

MP ONLINE LIMITED

SECOND ANNUAL REPORT

April 1, 2007 TO MARCH 31, 2008

MP ONLINE LIMITED

ANNUAL REPORT FOR THE YEAR APRIL 1, 2007 TO MARCH 31, 2008

BOARD OF DIRECTORS

Director	: Mr. Anurag Jain
Director	: Mr. Anurag Shrivastava
Director	: Mr. Tanmoy Chakrabarty
Director	: Mr. Barindra Sanyal
Director	: Mr. V. Rajanna

AUDITORS : M/s. S B Billimoria & Co.

REGISTERED OFFICE : 147, Zone 1, Maharana Pratap Nagar,
Bhopal 462 011,
Madhya Pradesh

Notice	1
Directors' Report	3
Auditors' Report	7
Balance Sheet as at March 31, 2008	12
Profit and Loss Account for the year April 1, 2007 to March 31, 2008	13
Statement of Cash Flows for the year ended March 31, 2008	14
Schedules	15
Balance Sheet Abstract and Company's Business Profile	24

MP Online Limited

Regd Office: 147, Zone 1, Maha Rana Pratap Nagar, Bhopal 462 011, Madhya Pradesh, India.

NOTICE

Notice is hereby given that the Second Annual General Meeting of MP Online Limited will be held on Friday, the 12th day of September, 2008 at 10.30 a.m. at the Registered Office of the Company at 147, Zone 1, Maharana Pratap Nagar, Bhopal 462011, to transact the following business:

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended March 31, 2008 and the Balance Sheet as at that date together with the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Tanmoy Chakrabarty, who retires by rotation, and being eligible offers himself for re-appointment.
3. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution:

"RESOLVED that subject to the provisions of Sections 224, 225 and other applicable provisions, if any, of the Companies Act, 1956, Messrs Deloitte Haskins & Sells, Chartered Accountants, be and are hereby appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting upto the conclusion of the next Annual General Meeting of the Company, in place of the retiring Auditors Messrs S.B. Billimoria & Co., Chartered Accountants, to examine and audit the accounts of the Company for the financial year 2008-09, at such remuneration as may be mutually agreed between the Board of Directors of the Company and the Auditors, plus service tax, out-of-pocket, travelling and living expenses, etc."

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

"RESOLVED THAT Mr. Anurag Jain who was appointed by the Board of Directors as an Additional Director of the Company with effect from September 27, 2007 and who holds office upto the date of this Annual General Meeting of the Company in terms of Section 260 of the Companies Act, 1956 ("Act") and in respect of whom the Company has received a notice in writing from a Member under Section 257 of the Act proposing his candidature for the office of Director of the Company, be and is hereby appointed a Director of the Company."

By Order of the Board of Directors


Anurag Jain
Chairman

Bhopal, August 12, 2008

MP Online Limited

Regd Office: 147, Zone 1, Maha Rana Pratap Nagar, Bhopal 462 011, Madhya Pradesh, India.

EXPLANATORY STATEMENT

Pursuant to Section 173(2) of the Companies Act, 1956

As required by Section 173 of the Companies Act, 1956 ("Act"), the following explanatory statements set out all material facts relating to the business mentioned under Item Nos. 3 and 4 of the accompanying Notice dated April 17, 2008:

Item No. 3

Presently the Company's accounts are being audited by Messrs. S.B. Billimoria & Co., (SBB). SBB is an associate of Messrs Deloitte Haskins and Sells (DHS). SBB have informed the Company that they do not wish to seek re-appointment as statutory auditors of the Company for the financial year 2008-09.

The Company has received a special notice from a Member of the Company, in terms of the provisions of the Act, signifying its intention to propose the appointment of DHS as the Auditors of the Company from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company. DHS have expressed their willingness to act as Auditors of the Company, if appointed, and have further confirmed that the said appointment would be in conformity with the provisions of Section 224(1B) of the Act.

In view of the above the Board of Directors, has, at its meeting held on April 17, 2008 proposed the appointment of DHS as the statutory auditors in place of SBB for the financial year 2008-09.

