



# USG Tech Solutions Limited

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2011 - 2012 ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■  
13TH ANNUAL REPORT



USG Tech

*Futuristic Solutions...*

**CORPORATE INFORMATION**

<b>BOARD OF DIRECTORS</b>	:	Mr. Prem Gupta - Managing Director Mr. Servesh Gupta Mr. Satish Kumar Gupta Mr. Umesh Bhat Mr. Anil Kumar Gupta Mr. Umesh Sharma Mr. Vickram Jaidka
<b>COMPANY SECRETARY</b>	:	Mr. G. S. Monga
<b>AUDITORS</b>	:	M/s PVR-N & Co., Chartered Accountants
<b>BANKERS</b>	:	HDFC Bank, New Delhi HDFC Bank, Noida IDBI Bank, New Delhi
<b>REGISTRAR AND TRANSFER AGENT</b>	:	M/s Bigshare Services Private Limited, E-2/3, Ansal Industrial Estate, Sakivihar Road, Sakinaka, Andheri (East), Mumbai - 400 072
<b>REGISTERED OFFICE</b>	:	H.No. 1/95/1/5-6 2nd Floor, Guttala Begumpet near Kavuri Hills Phase 2, Madhapur Hyderabad – 500081.

13th Annual General Meeting on Wednesday, the 19th day of September, 2012 at H.No. 1/95/1/5-6  
2nd Floor Guttala Begumpet near Kavuri Hills Phase 2 Madhapur, Hyderabad – 500081

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**NOTICE**

Notice is hereby given that the Thirteen Annual General Meeting of the Members of USG Tech Solutions Limited is scheduled to be held on Wednesday, the 19th day of September, 2012 at 16:00 Hrs at the Registered Office of the Company at H.No. 1/95/1/5-6 2nd Floor Guttala Begumpet near Kavuri Hills Phase 2 Madhapur Hyderabad – 500081, to transact the following business:

**Ordinary Business:**

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2012 and Profit & Loss Account for the period from 1st April, 2011 to 31st March, 2012 together with the Directors' and Auditors' Report thereon.
2. To appoint a Director in place of Mr. Umesh Bhat, who retires by rotation and being eligible, seeks re-appointment.
3. To appoint a Director in place of Mr. Satish Kumar Gupta, who retires by rotation and being eligible, seeks re-appointment.
4. To appoint Statutory Auditors of the Company, to hold the office from the conclusion of the ensuing Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

**“RESOLVED THAT M/s PVR-N & Co., Chartered Accountants,** retiring Auditors of the Company, be and are hereby re-appointed as the Statutory Auditors of the Company to hold office from the date of conclusion of ensuing Annual General Meeting till the date of conclusion of the next Annual General Meeting of the Company on such remuneration as may be mutually agreed upon among themselves.”

**Special Business:**

5. To consider and, if thought fit, to pass, with or without modification(s), the following resolutions as Ordinary Resolution:  
**“RESOLVED THAT** Mr. Anil Kumar Gupta, who was appointed as an Additional Director in the meeting of Board of Directors held on 11th November, 2011, pursuant to Section 260 and other applicable provisions of the Companies Act, 1956 and Articles of Association of the Company to hold the office up to the ensuing Annual General Meeting and in respect of whom the Company has received notice in writing from the member as required under Section 257 of the Companies Act, 1956, proposing his candidature for the office of the Director, be and is hereby appointed as Director of the Company, whose office shall be liable for determination through retirement by rotation.
6. To consider and, if thought fit, to pass, with or without modification(s), the following resolutions as Ordinary Resolution:  
**“RESOLVED THAT** Mr. Umesh Sharma, who was appointed as an Additional Director in the meeting of Board of Directors held on 9th July, 2012, pursuant to Section 260 and other applicable provisions of the Companies Act, 1956 and Articles of Association of the Company to hold the office up to the ensuing Annual General Meeting and in respect of whom the Company has received notice in writing from the member as required under Section 257 of the Companies Act, 1956, proposing his candidature for the office of the Director, be and is hereby appointed as Director of the Company, whose office shall be liable for determination through retirement by rotation.
7. To consider and, if thought fit, to pass, with or without modification(s), the following resolutions as Ordinary Resolution:  
**“RESOLVED THAT** Mr. Vickram Jaidka, who was appointed as an Additional Director in the meeting of Board of Directors held on 14th August, 2012, pursuant to Section 260 and other applicable provisions of the Companies Act, 1956 and Articles of Association of the Company to hold the office up to the ensuing Annual General Meeting and in respect of whom the Company has received notice in writing from the member as required under Section 257 of the Companies Act, 1956, proposing his candidature for the office of the Director, be and is hereby appointed as Director of the Company, whose office shall be liable for determination through retirement by rotation.
8. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:  
**“Resolved That** pursuant to the provisions of Section 81(1A) of the Companies Act, 1956 (hereinafter referred to as “the Act”) and other applicable provisions of the Act, if any, and subject to the provisions of the Memorandum & Articles of Association of the Company, the Listing Agreements entered into by the Company with the Stock Exchanges, where the shares of the Company are listed and in accordance with the provisions of the Securities and Exchange Board of India (Issue of Capital & Disclosure Requirements) Regulations, 2009 and other applicable regulations and guidelines issued by the Securities and Exchange Board of India (“SEBI”), the Reserve Bank of India (“RBI”), Government of India (“GOI”), or any other relevant authority and clarifications thereon issued from time to time, if any, and subject to all such statutory, regulatory

and government approvals, permissions or sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions or sanctions, and which may be agreed to by the Board of Director of the Company (hereinafter referred to as “the Board” which expression shall be deemed to include any Committee constituted/to be constituted by the Board to exercise its powers, including the powers conferred by this Resolution); the consent of the members of the Company be and is hereby accorded to the Board to create, issue and allot up to 70,49,200 (seventy lacs forty nine thousand two hundred) Equity Shares of a face value of Rs. 10/- each of the Company, at an issue price of Rs. 13/- (Rupees thirteen only) per share, by way of preferential allotment to various non-promoters persons, as per the terms and conditions given in the Explanatory Statement annexed to this notice, which, inter-alia, include:

- a. Issue of upto 70,49,200 Equity Shares to the following non-promoter persons:

S.No.	Name of the proposed allottees	Number of Equity Shares
1	RIS Group Ltd.	40,00,000
2	Mr. Pranav Gupta	30,49,200
	<b>Total</b>	<b>70,49,200</b>

- b. The Equity Shares shall be subject to the provisions of the Memorandum and Articles of Association of the Company and shall rank pari-passu in all respects including as to dividend with the existing equity shares of the Company except that new equity shares will be subject to lock-in requirement in terms of the provisions of the SEBI (ICDR) Regulations, 2009.
- c. The Relevant Date for the purpose of pricing of issue of Equity Shares in accordance with the Securities and Exchange Board of India (Issue of Capital & Disclosure Requirements) Regulations, 2009 is Friday, 17th August, 2012.

**Resolved Further That** the Board of Directors of the Company, be and is hereby authorized to reduce, change or modify the number of Equity Shares to be issued (including to change the proposed allottees by adding new allottees, deleting one or more allottees as given in the proposed resolution and replacing the proposed allottees with one or more new names, to change the number of shares to be allotted by way of increasing or reducing the total number of shares to be allotted, to increase or reduce the number of shares to be allotted to each allottee), to finalize and modify the terms and conditions, quantum, timings and all other matters relating to the issue and allotment of the aforesaid preferential issue equity shares, to agree to such conditions or modifications that may be imposed, required or suggested by the Securities & Exchange Board of India (the SEBI), Stock Exchange(s) or other authorities, or that may otherwise be deemed fit or proper by the Board without being required to seek any further consent or approval of the Company in General Meeting and to settle all questions or difficulties that may arise with regard to the aforesaid in such manner as it may determine in its absolute discretion and to take such steps and to do all such acts, deeds, matters and things as may be required, necessary, proper or expedient, to give effect to this Resolution.

**Resolved Further That** for giving effect to this Resolution, the Board be and is hereby authorized to take such steps and to do all such acts, deeds and things as the Board may, in its absolute discretion, consider necessary, expedient, usual, proper or incidental to this resolution and to settle any question, remove any difficulty or doubt that may arise from time to time in relation to the offer, issue and allotment of the Equity Shares and the utilization of the issue proceeds of the Shares for the Company’s plans, to prescribe the forms of application, enter into any agreements or other instruments, and to take such actions or give such directions as they may consider as being necessary or desirable and to obtain any approvals, permissions, sanctions which may be necessary or desirable, as they may deem fit.”

By Order of the Board  
**USG Tech Solutions Limited**

Sd/-

**G.S. Monga**

Company Secretary

Noida, 22nd August, 2012

**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 THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. The instrument appointing the proxy in order to be effective must be deposited with the Company not less than 48 hours before the time fixed for the commencement of the meeting.
3. The Explanatory Statements, pursuant to section 173(2) of the Companies Act, 1956, related to special business under item no. 5 to 8 annexed hereto.
4. Corporate Members intending to send their authorized representatives are requested to send a duly certified copy of Board Resolution authorizing the representatives to attend and vote in the General Meeting.
5. Pursuant to section 154 of the Companies Act, 1956, the Registrar of the Members and the Share Transfer Books of the Company will remain closed from Saturday the 15th day of September, 2012 to Wednesday, the 19th day of September, 2012 (both days inclusive).
6. Queries proposed to be raised at the Annual General Meeting may be sent to the Company at its registered office at least seven days prior to the date of Annual General Meeting to enable the management to compile the relevant information to reply the same in the meeting.
7. Members are requested to notify any change in their address, if any to the Registrar & Share Transfer Agent of the Company - M/s Bigshare Services Pvt. Limited, E-2/3 Ansa Industrial Estate, Sakivihar Road, Sakinaka, Andheri, Mumbai (East) - 400 072 in respect of the Physical Shares and to the Depository Participant in respect of the shares held in Demat form.
8. The Copies of Memorandum and Article of Association of the Company, and all other documents referred in the Notice etc., shall be available for the inspection at the Registered Office of the Company on any working day between 11:00 Hrs to 14:00 Hrs up to the date of Annual General Meeting and also at the venue of Meeting.
9. In case of Joint holders attending the meeting, only such Joint holder who is higher in the order of names will be entitled to vote. Pursuant to provisions of Section 109A of the Companies Act, 1956 every member or Joint holder (s) may nominate in the prescribed manner, a person to whom all the rights in the shares shall vest in the event of death of the sole holder or all the Joint holders.
10. Members are requested to notify their particulars including e-mail Id for updating the records in the performa enclosed with proxy/attendance slip.
11. Members are requested to fill in the attendance slip for attending the meeting and those who hold shares in dematerialised form to bring their client ID and depository participants ID number for identification for attendance at the meeting.
12. Members/Proxies are requested to bring their copy of Annual Report and Attendance Slips duly filled in and signed for attending the Meeting.
13. The Register of Contract, maintained under Section 301 of the Companies Act, 1956 will be available for inspection by the members at the registered office of the Company.
14. The Registers of Director's Shareholding maintained under Section 307 of the Companies Act, 1956 shall be available for inspection by the members at the AGM during the meeting.

**Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956****Item No. 5:**

Mr. Anil Kumar Gupta was co-opted on the Board of Directors of the Company as Additional Director w.e.f. 11th November, 2011 to hold office until the date of ensuing Annual General Meeting.

The Company has received notices in writing along with the requisite deposit under Section 257 of the Companies Act, 1956 proposing the candidature of Mr. Anil Kumar Gupta for the office of Director of the Company in the ensuing Annual General Meeting.

Mr. Anil Kumar Gupta is Post Graduate. He is having 31 years of experience in real estate and construction field.

The information required in terms of clause 49 of the Listing Agreement is annexed hereto.

The Board recommends the resolutions for adoption by Members by way of Ordinary Resolution.

None of the Directors except Mr. Anil Kumar Gupta, is concerned or interested in proposed resolution.

**Item No.6**

Mr. Umesh Sharma was co-opted on the Board of Directors of the Company as Additional Director w.e.f. 9th July, 2012 to hold office until the date of ensuing Annual General Meeting.

The Company has received notices in writing along with the requisite deposit under Section 257 of the Companies Act, 1956 proposing the candidature of Mr. Umesh Sharma for the office of Director of the Company in the ensuing Annual General Meeting.

Mr. Umesh Sharma with CAIIB qualification has vast experience of administration in banking operation. During the period of his service tenure he was associated with State Bank of India as Deputy Manager, SBI Cap Securities Limited as Deputy Manager.

The information required in terms of clause 49 of the Listing Agreement is annexed hereto.

The Board recommends the resolutions for adoption by Members by way of Ordinary Resolution.

None of the Directors except Mr. Umesh Sharma, is concerned or interested in proposed resolution.

**Item No.7**

Mr. Vickram Jaidka was co-opted on the Board of Directors of the Company as Additional Director w.e.f. 14th August, 2012 to hold office until the date of ensuing Annual General Meeting.

