

# **STARCOM INFORMATION TECHNOLOGY LIMITED**

20<sup>th</sup> Annual Report

Financial Year 2014-15

**Board of Directors:**

**Present Directors**

Mr. Ziaulla Sheriff	- Chairman & Managing Director
Mr. Maddur Gundurao Mohan Kumar	- Independent Director
Mr. Laxminarayan Krishnacharya Purohit	- Non Executive Director
Ms. Sayeeda Hina Ahmed	- Non Executive Director (w.e.f. 8 <sup>th</sup> November 2014)

**Company Secretary:**

Ms. Preeti Verma (w.e.f. 1<sup>st</sup> September 2015)

**Registered Office:**

73/1, Sheriff Centre, 5<sup>th</sup> Floor,  
St. Marks Road, Bangalore 560001

**Corporate Office:**

88, Times Square, M.G. Road,  
Bangalore 560001

**Auditors:**

M/s. S G C O & Co.  
(formerly Singrodia Goyal & Co.)  
Chartered Accountants

**Bankers:**

Kotak Mahindra Bank Ltd.  
J & K Bank Ltd.  
Citi Bank Ltd.  
Yes Bank Ltd.

**Registrar & Share Transfer Agent:**

Sharex Dynamic (India) Pvt. Ltd.  
Unit- 1, Luthra Ind. Premises,  
Andheri-Kurla Rd., Safed Pool, Andheri (E),  
Mumbai – 400 072.

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## NOTICE

Notice is hereby given that the Twentieth Annual General Meeting of the Members of **Starcom Information Technology Limited** will be held on Saturday, 26<sup>th</sup> day of September 2015 at 11.30 a.m. at No. 150, Diamond District Club House, Old Airport Road, Kodihally, Bangalore 560008 to transact the following business:

### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the audited financial statements of the Company including the Audited Balance sheet as at 31<sup>st</sup> March 2015, audited Statement of Profit and Loss and the Cash flow Statement of the Company for the year ended 31<sup>st</sup> March 2015 and notes related thereto together with the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Laxminarayan Purohit (DIN: 03599758), who retires by rotation and being eligible, offers himself for reappointment.
3. **Ratification of appointment of Statutory Auditors:**

To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** pursuant to the provisions of Section 139, 141 and 142 of the Companies Act, 2013 and the rules made thereunder, and all other applicable rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), the appointment of M/s. S G C O & Co., (formerly known as Singrodia Goyal & Co.) Chartered Accountants, Mumbai (Firm Registration No. 112081W), who were appointed as the Statutory Auditors of the Company at the 19<sup>th</sup> Annual General Meeting, to hold office for a period of 3 (three) years till the conclusion of the 22<sup>nd</sup> Annual General Meeting, be and is hereby ratified in this Annual General Meeting till the conclusion of the next Annual General Meeting and the Board of Directors of the Company be and are hereby authorised to fix remuneration at a later date.”

**By Order of the Board of Directors  
For Starcom Information Technology Limited**

**Sd/-**

**Ziaulla Sheriff**  
**Chairman & Managing Director**  
**DIN: 00002098**  
**Add: Al-Barka Golden Enclave,**  
**Airport Road, Bangalore-560017**

**Date:** 1<sup>st</sup> September 2015  
**Place:** Bangalore  
**CIN:** L67120KA1995PLC078846

**Registered Office:**  
73/1, Sheriff Centre,  
St. Marks Road,  
Bangalore-560001

### **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/PROXIES NEED NOT BE A MEMBER OF THE COMPANY. THE DULY COMPLETED, STAMPED AND SIGNED PROXY TO BE EFFECTIVE SHOULD BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**  
**A PERSON CAN ACT AS PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY (50) AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY. A MEMBER HOLDING MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS A PROXY FOR ANY OTHER PERSON OR SHAREHOLDER.**
2. The Register of Members and the Share Transfer Books of the Company will remain closed from Saturday, 19<sup>th</sup> September 2015 to Saturday, 26<sup>th</sup> September 2015 (both days inclusive).
3. Details under clause 49 of the Listing Agreement with the Stock Exchanges in respect of the Directors seeking re-appointment at the Annual General Meeting, forms integral part of the notice. The Director has furnished the requisite declarations for his appointment.
4. Electronic copy of the Annual Report for 2014-15, inter alia, indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/ Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not

registered their email address, physical copies of the Annual Report for the year 2014-15, inter alia, indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the physical mode.

5. Members are requested to :-

- i. Write to the Company at least 7 days before the date of the meeting, in case they desire any information as regards the Audited Accounts for the financial year ended 31<sup>st</sup> March 2015, so as to enable the Company to keep the information ready.
- ii. Bring their copy of the Annual Report, Attendance slip and their photo identity proof at the Annual General Meeting.
- iii. Intimate to the Registrar & Transfer Agent (R&TA) of the Company immediately, about any change in their address, where the shares are held in electronic form, such change is to be informed to the Depository Participant (DP) and not to the Company/ R&TA.
- iv. Quote Registered Folio no. or DP ID/Client ID no. in all their correspondence.
- v. Approach the R&TA of the Company for consolidation of folios.
- vi. Members holding shares in physical form may avail themselves of the facility of nomination in terms of Section 72 of the Companies Act, 2013 by nominating in the prescribed form a person to whom their shares in the Company shall vest in the event of their death. The prescribed form can be obtained from the Company's Registered Office or from its R&TA at either of the aforesaid addresses.
- vii. Send all share transfer lodgments (physical mode)/ correspondence to the R&TA of the Company, M/s Sharex Dynamic (India) Pvt. Ltd. situated at Unit- 1, Luthra Ind. Premises, Andheri-Kurla Rd., Safed Pool, Andheri (E), Mumbai – 400 072 upto the date of book closure.

6. Corporate Members are requested to send a duly certified copy of the Board resolution authorizing their representatives to attend and vote at the Annual General Meeting.

7. The Company has listed its shares on the BSE Limited and Ahmedabad Stock Exchange Limited. The listing fees till date have been paid.

8. All the documents referred to in the Notice are open for inspection at the Registered Office of the Company between 11:00 a.m. to 3:00 p.m. on all working days except Saturdays, Sundays and Public Holidays until the date of the Annual General Meeting or any adjournment(s) thereof.

9. In case you desire to receive the documents mentioned above in physical form or register or change your email address, you are requested to send an e-mail to [info@starcominfotech.com](mailto:info@starcominfotech.com).

10. In terms of Section 108 of the Companies Act, 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Clause 35B of the Listing Agreement, the Company has made arrangement for its members to exercise their right to vote at Annual General Meeting by electronic means.

11. The members shall note that the facility for voting shall also be provided at the meeting through poll paper and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their voting rights at the meeting. If the members have already cast their vote by remote e-voting prior to the meeting they may attend the meeting but shall not be entitled to cast their vote again.

12. **E-voting through electronic means:**

**The instructions for shareholders voting electronically are as under:**

- (i) The voting period begins on Wednesday, 23<sup>rd</sup> September 2015 at 9.00 a.m. and ends on Friday, 25<sup>th</sup> September 2015 at 5.00 p.m. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of Saturday, 19<sup>th</sup> September 2015, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

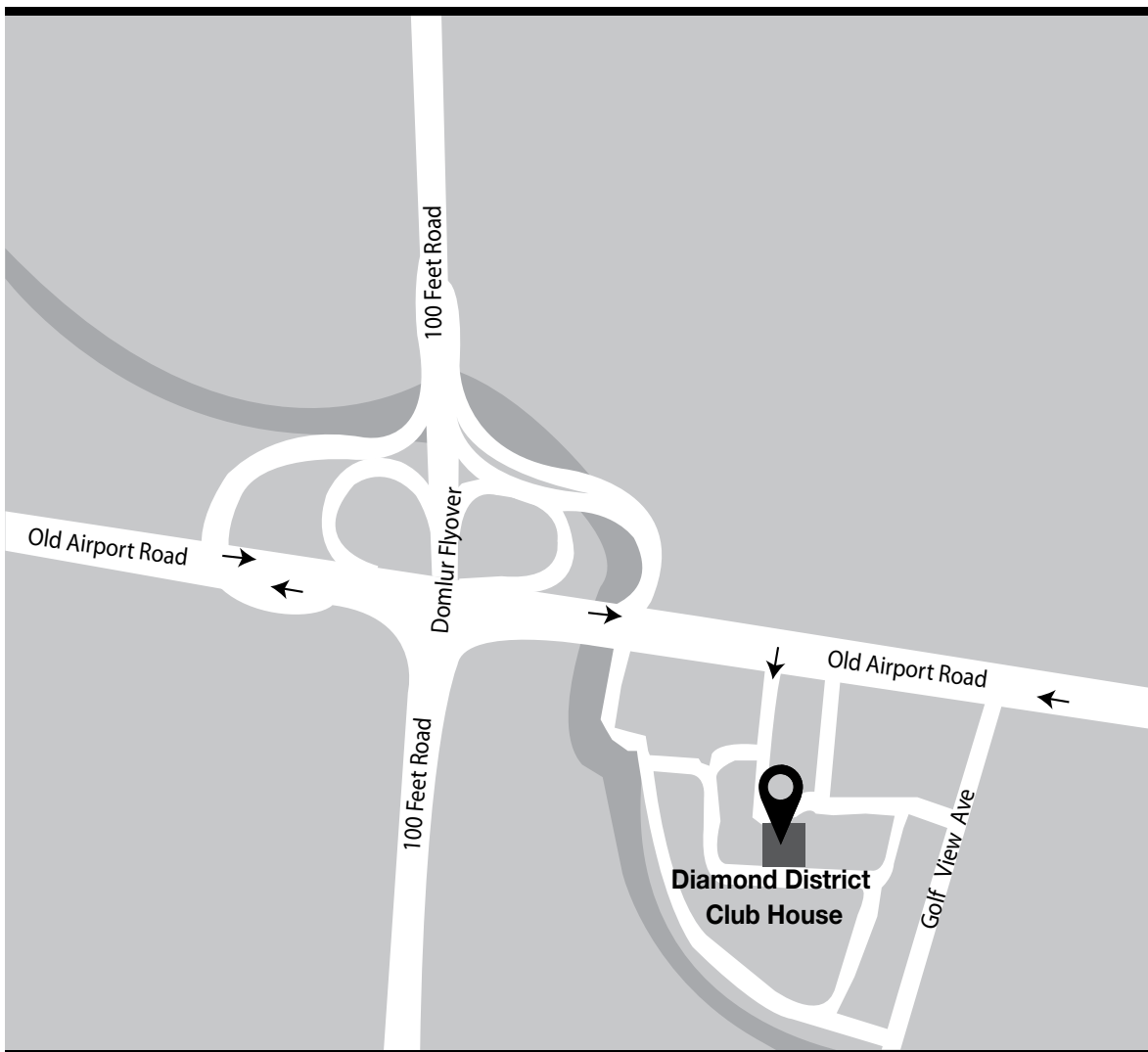
<b>For Members holding shares in Demat Form and Physical Form</b>	
<b>PAN</b>	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</li> <li>In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li> </ul>
<b>DOB</b>	<p>Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.</p>
<b>Dividend Bank Details</b>	<p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <ul style="list-style-type: none"> <li>Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv)</li> </ul>

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant **Starcom Information Technology Limited** on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) **Note for Non – Individual Shareholders and Custodians**
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
  - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.

- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
13. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date (record date) of Saturday, 19<sup>th</sup> September 2015.
  14. Mr. Hemanshu Kapadia, Practicing Company Secretary, (C.P. No. 2285) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
  15. At the Annual General Meeting the Chairman shall provide voting facilities for the attending members who have not cast their votes electronically.
  16. The Scrutinizer(s) shall immediately after the conclusion of voting at the general meeting, first count the votes cast at the meeting and thereafter unblock the votes cast through e-voting in the presence of at least two (2) witnesses not in the employment of the Company and make, within a period not exceeding three (3) days from the conclusion of the meeting a Consolidated Scrutinizer’s Report of the total votes cast in favour or against, if any, forthwith to the Chairman of the Company or a person authorised by him in writing who shall countersign the same.
  17. The Chairman or the authorised person shall declare the results of the voting within 48 hours from the conclusion of the AGM and the resolutions proposed thereat will be deemed to be passed on the date of the AGM, subject to receipt of requisite number of votes and the results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company i.e. [www.starcominfotech.com](http://www.starcominfotech.com) and on the website of CDSL. The results shall also be immediately forwarded to the Stock Exchanges.
  18. A brief resume of the Director proposed to be re-appointed at this Annual General Meeting pursuant to Companies Act, 2013 and Clause 49 of the Listing Agreement and the Secretarial Standards II issued by ICSI is provided hereunder.

<b>Name of the Director</b>	<b>Mr. Laxminaryan Krishnacharya Purohit</b>
Date of Birth	30 <sup>th</sup> January 1959
Age	56 years
Nationality	Indian
Date of Appointment on the Board	12 <sup>th</sup> August 2011
Qualification	B.Sc, Chartered Accountant
Experience	25 years of experience in the field of Finance, Accounts and Audit
Shareholding in the Company	NIL
List of Directorship held in other Companies	NIL
Committee Membership	Member of the Audit Committee, Stakeholders’ Relationship Committee and the Nomination and Remuneration Committee of the Company
Last Remuneration drawn	NIL
Remuneration to be drawn after re-appointment	NIL
Relationship with Directors, Managers or other KMP	No relation with Directors, Managers or other KMP
Number of Meeting of Board attend during the Year (For F.Y. 2014-15)	6

## Route Map to the Venue of the AGM



No. 150, Diamond District Club House,  
Old Airport Road, Kodihally, Bangalore 560008



By Order of the Board of Directors  
For Starcom Information Technology Limited

Sd/-

Ziaulla Sheriff  
Chairman & Managing Director  
DIN: 00002098

Add: Al-Barka Golden Enclave,  
Airport Road, Bangalore-560017

**Date:** 1<sup>st</sup> September 2015  
**Place:** Bangalore  
**CIN:** L67120KA1995PLC078846

## DIRECTORS' REPORT

To,  
The Members,  
**STARCOM INFORMATION TECHNOLOGY LIMITED**

The Directors have pleasure in presenting the **Twentieth Annual Report** of the Company and the Audited Financial Statement for the financial year ended **31<sup>st</sup> March 2015**.

### 1. Financial summary or highlights/Performance of the Company:

The financial highlights of the Company are given below:

(Rs. In Lacs)

Particulars	2014-15	2013-14
Income	1428.85	1822.36
Expenditure	1920.42	1697.52
Profit/ (Loss) before Taxation	(491.56)	124.84
Less: Provision for Taxation	(87.88)	38.07
Net Profit after taxation	(403.68)	86.77
Profit/(Loss) brought forward from previous year	26.03	(60.73)
Balance carried forward to Balance Sheet	(377.64)	26.03

### 2. Brief description of the Company's working during the year/ State of Company's affair:

During the year, the Company's performance has been rated at average through regular business operations. The total turnover during the year has seen a decrease due to decrease in the government grants to educational segments despite which the sales and services made to educational segments have remained at 40% of the turnover.

The significant change can be noticed in the growth of revenue contribution from Data Analytics segments which is the core objective of the Company. The level of contribution of revenue from Data Analytics Services was at 30% during the previous year. The management of the Company is optimistic about this growth during the forthcoming years which would also contribute significantly towards growth of consolidated revenues and the profitability.

Your Directors assure to keep the growth momentum in coming years and strive for bright future for your Company.

### 3. Dividend:

In view of losses, your Board expresses its inability to recommend any dividend for the financial year 2014-15.

### 4. Reserves:

The Board does not propose to carry any amounts to reserves.

### 5. Change in the nature of business, if any:

There was no change in nature of business.

### 6. Material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report:

No material changes have occurred subsequent to the close of the financial year of the Company to which the balance sheet relates and the date of the report.

### 7. Details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future:

During the year under review, no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

### 8. Details of Subsidiary/Joint Ventures/Associate Companies:

The Company does not have any Subsidiary Company/Joint Venture/Associate Company during the year under review.

### 9. Details in respect of adequacy of internal financial controls with reference to the Financial Statements:

The Company has devised appropriate systems and framework for adequate internal financial controls with reference to financial statements commensurate with the size, scale and complexity of its operations including proper delegation of authority, policies and procedures, effective IT systems aligned to business requirements, risk based internal audit framework, risk management framework and whistle blower mechanism.



The Audit Committee regularly reviews the internal control system to ensure that it remains effective and aligned with the business requirements. In case weaknesses are identified as a result of the reviews, new procedures are put in place to strengthen controls.

The Company has implemented various policies such as code of conduct, whistle-blower policy, insider trading policy, Risk Management Policy, etc.

During the year, controls were tested and no reportable material weakness in design and operation were observed.

#### 10. Deposits:

During the year, the Company has not accepted any Deposits falling within the preview of Chapter V of the Companies Act, 2013 and Rules made there under. Therefore, the Company is not required to furnish information in respect of outstanding deposits under the Companies Act, 2013.

#### 11. Directors and Key Managerial Personnel:

##### A. Changes in Directors and Key Managerial Personnel:

In accordance with the requirements of the Companies Act, 2013 and Articles of Association of the Company, Mr. Laxminarayan Purohit (DIN: 03599758), Non- Executive Director of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself, for re-appointment pursuant to provision of Section 152 of the Act. The Board recommends the re-appointment to the Members.

During the year, the members in the 19<sup>th</sup> Annual General Meeting held on 23<sup>rd</sup> December 2014 had approved the appointment of Ms. Sayeeda Hina Ahmed (DIN: 03642269), as a Non-executive Director and Mr. Maddur Gundurao Mohankumar (DIN: 00020029), as an Independent Non-Executive Director in the Company, not liable to retire by rotation, for the term of 5 years.

The Board of Directors in their meeting held on 1<sup>st</sup> September 2015, have appointed Ms. Preeti Verma (Membership number- A39128) as the Whole-time Company Secretary designated as Key Managerial Personnel and Compliance officer of the Company w.e.f. 1<sup>st</sup> September 2015.

##### B. Board Evaluation:

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out an annual performance evaluation of its own performance, of individual Directors as well as the evaluation of the working of its Audit, Nomination & Remuneration and Compliance Committees.

The performance of each director was evaluated by the entire Board of Directors (in the absence of the Director getting evaluated) on various parameters like engagement, leadership, analysis, decision making, communication, governance, interest of stakeholders decision making, functional knowledge, etc. The Board was of the unanimous view that all the Directors were providing good business and people leadership.

The Company believes that the Board be continuously empowered with the knowledge of the latest developments in the Company's business and the external forces affecting the industry in which Company operates.

The details of the programs for familiarisation of Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company and related matters are put up on the website of the Company at the link : <http://www.starcominfotech.com/policies.html>

The following policies of the Company are attached herewith marked as **Annexure 1**:

1. Policy for selection of Directors and senior management and determining Directors independence and
2. Remuneration policy for Directors, Key Managerial Personnel and other employees.

