

BOOK-POST



7-1-24/2/C, 301/A, Dhansi Surabhi Complex,  
Greenlands, Ameerpet, Hyderabad - 500 016.



**MAHAVEER INFOWAY  
LIMITED**

**19<sup>th</sup> ANNUAL REPORT  
2009-2010**

## **BOARD OF DIRECTORS**

Mr. Ashok Kumar Jain	Managing Director
Mr. Vinit Maharia	Director
Mr. Vijay Jain	Director
Mr. Jitendra Kumar Bhansali	Director
Mr. Ramesh Prasanna Dixit	Director
Mr. Rajender Kumar Jain	Director
Mr. Budhi Prakash	Director
Mr. Vijay Kumar Taori	Director

### **AUDITOR:**

KALYANA & CO.

Chartered Accountants

3-6-258, 1 st Floor, Himayat Nagar, Hyderabad – 29.

### **REGISTERED & CORPORATE OFFICE:**

7-1-24/2/C, #301/A, Dhansi Surabhi Complex,  
Greenlands, Ameerpet, Hyderabad.

### **REGISTRARS AND SHARE TRANSFER AGENTS:**

M/s. Venture Capital and Corporate Investments Pvt. Ltd  
12-10-167, Bharat Nagar, Hyderabad - 500 018  
Ph.Nos.040-23818475/23818476/ 23868023  
Fax: 040-23868024

### **BANKERS:**

Axis Bank Ltd.  
Hyderabad.

### **LISTED AT:**

Ahmedabad Stock Exchange

**NOTICE**

Notice is hereby given that the Nineteenth Annual General Meeting of the members of Mahaveer Infoway Limited will be held on Tuesday, 31<sup>st</sup> August, 2010 at 11.00 A.M. at the Registered Office of the Company, 7-1-24/2/C, #301/A, Dhansi Surabhi Complex, Greenlands, Ameerpet, Hyderabad to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the audited balance sheet as at 31<sup>st</sup> March 2010 and profit & loss account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint Director in place of Mr. Vinit Maharia, who retires by rotation and being eligible, offer himself for re-appointment.
3. To appoint Director in place of Mr. Jitendra Kumar Bhansali, who retires by rotation and being eligible, offer himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and to authorize the Board of Directors to fix their remuneration for the said period.

**SPECIAL BUSINESS:**

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

“RESOLVED THAT Mr. Budhi Prakash Toshniwal who was appointed as additional director of the company pursuant to the provisions of section 260 of the companies act 1956 by the Board of Directors w.e.f 30-05-2010 and who holds the office up-to date of the ensuing annual general meeting and in respect of whom the company has received a notice in writing under section 257 read with section 190 of the said act, along with a deposit of Rs.500/- proposing him as candidate for the office of Director of the Company, be and is hereby appointed as a Director of the Company whose period of office is liable to be determined by retirement of directors by rotation”.

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

“RESOLVED THAT Mr. Vijay Kumar Taori who was appointed as additional director of the Company pursuant to the provisions of section 260 of the Companies Act 1956 by the Board of Directors w.e.f 30-05-2010 and who holds the office up-to date of the ensuing annual general meeting and in respect of whom the Company has received a notice in writing under section 257 read with section 190 of the said act, along with a deposit of Rs.500/- proposing him as candidate for the office of Director of the Company, be and is hereby appointed as a Director of the Company whose period of office is liable to be determined by retirement of directors by rotation”

For and on behalf of the Board of Directors of  
M/s. Mahaveer Infoway Limited

ASHOK KUMAR JAIN  
Managing Director.

Place: Hyderabad  
Date: 31.07.2010.

**Explanatory Statement  
(Pursuant to section 173 (2) of the Companies Act, 1956)**

**ITEM No.5**

The Board of Directors of the Company pursuant to the section 260 of the Companies Act, 1956 has appointed Budhi Prakash Toshniwal as an additional Director in the Board meeting held on 30.05.2010. In terms of the provisions of the Companies Act, 1956 Mr. Budhi Prakash Toshniwal would hold office upto the date of this Annual General Meeting.

The Company has received notice in writing from a member along with a deposit proposing the candidature of Budhi Prakash Toshniwal for the office of the director, under the provisions of sections 257 of the Companies Act, 1956. The Board recommends the resolutions in item no. 5 for the approval of the members.

None of the Directors of the Company is concerned or interested, directly or indirectly, in the proposed resolution except Budhi Prakash Toshniwal to the extent of his appointment

**ITEM No.6**

The Board of Directors of the Company pursuant to the section 260 of the Companies Act, 1956 has appointed Mr. Vijay Kumar Taori as an additional Director in the Board meeting held on 30.05.2010. In terms of the provisions of the companies Act, 1956 Mr. Vijay Kumar Taori would hold office upto the date of this Annual General Meeting.

The Company has received notice in writing from a member along with a deposit proposing the candidature of Mr. Vijay Kumar Taori for the office of the director, under the provisions of sections 257 of the Companies Act, 1956. The Board recommends the resolutions in item no. 6 for the approval of the members.

None of the Directors of the Company is concerned or interested, directly or indirectly, in the proposed resolution except Mr. Vijay Kumar Taori to the extent of his appointment

**NOTES:**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend, and vote, instead of himself/herself and such proxy need not be a member of the company. The instrument appointing a proxy should, however, be deposited at the Registered Office of the Company not less than 48 hours before the meeting.
2. Members are requested to notify immediately any change in the address to the Company.
3. The Register of members and share transfer books of the company will remain closed from 26th August, 2010 to 31st August, 2010 both days inclusive.
4. Members intending to seek clarifications at the Annual General Meeting concerning accounts and any aspect of operations of the company are requested to send their questions in writing so as to reach the company at least seven days in advance before the date of Annual General Meeting specifying the points.

For and on behalf of the Board of Directors of  
M/s. Mahaveer Infoway Limited

ASHOK KUMAR JAIN  
Managing Director.

Place: Hyderabad  
Date: 31.07.2010.

**DIRECTOR'S REPORT**

To,  
The Shareholders

Your Directors have pleasure in presenting the Nineteenth Annual Report and the Audited Statement of Accounts of the Company for the financial year ended 31st March, 2010.

**FINANCIAL RESULTS:**

The financial results of the company are as follows:

<b>PARTICULARS</b>	<b>2009-10</b>	<b>2008-2009</b>
Sales and Services	203,777,085	118,846,834
Other Income	2,954,790	5,160,976
Profit before tax	2,026,841	690,724
Provision for Tax	610,875	241,143
Profit after tax	1,415,965	449,581
Profit brought from previous year	1,217,159	767,578
Profit available for appropriation	2,633,125	1,217,159
Balance carried to Balance Sheet	2,633,125	1,217,159

**OPERATIONS AND PROSPECTS: REVIEW OF OPERATIONS:**

The Company has recorded a turnover of Rs. 21.40 crores in the current year and made a net profit of Rs. 14.16 lacs compared to Rs. 12.48 crores and Rs. 4.50 lacs respectively for the financial year 2008-09. The Company has been continuously working to improve the performance to a greater extent by diversifying business activities into telecom and education sector.

**DIVIDEND:**

Your directors express their inability to recommend any dividend for the financial year 2009-10.

