



THE YASH BIRLA GROUP

2014-2015

28th Annual Report

Melstar Information Technologies Limited



A Software Services Company

Business Philosophy

“To follow ethical and transparent business practices with all its customers, vendors and employees. Build long-term relationships based on mutual trust and benefits. Development of people and society in all countries where Melstar has its operations.”



Vision

“Create a World class I.T. Organization in terms of technology and people; providing outsourcing services in developing and supporting e-commerce solutions, software applications and business consulting.”

“Develop and deploy cutting-edge Products and Solutions catering to Financial Services and Technology Business.”

SEI: CMM Level - III Assessed

ISO-9001 : 2008 Certified

**Registered and Corporate Office**

Melstar House, G-4, M.I.D.C. Cross Road 'A', Andheri (East), Mumbai - 400 093

Tel . +91(22) 4056 6464 Fax : +91(22) 2831 0520

Email : info@melstar.com, Visit us at : www.melstar.com

Corporate Identity Number (CIN): L99999MH1986PLC040604

BOARD OF DIRECTORS

- Mrs. Kirti Tripathi Non-Executive Director (w.e.f. 30.03.2015)
- Mr. Ashish Mahendrakar Independent & Non-Executive Director (w.e.f. 01.07.2015)
- Mr. Rakesh Kumar Dixit Independent & Non-Executive Director (w.e.f. 01.07.2015)
- Mr. Laxmi Daga Independent & Non-Executive Director
(From 05.01.2015 to 14.08.2015)
- Mr. Vijay Mishra Managing Director (up to 02.07.2015)
- Mr. Vedant Birla Independent & Non-Executive Director
(From 11.03.2015 to 06.05.2015)
- Mr. Ramprakash Mishra Independent & Non-Executive Director (up to 05.03.2015)
- Mr. Rajesh Shah Independent & Non-Executive Director (up to 19.12.2014)
- Mr. Mohandas Adige Independent & Non-Executive Director (up to 19.12.2014)

Auditors

M/s Jaiprakash Upadhyay & Co.
Chartered Accountants
Mumbai

Bankers

Bank of India

Registrar & Share Transfer Agent

M/s. Bigshare Services Private Limited
E-2/3 Ansa Industrial Estate,
Saki Vihar Road, Sakinaka,
Andheri (E), Mumbai-400 072
Ph: 022-40430200
Fax: 022-28475207

COMPANY SECRETARY

Mr. Vijay Modi

CHIEF FINANCIAL OFFICER

Mr. Anil S. Korpe

BRANCH OFFICE LOCATIONS**Bangalore**

335, Connection Point A-Block,
Mazzanine Floor, HAL-Airport Exit Road,
Bangalore - 560 017. India
Phone No. - 080 - 49390400

Chennai

2nd Floor, New No. 8,
Maharaja Surya Rao Road,
Alwarpet,
Chennai - 600 018. India
Phone No. 044-43487070

Hyderabad

JISHNU HOMES, 1st Floor,
Plot No. 8-2-269/19/S/A/102,
Beside L.V. Prasad Eye Hospital,
Road No. 2, Banjara Hills,
Hyderabad - 500 034. India
Phone No. - 6615 1111

Pune

402, Picasso Plaza, 4th Floor,
Kondhwa Main Road,
Pune - 411 048. India
Phone No. 020-49015557

Gurgaon

SCO - 18-19, Sector 14,
Gurgaon,
Haryana - 122 001 India
Phone : 0124-4080842/43/44

OVERSEAS SUBSIDIARY**Melstar Inc.**

33, Wood Avenue South,
Suite 600,
Iselin, New Jersey 08830
Tel. : 732-744-3399
Fax : 732-744-3400

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Notice

Notice is hereby given that the **28th Annual General Meeting** of the members of Melstar Information Technologies Limited will be held on **Tuesday, 29th September, 2015 at 10:00 A.M. at G-4, Melstar House M.I.D.C. Cross Road "A" Andheri (East) Mumbai-400093**, to transact the following businesses:

ORDINARY BUSINESS:

1. To consider and adopt:
 - (a) the audited financial statement of the Company for the financial year ended March 31, 2015, the reports of the Board of Directors and Auditors thereon; and
 - (b) The audited consolidated financial statement of the Company for the financial year ended March 31, 2015.
2. To appoint Auditors and fix their remuneration and in this regard, to consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT M/s. Jai Prakash Upadhayay & Co., Chartered Accountants (Registration No. 125073W), be and is hereby appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company at such remuneration as shall be fixed by the Board of Directors of the Company."
3. To authorize the Board of Directors to appoint Branch Auditor, in consultation with the Statutory Auditors of the Company, for the existing overseas branch office in the US to act until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

4. As Ordinary Resolution: Appointment of **Mrs. Kirti Tripathi** As An Non-Executive Director.

RESOLVED THAT pursuant to Section 152 and any other applicable provisions of the Companies Act, 2013(the Act) and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), **Mrs. Kirti Tripathi (DIN 07140094)**, who was appointed as an Additional Director pursuant to the provisions of Section 161(1) of the Act and who holds the office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under section 160 of the Act from a member proposing her candidature for the office of Director, be and is hereby appointed as an Non- Executive Director of the Company who shall be liable to retire by rotation.
5. As Ordinary Resolution: Appointment of **Mr. Rakesh Kumar Dixit** As Independent and Non-Executive Director.

"RESOLVED THAT pursuant to Section 149,152 and any other applicable provisions of the Companies Act,2013 and the rules made there under (including any statutory modification (s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act,2013, (the Act) **Mr. Rakesh Kumar Dixit (DIN 06655663)** who was appointed as an Additional Director pursuant to the provisions of Section 161(1) of the Act and who holds office up to the date of this Annual General Meeting and has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and in respect of whom the company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the Office of director, be and is hereby appointed as an Independent and Non-Executive Director of the Company and shall hold office for a term of 5 years **w.e.f 29.09.2015.**"
6. As Ordinary Resolution: Appointment of **Mr. Ashish Mahendrakar** As Independent and Non-Executive Director.

"RESOLVED THAT pursuant to Section 149,152 and any other applicable provisions of the Companies Act,2013 and the rules made there under (including any statutory modification (s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act,2013, (the Act) **Mr. Ashish Ramesh Mahendrakar (DIN 03584695)** who was appointed as an Additional Director pursuant to the provisions of Section 161(1) of the Act and who holds office up to the date of this Annual General Meeting and has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and in respect of whom the company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the Office of director, be and is hereby appointed as an Independent and Non-Executive Director of the Company and shall hold office for a term of 5 years **w.e.f 29.09.2015.**"

By Order of the Board of Directors

For Melstar Information Technologies Limited

Registered Office:

Melstar House
G-4, MIDC, Cross Road 'A',
Andheri (East),
Mumbai - 400 093.

Place: Mumbai,

Date: 14.08.2015

VIJAY MODI
COMPANY SECRETARY

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint proxy to attend and vote instead of himself and the proxy need not be a member of the Company (A copy of the proxy form is attached). The instrument appointing a proxy must be deposited at the Registered Office of the Company not less than 48 hours before commencement of the meeting. A person can act as a proxy on behalf of members not exceeding 50 and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than 10% 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. A Statement pursuant to Section 102 of the Companies Act, 2013, relating to the Special Business to be transacted at the Meeting is annexed hereto.
3. Annual Report and AGM Notice is available at the website of the Company at www.melstar.com in the Investor Info section.

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4. The Register of Members and Share Transfer Books of the Company will remain closed from **Tuesday, the 22nd September, 2015 to Tuesday, the 29th September, 2015** (both days inclusive) for annual closing.
5. Corporate Members intending to send their authorized representatives to attend the Meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
6. Members are requested to bring their Attendance Slip along with their copy of Annual Report to the Meeting.
7. Members who hold shares in dematerialized form are requested to write their Client ID and DP ID Numbers and those who hold shares in physical form are requested to write their Folio Number in the Attendance Slip for attending the Meeting.
8. Members desirous of making nomination as permitted under Section 72 of the Companies Act, 2013 in respect of the physical shares held by them in the Company, can make nominations in Form SH-13, which can be procured from the Registrar and Share Transfer Agent M/s. Bigshare Services Private Limited (RTA). The Members holding shares in demat form may contact their respective depository participants for such nominations.
9. Members who hold shares in physical form in multiple folios in identical names or joint accounts in the same order of names are requested to send the share certificates to the Company's Registrars and Transfer Agents, M/s. Bigshare Services Private Limited (RTA), for consolidation into a single folio.
10. The voting rights of shareholders shall be in proportion to their shares in the paid up equity share capital of the Company as on **Tuesday, the 22nd September, 2015**.
11. M/s P. Sanghani & Co. Chartered Accountant, Firm Registration No. 109096W are been appointed as the Scrutinizer to scrutinize the remote e-voting and poll process to be carried out at the AGM in a fair and transparent manner.
12. The final results including the poll and remote e-voting results of the AGM of the Company shall be declared within 48 hours from the conclusion of the Annual General Meeting. The said results along with the scrutinizers report shall be placed on the Company's website www.melstar.com.
13. Pursuant to Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Clause 35B of the Listing Agreement, the Company is pleased to provide its members the facility of remote e-voting (e-voting from a place other than venue of the AGM) to exercise their right to vote at the **28th AGM** on all the resolutions set forth in this Notice, through the e-voting services provided by National Securities Depository Limited (NSDL). The facility for voting through ballot/polling paper, will also be made available at the AGM and the members attending the AGM who have not already cast their votes by remote e-voting shall be able to exercise their right to vote at the AGM through ballot/ polling paper. Members who have cast votes by remote e-voting prior to the AGM may attend the AGM but shall not be entitled to cast their votes again at the AGM. Remote E-voting facility would remain open only from **Saturday the 26th September, 2015 (09.00 A.M.) to Monday the 28th September, 2015 (up to 5.00 PM)**. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of **Tuesday the 22nd September, 2015**, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is casted by the shareholder, the shareholder shall not be allowed to change it subsequently.

Voting through electronic means

- I. The process and manner for remote e-voting are as under:

A. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/Depository Participant(s)] :

- (i) Open email and open PDF file viz; "Melstar Information Technologies Limited e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initial password.
- (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
- (iii) Click on Shareholder - Login
- (iv) Put user ID and password as initial password/PIN noted in step (i) above. Click Login.
- (v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (vi) Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.
- (vii) Select "EVEN" of "**Melstar Information Technologies Limited**".
- (viii) Now you are ready for remote e-voting as Cast Vote page opens.
- (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
- (x) Upon confirmation, the message "Vote cast successfully" will be displayed.
- (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
- (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to admin@capsanghani.com with a copy marked to evoting@nsdl.co.in

B. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/ Depository Participants(s) or requesting physical copy] :

- (i) Initial password is provided as below/at the bottom of the Attendance Slip for the AGM :
EVEN (Remote e-voting Event Number) USER ID PASSWORD/PIN
- (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xi) above , to cast vote.



- II. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the downloads section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990.
- III. If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote.
- IV. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- V. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of **Tuesday the 22nd September, 2015**.
- VI. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. **Tuesday the 22nd September, 2015**, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or tushar@bigshareonline.com.
However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on www.evoting.nsdl.com or contact NSDL at the following toll free no.: 1800-222-990.
A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.
- VII. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
- VIII. M/s P.Sanghani & Co. Chartered Accountant, Firm Registration No. 109096W has been appointed as the Scrutinizer to scrutinize the remote e-voting and poll process to be carried out at the AGM in a fair and transparent manner.
- IX. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of "Polling Paper" for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
- X. The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than 3 (three) days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favor or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- XI. The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company www.melstar.com and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the Bombay Stock Exchange Limited and National Stock Exchange of India.

Explanatory Statement Pursuant to Section 102 (1) of the Companies Act, 2013 ("the Act") The following Statement sets out all material facts relating to the Special Businesses mentioned in the accompanying Notice.

Item No.4:

The Board of Directors has pursuant to Section 161(1) of the Companies Act, 2013 appointed Mrs. Kirti Tripathi (DIN:07140094) as an Additional Director of the Company with effect from **30.03.2015** who holds office up to the ensuing Annual General Meeting and being eligible offers herself for appointment.

The Company has received a notice in writing from a member along with the deposit of requisite amount under Section 160 of the Act proposing the candidature of appointment of Mrs. Kirti Tripathi for the office of Director of the Company.

The matter regarding appointment of Mrs. Kirti Tripathi as Non Executive Director was placed before the Nomination & Remuneration Committee, which commends her appointment as Non executive Director

A brief Profile of Mrs. Kirti Tripathi: Mrs. Kirti Tripathi Msc., B.ed. Total 15 years of experience as Co-coordinator and Principal, Trustee of Bhatgava Education Trust, Founder Member of Nirmal Hindu Viswavidyalaya Samiti U.P.

Mrs. Kirti Tripathi is concerned or interested in the resolution of the accompanying Notice relating to her own appointment. The Board of Directors recommends the said resolution for your approval.

Item No.5:

The Board Of Directors has pursuant to Section 161(1) of the Companies Act, 2013 appointed Mr. Rakesh Kumar Dixit (DIN 06655663) as an Additional Director of the Company with effect from **01.07.2015** who holds office up to the ensuing Annual General Meeting and being eligible offers himself for appointment.

The Company has received a notice in writing from a member along with the deposit of requisite amount under Section 160 of the Act proposing the candidature of appointment of Mr. Rakesh Kumar Dixit for the office of Director of the Company.

Mr. Rakesh Kumar Dixit has given a declaration to the Board that he meets the criteria of independence as provided under Section 149(6) of the Act.

The matter regarding appointment of Mr. Rakesh Kumar Dixit as Independent Director was placed before the Nomination & Remuneration Committee, which commends his appointment as Independent Directors for a term of 5 years w.e.f 29.09.2015

In the opinion of the Board, Mr. Rakesh Kumar Dixit fulfills the conditions specified in the Act and the Rules framed there under for appointment as Independent Director and he is independent of the management.

In compliance with the provisions of Section 149 read with Schedule IV of the Act, the appointment of Mr. Rakesh Kumar Dixit as Independent Director is now being placed before the Members in general meeting for their approval.

The terms and conditions of appointment of Mr. Rakesh Kumar Dixit shall be open for inspection by the Members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday.

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A brief Profile of: Mr. Rakesh Kumar Dixit B.Sc, B. Text, aged 58 years has 35 years of experience in the industry. He has worked as General Manager in various companies like M/s Century Yarn, R.T.M., Bedi Investment Ltd. He has also worked as Spinning Manager, Technical Manager and Technical Advisor.

Mr. Rakesh Kumar Dixit is concerned or interested in the resolution of the accompanying Notice relating to his own appointment.

The Board of Directors recommends the said resolution for your approval.

Item No.6:

The Board Of Directors has pursuant to Section 161(1) of the Companies Act, 2013 appointed Mr. Ashish Mahendrakar (DIN 03584695) as an Additional Director of the Company with effect from **01.07.2015** who holds office up to the ensuing Annual General Meeting and being eligible offers himself for appointment.

The Company has received a notice in writing from a member along with the deposit of requisite amount under Section 160 of the Act proposing the candidature of appointment of Mr. Ashish Mahendrakar for the office of Director of the Company.

Mr. Ashish Mahendrakar has given a declaration to the Board that he meets the criteria of independence as provided under Section 149(6) of the Act.

The matter regarding appointment of Mr. Ashish Mahendrakar as Independent Director was placed before the Nomination & Remuneration Committee, which commends his appointment as Independent Directors for a term of 5 years w.e.f 29.09.2015

In the opinion of the Board, Mr. Ashish Mahendrakar fulfills the conditions specified in the Act and the Rules framed there under for appointment as Independent Director and he is independent of the management.

In compliance with the provisions of Section 149 read with Schedule IV of the Act, the appointment of Mr. Ashish Mahendrakar as Independent Director is now being placed before the Members in general meeting for their approval.

The terms and conditions of appointment of Mr. Ashish Mahendrakar shall be open for inspection by the Members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday.

A brief Profile of Mr. Ashish Ramesh Mahendrakar: Mr. Ashish Mahendrakar aged 44 years is B.Com, D.B.M., M.M.S.having 23 years of experience in the field of accounts, banking and finance.

Mr. Ashish Mahendrakar is concerned or interested in the resolution of the accompanying Notice relating to his own appointment. The Board of Directors recommends the said resolution for your approval.

For Melstar Information Technologies Limited

Place: Mumbai,
Date: 14.08.2015

VIJAY MODI
COMPANY SECRETARY



DIRECTORS' REPORT

To the Members, Your Directors have pleasure in presenting the **28th Annual Report** along with Audited Financial Statements for the year ended **31st March, 2015**.

1. FINANCIAL RESULTS:

(Rs. in Lakhs)

	2014-15	2013-14
Net Sales/ Income from Operations	2,236	1,823
Other Operating Income	20	37
Operating Profit (Loss) before interest and Depreciation (PBITDA)	141	(132)
Finance costs	137	92
Depreciation	71	82
Operating (Loss) before tax	(67)	(307)
Other Income, net	81	73
Net Profit (Loss) before tax and Exceptional Item	13	(233)
Exceptional Item	(179)	-
Net (Loss) before tax and after Exceptional Item	(165)	(233)
Provision for taxation	-	(7)
Net (Loss) after tax	(165)	(241)
Deficit Brought Forward From Previous Year	(467)	(226)
Less : Adjustment relating to Fixed Assets on application of Schedule II of the Companies Act, 2013	(28)	-
Balance carried to Balance Sheet	(660)	(467)
Face value of Equity Shares (in Rupees)	10	10
EPS - Basic and Diluted (Before Exceptional Item) (in Rupees)	0.09	(1.68)
EPS - Basic and Diluted (After Exceptional Item) (in Rupees)	(1.16)	(1.68)
Book value per Share (in Rupees)	5.45	6.81

2. OPERATIONS:

The total sales of the Company for the financial year ended on **31st March, 2015** were Rs.2236 Lakhs as against Rs.1823 Lakhs during the last financial year ended on **31st March, 2014**. Similarly the net Profit/ Loss before tax and Exceptional Item during the year was Rs. 13 Lakhs Profit and Rs.233 Lakhs Loss in the previous year.

The increase in sales and profit before tax and Exceptional item is on account of extending the market coverage by adding new customers, strengthening current business engagements with existing customers, addition in business/ service offerings such as Application Management System (AMS), Full Time Employment (FTE) and the cost reduction measures undertaken during the year.

The Consolidated Group sales stood at Rs.2236 Lakhs against Rs.1860 Lakhs during the preceding year. The net Profit/Loss before tax and Exceptional Item during the year was Rs. 12 Lakhs Profit as against Rs.236 Lakhs Loss in the previous year.

3. DIVIDEND:

In view of the current year loss and carried forward losses the Directors regret their inability to recommend any dividend to the Equity Shareholders of the Company for the year under review.

4. SUBSIDIARY COMPANY

As on 31st March, 2015 the Company has only one wholly-owned foreign subsidiary, viz. Melstar Inc., in U.S.A.

The operations of Melstar Inc. on standalone basis for the year under review are as under:

Particulars	2014-15		2013-14	
	Foreign currency	Indian Rs.	Foreign currency	Indian Rs.
Revenue	Nil	Nil	US\$ 64,680	Rs. 39 Lakhs
Profit After Tax	(US\$ 1274)	(Rs. 0.80 Lakhs)	US\$ 288	Rs. 0.17 Lakhs

Considering the present IT and ITES(IT enabled services) at USA and taking into the consideration all the related and relevant factors the Board of Director is contemplating to close the operation of the branch as well as the subsidiary.

The Company have placed separate audited accounts in respect of its subsidiary on its website and also provides a separate audited financial statement in respect of the above named subsidiary, to any shareholder of the company who ask for it.

5. FINANCIAL STATEMENTS OF SUBSIDIARY

A report on the performance and financial position of a subsidiary as per the Companies Act, 2013 is provided as **Annexure-A** to the consolidated financial statement and hence not repeated here for the sake of brevity.

6. EVENT SUSEQUENT TO THE DATE OF FINANCIAL STATEMENTS:

No major event has occurred subsequent to the date of Financial Statements.

7. CHANGE IN THE NATURE OF BUSINESS IF ANY:

There is no change in the nature of Business during the year under the review.

8. VIGIL MECHANISM / WHISTLE BLOWER POLICY:

The Company has framed a Whistle Blower Policy to deal with instances of fraud and mismanagement, if any. The details of the Policy are given in the Corporate Governance Report and the Policy is posted on the Company's website.

9. CORPORATE GOVERNANCE:

A report on Corporate Governance as stipulated under clause 49 of the Listing Agreement with the Stock Exchange(s) forms part of the Annual Report. Certificate from the Auditors of the Company confirming compliance of conditions of Corporate Governance as stipulated under the aforesaid clause 49 forms part of the Annual Report.

10. EXTRACT OF ANNUAL RETURN:

Extract of the Annual Return as provided under Section 92(3) of the Companies Act, 2013 in Form **MGT-9** is annexed herewith as **ANNEXURE-I** to this Report.

11. NUMBER OF BOARD MEETING:

The Board of Directors met **6 (six)** times in the year, the details of which are provided in the Corporate Governance Report.

12. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

13. RELATED PARTY TRANSACTIONS:

No transactions were entered with related party during the year under review. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other related parties which may have a potential conflict with the interest of the Company at large. All related party transactions for the year are placed before the Audit Committee as well as before the Board for approval. The transactions entered into with related parties are reviewed on a quarterly basis by the Audit Committee. The policy on Related Party Transactions as approved by the Audit Committee and Board is uploaded on the Company's website at the link <http://www.melstar.com/policy-on-related-party-transaction.html>. The detail of the transactions with Related Parties to be provided in **FORM AOC-2** is annexed herewith as **ANNEXURE-II**.

14. RISK MANAGEMENT:

In line with the regulatory requirements, the Company has framed a Risk Management Policy to identify and access the key business risk areas and a risk mitigation process. A detailed exercise is being carried out at regular intervals to identify, evaluate, manage and monitor all business risks. The Board periodically reviews the risks and suggests steps to be taken to control and mitigate the same through a properly defined framework.

15. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS:

There are no significant and material orders passed by the Regulators / Courts which would impact the going concern status of the Company and its future operations.

16. INTERNAL CONTROL SYSTEM:

Your Company has adequate system of internal controls to ensure that all the assets are safeguarded and are productive. Necessary checks and controls are in place to ensure that transactions are properly verified, adequately authorized, correctly recorded and properly reported. The Internal Auditors of the Company conducts Audit of various departments to ensure that internal controls are in place and submits for each quarter reports to the Audit Committee. The Audit Committee regularly reviews these Reports and when needed takes corrective actions.

17. HUMAN RESOURCES:

Your Company treats its human resources as its important asset and believes in its contribution to the all round growth of your Company. Your Company takes steps, from time to time, to upgrade and enhance the quality of this asset and strives to maintain it in agile and responsive form. Your Company is an equal opportunity employer and practices fair employment policies. Your Company is confident that its Human Capital will effectively contribute to the long term value enhancement of the organization.

Your Directors further state that during the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

18. PARTICULARS OF JOINT VENTURES OR ASSOCIATE COMPANY:

The Company does not have any Joint Venture with any person or an associate Company as defined under Section 2(6) of the Companies Act, 2013 ('the Act')



19. FIXED DEPOSITS:

During the year under review, your Company has not accepted any fixed deposits and there were no unclaimed deposits or interest thereon as on 31st March, 2015.

20. DIRECTORS:

Confirmation of Appointment:

Mr. Laxmi Daga was appointed as Additional Director w.e.f. 05.01.2015 and resigned from conclusion of the Board Meeting held on 14.08.2015. The Board places on record, its appreciation of invaluable contribution and guidance provided by him during his tenure as a Director of the Company.

Mrs. Kirti Tripathi was appointed as Additional Director w.e.f. 30.03.2015.

Mr Vedant Birla was appointed as an Additional Director w.e.f. 11.03.2015. Due to the personal reasons, he resigned w.e.f. 06.05.2015

Mr. Ashish Mahendrakar and Mr. Rakesh Kumar Dixit were appointed as Additional Director w.e.f. 01.07.2015

The Company has received notice in writing from member proposing the candidature of Mr. Ashish Mahendrakar and Mr. Rakesh Kumar Dixit as an Independent and Non-Executive Director of the company and Mrs. Kirti Tripathi as Non-Executive Director.

Brief resume of the Directors proposed to be appointed, nature of their expertise in specific functional areas and names of the Companies in which they hold the directorship and membership/chairmanship of committees of the Board, as well as their shareholding as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are given in the Report on Corporate Governance forming part of the Annual Report.

Declaration from Independent Directors:

As per the provisions of Companies Act, 2013, the independent directors of the Company to be appointed by the members for a term upto five years, and no independent director shall be liable to retire by rotation.

Further Mr. Ashish Ramesh Mahendrakar and Mr. Rakesh Kumar Dixit have given declaration to the Company under Section 149(6) of the Companies Act, 2013, that they qualify the criteria of independence mentioned under that sub-section. Accordingly it is proposed to appoint above referred **2(two)** directors as an Independent Directors not liable to retire by rotation for a term of five years from the ensuing Annual General Meeting.

Criteria for appointment of Independent Directors

The Independent Directors shall be of high integrity with relevant expertise and experience with Directors having expertise in the fields of manufacturing, marketing, finance, law, governance and general management, so as to have a diverse Board.

Remuneration Policy

The Company follows a policy on remuneration of Directors and Senior Management Employees, details of the same are given in the Corporate Governance Report.

21. DIRECTORS' RESPONSIBILITY STATEMENT:

As stipulated under Section 134(3)(c) of the Companies Act, 2013, your Directors confirm as under:-

- i) that in the preparation of the accounts for the financial year ended 31st March 2015, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were 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 of the Company for the year under review;
- iii) that the Directors have taken proper and sufficient care for 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;
- iv) that the Directors have prepared the accounts for the financial year on going concern basis.
- v) the Directors have laid down internal financial controls, which are adequate and were operating effectively.
- vi) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

22. ANNUAL EVALUATION:

The performance of Board of Directors and the Committees constituted by the Board and the Individual Directors has been evaluated during the Financial Year ended **31st March, 2015**.

