

03.11.2016

<b>BOMBAY STOCK EXCHANGE LIMITED</b> P. J. TOWERS, DALAL STREET, MUMBAI - 400 001  <b>SCRIP CODE 532307</b>	<b>NATIONAL STOCK EXCHANGE OF INDIA LIMITED</b> Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051  <b>MELSTAR</b>
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Dear Sirs,

**SUB : SUBMISSION OF PRINTED COPIES OF THE 29<sup>TH</sup> ANNUAL REPORT FOR THE FINANCIAL YEAR 31.03.2016**


In terms of Regulation 34(1) of SEBI (LODR) 2015, we are forwarding **SIX** copies of the said **29<sup>TH</sup> ANNUAL REPORT** of the Company for the year ended 31.03.2016.

PERIOD OF E-VOTING	<b>WEDNESDAY 23<sup>RD</sup> NOVEMBER, 2016</b> <b>09:00 A.M.</b>  <b>TO</b>  <b>FRIDAY 25<sup>TH</sup> NOVEMBER, 2016</b> <b>5:00 P.M.</b>
DATE OF BOOK CLOSURE	<b>SATURDAY 19<sup>TH</sup> NOVEMBER, 2016</b>  <b>TO</b>  <b>SATURDAY 26<sup>TH</sup> NOVEMBER, 2016</b>
DAY,DATE,TIME,AND VENUE OF AGM	<b>SATURDAY 26<sup>TH</sup> NOVEMBER,2016 AT</b> <b>09:00A.M</b> <b>G-4 MELSTAR HOUSE M.I.D.C. CROSS</b> <b>ROAD "A" ANDHERI(EAST) MUMBAI-</b> <b>400093</b>

Thanking you.

Yours faithfully,

For **MELSTAR INFORMATION TECHNOLOGIES LIMITED**

  
**(ANIL KORPE)**  
**CHIEF FINANCIAL OFFICER**  
Encl : as above.



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



THE YASH BIRLA GROUP

**2015-2016**

# **29<sup>th</sup> 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](mailto:info@melstar.com), Visit us at : [www.melstar.com](http://www.melstar.com)

Corporate Identity Number (CIN): L99999MH1986PLC040604

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**BOARD OF DIRECTORS**

- Mr. Ashish Ramesh Mahendrakar Independent & Non-Executive Director (w.e.f. 01.07.2015)
- Mr. Vijaykumar Himatlal Modi Independent & Non-Executive Director (w.e.f. 27.09.2016)
- Mrs. Kirti Tripathi Non-Executive Director (w.e.f. 30.03.2015)
  
- Mr. Om Prakesh Jain Independent & Non-Executive Director (upto 15.04.2016)
- Mr. Vedant Birla Non-Executive Director (upto 15.04.2016)
- Mr. Rakesh Kumar Dixit Independent & Non-Executive Director (upto 12.08.2016)
- Mr. Sanjiv Tandon Managing Director (upto 07.09.2016)
- Mr. Yogendra Shah Independent & Non-Executive Director (from 12.08.2016 to 12.09.2016)

**AUDITORS:**

M/S Sarda & Pareek.  
Chartered Accountants  
Mumbai

**BANKERS**

Bank of India

**SHARE REGISTRAR AND  
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

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**CHIEF FINANCIAL OFFICER**

Mr. Anil S. Korpe

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**BRANCH OFFICE LOCATIONS****BANGALORE**

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

**CHENNAI**

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

**HYDERABAD**

**Melstar Information Technologies Ltd.**  
Imarat Park View  
M.C.H.No: 8-2-120/112/P/9,  
Fourth floor Opposite to K.B.R.Park,  
Located on Main Road- Banjara Hills,  
Road No. 2 Hydrderabad- 500 034.  
Phone No. 9949042216

**PUNE**

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

**GURGAON**

**Melstar Information Technologies Ltd.**  
312 R M S, 3rd Floor, Centrum Plaza,  
Golf Course Road, Sector-53,  
Gurgaon - 122 002  
Phone : 0124-4080842/43/44

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**OVERSEAS SUBSIDIARY****Melstar Inc.**

33, Wood Avenue South,  
Suite 600, Iselin,  
New Jersey 08830  
Phone No.: 7327443399  
Fax : 7327443400

<b>CONTENTS</b>	<b>Page Nos.</b>
Notice .....	3
Directors' Report.....	10
Management Discussion and Analysis Report .....	25
Report on Corporate Governance .....	27
Auditors' Certificate on Corporate Governance .....	34
Independent Auditor's Report.....	35
Balance Sheet .....	40
Profit & Loss Statement.....	41
Cash Flow Statement .....	42
Notes forming part of Balance Sheet and Profit and Loss Statement .....	43
Independent Auditor's Report on Consolidated Financial Statements .....	57
Consolidated Balance Sheet .....	62
Consolidated Profit & Loss Statement.....	63
Consolidated Cash Flow Statement .....	64
Notes forming part of Consolidated Balance Sheet and Profit & Loss Statement.....	65
Attendance Slip / Proxy Form .....	83



## Notice

Notice is hereby given that the **29<sup>th</sup> Annual General Meeting** of the members of **Melstar Information Technologies Limited** will be held on **SATURDAY, THE 26<sup>TH</sup> NOVEMBER, 2016 AT 09:00 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:

- To consider and adopt:
  - The audited financial statement of the Company for the financial year ended **March 31, 2016**, the reports of the Board of Directors and Auditors thereon; and
  - The audited consolidated financial statement of the Company for the financial year ended **March 31, 2016**.

### SPECIAL BUSINESS:

- To appoint **M/S Sarda & Pareek** as Statutory Auditor in place of outgoing auditors **M/s Jai Prakash Upadhayay** and in this regard, to consider and if thought fit to pass the following resolution as a **Special Resolution**:

**"RESOLVED THAT** pursuant to the provisions of **Section 139(8)** and other applicable provisions, if any, of the Companies Act, 2013 as amended from time to time or any other law for the time being in force (including any statutory modification or amendment thereto or re-enactment thereof for the time being in force), **M/S SARDA & PAREEK**, Chartered Accountants, Mumbai be and are hereby appointed as Statutory Auditors of the Company in place of the outgoing Statutory Auditors **M/S JAI PRAKASH UPADHAYAY & CO.**, Chartered Accountants, Mumbai "

**"RESOLVED FURTHER THAT M/S. SARDA & PAREEK**, Chartered Accountants, Mumbai be and are hereby appointed as Statutory Auditors of the Company from the upcoming Annual General Meeting and that they shall hold the office of the Statutory Auditors of the Company from the conclusion of this meeting until the conclusion of the next Annual General Meeting and that they shall conduct the Statutory Audit for the period ended **31st March, 2017** on such remuneration as may be fixed by the Board of Directors in consultation with them."

- As An **Ordinary Resolution**: Appointment of **Mr. Sanjiv Tandon** as an Additional Director upto 07.09.2016.

**"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) **Mr. Sanjiv Tandon (DIN 02600973)** 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 **07.09.2016** since he resigned on his own accord and whose appointment for the aforesaid period is hereby confirmed and approved."

- As a **Special Resolution**: Appointment of **Mr. Sanjiv Tandon** as a Managing Director from 01.10.2015 to 07.09.2016.

**"RESOLVED THAT** pursuant to **Section 152, 164, 165, 167, 196, 197, 203** and any other applicable provisions of the Companies Act, 2013 (the Act) and the rules made there under read with **Schedule V** to the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including statutory modification (s) or re-enactment thereof for the time being in force) approval of the Company be and is hereby accorded for the appointment of **Mr. Sanjiv Tandon (DIN 02600973)** as Managing Director of the Company for the period **w.e.f 01.10.2015 to 07.09.2016** on the remuneration and perquisites and terms and conditions as set out in the statement annexed to the Notice convening this meeting."

**"RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorised to take such steps and actions and to do all such acts, deeds, matters and things as may be necessary, expedient or desirable to give effect to the above resolution."

- As An **Ordinary Resolution**: Appointment of **Mr. Vijaykumar Modi** as an 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. Vijaykumar Modi** who was appointed as an Additional Director of the Company with effect from **27.09.2016** 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 27.09.2016**."

- As a **Special Resolution**: Consent of the company u/s 180(1)(c) of the Companies Act, 2013.

**"RESOLVED THAT**, pursuant to the provisions of **Sections 180(1)(c)** and other applicable provisions, if any, of the Companies Act, 2013, as amended from time to time, and the Articles of Association of the Company, the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as **'the Board'** which term shall be deemed to include any committee thereof) for borrowing, from time to time, any sum or sums of monies which together with the monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid up capital of the Company and its free reserves provided that the total amount so borrowed by the Board shall not at any time exceed **Rs. 200 crores** or the aggregate of the paid up capital and free reserves of the Company, whichever is higher."

**"RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all such acts, deeds and things, to execute all such documents, instruments and writings as may be required to give effect to this Resolution."

