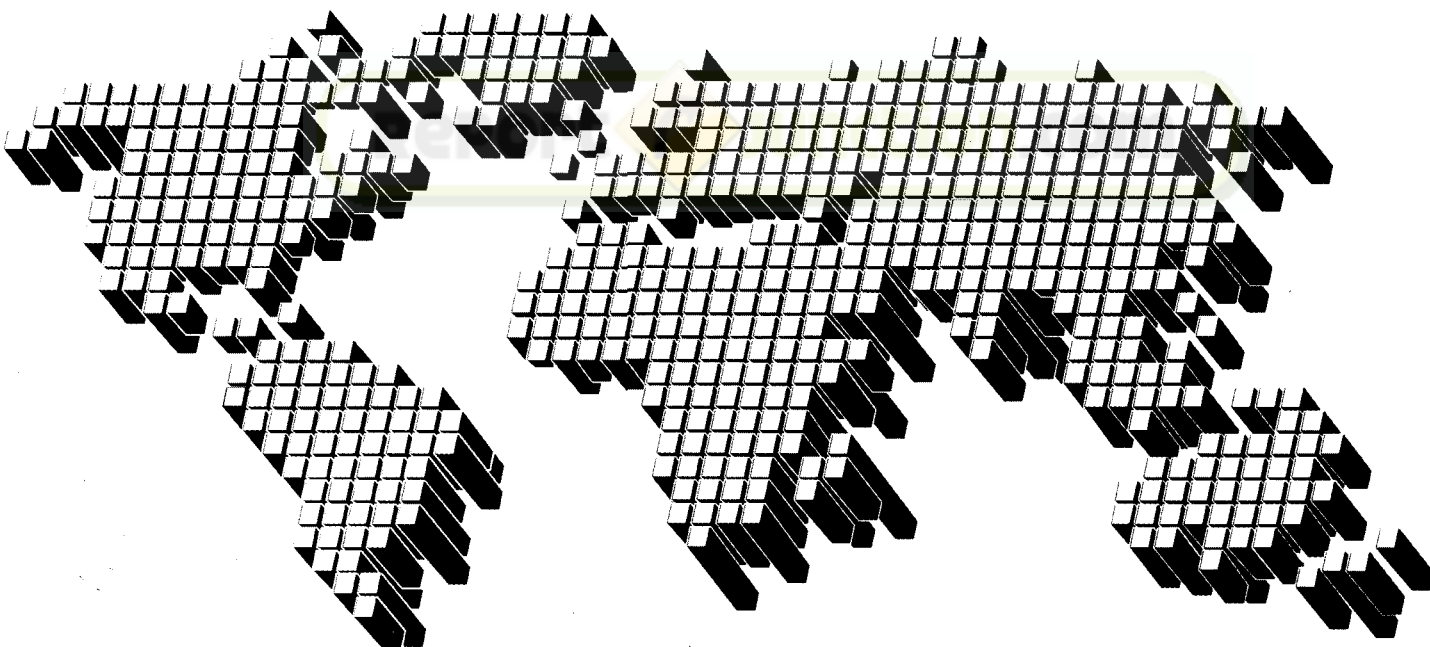




THE YASH BIRLA GROUP

22nd
ANNUAL
REPORT
2008-09



MELSTAR

An Application Management Company

Business Philosophy

"To follow ethical and transparent business practices with all its customers, vendors and employees. Build long-term relationships based on mutual trust and benefits. Development of people and society in all countries where Melstar has its operations."



Vision

"Create a World class I.T. Organization in terms of technology and people; providing outsourcing services in developing and supporting e-commerce solutions, software applications and business consulting."

"Develop and deploy cutting-edge Products and Solutions catering to Financial Services and Technology Business."