The Company has received notices in writing along with the requisite deposit under Section 257 of the Companies Act, 1956 proposing the candidature of Mr. Vickram Jaidka for the office of Director of the Company in the ensuing Annual General Meeting.

Mr. Vickram Jaidka is Bachelor of Engineering Mechanical with Honours. He is having 41 years of experience in various fields of engineering, mechanical, administration and Project management.

The information required in terms of clause 49 of the Listing Agreement is annexed hereto.

The Board recommends the resolutions for adoption by Members by way of Ordinary Resolution.

None of the Directors except Mr. Vickram Jaidka, is concerned or interested in proposed resolution.

**Item No.8**

To augment the fund requirements of the Company, your Company intends to raise funds through preferential issue of equity shares. Your Board proposes to issue 70,49,200 equity shares to various non promoter at a price of Rs. 13/- per share.

Since your Company is a listed company, the proposed issue is in terms of the provisions of the Securities and Exchange Board of India (Issue of Capital & Disclosure Requirements), Regulations, 2009, and other applicable provisions, if any. In terms of the provisions of the Companies Act, 1956, and the aforesaid SEBI Regulations, the relevant disclosures/ details are given below:

**Instrument and Numbers:** The Company is proposing to issue upto 70,49,200 (seventy lacs forty nine thousand two hundred) Equity Shares of Rs. 10/- each of the Company to various non-promoters strategic investors as per the special resolution proposed in the notice.

**Relevant Date & Issue Price:** The relevant date for the purpose of determination of issue price of the equity shares is the date 30th day prior to the date on which the meeting of the general body of shareholders is held, in terms of Section 81(1A) of the Companies Act, 1956, to consider the proposed issue. In terms of explanation of Regulation 71 of the SEBI (ICDR) Regulations,

2009, where the relevant date falls on a Weekend/Holiday, the day preceding the Weekend/Holiday will be reckoned to be the relevant date. Since 20th August, 2012 was holiday and 19th August, 2012 and 18th August, 2012 are weekend; the Relevant Date for the purpose of the present preferential issue is Friday, 17th August, 2012.

As per Regulation 76(1) of the SEBI (ICDR) Regulations, 2009, a minimum issues price of the equity shares in preferential issues has to be calculated as follows:

- a) The average of weekly high and low of the closing prices of the related shares quoted on the stock exchange during the six months preceding the relevant date;
- or
- b) The average of weekly high and low of the closing prices of the related shares quoted on a stock exchange during the two weeks preceding the relevant date;

whichever is higher.

The shares of the Company are listed on the BSE Ltd. The valuation of Shares as per aforesaid guideline was below the issue price of Rs. 13/- per share. The issue price of the Equity Shares is fixed at Rs. 13/- per equity share, as per the Regulation 76 of the SEBI (ICDR) Regulations, 2009.

**Payment:** In terms of the provisions of Regulation 77 of the SEBI (ICDR) Regulations, 2009, 100% of the issue price of the equity shares shall be payable by the preferential allottees before the allotment of shares to them.

**Identity & Particulars of proposed allottee and pre & post issue holding of the proposed allottees:** Present preferential issue of Equity Shares is proposed to be made to the following persons belonging to non-promoter category. All the proposed allottees are having PAN.

The present subscribed and paid-up share capital of the Company is Rs. 30,50,08,000 divided into 3,05,00,800 equity shares of Rs. 10/- each. Apart from this, there are 54,50,000 warrants, pending for conversion into equal number of equity shares of the Company. Presuming conversion of all the warrants the subscribed & paid-up share capital of the Company will be 35,95,08,000 divided into 3,59,50,800 equity shares of Rs. 10/- each. Post conversion of warrants and the present preferential issue, the subscribed and paid-up share capital of the Company shall be Rs. 43,00,00,000 divided into 4,30,00,000 equity shares of Rs. 10/- each. The pre issue and post issue shareholding of the proposed allottees is shown in the table below:

S. No.	Name, Address & PAN	Category	Number of Equity Shares to be issued	Pre issue shareholding	%	Post issue shareholding (Assuming conversion of pending warrants)	%	Post issue shareholding (Assuming non conversion of pending warrants)	%
1	RIS Group Ltd. (A Company registered under Law of New Zealand Act) Minter Ellison Rudd Watts Lawyers, 125, The Terrace Wellington -6011, New Zealand. PAN: AAFCR9019L	Non-Promoter	40,00,000	Nil	Nil	40,00,000	9.30	40,00,000	10.65
2	Mr Pranav Gupta 110/I, BanarshiDass Estate Timarpur, Delhi 1100545 PAN: AFPPG1327J	Non-Promoter	30,49,200	Nil	Nil	30,49,200	7.09	30,49,200	8.12
	<b>Total</b>		<b>70,49,200</b>	<b>Nil</b>	<b>Nil</b>	<b>70,49,200</b>	<b>16.39</b>	<b>70,49,200</b>	<b>18.77</b>

Since there is no prior shareholding of any of the proposed allottees, holding of pre-preferential shareholding in demat form is not applicable.

None of the proposed allottee has sold any shares of the Company during the six months period prior to the relevant date.

There shall not be any change in control of the Company consequent to the proposed preferential issue of the equity shares.

**Lock-in Period:** The Equity Shares issued to non-promoters shall be subject to a lock-in period of one year from the date of allotment or such other period as may be prescribed in accordance with the SEBI regulations.

Since there is no pre-preferential shareholding of any of the proposed allottees, lock-in of pre-preferential shareholding is not applicable.

**Intention of promoters/directors/key management persons to subscribe:** No promoters/directors/key management persons intend to subscribe to the present preferential issue of Equity Shares.

**Pre-issue & Post-issue Shareholding Pattern of the Issuer Company:** Pre-issue and post issue shareholding pattern of the Issuer Company will be as below:

S. No.	Category	Pre-issue Existing		Post Issue (Assuming conversion of pending warrants)		Post Issue (Assuming non conversion of pending warrants)	
		Number of Shares	%	Number of Shares	%	Number of Shares	%
(A)	<b>Shareholding of Promoter and Promoter Group</b>						
1	<b>Indian</b>						
(a)	Individuals/ Hindu Undivided Family	2439582	8.00	2439582	5.67	2439582	6.50
(b)	Central Government/ State Government(s)	-	-	-	-	-	-
(c)	Bodies Corporate	-	-	-	-	-	-
(d)	Financial Institutions/ Banks	-	-	-	-	-	-
(e)	Any Other	-	-	-	-	-	-
	<b>Sub Total(A)(1)</b>	<b>2439582</b>	<b>8.00</b>	<b>2439582</b>	<b>5.67</b>	<b>2439582</b>	<b>6.50</b>
2	<b>Foreign</b>						
a	Individuals (Non-Residents Individuals/ Foreign Individuals)	-	-	-	-	-	-
b	Bodies Corporate	-	-	-	-	-	-
c	Institutions	-	-	-	-	-	-
d	Any Other	-	-	-	-	-	-
(A)	<b>Sub Total(A)(2)</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>
	<b>Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)</b>	<b>2439582</b>	<b>8.00</b>	<b>2439582</b>	<b>5.67</b>	<b>2439582</b>	<b>6.50</b>
(B)	<b>Public shareholding</b>						
1	<b>Institutions</b>						
(a)	Mutual Funds/ UTI	354073	1.16	354073	0.82	354073	0.94
(b)	Financial Institutions / Banks	118919	0.39	118919	0.28	118919	0.32
(c)	Central Government/ State Government(s)	-	-	-	-	-	-
(d)	Venture Capital Funds	-	-	-	-	-	-
(e)	Insurance Companies	-	-	-	-	-	-
(f)	Foreign Institutional Investors	-	-	-	-	-	-
(g)	Foreign Venture Capital Investors	-	-	-	-	-	-
(h)	Any Other	-	-	-	-	-	-
	<b>Sub-Total (B)(1)</b>	<b>472992</b>	<b>1.55</b>	<b>472992</b>	<b>1.10</b>	<b>472992</b>	<b>1.26</b>



S. No.	Category	Pre-issue Existing		Post Issue (Assuming conversion of pending warrants)		Post Issue (Assuming non conversion of pending warrants)	
		Number of Shares	%	Number of Shares	%	Number of Shares	%
<b>B 2</b>	<b>Non-institutions</b>						
(a)	Bodies Corporate	2057057	6.74	6057057	14.09	6057057	16.13
(b)	Individuals						
I	Individuals -i. Individual shareholders holding nominal share capital up to Rs 1 lakh	1328576	4.36	1328576	3.09	1328576	3.54
II	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	24113037	79.06	32612237	75.84	27162237	72.34
(c)	Any Other	89556	0.29	89556	0.21	89556	0.24
	<b>Sub-Total (B)(2)</b>	<b>27588226</b>	<b>90.45</b>	<b>40087426</b>	<b>93.23</b>	<b>34637426</b>	<b>92.24</b>
(B)	<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>28061218</b>	<b>92.00</b>	<b>40560418</b>	<b>94.33</b>	<b>35110418</b>	<b>93.50</b>
	<b>TOTAL (A)+(B)</b>	<b>30500800</b>	<b>100</b>	<b>43000000</b>	<b>100</b>	<b>37550000</b>	<b>100</b>
(C)	<b>Shares held by Custodians and against which Depository Receipts have been issued</b>	-	-	-	-	-	-
	<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>30500800</b>	<b>100</b>	<b>43000000</b>	<b>100</b>	<b>37550000</b>	<b>100</b>

**Objects and purpose of the Preferential Issue:** Funds raised through the present issue is proposed to be utilized to scale up the operations of the Company and for the same, the company shall be used for further capital expenditure, to meet the working capital requirements of the Company and other general corporate purposes.

**Proposed time of Allotment:** In terms of Regulation 74 of the SEBI (ICDR) Regulations, 2009, allotment of Equity Shares in the present preferential issue will be made within a period of 15 days from the date of passing of the aforesaid Special Resolution in the present general meeting, excluding the time taken in obtaining the necessary approvals, if any, or within such further period as may be prescribed or allowed by the SEBI, Stock Exchange(s) or other concerned authorities.

**Undertaking in terms of Regulation 73 of the SEBI (ICDR) Regulations, 2009**

Not applicable; Since the equity shares of the Company have been listed on a stock exchange for a period of six months or more as on the relevant date.

The Statutory Auditors of the Company has certified that the present preferential issue of equity shares on the above terms and conditions, is in accordance with the requirements contained in the Securities and Exchange Board of India (Issue of Capital & Disclosure Requirements), Regulations, 2009, and the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as amended up to date. The Auditors' Certificate shall be laid before the Annual General Meeting.

In terms of the provisions of the Companies Act, 1956, the consent of members by way of a special resolution is required. Your Directors recommend the resolution.

The Board recommends the resolution for adoption by the members.

None of the Directors of the Company may be deemed to be concerned or interested in the proposed resolution except to the extent of shares held by them or their relatives.

By Order of the Board  
**USG Tech Solutions Limited**

Sd/-

**G.S. Monga**

Company Secretary

Noida, 22nd August, 2012

**ANNEXURE TO NOTICE**
**Information under clause 49 of the Listing Agreements for Directors seeking appointment under item no. 2,3,5,6,7 of the notice**

<b>Particulars</b>	<b>Mr. Umesh Bhat</b>	<b>Mr. Satish Kumar Gupta</b>	<b>Mr. Anil Kumar Gupta</b>	<b>Mr. Umesh Sharma</b>	<b>Mr. Vickram Jaidka</b>
Educational Qualification	B.Tech from IIT Kanpur and MBA from IIM Ahmedabad	Bachelor of Engineering	Post Graduate	CAIIB	Bachelor of Engineering Mechanical with Honours
Expedience & expertise in specific functional area	Experience in IT industry	Experience in field of Real Estate development, Construction, Project & Construction Management	31 year Experience in field of Real Estate Development & Construction.	Experience in Banking Operation.	41 years of experience in various fields of engineering, mechanical, administration and Project management
Name of Companies in which the person holds directorship	NIL	BhawnaRealtors Pvt. Ltd. USG Solutions Pvt. Ltd. USG Buildcon Pvt. Ltd. USG Infrastructure Pvt. Ltd. U.S.G Realtors Pvt. Ltd. YashBuildcon Pvt. Ltd. SKG Tradelink Pvt. Ltd. SVKL Properties Pvt. Ltd. LUV Real Estate Pvt. Ltd. Devam U S Realtors Pvt. Ltd. ONS Realtors Pvt. Ltd. USG Infratech Pvt. Ltd. IN-N-OUT Highway Motel Pvt. Ltd. S G Buildtech Pvt. Ltd. USG Estate Pvt. Ltd.	RAS Developments Pvt. Ltd. Sunniva Promoters Pvt. Ltd. Vatika Infrastructures Pvt. Ltd. RAS Buildwell Pvt. Ltd. RAS Infra Projects Pvt. Ltd. USG Promoters Pvt. Ltd. Zoomshot Entertainment Pvt. Ltd. Ras Center for Development	ADS Projects & Systems Pvt. Ltd.	Faire Brothers Export Import Private Limited
Name of Companies in which the person holds membership of Committee	NIL	NIL	NIL	NIL	NIL
Shareholding in the Company (Number & %)	NIL	10,42,700 & 3.42%	NIL	NIL	NIL

**Directors' Report**

Dear Members,

Your Directors are delighted to present the Thirteen Annual Report on the business and operations for the Financial Year ended 31st March, 2012:

**Financial & Operational Highlights:***(Rs. In Lacs)*

Particulars	Year ended 31st March, 2012	Year ended 31st March, 2011
Income	2029.57	2408.96
Expenditure	1983.03	2342.17
Profit Before Tax	46.54	66.80
Provision For Tax	13.69	25.42
Profit Before Deferred Tax	32.85	41.38
Provision For Deferred Tax	6.07	(4.77)
Net Profit After Taxation	26.78	46.15
Equity Share Capital (FV Rs.10 each)	305.00	975.39
Reserve & Surplus	191.68	164.89
Basic Earning per Share	0.09	0.47

During the year under review, the Company's Gross turnover reduced marginally from 2408.96 Lacs previous year to 2029.59 Lacs current year. The main reason for fall in turnover is devotion of Company's all resources toward development software which resulted into drop in turnover. The Current years working resulted into a profit of Rs 26.78 Lacs has compared to Rs 46.15 Lacs in the immediately preceding previous year. However, your Directors are hopeful that in the coming years, the Company will definitely perform up to the mark and retain the stakeholders' value.