Further brief resume of the Director proposed to be re-appointed as stipulated under clause 49 of the Listing Agreement has been furnished separately in the Notice convening the 20<sup>th</sup> Annual General Meeting read with the Annexure thereto forming part of this Report.

Details of the number of meetings of the Board of Directors have been furnished in the Report of Corporate Governance.

##### C. Declaration by an Independent Director(s) and re-appointment, if any:

The Company has received declaration u/s 149(7) of the Act from Mr. Maddur Gundurao Mohankumar (DIN: 00020029), Independent Director of the Company confirming that he meets the criteria of independence as prescribed both under the Act and Clause 49 of Listing Agreement with Stock Exchanges.

The Company has also received disclosure of interest by all the Directors as per the provisions of Section 184 of Companies Act, 2013.

**12. Number of meetings of the Board of Directors:**

The Board of Directors met Six (6) times during the Financial Year on 29<sup>th</sup> May 2014, 13<sup>th</sup> August 2014, 23<sup>rd</sup> September 2014, 8<sup>th</sup> November 2014, 26<sup>th</sup> December 2014 and 14<sup>th</sup> February 2015. The intervening gap between any two meetings was not more than 120 days as prescribed by the Companies Act, 2013.

**13. Details of Committees of the Board:**

Currently the Board has 3 Committees; the Audit Committee, Stakeholders' Relationship Committee and Nomination and Remuneration Committee. The composition of various committees and compliances, as per the applicable provisions of the Companies Act, 2013 along with the Rules and Listing agreement, brief details of various Committees is also provided separately in the Corporate Governance Report:

**i) Audit Committee:**

The Board has an Audit Committee comprising three Directors. The composition of the Audit Committee is as follows:

Name	Designation	Category
Mr. Maddur Gundurao Mohankumar (DIN: 00020029)	Chairman	Independent
Mr. Laxminarayan Purohit (DIN: 03599758)	Member	Non-Executive
Mr. Ziaulla Sheriff (DIN: 00002098)	Member	Executive

All the members of the Audit committee are financially literate and have accounting or related financial management expertise as required under the Companies Act, 2013 and Clause 49 of the Listing Agreement. During the year under review, Mr. Ziaulla Sheriff acted as the Secretary to the Committee. The Company currently has only one Independent Director. The management is in the process of inducting the Independent Directors on the Board. On their appointment, the Company shall reconstitute the Committee.

The scope and terms of reference of the Audit Committee have been amended in accordance with the Act and the Listing Agreement entered into with the Stock Exchanges.

All the major steps impacting the financials of the Company are undertaken only after the consultation of the Audit Committee.

During the year under review, the Board of Directors of the Company had accepted all the recommendations of the Committee.

**ii) Stakeholders' Relationship Committee:**

The Board has Stakeholders' Relationship Committee in conformity with the Listing Agreement comprising of three Directors. The composition of the Stakeholders' Relationship Committee is as follows:

Name	Designation	Category
Mr. Maddur Gundurao Mohankumar (DIN: 00020029)	Chairman	Independent
Mr. Laxminarayan Purohit (DIN: 03599758)	Member	Non-Executive
Mr. Ziaulla Sheriff (DIN: 00002098)	Member	Executive

The role of the Committee is to consider and resolve securities holders' complaint and to approve/ratify transfer of securities. The meetings of the Committee are held once in a quarter and the complaints are responded and transfers are executed within the time frame provided.

**iii) Nomination and Remuneration Committee:**

The Board has Nomination and Remuneration Committee. The composition is as below:

Name	Designation	Category
Mr. Maddur Gundurao Mohankumar (DIN: 00020029)	Chairman	Independent
Mr. Laxminarayan Purohit (DIN: 03599758)	Member	Non-Executive
Ms. Sayeeda Hina Ahmed (DIN: 03642269),	Member	Non-Executive

As per Section 178 of the Companies Act, 2013, Nomination and Remuneration Committee shall consist of 3 or more Non-Executive Directors out of which not less than one half shall be independent directors. The Company currently has only one Independent Director. The management is in the process of inducting the Independent Directors on the Board. On their appointment, the Company shall reconstitute the Committee. The Committee has framed a policy to determine the qualification and attributes for appointment and basis of determination of remuneration of all the Directors, Key Managerial Personnel and other employees. A copy of the policy is appended as **Annexure 1** to the Board's Report.

**iv) Corporate Social Responsibility Committee:**

During the year under review, the Company did not fall within the purview of the Section 135 of the Companies Act, 2013 and it was not mandatory for the Company to constitute committee on Corporate Social Responsibility or expend on such activity.

#### 14. Corporate Governance:

The Company constantly strives to implement and comply with the requirements and disclosures of the Code of Corporate Governance as required under clause 49 of the Listing Agreement (as amended), even though Clause 49 is not mandatory to the Company w.e.f 1st October 2014, as per the revised Listing Agreement. A report on Corporate Governance as stated above, forms part of this Report as **Annexure 7**.

#### 15. Auditors:

At the Annual General Meeting held on 23<sup>rd</sup> December 2014, M/s. S G C O & Co., Chartered Accountants (Firm Registration No. 112081W), were appointed as Statutory Auditors of the Company for 3 consecutive financial years i.e. till the financial year 2016-17. In terms of the first proviso to Section 139 of the Companies Act, 2013, the appointment of the auditors shall be placed for ratification at every Annual General Meeting. Accordingly, the appointment of M/s. S G C O & Co., Chartered Accountants, as the Statutory Auditors of the Company for the financial year 2015-16, is to be placed for ratification by the shareholders. In this regard, the Company has received a certificate from the Auditors to the effect that if their appointment is ratified at the ensuing Annual General Meeting, it would be in accordance with the provisions of Section 141 of the Companies Act, 2013.

The Members are requested to ratify the appointment of the Statutory Auditors as aforesaid and fix their remuneration.

#### 16. Auditors' Report:

The observations in the Auditors' Report are dealt in the notes forming Part of the accounts at appropriate places. The management's reply to the observations in the Annexure to the Auditors' Report is given under:

C l a u s e No.	Auditors' Remarks/ Observations	Management Reply									
(iv)	In our opinion, <i>the internal control system with regards to purchase of fixed assets, goods and for the sale of goods and services needs to be strengthened so as to commensurate with the size of the Company and the nature of its business.</i>	The management has appointed the Internal Auditors to strengthen the internal control systems with regards to purchase of fixed assets, goods and for the sale of goods and services.									
(vii) a)	As per books and records examined by us, undisputed statutory dues including Provident Fund, Income tax, Sales tax, Wealth tax, Service tax, Duty of Customs, Duty of Excise, Value Added Tax and Cess, to the extent applicable to the Company, <i>have not been regularly deposited with the appropriate authorities.</i> Undisputed amounts payable in respect thereof, which were outstanding as at 31st March, 2015 for a period more than six months from the date they became payable are as follows. <table border="1" data-bbox="272 1237 895 1399"> <thead> <tr> <th>Name of the Statute</th><th>Nature of the dues</th><th>Amount (in Rs.)</th></tr> </thead> <tbody> <tr> <td>The Income Tax Act, 1961</td><td>Tax Deduction at Source</td><td>20,26,979</td></tr> <tr> <td>Finance Act, 1994</td><td>Service Tax</td><td>705,057</td></tr> </tbody> </table>	Name of the Statute	Nature of the dues	Amount (in Rs.)	The Income Tax Act, 1961	Tax Deduction at Source	20,26,979	Finance Act, 1994	Service Tax	705,057	Due to administrative and financial difficulties faced by the Company, there are irregularities in depositing the statutory dues with the appropriate authorities.
Name of the Statute	Nature of the dues	Amount (in Rs.)									
The Income Tax Act, 1961	Tax Deduction at Source	20,26,979									
Finance Act, 1994	Service Tax	705,057									
(ix)	<i>In our opinion and according to the information and explanation given to us, the Company has defaulted in repayment of temporary overdraft facility amounting to Rs. 16,77,02,844 towards Principal and Rs. 4,71,07,160 towards interest to the Jammu &amp; Kashmir Bank, which has been classified as NPA by the Bank. Refer Note no. 7 to the financial statements.</i>	The Company has made the settlement with the Bank and is in the process of settling the temporary overdraft facility availed from the Jammu and Kashmir Bank.									

#### 17. Secretarial Audit Report:

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board had appointed M/s. Hemanshu Kapadia & Associates, Practicing Company Secretary, to undertake the Secretarial Audit of the Company for the financial year 2014-15 and issue Secretarial Audit Report. The Secretarial Audit Report issued by M/s. Hemanshu Kapadia & Associates for the financial year 2014-15 in Form MR-3 forms part of this report and marked as **Annexure 3**. The reply from the Board on the remarks/ qualifications of the Secretarial Auditors are as under:

Sr. No.	Remarks/ qualifications by Secretarial Auditor	Management Reply
1.	<i>The minimum public shareholding in the Company is not in conformity with Rule 19(2) and Rule 19A of the Securities Contracts (Regulation) Rules, 1957 and Clause 40 of the Listing Agreement. The public shareholding of the Company is less than 25% of the total paid-up share capital of the Company. The promoter of the Company, Mr. Ziaulla Sheriff holds 76.728% of the total paid-up share capital of the Company.</i>	The promoter of the Company, Mr. Ziaulla Sheriff, made 2 separate Offer for sale (OFS) to sale off the shares held by him. But the offer failed and shares were not subscribed by the public. Thereafter, he applied for selling the shares in the open market but his application was rejected by SEBI. However, during the year under review, the shareholding has come down from 88.72% (4436426 shares) to 76.73% (3836857 shares). The promoter is taking necessary steps to reduce the holding in the near future.
2.	<i>The Company has not appointed a whole time Company Secretary and Chief Financial officer, as required pursuant to Section 203 of the Companies Act, 2013.</i>	The Company was constantly trying to appoint a whole time Company Secretary and Chief Financial Officer but due to lack of suitable candidates, no appointment was made till the year ended 31 <sup>st</sup> March 2015. In the Board meeting held on 1 <sup>st</sup> September 2015, the Board has appointed a Whole time Company Secretary and since complied with the provisions of the Act. The Company is still searching for a suitable candidate for the post of Chief Financial Officer.
3.	<i>The Board of Directors of the Company is not duly constituted as required under the provisions of Section 149 (4) of the Companies Act, 2013 and Clause 49 (I)(A) (ii) of the Listing Agreement (upto 30<sup>th</sup> September 2014). The Company has 4 Directors, out of which only one is an Independent Director. Due to this, the Composition of Audit Committee and Nomination and remuneration committee is not in conformity with the Companies Act, 2013 and the Listing Agreement (upto 30<sup>th</sup> September 2014).</i>	The Company is in the process of Inducting Independent Directors on the Board. Upon the appointment, the Board shall reconstitute the Audit Committee and Nomination and Remuneration Committee.

**18. Extract of the Annual Return:**

In accordance with Section 134(3)(a) of the Companies Act, 2013, read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return in Form MGT – 9 is annexed to the Directors' Report as **Annexure 4**.

**19. Details of establishment of vigil mechanism for Directors and employees:**

The Vigil Mechanism of the Company, which also incorporates a whistle blower policy in terms of the Listing Agreement, provides Directors and Employees to report their concerns and has also taken steps to safeguard any person using this mechanism from victimization and in appropriate and exceptional cases, there is direct access to approach Mr. Maddur Gundurao Mohankumar (DIN: 00020029), Chairman of the Audit Committee. Protected disclosures can be made by a whistle blower through an e-mail, or dedicated telephone line or a letter to the Chairman of the Audit Committee. The policy on vigil mechanism/ whistle blower policy may be accessed on the Company's website at the link: <http://www.starcominfotech.com/policies.html>

**20. Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:**

The Company has in place an Anti-sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. An Internal Complaints Committee (ICC) has been setup to redress the complaints received regarding sexual harassment. All employees are covered under this Policy. The policy is gender neutral.

During the year under review there were no cases filed/pending.

**21. Conservation of energy, technology absorption and foreign exchange earnings and outgo:**

The particulars as prescribed under Sub-Section (3)(m) of Section 134 of the Companies Act, 2013, read with the Companies (Accounts) Rules, 2014 are as follows:

**A) Conservation of energy:**
**i) the steps taken or impact on conservation of energy;**

The Company is not covered under the list of specified industries. However the Company on continuous basis takes measures for conservation of power.

ii) **The steps taken by the Company for utilising alternate sources of energy:**

The Company is using electricity as main source of its energy requirement and does not have any alternate source of energy.

iii) **The capital investment on energy conservation equipments:**

Not Applicable

**B) Technology absorption:**

i) **The efforts made towards technology absorption:**

The Company has been making continuous investments on successful adoption of technology for the benefit of its customers, suppliers and employees.

ii) **The benefits derived like product improvement, cost reduction, product development or import substitution:**

The benefits are estimated to arrive over a life cycle ranging from 6-10 years and the cost of the developments has been amortized over the same period.

iii) **In case of imported technology (imported during the last three years reckoned from the beginning of the financial year):**

No technology has been imported by the Company.

iv) **The expenditure incurred on Research and Development:** Nil

**C) Foreign exchange earnings and Outgo:**

The information relating to the total foreign exchange used and earned by the Company is given below:

**Foreign Exchange Earnings**

(Amount in Rs.)

Particulars	Year ended 31 <sup>st</sup> March 2015	Year ended 31 <sup>st</sup> March 2014
Sales	45361356	25139720
Software Development Services	0	43748580
Business Facilities Income	11554370	14237564
<b>Total</b>	<b>56915726</b>	<b>83125864</b>

**Foreign Exchange Outgo**

(Amount in Rs.)

Particulars	Year ended 31 <sup>st</sup> March 2015	Year ended 31 <sup>st</sup> March 2014
Staff Welfare	0	402309
Travelling Expenses	178465	183719
	<b>178465</b>	<b>586028</b>

**22. Particulars of loans, guarantees or investments under Section 186:**

During the year under review, the Company has not provided any loans, made investments, given guarantees or subscribed/purchased securities under Section 186 of the Companies Act, 2013.

**23. Particulars of contracts or arrangements with related parties:**

The particulars of every contract or arrangements entered into by the Company with related parties referred to in sub-Section (1) of Section 188 of the Companies Act, 2013 including transactions entered at arm's length under third proviso, in prescribed Form No. AOC -2, is appended as **Annexure 2** to the Board's Report. The policy can be accessed at the web link: <http://www.starcominfotech.com/policies.html>

**24. Directors' Responsibility Statement:**

As stipulated under clause (c) of sub-Section (3) of Section 134 of the Companies Act, 2013, your Directors subscribe to the Directors' Responsibility Statement and state that:

- In preparation of the annual accounts, the applicable accounting standards had been followed and there are no material departures from them;
- the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- d) the Directors had prepared the annual accounts on a going concern basis;
- e) the proper internal financial controls are in place and that the financial controls are adequate and are operating effectively; and
- f) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**25. Managerial Remuneration:**

- A) The information required to be disclosed with respect to the remuneration of Directors and KMPs in the Directors' Report pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 pertaining to the ratio of the remuneration of each Director to the median employee's remuneration is attached as **Annexure 5**.
- B) Details of every employee of the Company as required pursuant to Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 -  
The Company has one employee drawing remuneration more than the limit mentioned under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The details are attached as **Annexure 6**.
- C) The Company does not have any Holding Company or Fellow Subsidiary Company and thus, provision w.r.t. receipt of commission from them is not applicable.

**26. Risk management policy:**

During the year, your Directors had discussed the various risks for Company and framed the Risk Management Policy containing Company's enterprise wide risk management framework and covering all the risks identified which the organization faces such as strategic, financial, credit, market, liquidity, Management Personnel related risk and other risks. There is an adequate risk management infrastructure in place capable of addressing those risks. Further, the Risk Management Policy was reviewed and approved by the Committee.

The Management manages, monitors and reports on the principal risks and uncertainties that can impact its ability to achieve its strategic objectives. The Company's management systems, organizational structures, processes, standards, code of conduct and behaviors together form the Risk Management System (RMS) that governs how the Management conducts the business of the Company and manages associated risks.

The Board periodically discussed and reviewed the Risk Management Policy to strengthen the optimal risk mitigation responses, reporting of risk and efficient management of internal control.

**27. Management Discussion and Analysis:**

The Management Discussion and Analysis Report for the financial year under review as stipulated under the Listing Agreement entered with the Stock Exchange forms part of this Annual Report as **Annexure 8**.

**28. General:**

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

- a) Issue of equity shares with differential rights as to dividend, voting or otherwise.
- b) Issue of shares (including sweat equity shares) to employees of the Company under any scheme save and except ESOS referred to in this Report.
- c) Voting rights which are not directly exercised by the employees in respect of shares for the subscription/ purchase of which loan was given by the Company (as there is no scheme pursuant to which such persons can beneficially hold shares as envisaged under Section 67(3)(c) of the Companies Act, 2013).

**29. Acknowledgements:**

The Directors express their deep gratitude for the co-operation and support extended to your Company by its customers, suppliers, bankers and various government agencies. Your Directors also place on record the commitment and involvement of the employees at all levels and looks forward to their continued co-operation.

The Directors are also thankful to the Shareholders for their continued support to the Company.

**For and on behalf of the Board of Directors**

**Sd/-**

Ziaulla Sheriff  
Chairman and Managing Director  
**DIN: 00002098**

Date: 1<sup>st</sup> September 2015  
Place: Bangalore

**Address:** Al-Barka Golden Enclave,  
Airport Road, Bangalore-560017

## Annexure 1

### NOMINATION & REMUNERATION POLICY

#### **Introduction:**

In pursuance of the Company's policy to consider human resources as its invaluable assets, to pay equitable remuneration to all Directors, Key Managerial Personnel (KMP) and Senior Management Level of the Company, to harmonize the aspirations of human resources consistent with the goals of the Company and in terms of the provisions of the Section 178 of the Companies Act, 2013 this policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the Committee and approved by the Board of Directors.

#### **Terms of Reference:**

The Board of Directors in its meeting held on 8<sup>th</sup> November 2014 reconstituted the Existing remuneration committee of Directors as "Nomination & Remuneration Committee" of Directors with the following terms of reference.

- To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Executive and Non-Executive) and persons who may be appointed in Senior Management and Key Managerial positions and to determine their remuneration.
- To determine remuneration based on the Company's size and financial position and trends and practices on remuneration prevailing in peer companies.
- To carry out evaluation of the performance of Directors, as well as Key Managerial and Senior Management Personnel.
- To provide them reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

The Board has the authority to reconstitute the Committee from time to time.

