

MP ONLINE LIMITED  
BALANCE SHEET AS AT MARCH 31, 2009

	Schedule	As at March. 31, 2009 Rupees	As at March. 31, 2008 Rupees
<b>SOURCES OF FUNDS</b>			
1	SHAREHOLDERS' FUND		
	Share Capital	A 1,00,00,000	1,00,00,000
2	LOAN FUNDS		
	Unsecured Loans	B 1,70,45,000	1,70,45,000
3	DEFERRED TAX LIABILITY (NET)	C -	1,79,281
4	<b>TOTAL FUNDS EMPLOYED</b>	<b>2,70,45,000</b>	<b>2,72,24,281</b>
<b>APPLICATION OF FUNDS</b>			
5	FIXED ASSETS		
	(a) Gross Block	D 1,78,40,026	85,64,418
	(b) Less :- Accumulated Depreciation	71,88,729	37,20,744
	(c) Net Block	1,06,51,297	48,43,674
	(d) Capital work-in-progress	-	43,50,830
		1,06,51,297	91,94,504
6	CURRENT ASSETS, LOANS AND ADVANCES		
	(a) Sundry Debtors	E 37,61,563	91,893
	(b) Cash and Bank Balances	F 24,38,34,939	92,91,146
	(c) Loans and Advances	G 85,64,447	3,90,902
		25,61,60,949	97,73,941
7	CURRENT LIABILITIES AND PROVISIONS		
	(a) Current Liabilities	H 25,25,31,910	72,18,791
	(b) Provisions	I 1,04,41,058	79,990
		26,29,72,968	72,98,781
8	NET CURRENT ASSETS [ (6) less (7) ]	(68,12,019)	24,75,160
9	Profit and Loss Account - Debit balance	2,32,05,722	1,55,54,617
10	<b>TOTAL ASSETS (NET)</b>	<b>2,70,45,000</b>	<b>2,72,24,281</b>
11	NOTES TO ACCOUNTS	M	

As per our report attached

For Deloitte Haskins & Sells  
Chartered Accountants

  
N. VENKATRAM  
Partner

For and on behalf of

MP Online Limited

  
BARINDRA SANYAL  
Director

  
V. RAJANNA  
Director

  
A R GOWRI  
Company Secretary

Mumbai, April 16, 2009

Mumbai, April 16, 2009



MP ONLINE LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2009

	For the year ended March 31, 2009 Rupees	For the year ended March 31, 2008 Rupees
<b>1 CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxes and exceptional items	(77,62,351)	(1,18,37,004)
Adjustments for:		
Depreciation	34,67,985	24,85,568
Interest expense	14,22,463	6,54,244
<b>Operating Loss before working capital changes</b>	<b>(28,71,903)</b>	<b>(86,97,192)</b>
Sundry Debtors	(36,69,670)	(91,893)
Loans and Advances	(81,69,773)	(71,752)
Current Liabilities and Provisions	25,56,79,687	54,27,636
<b>Cash provided by / ( used in ) operations</b>	<b>24,09,68,341</b>	<b>(34,33,201)</b>
Taxes paid	(77,307)	(60,461)
<b>Net cash provided by / ( used in ) operating activities</b>	<b>24,08,91,034</b>	<b>(34,93,662)</b>
<b>2 CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(49,24,778)	(54,10,728)
<b>Net cash used in investing activities</b>	<b>(49,24,778)</b>	<b>(54,10,728)</b>
<b>3 CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Borrowings	-	1,55,00,000
Interest paid	(14,22,463)	(7,01,371)
<b>Net cash (used in ) / provided by financing activities</b>	<b>(14,22,463)</b>	<b>1,47,98,629</b>
<b>Net increase in cash and cash equivalents</b>	<b>23,45,43,793</b>	<b>58,94,239</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>92,91,146</b>	<b>33,96,907</b>
<b>Cash and cash equivalents at end of the year</b>	<b>24,38,34,939</b>	<b>92,91,146</b>

**Note**

Cash and Cash equivalents as on March 31, 2009 includes restricted cash of Rs. 16,09,95,400 ( March 31, 2008 : Rs. Nil) (Refer Note 6)

As per our report attached

For Deloitte Haskins & Sells  
Chartered Accountants

  
N. VENKATRAM  
Partner

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MP Online Limited

  
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A R GOWRI  
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Mumbai, April 16, 2009