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

By Order of the Board of Directors  
For **MELSTAR INFORMATION TECHNOLOGIES LIMITED**

Place: Mumbai,  
Date: 29.09.2016

**ANIL KORPE**  
CHIEF FINANCIAL OFFICER



## 29th Annual Report 2015-2016

### 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 Forty-Eight (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. In Case a proxy is proposed to be appointed by 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 or any other person or shareholder.
2. An Explanatory 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](http://www.melstar.com) in the Investor Info section.
4. The Register of Members and Share Transfer Books of the Company will remain closed from **SATURDAY, THE 19<sup>TH</sup> NOVEMBER, 2016 TO SATURDAY, THE 26<sup>TH</sup> NOVEMBER, 2016** (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 SATURDAY, THE 19<sup>TH</sup> NOVEMBER, 2016**.
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 final results along with the scrutinizers report shall be placed on the Company's website [www.melstar.com](http://www.melstar.com) immediately after the result is declared by the Chairman.
13. In terms of **Sections 108** of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 as amended, the Company is providing the e-voting facility to its Members holding shares in physical or dematerialized form, as on **THE CUT-OFF DATE**, being **SATURDAY, THE 19<sup>TH</sup> NOVEMBER, 2016**, to exercise their right to vote by electronic means on any or all of the businesses specified in the accompanying Notice (the "Remote e-voting"). The remote e-voting commences on **WEDNESDAY, THE 23<sup>RD</sup> NOVEMBER, 2016 (09.00 A.M.) AND ENDS ON FRIDAY THE 25<sup>TH</sup> NOVEMBER, 2016 (5:00 P.M.)**. Detail of the process and manner of Remote e-voting along with the User ID and Password is being sent to all the Members along with the Notice.
14. In terms of the recent amendment to the Companies (Management and Administration) Rules, 2014 with respect to the Voting through electronic means, the Company is also offering the facility for voting by way of physical ballot at the AGM. The Members attending the meeting should note that those who are entitled to vote but have not exercised their right to vote by Remote e-voting, may vote at the AGM through ballot for all businesses specified in the accompanying Notice. The Members who have exercised their right to vote by Remote e-voting may attend the AGM but shall NOT vote at the AGM. The voting rights of the Members shall be in proportion to their shares of the paid-up equity share capital of the Company as on **THE CUT-OFF DATE** being **SATURDAY, THE 19<sup>TH</sup> NOVEMBER, 2016**.
15. The Notice of the Annual General Meeting along with the **Annual Report 2015-16** is being sent by electronic mode to those members whose e-mail addresses are registered with the Company/Depositories, unless any Member has requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode.

### 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 Participants(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) Insert your 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](mailto:admin@capsanghani.com) with a copy marked to [evoting@nsdl.co.in](mailto: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 Question (FAQs) for Members and remote e-voting user manual for Members available at the download section of [www.evoting.nsdl.com](http://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 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 i.e. SATURDAY, THE 19<sup>TH</sup> NOVEMBER, 2016.**

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. SATURDAY, THE 19<sup>TH</sup> NOVEMBER, 2016**, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or [pradnya@bigshareonline.com](mailto:pradnya@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](http://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 “remote e-voting” 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 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 place on the website of the Company [www.melstar.com](http://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.

XII. There will be one e-vote for every Client ID No. / Registered Folio No. irrespective of the number of joint holders.



## 29th Annual Report 2015-2016

**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 2:

The Company has received notice of resignation of **M/S JAI PRAKASH UPADHAYAY & CO.**, Chartered Accountants, Mumbai, who have resigned as Statutory Auditor of the Company. Further company has received Consent letter from **M/S SARDA & PAREEK**, Chartered Accountants, Mumbai, to act as Statutory Auditors of the Company. The Board of Directors of the Company has pursuant to Section 139(8) of Companies Act, 2013 appointed **M/S SARDA & PAREEK**, Chartered Accountants, Mumbai, as Statutory Auditors of the Company to hold the office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company.

As per terms of provisions of **Section 139(8)** of the Companies Act, 2013 appointment of Statutory Auditors is required to be approved by the members of the Company in a General Meeting. Accordingly, it is proposed for the members of the Company to take note and approve the appointment of **M/S SARDA & PAREEK**, Chartered Accountants, Mumbai, to act as Statutory Auditors of the Company from the conclusion of this meeting until the conclusion of the next Annual General Meeting and that they shall conduct the Statutory Audit for the period ended **31st March, 2017** on such remuneration as may be fixed by the Board of Directors in consultation with them.

The above Auditors are not disqualified from being appointed as Statutory Auditors of the Company in terms of Section 141 of the Act.

The Board recommends the passing of the resolution set forth in Item 2 of the accompanying Notice as Special Resolution.

None of the Directors, Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in this resolution.

### Item 3 & 4:

The Board of Directors had Pursuant to **Section 152, 164, 165, 167, 196, 197, 203**, of Companies Act, 2013 appointed **Mr. Sanjiv Tandon (DIN 02600973)** as Managing Director of the Company from **01.10.2015 to 07.09.2016**

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
Mr. Sanjiv Tandon	03.04.1964	Engineer	01.10.2015	B.Tech from IIT Delhi and M.tech from IIT Kanpur with rich experience in the Corporate World in IT & BPO Operations, Software development & maintenance, Business Development, Product Development and Consulting in various industries and businesses.	No	No	No

The Board of Directors of the Company in their meeting held on **08.10.2015** appointed **Mr. Sanjiv Tandon** as an Additional Director pursuant to the provisions of **Section 161** of the Companies Act, 2013 and **Article 139** of Articles of Association of the Company.

**Mr. Sanjiv Tandon** resigned on his own accord on **07.09.2016**.

Further, in the Board Meeting held on **08.10.2015** and as per the resolution passed by the Nomination and Remuneration Committee in their meeting held on **08.10.2015**, **Mr. Sanjiv Tandon** was appointed as Managing Director of the Company, with effect from **01.10.2015**, subject to the approval of shareholders.

The terms and condition of the appointment letter are as under:

**Mr. Sanjiv Tandon: Managing Director:**

**Period : 01.10.2015 to 07.09.2016**

As Managing Director, **Mr. Sanjiv Tandon** was responsible for the company's business affair as entrusted to him subject to the direction, supervision and control of Board of Directors.



I. **Remuneration: MR. SANJIV TANDON** was entitled to consolidated Remuneration as stated below:

Particulars	01.10.2015 to 07.09.2016
	Rupees
Salary	2,246,667
Perks and Incentive: House Rent Allowance together with utilities there for such as gas, electricity, water, furnishings, repairs, servants' salaries, society charges and property taxes, Reimbursement of Medical Expenses incurred for self and family and medical/accident insurance. Personal Accident Insurance in accordance with the rules specified by the Company. Leave Travel concession for self and family once in a year in accordance with the rules of the Company. Fees of clubs/annual membership fees and/or admission/ entrance fees	2,953,939
Provision for Car with driver for business of the Company and Telephone/ Cell phone Managing Director	
Company's contribution Provident fund @ 12%	269,600
Total	5,470,206

**Valuation of perquisites:** The perquisites were evaluated as per the Income Tax Rules wherever applicable. In the absence of such rules perquisites were evaluated at actual costs.

**Minimum Remuneration:** Notwithstanding anything herein contained, where in the event of loss or inadequacy of profits in financial year during the tenure (01.10.2015 to 07.09.2016) of **Mr. Sanjiv Tandon** as Managing Director of the Company, the remuneration as stated above was paid was minimum remuneration pursuant to **Section 196 & 197** read with Schedule V and any other applicable provisions of the Companies Act, 2013 as amended from time to time.

II. **Conveyance:** Free use of Company's car for the work of the Company along with driver, insurance, petrol, cost of repairs, overhauling, maintenance and garage rent.

**Communication Facilities:** The Company bore the expenses of all the provisions of Telephone / Cell phone given to Managing Director.

III. **Leave:** The Managing Director was eligible for leave as per Rules of the Company and encashment of leave at the end of tenure.

The Company's contribution to the Provident Fund (or other benefits permissible in lieu thereof) was as per the Rules of the Company and the same was not to be included in computation of the ceiling on perquisites to the extent these either singly or put together were not taxable under the Income Tax Act, 1961.

Gratuity payable in accordance with the gratuity Scheme of the Company provided that it does not exceed one half month's salary for each completed year of continuous service.

**Note:** For the purpose of perquisites stated above, family means the spouse, the dependent children and the dependent parents of the appointee.

**Interest:** **Mr. Sanjiv Tandon** was concerned and interested in the above matter. No other director of the Company is concerned or interested in the above matter.

The Board recommends the resolution as set out in **Item No. 3 and 4** of the Notice for Members' approval.

**Additional General Information:**

Additional Information as required in accordance with the provisions of Schedule V is given hereunder –

- Nature of industry – Software consultancy, development and related services
- Date of commencement commercial production – The Company was incorporated on 12<sup>th</sup> August 1986 as a private company and is in operation since then. However, the present activities were commenced in the year 1997.
- Financial performance of last 5 years based on given indicators - As per the audited financial results for the year ended **31.03.2016**:

Particulars	2015-16	2014-15	2013-14	2012-13	2011-12
Revenues	31,17,97,630	23,36,73,303	19,33,05,859	22,03,49,391	54,51,20,003
Net (Loss)/ Profit after Tax	20,08,691	(1,65,42,800)	(2,40,63,647)	(1,44,84,393)	1,46,17,030
Paid up Share capital	14,28,31,390	14,28,31,390	14,28,31,390	14,28,31,390	14,28,31,390
Net Worth	7,95,79,484	7,78,68,648	9,72,33,917	12,21,21,900	13,66,34,757

d) Net foreign exchange earnings of the company during the past five years –

Year	Inflow (Rs.)	Outflow (Rs.)
2011-12	1,13,06,940	98,93,848
2012-13	21,967,169	20,871,420
2013-14	10,636,585	1,03,50,044
2014-15	39,85,777	1,049,258
2015-16	22,47,880	3,84,915

e) Background Details:

**Mr. Sanjiv Tandon** aged 52 years is B Tech from IIT Delhi and M tech from IIT Kanpur rich experience in the Corporate World in IT & BPO Operations, Software development & maintenance, Business Development, Product Development and Consulting in various industries and businesses.