#### **Definitions:**

1. Board means Board of Directors of the Company.
2. Directors mean Directors of the Company.
3. Committee means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board.
4. Company means Starcom Information Technology Limited.
5. Independent Director means a director referred to in Section 149 (6) of the Companies Act, 2013.
6. Key Managerial Personnel (KMP) means
  - i. Executive Chairman and / or Managing Director
  - ii. Whole-time Director
  - iii. Chief Financial Officer
  - iv. Company Secretary
  - v. Such other officer as may be prescribed under the applicable statutory provisions / regulations
  - vi. Senior Management means personnel of the Company occupying the position of Chief Executive Officer (CEO) of any unit / division or Vice President including Vice President of any unit / division of the Company. Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 as may be amended from time to time shall have the meaning respectively assigned to them therein.

**Applicability:** The Policy is applicable to

- Directors (Executive and Non-Executive)
- Key Managerial Personnel
- Senior Management Personnel

**General :** This Policy is divided in three parts:

Part – A covers the matters to be dealt with and recommended by the Committee to the Board, Part – B covers the appointment and nomination and

Part – C covers remuneration and perquisites etc.

### **PART A: MATTERS TO BE DEALT WITH, PERUSED AND RECOMMENDED TO THE BOARD BY THE NOMINATION AND REMUNERATION COMMITTEE:**

The Committee shall:

- Formulate the criteria for determining qualifications, positive attributes and independence of a director.
- Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy
- Recommend to the Board, appointment and removal of Director, KMP and Senior Management Personnel

### **PART – B: POLICY FOR APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT:**

Appointment criteria and qualifications:

1. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
2. A person should possess adequate qualification, expertise and experience for the position he/she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient/satisfactory for the concerned position.
3. The Company shall not appoint or continue the employment of any person as Whole time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

#### **4. Term / Tenure:**

1. **Managing Director/ Whole-time Director:** - The Company shall appoint or reappoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.
2. **Independent Director:** - An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for reappointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report. No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly. At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed Company.
5. **Evaluation:** The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management Personnel at regular interval (yearly).
6. **Removal:** Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.
7. **Retirement:** The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

### **PART – C POLICY RELATING TO THE REMUNERATION FOR THE WHOLE-TIME DIRECTOR, KMP AND SENIOR MANAGEMENT PERSONNEL**

#### **General:**

1. The remuneration / compensation / commission etc. to the Managing Director, Whole-time Director, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company & Central Government, as required.
2. The remuneration and commission to be paid to the Managing Director and the Whole-time Director shall be in accordance with the percentage / slabs / conditions laid down in the Articles of Association of the Company and as per the provisions of the



Companies Act, 2013, and the rules made thereunder.

3. Where any insurance is taken by the Company on behalf of its Managing Director, Whole-time Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

● **Remuneration to Whole-time/ Executive/ Managing Director, KMP and Senior Management Personnel:**

1. **Fixed pay:** The Whole-time Director / KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The breakup of the pay scale and quantum of perquisites including, employer's contribution to P.F., pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.
2. **Minimum Remuneration:** If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing Director and Whole-time Director in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the previous approval of the Central Government.
3. **Provisions for excess remuneration:** If the Managing Director or the Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he/ she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

● **Remuneration to Non- Executive / Independent Director:**

1. **Remuneration / Commission:** The remuneration / commission shall be fixed as per the slabs and conditions mentioned in the Articles of Association of the Company and the Companies Act, 2013 and the rules made thereunder.
2. **Sitting Fees:** The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof, provided that the amount of such fees shall not exceed Rs.20,000/- per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.
3. **Commission:** Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Companies Act, 2013.
4. **Stock Options:** An Independent Director shall not be entitled to any stock option of the Company.

**POLICY REVIEW**

This policy is framed based on the provisions of the Companies Act, 2013 and rules thereunder. In case of any subsequent changes in the provisions of the Companies Act, 2013 or any other regulation which makes any provision of the policy inconsistent with the Act or Regulations, the provisions of the Act or regulations would prevail over the policy and the provisions in the policy would be modified in due course to make it consistent with the law.

The policy shall be reviewed by the Nomination and Remuneration Committee as and when changes need to be incorporated in the policy due to changes in regulations or as may be felt appropriate by the Committee. Any change or modification in the policy as recommended by the Committee would be given for approval to the Board.

**Annexure 2**

**Form No. AOC-2**

(Pursuant to clause (h) of sub-Section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-Section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

**1. Details of material contracts or arrangement or transactions not at arm's length basis: NIL**

**2. Details of contracts or arrangements or transactions at arm's length basis:**

- (a) Name(s) of the related party and nature of relationship:** Mr. Ziaulla Sheriff and Ms. Sayeeda Hina, Mr. Ziaulla Sheriff is a partner in the firm namely, Sheriff and Bhatia Associates. Ms. Sayeeda Hina is daughter of Mr. Ziaulla Sheriff.
- (b) Nature of contracts/arrangements/transactions:** Payment of rent by Starcom Information Technology Limited for using the premises located at Times Square, No. 88 MG Road, Bangalore – 560001.
- (c) Duration of the contracts / arrangements/ transactions:** The lease shall commence from 1<sup>st</sup> June 2012 to 31<sup>st</sup> May 2017 and can be extended for such period on such terms and conditions as the parties may mutually agree in writing.
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any:** Starcom Information Technology Limited has agreed to deposit with the lessor Rs.1,00,00,000/- as Security Deposit. The rent to be paid by the Company every month is Rs.16,50,000/-.
- (e) Date(s) of approval by the Board:** 26th December 2014
- (f) Amount paid as advances, if any:** Security Deposit of Rs.1,00,00,000/- is to be paid by Starcom Information Technology Limited to M/s. Sheriff and Bhatia Associates.

**For and on behalf of the Board of Directors**

**Sd/-**

Ziaulla Sheriff  
Chairman and Managing Director  
DIN: 00002098

**Address:** Al-Barka Golden Enclave,  
Airport Road, Bangalore-560017

Date: 1<sup>st</sup> September 2015  
Place: Bangalore

**Annexure 3**

**HEMANSHU KAPADIA & ASSOCIATES**

COMPANY SECRETARIES

Office No. 12, 14<sup>th</sup> Floor, Navjivan Society, Building No.3

Lamington Road, Mumbai-400 008

Tel 6631 0888/6631 4830

E-mail: hemanshu@hkacs.com

**Form No. MR-3**

**SECRETARIAL AUDIT REPORT**

For the Financial year ended 31<sup>st</sup> March 2015

*[Pursuant to section 204(1) of the Companies Act, 2013 and rule  
No.9 of the Companies (Appointment and Remuneration Personnel)  
Rules, 2014]*

To,  
The Members,  
**Starcom Information Technology Limited**  
73/1, Sheriff Centre, 5th Floor,  
St. Marks Road, Bangalore - 560001

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Starcom Information Technology Limited (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March 2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance - mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Starcom Information Technology Limited ("the Company") for the financial year ended on 31<sup>st</sup> March 2015, according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings (Not Applicable to the Company during the Audit period as there were no Foreign Direct Investments, Overseas Direct Investments in the Company and no External Commercial Borrowings were made by the Company);
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (Not Applicable to the Company during the Audit period as the Company has not issued any new securities);
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; (Not Applicable to the Company during the Audit period as the Company has not issued any ESOP/ESPS);
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not Applicable to the Company during the Audit period as the Company has not issued any Debt instruments/ Securities);
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not Applicable to the Company during the Audit period as delisting of securities did not take place); and

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not Applicable to the Company during the Audit period as the Company has not Bought back its securities);

(vi) Other laws applicable specifically to the Company namely:

i. Information Technology Act, 2000 and the rules made thereunder

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India. (Not applicable to the Company as they had not been notified by the Central Government during the period under review)

(ii) The Listing Agreements entered into by the Company with the Stock Exchanges.

Note: With effect from 1<sup>st</sup> October 2014, Clause 49 of the Listing Agreement which came into effect from 1<sup>st</sup> October 2014 is not mandatory to the Company as the paid up equity share capital of the Company does not exceed Rs.10 crores and Net worth does not exceed Rs.25 crores, as on the last day of the previous financial year.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except to the extent as mentioned below:

- 1. The minimum public shareholding in the Company is not in conformity with Rule 19(2) and Rule 19A of the Securities Contracts (Regulation) Rules, 1957 and Clause 40 of the Listing Agreement. The public shareholding of the Company is less than 25% of the total paid-up share capital of the Company. The promoter of the Company, Mr. Ziaulla Sheriff holds 76.728% of the total paid-up share capital of the Company.*
- 2. The Company has not appointed a Whole-time Company Secretary and Chief Financial Officer, as required pursuant to Section 203 of the Companies Act, 2013.*
- 3. The Board of Directors of the Company is not duly constituted as required under the provisions of Section 149 (4) of the Companies Act, 2013 and Clause 49 (I)(A)(ii) of the Listing Agreement (upto 30<sup>th</sup> September 2014). The Company has four Directors, out of which only one is an Independent Director. Due to this, the composition of Audit Committee and Nomination and Remuneration Committee is not in conformity with the Companies Act, 2013 and the Listing Agreement (upto 30<sup>th</sup> September 2014).*

**We further report that** the changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act. However, the composition of the Board of Directors is not in conformity with the Companies Act, 2013 and the Listing Agreement as explained above.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

**We further report that** there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We further report that** during the audit period, there were no instances of:

- Public/ Rights/ Bonus/ Preferential issue of shares/ debentures/sweat equity.
- Redemption/ buy-back of securities.
- Merger/amalgamation/ reconstruction etc.
- Foreign technical collaborations.

For Hemanshu Kapadia & Associates

**Sd/-**

Hemanshu Kapadia  
Proprietor

Date: 1<sup>st</sup> September 2015

Place: Mumbai

C.P. No.: 2285

Membership No.: 3477

This report is to be read with our letter of even date which is annexed as **Annexure A** and forms an integral part of this report.

**HEMANSHU KAPADIA & ASSOCIATES**

COMPANY SECRETARIES

Office No. 12, 14<sup>th</sup> Floor, Navjivan Society, Building No.3

Lamington Road, Mumbai-400 008

Tel 6631 0888/6631 4830

E-mail: hemanshu@hkacs.com

**Annexure A**

To,  
The Members,  
**Starcom Information Technology Limited**  
73/1, Sheriff Centre, 5th Floor,  
St. Marks Road, Bangalore – 560001.

Our report of even date is to be read along with the letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required we have obtained the Management representation about the compliance of laws, rules and regulations and happenings of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For Hemanshu Kapadia & Associates

**Sd/-**

Hemanshu Kapadia

Proprietor

C. P. No. 2285

Membership No. 3477

Date: 1<sup>st</sup> September 2015

Place: Mumbai

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

as on financial year ended on 31.03.2015

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

I REGISTRATION & OTHER DETAILS:

i	CIN	L67120KA1995PLC078846
ii	Registration Date	17th February 1995
iii	Name of the Company	Starcom Information Technology Limited
iv	Category/Sub-category of the Company	Company Limited by Share Capital
v	Address of the Registered office & contact details	73/1, Sheriff Centre, 5th Floor, St. Marks Road, Bangalore - 560001
vi	Whether listed company	Yes
vii	Name , Address & contact details of the Registrar & Transfer Agent, if any.	Sharex Dynamic (India) Pvt. Ltd., Unit- 1, Luthra Ind. Premises, Andheri-Kurla Rd., Safed Pool, Andheri (E), Mumbai 400 072 Telephone Nos: 022 2264 1376, 022 2270 2485 E-mail: investor@sharexindia.com Fax: 2264 1349

II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated

SL No	Name & Description of main products/services	NIC Code of the Product /service	% to total turnover of the company
1	Sale of non-customized Data Analytic software products	47413	51%
2	Trade of supportive engineering products and maintenance	46599	39%
3	Software Support and maintenance services	62013	10%

III PARTICULARS OF HOLDING , SUBSIDIARY & ASSOCIATE COMPANIES

SI No	Name & Address of the Company	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
N.A					

IV SHAREHOLDING PATTERN (Equity Share capital Break up as % to total Equity)

Category of Shareholders	No. of Shares held at the beginning of the year (1st April 2014)				No. of Shares held at the end of the year (31st March 2015)				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) Indian									
a) Individual/HUF	4436426	0	4436426	88.718	3836857	0	3836857	76.728	-11.99
b) Central Govt.or State Govt.	0	0	0	0	0	0	0	0	0
c) Bodies Corporates	0	0	0	0	0	0	0	0	0
d) Bank/FI	0	0	0	0	0	0	0	0	0
e) Any other	0	0	0	0	0	0	0	0	0
<b>SUB TOTAL:(A) (1)</b>	<b>4436426</b>	<b>0</b>	<b>4436426</b>	<b>88.718</b>	<b>3836857</b>	<b>0</b>	<b>3836857</b>	<b>76.728</b>	<b>-11.99</b>

Category of Shareholders	No. of Shares held at the beginning of the year (1st April 2014)				No. of Shares held at the end of the year (31st March 2015)				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>(2) Foreign</b>									
a) NRI- Individuals	0	0	0	0	0	0	0	0	0
b) Other Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Banks/FI	0	0	0	0	0	0	0	0	0
e) Any other...	0	0	0	0	0	0	0	0	0
<b>SUB TOTAL (A) (2)</b>	0	0	0	0	0	0	0	0	0
<b>Total Shareholding of Promoter (A)= (A)(1)+(A)(2)</b>	<b>4436426</b>	<b>0</b>	<b>4436426</b>	<b>88.718</b>	<b>3836857</b>	<b>0</b>	<b>3836857</b>	<b>76.728</b>	<b>-11.99</b>
<b>B. PUBLIC SHAREHOLDING</b>									
<b>(1) Institutions</b>									
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks/FI	0	0	0	0	0	0	0	0	0
c) Cenntal govt	0	0	0	0	0	0	0	0	0
d) State Govt.	0	0	0	0	0	0	0	0	0
e) Venture Capital Fund	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIIS	0	0	0	0	598700	0	598700	11.973	11.973
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
<b>SUB TOTAL (B)(1):</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>598700</b>	<b>0</b>	<b>598700</b>	<b>11.973</b>	<b>11.973</b>
<b>(2) Non Institutions</b>									
a) Bodies corporates									
i) Indian	22234	0	22234	0.445	19939	0	19939	0.399	-0.046
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs.1 lakhs	132976	107320	240296	4.805	132429	98020	230449	4.608	-0.197
ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 lakhs	301644	0	301644	6.032	314654	0	314654	6.292	0.26
c) Others (specify)	0	0	0	0	0	0	0	0	0
Clearing member	0	0	0	0	1	0	1	0	0
<b>SUB TOTAL (B)(2):</b>	<b>456854</b>	<b>107320</b>	<b>564174</b>	<b>11.282</b>	<b>467023</b>	<b>98020</b>	<b>565043</b>	<b>11.299</b>	<b>0.017</b>
<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>456854</b>	<b>107320</b>	<b>564174</b>	<b>11.282</b>	<b>1065723</b>	<b>98020</b>	<b>1163743</b>	<b>23.272</b>	<b>11.99</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Grand Total (A+B+C)</b>	<b>4893280</b>	<b>107320</b>	<b>5000600</b>	<b>100</b>	<b>4902580</b>	<b>98020</b>	<b>5000600</b>	<b>100</b>	<b>0</b>

**(ii) SHARE HOLDING OF PROMOTERS**

SI No.	Shareholders Name	Shareholding at the beginning of the year (1st April 2014)			Shareholding at the end of the year (31st March 2015)			% change in share holding during the year
		No. of shares	% of total shares of the company	% of shares pledged encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged encumbered to total shares	
1	Ziaulla Sheriff	4436426	88.72	0	3836857	76.73	0	-11.99
	<b>Total</b>	<b>4436426</b>	<b>88.72</b>	<b>0</b>	<b>3836857</b>	<b>76.73</b>	<b>0</b>	<b>-11.99</b>

**(iii) CHANGE IN PROMOTERS' SHAREHOLDING ( SPECIFY IF THERE IS NO CHANGE)**

SI. No.		Shareholding at the beginning of the Year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
<b>1</b>	<b>Ziaulla Sheriff</b>				
	At the beginning of the year	<b>4436426</b>	<b>88.72</b>	4436426	88.72
	Transfer 29/08/2014	-685976		3750450	75.00
	Transfer 05/09/2014	86407		3836857	76.73
	Transfer 19/09/2014	-3750450		86407	1.73
	Transfer 30/09/2014	3750450		3836857	76.73
	Transfer 03/10/2014	-3750450		86407	1.73
	Transfer 10/10/2014	3750450		3836857	76.73
	At the end of the year			<b>3836857</b>	<b>76.73</b>

**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters & Holders of GDRs & ADRs)**

SI. No	For Each of the Top 10 Shareholders	Shareholding at the end of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
<b>1</b>	<b>YOGESH K MEHRA- HUF</b>				
	At the beginning of the year	<b>49400</b>	<b>0.988</b>	49400	0.988
	At the end of the year			<b>49400</b>	<b>0.988</b>
<b>2</b>	<b>K J PURUSHOTHAM</b>				
	At the beginning of the year	<b>44480</b>	<b>0.889</b>	44480	0.889
	At the end of the year			<b>44480</b>	<b>0.889</b>
<b>3</b>	<b>YOGESH KANWAL MEHRA</b>				
	At the beginning of the year	<b>41890</b>	<b>0.838</b>	41890	0.838
	Transfer 22/08/2014	2050		43940	0.879
	Transfer 29/08/2014	1550		45490	0.91
	Transfer 12/12/2014	200		45690	0.914
	Transfer 16/01/2015	300		45990	0.92
	Transfer 23/01/2015	56		46046	0.921
	At the end of the year			<b>46046</b>	<b>0.921</b>
<b>4</b>	<b>SAROJ DEVI AGRAWAL</b>				
	At the beginning of the year	<b>27000</b>	<b>0.54</b>	27000	0.54
	Transfer 05/09/2014	-5100		21900	0.438
	Transfer 27/02/2014	1640		23540	0.471
	At the end of the year			<b>23540</b>	<b>0.471</b>