The Members' approval is being sought for the appointment of DHS as the Statutory Auditors and to authorize the Directors to determine the remuneration payable to the Auditors. The Directors commend the Resolution at Item No. 3 for approval by the Members. None of the Directors is concerned or interested in the Resolution at Item No. 3 of the Notice.

Item no. 4

Mr. Anurag Jain was appointed as Additional Director of the Company at the Board Meeting held on September 27, 2007. As per the provisions of Section 260 of the Companies Act 1956 ("Act"), Mr. Anurag Jain holds office only upto the date of the forthcoming Annual General Meeting of the Company, and is eligible for appointment as a Director. The Company has received notice under Section 257 of the Act, in respect of Mr. Anurag Jain, proposing his appointment as Director of the Company, along with the requisite deposit.

The Board recommends the Resolution at Item No. 4 for acceptance by the Members.

Mr. Anurag Jain may be deemed to be interested in the resolution since it relates to his own appointment.

By Order of the Board of Directors


Anurag Jain
Chairman

Bhopal, August 12, 2008

MP Online Limited

Regd Office: 147, Zone 1, Maha Rana Pratap Nagar, Bhopal 462 011, Madhya Pradesh, India.

DIRECTORS' REPORT

To the Members,

The Directors submit the Annual Report of the Company together with the audited statement of accounts for the year ended March 31, 2008.

1. Financial Results

The financial results are briefly indicated below :

	Amount in Rupees	
	Year ended 31.03.2008	Period 11.7.2006 to 31.03.2007
Total Income	10,69,868	-
Operating profit / (Loss)	(86,97,192)	(21,58,572)
Interest	6,54,244	60,763
Depreciation	24,85,568	12,35,176
Profit / (Loss) before taxes	(1,18,37,004)	(34,54,511)
Provision for taxes	1,40,195	1,22,907
Profit / (Loss) for the year	(1,19,77,199)	(35,77,418)
Profit / (Loss) brought forward from previous year	(35,77,418)	
Profit / (Loss) carried to Balance Sheet	(1,55,54,617)	(35,77,418)

2. Financial Year

The current financial year of the Company is from April 1, 2007 to March 31, 2008.

3. Paid – up Share Capital

The paid-up share capital continues to be Rs. 1 crore. The same is held by Tata Consultancy Services Limited and Madhya Pradesh State Electronics Development Corporation Limited, the Joint Venture Partners, in the ratio of 89:11.

4. Operating Results and Business

The Company, created to serve citizens, businesses and the Government Departments of Madhya Pradesh, is engaged in providing Government to Citizen, Government to Business, Government to Government, Business to Business and E services using Internet and Kiosks. The Company has set up its corporate office in Nirupam Shopping Mall, 2nd floor, Ahmedpur-Hoshangabad Road, Bhopal 462 026.

The Company has started providing services to a few user organisations and income by way of service charges for the year 2007-08 is Rs. 9,29,868/-. The Company has recruited necessary staff and is in the process of expanding its services and customer base. The Company aims to enhance the convenience of citizens and businesses to interact with the Government by use of the Company's Portal as a single window and is working on making the Company's Portal the most sought after Portal for Citizens and Businesses to access Government services. The Company has incurred loss for the second consecutive year.

MP Online Limited

Regd Office: 147, Zone 1, Maha Rana Pratap Nagar, Bhopal 462 011, Madhya Pradesh, India.

Reply to Auditors Remarks

Tata Consultancy Services Limited, the Holding Company, has undertaken to provide financial support to MP Online Limited for continuing its operations in the foreseeable future (including the period of minimum of twelve months from the date of approval of the financial statements of MP Online Limited) and to meet its financial obligations as and when they arise. In view of the above, the accounts of the Company have been prepared on a going concern basis.

5. Dividend

Since the Company has incurred loss, no dividend is recommended in respect of the year ended March 31, 2008.

6. Directors

During the year, Mr. Anurag Jain, who is nominated by Madhya Pradesh State Electronics Development Corporation Limited has been appointed as Additional Director of the Company by the Board of Directors at their meeting held on September 27, 2007. The Company has received notice under Section 257 of the Companies Act, 1956, proposing appointment of Mr. Anurag Jain as Director of the Company, along with the requisite deposit.