**Change in Name of the Company**

During the period under review US Group had promoted the expansion programme of the Company and therefore the name of the Company has been changed USG Tech Solutions Limited w.e.f 17th August, 2011 to gain the brand image of USG.

**Change in Control over the Management**

During the period under review, pursuant to the provisions of Regulation 12 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, the Change in control of the Management and affairs of your company was absolutely transferred to Mr. Satish Kumar Gupta and Mr. Servesh Gupta.

**Change in Capital Structure**

The Authorised Capital of the Company was increased from 30,00,00,000/- (Rupees Thirty Crores only) divided into 3,00,00,000 (Three Crores) Equity Shares of Rs 10/- (Rupees Ten Only) each to Rs 43,00,00,000/- (Rupees Forty Three Crores only) divided into 4,30,00,000 (Four Crores Thirty Lakhs) Equity Shares of Rs 10/- (Rupees Ten Only) each to accommodate the Further Issue of Convertible Warrants/Resultant Equity Shares of 3,19,50,000 (Three Crores and Nineteen Lakh Fifty thousand) vide Resolution passed through 12th Annual General Meeting dated 8th August, 2011.

The Board of Directors in their meeting held on 4th February, 2012 allotted 1,98,50,000 fully paid Equity Shares of Rs 10/- (Rupees Ten only) each to various strategic investors on the conversion of Warrants.

**Shifting of Registered Office:**

The registered office is shifted from I-405, 4th Floor, Divyashakti Apartment, Ameerpet, Hyderabad - 500016 to H.No. 1/95/1/5-6 2nd Floor Guttala Begumpet near Kavuri Hills Phase 2 Madhapur Hyderabad - 500081 w.e.f 14th August, 2012.

**Dividend:**

In order to strengthen the fundamentals of the Company, your Directors decided that it would be prudent to plough back the profits of the Company and accordingly the Board has not recommended any dividend for the year under review.

**Public Deposits:**

The Company has not invited/accepted any public deposits under section 58A & 58AA of the Companies Act, 1956 during the year ended on 31st March, 2012.

**Directors:**

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. Umesh Bhat & Mr. Satish Kumar Gupta Directors of the Company, retires by rotation and being eligible, seeks re-appointment.

Pursuant to the provisions of Section 260 of the Companies Act, 1956 and Articles of Association of the Company, Mr. Anil

Kumar Gupta, Mr. Umesh Sharma and Mr. Vickram Jaidka were appointed as Additional Director of the Company w.e.f. 11th November, 2011, 9th July, 2012, 14th August, 2012 respectively and shall hold office till the date of the ensuing Annual General Meeting. Your Company has received notices in writing proposing their candidature along with the requisite deposit pursuant to the provisions of Section 257 of the Companies Act, 1956.

Brief details of the Directors seeking appointment/re-appointment as stipulated under Clauses 49 of the Listing Agreement with the stock exchange is enclosed with the Notice.

**Disclosure under Section 217(1) (d) of the Companies Act, 1956:**

Except as disclosed elsewhere in the report, there have been no material changes and commitments which can affect the financial position of the Company occurred between the end of the financial year of the Company and the date of this report.

**Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo:**

The particulars as required under Section 217(1)(e) of the Act read with Companies' (Disclosures of Particulars in the Report of the Board of Directors) Rules, 1988 regarding Conservation of Energy and Technology Absorption have not been furnished considering the nature of activities undertaken by the Company during the year under review. Further there was no Foreign Exchange earnings but incurred expenses of AUS Dollar 3550 equivalent to Rs 1,92,911 towards foreign trip of staff for training program in Australia during the Financial Year 2011-2012.

**Particulars of Employees:**

None of the Employees of the Company was in receipt of remuneration, which was more than the limits as prescribed under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended by Companies (Particulars of Employees) Rules, 2011 and hence no particulars are required to be disclosed in this Report.

**Directors' Responsibility Statement:**

In the terms of provision of Section 217(2AA) of the Companies Act, 1956, your Directors confirm that:

- a. In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanations relating to material departures wherever applicable;
- b. We have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2012, and of the Profits of the Company for the year ended on that date;
- c. We have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safe-guarding the assets of the company and for preventing and detecting fraud and other irregularities; and
- d. We have prepared the annual accounts on a 'going concern' basis.

**Statutory Auditors:**

M/s PVR-N & Co., Chartered Accountants, retires as Statutory Auditors of the Company at the conclusion of the ensuing Annual General Meeting and being eligible, offers themselves for reappointment.

The Company has received a certificate from the Auditors to the effect that their re-appointment if made would be in the limits prescribed under the Section 224(1B) of the Companies Act, 1956.

**Auditors' Report:**

The comments made by the Statutory Auditors in the Auditors' Report together with the Notes on Accounts are self-explanatory and hence, do not require any further explanation/clarification.

**Corporate Governance:**

The Company is committed to adopt the best practices in Corporate Governance, which is guided by the principles of conducting the business in a responsible, transparent and ethical manner so as to protect the interest of all stakeholders. As per Clause 49 of the Listing Agreement, a separate Section on Corporate Governance forms part of the Annual Report.

A certificate from Statutory Auditors with regard to the compliance of the Corporate Governance, as stipulated under Clause 49 of the Listing Agreement, is also annexed to this Report.

**Management Discussion and Analysis Report**

The Management Discussion and Analysis Report for the year, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges are presented in a separate section forming part of the Annual Report.

**Listing:**

The Equity Shares of the Company are listed at the Bombay Stock Exchange Limited and The Calcutta Stock Exchange Association Ltd. The Listing fees for the financial year 2012-13 have been paid to the Bombay Stock Exchange Limited.

**Listing of Equity Shares on BSE**

The BSE vide Notice dated 13th December, 2011 granted final listing and trading approval for Reissue of 8,96,882 Equity Shares of Rs 10/- each, which were earlier forfeited by the company due to non-payment of allotment/call monies to Mr. Servesh Gupta Promoter Director of the Company.

The BSE vide Notice dated 23rd May, 2012 granted final listing and trading approval for 1,98,50,000 equity shares of Rs.10/- each issued at par bearing distinctive numbers 10650801 to 30500800 allotted to Other than Promoter on Preferential Basis on conversion of equal no. of Convertible Warrants.

**Acknowledgement:**

The Board records its appreciation for the continued support and co-operation received from all its associates, the shareholders, customers, suppliers, banks and Government Departments. The Board of Directors recognized and placed on records their gratitude and appreciation for the commitment displayed by the employees at all levels of the Company.

Except as disclosed elsewhere in the report, there have been no material changes and commitments which can affect the financial position of the Company occurred between the end of the financial year of the Company and the date of this report.

By Order of the Board  
**USG Tech Solutions Limited**

Sd/-  
**Servesh Gupta**  
Chairman

Noida, 22nd August, 2012

**Annexure to the Directors' Report****Auditor's Certificate on compliance with the conditions of Corporate Governance under clause 49 of the listing Agreement(s).****The Board of Directors****USG Tech Solutions Limited, Noida**

We have reviewed the records concerning the Company's compliance of conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement, entered into by the Company with the Stock Exchange(s) in India, for the financial year ended on 31st March 2012.

The compliance of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We have conducted our review on the basis of the relevant records and documents maintained by the Company and furnished to us for the review, and the information and explanations given to us by the Company.

Based on such a review to the best of our information and according to the explanations given to us, in our opinion, the Company has complied with the conditions of Corporate Governance, as stipulated in Clause 49 of the said Listing Agreement.

On the basis of Certificate issued by the Registrar and Share Transfer Agent of the Company and the Minutes of Meetings of the Shareholders/ Investors Grievance Committee of the Company, we state that, there were no investor grievances pending against the Company for a period exceeding one month.

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

For **PVR-N & Co.**  
Chartered Accountants,  
Firm Regn. No. 004062N

Sd/-  
**Pradeep Kumar Jindal**  
Partner  
M.No. 82646

Place : New Delhi  
Date : 30th May, 2012

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT****Management Discussion and Analysis Report**

The Management of USG presents the analysis of the Company for the financial year 2011-2012 and its outlook for the future. The outlook is based on the current business environment. It may vary due to future economic and other developments, both in India and across the globe.

**Overview and brief Background**

A booming IT industry, with ITES strengths recognized all over the world. A large English-speaking population with a vast workforce of educated and tech-savvy personnel is a boon for rapid and high growth of ITES. The manpower cost constitutes major ingredient of cost in ITES companies. The Cost effective manpower in ITES is required to increase profitability of ITES companies. In India, the manpower cost is a approximately one-tenth of what it is overseas. In India about 100,000 engineers graduate each year. These can be used in ITES for troubleshooting /technical support, as the salaries are comparatively lower than in Europe or the US. The Government of India has recognized the potential of IT enabled services and has taken positive steps by providing numerous incentives. The presence of most international technology vendors and solutions would enable creation of most advanced set-ups in this technology-intensive segment.

Multinational Corporations are also looking to India to expand their markets and to create back office function and many of them are looking at tier 2 and tier 3 cities for expansion as well as to increase profitability.

USG Tech at its best provides innovative IT solutions and complex software projects development that helps to keep it one step ahead of its competitors by continuously improving its IT-based business solutions.

**Industry Structure and Developments**

Information Technology Enabled Services (ITES) are spreading at a very progressive rate in India where basic IT and Communication (ITC) infrastructure exists and is being developed. The major ITES companies which constitute 90% approximately are situated in Ahmedabad, Bangalore, Chennai, Hyderabad, Kochi, Kolkata, Mumbai, NCR (Delhi, Noida and Gurgaon) and Pune.

It is not out of place to mention here that ITES are also spreading to Tier-II & Tier-III cities like Jaipur, Bhubaneswar, and Lucknow etc. where ITES infrastructure is developing due to lower manpower cost and benefits & attractive financial/ tax and infrastructural incentives offered by Government of India.

The Government of India in partnership with private infrastructure corporations is working on bringing all around development and providing robust infrastructure all over the nation in the field of Agriculture, Medical Transcription, Banking Payment Process, Call Centre and Back Office Operation etc. However, as the confidence level posed by international companies in Indian Market is soaring and attracting international companies to outsource their jobs to India. It is expected that the ITES in other fields mentioned will also pick up substantially and India would continue as a major destination in ITES.

**Financial Performance**

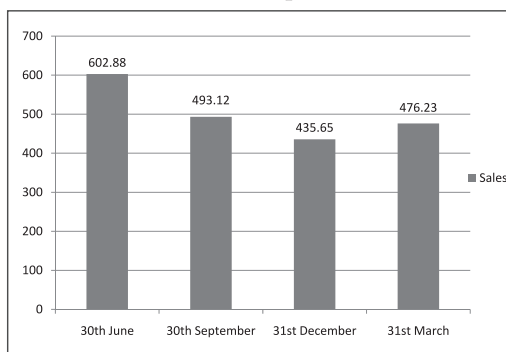
“USG is a place for people to discover what’s important, make it happen, share your progress.”

The Financial Statements are prepared in compliance with the requirements of the Companies Act and the Accounting Standards prescribed by the Institute of Chartered Accountants of India and Generally Accepted Accounting Principles in India. The company has also traded of Scientific and Technical books beside ITES & Software Projects development. The Sales /Income from Operations have decreased from Rs. 24.06/- Crores in previous FY 2010-2011 to Rs. 20.07/- Crores in current financial 2011-2012. The fall in sales is due to competition. The profit before tax has also declined from Rs. 66.80 lacs in previous year 2010-2011 to Rs.46.54 lacs in current year 2011-2012. The Company has sustained its operations and created a niche for itself in the market.

