350891316
<b>Net Current Assets</b>		1131741403	1001290203
Misc./ Preliminary Exp.		4200	5600
profit & loss account		301499826	177524555
<b>TOTAL</b>		<b>2517871279</b>	<b>2097121280</b>
		(0.23)	(0.38)
NOTES ON ACCOUNTS	14		
As per our report of even date attached			
<b>For Daiya Tiwari &amp; Soni</b>		<b>For and on behalf of the board of directors</b>	
Chartered Accountants			
FRN:004268C			
		<b>Managing Director</b>	<b>Director</b>
(CA Pawan Sharma)			
Partner			
Membership No.-075861			
Chennai		Chennai	
Date: 07th Sept. 2011		Date: 07th Sept. 2011	

**MAARS SOFTWARE INTERNATIONAL LIMITED**  
**Consolidated Profit and loss account for the year ended March 31, 2011.**

Particulars	Sch.	9 Month	15 Month ended
		ended on March 31,2011	on june30, 2010
INCOME			
a. Income from operation			
i Domestic		3880000	147656934
ii Foreign		106646905	0
b. Other Income	11	7511290	13561509
<b>TOTAL</b>		<b>118038195</b>	<b>161218443</b>
EXPENDITURE			
Cost of operations	12	95598276	112020301
Administrative expenses	13	134224215	166733366
<b>TOTAL</b>		<b>229822491</b>	<b>278753667</b>
PROFIT BEFORE INTEREST & DEPRECIATION		<b>(111784296)</b>	<b>(117535225)</b>
Interest and Finance charges		0	0
PROFIT BEFORE DEPRECIATION & TAX		<b>(111784296)</b>	<b>(117535225)</b>
Depreciation		3059499	25493542
PROFIT BEFORE TAX		<b>(114843797)</b>	<b>(143028767)</b>
Provision For Taxation			
For Current Tax		112213	102687
For Deffred Tax		0	-5598238.189
For Fringe Benefit Tax		0	33411
		<b>112213</b>	<b>(5462140)</b>
PROFIT AFTER TAX		<b>(114956010)</b>	<b>(137566627)</b>
AMOUNT AVAILABLE FOR APPROPRIATIONS		<b>(114956010)</b>	<b>(137566627)</b>
APPROPRIATIONS			
PROVISION FOR DIVIDEND FOR PREFERENCE SHARES			
PROVISION FOR DEFERRED TAX			
TRANSFERRED TO GENERAL RESERVE		0	0
<b>BALANCE CARRIED TO BALANCE SHEET</b>		<b>(114956010)</b>	<b>(137566627)</b>
EPS		(0.77)	(0.93)
NOTES ON ACCOUNTS	14		
As per our report of even date attached			
<b>For Daiya Tiwari &amp; Soni</b>			<b>For and on behalf of the board of directors</b>
Chartered Accountants			
FRN:004268C			
		<b>Managing Director</b>	<b>Director</b>
(CA Pawan Sharma)			
Partner			
Membership No.-075861			
Chennai		Chennai	
Date: 07th Sept. 2011		Date: 07th Sept. 2011	

## Schedules forming part of Consolidated Balance Sheet and Profit &amp; Loss Account

(amount in rupees)