SEI: CMM Level - III Assessed

ISO-9001 : 2000 Certified

**Registered and Corporate Office**

Melstar House, G-4, M.I.D.C. Cross Road 'A', Andheri (East), Mumbai - 400 093

Tel. : +91(22) 4056 6464 Fax : +91(22) 2831 0520

Email : info@melstar.com, Visit us at : www.melstar.com

Corporate Identity Number (CIN): L99999MH1986PLC040604

BOARD OF DIRECTORS

- Mr. Yashovardhan Birla Chairman w.e.f. 22.04.2009
- Mr. P V R Murthy Director w.e.f. 22.04.2009
- Mr. Anoj Menon Independent Director w.e.f. 22.04.2009
- Mr. Rajesh Shah Independent Director w.e.f. 23.06.2009
- Mr. M. S. Adige Independent Director w.e.f. 23.06.2009
- Mr. S. M. Arora Managing Director
- Mr. M. R. Lal upto 23.09.2008
- Mr. Richard D'Souza upto 12.02.2009
- Mr. Bharat Ramani upto 22.04.2009
- Mr. Suresh Bansal upto 22.04.2009
- Mr. Anthony Gale upto 22.04.2009
- Mr. Ashok Kumar Katial upto 22.04.2009
- Mr. Sattar Shaikh Executive Director upto 24.04.2009

Auditors**Deloitte Haskins & Sells**Chartered Accountants
Mumbai**Bankers**

Punjab & Sind Bank

HDFC Bank Limited

Janakalyan Sahakari Bank Limited

Registrar & Share Transfer Agent

Link Intime India Private Limited

(Unit - Melstar Information Technologies Limited)

C-13, Pannalal Silk Mills Compound,

L.B.S. Marg, Bhandup (West)

Mumbai - 400 078

Tel.: 2596 3838 Fax: 2594 6969

E-mail: mumbai@linkintime.co.in

CHIEF EXECUTIVE OFFICER

- Mr. Richard D'Souza w.e.f. 22.04.2009

COMPANY SECRETARY

- Mr. Vijay Modi

BRANCH OFFICE LOCATIONS**Bangalore**# 335, Connection Point,
Mezzanine Floor, Airport Exit Road,
Bangalore - 560 017
Tel.: +91 (80) 2522 5737**Chennai**Nakshatra Service Apartments,
2nd Floor,
8, Maharaja Surya Rao Road,
Alwarpet, Chennai - 600 018
Tel. : +91 (44) 4211 0322 / 24
Telefax : +91 (44) 4211 0323**Hyderabad**Sravana Complex, 4th, Floor
Plot No. 8-2-269/19/S/2
Beside L.V. Prasad Eye Hospital Lane,
Road No. 2, Banjara Hills,
Hyderabad - 500 034
Tel. : +91 (40) 2355 1392
Telefax : +91 (40) 2355 1391**Pune**403, Picasso Plaza, 4th Floor,
NIBM Chowk, Kondhwa Main Road,
Pune - 411 048.
Tel. : +91 (20) 2683 6094
Fax : +91 (20) 2683 6392**Kolkata**CD 185, Sector - 1,
Gr. Floor,
Salt Lake City,
Kolkata - 700 064
Tel.: +91 (33) 2321 6047 / 48**Gurgaon**SCO 18-19, Sector 14,
Gurgaon - 122 001
Haryana
Tel. : +91 (0124) 4080 842 / 43 / 44
Telefax : +91 (0124) 4080 845**OVERSEAS SUBSIDIARIES****Melstar Inc.**33, Wood Avenue South,
Suite 600,
Iselin, New Jersey 08830
Tel. : 732-744-3399
Fax : 732-744-3400**Melstar UK Limited**Melbury House
34 South borough Road
Bickley Bromley
Kent BR 1 2EB
Tel : +44 1689 853504
Fax : +44 1689 862804**Melstar Singapore Pte Limited**1, North Bridge Road,
19-04/05, High Street Centre
Singapore 179 094
Tele/Fax : +65 6788 6131

22nd Annual Report 2008-2009

CONTENTS	Page Nos.
Notice	3
Directors' Report.....	9
Management Discussion and Analysis Report.....	14
Report on Corporate Governance	18
Auditors' Certificate on Corporate Governance.....	26
Auditors' Report.....	27
Balance Sheet	30
Profit & Loss Account	31
Cash Flow Statement	32
Schedules forming part of Balance Sheet and Profit and Loss Account	34
Balance Sheet Abstract.....	47
Statement pursuant to Section 212 of the Companies Act, 1956.....	48
Auditors' Report on Consolidated Financial Statements	49
Consolidated Balance Sheet	50
Consolidated Profit & Loss Account	51
Consolidated Cash Flow Statement	52
Schedules forming part of Consolidated Balance Sheet and Profit & Loss Account.....	54
Summarized Financials of Subsidiaries under Section 212(8) of the Companies Act, 1956	70
Proxy Form / Attendance Slip	