As there is a substantial growth in IT Sector and Software Projects development, Your Directors are hopeful that in forthcoming years, Company will definitely perform up to the mark, achieve good profitability and Earning per share will be increased. On a generic note, given the current economic and industry environment, prospects in our business segments look attractive and we look forward to 2012-13 with sustained growth and excitement.

**Opportunities Lying Ahead and our Outlook**

As your Company keeps on exploring various avenues, your Management proposes to have a singular avenue for payment processing system, representing the ambition to connect, with an ability to integrate and the freedom to move beyond the hassles of prior

**Net Sales/Income From Operations (Rs in Lacs)****Quarter Ended**

systems. They imagine a seamless payment system that allows complete freedom and guarantees a greater performance capability. Bringing together the merchants, banks, financial institutions, corporate companies and other modes of transaction activities on a singular platform, The Company will be one stop destination for a secure network for growth oriented services. Combining state-of-the-art technology with the ambition to streamline the business processes in throughout the country.

The multi-functional feature of the payment systems will allow product manufacturers to stay linked to the traders, the banks to their customers, the government to the various trading points, the corporate houses to their branched processes and merchants to their customers. However it is not our ability to connect trading processes that is revolutionary, it is our ability to provide you with a customized solution based on your objective and the instant software updates across all POS terminals in India that sets us apart. It would help customers stay in control of payment processing, point of sale systems, reward and loyalty programs and all other related processes. Spread across multiple channels the proposed strategic solutions are capable of communicating across broadband, GPRS, Wi-Fi and dial-up along with supporting several third-party VAA's (Value Added Applications).

**The Management has a vision:**

“To structure how India pays through innovation, the power of seamless connectivity and the ability of cost-effective solutions that mutually transports business systems to incredible new horizons in performance, profit and customer satisfaction.”

**Internal Control systems and their adequacy**

The company has put in place an adequate system of internal control commensurate with its size and nature of business. These systems provide a reasonable assurance in respect of providing financial and operational information, complying with applicable statutes, safeguarding of assets of the company and ensuring compliance with corporate policies.

The company has a dedicated Internal Audit team which ensures that:

- Adequate processes, systems, internal controls are implemented and these controls are commensurate with the size and operations of the company.
- Transactions are executed in accordance with policies and authorization.
- Resources have been deployed as per the business plan, policies and authorization. Further, management has supplemented the efforts of Internal Audit team by establishing a dedicated Risk Management team.

This team is responsible for USG's Corporate Governance program including Enterprise Risk Management Program, Assurance on continuity of Internal Control procedures and Legal compliances.

The Company has a rigorous business planning system to set targets and parameters for operations which are reviewed with actual performance to ensure timely initiation of corrective action, if required.

The Company's Audit Committee, which is a sub-committee of the board, reviews adherence to internal control systems, internal audit reports, risk management and legal compliances. This committee reviews all quarterly and yearly results of the company and recommends the same to Board for their approval.

**Human Resources**

A major strength for your Company has been its employees and your Company's relationship with its employees continues to be excellent. Over the years the Company has taken several initiatives to attract and retain best talent. Being in the service industry, the Company places foremost thrust on the continuous up gradation of human resource. A detailed performance evaluation system is in place and remuneration and rewards are strongly linked to performance indicators. To keep the employee excellence at high levels, your Company continues to maintain its commitment towards providing training to its employees at all levels. Your Company's Staff turnover is very low as compared with the industry levels. Best HR Practices and continuous work environment ensures high motivational levels of the employees.

**Cautionary Forward Looking Statements**

Investors are cautioned that this discussion contains forwardlooking statements that involve risks and uncertainties. When words like 'anticipate', 'believe', 'estimate', 'intend', 'will', and 'expect' and other similar expressions are used in this discussion, they relate the Company or its business and are intended to identify such forward- looking statements. The Company undertakes no obligations to publicly update or revise any forward- looking statements, whether as a result of new information, future events, or otherwise. Actual results, performances or achievements could differ materially from those expressed or implied in such statements. Factors that could cause or contribute to such differences include those described under the heading 'Risk Factors' in the Prospectus filed with the Securities and Exchange Board of India (SEBI) as well as factors discussed elsewhere in this report. Readers are cautioned as not to place undue reliance on the forward-looking statement as they speak only as of their dates. The following discussion and analysis should be read in conjunction with the Company's financial statements included herein and the notes thereto.

**CORPORATE GOVERNANCE REPORT**

*“Corporate Governance is an integral part of the philosophy of the Company in its pursuit of excellence, growth and value creation by focusing a balance between individual interests and corporate goals.”*

**1. COMPANY’S PHILOSOPHY ON CORPORATE GOVERNANCE**

The Company’s philosophy on Corporate Governance enshrines the goal of achieving the highest level of transparency, accountability and equity in all spheres of its operations and in all its dealing with the shareholders, employees, the Government and other parties. In carrying out this, it is ensured that the Company’s objectives are adequately measured and monitored. The Corporate Governance is a key element which involves a set of relationships between a Company’s management, its Board, Shareholders and Stakeholders.

Corporate Governance is considered as an important tool for shareholders protection and maximization of their long term values. The cardinal principle such as accountability, responsibility, transparency and fair disclosure serve as the measure for achieving goals.

**2. BOARD OF DIRECTORS**

2.1 The Board of Directors along with its Committees provides leadership and guidance to the Company’s Management and directs, supervises and controls the performance of the Company. As on 31st March, 2012 the Board of Directors of the Company comprises of Five(5) Directors, in combination of Two Executive Directors, One (1) Non-Executive and remaining Two(2) are Independent Directors. The Company is chaired by Non-Executive Director who belongs to Promoter Group.

The composition of Board is as follows:

Name of the Director	Category	Number of Other		
		Directorships*	Committee Membership**	Committee Chairmanship**
Mr. Prem Gupta	Managing Director (Executive)	2	NIL	2
Mr. Servesh Gupta <sup>#</sup>	Promoter Director/Executive Director	NIL	NIL	NIL
Mr. Satish Kumar Gupta <sup>#</sup>	Promoter Director/Non-Executive Director	NIL	NIL	NIL
Mr. Anil Kumar Gupta <sup>§</sup>	Independent Director	NIL	NIL	NIL
Mr. Umesh Bhat	Independent Director	NIL	NIL	NIL

\*The Directorships held by Directors as mentioned above, do not include Alternate Directorships and Directorships in Private Limited Companies, Foreign Companies and Companies under Section 25 of the Companies Act, 1956.

\*\* In accordance with Clause 49, Memberships/Chairmanships of only the Audit Committee and Shareholder’s/Investors Grievance Committee in all public limited companies (excluding USG Tech Solutions Limited) have been considered.

# Appointed as Additional Directors of the Company w.e.f. 4th July, 2011 and Promoter Director w.e.f. 12th August, 2011.

§ Appointed as Additional Directors of the Company w.e.f. 11th November, 2011.

None of the Directors on the Board is a Member of more than 10 Committees or Chairman of more than 5 Committee (as specified in Clause 49 of the Listing Agreement), across all the Companies in which he is a Director.

2.2 During the year under review, 10 Board Meetings were held on 28-05-2011, 04-07-2011, 11-07-2011, 12-08-2011, 27-08-011, 03-10-2011, 11-11-2011, 04-02-2012, 14-02-2012 and 30-03-2012. The maximum time - gap between two consecutive meetings did not exceed 4 months. The composition of the Board, attendance at Board Meetings held during the financial year under review and at the Last Annual General Meeting held on 8th August, 2011 are as follows:

Name of the Director	Board Meeting held during the period	No. of Board Meetings Attended	Attendance at the Last AGM
Mr. Prem Gupta	10	9	Yes
Mr. Servesh Gupta <sup>1</sup>	9	7	No
Mr. Satish Kumar Gupta <sup>1</sup>	9	9	No
Mr. Umesh Bhat	10	10	Yes
Mr. Kudip Singh Bajwa <sup>2</sup>	8	0	No



Name of the Director	Board Meeting held during the period	No. of Board Meetings Attended	Attendance at the Last AGM
Mr. Anil Kumar Gupta <sup>3</sup>	4	4	N.A.
Mr. Rajesh Kumar Gupta <sup>4</sup>	4	1	No
Mr. D. Uday Kiran <sup>5</sup>	3	2	No

1. Appointed w.e.f. 4th July, 2011.
2. Appointed w.e.f. 4th July, 2011 and subsequently resigned w.e.f 24th February, 2012.
3. Appointed w.e.f. 11th November, 2011.
4. Resigned w.e.f. 12th August, 2011.
5. Resigned w.e.f 8th August, 2011.

During the year, all the relevant information's required to be placed before the Board of Directors as per Clause 49 of the Listing Agreement are considered and taken on record/approved by the Board. Further, the Board periodically reviews Compliance Reports in respect of laws and regulations applicable to the Company.

### 3. COMMITTEES OF THE BOARD:

To focus effectively on the issues and ensure expedient resolution of diverse matters, the Board has constituted a set of committees with specific terms of reference/scope. The Committees as empowered agents of the Board as per their charter/terms of reference. Targets set by them as agreed with the management are reviewed periodically and mid – course corrections are also carried out. The minutes of the meetings of all committees of the Board are placed before the Board for discussions/noting.

### 4. AUDIT COMMITTEE:

4.1 The Audit Committee functions according to its charter that defines its Composition, Authority, Responsibility and Reporting functions in accordance with the Companies Act, 1956, listing requirements as applicable to the Company and is reviewed from time to time. The brief terms of reference for the audit committee as laid down by the Board are laid as under:

- a) Overseeing the Company's financial reporting process and the disclosure of the financial information to ensure that the financial statements are correct, sufficient and credible.
  - b) Recommending the appointment/re-appointment and replacement/ removal of statutory auditors, fixation of audit fee and also approval for payment for any other services.
  - c) Reviewing with Management, the quarterly, half yearly and annual financial statements before submission to the Board.
  - d) Reviewing with the Management, performance of Statutory and Internal auditors, the adequacy of internal control system and ensuring compliance therewith.
  - 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 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 statutory auditors before the audit commences about nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
  - i) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
  - j) To review report on Management Discussion & Analysis of Financial Condition and Results of operation, to be included in the Company's Annual Report to its Shareholders.
- 4.2 The Chairman of the Audit Committee briefs the Board members about the significant discussions at Audit Committee Meetings.

4.3 The Committee comprises of following members as at 31st March, 2012:-

No.	Name of the Directors	Designation	Category
1.	Mr. Anil Kumar Gupta	Chairman	Independent
2.	Mr. Umesh Bhat	Member	Independent
3.	Mr. Servesh Gupta	Member	Executive

The Composition of the Committee meets the requirements of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement.

The Company Secretary of the Company acts as the Secretary to the Committee.

All the members of the Committee possess financial and accounting expertise.

4.4 During the Financial year 2011-12, Four (4) meetings of the Audit Committee were held on 28-05-2011, 12-08-2011, 11-11-2011, 14-02-2012. The Attendance record of Audit Committee is given as follows:

Name of the Member	No. of Meeting Attended
Mr. Anil Kumar Gupta <sup>@</sup>	1
Mr. Umesh Bhat	4
Mr. Servesh Gupta <sup>§</sup>	0
Mr. Kuldip Singh Bajwa <sup>#</sup>	1
Mr. Rajesh Kumar Gupta	2
Mr. D. Uday Kiran	1

§ Mr. Servesh Gupta was appointed in place of Mr. D. Uday Kiran w.e.f 12th August, 2011.

# Mr. Kuldip Singh Bajwa was appointed in place of Mr. Rajesh Kumar Gupta w.e.f. 12th August, 2011.

@ Mr. Anil Kumar Gupta was appointed in place of Mr. Kuldip Singh Bajwa w.e.f. 4th February, 2012.

4.5 The Committee meetings are held at Company's Corporate Head quarters and are usually attended by the Chief Internal Auditor and the Statutory Auditor. The Business and operations heads are invited to the meetings, as required.

4.6 The Committee relies on the expertise and Knowledge of Management, the internal Auditors and the Independent Statutory Auditors in carrying out its oversight responsibilities. It also uses external expertise if required.

4.7 The Company's Independent Statutory Auditor, is responsible for performing an Independent Audit of the Financial Statements and expressing an opinion on the conformity of those financial statements with accounting principles generally accepted in India.

## 5. SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE

5.1 In Compliance with the requirement of Corporate Governance under the listing Agreement with the Stock Exchanges, the Company has constituted a "Shareholders'/Investors Grievance Committee" to look into issues relating to Shareholders including share transfers.

The Shareholders'/Investors' Grievance Committee of the Board comprises of three Directors as at 31st March 2012:-

No.	Name of the Directors	Designation	Category
1.	Mr. Satish Kumar Gupta <sup>@</sup>	Chairman	Non-Executive
2.	Mr. Anil Kumar Gupta <sup>#</sup>	Member	Independent
3.	Mr. Umesh Bhat	Member	Independent

@ Mr. Satish Kumar Gupta was appointed in place of Mr. D Uday Kiran w.e.f. 12th August, 2011 Mr. Servesh Gupta was appointed in place of Mr. Rajesh Kumar Gupta w.e.f. 12th August, 2011.