**DIRECTORS:**

As per the provisions of the Articles of Association of the Company, Mr. Vinit Maharia and Mr Jitendra Bhansali Directors of the Company retire by rotation at this Annual General Meeting and are eligible for re-appointment and your Board recommends their re-appointment.

During the year Mr. Budhi Prakash Toshniwala and Mr. Vijay Kumar Taori Were appointed as an additional director of the Company on 30.05.2010.

**PUBLIC DEPOSITS:**

Your Company has not accepted any deposits falling within the meaning of Sec.58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, during the financial year under review.

**LISTING:**

The equity shares of your company are listed on The Ahmedabad Stock Exchange Limited.

**DIRECTORS RESPONSIBILITY STATEMENT:**

Pursuant to the provisions of Sec.217 (2AA) of the Companies Act, 1956 the Board of Directors of your Company hereby certifies and confirms that:

- In the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- The Directors have selected such accounting policies and applied them consistently and made judgment 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;
- The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the Assets of the Company and for preventing and detecting fraud and other irregularities;
- The Directors have prepared the Annual accounts on a going concern basis.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUT GO**

The required information as per Sec.217 (1) (e) of the Companies Act 1956 is provided hereunder:

**A. Conservation of Energy**

Adequate measures have been taken to reduce energy consumption, wherever possible. Total energy consumption and energy consumption per unit of production is not applicable as company is not included in the industries specified in the schedule

**B. Technology Absorption**

- Research and Development (R&D) : Nil
- Technology absorption, adoption and innovation : Nil

**C. Foreign Exchange Earnings and Out Go**

- Foreign Exchange Earnings : Nil  
Foreign Exchange Outgo : Rs 59.23 lakhs

**PARTICULARS OF EMPLOYEES:**

As the Company is not having any employee falling under Section 217(2A) during the year under review, the disclosures required to be made under Section 217(2A) of the Companies Act, 1956 and the rules made thereunder are not applicable.

**CODE OF CONDUCT**

The Code has been circulated to all the members of the Board and Senior Management and the compliance of the same has been affirmed by them.

**AUDITORS:**

M/s. Kalyana & Co., Chartered Accountants, Hyderabad retire at the ensuing Annual General Meeting and being eligible has expressed his willingness for re-appointment. Your directors propose the appointment of M/s M.M.Reddy & C Kalyana & Co., Chartered Accountants, as statutory auditor to hold office until the conclusion of the next Annual General Meeting of the company.

**CORPORATE GOVERNANCE**

As a listed company, necessary measures have been taken to comply with the listing agreements of Stock Exchanges. A report on Corporate Governance, along with a certificate of compliance from the Auditors, Forms part of this Report as Annexure.

**ACKNOWLEDGEMENTS:**

Your Directors express their gratitude to the Central and State Governments, for their kind co-operation and constructive policies. They are thankful to Consortium of Bank, Financial institutions and investors for extending the support to the Management. Your Directors place on record their appreciation of the invaluable contribution made by the employees to the success of your Company.

**Declaration by Managing Director of affirmation by Directors and senior Management personnel of compliance with the code of conduct**

The shareholders

I, Ashok Kumar Jain, Managing Director of the Company do hereby declare that the Directors and senior management of the Company have exercised their authority and powers and discharged their duties and functions in accordance with the requirements of the code of conduct as prescribed by the company and have adhered to the provisions of the same.

For and on behalf of the Board of Directors of  
M/s. Mahaveer Infoway Limited

Place: Hyderabad  
Date: 31.07.2010.

ASHOK KUMAR JAIN  
Managing Director.

**CORPORATE GOVERNANCE****1. Company's Philosophy**

The Company believes in implementation of good corporate governance which will help in achieving corporate goals and enhance shareholders value. It has been the endeavor of the company to give importance on ensuring fairness, transparency, accountability and responsibility to the shareholders besides implementing practices voluntarily that would give optimum information and benefits the readers of the financial statements.

In accordance with the requirement of Stock Exchange Regulations and the provision of the Listing Agreement, the compliance report on the corporate governance is reproduced here under:

**2. Board of Directors:**

In terms of the Company's Corporate Governance Policy, all statutory and other significant and material information are placed before the Board to enable it to discharge its responsibility of strategic supervision of the Company as trustees of the Shareholders.

**Composition:**

The Board of Mahaveer Infoway Limited comprises of the following is the Composition of the Board a on 31<sup>st</sup> March 2010.

Sl. No.	Name of the Category Director	No. of Directorships held in other Public companies	No. of Membership/ Chairmanship held in / committees of other companies
1.	Mr. Ashok Kumar Jain	1	1
2.	Sri_Vinit Maharia	Nil	Nil
3.	Sri. Vijay Jain	Nil	Nil
4.	Sri. Jitendra Kumar Bhansali	Nil	Nil
5.	Sri. Ramesh Prasanna Dixit	Nil	Nil
6.	Sri. Rajender Kumar Jain	Nil	Nil
7.	*Mr. Vijay Kumar Taori	1	1
8.	*Mr. Budhi Prakash Toshniwal	Nil	Nil

\*Appointed w.e.f. 30.05.2010

**A brief profile of the directors appointed and reappointed are as follows:****Mr. Vijay Kumar Taori**

Mr. Vijay Kumar Taori, aged 63 years is a Bachelor in Commerce and has done Masters in Economics and has more than four and half decades of experience in professional and financial management as he is associated with number of Companies including banks, co-operative societies, software and real estate companies.

Mr. Vijay Kumar Taori is not entitled to any remuneration except the sitting fees. He holds 300 shares in the Company

**Mr. Budhi Prakash Toshniwal**

Mr. Budhi Prakash, aged 52 years is a Commerce graduate and has more than three decades of experience in various fields. He has vast experience in export import business.

Mr. Budhi Prakash is not entitled to any remuneration except the sitting fees. He holds 1000 shares in the Company.

**Mr. Vinit Maharia**

Mr. Vinit Maharia, aged 29 years is a Commerce graduate and a young and enthusiastic industrialist having an experience of more than 7 years, specially in telecom sector.

Mr. Vinit Maharia is not entitled to any remuneration except the sitting fees. He does not hold any shares in the Company

**Mr. Jitendra Kumar Bhansali**

Mr. Jitendra Kumar Bhansali, aged 33 years is a Commerce graduate and have a rich experience of over 13 years in various fields like textile and software. His in depth knowledge in the mobile division has benefitted the Company immensely.