23. PARTICULARS OF EMPLOYEES:

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies(Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided as per **ANNEXURE - III**.

The information required pursuant to Section 197(12) of the Companies Act, 2013, read with rule 5(2) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 - Nil.

24. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

The Information pursuant to Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of The Companies (Accounts) Rules, 2014, is given in **ANNEXURE –IV** to this report.

25. AUDITORS:

i) Statutory Auditors:

The Auditors, M/s. Jai Prakash Upadhayay & Co., Chartered Accountants, Mumbai retire at this Annual General Meeting and being eligible, offer themselves for reappointment.

ii) Secretarial Auditors:

According to the provision of section 204 of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Secretarial Audit Report submitted by Company Secretary in Practice is enclosed in **FORM MR-3** as a part of this report **ANNEXURE-V**.

iii) Cost Auditors:

Cost Audit is not applicable to the Company.

26. PURCHASE OF SHARES OF THE COMPANY:

The Company does not give any loan, guarantee or security, or any financial assistance to the employees of the Company for the purpose of purchase or subscription for any shares of the Company or its holding Company pursuant to Section 67(2) of the Companies Act, 2013.

27. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:

The provisions of **Section 135** of the Companies Act, 2013 are not presently applicable to the Company.

28. ISSUE OF SHARES WITH DIFFERENTIAL VOTING RIGHTS:

The Company has not issued any shares with differential Voting Rights pursuant to the provisions of Rule 4 of the Companies (Share Capital and Debenture) Rules, 2014.

29. ISSUE OF SWEAT EQUITY SHARES:

During the year under review, the Company has not issued any sweat equity shares to any of its employees, pursuant to the provisions of Rule 8 of the Companies (Share Capital and Debenture) Rules, 2014.

30. EMPLOYEE STOCK OPTION:

The Company does not have any Employee Stock Option Scheme for its employees.

31. APPRECIATION:

Your Company is grateful for the continued co-operation and support extended to it by the Government and Semi-Government Authorities, Shareholders, Financial Institutions and Banks. Your Directors also express their warm appreciation for the dedicated and sincere services rendered by the Employees of the Company.

FOR AND ON BEHALF OF BOARD OF DIRECTORS

Ashish Mahendrakar
Director

Rakesh Kumar Dixit
Director

Place : Mumbai

Dated : 14TH August, 2015



ANNEXURE-I

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

As on the Financial Year ended on 31st March, 2015

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

I. REGISTRATION AND OTHER DETAILS:

i	CIN	:	L99999MH1986PLC040604
ii	Registration Date	:	12 th August ,19686
iii	Name of the Company	:	MELSTAR INFORMATION TECHNOLOGIES LIMITED
iv	Category/Sub-Category of the Company	:	Public Company/ Limited by Shares
v	Address of the Registered Office and contact details	:	Melstar House, G-4, Cross Road, "A" M.IDC, Andheri (E), Mumbai- 400 093, Maharashtra. Tel:(022)-40566464,Fax:(022)-28310520
vi	Whether listed Company	:	Yes
vii	Name, Address and contact details of Registrar & Transfer Agents (RTA), if any	:	Bigshare Services Private Limited, E-2,Ansa Industrial Estate, Sakinaka Road, Sakinaka,Andheri(east), Mumbai-400072 . Tel:(022)-40430200,Fax:(022)-28475207

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

Sr. No.	Name & Description of main products/services	NIC Code of the Product/ service	% of total turnover of the Company
1	Software Services	9983	100%

III. PARTICLUARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES:

Sr No	Name & Address of the Company	CIN/GLN	Holding/Subsidiary/ Associate	% Of Shares Held	Applicable Section
1	Melstar Inc 33,Wood Avenue South, Suite 600, Iselin, New Jersey 08830	UIN BYWGX19930042	Subsidiary	100%	-----

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Shareholding

Category of shareholders	No. of shares held at the beginning of the year (As on 1 st April,2014)				No. of shares held at the end of the year (As on 31 st March,2015)				% Change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
A. Promoters									
(1)Indian									
a)Individual/HUF	0	0	0	0.00	0	0	0	0.00	0.00
b)Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
c)State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
d)Bodies Corporate	66,11,774	0	66,11,774	46.29	70,20,976	0	70,20,976	49.16	2.86
e)Banks/FI	0	0	0	0.00	0	0	0	0.00	0.00
f) Any Other	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (A) (1):-	66,11,774	0	66,11,774	46.29	70,20,976	0	70,20,976	49.16	2.86
(2)Foreign									
a)NRIs-Individuals									
b)Other-Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c)Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
d)Banks/FI									
e) Any Other	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (A) (2):-	0	0	0	0.00	0	0	0	0.00	0.00
Total shareholding of Promoter (A)=(A)(1)+(A) (2)	66,11,774	0	66,11,774	46.29	70,20,976	0	70,20,976	49.16	2.86

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Category of shareholders	No. of shares held at the beginning of the year (As on 1 st April, 2014)				No. of shares held at the end of the year (As on 31 st March, 2015)				% Change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
B. Public Shareholding									
1. Institutions									
a) Mutual Funds/UTI	0	0	0	0.00	0	0	0	0.00	0.00
b) Banks/FI	1,00,000	0	1,00,000	0.70	1,00,000	0	1,00,000	0.70	0.00
c) Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
d) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
f) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
g) FIIs	0	0	0	0.00	0	0	0	0.00	0.00
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i) Others (specify)	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (B)(1):-	1,00,000	0	1,00,000	0.70	1,00,000	0	1,00,000	0.70	0.00
2. Non-Institutions									
a) Bodies Corporate	9,74,803	3,001	9,77,804	6.85	6,70,375	3,001	6,73,376	4.71	-2.13
b) Individuals									
i) Individuals shareholders holding nominal share capital upto of Rs 1 lakh	40,52,183	1,99,970	42,52,153	29.77	41,04,516	1,99,100	43,03,616	30.13	0.36
ii) Individuals shareholders holding nominal share capital in excess of Rs 1 lakh	19,60,338	0	19,60,338	13.72	17,51,212	0	17,51,212	12.26	-1.46
c) Others (specify)									
i) Trust	0	0	0	0.00	0	0	0	0.00	0.00
ii) clearing member	52,362	0	52,362	0.37	1,43,243	0	1,43,243	1.00	0.64
iii) Directors Relative	0	0	0	0.00	0	0	0	0.00	0.00
iv) Employee	0	0	0	0.00	0	0	0	0.00	0.00
v) NRI	2,69,758	0	2,69,758	1.89	2,31,766	0	2,31,766	1.62	-0.27
vi) OCB	0	58,950	58,950	0.41	0	58,950	58,950	0.41	0.00
vii) Unclaimed Suspense Account	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (B)(2):-	73,09,444	2,61,921	75,71,365	53.01	69,01,112	2,61,051	71,62,163	50.14	-2.86
Total Public Shareholding (B)=(B)(1)+(B)(2)	74,09,444	2,61,921	76,71,365	53.71	70,01,112	2,61,051	72,62,163	50.84	-2.86
C. Shares held by custodian for GDRs & ADRs	0	0	0	0.00	0	0	0	0.00	0.00
Grand Total(A+B+C)	1,40,21,218	2,61,921	1,42,83,139	100.00	1,40,22,088	2,61,051	1,42,83,139	100.00	0.00

(ii) Shareholding of Promoters

Sr. No.	Shareholders	Shareholding at the beginning of the year (01.04.2014)			Shareholding at the end of the year (31.03.2015)			% change in shareholding 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	NIRVED TRADERS PRIVATE LIMITED	17,19,047	12.04	0	22,28,249	15.60	22,28,249	3.56
2	GODAVARI CORPORATION PRIVATE LIMITED	23,90,819	16.74	0	23,90,819	16.74	0	0.00
3	SHEARSON INVESTMENT & TRADING CO PVT LTD	25,01,908	17.52	4,00,000	24,01,908	16.82	24,01,908	-0.70
	Total	66,11,774	46.30	4,00,000	70,20,976	49.16	46,30,157	2.86



(iii) Change in Promoters' Shareholding (Specify if there is no change)

Sr. 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
1.	At the beginning of the year	66,11,774	46.30	66,11,774	46.30
2.	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)		Increase Decrease	509202 (09.05.2014) (100000) (24.10.2014)	
3.	At the end of the year			70,20,976	49.16

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

Sr. no	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year (01.04.2014)		Date	INCREASE/ DECREASE IN THE SHAREHOLDING		REASON	Shareholding at the end of the year (31.03.2015)	
		No. of Shares	% of total shares of the Company					No. of Shares	% of total shares of the Company
1.	DJS Stock and Shares Ltd	124525	0.87	01.04.2014 19.12.2014 31.03.2015	0 124525 0	Decrease	Transfer Transfer	0 0	0.00 0.00
2.	General Insurance Corporation of India	100000	0.70	01.04.2014 31.03.2015	0		Transfer	100000	0.70
3.	Intime Equities Limited	0	0.00	01.04.2014 19.12.2014 31.12.2014 02.01.2015 09.01.2015 27.02.2015 06.03.2015 13.03.2015 27.03.2015 31.03.2015	66377 4200 3000 5000 4000 6523 2000 1000	Increase Decrease Increase Decrease Increase Increase Increase Decrease	Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer	66377 62177 65177 60177 64177 70700 72700 71700 71700	0.46 0.44 0.46 0.42 0.45 0.50 0.51 0.50 0.50
4.	Roopa Corporate Services Pvt. Ltd.	61644	0.43	01.04.2014 19.12.2014 31.03.2015	23356	Increase	Transfer	85000 85000	0.60 0.60
5.	Shri Parasram Holdings Pvt.Ltd.	104196	0.73	01.04.2014 19.12.2014 02.01.2015 07.01.2015 16.01.2015 23.01.2015 30.01.2015 06.02.2015 09.02.2015 13.02.2015 20.02.2015 27.02.2015 06.03.2015 13.03.2015 27.03.2015 31.03.2015	54523 2370 1084 31958 2580 299 745 400 1399 1294 200 738 400 400 102	Decrease Decrease Decrease Decrease Decrease Decrease Increase Increase Increase Decrease Decrease Decrease Increase Increase Increase	Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer	49673 47303 46219 14269 11681 11382 12127 12527 13926 12632 12432 13170 13570 13970 14072 14072	0.35 0.33 0.32 0.10 0.08 0.08 0.08 0.09 0.10 0.09 0.09 0.09 0.10 0.10 0.10
6.	Shital Jawahar Shah	0	0.00	01.04.2014 19.12.2014 31.03.2015	75350	Increase	Transfer	75350 75350	0.53 0.53
7.	Shashi Rani Gupta	156230	1.09	01.04.2014 31.03.2015	0	Nil		0 156230	0.00 1.09
8.	S R Gupta	72003	0.50	01.04.2014 31.03.2015	0	Nil		0 72003	0.00 0.50

Sr. no	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year (01.04.2014)		Date	INCREASE/ DECREASE IN THE SHAREHOLDING		REASON	Shareholding at the end of the year (31.03.2015)	
		No. of Shares	% of total shares of the Company					No. of Shares	% of total shares of the Company
9	Sunil Mark Fernandes	136014	0.95	01.04.2014 19.12.2014 07.01.2015 06.02.2015 31.03.2015	4701 1800 1500	Decrease Decrease Decrease	Transfer Transfer Transfer	131313 129513 128013 128013	0.92 0.91 0.90 0.90
10	Narendra Narandas Gandhi	100152	0.70	01.04.2014 31.03.2015	0	Nil		0 100152	0.00 0.70
11	Bhavesh Dhiresbhai Shah	196816	1.38	01.04.2014 31.03.2015	0 0	Nil		196816	1.38
12	Santoshkumar Podar	150000	1.05	01.04.2014 19.12.2014 31.03.2015	0 150000	Decrease	Transfer Transfer	150,000 0 0	1.05 0.00 0.00
13	Pravin C Shantilal Mehta	220625	1.54	01.04.2014 13.03.2015 20.03.2015 27.03.2015 31.03.2015	0 11200 870 715	Decrease Decrease Decrease	Transfer Transfer Transfer	209,425 208,555 207,840 207,840	1.47 1.46 1.46 1.46
14	Aniruddh Parashar	136600	0.96	01.04.2014 19.12.2014 31.03.2015	136600 0	Decrease	Transfer Transfer	0 0	0.00 0.00

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. no	For Each of the Director and KMP	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
1	Mr. Vijay Mishra	0	0.00	0	0.00
2	Mr. Mohandas Adige	0	0.00	0	0.00
3	Mr. Rajesh Shah	0	0.00	0	0.00
4	Mr. Ramprakash Mishra	0	0.00	0	0.00
5	Mr. Laxmi Daga	0	0.00	0	0.00
6	Mr. Vedant Birla	0	0.00	0	0.00
7	Mrs. Kirti Tripathi	0	0.00	0	0.00
8	Mr. Vijay Modi	0	0.00	1	0.00
9	Mr. Anil Korpe	0	0.00	1	0.00

V. INDEBTEDNESS

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

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total indebtedness
Indebtedness at the beginning of the financial year				
i)Principal Amount	79,462,227	-	-	79,462,227
ii)Interest due but not paid	-	-	-	-
iii)Interest accrued but not due	116,326			116,326
Total(i+ii+iii)	79,578,553			79,578,553
Change in Indebtedness during the financial year		-	-	-
• Addition	326,135,718	-	-	326,135,718
• Reduction	317,717,086	-	-	317,717,086
Net Change	8,418,632	-	-	8,418,632
Indebtedness at the end of the financial year				
i)Principal Amount	87,880,859	-	-	87,880,859
ii)Interest due but not paid	-	-	-	-
iii)Interest accrued but not due	166,294	-	-	166,294
Total (i+ii+iii)	88,047,153	-	-	88,047,153



VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

a) Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sr. No	Particulars of Remuneration	Name of MD/MTD/Manager	Total Amount
		Mr. Vijay Mishra	
1.	Gross Salary		
	a)Salary as per provisions contained in section 17(1) of Income-tax Act,1961	21,00,000	21,00,000
	b)Value of perquisites u/s 17(2) Income-tax Act,1961	20,90,200	20,90,200
	c)Profits in lieu of salary under section 17(3) Income-tax Act,1961	Nil	Nil
2.	Stock Option	Nil	Nil
3.	Sweat Equity	Nil	Nil
4.	Commission		
	-as % of profit		
	-others, specify		
5.	Others, please specify	Nil	Nil
	Total (A)	41.90.200	41.90.200

b) Remuneration to other Directors

Sr. No	Particulars of Remuneration	Name of Directors				Total Amount
		Mr. Rajesh Shah	Mr. Ramprakash Mishra	Mr. Mohandas Adige	Mr. Laxmi Daga	
1.	Independent Directors					
	• Fee for attending board committee meetings	1,20,000	1,10,000	1,00,000	30,000	3,60,000
	• Commission	-	-	-	-	-
	• Others, please specify	-	-	-	-	-
	Total (1)	1,20,000	1,10,000	1,00,000	30,000	3,60,000
2.	Other Non-Executive Directors					
	• Fee for attending board committee meetings	-	-	-	-	-
	• Commission	-	-	-	-	-
	• Others, please specify	-	-	-	-	-
	Total (2)	Nil	Nil	Nil	Nil	Nil
	Total = (1+2)	1,20,000	1,10,000	1,00,000	30,000	3,60,000

c) Remuneration to Key Managerial Personnel Other than MD/Manager/MTD

Sr. No	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		Mr. Anil Korpe, CFO	Mr. Vijay Modi, CS	
1.	Gross Salary			
	a)Salary as per provisions contained in section 17(1) of Income-tax Act,1961	3,39,180	1,62,000	5,01,180
	b)Value of perquisites u/s 17(2) Income-tax Act,1961	8,58,579	4,28,796	12,87,375
	c)Profits in lieu of salary under section 17(3) Income-tax Act,1961	Nil	Nil	Nil
2.	Stock Option	Nil	Nil	Nil
3.	Sweat Equity	Nil	Nil	Nil
4.	Commission			
	- as % of profit	Nil	Nil	Nil
	- others, specify	Nil	Nil	Nil
5.	Others, please specify	Nil	Nil	Nil
	Total (A)	11,97,759	5,90,796	17,88,555

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)
There were no penalties, punishment or compounding of offences against the Company or against any of its Directors or Officers in default, during the year ended 31st March, 2015.					

ANNEXURE-II**AOC-2****(Pursuant to 134(3) (h) 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 transaction under third proviso is given below:

1. Details of contracts or arrangements or transactions not at Arm's length basis: **None**
2. Details of contracts or arrangements or transactions at Arm's length basis: **None**

FOR AND ON BEHALF OF BOARD OF DIRECTORS

Ashish Mahendrakar
Director

Rakesh Kumar Dixit
Director

Place: Mumbai

Date: 14th August, 2015.

ANNEXURE-III

Information pursuant to Section 197(12) of the Companies Act, 2013 and Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given below:

1. Ratio of Remuneration of each Director to the median remuneration of employees for the financial year ended 31st March, 2015.

(₹ Lakh)

	Designation	Ratio	Remuneration (*)	Median Remuneration
Mr. Vijay Mishra (up to 02.07.2015)	Managing Director	10.31	44.42	4.31
Mr. Mohandas Adige (up to 19.12.2014)	Director	0.23	1	4.31
Mr. Rajesh Shah (up to 19.12.2014)	Director	0.28	1.20	4.31
Mr. Ramprakash Mishra (up to 05.03.2015)	Director	0.26	1.10	4.31
Mr. Laxmi Daga (From 05.01.2015 to 14.08.2015)	Director	0.07	0.30	4.31
Mr. Vedant Birla (From 11.03.2015 to 06.05.2015)	Director	-	-	-
Mrs. Kirti Tripathi (w.e.f. 30.03.2015)	Director	-	-	-

(*) Melstar Information Technologies Limited paid only sitting fees to the non -executive Directors.

2. **% Increase of remuneration of each Director, CFO, CEO, CS in the Financial Year.**

DIRECTOR	% INCREASE
Mr. Vijay Mishra (up to 02.07.2015)	-
Mr. Mohandas Adige (up to 19.12.2014)	11%
Mr. Rajesh Shah (up to 19.12.2014)	33%
Mr. Ramprakash Mishra (up to 05.03.2015)	-
Mr. Laxmi Daga (From 05.01.2015 to 14.08.2015)	-
Mr. Vedant Birla (From 11.03.2015 to 06.05.2015)	-
Mrs. Kirti Tripathi (w.e.f. 30.03.2015)	-
CFO & Company Secretary	
Mr. Vijay Modi	-
Mr. Anil Korpe	16.50%

% increase in remuneration of Directors is only due to increase in number of meetings held during the Year pursuant to the provisions of the Companies Act, 2013.

3. During the year ended March 31, 2015, there was an increase of 2.62% in median remuneration of employees
4. Number of permanent Employees on the roll of the company –**386 as on 31.03.2015**
5. The explanation on the relationship between average increase in remuneration against the performance of the Company



	2014-15	2013-14
Total Income (` Lakh)	2336.73	1933.06
EBIDTA (` Lakh)	42.76	Loss 66.69
EBIDTA as % of total Income	2%	-3%
PAT (` Lakh)	(165.43)	(240.64)
PAT as % of total Income	-7%	-12%

Average increase in the remuneration of employees is in line with market scenario and as a measure to motivate employees for better future performance.

6. Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company

Average increase in the remuneration of Key Managerial Personnel is in line with market scenario and as a measure to motivate them for better future performance.

7. Variations in the market capitalisation of the Company; price earnings ratio as at the closing date of the current financial year and previous financial year;

(₹ Lakh)

		2014-15	2013-14
Variations in the market capitalisation of the Company	BSE	599.89	285.66
	NSE	628.46	314.23
Price earnings ratio *	BSE	NA	NA
	NSE	NA	NA

8. Percentage increase over 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.

Closing Market Price	31.03.2015	February, 2000	Decline by
BSE	4.20	72	94.17%
NSE	4.40	72	93.89%

9. 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 and point out if there are any exceptional circumstances for increase in the managerial remuneration.

Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year.-10%

Percentile increase in the managerial remuneration- **NIL**

Average increase in the remuneration of employee is in line with market scenario and as a measure to motivate employees for better future performance.

10. Comparison of each remuneration of Key Managerial Personnel against the performance of the Company

(₹ Lakh)

	2014-15	2013-14
Total Income (₹ Lakh)	2336.73	1933.06
EBIDTA (₹ Lakh)	42.76	Loss 66.69
EBIDTA as % of total Income	2%	-3%
PAT (₹ Lakh)	(165.43)	(240.64)
PAT as % of total Income	-7%	-12%
Increase in remuneration of Mr. Vijay Modi, Company Secretary is 0%		

11. The key parameter for any variable components of the remuneration of the Director – **NIL**

12. The key parameter for any variable components of the remuneration of the Director – **NIL**.

13. During the year ended March 31, 2015 there was no employee, who is not a director of the company and received managerial remuneration in excess of the highest paid director of the Company.

14. It is affirmed that the remuneration paid to Directors, Key Managerial Personnel and employees during the year is as per the Remuneration Policy of the Company.

FOR AND ON BEHALF OF BOARD OF DIRECTORS

Ashish Mahendrakar
Director

Rakesh Kumar Dixit
Director

Place: Mumbai

Date: 14th August, 2015.

ANNEXURE-IV**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO ETC:**

Information on conservation of Energy, Technology absorption, Foreign Exchange earnings and outgo required to be disclosed under Section 134 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 are provided hereunder:

A. Conservation of Energy

The operations of the Company involve low energy consumption. Energy conservation measures have been taken wherever feasible. The Company has installed Power Factor correctors at the internal supply level to achieve high-energy efficiency. Efforts to conserve and optimize the use of energy through improved operational methods and other means is a continuous process.

B. Disclosure of particulars with respect to absorption of Technology, Research and Development (R&D)

No technology has been imported. Indigenous Technology available has been used for product development/component identifications or offering services and is continuously being upgraded to improve overall performance.

C. Foreign Exchange earnings & outgo

The share of the revenues from exports constituted 2% (6% for the previous year) of total revenues of the Company.

Rs. in lakhs

	2014-15	2013-14
Total Foreign Exchange earnings*	39.86	106.36
Total Foreign Exchange outgo**	104.92	103.50

* Includes software services export sales by foreign branch Rs. NIL (previous year Rs. 93.88 lakhs).

** Includes expenses of foreign branches Rs. 10.38 lakhs (previous year Rs. 103.27 lakhs).

FOR AND ON BEHALF OF BOARD OF DIRECTORS

Ashish Mahendrakar
Director

Rakesh Kumar Dixit
Director

Place: Mumbai

Date: 14th August, 2015.



ANNEXURE-V

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 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,
MELSTAR INFORMATION TECHNOLOGIES LIMITED
CIN-L99999MH1986PLC040604.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s Melstar Information Technologies 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 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 March 31, 2015 has 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 **M/s Melstar Information Technologies Limited** ("the Company") for the financial year ended on March 31, 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)
- (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)
 - (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)
 - (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)
 - (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) and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not applicable to the Company during the audit period)
- (vi) To the best of our knowledge and belief and on the basis of explanation and information given by the Company and its officers, there are no laws which may be specifically applicable to the Company, during the audit period.

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 during the audit period).
- (ii) The Listing Agreements entered into by the Company with Bombay Stock Exchange Limited and National Stock Exchange of India Limited

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that

Due to frequent changes of Directors during the year under the review, the proper balance of Executive Directors, Non-Executive Directors and Independent Directors at the Board level could not be maintained. However, the Company has taken steps to appoint new Directors in order to rectify the composition of the Board and maintain the balance in the Board

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

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

Based on the representations made by the Company and its officers, We are of the opinion 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 like Income tax Act, Service Tax, Professional Tax Act, Provident Fund Act, Shops & Establishment Act of the respective states where branches of the Company are situated and other rules, regulations and guidelines.

We further report that during the audit period;

1) The Company appointed M/S JAYPRAKASH UPADHYAY & CO as new auditors of the Company in order to fill the casual vacancy caused by resignation of erstwhile Auditors M/S KANU DOSHI & ASSOCIATES.

2) The Company appointed new Registrar & Transfer Agents (RTA) M/s Bigshare Services Private Limited in place of erstwhile RTA M/s Linkintime India Pvt Ltd.

Both the resolutions were passed with requisite majority at the Extra Ordinary General Meeting of members of the Company held on February 09, 2015.

For RAGINI CHOKSHI & Co, Company Secretaries

Umashankar Hegde

Partner

C.P. No- 11161 # M.No- A22133

Place : Mumbai

Date : August 14, 2015

Note: 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.

Annexure A

To,
The Members

Melstar Information Technologies Limited
CIN-L99999MH1986PLC040604.

Our Report of even date is to be read along with this 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 happening of events etc.
5. Company follows the system of obtaining reports from various departments to ensure compliance with applicable to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.
6. The compliance of the provision 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.
7. 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 RAGINI CHOKSHI & Co, Company Secretaries

Umashankar Hegde

Partner

C.P. No- 11161 # M.No- A22133

Place : Mumbai

Date : August 14, 2015



MANAGEMENT DISCUSSION AND ANALYSIS

Industry Structure & Development

The impact of disruptive trends such as cloud computing, mobility and analytics have transformed the IT services industry. The adoption of the latest technology trends is focused on changing the delivery methodology of software applications and therefore converge with traditional IT services markets. Implementing new technologies in business solutions has become imperative for all service providers. The future of the Indian IT services sector will largely be impacted by the digital initiatives of the service providers and requirements of the customers. Indian service providers through a combination of constant innovation, maintaining quality of services, moving up the value chain and balancing the digital wave of services with traditional services is expected to grow at the rate of ~13% in FY 2016 too. India remains a high potential market worldwide, offering multiple opportunities for unmet needs. Considering the surge in mobile subscriptions, internet users and eCommerce markets, India is set to leapfrog into the digital world. 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.