Sl. No	For Each of the Top 10 Shareholders	Shareholding at the end of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
5	<b>ISHA YOGESH MEHRA</b>				
	At the beginning of the year	23754	0.475	23754	0.475
	At the end of the year			23754	0.475
6	<b>NIKUNJ PRAVIN JHAVERI</b>				
	At the beginning of the year	19796	0.396	19796	0.396
	Transfer 13/03/2015	500		20296	0.406
	At the end of the year			20296	0.406
7	<b>SR NAGARAJ</b>				
	At the beginning of the year	17851	0.357	17851	0.357
	At the end of the year			17851	0.357
8	<b>ANJANA KANWAL</b>				
	At the beginning of the year	15045	0.301	15045	0.301
	At the end of the year			15045	0.301
9	<b>RAJIV JAMWAL</b>				
	At the beginning of the year	13872	0.277	13872	0.277
	At the end of the year			13872	0.277
10	<b>ANANDPRAKASH G GUPTA</b>				
	At the beginning of the year	13745	0.275	13745	0.275
	Transfer 08/08/2014	-2380		10915	0.218
	Transfer 15/08/2014	-100		10815	0.216
	Transfer 22/08/2014	-1800		9015	0.18
	Transfer 28/11/2014	-5610		3405	0.068
	Transfer 05/12/2014	-1430		1975	0.039
	Transfer 20/02/2015	138		2113	0.042
	At the end of the year			2113	0.042
11	<b>ANTARA INDIA EVERGREEN FUND LTD</b>				
	At the beginning of the year	0	0	0	0
	Purchase 29/08/2014	156000	3.12	156000	3.12
	At the end of the year			156000	3.12
12	<b>ELARA CAPITAL MAURITIUS LTD</b>				
	At the beginning of the year	0	0	0	0
	Purchase 29/08/2014	133700	2.674	133700	2.674
	At the end of the year			133700	2.674
13	<b>PLUTUS TERRA INDIA FUND</b>				
	At the beginning of the year	0	0	0	0
	Purchase 29/08/2014	155000	3.1	155000	3.1
	At the end of the year			155000	3.1
14	<b>AUCTOR INVESTMENTS LIMITED</b>				
	At the beginning of the year	0	0	0	0
	Purchase 29/08/2014	154000	3.08	154000	3.08
	At the end of the year			154000	3.08

**(v) Shareholding of Directors & KMP**

Sl. No	For Each of the Directors & KMP	Shareholding at the end of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No of shares	% of total shares of the company
1	<b>Ziaulla Sheriff</b>				
	At the beginning of the year	4436426	88.72	4436426	88.72
	Transfer 29/08/2014	-685976		3750450	75.00
	Transfer 05/09/2014	86407		3836857	76.73
	Transfer 19/09/2014	-3750450		86407	1.73
	Transfer 30/09/2014	3750450		3836857	76.73
	Transfer 03/10/2014	-3750450		86407	1.73
	Transfer 10/10/2014	3750450		3836857	76.73
	At the end of the year			3836857	76.73
2	<b>Maddur Gundurao Mohankumar</b>				
	At the beginning of the year	0	0.00	0	0.00
	Increase/decrease during the year	0	0.00	0	0.00
	At the end of the year	0	0	0	0.00
3	<b>Laxminarayan Purohit</b>				
	At the beginning of the year	0	0.00	0	0.00
	Increase/decrease during the year	0	0.00	0	0.00
	At the end of the year	0	0	0	0.00
4	<b>Sayeeda Hina</b>				
	At the beginning of the year	0	0.00	0	0.00
	Increase/decrease during the year	0	0.00	0	0.00
	At the end of the year	0	0.00	0	0.00

**V INDEBTEDNESS**
**Indebtedness of the Company including interest outstanding/accrued but not due for payment**

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total indebtedness
<b>Indebtness at the beginning of the financial year</b>				
i) Principal Amount	0	191,756,642	0	191,756,642
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
<b>Total (i+ii+iii)</b>	0	191,756,642	0	191,756,642
<b>Change in Indebtedness during the financial year</b>				
Additions	0		0	0
Reduction	0	24,292,373	0	24,292,373
<b>Net Change</b>				
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	0	167,464,269	0	167,464,269
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
<b>Total (i+ii+iii)</b>	0	167,464,269	0	167,464,269

**VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

**A. Remuneration to Managing Director, Whole time director and/or Manager:**

Sl. No	Particulars of Remuneration	Name of the MD/ WTD/Manager	Total Amount (in Rs.)
		<b>Mr. Ziaulla Sheriff (Managing Director)</b>	
1	<b>Gross salary</b>	0	0
	(a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961.	0	0
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	0	0
	(c ) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	0	0
2	Stock option	0	0
3	Sweat Equity	0	0
4	Commission	0	0
	as % of profit	0	0
	others (specify)		
5	Others, please specify		0
	<b>Total (A)</b>	0	0
	<b>Ceiling as per the Act</b>		<b>4200000</b>

**B. Remuneration to other directors:**

Sl. No	Particulars of Remuneration	Name of the Directors		Total Amount (in Rs.)
1	Independent Directors	<b>Mr. Maddur Gundurao Mohankumar</b>		
	(a) Fee for attending board committee meetings	0		0
	(b) Commission	0		0
	(c) Others, please specify	0		0
	<b>Total (1)</b>	0		0
2	Other Non Executive Directors	<b>Mr. Laxminarayan Purohit</b>	<b>Ms. Sayeeda Hina</b>	
	(a) Fee for attending board committee meetings	0	0	0
	(b) Commission	0	0	0
	(c) Others, please specify.	0	0	0
	<b>Total (2)</b>	0	0	0
	<b>Total (B)=(1+2)</b>	0	0	0
	<b>Total Managerial Remuneration</b>	0	0	0
	<b>Overall Ceiling as per the Act.</b>			<b>4200000</b>

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD**

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1	<b>Gross Salary</b>	<b>No Key Managerial Personnel in the Company</b>			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.				
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961				
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961				
2	Stock Option				
3	Sweat Equity				
4	Commission				
	as % of profit				
	others, specify				
5	Others, please specify				
	<b>Total</b>				

**VII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES**

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/ NCLT/Court)	Appeal made if any (give details)
<b>A. COMPANY</b>					
Penalty	<b>NOT APPLICABLE</b>				
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty	<b>NOT APPLICABLE</b>				
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	<b>NOT APPLICABLE</b>				
Punishment					
Compounding					

**Annexure-5**

**DETAILS OF REMUNERATION**

**Details pertaining to remuneration as required under section 197(12) read with Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014**

- i. The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year:**  
The median remuneration of employees of the Company during the Financial Year was Rs.2,38,662/- and the ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year will be zero as no remuneration is paid to the Directors.
- ii. The percentage increase in remuneration of each Director and KMP, in the financial year:**  
**Not applicable.**
- iii. The percentage increase in the median remuneration of employees in the Financial Year:**  
In the Financial Year, there was an increase of 10.79% in the median remuneration of employees.
- iv. The number of permanent employees on the rolls of Company:**  
There were 66 (including KMP) permanent employees on the rolls of the Company as on 31<sup>st</sup> March 2015.
- v. The explanation on the relationship between average increase in remuneration and company performance:**  
Relationship between average increase in remuneration and company performance is: The average remuneration increased by 10.79% in 2014-15 whereas the Profit before Tax decreased by 293.75% in 2014-15. Employees are compensated broadly in comparison with the median of the comparator basket, on the basis of performance, potential and criticality for achieving competitive advantage in the business. The compensation structure is in line with the Industry standards. During the second half of the year the profits of the company decreased drastically due to which the Loss before tax was poised at Rs. (4,91,56,999)/-
- vi. Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company:**  
No remuneration is paid to the Key Managerial Personnel.
- vii. Variations in the market capitalization of the company, price earnings ratio as at the closing date of the current Financial Year and previous Financial Year and percentage increase or decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer in case of listed companies:**  
The market capitalization as on 31<sup>st</sup> March 2015 was Rs.146.96 crores (Rs. 133.51 crores as on 31<sup>st</sup> March 2014). The price earnings ratio of the Company was -36.42 as at 31<sup>st</sup> March 2015 and was 153.44 as at 31<sup>st</sup> March 2014. The Initial Public offer was made by the Company in the year 1996 and the issue was for 50,00,600 Ordinary Shares of Rs.10 each, at par. The shares of the Company were first listed on the BSE Limited in the year 1996 and subsequently it was also listed on Ahmedabad Stock Exchange Limited. The closing share price of the Company at BSE Limited on 31<sup>st</sup> March 2015 was Rs.293.90 per equity share of face value of Rs.10/- each indicating a Compounded Annual Growth Rate of 19.47%.
- viii. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last Financial Year and its comparison with the percentile increase in the managerial remuneration and justification thereof:**  
Average percentage increase made in the salaries of employees other than the managerial personnel in the last Financial Year i.e. 2014-15 was 15.27% whereas no remuneration is paid to the Directors of the Company.
- ix. Comparison of remuneration of each Key Managerial Personnel against the performance of the Company:**  
Not Applicable
- x. The key parameters for any variable component of remuneration availed by the Directors:**  
Not applicable
- xi. The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year:**  
Not applicable.
- xii. Affirmation that the remuneration is as per the remuneration policy of the company:**  
It is hereby affirmed that the remuneration paid is as per the Policy for Remuneration of the Directors, Key Managerial Personnel and other Employees.

**ANNEXURE 6 TO DIRECTORS' REPORT**

Information as per Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Name	Gary Alan Gerttula
Designation	Chief Operating Officer (Ceased to be a Chief Operating Officer w.e.f. January 2015)
Remuneration paid	Rs. 10,33,333/- p.m. for 8 months.
Nature of employment	Contractual basis
Qualifications	MBA, DBA(ABD)
Experience	20 years
Date of commencement of employment	12 <sup>th</sup> February 2014
Age	61 years
Previous Employment	CEO in Digital Garage and Advisor to growth of Companies
No. of shares in the Company	Nil
Whether relative of Director or employee	No
Date of Birth	28 <sup>th</sup> January 1954

## Annexure 7

## CORPORATE GOVERNANCE REPORT

The clause 49 of the Listing Agreement as applicable from 1<sup>st</sup> October 2014 is not mandatory to the Company in view of the SEBI Circular CIR/CFD/POLICY CELL/7/2014 dated 15<sup>th</sup> September 2014, as the paid-up capital of the Company is not exceeding Rs.10 crores and the net worth is not exceeding Rs.25 crores.

The detailed Report on Corporate Governance as per the format prescribed by SEBI and incorporated in Clause 49 of the Listing Agreement is set out below:

**(A) MANDATORY REQUIREMENTS****I. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE:**

Starcom Information Technology Limited has maintained the Corporate Governance principles and practices by adopting the Corporate Governance Policies and Code of Conduct. These Policies and Code prescribe a set of systems, processes and principles conforming to the international standards and are reviewed periodically to ensure their continuing relevance, effectiveness and responsiveness to the needs of all stakeholders.

The Company's philosophy on Corporate Governance envisages the attainment of the highest levels of transparency, accountability, timely disclosures and equity, in all facets of its operations and in all interactions with its stakeholders, including shareholders, employees, the government, lenders and the society. The Company believes that all its actions must serve the underlying goal of enhancing long-term shareholder value. Further, the Company recognizes that the shareholders are ultimately the people who are catalysts to the economic activities and also the ultimate beneficiaries thereof.

**II. BOARD OF DIRECTORS:****a) Board Composition:**

As on 31<sup>st</sup> March 2015, the Board comprises of four Directors and more than 50% are Non-Executive Directors. The composition of Board is given below:

Director	Executive / Non-Executive / Independent
Mr. Ziaulla Sheriff (Promoter)	Chairman and Managing Director
Mr. Maddur Gundurao Mohankumar	Independent Non-Executive Director *
Mr. Laxminarayan Krishnacharya Purohit	Non-Executive & Professional Director
Ms. Sayeeda Hina	Non-Executive & Promoter Director

\*Appointed as an Independent Director in the Annual General Meeting held on 23<sup>rd</sup> December 2014.

**b) Attendance of each director at the Board Meeting and last Annual General Meeting and Number of other Directorships and Committees Memberships:**

The names and categories of the Directors on the Board, their attendance at Board Meetings during the year and at the last Annual General Meeting and also the number of Directorships and Committee Memberships held by them in other Companies are given below:

Financial Year: 2014–15 (1<sup>st</sup> April 2014 to 31<sup>st</sup> March 2015)

Name of the Director	Category	Board Meeting held	Attendance Particulars		No. of other Directorships and Committee Memberships/ Chairmanships in other Indian Public Limited Company as on 31.03.15#		
			Board Meeting	Last AGM	Other Director-ships**	Committee Member-ships	Committee Chairman-ships
Mr. Ziaulla Sheriff	C & E	6	6	Yes	6	Nil	Nil
Mr. Maddur Gundurao Mohankumar	ID	6	6	Yes	4	1	Nil
Mr. Laxminarayan Krishnacharya Purohit	NE & PD	6	6	Yes	Nil	Nil	Nil
Ms. Sayeeda Hina	NE & P	3*	3	Yes	2	Nil	Nil

C – Chairman, E – Executive, NE – Non-Executive Director, ID –Independent Director, D- Director, PD- Professional Director, P- Promoter.

\* Ms. Sayeeda Hina was appointed with effect from 8<sup>th</sup> November 2014 and she was present in all the meetings held from that date.

\* Other Directorships exclude the Directorships held in Private Limited Companies, Foreign Companies and Companies under Section 25 of the Companies Act 1956/ Section 8 of the Companies Act 2013.

# Committees of Directors includes Audit Committee and Stakeholders' Relationship Committee only.

**c) Meetings of the Board of Directors:**

During the Financial year 2014-15, Six Board Meetings were held on the following dates:

29<sup>th</sup> May 2014, 13<sup>th</sup> August 2014, 23<sup>rd</sup> September 2014, 8<sup>th</sup> November 2014, 26<sup>th</sup> December 2014 and 14<sup>th</sup> February 2015.

**III. AUDIT COMMITTEE:**

**a) Brief description of terms of reference:**

The broad terms of reference of Audit Committee are in accordance with the prescribed guidelines as set out in the Companies Act, 2013 and the rules made there under and the Clause 49 of the Listing Agreement executed with the Stock Exchanges that inter alia, include overseeing financial reporting processes, reviewing the financial statements, quarterly, half yearly/ annual financial results and adequacy of internal control systems, discussion with the Auditors on any significant findings etc.

**b) Composition:**

The Committee consists of One Independent Director, One Non-Executive Professional Director and One Executive Director. The Members of the Committee have knowledge of finance, accounts, company law, etc. The Chairman of the Audit Committee is an Independent Director.

Name	Designation	Category
Mr. Maddur Gundurao Mohankumar (DIN: 00020029)	Chairman	Independent Non-Executive
Mr. Laxminarayan Purohit (DIN: 03599758)	Member	Non-Executive
Mr. Ziaulla Sheriff (DIN: 00002098)	Member	Executive

**c) Meeting and attendance during the year:**

During the year under review, five meetings of the Audit Committee were held, the dates being, 29<sup>th</sup> May 2014, 13<sup>th</sup> August 2014, 8<sup>th</sup> November 2014, 26<sup>th</sup> December 2014 and 14<sup>th</sup> February 2015.

Name of the Member	Meetings Attended
Mr. Maddur Gundurao Mohankumar	5
Mr. Laxminarayan Purohit	5
Mr. Ziaulla Sheriff	5

**IV. Nomination and remuneration committee:**

**a) Brief description of terms of reference:**

The Board of Directors in their meeting held on 8<sup>th</sup> November 2014, renamed the 'Remuneration Committee' to 'Nomination and Remuneration Committee' in compliance with the Companies Act, 2013 and the listing agreement which became effective from 1<sup>st</sup> October 2014. The broad terms of reference of Nomination and Remuneration Committee are in accordance with the prescribed guidelines as set out in the Companies Act, 2013 and the rules made there under and the Clause 49 of the Listing Agreement executed with the Stock Exchanges

**b) Composition, name of members and chairperson:**

The management is in the process of inducting Independent Directors on the Board. On their appointment, the Company shall reconstitute the Committee. The Committee consists of one Independent Director and two Non-Executive Directors. The Chairman of the Committee is an Independent Director.

Name	Designation	Category
Mr. Maddur Gundurao Mohankumar (DIN: 00020029)	Chairman	Independent
Mr. Laxminarayan Purohit (DIN: 03599758)	Member	Non-Executive
Ms. Sayeeda Hina Ahmed (DIN: 03642269),	Member	Non-Executive

**c) Meeting and attendance during the year:**

During the year under review, one meeting of the Committee was held on 14<sup>th</sup> February 2015.

**d) Remuneration Policy:**

The Committee recommends the remuneration payable to Managing Director and Whole-time Director or any Executive Directors based on their contribution to the growth and development of the Company, keeping in mind the remuneration package of the industry.



**e) Details of Remuneration Paid as per format in the main report:**

The Committee shall recommend the remuneration to be paid to the Managing Director. It was mutually decided between the Company and the Managing Director to forgo the remuneration till such date. The Company has not paid any remuneration or sitting fees to Managing Director or Directors, during the year under review.

**V. STAKEHOLDERS' RELATIONSHIP COMMITTEE:**

**a) Constitution and terms of reference of the Committee / Name of non-executive director heading the Committee:**

The 'Shareholders'/ Investors' Grievances Committee' has been renamed as the 'Stakeholders' Relationship Committee' and its constitution, composition, quorum requirements, frequency of meetings, terms of reference, role, powers, rights, authority and obligations are in conformity with the listing agreement (including any statutory modification(s) or re-enactment or amendments thereof).

The Company has always valued its investors' and stakeholders' relationships. In order to ensure proper and speedy redressal of shareholders'/ investors' complaints, the Committee was constituted. The Committee is empowered to look into redressal of shareholders' and investors' complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends and other miscellaneous complaints.

The Committee consists of one Independent Director, one Non-Executive Professional Director and one Executive Director. At present, Mr. Maddur Gundurao Mohankumar, acts as the Chairman and Mr. Ziaulla Sheriff and Mr. Laxminarayan Purohit act as Members of the Committee.

**b) Name and designation of Compliance Officer:**

Mr. Ziaulla Sheriff, Managing Director is the Compliance Officer of the Company.

**c) Number of Shareholders' complaints received so far:**

There were no complaints received during the year under review.

**d) Number not solved to the satisfaction of shareholders:**

Nil

**e) Number of pending complaints:**

Nil

**f) Meeting and attendance during the year:**

The Committee met four times during the year under review, i.e. 29<sup>th</sup> May 2014, 13<sup>th</sup> August 2014, 8<sup>th</sup> November 2014 and 14<sup>th</sup> February 2015 and all the members of the Committee were present at all the meetings.

**VI. Corporate Social Responsibility Committee**

During the year under review, the Company did not fall within the purview of the Section 135 of the Companies Act, 2013 and it was not mandatory for the Company to constitute Corporate Social Responsibility Committee.