Mr. Mr. Jitendra Kumar Bhansali is entitled to remuneration byway of salary. He does not hold any shares in the Company

**Board Meetings**

During the Financial Year 2009-2010, the Board of Director met 8 times on the following dates:

30.04.2009, 31.07.2009, 06.08.2009, 31.10.2009, 31.01.2010, 10.02.2010, 22.02.2010 and 31.03.2010. The attendance of Director at these Board Meetings and at the previous Annual General Meeting is as under:

S. No	Name	No of meetings held during the tenure of the Director	No of meetings attended by the Director	Whether Present at the previous AGM
1.	Mr. Ashok Kumar Jain	8	8	Yes
2.	Mr. Vinit Maharia	8	8	Yes
3.	Mr. Vijay Jain	8	8	Yes
4.	Mr. Jitendra Kumar Bhansali	8	8	Yes
5.	Mr. Ramesh Prasanna Dixit	8	8	Yes
6.	Mr. Rajender Kumar Jain	8	8	Yes
7.	*Mr. Vijay Kumar Taori	-	-	-
8.	*Mr. Budhi Prakash Toshniwal	-	-	-

\* Appointed w.e.f. 30.05.2010

**3. Audit Committee**

Brief description of terms of reference;

The Audit committee's role would include the following:

- a) Overseeing the company's financial reporting process and the disclosure of its financial information, to ensure that the financial statement is correct, sufficient and credible.
- b) Recommending the appointment/removal of external auditors, fixing audit fees and approving payments for any other services.
- c) Reviewing with management the annual financial statement before submission to the Board focusing primarily on:
  - Any changes in accounting policies and practices, Corporate Governance
  - Major accounting entries based on exercise of judgment by management
  - Significant Adjustment arising out of Audit.
  - The going concern assumption.
  - Compliance with the accounting standards.
  - Compliance with Stock Exchange and legal requirements concerning financial statements.
  - Any related party transactions, i.e. transactions of the company of material nature, with promoters of the management, their subsidiaries or relatives, etc. that may be potential conflict, with the interest of the company at large.
- d) Reviewing with Management, external and internal auditors, adequacy of internal control systems.
- e) Reviewing the adequacy of internal audit function, 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.
- f) Discussion with internal auditors of any significant findings and follow-up thereon.
- g) 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.
- h) Discussion with Auditors before the audit commences, the nature and scope of audit as well as have post-audit discussions to ascertain any area of concern.
- i) Reviewing the company's financial and risk management policies.
- j) To look into the reasons for substantial defaults in the payments to the depositors, debenture holders, shareholders ( in case of non-payment of declared dividends) and creditors.

Composition, Name of members and Chairman.

The Audit Committee consists of three non-executive and independent Directors.

Composition, name of Members and Chairman:

Name	Designation	Category
*Mr. Budhi Prakash Toshniwal	Chairman	Independent, non-executive
*Mr. Vijay Kumar Taori	Member	Independent, non-executive
Mr. Vinit Maharia	Member	Independent, non-executive
**Mr. Vijay Jain	Member	Non independent, non executive
**Mr. Rajender Kumar Jain	Member	Independent, non-executive

\*Appointed w.e.f. 30.05.2010

\*\* Resigned w.e.f. 30.05.2010

Meetings and attendance during the year 2009-2010.

Name of the Director	No. of meetings	Attendance
Mr. Vinit Maharia	4	4
**Mr. Rajender Kumar Jain	4	4
**Mr. Vijay Jain	4	4
*Mr. Budhi Prakash Toshniwal	-	-
*Mr. Vijay Kumar Taori	-	-

\* Appointed w.e.f. 30.05.2010

\*\* Resigned w.e.f. 30.05.2010

Statutory Auditor is invited to the meeting. The total numbers of meeting held is 4 on 30.04.2009, 31.07.2009, 31.10.2009 and 31.01.2010

### 1. Remuneration Committee

Constitute of the following persons :

Name	Designation
*Mr. Budhi Prakash Toshniwal	Chairman
*Mr. Vijay Kumar Taori	Member
Mr. Vinit Maharia	Member
**Mr. Vijay Jain	Member
**Mr. Rajender Kumar Jain	Member

\* Appointed w.e.f. 30.05.2010

\*\* Resigned w.e.f. 30.05.2010

### Details of remuneration paid to Directors.

Ashok Kumar Jain	Salary	3.00 lakhs
Vijay Jain	Salary	3.00 lakhs
Jitendra Bhansali	Salary	1.68 lakhs
Prasanna Dixit	Salary	2.04 lakhs

### 2. Shareholders Committee:

The Board has constituted a shareholders/investors Grievance committee in terms of Clause 49 of the Listing Agreement to approve share transfer, transmission, transposition of name, issue of split/duplicate certificates and to review the status report on redressal of shareholder and investor complaints received by the company. During the year the company did not receive any complaint from the shareholders. The Committee met once on 31.10.2009.

The Shareholders/Investors Grievance Committee constitutes of the following persons:

Name	Designation
Sri. Rajender Kumar Jain	Chairman
Sri Jitender Kumar Bhansali	Member
Sri Vijay Jain	Member

### 3. General Body Meetings

The details of last 3 AGM's are as under:

Year	Date	Time	Venue
2005-2006	30.09.2006	11.00. A.M.	Registered Office
2006-2007	29.09.2007	11.00. A.M.	Registered Office
2007-2008	30.08.2008	11.00. A.M.	Registered Office
2008-2009	15.09.2009	11.00. A.M.	Registered Office

The Company did not pass any resolution through postal ballot during the last year.

### 7. Means of Communication:

As per the listing requirements quarterly, half yearly and yearly financial results of the Company are published in leading English and regional newspapers for public information.

### 8. General Shareholder Information

#### i) Annual General Meeting

Date	:	31st August, 2010
Time	:	11.00 AM
Venue	:	7-1-24/2/C, #301/A, Dhansi Surabhi Complex, Greenlands, Ameerpet, Hyderabad

**ii) Financial Calendar**

Financial Reporting for 2010-2011 (tentative)

The first quarter results	31.07.2010
The second quarter results	31.10.2010
The third quarter results	31.01.2011
The fourth quarter results	30.04.2011

**iii) Book Closure** : 26<sup>th</sup> August, 2010 to 31<sup>st</sup> August, 2010  
(both dates inclusive)

**iv) Dividend payment** : Nil

**v) Listing on Stock Exchanges**

Shares of the company are listing on the Ahmedabad Stock Exchange Limited and Hyderabad Stock Exchange Limited (de-recognised by SEBI). The company has paid Annual Listing Fees for the year 2010-11.

**vi) Market Price Data**

There is no trading of scripts of the Company on the Ahmedabad Stock Exchange Limited.

**vii) Shareholding pattern as on 31<sup>st</sup> March,2010**

Particulars	Category	No. of shares	Percentage of shareholding
A	Shareholding of Promoter and Promoter group		
1.	Promoter & Persons Acting in concert	2334099	42.37
	Sub – Total A	2334099	42.37
B	Public Shareholding		
1.	Institutions	-	-
2.	Non Institutions Indian Public and others	3174901	57.63
	Sub Total B	3174901	57.63
	Grand Total (A+B)	5509000	100.00

**viii) Registrars and Transfer Agents**

Venture Capital and Corporate Investments Private Limited,  
12-10-167, Bharat Nagar, Hyderabad – 500018

**ix) Delegation of Share Transfer Formalities**

The Board has delegated share transfer formalities to the Registrars and Transfer Agents:

Venture Capital and Corporate Investments Private Limited

12-10-167, Bharat Nagar, Hyderabad – 500018

All communications regarding Share Transfers, Transmissions Change in Address and any other correspondence etc., may be addressed to the Registrars & Transfer Agents. The company has constituted Share Transfer Committee. Physical transfers are effected within the statutory period of one month. The Board has designated Mr. Ashok Kumar Jain as the Compliance Officer. Hence, in case of any grievances the shareholders are free to approach the Share Transfer Committee for due redressal of their grievances. The Company has created an exclusive E-mail ID for the benefit of the share holders: ashok@minfy.com.