Opportunity

Out Look / Risk / Concerns

The future of the global technology industry will be shaped by economic forces especially in the advanced countries. As the global economy improves and consumer confidence increases, investing in new technologies, cloud computing, mobility and analytics, and innovation will provide tremendous opportunities.

Weak Growth in economy and volatile currency movement are causes for consent in short run. There has been an improvement in the business sentiments based on optimism arising out of policy statements from a stable government.

As the government addresses various problems faced by economy prospect for increasing revenue appear to be bright.

To achieve higher growth, the IT industry leaders will need to focus on innovation, developing industry specific solutions, flexible global delivery models and a focus on increased operational excellence.

Your Company periodically assesses risk in the internal and external environment, along with the cost of treating risks and incorporates risk treatment plans in its strategy, business and operational plans.

Internal Control Systems and their Adequacy

As a part of its commitment to healthy Governance, the Company has adopted requisite internal controls, systems and procedures for all its departments. Review of such systems and procedures is undertaken periodically and is commensurate with the Company's size of business and statutory requirements. As in the previous years, during this year too, the Internal Auditors carried out quarterly reviews of different aspects of internal controls. All such reports were presented to Audit Committee for its review and necessary action was taken to strengthen the controls and procedures where deemed expedient. A comprehensive Manual clearly defining each aspect of control covering all significant areas of the Company's operation such as accounting and finance, procurement, employee engagement, delivery of services, etc is already in place and is monitored at regular intervals. Safeguarding of assets and their protection against unauthorized use are also part of the manual.

Discussion on Financial Performance with respect to Operational performance:

The financial statements have been prepared in accordance with the requirements of the Companies Act, 2013 and the applicable Accounting Standards as well as the Generally Accepted Accounting Principles (GAAP) in India. The salient aspects of the financial performance of the Company and its subsidiary have been dealt with at some length in the Directors' Report. The Consolidated Statements of Accounts of the Company covering a subsidiary duly audited are appended elsewhere in the Annual Report.

An Analysis of financial performance for the year ended **31ST MARCH 2015** is given hereinafter:

Sr. No	Particulars	As at 31.03.2015	As at 31.03.2014
		Rs. in Lakhs	Rs. in Lakhs
1	Shareholders' funds		
	(a) Share capital	1,428	1,428
	(b) Reserves and surplus	(650)	(456)
2	Non-current liabilities		
	(a) Long-term borrowings	-	-
	(b) Other long-term liabilities	-	-
	(c) Long-term provisions	48	33
3	Current liabilities		
	(a) Short-term borrowings	879	795
	(b) Trade payables	373	244
	(c) Other current liabilities	111	29
	(d) Short-term provisions	21	20
4	Non-current assets		
	(a) Fixed assets	907	914

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Sr. No	Particulars	As at 31.03.2015	As at 31.03.2014
		Rs. in Lakhs	Rs. in Lakhs
	(b) Non-current investments	35	
	(c) Long-term loans and advances	346	273
5	Current assets		
	(a) Trade receivables	Rs.446 Lakhs representing 55 days revenue for the year	Rs.314 Lakhs representing 58 days revenue for the year
	(b) Cash and cash equivalents	11	7
	(c) Short-term loans and advances	210	399
	(d) Other current assets	255	186
6	Impact of Foreign Exchange Fluctuations	Loss of Rs. 0.58 Lakhs	Gain of Rs. 6.42 Lakhs
7	Depreciation	71	82

Material Developments in Human Resources:

People are the company's key resource and the Company has to and does treat people as an important asset by establishing a structured program for paying competitive remuneration and performance related incentives and career advancement under a structured performance appraisal system. The Company has in place a conducive work environment that encourages innovation, meritocracy and motivates the employees to give their best performance. Development and training of employees to inculcate culture of excellence is an integral part of the Company's HR policy, besides close interaction, guidance, communication and involvement by superiors.

The employees' strength of the Company as on **31.03.2015** was **386**.

Quality

Melstar's proactive approach, combined with its commitment to building world-class capabilities is reflected in the SEI CMM Level III assessment and ISO 9001: 2008 certification. All technical employees of the Company have to undergo quality certification tests at regular intervals to ensure that the requisite quality standards are maintained. Clearing the quality tests has been made mandatory for continued employment and promotions. At the same time, the quality control team regularly continues due diligence exercises on all developmental activities by conducting periodical Internal Audits. To increase the awareness and implementation of the quality work, an award called "Quality Champion" is already in place and motivates the employees to follow quality standards.

Cautionary Statement

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could influence the Company's operations include economic developments within the country, demand and supply conditions in the industry, input prices, changes in Government regulation, tax laws and other factors such as litigation and industrial relations.

For Melstar Information Technologies Limited.

Ashish Mahendrakar
Director

Rakesh Kumar Dixit
Director

Place : Mumbai

Dated : 14TH August, 2015



REPORT ON CORPORATE GOVERNANCE

Company's Philosophy:

The Company considers Corporate Governance as an important process for conducting and managing its business activities in a transparent and visible manner in the interest of all its stakeholders, besides keeping important segments of the society adequately informed. Melstar Information Technologies Limited (MITL) adopted good corporate practices all through its existence and oriented its actions in consonance with them. It has been the endeavour of MITL to give fair and equitable treatment to all its stakeholders including employees, customers and shareholders as also to comply with applicable rules and regulations.

Board of Directors- Past and present Directors.

(A) Past Directors:

SR. NO.	NAME OF DIRECTOR	DATE OF APPOINTMENT	DATE OF CESSATION
1	Mr. Mohandas Adige	23.06.2009	19.12.2014
2	Mr. Rajesh Shah	23.06.2009	19.12.2014
3	Mr. Ramprakash Mishra	12.02.2014	05.03.2015
4	Mr. Vedant Birla	11.03.2015	06.05.2015
5	Mr. Vijay Mishra	13.11.2013	02.07.2015
6	Mr. Laxmi Daga	05.01.2015	14.08.2015

(B) The Composition of the present Directors is as under:

Name	Designation	Category of Directorship	No. of Directorships in other Companies as on 31.03.2015		Committee Memberships (Excl. MITL)	Committee Chairmanships (excluding member ships given in column 4)
1	2	3	4		5	6
			Other Listed Company	Unlisted Limited, Pvt. Ltd. Co., Foreign Co.		
Mrs. Kirti Tripathi (w.e.f 30.03.2015)	Director	Non-Executive Director	0	0		
Mr. Ashish Mahendrakar (w.e.f 01.07.2015)	Director	Non-Executive, Independent Director	2	12		
Mr. Rakesh Kumar Dixit (w.e.f 01.07.2015)	Director	Non-Executive, Independent Director	1	2		

Board Meetings

In conformity with the provisions of the Act as well as the Company's Articles, the Board met at regular intervals to review the quarterly / annual results and to transact other business. The Agenda for the Board meetings, containing relevant matters as requisite, are distributed in advance to all the Board members.

The Board met six times during the year ended 31.03.2015 viz. on 23.05.2014, 08.08.2014, 27.09.2014, 14.11.2014, 05.01.2015 and 12.02.2015. The following table gives the attendance record of the Directors at the Board and Annual General Meeting.

Number Of Board Meetings Held With Dates During The Year from 01.04.2014 to 31.03.2015.

Sr. No.	Name	No. of Board Meetings held	No. of Meetings Attended	Attendance at the last AGM held on 27-09-2014
1	Mr. Vijay Mishra (Up to 02.07.2015)	6	5	Yes
2	Mr. Rajesh Shah (Up to 19.12.2014)	6	4	Yes
3	Mr. Mohandas Adige (Up to 19.12.2014)	6	3	No
4	Mr. Ramprakash Mishra (Up to 05.03.2015)	6	4	No
5	Mr. Laxmi Daga (From 05.01.2015 to 14.08.2015)	6	2	N.A.
6	Mr. Vedant Birla (From 11.03.2015 to 06.05.2015)	6	N.A.	N.A.
7	Mrs. Kirti Tripathi (w.e.f. 30.03.2015)	6	N.A.	N.A.

Notes:

- None of the directors is related to any other director.
- None of the directors received any loans or advances from the Company during the year.
- The Directorships, held by Directors as mentioned above, do not include directorship in foreign companies.
- In accordance with Clause 49 of the Listing Agreement, Membership/Chairmanships of only Audit Committees and Stakeholders' Relationship Committees in all public limited companies (excluding Melstar Information Technologies Limited) have been considered.

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Apart from receiving sitting fee, the Independent Directors do not have any material pecuniary relationships or transactions with the Company, its promoters, its directors, its senior management, its subsidiaries and associates, which may affect independence of the director.

Details of Director seeking appointment/re-appointment at the forthcoming Annual General Meeting (In pursuance of Clause 49 of the Listing Agreement):

Name of the director	Date of birth	Qualifications	Date of appointment	Expertise in specific functional area	List of other directorship Excluding foreign companies private companies section 8 of the Companies Act, 2013	Chairman / member of the Board of other companies in which director	Company's shares held
Mrs. Kirti Tripathi (w.e.f. 30.03.2015)	08.07.1973	Msc. B. ed.	30.03.2015	Total 15 years of experience as Co-coordinator and Principal , Trustee of Bhatgava Education Trust , Founder Member of Nirmal Hindu Viswavidyalya Samiti U.P.	-	-	Nil
Mr. Ashish Mahendrakar (w.e.f. 01.07.2015)	20.06.1971	Master in Management Studies, Diploma in Business Management	01.07.2015	Mr. Ashish Mahendrakar aged 44 years is B.Com, D.B.M., M.M.S.having 23 years of experience in the field of accounts, banking and finance.	Birla Research & lifesciences Limited. Birla Electricals Limited. Zenith Birla (India) Limited. Birla Power Solutions Limited. Birla Integrated Textile Park Limited. Birla Shloka Edutech Limited.		Nil
Mr. Rakesh Kumar Dixit (w.e.f. 01.07.2015)	10.02.1955	B.Sc, B. Text	01.07.2015	Mr. Rakesh Kumar Dixit has 35 years of experience in the industry. He has worked as General Manager in various companies like M/s Century Yarn, R.T.M., Bedi Investment Ltd. He has also worked as Spinning Manager, Technical Manager and Technical Advisor.	Birla Cotsyn (India) Limited Birla Edutech Limited		Nil

Note: Only two Committee namely, Audit Committee and Shareholders/ Investor Grievance Committee have been considered.

COMMITTEES OF THE BOARD

(a) AUDIT COMMITTEE:

The Audit Committee acts as a link among the Management, the Statutory Auditors, Internal Auditors and the Board of Directors to oversee the financial reporting process of the Company. The Committee's purpose is to oversee the quality and integrity of accounting, auditing and financial reporting process including review of the internal audit reports and action taken report.

TERMS OF REFERENCE:

The terms of reference of the Audit Committee are wide enough to cover the matters specified for Audit Committee under Clause 49 of the Listing Agreements, as well as in Section 177 of the Companies Act, 2013. The terms of reference of the Audit Committee are broadly as under:

- Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors;
- Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
 - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report.
 - Changes, if any, in accounting policies and practices and reasons for the same.
 - Major accounting entries involving estimates based on the exercise of judgment by the management.
 - Significant adjustments made in the financial statements arising out of audit findings.
 - Compliance with listing and other legal requirements relating to financial statements.
 - Disclosure of any related party transactions.
 - Qualifications in the draft audit report.
- Reviewing, with the management, the quarterly financial statements before submission to the board for approval;



6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Review and monitor the Auditor's independence and performance, and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the management, the performance of statutory and internal auditors, adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussion with internal auditors of any significant findings and follow up there on;
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
16. Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. To look into the reasons for substantial defaults, if any, in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. To review the functioning of the Whistle Blower mechanism;
19. Approval of appointment of CFO (i.e., the Whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. Of the candidate;
20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
21. Reviewing financial statements, in particular the investments made by the Company's unlisted subsidiaries.

Review Of Information By Audit Committee:

1. The Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions submitted by management.
3. Management letters / letters of internal control weaknesses issued by the Statutory Auditors;
4. Internal audit reports relating to internal control weaknesses and
5. The appointment, removal and terms of remuneration of the Chief internal auditor.

Whistle Blower Policy: The Company has laid down a Whistle Blower Policy. The employees can bring to the notice of the management their concerns on any issues. A "Suggestion Box" is also available in the Company in which employees can deposit in writing their concerns and suggestions even without disclosing their name.

Meetings and attendance during the year: During the year under report, four meetings of the Committee were held, viz. on **23.05.2014**, **08.08.2014**, **14.11.2014** and **12.02.2015**. The composition of the Audit Committee for the year ended **31st March, 2015** and the attendance at the meetings is as under:

Sr. No.	Name	Title	Status	No. Of Meetings held during the year	No. Of Meetings Attended
1	Mr. Vijay Mishra (Up to 02.07.2015)	Member	Managing Director	4	3
2	Mr. Rajesh Shah (Up to 19.12.2014)	Chairman	Independent and Non-Executive Director	4	3
3	Mr. Mohandas Adige (Up to 19.12.2014)	Member	Independent and Non-Executive Director	4	3
4	Mr. Ramprakash Mishra (Up to 05.03.2015)	Member	Independent and Non-Executive Director	4	3
5	Mr. Laxmi Daga (From 05.01.2015 to 14.08.2015)	Member	Independent and Non-Executive Director	4	1

At its meetings, the Audit Committee reviewed the quarterly and annual financial results before the Board took the same on record. The Committee also reviewed Internal Audit Reports, Internal Control Systems and Procedures and conducted other businesses as requisite and made recommendations to the Board where improvements were deemed necessary to strengthen the same. As a measure of good corporate governance, representatives of Statutory Auditors were regularly invited to the meetings of the Audit Committee and made significant contribution to its deliberations. The minutes of the meetings of the Audit committee are regularly placed before the Board. The Company Secretary acts as the Secretary to the Committee.

The Audit Committee was re- constituted on **05.01.2015** as under:

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Sr. No.	Name	Title	Status
1	Mr. Laxmi Daga (From 05.01.2015 to 14.08.2015)	Chairman	Independent and Non-Executive Director
2	Mr. Ramprakash Mishra (Up to 5.3.2015)	Member	Independent and Non-Executive Director
3	Mr. Vijay Mishra (Up to 02.07.2015)	Member	Managing Director

Due to the appointment of Mrs. Kirti Tripathi and resignation of Mr. Ramprakash Mishra, the Audit Committee was again re- constituted on **29.05.2015** as under:

Sr. No.	Name	Title	Status
1	Mr. Laxmi Daga (From 05.01.2015 to 14.08.2015)	Chairman	Independent and Non-Executive Director
2	Mrs. Kirti Tripathi (w.e.f. 30.03.2015)	Member	Non-Executive Director
3	Mr. Vijay Mishra (Up to 02.07.2015)	Member	Managing Director

Due to the appointment of Mr. Rakesh Kumar Dixit and Mr.Ashish Mahendrakar and resignation of Mr. Vijay Mishra as Managing Director, Audit Committee was again re- constituted on **02.07.2015** as under:

Sr. No.	Name	Title	Status
1	Mr.Ashish Mahendrakar (w.e.f. 01.07.2015)	Chairman	Independent and Non-Executive Director
2	Mr. Rakesh Kumar Dixit (w.e.f. 01.07.2015)	Member	Independent and Non-Executive Director
3	Mr. Laxmi Daga (From 05.01.2015 to 14.08.2015)	Member	Independent and Non-Executive Director
4	Mrs. Kirti Tripathi (w.e.f. 30.03.2015)	Member	Non-Executive Director

(b) NOMINATION AND REMUNERATION COMMITTEE

The Board of Directors of the Company changed the nomenclature of the Remuneration Committee of the Company to “**NOMINATION AND REMUNERATION COMMITTEE**” and also modified its terms of reference to comply with the requirements of the Companies Act, 2013 and Clause 49 of the Listing Agreement. The constitution and terms of reference of **NOMINATION AND REMUNERATION COMMITTEE** of the Company are in compliance with provisions of Companies Act, 2013 and Clause 49 of the Listing Agreement.

Terms Of Reference:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
2. Formulation of criteria for evaluation of Independent Directors and the Board;
3. Devising a policy on Board diversity;
4. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance.
5. To recommend / review remuneration of the Managing Director(s) and Wholtime Director(s) based on their performance and defined assessment criteria.
6. To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.
7. To perform such other functions as may be necessary or appropriate for the performance of its duties.

Shri Vijay Modi Company Secretary placed before the Board, the draft of Appointment letter for an Independent Director.

Policy For Selection And Appointment Of Directors And Their Remuneration Criteria Of Selection Of Non-Executive Directors:

The Non-executive Directors shall be of high integrity with relevant expertise and experience so as to have a diverse Board with Directors having expertise in the fields of marketing, education, finance, taxation, law, governance and general management.

In case of appointment of Independent Directors, the Committee shall satisfy itself with regard to the independent nature of the Directors vis-a-vis the Company so as to enable the Board to discharge its function and duties effectively.

The Committee shall ensure that the candidate identified for appointment as a Director is not disqualified for appointment under Section 164 of the Companies Act, 2013.

The Committee shall consider the following attributes / criteria, whilst recommending to the Board the candidature for appointment as Director.

- i. Qualification, expertise and experience of the Directors in their respective fields;
- ii. Personal, Professional or business standing;
- iii. Diversity of the Board.

In case of re-appointment of Non-executive Directors, the Board shall take into consideration the performance evaluation of the Director and his engagement level.

Remuneration

The Non-executive Directors shall be entitled to receive sitting fees for each meeting of the Board attended by them, of such sum as may be approved by the Board of Directors within the overall limits prescribed under the Companies Act, 2013 and The Companies (Appointment and



Remuneration of Managerial Personnel) Rules, 2014 and reimbursement of expenses for participation in the Board Meetings and Committee Meetings.

Managing Director– Criteria For Selection / Appointment

For the purpose of selection of the Managing Director the Committee shall identify persons of integrity who possess relevant expertise, experience and leadership qualities required for the position and shall take into consideration recommendation, if any, received from any member of the Board.

The Committee will also ensure that the incumbent fulfils such other criteria with regard to age and other qualifications as laid down under the Companies Act, 2013 or other applicable laws.

At the time of appointment or re-appointment, Managing Director shall be paid such remuneration as may be mutually agreed between the Company (which includes the Committee and the Board of Directors) and the Managing Director within the overall limits prescribed under the Companies Act, 2013.

The remuneration shall be subject to the approval of the Members of the Company in General Meeting.

The remuneration of the Managing Director comprises of fixed and variable component as per the provisions of Companies Act, 2013. The fixed component comprises salary, allowances, perquisites, amenities and retiral benefits.

Remuneration Policy for the Senior Management Employees

In determining the remuneration of the Senior Management Employees the Committee shall ensure the relationship of remuneration and performance benchmark is clear.

The Managing Director will carry out the individual performance review based on the respective defined objectives, qualification, expertise, experience and other factors whilst recommending the annual increment and performance incentive to the Committee for its review and approval.

During the year under report the Committee met 1 time, i.e. on **08.08.2014**. The Composition of the Committee for the year ended **31.03.2015** and the attendance at the said meeting was as under:

Sr. No.	Name	Title	Status	No. of Meetings Attended
1	Mr. Vijay Mishra (Up to 02.07.2015)	Chairman	Managing Director	1
2	Mr. Rajesh Shah (Up to 19.12.2014)	Member	Independent and Non-Executive Director	1
3	Mr. Mohandas Adige (Up to 19.12.2014)	Member	Independent and Non-Executive Director	1
4	Mr. Ramprakash Mishra (Up to 05.03.2015)	Member	Independent and Non-Executive Director	1

The Remuneration Committee was re- constituted on **05.01.2015** as under:

Sr. No.	Name	Title	Status
1	Mr. Laxmi Daga (From 05.01.2015 to 14.08.2015)	Chairman	Independent and Non-Executive Director
2	Mr. Ramprakash Mishra (Up to 05.03.2015)	Member	Independent and Non-Executive Director
3	Mr. Vijay Mishra (Up to 02.07.2015)	Member	Managing Director

Due to the appointment of Mrs. Kirti Tripathi and resignation of Mr. Ramprakash Mishra, the Remuneration Committee was re- constituted on **29.05.2015** as under:

Sr. No.	Name	Title	Status
1	Mr. Laxmi Daga (From 05.01.2015 to 14.08.2015)	Chairman	Independent and Non-Executive Director
2	Mrs. Kirti Tripathi (w.e.f. 30.03.2015)	Member	Non-Executive Director
3	Mr. Vijay Mishra (Up to 02.07.2015)	Member	Managing Director

Due to the appointment of Mr. Rakesh Kumar Dixit and Mr.Ashish Mahendrakar and resignation of Mr. Vijay Mishra as Managing Director, the Remuneration Committee was re- constituted on **02.07.2015** as under:

Sr. No.	Name	Title	Status
1	Mr.Ashish Mahendrakar (w.e.f. 01.07.2015)	Chairman	Independent and Non-Executive Director
2	Mr. Rakesh Kumar Dixit (w.e.f. 01.07.2015)	Member	Independent and Non-Executive Director
3	Mr. Laxmi Daga (From 05.01.2015 to 14.08.2015)	Member	Independent and Non-Executive Director
4	Mrs. Kirti Tripathi (w.e.f. 30.03.2015)	Member	Non-Executive Director

Details Of Remuneration Paid To The Managerial Personnel During The Financial Year Ended 31st March 2015:

Name	Designation	Sitting Fee (Rs.)	Salary (Rs.)	Perquisites & other Dues (Rs.)	Contribution to Provident Fund and others	Total (Rs.)
Mr. Vijay Mishra (From 01.04.2014 to 31.03.2015)	Managing Director	NIL	21,00,000	20,90,200	2,52,000	44,42,200

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Non Executive Directors: A fee of Rs. 20,000/- is being paid to Non-executive Directors for attending each meeting of the Board and the members of the Audit Committee are being paid a fee of Rs. 10,000/- for attending each Audit Committee Meeting. The details of Sitting Fees paid to all Non-Executive Directors for financial year 2014-15 is as follows:

Sr. No.	Name	Designation	Rupees
1	Mr. Rajesh Shah (Up to 19.12.2014)	Independent and Non-Executive Director	Rs.1,20,000
2	Mr. Mohandas Adige (Up to 19.12.2014)	Independent and Non-Executive Director	Rs.1,00,000
3	Mr. Ramprakash Mishra (Up to 05.03.2015)	Independent and Non-Executive Director	Rs.1,10,000
4	Mr. Laxmi Daga (From 05.01.2015 to 14.08.2015)	Independent and Non-Executive Director	Rs. 30,000
5	Mrs. Kirti Tripathi (w.e.f. 30.03.2015)	Non-Executive Director	-

(c) STAKEHOLDERS' RELATIONSHIP COMMITTEE:

The Board of Directors of the Company changed the nomenclature of “**STAKEHOLDERS COMMITTEE**” to “**STAKEHOLDERS RELATIONSHIP COMMITTEE**” and also modified its terms of reference to comply with the requirements of the Companies Act, 2013 and Clause 49 of the Listing Agreement. The constitution and terms of reference of Stakeholders' Relationship Committee of the Company are in compliance with provisions of Companies Act, 2013 and Clause 49 of the Listing Agreement.

TERMS OF REFERENCE:

1. Oversee and review all matters connected with the transfer of the Company's securities.
2. Monitor redressal of investors' / shareholders' / security holders' grievances.
3. Oversee the performance of the Company's Registrar and Transfer Agents.
4. Recommend methods to upgrade the standard of services to investors.
5. Carry out any other function as is referred by the Board from time to time or enforced by any statutory notification / amendment or modification as may be applicable.

During the year under report the Committee met 3 times, i.e. on **23.05.2014, 08.08.2014 and 12.02.2015**. The Composition of the Committee for the year ended 31.03.2014 and the attendance at the meetings is as under:

Sr. No.	Name	Title	Status	No. of Meetings Attended
1	Mr. Mohandas Adige (Up to 19.12.2014)	Chairman	Independent and Non-Executive Director	2
2	Mr. Rajesh Shah (Up to 19.12.2014)	Member	Independent and Non-Executive Director	2
3	Mr. Ramprakash Mishra (Up to 05.03.2015)	Member	Independent and Non-Executive Director	2
4	Mr. Vijay Mishra (Up to 02.07.2015)	Member	Managing Director	2

The Investor Grievance and Share Transfer Committee was re- constituted on **05.01.2015** as under:

Sr. No.	Name	Title	Status
1	Mr. Laxmi Daga (From 05.01.2015 to 14.08.2015)	Chairman	Independent and Non-Executive Director
2	Mr. Ramprakash Mishra (Up to 05.03.2015)	Member	Independent and Non-Executive Director
3	Mr. Vijay Mishra (Up to 02.07.2015)	Member	Managing Director

Due to the appointment of Mrs. Kirti Tripathi and resignation of Mr. Ramprakash Mishra, the Investor Grievance and Share Transfer Committee was re- constituted on **29.05.2015** as under:

Sr. No.	Name	Title	Status
1	Mr. Laxmi Daga (From 05.01.2015 to 14.08.2015)	Chairman	Independent and Non-Executive Director
2	Mrs. Kirti Tripathi (w.e.f. 30.03.2015)	Member	Non-Executive Director
3	Mr. Vijay Mishra (Up to 02.07.2015)	Member	Managing Director

Due to the appointment of Mr. Rakesh Kumar Dixit and Mr. Ashish Mahendrakar and resignation of Mr. Vijay Mishra as Managing Director, the Investor Grievance and Share Transfer Committee was re- constituted on **02.07.2015** as under:

Sr. No.	Name	Title	Status
1	Mr. Ashish Mahendrakar (w.e.f. 01.07.2015)	Chairman	Independent and Non-Executive Director
2	Mr. Rakesh Kumar Dixit (w.e.f. 01.07.2015)	Member	Independent and Non-Executive Director
3	Mr. Laxmi Daga (From 05.01.2015 to 14.08.2015)	Member	Independent and Non-Executive Director
4	Mrs. Kirti Tripathi (w.e.f. 30.03.2015)	Member	Non-Executive Director

The Company Secretary acts as the Compliance Officer and has been regularly interacting with the Share Transfer Agents to ensure that the complaints/grievances of the investors are attended to without undue delay and where deemed expedient, the complaints are referred to the Chairman of the Committee or discussed at its meetings. In general, all complaints are attended to within seven days from the date of receipt.