**VII. GENERAL BODY MEETINGS:**

**a) Details of the last three Annual General Meetings of the Company were held and the Special Resolutions passed thereat as under:**

Financial Year	AGM	Day, Date & Time	Venue	Special Resolution Passed
2013-2014	19 <sup>th</sup> AGM	Tuesday, 23 <sup>rd</sup> December 2014 at 10.30 a.m.	No 150, Diamond District Club House, Old Airport Road, Kodihally, Bangalore 560008	NIL
2012-2013	18 <sup>th</sup> AGM	Wednesday, 27 <sup>th</sup> November 2013 at 11.00 a.m.	Maharashtra Chamber of Commerce, Industry & Agriculture, Oricon House, 6 <sup>th</sup> Floor, 12, K. Dubhash Road, Fort, Mumbai- 400001	NIL
2011-2012	17 <sup>th</sup> AGM	Tuesday, 25 <sup>th</sup> September 2012 at 11.00 a.m.	Maharashtra Chamber of Commerce, Industry & Agriculture, Oricon House, 6 <sup>th</sup> Floor, 12, K. Dubhash Road, Fort, Mumbai-400001	Change in Registrar and Transfer Agent of the Company

**b) Special Resolutions passed through Postal Ballot- details of voting pattern:**

The details of the Special Resolutions passed through Postal ballot during the financial year under review, along with their results are as follows:

**1. Authority to the board of directors to borrow money in excess of aggregate of paid up share capital and free reserves of the Company.**

Number of valid postal ballot forms received	5 forms
Number of valid votes cast by electronic mode	7
Votes in favor of the resolution	38,41,423
Votes against the resolution	0
Number of invalid postal ballot forms received	0
Number of invalid votes by electronic mode	0

**2. Authority to the board of directors to sell, lease, mortgage or otherwise dispose of the whole or substantially the whole of the undertaking(s) of the Company.**

Number of valid postal ballot forms received	5 forms
Number of valid votes cast by electronic mode	7
Votes in favor of the resolution	38,40,423
Votes against the resolution	1,000
Number of invalid postal ballot forms received	0
Number of invalid votes by electronic mode	0

**3. Authority to the board of directors to make loans or investments and give guarantee or to provide security in connection with a loan.**

Number of valid postal ballot forms received	5 forms
Number of valid votes cast by electronic mode	7
Votes in favor of the resolution	38,40,423
Votes against the resolution	1,000
Number of invalid postal ballot forms received	0
Number of invalid votes by electronic mode	0

**4. Authority to the board of directors to enter into contracts or arrangements with related parties pursuant to Section 188 of the Companies Act, 2013.**

Number of valid postal ballot forms received	5 forms
Number of valid votes cast by electronic mode	7
Votes in favor of the resolution	4,566
Votes against the resolution	0
Number of invalid postal ballot forms received	0
Number of invalid votes by electronic mode	2

**c) Person who conducted the postal ballot exercise:**

Mr. Ziaulla Sheriff, Chairman and Managing Director and Mr. Laxminarayan Purohit, Director of the Company were responsible for conducting the postal ballot process. Mr. Hemanshu Kapadia, Practicing Company Secretary, acted as the Scrutinizer for the postal ballot process.

**d) Whether any special resolution is proposed to be conducted through postal ballot:**

No

**e) Procedure for postal ballot:**

Pursuant to the Clause 35A of the listing agreement, Section 110 of the Companies Act, 2013 and all other applicable provisions of the Companies Act, 2013 and the Companies (Management and Administration) Rules, 2014 and all other applicable rules made under the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof from time to time), the Company had provided to its members the facility to cast their votes by way of postal ballot process (including e-voting) on all the resolutions as stated in the Postal Ballot Notice dated 26<sup>th</sup> December 2014 ('Postal Ballot Notice'). The Company had appointed Central Depository System (India) Limited for facilitating e-voting.

Date of commencement of voting was 5<sup>th</sup> February 2015 and same was concluded on 6<sup>th</sup> March 2015. The results of the postal ballot were declared on 11<sup>th</sup> March 2015, at the Registered Office of the Company. Postal Ballot Notice, Postal Ballot Form and results of the Postal Ballot Voting were uploaded on the Company's website. The results of the Postal Ballot is available on link <http://www.starcominfotech.com/pdfs/starcom-ballot-report-2015.pdf>

The Company has complied with issuing of notice and postal ballot forms as per 110 of the Companies Act, 2013, (Act) read with Rule 22 of Companies (Management and Administration) Rules, 2014. Mr. Hemanshu Kapadia, Practicing Company Secretary was appointed as a Scrutinizer to conduct a fair and transparent Postal Ballot process. The Company declared the result of the same on Wednesday, 11<sup>th</sup> March 2015.

## VIII. DISCLOSURES:

### (i) Basis of related party transactions:

The Company has taken the approval of the Members by Special resolution through postal ballot with respect to the rent agreement entered by the Company with M/s. Sheriff & Bhatia Associates, a partnership firm in which the promoter and Chairman and Managing Director of the Company, Mr. Ziaulla Sheriff (DIN: 00002098) is a Managing Partner.

### (ii) Details of non-compliance by the Company:

There has been no instance of non-compliance by the Company with respect to the clause 49 except for composition of the Board and the Audit Committee.

### (iii) Whistle Blower Policy:

The Company has introduced a 'Whistle Blower Policy' / 'Vigil Mechanism'. The objective of the Vigil Mechanism is to provide the employees, customers, vendors, contractors and other stakeholders of /in the Company an impartial and fair avenue to raise concerns and seek their redressal, in line with the Company's commitment to the highest possible standards of ethical, moral and legal business conduct and fair deal to all its stakeholders and constituents and its commitment to open communication channels. The Company is also committed to provide requisite safeguards for the protection of the persons who raise such concerns from reprisals or victimization, for whistle blowing in good faith. The Board of Directors affirms and confirms that no personnel has been denied access to the Audit Committee.

### (iv) Details of compliance with mandatory requirements and adoption of non-mandatory requirements of this clause:

The Company has complied with the mandatory requirements of clause 49 of the Listing Agreement entered into with the Stock Exchanges except appointment of Independent Directors and consequential impact on the composition of the Board of Directors and the Audit Committee. The Company shall adopt and abide by the non-mandatory requirements in future.

## IX. MEANS OF COMMUNICATION:

The Board takes on record the unaudited quarterly financial results in the format prescribed by Clause 41 of the Listing Agreement and submits the same to the stock exchanges where the securities of the Company are listed within prescribed time limit from the closure of the quarter. The quarterly unaudited financial results are also published in one English Newspaper and one Regional language newspaper within 48 hours of the conclusion of the meeting of the Board in which they are approved.

The quarterly results are not sent to each shareholder as shareholders are intimated through press. The Company's website [www.starcominfotech.com](http://www.starcominfotech.com) provides information about the Company to its existing and prospective stakeholders. The quarterly results are displayed on the Company's website along with other relevant information / the presentation made to the institutional investors or to the analysts.

## X. GENERAL SHAREHOLDERS INFORMATION:

### a) 20<sup>th</sup> Annual General Meeting:

Day, Date and Time : Saturday, 26<sup>th</sup> September 2015 at 11.30 am  
Venue : No. 150, Diamond District Club House,  
Old Airport Road, Kodihally, Bangalore 560008

b) Financial Year : 1<sup>st</sup> April 2014 to 31<sup>st</sup> March 2015

c) Date of Book Closure : Saturday, 19<sup>th</sup> September 2015 to Saturday, 26<sup>th</sup> September 2015

d) Dividend payment date : Not Applicable

e) Listing on Stock Exchanges : i) BSE Limited

Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400001

ii) Ahmedabad Stock Exchange Limited

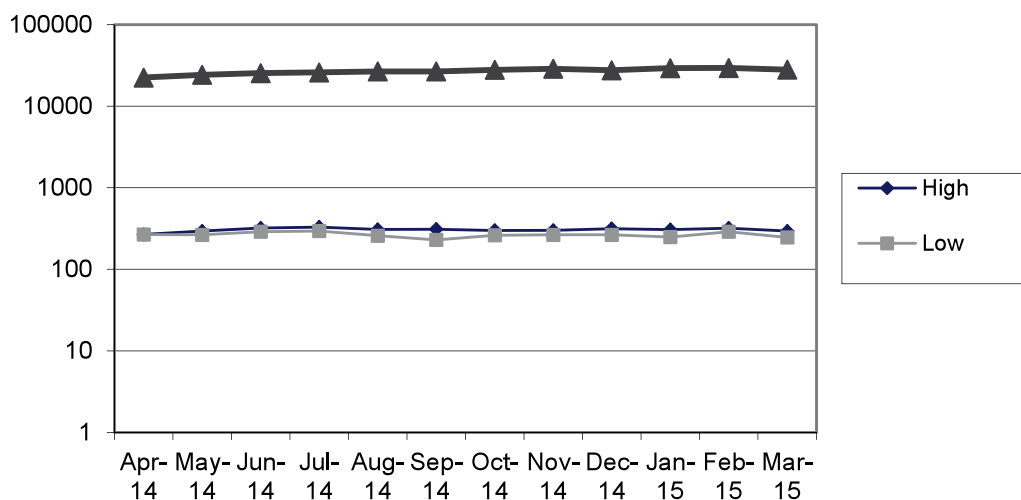
Kamdhenu Complex, Opp. Sahajanand College, Panjrapole,  
Ahmedabad, Gujarat 380015

**f) Stock Code:**

- i) BSE Limited - 531616  
 ii) Ahmedabad Stock Exchange Limited - 27876  
 Demat ISIN in NSDL and CDSL for equity shares - INE347I01010

**g) Market price Data: High, Low during each month in the financial year 2014-2015:**

Month	BSE	
	High Price	Low Price
April 2014	267.5	267
May 2014	294.35	265
June 2014	320	288.8
July 2014	329	294.5
August 2014	308	258
September 2014	310	229.25
October 2014	299	261.3
November 2014	300	265
December 2014	314.85	265
January 2015	306.2	248.5
February 2015	319.3	289
March 2015	293.9	246

**h) Performance in comparison to broad base indices such as BSE, Sensex, CRISIL Index etc.**

**i) Registrar and Share Transfer Agent:**

Sharex Dynamic (India) Pvt. Ltd.  
 Unit- 1, Luthra Industrial Premises, Andheri-Kurla Road, Safed Pool, Andheri (E), Mumbai 400072.

**j) Share Transfer System:**

Share Transfers are registered and returned within a prescribed period from the date of receipt, if the documents are clear in all respects.

**k) Distribution of shareholding as on 31<sup>st</sup> March 2015:**

Grouping of Shares	No. of Shareholders	% of total shareholders	No. of Shares	% of total shares
Upto 100				
101 to 200	111	30.49	3556	0.07
201 to 500	15	4.12	2707	0.05
501 to 1,000	100	27.47	45929	0.92
1,001 to 5,000	86	23.63	76276	1.53
5,001 to 10,000	26	7.14	60800	1.22
10,001 to 1,00,000	8	2.20	61121	1.22
50,001 to 1,00,000	13	3.58	314654	6.29
1,00,001 and above	5	1.37	4435557	88.70
<b>Total</b>	<b>364</b>	<b>100.00</b>	<b>5000600</b>	<b>100.00</b>

Category	No. of Shareholders	No. of Shares held	% of total shares
Promoter*	1	3836857	76.728
Foreign Institutional Investors	4	598700	11.973
Individuals	350	545104	10.90
Bodies Corporate	9	19939	0.399
<b>Total</b>	<b>364</b>	<b>5000600</b>	<b>100.000</b>

**l) Dematerialization of shares and liquidity:**

As on 31<sup>st</sup> March 2015, 98.04% of the Company's total equity shares representing 49,02,580 shares were held in dematerialized form and balance 1.96% representing 98,020 shares were held in physical form.

**m) Outstanding GDRS/ADRS/Warrants or any convertible instruments, conversion date and likely impact on equity:**

There were no such outstanding instruments as on 31<sup>st</sup> March 2015.

**n) Plant Locations:**

There is no plant of the Company. The Corporate office and Software Development Center of the Company is located at No. 88, Times Square, MG Road Bangalore 560001.

**o) Address for correspondence:**

- For share transfer/ dematerialization of shares/ other queries relating to the securities:  
Sharex Dynamic (India) Pvt. Ltd.,  
Unit- 1, Luthra Ind. Premises, Andheri-Kurla Rd., Safed Pool, Andheri (E), Mumbai 400 072
- For queries on Annual Report or investors' assistance:  
#73, Sheriff Centre, St. Marks Road, Bangalore 560001

**For Starcom Information Technology Limited**

**Sd/-**

**Ziaulla Sheriff**  
**Chairman & Managing Director**

**DIN: 00002098**

**Add: Al-Barka Golden Enclave,**  
**Airport Road, Bangalore-560017**

**Date:** 1<sup>st</sup> September 2015

**Place:** Bangalore

**CIN:** L67120KA1995PLC078846

**Registered Office:**

73/1, Sheriff Centre,  
St. Marks Road,  
Bangalore-560001

### ANNUAL CERTIFICATION BY CHIEF EXECUTIVE OFFICER / MANAGING DIRECTOR PURSUANT TO CLAUSE 49 I D (ii) OF THE LISTING AGREEMENT:

As the Managing Director of Starcom Information Technology Limited and as required pursuant to Clause 49 I D (ii) of the Listing agreement, I hereby declare and certify that all the Board members of the Company have affirmed compliance with the Code of Conduct as adopted by the Company for the year period 1<sup>st</sup> April 2014 to 30<sup>th</sup> September 2014.

For Starcom Information Technology Limited

Sd/-

Ziaulla Sheriff

Chairman & Managing Director

DIN: 00002098

Add: Al-Barka Golden Enclave,  
Airport Road, Bangalore-56001

Place: Bangalore

Date: 1<sup>st</sup> September 2015

CIN: L67120KA1995PLC078846

### HEMANSHU KAPADIA & ASSOCIATES

COMPANY SECRETARIES

Office No. 12, 14<sup>th</sup> Floor, Navjivan Society, Building No.3  
Lamington Road, Mumbai-400 008  
Tel 6631 0888/6631 4830  
E-mail: hemanshu@hkacs.com

### CERTIFICATE

#### To the Members of STARCOM INFORMATION TECHNOLOGY LIMITED

We have examined the compliance of conditions of Corporate Governance by **STARCOM INFORMATION TECHNOLOGY LIMITED** ("the Company"), for the period ended 1<sup>st</sup> April 2014 to 30<sup>th</sup> September 2014, as stipulated in Clause 49 of the Listing Agreement entered into with the BSE Limited (BSE) and the Ahmedabad Stock Exchange Limited (ASE).

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of Corporate Governance as stipulated in the said Clause 49. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above-mentioned Listing Agreement except to our observation regarding composition of the Board of Directors and Audit Committee.

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

For **Hemanshu Kapadia & Associates**  
Practicing Company Secretaries

Sd/-

**Hemanshu Kapadia**

Proprietor

CP No. 2285

FCS: 3477

Date: 1<sup>st</sup> September 2015

Place: Mumbai

Note: The Company has confirmed that the clause 49 of the Listing Agreement is not mandatory for the Company with effect from 1<sup>st</sup> October 2014 in view of the SEBI circular CIR/CFD/POLICY CELL/7/2014 dated 15<sup>th</sup> September 2014. Hence, the certificate has been issued for the period 1<sup>st</sup> April 2014 to 30<sup>th</sup> September 2014.

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### 1. Industry structure and developments:

#### Overview

The Company is a public limited company incorporated and domiciled in India and has its registered office at Bangalore, Karnataka, India. The Company has its primary listings on BSE Limited and Ahmedabad Stock Exchange Limited. The Company has been steadily expanding its customer base, infrastructure, service lines and industries. The growth momentum of the Company continues to attract top talent and win new customers and strengthen existing customer relationships.

According to the IMF, global economic growth remains moderate, with uneven prospects across the main countries and regions. In its World Economic Outlook issued in April 2015, IMF has forecast the global growth to reach 3.5% in 2015, up from 3.4% recorded in 2014. Growth is projected to be stronger in 2015 relative to 2014 in advanced economies, but weaker in emerging markets, reflecting more subdued prospects for some large emerging market economies and oil exporters.

Enterprises are increasingly outsourcing their technology and IT services requirements to global IT services providers who can deliver high quality service on a global scale and at competitive costs. According to Gartner report *Forecast: Enterprise IT Spending by Vertical Industry Market, Worldwide, 2013-2019, 1Q15 Update*, worldwide IT Services spending in 2014 was \$948 billion, a growth of 1.8% over the previous year. Global IT service providers offer a range of end to end software development, IT business solutions, research and development services, business process services, consulting and related support functions.

Over the past two decades, India has risen to become the leading destination for global IT services sourcing, business process services and research and development services. Global IT services providers, based in India, have a proven track record for providing business and technology solutions, offering a large, high quality and English-speaking talent pool and a friendly regulatory environment. These factors have facilitated the emergence of India as a global sourcing hub.

The industry has been expanding its service offerings constantly and adding capabilities, evolving business models and providing high customer satisfaction. India remains an excellent business delivery model for the IT-BPM industry and has become the epicenter of the global technology industry. It has been growing in size, scale, maturity and domain expertise serving global customers.

The last year can be characterized as the year of rapid transition and transformation leading the industry to expanding into newer verticals and geographies, attracting new customers and transforming companies from being technology partners to strategic business partners.

The financial statements are prepared in accordance with the Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis, except for certain financial instruments which are measured at fair values. GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('the Act') read with Rule 7 of the Companies (Accounts) Rules, 2014 and guidelines issued by the Securities and Exchange Board of India (SEBI). Accounting policies have been consistently applied, except where a newly-issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

#### Starcom Information Technology: Poised For Growth

During the financial year 2014 - 2015, Starcom Information Technology Limited (SITL) has made several operating initiatives with the underlying objective of creating a global business. Powered by a strong business strategy and an aggressive management team, SITL has created a robust pipeline to support sustained business expansion and value enhancement in the coming years in the areas of business intelligence, enterprise analytics and engineering services. In the year 2015-2016, the Company is envisaging new opportunities to achieve profitable growths.

### 2. Opportunities and Threats:

#### Opportunities:

Recovery and growth of economy as well as significant technology changes are presenting several opportunities to Starcom Information Technology Limited.

India has continued to retain its first mover advantage and maintained its leadership position. It remains a high potential market worldwide, offering multiple opportunities for unmet needs. With the second largest population in the world, India also presents a large end user market. It continues to remain an excellent delivery centre for the IT-BPM industry. Currency movements and increased operational efficiency have ensured that India's position as the most cost competitive market has only become stronger over the past years.

Starcom Information Technology Limited sees opportunities of growth on the back of reviving global economies, better offshore IT spends in most industry verticals, on-going renewal cycles of IT Services spends being the new imperative across industries. The demand for “value for money” services, positive outlook on discretionary spends, acceptance of new business models and platforms, a stronger balance-sheet size post-merger, cross selling opportunities to a wider client base and availability of qualified and skilled workforce etc. also augur well for Starcom.

Improving fortunes of IT industry is increasing the demand for IT professionals and large scale recruitment.

#### **Threats:**

The global IT services industry is highly competitive with competition arising from Indian IT companies and MNC IT services Companies having sizable presence in low cost geographies, deep pockets, strong client relationships, In house and captive services companies etc. The stiff competition can lead to pressure on pricing, vendor consolidation and hence can impact Company growth and profitability.