NOTICE

Notice is hereby given that the Twenty-second Annual General Meeting of the members of Melstar Information Technologies Limited, will be held on Friday, the 18th September, 2009 at 3.00 p.m. at M. C. Ghia Hall, 2nd Floor, 18/20, K. Dubash Marg, Kalaghoda, Mumbai - 400 001 to transact the following business:-

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2009 and the Profit & Loss Account for the year ended on that date together with the Reports of Directors and the Auditors thereon.
2. To appoint 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.
3. To authorise the Board of Directors to appoint Branch Auditors, in consultation with the Statutory Auditors of the Company, for the existing overseas branch offices in the US and UK to act until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

To consider and, if thought fit, to pass, with or without modification(s), the following resolutions:

4. As an Ordinary Resolution:

RESOLVED THAT in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Yashovardhan Birla, who was appointed as an Additional Director pursuant to the provisions of Section 260 of the Companies Act, 1956, be and is hereby appointed as Director of the Company, subject to retirement by rotation, under the provisions of the Articles of Association of the Company.

5. As an Ordinary Resolution:

RESOLVED THAT in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. P V R Murthy, who was appointed as an Additional Director pursuant to the provisions of Section 260 of the Companies Act, 1956, be and is hereby appointed as Director of the Company, subject to retirement by rotation, under the provisions of the Articles of Association of the Company.

6. As an Ordinary Resolution:

RESOLVED THAT in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Anoj Arvind Menon, who was appointed as an Additional Director pursuant to the provisions of Section 260 of the Companies Act, 1956, be and is hereby appointed as Director of the Company, subject to retirement by rotation, under the provisions of the Articles of Association of the Company.

7. As an Ordinary Resolution:

RESOLVED THAT in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Rajesh Shah, who was appointed as an Additional Director pursuant to the provisions of Section 260 of the Companies Act, 1956, be and is hereby appointed as Director of the Company, subject to retirement by rotation, under the provisions of the Articles of Association of the Company.

8. As an Ordinary Resolution:

RESOLVED THAT in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. M. S. Adige, who was appointed as an Additional Director pursuant to the provisions of Section 260 of the Companies Act, 1956, be and is hereby appointed as Director of the Company, subject to retirement by rotation, under the provisions of the Articles of Association of the Company.

22nd Annual Report 2008-2009

9. As a special resolution:-

RESOLVED THAT pursuant to the provisions of Sections 94 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force), the Authorized capital of the company of Rs.20,00,00,000 (Rupees Twenty crores only) divided into 1,99,50,000 equity shares of Rs. 10/- each and 50,000 Preference Shares of Rs.10/- each be and is hereby increased to Rs 55,00,00,000 (Rupees Fifty five crores only) divided into 5,49,50,000 (Five crores forty nine lacs fifty thousand only) equity shares of Rs. 10/- (Rupees Ten) each and 50,000 Preference Shares of Rs.10/- each

10. As a special resolution:-

RESOLVED THAT pursuant to Section 16 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force), the Memorandum of Association of the Company be and is hereby altered by substituting the existing Clause V thereof by the following Clause V:

V. The Authorized Share Capital of the Company is Rs. 55,00,00,000 (Rupees fifty five crores only) divided into 5,49,50,000 (Five crores forty nine lacs fifty thousand only) equity shares of Rs. 10/- (Rupees Ten) each and 50,000 Preference Shares of Rs.10/- each

11. As a special resolution:-

RESOLVED THAT pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force), the Articles of Association of the Company be and is hereby altered by substituting the existing Article 4 thereof by the following Article 4:

4 The Authorized Share Capital of the Company is Rs. 55,00,00,000 (Rupees fifty five crores only) divided into 5,49,50,000 (Five crores forty nine lacs fifty thousand only) equity shares of Rs. 10/- (Rupees Ten) each and 50,000 Preference Shares of Rs.10/- each with power to increase or reduce the capital subject to any preferential, qualified or special rights, privileges or conditions as may be thought fit and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may be permitted by the Act.