The Company has a dedicated e-mail ID, vmodi@melstar.com and companysecretary@melstar.com attended by the Secretarial Department to enable the investors to communicate with the Company.

The Company has not received any complaints from members.



During the year, the Registrar had registered 4 transfers comprising 103 shares and processed 11 requests for dematerialization of 1100 shares. There were no valid requests pending for share transfers at the end of the year."

(d) SECURITIES TRANSFER COMMITTEE:

The Board of Directors of the Company changed nomenclature of "SHARE TRANSFER COMMITTEE" to "SECURITIES TRANSFER COMMITTEE".

In order to provide efficient and timely services to investors, the Board of Directors has delegated the power of approving transfer/transmission of Company's Securities, issue of duplicate share / debenture certificates, split up / sub-division, and consolidation of shares, issue of new certificates on re-materialization, sub-division and other related formalities to the Securities Transfer Committee and to Shri Vijay Modi Company Secretary.

(e) CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:

Considering the requirements of the Companies Act, 2013, the Board of Directors of the Company the Corporate Social Responsibility Committee.

The Committee's prime responsibility is to assist the Board in discharging its social responsibilities by way of formulating and monitoring implementation of the framework of "Corporate Social Responsibility Policy", observe practices of Corporate Governance at all levels and to suggest remedial measures wherever necessary.

The Committee's constitution and terms of reference meet with the requirements of the Companies Act, 2013.

TERMS OF REFERENCE OF THE COMMITTEE, INTER ALIA, INCLUDES THE FOLLOWING:

1. To formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013 and rules made there under;
2. To recommend the amount of expenditure to be incurred on the CSR activities.
3. To monitor the implementation of framework of CSR Policy.
4. To carry out any other function as mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification as may be applicable or as may be necessary or appropriate for performance of its duties.

PERFORMANCE EVALUATION OF THE BOARD

After taking into consideration one to one inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance; pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit, Nomination and Remuneration Committees.

The performance evaluation of the Independent Directors was carried out by the Board. The performance evaluation of the Managing Directors was carried out by the Independent Directors who also reviewed the performance of the Secretarial Department. The Board of Directors expressed their satisfaction with the evaluation process.

Independent Directors Meeting

During the year under review, the Independent Directors met on **12.02.2015**, inter alia, to discuss:

1. Evaluation of the performance of Managing Director and the Board of Directors as a Whole;
2. Evaluation of the quality, content and timelines of flow of information between the management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All the Independent Directors were present at the meeting.

GENERAL BODY MEETINGS The Annual General Meetings of the Company held during the previous three years were as under:

Financial Year	Date	Time	Location	Special Resolutions transacted
AGM: 2011-12	30.08.2012	3.00 p.m.	M. C. Ghia Hall, 2 nd Floor, 18/20 K. Dubash Marg, Kalaghoda, Mumbai – 400 001	NIL
AGM: 2012-13	20.09.2013	3.00 p.m.	Harmony Hall, Nehru Centre, Dr. A B Road, Worli, Mumbai 400018	Appointment of Mr. Richard D'Souza as the Managing Director of the Company
AGM: 2013-14	27.09.2014	9.00 a.m.	Gopi Birla Memorial School, 68, Walkeshwar Road, Malbar Hill, Mumbai – 400 001	Appointment of Mr. Vijay Mishra as the Managing Director of the Company

DISCLOSURES ON RELATED PARTY TRANSACTIONS

No materially significant related party transactions were entered by the Company with its promoters or directors, which could be deemed to be potentially conflicting with the interests of the Company. There were some transactions with related parties in the ordinary course of business of the Company. The register of contracts contains details of transaction in which directors are interested and the same is placed before the meeting of the Board. The details of such transactions are disclosed in the Notes to Accounts. (Please Refer Note no. 28 of the financial statements).

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SUBSIDIARY COMPANY

The Company has one Subsidiary Company. The minutes of the subsidiary are placed before the Board of Directors of the Company and the same were reviewed.

There are no materially significant related party transactions made by the Company with its Promoters, Directors or Management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the Company at large.

There was no reported case of levy of any penalties, or imposition of strictures on the Company by the Stock Exchanges or SEBI on any matter related to the capital markets during the last three years.

RISK MANAGEMENT

A risk management policy is in place, wherein key risks are categorised and assessed in terms of probability and its likely impact on the Company's business which are evaluated and report of the same are placed before the Board for review.

MEANS OF COMMUNICATION

The Company regularly publishes its quarterly, half-yearly and annual results in due time in National and Regional Daily newspapers (Business Standard and Mahanayak) in compliance with requirements. These are also displayed on Company's website www.melstar.com. No presentation was made to analyst during the financial year under report.

The Management Discussion and Analysis Report appended elsewhere and forms integral part of the Annual Report.

OTHERS

A firm of Chartered Accountants/Company Secretaries periodically carried out Secretarial Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The secretarial audit reports confirm that the total issued and paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

General Shareholder Information

Annual General Meeting

Day, date and time of Annual general meeting	Tuesday	29.09.2015	10:00 A M	G-4, Melstar House M.I.D.C. Cross Road "A" Andheri (East) Mumbai-400093,
Dates of book closure	From Tuesday the 22 nd September, 2015 to Tuesday the 29 th September, 2015 (both days inclusive)			

Special Resolutions: No Special Resolution(s) are proposed at the above-mentioned Annual General Meeting .

Resolutions Passed by Postal Ballot: No resolution was passed by Postal Ballot during the year 2014-15

Financial Calendar:

- 1) First Quarter Results : On or before 14th August
- 2) Second Quarter / Half yearly Results : On or before 14th November
- 3) Third Quarter results : On or before 14th February.
- 4) Fourth Quarter / Audited Annual Results : On or before 30th May

Stock Exchanges on which Company's shares are listed:

Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001 Code: 532307	The National Stock Exchange of India Limited Exchange Plaza, Bandra-Kurla Complex, Bandra (E), Mumbai – 400 051 Code: MELSTAR
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The Company has been regular in paying the Listing Fees to the Stock Exchanges. Listing Fees for the year **2015-16** have also been paid.

Registrar and Share Transfer Agent: The complete address of Registrar and Share Transfer Agent for communication is as follows:

Bigshare Services Private Limited,

E-2, Ansa Industrial Estate, Sakinaka Road, Sakinaka, Andheri (east), Mumbai-400072.

Tel: 022-40430200; Fax: 022-28475207

Share Transfer System

The Shares lodged for transfers and dematerialization are processed by the Registrar and Share Transfer Agent on a weekly basis and generally registered and returned within a period of two weeks from the date of receipt, if the documents are complete in all respects.

The Company has been obtaining half yearly certificates from a Company Secretary in Practice within 15 days from the close of the relevant period with regard to compliance of share transfer formalities as per the requirement of clause 47(c) of the Listing Agreement of the stock exchanges, where the securities of the company are listed.

Market price data:

High / Low during each month and performance in comparison to NSE and BSE Sensex / BSE IT Index during the financial year ended 31.03.2015:



BOMBAY STOCK EXCHANGE LIMITED (BSE)				NATIONAL STOCK EXCHANGE (NSE)		
Month	High Price	Low Price	No. of Shares traded	High Price	Low Price	No. of Shares traded
14-Apr	3.22	1.92	48072	3.15	2.3	38659
14-May	3.08	2.47	20740	2.85	2.2	33703
14-Jun	4.42	2.83	83702	4.5	2.85	93296
14-Jul	4.75	3.27	60143	4.65	3.4	33990
14-Aug	6.74	4.8	212055	6.6	4.85	76821
14-Sep	8.95	5.05	353063	8.7	5.25	183110
14-Oct	9.35	6.7	450549	9.45	6.9	263309
14-Nov	10.2	7.76	162569	9.95	7.7	37831
14-Dec	8	5.6	77265	8	7.25	6600
15-Jan	6.19	4.46	98242	6.9	4.7	76196
15-Feb	7.44	4.35	135947	7.4	4.3	66982
15-Mar	7.5	3.8	60318	7.65	4.4	44814

DISTRIBUTION OF SHAREHOLDING AS AT 31st March, 2015

Shareholding of Nominal value of Rs.	No. of Share holders	% of Total	Shares	% of Total
1 - 5000	8093	80.6156	1,36,23,350	9.5381
5001 - 10,000	1009	10.0508	86,19,520	6.0348
10,001 - 20,000	450	4.4825	70,14,380	4.9110
20,001 - 30,000	169	1.6834	43,65,680	3.0565
30,001 - 40,000	69	0.6873	24,64,910	1.7257
40,001 - 50,000	70	0.6973	33,06,550	2.3150
50,001-1,00,000	97	0.9662	68,18,010	4.7735
1,00,001-9999999999	82	0.8168	96,618,990	67.6455
Total	10039	100.0000	1,42,83,139	100.0000

Shareholding Pattern as at 31.03.2015

Category	No. of shares	% of holding
A Promoters' holding		
1. Bodies Corporate pursuant to open offer purchase	70,20,976	49.1557
B Non-Promoters holding		
1. Banks, Financial Institutions, Insurance Companies (Central / State Government Institutions / Non-Gov. Institutions)	1,00,000	00.7001
2. Private Corporate Bodies	9,77,804	4.7145
3. Indian Public / HUFs/ Employees	58,93,643	43.3943
4. NRIs	2,31,766	1.6227
5. Foreign Individuals	58950	0.4127
TOTAL	1,42,83,139	100.00

Dematerialization of Shares and Liquidity: All shares of the Company are under compulsory dematerialization for delivery on sale / purchase. As at 31.03.2015, the number of shares of the Company in demat form stood at **1, 40, 21,218** share representing **98.17%** of shares issued by the Company. Considering the advantages of trading in demat form, members are encouraged to consider dematerialisation of their shareholding so as to avoid inconvenience in future.

Demat ISIN Number allotted to company's shares by NSDL and CDSL is: **INE817A01019**.

Declaration on Compliance with the Code of Conduct It is hereby confirmed that all the Directors and Senior Management Personnel (i.e. one level below the executive directors, including all functional heads) of the Company have received, read and understood for compliance with the Code of Conduct framed by the Company and confirmations for the year ended **31.03.2015** have been obtained from the Directors and Senior Management Personnel of the Company.

The Code of conduct for Directors and Senior Managers as adopted by the Board has been posted on the web site of the Company (www.melstar.com).

Address of registered office, subsidiary office and other Indian offices for correspondence: Please refer to the first page of the Annual Report.

Outstanding GDRs / ADRs, etc.: The Company has not issued any GDRs or ADRs or any other convertible instruments.

For Melstar Information Technologies Limited.

Ashish Mahendrakar
Director

Rakesh Kumar Dixit
Director

Place: Mumbai

Date: 14th August, 2015.

DECLARATION ON COMPLIANCE WITH THE CODE OF CONDUCT

It is hereby confirmed that all the Directors and Senior Management Personnel (i.e. one level below the executive directors, including all functional heads) of the Company have received, read and understood for compliance with the Code of Conduct framed by the Company and confirmations for the year ended **31.03.2015** have been obtained from the Directors and Senior Management Personnel of the Company.

FOR MELSTAR INFORMATION TECHNOLOGIES LIMITED

**VIJAY MISHRA
MANAGING DIRECTOR**

Mumbai: 29.05.2015.

CERTIFICATE BY THE MANAGING DIRECTOR (MD) AND CHIEF FINANCIAL OFFICER (CFO) PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT:

We Vijay Mishra – Managing Director and Anil S. Korpé –as a CFO hereby certify that:

- (a) We have reviewed financial statements and the cash flow statement for the year ended **31.03.2015** and that to the best of our knowledge and belief:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps they have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the Auditors and Audit Committee:
 - I. significant changes in internal control over financial reporting during the year;
 - II. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial Statements; and
 - III. instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.

For MELSTAR INFORMATION TECHNOLOGIES LIMITED

**Place: Mumbai
Date: 29.05.2015**

**Vijay Mishra
Managing Director**

**Anil S. Korpé
Chief Financial Officer**

CERTIFICATE

To the Members of

MELSTAR INFORMATION TECHNOLOGIES LIMITED.

We have examined the compliance of conditions of Corporate Governance by **MELSTAR INFORMATION TECHNOLOGIES LIMITED** (the Company) for the year-ended **MARCH 31, 2015**, as stipulated in Clause 49 of the Listing Agreements entered in to with the stock Exchanges in India.

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

In our opinion and to the best of our information and according to the explanations given to us and based on 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 Agreements.

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

**FOR JAI PRAKASH UPADHAYAY & CO.
CHARTERED ACCOUNTANTS**

**JAI PRAKASH UPADHAYAY
PROPRIETOR
MEMBERSHIP NO: 116778**

**PLACE: MUMBAI
DATE: 18TH JUNE, 2015**



INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MELSTAR INFORMATION TECHNOLOGIES LIMITED

Report on the Standalone Financial Statements

We have audited accompanying financial statements of **MELSTAR INFORMATION TECHNOLOGIES LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss, Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information, in which are incorporated the Returns for the year ended on that date audited by the branch auditors of the Company's branch at USA.

Management' Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone 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 the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 were 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 standalone 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 the 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. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's 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 on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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 31 March, 2015, and its loss and its cash flows for the year ended on that date.

Other Matters

We did not audit the financial statements of one(1) branch included in the standalone financial statements of the Company whose financial statements reflect total assets of Rs.58,113 as at 31st March, 2015 and total revenues of Rs. NIL for the year ended on that date, as considered in the standalone financial statements. The financial statements of this branch has been audited by the branch auditors whose report has been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of this branch, is based solely on the report of such branch auditors.

Our opinion is not modified in respect of this matter.

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 said Order.

2. As required by section 143(3) of the Act, we 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 it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the USA branch not visited by us.
- c) The reports on the accounts of the branch office of the Company audited under Section 143 (8) of the Act by branch auditors have been sent to us and have been properly dealt with by us in preparing this report.
- d) The Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account and with the returns received from the branch not visited by us.
- e) In our opinion, the aforesaid Standalone Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- f) On the basis of the written representations received from the directors, as on March 31, 2015 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.
- (g) With respect to the 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 has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 20 to the financial statements;
 - (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 Jai Prakash Upadhyay & Co.
Chartered Accountants
Firm Registration No: 125073W

Place: Mumbai
Date: May 29, 2015

Jai Prakash Upadhyay
Partner
Membership No.: 116778



ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in paragraph 1 under Report on Other Legal and Regulatory Requirements section of our report of even date on the accounts of **MELSTAR INFORMATION TECHNOLOGIES LIMITED** for the year ended March 31, 2015)

- (i) (a) The Company has generally maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - (b) As informed and explained to us, all Fixed Assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification.
- (ii) The company does not have any inventories during the year. Consequently, clause 3(ii) of the order is not applicable.
- (iii) As informed to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Act.
- (iv) In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system of the Company.
- (v) During the year, the Company has not accepted any deposits from the public. As such, the compliance with directives issued by the Reserve Bank of India and the provisions of section 73 to 76 of the Companies Act, 2013 and the rules framed thereunder are not applicable.
- (vi) According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013.
- (vii) (a) According to the records of the Company, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-Tax, Sales-Tax, Wealth Tax, Service Tax, Duty of Customs, Duty of Excise, value added tax, cess and any other statutory dues with the appropriate authorities during the year.
 - (b) There are no dues of sales tax/ income tax / duty of customs / wealth tax / service tax/ duty of excise / value added tax/ cess, which have not been deposited with the appropriate authorities on account of any dispute.
 - (c) According to the records of the Company, there are no amounts required to education and protection fund in accordance with the relevant provisions of Section 125 of the Companies Act, 2013 and the rules framed there under are not applicable.
- (viii) The Company's accumulated losses at the end of the financial year are more than fifty per cent of its net worth. The Company has incurred cash loss in current year as well as in previous year.
- (ix) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (x) According to the information and explanations given to us and the record examined by us, the Company has not given any guarantee for loans taken by others from bank or financial institutions, the terms and conditions whereof are prejudicial to the interest of the company
- (xi) Based on information and explanations given to us by the management, the Company has not taken any term loan hence clause 3 (xi) of the Order is not applicable to the Company
- (xii) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the management.

For Jai Prakash Upadhyay & Co.
Chartered Accountants
Firm Registration No: 125073W

Place: Mumbai
Date: May 29, 2015

Jai Prakash Upadhyay
Partner
Membership No.: 116778

BALANCE SHEET AS AT MARCH 31, 2015

(In rupees)

Particulars		Note No.	As at 31.03.2015	As at 31.03.2014
I	EQUITY AND LIABILITIES			
1	Shareholders' Funds			
	(a) Share Capital	2	142,831,390	142,831,390
	(b) Reserves and Surplus	3	(64,962,742)	(45,597,473)
			77,868,648	97,233,917
2	Non-Current Liabilities			
	(a) Long term provisions	4	4,836,241	3,339,592
			4,836,241	3,339,592
3	Current Liabilities			
	(a) Short-term borrowings	5	87,880,859	79,462,227
	(b) Trade payables (Refer Note No.33 & 34)		37,315,405	24,380,161
	(c) Other current liabilities	6	11,051,768	2,874,620
	(d) Short-term provisions	7	2,116,690	1,979,550
			138,364,722	108,696,558
	TOTAL		221,069,612	209,270,067
II	ASSETS			
1	Non-current assets			
	(a) Fixed assets	8		
	(i) Tangible assets		81,616,431	91,251,752
	(ii) Intangible assets		46,517	105,617
	(iii) Intangible assets under development		9,052,000	-
	(b) Non-current investments	9	3,500,000	-
	(c) Long term loans and advances	10	34,593,938	27,318,032
			128,808,886	118,675,401
2	Current assets			
	(a) Trade receivables	11	44,560,553	31,396,918
	(b) Cash and cash equivalents	12	1,111,361	701,052
	(c) Short-term loans and advances	13	21,026,093	39,891,930
	(d) Other current assets	14	25,562,719	18,604,766
			92,260,726	90,594,666
	TOTAL		221,069,612	209,270,067
	Significant Accounting policies	1		
	Notes form an integral part of the financial statements			

As per our report of even date

For Jai Prakash Upadhayay & Co.

Chartered Accountants

Firm Registration No. 125073W

Jai Prakash Upadhayay

Proprietor

Membership No. 116778

For and on behalf of the Board of Directors

Vijay Mishra

Managing Director

L. R. Daga

Director

Kirti Tripathi

Director

Vijay Modi

Company Secretary

Anil S. Korpe

Chief Financial Officer

Mumbai, Dated : May 29, 2015



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2015

(In rupees)

Particulars		Note No.	For the year ended 31st March 2015	For the year ended 31st March 2014
I.	Revenue from operations	15	223,582,916	182,266,411
II.	Other Income	16	10,090,387	11,039,448
III.	Total Revenue (I + II)		233,673,303	193,305,859
IV.	Expenses :			
	Purchases of Stock in Trade		-	30,000
	Employee benefits expense	17	171,806,789	159,489,716
	Finance costs	18	13,713,621	9,206,607
	Depreciation and amortization expenses	8	7,105,660	8,187,816
	Other expenses	19	39,735,530	39,725,548
	Total Expenses		232,361,600	216,639,687
V.	Profit/ (Loss) before exceptional and extraordinary items and tax (III-IV)		1,311,703	(23,333,828)
VI.	Exceptional Item (Refer Note No.22)		(17,854,503)	-
VII.	Loss before extraordinary items and tax (V + VI)		(16,542,800)	(23,333,828)
VIII.	Extraordinary Items		-	-
IX.	Loss before tax (VII- VIII)		(16,542,800)	(23,333,828)
X.	Tax expense:			
	(1) Current tax of earlier year		-	(729,819)
	(2) Current tax of earlier year written back		-	-
XI.	Loss for the period from continuing operations (IX+X)		(16,542,800)	(24,063,647)
XII.	Profit/(Loss) from discontinuing operations		-	-
XIII.	Tax expense of discontinuing operations		-	-
XIV.	Profit/(loss) from Discontinuing operations (after tax) (XII-XIII)		-	-
XV.	Loss for the period (XI + XIV)		(16,542,800)	(24,063,647)
XVI.	Earnings per equity share (Refer Note No. 27) (Rupees):			
	Basic & Diluted (Before Exceptional Item)		0.09	(1.68)
	Basic & Diluted (After Exceptional Item)		(1.16)	(1.68)
	Face value of Equity shares (in Rs.)		10.00	10.00
	Significant Accounting policies	1		
	Notes form an integral part of the financial statements			

As per our report of even date

For Jai Prakash Upadhayay & Co.

Chartered Accountants
Firm Registration No. 125073W

Jai Prakash Upadhayay

Proprietor
Membership No. 116778

For and on behalf of the Board of Directors

Vijay Mishra

Managing Director

L. R. Daga

Director

Kirti Tripathi

Director

Vijay Modi

Company Secretary

Anil S. Korpe

Chief Financial Officer

Mumbai, Dated : May 29, 2015

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015

		Rupees	2014-15 Rupees	Rupees	2013-14 Rupees
A	Cash flow from operating activities				
	Loss before tax		(16,542,800)		(23,333,828)
	Adjustments for :				
	Depreciation and amortisation	7,105,660		8,187,816	
	Fixed Assets written off	-		101,423	
	Loss on Sale of Fixed Assets sold/ discarded (Net)	-		290,895	
	Interest on Income Tax refund	(7,988,311)		(819,345)	
	Interest expense	13,376,121		9,004,107	
	Interest received on Inter Corporate Deposits and Other Deposits	-		(3,017,075)	
	Foreign Currency Translation Reserve credited to Profit and Loss Account	-		(744,755)	
	Exchange Difference (Net)	23,858		27,492	
	Operating loss before working capital changes		12,517,328		13,030,558
	Adjustments for :		(4,025,472)		(10,303,270)
	Trade and other receivables	(1,256,495)		86,696,588	
	Trade payables	22,696,215	21,439,720	(101,572,347)	(14,875,759)
	Cash generated from / (used in) operations		17,414,248		(25,179,030)
	Income Tax (Paid)/ Refund (Net)		(7,274,961)		2,225,273
	Net cash generated from/(used in) operating activities		10,139,287		(22,953,757)
B	Cash flow from investing activities				
	Interest received on Inter Corporate Deposits and Other Deposits	-		3,017,075	
	Investments	(3,500,000)		-	
	Additions to fixed assets	(9,285,910)		(137,450)	
	Proceeds from sale of fixed assets	-		76,567	
	Interest on Income Tax refund	7,988,311		819,345	
	Net cash (used in)/ generated from investing activities		(4,797,599)		3,775,537
C	Cash flow from financing activities				
	Proceeds from borrowings	8,418,632		26,765,481	
	Interest paid	(13,326,153)		(8,978,581)	
	Net cash (used in) /generated from financing activities		(4,907,521)		17,786,900
	Net increase /(decrease) in cash and cash equivalents		434,167		(1,391,320)
	Opening balance of cash and cash equivalents		676,248		2,067,568
	Closing balance of cash and cash equivalents		1,110,415		676,248

Notes :

- 1 Cash and cash equivalents include cash and bank balances in current accounts and deposit accounts (Refer Note No.12)
Cash and Cash equivalents include :

	31st March, 2015 Rs	31st March, 2014 Rs
Cash and Bank Balances	1,111,361	701,052
Unrealised (gain)/ loss on foreign currency cash and cash equivalents	(946)	(24,804)
Total cash and cash equivalents	1,110,415	676,248

- 2 Previous year figures have been regrouped wherever necessary to correspond with the figures of the current year.

As per our report of even date

For Jai Prakash Upadhayay & Co.
Chartered Accountants
Firm Registration No. 125073W

Jai Prakash Upadhayay
Proprietor
Membership No. 116778

For and on behalf of the Board of Directors

Vijay Mishra
Managing Director

L. R. Daga
Director

Vijay Modi
Company Secretary

Kirti Tripathi
Director

Anil S. Korpe
Chief Financial Officer

Mumbai, Dated : May 29, 2015



Notes to financial statements for the period ended 31st March, 2015

1 Significant Accounting Policies:

a) System of Accounting:

The Financial Statements have been prepared under the historical cost convention, except where impairment is made and on accrual basis in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014. Accounting policies have been consistently applied by the Company and are consistent with those used in the Previous Year.

b) Use of estimates:

The preparation of financial statements in accordance with the generally accepted accounting principles requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimate is recognized in the period in which the estimates are revised and in any future period affected.

c) Fixed Assets and Intangible Assets :

Fixed Assets are valued at cost, except for certain Fixed Assets which have been stated at revalued amounts as determined by approved independent valuer, after reducing accumulated depreciation until the date of the balance sheet. Direct Costs are capitalised until the assets are ready to use and include financing costs relating to any specific borrowing attributable to the acquisition of fixed assets.

Intangible assets are recognised, only if it is probable that the future economic benefits that are attributable to the assets will flow to the enterprise and the cost of the assets can be measured reliably. The intangible assets are recorded at cost and are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

d) Investments:

Long Term Investments are stated at cost, which include cost of acquisition and related expenses. Provision is made to recognise a decline, other than temporary, in the value of investments. Current investments are stated at cost or fair value whichever is lower.

Overseas Investments are carried at their original rupee cost.

e) Depreciation and Amortisation:

With effect from 1st April 2014, depreciation in respect of assets is provided on the basis of useful lives of assets as prescribed in Part 'C' of Schedule II to the Companies Act, 2013.

Prior to 1st April 2014, Depreciation in respect of assets has been provided for on Straight Line Method at the rates prescribed in Schedule XIV to the Companies Act, 1956. Depreciation on revalued fixed assets has been provided on Straight Line Method over the residual life of the asset and charged to the Profit and Loss account. Individual assets cost of which doesn't exceed Rs. 5,000/- each are depreciated in full in the year of purchase.