## 29th Annual Report 2015-2016

f) Job profile and suitability:

**Mr. Sanjiv Tandon** was responsible for the overall conduct and management of business and affairs of the Company. This includes development of domestic and international business providing strategic direction to business units of the Company. Review of software services being rendered and prevailing competition, enhancement of efficiencies and rationalization of the cost. This coupled with his strong resource management capability and knowledge of software industry made him fully suitable for the position.

g) Remuneration Proposed:

**MR. SANJIV TANDON** was entitled to Remuneration as stated below.

Particulars	01.10.2015 to 07.09.2016
Salary + Perks + Company's contribution Provident fund @ 12% + Gratuity.	5,470,206

h) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person:

Taking into consideration the size of the Company, the profile of the appointee, the responsibility shouldered by him and the industry benchmarks, the proposed remuneration was reasonable and fairly competitive with the remuneration packages paid by other companies to similar senior level appointees.

The minimum remuneration proposed as above has been approved by the Remuneration Committee and Board of Directors in their meeting held on **08.10.2015**.

i) Disclosure on pecuniary relationships:

**Mr. Sanjiv Tandon** did not have any other pecuniary relationship with the Company and its managerial personnel, directly or indirectly. In the event of loss or inadequate profits, **Mr. Sanjiv Tandon** was entitled to receive remuneration as indicated in the Explanatory Statement pursuant to **Section 102** of the Companies Act, 2013. The approval for his appointment as Managing Director was sought by way of a Special Resolution as required under Schedule V to the Act. The terms of appointment of **Mr. Sanjiv Tandon** as set forth in this notice, may be treated as the abstract under **Section 190** of the Companies Act, 2013.

j) Reason for inadequacy of profits steps taken or proposed to be taken for improvement:

The increase in sales and profit after tax is on account of extending the market coverage by adding new line of business, 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 Company is focusing on its core competencies and using sometimes-outsourced technology service providers to help improve productivity, develop new products, reduce business risks and manage the operations more effectively. The Company has also inducted a new line of business i.e. Infrastructure Projects.

k) Expected increase in revenues and profits in measurable terms:

In the competitive environment, it is difficult to estimate revenues /profits in measurable terms. However, the management has framed strategies and developed execution plans to improve profitability by checking the losses. Curtailing costs and other operational expenses, maximizing use of existing offshore infrastructure facilities, expansion of client base, etc will continue to receive aggressive attention and the management is confident of reasonable increase in revenues and profits during the coming years.

l) **Disclosure:** **Mr. Sanjiv Tandon** did not hold any interest in the capital of the Company. Further **Mr. Sanjiv Tandon** did not have any other direct or indirect interest nor is he related to any other directors or promoters of the Company at any time during the last two years before or on the date of appointment.

**Item 5:**

The Board of Directors has pursuant to **Section 161(1)** of the Companies Act, 2013 appointed **Mr. Vijaykumar Modi** as an Additional Director of the Company with effect from **27.09.2016** 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. Vijaykumar Modi** for the office of Director of the Company.

**Mr. Vijaykumar Modi** 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. Vijaykumar Modi** as Independent Director was placed before the Nomination & Remuneration Committee, which commends his appointment as Independent Director for a term of **5 years w.e.f. 27.09.2016**.

In the opinion of the Board, **Mr. Vijaykumar Modi** fulfils 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. Vijaykumar Modi** as Independent Director is now being placed before the Members in general meeting for their approval.

The terms and conditions of appointment of **Mr. Vijaykumar Modi** 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.



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
Mr. Vijaykumar Modi	30.08.1956	Company Secretary	27.09.2016	Expertise in all corporate laws having experience for more than 40 years.	No	No	No

**Item 6:**

Under Section 180(1)(c) of the Companies Act, 2013, the Board of Directors of a Company could, with the consent of the shareholders obtained by an Special Resolution, borrow monies, apart from temporary loans obtained from the Company's Bankers in the ordinary course of business, in excess of the aggregate of paid-up capital and free reserves of the Company, that is to say, reserves not set apart for any specific purpose.

As such, it is necessary to obtain approval of the shareholders by means of a Special Resolution, to enable the Board of Directors of the Company to borrow money, apart from temporary loans obtained from the Company's Bankers in the ordinary course of business, in excess of the paid up capital and free reserves of the Company.

As on **31ST MARCH, 2016**, the net-worth of the Company was approximately Rs.7 crores. It is proposed to increase the borrowing limits to enable the Directors to borrow monies, provided that the total amount so borrowed by the Board shall not at any time exceed 200 crores or the aggregate of the paid up capital and free reserves of the Company, whichever is higher.

The Company shall ensure that the debt equity ratio of the Company, at all times, will be within prudent limits. The Board recommends the resolution at Item No. 6 of the Notice for approval of the shareholders by a Special Resolution.

**FOR MELSTAR INFORMATION TECHNOLOGIES LIMITED**

Place: Mumbai,  
Date: 29.09.2016

**ANIL KORPE**  
**CHIEF FINANCIAL OFFICER**

## DIRECTORS' REPORT

To the Members, Your Directors have pleasure in presenting the **29<sup>th</sup> Annual Report** along with Audited Financial Statements for the year ended **31st March, 2016**.

### 1. FINANCIAL RESULTS:

(Rs. in Lakhs)

	2015-16	2014-15
Net Sales/ Income from Operations	3,095	2,236
Other Operating Income	22	20
Operating Profit (Loss) before interest and Depreciation (PBITDA)	241	141
Finance costs	157	137
Depreciation	65	71
Operating (Loss) before tax	19	(67)
Other Income, net	1	81
Net Profit (Loss) before tax and Exceptional Item	20	13
Exceptional Item	-	(179)
Net (Loss) before tax and after Exceptional Item	20	(165)
Provision for taxation	-	-
Net (Loss) after tax	20	(165)
Deficit Brought Forward From Previous Year	(660)	(467)
Less : Adjustment relating to Fixed Assets on application of Schedule II of the Companies Act, 2013	-	(28)
Balance carried to Balance Sheet	(640)	(660)
Face value of Equity Shares (in Rupees)	10	10
EPS - Basic and Diluted (Before Exceptional Item) ( in Rupees)	0.14	0.09
EPS - Basic and Diluted (After Exceptional Item) ( in Rupees)	0.14	(1.16)
Book value per Share (in Rupees)	5.57	5.45

### 2. OPERATIONS:

The total sales of the Company for the financial year ended on **31<sup>st</sup> March, 2016** were Rs.3095 Lakhs as against Rs.2236 Lakhs during the last financial year ended on **31<sup>st</sup> March, 2015**. Similarly the net Profit/ Loss before tax during the year was Rs. 20 Lakhs Profit as against Rs.165 Lakhs Loss in the previous year.

The increase in sales and profit after tax is on account of extending the market coverage by adding new line of business, 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.3153 Lakhs against Rs.2236 Lakhs during the preceding year. The net Loss after tax during the year was Rs.38 Lakhs as against Rs.166 Lakhs in the previous year.

### 3. DIVIDEND:

In view of the current year 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(S)

**IDV Technology Solutions Private Limited and Melstar Information Technologies Limited** signed a Share Purchase Agreement with the Promoters of **IDV Technology Solutions Private Limited** wherein **Melstar Information Technologies Limited** agreed to acquire 6,00,000 equity shares aggregating to 100% of the paid up share capital of **IDV Technology Solutions Private Limited** for a consideration of **Rs. 60.00 lacs**.

With the acquisition of these shares, **IDV Technology Solutions Private Limited** is the Subsidiary of **Melstar Information Technologies Limited** w.e.f **23.12.2015**.

**IDV Technology Solutions Private Limited** is headquartered in NEW DELHI. It is specialized in providing technology solutions and services like IT Infrastructure and Data Center, Facility Management Services, Technical Support Services, Operations and Maintenance etc.



With this addition, **Melstar Information Technologies Limited** has forayed into the business of IT Infrastructure and Facility Management Services.

The operations of **IDV Technology Solutions Private Limited** on standalone basis for the year under review are as under:

	2015-16	2014-15
Particulars	Rs. Lakhs	Rs. Lakhs
Revenue	369.19	566.08
Profit/(Loss) After Tax	(130.26)	5.20

Your Company has divested/sold 4,86,000 Equity Shares of Rs.10/- each aggregating **81% Equity Shares** of **IDV Technology Solutions Private Limited** on **29.09.2016**.

Consequently your Company now holds 19% stake in the said Company and thus IDV Technology Solutions Private Limited ceased to be subsidiary of your Company as on aforesaid date.

A report on the performance and financial position of each of the subsidiaries as per the Companies Act, 2013 is provided after consolidated financial statements. The Policy for determining material subsidiaries as approved by the Board may be accessed on the Company's website [www.melstar.com](http://www.melstar.com).

The operations of **Melstar Inc.** USA, wholly owned overseas subsidiary, on standalone basis for the year ended **31<sup>st</sup> March, 2016** are as under:

	2015-16		2014-15	
Particulars	Foreign Currency	Indian Rs.	Foreign Currency	Indian Rs.
Revenue	Nil	Nil	Nil	Nil
Profit / (Loss) After Tax	(US\$ 508,599)	(Rs.336.92 Lakhs)	(US\$ 1274)	(Rs.0.80 Lakhs)

The Loss after tax in the financial year 2015-16 is mainly on account of reversal of Deferred Tax Assets of US\$ 509,200 (Rs.337.32 Lakhs) recognized during earlier years.

A report on the performance and financial position of each of the subsidiaries as per the Companies Act, 2013 is provided after Consolidated Financial Statements. The Policy for determining material subsidiaries as approved by the Board may be accessed on the Company's website [www.melstar.com](http://www.melstar.com).

The Consolidated Financial Statements pursuant to **Section 129(3)** of the Companies Act, 2013, prepared in accordance with the Accounting Standards prescribed by the Institutes of Chartered Accountants of India, forms part of this Annual Report. The Auditors report to the Board of Directors on Consolidated Financial Statements contains qualification with respect to overseas subsidiary of the Holding Company. The management has replied to the said qualification in the Note no.32 to Consolidated Financial Statements.