12. As a special resolution:

RESOLVED THAT pursuant to the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any amendment thereto or re-enactment thereof) and in accordance with the provisions of the Memorandum and Articles of Association of the Company and the Listing Agreements entered into by the Company with the Stock Exchanges where the shares of the company are listed, Foreign Exchange Management Act, 2000 (FEMA) and Issue of Foreign Currency Convertible Bonds and Equity Shares (through Depository Receipt Mechanism) Scheme 1993 and the regulations/guidelines, if any, prescribed by the Securities and Exchange Board of India, Reserve Bank of India, or any other relevant authority from time to time, to the extent applicable and subject to such approvals, consents, permissions and sanctions as might be required and subject to such conditions as may be prescribed while granting such approvals, consents, permissions and sanctions, which the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any Committee(s) constituted/ to be constituted by the Board to exercise its powers including the powers conferred by this Resolution) is hereby authorized to accept, the Board be and is hereby authorized on behalf of the Company to create, issue, offer and allot, (including with provisions for reservation on firm and/or competitive basis, of such part of issue and for such categories of persons as may be permitted), in the course of one or more public or private offerings in domestic and/or one or more international market(s), with or without a green shoe option, any securities including Global Depository Receipts and/or American Depository Receipts convertible into Equity shares and/or Foreign Currency Convertible Bonds (FCCBs) and/or other securities convertible in to Equity shares at the option of the Company and/or the holder(s) of such securities, and/or securities linked to equity shares and/or securities with or without detachable/non-detachable warrants with a right exercisable by the warrant holder to subscribe for the equity shares and/or warrants with an option exercisable by the warrant-holder to subscribe for equity shares and/or any instruments or securities representing either equity shares and/or convertible securities linked to equity shares (including the issue and allotment of equity shares pursuant to a Green Shoe Option, if any), (all of which are hereinafter collectively referred to as 'Securities') to eligible investors (whether residents and/or non-residents and/or institutions (including Qualified Institutional Buyers (QIBs) pursuant to Chapter XIII A of SEBI (Disclosure & Investor Protection) Guidelines, 2000 and/or banks and/or incorporated bodies, and/or individuals and/or trustees and/or stabilizing agents or otherwise and whether or not such investors are members of the Company), through prospectus and/or placement document in terms of Clause 13A.7 of Chapter XIII A of SEBI (Disclosure & Investor Protection) Guidelines, 2000 and/or letter of offer or circular and/or



on public and/or private/preferential placement basis, such issue and allotment to be made at such time/times, in one or more tranches, for cash, at such price or prices, in such manner and where necessary, in consultation with the Book Running Lead Managers and/or other Advisors or otherwise, on such terms and conditions as the Board, may, in its absolute discretion, decide at the time of issue of Securities; provided that the total amount raised through the issuance of such Securities does not exceed Rs. 35.00 Crores (Rupees Thirty Five crores only) or its equivalent in one or more foreign currencies, including premium if any.

RESOLVED FURTHER THAT in case of allotment of securities to Qualified Institutional Buyers the same shall be made pursuant to Chapter XIII A of SEBI (Disclosure & Investor Protection) Guidelines, 2000 and amendments made thereto from time to time and that the relevant date for the purpose of Clause 13A.3.1. of the above Chapter shall be date of meeting in which the Board or any Committee of Directors duly authorized by the Board decides to open the issue.

RESOLVED FURTHER THAT without prejudice to the generality of the above, the aforesaid issue of the Securities may have all or any terms or conditions or combination of terms in accordance with applicable regulations, prevalent market practices, including but not limited to terms and condition relating to payment of interest, dividend, premium on redemption at the option of the Company and/or holder of any securities, or for variation of the price or period of conversion of securities into equity shares or issue of equity shares during the period of the securities or terms pertaining to voting rights or option(s) for early redemption of securities.

RESOLVED FURTHER THAT the Company and/or any agency or body or person authorized by the Board, may issue depository receipts representing the underlying equity shares in the capital of the company or such other securities in negotiable, registered or bearer form with such features and attributes as may be required and to provide for the tradability and free transferability thereof as per market practices and regulations (including listing on one or more stock exchange(s) in or outside India).