Leasehold land is written off over the lease period.

Intangible Assets– Computer Software are amortised over a period of five years based on the technical evaluation of their useful economic life.

f) Inventories:

Software Finished Goods (Traded) :

Software Finished Goods (Traded) are valued at cost (arrived on FIFO basis) or net realisable value, whichever is lower.

g) Foreign Currency Transactions/Translation:

Transactions in foreign currency are recorded at the original rates of exchange in force at the time transactions are effected. Exchange differences arising on settlement of all transactions are recognised in the profit and loss account.

Monetary items denominated in foreign currency are reported using the exchange rates prevailing at the date of balance sheet and the resulting net exchange difference is recognised in the profit and loss account.

Foreign Branches:

The translation of financial statements of Foreign Branches is done as under in accordance with Accounting Standard (AS) 11 (Revised) on 'The Effect of Changes in Foreign Exchange Rates', considering its foreign branches as non-integral foreign operations:

- i. All the items of income and expenses during the year are translated at an average rate.
- ii. All the monetary and non-monetary assets and liabilities are translated at closing rate.
- iii. The resulting exchange difference is accumulated in 'foreign currency translation reserve' until the disposal of the net investment in the said non-integral foreign operations.

h) **Borrowing Costs:**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are charged to revenue.

i) **Employee benefits :**

a) **Post Employment Benefits and Other Long Term Benefits.**

i) **Defined Contribution Scheme**

Company's contribution for the year paid/payable to defined contribution retirement benefit schemes are charged to Profit and Loss Account.

ii) **Defined Benefit and Other Long Term Benefit Schemes**

Company's liabilities towards defined benefit schemes and other long term benefits viz. gratuity and compensated absences expected to occur after twelve months, are determined using the Projected Unit Credit Method. Actuarial valuations under the Projected Unit Credit Method are carried out at the balance sheet date. Actuarial gains and losses are recognised in the Profit and Loss account in the period of occurrence of such gains and losses. Past service cost is recognised immediately to the extent benefits are vested, otherwise it is amortised on straight-line basis over the remaining average period until the benefits become vested.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost.

b) **Short-term employee benefits**

Short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised undiscounted during the period employee renders services. Such benefits include bonus/ ex-gratia/ compensated absences.

j) **Revenue recognition:**

Revenues from software consultancy services are recognised on specified terms of contract in case of contract on time basis and in case of fixed price contract, revenue is recognized using percentage of completion method of accounting. Revenues from software products trading are recognized upon acceptance of delivery of such software products. Unbilled services included in other current assets represents amount recognized based on services performed in advance of billing in accordance with contract terms.

Amount received in advance of services performed are recorded as unearned income.

Revenues outside India include value added tax wherever applicable.

Revenues in India exclude service tax charged.

Revenue is recognised only when it is reasonably certain that the ultimate collection will be made.

Dividend Income is recognised in the statement of Profit and Loss, when right to receive payment is established.

Interest income is recognised on time proportion basis.

Lease rentals are recognised on straight line basis over the lease term.

k) **Taxes on Income:**

Current tax is determined as the amount of tax payable in respect of taxable income for the year.

Minimum alternate tax (MAT) paid in accordance with the tax laws, which gives rise to future economic benefit in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal tax after the tax holiday period.

Deferred tax is recognized, subject to consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets arising on account of unabsorbed depreciation or carry forward losses are recognized only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized. At each balance sheet date the Company reassesses unrecognised deferred tax assets, to the extent they become reasonably certain or virtually certain of realisation, as the case may be.

l) **Fringe Benefit Tax:**

Fringe Benefit Tax was recognized in accordance with the relevant provisions of the Income Tax Act, 1961 and the Guidance note on Fringe Benefit Tax issued by the Institute of Chartered Accountants of India (ICAI).

m) **Operating Leases:**

Assets taken on lease under which all risks and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease payments under operating leases are recognised as expenses on accrual basis in accordance with the respective lease agreements.



n) Impairment of assets:

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

o) Provisions, Contingent Liabilities and Contingent Assets:

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognised but are disclosed in the Notes to Accounts. Contingent Assets are neither recognised nor disclosed in the financial statements.

p) Cash Flow Statement:

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

q) Earnings per share:

In determining earnings per share, the company considers the net profit after tax after reducing the preference dividend and tax thereon and includes the post-tax effect of any extra-ordinary items. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the period. The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share, and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares.

r) Cash and cash equivalents:

Cash and cash equivalents for the purpose of Cash Flow Statement comprises of cash at banks, cash in hand (including cheques in hand) and bank deposits with maturity of less than three months.

2 SHARE CAPITAL

PARTICULARS	As at 31.03.2015		As at 31.03.2014	
	Number	Rupees	Number	Rupees
Authorised				
Equity Shares of Rs.10/- each	54,950,000	549,500,000	54,950,000	549,500,000
Preference Shares of Rs.10/- each	50,000	500,000	50,000	500,000
		550,000,000		550,000,000
Issued, Subscribed and Paid up				
Equity Shares of Rs.10/- each, fully paid up	14,283,139	142,831,390	14,283,139	142,831,390
TOTAL		142,831,390		142,831,390

Reconciliation of number of shares outstanding at the beginning and at the end of the reporting period

Particulars	Equity Shares	
	Number	Rupees
Shares outstanding at the beginning of the year	14,283,139	142,831,390
Shares Issued during the year	-	-
Shares bought back during the year	-	-
Shares outstanding at the end of the year	14,283,139	142,831,390

Details of shareholders holding more than 5% of Share Capital in the Company

Name of Shareholder	As at 31.03.2015		As at 31.03.2014	
	Number of Shares held	% of Holding	Number of Shares held	% of Holding
Shearson Investment Trading Co. Pvt. Ltd.	2401908	16.82	2501908	17.52
Godavari Corporation Pvt. Ltd.	2390819	16.74	2390819	16.74
Nirved Traders Private Limited	2228249	15.60	1719047	12.04

Terms /Rights 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 shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

3 RESERVES & SURPLUS

(In rupees)

PARTICULARS	As at 31.03.2015		As at 31.03.2014	
1. Capital Reserve		173,542		173,542
2. Capital Redemption Reserve		20,000		20,000
3. Foreign Currency Translation Reserve				
Opening Balance	871,654		1,695,989	
Less: Credited to Profit and Loss Account on closure of Foreign Branch	-		(744,755)	
Less: Debited/ (Credited) during the year	201		(79,580)	
		871,855		871,654
4. Surplus/ (Deficit) in the Statement of Profit and Loss				
Opening Balance	(46,662,669)		(22,599,022)	
Less: Adjustment on account of Schedule II of the Companies Act, 2013 (Refer Note no.23)	(2,822,670)		-	
Add: Net (Loss)/ Profit for the current year	(16,542,800)		(24,063,647)	
		(66,028,139)		(46,662,669)
TOTAL		(64,962,742)		(45,597,473)

4 LONG TERM PROVISIONS

(In rupees)

PARTICULARS	As at 31.03.2015	As at 31.03.2014
Provision for employee benefits		
Gratuity (unfunded)(Refer Note No. 32(ii))	3,474,949	2,590,639
Compensated absences (unfunded)(Refer Note No. 32(ii))	1,361,292	748,953
TOTAL	4,836,241	3,339,592

5 SHORT TERM BORROWINGS

(In rupees)

PARTICULARS	As at 31.03.2015	As at 31.03.2014
Secured		
Loan repayable on demand		
From Bank		
-Clean Overdraft Facility	39,862,628	8,892,015
-Cash Credit Facility	48,018,231	70,570,212
TOTAL	87,880,859	79,462,227

Note :

- a) Clean Overdraft Facility and Cash Credit Facility is secured by equitable mortgage by deposit of title deeds of office premises of the Company situated at Andheri(Mumbai) and further secured by hypothecation of book debts/ receivables and other current assets of the Company.
- b) Clean Overdraft Facility and Cash Credit Facility is repayable on demand subject to annual review. The rate of interest for Clean Overdraft Facility is Base Rate+5.70% and Base Rate+4.70% on Cash Credit Facility.

6 OTHER CURRENT LIABILITIES

(In rupees)

PARTICULARS	As at 31.03.2015	As at 31.03.2014
Interest accrued but not due	166,294	116,326
Security deposits	-	400,000
Other Payables		
- Withholding taxes	1,357,157	1,140,443
- Service Tax	8,235,049	9,817
- VAT	115,594	222,244
- Provident Fund	1,030,975	856,060
- Employees' State Insurance	40,859	30,371
- Profession Tax	105,780	99,275
- Labour Welfare Fund	60	84
TOTAL	11,051,768	2,874,620



7 SHORT TERM PROVISIONS

(In rupees)

PARTICULARS	As at 31.03.2015	As at 31.03.2014
Provision for employee benefits		
Gratuity (unfunded)(Refer Note No. 32(ii))	1,080,118	966,289
Compensated absences (unfunded)(Refer Note No. 32(ii))	1,036,572	1,013,261
TOTAL	2,116,690	1,979,550

8 FIXED ASSETS

(In rupees)

Particulars	Gross Block					Accumulated Depreciation/Amortisation					Net Block	
	Balance as at 1 April 2014	Additions	(Disposals)	Other Adjustment	Balance as at 31 March 2015	Balance as at 1 April 2014	Depreciation charge for the year	On disposals	Other Adjustment	Balance as at 31 March 2015	Balance as at 1 April 2014	Balance as at 31 March 2015
a Tangible Assets												
Leasehold Land	304,995	-	-	-	304,995	59,942*	3,974	-	-	63,916	245,053	241,079
	(304,995)	(-)	(-)	(-)	(304,995)	(55,968)	(3,974)	(-)	(-)	(59,942)	(249,027)	(245,053)
Buildings	152,139,251	-	-	-	152,139,251	66,768,547	5,713,821	-	-	72,482,368	85,370,704	79,656,883
	(152,139,251)	(-)	(-)	(-)	(152,139,251)	(61,054,726)	(5,713,821)	(-)	(-)	(66,768,547)	(91,084,525)	(85,370,704)
Plant and Equipment	10,370,019	233,910	(168,758)	-	10,435,171	7,472,380	897,162	(168,758)	1,496,935	9,697,719	2,897,639	737,452
	(11,259,454)	(137,450)	(1,034,677)	(7,792)	(10,370,019)	(7,565,868)	(891,358)	(991,920)	(7,074)	(7,472,380)	(3,693,586)	(2,897,639)
Furniture and Fixtures	19,179,680	-	-	-	19,179,680	16,936,634	291,268	-	1,141,270	18,369,172	2,243,046	810,508
	(19,242,394)	(-)	(62,714)	(-)	(19,179,680)	(15,756,511)	(1,192,457)	(12,334)	(-)	(16,936,634)	(3,485,883)	(2,243,046)
Vehicles	-	-	-	-	-	-	-	-	-	-	-	-
	(2,633,082)	(-)	(2,633,082)	(-)	-	(2,277,934)	(136,984)	(2,414,918)	(-)	-	(355,148)	-
Office equipment	1,019,251	-	-	-	1,019,251	523,942	140,335	-	184,465	848,742	495,309	170,509
	(1,592,024)	(-)	(572,773)	(-)	(1,019,251)	(865,550)	(73,581)	(415,189)	(-)	(523,942)	(726,474)	(495,309)
Total	183,013,196	233,910	(168,758)	-	183,078,348	91,761,445	7,046,560	(168,758)	2,822,670	101,461,917	91,251,751	81,616,431
	(187,171,200)	(137,450)	(4,303,246)	(7,792)	(183,013,196)	(87,576,557)	(8,012,175)	(3,834,361)	(7,074)	(91,761,445)	(99,594,643)	(91,251,751)
b Intangible Assets												
Computer software	1,729,612	-	-	-	1,729,612	1,623,995	59,100	-	-	1,683,095	105,617	46,517
	(1,729,612)	(-)	(-)	(-)	(1,729,612)	(1,448,354)	(175,641)	(-)	(-)	(1,623,995)	(281,258)	(105,617)
Total	1,729,612	-	-	-	1,729,612	1,623,995	59,100	-	-	1,683,095	105,617	46,517
	(1,729,612)	(-)	(-)	(-)	(1,729,612)	(1,448,354)	(175,641)	(-)	(-)	(1,623,995)	(281,258)	(105,617)
c Intangible Assets under development												
	-	9,052,000	-	-	9,052,000	-	-	-	-	-	-	9,052,000
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Total	-	9,052,000	-	-	9,052,000	-	-	-	-	-	-	9,052,000
Previous Year	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Total	184,742,808	9,285,910	(168,758)	-	193,859,960	93,385,440	7,105,660	(168,758)	2,822,670	103,145,012	91,357,368	90,714,948
Previous Year	(188,900,812)	(137,450)	(4,303,246)	(7,792)	(184,742,808)	(89,024,911)	(8,187,816)	(3,834,361)	(7,074)	(93,385,440)	(99,875,901)	(91,357,368)

* Amount Written off in respect of Leasehold land for the period of lease which has expired.

** Building was revalued on 1st April, 2005 with reference to the fair market value; amount added on revaluation was Rs.76,558,113; the revalued amount substituted for historical cost on 1st April 2005 was Rs. 126,130,511, based on report issued by approved independent valuer.

Note:

1 Adjustments/ deductions include obsolete fixed assets discarded during the year. Cost Rs. 168758/- accumulated depreciation and amortisation Rs. 168758/-

(Previous year Cost Rs.405523/- and depreciation and amortisation Rs 302100/-)

2 Consequent to enactment of the Companies Act, 2013 and its applicability w.e.f. 1st April 2014, the Company has reworked depreciation on the basis of the useful lives of assets as prescribed in Part 'C' of schedule II of the Act. As a result depreciation for the year ended 31st March, 2015 is lower by Rs.634,536 due to change in the useful lives of certain assets.

In case of assets where the remaining useful life as on 1st April 2014 is Nil, the carrying amount of such assets have been adjusted to the opening balance of Retained Earnings after retaining their residual value. Accordingly, a sum of Rs. 2,822,670 has been adjusted against Opening Reserves.

9 NON CURRENT INVESTMENTS

(In rupees)

PARTICULARS	As at 31.03.2015	As at 31.03.2014
Unquoted - (At cost or carrying amount unless otherwise stated)		
Trade Investments		
Investments in Equity Instruments of Wholly Owned Subsidiary Companies		
i) 45,940 (Previous year 45,940) shares (common stock) of US\$ 25/- each of Melstar Inc. (USA) Less: Provision for diminution, provided as at 31st March, 2006 (Refer Note No.21)	64,648,453 (64,648,453)	64,648,453 (64,648,453)
ii) 150,000 (Previous year 150,000) shares of Sterling Pound 1/- each of Melstar UK Limited (UK) Less: Provision for diminution, provided as at 31st March, 2006 (Refer Note No.21)	9,790,695 (9,790,695)	9,790,695 (9,790,695)
iii) 958,992 (Previous year 958,992) shares of Sterling Pound 1/- each of Melstar Limited (UK) Less: Provision for diminution, provided as at 31st March, 2006 (Refer Note No.21)	94,245,891 (94,245,891)	94,245,891 (94,245,891)
iv) 1,700,000 (Previous year 1,700,000) shares of SGD 1/- each of Melstar Singapore Pte Ltd Less: Provision for diminution, provided as at 31st March, 2006 (Refer Note No.21)	45,989,728 (45,989,728)	45,989,728 (45,989,728)
Non Trade Investment		
115,000 (Previous year 125,000) Equity Shares of Rs.10/- each of Janakalyan Sahakari Bank Ltd Less: Provision for diminution, provided as at 31st March, 2010	1,150,000 (1,150,000)	1,250,000 (1,250,000)
350,000 (Previous year Nil) Equity Shares of Rs.10/- each of Birla Kerala Vaidyashala Pvt. Ltd.	3,500,000	-
TOTAL	3,500,000	-
Note: Aggregate of Unquoted Investments Cost/ carrying amount	219,324,767	215,924,767
Aggregate provision for diminution in value of investments	(215,824,767)	(215,924,767)

10 LONG TERM LOANS AND ADVANCES

(In rupees)

PARTICULARS	As at 31.03.2015		As at 31.03.2014	
Security Deposits				
Unsecured, considered good		1,260,184		1,254,234
Others (Unsecured, considered good)				
Advances recoverable in cash or kind or for value to be received	2,240,039		2,245,044	
Advance payment of Income Tax (Net of Provision for Taxation)	31,069,967		23,795,006	
Advance Payment of Fringe Benefit Tax (Net of Provision for Taxation)	23,748		23,748	
		33,333,754		26,063,798
TOTAL		34,593,938		27,318,032



11 TRADE RECEIVABLES

(In rupees)

PARTICULARS	As at 31.03.2015		As at 31.03.2014	
Trade receivables outstanding for a period exceeding six months from the date they are due for payment				
-Unsecured, considered good	21,258		1,044,152	
-Unsecured, considered doubtful	44,472,134		44,373,995	
	44,493,392		45,418,147	
Less: Provision for bad and doubtful debts (Refer Note No.21)	*(44,472,134)		(44,373,995)	
		21,258		1,044,152
Trade receivables outstanding for a period less than six months from the date they are due for payment				
-Unsecured, considered good	44,539,295		30,352,766	
-Unsecured, considered doubtful	-		-	
	44,539,295		30,352,766	
Less: Provision for bad and doubtful debts	-		-	
		44,539,295		30,352,766
TOTAL		44,560,553		31,396,918

*Includes debts due from subsidiary companies Rs.17,167,788 (Previous year Rs.17,167,788)

12 CASH AND CASH EQUIVALENTS

(In rupees)

PARTICULARS	As at 31.03.2015	As at 31.03.2014
Balances with Banks	428,211	479,373
Cash on hand	683,149	221,679
TOTAL	1,111,361	701,052

13 SHORT TERM LOANS AND ADVANCES

(In rupees)

PARTICULARS	As at 31.03.2015		As at 31.03.2014	
Security Deposits				
Unsecured, considered good		12,376		83,888
Loans and Advances to related parties				
Loans and Advances to Subsidiaries				
Unsecured, considered good	-		-	
Considered doubtful	114,306,058		114,306,058	
Less:- Provision (Refer Note No.21)	(114,306,058)	-	(114,306,058)	-
Others				
Inter Corporate Deposits , unsecured considered good	18,858,596		37,713,099	
Inter Corporate Deposits , unsecured considered doubtful	17,854,503		-	
Less:- Provision (Refer Note No.22)	(17,854,503)		-	
Advances recoverable in cash or kind or for value to be received (Unsecured, considered good)	2,155,121		2,094,943	
		21,013,717		39,808,042
TOTAL		21,026,093		39,891,930

14 OTHER CURRENT ASSETS

(In rupees)

PARTICULARS	As at 31.03.2015	As at 31.03.2014
Unbilled Revenue	25,562,719	14,266,424
Rental Income Receivable	-	4,217,334
Interest Receivable	-	121,008
TOTAL	25,562,719	18,604,766

15 REVENUE FROM OPERATIONS

(In rupees)

PARTICULARS	For the period ended 31st March, 2015	For the year ended 31st March, 2014
Sale of Software Products	-	250,000
Sale of Software Services	223,582,916	182,016,411
TOTAL	223,582,916	182,266,411

16 OTHER INCOME

(In rupees)

PARTICULARS	For the period ended 31st March, 2015	For the year ended 31st March, 2014
Exchange Difference (Net)	-	643,153
Sundry Credit Balances Written Back	445,464	1,708,865
Excess Provision of Earlier Years Written Back	1,584,107	1,347,296
Dividend	62,500	-
Miscellaneous Income	10,005	38,714
Rent	-	3,465,000
Interest on Inter Corporate Deposits and Other Deposits	-	3,017,075
Interest on Income Tax Refunds	7,988,311	819,345
TOTAL	10,090,387	11,039,448

17 EMPLOYEE BENEFITS EXPENSES

(In rupees)

PARTICULARS	For the period ended 31st March, 2015	For the year ended 31st March, 2014
Salaries and Wages	162,061,819	150,541,021
Contribution to Provident and other Funds	6,453,949	5,984,023
Gratuity	1,298,896	1,585,330
Compensated Absences	1,442,686	869,982
Staff Welfare Expenses	549,439	509,360
TOTAL	171,806,789	159,489,716



18 FINANCE COSTS

(In rupees)

PARTICULARS	For the period ended 31st March, 2015	For the year ended 31st March, 2014
Interest expenses		
On Fixed Period Loans	-	-
Others	13,376,121	9,004,107
Other borrowing costs	337,500	202,500
TOTAL	13,713,621	9,206,607

19 OTHER EXPENSES

(In rupees)

PARTICULARS	For the period ended 31st March, 2015	For the year ended 31st March, 2014
Purchases of Software Services	20,612,855	13,763,400
Electricity	1,770,310	2,114,674
Rent	1,793,863	2,934,930
Rates and Taxes	657,867	375,210
Insurance	583,192	544,484
Repairs to machinery	387,027	409,410
Travelling and Conveyance	2,048,340	1,685,098
Communication Expenses	1,392,211	1,482,480
Advertising and Sales promotion expenses	440,656	574,901
Rebate and discount	546,244	18,518
Legal and Professional fees	3,077,798	3,435,809
Recruitment Expenses	1,293,932	1,221,011
Loss on Sale of Fixed Assets (Net)	-	290,895
Provision for Doubtful Debts and Advances (Net)	98,139	1,094,238
Irrecoverable Debts/ Advances written off	661,800	5,790,095
Exchange Difference (Net)	58,362	680
Fixed Assets written off	-	101,423
Directors Sitting Fees	360,000	220,000
Miscellaneous Expenses	3,952,934	3,668,292
TOTAL	39,735,530	39,725,548

Note: (Miscellaneous Expenses includes Bank Charges, Security Expenses, Vehicle Expenses etc.)

20. Contingent Liability:

(In rupees)

	As at 31.03.2015	As at 31.03.2014
(i) Claims against Company not acknowledged as debt and pending before the Courts in Mumbai. The Company expects that the matter will be resolved in Company's favour and no liability is expected.	539,722	457,392
(ii) Disputed ESIC Liability: ESIC demand disputed and pending decisions before higher authorities. Amount paid there against and included under "Short Term Loans and Advances" Note No.13 Rs.35,000 Previous year (Rs.35,000)	135,627	135,627
(iii) Disputed Property Tax Liability: Property Tax demand disputed and pending before the Court in Mumbai. Amount paid there against and included under " Short Term Loans and Advances" Note No.13 Rs.1,008,228 Previous year (Rs. 806,524)	2,016,455	1,613,047

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21. The Company, considering the erosion/substantial erosion in the net worth of its wholly-owned subsidiaries located at U.S.A., U.K. and Singapore, had made provision for diminution in the value of investments in the said subsidiaries aggregating to Rs. 214,674,767 (Previous year Rs.214,674,767) and for doubtful loans/advances given to said subsidiaries aggregating to Rs.114,306,058 (Previous year Rs.114,306,058) and also for doubtful debts being debts due from one of the step down subsidiary located at UK and a wholly-owned subsidiary located at U.S.A. of Rs.17,167,788(Previous year Rs. 17,167,788).

The two subsidiaries and one step down subsidiary, located at U.K. stands dissolved in the earlier year. Pursuant to application made to the Regulatory Authority, the name of the subsidiary located at Singapore had been Struck Off in the earlier year.

Consequent to such dissolutions/ struck off, the Company is in the process of seeking approvals from the Reserve Bank of India (RBI), for writing off these amounts from the books of account. The Company would make the necessary adjustments as and when approvals from the RBI are received. Such adjustments would have no impact on the Profit and Loss Account.

22. In the earlier year, the Company had given Inter Corporate Deposits to one party amounting to Rs. 17,854,503 including interest accrued thereon. This deposits is due for repayment for more than six months. Consequent to liquidation proceedings initiated against the said party, the Company has provided Rs.17,854,503 (including interest) towards doubtful advances, being Exceptional Item.
23. Consequent to enactment of the Companies Act, 2013 and its applicability w.e.f. 1st April 2014, the Company has reworked depreciation on the basis of the useful lives of assets as prescribed in Part 'C' of schedule II of the Act. As a result depreciation for the year ended 31st March, 2015 is lower by Rs.634,536 due to change in the useful lives of certain assets.

In case of assets where the remaining useful life as on 1st April 2014 is Nil, the carrying amount of such assets have been adjusted to the opening balance of Retained Earnings after retaining their residual value. Accordingly, a sum of Rs. 2,822,670 has been adjusted against Opening Reserves.

24. The break-up of deferred tax assets as at 31st March, 2015 is as under:

(In rupees)

	As at 31.03.2015	Credit/ (Charge)	As at 31.03.2014
a) Deferred Tax Liability			
WDV of Fixed Assets	(25,664,654)	77,075	(25,741,739)
b) Deferred Tax Asset			
Provision for Gratuity and Leave Encashment	2,148,456	504,841	1,643,615
Provision for Doubtful Debts and Advances	54,579,503	3,758,227	50,821,276
Others	5,579,030	(2,437,646)	8,016,676
	62,306,989	1,825,422	60,481,566
Total Deferred Tax (Liability)/ Asset	36,642,325	1,902,498	34,739,827

The deferred tax assets, not recognised as at the year end on the basis of prudence, would be accounted for in the subsequent year/years considering the requirements of the Accounting Standard (AS) 22 on "Accounting for Taxes on Income", regarding reasonable/virtual certainty and the accounting policy followed by the Company in this respect.