#Mr. Anil Kumar Gupta was appointed in place of Mr. Servesh Gupta w.e.f. 4th February, 2012.

5.2 The Committee oversees and reviews all matter connected with securities of the Company. The Committee also looks into redressal of shareholders'/investors' complaint/queries related to transfer/transmission/consolidation/splitting of shares, non-receipt of Balancesheet, etc. The Committee oversees performance of the Registrar and Share Transfer Agent of the company and recommends measures for overall improvement in the quality of investor services.

- 5.3 During the year ended 31st March, 2012, Two meetings of the Committee were held on 7th October, 2011 and 25th November, 2011.

The details of investor complaints received and resolved during the period starting form 1st April, 2011 & ending on 31st March, 2012 is as under:

No. of Investor Complaints from 1st April, 2011 to 31st March, 2012	No. of Investor Complaints resolved from 1st April, 2011 to 31st March, 2012	No. of Investor Complaints pending at 31st March, 2012
2	2	NIL

The Company Secretary is the Compliance Officer for complying with the requirement of the Securities Laws and the Listing Agreements with the Stock Exchange.

#### 5.4 Compliance Officer

Mr. G. S. Monga, Company Secretary, who is the Compliance Officer of the Company can be contacted at : USG Tech Solutions Limited, B-121, 2nd Floor, Sector-2, Noida-201301. e-mail : [Secretarial@usgtechsolutions.com](mailto:Secretarial@usgtechsolutions.com). Complaints or queries relating to the shares can be forwarded to the Company's Registrar and Transfer Agents–M/s Bigshare Services Pvt. Ltd. at [info@bigshareonline.com](mailto:info@bigshareonline.com).

During the year all the complaints received from the shareholders, were replied / resolved promptly to the satisfaction of the shareholders. As on date, there are no complaints pending. The Secretarial Department of the Company and Registrar and Transfer Agents attends expeditiously to all grievances/correspondences of the shareholders and investors.

## 6. REMUNERATION COMMITTEE:

- 6.1 The Remuneration Committee of the Company is empowered to review the remuneration of the Managing Director and the Executive Directors, approved by the Board and deal with matters relating thereto.
- 6.2 During the year 2011-2012, the Company has paid remuneration to the Managing Director.
- 6.3 The Remuneration of the Managing and Executive Directors is recommended by the Remuneration Committee based on criteria such as industry benchmarks, the Company's performance vis - a - vis the industry, the responsibility shouldered, performance/track record and is decided by the Board of Directors.

## 7. GENERAL BODY MEETINGS:

### (A) Annual General Meetings

Location and time of the General Body Meetings of the Company in the past three years:

YEAR	VENUE	DATE	TIME
2008-2009	I-405, 4th Floor, Divyashakti Apartments, Ameerpet, Hyderabad-500 016	30th September, 2009	16:00 Hrs
2009-2010	I-405, 4th Floor, Divyashakti Apartments, Ameerpet, Hyderabad-500 016	29th September, 2010	16:00 Hrs
2010-2011	I-405, 4th Floor, Divyashakti Apartments, Ameerpet, Hyderabad-500 016	8th August, 2011	16:00 Hrs

The Resolutions pertaining to following matters were passed as Special Resolutions, in the previous 3 Annual General Meetings:

- Reduction of Capital
- Appointment of Mr. Prem Gupta as Managing Director
- Change in Management and Control of the Company
- Appointment of Promoter Directors
- Re-issue of Forfeited Shares
- Change of Name of the Company
- Further Issue of 3,19,50,000 Convertible Warrants/Resultant Equity Shares

The above resolutions were passed with requisite majority. The Board recommends passing of one Special Resolutions pertaining to Further issue of equity shares at the ensuing 13th Annual General Meeting.

**(B) Postal Ballot**

During the Financial Year 2011-12, the Company had obtained Shareholders approval by means of Postal Ballot in terms of Section 192A of the Companies Act, 1956, the following business:

1. Change in Management and Control of the Company
2. Appointment of Promoter Director
3. Appointment of Promoter Director
4. Change of Registered Office of the Company

Mr. Sanjay Chug, Practicing Company Secretary, who was appointed as the Scrutinizer, carried out the Postal Ballot process in a fair and transparent manner. The result of postal ballot process was announced on 12th August, 2011.

**Voting Pattern and Procedure for Postal Ballot**

The Board of Directors in its meeting held on 11th July, 2011, appointed Mr. Sanjay Chug, Practicing Company Secretary, as the Scrutinizer for conducting the postal ballot voting process.

The Company had completed the dispatch of postal ballot forms on 12th July, 2011 along with postage prepaid business reply envelopes to its Members whose name(s) appeared on the Register of Members/list of beneficiaries.

Particulars of the Postal Ballot Forms received from the Members were entered in a register separately maintained for the purpose.

The Postal Ballot Forms were kept under his safe custody before commencing the scrutiny of such Postal Ballot Forms.

All Postal Ballot Forms received/receivable up to the close of working hours on 12th August, 2011, the last date and time fixed by the Company for receipt of the forms, had been considered for their scrutiny.

Envelopes containing Postal Ballot Forms received after close of business hours had not been considered for scrutiny.

The Company had announced the following result of the Postal Ballot on 12th August, 2011, as per the Scrutinizer's Report:

Sr. No.	Description	(A) Total Forms Received	(B) Invalid Forms	(C) Net Valid Forms	Votes in favor of Resolution		Votes against the Resolution	
					Valid Votes in favor of Resolution	% of Total Votes	Valid Votes against Resolution	% of Total Votes
1.	Change in Management and Control of the Company	17	—	17	1102400	100 %	—	—
2.	Appointment of Promoter Director	17	—	17	1102400	100 %	—	—
3.	Appointment of Promoter Director	17	—	17	1102400	100 %	—	—
4.	Change of Registered Office of the Company	17	—	17	1102400	100 %	—	—

All Special Resolutions were passed through Postal Ballot Process.

**8. DISCLOSURES**

- 8.1 Besides the transactions mentioned elsewhere in the Annual Report, there were no other materially significant related party transactions that may have potential conflict with the interests of the Company at large.
- 8.2 The Company has complied with various rules and regulations prescribed by the Stock Exchanges, Securities and Exchange Board of India or any other statutory authority relating to capital markets during the last three years. No penalties have been imposed by them on the Company.
- 8.3 The Company has laid down procedure to inform Board Members about the risk assessment and minimization procedures. These procedures are being periodically reviewed to ensure that management controls risk through the means of properly defined framework.

**9. MEANS OF COMMUNICATION**

The Company regularly intimates unaudited as well as audited financial results to the Stock Exchanges immediately after these were taken on record by the Board.

The quarterly/half-yearly/annual financial results are generally published in the English and Telgu Newspapers i.e. The Indian Mail (English) and Prajashakthi (Telgu). The Annual Report, Quarterly Results and Shareholding Patterns of the Company are regularly filed with the Stock Exchanges in hard copies within the stipulated time.

**10. GENERAL INFORMATION FOR MEMBERS:**
**10.1 Annual General Meeting:**

<b>Date and Time</b>	Wednesday, 19th September, 2012 at 16:00Hrs
<b>Venue</b>	1/95/1/5-6 2nd Floor Guttala Begumpet near Kavuri Hills Phase 2 Madhapur Hyderabad – 500081

**10.2 Financial Calender (tentative)**

The financial year covers the period starting from 1st April and ended on 31st March

Adoption of Quarterly Results Ended by the end of

June 30, 2011	12th August, 2011
September, 2011	11th November, 2011
December, 2011	14th February, 2012
March, 2012	30th May, 2012

**10.3 Book Closure Period:**

Saturday, 15th September, 2012 to Wednesday, 19th September, 2012 (both days inclusive.)

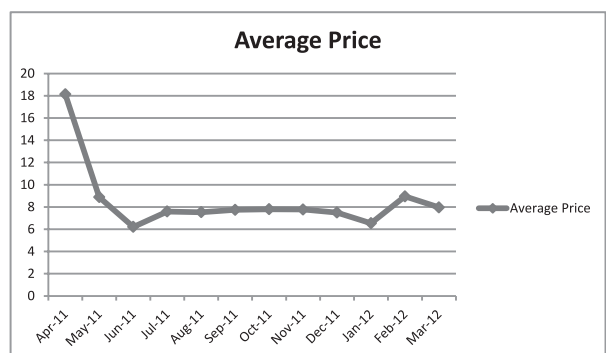
**10.4 Listing Details:**

The Equity Shares of the Company are listed with Bombay Stock Exchange Limited & The Calcutta Stock Exchange Association Ltd. [Scrip Code: BSE LTD -532402]. The listing fee has been paid to BSE where the Company's Equity shares are listed.

**10.5 Market Price data:**

The monthly high & low quotations of the Company's Shares traded on the Bombay Stock Exchange Limited during the Financial Year 2011-12, along with the performance of stock are as under:

<b>Bombay Stock Exchange (BSE)</b>			
<b>Month</b>	<b>High</b>	<b>Low</b>	<b>Average</b>
April, 2011	28.00	8.26	18.13
May, 2011	10.90	6.86	8.88
June, 2011	8.00	4.41	6.21
July, 2011	9.78	5.40	7.59
August, 2011	8.90	6.15	7.53
September, 2011	8.78	6.70	7.74
October, 2011	8.39	7.21	7.80
November, 2011	8.84	6.70	7.77
December, 2011	9.00	6.01	7.50
January, 2012	7.79	5.29	6.54
February, 2012	10.75	7.15	8.95
March, 2012	9.80	6.12	7.96



**10.6 Registrar and Transfer Agent:**

M/s Bigshare Services Pvt. Ltd.  
 Contact Person: Mr.Ashok Shetty  
 Address: E/2, Ansa Industrial Estate,  
 Sakivihar Road, Sakinaka  
 Andheri (East), Mumbai-400072.  
 Tel: 91 22 2847 0652 / 4043 0200  
 Fax: 91 22 2847 5207  
 Email:info@bigshareonline.com  
 Website: www.bigshareonline.com

**10.7 Share Transfer System:**

The Company's share being in compulsory Demat list, are transferable through the depository system. However, shares in the physical form are processed by the Registrar & Transfer Agent and approved by the Shareholders and Investors Grievance Committee. The share transfer process is reviewed by the said committee. The Company obtains from a Company Secretary in Practice, the half-yearly certificate of compliance with the share transfer formalities as required under Clause 47(c) of the Listing Agreement with Stock Exchanges and file a copy of the certificate with the Stock Exchanges.

**10.8 Secretarial Audit:**

The Company obtains certificate of compliance from a Company Secretary in practice quarterly under SEBI (Depository & Participants) Regulations, 1996 for the purpose of reconciliation of the total issued/paid - up capital is in agreement with the aggregate of the total number of shares in physical form and the total number of shares in dematerialized form (held with NSDL and CDSL).

**10.9 Distribution of Shareholding:**

Distribution of shareholding as on 31.03.2012 is given below:

Range in (Rs.)	Number of shareholders	% of total shareholders	Total Holding in Rupees	% of total capital
1-5000	538	43.07	13,84,040	0.45
5001-10000	264	21.14	24,59,370	0.81
10001-20000	113	9.05	19,20,060	0.63
20001-30000	57	4.56	15,50,380	0.51
30001-40000	36	2.88	13,04,660	0.43
40001-50000	54	4.32	25,88,470	0.85
50001-100000	58	4.65	47,35,620	1.55
100001 and above	129	10.33	28,90,65,400	94.77
<b>Total</b>	<b>1249</b>	<b>100%</b>	<b>30,50,08,000</b>	<b>100%</b>

**10.10 Shareholding Pattern of Shares as on 31st March, 2012:**

Category	No. of Shares	% of Shares
<b>Promoters</b>		
Indian	24,39,582	8.00
Foreign:Body Corporate	-	-
<b>Non – Promoters</b>		
Mutual Funds	3,54,073	1.16
Fin Inst.	1,18,919	0.39
Corporate Bodies	19,26,482	6.32
Individuals	2,56,54,744	84.11
NRIs/ OCBs	7,000	0.02
<b>Total</b>	<b>3,05,00,800</b>	<b>100.00</b>

**10.11 ISIN for Dematerialization : INE718B01017****10.12 Dematerialization of Shares as on 31st March, 2012:**

The electronic holding of shares as on 31st March, 2012 through NSDL and CDSL are as follows:

Particulars	NSDL		CDSL	
	2012	2011	2012	2011
Equity Shares	2,35,16,291	60,16,453	14,83,498	7,22,654

The Company has entered into an agreement with both National Securities Depository Limited (NSDL) & Central Depository Services (India) Limited (CDSL), whereby the shareholders have an option to dematerialize with either of the depositories. Annual Custody fees for the year 2012-13 has been paid by the Company to NSDL and CDSL.

**10.13 Outstanding GDRs/Warrants and Convertible Bonds, Conversion Date and likely impact on equity**

54,50,000 Convertible Warrants yet to be converted into equal no. of equity shares within Eighteen Months from the date of allotment of Convertible Warrants constituting 15.15% of the paid up Equity Share Capital of the Company.