Resolution seeking approval of the shareholders for appointment of Mr. Anurag Jain as Director has been incorporated in the Notice of the forthcoming Annual General Meeting.

Mr. Tanmoy Chakrabarty, Director, retires by rotation and being eligible has offered himself for re-appointment.

Mr. S. Padmanabhan, Director, has stepped down as a Director of the Company, with effect from August 12, 2008, consequent to his moving over from Tata Consultancy Services Limited to The Tata Power Company Limited ("TPCL") as an Executive Director of TPCL. The Directors place on record their deep appreciation for the contributions made by Mr. Padmanabhan during his tenure as a Director of the Company.

7. Directors' Responsibility Statement

Pursuant to the requirement of Section 217 (2AA) of The Companies Act, 1956 ("Act") the Directors hereby confirm that :

- (i) in the preparation of the Annual Accounts for the year 2007-08, the applicable Accounting Standards have been followed and there are no material departures;
- (ii) they have selected such accounting policies in consultation with the statutory auditors and applied them consistently and made judgements 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 Period and of the loss of the Company for the Period;
- (iii) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) they have prepared the attached accounts for the Period on a going concern basis.

MP Online Limited

Regd Office: 147, Zone 1, Maha Rana Pratap Nagar, Bhopal 462 011, Madhya Pradesh, India.

8. Auditors

M/s. S.B. Billimoria & Co., Chartered Accountants, who are the Statutory Auditors of the Company hold office, in accordance with the provisions of the Companies Act, 1956, upto the conclusion of the forthcoming Annual General Meeting. M/s. S.B. Billimoria & Co., have communicated that they are not seeking re-appointment at the ensuing Annual General Meeting. The Company has received a special notice from a Member of the Company, in terms of the provisions of the Companies Act, 1956, signifying the intention to propose the appointment of M/s. Deloitte Haskins & Sells, Chartered Accountants (DHS), as the Statutory Auditors of the Company from the conclusion of the ensuing Annual General Meeting until the conclusion of the next Annual General Meeting. DHS have also expressed their willingness to act as Statutory Auditors of the Company, if appointed, and have confirmed their eligibility. In this regard, attention of the Members is invited to Item No. 3 of the Notice convening the forthcoming Annual General Meeting.

9. Human Resources

The Company has a team of dedicated and professional staff. The Directors place on record their appreciation of the contribution made by the employees of the Company.

10. Particulars of Employees

No employee of the Company falls within the purview of section 217 (2A) of the Companies Act, 1956, as amended, and the rules framed thereunder.

11. Fixed Deposit

The Company has not accepted any public deposits and, as such, no amount on account of principal or interest on public deposits was outstanding on the date of the balance Sheet.

12. Conservation of Energy, etc.

The particulars as prescribed under section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are set out in an annexure to this report.

13. Acknowledgements

The Directors take this opportunity to thank the Joint Venture Partners, customers, vendors, business associates and bankers for their support to the Company.

For and on behalf of the
Board of Directors


Anurag Jain
Chairman

Bhopal, August 12, 2008

MP Online Limited

Regd Office: 147, Zone 1, Maha Rana Pratap Nagar, Bhopal 462 011, Madhya Pradesh, India.

ANNEXURE TO DIRECTORS' REPORT

Particulars pursuant to Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988:

1. Conservation of Energy

The Operation of the Company involves low energy consumption. Adequate measures have, however been taken to conserve energy.

2. Technology Absorption, Adaptation and Innovation

The Company continues to use the latest technology for improving the productivity and quality of its services. The Company has adapted software products available in the market and established an internal system for easy communication and knowledge sharing, thus increasing employee value addition and motivation.

No expenditure has been incurred during the period under review, specifically under the head expenditure on R & D.

3. Foreign Exchange Earnings and Outgo

No foreign exchange earning or outgo took place during the period under review.

For and on behalf of the
Board of Directors


Anurag Jain
Chairman

Bhopal, August 12, 2008

Chartered Accountants
12, Dr. Annie Besant Road,
Opp. Shiv Sagar Estate,
Worli, Mumbai - 400 018
INDIA

Tel : +91-22-6667 9000
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 : +91-22-6667 9025
Email: mumbai@sbbandco.com

S.B. Billimoria & Co.