SCHEDULES	CURRENT YEAR 31.03.2011 9 months ended	PREVIOUS YEAR 30.06.2010 15 months ended
<b><u>SCHEDULE " 1 " SHARE CAPITAL</u></b>		
AUTHORISED		
1,50,00,000 PREFERENCE SHARES OF RS 10/= EACH (Previous Year: 1,50,00,000 PREFERENCE SHARES OF RS 10/= EACH)	150000000	150000000
16,00,00,000 EQUITY SHARES OF RS 10/= EACH (Previous Year: 16,00,00,000 PREFERENCE SHARES OF RS 10/= EACH)	1600000000	1600000000
	1750000000	1750000000
ISSUED, SUBSCRIBED & PAID UP		
<b>Preference Shares</b>		
35,40,000 Preference Shares of Rs.10/- each (Prev. Year 35,40,000 Preference Share of Rs.10 each)	35400000	35400000
<b>Equity Shares</b>		
14,76,80,200 equity shares of Rs 10/= each fully paid (Previous Year: 14,76,80,200 Equity Shares of Rs.10/- Each)	1489802000	1476802000
	<b>1525202000</b>	<b>1512202000</b>
<b><u>SCHEDULE " 2 " RESERVES AND SURPLUS</u></b>		
<b>Reserves</b>		
Share Premium Account	216011963	216011963
Less: GDR Issue Expenses	0	0
	216011963	216011963
<b>Surplus</b>		
Opening Balance	(177524555)	(50936981)
profit/ loss in consolidations due to exchange diff.	(9019262)	10979053
<b>Add:</b> Transfer from profit & loss account	(114956010)	(137566627)
	<b>(301499826)</b>	<b>(177524555)</b>
<b><u>SCHEDULE "3" SECURED LOANS</u></b>		
Scheduled Banks - Cash credit -Secured against Immovable property of Basement, Ground Floor, First Floor at Habilullah road and book debts of the company	6245297	6245297
Scheduled Banks - Term Loans - secured against Immovable property Third & Fourth Floors at Habilullah road	32722820	32722820
Financial Institution - Term loan - secured against plant & machinery and immovable property at Padur & second floor at Habilullah road	67392621	67392621
	<b>106360738</b>	<b>106360738</b>
<b><u>SCHEDULE "4 " UNSECURED LOANS</u></b>		
From Directors	646586024	238836024
From others		
	<b>646586024</b>	<b>238836024</b>
<b><u>SCHEDULE " 6 " INVESTMENTS</u></b>		
-		
<b>Value</b>	<b>No. of shares</b>	<b>Face</b>
<b>Investment in Quoted Shares ( AT COST)</b>		
SHARES -QUOTED	10955308	18403849
<b>Investment in UnQuoted Shares ( AT COST)</b>		
SHARES -UNQUOTED	717884000	540444000
	<b>728,839,308</b>	<b>558,847,849</b>
<b>Book Value of unquoted investements</b>	717884000	540444000
<b>Market Value of Quoted Investements</b>	<b>10,700,000</b>	<b>2,046,000</b>
<b><u>SCHEDULE " 7 " SUNDRY DEBTORS</u></b>		
(Unsecured Considered Good)		
outstanding for a period exceeding six months	200660987	200660986
Others	84586712	87487269
Branch Debtors		
	<b>285247699</b>	<b>288148255</b>

<b><u>SCHEDULE " 8 " CASH AND BANK BALANCES</u></b>		
-		
Cash on Hand	22272917	6560710
Scheduled Banks -In Current Account	3830178	1509909
Foreign Banks - Fixed Deposit - Overseas		
	<b>26103095</b>	<b>8070619</b>
<b><u>SCHEDULE " 9 " LOANS AND ADVANCES</u></b>		
(Unsecured, Considered Good)		
Advances recoverable in Cash or in Kind		
Advance Service Tax	0	2437932
- T.D.S. / Income Tax	2107243	10850631
- Rent and Other Deposits	12809305	13037155
- Other Advances	1202140668	1028256926
	<b>1217057216</b>	<b>1054582644</b>
<b><u>SCHEDULE "10 " CURRENT LIABILITIES</u></b>		
-		
Sundry creditors		
for goods / services	64102990	57043386
for acerued salaries and benefits	14087576	14087576
Advance Received From Customers	297101668	233100997
Other liabilities	21013885	46133997
Provisions for Exp.	6314836	493494
Statutory liabilities	301106	31867
Other current liabilities		
	<b>402922061</b>	<b>350891317</b>
<b><u>SCHEDULE " 11 ' OTHER INCOME</u></b>		
Foreign Exchange gain	5118689	12594934
Intrest	2392601	966575
	<b>7511290</b>	<b>13561509</b>
<b><u>SCHEDULE "12 " SOFTWARE DEVELOPMENT EXPENSES</u></b>		
Software Development ,Salaries, Consultancy charges and allowances	91795876	99702802
Other	3802400	12317499
	<b>95598276</b>	<b>112020301</b>

**SCHEDULE " 5 "**  
**FIXED ASSETS**

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	AS AT 1/7/2010	ADDITIONS	DELETIONS/ TRANSFERS	AS AT 3/31/2011	UP TO 30/6/2010	FOR THE PERIOD	DELETIONS/ TRANSFERS	UP TO 3/31/2011	AS AT 3/31/2011	AS AT 6/30/2010
Land	27394864	0	0	27394864	0			0	27394864	27394864
Building	22275519	0	0	22275519	36127343			36127343	186628176	186628176
Computer Systems	162672920	0	0	162672920	162672920			162672920	0	0
Furniture and Fittings	46011099	0	607033	45404066	28038563	2,350,792		30389355	15014711	17972536
Plant and Machinery	19443275	0	0	19443275	9195670	708,707		9904377	9538898	10247605
Intangible asset	130200000	0	0	130200000	99090107			99090107	31109893	31109893
IPR- Film rights	86100000	0	0	86100000	0			0	86100000	86100000
<b>Total</b>	<b>694577677</b>	<b>0</b>	<b>607033</b>	<b>693970644</b>	<b>335124603</b>	<b>3059499</b>	<b>0</b>	<b>338184102</b>	<b>355786542</b>	<b>359453074</b>
<b>Previous Year</b>	<b>762332647</b>	<b>0</b>	<b>67754970</b>	<b>694577677</b>	<b>377518342</b>	<b>25493542</b>	<b>67887281</b>	<b>335124603</b>	<b>359453074</b>	<b>384814305</b>