**10.14 Address for correspondence**

**USG Tech Solutions Limited**

**Company Secretary**

**Corporate Office:**

B-121, 2nd Floor, Sector -2, Noida - 201301

Email:-Secretarial@usgtechsolutions.com

**WHISTLE BLOWER POLICY**

The Company promotes ethical behavior in all its business activities and has put in all place a mechanism of reporting illegal or unethical behavior. The Company has adopted a Whistle Blower Policy, which afford protection and confidentiality to Whistle blowers. The Audit Committee Chairman is authorised to receive protected Disclosure under this policy. The Audit Committee is also authorized to supervise the conduct of investigation of any disclosures made by whistle blowers in accordance with policy.

**Declaration by the CEO under Clause 49 of the Listing Agreement regarding adherence to the Code of Conduct**

In accordance with Clause 49 sub Clause I (D) of the Listing Agreement with the Stock Exchanges, I, Servesh Gupta, Director of the Company do hereby confirm that, all the Directors and the Senior Management personnel of the Company have affirmed compliance to their respective code of conduct, as applicable to them for the financial year ended 31st March, 2012.

By Order of the Board  
**USG Tech Solutions Limited**

Sd/-  
**Servesh Gupta**  
Director

Noida, 22nd August, 2012

**AUDITORS' REPORT**

To

**The Members of**

**USG Tech Solutions Limited**

1. We have audited the attached Balance Sheet of USG Tech Solutions Limited as at 31st March 2012 and also the Profit and Loss Account and the Cash Flow Statement 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. 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 the reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003, issued by the 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.
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 accounts 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 the 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 cash flow statement dealt with by this report comply with the accounting standards referred to in sub – Section (3C) of Section 211 of the Companies act, 1956, in so far as they are applicable to the Company.
  - e. On the basis of the written representations received from the directors as on 31st March 2012 and taken on record by the Board of Directors we report that none of the directors is disqualified as on 31st March 2012 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 give in conjunction with the Schedules annexed therewith, give the information required by the Companies Act 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
    1. In the case of balance sheet, of the state of affairs of the companies as at 31st March 2012.
    2. In the case of the profit and loss account of the profit / loss for the period ended on that date.
    3. In the case of the cash flow statement of the cash flows for the year ended on that date.

For **PVR-N & Co.**  
Chartered Accountants,  
Firm Regn. No. 004062N  
Sd/-

**Pradeep Kumar Jindal**  
Partner  
M.No. 82646

Place : New Delhi  
Date : 30th May, 2012



**ANNEXURE TO THE AUDITORS REPORT**

Referred to in paragraph 3 of our report of even date

1. In respect of its fixed assets
  - a) The Company has maintaining proper records showing full particulars, including quantitative details and situation of the fixed assets on the basis of available information.
  - b) As explained to us, the management has physically verified the fixed assets during the year and there is a regular programme of verification which, in our opinion is reasonable having regard to the size of the Company and the nature of the assets. No material discrepancies were noticed on such physical verification.
  - c) In our opinion, the Company has not disposed off any part of its Fixed Assets during the year and the going concern status of the company is not affected.
2. In respect of its Inventory
  - a) The inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
  - b) In our opinion and according to the information and explanations given to us, the procedure of physical verification of inventories followed by the management are reasonable and adequate in relation to size of the company and nature of the its business.
  - c) The company has maintained proper record of inventories. As explanation given to us, there were no material discrepancies notices on such physical verification of the inventories as compared to the book records.
3. In respect of the loans, secured or unsecured granted or taken by the company to / from companies, firms or other parties covered under the register maintained under Section 301 of the Companies Act 1956, according to the information and explanations given to us
  - a) The Company has not granted any loans, secured or unsecured, from companies, firms or other parties covered under the register maintained under Section 301 of the Companies Act 1956. Consequently, the requirement of Clause (iii) (f) and (iii) (g) of paragraph 4 of the Order are not applicable.
  - b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered under the register maintained under Section 301 of the Companies Act 1956. Consequently, the requirement of Clause (iii) (f) and (iii) (g) of paragraph 4 of the Order are not applicable.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and for the sale of products and services. During the course of our audit, we have not observed any continuing failure or weakness in internal control system.
5. In our opinion and according to the information and explanations given to us there are no transactions made pursuant of contracts or arrangements that need to be entered into the register maintained under Section 301 of the Companies Act, 1956.
6. In our opinion and according to information and explanations given to us, the Company has not accepted any deposits from public. Therefore the provision of Clause (vi) of paragraph of the Order is not application to the company.
7. In our opinion, the Company has internal audit system commensurate with the size and nature of its business.
8. In our opinion and according to information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956.
9. In respect of statutory dues
  - a) According to the information and explanations given to us the particulars of undisputed statutory dues of provident fund, employees state insurance, income tax and service tax were in arrears as at 31st March 2012 for a period of more than six months from the date they became payable and which have not been deposited are for Rs. 3, 02,839/-, the amount relates to Previous years.No dues are pending for the current year.
  - b) The Company does not have any disputed dues of sales tax / income tax / customs / wealth tax / excise duty /cess etc.

which have not been deposited except the Income Tax Demand of Rs. 23, 10, 837/- for the assessment year 2005 – 2006 against which the Company has filed an appeal with ITAT, although the Income Tax Department has set it off this liability against the amount of Income tax Refund due for the A.Y.2010-2011 and earlier years. Therefore, the matter would be finalized on the order of ITAT.

10. The Company does not have accumulated losses at the end of the financial year. The Company has not incurred any cash losses during the financial year covered by audit and the immediately preceding financial year.
11. According to the information and explanations given to us, the Company has no dues to any financial institutions, bank or debenture holders during the year under report.
12. According to the information and explanations given to us, the Company has not granted any loans or advances on the basis of securities by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund or nidhi / mutual benefit fund / society and therefore the provisions of special statute under paragraph (13) of the order are not applicable to the Company.
14. In our opinion and the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
15. According to the information and explanations given to us, the Company has not given the guarantee for loans taken by others from banks or financial institutions.
16. According to the information and explanation given to us, the Company has not raised any term loans.
17. According to information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that there are no funds raised on a short term basis which have been used for long term investment.
18. 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 during the year.
19. According to the information and explanations given to us, the Company has not issued any debentures during the year under report.
20. According to the information and explanations given to us the Company has not raised any money by public issues during the year.
21. According to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the year under report.

For **PVR-N & Co.**  
Chartered Accountants,  
Firm Regn. No. 004062N  
Sd/-

**Pradeep Kumar Jindal**  
Partner  
M.No. 82646

Place : New Delhi  
Date : 30th May, 2012

**BALANCE SHEET AS AT 31ST MARCH 2012**

Particulars	Note No.	As at March 31, 2012 (Amount in Rs.)	As at March 31, 2011 (Amount in Rs.)
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' Funds</b>			
(a) Share Capital	1	305,008,000.00	97,539,180.00
(b) Reserves & Surplus	2	19,168,342.00	16,489,777.00
(c) Money Received Against Share Warrants	3	23,000,000.00	8,650,000.00
<b>(2) Non Current Liabilities</b>			
(a) Long term borrowings	4	2,201,840.00	–
(b) Deferred tax liabilities(Net)	5	1,391,086.00	784,396.00
<b>(3) Current Liabilities</b>			
(a) Trade payables	6	237,724,522.00	1,041,380,404.00
(b) Other current liabilities	7	4,960,701.00	5,240,032.00
(c) Short-term provisions -Income Tax	8	1,368,927.00	2,542,132.00
<b>TOTAL</b>		<b>594,823,418.00</b>	<b>1,172,625,921.00</b>
<b>II. ASSETS</b>			
<b>(1) Non-Current Assets</b>			
(a) Fixed Assets	9		
(i) Tangible assets		18,394,254.00	4,161,281.00
(ii) Intangible Assets under Development		56,330,376.00	–
(b) Non-Current Investment	10	71,350,000.00	48,930,000.00
(c) Other non-current assets	11	1,977,710.00	–
<b>(2) Current Assets</b>			
(a) Closing Stock		650,750.00	–
(b) Trade receivables	12	264,131,124.00	915,267,006.00
(c) Cash and cash equivalents	13	29,509,069.00	4,886,277.00
(d) Short-term loans and advances	14	97,469,421.00	139,977,446.00
(e) Other current assets	15	55,010,714.00	59,403,911.00
<b>TOTAL</b>		<b>594,823,418.00</b>	<b>1,172,625,921.00</b>
<b>Notes on Financial Statement</b>	<b>1 to 32</b>		
<b>Significant Accounting Policies</b>	<b>a to t</b>		

For PVR-N &amp; Co.

Chartered Accountants

For and on behalf of the Board of Directors

 Sd/-  
**Pradeep Jindal**  
 Partner  
 M.No. 82646

 Sd/-  
**Prem Gupta**  
 Managing Director

 Sd/-  
**Servesh Gupta**  
 Director

 Sd/-  
**G. S. Monga**  
 Company Secretary

 Place : Noida  
 Date : 30th May, 2012

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2012**

Particulars	Note No.	As at March 31, 2012 (Amount in Rs.)	As at March 31, 2011 (Amount in Rs.)
<b>I. Revenue from Operations</b>	16	<b>200,788,932.00</b>	240,677,356.00
<b>II Other Income</b>	17	<b>2,168,894.00</b>	219,530.00
<b>III Total Revenue [I+II]</b>		<b>202,957,826.00</b>	240,896,886.00
<b>IV Expenses</b>			
Purchases & Development	18	177,144,632.00	214,629,726.00
Changes in inventories of finished goods		(650,750.00)	
Employee Benefits Expenses	19	7,565,005.00	9,978,536.00
Finance Costs	20	136,850.00	7,437.00
Depreciation and amortization expenses	9	4,953,529.00	2,519,642.00
Other Expenses	21	9,154,378.00	7,081,488.00
<b>Total Expenses</b>		<b>198,303,644.00</b>	234,216,829.00
<b>V Profit before exceptional and extraordinary items and tax (III- IV)</b>		<b>4,654,182.00</b>	6,680,057.00
<b>VI Exceptional items</b>		-	-
<b>VII Profit before extraordinary items and tax (V-VI)</b>		<b>4,654,182.00</b>	6,680,057.00
<b>VIII Extraordinary items</b>			
<b>IX Profit before Tax (VII-VIII)</b>		<b>4,654,182.00</b>	6,680,057.00
<b>X Tax expenses:</b>			
(1) Current tax		1,368,927.00	2,542,132.00
(2) Deferred tax		606,690.00	(477,995.00)
<b>XI Profit for the period from continuing operations (IX-X)</b>		<b>2,678,565.00</b>	4,615,920.00
<b>XII Profit from discontinuing period</b>		-	-
<b>XIII Tax expenses of discontinuing operations</b>		-	-
<b>XIV Profit from Discontinuing operation (after tax) (XII-XIII)</b>		-	-
<b>XV Profit for the period (XI+XIV)</b>		<b>2,678,565.00</b>	4,615,920.00
<b>XVI Earning per Equity share:</b>			
(1) Basic		0.09	0.47
(2) Diluted		0.07	0.47
<b>Notes on Financial Statement</b>	<b>1 to 32</b>		
<b>Significant Accounting Policies</b>	<b>a to t</b>		

 For **PVR-N & Co.**

Chartered Accountants

For and on behalf of the Board of Directors

 Sd/-  
**Pradeep Jindal**  
 Partner  
 M.No. 82646

 Sd/-  
**Prem Gupta**  
 Managing Director

 Sd/-  
**Servesh Gupta**  
 Director

 Sd/-  
**G. S. Monga**  
 Company Secretary

 Place : Noida  
 Date : 30th May, 2012

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2012**

Particulars	As at March 31, 2012 (Amount in Rs.)	As at March 31, 2011 (Amount in Rs.)
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Net profit before tax as per Profit and Loss Account</b>	46.54	66.80
Adjustments for :-		
Finance cost	1.37	2.07
Preliminary Expenses Written Off	2.19	0.00
Depreciation and Amortization Expenses	49.54	25.20
	<u>53.10</u>	<u>27.27</u>
<b>Operating Profit before Working Capital Changes</b>	99.64	94.07
Adjustment for :-		
Decrease in Trade and Other Payables	(8051.08)	1949.41
Increase in Inventories	(6.51)	0.00
Decease in Trade and Other Receivables	6511.37	(1024.53)
	<u>(1546.22)</u>	<u>924.88</u>
<b>Cash Generated from Operations</b>	(1446.58)	1018.95
Adjustment for :-		
Provision for Income Tax	(13.69)	(25.42)
Provision for Deferred Tax Liabilities	(6.07)	4.78
	<u>(1466.34)</u>	<u>998.31</u>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchases of Fixed Assets	(755.17)	-
Purchases of Non-current Investment	(224.20)	(286.65)
Movement in Loans & Advances and other Assets	469.01	(656.78)
<b>Net Cash Received from Investing Activities</b>	(510.36)	(943.43)
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Issue of Share Capital	2218.19	-
Proceeds from Long Term Borrowings	22.01	-
Finance cost	(1.37)	(2.07)
Increase in Deferred Tax Liabilities	6.07	(4.78)
Payment of Preliminary Expenses for increase in Authorised Share Capital	(21.97)	-
<b>Net Cash Received from Financing Activities</b>	2222.93	(6.85)
<b>D Net Increase in Cash and Equivalent Cash</b>	246.23	48.03
Add Opeing Balance of Cash and Equivalent Cash	48.86	0.83
<b>Closing Balance of Cash and Equivalent Cash</b>	<u>295.09</u>	<u>48.86</u>

For PVR-N &amp; Co.