AUDITORS' REPORT

TO THE MEMBERS OF MP ONLINE LIMITED

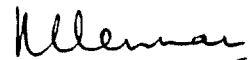
1. We have audited the attached Balance Sheet of **MP ONLINE LIMITED**, ("the Company") as at March 31, 2008 and also the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those 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 the 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 (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 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, to the extent applicable to the Company.
4. Further to our comments in the Annexure referred to in paragraph 3 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 purposes of our audit;
 - b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - 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;



S.B.Billimoria & Co.

- d) *we invite attention to Note No. B-1 of Schedule M. The Company incurred a net loss of Rs. 1,19,77,199 for the year ended March 31, 2008 and as of that date, the net accumulated losses has eroded the Share Capital by Rs. 55,54,617. While these factors raise substantial doubt that the Company will be able to continue as a going concern, for the reasons explained in Note No. B-1 of Schedule M, the accounts have been prepared on a going concern basis.*
- e) in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
- f) on the basis of the written representations from the directors, as on March 31, 2008, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956; and
- g) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and *subject to the matters referred to in sub paragraph (d) above*, 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 March 31, 2008;
 - (ii) in the case of the Profit and Loss Account, of the loss of the Company for the year 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.

For S. B. BILLIMORIA & CO
Chartered Accountants



N. VENKATRAM
Partner

Membership No.:71387

Mumbai, April 17, 2008

S.B.Billimoria & Co.

ANNEXURE TO THE AUDITORS' REPORT (Referred to in paragraph 3 of our report of even date)

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.

(b) We are informed that no physical verification of fixed assets was carried out during the year. As explained to us, a programme of verification is under preparation by the Management.

(c) There was no disposal of fixed assets during the year of audit.
2. (a) The Company has not granted any loans to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Therefore, the provisions of sub- clauses (a), (b), (c) and (d) of clause 4(iii) of the Order are not applicable to the Company.

(b) The Company has taken loans of Rs. 1,70,45,000 from a Company. At the year-end, the outstanding balance of such loan taken aggregated to Rs Nil (as the company was not covered under Sec 301 of the Act as at the year end) and the maximum amount due to the company during the year was Rs. 1,70,45,000.
The rate of interest and other terms and conditions of such loans are, in our opinion, prima facie not prejudicial to the interests of the Company
3. 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 for the purchase of fixed assets and sale of services.
4. To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that there are no contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
5. In our opinion and according to the information and explanations given to us, the Company has not accepted deposits from the public during the year. Therefore, the provisions of clause 4 (vi) of the Order are not applicable to the Company.
6. The Company does not have an internal audit system.

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S.B.Billimoria & Co.

7. (a) According to the information and explanations provided to us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including income tax and other material statutory dues applicable to it. No undisputed amounts payable were in arrears, as at March 31, 2008 for a period more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of income tax, cess and other material statutory dues which have not been deposited on account of any dispute.
8. The Company has not been registered for a period of five years and therefore the provisions of clause 4 (x) of the Order are not applicable to the Company.
9. In our opinion and according to the information and explanations given to us, the Company has not taken any loans from financial institutions, banks and debenture holders.
10. In our opinion and according to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures or other securities.
11. In our opinion and according to the information and explanations given to us, the Company is not dealing in shares, securities, debentures and other investments. Therefore, the provisions of clause 4 (xiv) of the Order are not applicable to the Company.
12. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.
13. In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.
14. In our opinion and according to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
15. According to the information and explanations given to us, during the year covered by our audit report, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.



S.B.Billimoria & Co.

16. During the year covered by our audit report, the Company has not raised any money by way of a public issue.
17. To the best of our knowledge and belief and according to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the course of our audit.

Clauses (ii), (viii), (xiii) and (xix) of paragraph 4 of the Order are not applicable to the Company.