**SCHEDULE " 13 " ADMINISTRATIVE EXPENSES**

Rent	89100	119700
Salary and wages	1199944	769629
Loss on sale of investements	121781372	143225413
Power & Fuel	0	0
Communication	23281	3846
Business Promotion	0	2751779
Audit Fees	225000	225000
Advertisement	184340	4593297
Repairs & Maintenance	8100	12700
Travelling & Conveyance	360413	321452
Printing & Stationery	53038	167249
Bank Charges	1164861	56475
Seminar & Meetings or processing fees	0	73000
Books & Periodicals	0	2877664
Subscriptions / Listing Fees	1063156	1055364
Legal Fees & Professional Charges	1294805	825717
Prior Period expanses	190538	
others	6547189	7029187
Web dising charages/Processing charge	39078	2625894
<b>Total</b>	<b>134224215</b>	<b>166733366</b>



**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31.3.2011**

<b>PARTICULARS</b>	<b>CURRENT YEAR 31/3/2011 (in Rupees)</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	
Net profit before depreciation and taxes	(111784296)
Other Income	(7511290)
Loss on sale of Investements	121781372
Interest	0
<b>Operating Profit before working capital changes</b>	<b>2485786</b>
<b>WORKING CAPITAL CHANGES</b>	
Decrease/(Increase) in stock	(4875454)
Decrease/(Increase) in Debtors	2900556
Decrease/(Increase) in Other receivables	(162474571)
Increase/(Decrease) in Payables	52030745
<b>Net Working Capital Changes</b>	<b>(107543270)</b>
Interest	0
<b>Net Cash flow from operating Activities</b>	<b>(105057485)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	
Issuance of further Preference Shares	
Issuance of further equity	
Share Premium	0
Unsecured Loans	407750000
Secured Loans	0.00
<b>Net Cash from Financing Activities</b>	<b>407750000</b>
<b>Extra-ordinary Items</b>	
Prior period adjustments	
foreign exchange gain /loss	(17094415)
Other Extra-ordinary items	
<b>Total Extra-ordinary Items</b>	<b>(17094415)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	
Purchase of Fixed Assets	607033
Investment	(169991459)
Share issue expenses	
Sale of Investments	0
Other Income	7511290
<b>Net Cash flow from Investing Activities</b>	<b>(161873136)</b>
<b>Net Increase in Cash &amp; Cash Equivalents</b>	<b>123724964</b>
Cash & Cash equivalents at the beginning of the year	8070619
Cash & Cash equivalents at the end of the year	<b>131795584</b>
As per our report of even date attached <b>For Daiya Tiwari &amp; Soni</b> Chartered Accountants FRN:004268C	
(CA Pawan Sharma) Partner Membership No.-075861 Chennai Date: 07th Sept. 2011	Director

## **Schedule 14**

Notes forming part of Consolidated Balance Sheet and Profit & Loss Account for the year ended **31.3.2011**

### **SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS**

#### **1. METHOD OF ACCOUNTING:**

The accounts are prepared in accordance with the applicable mandatory accounting standards (A.S.) issued by the Institute of Chartered Accountants of India. Generally accrual basis is adopted in the preparation of accounts. Except AS-11 issued by ICAI.

#### **2. SIGNIFICANT ACCOUNTING POLICIES**

##### **REVENUE RECOGNITION:**

Revenue from Consultancy and Software Development is recognized as per the terms of specific contracts and based on software development and invoiced to the clients.

##### **FIXED ASSETS:**

Fixed Assets have been valued at cost less depreciation. Cost includes other attributable expenses relating to the cost of acquisition.

##### **DEPRECIATION**

Depreciation of Fixed Assets, except on Computers, has been provided on Straight Line Method at the rate prescribed in the Companies Act, 1956. Computers are depreciated under Straight Line Method in 4 years time to reflect their true life. As per management decision depreciation is not required to charge on building and intangible assets. License Fee included under Intangible Asset is written off over its life period. And company not provided depreciations on IPR – for films rights and company provide depreciation in the year of release of the films.

