



Melstar Information Technologies Ltd.

16TH ANNUAL REPORT 2002 - 2003



Melstar Information Technologies Ltd.

An Application Management Company

**Board of Directors**

Mr. Suresh Bansal	<i>Chairman</i>
Mr. S. M. Arora	<i>Managing Director</i>
Mr. Sattar Shaikh	<i>Executive Director</i>
Mr. Bharat Ramani	<i>Director</i>
Mr. Anthony Gale	<i>Director</i>
Mr. M. R. Lal	<i>Director</i>
Mr. Darius Pandole	<i>Director</i>
Mr. Gautam Doshi	<i>Director</i>

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CFO & Company Secretary

Mr. Satish Menon

Main Bankers

Citibank N.A.
ING Vysya Bank Limited

Auditors

Deloitte Haskins & Sells
Chartered Accountants

Internal Auditors

Gupta Maheshwari & Jain
Chartered Accountants

Legal Advisor

Mr. M. R. Lal
Advocate
F-2/701, Poonam Kunj,
Poonam Nagar,
Andheri East,
Mumbai - 400 093.

Registrars & Share Transfer Agents

MCS Limited
Venkatesh Bhavan, Road No. 11,
MIDC, Andheri East,
Mumbai - 400 093.
Tel : 2821 5235 Fax : 2835 0456

Registered Office

G-4, Melstar House, Cross Road 'A', M.I.D.C.,
Andheri East, Mumbai - 400 093.
Tel : 2831 0505 ♦ Fax : 2831 0520

Mission :

"To offer highest value proposition to Global Customers in the area of Application Management Services by providing them with a unique sustainable Cost Reduction Model on long term basis."



Standing : (From left to right) Anthony Gale, S. M. Arora, Suresh Bansal, Satish Menon, Ian Soden, Sattar Shaikh
Sitting : (From left to right) Bharat Ramani, Dr. Pareshnath Paul

Key Management Team

Name	Designation	Experience (Yrs)
Suresh Bansal	Chairman	27
S.M. Arora	Managing Director	38
Sattar Shaikh	CEO, APAC	25
Bharat Ramani	Director, USA	19
Anthony Gale	CEO, UK	31
Ian Soden	CSO, UK	26
Satish Menon	CFO	19
Dr. Pareshnath Paul	VP - Development - India	15