For S. B. BILLIMORIA & CO
Chartered Accountants



N. VENKATRAM
Partner

Membership No.: 71387

Mumbai, April 17, 2008

MP ONLINE LIMITED

BALANCE SHEET AS AT MARCH 31, 2008

	Schedule	As at March 31, 2008 Rupees	As at March 31, 2007 Rupees
SOURCES OF FUNDS:			
1	SHAREHOLDERS' FUND Share Capital	A 1,00,00,000	1,00,00,000
2	LOAN FUNDS Unsecured Loans	B 1,70,45,000	15,45,000
3	DEFERRED TAX LIABILITIES (NET)	C 1,79,281	1,05,047
4	TOTAL FUNDS EMPLOYED	<u>2,72,24,281</u>	<u>1,16,50,047</u>
APPLICATION OF FUNDS			
5	FIXED ASSETS		
	(a) Gross Block	D 85,64,418	75,04,520
	(b) Less :- Accumulated Depreciation	37,20,744	12,35,176
	(c) Net Block	48,43,674	62,69,344
	(d) Capital work-in-progress	43,50,830	
		91,94,504	62,69,344
6	CURRENT ASSETS, LOANS AND ADVANCES		
	(a) Sundry Debtors	E 91,893	
	(b) Cash and Bank Balances	F 92,91,148	33,96,907
	(c) Loans and Advances	G 3,90,902	3,19,150
7	CURRENT LIABILITIES AND PROVISIONS		
	(a) Current Liabilities	H 72,18,791	18,81,578
	(b) Provisions	I 79,990	31,194
8	NET CURRENT ASSETS [(6) less (7)]	<u>72,98,781</u>	<u>19,12,772</u>
9	Profit and Loss Account - Debit balance	24,75,160	18,03,285
10	TOTAL ASSETS (NET)	1,55,54,617	35,77,418
		<u>2,72,24,281</u>	<u>1,16,50,047</u>
11	NOTES TO ACCOUNTS	M	

As per our report attached

For S.B. BILLIMORIA & CO.
Chartered Accountants

N. Venkatram

N. Venkatram
Partner

Mumbai, April 17, 2008

B. Sanjay
Barindra Sanjay
Director

For and on behalf of the Board

Anurag Shrivastava
Anurag Shrivastava
Director

A R Gowri
A R Gowri
Company Secretary

Mumbai, April 17, 2008

MP ONLINE LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2008

	Schedule	For the year ended on March 31, 2008 Rupees	For the period ended on March 31, 2007 Rupees
INCOME			
1 Service Charges		9,29,868	-
2 Other income(Net)	J	1,40,000	-
		<u>10,69,868</u>	<u>-</u>
EXPENDITURE			
3 Employee costs	K	18,78,408	6,39,733
4 Operation and Other expenses	L	78,90,652	15,18,839
		<u>97,67,060</u>	<u>21,58,572</u>
LOSS BEFORE INTEREST, DEPRECIATION AND TAXES		(86,97,192)	(21,58,572)
5 Interest		6,54,244	60,763
6 Depreciation	D	24,85,568	12,35,176
LOSS BEFORE TAXES		(1,18,37,004)	(34,54,511)
7 PROVISION FOR TAXES			
(a) Current tax expense		-	-
(b) Deferred tax expense		74,234	1,05,047
(c) Fringe Benefit Tax		65,961	17,860
LOSS FOR THE YEAR		(1,19,77,199)	(35,77,418)
8 Balance brought forward from previous year		(35,77,418)	-
AMOUNT TRANSFERRED TO BALANCE SHEET		(1,55,54,617)	(35,77,418)
9 Earning per share - Basic and Diluted (Rs.) [Refer Note 5]		(11.98)	(6.03)
Weighted average number of shares		10,00,000	592,857