RESOLVED FURTHER THAT the Board be and is hereby authorized to issue and allot such number of equity shares as may be required to be issued and allotted, including issue and allotment of equity shares upon conversion of any securities referred to above or as may be necessary in accordance with the terms of the offer, all such shares ranking pari passu inter se and with the then existing equity shares of the company in all respects.

RESOLVED FURTHER THAT for the purpose of giving effect to any offer, issue or allotment of equity shares or securities or instruments representing the same, as described above, the Board be and is hereby authorized on behalf of the Company, to do all such acts, deeds, matters and things at it may, in its absolute discretion, deem necessary or desirable for such purpose, including without limitation, the entering into arrangements for appointment of agencies for managing, underwriting, marketing, listing, trading of securities issued, such as depository, custodian, registrar, stabilizing agent, paying and conversion agent, trustee and to issue any offer document(s), including but not limited to prospectus, and sign all deeds, documents and writings and to pay any fees, commissions, remuneration, expenses relating thereto and with power on behalf of the Company to settle all questions, difficulties or doubts that may arise in regard to such issue(s) or allotment(s) as it may, in its absolute discretion, deem fit.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred, to any Committee of Directors or any one or more Directors of the Company with power to delegate to any officers of the company.

By Order of the Board of Directors
FOR MELSTAR INFORMATION TECHNOLOGIES LIMITED

Registered Office:
 G-4, Melstar House
 MIDC, Cross Road "A",
 Andheri East
 Mumbai - 400 093

VIJAY MODI
COMPANY SECRETARY

Mumbai, 17th August, 2009

1. Explanatory Statement as required by Section 173(2) of the Companies Act, 1956 in respect of item Nos. 4 to 12 being special business is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXIES 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.

22nd Annual Report 2008-2009

3. The Register of Members and the Share Transfer Books of the Company will be closed from 11th September, 2009 to 18th September, 2009 (both days inclusive).
4. Members are requested to:
 - a) intimate any change in their addresses to the Company's registrar and share transfer agents, Link Intime India Private Limited, C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai – 400 078.
 - b) quote client ID and DP ID numbers in respect of shares held in dematerialised form and ledger folio number in respect of shares held in physical form in all the correspondence.
5. Members / Proxies are requested to bring Annual Report and attendance slip duly filled in.
6. Corporate members are requested to send a duly certified copy of the board resolution authorising their representative to attend and vote at the annual general meeting.
7. Members holding shares under multiple folios in the identical order of names are requested to consolidate their holdings into one folio.
8. Members can avail of the facility of nomination in respect of shares held by them in physical form pursuant to the amendment to the Companies Act, 1956. Members desiring to avail of this facility may send their nomination in the prescribed Form No. 2B duly filled in, to Link Intime India Private Limited.
9. Members desirous of getting any information about the accounts and operations of the Company are requested to address their queries to the Secretary of the Company at least ten days in advance of the meeting so that the information required can be made readily available at the meeting to the extent possible.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**Item Nos. 4, 5, 6, 7 and 8**

The Board of Directors of the Company ("the Board") at its meeting held on April 22, 2009, pursuant to the provisions of Section 260 of the Companies Act, 1956 ("the Act") and Article 139 of the Articles of Association of the Company, had appointed Mr. Yashovardhan Birla, Mr. P V R Murthy and Mr. Anoj Arvind Menon, as Additional Directors of the Company.

In accordance with the Circular Resolution dated 23rd June, 2009, pursuant to the provisions of Section 260 of the Companies Act, 1956 and Article 139 of the Articles of Association, the Board had also appointed Mr. Rajesh Shah and Mr. M. S. Adige as Additional Directors of the Company.

In terms of the provisions of section 260 of the Act, Mr. Yashovardhan Birla, Mr. P V R Murthy, Mr. Anoj Arvind Menon, Mr. Rajesh Shah and Mr. M. S. Adige hold Office up to the date of this Annual General Meeting.

The Company has received notices in writing from members along with deposit of Rs. 500 for each director, proposing the candidatures of Mr. Yashovardhan Birla, Mr. P V R Murthy, Mr. Anoj Arvind Menon, Mr. Rajesh Shah and Mr. M. S. Adige for the office of Director of the Company under the provisions of Section 257 of the Act.

