

Annual Report 2010-2011

BOARD OF DIRECTORS

Mr. D. S. Mehta	<i>Managing Director</i>
Mr. Nirmal Jain	<i>Director</i>
Mr. Yogesh Wadhwa	<i>Director</i>
Mr. K. S. Mehta	<i>Director</i>

AUDITORS

M/s. N. K. Jalan & Co.
Chartered Accountants
Mumbai.

BANKERS

Bank of Baroda
Axis Bank

SHARE TRANSFER AGENT

Sharex Dynamic (India) Pvt. Ltd.
Unit No. 1, Luthra Ind. Premises,
Andheri - Kurla Road,
Safed Pool, Andheri (E),
Mumbai - 400 072.
Tel.: 2851606, Fax : 28512885.

REGISTERED OFFICE

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

TWINSTAR INDUSTRIES LTD

(FORMERLY KNOWN AS TWINSTAR SOFTWARE EXPORTS LTD)

NOTICE

NOTICE is hereby given that the 17th Annual General Meeting of TWINSTAR INDUSTRIES LIMITED will be held on Friday, the 30th day of September, 2011 at 9.00 a.m. at the Registered Office at Plot No. EL-178, TTC MIDC Indl. Area, Mahape, Navi Mumbai - 400 701, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2011 and the Profit and Loss Account for the year ended as on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Yogesh Wadhvana, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

"RESOLVED THAT M/s. N.K. Jalan & Co., Chartered Accountants, Mumbai, be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting at remuneration, mutually agreed between the Board of Directors of the Company and the Auditors."

By Order of the Board
For Twinstar Industries Limited

D. S. Mehta
Managing Director

Place: Mumbai
Date: 30.08.2011

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. A form of proxy is attached to this notice. Any member appointing a proxy must do so by sending the duly executed instrument of proxy and deliver it to the Registered Office of the Company not less than 48 hours before the date and time of the meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 24th September, 2011 to 30th September, 2011 (both days inclusive).
4. Members are requested to notify immediately any change in their address to the company quoting folio no.
5. Members are requested to bring their copy of Annual Report to the meeting, since additional copies will not be available.
6. Members are requested to send their queries at least 7 days before the meeting to the Registered Office of the Company so that information required by the Members may be made available at the Meeting.
7. As required under the listing agreement, the particulars of Directors who are proposed to be appointed are as follows:

Name	Mr. Yogesh Wadhvana
Designation	Director
Status	Independent, Non Executive
Date of Birth	13/05/1960
Director in Company since	01/03/1995

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DIRECTORS REPORT

Dear Shareholders,

Your Directors present herewith their Sixteenth Annual Report and Audited Accounts for the year ended 31st March, 2011.

FINANCIAL RESULTS:

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

(Rs. in Lacs)		
Particulars	2010-11	2009-10
Sales and Services	1057.39	2054.34
Other Income	0.33	0
Profit/(Loss) before interest and depreciation	24.19	29.55
Less: Financial Expenses	0	0
Less: Depreciation	15.10	16.59
Net Profit/ (Loss) before Tax	9.08	12.96
Net Profit/ (Loss) after Tax	9.08	12.96
Add/Less: Profit / (Loss) of Previous Year	310.87	-321.81
Less: Sundry Balances w/off.	0	-2.02
Balance of Profit carried to Balance Sheet	301.79	-310.87

OPERATIONS AND OVERALL PERFORMANCES:

During the year the profits of the Company was 9.08 Lacs against profits of Rs. 12.96 Lacs in the previous year. However your Directors are hopeful that the strategies and Business Plans made by the Management will reap more positive yields in the time to come.

DIVIDEND:

Due to inadequate profits during the year under review and with purpose to retain profit for strengthening capital base of the Company, the Board of Directors do not recommend declaration of any dividend for the financial year ended 31.03.2011.

DEPOSITS:

The Company has not accepted any deposit from the public during the year under review and, as such, there are no outstanding deposits in terms of the Companies (Acceptance of Deposits) Rules, 1975.

TWINSTAR SOFTWARE INC.:

Twinstar Software Inc. is a 100% subsidiary of the Company incorporated under the Laws of California State, USA. The main object of the subsidiary is to work as a marketing window for the Company. It is engaged in marketing the Company's products and services, which in turn will accelerate the Company's growth. Business activities of the subsidiary during the year under review have been sluggish due Slowdown in USA.

Pursuant to the provisions of Section 212 of the Companies Act, 1956, financial statements of the subsidiary are annexed hereto.

CORPORATE GOVERNANCE

Your Company and its' Board, have taken adequate steps towards implementation of the provisions of Clause 49 of the Listing Agreement and it is committed to achieve the highest standards of the Corporate Governance.

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For the matters concerning Corporate Governance, you are requested to refer to the separate segment on the same, forming part of the Annual Report.