10 NOTES TO ACCOUNTS

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As per our report attached

For S.B. BILLIMORIA & CO.
Chartered Accountants



N. Venkatram
Partner

Mumbai, April 17, 2008


Barindra Sanyal
Director

For and on behalf of the Board


Anurag Shrivastava
Director


A R Gowri
Company Secretary

Mumbai, April 17, 2008

MP ONLINE LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2008

	For the year ended on March 31, 2008 Rupees	For the period ended on March 31, 2007 Rupees
1 CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxes and exceptional items	(1,18,37,004)	(34,54,511)
Adjustments for:		
Depreciation	24,85,568	12,35,176
Interest expense	6,54,244	60,763
Operating Loss before working capital changes	(86,97,192)	(21,58,572)
Sundry Debtors	(91,893)	-
Loans and Advances	(71,752)	(3,19,150)
Current Liabilities and Provisions	54,27,636	18,65,645
Cash used in operations	(34,33,201)	(6,12,077)
Taxes paid	(60,461)	(17,860)
Net cash used in operating activities	(34,93,662)	(6,29,937)
2 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(54,10,728)	(75,04,520)
Net cash used in investing activities	(54,10,728)	(75,04,520)
3 CASH FLOWS FROM FINANCING ACTIVITIES		
Issue of equity shares	-	1,00,00,000
Borrowings	1,55,00,000	15,45,000
Interest paid	(7,01,371)	(13,636)
Net cash provided by financing activities	1,47,98,629	1,15,31,364
Net Increase in cash and cash equivalents	58,94,239	33,96,907
Cash and cash equivalents at the beginning of the year	33,96,907	-
Cash and cash equivalents at end of the year	92,91,146	33,96,907

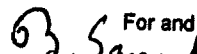
As per our report attached

For S.B. BILLIMORIA & CO.
Chartered Accountants

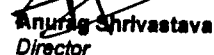


N. Venkatram
Partner

Mumbai, April 17, 2008


Barindra Sanyal
Director

For and on behalf of the Board


Anurag Shrivastava
Director


A R Gowri
Company Secretary

Mumbai, April 17, 2008

MP ONLINE LIMITED

	As at March 31, 2008 Rupees	As at March. 31, 2007 Rupees
SCHEDULE 'A'		
SHARE CAPITAL		
<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
	1,00,00,000	1,00,00,000
SCHEDULE 'B'		
LOANS - UNSECURED		
Others -Tata Consultancy Services Limited (Includes Rs. Nil repayable within one year; (March 31, 2007 Rs. Nil))	1,70,45,000	15,45,000
	1,70,45,000	15,45,000
SCHEDULE 'C'		
DEFERRED TAX LIABILITIES (NET)		
(i) Deferred Tax Liability Difference in depreciation for accounting and tax purposes	2,04,601	1,05,047
(ii) Deferred Tax Asset Employee Benefits	(25,320)	-
	1,79,281	1,05,047

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MP ONLINE LIMITED

SCHEDULE 'D'

FIXED ASSETS

Description	Gross Block as on	Additions	Gross Block as on	Accumulated	Depreciation	Accumulated	Net book value as
	April 1, 2007		March 31, 2008				
(a) TANGIBLE FIXED ASSETS							
COMPUTER EQUIPMENT	45,74,797	7,97,915	53,72,712	(7,42,025)	(11,94,076)	(19,36,101)	34,36,611
OFFICE EQUIPMENT	4,01,923	1,07,296	5,09,219	(18,045)	(61,019)	(79,064)	4,30,155
ELECTRICAL INSTALLATIONS	11,33,306	-	11,33,306	(48,767)	(1,51,273)	(2,00,040)	9,33,266
FURNITURE AND FIXTURES	13,94,494	1,04,687	14,99,181	(4,26,339)	(10,72,556)	(14,98,895)	286
(b) INTANGIBLE ASSETS							
SOFTWARE LICENCES	-	50,000	50,000	-	(6,644)	(6,644)	43,356
Total	75,04,520	10,59,898	85,64,418	(12,35,176)	(24,85,568)	(37,20,744)	48,43,674
Previous year	-	75,04,520	75,04,520	-	(12,35,176)	(12,35,176)	62,69,344
Capital Work-in-progress							
(Includes Capital Advances of Rs.43,50,830/-, March 31, 2007 Rs. Nil)							
Grand Total							43,50,830

91,94,504
62,69,344

MP ONLINE LIMITED

	As at March 31, 2008 Rupees	As at March. 31, 2007 Rupees
SCHEDULE 'E'		
SUNDRY DEBTORS (Unsecured)		
Others (less than 6 months)		
(i) Considered good	91,893	-
(ii) Considered doubtful	-	-
	<u>91,893</u>	<u>-</u>