Overview

Corporate Office : Mumbai

366 Development Seats

Facilities : Mumbai, Bangalore and London

Established : 1986

Manpower : 326

Domain Focus

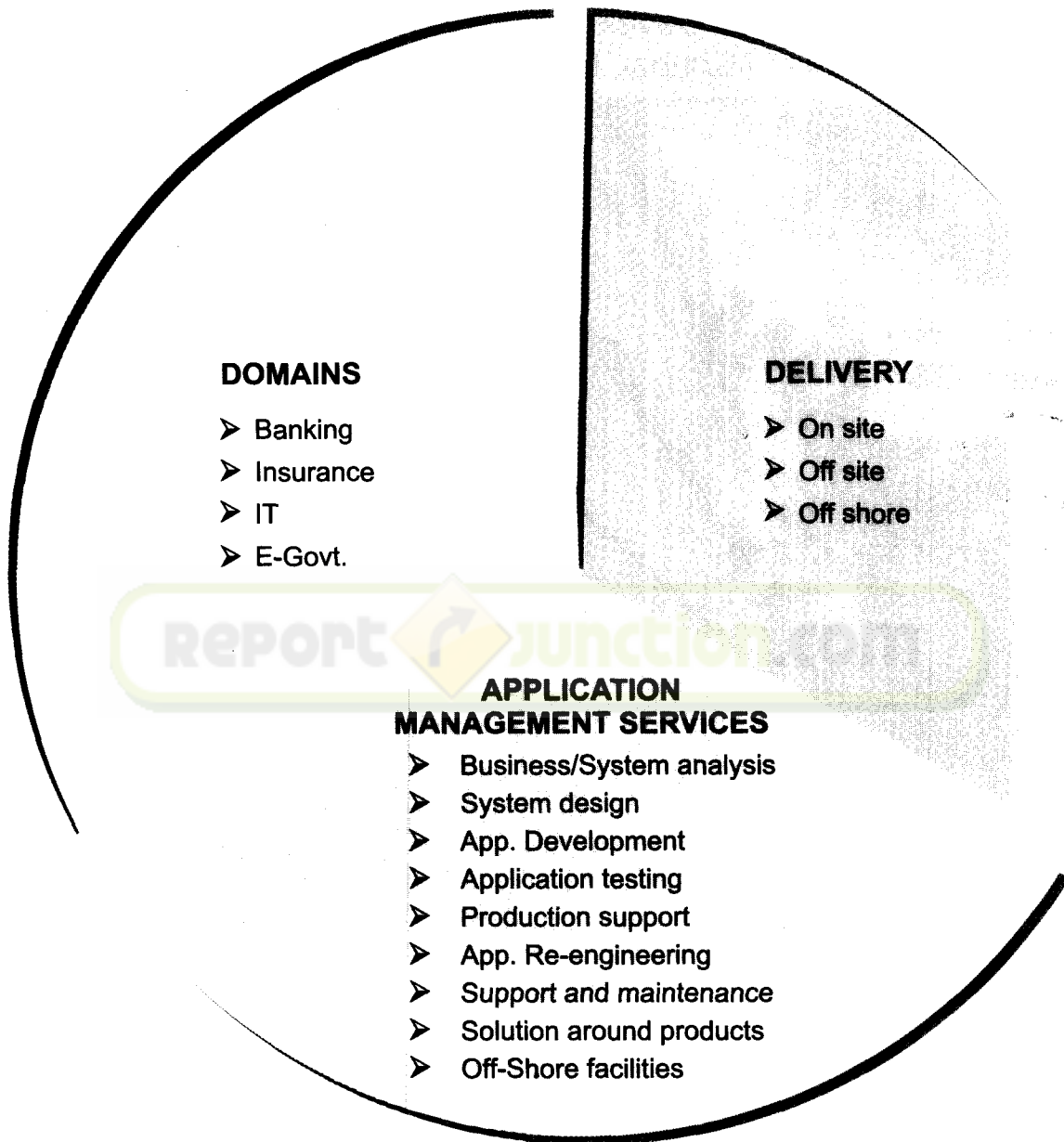
Banking, Insurance,
IT, e-Government

Offices

New York, San Jose, London, Singapore,
Mumbai, Chennai, Hyderabad, Bangalore

SEI - CMM Level - III Assessed
ISO - 9001 : 2000 Certified
on the way to Level IV

Business Model



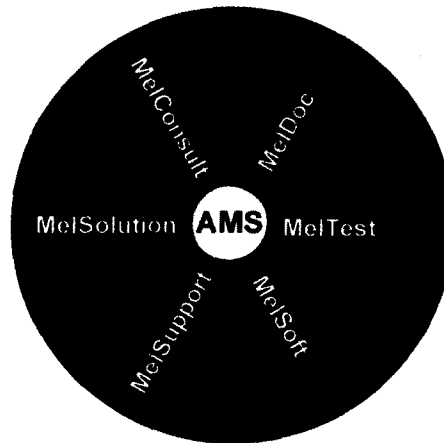
Technology : IBM, Microsoft, Oracle and Sun



Our Strengths

- ◆ A decade of success and growth
- ◆ Experienced management team
- ◆ Credible references, proven track record
- ◆ Human Capital, technically skilled and dynamic software professionals
- ◆ State-of-the-art infrastructure
- ◆ Five Software development facilities world-wide
- ◆ SEI-CMM Level 3 assessed, ISO 9001: 2000 certified
- ◆ A listed company on BSE and NSE in India
- ◆ Fortune 500 customers - IBM, Salomon Smith Barney, Lloyd's, Citibank, Standard Chartered Bank and more