## 5. FINANCIAL STATEMENTS OF SUBSIDIARY:

A report on the performance and financial position of a subsidiary(s) 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 SUBSEQUENT 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:

The Company adheres to corporate culture of integrity and consciousness. Corporate Governance is a journey for constantly improving sustainable value creation. As required under the provisions of **Regulation 34** read with **Schedule V** of the SEBI Listing Regulations, a separate report on Corporate Governance forms part of this Annual Report, together with a Certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance.

## 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 **8 (eight)** 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. The detail of the transactions with Related Parties to be provided in **FORM AOC-2** is annexed herewith as **ANNEXURE-II**.

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/policies.html>.

## 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 **31<sup>st</sup> March, 2016**.

## 20. DIRECTORS:

**Mr. Vedant Birla** was appointed as an Additional Director **w.e.f 18<sup>th</sup> September, 2015**. Due to Personal reasons, he resigned **w.e.f 15<sup>th</sup> April, 2016**.

**Mr. Om Prakash Jain** was appointed as an Additional Director **w.e.f. 18<sup>th</sup> September, 2015**. Due to Personal reasons, he resigned **w.e.f 15<sup>th</sup> April, 2016**.

**Mr. R. K. Dixit** was appointed as an Director **w.e.f 01<sup>st</sup> July, 2015**. Due to Personal reasons, he resigned **w.e.f. 12<sup>th</sup> August, 2016**.

**Mr. Yogendra Shah** was appointed as an Additional Director **w.e.f. 12<sup>th</sup> August, 2016** and resigned **w.e.f. 12<sup>th</sup> September, 2016**.

**Mr. Sanjiv Tandon** was appointed as an **Managing Director w.e.f 01<sup>st</sup> October, 2015** and resigned **w.e.f. 07<sup>th</sup> September, 2016**.

**Mr. Vijaykumar Himatlal Modi** appointed as Additional Director **w.e.f 27<sup>th</sup> September, 2016**.

### 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. Vijaykumar Himatlal Modi** have given declaration to the Company under **Section 149(6)** of the Companies Act, 2013, that he qualifies the criteria of independence mentioned under that sub-section. Accordingly it is proposed to appoint said **Mr. Vijaykumar Himatlal Modi** as an Independent Director not liable to retire by rotation for a term of five (5) years from the ensuing Annual General Meeting.

### Criteria for appointment of Independent Directors

The Independent Director shall be of high integrity with relevant expertise and experience with Director 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) & (5)** of the Companies Act, 2013, your Directors confirm as under:-

- i) that in the preparation of the accounts for the financial year ended **31<sup>st</sup> March 2016**, 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 **31<sup>st</sup> March, 2016**.

### 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:

**M/s. Jai Prakash Upadhayay & Co.**, Chartered Accountants, the Auditors of the company who hold office up to the conclusion of the ensuing AGM have shown their unwillingness to continue as Auditors of the company and have given their resignation.

In view of this the company needs to appoint statutory auditors and, therefore, the Company has sent a proposal to **M/s Sarda & Pareek** (FRN 109262W) for appointing them as Auditors for the Financial Year ending **March 31, 2017**. Wherein **M/s Sarda & Pareek** (FRN 109262W) has confirmed their willingness and eligibility under the provision of the Companies Act, 2013 to be as statutory auditors of the Company, which is subject to shareholders approval.

#### 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) Compliance with Secretarial Standards:

The Company has complied with Secretarial Standards issued by the Institute of company Secretaries of India on Board Meetings and General Meetings.

#### iv) 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 THE BOARD OF DIRECTORS**

**Ashish Mahendrakar**  
Chairman

**Anil Korpe**  
Chief Financial Officer

Place: Mumbai

Dated: 29<sup>th</sup> September, 2016



**ANNEXURE-I**

**FORM NO. MGT-9**

**EXTRACT OF ANNUAL RETURN**

As on the Financial Year ended on **31<sup>st</sup> March, 2016**.

[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 <sup>th</sup> August, 1986
iii	Name of the Company	:	MELSTAR INFORMATION TECHNOLOGIES LIMITED
iv	Category/Sub-Category of the Company	:	Listed Public Limited Company by Shares
v	Address of the Registered Office and contact details	:	Melstar House, G-4, Cross Road, "A" MIDC, 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. PARTICULARS 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	NA	Subsidiary	100% (WOS)	Section 2(87) Companies Act 2013
2	IDV Technology Solutions Private Limited (w.e.f 23.12.2015 to 29.09.2016)	U72200DL2013PTC253098	Subsidiary	100% (WOS)	Section 2(87) Companies Act 2013

**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 <sup>st</sup> April, 2015)				No. of shares held at the end of the year (As on 31 <sup>st</sup> March, 2016)				% 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>A. Promoters</b>									
(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	7020976	0	7020976	49.16	7020976	0	7020976	49.16	0.00
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
<b>Sub-total (A) (1):-</b>	<b>7020976</b>	<b>0</b>	<b>7020976</b>	<b>49.16</b>	<b>7020976</b>	<b>0</b>	<b>7020976</b>	<b>49.16</b>	<b>0.00</b>
(2) Foreign									
a) NRIs-Individuals	0	0	0	0.00	0	0	0	0.00	0.00
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	0	0	0	0.00	0	0	0	0.00	0.00

# 29th Annual Report 2015-2016

Category of shareholders	No. of shares held at the beginning of the year (As on 1 <sup>st</sup> April, 2015)				No. of shares held at the end of the year (As on 31 <sup>st</sup> March, 2016)				% 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)
e) Any Other	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-total (A) (2):-</b>	0	0	0	0.00	0	0	0	0.00	0.00
Total shareholding of Promoter (A)=(A)(1)+(A)(2)	7020976	0	7020976	49.16	7020976	0	7020976	49.16	0.00
<b>B. Public Shareholding</b>									
1. Institutions									
a) Mutual Funds/UTI	0	0	0	0.00	0	0	0	0.00	0.00
b) Banks/FI	100000	0	100000	0.70	100000	0	100000	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) FIs	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
<b>Sub-total (B)(1):-</b>	100000	0	100000	0.70	100000	0	100000	0.70	0.00
2. Non-Institutions									
a) Bodies Corporate	670375	3001	673376	4.71	625730	3001	628731	4.40	(0.31)
b) Individuals									
i) Individuals shareholders holding nominal share capital upto of Rs 1 lakh	4104516	199100	4303616	30.13	4209037	198700	4407737	30.86	0.73
ii) Individuals shareholders holding nominal share capital in excess of Rs 1 lakh	1751212	0	1751212	12.26	1830883	0	1830883	12.82	0.56
<b>c) Others (specify)</b>									
i) Trust	0	0	0	0.00	0	0	0	0.00	0.00
ii) Clearing member	143243	0	143243	1.00	57017	0	57017	0.40	(0.60)
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	231766	0	231766	1.62	178845	0	178845	1.25	(0.37)
vi) OCB	0	58950	58950	0.41	0	58950	58950	0.41	0.00
vii) Unclaimed Suspense Account	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-total (B)(2):-</b>	6901112	261051	7162163	50.14	6901512	260651	7162163	50.14	(0.00)
Total Public Shareholding (B)=(B)(1)+(B)(2)	7001112	261051	7262163	50.84	7001512	260651	7262163	50.84	(0.00)
<b>C. Shares held by custodian for GDRs &amp; ADRs</b>									
<b>Grand Total (A+B+C)</b>	14022088	261051	14283139	100.00	14022488	260651	14283139	100.00	(0.00)

## (ii) Shareholding of Promoters

Sr. No.	Shareholders	Shareholding at the beginning of the year (As on 1 <sup>st</sup> April, 2015)			Shareholding at the end of the year (As on 31 <sup>st</sup> March, 2016)			% 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	BIRLA BOMBAY PRIVATE LIMITED	0	0.0000	N.A.	643286	4.5038	0.00	4.5038
2	NIRVED TRADERS PRIVATE LIMITED	2228249	15.6006	2228249.00	2228249	15.6006	2228249.00	0.0000
3	GODAVARI CORPORATION PRIVATE LIMITED	2390819	16.7388	0.00	1747533	12.2349	904889.00	(4.5039)
4	SHEARSON INVESTMENT & TRADING CO PVT LTD	2401908	16.8164	2401908.00	2401908	16.8164	2401908.00	0.0000
		7020976	49.1558	4630157.00	7020976	49.1558	5535046.00	(0.0001)