	As at March 31, 2008 Rupees	As at March. 31, 2007 Rupees
SCHEDULE 'F'		
CASH AND BANK BALANCES		
(a) Cash on hand	5,398	21,530
(b) Bank Balances with Scheduled Banks in current accounts	92,85,748	33,75,377
	<u>92,91,148</u>	<u>33,96,907</u>

	As at March 31, 2008 Rupees	As at March. 31, 2007 Rupees
SCHEDULE 'G'		
LOANS AND ADVANCES (Unsecured)		
Advances recoverable in cash or kind or for value to be received		
(a) Deposits	3,83,983	3,19,150
(b) Prepaid Expenses	28,919	-
	<u>3,90,902</u>	<u>3,19,150</u>

	As at March 31, 2008 Rupees	As at March. 31, 2007 Rupees
SCHEDULE 'H'		
CURRENT LIABILITIES		
(a) Sundry Creditors	51,90,701	18,34,451
(b) Advances from customers	19,95,383	-
(c) Other Liabilities	32,727	47,127
	<u>72,18,791</u>	<u>18,81,578</u>

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MP ONLINE LIMITED

	As at March 31, 2008 Rupees	As at March. 31, 2007 Rupees
SCHEDULE 'I'		
PROVISIONS		
(a) Fringe Benefit Tax	5,500	-
(b) Employee retirement benefits	74,490	31,194
	<u>79,990</u>	<u>31,194</u>
SCHEDULE 'J'		
	For year ended on March 31, 2008 Rupees	For period ended on March 31, 2007 Rupees
OTHER INCOME		
Rent (Tax deducted at source Rs.16,528/- Previous year Rs.Nil)	1,40,000	-
	<u>1,40,000</u>	<u>-</u>
SCHEDULE 'K'		
	For the year ended on March 31, 2008 Rupees	For the period ended on March 31, 2007 Rupees
EMPLOYEE COSTS		
(a) Salaries	17,27,062	6,14,697
(b) Contribution to -		
(i) Provident Fund	38,479	-
(ii) Gratuity	18,276	13,889
(c) Staff welfare expenses	92,591	11,167
	<u>18,76,408</u>	<u>6,39,733</u>

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MP ONLINE LIMITED

SCHEDULE 'L'	For the year ended on March 31, 2008 Rupees	For the period ended on March 31, 2007 Rupees
OPERATION AND OTHER EXPENSES		
(a) Services rendered by business associates and others	34,60,710	52,655
(b) Software, hardware and material costs	81,952	102,482
(c) Communication expenses	13,75,915	114,321
(d) Travelling and conveyance expenses	7,77,112	142,472
(e) Rent	8,14,303	313,776
(f) Legal and professional fees	17,833	26,690
(g) Repairs and Maintenance	76,083	164,500
(h) Electricity expenses	4,42,335	40,736
(i) Printing and stationery	74,532	59,833
(j) Insurance	7,219	-
(k) Rates and taxes	5,740	3,758
(l) Auditors' Remuneration	56,180	56,120
(m) Bank Charges	2,180	-
(n) Advertisement and Publicity	4,30,566	81,967
(o) Security services	1,74,000	36,000
(p) GuestHouse Maintenance expenses	71,389	43,457
(q) Other expenses	22,823	90,948
(r) Recruitment and training expenses	-	8,308
(s) Preliminary expenses	-	180,816
	78,90,652	15,18,839

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Schedule M – Notes to Accounts

A. Significant accounting policies

a) Basis of Preparation

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

The Company was incorporated in July 11, 20 06. Consequently, comparative figures are not comparable with the figures for the year ended as on March 31, 2008.

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:

Name of the Asset	Method of Depreciation	Rate of Depreciation
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%
Leasehold 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.

iii) Long term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized as a liability at the present value of the defined benefit obligation at the balance sheet date.

g) Revenue Recognition

Revenues from Registration fees are recorded at the time of entering into the agreement with the franchisees and 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.

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.

B. Notes to Accounts

- 1) The Company has been incurring losses since inception. The accumulated loss as on March 31, 2008 is Rs. 1,55,54,617 (Previous Period Rs. 35,77,418) which has substantially eroded the Share Capital. The current assets of the Company are in excess of net current liabilities by Rs. 24,75,160 (Previous Period Rs. 18,03,285).