##### **INVESTMENTS:**

Company valued its investments at Cost at the end of the year but company not diffacted his investments into long term investments to current investments.

Company has not making any provision for dilutuation in the value of shares and securities. And as per management opinion there is no requirements to make any provisions for the same.

##### **BORROWING COSTS:**

Borrowing costs, which are not directly attributable to acquisition of the assets, are recognized as expenses under interest and finance charges.

##### **RETIREMENT BENEFITS TO THE EMPLOYEES:**

The Company's Liability in the form of Provident Fund is fully charged to Revenue Expenditure. Liability towards Gratuity have been provided as per management's calculation base on the service contracts. Provision has been made for Leave Encashment on actual basis.

##### **FOREIGN CURRENCY TRANSLATION:**

Foreign currency transactions are recorded at exchange rates prevailing on the date of respective transactions.

Current assets and current liabilities in foreign currencies existing at balance sheet date are translated at year-end rates.

Foreign currency translation differences related to acquisition of imported fixed assets, if any are adjusted in the carrying amount of the related fixed assets. All other foreign currency gains and losses are recognized in the profit and loss account. Conversion of Maars software FZLLC are as under.

- Fixed Assets and capital and partner account are converted at historical rate that is 1AED = Rs 12.54.
- All Currents assets like loans and advances, creditors, debtors, inventory are converted at closing rate as on 31.3.2011 that is 1AED = Rs 12.33
- Items of profit and loss account and all the expenses and revenue are converted at Average rate as on 31.3.2011 that is 1AED = Rs 12.327.

### 3. NOTES ON ACCOUNTS:

(a) Contingent Liabilities / not provided for during the year:

	Current Year 31.03.2011	Current Year 30.06.2010
Disputed claims against company towards income tax demand not acknowledge as debt for the year 2005-06 for which appeal is pending before CIT (Appeal), Chennai.	Rs.32,93,993/-	Rs.32,93,993/-
Disputed claims against company towards income tax demand not acknowledge as debt for the year 2002-03 for which appeal is pending before CIT (Appeal), Chennai. Disputed vlain against	Rs 7,47,583/-	
Disputed claims against company towards income tax demand not acknowledge as debt for the year 2006-07 for which appeal is pending before CIT (Appeal), Chennai.	Rs 2,08,93,344/-	
Disputed claims against company towards income tax demand not acknowledge as debt for the year 2007-08 for which appeal is pending before CIT (Appeal), Chennai.	Rs 18,60,820/-	
Disputed claims against company towards income tax demand not acknowledge as debt for the year 2008-09 for which appeal is pending before CIT (Appeal), Chennai.	Rs 51,22,334/-	

\*\* Note: The Appeal is pending before Income Tax appliate authority, Chennai for the Assessment Year 2001-02 amounting to Rs.84,83,898/- which was acknowledged as debt during the current year.

(b) Auditors Remuneration: (Fig. In Rupees)

	<b>Current Year</b>	<b>Previous Year</b>
a) Audit Fees	225,000	205,000
b) Service Tax		
Total:	225,000	205,000

(c) Segment Reporting: during the year company has traded in a single segment that's why as per AS-17 Segment wise Reporting not required.

(d) Related Party Disclosure:

(i) **Name of the related parties:**

(1) Subsidiaries:

(a) Maars Infratech Pvt. Ltd

(c) Maars Software International Ltd. FZLLC-Dubai

(2) Key Management Personnel:

(a) Mr Nikunj Babulal Choradiya, Managing Director

(b) Mr. T. Varadharajan, Executive Director

(ii) Transaction with related parties

**(Rupees in Millions)**

<b>Nature of Transaction</b>	<b>Key Management Personnel</b>	<b>Subsidiaries</b>
<b>During the year:</b>		
- Unsecured Loan	--	Nil
- Investment	--	Nil
- Receivables	--	Nil
- Loans/Advances	--	40.206
<b>Balance Outstanding as at the year end</b>		
- Unsecured Loan	--	--
- Investment	--	18.52
- Receivables	--	--
- Loans/Advances	--	40.206

e. Earning Per Share as computed in accordance with A.S. – 20 for the year ended on 31.3.2011:

(i) Net Profit (Before Extra ordinary Item)	<b>(137566627)</b>
(ii) No. of total shares outstanding	14,79,80,200
(iii) Basic & Diluted EPS	Rs. (0.77)
(iv) Nominal Value of Share	Rs. 10/-

f. Managerial Remuneration: Nil

**g.. Deferred Tax Asset/Liability**

Deferred tax on timing differences between taxable and accounting income is accounted for, using the tax rates and the tax laws enacted or substantially enacted as on the balance sheet date. Deferred tax assets on unabsorbed tax losses and unabsorbed depreciation are recognized only when there is a virtual certainty of their realization. Other items are recognized only when there is a reasonable certainty of their realization.