Chartered Accountants

 Sd/-  
**Pradeep Jindal**  
 Partner  
 M.No. 82646

 Sd/-  
**Prem Gupta**  
 Managing Director

For and on behalf of the Board of Directors

 Sd/-  
**Servesh Gupta**  
 Director

 Sd/-  
**G. S. Monga**  
 Company Secretary

 Place : Noida  
 Date : 30th May, 2012

**Significant Accounting Policies forming part of Balance Sheet as at 31st March 2012****a. Basis of Preparation of Financial Statements**

The financial statements have been prepared under historical cost convention in accordance with Indian Generally Accepted Accounting Principles on a going concern on accrual basis and the relevant provisions of the Companies Act, 1956.

**b. Grouping / Regrouping**

Previous year figures have been regrouped / reclassified wherever necessary so as to make comparable to figure of current year presentation. The figures in bracket represent corresponding figures of the previous year.

**c. Owned Tangible Fixed Assets and Intangible Assets under Development**

Fixed Assets are stated at cost of acquisition less accumulated depreciation, recoverable taxes and impairment loss, if any. An intangible asset under developments is shown on actual payment basis.

**d. Intangible Assets under Development**

An intangible asset under developments is shown on actual payment basis. An amount of Rs.56330376/- has been during the financial year 2011-2012 to acquire license of Credit Card Software which is under development..

**e. Depreciation and Amortisation**

Depreciation has been calculated on fixed assets on their written down value method in accordance with section 205 of the Companies Act, 1956 at the rates specified in Schedule XIV of the Companies Act 1956. The company follows the policy of charging depreciation on pro-rata basis on the assets acquired or disposed off during the year. There is no change in the method of providing depreciation as compared to previous year.

**f. Impairment of Assets**

An assets is treated as impaired when the carrying cost of fixed assets exceeds its recoverable value. The company on an annual basis makes an assessment of any indicator that may lead to impairment of assets. If any such indication exists, the company estimates the recoverable amount of such assets. If such recoverable amount is less than the carrying amount, then the carrying amount is reduced to its recoverable amount by treating the difference between them as impairment loss and is charged to Profit and Loss Account.

**g. Amortization of Intangible Assets**

No intangible asset has been amortized.

**h. Investments**

Investments are shown at acquisition cost.

**i. Inventories**

The Inventory is valued at lower of cost price and realisable value after providing for obsolescence, if any.

**j. Trade Receivable, Trade Payables and Loans and Advances**

Sundry Debtors, Creditors and Loans and advances are subject to confirmation.

**k. Realisation value of Current Assets**

In the opinion of the Management, value of all the current assets including loans and advances, if realised in the normal course shall not be less than the value stated in Balance Sheet.

**l. Revenue Recognition**

- a) **Services:** Revenue from rendering of services is recognized on the date on which the invoice is raised to customers.
- b) **Products:** Revenue from sale of products is recognized at a point of despatch of finished products to customers.

**m. Employees Benefits:-****a) Short term employees**

Short term benefits are recognised as an expense on an undiscounted basis in the Profit & Loss Account of the year in which the related it is rendered.

**b) Long Term Benefit**

- (i) The company is not covered under Employees provident Fund to which defined contribution are made on regularly basis.
- (ii) In accordance with the Payment of gratuity Act 1972, the gratuity is payable to an employees after completion of 5 years of his service in the company.

**n. Provision for Gratuity and Leave Encashment**

There is no employee eligible for gratuity as per Payment of Gratuity Act 1972 and therefore no provision has been made for gratuity. The company has also not made any provision for leave encashment. It is policy of the company to pay amount equivalent to value of leave balance in the employee account at the time full and final settlement of his account.

**o. Borrowing Cost**

Borrowing Cost which is attributable to acquisition of any assets is capitalized as a part of that asset. Other costs are recognized as an expense in the year in which they are incurred.

**p. Foreign Currency Transactions**

Foreign currency transactions are recorded at the exchange rate prevailing at time of transactions.

**q. Provision for Current and Deferred Income Taxes**

- a) **Income Tax:-**Provision for current tax for the year is based on computations after considering rebates, relief and exemptions under the Income Tax Act, 1961 applicable to the company.
- b) **Deferred Tax:-**Deferred tax assets and liabilities are recognised for future consequences attributable to the time difference that result between the profit offered for income tax and the profit as per financial statement of the company. Deferred tax assets and liabilities are measured as per the tax rates / laws that have been enacted or substantively enacted by the Balance Sheet. Deferred tax assets and liabilities are reassessed for the appropriateness of their respective carrying amount at each balance sheet.

**r. Contingent Liabilities and Capital Commitments**

Income Tax demand for Rs.2310837/- is pending for the Assessment Year 2005–2006. The Company has filed an appeal with the ITAT against the orders of CIT (Appeal). The order of ITAT is pending. The Income Tax department has set off this liability against the refund due for the following Assessment Years.

S.No.	Assessment Year	Date of Adjustment	Amount
1	2009-2010	30-03-2011	611258.00
2	2006-2007	23-04.2011	176791.00
3	2006-2007	26-04.2011	1767.00
4	2007-2008	26-04.2011	9121.00
5	2007-2008	26-04.2011	91.00
6	2008-2009	26-04.2011	28529.00
7	2008-2009	26-04.2011	285.00
	<b>Total</b>		827842.00

- s. The Company was exclusively engaged in the business of Software Services and Development of Software Products during previous year. The company has also started trading of Scientific and Technical Books and other activities from April 2011. The purchase and sale of such books are in bulk and therefore not capable of being expressed in any generic unit. Hence the quantitative details as required under the Companies Act 1956.

**t. Any other policy**

Any other policy matter which is not specifically mentioned herein is as per generally accepted accounting principles and standards

**Notes forming part of Balance Sheet as at 31st March 2012**

Particulars	As at March 31, 2012 (Amount in Rs.)	As at March 31, 2011 (Amount in Rs.)
<b>1 SHARE CAPITAL</b>		
<b><u>Authorized Share Capital</u></b>		
43000000 Equity Shares of Rs.10 each (30000000 Equity Shares of Rs.10 each)	430,000,000.00	300,000,000.00
<b><u>Issued Share Capital</u></b>		
30500800 Equity Shares of Rs.10 each (10650800 Equity Shares of Rs.10 each)	305,008,000.00	106,508,000.00
<b><u>Subscribed &amp; Paid up Share Capital</u></b>		
30500800 Equity Shares of Rs.10 each (9753918 Equity Shares of Rs.10 each)	305,008,000.00	97,539,180.00
<b>Total</b>	<b>305,008,000.00</b>	<b>97,539,180.00</b>

- 1.1 The company has reissued the forfeited 896882 Equity Shares of Rs. 10/- each on 27th August 2011
- 1.2 The company has converted 19850000 convertible warrants into equal number of Equity Shares of Rs.10/- each on 4th February 2012 in accordance with Chapter VII of the SEBI (ICDR) Regulations, 2009
- 1.3 The recinciliation of the number of share outstanding is as under:-

Particulars	Number of Shares	Number of Shares
Equity Share at the beginning of the year	9,753,918.00	9,753,918.00
Add :- Reissue of forfeited shares	896,882.00	-
Add :- Conversiable share warrants converted in to Equity Shares	19,850,000.00	-
Equity Share at the end of the year	30,500,800.00	9,753,918.00

- 1.4 The detail of Shareholder holding more than 5% shares is as under:-

Particulars	Number	% Held	Number	% Held
Name of Shareholder				
Sibar Software Services (India) Limited			6000000	6.15
Globex Tech India Limited			5000100	5.13
Sh. P Mohan Prasad			5000000	5.13
Sh. Anil Kumar Jindal	21000000	6.89		
Smt. Sunita Jindal	21000000	6.89		
Sh. Vipin Gupta	21000000	6.89		
Smt.Radhika Gupta	21000000	6.89		
Sh. Naresh Bansal	21000000	6.89		
Smt. Padma Bansal	21000000	6.89		

**2 RESERVES & SURPLUS**
**2.1 Profit and Loss Account**

Profit and Loss Account b/f from last year	16,489,777.00	11,873,857.00
Add :- Transferred from current year Profit and Loss	2,678,565.00	4,615,920.00
<b>Total</b>	<b>19,168,342.00</b>	<b>16,489,777.00</b>



Particulars	As at March 31, 2012 (Amount in Rs.)	As at March 31, 2011 (Amount in Rs.)
<b>3 MONEY RECEIVED AGAINST SHARE WARRANTS</b>		
Money received against Share Warrants Rs.2.30 Crores (Rs.0.85 Crores) is received against 5450000 (2300000) shares warrants under SEBI guidelines	23,000,000.00	8,650,000.00
<b>Total</b>	<b>23,000,000.00</b>	<b>8,650,000.00</b>
<b>4 NON-CURRENT LIABILITIES</b>		
Long Term Borrowings Secured Loan From Bank	2,201,840.00	—
<b>Total</b>	<b>2,201,840.00</b>	<b>—</b>
Rs.22.01 lac is secured by way of hypothecation on first charge of car to BMW Financial Services Limited.		
<b>5 DEFERRED TAX LIABILITIES(Net)</b>		
Difference in depreciation as per books and income Tax Act Relating difference in depreciation as per the Companies Act and Income Tax Act	1,391,086.00	784,396.00
As per Income Tax Act	Rs.49150111/-	
As per Companies Act, 1956	Rs.44648216/-	
<b>Total</b>	<b>1,391,086.00</b>	<b>784,396.00</b>
<b>6 TRADE PAYABLES</b>		
Micro, Small and Medium Enterprises	84,857.00	—
Others	237,639,665.00	1,041,380,404.00
<b>Total</b>	<b>237,724,522.00</b>	<b>1,041,380,404.00</b>
The detail of amount outstanding to Mirco, Small and Meduim Enterprises based on available information with the company is as under:		
Principal amount due and remaining unpaid	—	—
Interest due on above and unpaid interest	—	—
Interest paid	—	—
Payment made beyond the appointed day during the year	—	—
Interest due and payable for the period of delay	—	—
Interest accrued and remaining unpaid	—	—
Amount of further interest remaining due and payable in sceeding year	—	—
<b>7 OTHER CURRENT LIABILITIES</b>		
Statutory Payable for taxes and duties	577,224.00	—
Other Non-statutory Payables Includes Rs.733187 (Rs.50000/- ) due to Directors	4,383,477.00	5,240,032.00
<b>Total</b>	<b>4,960,701.00</b>	<b>5,240,032.00</b>
<b>8 SHORT TERM PROVISIONS</b>		
Provision for Income Taxes	1,368,927.00	2,542,132.00
<b>Total</b>	<b>1,368,927.00</b>	<b>2,542,132.00</b>

**FIXED ASSETS**

Description	Gross Block			Depreciation and Amortisation			Net Block	
	As at 01.04.2011	Additions during the year	Deletion during the year	As at 31.03.2012	Charged For the current year	Adjustment for Sales/ Disposal	As at 31.03.2012	As at 01.04.2011
<b>Tangible Fixed Assets</b>								
Computer Hardware	25,359,374.00	14,436,635.00	-	39,796,009.00	3,447,104.00	-	27,231,721.00	12,564,288.00
Computer Software	15,279,905.00	615,868.00	-	15,895,773.00	805,878.00	-	14,301,427.00	1,594,346.00
Furniture and Fixtures	-	237,500.00	237,500.00	-	-	16,968.00	220,532.00	-
Office & Electrical Equipments	-	1,188,040.00	-	1,188,040.00	80,617.00	-	80,617.00	1,107,423.00
Vehicles	3,216,689.00	2,708,459.00	-	5,925,148.00	602,962.00	-	3,017,483.00	2,907,665.00
<b>Sub-Total(A)</b>	<b>43,855,968.00</b>	<b>19,186,502.00</b>	<b>-</b>	<b>63,042,470.00</b>	<b>4,933,529.00</b>	<b>-</b>	<b>44,648,216.00</b>	<b>18,394,254.00</b>
<b>Previous year</b>	<b>43,855,968.00</b>	<b>-</b>	<b>-</b>	<b>43,855,968.00</b>	<b>2,519,642.00</b>	<b>-</b>	<b>39,694,687.00</b>	<b>4,161,281.00</b>
<b>Intangible Assets under Development Development Right</b>								
	-	56,330,376.00	-	56,330,376.00	-	-	-	56,330,376.00
<b>Sub-Total(B)</b>	<b>-</b>	<b>56,330,376.00</b>	<b>-</b>	<b>56,330,376.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>56,330,376.00</b>
<b>Previous year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total (A+B)</b>	<b>43,855,968.00</b>	<b>75,516,878.00</b>	<b>-</b>	<b>119,372,846.00</b>	<b>4,933,529.00</b>	<b>-</b>	<b>44,648,216.00</b>	<b>74,724,630.00</b>
<b>Previous year</b>	<b>43,855,968.00</b>	<b>-</b>	<b>-</b>	<b>43,855,968.00</b>	<b>2,519,642.00</b>	<b>-</b>	<b>39,694,687.00</b>	<b>4,161,281.00</b>
								<b>6,680,923.00</b>