**x) Dematerialization of shares**

The Company's shares are dematerialized on National Securities Depositories Limited (NSDL) and Central Depository Services (India) Limited. The Company's ISIN is **INE019D01016**. 33,73,399 equity shares are dematerialised which is 61.23% of the paid up capital of the Company and out of which 32,60,099 shares are in CDSL and 1,13,300 shares are in NSDL and the balance are in physical form.

**xi) Address for Correspondence**

The Shareholders may correspond with the Company for the redressal of their grievances, if any to the Registered office of the company as detailed below:-  
7-1-24/2/C, #301/A, Dhansi Surabhi complex,  
Greenlands, Ameerpet, Hyderabad – 500016.

**9. Disclosures**

No transactions of material nature has been entered into by the Company with the Promoters, Directors, the Management or relatives, etc., that may have potential conflict with the interest of the Company. Transactions with related parties are disclosed in the notes to the accounts in this Annual Report.

Details of non-compliance by the company, penalties, strictures imposed on the company by stock exchange or SEBI or any statutory authority on any matter related to capital markets during the last 3 years - NIL



**AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE**

To

The members of

Mahaveer Infoway Limited

We have examined the compliance of conditions of corporate governance by MAHAVEER INFOWAY LIMITED for the year ended 31st March, 2010 as stipulated in clause 49 of the Listing Agreement of the said company with stock exchange (s). The compliance of conditions of corporate governance is the responsibility of management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievances are pending for a period exceeding one month against the company as per the records maintained by the shareholder/investor grievance committee.

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

CA. N.KALYANA SUNDAR  
Partner  
For and on behalf of  
KALYANA & Co.,  
Chartered Accountants  
Membership No. 204247

Place: Hyderabad  
Date: 31.07.2010.

**MANAGEMENT AND DISCUSSION ANALYSIS****Overview**

MIL has its business operations across three Business Verticals viz. Information Technology, Telecom Products and Education Services. Each Business vertical is headed by able, experienced and proven professionals to take the company to the next level of growth.

**Trends and projections****Telecom Industry –MIL Future Projections.**

Indian Telecom	Statistics(Millions)
Total Telephone subscriber base	700.69
Tele-density	56.83%
Fixed-line user base	36.18
Wireless user base (GSM+CDMA+WLL(F))	635.51
<b>Monthly additions (Wireline + Wireless)</b>	<b>17.77</b>
Monthly additions (Wireline)	-0.21
Monthly additions (Wireless)	17.98

- Wireless handset business presents one of the fastest growing markets in India.
- 17.77 Million Subscribers are being added every month presenting a huge growth opportunity for Handset manufacturers.
- MIL through its brand "Zink Mobiles" plans to manufacture and sell through its distribution channel roughly 0.1 Million handsets a month.
- These translate to capture roughly around 0.05% market share of the current telecom market.
- This unit would contribute to a great extent to the Top line of the company and will contribute 30 crores to the company turn over this fiscal year.

**IT Industry –MIL Future Projections.**

- The current IT industry in India being hugely competitive also presents opportunity and place to players operating in Niche innovative technology areas.
- MIL is currently focusing into the niche area of Software Testing and has been able to build a place for itself in the hugely growing 1 Billion \$ software testing market.(as per nasscom).
- With the company's foray into Mobile handset manufacturing and huge growth opportunities in the same, the IT unit has been supporting the handset manufacturing unit in its Software development initiatives.

- The IT unit plans to diversify into Enterprise Mobile Application development and custom software development to the handset manufacturing industry.
- The company has currently 30 + software engineers deployed for its software development initiatives and plans to increase the headcount to 80 in the current fiscal year.
- This would contribute to the turnover to the company to around 4 Crores and contribute in a significant way to the bottom-line of the company.

#### **IT Education Industry –MIL Future Projections**

- The current IT education industry in India presents enormous growth opportunities to players with established associations with Recognized universities.
- MIL has been successful in establishing collaboration with Karnataka state open university, Mysore to impart Distance IT education to student fraternity in India.
- MIL plans to establish a network of 30+ study centres/channel partners across India and student base in excess of 1000 to be enrolled under this program.
- This would contribute to the turnover to the company around 4 crores and contribute in a significant way to the bottom-line of the company.

#### **Strengths**

- Young, Dynamic & Experience Management team from diverse backgrounds and geographies.
- Strong Foothold in emerging businesses of Telecom Mobile handsets, IT and Education.
- Seasoned IT professionals from Tier-1 outsourcing firms.
- Wide Distribution reach in South India.
- Small and nimble to react swiftly to dynamic market conditions.
- Double digit growth of wireless telecom subscriber base in India.
- Huge opportunity of Education & telecom handsets in untapped rural markets.
- Excellent relationships with banking fraternity.
- Technology driven systems and processes.

#### **Weaknesses**

- Price Fluctuation & sensitive Telecom markets.
- Attrition in Human resources in middle and lower management.
- Low management bandwidth.
- Lower Exposure to overseas to IT & Telecom markets.

#### **Opportunities**

- Building handset manufacturing capabilities in India.
- Export opportunities to emerging African markets in Telecom and IT.
- Huge spends in Indian domestic IT especially by Government Agencies.
- Building own Retail formats to cater to the growing telecom market.

#### **Threats**

- Attracting and retaining talented Human resources in middle and lower management.
- Strong lobbying by Class 'A' Players against the emerging manufacturers.
- Anti outsourcing policies from the hugely profitable US and European IT Markets.
- Government Policies against imported assembled Handsets.

#### **CAUTIONARY STATEMENT:**

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations may be "forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand/supply and price conditions in the domestic and international markets in which the Company operates, changes in the Government regulations, tax laws and other statutes and other incidental factors

## AUDITORS REPORT

To  
The Shareholders of  
MAHAVEER INFOWAY LIMITED  
Hyderabad.

1. We have audited the attached Balance Sheet of M/s MAHAVEER INFOWAY LIMITED, Hyderabad as at 31st March, 2010 and the Profit and Loss account and the cash flow statement of the Company for the year ended on that date annexed thereto. 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.
2. We 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 about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the annexure referred to above, we report that
  - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b. In our opinion, proper books of account, as required by law, have been kept by the company so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit.
  - c. The Balance Sheet, Profit and Loss account and cash flow statement dealt with by this report are in agreement with the books of account.
  - d. In our opinion, the Balance Sheet, Profit and Loss account and the Cash Flow statement dealt with this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
  - e. On the basis of written representations received from the directors, and taken on record by the Board of Directors, we report that none of the director is disqualified from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

- f. In our opinion, and to the best of our information and according to the explanations given to us, the said accounts together with the notes annexed thereto, give the information required by the Companies Act, 1956 (Act I of 1956), in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - i) in the case of the Balance Sheet, of the state of affairs of the company as at 31<sup>st</sup> March 2010.
  - ii) in the case of the Profit and Loss account, of the Profit for the period ended on that date; and
  - iii) in the case of the Cash Flow statement, of the Cash Flows for the year ended on that date.