The Company has adopted Accounting Standard-22 on "Accounting for Taxes on Income" issued by the Institute of Chartered accountants of India. Consequently, the Company has recorded deferred tax liability/Assets in respect of timing differences on account of Depreciation as on 30th September 2010 and the net effects of the same has been given in the Profit & Loss Account and Balance Sheet as on 30<sup>th</sup> September 2010.

**h.** The Company did not have any transactions with Small Scale Industrial ('SME's') Undertakings during the year ended June 30, 2010 and hence there are no amounts due to such undertakings. The identification of SME's undertakings is based on the management's knowledge of their status. The Company has not received any information from "suppliers" regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amount unpaid as at the year end together with interest paid / payable as required under the said Act have not been furnished.

- i. Balances whether debit or credits are subject to confirmation.  
Balances in respect of certain sundry debtors, sundry creditors and loans and advances are taken as shown by the books of account and are subject to confirmation and consequent adjustments and reconciliation, if any.

**j. Foreign Exchange earnings and outgo**

	<b>Current Year 31.3.2011</b>	<b>Previous Year 30.6.2010</b>
Total Foreign Exchange Earnings	NIL	NIL-
Total Foreign Exchange Used	NIL	NIL

- k. All the figures have been rounded off to the nearest rupee.
- l. The previous year's figures have been regrouped/restated where ever it required.
- m. We have verified the vouchers and documents which were made available to us for our verification. Where no such vouchers or documentary evidences were available, we relied on the information and explanation given by the management.
- n. Cash on hand is as certified by the management.
- o. Provision and contingent liabilities  
Provisions are recognized when the Company has present legal or constructive obligation, a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made for the amount of the obligation. Contingent liabilities, if any, are disclosed by way of notes to the Balance Sheet

As per our Report of even date attached

Place: CHENNAI  
Date: 07-09-2011

For, Daiya Tiwaru & Soni.  
Chartered Accountants,  
FRN:004268C

(CA Pawan Sharma)  
Partner  
M. No. - 075861

For, , Agrawal Jain & Gupta.  
Chartered Accountants

For & on behalf of Board of Directors

(Narayan Swami)  
Partner  
M.No.- 409759

Mr Nikunj Babulal Choradiya (Managing Director)

T. Varadharajan (Executive Director)

Place: Chennai  
Date : 30-06-2009

## MAARS SOFTWARE INTERNATIONAL LIMITED

Regd. Office: Office No Q-205, Second Florr, Real Enclave, No. 22,  
Josier Street, Nungambakkam, Chennai-600 034

### PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING

Joint Shareholders may obtain additional Slip at the venue of the meeting

DP Id*	
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Master Folio No.	
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Client Id*	
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No. of Share(s) held	
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#### NAME AND ADDRESS OF THE SHAREHOLDERS

I hereby record my presence at the 14th ANNUAL GENERAL MEETING of the Company held on  
29th September 2011 at 9.00a.m. at JC Mahal, Kodungaiyur, Chennai - 600 118

#### Signature of the Shareholder or Proxy

\*Applicable for investors holding shares in electronic form.

## MAARS SOFTWARE INTERNATIONAL LIMITED

Regd. Office: Office No Q-205, Second Florr, Real Enclave, No. 22,  
Josier Street, Nungambakkam, Chennai-600 034

### PROXY FORM

DP Id*	
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Master Folio No.	
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Client Id*	
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I/We.....of.....  
being a member/members of MAARS SOFTWARE INTERNATIONAL LIMITED hereby appoint.....  
or failing him.....of.....  
as my /our proxy to vote for me/us and on my /our behalf at the 15TH ANNUAL GENERAL MEETING to be held on  
the 29th September, 2011 or at any adjournment thereof.

Signed this.....day of.....2011

\*Applicable for investors holding shares in electronic form.

Affix a  
Re. 1/-  
Revenue  
Stamp

#### NOTE:

- (1) The proxy in order to be effective should be duly stamped, completed and signed and must be deposited the Registered Office of the company not less than 48 hours before the time for holding the aforesaid meeting. The Proxy need not be a member of the Company
- (2) Members holding shares under more than one folio may use photocopy of this proxy for other folios. The Company shall provide additional forms on request.