(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	70,20,976	49.16	7020976	49.16
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)			NIL	
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 (01.04.2015)		Date	INCREASE/ DECREASE IN THE SHAREHOLDING		REASON	Shareholding at the end of the year (31.03.2016)	
		No. of Shares	% of total shares of the Company					No. of Shares	% of total shares of the Company
1.	Pravin C Shantilal Mehta	207840	1.46	31.03.2015 10.04.2015 05.06.2015 28.08.2015 29.02.2016 04.03.2016 31.03.2016	0 48470 1950 2000 155420 155420 0	Decrease Decrease Decrease Decrease Increase Transfer	Transfer Transfer Transfer Transfer Transfer Transfer	159370 157420 155420 0 155420 155420	1.12 1.10 1.09 0.00 1.09 1.09
2	Shashi Rani Gupta	156230	1.09	31.03.2015 29.02.2016 04.02.2016 31.03.2016	0 156230 156230 0	Decrease Increase Transfer	Transfer Transfer Transfer	0 156230 156230	0.00 1.09 1.09
3	Sunil Mark Fernandes	128013	0.90	31.03.2015 29.02.2016 04.03.2016 31.03.2016	0 128013 128013 0	Decrease Increase Transfer	Transfer Transfer Transfer	0 128013 128013	0.00 0.90 0.90
4	Anand Mohan	0	0.00	31.03.2015 08.01.2016 22.01.2016 29.01.2016 12.02.2016 19.02.2016 26.02.2016 29.02.2016 04.03.2016 31.03.2016 31.03.2016	8145 16927 25326 10455 8837 163 69853 69853 50628 0	Increase Increase Increase Increase Increase Increase Decrease Increase Increase Transfer	Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer	8145 25072 50398 60853 69690 69853 0 69853 120481 120481	0.06 0.18 0.35 0.43 0.49 0.49 0.00 0.49 0.84 0.84
5	Bhavesh Dhiresbhai Shah	196816	1.38	31.03.2015 29.02.2016 04.03.2016 31.03.2016	0 101529 101529 0	Decrease Increase Transfer	Transfer Transfer Transfer	95287 196816 196816	0.67 1.38 1.38
6	Narendra Narandas Gadhi	100512	0.70	31.03.2015 29.02.2016 04.03.2016 31.03.2016	0 100152 100152 0	Decrease Increase Transfer	Transfer Transfer Transfer	0 100152 100152	0.00 0.70 0.70
7	General Insurance Corporation of India	100000	0.70	31.03.2015 29.02.2016 04.03.2016 31.03.2016	0 100000 100000 0	Decrease Increase Transfer	Transfer Transfer Transfer	0 100000 100000	0.00 0.70 0.70
8	Roopa Corporate Services Pvt Ltd	85000	0.60	31.03.2015 31.03.2016	0 0	Transfer Transfer	Transfer Transfer	85000	0.60
9	Shital Jawahar Shah	75350	0.53	31.03.2015 14.08.2015 21.08.2015 27.11.2015 04.12.2015 11.12.2015 31.03.2016	0 13801 661 10000 30000 20888 0	Decrease Decrease Decrease Decrease Decrease Transfer	Transfer Transfer Transfer Transfer Transfer Transfer	61549 60888 50888 20888 0 0	0.43 0.43 0.36 0.15 0.00 0.00



Sr. no	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year (01.04.2015)		Date	INCREASE/ DECREASE IN THE SHAREHOLDING		REASON	Shareholding at the end of the year (31.03.2016)	
		No. of Shares	% of total shares of the Company					No. of Shares	% of total shares of the Company
10	Intime Equities Limited	73100	0.51	31.03.2015	0				
				22.05.2015	32	Decrease	Transfer	73068	0.51
				04.09.2015	100	Decrease	Transfer	72968	1.51
				11.09.2015	8969	Decrease	Transfer	63999	0.45
				18.09.2015	899	Decrease	Transfer	63100	0.44
				22.09.2015	5000	Decrease	Transfer	58100	0.41
				25.09.2015	18286	Decrease	Transfer	39814	0.28
				09.10.2015	700	Decrease	Transfer	39114	0.27
				16.10.2015	27477	Decrease	Transfer	11637	0.08
				23.10.2015	10000	Decrease	Transfer	1637	0.01
				18.12.2015	5000	Increase	Transfer	6637	0.05
				31.12.2015	5000	Decrease	Transfer	1637	0.01
				15.01.2016	237	Decrease	Transfer	1400	0.01
				31.03.2016	0	Decrease	Transfer	1400	0.01
11	S R Gupta	72003	0.50	31.03.2015	0				
				29.02.2016	72003	Decrease	Transfer	0	0.00
				04.03.2016	72003	Increase	Transfer	72003	0.50
				31.03.2016	0		Transfer	72003	0.50

(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. Laxmi Ratan Daga	0	0.00	0	0.00
3	Mr. Om Prakesh Jain	0	0.00	0	0.00
4	Mr. Vedant Birla	0	0	0	0
5	Mr. Rakesh Kumar Dixit	0	0	0	0
6	Mr. Sanjiv Tandon				
7	Mrs. Kirti Tripathi	0	0	0	0
8	Mr. Ashish Mahendrakar				
9	Mr. Vijay Modi	1	0.00	1	0.00
10	Mr. Anil Korpe	1	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	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)	<b>88,047,153</b>	-	-	<b>88,047,153</b>
Change in Indebtedness during the financial year				
• Addition	2,022,320	-	-	2,022,320
• Reduction	60,765	-	-	60,765
Net Change	1,961,555	-	-	1,961,555
Indebtedness at the end of the financial year				
i)Principal Amount	89,842,414	-	-	89,842,414
ii)Interest due but not paid	-	-	-	-
iii)Interest accrued but not due	172,163	-	-	172,163
Total (i+ii+iii)	<b>90,014,577</b>	-	-	<b>90,014,577</b>



## 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 /WTD /Manager		Total Amount
		Mr. Sanjiv Tandon	Mr. Vijay Mishra	
1.	Gross Salary	Rs.	Rs.	Rs.
	a)Salary as per provisions contained in section 17(1) of Income-tax Act,1961	12,00,000	3,50,000	15,50,000
	b)Value of perquisites u/s 17(2) Income-tax Act,1961	15,77,772	3,19,200	18,96,972
	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			
	-others, specify			
5.	Others, please specify	Nil	Nil	Nil
	Total (A)	27,77,772	6,69,200	34,46,972

### b) Remuneration to other Directors

Sr. No.	Particulars of Remuneration	Name of Directors						Total Amount
		Mr. Laxmi Ratan Daga	Mr. Vedant Birla	Mr. Rakesh Kumar Dixit	Mr. Om Prakesh Jain	Mrs. Kirti Tripathi	Mr. Ashish Mahendrakar	
1.	<b>Independent Directors</b>							
	• Fee for attending board committee meetings	40,000	10,000	25,000	25,000	40,000	35,000	1,75,000
	• Commission	-	-	-	-	-	-	-
	• Others, please specify	-	-	-	-	-	-	-
	<b>Total (1)</b>	40,000	10,000	25,000	25,000	40,000	35,000	1,75,000
2.	<b>Other Non-Executive Directors</b>							
	• Fee for attending board committee meetings	-	-	-	-	-	-	-
	• Commission	-	-	-	-	-	-	-
	• Others, please specify	-	-	-	-	-	-	-
	<b>Total (2)</b>	Nil	Nil	Nil	Nil	-	-	Nil
	<b>Total = (1+2)</b>	40,000	10,000	25,000	25,000	40,000	35,000	1,75,000

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

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		Mr. Anil Korpe, CFO	Mr. Vijay Modi, CS	
1.	Gross Salary	Rs.	Rs.	Rs.
	a)Salary as per provisions contained in section 17(1) of Income-tax Act,1961	368,556	200,475	569,031
	b)Value of perquisites u/s 17(2) Income-tax Act,1961	933,110	523,980	14,57,090
	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			
	- others, specify			
5.	Others, please specify	Nil	Nil	Nil
	<b>Total (A)</b>	13,01,666	7,24,455	20,26,121

## 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, 2016.					

**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 THE BOARD OF DIRECTORS**

**Ashish Mahendrakar**  
Chairman

**Anil Korpe**  
Chief Financial Officer

Place : Mumbai

Date : 29<sup>th</sup> September, 2016.**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 **31<sup>st</sup> March, 2016**.

(₹ Lakh)

	<b>Designation</b>	<b>Ratio</b>	<b>Remuneration (*)</b>	<b>Median Remuneration</b>
Mr. Vijay Mishra	Managing Director	1.69	7.11	4.20
Mr. Laxmi Ratan Daga	Director	0.10	0.40	4.20
Mr. Om Prakash Jain	Director	0.06	0.25	4.20
Mr. Vedant Birla	Director	0.02	0.10	4.20
Mr. Rakesh Kumar Dixit	Director	0.06	0.25	4.20
Mrs. Kirti Tripathi	Director	0.10	0.40	4.20
Mr. Sanjiv Tandon	Managing Director	6.96	29.22	4.20
Mr. Ashish Mahendrakar	Director	0.08	0.35	4.20

(\*) 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.**

<b>DIRECTOR</b>	<b>% INCREASE</b>
Mr. Vijay Mishra	-
Mr. Laxmi Ratan Daga	-
Mr. Om Prakash Jain	-
Mr. Vedant Birla	-
Mr. Rakesh Kumar Dixit	-
Mrs. Kirti Tripathi	-
Mr. Sanjiv Tandon	-
<b>CFO &amp; Company Secretary</b>	
Mr. Vijay Modi	<b>40%</b>
Mr. Anil Korpe	<b>16%</b>

3. During the year ended **31<sup>st</sup> March, 2016**, there was an decrease of 2.61% in median remuneration of employees
4. Number of permanent Employees on the roll of the company **352 as on 31<sup>st</sup> March, 2016**



5. The explanation on the relationship between average increase in remuneration against the performance of the Company

	2015-16	2014-15
Total Income (₹ Lakh)	3117.98	2336.73
EBIDTA (₹ Lakh)	242.05	42.76
EBIDTA as % of total Income	8%	2%
PAT (₹ Lakh)	20.09	(165.43)
PAT as % of total Income	0.6%	-7%

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)

		2015-16	2014-15
Variations in the market Capitalisation of the Company	BSE	812.71	599.89
	NSE	849.85	628.46
Price earnings ratio	BSE	40.64	NA
	NSE	42.50	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 <sup>st</sup> March, 2016	February, 2000	Decline by
BSE	5.69	72	92.10%
NSE	5.95	72	91.74%

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: **13%**

Percentile increase in the managerial remuneration: **32%**

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)

	2015-16	2014-15
Total Income (₹ Lakh)	3117.98	2336.73
EBIDTA (₹ Lakh)	242.05	42.76
EBIDTA as % of total Income	8%	2%
PAT (₹ Lakh)	20.09	(165.43)
PAT as % of total Income	0.6%	-7%
Increase in remuneration of Mr. Anil Korpe, Chief Financial Officer is 16%		

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

12. During the year ended 31<sup>st</sup> March, 2016 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.

13. 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 THE BOARD OF DIRECTORS**

**Ashish Mahendrakar**  
Chairman

**Anil Korpe**  
Chief Financial Officer

Place: Mumbai  
Date: 29<sup>th</sup> September, 2016

## 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 **1% (2% for the previous year)** of total revenues of the Company.