Our Offerings



MelDoc

Document and Knowledge Management Solutions

MelSoft

Virtual offshore development facility

MelTest

Application / Product Testing

MelConsult

Application Consulting Business

MelSupport

Application support and migrations

MelSolutions

Application design and development



FINANCIAL HIGHLIGHTS FOR THE YEAR ENDED 31ST MARCH 2002 & 2003

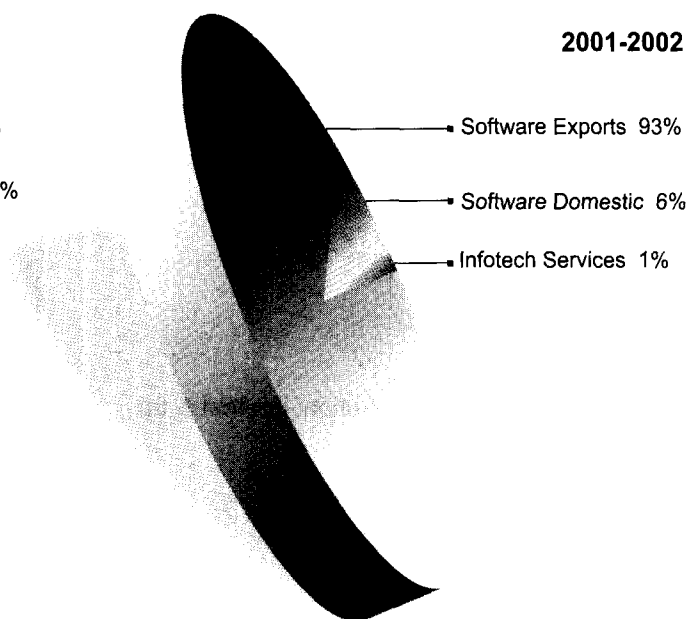
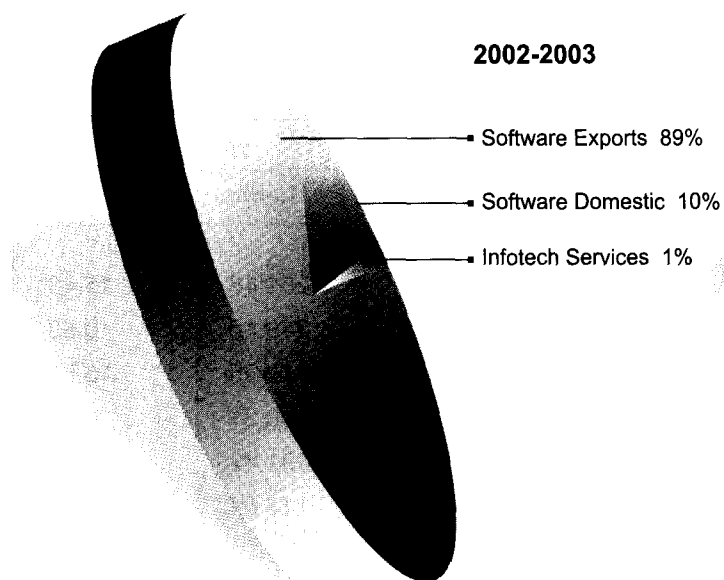
A. Group	2002 - 03		2001 - 02	
	Rs. Lakhs	US\$ Millions	Rs. Lakhs	US\$ Millions
		*		*
Sales	7,937.56	16.89	7,251.46	15.43
Other Income	194.33	0.42	249.10	0.53
Expenditure	7,495.98	15.95	7,312.25	15.56
Profit before depreciation, interest & tax	635.91	1.36	188.31	0.40
Depreciation	413.16	0.88	281.42	0.60
Interest	159.36	0.34	142.62	0.30
Profit before tax	63.39	0.14	(235.73)	(0.50)
Tax	61.54	0.13	(1.78)	(0.00)
Prior Year / Extraordinary Items	(107.57)	(0.23)	87.89	0.19
Minority Interest	-	-	11.65	0.02
Profits after Taxation	17.36	0.04	(137.97)	(0.29)