25. Payments to Auditors:

(In rupees)

Sr No	Particulars	Current Year *	Previous Year *
a.	As Auditors	190,000	425,000
b.	For Taxation matters	45,000	45,000
c.	For other services	15,000	15,000
d.	For Reimbursement of expenses	9,638	11,520
e.	To Branch Auditors	10,000	35,000
	Total	259,638	531,520

*Excludes Service Tax

26. Additional information pursuant to the provisions of paragraph 5(ii)(d) part II of the revised schedule VI to the Companies Act, 1956. (To the extent applicable)

A. EXPENDITURE IN FOREIGN CURRENCY

(In rupees)

Particulars	Current Year	Previous Year
Purchases of Software Services	0	8,809,571
Legal and Professional Charges	226,476	595,860
Others	822,782	944,613
Total	1,049,258	10,350,044

Note: Expenses of Foreign branches Rs. 1,038,339 (Previous year Rs. 10,326,758) have been included in the appropriate heads above.



B. EARNINGS IN FOREIGN CURRENCY

(In rupees)

Particulars	Current Year	Previous Year
FOB Value of Exports	3,985,777	10,636,585
Sundry balances written back	-	2,392,990

FOB Value of Exports includes:

Software Services Exports Rs. 3,985,777 (Previous year Rs. 1,248,809) and Income from Software Services by foreign Branch Rs. Nil (Previous year Rs. 9,387,776)

27. Earnings per share is calculated as follows:

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
a. Net Profit/(Loss) after tax, before Exceptional Item attributable to equity shareholders (Rupees)	1,311,703	(24,063,647)
Exceptional Item (Rupees)	(17,854,503)	0
b. Net Loss after tax attributable to equity shareholders after Exceptional Item (Rupees)	(16,542,800)	(24,063,647)
c. Weighted average number of equity shares considered for calculation of Basic and Diluted Earnings Per Share (Nos.)	14,283,139	14,283,139
d. Nominal value of equity share (Rupees)	10	10
e. Basic and Diluted Earnings per share (Rupees)	(1.16)	(1.68)

28. Related parties disclosures

1) Names of related parties and description of relationship:

i. Subsidiaries and step down subsidiary	Melstar Inc. Melstar Limited (Dissolved on 19th May, 2010) Linkhand Support Limited (Dissolved on 12th August, 2008) Melstar UK Limited (Dissolved on 26th April, 2011) Melstar Singapore Pte. Limited (Struck Off as on 05th October, 2010)
ii. Key Management Personnel with whom the transactions have taken place during the year	Mr. P. V. R. Murthy (Non-Executive Director) (Up to 24th October, 2013) Mr. Richard D'Souza (Chief Executive Officer and Manager) (Up to 22nd May, 2013) & (Managing Director) (Up to 09th December, 2013) Mr. Vijay Mishra (Managing Director) (w.e.f. 13th November, 2013) Mr. Anil S. Korpe (Chief Financial Officer) Mr. Vijaykumar H. Modi (Company Secretary)
iii. Enterprises Over which Key Management Personnel and / or their relatives have significant influence with whom the transactions have taken place during the year	Birla Edutech Limited (Up to 25th June, 2013) Birla Power Solutions Limited (Up to 14th August, 2013) Birla Global Corporate Limited

2) Transactions with related parties:

(In rupees)

Particulars	Subsidiary Companies		Key Management Personnel		Enterprises Over which Key Management Personnel and / or their relatives have significant influence	
	2014-2015	2013-2014	2014-2015	2013-2014	2014-2015	2013-2014
a) Loans and advances						
Balance as at 1st April	114,306,058	114,306,058	-	-	17,854,503	16,638,988
Melstar Inc	51,034,988	51,034,988	-	-	-	-
Melstar Limited	54,510,067	54,510,067	-	-	-	-
Melstar Singapore Pte. Limited	8,761,003	8,761,003	-	-	-	-
Birla Power Solutions Limited	-	-	-	-	17,854,503	16,638,988
Given/Adjusted during the year	-	-	-	-	-	1,215,515
Birla Power Solutions Limited	-	-	-	-	-	1,215,515
Repaid/Adjusted during the year	-	-	-	-	-	-
Balance as at March 31 (Includes Rs.114,306,058) (Previous year Rs.114,306,058) provision made towards doubtful loans and advances to subsidiary companies)	114,306,058	114,306,058	-	-	17,854,503	17,854,503
Melstar Inc	51,034,988	51,034,988	-	-	-	-
Melstar Limited	54,510,067	54,510,067	-	-	-	-
Melstar Singapore Pte. Limited	8,761,003	8,761,003	-	-	-	-
Birla Power Solutions Limited	-	-	-	-	17,854,503	17,854,503

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	Particulars	Subsidiary Companies		Key Management Personnel		Enterprises Over which Key Management Personnel and / or their relatives have significant influence	
		2014-2015	2013-2014	2014-2015	2013-2014	2014-2015	2013-2014
b)	Investments						
	Balance as at March 31 (includes Rs.214,674,767 (Previous year Rs.214,674,767) provided towards diminution)	214,674,767	214,674,767	-	-	-	-
	Melstar Inc	64,648,453	64,648,453	-	-	-	-
	Melstar Limited	94,245,891	94,245,891	-	-	-	-
	Melstar Singapore Pte. Limited	45,989,728	45,989,728	-	-	-	-
	Melstar UK Limited	9,790,695	9,790,695	-	-	-	-
c)	Trade Receivables						
	Balance as at March 31 (includes Rs.17,167,788(Previous year Rs.17,167,788) provided towards doubtful debts receivable from subsidiary companies.	17,167,788	17,167,788	-	-	-	661,800
	Linkhand Support Limited	16,303,514	16,303,514	-	-	-	-
	Melstar Inc	864,274	864,274	-	-	-	-
	Birla Global Corporate Limited	-	-	-	-	-	661,800
d)	Deposits Received						
	Balance as at April 1	-	-	-	-	-	2,700,000
	Birla Edutech Limited	-	-	-	-	-	2,700,000
	Given/Adjusted during the year	-	-	-	-	-	-
	Repaid/Adjusted during the year	-	-	-	-	-	2,700,000
	Birla Edutech Limited	-	-	-	-	-	2,700,000
	Balance as at March 31	-	-	-	-	-	-
	Birla Edutech Limited	-	-	-	-	-	-
e)	Receivables						
	Balance as at March 31	-	-	-	-	987,996	6,255,448
	Birla Edutech Limited	-	-	-	-	-	4,217,334
	Birla Global Corporate Limited	-	-	-	-	987,996	2,038,114
f)	Trade Payables						
	Balance as at March 31	-	-	423,583	235,012	-	-
	Mr. Vijay Mishra	-	-	275,903	235,012	-	-
	Mr. Anil S. Kopre	-	-	97,297	-	-	-
	Mr. Vijaykumar H. Modi	-	-	50,383	-	-	-
g)	Income						
	Rent	-	-	-	-	-	3,465,000
	Birla Edutech Limited	-	-	-	-	-	3,465,000
	Interest Income	-	-	-	-	-	1,215,515
	Birla Power Solutions Limited	-	-	-	-	-	1,215,515
h)	Expenditure						
	Remuneration	-	-	6,271,457	8,304,538	-	-
	Mr. Richard D'Souza	-	-	-	6,600,034	-	-
	Mr. Vijay Mishra	-	-	4,442,200	1,704,504	-	-
	Mr. Anil S. Kopre	-	-	1,238,461	-	-	-
	Mr. Vijaykumar H Modi	-	-	590,796	-	-	-
	Sitting Fees	-	-	-	40,000	-	-
	Mr.P.V.R.Murthy	-	-	-	40,000	-	-

Notes: Related party relationship is as identified by the Company and relied upon by the auditors.

29. Details of loans and advances in the nature of loans as per the requirements of clause 32 of the Listing Agreement with Stock Exchanges:

In rupees

Name of the company	Amount outstanding as at March 31, 2015	Amount outstanding as at March 31, 2014	Maximum amount outstanding during the year	Maximum amount outstanding during the previous year
Wholly owned subsidiaries				
Melstar Inc.	46,542,519*#	46,542,519*#	46,542,519	46,542,519
Melstar Inc.	152,469*#	152,469*#	152,469	152,469
Melstar Inc.	4,340,000***	4,340,000***	4,340,000	4,340,000
Melstar Ltd.	54,510,067*#	54,510,067*#	54,510,067	54,510,067
Melstar Singapore Pte Ltd.	8,761,003*#	8,761,003*#	8,761,003	8,761,003
Total	114,306,058	114,306,058		

* Repayable on demand and interest free.



** Interest bearing loan @7% p.a. upto March 31,2005, interest free thereafter and repayable by March 31, 2007 as per revised repayment schedule, as approved by the Board of Directors and intimated to Reserve Bank of India as per Foreign Exchange Management Act, 1999 (FEMA).

Amounts outstanding as at March 31, 2015 stand fully provided for towards doubtful recoveries.

Note: There are no investments by the loanees in the shares of the parent company and /or subsidiary companies.

30. The Company has presented the data relating to its segments based on its consolidated financial statements, which are presented in the same annual report. Accordingly in terms of provisions of Accounting Standard (AS) 17 on 'Segment Reporting', no disclosures related to segments are presented in its stand-alone financial statements.

31. The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are as follows:

Amount receivable in foreign currency on account of the following

Particulars	Amount in Rupees	Amount in Foreign Currency	Foreign Currency
Export of goods*	31,550,957	407,173	GBP
	(31,550,957)	(407,173)	
	11,374,223	236,374	USD
	(11,334,671)	(235,814)	
TOTAL	42,925,180		
	(42,885,628)		
Loans and Advances**	28,520,136	350,974	GBP
	(28,520,136)	(350,974)	
	34,672,961	798,689	USD
	(34,672,961)	(798,689)	
	8,761,003	334,262	SGD
	(8,761,003)	(334,262)	
TOTAL	71,954,100		
	(71,954,100)		

* Of these, Rs. 42,787,667 (previous year Rs. 42,787,667) has been provided towards doubtful recoveries.

** Fully provided towards doubtful recoveries (previous year Rs.71,954,100).

Note: Figures in Brackets indicate previous year figures.

32. Post Employment Benefit Plans

(i) Defined contribution plans

The Company makes contributions towards provident fund to a defined contribution retirement benefit plan for qualifying employees. The Provident Fund plan is operated by Regional Provident Fund Commissioner. Under the plan, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit plan to fund the benefits.

The Company recognized Rs. 5,486,908 (Previous year Rs. 5,164,474) for provident fund contributions in the profit and loss account. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

(ii) Defined benefit plan

The Company has defined benefit plan for qualifying employees in respect of Gratuity benefits. The scheme provides for payment to vested employees as under:

On Normal retirement/early retirement/withdrawal/resignation:

As per the provisions of Payment of Gratuity Act, 1972 with vesting period of 5 years of service.

On death in service:

As per the provisions of Payment of Gratuity Act, 1972 without any vesting period.

The most recent actuarial valuation of the present value of defined benefit obligation for gratuity was carried out at March 31, 2015 by an actuary. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

(In rupees)

Sr. No	Particulars	Gratuity (Non-funded)	
		As on 31.03.2015	As on 31.03.2014
I)	Reconciliation in present value of obligations (PVO) – defined benefit obligation :		
	Current Service Cost	478,702	417,441
	Interest Cost	325,103	296,420
	Actuarial (gain)/losses	495,091	78,200
	Benefits paid	(300,757)	(940,381)
	Past service cost	-	-
	PVO at the beginning of the year	3,705,248	3,705,248
	PVO at end of the year	4,555,067	3,556,928
II)	Change in fair value of plan assets :		
	Expected return on plan assets	-	-
	Actuarial gain/(losses)	-	-
	Contributions by the employer	-	-
	Benefits paid	-	-
	Fair value of plan assets at beginning of the year	-	-
	Fair value of plan assets at end of the year	-	-
III)	Reconciliation of PVO and fair value of plan assets:		
	PVO at end of year	4,555,067	3,556,928
	Fair Value of planned assets at end of year	-	-
	Funded status	(4,555,067)	(3,556,928)
	Unrecognised actuarial gain/(loss)	-	-
	Net asset/(liability) recognised in the balance sheet	(4,555,067)	(3,556,928)
IV)	Net cost for the year ended March 31, 2015 :		
	Current Service cost	478,702	417,441
	Interest cost	325,103	296,420
	Expected return on plan assets	-	-
	Actuarial (gain)/losses	495,091	78,200
	Past service cost	-	-
	Net cost	1,298,896	792,061
V)	Category of assets as at March 31, 2015 :	-	-
VI)	Actual return on the plan assets	-	-
VII)	Assumption used in accounting for the gratuity plan:		
	Discount rate (%)	7.89	9.14
	Salary escalation rate (%)	8.00	8.00
	Expected rate of return on plan assets	N.A.	N.A.

Note:

Provision towards compensated absences made on the basis of actuarial valuation as per Accounting Standard 15 (Revised). Actuarial value liability is Rs.771,437 (Previous year Rs.418,711) based upon the following assumptions:

	2014-15	2013-14
Discount Rate	7.89%	9.14%
Salary Escalation	8.00%	8.00%

The liability towards short-term compensated absences is Rs. 1,626,427 (Previous year Rs. 1,343,503) is provided on actual basis.



33. Disclosures relating to amounts payable as at the yearend together with interest paid / payable to Micro, Small and Medium Enterprises have been made in the accounts, as required under the Micro, Small and Medium Enterprises Development Act, 2006 to the extent of information available with the Company determined on the basis of intimation received from suppliers regarding their status and the required disclosure are given below:

Particulars		For the year ended 31st March, 2015 Rs.	For the year ended 31st March, 2014 Rs.
A	Principal amount remaining unpaid as on 31st March 2015	-	-
B	Interest due thereon as on 31st March 2015	-	-
C	Interest paid by the Company in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year.	-	-
D	Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006	-	-
E	Interest accrued and remaining unpaid as at 31st March 2015	-	-
F	Further Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise.	-	-

34. Trade receivables, trade payables, short term loans and advances, other current assets and other current liabilities are subject to confirmation and reconciliation if any.
35. Previous year's figures have been regrouped wherever necessary, to correspond with the figures of the current year. Amounts and other disclosures for the preceding year are included as integral part of the current year financial statements and are to be read in relation to the amounts and other disclosures relating to the current year. Figures have been rounded off to the nearest rupee.

As per our report of even date

For Jai Prakash Upadhayay & Co.
Chartered Accountants
Firm Registration No. 125073W

Jai Prakash Upadhayay
Proprietor
Membership No. 116778

For and on behalf of the Board of Directors

Vijay Mishra
Managing Director

L. R. Daga
Director

Vijay Modi
Company Secretary

Kirti Tripathi
Director

Anil S. Korpe
Chief Financial Officer

Mumbai, Dated : May 29, 2015

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Melstar Information Technologies Limited

We have audited the accompanying consolidated financial statements of Melstar Information Technologies Limited (hereinafter referred to as "the Holding Company") and its subsidiary (the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at March 31, 2015, the Consolidated Statement of Profit and Loss, the consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group 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 the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the 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 there under.

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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated 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 Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Basis for Qualified Opinion

In the Subsidiary of the Holding Company, the other auditor who audited the financial statements / financial information of the subsidiary has reported that the Management has prepared the financial statements assuming that the subsidiary will continue as going concern. As per report of the other auditor and referred in Note no.29 of the consolidated financial statement, the subsidiary has suffered recurring losses and has a net capital deficiency. These conditions raise substantial doubt about its ability to continue as a going concern. Management's plans currently do not reflect that the Subsidiary will continue as a going concern. The financial statements of Subsidiary do not reflect that the Subsidiary will continue as a going concern. The financial statements do not include any adjustments relating to the recoverability and classification of assets carrying amounts or the amount and classification of liabilities that might result should the Subsidiary be unable to continue as a going concern.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with accounting principles generally



accepted in India, of the consolidated state of affairs of the Group as at 31st March, 2015, and their consolidated loss and their consolidated cash flows for the year ended on that date.

Other Matters

We did not audit the financial statements/ financial information of one subsidiary, whose financial statements/ financial information reflect total assets of Rs. 247,778 at 31st March, 2015, total revenues of Rs. NIL and net cash flows amounting to Rs. (72,595) for the year ended on that date, as considered in the consolidated financial statements. These financial statements/ financial information have been audited by other auditor whose report has been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, and our report in terms of sub-section (3) and (11) of Section 143 of the Act, in so far as it related to the aforesaid subsidiary is based solely on the report of the other auditor.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements/ financial information certified by the Management.

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, based on the comments in the auditors' reports of the Holding Company, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable. The consolidated financial statements include the audited financial statements of the subsidiary incorporated in USA and hence 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 is not applicable.
2. As required by section 143(3) of the Act, we report, to the extent applicable, 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 of the aforesaid consolidated financial statements.
 - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of these books and the report of the other auditors.
 - c) The Consolidated Balance sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
 - d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the companies (Accounts) Rules, 2014.
 - e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2015 taken on record by the Board of Directors of the Holding Company, none of the directors of Group Companies incorporated in India 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 the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - (i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group - Refer Note 22 to the consolidated financial statements;
 - (ii) The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.
 - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary.

For Jai Prakash Upadhayay & Co.
Chartered Accountants
Firm Registration Number: 125073W

Place: Mumbai
Date: May 29, 2015

Jai Prakash Upadhayay
Proprietor
Membership No: 116778

ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in paragraph 1 under Report on Other Legal and Regulatory Requirements section of our report of even date on the consolidated accounts of **MELSTAR INFORMATION TECHNOLOGIES LIMITED** for the year ended March 31, 2015)

- (i) (a) The Holding Company has generally maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - (b) As informed and explained to us, all Fixed Assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification.
- (ii) The Holding Company does not have any inventories during the year. Consequently, clause 3(ii) of the order is not applicable.
- (iii) As informed to us, the Holding Company has neither granted nor taken any loans, secured or unsecured, to or from companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Holding Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system of the Holding Company.
- (v) During the year, the Holding Company has not accepted any deposits from the public. As such, the compliance with directives issued by the Reserve Bank of India and the provisions of section 73 to 76 of the Companies Act, 2013 and the rules framed thereunder are not applicable.
- (vi) According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013
- (vii) (a) According to the records of the Holding Company, the Holding Company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-Tax, Sales-Tax, Wealth Tax, Service Tax, Duty of Customs, Duty of Excise, value added tax, cess and any other statutory dues with the appropriate authorities during the year.
 - (b) There are no dues of sales tax/ income tax / duty of customs / wealth tax / service tax/ duty of excise/ value added tax/ cess, which have not been deposited with the appropriate authorities on account of any dispute.
 - (c) According to the records of the Holding Company, there are no amounts required to be transferred to investor education and protection fund in accordance with the relevant provisions of Section 125 of the Companies Act, 2013 and the rules framed there under are not applicable.
- (viii) The Holding Company's accumulated losses at the end of the financial year are more than fifty per cent of its net worth. The Holding Company has incurred cash loss in current year as well as in previous year.
- (ix) In our opinion and according to the information and explanations given to us, the Holding Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (x) According to the information and explanations given to us and the record examined by us, the Holding Company has not given any guarantee for loans taken by others from bank or financial institutions, the terms and conditions whereof are prejudicial to the interest of the company
- (xi) Based on information and explanations given to us by the management, the Holding Company has not taken any term loan hence clause 3 (xi) of the Order is not applicable to the Company
- (xii) During the course of our examination of the books and records of the Holding Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Holding Company, noticed or reported during the year, nor have we been informed of any such case by the management.

For Jai Prakash Upadhayay & Co.
Chartered Accountants
Firm Registration No: 125073W

Place: Mumbai
Date: May 29, 2015

Jai Prakash Upadhayay
Partner
Membership No.: 116778



CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2015

(In rupees)

Particulars		Note No.	As at 31.03.2015	As at 31.03.2014
I	EQUITY AND LIABILITIES			
1	Shareholders' Funds			
	(a) Share Capital	2	142,831,390	142,831,390
	(b) Reserves and Surplus	3	(64,982,892)	(45,540,447)
			77,848,498	97,290,943
2	Non-Current Liabilities			
	(a) Long term provisions	4	4,836,241	3,339,592
			4,836,241	3,339,592
3	Current Liabilities			
	(a) Short-term borrowings	5	87,880,859	79,462,227
	(b) Trade payables (Refer Note No.31& 32)		37,583,333	24,637,008
	(c) Other current liabilities	6	11,051,768	2,874,620
	(d) Short-term provisions	7	2,116,690	1,979,550
			138,632,650	108,953,405
	TOTAL		221,317,389	209,583,940
II	ASSETS			
1	Non-current assets			
	(a) Fixed assets	8		
	(i) Tangible assets		81,616,431	91,251,752
	(ii) Intangible assets		46,517	105,617
	(iii) Intangible assets under development		9,052,000	-
	(b) Non-current investments	9	3,500,000	-
	(c) Long term loans and advances	10	34,593,938	27,318,032
			128,808,886	118,675,401
2	Current assets			
	(a) Trade receivables	11	44,717,716	31,547,581
	(b) Cash and cash equivalents	12	1,201,975	864,262
	(c) Short-term loans and advances	13	21,026,093	39,891,930
	(d) Other current assets	14	25,562,719	18,604,766
			92,508,503	90,908,539
	TOTAL		221,317,389	209,583,940
	Significant Accounting policies	1		
	Notes form an integral part of the financial statements			

As per our report of even date

For Jai Prakash Upadhayay & Co.

Chartered Accountants
Firm Registration No. 125073W

Jai Prakash Upadhayay

Proprietor
Membership No. 116778

For and on behalf of the Board of Directors

Vijay Mishra

Managing Director

L. R. Daga

Director

Vijay Modi

Company Secretary

Kirti Tripathi

Director

Anil S. Korpe

Chief Financial Officer

Mumbai, Dated : May 29, 2015

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2015

(In rupees)

Particulars		Note No.	For the year ended 31st March 2015	For the year ended 31st March 2014
I.	Revenue from operations	15	223,582,916	185,963,358
II.	Other Income	16	10,090,387	11,039,448
III.	Total Revenue (I + II)		233,673,303	197,002,806
IV.	Expenses :			
	Purchases of Stock in Trade		-	30,000
	Employee benefits expense	17	171,806,789	159,489,716
	Finance costs	18	13,713,621	9,206,607
	Depreciation and amortization expenses	8	7,105,660	8,187,816
	Other expenses	19	39,813,520	43,658,759
	Total Expenses		232,439,590	220,572,898
V.	Loss before exceptional and extraordinary items and tax (III-IV)		1,233,713	(23,570,093)
VI.	Exceptional Item		(17,854,503)	-
VII.	Loss before extraordinary items and tax (V + VI)		(16,620,790)	(23,570,093)
VIII.	Extraordinary Items		-	-
IX.	Loss before tax (VII- VIII)		(16,620,790)	(23,570,093)
X.	Tax expense:			
	(1) Current tax of earlier year		-	(729,819)
	(2) Current tax of earlier year written back		-	-
XI.	Loss for the period from continuing operations (IX+X)		(16,620,790)	(24,299,912)
XII.	Profit/(Loss) from discontinuing operations		-	-
XIII.	Tax expense of discontinuing operations		-	-
XIV.	Profit/(loss) from Discontinuing operations (after tax) (XII-XIII)		-	-
XV.	Loss for the period (XI + XIV)		(16,620,790)	(24,299,912)
XVI.	Earnings per equity share (Refer Note No. 26) (Rupees):			
	Basic & Diluted (Before Exceptional Item)		0.09	(1.70)
	Basic & Diluted (After Exceptional Item)		(1.16)	(1.70)
	Face value of Equity shares (in Rs.)		10.00	10.00
	Significant Accounting policies	1		
	Notes form an integral part of the financial statements			

As per our report of even date

For Jai Prakash Upadhayay & Co.Chartered Accountants
Firm Registration No. 125073W**Jai Prakash Upadhayay**Proprietor
Membership No. 116778

For and on behalf of the Board of Directors

Vijay Mishra

Managing Director

L. R. Daga

Director

Kirti Tripathi

Director

Vijay Modi

Company Secretary

Anil S. Korpe

Chief Financial Officer

Mumbai, Dated : May 29, 2015



CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015

		Rupees	2014-15 Rupees	Rupees	2013-14 Rupees
A	Cash flow from operating activities				
	Loss before tax		(16,620,790)		(23,570,093)
	Adjustments for :				
	Depreciation and amortisation	7,105,660		8,187,816	
	(Profit)/ Loss on Sale of Fixed Assets sold/ discarded (Net)	-		290,895	
	Fixed Assets written off	-		101,423	
	Foreign Currency Translation Reserve credited to Profit and Loss Account	-		(744,755)	
	Exchange Difference (Net)	(21,658)		61,315	
	Interest on Income Tax refund	(7,988,311)		(819,345)	
	Interest received on Inter Corporate Deposits and Other Deposits	-		(3,017,075)	
	Interest Expense	13,376,121	12,471,812	9,004,107	13,064,381
	Operating loss before working capital changes		(4,148,978)		(10,505,712)
	Adjustments for :				
	Trade and other Receivables	(1,262,180)		88,924,214	
	Trade and other Payables	22,707,294	21,445,114	(103,640,893)	(14,716,679)
	Cash generated/ (used in) from operations		17,296,136		(25,222,391)
	Income Tax (Paid)/ Refund (Net)		(7,274,961)		2,225,273
	Net cash generated / (used in) from operating activities		10,021,175		(22,997,118)
B	Cash flow from investing activities				
	Interest received on Inter Corporate Deposits and Other Deposits	-		3,017,075	
	Investments	(3,500,000)		-	
	Additions to fixed assets	(9,285,910)		(137,450)	
	Proceeds from sale of fixed assets	-		76,567	
	Interest on Income Tax refund	7,988,311		819,345	
	Net cash (used in)/ generated from investing activities		(4,797,599)		3,775,537
C	Cash flow from financing activities				
	Proceeds from borrowings	8,418,632		26,765,481	
	Interest paid	(13,326,153)		(8,978,581)	
	Net cash (used in)/ generated from financing activities		(4,907,521)		17,786,900
	Net increase/ (decrease) in cash and cash equivalents		316,055		(1,434,681)
	Opening balance of cash and cash equivalents		899,461		2,334,142
	Closing balance of cash and cash equivalents		1,215,516		899,461

Notes :

- 1 Cash and cash equivalents include cash and bank balances in current accounts and deposit accounts (Refer Note No.12)

Cash and Cash equivalents include :

	31st March, 2015 Rs	31st March, 2014 Rs
Cash and Bank Balances	1,201,975	864,262
Unrealised (gain)/ loss on foreign currency cash and cash equivalents	13,541	35,199
Total cash and cash equivalents	1,215,516	899,461

- 2 Previous year figures have been regrouped wherever necessary to correspond with the figures of the current year.