(Rs. in lakhs)

	<b>2015-16</b>	<b>2014-15</b>
Total Foreign Exchange earnings*	22.48	39.86
Total Foreign Exchange outgo**	3.85	10.49

\*\* Includes expenses of foreign branches Rs. 2.76 lakhs (previous year Rs. 10.38 lakhs).

**FOR AND ON BEHALF OF THE BOARD OF DIRECTORS**

**Ashish Mahendrakar**  
Chairman

**Anil Korpé**  
Chief Financial Officer

Place: Mumbai  
Date: 29<sup>th</sup> September, 2016



MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2016

[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**

Melstar House, G-4 Cross Road A MIDC Andheri (East)

Mumbai- 400093

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **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 Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended **March 31, 2016**, 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 the Company for the financial year ended **March 31, 2016** 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 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. **presently (Prohibition of Insider Trading) Regulations 2015.**
  - 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); **presently (Share Based Employees Benefits) Regulations, 2014.**
  - 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) We have relied on the representation made by the Company and its Officers for systems and mechanism formed by the Company for compliances under other applicable Acts, Laws and Regulations to the Company.

We are of the opinion that the management has complied with the following laws specifically applicable to the Company:

- 1) Employees State Insurance Act, 1948
- 2) Employees Provident Fund And Misc provision Act, 1952
- 3) Labour Laws (Exemption from furnishing Return & Maintaining Registers By certain Establishment) Act, 1988.
- 4) Payment of Bonus Act, 1965
- 5) Payment of gratuity Act, 1972



## 29th Annual Report 2015-2016

- 6) Workmens Compensation Act, 1923
- 7) Law related to contract labour

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

- a) Secretarial Standards issued by The Institute of Company Secretaries of India.
- b) **The Securities And Exchange Board Of India (Listing Obligations and Disclosure Requirements) Regulations 2015.** And the Listing Agreements entered into by the Company with Stock Exchanges.

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:**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

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

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

For Ragini Chokshi & Co.

Mr. Makarand Patwardhan  
(Partner)  
C.P.NO. 11872  
FCS NO.9031

Place: Mumbai  
Date: 25 July, 2016.

## **'Annexure A'**

To,  
The Members  
Melstar Information Technologies Limited  
MIDC, Andheri (E), Mumbai

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. 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.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For Ragini Chokshi & Co.

Mr. Makarand Patwardhan  
(Partner)  
C.P.NO. 11872  
FCS NO.9031

Place: Mumbai  
Date: 25 July, 2016.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Introduction

India is the world's largest sourcing destination for the information technology (IT) industry, accounting for approximately 67 per cent of the US\$ 124-130 billion market. The industry employs about 10 million workforces. More importantly, the industry has led the economic transformation of the country and altered the perception of India in the global economy. India's cost competitiveness in providing IT services, which is approximately 3-4 times cheaper than the US, continues to be the mainstay of its Unique Selling Proposition (USP) in the global sourcing market. However, India is also gaining prominence in terms of intellectual capital with several global IT firms setting up their innovation centers in India.

The IT industry has also created significant demand in the Indian education sector, especially for engineering and computer science. The Indian IT and ITeS industry is divided into four major segments – IT services, Business Process Management (BPM), software products and engineering services, and hardware.

The IT-BPM sector which is currently valued at US\$ 143 billion is expected to grow at a Compound Annual Growth Rate (CAGR) of 8.3 per cent year-on-year to US\$ 143 billion for 2015-16. The sector is expected to contribute 9.5 per cent of India's Gross Domestic Product (GDP) and more than 45 per cent in total services export in 2015-16.

### Market Size

The Indian IT sector is expected to grow at a rate of 12-14 per cent for F Y 2016-17 in constant currency terms. The sector is also expected triple its current annual revenue to reach US\$ 350 billion by FY 2025. India ranks third among global start-up ecosystems with more than 4,200 start-ups.

India's internet economy is expected to touch Rs 10 trillion (US\$ 146.72 billion) by 2018, accounting for 5 per cent of the country's GDP. India's internet user base reached over 400 million by May 2016, the third largest in the world, while the number of social media users grew to 143 million by April 2015 and smartphones grew to 160 million.

Public cloud services revenue in India is expected to reach US\$ 1.26 billion in 2016, growing by 30.4 per cent year-on-year (y-o-y). The public cloud market alone in the country was estimated to treble to US\$ 1.9 billion by 2018 from US\$ 638 million in 2014. Increased penetration of internet (including in rural areas) and rapid emergence of e-commerce are the main drivers for continued growth of data centre co-location and hosting market in India. The Indian Healthcare Information Technology (IT) market is valued at US\$ 1 billion currently and is expected to grow 1.5 times by 2020. India's business to business (B2B) e-commerce market is expected to reach US\$ 700 billion by 2020 whereas the business to consumer (B2C) e-commerce market is expected to reach US\$ 102 billion by 2020.

### Investments

Indian IT's core competencies and strengths have attracted significant investments from major countries. The computer software and hardware sector in India attracted cumulative Foreign Direct Investment (FDI) inflows worth US\$ 21.02 billion between April 2000 and March 2016, according to data released by the Department of Industrial Policy and Promotion (DIPP).

Indian start-ups are estimated to have raised US\$ 1.4 billion across 307 deals in quarter ending March 2016.

Most large technology companies looking to expand have so far focused primarily on bigger enterprises, but a report from market research firm Zinnov highlighted that the small and medium businesses will present a lucrative opportunity worth US\$ 11.6 billion in 2015, which is expected to grow to US\$ 25.8 billion in 2020. Moreover, India has nearly 51 million such businesses of which 12 million have a high degree of technology influence and are looking to adopt newer IT products, as per the report.

### Road Ahead

India is the topmost off shoring destination for IT companies across the world. Having proven its capabilities in delivering both on-shore and off-shore services to global clients, emerging technologies now offer an entire new gamut of opportunities for top IT firms in India. Social, Mobility, Analytics and Cloud (SMAC) are collectively expected to offer a US\$ 1 trillion opportunity. Cloud represents the largest opportunity under SMAC, increasing at a CAGR of approximately 30 per cent to around US\$ 650-700 billion by 2020. The social media is the second most lucrative segment for IT firms, offering a US\$ 250 billion market opportunity by 2020. The Indian e-commerce segment is US\$ 12 billion in size and is witnessing strong growth and thereby offers another attractive avenue for IT companies to develop products and services to cater to the high growth consumer segment.

### 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 subsidiaries have been dealt with at some length in the Director's Report. The Consolidated Statements of Accounts of the Company covering a subsidiary duly audited are appended elsewhere in the Annual Report:

## 29th Annual Report 2015-2016

An Analysis of financial performance for the year ended **31<sup>ST</sup> MARCH 2016** is given hereinafter:

Sr. No	Particulars	As at 31.03.2016	As at 31.03.2015
		Rs. in Lakhs	Rs. in Lakhs
<b>1.</b>	<b>Shreholder's Fund</b>		
	(a) Share Captial	1,428	1,428
	(b) Reserves and Surplus	(633)	(650)
<b>2.</b>	<b>Non-current liabilities</b>		
	(a) Long-term borrowings	3	-
	(b) Other long-term liabilities	-	-
	(c) Long-term provisions	53	48
<b>3.</b>	<b>Current liabilities</b>		
	(a) Short-term borrowings	943	879
	(b) Trade Payables	785	373
	(c) Other current liabilities	174	111
	(d) Short-term provisions	18	21
<b>4.</b>	<b>Non-current asset</b>		
	(a) Fixed assets	995	907
	(b) Non-current investments	95	35
	(c) Long-term loans and advances	494	346
<b>5.</b>	<b>Current assets</b>		
	(a) Trade recievables	448 representing 53 days revenue for the year	Rs.446 Lakhs representing 55 days revenue for the year
	(b) Cash and cash equivalents	3	11
	(c) Short-term loans and advances	223	210
	(d) Other current assets	515	255
<b>6.</b>	<b>Impact of Foreign Exchange Fluctuations</b>	Gain of Rs.3.19 Lakhs	Loss of Rs.0.58 Lakhs
<b>7.</b>	<b>Depriciation</b>	65	71

### 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 **31.03.2016** was **352**.

### 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 AND ON BEHALF OF THE BOARD OF DIRECTORS**

**Ashish Mahendrakar**  
Chairman

**Anil Korpé**  
Chief Financial Officer

Place: Mumbai  
Date: 29<sup>th</sup> September, 2016



## REPORT ON CORPORATE GOVERNANCE

### COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

Company's philosophy on Code of Governance of **Melstar Information Technologies Limited (MITL)** considers Corporate Governance as a pre-requisite for meeting the needs of its stakeholders. The principles of transparency, accountability, trusteeship, creating robust policies and practices for key processes, equity in all facets of its operations and integrity are at the core of the Company's basic character.

The Board of Directors ('the Board') is at the core of our Corporate Governance practices and oversees how the Management serves and protects the long-term interests of our stakeholders.

### BOARD OF DIRECTOR

#### (A) Composition of Board

The composition of the Board is in conformity with **Regulation 17** of the SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015, the Companies Act, 2013 and in accordance with the best practices in Corporate Governance.

The Board comprises persons with high credentials of professional experience and expertise in diverse fields who actively contribute in the deliberations of the Board, covering all strategic policy matters and decisions.