Place: Hyderabad  
Date: 31.07.2010.

CA. N.KALYANA SUNDAR  
Partner  
For and on behalf of  
KALYANA & Co.,  
Chartered Accountants  
Membership No. 204247

## ANNEXURE TO THE AUDITORS REPORT

## (Referred to in paragraph 3 of our report of even date)

- (i) The nature of the Company's business/activities during the year is such that clause (xiii) of paragraph 4 of the companies (Auditor's Report) Order 2003 are not applicable to the Company for the year ended.
- (ii) In respect of its fixed assets:
  - (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - (b) All the assets have not been physically verified by the management during the year but there is a regular program of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
  - (c) In our opinion and according to the information and explanation given to us, the company has not made any substantial disposal during the year.
- (iii) In respect of its inventories:
  - (a) As explained to us inventories were physically verified during the year by the management at reasonable intervals.
  - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management were reasonable and adequate in relation to the size of the company and the nature of its business.
  - (c) In our opinion and according to the information and explanations given to us, the company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iv) In respect of loans, secured or unsecured, granted or taken by the company to or from other companies, firms and other parties covered in the register maintained under section 301 of the Companies Act, 1956 according to the information and explanation given to us:
  - (a) The parties to whom loans and advances in the nature of loan given by the company where stipulation have been made are generally repaying the principal amount as stipulated and have also be generally regular in payment of interest.
  - (b) The rate of interest and other terms and conditions of such loans are in our opinion, prima facie not prejudicial to the interest of the company.
- (v) 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 inventory, fixed assets and with regard to the sale of goods and services.

- (vi) In respect of the transactions entered in the register maintained pursuant to Sec 301 of the Companies Act, 1956,
  - (a) To the best of our knowledge and belief and according to the information and explanation given to us, transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
  - (b) In our opinion and according to the information and explanation given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time except that no comparison was possible in the case of purchase of items of highly specialized nature which we are informed that there are no alternative sources of supply.
- (vii) In our opinion and according to the information and explanation given to us the company has not accepted any deposits from the public with in the meaning Section 58A and 58AA of the Companies Act, 1956 and the rules framed there under.
- (viii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business. However, the scope and extent of internal audit need to be enlarged having regards to complexity and expanded operation of the company.
- (ix) The Central Government has not prescribed maintenance of cost record under Sec.209 (1)(d) of the Companies Act, 1956 for the company's products.
- (x) In respect of statutory dues :
  - (a) According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, sales tax, and cess were in arrears, as at 31<sup>st</sup> March, 2010 for a period of more than six months from the date they became payable.
- (xi) In our opinion, the company have no accumulated losses at the end of the year 31<sup>st</sup> March, 2010 . The company has no cash losses during the current year.
- (xii) According to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution or bank etc.
- (xiii) According to the information and explanation given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

- (xiv) In our opinion, and according to the information and explanation given to us, the company has maintained records and documents for investments in shares, securities and the investments are held in the name of the company.
- (xv) In our opinion and according to information and explanation given to us, the terms and conditions of the guarantees given by the company for the loans taken by others from banks or financial institutions, are not prima facie prejudicial to the interest of the company.
- (xvi) To the best of our knowledge and belief and according to the information and explanations given to us, the company has been sanctioned term loans by banks but is yet to utilize the same.
- (xvii) According to the cash flow statement and other records examined by us and the information and explanations given to us and on an overall basis, we report that the no funds raised on short-term basis have been used for long-term investment and vice versa.
- (xviii) The company has made preferential allotment of shares during the year.
- (xix) The company had not issued any debentures during the period covered by our audit report.
- (xx) The company has not raised money by public issues during the period covered by our audit report.
- (xxi) During the course of our examination of books and records of the company, carried out in accordance with the auditing standards generally accepted in India, we have neither come across any instance of fraud on or by the company was noticed or reported during the year, nor have we been informed of any such case by the management of the company.

CA. N.KALYANA SUNDAR  
Partner  
For and on behalf of  
KALYANA & Co.,  
Chartered Accountants  
Membership No. 204247

Place: Hyderabad  
Date: 31.07.2010.

**BALANCE SHEET AS AT 31 st MARCH, 2010**

		As at 31-3-2010 Rs.	As at 31-3-2009 Rs.
	Schedule		
<b>SOURCES OF FUNDS :</b>			
<b>Share holders' funds</b>			
Share Capital	1	55,090,000	29,493,400
Reserves and Surplus	2	3,112,873	1,696,907
		58,202,873	31,190,307
<b>Loans Funds</b>			
Secured Loans	3	7,772,061	6,196,980
Unsecured Loans	4	3,202,694	4,719,661
<b>TOTAL</b>		<u>69,177,628</u>	<u>42,106,948</u>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	5	12,198,612	11,318,701
Less : Depreciation		4,376,012	3,747,507
Net Block		<u>7,822,700</u>	<u>7,571,194</u>
<b>Investment</b>	6	<u>6,984,050</u>	<u>3,284,050</u>
<b>Current Assests, Loan and Advances</b>			
Inventory	7	11,968,975	4,857,174
Sundry Debors	8	39,593,429	52,789,475
Cash and Bank Balances	9	2,983,598	1,093,730
Other Current Assets	10	1,182,281	795,331
Loan and Advances	11	18,102,889	23,489,873
		<u>73,831,172</u>	<u>83,025,583</u>
<b>Less : Current Liability and Provisions</b>			
Current Liabilities	12	17,870,995	50,994,742
Provisions	12	1,589,399	779,137
		<u>19,460,394</u>	<u>51,773,879</u>
Net Current Assets		<u>54,370,878</u>	<u>31,251,704</u>
<b>Miscellaneous Expenditure</b>			
<b>TOTAL</b>		<u>69,177,528</u>	<u>42,106,948</u>
Notes to Accounts	17		

The Schedules referred to above form an integral part of the Balance Sheet  
This is the Balance Sheet referred to in our report of even date

For and on behalf of the Board

CA N Kalyana Sundar  
Partner  
For and on behalf of  
KALYANA & CO  
Chartered Accountants  
Place: Hyderabad  
Date : 31.07.2010

Managing Director      Director

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2010

PARTICULARS	SCH- DULE	Year ended 31.03.2010	Year ended 31.03.2009
<b>INCOME</b>			
Sales Less Returns		203,777,085	118,846,834
Other Income	13	2,954,790	5,160,976
Increase / (Decrease) in Stock		7,247,101	780,212
<b>TOTAL</b>		<b>213,978,976</b>	<b>124,788,022</b>
<b>EXPENDITURES</b>			
Purchases Less Returns		202,024,256	107,242,169
Operating Expenses	14	6,219,480	11,843,763
Administrative and Other Expenses	15	2,224,702	3,286,797
Interest	16	855,191	1,015,424
Depreciation		628,506	709,145
<b>TOTAL</b>		<b>211,952,135</b>	<b>124,097,298</b>
Profit before taxation		2,026,841	690,724
Provision for Current year taxation		653,623	268,633
Provision for fringe benefit tax		-	38,609
Provision for deferred tax liability		(42,748)	(66,099)
Profit for the year		1,415,965	449,581
Profit /(loss) brought from previous year		1,217,160	767,578
Profit available for appropriations		2,633,125	1,217,159
<b>APPROPRIATIONS</b>			
Balance carried to Balance Sheet		2,633,125	1,217,159
Notes to Accounts	17		