As per our report of even date

For Jai Prakash Upadhyay & Co.
Chartered Accountants
Firm Registration No. 125073W

Jai Prakash Upadhyay
Proprietor
Membership No. 116778

For and on behalf of the Board of Directors

Vijay Mishra
Managing Director

L. R. Daga
Director

Vijay Modi
Company Secretary

Kirti Tripathi
Director

Anil S. Korpé
Chief Financial Officer

Mumbai, Dated : May 29, 2015

Notes to financial statements for the period ended 31st March, 2015

1 Significant Accounting Policies:

a) Basis of preparation of Financial Statements:

- i) The financial statements of the subsidiaries used in the consolidation are drawn upto the same reporting date as that of the Parent Company, namely March 31, 2015.
- ii) The Financial Statements have been prepared under the historical cost convention, except where impairment is made and on accrual basis in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014. Accounting policies have been consistently applied by the Company and are consistent with those used in the Previous Year.
- iii) The preparation of financial statements in accordance with the generally accepted accounting principles requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimate is recognized in the period in which the estimates are revised and in any future period affected.

b) Principles of consolidation:

- i) The consolidated financial statements relate to Melstar Information Technologies Limited (MITL, the Parent Company) and its subsidiary companies have been prepared in accordance with the Accounting Standard (AS) 21 'Consolidated Financial Statements', and have been combined on a line-by-line basis by adding together the book value of like items of assets, liabilities, income and expenses, after fully eliminating intra- group balances, intra – group transactions and the unrealized gains and/ or losses.
- ii) The consolidated financial statements have been consolidated using uniform accounting policies for like transactions and other events in similar circumstances.
- iii) The excess of cost to the Parent Company of its investments in the subsidiaries, over the Parent Company's share of equity in subsidiaries, is recognized in the financial statements as goodwill on consolidation and carried forward in the accounts.
- iv) Minority interest is presented separately from the liabilities or assets and the equity of the Parent shareholders in the consolidated Balance Sheet. Minority interest in the income or loss of the Company is separately presented.
- v) The difference between the proceeds from sale/disposal of investment in a subsidiary and the carrying amount of its assets less liabilities as on the date of sale /disposal is recognised in the consolidated statement of profit and loss account as the profit or loss on disposal of investment in subsidiary.

c) Fixed Assets and Intangible Assets :

Fixed Assets are valued at cost, except for certain Fixed Assets which have been stated at revalued amounts as determined by approved independent valuer, after reducing accumulated depreciation until the date of the balance sheet. Direct Costs are capitalised until the assets are ready to use and include financing costs relating to any specific borrowing attributable to the acquisition of fixed assets.

Intangible assets are recognised, only if it is probable that the future economic benefits that are attributable to the assets will flow to the enterprise and the cost of the assets can be measured reliably. The intangible assets are recorded at cost and are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

d) Investments:

Long Term Investments are stated at cost, which includes cost of acquisition and related expenses. Provision is made to recognise a decline, other than temporary, in the value of such investments. Current investments are stated at cost or fair value, whichever is lower.

e) Depreciation and Amortisation:

With effect from 1st April 2014, depreciation in respect of assets is provided on the basis of useful lives of assets as prescribed in Part 'C' of Schedule II to the Companies Act, 2013.

Depreciation in respect of assets is provided for on Straight Line Method at the rates prescribed in Schedule XIV to the Companies Act, 1956. Depreciation on revalued fixed assets is provided on Straight Line Method over the residual life of the asset and charged to the Profit and Loss account. Individual assets cost of which doesn't exceed Rs. 5,000/- each are depreciated in full in the year of purchase.

Leasehold land is written off over the lease period.

Intangible Assets – Computer softwares are amortised over a period of five years based on the technical evaluation of their useful economic life.



f) Inventories:

Software Finished Goods (Traded) :

Software Finished Goods (Traded) are valued at cost (arrived on FIFO basis) or net realisable value, whichever is lower.

g) Foreign Currency Transactions:

Transactions in foreign currency are recorded at the original rates of exchange in force at the time transactions are effected. Exchange differences arising on settlement of all transactions are recognised in the profit and loss account.

Monetary items denominated in foreign currency are reported using the exchange rates prevailing at the date of balance sheet and the resulting net exchange difference is recognised in the profit and loss account.

h) Foreign Branches and Foreign Subsidiaries:

In case of Foreign Branches and Foreign Subsidiaries, the local accounts are maintained in local functional currency. The translation of financial statements of Foreign Branches and Foreign Subsidiaries is done as under in accordance with Accounting Standard (AS) 11 (Revised) on "The Effect of Changes in Foreign Exchange Rates", considering the foreign branches and foreign subsidiaries as non-integral foreign operations:

- i. All items of income and expenses during the year are translated at an average rate.
- ii. Monetary and non-monetary assets and liabilities are translated at closing rate.
- iii. The resulting exchange difference is accounted in 'foreign currency translation reserve' until the disposal of the net investment in the said non integral foreign operations. On the disposal of a non-integral foreign operation, the cumulative amount of the exchange differences which have been deferred and which relate to that operation are recognised as income or as expenses.

i) Employee benefits :

a) Post Employment Benefits and Other Long Term Benefits.

i) Defined Contribution Scheme

Company's contribution for the year paid/payable to defined contribution retirement benefit schemes are charged to Profit and Loss Account.

ii) Defined Benefit and Other Long Term Benefit Schemes

Company's liabilities towards defined benefit schemes and other long term benefits viz.gratuity and compensated absences expected to occur after twelve months, are determined using the Projected Unit Credit Method. Actuarial valuations under the Projected Unit Credit Method are carried out at the balance sheet date. Actuarial gains and losses are recognised in the Profit and Loss account in the period of occurrence of such gains and losses. Past service cost is recognised immediately to the extent benefits are vested, otherwise it is amortised on straight-line basis over the remaining average period until the benefits become vested.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost.

b) Short-term employee benefits

Short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised undiscounted during the period employee renders services. Such benefits include bonus/ ex-gratia/ compensated absences.

j) Revenue recognition:

Revenues from software consultancy services are recognised on specified terms of contract in case of contract on time basis and in case of fixed price contract, revenue is recognized using percentage of completion method of accounting. Revenues from software products trading are recognized upon acceptance of delivery of such software products. Unbilled services included in other current assets represents amount recognized based on services performed in advance of billing in accordance with contract terms.

Amount received in advance of services performed are recorded as unearned income.

Revenues outside India include value added tax wherever applicable.

Revenues in India exclude service tax charged.

Revenue is recognised only when it is reasonably certain that the ultimate collection will be made.

Dividend Income is recognised in the statement of Profit and Loss, when right to receive payment is established.

Interest income is recognised on time proportion basis.

Lease rentals are recognised on straight line basis over the lease term.

k) Taxes on Income:

Current tax is determined as the amount of tax payable in respect of taxable income for the year.

Minimum alternate tax (MAT) paid in accordance with the tax laws, which gives rise to future economic benefit in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal tax after the tax holiday period.

Deferred tax is recognized, subject to consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets arising on account of unabsorbed depreciation or carry forward losses are recognized only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized. At each balance sheet date the Company reassesses unrecognized deferred tax asset, to the extent they become reasonably certain or virtually certain of realization, as the case may be.

l) Fringe Benefit Tax:

Fringe Benefit Tax was recognized in accordance with the relevant provisions of the Income Tax Act, 1961 and the Guidance note on Fringe Benefit Tax issued by the Institute of Chartered Accountants of India (ICAI).

m) Operating Leases:

Assets taken on lease under which all risks and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease payments under operating leases are recognised as expenses on accrual basis in accordance with the respective lease agreements.

n) Segmental reporting:

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company with the following additional policies for segment reporting:

- i. The Company has identified geographical segments as primary segment, having regard to the organizational structure, location of customers, internal financial reporting systems and differing risks and returns.
- ii. The segments are Asia-Pacific, U.S.A. and others.
- iii. Unallocated assets represent Fixed and other assets, which are not identifiable to any of the reportable segments as the same are used interchangeably between segments.

o) Impairment of assets:

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

p) Borrowing Costs:

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are charged to revenue.

q) Provisions, Contingent Liabilities and Contingent Assets:

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognised but are disclosed in the Notes to Accounts. Contingent assets are neither recognised nor disclosed in the financial statements.

r) Cash Flow Statement:

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

s) Earnings per share:

In determining earnings per share, the company considers the net profit after tax after reducing the preference dividend and tax thereon and includes the post-tax effect of any extra-ordinary items. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the period. The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share, and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares.

t) Cash and cash equivalents:

Cash and cash equivalents for the purpose of Cash Flow Statement comprise of cash at banks, cash in hand (including cheques in hand) and bank deposits with maturity of less than three months.



2 SHARE CAPITAL

PARTICULARS	As at 31.03.2015		As at 31.03.2014	
	Number	Rupees	Number	Rupees
Authorised				
Equity Shares of Rs.10/- each	54,950,000	549,500,000	54,950,000	549,500,000
Preference Shares of Rs.10/- each	50,000	500,000	50,000	500,000
		550,000,000		550,000,000
Issued, Subscribed and Paid up				
Equity Shares of Rs.10/- each, fully paid up	14,283,139	142,831,390	14,283,139	142,831,390
TOTAL		142,831,390		142,831,390

Reconciliation of number of shares outstanding at the beginning and at the end of the reporting period

Particulars	Equity Shares	
	Number	Rupees
Shares outstanding at the beginning of the year	14,283,139	142,831,390
Shares Issued during the year	-	-
Shares bought back during the year	-	-
Shares outstanding at the end of the year	14,283,139	142,831,390

Details of shareholders holding more than 5% of Share Capital in the Company

Name of Shareholder	As at 31.03.2015		As at 31.03.2014	
	Number of Shares held	% of Holding	Number of Shares held	% of Holding
Shearson Investment Trading Co. Pvt. Ltd.	2401908	16.82	2501908	17.52
Godavari Corporation Pvt. Ltd.	2390819	16.74	2390819	16.74
Nirved Traders Private Limited	2228249	15.60	1719047	12.04

Terms /Rights 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 shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

3 RESERVES & SURPLUS

(In rupees)

PARTICULARS	As at 31.03.2015		As at 31.03.2014	
1. Capital Reserve		173,542		173,542
2. Capital Redemption Reserve		20,000		20,000
3. Securities Premium Reserve		67,470,974		67,470,974
4. General Reserve				
Opening Balance	159,183,106		159,183,106	
Less: Debit balance in Profit and Loss account, deducted as per contra	(159,183,106)	-	(159,183,106)	-
5. Foreign Currency Translation Reserve				
Opening Balance	10,722,146		11,529,804	
Less: (Debited)/Credited during the year	1,015		(62,903)	
Less: Credited to Profit and Loss Account on closure of Foreign Branch	-		(744,755)	
		10,723,161		10,722,146
6. Surplus/ (Deficit) in the Statement of Profit and Loss				
Opening Balance	(283,110,215)		(258,810,303)	
Less: Adjustment on account of Schedule II of the Companies Act, 2013 (Refer Note no.23)	(2,822,670)		-	
Add : Net (Loss)/ Profit for the current year	(16,620,790)		(24,299,912)	
	(302,553,676)		(283,110,215)	
Less: Deducted as per contra from General Reserve to the extent of balance there in	159,183,106		159,183,106	
		(143,370,569)		(123,927,109)
TOTAL		(64,982,892)		(45,540,447)

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4 LONG TERM PROVISIONS

(In rupees)

PARTICULARS	As at 31.03.2015	As at 31.03.2014
Provision for employee benefits		
Gratuity (unfunded)(Refer Note No. 30(ii))	3,474,949	2,590,639
Compensated absences (unfunded)(Refer Note No. 30(ii))	1,361,292	748,953
TOTAL	4,836,241	3,339,592

5 SHORT TERM BORROWINGS

(In rupees)

PARTICULARS	As at 31.03.2015	As at 31.03.2014
Secured		
Loan repayable on demand		
From Bank		
-Clean Overdraft Facility	39,862,628	8,892,015
-Cash Credit Facility	48,018,231	70,570,212
TOTAL	87,880,859	79,462,227

Note :

- Clean Overdraft Facility and Cash Credit Facility is secured by equitable mortgage by deposit of title deeds of office premises of the Company situated at Andheri(Mumbai) and further secured by hypothecation of book debts/ receivables and other current assets of the Company.
- Clean Overdraft Facility and Cash Credit Facility is repayable on demand subject to annual review. The rate of interest for Clean Overdraft Facility is Base Rate+5.70% and Base Rate+4.70% on Cash Credit Facility.

6 OTHER CURRENT LIABILITIES

(In rupees)

PARTICULARS	As at 31.03.2015	As at 31.03.2014
Security deposits	-	400,000
Interest accrued but not due	166,294	116,326
Other Payables		
- Withholding taxes	1,357,157	1,140,443
- Service Tax	8,235,049	9,817
- VAT	115,594	222,244
- Provident Fund	1,030,975	856,060
- Employees' State Insurance	40,859	30,371
- Profession Tax	105,780	99,275
- Labour Welfare Fund	60	84
TOTAL	11,051,768	2,874,620

7 SHORT TERM PROVISIONS

(In rupees)

PARTICULARS	As at 31.03.2015	As at 31.03.2014
Provision for employee benefits		
Gratuity (unfunded)(Refer Note No. 30(ii))	1,080,118	966,289
Compensated absences (unfunded)(Refer Note No. 30(ii))	1,036,572	1,013,261
TOTAL	2,116,690	1,979,550



8 FIXED ASSETS

(In rupees)

Particulars	Gross Block					Accumulated Depreciation/Amortisation					Net Block	
	Balance as at 1 April 2014	Additions	(Disposals)	Other Adjustment	Balance as at 31 March 2015	Balance as at 1 April 2014	Depreciation charge for the year	On disposals	Other Adjustment	Balance as at 31 March 2015	Balance as at 1 April 2014	Balance as at 31 March 2015
a Tangible Assets												
Leasehold Land	304,995	-	-	-	304,995	59,942*	3,974	-	-	63,916	245,053	241,079
	(304,995)	(-)	(-)	(-)	(304,995)	(55,968)	(3,974)	(-)	(-)	(59,942)	(249,027)	(245,053)
Buildings	152,139,251	-	-	-	152,139,251	66,768,547	5,713,821	-	-	72,482,368	85,370,704	79,656,883
	(152,139,251)	(-)	(-)	(-)	(152,139,251)	(61,054,726)	(5,713,821)	(-)	(-)	(66,768,547)	(91,084,525)	(85,370,704)
Plant and Equipment	10,370,019	233,910	(168,758)	-	10,435,171	7,472,380	897,162	(168,758)	1,496,935	9,697,719	2,897,639	737,452
	(11,259,454)	(137,450)	(1,034,677)	(7,792)	(10,370,019)	(7,565,868)	(891,358)	(991,920)	(7,074)	(7,472,380)	(3,693,586)	(2,897,639)
Furniture and Fixtures	19,179,680	-	-	-	19,179,680	16,936,634	291,268	-	1,141,270	18,369,172	2,243,046	810,508
	(19,242,394)	(-)	(62,714)	(-)	(19,179,680)	(15,756,511)	(1,192,457)	(12,334)	(-)	(16,936,634)	(3,485,883)	(2,243,046)
Vehicles	-	-	-	-	-	-	-	-	-	-	-	-
	(2,633,082)	(-)	(2,633,082)	(-)	-	(2,277,934)	(136,984)	(2,414,918)	(-)	-	(355,148)	-
Office equipment	1,019,251	-	-	-	1,019,251	523,942	140,335	-	184,465	848,742	495,309	170,509
	(1,592,024)	(-)	(572,773)	(-)	(1,019,251)	(865,550)	(73,581)	(415,189)	(-)	(523,942)	(726,474)	(495,309)
Total	183,013,196	233,910	(168,758)	-	183,078,348	91,761,445	7,046,560	(168,758)	2,822,670	101,461,917	91,251,751	81,616,431
	(187,171,200)	(137,450)	(4,303,246)	(7,792)	(183,013,196)	(87,576,557)	(8,012,175)	(3,834,361)	(7,074)	(91,761,445)	(99,594,643)	(91,251,751)
b Intangible Assets												
Computer software	1,729,612	-	-	-	1,729,612	1,623,995	59,100	-	-	1,683,095	105,617	46,517
	(1,729,612)	(-)	(-)	(-)	(1,729,612)	(1,448,354)	(175,641)	(-)	(-)	(1,623,995)	(281,258)	(105,617)
Total	1,729,612	-	-	-	1,729,612	1,623,995	59,100	-	-	1,683,095	105,617	46,517
	(1,729,612)	(-)	(-)	(-)	(1,729,612)	(1,448,354)	(175,641)	(-)	(-)	(1,623,995)	(281,258)	(105,617)
c Intangible Assets under development												
	-	9,052,000	-	-	9,052,000	-	-	-	-	-	-	9,052,000
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Total	-	9,052,000	-	-	9,052,000	-	-	-	-	-	-	9,052,000
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Total	184,742,808	9,285,910	(168,758)	-	193,859,960	93,385,440	7,105,660	(168,758)	2,822,670	103,145,012	91,357,368	90,714,948
Previous Year	(188,900,812)	(137,450)	(4,303,246)	(7,792)	(184,742,808)	(89,024,911)	(8,187,816)	(3,834,361)	(7,074)	(93,385,440)	(99,875,901)	(91,357,368)

* Amount Written off in respect of Leasehold land for the period of lease which has expired.

** Building was revalued on 1st April, 2005 with reference to the fair market value; amount added on revaluation was Rs.76,558,113; the revalued amount substituted for historical cost on 1st April 2005 was Rs. 126,130,511, based on report issued by approved independent valuer.

Note:

- Adjustments/ deductions include obsolete fixed assets discarded during the year. Cost Rs. 168,758/- accumulated depreciation and amortisation Rs. 168,758/- (Previous year Cost Rs.405,523/- and depreciation and amortisation Rs 302,100/-)
- Consequent to enactment of the Companies Act, 2013 and its applicability w.e.f. 1st April 2014, the Company has reworked depreciation on the basis of the useful lives of assets as prescribed in Part 'C' of schedule II of the Act. As a result depreciation for the year ended 31st March, 2015 is lower by Rs.634,536 due to change in the useful lives of certain assets.

In case of assets where the remaining useful life as on 1st April 2014 is Nil, the carrying amount of such assets have been adjusted to the opening balance of Retained Earnings after retaining their residual value. Accordingly, a sum of Rs. 2,822,670 has been adjusted against Opening Reserves.

9 NON CURRENT INVESTMENTS

(In rupees)

PARTICULARS	As at 31.03.2015	As at 31.03.2014
Unquoted - (At cost or carrying amount unless otherwise stated)		
Trade Investments		
Investments in Equity Instruments of Wholly Owned Subsidiary Companies		
i) 150,000 (Previous year 150,000) shares of Sterling Pound 1/- each of Melstar UK Limited (UK) Less: Provision for diminution, provided as at 31st March, 2006	9,790,695 (9,790,695)	9,790,695 (9,790,695)
ii) 958,992 (Previous year 958,992) shares of Sterling Pound 1/- each of Melstar Limited (UK) Less: Provision for diminution, provided as at 31st March, 2006	94,245,891 (94,245,891)	94,245,891 (94,245,891)
iii) 1,700,000 (Previous year 1,700,000) shares of SGD 1/- each of Melstar Singapore Pte Ltd Less: Provision for diminution, provided as at 31st March, 2006	45,989,728 (45,989,728)	45,989,728 (45,989,728)
Non Trade Investments - Unquoted - (At cost or carrying amount unless otherwise stated)		
115,000 (Previous year 125,000) Equity Shares of Rs.10/- each of Janakalyan Sahakari Bank Ltd Less: Provision for diminution, provided as at 31st March, 2010	1,150,000 (1,150,000)	1,250,000 (1,250,000)
350,000 (Previous year Nil) Equity Shares of Rs.10/- each of Birla Kerala Vaidyashala Pvt. Ltd.	3,500,000	-
TOTAL	3,500,000	-
Note:		
Aggregate of Unquoted Investments Cost/ carrying amount	154,676,314	151,276,314
Aggregate provision for diminution in value of investments	(151,176,314)	(151,276,314)

10 LONG TERM LOANS AND ADVANCES

(In rupees)

PARTICULARS	As at 31.03.2015		As at 31.03.2014	
Security Deposits				
Unsecured, considered good		1,260,184		1,254,234
Others (Unsecured, considered good)				
Advances recoverable in cash or kind or for value to be received	2,240,039		2,245,044	
Advance payment of Income Tax (Net of Provision for Taxation)	31,069,967		23,795,006	
Advance Payment of Fringe Benefit Tax (Net of Provision for Taxation)	23,748		23,748	
		33,333,754		26,063,798
TOTAL		34,593,938		27,318,032



11 TRADE RECEIVABLES

(In rupees)

PARTICULARS	As at 31.03.2015		As at 31.03.2014	
Trade receivables outstanding for a period exceeding six months from the date they are due for payment				
-Unsecured, considered good	1,044,152		1,044,152	
-Unsecured, considered doubtful	27,304,346		27,206,207	
	28,348,498		28,250,359	
Less: Provision for bad and doubtful debts	(27,304,346)		(27,206,207)	
		1,044,152		1,044,152
Trade receivables outstanding for a period less than six months from the date they are due for payment				
-Unsecured, considered good	43,673,564		30,503,429	
-Unsecured, considered doubtful	-		-	
	43,673,564		30,503,429	
Less: Provision for bad and doubtful debts	-		-	
		43,673,564		30,503,429
TOTAL		44,717,716		31,547,581

12 CASH AND CASH EQUIVALENTS

(In rupees)

PARTICULARS	As at 31.03.2015	As at 31.03.2014
Balances with Banks	458,358	584,616
Cash on hand	743,617	279,646
TOTAL	1,201,975	864,262

13 SHORT TERM LOANS AND ADVANCES

(In rupees)

PARTICULARS	As at 31.03.2015		As at 31.03.2014	
Security Deposits				
Unsecured, considered good		12,376		83,888
Others				
Inter Corporate Deposits, unsecured considered good	18,858,596		37,713,099	
Inter Corporate Deposits, unsecured considered doubtful	17,854,503		-	
Less:- Provision (Refer Note No.22)	(17,854,503)		-	
Advances recoverable in cash or kind or for value to be received (Unsecured, considered good)	2,155,121		2,094,943	
		21,013,717		39,808,042
TOTAL		21,026,093		39,891,930

14 OTHER CURRENT ASSETS

(In rupees)

PARTICULARS	As at 31.03.2015	As at 31.03.2014
Unbilled Revenue	25,562,719	14,266,424
Rental Income Receivable	-	4,217,334
Interest Receivable	-	121,008
TOTAL	25,562,719	18,604,766

15 REVENUE FROM OPERATIONS

(In rupees)

PARTICULARS	For the period ended 31st March, 2015	For the year ended 31st March, 2014
Sale of Software Products	-	250,000
Sale of Software Services	223,582,916	185,713,358
TOTAL	223,582,916	185,963,358

16 OTHER INCOME

(In rupees)

PARTICULARS	For the period ended 31st March, 2015	For the year ended 31st March, 2014
Exchange Difference (Net)	-	643,153
Sundry Credit Balances Written Back	445,464	-
Provision for doubtful debts/ advances written back (Net)	-	1,708,865
Excess Provision of Earlier Years Written Back	1,584,107	1,347,296
Dividend	62,500	-
Miscellaneous Income	10,005	38,714
Rent	-	3,465,000
Interest on Inter Corporate Deposits and Other Deposits	-	3,017,075
Interest on Income Tax Refunds	7,988,311	819,345
TOTAL	10,090,387	11,039,448

17 EMPLOYEE BENEFITS EXPENSES

(In rupees)

PARTICULARS	For the period ended 31st March, 2015	For the year ended 31st March, 2014
Salaries and Wages	162,061,819	150,541,021
Contribution to Provident and other Funds	6,453,949	5,984,023
Gratuity	1,298,896	1,585,330
Compensated Absences	1,442,686	869,982
Staff Welfare Expenses	549,439	509,360
TOTAL	171,806,789	159,489,716

18 FINANCE COSTS

(In rupees)

PARTICULARS	For the period ended 31st March, 2015	For the year ended 31st March, 2014
Interest expenses		
On Fixed Period Loans	-	-
Others	13,376,121	9,004,107
Other borrowing costs	337,500	202,500
TOTAL	13,713,621	9,206,607



19 OTHER EXPENSES

(In rupees)

PARTICULARS	For the period ended 31st March, 2015	For the year ended 31st March, 2014
Purchases of Software Services	20,612,855	17,289,332
Electricity	1,770,310	2,114,674
Rent	1,793,863	2,934,930
Rates and Taxes	657,867	379,896
Insurance	583,192	648,739
Repairs to machinery	387,027	409,410
Travelling and Conveyance	2,048,340	1,801,276
Communication Expenses	1,392,211	1,482,480
Advertising and Sales promotion expenses	440,656	574,901
Rebate and discount	546,244	18,518
Legal and Professional fees	3,143,300	3,506,970
Recruitment Expenses	1,293,932	1,221,011
Loss on Sale of Fixed Assets (Net)	-	290,895
Provision for Doubtful Debts and Advances (Net)	98,139	1,094,238
Irrecoverable Debts/ Advances written off	661,800	5,790,095
Exchange Difference (Net)	58,362	680
Fixed Assets written off	-	101,423
Directors Sitting Fees	360,000	220,000
Miscellaneous Expenses	3,965,421	3,779,291
TOTAL	39,813,520	43,658,759

Note: (Miscellaneous Expenses includes Bank Charges, Security Expenses, Vehicle Expenses etc.)