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MP ONLINE LIMITED

Schedules forming part of the Balance Sheet

	As at March. 31, 2009 Rupees	As at March. 31, 2008 Rupees
<b>SCHEDULE 'A'</b>		
<b>SHARE CAPITAL</b>		
<u>Authorised :</u>		
10,00,000 equity shares of Rs. 10/- each	1,00,00,000	1,00,00,000
<u>Issued, Subscribed and Paid up:</u>		
10,00,000 equity shares of Rs. 10/- each (8,90,000 equity shares are held by Tata Consultancy Services Limited, the holding company)	1,00,00,000	1,00,00,000
	<b>1,00,00,000</b>	<b>1,00,00,000</b>

	As at March. 31, 2009 Rupees	As at March. 31, 2008 Rupees
<b>SCHEDULE 'B'</b>		
<b>LOANS - UNSECURED</b>		
(i) Others -Tata Consultancy Services Limited (Includes Rs. Nil repayable within one year, March 31, 2008 : Rs. Nil)	1,70,45,000	1,70,45,000
	<b>1,70,45,000</b>	<b>1,70,45,000</b>

	As at March. 31, 2009 Rupees	As at March. 31, 2008 Rupees
<b>SCHEDULE 'C'</b>		
<b>(a) DEFERRED TAX LIABILITIES (NET)</b>		
(i) Deferred Tax Liability Depreciation	-	2,04,601
(ii) Deferred Tax Asset Employee Benefits	-	(25,320)
	-	<b>1,79,281</b>

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**MP ONLINE LIMITED**

Schedules forming part of the Balance Sheet  
**SCHEDULE 'D'**

**FIXED ASSETS**

Description	Rupees							
	Gross Block as on April 1, 2008	Additions	Gross Block as on Mar 31, 2009	Accumulated Depreciation as on April 1, 2008	Depreciation	Accumulated Depreciation as on Mar 31, 2009	Net book value as at Mar 31, 2009	Net book value as at March 31, 2008
<b>(a) TANGIBLE FIXED ASSETS</b>								
COMPUTER EQUIPMENT	53,72,712	8,28,500	62,01,212	(19,36,101)	(13,33,104)	(32,69,205)	29,32,007	34,36,611
OFFICE EQUIPMENT	5,09,219	8,48,490	13,57,709	(79,064)	(154,704)	(233,768)	1,123,941	4,30,155
ELECTRICAL INSTALLATIONS	11,33,306	23,52,518	34,85,824	(2,00,040)	(2,92,987)	(4,93,027)	29,92,797	9,33,266
FURNITURE AND FIXTURES	14,99,181	30,59,630	45,58,811	(14,98,895)	(15,25,910)	(30,24,805)	15,34,006	286
LEASE HOLD IMPROVEMENTS	-	21,86,470	21,86,470	-	(1,36,280)	(1,36,280)	20,50,190	-
<b>(b) INTANGIBLE ASSETS</b>								
SOFTWARE LICENCES	50,000		50,000	(6,644)	(25,000)	(31,644)	18,356	43,356
<b>Total</b>	<b>85,64,418</b>	<b>92,75,608</b>	<b>1,78,40,026</b>	<b>(37,20,744)</b>	<b>(34,67,985)</b>	<b>(71,88,729)</b>	<b>1,06,51,297</b>	<b>48,43,674</b>
Previous year	75,04,520	10,59,898	85,64,418	(12,35,176)	(24,85,568)	(37,20,744)	48,43,674	62,69,344
Capital Work-in-progress							-	43,50,830
(Includes Capital Advances of Rs. Nil, March 31, 2008 Rs. 43,50,830/-)								
<b>Grand Total</b>							<b>1,06,51,297</b>	<b>91,94,504</b>