The Schedules referred to above form part of the Profit and Loss Account  
This is the Profit and Loss Account referred to in our report of even date

For and on behalf of the Board

CA N Kalyana Sundar  
Partner  
For and on behalf of  
KALYANA & CO  
Chartered Accountants  
Place: Hyderabad  
Date : 31.07.2010

Managing Director      Director

## PARTICULARS

	As at 31.03.2010	As at 31.03.2009
<b>SCHEDULE - 1</b>		
Authorised :		
60,00,000 ( PY 35,00,000) Equity Shares of Rs 10 each	60,000,000	35,000,000
	<u>60,000,000</u>	<u>35,000,000</u>
Issued, Subscribed and Paid Up:		
55,090,000 (PY 30,09,000) Equity Share of Rs10 each	55,090,000	30,090,000
Less : Calls in arrears	-	596,600
	<u>55,090,000</u>	<u>29,493,400</u>
<b>SCHEDULE - 2</b>		
<b>RESERVES &amp; SURPLUS</b>		
Reserve fund ( Statutory)	479,748	479,748
Profit and Loss account	2,633,125	1,217,159
	<u>3,112,873</u>	<u>1,696,907</u>
<b>SCHEDULE - 3</b>		
<b>SECURED LOANS</b>		
Cash Credit from Axis Bank Ltd	7,772,061	6,196,980
(Secured by Hypothecation of property belonging to relative of Directors and Personal Guarantee of Directors and Others	7,772,061	6,196,980
<b>SCHEDULE - 4</b>		
<b>UNSECURED LOANS</b>		
Unsecured Loans from Directors & Others	3,202,694	4,719,661
	<u>3,202,694</u>	<u>4,719,661</u>

## 5. FIXED ASSETS

PARTICULARS	Gross Block			Depreciation				Net Block	
	As on 1.4.2009	Addi- tions	Deduc- tions	As on 31-3-10	As on 1-4-09	for Cur- rent year	Dep. Adj- ustments	As on 31-3-10	As on 31-3-09
Land & Bldg	5536515	-	-	5536515	-	-	-	5536515	5536515
Plant & Machinery	227677	200820	-	428497	91079	34504	-	125583	302914
Computers	2287042	30000	-	2317042	1793543	204219	-	1997762	319280
Office Equipment	25100	-	-	25100	6977	2521	-	9498	15602
Furniture & Fixtures	1964410	-	-	1964410	1260968	127323	-	1388291	576119
Vehicles	1277957	649091	-	1927048	594939	259940	-	854879	1072169
	<b>11318701</b>	<b>879911</b>	-	<b>12198612</b>	<b>3747506</b>	<b>628507</b>	-	<b>4376013</b>	<b>7822599</b>
Previous Year	11206901	111800	-	11318701	3038361	709145	-	3747506	7571195

	As at 31.03.2010	As at 31.03.2009
<b>SCHEDULE - 6</b>		
<b>INVESTMENTS (at Cost)</b>		
Equity shares (Unquoted)		
Mahaveer Skyscrapers Limited ( Subsidiary)	2,619,000	2,619,000
Arihant Optics Ltd	500,000	500,000
AP Mahesh Co-op Bank	150,050	150,050
Hygrowth Finance	15,000	15,000
Leo Infrastructure	3,600,000	-
Minfy Impex	100,000	-
	<u>6,984,050</u>	<u>3,284,050</u>
<b>SCHEDULE - 7</b>		
Inventory		
(As certified by the management , at cost or net realisable value which ever is less)		
Closing stocks	11,968,975	4,857,174
	<u>11,968,975</u>	<u>4,857,174</u>
<b>SCHEDULE - 8</b>		
Sundry Debtors		
Sundry Debtors-less than Six Months	39,593,429	50,996,357
Sundry Debtors (Above Six Month)	-	1,793,118
	<u>39,593,429</u>	<u>52,789,475</u>
<b>SCHEDULE - 9</b>		
Cash and Bank Balance		
Cash in Hand	1,253,638	225,920
With Scheduled Bank in current Account	1,729,960	867,810
	<u>2,983,598</u>	<u>1,093,730</u>
<b>SCHEDULE - 10</b>		
<b>OTHER CURRENT ASSETS</b>		
Deposits with Parties	1,182,281	795,331
	<u>1,182,281</u>	<u>795,331</u>
<b>SCHEDULES - 11</b>		
<b>LOANS AND ADVANCES</b>		
(Unsecured and Considered good)		
Advances Recoverable in Cash or in Kind or for value to be received	16,190,475	21,860,631
Advance Income tax and TDS	1,912,414	1,629,242
	<u>18,102,889</u>	<u>23,489,873</u>

	As at 31.03.2010	As at 31.03.2009
<b>SCHEDULES - 12</b>		
<b>CURRENT LIABILITIES AND PROVISIONS</b>		
<b>A Current Liabilities</b>		
Sundry Creditors	17,605,407	49,899,396
Advances received	231,338	60,395
Outstanding Liabilities	34,250	1,034,951
	<u>17,870,995</u>	<u>50,994,742</u>
<b>B Provisions</b>		
Provision for taxation	1,678,246	786,628
Deferred Tax Liability	(88,847)	(46,099)
Provision for FBT	-	38,609
TOTAL	<u>1,589,399</u>	<u>779,138</u>
<b>SCHEDULE - 13</b>		
<b>OTHER INCOME</b>		
Computer Training Income	1,734,142	480,750
Income from VUE	-	75,000
Interest Income	429,773	404,588
Miscellaneous Income	743,456	4,163,318
Dividend income	47,419	37,320
	<u>2,954,790</u>	<u>5,160,976</u>
<b>SCHEDULE - 14</b>		
<b>OPERATING EXPENDITURE</b>		
Advertisement Expenses	-	113,842
Electricity charges	131,181	130,060
Communication Expenses	459,551	388,651
Traveling and Conveyance	333,737	525,101
Miscellaneous expenses	235,924	548,682
Postage & Courier expenses	103,762	58,227
Rent 953,000	821,950	
Staff Welfare Account	310,869	234,055
Salaries and Bonus	1,120,326	5,316,482
Managing Directors Remuneration	300,000	300,000
Other Directors Remuneration	912,000	912,000
Repairs and Maintenance	474,520	485,667
Courseware Expenses	884,610	2,009,046
	<u>6,219,480</u>	<u>11,843,763</u>

	As at 31.03.2010	As at 31.03.2009
<b>SCHEDULE - 15</b>		
<b>ADMINISTRATIVE AND OTHER EXPENSES</b>		
Rates and taxes	207,682	88,212
Legal and Consultancy Charges	355,240	618,009
Insurance	59,161	28,472
Payment to auditors	47,469	22,060
Printing & Stationery	85,893	143,878
Bank charges	249,829	72,754
Commission paid	391,552	701,182
Stipend	308,934	1,612,230
Annual Charges	98,541	-
Filing fees	163,500	-
Listing fees	82,723	-
Sundry Balances written off	174,178	-
	<u>2,224,702</u>	<u>3,286,797</u>
<b>SCHEDULE - 16</b>		
<b>INTEREST &amp; FINANCE CHARGES</b>		
	855,191	1,015,424
	<u>855,191</u>	<u>1,015,424</u>