IT being a manpower driven services industry will be associated with supply side risks on availability of talented pool of people, domain and technology experts. Also attracting talented people and attrition remains a risk.

The growth in the economy and IT industry is expected to lead to increase in attrition next year. This pressure on attrition as well as fast changing technology landscape will necessitate increased investment in its people and innovative approaches to retain and develop right talent.

### **3. Segment-wise Performance:**

During the year under review, the Company has started operating in two segments viz

1. Test, Measurement & Embedded Solutions for Educational Sector
2. Statistical & Analytics Softwares

The segment-wise performance of the Company during the year is given below:

<b>Particulars</b>	<b>Year ended 31<sup>st</sup> March 2015 (Amt in Rs.)</b>
<b>A. Segment Revenue</b>	
1. Test, Measurement & Embedded Solutions for Educational Sector	4,29,60,468
2. Statistical & Analytics Softwares	5,99,83,257
<b>Total Revenue</b>	<b>10,29,43,725</b>
<b>B. Segment Results</b>	
1. Test, Measurement & Embedded Solutions for Educational Sector	8,963,836
2. Statistical & Analytics Softwares	41,157,365
<b>Total</b>	<b>50,121,200</b>
Less: Interest Expenses	47,319,583
Other Income	40,609,074
Unallocable Expenditure	92,567,689
<b>Total Profit Before Tax</b>	<b>(49,156,999)</b>
<b>C. Capital Employed</b>	
1. Test, Measurement & Embedded Solutions for Educational Sector	8,074,098
2. Statistical & Analytics Softwares	66,522,135
3. Unallocated	(62,354,676)
<b>Total Capital Employed</b>	<b>12,241,557</b>

### **4. Outlook:**

The future of the global technology industry will be shaped by economic forces especially in the advanced countries. As per the IMF global growth remains moderate, with uneven prospects across the main countries and regions. It is projected to be 3.5% in 2015 versus 3.4% growth of 2014. Relative to last year, the outlook for advanced economies is improving, while growth in emerging market and developing economies is projected to be lower, primarily reflecting weaker prospects for some large emerging market economies and oil-exporting countries. Factors like lower oil prices, exchange rate swings, and country/region specific factors have affected the global activity in 2014 and are still shaping the outlook.

As the global economy improves and consumer confidence increases, investing in new technologies, cloud computing, mobility and analytics, and innovation will provide tremendous opportunities. As per NASSCOM, the Indian IT-BPM industry is expected



to reach digital revenues of US\$ 300 billion by 2020. This opportunity accounts for 12-14% of the industry revenues. By FY 2016, NASSCOM expects the industry to add revenues of US\$ 20 billion to the existing revenues of US\$ 146 billion. Export revenues are projected to grow by 12-14% and reach US\$ 110-112 billion. Domestic revenues are expected to grow at a rate of 15 -17% and is expected to reach US\$ 55-57 billion during the year.

According to Gartner, one of the world's leading information technology research and advisory companies, worldwide IT spending is set to shrink to US\$ 3.66 trillion in 2015, a 1.3% decrease from 2014 mainly due to the rising dollar. It expects spending on data centre systems, enterprise software markets and telecom services to increase as compared to 2014. IT services is projected to contract slightly. The Gartner Worldwide IT Spending Forecast is the leading indicator of major technology trends across the hardware, software, IT services and telecom markets.

The Company is well poised to exploit the emerging opportunities.

## 5. Risks and concerns:

- This section lists forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these statements as a result of certain factors. This section lists our outlook, risks and concerns :
- Our revenues and expenses are difficult to predict and can vary significantly from period to period, which could cause our share price to decline.
- Our business will suffer if we fail to anticipate and develop new services and enhance existing services to keep pace with rapid changes in technology and in the industries on which we focus.
- In the event that the Government of India or the government of another country changes its tax policies in a manner that is adverse to us, our tax expense may materially increase, reducing our profitability.
- The economic environment, pricing pressures, and decreased employee utilization rates could negatively impact our revenues and operating results.
- Our success depends largely upon our highly-skilled technology professionals and our ability to hire, attract, motivate, retain and train these personnel.

## 6. Internal Control systems and their adequacy:

The Company maintains adequate internal control system, which provides, among other things, reasonable assurance of recording the transactions of its operations in all material aspects and of providing protection against significant misuse or loss of Company's assets.

The Company has an adequate system of internal controls implemented for achieving efficiency in operations, optimum utilization of resources with analysis of data to strengthen it to meet the changing requirements.

## 7. Discussion on financial performance with respect to operational performance:

(Amount in Rs.)

Particulars	2014-15	2013-14	Change (%)
Revenue from operations	102,943,725	152,289,809	-32.40%
Other income (2)	39,942,175	29,946,502	33.78%
<b>Sub-total (1+2)</b>	<b>142,885,899</b>	<b>182,236,311</b>	<b>-21.59%</b>
<b>Total Expenditure</b>	<b>192,042,898</b>	<b>169,752,099</b>	<b>13.13%</b>
Profit/(Loss) before Tax	(49,156,999)	12,484,212	-293.75%
<b>Profit/ (Loss) after Tax</b>	<b>(40,368,094)</b>	<b>8,677,074</b>	<b>-365.22%</b>

Commencing its business couple of years prior to the year of review, there has been decrease in sales. However, the Company is exploring new business opportunities in foreign countries to improve the operational performance. These are targeted to bring forward inorganic growth in terms of revenue, profits and the manpower.

## 8. Material developments in Human Resources/ Industrial Relations front:

In any services enterprise, employees form the core of an organization. We recognize the vitality of this stakeholder. A significant portion of our management focus is invested in engaging with our employees.

The Company is committed to create an appropriate climate, opportunities and systems to facilitate identification, development and utilization of employees' full potential on a continuous basis.

We continually strive to provide our employees with competitive and innovative Compensation & Benefits. We are in the process of devising incentive programs linked to 'business segment performance' as well as 'individual performance' in order to strike the

fair linkage between performance and compensation for each employee.

### **Cautionary Statement:**

Certain statements made in the management discussion and analysis report relating to the Company's objectives, projections, outlook, expectations, estimates and others may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may differ from such expectations, projections and so on, whether express or implied. Several factors could make a significant difference to the Company's operations. These include economic conditions affecting demand and supply, government regulations and taxation, natural calamities and so on over which the Company does not have any direct control. The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statements, on the basis of any subsequent developments, information or events.

**Note:** *The clause 49 of the Listing Agreement as applicable from 1<sup>st</sup> October 2014 is not mandatory to the Company in view of the SEBI Circular CIR/CFD/POLICY CELL/7/2014 dated 15<sup>th</sup> September 2014, as the paid-up capital of the Company is not exceeding Rs.10 crores and the net worth is not exceeding Rs.25 crores.*

## INDEPENDENT AUDITOR'S REPORT

To the Members of

Starcom Information Technology Limited

### Report on the Financial Statements

We have audited the accompanying financial statements of **Starcom Information Technology Limited**

("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

The Company's Board of Directors are responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the act') with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with rule 7 of Companies (Accounts) Rules, 2014. This responsibility includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that are operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements, that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's management and Board of Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Emphasis of Matters:

We draw attention to Note no. 28(9) regarding the financial statements of the Company having been prepared on a going concern basis. As at the year end, the Company has accumulated loss of Rs. 3,77,64,443 as against the equity share capital of Rs. 5,00,06,000. The appropriateness of the going concern assumption is dependent on the Company's ability to meet its projections, revamp its business and also establish consistent profitable operations. Based on the mitigating factors discussed in the said Note, management believes that the going concern assumption is appropriate and no adjustments have been made in the financial statements for the year ended March 31, 2015. Our opinion is not qualified in respect of this matter.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31st March 2015, its profit and its cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters Specified in paragraphs 3 and 4 of the Order.

2. As required by section 143(3) of the Act, we further report that:

- a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d) in our opinion, the aforesaid financial statements comply with the applicable Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules 2014;
- e) on the basis of written representations received from the directors as on March 31, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of Section 164(2) of the Act
- f) with respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us, :
  - i. The Company does not have any pending litigations which would impact its financial position.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**For S G C O & Co.**  
Chartered Accountants  
***Firm Reg. No 112081W***

**Sd/-**

**Suresh Murarka**  
Partner  
**Mem. No. 44739**

Place: Mumbai  
Date : 30<sup>th</sup> May, 2015

## Annexure to Auditors Report

Annexure referred to in Paragraph 1 of "Report on Other Legal and Regulatory Requirements" of our Report of even date on the accounts of **Starcom Information Technology Limited** for the year ended 31<sup>st</sup> March 2015.

As required by the Companies (Auditors Report) Order, 2015 and according to the information and explanations given to us during the course of the audit and on the basis of such checks of the books and records as were considered appropriate we report that:

- (i) a) The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.  
b) All the fixed assets have been physically verified by the management in accordance with a phased programme of verification, which in our opinion is reasonable, considering the size and the nature of its assets. Pursuant to programme, certain fixed assets have been verified during the year. The frequency of verification is reasonable and no discrepancies have been noticed on such physical verification.
- (ii) a) The inventories have been physically verified at the end of the year by the management.  
b) The procedures of physical verification of the inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.  
c) The Company has maintained proper records of inventories and no discrepancies were noticed on physical verification carried out during the year.
- (iii) a) During the year the Company has not granted any secured or unsecured loan to any party covered in the registered maintained under section 189 of the Companies Act, 2013.  
b) In view of our comments in para (iii) (a) above, clauses 3 (iii) (a) and (b) of the said Order are not applicable to the Company.
- (iv) In our opinion, *the internal control system with regards to purchase of fixed assets, goods and for the sale of goods and services needs to be strengthened so as to commensurate with the size of the Company and the nature of its business.*
- (v) *In our opinion, the Company has not accepted any deposits from the public within the provisions of sections 73 to 76 of the Act and the rules framed there under.*
- (vi) *The Central Government has not prescribed for the maintenance of cost records as required under section 148 (1) of the Act.*
- (vii) a) As per books and records examined by us, undisputed statutory dues including Provident Fund, Income tax, Sales tax, Wealth tax, Service tax, Duty of Customs, Duty of Excise, Value Added Tax and Cess, to the extent applicable to the Company, *have not been regularly deposited with the appropriate authorities.* Undisputed amounts payable in respect thereof, which were outstanding as at 31<sup>st</sup> March, 2015 for a period more than six months from the date they became payable are as follows.

Name of the Statute	Nature of the dues	Amount (in Rs.)
The Income Tax Act, 1961	Tax Deduction at Source	20,26,979
Finance Act, 1994	Service Tax	705,057

  
b) There are no dues with respect to Income Tax, Sales Tax, Wealth Tax, Service Tax, Duty of Custom, Duty of Excise, Value Added Tax, Cess and any other material statutory dues applicable to it, which have not been deposited on account of dispute.  
c) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- (viii) The Company has accumulated losses at the end of the financial year exceeding 50% of its net worth. It has incurred cash losses in the current financial year but not in the immediately preceding financial year.
- (ix) In our opinion and according to the information and explanation given to us, the Company has defaulted in repayment of temporary overdraft facility amounting to Rs. 16,77,02,844 towards Principal and Rs. 4,71,07,160 towards interest to the Jammu & Kashmir Bank, which has been classified as NPA by the Bank. Refer Note no. 7 to the financial statements.
- (x) The Company has not given any guarantee for loans taken by others from banks and financial institutions.
- (xi) The Company has not obtained any term loan during the year.
- (xii) Based upon the audit procedures performed and representations made by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

**For S G C O & Co.**  
Chartered Accountants  
**Firm Reg. No 112081W**

**Sd/-**

**Suresh Murarka**  
Partner  
**Mem. No. 44739**

Place: Mumbai  
Date : 30<sup>th</sup> May, 2015

**Balance Sheet as at March 31, 2015**
**(Amount in Rs.)**

Particulars	Note No.	As at March 31, 2015	As at March 31, 2014
<b>I. EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
(a) Share Capital	2	50,006,000	50,006,000
(b) Reserves and Surplus	3	(37,764,443)	2,603,651
		<b>12,241,557</b>	<b>52,609,651</b>
<b>Non-Current Liabilities</b>			
(a) Long Term Borrowings	4	167,464,269	191,756,642
(b) Other Long-Term Liabilities	5	17,465	10,188,448
(c) Long-term Provisions	6	1,476,655	199,635
		<b>168,958,389</b>	<b>202,144,725</b>
<b>Current Liabilities</b>			
(a) Short Term Borrowings	7	214,810,004	320,154,830
(b) Trade Payables	8	45,639,115	43,691,382
(c) Other Current Liabilities	9	16,417,369	9,878,208
(d) Short Term Provisions	10	107,688	2,523,510
		<b>276,974,176</b>	<b>376,247,930</b>
<b>TOTAL</b>		<b>458,174,122</b>	<b>631,002,306</b>
<b>II. ASSETS</b>			
<b>Non Current Assets</b>			
(a) Fixed Assets			
(i) Tangible assets	11	15,510,313	22,507,566
(ii) Intangible assets	11	331,960,318	-
(b) Deferred Tax Assets (net)	12	9,468,146	847,061
(c) Long Term Loans and Advances	13	3,408,433	289,781,875
(d) Other Non-Current Assets	14	29,172,975	5,178,000
		<b>389,520,186</b>	<b>318,314,502</b>
<b>Current Assets</b>			
(a) Inventories	15	5,112,464	6,864,674
(b) Trade Receivables	16	58,588,143	97,954,761
(c) Cash and Bank Balances	17	1,158,903	153,490,618
(d) Short Term Loans & Advances	18	3,787,037	39,676,469
(e) Other Current Assets	19	7,388	14,701,282
		<b>68,653,936</b>	<b>312,687,804</b>
<b>TOTAL</b>		<b>458,174,122</b>	<b>631,002,306</b>
Significant Accounting Policies	1		
Accompanying Notes to Accounts	28		

In terms of our report of even date

**For S G C O & Co**

Chartered Accountants

**Firm Reg. No. : 112081W**

Sd/-

**Suresh Murarka**
**Partner**
**Mem. No. 044739**

Place : Mumbai

Date : 30th May, 2015

For and on behalf of the Board of Directors

**Starcom Information Technology Limited**

Sd/-

**Mr. Ziaulla Sheriff**
**Chairman & Managing Director**
**(DIN - 00002098)**

Place : Bengaluru

Date : 30th May, 2015

Sd/-

**Mr. Maddur Gundurao Mohankumar**
**Director**
**(DIN- 00020029)**

**Statement of Profit and Loss for the year ended March 31, 2015**

(Amount in Rs.)

Particulars	Note No.	Year ended March 31, 2015	Year ended March 31, 2014
<b>INCOME:</b>			
Revenue from operations	20	102,943,725	152,289,809
Other income	21	39,942,175	29,946,502
<b>Total Revenue</b>		<b>142,885,899</b>	<b>182,236,311</b>
<b>EXPENSES:</b>			
Purchase of Stock in Trade	22	34,034,081	66,665,586
Changes in inventories of finished goods, work in progress & traded goods	23	1,752,209	(6,864,674)
Employee benefits expense	24	33,553,109	15,202,601
Finance Costs	25	47,319,583	17,865,740
Depreciation and amortization expense	11	26,843,291	6,040,812
Other Expenses	26	48,540,624	70,842,035
<b>Total Expenses</b>		<b>192,042,898</b>	<b>169,752,099</b>
<b>Profit /(Loss) before tax</b>		<b>(49,156,999)</b>	<b>12,484,212</b>
<b>Less: Tax Expenses:</b>			
Current Tax		-	4,550,000
Deferred Tax Charge / (Benefits)		(8,621,085)	(742,862)
Short / (Excess) provision for tax of earlier years		(167,820)	-
<b>Profit/(Loss) for the Year</b>		<b>(40,368,094)</b>	<b>8,677,074</b>
<b>Earnings per equity share: (face value of Rs. 10/- each)</b>	27		
- Basic		(8.07)	1.74
- Dilutive		(8.07)	1.74
Significant Accounting Policies	1		
Accompanying Notes to Accounts	28		

In terms of our report of even date

**For S G C O & Co**

Chartered Accountants

**Firm Reg. No. : 112081W**

Sd/-

**Suresh Murarka**

**Partner**

**Mem. No. 044739**

Place : Mumbai

Date : 30th May, 2015

For and on behalf of the Board of Directors

**Starcom Information Technology Limited**

Sd/-

**Mr. Ziaulla Sheriff**

**Chairman & Managing Director**

**(DIN - 00002098)**

Place : Bengaluru

Date : 30th May, 2015

Sd/-

**Mr. Maddur Gundurao Mohankumar**

**Director**

**(DIN- 00020029)**

**Cash Flow Statement for the year ended March 31, 2015**

(Amount in Rs.)

Particulars	Year ended 31.03.2015	Year ended 31.03.2014
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net profit before tax	(49,156,999)	12,484,212
Adjustments for :		
Depreciation on Fixed Assets	26,843,291	6,040,812
Interest expense	47,135,568	17,735,387
Interest income	12,979,061	15,695,778
Foreign Exchange Fluctuations	-	(1,080,419)
<b>Operating profit before working capital changes</b>	<b>11,842,799</b>	<b>21,645,052</b>
Adjustments for :		
Increase / (Decrease) in Other Long-Term Liabilities	(10,170,983)	4,438,590
Increase / (Decrease) in Long-Term Provisions	1,277,020	199,635
Increase / (Decrease) in Short Term Borrowings	(105,344,827)	320,154,830
Increase / (Decrease) in Trade Payables	1,947,733	25,598,075
Increase / (Decrease) in Other Current Liabilities	6,539,161	6,478,911
Increase / (Decrease) in Short Term Provisions	107,324	4,106,281
Decrease / (Increase) in Short-term loans and advances	35,889,432	(39,628,902)
Decrease / (Increase) in Long-term loans and advances	288,412,039	(231,155,298)
Decrease / (Increase) in Inventories	1,752,209	(6,864,674)
Decrease / (Increase) in Trade Receivables	39,366,617	(93,868,289)
Decrease / (Increase) in Other Non-Current Assets	(23,994,975)	(138,000)
Decrease / (Increase) in Other Current Assets	14,693,894	(8,479,983)
<b>Cash generated from / (used in) operations</b>	<b>262,317,445</b>	<b>2,486,227</b>
Direct taxes paid	(4,393,922)	(4,550,000)
<b>Net cash flow from / (used in) operating activities</b>	<b>257,923,523</b>	<b>(2,063,773)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets	(351,806,357)	(1,882,033)
Redemption / maturity of bank deposits (having maturity period more than 3 months)	150,909,600	-
Interest income	12,979,061	15,695,778
<b>Net cash flow from / (used in) investment activities</b>	<b>(187,917,696)</b>	<b>13,813,745</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Increase / (Decrease) in Long Term Borrowings	(24,292,373)	7,800,000
Interest	(47,135,568)	(17,735,387)
<b>Net cash flow from / (used in) financing activities</b>	<b>(71,427,941)</b>	<b>(9,935,387)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(1,422,114)</b>	<b>1,814,584</b>
Cash and cash equivalents at the beginning of the year	2,490,617	676,032
<b>Cash and cash equivalents at the end of the year</b>	<b>1,068,503</b>	<b>2,490,617</b>

**Note :**

1 Cash and cash equivalents at the end of the year consists of cash in hand and balances with banks as follows :

(Amount in Rs.)