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MP ONLINE LIMITED

Schedules forming part of the Balance Sheet

	As at March. 31, 2009 Rupees	As at March. 31, 2008 Rupees
<b>SCHEDULE 'E'</b>		
<b>SUNDRY DEBTORS</b>		
(a) Over six months (Unsecured)		
(i) Considered good	3,11,954	-
(ii) Considered doubtful		
(b) Others (Unsecured)		
(i) Considered good	34,49,609	91,893
(ii) Considered doubtful		
	<b>37,61,563</b>	<b>91,893</b>
<b>SCHEDULE 'F'</b>		
<b>CASH AND BANK BALANCES</b>		
(a) Cash on hand	3,543	5,398
(b) Balances with Scheduled Banks		
In Current accounts	1,15,581	92,85,748
In Deposit Accounts	24,37,15,815	-
	<b>24,38,34,939</b>	<b>92,91,146</b>
<b>SCHEDULE 'G'</b>		
<b>LOANS AND ADVANCES</b>		
(a) Advances recoverable in cash or kind or for value to be received	85,60,675	3,90,902
(b) Advance Tax	3,772	-
	<b>85,64,447</b>	<b>3,90,902</b>
<b>SCHEDULE 'H'</b>		
<b>CURRENT LIABILITIES</b>		
(a) Sundry Creditors ( Refer Note 6 and 11 )	23,20,02,844	52,23,428
(b) Advances from customers	1,92,43,829	19,95,363
(c) Other Liability	12,85,237	-
	<b>25,25,31,910</b>	<b>72,18,791</b>

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MP ONLINE LIMITED

Schedules forming part of the Balance Sheet

	As at March. 31, 2009	As at March. 31, 2008
	Rupees	Rupees
<b>SCHEDULE 'I'</b>		
<b>PROVISIONS</b>		
(a) Fringe Benefit Tax	-	5,500
(b) Employee retirement benefits	1,96,928	74,490
(c) Provision for Contingencies ( Refer Note 6 )	1,02,44,130	-
	<b>1,04,41,058</b>	<b>79,990</b>

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**MP ONLINE LIMITED**

Schedules forming part of the Profit and Loss Account

	For the year ended March 31, 2009 Rupees	For the year ended March 31, 2008 Rupees
<b>SCHEDULE 'J'</b>		
<b>OTHER INCOME</b>		
Rent (Tax deducted at source: Rs.18,540, March 31, 2008 : Rs.16,528)	1,08,450	1,40,000
Interest Income (Tax deducted at source : Rs. 26,67,152, March 31, 2008 : Rs.Nil)	1,18,37,536	-
	<b>1,19,45,986</b>	<b>1,40,000</b>
	For the year ended March 31, 2009 Rupees	For the year ended March 31, 2008 Rupees
<b>SCHEDULE 'K'</b>		
<b>EMPLOYEE COSTS</b>		
(a) Salaries	32,70,118	16,90,150
(b) Contribution to -		
(i) Provident Fund	2,14,314	75,391
(ii) Gratuity	48,107	18,276
(c) Staff welfare expenses	1,36,077	92,591
	<b>36,68,616</b>	<b>18,76,408</b>

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**MP ONLINE LIMITED**

Schedules forming part of the Profit and Loss Account

	For the year ended March 31, 2009 Rupees	For the year ended March 31, 2008 Rupees
<b>SCHEDULE 'L'</b>		
<b>OPERATION AND OTHER EXPENSES</b>		
(a) Services rendered by business associates and others	47,94,526	34,60,710
(b) Software, hardware and material costs	3,53,488	2,51,002
(c) Commission	69,25,383	3,41,224
(d) Communication expenses	16,92,815	13,75,915
(e) Travelling and conveyance expenses	8,21,666	7,77,112
(f) Rent	9,69,568	7,45,274
(g) Legal and professional fees	19,566	17,633
(h) Repairs & Maintenance	3,44,536	1,45,112
(i) Electricity expenses	8,19,891	4,42,335
(j) Recruitment and Training expenses	2,200	-
(k) Printing and stationery	63,209	74,532
(l) Insurance	35,257	7,219
(m) Rates and taxes	17,663	5,740
(n) Advertisement and Publicity	14,784	2,61,516
(o) Security services	3,06,980	1,74,000
(p) Provision for Contingencies ( Refer Note 6 )	1,02,44,130	-
(q) Other expenses	1,96,565	1,52,552
	<b>2,76,22,227</b>	<b>82,31,876</b>



## Schedule M – Notes to Accounts

### A. Significant accounting policies

a) Basis of Preparation

The financial statements are prepared under the historical cost convention and the requirements of the Companies Act, 1956.

b) Use of estimates

The preparation of financial statements requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the year.

c) Fixed Assets

Fixed Assets are stated at cost, less accumulated depreciation. Costs include all expenses incurred to bring the assets to its present location and condition.