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31-3-2010

Particulars	2008-2010	2007-2009
<b>Cash Flow From Operating Activity :</b>		
Net Profit for Year carried to B/S	1,415,965	449,581
Adjustments for :		
Provisions	610,875	241,143
Depreciation	628,506	709,145
Financial Charges	855,191	1,015,424
Interest Received	(429,773)	(404,588)
Dividend Received	(47,419)	(37,320)
<b>Cash Flow before Working Capital Changes</b>	<b>3,033,345</b>	<b>1,973,385</b>
(Increase)/Decrease in Debtors	13,196,046	(43,852,112)
(Increase)/Decrease in stock	(7,111,801)	219,789
(Increase)/Decrease in Advances	5,386,984	(5,499,141)
(Increase)/Decrease in other Current Assets	(386,950)	1,193,922
Increase/(Decrease) in Current Liabilities	(32,924,360)	42,972,975
	(18,806,736)	(2,991,182)
Less : Tax paid	-	242,444
<b>Net Cash Flow from Operating Activities</b>	<b>(18,806,736)</b>	<b>(3,233,626)</b>
<b>Cash Flow From Investing Activity :</b>		
Sale/(Purchase) of Fixed Assets	(879,911)	(111,800)
Interest Received	429,773	404,588
Dividend received	47,419	37,320
Sale/(Purchase) of Investment	(3,700,000)	5,010,000
<b>Net Cash Flow from Investing Activities</b>	<b>(4,102,719)</b>	<b>5,340,108</b>
<b>Cash Flow From Financing Activity :</b>		
Financial Charges	(855,291)	(1,015,424)
Secured Loan raised	1,575,081	46,511
Unsecured Loans repaid	(1,516,967)	(2,178,249)
Share Capital rased	25,596,500	
<b>Net Cash Flow from Financing Activities</b>	<b>24,799,423</b>	<b>(3,147,162)</b>
Net Cash Flow from Operating Activities	(18,806,736)	(3,233,626)
Net Cash Flow from Investing Activities	(4,102,719)	5,340,108
Net Cash Flow from Financing Activities	24,799,423	(3,147,162)
	1,889,968	(1,040,680)
Add: Opening Cash and Cash Equivalents	1,093,730	2,134,410
Closing Cash and Cash Equivalents	<b>2,983,598</b>	<b>1,093,730</b>

## AUDITORS CERTIFICATE

We have verified the above Cash Flow Statement of Mahaveer Infoway Limited derived from the audited annual accounts for the year ended 31.03.2010 and found that the same to be drawn in accordance therein and also with the requirement of Clause 32 of Listing Agreement with Ahmedabad Stock Exchange Ltd

CA. N.KALYANA SUNDAR  
Partner  
Kalyana & Co.,  
Chartered Accountants

Place: Hyderabad  
Date: 31.07.2010



## SCHEDULE 17

## NOTES ON ACCOUNTS

## Significant Accounting Policies and Notes to the Accounts

## I. Significant Accounting Policies:

## Accounting Assumptions

The financial statements have been prepared on the basis of going concern, under historical cost convention on accrual basis, to comply in all material aspects with the applicable accounting principles in India, the Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Indian Companies Act, 1956.

## Revenue Recognition

- a) Income is recognized on accrual basis unless otherwise stated in these accounts.
- b) Revenue from sale is recognized after dispatch of goods to customers.
- c) Revenue for services is recognized after completion of each stage of service
- d) Revenue from software development (on time or material basis) is recognized based on software developed and billed to the clients.

## Fixed Assets and Depreciation

Fixed Assets are stated at cost of acquisition less depreciation. Cost of acquisition is inclusive of freight, duties levies and all incidentals attributable to bringing the assets to its working condition. Assets under installation or under construction as at balance sheet date are shown as capital work in progress.

Depreciation is provided pro rata to the period of use on the written down value method at the rates specified under Schedule XIV of the Companies Act, 1956 except the Temporary structures. Depreciation on Temporary structures is provided over the construction period on straight line method. Individual assets costing less than Rs.5,000 are fully depreciated in the year of acquisition.

## Foreign Exchange Transactions

The transactions in foreign currency are accounted at the exchange rate prevailing on the date of transaction. Gains / Losses arising out of fluctuations in exchange rates are accounted for in the Profit and Loss Account on realization / payment.

Foreign currency monetary assets and liabilities are translated at the exchange rate prevailing on the Balance Sheet date and resultant gain or loss is recognised in the Profit and Loss Account.

## Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments.

All investments are stated at cost, i.e., cost of acquisition inclusive of expenditure incidental to acquisition. Income from investments is recognised in the accounts in the year in which it is accrued and stated at gross values.

Short Term Investments are valued at cost or market value whichever is lower. In case of Long Term Investments, provision for diminution in value is made when it is permanent and material.

## Retirement Benefits

Gratuity liability under the Payment of Gratuity Act is accrued and provided for on cash basis.

## Borrowing Costs

Borrowing costs are recognized as expenditure in the year in which they are incurred.

## Earnings Per Share

The earnings considered in ascertaining the Company's Earnings per Share (EPS) comprise the net profit/ (loss) after tax. The number of shares used in computing Basic EPS is the weighted average number of shares outstanding during the year. The number of shares used in computing Diluted EPS comprises of weighted average shares considered for deriving Basic EPS, and also the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares where applicable. Dilutive potential equity shares are deemed to have been converted as of the beginning of the year, unless they have been issued at a later date.

## Taxes on Income

Tax expense comprises both current and deferred taxes. Provision for current tax is made based on the applicable tax rates and tax laws with respect to that year. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between financial statements carrying amounts of existing assets and liabilities and their respective tax bases and operating loss carry forwards. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. The effect of deferred tax assets and liabilities of a change in tax rates is recognized in the profit and loss account in the year of change.

## II. Notes to Accounts:

## 1. Contingent Liabilities and Commitments

Estimated amount of contracts remaining to be executed on capital accounts and not provided for, net of advances is Rs. Nil

## 2. Investments

- a. Investment includes 5000 shares of Arihant Optics Limited amounting to Rs.500000/- are yet to be transferred in the name of the Company.

## 3. Fixed Assets

Fixed Assets include Rs.4410000/- for a share in Land & Building at Plot No.47, IDA, Balanagar, Hyderabad acquired in an Auction conducted by the Debts Recovery Tribunal Department of Economic Affairs, Govt. Of India in the name of one of the Director Sri Rajender Kumar Jain for and on behalf of the company.

## 4. Segment Reporting

In the opinion of the management the company's business activity carried on during the year consist of one reportable segment and as such no separate reporting is given.

## 5. Related Party transactions

The company has identified all related parties and details of transactions are given below. No provision for doubtful debts or advances is required to be made. No amounts have been written off or written back during the year in respect of debts due from or related parties. There are no other related parties where control exists that needs to be disclosed.