Note No. Particulars	As at March 31, 2012 (Amount in Rs.)	As at March 31, 2011 (Amount in Rs.)
<b>10 NON-CURRENT INVESTMENTS</b>		
Trade Investment		
<b>10.1 In Equity Shares -Quoted</b>		
Siber Software Services (India) Limited	–	6,000,000.00
<b>10.2 In Equity Shares -Unquoted</b>		
Fortunate Infra Devepolers (P) Limited (12500 @ Rs.10/- each)	2,500,000.00	–
Glorious Impex Pvt Ltd (12500 @ Rs.10/- each)	2,500,000.00	–
Hightime Marketing Private Limited	–	36,930,000.00
Kreative Finsol Pvt Ltd (90000 @ Rs.10/-each)	900,000.00	–
Loknath Financial Management Private Limited (16600 @ Rs.10/- each)	8,300,000.00	–
Mukesh Commercial (P) Limited (30000 @ Rs.10/- each)	6,000,000.00	–
Neptune Financial Advisory Private Limited (9000 @ Rs.10/- each)	4,500,000.00	–
Radix Dealcom Pvt Ltd ( 250000 @ Rs.10/- Each)	5,000,000.00	–
Rise High Tracom (P) Ltd ( 52500 @ Rs.10/- each)	26,250,000.00	–
SSS Glass Private Limited	–	5,000,000.00
Subhlaxmi Financial Management Pvt Ltd (17600 @ Rs.10/- Each)	8,800,000.00	–
Vemuri Finvest (P) Ltd (13000 @ Rs.10/- each)	2,600,000.00	–
Vishika International Private Limited	–	1,000,000.00
Well Build Vanijya (P) Limited (20000 @ Rs.10/- Each)	4,000,000.00	–
<b>Total</b>	<b>71,350,000.00</b>	<b>48,930,000.00</b>
<b>11 OTHER NON-CURRENT ASSETS</b>		
Preliminary expenses to the extent not written off	2,197,456.00	–
Less written off during the year	-219,746.00	–
<b>Total</b>	<b>1,977,710.00</b>	<b>–</b>
<b>12 TRADE RECEIVABLES</b> (Unsecured and Considered Good)		
Debts outstanding for a period exceeding six months	264,131,124.00	606,358,368.00
Others	–	308,908,638.00
<b>Total</b>	<b>264,131,124.00</b>	<b>915,267,006.00</b>
<b>13 BANK, CASH AND CASH EQUIVALENTS</b>		
Balance with Scheduled Banks	4,696,134.00	4,603,050.00
Cash in Hand and Equivalent Cash	24,812,935.00	283,227.00
<b>Total</b>	<b>29,509,069.00</b>	<b>4,886,277.00</b>
<b>14 OTHER CURRENT ASSETS</b> (Unsecured and Considered Good)		
Short Term Advances	97,469,421.00	139,977,446.00
<b>Total</b>	<b>97,469,421.00</b>	<b>139,977,446.00</b>

Note No. Particulars	As at March 31, 2012 (Amount in Rs.)	As at March 31, 2011 (Amount in Rs.)
<b>15 OTHER CURRENT ASSETS</b>		
Advance Tax	5,156,891.00	6,269,647.00
Receivables	1,518,823.00	1,429,264.00
Share Application Money Paid	48,335,000.00	51,705,000.00
<b>Total</b>	<b>55,010,714.00</b>	<b>59,403,911.00</b>

### Schedules forming part of Profit and Loss account for the year ended 31st March 2012

<b>16 Revenue From Operations</b>		
Scientific & Technical Books and other items	200,042,835.00	–
Income from Services	746,097.00	240,677,356.00
<b>Total</b>	<b>200,788,932.00</b>	<b>240,677,356.00</b>
<b>17 Other Incomes</b>		
Other Interests	1,948,988.00	219,530.00
Other Non-operating Receipts	219,906.00	–
<b>Total</b>	<b>2,168,894.00</b>	<b>219,530.00</b>
<b>18 Purchases &amp; Developments</b>		
Scientific & Technical Books and other items	177,144,632.00	–
Software Development Cost	–	214,629,726.00
<b>Total</b>	<b>177,144,632.00</b>	<b>214,629,726.00</b>
<b>19 Employees Benefit Expenses</b>		
Salaries	6,609,858.00	8,794,236.00
Staff Welfare	955,147.00	1184300.00
<b>Total</b>	<b>7,565,005.00</b>	<b>9,978,536.00</b>
<b>20 Finance Cost</b>		
Term Loans	136,431.00	–
Others	419.00	7,437.00
<b>Total</b>	<b>136,850.00</b>	<b>7,437.00</b>

Note No. Particulars	As at March 31, 2012 (Amount in Rs.)	As at March 31, 2011 (Amount in Rs.)
<b>21 Other Expenses</b>		
Staff Recruitment and Training	419,489.00	731942.00
Directors Remunerations	300,000.00	200,000.00
Audit Fee	25,000.00	25,000.00
Internal Audit Fee	20,000.00	20,000.00
Professional, Consultancy & Legal	519,129.00	616,706.00
Books & Periodicals	14,302.00	-
Entertainment	90,654.00	-
Printing & Stationery	199,170.00	209,032.00
Postage and Courier	153,997.00	232,665.00
Telephone, Fax and Internet	187,736.00	201,052.00
Travelling and Conveyance	2,058,656.00	1,089,921.00
Office Expenses	57,171.00	-
Business Promotion	158,242.00	-
Rent	685,000.00	100,000.00
Hire Charges	300,000.00	-
Security and Watch & Ward	90,000.00	225,560.00
Car Running and Maintenance	317,390.00	289,254.00
Computers Repair and Maintenance	3,950.00	173,946.00
Data Operation Machine Repair and Maintenance	655,750.00	-
Electricity and Office Maintenance	2,030,193.00	2,487,236.00
Generator Running and Maintenance	179,941.00	-
IT/Sundry Technical Maintenance	5,990.00	-
Office Equipments Repair and Maintenance	18,877.00	288,131.00
Annual General Meeting	10,925.00	16,250.00
Depository Fees	71,697.00	49,635.00
Listing Fees	108,095.00	71,695.00
Register & Share Transfer Fee	68,625.00	32,165.00
Fee, Rate, Taxes and Subscription Fee	6,500.00	625.00
General and Sundry Expenses	17,957.00	20,673.00
Preliminary Expenses Written Off	219,746.00	-
Delay in payment of TDS	197.00	-
Donation	160,000.00	-
<b>Total</b>	<b>9,154,378.00</b>	<b>7,081,488.00</b>

**Notes on Financial Statement forming part of Balance Sheet as at 31st March 2012****22. Payment to Managing Director/Directors**

Particulars	Current Year 2011-12	Previous Year 2010-11
Salary	Rs.300000/-	Rs.200000/- (for 8 Months)

**23. Payment to Auditors**

Statutory Audit Fee	Rs.10000/-	Rs.10000/-
Tax Audit Fee	Rs.10000/-	Rs.10000/-
Certifications Fee	Rs. 5000/-	Rs. 5000/-

**24. Deferred Tax Liabilities / Assets**

The major components in determination of Deferred Tax Liabilities are as under:-

Difference of depreciation between the Financial Statement and Income Tax Act Rs.4501895/-

**Total Rs.4501895/-**

Due to calculation of depreciation as per Income Tax Act, there is difference in amount of Deferred Tax Liability as shown in Audited Result which was submitted to BSE on dated 30.05.2012. Now rectified

**25. Expenditure in Foreign Currency**

The company has incurred expenses of Australian Dollar 3550.00 (Nil) equivalent to Rs.192911.00 (Nil) towards foreign trip of staff for training program in Australia.

**26. Earning in Foreign Currency**

There is no earning in foreign currency.

**27. List of key personnel and related parties with relations during the year****a) Key Management Personnel**

- i) Sh. Prem Gupta, Managing Director
- ii) Sh. Umesh Bhatt, Director
- iii) Sh. Satish Kumar Gupta, Director
- iv) Sh. Servesh Gupta, Director
- v) Sh. Anil Kumar Gupta, Director

**b) Enterprises over which key management persons or their relative exercise significant influence**

- i) USG Solutions Private Limited

**28. Transaction during the year with related parties**

Nature of Transaction	Key Management Personnel		Enterprises over which key management persons or their relative exercise significant influence	
	Current Reporting Year 2011-12	Previous Reporting Year 2010-2011	Current Reporting Year 2011-12	Previous Reporting Year 2010-2011
Salary	Rs.300000/-	Rs.200000/- (for 8 Months)		
Security Deposited			Rs.930000/-	NA
Rent & Hire Charges			Rs.1025790/-	NA

**29. Additional information's pursuant to the provision of paragraph 4C & 4D of part II of schedule VI of the Companies Act, 1956 as per figures prepared and certified by the management are as under:-**
**a) Particulars in respect of trading products purchased**

S. No.	Item	Quantity		Value	
		Current Year 2011-12	Previous Year 2010-2011	Current Year 2011-12	Previous Year 2010-2011
1.	Scientific & Technical Books and other activity	Assorted books	NA	Rs.177144632/-	NA

**b) Particulars in respect of trading products sold**

S. No.	Item	Quantity		Value	
		Current Year 2011-12	Previous Year 2010-2011	Current Year 2011-12	Previous Year 2010-2011
1.	Scientific & Technical Books and other activity	Assorted books	NA	Rs.200788932/-	NA

**30. Earnings Per Share(EPS)**

	Current Year	Previous Year
i) Net Profit as per Profit and Loss Account (Amount in Rs)	2678565	4615920
ii) Number of Equity Share for calculating Basic Value Per Share	30500800	9753918
iii) Number of Equity Share for calculating Diluted Value Per Share	35950800	9753918
iv) Face Value of Equity Share (Amount in Rs.)	10/-	10/-
v) Basic Earnings Per Share (Amount in Rs.)	0.09	0.47
vi) Diluted Earnings Per Share (Amount in Rs.)	0.07	0.47

**31. Employees Benefits**

The company has not created any fund or trust for meeting its future liability for leave encashment or any other dues to employees. The liability will be met out of from its own fund whenever it may arise in future.

**32. Impairment Assets**

There was no impairment of assets during the year.

For PVR-N & Co.

Chartered Accountants

For and on behalf of the Board of Directors

Sd/-  
**Pradeep Jindal**  
Partner  
M.No. 82646

Sd/-  
**Prem Gupta**  
Managing Director

Sd/-  
**Servesh Gupta**  
Director

Sd/-  
**G. S. Monga**  
Company Secretary

Place : Noida  
Date : 30th May, 2012

# USG TECH SOLUTIONS LIMITED

H.No. 1/95/1/5-6 2nd Floor Guttala Begumpet near Kavuri Hills,  
Phase 2 Madhapur Hyderabad – 500081

## ATTENDANCE SLIP

Please complete this Attendance Slip and hand it over at the entrance of the hall.

Only members or their proxies are entitled to be present at the meeting.

NAME & ADDRESS :	FOLIO/DPID NO :
	NO. OF SHARES :

I hereby record my presence at the 13th Annual General Meeting of the Company at Registered office on Wednesday, the 19th September, 2012 at 16:00 Hrs.

**Signature of the Shareholder/Proxy**

**Note :** Members are requested to carry the copy of the Annual Report.

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# USG TECH SOLUTIONS LIMITED

H.No. 1/95/1/5-6 2nd Floor Guttala Begumpet near Kavuri Hills,  
Phase 2 Madhapur Hyderabad – 500081

## PROXY FORM

FOLIO/DPID NO :

I/We.....  
being a member of USG Tech Solutions Limited hereby appoint.....of  
.....of failing him ..... of  
..... as my/our proxy to attend and vote  
for me/us and on my/our behalf at Registered office on Wednesday, the 19th September, 2012 at 16:00 Hrs.

Dated this.....day of.....2012

Signed by the said.....

**Signature of the Shareholders**

<b>Affix Re. 1/- Revenue Stamps</b>
---

**Note :** The proxy form duly signed by the Member(s) across Re. 1/- revenue stamp should reach the Company's share department at Registered Office of the Company at least 48 hours before the time fixed for the Meeting.



**BOOK POST**

*If Undelivered please return to :-*

**USG TECH SOLUTIONS LIMITED**

H.No. 1/95/1/5-6 2nd Floor Guttala Begumpet near Kavuri Hills Phase 2  
Madhapur Hyderabad – 500081.