* US\$ 1 = Rs. 47

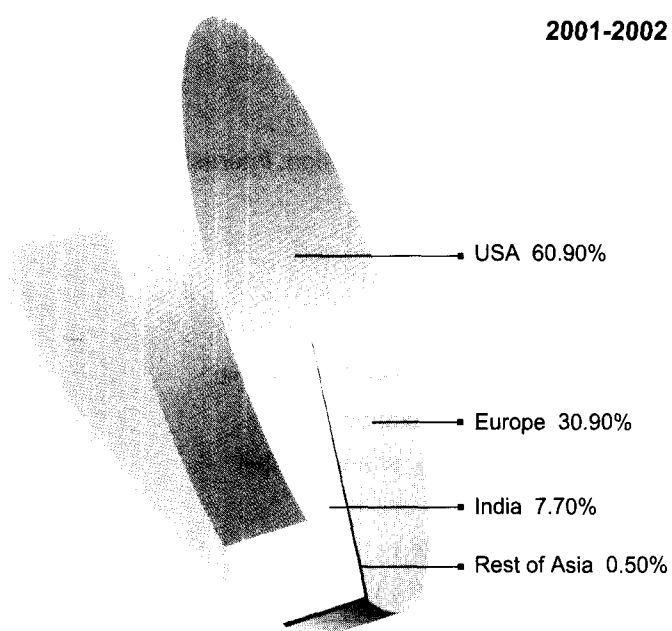
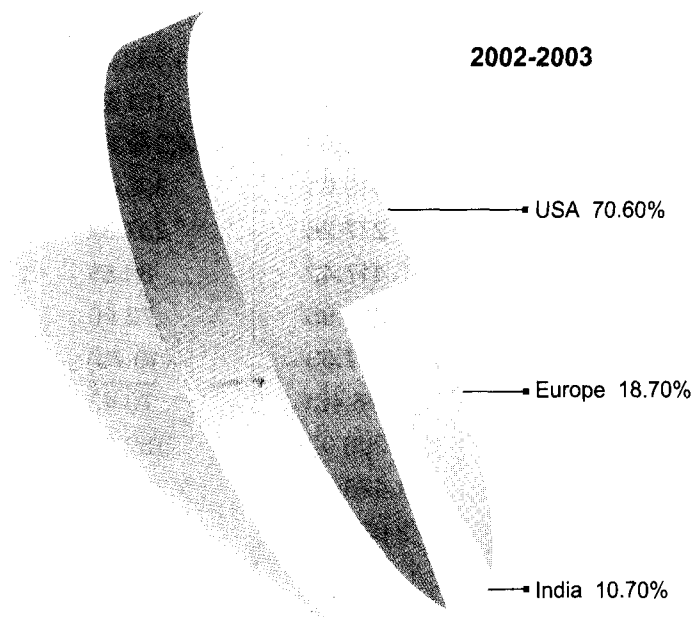
B Company	2002 - 03	2001 - 02
	Rs. Lakhs	Rs. Lakhs
Sales	4,529.17	4,533.11
Other Income	129.47	131.29
Expenditure	4,038.99	4,273.60
Profit before depreciation, interest & tax	619.65	390.80
Depreciation	277.28	237.32
Interest	117.42	80.58
Profit before tax	224.95	72.90
Tax	77.53	(10.75)
Prior Year / Extraordinary Items	(96.46)	70.43
Profits after Taxation	206.02	132.58
Paid up Equity Share Capital	1,428.31	1,382.61
Reserves	2,626.00	1,825.89
Basic EPS (Rs.)	1.44	0.96
Diluted EPS (Rs.)	1.44	0.93