- a) Names of related parties and description of relationship

Nature of Relationship	Name of the Related Party	
Subsidiary	Nil	
Key Management Personnel (KMP)	Mr.Ashok Kumar Jain	Managing Director
	Mr.Rajender Kumar Jain	Director
	Mr.Vijay Kothari	Director
	Mr.Jitendra Bhansali	Director
	Mr.Prasanna Dixit	Director
	Mr Vineet Maharia	Director
	Mr. Budhi Prakash	Director
Mr. Vijay Kumar Taori	Director	
Enterprises where KMP have significant influence	Mahaveer Skyscrapers Ltd	

b) Summary of Transactions with the above related parties are as follows:

**(Amount in Rupees)**

Particulars	2010	2009
Investment in Enterprises where KMP have significant influence	26,19,000	26,19,000
Remuneration to KMP	12,12,000	12,12,000
Rent Paid to relative of KMP	600,000	600,000

Transactions and outstanding balances in the nature of reimbursement of expenditure incurred by one Company on behalf of the other have not been considered above.

c) Period End Balances

**(Amount in Rupees)**

Particulars	2010	2009
Investment in Enterprises where KMP have significant influence	26,19,000	26,19,000
Rent Deposit with relative of KMP	500,000	500,000

## 6. Taxation

Current income tax is ascertained on the basis of assessable profits computed in accordance with the provisions of the income tax Act, 1961 and it is charged to the profit and loss of the year.

## 7. Lease Obligations

(i) Lease payments made under cancellable operating leases amounting to Rs.953,000 (2009 – Rs.821,950) have been recognised as an expense in the Expenditure during construction period pending allocation (net) and Profit and Loss Account as per the generally accepted accounting principles..

## 8. Earning Per Share (EPS)

Particulars	2010	2009
Net Profit/ (Loss) after taxes for the year (Rs.)	1,415,965	449,581
Weighted average number of Equity Shares of Rs.10 each outstanding during the period(Used for calculation of Basic and Diluted Earnings Per Share)	5,508,990	3,090,000
Earnings per Share Basic and Diluted (Rs.)	0.26	0.14

9. Company has not paid any interest or any interest payable is outstanding to Micro, Small or Medium Enterprises (under the provisions of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006) during the year ended March 31, 2009.

## 10. Managerial Remuneration: (Amount in Rupees)

Particulars	2010	2009
Salaries and Allowances	1,212,000	1,212,000
<b>Total</b>	<b>1,212,000</b>	<b>1,212,000</b>

## 11. Auditors' Remuneration (Amount in Rupees)

Particulars	2010	2009
Audit Fees (excluding service tax)	30,000	30,000
<b>Total</b>	<b>30,000</b>	<b>30,000</b>

12. In the opinion of the Management and to the best of their knowledge and belief realization of current assets and loans and advances are not less than the amount at which they are stated in the Balance Sheet and are subject to confirmation from respective parties.

## 13. Foreign Exchange Outflow (Amount in Rupees)

Particulars	2010	2009
<b>Fees to Consultants</b>		
<b>Purchase of software &amp; mobiles</b>	<b>59.23 lacs</b>	<b>--</b>
<b>Travelling Expenses</b>		
<b>Total</b>	<b>59.23 lacs</b>	

14. The management is of the opinion that the carrying amounts of fixed assets and other assets are not less than their respective net realizable values.

15. Additional Information pursuant to paragraphs 3, 4, 4-C and 4-D of part-II of Schedule VI to the Companies Act, 1956 to the extent either "Nil" or "Not Applicable" has not been furnished.

16. Previous year's figures have been regrouped and reclassified, wherever necessary, to conform to those of the current year.

CA. N.KALYANA SUNDAR  
Partner  
For and on behalf of Kalyana & Co.,  
Chartered Accountants  
Place: Hyderabad  
Date: 31.07.2010

Ashok Kumar Jain  
Managing Director  
Place: Hyderabad  
Date: 31.07.2010

Rajender Kumar Jain  
Director  
For and on behalf of the Board

**BALANCE SHEET ABSTRACT AND  
COMPANY'S GENERAL BUSINESS PROFILE**

**I. Registration Details:**

Registration No. 12704 State Code 01  
Balance Sheet Date 31.03.2010

**II. Capital Raised during the year (Amount in thousands):**

Public Issue NIL Rights Issue NIL  
Bonus Issue NIL Private Placement 25,596

**III. Position of Mobilisation and Deployment of Funds: (Amount in thousands)**

Total Liabilities 69,177 Total Assets 69,177

**Sources of Funds:**

Paid-up Capital 55,090 Reserves & Surplus 3,113  
Share Application — Unsecured Loans 3,203  
Secured Loans 7,772

**Application of Funds:**

Net Fixed Assets 7,822 Investments 6,984  
Net Current Assets 54,371 Miscellaneous Exp. —

**IV. Performance of company (Amount in thousands)**

Turnover 213,979 Total Expenditure 211,952  
Profit/Loss before tax 2,026 Profit/Loss after Tax 1,415  
Earning per Share in Rs. 0.26 Dividend Rate % —

**V. Generic Names of three Principal Products/Services of the company  
(as per monetary terms)**

Item Code No.(ITC Code)  
Product Description

For and on Behalf of the Board

Sd/-  
**Ashok Kumar Jain**  
Managing Director

Sd/-  
**Rajender Kumar Jain**  
Director

**MAHAVEER INFOWAY LIMITED**

7-1-24/2/C, 301/A, Dhansi Surabhi Complex,  
Greenlands, Ameerpet, Hyderabad - 500 016.

**PROXY FORM**

Regd. Folio No. \_\_\_\_\_

I/We : \_\_\_\_\_ of : \_\_\_\_\_

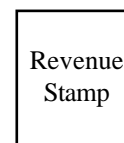
\_\_\_\_\_ in the district of \_\_\_\_\_ being

a member/members of the above named company hereby appoint \_\_\_\_\_

of: \_\_\_\_\_ as my/our proxy to vote for me/us on my/our  
behalf at the 19th Annual General Meeting of the Company, to be held on  
Tuesday, the 31st day of August, 2010 at 11.00 A.M.

Signed this the \_\_\_\_\_ day of \_\_\_\_\_ 2010.

Signature \_\_\_\_\_



NOTE :The instrument of Proxy shall be deposited at the Registered Office  
of the company not less than 48 hours before the time of holding the meeting.

**A PROXY NEED NOT BE A MEMBER.**

**MAHAVEER INFOWAY LIMITED**

7-1-24/2/C, 301/A, Dhansi Surabhi Complex,  
Greenlands, Ameerpet, Hyderabad - 500 016.

**ATTENDANCE SLIP**

**18th Annual General Meeting - 15th September 2010**

I Certify that I am a registered Shareholder/Proxy for the registered shareholder  
of the Company.

I hereby record my presence at the 19th Annual General Meeting of the Company  
at the Regd.Office 7-1-24/2/C, #301/A, Dhansi Surabhi Complex, Greenlands,  
Ameerpet, Hyderabad on Tuesday, the 31th day of August, 2010 at 11.00 A.M.

Member's/Proxy Name  
BLOCK LETTERS

Member's / Proxy  
Signature

NOTE : Please fill in this attendance slip and hand it over at the Meeting Hall.