The Composition of Board and category of Directors are as follows:

#### Past & Present Directors

##### (i) Past Directors :

SR. NO.	NAME OF DIRECTOR	DATE OF APPOINTMENT	DATE OF CESSATION
1	Mr. Vijay Mishra	13.11.2013	02.07.2015
2	Mr. Laxmi Ratan Daga	05.01.2015	14.08.2015
3	Mr. Om Prakash Jain	18.09.2015	15.04.2016
4	Mr. Vedant Birla	18.09.2015	15.04.2016
5.	Mr. Rakesh Kumar Dixit	01.07.2015	12.08.2016
6.	Mr. Yogendra Shah	12.08.2016	12.09.2016
7.	Mr. Sanjiv Tandon	01.10.2015	07.09.2016

##### (ii) Present Directors:

Name	Designation	Category of Directorship	No. of Directorships in other Companies as on 31 <sup>st</sup> March, 2016		Committee Member-ships (Excl. MITL)	Committee Chairman -ships *
1	2	3	4		5	6
			Other Listed Company	Unlisted Limited, Pvt. Ltd. Co., Foreign Co.		
Mr. Ashish Mahendrakar	Director	Non-Executive, Independent Director	4	13	4	2
Mr. Vijay kumar Modi	Director	Non-Executive, Independent Director	0	0	0	0
Mrs. Kriti Tripathi	Director	Non-Executive Director	0	0	0	0

\*includes chairmanship in only two Committees i.e Audit Committee and Stakeholder Relationship Committee.

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 **eight times** during the year ended **31<sup>st</sup> March, 2016** viz. on **29<sup>th</sup> May, 2015, 01<sup>st</sup> July, 2015, 02<sup>nd</sup> July, 2015, 14<sup>th</sup> August, 2015, 08<sup>th</sup> October, 2015, 06<sup>th</sup> November, 2015, 23<sup>rd</sup> December, 2015, 09<sup>th</sup> February 2016**. 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<sup>st</sup> April, 2015 to 31<sup>st</sup> March, 2016.

Sr. No.	Name	No. of Board Meetings held	No. of Meetings Attended	Attendance at the last AGM held on 29 <sup>th</sup> September, 2015
1	Mr. Vijay Mishra	8	1	NA
2	Mr. Laxmi Ratan Daga	8	4	NA
3	Mr. Om Prakash Jain	8	4	NA
4	Mr. Vedant Birla	8	0	NA
5	Mrs Kirti Tripathi	8	3	No
6	Mr Rakesh Kumar Dixit	8	6	Yes
7	Mr. Ashish Mahendrakar	8	7	Yes
8	Mr Sanjiv Tandon	8	3	NA

**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 **Regulation 18 and 20** of SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015, Membership/ Chairmanships of only Audit Committees and Stakeholders' Relationship Committees in all public limited companies (excluding Melstar Information Technologies Limited) have been considered.

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.

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
Mr. Vijaykumar Modi	30.08.1956	B.Com Hons LLB Fellow Company Secretary	27.09.2016	Expertise in all corporate laws having experience for more than 40 years.	No	No	No

Note: Only two Committee namely, Audit Committees and Stakeholders' Relationship Committees have been considered.

**Director's Familiarisation programme**

The objective of a familiarisation programme is to ensure that the Directors are updated on the business environment, culture and overall operations of the Company. This enables the Directors to make better informed decisions in the interest of the Company and its stakeholders.

The Company has put in place a familiarization programme for the Directors to familiarize them with their role, rights and responsibility as Directors, the working of the Company, nature of the industry in which the Company operates, business model etc. Upon appointment, Directors receive a Letter of Appointment setting out in detail, the terms of appointment, duties, responsibilities and expected time commitments.

The details of Director's induction and familiarization are available on the Company's website at [www.melstar.com](http://www.melstar.com).

**Independent Directors' Meetings**

The Independent Directors met once during the financial year **2015-16**, without the presence of Executive Directors or Management representatives. The issues and concerns, if any, of the meeting were then discussed with the Non- Executive Chairman.

**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 of the Board of Directors of the Company, inter-alia includes:

- Overseeing the Company's financial reporting process and reviewing with the management, the financial statements before submission to the Board for approval;
- Recommending to the Board the appointment, re-appointment and replacement of the Statutory Auditor and fixing their fees;
- Reviewing the internal audit function of the Company; and
- Such other matters as specified under Listing Regulations and requirements of **Section 177** of the Companies Act, 2013 or as may be delegated by the Board of Directors of the Company.

**Meetings and attendance during the year:** During the year under report, four meetings of the Committee were held, viz. on **29<sup>th</sup> May, 2015, 14<sup>th</sup> August, 2015, 06<sup>th</sup> November, 2015, 09<sup>th</sup> February 2016**. The composition of the Audit Committee for the year ended **31<sup>st</sup> March, 2016** and the attendance at the meetings is as under:

Sr. No.	Name	Title	Status	No. of Board Meetings held	No. of Meetings Attended
1	Mr. Laxmi Ratan Daga	Chairman	Independent and Non-Executive Director	4	2
2	Mr. Om Prakash Jain	Member	Independent and Non-Executive Director	4	2
3	Mr. Vedant Birla	Member	Non-Executive Director	4	0
4	Mrs. Kriti Tripathi	Member	Non-Executive Director	4	1
5	Mr. Rakesh Kumar Dixit	Member	Independent and Non-Executive Director	4	2
6	Mr. Ashish Mahendrakar	Chairman	Independent and Non-Executive Director	4	3



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.

**(b) NOMINATION AND REMUNERATION COMMITTEE**

The role of Nomination and Remuneration Committee is as follows:

- determining / recommending the criteria for appointment of Executive, Non-Executive and Independent Directors to the Board;
- determining / recommending the criteria for qualifications, positive attributes and independence of Directors;
- reviewing and determining all elements of remuneration package of all the Executive Directors, i.e. salary, benefits, bonus, stock options, pension, etc.;
- evaluating performance of each Director and performance of the Board as a whole;
- Evaluating the performance and revision of remuneration of Key Managerial Personnel.

The Nomination and Remuneration Committee met twice on **14<sup>th</sup> August, 2015 and 08<sup>th</sup> October, 2015**.

The Composition of the Committee for the year ended **31<sup>st</sup> March, 2016** and the attendance at the said meeting as under:

Sr. No.	Name	Title	Status	No. of Board Meetings held	No. of Meetings Attended
1	Mr. Laxmi Ratan Daga	Chairman	Independent and Non-Executive Director	2	1
2	Mr. Om Prakash Jain	Member	Independent and Non-Executive Director	2	1
3	Mr. Vedant Birla	Member	Non-Executive Director	2	0
4	Mrs. Kriti Tripathi	Member	Non-Executive Director	2	0
5	Mr. Rakesh Kumar Dixit	Member	Independent and Non-Executive Director	2	2
6	Mr. Ashish Mahendrakar	Chairman	Independent and Non-Executive Director	2	2

**Details of Remuneration Paid to the Managerial Personnel during the financial year ended 31<sup>st</sup> March, 2016:**

Name	Designation	Sitting Fees(Rs.)	Salary	Perquisites & other Dues (Rs.)	Contribution to Provident Fund and others	Total (Rs.)
Mr. Vijay Mishra	Managing Director	NIL	3,50,000	3,19,200	42,000	7,11,200
Mr. Sanjiv Tandon w.e.f (01.10.2016)	Managing Director	NIL	12,00,000	15,77,772	1,44,000	29,21,772

Non Executive Directors: A fees 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 director for financial year 2015-16 is as follows:

Sr. No.	Name of the Director	Designation	Rupees
1	Mr. Laxmi Ratan Daga	Independent and Non-Executive Director	Rs. 40,000/-
2	Mr. Om Prakash Jain	Independent and Non-Executive Director	Rs. 25000/-
3	Mr. Vedant Birla	Non-Executive Director	Rs. 10,000/-
4	Mrs Kirti Tripathi	Non-Executive Director	Rs. 40,000/-
5	Mr Rakesh Kumar Dixit	Independent and Non-Executive Director	Rs. 25,000/-
6	Mr. Ashish Mahendrakar	Independent and Non-Executive Director	Rs. 35,000/-

\*Excluding Provident & Other Funds

Your Company presently does not have a scheme for grant of stock options or performance-linked incentives for its directors.

**(c) STAKEHOLDERS' RELATIONSHIP COMMITTEE:**

The Stakeholders' Relationship Committee looks into the shareholders' and investors' grievances, cases of transfers, transmissions, issue of duplicate share certificates, etc.

During the year under report the Committee met **3 times**, i.e. on **19<sup>th</sup> June, 2015, 01<sup>st</sup> September, 2015, 31<sup>st</sup> March, 2016**. The Composition of the Committee for the year ended **31<sup>st</sup> March, 2016** and the attendance at the meetings is as under:



## 29th Annual Report 2015-2016

Sr. No.	Name	Title	Status	No. of Board Meetings held	No. of Meetings Attended
1	Mr. Laxmi Ratan Daga	Chairman	Independent and Non-Executive Director	3	1
2	Mr. Om Prakash Jain	Member	Independent and Non-Executive Director	3	1
3	Mr. Vedant Birla	Member	Non-Executive Director	3	0
4	Mrs. Kriti Tripathi	Member	Non-Executive Director	3	0
5	Mr. Rakesh Kumar Dixit	Member	Independent and Non-Executive Director	3	2
6	Mr. Ashish Mahendrakar	Chairman	Independent and Non-Executive Director	3	2

Mr. Vijay Modi, 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 duly attended within time.

The Company has a dedicated e-mail ID, [vmodi@melstar.com](mailto:vmodi@melstar.com) and [companysecretary@melstar.com](mailto: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 10 transfers comprising 307 shares and processed 4 requests for dematerialization of 400 shares. There were no valid requests pending for share transfers at the end of the year.