Particulars	As at 31.03.2015	As at 31.03.2014
Cash in hand	55,311	55,924
Balances with Banks	1,013,192	2,434,694
	<b>1,068,503</b>	<b>2,490,617</b>

2 Previous year's figures have been regrouped and rearranged wherever necessary in order to confirm to current year's figures.

In terms of our report of even date

**For S G C O & Co**

Chartered Accountants

**Firm Reg. No. : 112081W**

Sd/-

**Suresh Murarka**

**Partner**

**Mem. No. 044739**

For and on behalf of the Board of Directors

**Starcom Information Technology Limited**

Sd/-

**Mr. Ziaulla Sheriff**

**Chairman & Managing Director**

**(DIN - 00002098)**

Sd/-

**Mr. Maddur Gundurao Mohankumar**

**Director**

**(DIN- 00020029)**

Place : Mumbai

Date : 30th May, 2015

Place : Bengaluru

Date : 30th May, 2015



## Accompanying Notes to the financial statements for the year ended March 31, 2015

### Note 1 : Significant Accounting Policies:

#### A Company Profile

Starcom Information Technology Limited ("the Company") is a public listed company, domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on two stock exchanges in India (Bombay Stock Exchange and Ahmedabad Stock Exchange). The Company's principal business is to be a global IP driven solution provider in the Business Intelligence, Analytics and Big Data space, focussed on innovative products and services.

#### B Basis of Accounting:

The financial statements of the Company have been prepared in accordance, with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these Financial Statements to comply in all material aspects with the accounting standard prescribed under section 133 of Companies Act, 2013 ("Act"); read with rule (7) of Companies (Accounts) Rules, 2014 and other provisions of the Act. The financial statements have been prepared on an accrual basis (unless otherwise stated) and under historical cost convention.

#### C Use of Estimates:

The preparation of financial statements in conformity with Indian GAAP requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Difference between actual results and estimates are recognized in the periods in which the results are known/ materialize.

#### D Fixed Assets:

##### i) Tangible Assets

Fixed Assets are stated at actual cost less accumulated depreciation. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

##### ii) Intangible Assets

Intangible Assets that are acquired by the Company are measured initially at cost. Cost comprises the purchase price and any attributable cost of bringing these asset to its working condition for its intended use.

#### E Depreciation and Amortisation:

- i) Depreciation on all fixed assets, except Leasehold Improvements and intangible assets, is provided on Written Down value method over the useful life of Asset and in the manner as prescribed by Schedule II of the Act.
- ii) Depreciation on Leasehold Improvements is amortized equally over the lease term.
- iii) Softwares Modules are amortised over a period of 10 years on systematic basis.

#### F Impairment of Fixed Assets:

An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

#### G Revenue Recognition:

- i) Revenue is recognized when all significant risks and rewards of ownership of the goods are passed on to the buyer and no significant uncertainty exists as to its realization or collection.
- ii) Revenue from sale of products is recognised, in accordance with the sales contract, on delivery of goods to the customer.
- iii) Business facility income is recognised on accrual basis as per the terms of contract.
- iv) Income from Annual Maintenance Contract (AMC) is recognised on accrual basis as per the period of the contract.
- v) Interest is recognised on a time proportion basis taking in to account the amount outstanding and the rate applicable.

**H Foreign Currency Transactions:**

- i) The transactions in foreign currencies on revenue accounts are stated at the rate of exchange prevailing on the date of transactions.
- ii) The difference on account of fluctuation in the rate of exchange, prevailing on the date of transaction and the date of realisation is charged to the Statement of Profit & Loss.
- iii) Differences on translation of Current Assets and Current Liabilities remaining unsettled at the year-end are recognised in the Statement of Profit and Loss.

**I Inventories**

- i) Finished Goods are valued at lower of cost or net realisable value.

**J Investments:**

Investments that are intended to be held for more than a year, from the date of acquisition, are classified as long term investment and are carried at cost less any provision for diminution other than temporary in value. Investments other than long term investments being current investments are valued at cost or fair market value whichever is lower.

**K Provisions and Contingent Liabilities:**

- i) Provisions are recognized in terms of Accounting Standard 29- "Provisions, Contingent Liabilities and Contingent Assets, when there is a present legal or statutory obligation as a result of past events where it is probable that there will be outflow of resources to settle the obligation and when a reliable estimate of the amount of the obligation can be made.
- ii) Contingent Liabilities are recognized only when there is a possible obligation arising from past events due to occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company or where reliable estimate of the obligation cannot be made. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for.
- iii) Contingent Liabilities are disclosed by way of notes.

**L Employee Benefits:-**

- i) Company's contribution to Provident Fund and other Funds for the year is accounted on accrual basis and charged to the Statement of Profit & Loss for the year.
- ii) Gratuity & Leave Encashment are considered as defined benefit obligations and are provided on the basis of the actuarial valuation, using the projected unit credit method as at the date of the Balance Sheet.

**M Accounting for Taxes of Income:-****Current Taxes**

Provision for current income-tax is recognized in accordance with the provisions of Indian Income- tax Act, 1961 and is made annually based on the tax liability after taking credit for tax allowances and exemptions.

**Deferred Taxes**

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to timing differences that result between the profits offered for income taxes and the profits as per the financial statements. Deferred tax assets and liabilities are measured using the tax rates and the tax laws that have been enacted or substantially enacted at the balance sheet date. Deferred tax Assets are recognized only to the extent there is reasonable certainty that the assets can be realized in the future.

**N Miscellaneous Expenditure:**

Preliminary expenses are amortised in the year in which they are incurred.

Accompanying Notes to the financial statements for the year ended March 31, 2015

(Amount in Rs.)

**Note 2 : Share Capital**

**a. Details of authorised, issued and subscribed share capital**

Particulars	As at March 31, 2015	As at March 31, 2014
<b>Authorised Capital</b>		
55,00,000 Equity Shares of Rs 10 each	55,000,000	55,000,000
<b>Issued,Subscribed and Paid up</b>		
50,00,600 Equity Shares of Rs 10 each fully paid up	50,006,000	50,006,000
	<u><b>50,006,000</b></u>	<u><b>50,006,000</b></u>

**b. Reconciliation of Number of Equity Shares**

Particulars	As at 31st March, 2015		As at 31st March, 2014	
	Number	Rs.	Number	Rs.
Shares outstanding at beginning of the year	5,000,600	50,006,000	5,000,600	50,006,000
Shares Issued during the year	-	-	-	-
Shares outstanding at the end of the year	5,000,600	50,006,000	5,000,600	50,006,000

**c. Terms / Right attached to Equity Shares**

The Company has only one class of equity shares having a par value of Rs.10 per share. Each holder of equity share is entitled to one vote per share.

In the event of liquidation of the company, the holder of equity shares will be entitled to receive remaining assets of the company.

**d. Shareholders having more than 5% shareholding**

Name of Shareholder	As at March 31, 2015		As at March 31, 2014	
	No of Equity shares held	Percentage	No of Equity shares held	Percentage
Mr. Ziaulla Sheriff	3,836,857	76.73%	4,436,426	88.72%

**Note 3 : Reserves & Surplus**

Particulars	As at March 31, 2015	As at March 31, 2014
<b>Surplus / (Deficit) in Statement of Profit &amp; Loss</b>		
Balance at the beginning of the period	2,603,651	(6,073,423)
Add: Surplus/(Deficit) as per the statement of profit & loss	(40,368,094)	8,677,074
	<u><b>(37,764,443)</b></u>	<u><b>2,603,651</b></u>

**Note 4 : Long Term Borrowings (Unsecured)**

Particulars	As at March 31, 2015	As at March 31, 2014
Loan from a Director *	167,464,269	191,756,642
	<u><b>167,464,269</b></u>	<u><b>191,756,642</b></u>

\* - The said loan is interest free and repayable after 31st March, 2016.

Accompanying Notes to the financial statements for the year ended March 31, 2015

(Amount in Rs.)

**Note 5 : Other Long-Term Liabilities**

Particulars	As at March 31, 2015	As at March 31, 2014
Unbilled Lease Rentals	17,465	10,188,448
	<u>17,465</u>	<u>10,188,448</u>

**Note 6 : Long-term Provisions**

Particulars	As at March 31, 2015	As at March 31, 2014
Provision for Gratuity	612,020	199,635
Provision for Leave Encashment	864,635	-
	<u>1,476,655</u>	<u>199,635</u>

**Note 7 : Short Term Borrowings (Unsecured)**

Particulars	As at March 31, 2015	As at March 31, 2014
Temporary Overdraft (Refer note below)	214,810,004	320,154,830
	<u>214,810,004</u>	<u>320,154,830</u>

Notes:-

1. Temporary Overdraft facility from "The Jammu & Kashmir Bank Limited" is availed against personal guarantee of the Managing Director of the Company. During, the year, the Company has defaulted in repayment of the Temporary Overdraft Facility and accordingly the said account has being classified as NPA by the Bank.
2. Amount of continuing default as on the balance sheet date in respect of loans and interest.

Particulars	As at March 31, 2015	As at March 31, 2014
Principal amount	167,702,844	-
Interest	47,107,160	-
	<u>214,810,004</u>	<u>-</u>

**Note 8 : Trade Payables**

Particulars	As at March 31, 2015	As at March 31, 2014
Due to Micro, Small & Medium enterprises (refer note below)*	1,037,928	-
Others	44,601,187	43,691,382
	<u>45,639,115</u>	<u>43,691,382</u>

\* Note : Dues to the Micro, Small and Medium Enterprises which are outstanding as at the Balance Sheet Date are identified based on the information regarding Micro Small and Medium Enterprises available with the Company.

Particulars	As at March 31, 2015	As at March 31, 2014
The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of accounting year; * *	1,037,928	-
The amount of interest paid by the buyer under MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the due date during each accounting year;	-	-

**Accompanying Notes to the financial statements for the year ended March 31, 2015**

The amount of interest due and payable for the period (where the principal has been paid but interest under the MSMED Act, 2006 not paid);	-	-
The amount of interest accrued and remaining unpaid at the end of accounting year; and	-	-
The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23.	-	-

\* \* Interest payable by the Company on above aforesaid principal amount has been waived off by the concerned party.

**Note 9 : Other Current Liabilities**

Particulars	As at March 31, 2015	As at March 31, 2014
Advance from Customers	118,547	320,000
Unbilled Lease rentals	27,600	-
Statutory Dues Payable	10,967,137	7,702,022
Outstanding Expenses Payable	1,169,819	1,856,186
Annual Maintenance Contract (AMC) received in advance	4,134,266	-
	<b>16,417,369</b>	<b>9,878,208</b>

**Note 10 : Short Term Provisions**

Particulars	As at March 31, 2015	As at March 31, 2014
Provision for Gratuity	1,420	364
Provision for Leave Encashment	106,268	-
Provision for Income Tax (Net of Advance Tax & TDS)	-	2,523,146
	<b>107,688</b>	<b>2,523,510</b>

**Note 11 : Fixed Assets**

Particulars	Gross Block			Accumulated Depreciation			Net Block	
	As at April 1, 2014	Additions during the Year	As at March 31, 2015	Upto 31st March, 2014	Depreciation for the year	Upto 31st March, 2015	As at March 31, 2015	As at March 31, 2014
<b>Tangible Assets</b>								
Leasehold Improvements	18,209,079	-	18,209,079	5,388,998	3,757,142	9,146,140	9,062,938	12,820,081
Furniture & Fixtures	4,155,686	-	4,155,686	1,007,072	780,366	1,787,437	2,368,249	3,148,614
Office Equipments	5,477,726	-	5,477,726	955,142	2,222,823	3,177,965	2,299,762	4,522,585
Computers	3,180,214	1,057,595	4,237,809	1,163,928	1,294,517	2,458,445	1,779,364	2,016,286
<b>Total Tangible Assets</b>	<b>31,022,705</b>	<b>1,057,595</b>	<b>32,080,300</b>	<b>8,515,140</b>	<b>8,054,848</b>	<b>16,569,987</b>	<b>15,510,313</b>	<b>22,507,566</b>
<b>Intangible Assets</b>								
Softwares Modules *	-	350,748,762	350,748,762	-	18,788,443	18,788,443	331,960,318	-
<b>Total Intangible Assets</b>	<b>-</b>	<b>350,748,762</b>	<b>350,748,762</b>	<b>-</b>	<b>18,788,443</b>	<b>18,788,443</b>	<b>331,960,318</b>	<b>-</b>
<b>Total Assets</b>	<b>31,022,705</b>	<b>351,806,357</b>	<b>382,829,062</b>	<b>8,515,140</b>	<b>26,843,291</b>	<b>35,358,431</b>	<b>347,470,631</b>	<b>22,507,566</b>
<b>Previous Year</b>	<b>29,140,673</b>	<b>1,882,033</b>	<b>31,022,705</b>	<b>2,474,328</b>	<b>6,040,812</b>	<b>8,515,140</b>	<b>22,507,566</b>	<b>26,666,345</b>

\* - Refer note no. 28 (3) for Note on Capitalisation of Software Modules.

**Accompanying Notes to the financial statements for the year ended March 31, 2015**
**Note 12 : Deferred Tax Assets (net)**

The major components of deferred tax liability / asset as recognised in the financial statement is as follows:

Particulars	As at March 31, 2015	As at March 31, 2014
<b>Deferred Tax Liability</b>		
Excess of net block of fixed assets as per books of accounts over net block for tax purpose	19,315,271	-
<b>Deferred Tax Assets</b>		
Excess of fixed assets as per net block for tax purpose over net block as per books of accounts	-	645,385
Provision for Employee benefits	489,562	-
Expenses disallowed under Sec 43B	-	201,676
Others - Unabsorbed Depreciation	28,293,856	-
	<b>9,468,146</b>	<b>847,061</b>

**Note 13 : Long Term Loans and Advances (Unsecured, considered good)**

Particulars	As at March 31, 2015	As at March 31, 2014
Capital Advances	-	288,101,522
Balances with Government authorities	292,261	602,778
Advance Tax & TDS (Net of Provisions)	3,116,172	1,077,575
	<b>3,408,433</b>	<b>289,781,875</b>

**Note 14 : Other Non-Current Assets (Unsecured, considered good)**

Particulars	As at March 31, 2015	As at March 31, 2014
Trade receivables	23,790,885	-
Deposits	5,382,090	5,178,000
	<b>29,172,975</b>	<b>5,178,000</b>

Accompanying Notes to the financial statements for the year ended March 31, 2015

(Amount in Rs.)

**Note 15 : Inventories** (Valued at lower of cost or Net Realisable Value)

Particulars	As at March 31, 2015	As at March 31, 2014
Test, Measurement & Embedded Solutions for Educational Sector	5,112,464	6,864,674
	<u>5,112,464</u>	<u>6,864,674</u>

**Note 16 : Trade Receivables (Unsecured, Considered good)**

Particulars	As at March 31, 2015	As at March 31, 2014
Trade receivables outstanding for a period more than six months from due date of payment	35,184,625	21,211,680
Others	23,403,518	76,743,081
	<u>58,588,143</u>	<u>97,954,761</u>

**Note 17 : Cash and Bank Balances**

Particulars	As at March 31, 2015	As at March 31, 2014
<b>Cash &amp; Cash Equivalents</b>		
a. Balances with banks		
- In Current Accounts	1,013,192	2,434,694
b. Cash in Hand	55,311	55,924
<b>Other Bank Balances</b>		
a. In Fixed Deposits (maturity period 3 to 12 months)	90,400	151,000,000
	<u>1,158,903</u>	<u>153,490,618</u>

**Note 18 : Short Term Loans and Advances (Unsecured, Considered good)**

Particulars	As at March 31, 2015	As at March 31, 2014
Advances Recoverable in Cash or in Kind or for value to be received	955,858	15,144,416
Intercompany Loans & Advances	-	22,202,816
Prepaid Expenses	429,148	1,802,169
Deposits	2,402,031	527,068
	<u>3,787,037</u>	<u>39,676,469</u>

**Note 19 : Other Current Assets (Unsecured, Considered good)**

Particulars	As at March 31, 2015	As at March 31, 2014
Interest accrued on Fixed Deposits	7,388	14,701,282
	<u>7,388</u>	<u>14,701,282</u>

Accompanying Notes to the financial statements for the year ended March 31, 2015

(Amount in Rs.)

**Note 20 : Revenue from operations**

Particulars	Year Ended March 31, 2015	Year Ended March 31, 2014
Sales	102,943,725	108,541,229
Software Development Services	-	43,748,580
	<b>102,943,725</b>	<b>152,289,809</b>
<b>Sales includes</b>		
Test, Measurement & Embedded Solutions for Educational Sector	42,960,468	75,306,258
Statistical & Analytics Softwares	59,983,257	33,234,971
<b>Total Sales</b>	<b>102,943,725</b>	<b>108,541,229</b>

**Note 21 : Other Income**

Particulars	Year Ended March 31, 2015	Year Ended March 31, 2014
Interest Income	12,979,061	15,695,778
Liabilities no Longer Payable written back (Refer note no. 28 (7))	15,292,958	-
Business Facility Income	11,554,370	14,237,564
Other Income	115,786	13,160
	<b>39,942,175</b>	<b>29,946,502</b>

**Note 22 : Purchases of stock-in-trade**

Particulars	Year Ended March 31, 2015	Year Ended March 31, 2014
Purchases	34,034,081	66,665,586
	<b>34,034,081</b>	<b>66,665,586</b>
<b>Information pursuant to para 5(ii) and 5(iii) of the general instructions to the statement of profit &amp; loss :-</b>		
Particulars of traded goods purchases:		
Test, Measurement & Embedded Solutions for Educational Sector	34,034,081	66,665,586
	<b>34,034,081</b>	<b>66,665,586</b>

**Note 23 :- Changes in inventories of Finished goods, work-in-progress & traded goods**

Particulars	Year Ended March 31, 2015	Year Ended March 31, 2014
<b>Opening Inventory</b>		
Test, Measurement & Embedded Solutions for Educational Sector	6,864,674	-
	<b>6,864,674</b>	<b>-</b>
<b>Closing Inventory</b>		
Test, Measurement & Embedded Solutions for Educational Sector	5,112,464	6,864,674
	<b>5,112,464</b>	<b>6,864,674</b>
	<b>1,752,209</b>	<b>(6,864,674)</b>

(Amount in Rs.)