Fixed assets exclude computers and other assets individually costing Rs.10, 000 or less which are not capitalised except when they are part of a larger capital investment programme.

d) Depreciation

Depreciation is charged so as to write-off the cost of assets, on the following basis:

<b>Name of the Asset</b>	<b>Method of Depreciation</b>	<b>Rate of Depreciation</b>
Computer Equipment	Straight line	25%
Office Equipment	Written down value	13.91%
Electrical Installations	Written down value	13.91%
Furniture and Fixtures	Straight line	100%
Lease Hold Improvements	Straight line	Lease Period
Software	Straight line	24 Months

e) Leases

Lease arrangements where the risks and rewards incident to ownership of an asset substantially vest with the lessor, are recognised as operating leases. Lease rents under operating leases are recognised in the Profit and Loss account on a straight-line basis.

f) Employee Benefits

i) Post-employment benefit plans

Contribution to defined contribution retirement benefit schemes are recognised as expense when employees have rendered services entitling them to contributions.

For defined benefit schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in full in the Profit and Loss Account for the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

ii) Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognised during the period when the employee renders the services. These benefits include compensated absences such as paid annual leave and performance incentives.

g) Revenue Recognition

Revenues from Registration fees are recognised pro-rata over the life of the agreement.

Services charges on collection of utility bills / usage of web portal on behalf of government departments / private parties have been recognized in the books on execution of the collection transactions.

Revenues from sale of display boards and digital signatures are recognized on delivery of goods and services.

Revenue from Digitalisation and other services is recognised in the period in which the service is rendered depending on the contractual agreement with the customers.

h) Taxation

Tax expense comprises of current and deferred income taxes. Current tax is measured based on applicable tax rates and is computed in accordance with the Income Tax Act, 1961.

Deferred tax expense or benefit is recognised on timing differences being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. 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.

Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised only to the extent that there is virtual certainty that sufficient taxable income will be available to realise these assets. All other deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available to realise these assets.

i) Provisions, Contingent Liabilities and Contingent Assets

A provision is recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognised in the financial statements. A Contingent asset is neither recognised nor disclosed in the financial statements.

**B. Notes to Accounts**

- 1) The Company has been incurring losses since inception. The accumulated loss as on March 31, 2009 is Rs. 2,32,05,722 (March 31, 2008 : Rs. 1,55,54,617) which has substantially eroded the Share Capital.

Tata Consultancy Services Limited has undertaken to provide financial support to MP Online Limited for continuing its operation in the foreseeable future and to meet its financial obligations as and when they arise.

2) **Obligations towards lease**

<b>Lease Obligation</b>	<b>Year ended March 31, 2009 Rupees</b>	<b>Year ended March 31, 2008 Rupees</b>
Due not later than one year	7,99,207	6,97,690
Due later than one year but not later than five years	29,52,029	25,25,560s
Later than five years	21,89,934	21,56,315
<b>Total</b>	<b>59,41,170</b>	<b>53,79,565</b>

Rental expenses of Rs. 9,69,568 (March 31, 2008 : Rs. 6,83,022) in respect of obligation under operating leases have been recognised in the profit and loss account.

- 3) The Company does not have taxable profit as per the computation under the Income Tax Act, 1961, hence no provision for tax is made for the year.

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4) **Auditors' remuneration**

Particulars	Year ended March 31, 2009 Rupees	Year ended March 31, 2008 Rupees
Statutory Audit Fees	50,000	50,000
Service Tax	6,180	6,180

5) **Retirement Benefit Plans**

a. **Defined Contribution Plans**

Contributions to Provident Fund are made to The Regional Provident Fund Commissioner for qualifying employees

The Company recognized Rs. 2,14,314 (March 31, 2008: Rs. 75,391) for provident fund contributions in the profit and loss account.

b. **Defined Benefit Plans**

The present value of the defined benefit obligation and the related current service cost were measured using the Projected Unit Credit Method with actuarial valuations being carried out at each balance sheet date

The following table sets out the funded status of the gratuity plan and the amounts recognized in the Company's financial statements as at March 31, 2009:

	As at March 31, 2009 Rupees
<b>Change in benefit obligations:</b>	
Projected benefit obligation, beginning of the year (April 1, 2008)	32,145
Service cost	24,146
Interest cost	4,503
Actuarial loss	19,458
<b>Projected benefit obligation, end of the year</b>	<b>80,252</b>
<b>Change in plan assets:</b>	
Fair value of plan assets at the end of the year	-
Excess of plan assets over obligation	-
Prepaid benefit	-
<b>Net gratuity cost for the year ended March 31, 2009:</b>	
Service cost	24,146
Interest on defined benefit obligation	4,503
Expected return on plan assets	-
Net actuarial loss recognised in the year	19,458
<b>Net gratuity cost</b>	<b>48,107</b>
<b>Actual return on plan assets</b>	<b>-</b>
<b>Assumptions used in accounting for the gratuity plan:</b>	
Discount rate	%
Salary escalation rate	7.50%
Expected rate of return on plan assets	6.00%

The estimate of future salary increases considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

	As at March 31, 2009 Rupees	As at March 31, 2008 Rupees	As at March 31, 2007 Rupees
<b>Experience Adjustment</b>			
On plan liabilities	3,240	(5,120)	-
On plan assets	-	-	-
Present value of benefit obligation	80,252	32,145	13,869
Fair value of plan assets	-	-	-
<b>Excess of (obligation over plan assets) / plan assets over obligation</b>	<b>(80,252)</b>	<b>(32,145)</b>	<b>(13,869)</b>

6) **Provision for contingencies**

	<u>Rupees</u>
Balance as at April 1, 2008	-
Provision made during the year	<u>1,02,44,130</u>
Balance as at March 31, 2009	<u>1,02,44,130</u>

The Company has collected money amounting to Rs. 16,09,95,400 for B. Ed examination course, where there is a Court stay order. Pending resolution on the matter, a provision of Rs. 1,02,44,130 was made based on management's estimate of the claim on interest earned on the collection money invested in fixed deposits.

7) **Segment Reporting**

The Company is mainly engaged in the business of development, maintenance and management of the MP Online portal for providing web based services. This in context of Accounting Standard – 17 on Segment Reporting is considered by the management to constitute one single primary segment.

8) **Related Party Disclosures**

A Related Parties and their Relationship

I. (A) **Ultimate Holding Company**

Tata Sons Limited

I. (B) **Holding Company**

Tata Consultancy Services Limited

All related parties of Holding Company qualify to be related parties of MP Online Limited.

II. **Investing Party**

Madhya Pradesh State Electronics Development Corporation Limited

B Transactions with Related Parties

Tata Consultancy Services Limited:

Sl. No.	Transactions	Year ended March 31, 2009 Rupees	Year ended March 31, 2008 Rupees
1	Unsecured Loans	-	1,55,00,000
2	Interest Expense	14,22,463	6,54,244
3	Purchase of Fixed Assets	-	4,93,306
4	Services Rendered by Business Associates	45,00,000	30,00,000

Madhya Pradesh State Electronics Development Corporation Limited:

Sl. No.	Transactions	Year ended March 31, 2009 Rupees	Year ended March 31, 2008 Rupees
1	Travel Expenses	-	46,830

C Balances with related parties

Tata Consultancy Services Limited:

Sl. No.	Balances	As at March 31, 2009 Rupees	As at March 31, 2008 Rupees
1	Unsecured Loans	1,70,45,000	1,70,45,000
2	Sundry Creditors	-	4,93,306
3	Provision for Accrued Expenses	75,00,000	30,00,000

9) **Contingent Liabilities**

The Company has provided Bank Guarantees aggregating to Rs. 30,00,000 (March 31, 2008 : NIL) to Life Insurance Corporation Ltd. and Bharat Sanchar Nigam Ltd.

10) **Commitments**

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of Advance) Rs. NIL (March 31, 2008 : Rs. 41,05,442/-).

11) The Company has not received any memorandum (as required to be filled by the suppliers with notified authority under the Micro, Small and Medium Enterprises Development Act, 2006) claiming the status as micro or small enterprises and hence disclosures, if any, relating to amounts unpaid as at the year end together with the Interest paid / payable as required under the said Act and Schedule VI of the Companies Act, 1956 have not been given.

12) Previous year figures have been recast / restated wherever necessary.