CONTRIBUTION TO REVENUE



COUNTRYWISE SALES





Notice

Notice is hereby given that the Sixteenth Annual General Meeting of Melstar Information Technologies Limited will be held at AIPMA House, A-52, Road No.1, MIDC, Marol, Andheri East, Mumbai 400 093 on Thursday, the 31st July 2003 at 11 a.m to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the Audited Balance Sheet as at 31st March 2003, the Profit & Loss Account for the year ended on that date and the reports of the Directors and Auditors thereon.
2. To elect a Director in the place of Mr. S.M.Arora, who retires by rotation at this Meeting and, being eligible, offers himself for re-election.
3. To elect a Director in the place of Mr. Anthony Gale, who retires by rotation at this Meeting and, being eligible, offers himself for re-election.
4. To elect a Director in the place of Mr. Darius Pandole, who retires by rotation at this Meeting and, being eligible, offers himself for re-election.
5. To reappoint M/s. Deloitte Haskins & Sells, Chartered Accountants, as Statutory Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.
6. To authorise the Board to appoint Branch Auditors, in consultation with the Statutory Auditors of the Company, for the existing overseas branch offices in the US and UK and in and when a branch is established in any other country, if deemed expedient, to act as such from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

7. To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution :

"RESOLVED THAT in partial modification of the Resolution passed on the subject at the AGM held on 25th August, 2000 and in pursuance of the provisions of Sections 198, 269, 309 and 311 read with Schedule XIII and other applicable provisions of the Companies Act, 1956, if any, approval of the Members of the Company be and is hereby accorded to the payment of the remuneration at present drawn by Mr. S M Arora, Managing Director of the Company, as the "minimum remuneration" w.e.f. 1.4.2003 under Schedule XIII to the Act in the event of loss or inadequacy of profits of the Company in any year.
8. To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution :

"RESOLVED THAT in partial modification of the Resolution passed on the subject at the AGM held on the 25th August,

2000 and in pursuance of the provisions of Sections 198, 269, 309 and 311 read with Schedule XIII and other applicable provisions of the Companies Act, 1956, if any, approval of the Members of the Company be and is hereby accorded to the payment of the remuneration at present drawn by Mr. Sattar Shaikh, Executive Director of the Company, as the "minimum remuneration" w.e.f. 1.4.2003 under Schedule XIII to the Act in the event of loss or inadequacy of profits of the Company in any year."

9. To consider and if thought fit, to pass with or without modifications, the following resolution as a Special Resolution :

"RESOLVED THAT pursuant to the provisions of Section 314(1B) of the Companies Act, 1956, consent of the Company in General Meeting be and is hereby accorded to Mr. Radhe Shyam Bansal, brother of Mr. Suresh Bansal, Chairman, to hold and continue to hold an office of profit under the Company as a "Quality Consultant" w.e.f. 1.4.2003 on a consolidated salary of Rs.32000/- per month, including usual allowances, perquisites, benefits, amenities and facilities, the benefit of Provident Fund, Gratuity as per Rules as applicable to other employees of the same or similar rank, with authority to the Managing Director / Whole-time Director to sanction reasonable performance related annual increases in salary and periodical general revisions in allowances, perquisites and benefits as the management may sanction to the other employees of the same or similar rank and to consider him for promotion, on merits, to a position higher in rank if deemed expedient in the interest of the Company on a salary and benefits, allowances and perquisites commensurate with the responsibilities of such position."

10. To consider and if thought fit, to pass with or without modifications, the following resolution as a Special Resolution.

"RESOLVED THAT pursuant to the provisions of Section 314(1B) of the Companies Act, 1956, consent of the Company in General Meeting be and is hereby accorded to Mr. Farooq Shaikh, brother of Mr. Sattar Shaikh, a Director of the Company, to hold and continue to hold an office of profit under the Company as a "Quality Consultant" w.e.f. 15.4.2003 on a consolidated salary of Rs.30000/- per month, including usual allowances, perquisites, benefits, amenities and facilities, the benefit of Provident Fund, Gratuity as per Rules as applicable to other employees of the same or similar rank, with authority to the Managing Director / Whole-time Director to sanction reasonable performance related annual increases in salary and periodical general revisions in allowances, perquisites and benefits as the management may sanction to the other employees of the same or similar rank and to consider him for promotion, on merits, to a position higher in rank if deemed expedient in the interest of the Company on a salary and benefits, allowances and perquisites commensurate with the responsibilities of such position."