DIRECTORS

During the year under review, following were the changes in the Composition of Board of Directors:

Mr. Yogesh Wadhwa who retires by rotation at the ensuing Annual General Meeting is proposed to be re-appointed.

AUDITORS

M/s. N. K. Jalan, Chartered Accountants retire and being eligible, offer themselves for re-appointment.

PARTICULARS ON ENERGY CONSERVATION, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNING AND OUTGO.

The Company is not engaged in any manufacturing activity and therefore there are no particulars to be disclosed under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988.

Foreign Exchange Earnings and Outgo:

Foreign Exchange earnings : Nil

Foreign Exchange outgo : Nil

PARTICULARS OF EMPLOYEES

There is no employee covered under the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirms:

1. That in the preparation of annual accounts, the applicable accounting standards have been followed.
2. that the Directors had 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 at the end of the financial year and of the profit or loss of the Company for that period.
3. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
4. That the Directors have prepared the annual accounts on a going concern basis.

ACKNOWLEDGMENTS

Your Directors' place on record their deep appreciation to the Bankers, Shareholders and Customers for their co-operation and support and to the staff members for their contribution towards the performance of the Company.

For, Twinstar Industries Limited

D. S. Mehta
Managing Director

Place: Mumbai
Date: 30.08.2011

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MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

Industry Structure and Development:

The Company is diversifying into activities other than I.T business. The Company will be focusing on commodity exports, jewellery exports and trading. This is being done to encash the contacts and connections built in the international market over a period of time. The I.T business will remain with the company as one of its division.

Industry Outlook:

The Information Technology sector is going to be in demand in long term. Industry dynamics are changing. USA have been a big market as they are looking at cost cutting for their day to day operations which would yield further business to India. Therefore focus on IT enabled services would yield benefits including employment generations and foreign exchange earnings.

Opportunity and Threats:

Twinstar Industries has now undertaken a new line of activity i.e. business process outsourcing with its large infrastructure at Navi Mumbai. The presence in international market and relationship with large corporate houses in the world would bring good opportunity especially today when 'outsourcing' is becoming a good solution for large corporate houses in world market.

The overseas labour union resistance may pose threat to profitability.

Future Outlook:

As far as I.T business is concerned, the market is not encouraging for the time being mainly because of the US economy. The company has taken up new objects and agendas which are very promising.

Operational and Financial Performance:

The summarized performance of Twinstar Industries Limited was as under:

	(Rs. in Lacs)	
	2010-11	2009-10
Sales	1057.39	2054.34
Others	0.33	0
EBIDT	24.19	29.55

Human Resources and Industrial Relations:

Despite uncertainties prevailing during the year under review on account of sluggish market condition, the management was able to ensure high morale of the employees and medical transcriptionists.

Internal Control System:

The Company has very effective control system covering both accounting and administrative controls. The internal audit carries out audit tests and report on non - compliance / weaknesses if any, through internal audit reports. These reports are reviewed by the Management Committee and subsequently by the Audit Committee of the Board.

For, Twinstar Industries Limited

D. S. Mehta
Managing Director

Place: Mumbai
Date: 30.08.2011

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REPORT ON CORPORATE GOVERNANCE

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

This Report on Corporate Governance forms part of the Directors Report. This section, besides being in compliance with the mandatory requirement of the listing agreement, gives an insight into the process of the Company's Philosophy on Code of Governance.

The Company believes in values of Transparency, Professionalism and Accountability in its dealings with its Employees, Shareholders, Government and Clients. The company is committed to achieving the high standards of Corporate Governance.

BOARD OF DIRECTORS:

The Composition of the Board of Directors with reference to the number of Executive and Non-Executive Directors meets the requirement of Code of Corporate Governance.

During the year under review, 8 (Eight) Board Meeting were held. The dates on which the meetings were held were as follows:-

29th April 2010, 17th June 2010, 29th July 2010, 26th August 2010, 09th September 2010, 30th October 2010, 02nd December 2010, 20th January 2011.

The Composition of the Board of Directors and attendance of the Directors at the Board Meetings during the year and at the last Annual General Meeting also their number of other directorships in Indian Companies are as follows :-

Name of the Director	Category	Designation	Financial Year 2010-11		No. of other Directorships *
			Attendance at Board Meetings	Last AGM	
Mr. D.S. Mehta	Promoter, Executive Director	Managing Director	8	Yes	—
Mr. Kailash Mehta	Promoter, Non Executive Director	Director	8	Yes	1
Mr. Yogesh Wadhwa	Independent, Non Executive Director	Director	—	No\	1
Mr. Nirmal Jain	Independent, Non Executive Director	Director	8	Yes	1

* Includes Directorship of Private Limited Companies

Changes in Directors:

During the year under review, following were the changes in the Composition of Board of Directors:

Mr. Yogesh Wadhwa who retires by rotation at the ensuing Annual General Meeting is proposed to be re-appointed.