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**

Lease Obligation	Year ended March 31, 2008 Rupees	Period ended March 31, 2007 Rupees
Due not later than one year	6,97,690	6,68,352
Due later than one year but not later than five years	25,25,580	24,83,008
Later than five years	21,58,315	28,40,384
Total	<u>53,79,565</u>	<u>57,91,744</u>

Rental expenses of Rs. 6,83,022 (Previous Period Rs. 3,13,776) 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.

4) **Auditors' remuneration**

Particulars	Year ended	Period ended
	March 31, 2008	March 31, 2007
	Rupees	Rupees
Statutory Audit Fees	50,000	50,000
Service Tax, thereon	6,180	6,120

5) **Earnings per share**

Particulars	As on March 31, 2008	As on March 31, 2007
Net Loss after tax (Rs.)	(1,19,77,199)	(35,77,418)
Weighted average number of equity shares outstanding during the year	10,00,000	5,92,857
Nominal value of equity shares (Rs.)	10	10
Basic and diluted earnings per share (Rs.)	(11.98)	(6.03)

6) **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.

7) **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
- II. **Investing Party**
Madhya Pradesh State Electronics Development Corporation Limited

B **Transactions with Related Parties**

1. **Tata Consultancy Services Limited:**

Sl. No.	Transactions	Year ended March 31, 2008	Period ended March 31, 2007
		Rupees	Rupees
1	Share Capital subscribed	-	89,00,000
2	Unsecured Loans	1,55,00,000	15,45,000
3	Interest Expense	6,54,244	60,763
4	Purchase of Fixed Assets	4,93,306	1,02,482
5	Services Rendered by Business Associates(*)	30,00,000	-
6	Miscellaneous expenditure	-	1,80,000

(*) Tata Consultancy Services Limited had waived the recovery for the period ended March 31, 2007 in respect of service charges relating to staff deputed by Tata Consultancy Services Limited to the company

2. Madhya Pradesh State Electronics Development Corporation Limited:

Sl. No.	Transactions	Year ended March 31, 2008 Rupees	Period ended March 31, 2007 Rupees
1	Share Capital subscribed	-	11,00,000
2	Travel Expenses	46,830	36,000

C Balances with related parties

Tata Consultancy Services Limited:

Sl. No.	Balances	As at March 31, 2008 Rupees	As at March 31, 2007 Rupees
1	Unsecured Loans	1,70,45,000	15,45,000
2	Sundry Creditors	4,93,306	15,81,918
3	Provision for Accrued Expenses	30,00,000	-
4	Interest Accrued	-	47,127

8) **Commitments**

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of Advance) Rs.41,05,422/- (Previous Period Rs. Nil)

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

10) Previous Period's figures have been recast / restated wherever necessary

11) *Previous Period's figures are in italics*

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MP Online Limited

BALANCE SHEET ABSTRACT AND COMPANY'S BUSINESS PROFILE

I. Registration Details

Registration No.	U72400MP2006PLC018777			State Code :	MP
Balance sheet Date	31 Date	03 Month	2008 Year.		

II. Capital Raised During the year (Amount in Rs. Thousands).

Public Issue :	NIL	Right Issue :	NIL
Bonus Issue :	NIL	Private Placement :	NIL

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands).

Total Liabilities :	27,224	Total Assets :	27,224
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Sources of funds

Paid-up Capital :	10,000	Reserves & Surplus :	NIL
Secured Loans :	NIL	Unsecured Loans :	17,045
Other Liabilities :	179		

Application of Funds

Net Fixed Assets :	9,195	Investments :	NIL
Net Current Assets :	2,475	Misc. Expenditure :	NIL
Accumulated Losses :	15,554		

IV Performance of Company (Amount in Rs. Thousands).

Turnover (Incl Other Income) :	1,070	Total Expenditure :	12,907
+ - Profit/Loss Before Tax :	-11,837	+ - Profit/Loss after Tax :	-11,977
Earnings per Share in Rs.	-11.98	Dividend Rate %	NIL

V. Generic Names of Three Principal Products/Services of Company (as per monetary terms)

Item Code No (ITC Code)

Product Description

Development, maintenance and management of the MP Online portal for providing web based services