20. The subsidiary (which along with MITL, the Parent Company, constitutes The Group) considered in the presentation of these consolidated financial statements is:

Name of subsidiary	Country of incorporation	Proportion of Ownership Interest	
		Current Year	Previous Year
Melstar Inc. (MI)	U.S.A.	100%	100%

The consolidated financial statements have been prepared on the basis of audited financial statement of the Parent Company and one subsidiary (Previous year one subsidiary).

Significant Accounting Policies and Notes to consolidated financial statements are intended to serve as a means of informative disclosure and a guide to better understand the consolidated position of the Group. Recognising this purpose, the Company has disclosed only such policies and Notes from the individual financial statements, which fairly present the needed disclosures.

21. Contingent Liability:

(In rupees)

	As at 31.03.2015	As at 31.03.2014
(i) Claims against Parent Company not acknowledged as debt and pending before the Courts in Mumbai. The Parent Company expects that the matter will be resolved in Parent Company's favour and no liability is expected.	539,722	457,392
(ii) Disputed ESIC Liability: ESIC demand disputed and pending decisions before higher authorities. Amount paid there against and included under "Short Term Loans and Advances" Note No.13 Rs.35,000 Previous year (Rs.35,000)	135,627	135,627
(iii) Disputed Property Tax Liability: Property Tax demand disputed and pending before the Court in Mumbai. Amount paid there against and included under " Short Term Loans and Advances" Note No.13 Rs. 1,008,228 Previous year (Rs. 806,524)	2,016,455	1,613,047

22. In the earlier year, the Parent Company had given Inter Corporate Deposits to one party amounting to Rs. 17,854,503 including interest accrued thereon. This deposit is due for repayment for more than six months. Consequent to liquidation proceedings initiated against the said party, the Company has provided Rs.17,854,503 (including interest) towards doubtful advances, being Exceptional Item.

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23. Consequent to enactment of the Companies Act, 2013 and its applicability w.e.f. 1st April 2014, the Company has reworked depreciation on the basis of the useful lives of assets as prescribed in Part 'C' of schedule II of the Act. As a result depreciation for the year ended 31st March, 2015 is lower by Rs.634,536 due to change in the useful lives of certain assets.

In case of assets where the remaining useful life as on 1st April 2014 is Nil, the carrying amount of such assets have been adjusted to the opening balance of Retained Earnings after retaining their residual value. Accordingly, a sum of Rs. 2,822,670 has been adjusted against Opening Reserves.

24. The break-up of deferred tax assets as at 31st March, 2015 is as under:

Parent Company (India)

(In rupees)

	As at 31.03.2015	Credit/ (Charge)	As at 31.03.2014
a) Deferred Tax Liability			
WDV of Fixed Assets	(25,664,664)	77,075	(25,741,739)
b) Deferred Tax Asset			
Provision for Gratuity and Leave Encashment	2,148,456	504,841	1,643,615
Provision for Doubtful Debts and Advances	54,579,503	3,758,227	50,821,276
Others	5,579,030	(2,437,646)	8,016,676
	62,306,989	1,825,422	60,481,566
Total Deferred Tax (Liability)/ Asset	36,642,325	1,902,498	34,739,827

The deferred tax assets, not recognised as at the year end on the basis of prudence, would be accounted for in the subsequent year/years considering the requirements of the Accounting Standard (AS) 22 on "Accounting for Taxes on Income", regarding reasonable/virtual certainty and the accounting policy followed by the Company in this respect.

25. Segment Reporting:

1.

(In rupees)

Particulars	Asia-Pacific	USA	Others	Total
Segment Revenues				
External Revenue	221,163,677	1,824,751	2,634,064	225,622,492
Inter-Segment Revenue				-
Total Revenue	221,163,677	1,824,751	2,634,064	225,622,492
	(171,647,891)	(15,019,422)	(3,034,073)	(189,701,386)
Segment Result Before exceptional Items	14,688,621	(323,209)	1,237,656	15,603,068
	(-14,266,724)	(790,233)	(2,318,890)	(-11,157,601)
Exceptional Items allocated to segment	-	-	-	-
	(-)	(-)	(-)	(-)
Segment Result after exceptional Items	14,688,621	(323,209)	1,237,656	15,603,068
	(-14,266,724)	(790,233)	(2,318,890)	(-11,157,601)
Un-allocable Income	-	-	-	8,050,811
	(-)	(-)	(-)	(7,301,420)
Un-allocable Expenses	-	-	-	26,898,548
	(-)	(-)	(-)	(10,709,805)
Interest Expenses	-	-	-	13,376,121
	(-)	(-)	(-)	(9,004,107)
Exceptional Items Unallocable to segment	-	-	-	-
	(-)	(-)	(-)	(-)
Provision for tax - Current tax	-	-	-	-
	(-)	(-)	(-)	(-)
- Current tax of earlier year written back	-	-	-	-
	(-)	(-)	(-)	(-729,819)
Particulars	Asia-Pacific	USA	Others	Total



Net Profit after tax	-	-	-	(16,620,790)
	(-)	(-)	(-)	(-24,299,912)
Other Information	144,709,080	443,404	352,862	145,505,346
Segment Assets	(99,172,211)	(933,974)	(59,682)	(100,165,867)
Unallocated assets	-	-	-	75,812,043
	(-)	(-)	(-)	(109,418,073)
Total Assets	144,709,080	443,404	352,862	221,317,389
	(99,172,211)	(933,974)	(59,682)	(209,583,940)
Segment Liabilities	55,153,810	267,921	-	55,421,731
	(31,518,551)	(795,888)	(-)	(32,314,439)
Unallocated liabilities	-	-	-	88,047,158
	(-)	(-)	(-)	(79,978,558)
Total Liabilities	55,153,810	267,921	-	143,468,889
	(31,518,551)	(795,888)	(-)	(112,292,997)
Depreciation and Amortisation				
Segment depreciation and amortisation	4,296,877	-	-	4,296,877
	(4,971,857)	(11,334)	(-)	(4,983,191)
Unallocated depreciation and amortisation	-	-	-	2,808,782
	(-)	(-)	(-)	(3,204,626)
Total depreciation and amortisation	4,296,877	-	-	7,105,659
	(4,971,857)	(11,334)	(-)	(8,187,817)
Significant Non-Cash Expenditure				
Segment Significant non-cash expenditure	759,939	-	-	759,939
	(6,837,246)	(-)	(439,405)	(7,276,651)
Unallocated non cash expenditure	-	-	-	17,854,503
	(-)	(-)	(-)	(-)
Total significant non-cash expenditure	759,939	-	-	18,614,442
	(68,37,246)	(-)	(439,405)	(7,226,651)

2. **External Revenue comprises of:** In rupees

Income from Sale of Software Products	---
	(250,000)
Income from Services	223,582,916
	(185,713,358)
Other Income	2,039,576
	(3,738,028)
Total	225,622,492
	(189,701,386)

3. The Group is providing mainly software solutions and in the opinion of the management has only one reportable business segment, the results of which are disclosed in the financial statements.

4. Previous year figures are given in brackets.

26. **Earnings per share is computed as under:**

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
a. Net Loss/(Profit) after tax attributable to equity shareholders (Rupees)	1,233,713	(24,299,912)
Exceptional Item (Rupees)	(17,854,503)	-
b. Net Loss after tax attributable to equity shareholders, after Exceptional Item (Rupees)	(16,620,790)	(24,299,912)
c. Weighted average number of equity shares considered for calculation of Basic and Diluted Earning Per Share (Nos.)	14,283,139	14,283,139
d. Nominal value of equity share (Rupees)	10.00	10.00
e. Basic and Diluted Earnings per share (Rupees)	(1.16)	(1.70)

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27. Related party disclosures for the group are as under:

a) Names of related parties and description of relationship:

i. Key Management Personnel with whom transactions have taken place during the year	Mr. P. V. R. Murthy (Non-Executive Director)(Up to 24th October, 2013) Mr. Richard D'Souza (Chief Executive Officer and Manager)(Up to 22nd May,2013) & (Managing Director) (Up to 09th December, 2013) Mr. Vijay Mishra (Managing Director)(w.e.f.13th November, 2013) Mr. Anil S. Korpe (Chief Financial Officer) Mr. Vijaykumar H. Modi (Company Secretary)
ii. Enterprises Over which Key Management Personnel and / or their relatives have significant influence with whom the transactions have taken place during the year	Birla Edutech Limited(Up to 25th June, 2013) Birla Power Solutions Limited (Up to 14th August, 2013) Birla Global Corporate Limited

b) Nature of transactions with related parties:

(In rupees)

	Particulars	Key Management Personnel		Enterprises Over which Key Management Personnel and / or their relatives have significant influence	
		2014-2015	2013-2014	2014-2015	2013-2014
a)	Loans and advances				
	Balance as at 1st April	-	-	17,854,503	16,638,988
	Birla Power Solutions Limited	-	-	17,854,503	16,638,988
	Given/Adjusted during the year	-	-	-	1,215,515
	Birla Power Solutions Limited	-	-	-	1,215,515
	Repaid/Adjusted during the year				
	Balance as at March 31	-	-	17,854,503	17,854,503
	Birla Power Solutions Limited	-	-	17,854,503	17,854,503
b)	Trade Receivables				
	Balance as at March 31	-	-	-	661,800
	Birla Global Corporate Limited	-	-	-	661,800
c)	Deposits Received				
	Balance as at April 1	-	-	-	2,700,000
	Birla Edutech Limited	-	-	-	2,700,000
	Given/Adjusted during the year				
	Repaid/Adjusted during the year	-	-	-	2,700,000
	Birla Edutech Limited	-	-	-	2,700,000
	Balance as at March 31				
	Birla Edutech Limited				
d)	Receivables				
	Balance as at March 31	-	-	987,996	6,255,448
	Birla Edutech Limited	-	-	-	4,217,334
	Birla Global Corporate Limited	-	-	987,996	2,038,114



	Particulars	Key Management Personnel		Enterprises Over which Key Management Personnel and / or their relatives have significant influence	
		2014-2015	2013-2014	2014-2015	2013-2014
e)	Trade Payables				
	Balance as at March 31	423,583	235,012	-	-
	Mr.Vijay Mishra	275,903	235,012	-	-
	Mr.Anil S. Korpe	97,297	-	-	-
	Mr.Vijaykumar H Modi	50,383	-	-	-
f)	Income				
	Rent	-	-	-	3,465,000
	Birla Edutech Limited	-	-	-	3,465,000
	Interest Income	-	-	-	1,215,515
	Birla Power Solutions Limited	-	-	-	1,215,515
g)	Expenditure				
	Remuneration	6,271,457	8,304,538	-	-
	Mr.Richard D'Souza	-	6,600,034	-	-
	Mr.Vijay Mishra	4,442,200	1,704,504	-	-
	Mr.Anil S. Korpe	1,238,461	-	-	-
	Mr.Vijaykumar H Modi	590,796	-	-	-
	Sitting Fees	-	40,000	-	-
	Mr.P.V.R.Murthy	-	40,000	-	-

Note: Related party relationship is as identified by the Company and relied upon by the auditors.

28. The Consolidated Financial Statements include the results of a wholly owned subsidiary Melstar Inc., located at U.S.A., in respect of which the turnover during the current year is Nil and its net worth continues to be negative. These conditions raise substantial doubt about its ability to continue as a going concern though the financial statements have been prepared assuming that the Company will continue as a going concern. The financial statements do not include any adjustments relating to the recoverability and classification of assets carrying amounts or the amount and classification of liabilities that might result should the Subsidiary be unable to continue as a going concern.

In the opinion of the management, since the carrying amounts of the assets of the subsidiary in the consolidated financial statements is not material, no adjustments relating to the recoverability and classification of the recorded assets amounts at the consolidated level are necessary. Further, all the liabilities of this subsidiary is appropriately classified in the consolidated financial statements and hence no adjustments to their classification would be necessary, if this entity is unable to continue on going concern basis.

29. The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are as follows:

- a. Amount receivable in foreign currency on account of the following

Particulars	Amount in Rupees	Amount in Foreign Currency	Foreign Currency
Export of goods/services*	15,247,443	203,257	GBP
	(15,247,443)	(203,257)	
	11,374,224	236,374	USD
	(11,334,671)	(235,815)	
TOTAL	26,621,667		
	(26,582,114)		

* Of these, Rs.26,484,153 (Previous Year Rs. 26,484,153) has been provided for towards doubtful recoveries.

Note: Previous year figures are given in brackets.

30. Post Employment Benefit Plans

- (i) Defined contribution plans

The Parent Company makes contributions towards provident fund to a defined contribution retirement benefit plan for qualifying employees. The Provident Fund plan is operated by Regional Provident Fund Commissioner. Under the plan, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit plan to fund the benefits.

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The Parent Company recognized Rs. 5,486,908 (Previous year Rs. 5,164,474) for provident fund contributions in the profit and loss account. The contributions payable to these plans by the Parent Company are at rates specified in the rules of the schemes.

(ii) Defined benefit plan

The Parent Company has defined benefit plan for qualifying employees in respect of Gratuity benefits. The scheme provides for payment to vested employees as under:

On Normal retirement/ early retirement/ withdrawal/resignation:

As per the provisions of Payment of Gratuity Act, 1972 with vesting period of 5 years of service.

On death in service:

As per the provisions of Payment of Gratuity Act, 1972 without any vesting period.

The most recent actuarial valuation of the present value of defined benefit obligation for gratuity was carried out at March 31, 2015 by an actuary. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The following table sets out the status of the gratuity plan the amounts recognised in the Parent Company's financial statements as at March 31, 2015.

In rupees

Sr. No.	Particulars	Gratuity (Non-funded)	
		As on 31.03.2015	As on 31.03.2014
I)	Reconciliation in present value of obligations (PVO) – defined benefit obligation :		
	Current Service Cost	478,702	417,441
	Interest Cost	325,103	296,420
	Actuarial (gain)/losses	495,091	78,200
	Benefits paid	(300,757)	(940,381)
	Past service cost	-	-
	PVO at the beginning of the year	3,705,248	3,705,248
	PVO at end of the year	4,555,067	3,556,928
II)	Change in fair value of plan assets :		
	Expected return on plan assets	-	-
	Actuarial gain/(losses)	-	-
	Contributions by the employer	-	-
	Benefits paid	-	-
	Fair value of plan assets at beginning of the year	-	-
	Fair value of plan assets at end of the year	-	-
III)	Reconciliation of PVO and fair value of plan assets:		
	PVO at end of year	4,555,067	3,556,928
	Fair Value of planned assets at end of year	-	-
	Funded status	(4,555,067)	(3,556,928)
	Unrecognised actuarial gain/(loss)	-	-
	Net asset/(liability) recognised in the balance sheet	(4,555,067)	(3,556,928)
IV)	Net cost for the year ended March 31, 2015 :		
	Current Service cost	478,702	417,441
	Interest cost	325,103	296,420
	Expected return on plan assets	-	-
	Actuarial (gain)/losses	495,091	78,200
	Past service cost	-	-
	Net cost	1,298,896	792,061
V)	Category of assets as at March 31, 2015 :	-	-
VI)	Actual return on the plan assets	-	-
VII)	Assumption used in accounting for the gratuity plan:		
	Discount rate (%)	7.89	9.14
	Salary escalation rate (%)	8.00	8.00
	Expected rate of return on plan assets	N.A.	N.A.



Note:

Provision towards compensated absences made on the basis of actuarial valuation as per Accounting Standard 15 (Revised). Actuarial value liability is Rs. 771,437 (Previous year Rs. 418,711) based upon the following assumptions:

	2014-15	2013-14
Discount Rate	7.89%	9.14%
Salary Escalation	8.00%	8.00%

The liability towards short-term compensated absences is Rs. 1,626,427 (Previous year Rs. 1,343,503) is provided on actual basis.

31. Disclosures relating to amounts payable as at the yearend together with interest paid / payable to Micro, Small and Medium Enterprises have been made in the accounts, as required under the Micro, Small and Medium Enterprises Development Act, 2006 to the extent of information available with the Company determined on the basis of intimation received from suppliers regarding their status and the required disclosure are given below:

	Particulars	For the year ended 31st March, 2015Rs.	For the year ended 31st March, 2014Rs.
A	Principal amount remaining unpaid as on 31st March 2015	-	-
B	Interest due thereon as on 31st March 2015	-	-
C	Interest paid by the Company in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year.	-	-
D	Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006	-	-
E	Interest accrued and remaining unpaid as at 31st March 2015	-	-
F	Further Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise.	-	-

32. Trade receivables, trade payables, short term loans and advances, other current assets and other current liabilities are subject to confirmation and reconciliation if any.
33. Additional information, as required under Schedule III to the Companies Act, 2013, of enterprises consolidated as Subsidiary/ Associates/ Joint Ventures.

Name of the Enterprise	Net Assets, i.e. total assets minus total liabilities		Share in profit or loss	
	As % of consolidated net assets	Amount Rs.	As % of consolidated profit or loss	Amount Rs.
1	2	3	4	5
Parent				
Melstar Information Technologies Limited	100.03	77,868,648	99.53	-16,542,800
Subsidiary				
Indian	Nil	Nil	Nil	Nil
Foreign				
Melstar Inc.	-54.56	-42,476,023	0.47	-77,989
Minority Interest in all subsidiaries	Nil	Nil	Nil	Nil
Associates (Investments as per the equity method)	Nil	Nil	Nil	Nil
Joint Ventures (as per proportionate consolidation/ Investment as per the equity method)	Nil	Nil	Nil	Nil

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Annexure – A

SALIENT FEATURES OF FINANCIAL STATEMENTS OF SUBSIDIARY/ ASSOCIATE / JOINT VENTURES
(Pursuant to Section 129(3) of the Companies Act, 2013 read with rule 5 of Companies (Accounts) Rules, 2014)

Part 'A' : Subsidiary													
Name of subsidiary company	Financial year ended on	Reporting Currency	Share Capital	Reserves & surplus	Total Assets	Total Liabilities	Investments	Turnover	Profit/ Loss before Taxation	Provision for Taxation	Profit/ Loss after Taxation	Proposed Dividend	% of Share holding
Melstar Inc.	31-03-2015	US\$	1,148,500	(1,828,062)	513,163	1,192,725	-	-	(1,274)	-	(1,274)	-	100%
		INR	71,786,993	(114,263,015)	32,075,253	74,551,276	-	-	(79,631)	-	(79,631)	-	

Indian Rupee equivalent figures have been arrived at by applying the year end inter-bank Exchange Rate : 1 US\$ = Rs. 62.505

34. Previous year's figures have been regrouped wherever necessary, to correspond with the figures of the current year. Amounts and other disclosures for the preceding year are included as integral part of the current year financial statements and are to be read in relation to the amounts and other disclosures relating to the current year. Figures have been rounded off to the nearest rupee.

As per our report of even date

For Jai Prakash Upadhayay & Co.

Chartered Accountants
Firm Registration No. 125073W

Jai Prakash Upadhayay

Proprietor
Membership No. 116778

For and on behalf of the Board of Directors

Vijay Mishra

Managing Director

L. R. Daga

Director

Vijay Modi

Company Secretary

Kirti Tripathi

Director

Anil S. Korpe

Chief Financial Officer

Mumbai, Dated : May 29, 2015

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[illegible]



MELSTAR INFORMATION TECHNOLOGIES LIMITED

Melstar House, MIDC Cross Road Andheri (east) Mumbai 400093.

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)

Name of the Company : MELSTAR INFORMATION TECHNOLOGIES LIMITED CIN : L99999MH1986PLC040604
Registered Office : Melstar House, MIDC Cross Road Andheri (east) Mumbai 400093. Tel no: 02240566464, Fax no: 02228310520

Name of the Member(s)			
Registered address			
E-mail Id			
Folio No./Client Id		DP ID:	

I / We, being the Member(s) of _____ shares of Melstar Information Technologies Limited, hereby appoint:

- _____ of _____ having e-mail id _____ or failing him
- _____ of _____ having e-mail id _____ or failing him
- _____ of _____ having e-mail id _____ or failing him

and whose signature(s) are appended below as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 28th Annual General Meeting of the Company, to be held on **Tuesday, 29th September, 2015 at 10:00 a.m. at G-4, Melstar House M.I.D.C. Cross Road "A" Andheri (East) Mumbai - 400093** and at any adjournment thereof in respect of such resolutions as are indicated below:

*I wish my above Proxy to vote in the manner as indicated in the box below:

Sr. No.	Resolution for approving (give details)	Votes Cast	
		Please tick your choice (✓) in the respective column – “for” or “against”	
		For	Against
1	Adoption of Accounts for the year ended 31st March, 2015.		
2	Appointment of M/s Jaiprakash Upadhyay and Co. Chartered Accountants as Statutory Auditor of the Company.		
3	Authorizing the board to Appoint Branch Auditors for the overseas branch office in US.		
4	To Consider the Appointment of Mrs. Kirti Tripathi as a Non-Executive Director of the Company.		
5	To Consider the Appointment of Mr. Rakesh Kumar Dixit as an Independent and Non-Executive Director of the Company.		
6	To Consider the Appointment of Mr. Ashish Mahendrakar as an Independent and Non-Executive Director of the Company.		

Signed this..... day of.....2015

Signature of Shareholder..... Signature of Proxy holder(s).....

Affix
Re.
1/-Revenue
Stamp

Signature(s) across the stamp

Notes: 1. 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. 2. Please complete all details before submission.

ATTENDANCE SLIP

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

Joint Shareholders may obtain additional Slip at the venue of the meeting

DP Id*	
Client Id*	
Folio No.	
No. of Shares	
Name and Address of Shareholder:	

I hereby record my presence at the 28th Annual General Meeting of the Company held on **Tuesday, 29th September, 2015 at 10:00 a m at G-4 Melstar House, MIDC Cross Road "A", Andheri (east) Mumbai 400093.**

*Applicable for investor holding shares in electronic form.

Signature of Shareholder/Proxy

ELECTRONIC VOTING PARTICULARS		
EVEN(E-Voting Event Number)	USER ID	PASSWORD/PIN
103033		

Mission

"To offer highest value proposition to Global Customers in the area of Application Management Services by providing them with a unique sustainable Cost Reduction Model on long term basis."

Service Offerings

Onsite / Offsite / Offshore

- Application Design and Development
- Application/Project Consulting Business
- Off shore Development facility
- Application Support/Maintenance and Migrations

Quality Policy

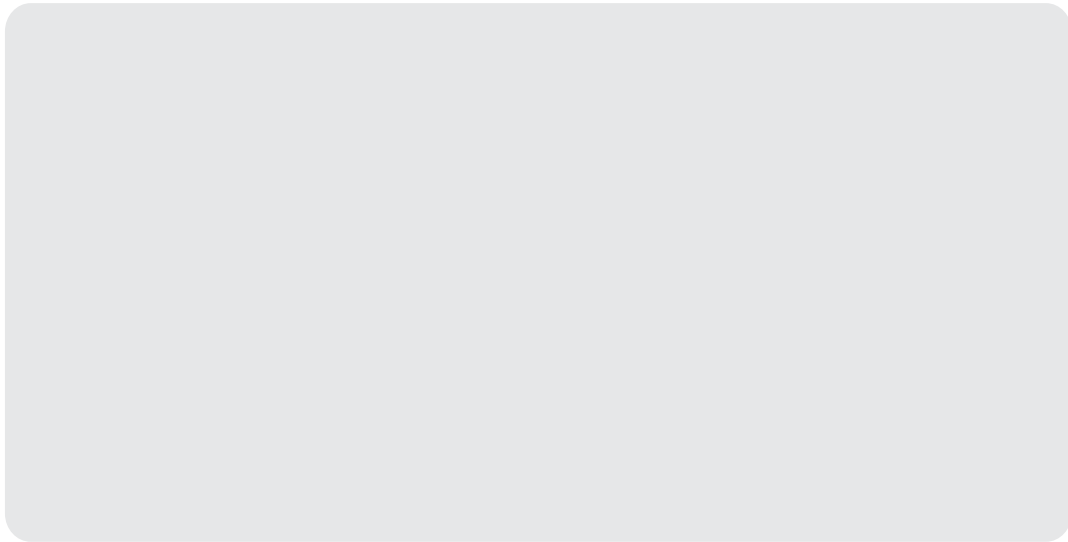
"We shall provide quality software products, solutions and services to consistently meet the customer's changing requirements."

Melstar Information Technologies Limited

2014-2015

28th Annual Report

Book-Post



If undelivered, please return to:



A Software Services Company


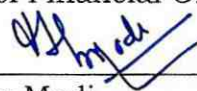
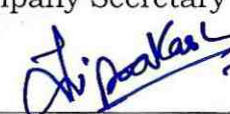
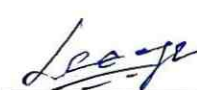
Registered & Corporate Office:

Melstar House, G-4, MIDC Cross Road "A", Andheri (East), Mumbai - 400 093

To,
Bombay Stock Exchange Ltd.
P. J. Towers,
Dalal Street,
Mumbai - 400 001
SCRIP CODE 532307

FORM A

Format of covering letter of the annual audit report to be filed with the Stock Exchange pursuant to Clause 31(a) of the Listing Agreement

1.	Name of the company	Melstar Information Technologies Limited
2.	Annual financial statements for the year ended	31 st March 2015.
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	-
5.	To be signed by-	
	CFO	 Anil Korpe Chief Financial Officer
	Company Secretary	 Vijay Modi Company Secretary
	Auditor of the company	 M/s. Jai Prakash Upadhyay & Co.
	Audit Committee Chairman	 L.R. Daga Chairman - Audit Committee



Registered / Corporate Office:
Melstar House, G-4, M.I.D.C.
Cross Road "A", Andheri (East),
Mumbai 400 093. INDIA.
Phone : +91(22) 4056 6464
Fax : +91(22) 2831 0520
URL : www.melstar.com