In order to avail benefit of their valuable and expert advice and guidance, the Board commends passing of the resolution as set out in item no. 4 to 8 of the accompanying notice.

Mr. Yashovardhan Birla, Mr. P V R Murthy, Mr. Anoj Arvind Menon, Mr. Rajesh Shah and Mr. M. S. Adige may be deemed to be concerned or interested in the resolution(s) relating to their respective appointment.

None of the Directors is related to any other Director on the Board.

Brief resume of these Directors, nature of their expertise in specific functional areas and names of Companies in which they hold directorships, number of shares held in the Company and memberships/chairmanships of Board Committees, as stipulated under clause 49 of the Listing Agreement with the Stock Exchanges in India, are given in the Annexure to this Notice.

Melstar Information Technologies Limited
An Application Management Company



Annexure

Item no	4	5	6	7	8
Name of the director	Mr. Yashovardhan Birla	Mr. P V R Murthy	Mr. Anoj Menon	Mr. Rajesh Shah	Mr. M. S. Adige
Date of Birth	29.09.1967	21.04.1951	03.02.1973	10.01.1953	07.11.1944
Date of appointment	22.04.2009	22.04.2009	22.04.2009	23.06.2009	23.06.2009
Qualification	M. Com, LL.B	C.A, MBA	B.Com, LL.B, Solicitor	C.A.	B.Sc (ME)
Expertise in specific Functional areas	He has been credited with the integration of various group companies, infusing a strong sense of global vision and taking an integrated approach to the group.	Almost 30 years of experience in the finance sector. He has worked as a part of the Top Management with various companies over a span of 16 years in the capacity of Managing Director, Director, CEO, Advisor, prior to joining the Yash Birla Group of Companies	Presently, working with Leading firm M/s. Desai & Diwanji. He has more than twelve years experience in all matters related to the Corporate Laws.	Senior Partner with M/s. A.J. Shah & Co. (Taxation) & (Audit), Chartered Accountants, since 1979	Has 41 years of cross functional experience in metal industry with exposure to various functional areas including techno-commercial areas of project management. He is a member of regional council of Confederation of Indian Industry (CII), All India Management Association, Bombay Management Association (BMA), Indian Institute of India Foundrymen and Indian Institute of Materials Management.
List of other directorship	Birla Cotsyn (India) Limited, Birla Power Solutions Limited, Birla Precision Technologies Limited, Dagger Forst Tools Limited, Zenith Birla India Limited, Asian Distributors Private Limited, Ashok Birla Apollo Hospital Private Ltd., Birla Bombay Private Limited, Birla Brothers Private Limited, Birla Cement & Industries Limited, Birla Wellness & Healthcare Private Ltd., Birla Pacific Medspa Private Limited, Birla Surya Limited, Birla Shloka Edutech Limited, Birla Edutech Limited, Lakshmi Properties Limited, Shearson Investment & Trading Co. Pvt. Ltd., Viking Travels Private Ltd	Birla Power Solutions Limited, Khamgaon Syntex Limited, Birla Cotsyn (India) Limited, Birla Precision Technologies Limited, Sanguine Media Limited, Birla Wellness And Healthcare Private Ltd., Birla Cement & Industries Limited, Birla Pacific Medspa Private Limited, Birla Kerala Vaidyashala Private Ltd., Ashok Birla Apollo Hospital Private Ltd., Birla Edutech Limited, Birla Surya Ltd.	C C Health Care Products Private Ltd.	Birla Power Solutions Limited Dagger Forst Tools Limited	Birla Precision Technologies Limited, Birla Cotsyn (I) Limited, Nagpur Power and Industries Limited, Artefact Projects Limited, AHG Metal Endustri Urunleri Ticarete Ve Sanayi, Istanbul, Turkey
Chairmanship/ Membership of the committees of other Companies	Birla Power Solutions Ltd., Birla Precision Technologies Ltd., Zenith Birla India Limited	Birla Cotsyn (India) Limited, Birla Precision Technologies Ltd., Birla Power Solutions Ltd.	Harvard Business School (I) Research Centre	--	--
Note	A Notice in writing has been received by the Company under section 257 of the Companies Act, 1956, signifying their intention to propose his Candidature for appointment as a Director of the Company. Mr. Yashovardhan Birla being eligible, offers himself for appointment.	A Notice in writing has been received by the Company under section 257 of the Companies Act, 1956, signifying their intention to propose his Candidature for appointment as a Director of the Company. Mr. P V R Murthy being eligible, offers himself for appointment.	A Notice in writing has been received by the Company under section 257 of the Companies Act, 1956, signifying their intention to propose his Candidature for appointment as a Director of the Company. Mr. Anoj Menon being eligible, offers himself for appointment.	A Notice in writing has been received by the Company under section 257 of the Companies Act, 1956, signifying their intention to propose his Candidature for appointment as a Director of the Company. Mr. Rajesh Shah being eligible, offers himself for appointment.	A Notice in writing has been received by the Company under section 257 of the Companies Act, 1956, signifying their intention to propose his Candidature for appointment as a Director of the Company. Mr. M. S. Adige being eligible, offers himself for appointment.
No. of shares held	Nil	Nil	Nil	Nil	Nil