**Accompanying Notes to the financial statements for the year ended March 31, 2015**

**Note 24 : Employee benefits expenses**

Particulars	Year Ended March 31, 2015	Year Ended March 31, 2014
Salaries	30,258,244	14,507,135
Contribution to Provident Fund	1,683,781	293,157
Staff Welfare	1,611,084	402,309
	<b>33,553,109</b>	<b>15,202,601</b>

**Note 25 : Finance Cost**

Particulars	Year Ended March 31, 2015	Year Ended March 31, 2014
Interest Expenses	47,135,568	17,735,387
Bank Charges	184,015	130,353
	<b>47,319,583</b>	<b>17,865,740</b>

**Note 26 : Other Expenses**

Particulars	Year Ended March 31, 2015	Year Ended March 31, 2014
Rent Expenses	26,006,647	29,742,784
Printing & Stationery	656,460	368,682
Electricity Charges	1,555,682	1,317,976
Travelling & Conveyance	6,171,601	4,093,732
Security Expenses	457,446	506,487
House Keeping Expenses	509,759	411,611
Communication Costs	1,764,062	964,552
Transportation Charges	232,426	350,272
Foreign Exchange Fluctuation Loss (net)	1,071,038	512,104
Repair & Maintenance - Others	666,324	145,630
Legal & Professional Charges	1,018,755	848,809
Software Maintenance Charges	2,238,645	28,224,925
Auditor's Remuneration	860,000	800,000
Miscellaneous Expenses	5,331,779	2,554,470
	<b>48,540,624</b>	<b>70,842,035</b>

**Remuneration to Auditors (Excluding Service Tax)**

Particulars	Year Ended March 31, 2015	Year Ended March 31, 2014
For Audit Fees	650,000	650,000
For Tax Audit	200,000	150,000
For Other Services	10,000	-
	<b>860,000</b>	<b>800,000</b>

Accompanying Notes to the financial statements for the year ended March 31, 2015

(Amount in Rs.)

**Note 27 : Earnings Per Equity Shares**

Particulars	Year Ended March 31, 2015	Year Ended March 31, 2014
<b>Basic Earnings per Share</b>		
Profit / (Loss) attributable to Equity shareholders	(40,368,094)	8,677,074
Weighted average number of equity shares	5,000,600	5,000,600
<b>Basic Earnings Per Share</b>	<b>(8.07)</b>	<b>1.74</b>
<b>Dilutive Earnings per Share</b>		
Profit / (Loss) after adjusting interest on potential equity shares	(40,368,094)	8,677,074
Weighted average number of equity share after considering potential equity shares	5,000,600	5,000,600
<b>Dilutive Earnings per Share</b>	<b>(8.07)</b>	<b>1.74</b>

**Note 28 : Accompanying Notes to Accounts**

- 1) In the opinion of the Board the Current Assets, Loans & Advances are realisable in the ordinary course of business atleast equal to the amount at which they are stated in the Balance Sheet. The provision for all known liabilities is adequate and not in excess of amount reasonably necessary.

**2) Disclosure pursuant to Accounting Standard – 15 ‘Employee Benefits’**

**A. Gratuity**

**Actuarial assumption:**

Particulars	Year Ended March 31, 2015	Year Ended March 31, 2014
Salary Growth *	10%	10%
Discount Rate	7.80%	9.29%
Withdrawal Rate	10%	10%
Leave Availment Rate (P.a)	N.A	N.A

\* The estimates of future salary increases, considered in a actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

- (i) Changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances thereof:

Particulars	Year Ended March 31, 2015	Year Ended March 31, 2014
Present value of obligation as at the beginning of the year:	199,999	-
Interest cost	18,563	-
Current service cost	534,310	-
Benefits paid	-	-
Actuarial (gain) / loss on obligation	(139,432)	199,999
Closing Present value of obligation	613,440	199,999

## Accompanying Notes to the financial statements for the year ended March 31, 2015

(ii) Actuarial gain/ loss recognised in the Statement of Profit and Loss:

Particulars	Year Ended March 31, 2015	Year Ended March 31, 2014
Actuarial gain/ (loss) for the year obligation	613,440	199,999
Total (gain)/ loss for the year	(139,432)	-
Actuarial (gain)/ loss recognised during the year.	474,008	199,999

(iii) The amounts recognised in the Balance Sheet are as follows:

Particulars	As at March 31, 2015	As at March 31, 2014
Present value of obligation as at the end of the year	(613,440)	(199,999)
Funded value of assets (unfunded)	-	-
Net assets / (liability) recognised in balance sheet	(613,440)	(199,999)

(iv) The amounts recognised in the Statement of Profit and Loss are as follows:

Particulars	Year Ended March 31, 2015	Year Ended March 31, 2014
Current service cost	534,310	-
Past service cost	-	-
Interest cost	18,563	-
Expected return on plan assets	-	-
Net actuarial (gain) / loss recognized in the year	(139,432)	199,999
Expenses recognised in the statement of profit and loss	413,441	199,999

### B. Leave Encashment

Actuarial assumption:

Particulars	Year Ended March 31, 2015
Salary Growth *	10%
Discount Rate	7.80%
Withdrawal Rate	10%
Leave Availment Rate (P.a)	2%

\* The estimates of future salary increases, considered in a actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

(i) Changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances thereof:

Particulars	Year Ended March 31, 2015
Present value of obligation as at the beginning of the year:	-
Interest cost	-
Current service cost	522,267
Benefits paid	-
Actuarial (gain) / loss on obligation	448,637
Closing Present value of obligation	970,904

## Accompanying Notes to the financial statements for the year ended March 31, 2015

(Amount in Rs.)

- (ii) Actuarial gain/ loss recognised in the Statement of Profit and Loss:

Particulars	Year ended March 31, 2015
Actuarial gain/ (loss) for the year obligation	970,904
Total (gain)/ loss for the year	-
Actuarial (gain)/ loss recognised during the year.	970,904

- (iii) The amounts recognised in the Balance Sheet are as follows:

Particulars	As at March 31, 2015
Present value of obligation as at the end of the year	(970,904)
Funded value of assets (unfunded)	-
Net assets / (liability) recognised in balance sheet	(970,904)

- (iv) The amounts recognised in the Statement of Profit and Loss are as follows:

Particulars	Year ended March 31, 2015
Current service cost	522,267
Past service cost	-
Interest cost	-
Expected return on plan assets	-
Net actuarial (gain) / loss recognized in the year	448,637
Expenses recognised in the statement of profit and loss	970,904

Note - The Company has introduced the policy of Leave Encashment from the current financial year, hence previous years figures are not applicable.

- 3) The Company had paid an amount of Rs. 25,00,00,000 to The Jammu and Kashmir Bank (J & K Bank) towards purchase of "Sigmaplot Software product range and Systat Software product range" (herein referred as "Softwares") which was mortgaged to the J & K Bank by one of its clients, Cranes Software International Limited who had defaulted with the J & K Bank. On the payment of the said amounts, the Company has been assigned the global sales and marketing rights of these Softwares. Also, the Company had incurred various expenditure amounting to Rs. 10,07,48,762/- towards upgradation of these Softwares and bringing them into saleable form. During the year, upgradation of these softwares were completed and these products were ready for commercial exploitation. Hence, the Company has capitalised these amounts as Intangible Assets w.e.f. 31st August, 2014.

#### 4) Related Party disclosures

As required under Accounting Standard 18 "Related Party Disclosure" (AS-18), following are the details of transactions during the year with the related parties of the Company as defined in AS 18:

##### i) List of related parties

(Amount in Rs.)

Name of the Party	Relationship
Mr. Ziaulla Sheriff	Managing Director
Mr. Maddur Mohankumar	Director
Ms.Sayeeda Hina (Appointed from 8th November, 2014)	Director
Mr. Laxminarayan Purohit	Director

**Accompanying Notes to the financial statements for the year ended March 31, 2015**

(Amount in Rs.)

**ii) Transactions with Related Parties :**

Name of Party	Nature of Transaction	Year ended March 31, 2015	Year ended March 31, 2014
Mr. Ziaulla Sheriff	Travelling Expenses	-	48,675
Mr. Ziaulla Sheriff	Rent Expenses	10,133,640	12,514,096
Mr. Ziaulla Sheriff	Loan taken	154,459,937	307,373,794
Mr. Ziaulla Sheriff	Loan repaid	178,752,310	299,573,794

**iii) Balance Outstanding of Related Parties :**

Name of Party	Receivable / Payable	Year ended March 31, 2015	Year ended March 31, 2014
Mr. Ziaulla Sheriff	Rent Payable	25,835,962	20,502,322
Mr. Ziaulla Sheriff	Loans Payable	167,464,269	191,756,642

**Note:** Related Parties are as disclosed by the Management and relied upon by the auditors.

**5) Segment Information**

During the year, the management has identified that the company operates in two business segments -

(a) Test, Measurement and Embedded Solution for Educational Sector and (b) Statistical and Analytics Softwares.

The requirement of Segment reporting as per AS 17 as specified in Sec 133 of Companies Act, 2013 read with the rule 7 of Companies (Accounts) Rules, 2014 are as follows :

Particulars	Year Ended 31st March 2015
<b>A. Segment Revenue</b>	
1. Test, Measurement & Embedded Solutions for Educational Sector	42,960,468
2. Statistical & Analytics Softwares	59,983,257
<b>Total Revenue</b>	<b>102,943,725</b>
<b>B. Segment Results</b>	
1. Test, Measurement & Embedded Solutions for Educational Sector	8,963,836
2. Statistical & Analytics Softwares	41,157,365
<b>Total</b>	<b>50,121,200</b>
Less: Interest Expenses	47,319,583
Other Income	40,609,074
Unallocable Expenditure	92,567,689
<b>Total Profit Before Tax</b>	<b>(49,156,999)</b>
<b>C. Capital Employed</b>	
1. Test, Measurement & Embedded Solutions for Educational Sector	8,074,098
2. Statistical & Analytics Softwares	66,522,135
3. Unallocated	(62,354,676)
<b>Total Capital Employed</b>	<b>12,241,557</b>

- 6) The Company has taken premises on operating lease and entered into non-cancellable Lease and License Agreements with various parties. An amount of Rs. 2,60,06,647 (P.Y. Rs. 2,97,42,784/-) is recognised as lease expense in the Statement of Profit and Loss for the year ended 31st March, 2015. The disclosure required to be made in accordance with Accounting Standard 19 on "Leases" is as under ;

## Accompanying Notes to the financial statements for the year ended March 31, 2015

- a) Future minimum lease payments payable under non-cancellable operating leases in aggregate for the following periods:

(Amount in Rs.)

Particulars	Year Ended 31st March, 2015	Year Ended 31st March, 2014
- Less than one year	20,184,000	26,699,830
- Later than one year but not later than five years	23,528,450	57,849,631
- Later than five years	-	-
<b>TOTAL</b>	<b>43,712,450</b>	<b>84,549,461</b>

- b) Initial direct costs incurred on these leasing transactions have been recognised in the Statement of Profit and Loss.

- 7) During the year, the Company has re-negotiated the terms of its office premises taken on lease. Accordingly the lessee has agreed to waive the escalated lease rent and also accepting the original lease rent for the entire duration of the lease.

Liabilities no longer payable written back in Note no. 21 includes:-

- i. Rs. 51,18,270 being escalated lease rent accounted in the books.
  - ii. Rs. 1,01,74,688 being Rent Equalization Reserve created as per Accounting Standard (AS)-19 accounted in the books.
- 8) Effective from 1st April, 2014 the Company has charged depreciation on its fixed assets based on their useful life as stipulated under Schedule II of the Companies Act, 2013. Due to this, the depreciation for the year ended on 31st March, 2015 is lower by Rs. 18,70,677 as compared to the depreciation computed under the provisions of the Companies Act, 1956. Further, based on the transitional provision as provided in Note 7(b) of Schedule II, there is no amount which is required to be adjusted against opening balance of retained earnings.
- 9) The Company has incurred substantial loss during the year and its accumulated loss as at March 31, 2015 amounts to Rs. 3,77,64,443 as against the equity share capital of Rs. 5,00,06,000. In the current financial year, Company's profitability was adverse due to two major reasons reduction in sales as compared to previous year and high depreciation and amortisation expenses due to capitalisation of software modules.

The Board has projected its business plan and the management is of the view that the company would be able to generate sufficient cash flows in future and be able to meet its obligation. Also, the management is working on completely revamping the business as well. Thus going concern assumption is valid and no adjustment is required to be made to carrying values or classification of balance sheet accounts.

### 10) Information pursuant to para 5(viii) of the General Instructions to the Statement of Profit and Loss

- (a) Value of Imports on C.I.F Basis:

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Test, Measurement & Embedded Solutions for Educational Sector	10,374,741	10,641,743
<b>TOTAL</b>	<b>10,374,741</b>	<b>10,641,743</b>

- (b) Earnings in Foreign Currency

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Sales	45,361,356	25,139,720
Software Development Services	-	43,748,580
Business Facilities Income	11,554,370	14,237,564
	<b>56,915,726</b>	<b>83,125,864</b>

**Accompanying Notes to the financial statements for the year ended March 31, 2015**

(c) Expenditure in foreign currency (on accrual basis):

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Staff Welfare	-	402,309
Travelling Expenses	178,465	183,719
<b>TOTAL</b>	<b>178,465</b>	<b>586,028</b>

11) Figures of the previous year have been regrouped, reclassified and/or rearranged wherever necessary.

In terms of our report of even date

**For S G C O & Co**

Chartered Accountants

**Firm Reg. No. : 112081W**

Sd/-

**Suresh Murarka**

**Partner**

**Mem. No. 044739**

Place : Mumbai

Date : 30th May, 2015

For and on behalf of the Board of Directors

**Starcom Information Technology Limited**

Sd/-

**Mr. Ziaulla Sheriff**

**Chairman & Managing Director**

**(DIN - 00002098)**

Place : Bengaluru

Date : 30th May, 2015

Sd/-

**Mr. Maddur Gundurao Mohankumar**

**Director**

**(DIN- 00020029)**

## Notes

[illegible]



## STARCOM INFORMATION TECHNOLOGY LIMITED

**Registered Office:** 73/1, Sheriff Centre, 5th Floor, St. Marks Road, Bangalore-560001

**Website:** www.starcominfotech.com, **Email:** info@starcominfotech.com

**Phone:** +91 80 2227 8283/ 2227 1797, **Fax:** +91 80 2227 8131/32

**CIN:** L67120KA1995PLC078846

### ATTENDANCE SLIP

#### 20TH ANNUAL GENERAL MEETING

**Annual General Meeting on Saturday, 26th September 2015 at 11.30 a.m. at No 150, Diamond District Club House, Old Airport Road, Kodihally, Bangalore 560008.**

**PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.**

DP ID – Client ID/ Folio No. :	
Name & Address of Sole Member :	
Name of Joint Holder(s), If any (In Block Letters):	
No. of shares held :	

I certify that I am a member / proxy of the Company.

I hereby record my presence at the 20th Annual General Meeting of the Company to be held on Saturday, 26th September 2015 at 11.30 a.m. at No 150, Diamond District Club House, Old Airport Road, Kodihally, Bangalore 560008.

Member's/ Proxy's Signature \_\_\_\_\_



**Form No. MGT-11****PROXY FORM**

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN : L67120KA1995PLC078846

Name of the Company : Starcom Information Technology Limited

Registered office : 73/1, Sheriff Centre, 5th Floor, St. Marks Road, Bangalore-560001

**20<sup>th</sup> Annual General Meeting - 26<sup>th</sup> September 2015**

Name of the member (s):

Registered Address:

E-mail Id:

Folio no. /Client ID:

DP ID:

I/We being a Member(s) of \_\_\_\_\_ shares of the above named company, hereby appoint

1. Name:.....Email Id:.....

Address:.....

Signature:....., or failing him/her

2. Name:.....Email Id:.....

Address:.....

Signature:....., or failing him/her

3. Name:.....Email Id:.....

Address:.....

Signature:....., or failing him/her

as my/our proxy to attend and vote for me/us and on my/our behalf at the **Twentieth Annual General Meeting** of the Company to be held on Saturday, 26th September 2015 at No 150, Diamond District Club House, Old Airport Road, Kodihally, Bangalore 560008 and at any adjournment thereof in respect of such resolutions as are indicated below:

Res. No.	Description	For*	Against*
	<b>Ordinary Business</b>		
1.	To receive, consider and adopt the audited financial statements of the Company including the Audited Balance sheet as at 31 <sup>st</sup> March 2015, audited Statement of Profit and Loss and the Cash flow Statement of the Company for the year ended 31 <sup>st</sup> March 2015 and notes related thereto together with the Reports of the Directors' and the Auditors' thereon.		
2.	To appoint a Director in place of Mr. Laxminarayan Purohit (DIN: 03599758), who retires by rotation and being eligible, offers himself for reappointment.		
3.	Ratification of appointment of M/s. S G C O & Co., as Statutory Auditors of the Company.		

Signed this \_\_\_\_\_ day of \_\_\_\_ 20\_\_

\_\_\_\_\_  
Signature of Shareholder

\_\_\_\_\_  
Signature of Proxy holder(s)

\_\_\_\_\_  
Signature of Proxy holder(s)

Affix 1 Re.  
Revenue  
Stamp

**Note:** This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.





## Courier

*If undelivered, please return to,*

**STARCOM INFORMATION TECHNOLOGY LIMITED**

#73, Sheriff Centre, St. Marks' Rd,

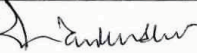
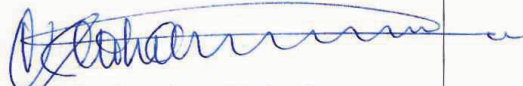
Bangalore 560001

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# FORM A

(Pursuant to Clause 31 of the Listing Agreement)

Format of covering letter of the annual audit report to be filed with the stock exchanges

Sr. No.	Name of the Company	Starcom Information Technology Limited
1.	Annual financial statements for the year ended	31 <sup>st</sup> March, 2015
2.	Type of Audit observation	Matter of emphasis
3.	Frequency of observation	1 <sup>st</sup> time
4.	<p>To be signed by- </p> <ul style="list-style-type: none"> <li>• <b>Ziaulla Sheriff</b> (CEO/Chairman and Managing Director) DIN: 00002098</li> <li>• CEO</li> <li>• <b>Suresh Murarka</b> Partner Membership No. 044739 (Auditors of the Company)</li> <li>•  <b>Maddur Gundurao Mohankumar</b> Independent Director DIN: 00020029 (Audit Committee Chairman)</li> </ul>	