Responsibilities of the Board:

The Board discharges the duties, responsibilities as required under the applicable statute (s) including the Companies Act, 1956, Guidelines issued by SEBI and other regularities bodies from time to time. The Board of Directors ensures that other responsibilities do not have any material impact on their responsibilities as Directors of the Company.

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Role of Independent Directors:

The Independent Directors plays an important role & participate in all the deliberation of the Board and contribute to the decision making process with their knowledge and expertise in the areas of Accounts, Financial, Law, & other professional areas.

During the Financial year 2010 - 2011, no commission was paid to any director of the Company.

BOARD COMMITTEES:

A) AUDIT COMMITTEE:

The Company has already constituted an Audit Committee comprises of 3 Non-executive Director.

Name	Category	No. of Meetings during the year Held Attended	
Mr. Nirmal Jain, Chairman	Independent, Non Executive Director	4	4
Mr. Kailash Mehta	Promoter, Non Executive Director	4	4
Mr. Yogesh Wadhvana	Independent, Non Executive Director	4	4

The Committee has met 4 times during the financial year ended 31st March 2011 on 28th April 2010, 29th July 2010, 01st September 2010, 28th October 2010.

Role of Audit Committee:

The role of the audit committee shall include the following:

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 to be included in the Director's 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

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- 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 utilisation 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.
- 12A. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
13. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

B) SHARE TRANSFER & INVESTORS GRIEVANCE COMMITTEE:

The Company has constituted Investor Grievance Committee comprising of

The Company has constituted Investor Grievance Committee comprising of

Name	Category	No. of Meetings during the year Held Attended	
Mr. Kailash Mehta, Chairman	Promoter, Non Executive Director	5	5
Mr. Nirmal Jain	Independent, Non Executive Director	5	5
Mr. D. S. Mehta	Promoter, Executive Director	5	5

The main function of the share transfer and Investor Grievance Committee is to supervise and ensure efficient transfer of shares, dematerialisation of shares and timely attendance of investor's complaints. The committee meets to review the transfers/ Remat / demat / duplicate shares issue, executed by the RTA M/s. Sharex Dynamic (India) Pvt. Ltd. Mr. D. S. Mehta is the Compliance Officer of the Company.

Half-yearly Transfer Audit and Quarterly Secretarial Audit in terms of the Listing Agreement are regularly carried out by an Independent Practicing Company Secretary.

No complaints were received during the financial year 2010-11.

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C) REMUNERATION COMMITTEE

The Composition of the Investment Committee and details of Meetings attended by the Directors are given below:

Name	Category	No. of Meetings during the year Held Attended	
D. S. Mehta, Chairman	Independent, Non Executive Director	2	2
Yogesh Wadwana	Independent, Non Executive Director	2	2

The Committee approves the remuneration of Directors and Manager. However, no remuneration has been paid to any Directors in the year under review.

REMUNERATION POLICY:

The Company's Remuneration Policy aims at attracting high calibre talent by taking into account the talent market, national and international remuneration trends and the competitive requirements of each of its business. The remuneration of employees largely consists of salary and perquisites. The components of the total remuneration vary for different cadres, and are governed by industry pattern, qualification and experience of the employee, responsibilities and individual performance.

Remuneration to Directors:

The remuneration of Directors in all cases is decided by the Board subject to necessary approval of shareholders and other applicable approvals, if any save and except Mr. D.S. Mehta, Managing Director, no other Director is drawing remuneration.

During the year, Mr. D. S. Mehta, Managing Director has been paid aggregate remuneration of Rs. Nil by way of Salary and Remuneration.

GENERAL BODY MEETING:

The last three Annual General Meetings of the Company were held as under:

Financial Year	Date	Time	Location
2009-10	30.09.2010	09.00 a.m.	Registered Office: Plot No. EL-178, Mahape, Navi Mumbai.
2008-09	30.09.2009	09.00 a.m.	Registered Office: Plot No. EL-178, Mahape, Navi Mumbai.
2007-08	30.09.2008	09.00 a.m.	Registered Office: Plot No. EL-178, Mahape, Navi Mumbai.

No Special Resolution was passed during last three AGMs held.

No Special Resolution was passed through Postal Ballot during last financial year.

DISCLOSURES

- * The disclosure of related party transactions has been made in Point No. 13 of Schedule 12 of the Notes to Accounts annexed to the Balance sheet as on 31st March 2011.
- * There has not been any non-compliance, penalties or strictures imposed on the Company by the Stock Exchanges, SEBI or any other statutory authority, on any matter relating to any of capital market, during the last three years.
- * The person heading the finance of the companies have certified the specified matters to the Board, as required under Clause 49 V.