22nd Annual Report 2008-2009**Item Nos. 9, 10 and 11**

The Company proposes to strengthen its financial position by generating long term resources by issuing securities including Global Depository Receipts and / or American Depository Receipts and / or Foreign Currency Convertible Bonds in international /domestic market/s, as contemplated in item No.12 of the Notice.

It is therefore deemed appropriate to increase the Authorised Share Capital from Rs.20.00 crores to Rs 55.00 crores and consequently to alter the Memorandum and Articles of Association of the Company as set out at item Nos 9, 10 and 11 of the accompanying Notice.

In accordance with the provisions of the Companies Act, 1956, the Company is seeking the approval of the shareholders for increase in authorised share capital and for alteration of capital clause V of the Memorandum of Association and Article 4 of the Articles of Association of the Company. Your Board of Directors accordingly recommends the resolutions at item no. 9, 10 and 11 as special resolutions for the approval of the shareholders.

None of the Directors is, in any way, concerned or interested in the said resolutions.

Item No. 12

As your Company is considering tapping the domestic/international markets with a view to augment resources for meeting the requirement of funds for the normal capital expenditure, expansion, modernization, general corporate purposes, working capital requirements, replacement of debt and for other purposes as may be permitted / allowed etc., it is accordingly proposed to issue securities in the international/domestic market(s) as contemplated in the resolution set out at item No. 12 of the accompanying Notice, as may be decided by the Board and found to be expedient and in the interest of the Company.

The detailed terms and conditions of the Issue as and when made will be determined by the Board of Directors in consultation with the Merchant Bankers, Lead Managers, Advisors, Underwriters and other experts in accordance with the applicable provisions of law.

The proposed issue of securities as above may be made in one or more tranches, in domestic and/or international market in one or more currency, upto an aggregate amount of Rs.35.00 crores (Rupees Thirty five Crores Only) or equivalent thereof. The issue price of the security to be issued in the proposed offerings will be determined by the Board of Directors at the time of the offer depending on the then prevailing market conditions. The securities will be listed on such international/Indian Stock Exchanges as the Board may be advised.

Section 81(1A) of the Companies Act, 1956, provides, inter alia, that where it is proposed to increase the subscribed share capital of the Company by allotment of further shares, such further shares shall be offered to the persons who on the date of the offer are holders of the Equity Shares of the Company, in proportion to the capital paid up on those shares as of that date unless the shareholders decide otherwise. The Listing Agreements executed by the Company with the various Stock Exchanges also provide that the Company shall issue or offer in the first instance all securities to the existing equity shareholders, unless the shareholders decide otherwise. The Special Resolution seeks the consent of the Shareholders authorizing the Board of Directors to make the proposed issue of Securities and in the event it is decided to issue Securities convertible into Equity Shares, to issue to the holders of such convertible Securities in such manner and such number of Equity Shares on conversion as may be required to be issued in accordance with the terms of the issue.

The Board of Directors recommends the resolution set out at item No.12 of the accompanying Notice for the approval of the Members.

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

**By Order of the Board of Directors
FOR MELSTAR INFORMATION TECHNOLOGIES LIMITED**

**VIJAY MODI
COMPANY SECRETARY**

Mumbai, 17th August, 2009