### (e) CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:

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

The role of Corporate Social Responsibility Committee is as follows:

- formulating and recommending to the Board Corporate Social Responsibility Policy and the activities to be undertaken by the Company;
- recommending the amount of expenditure to be incurred on the activities undertaken;
- reviewing the performance of the Company in the area of Corporate Social Responsibility;
- providing external and independent oversight and guidance on the environmental and social impact of how the Company conducts its business;
- monitoring Corporate Social Responsibility Policy of the Company from time to time

### 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 **Regulation 17(10)** of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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 **09<sup>th</sup> February, 2016**, 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		Time	Location	Special Resolutions transacted
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
AGM: 2014-15	29.09.2015	10.00 A.M	Melstar House M.I.D.C Cross Road "A" Andheri (East) Mumbai -400093.	Nil

All resolutions as set out in the respective notices were duly passed by the shareholders.

During the year, no resolutions were passed through postal ballot.



## DISCLOSURES

### CEO and CFO Certification

The Managing Director and Chief Financial Officer have given a certificate to the Board as contemplated in **Regulation 17(8)** of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### Related Parties 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. 31 of the financial statements).

### Code of Conduct

The Board of Directors has laid down a "Code of Conduct" (Code) for all the Board Members and the senior management of the Company and this Code is posted on the Website of the Company. Annual compliance affirmation is obtained from every person covered under the Code.

### 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 periodically evaluated and report of the same are placed before the Board for review.

### Statutory Compliance, Penalties and Strictures

The Company has complied with all the requirements of regulatory authorities on matters relating to capital markets and no penalties / strictures have been imposed on the Company by the Stock Exchange or SEBI.

### 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.

## SUBSIDIARY COMPANY

The Company has the following two Subsidiaries Companies as on **31<sup>st</sup> March, 2016** the Company has wholly-owned foreign subsidiary, viz. **Melstar Inc.**, in U.S.A and **IDV Technology Solutions Private Limited**.

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.

## MEANS OF COMMUNICATION

The Company publishes its quarterly, half-yearly and annual financial results in due time in leading National and Regional Daily newspapers.

The results are also posted on Company's website viz. [www.melstar.com](http://www.melstar.com) and websites of the stock exchange. Information relating to shareholding pattern and compliance on corporate governance norms are also posted on Company's website.

All price sensitive information are immediately informed to Stock Exchange before the same is communicated to general public through newspapers.

## 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	Saturday	26.11.2016	09:00 AM	G-4, Melstar House M.I.D.C. Cross Road "A" Andheri (East) Mumbai-400093,
Dates of book closure	From 19 <sup>th</sup> November, 2016 to 26 <sup>th</sup> November, 2016 (both days inclusive)			

**Financial Year: 01<sup>st</sup> April, 2015 to 31<sup>st</sup> March, 2016**

**Special Resolutions:** 3 (Three) Special Resolution is proposed at the above mentioned Annual General Meeting.

**Resolutions Passed by Postal Ballot:** No resolution was passed by Postal Ballot during the year **2015-16**.

## 29th Annual Report 2015-2016

### Financial Calendar:

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

### Stock Exchanges on which Company's shares are listed:

Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001 <b>Code: 532307</b>	The National Stock Exchange of India Limited Exchange Plaza, Bandra-Kurla Complex, Bandra (E), Mumbai – 400 051 <b>Code: MELSTAR</b>
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**Registrar and Share Transfer Agent:** The complete address of Registrar and Share Transfer Agent for communication is as follows:

### Bigshare Services India 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 the Listing Regulations and the same is being filed with the Stock Exchanges in which the Company's share 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<sup>st</sup> March, 2016**:

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
Apr 15	4.40	3.81	59,326	4.50	3.80	60,665
May 15	6.54	4.05	51,996	6.00	4.20	13,255
Jun 15	4.40	3.30	15,964	5.70	5.45	550
Jul 15	4.49	3.50	17,365	5.20	3.80	7,000
Aug 15	4.51	3.52	43,152	4.45	3.95	7,800
Sep 15	3.84	2.99	73,172	4.10	3.60	7,533
Oct 15	4.34	3.46	22,938	3.75	3.45	1,381
Nov 15	4.43	3.31	50,970	4.05	3.60	9,791
Dec 15	7.68	4.00	2,31,090	4.40	3.70	19,767
Jan 16	9.88	7.00	4,87,733	7.20	4.60	1,969
Feb 16	8.65	6.32	95,768	8.25	7.25	21,505
Mar 16	6.80	5.25	96,565	7.70	5.50	2,489

### DISTRIBUTION OF SHAREHOLDING AS AT 31<sup>ST</sup> MARCH, 2016

Shareholding of Nominal value of Rs.	No. of Share holders	% of Total	Shares	% of Total
1 - 5000	7986	80.3017	13356120	9.3510
5001 - 10,000	1013	10.1860	8657730	6.0615
10,001 - 20,000	445	4.4746	6995270	4.8976
20,001 - 30,000	172	1.7295	4433430	3.1040
30,001 - 40,000	69	0.6938	2496490	1.7479
40,001 - 50,000	63	0.6335	3007120	2.1054
50,001-1,00,000	112	1.1262	8165610	5.7170
1,00,001- 999999999	85	0.8548	95719620	67.0158
<b>Total</b>	<b>9945</b>	<b>100.0000</b>	<b>142831390</b>	<b>100.0000</b>



**SHAREHOLDING PATTERN AS AT 31<sup>ST</sup> MARCH, 2016**

	Category	No. of shares	% of holding
<b>A</b>	<b>Promoters' holding</b>		
1.	Bodies Corporate pursuant to open offer purchase	70,20,976	49.16
<b>B</b>	<b>Non-Promoters holding</b>		
1.	Banks, Financial Institutions, Insurance Companies (Central / State Government Institutions / Non-Gov. Institutions	1,00,000	00.70
2.	Private Corporate Bodies	6,28,731	4.40
3.	Indian Public / HUFs/ Employees	62,95,637	44.08
4.	NRIs	1,78,845	1.25
5.	Foreign Individuals	58,950	0.41
	<b>TOTAL</b>	<b>1,42,83,139</b>	<b>100.00</b>

**Dematerialization of Shares and Liquidity:** All shares of the Company are under compulsory dematerialization for delivery on sale / purchase. As at **31.03.2016**, the number of shares of the Company in demat form stood at **1,40,22,488** share representing **98.18%** 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 **31.03.2016** 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.

**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 **31.03.2016** have been obtained from the Directors and Senior Management Personnel of the Company.

**FOR MELSTAR INFORMATION TECHNOLOGIES LIMITED**

**(SANJIV TANDON)**  
**MANAGING DIRECTOR**

Mumbai: 30.05.2016.

**Certificate by the Managing Director (MD) and Chief Financial Officer (CFO) pursuant to Regulation 17(8) of the SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENT) REGULATIONS, 2015**

We Sanjiv Tandon – Managing Director and Anil S. Korpe – as a CFO hereby certify that:

- (a) We have reviewed financial statements and the cash flow statement for the year ended **31.03.2016** 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**

**(Sanjiv Tandon)**  
Managing Director

**(Anil S. Korpe)**  
Chief Financial Officer

**Place: Mumbai**  
**Date: 30.05.2016**

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**CERTIFICATE**

To,  
The Members of

**MELSTAR INFORMATION TECHNOLOGIES LIMITED**

1. We have examined the compliance of conditions of Corporate Governance by MELSTAR INFORMATION TECHNOLOGIES LIMITED for the year ended on 31st March 2016 as stipulated in clause 49 of the Listing Agreement (Listing Agreement) of the said Company with the stock exchanges for the period 1 April 2015 to 30th November 2015 and as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) as referred to in Regulation 15(2) of the Listing Regulations for the period 1 December 2015 to 31 March 2016.
2. The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has generally complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement/ Listing Regulations as applicable.
4. 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: 08<sup>th</sup> AUGUST, 2016**



## 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, 2016, 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 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 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, 2016, and its profit 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.105,837 as at 31st March, 2016 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" 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, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164(2) of the Act.
- g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure "B".
- h) 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 21 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 30, 2016

**Jai Prakash Upadhyay**  
Proprietor  
Membership No.: 116778





**ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF MELSTAR INFORMATION TECHNOLOGIES LIMITED**

(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, 2016)

- (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 there under 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) According to the information and explanations given to us, details of disputed statutory dues which have not been deposited on account of matters pending before the concerned authorities are as under:

Name of Statute	Nature of the Dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	12,93,73,522	AY 2012-13	C.I.T. (Appeals)

- (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 not incurred cash losses in the current year and incurred cash losses in the 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 30, 2016

**Jai Prakash Upadhyay**  
Proprietor  
Membership No.: 116778

**ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF MELSTAR INFORMATION TECHNOLOGIES LIMITED**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of Melstar Information Technologies Limited (“the Company”) as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

**Management’s Responsibility for Internal Financial Controls**

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors’ Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls Over Financial Reporting**

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also,



projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For Jai Prakash Upadhyay & Co.**

Chartered Accountants

Firm Registration No: 125073W

Place: Mumbai

Date: May 30, 2016

**Jai Prakash Upadhyay**

Proprietor

Membership No.: 116778

**BALANCE SHEET AS AT MARCH 31, 2016**

(In rupees)

Particulars		Note No.	As at 31.03.2016	As at 31.03.2015
<b>I</b>	<b>EQUITY AND LIABILITIES</b>			
<b>1</b>	<b>Shareholders' Funds</b>			
	(a) Share Capital	2	14,28,31,390	14,28,31,390
	(b) Reserves and Surplus	3	(6,32,51,906)	(6,49,62,742)
			<b>7,95,79,484</b>	<b>7,78,68,648</b>
<b>2</b>	<b>Non-Current Liabilities</b>			
	(a) Long-term borrowings	4	3,33,903	-
	(b) Long term provisions	5	52,78,853	48,36,241
			<b>56,12,756</b>	<b>48,36,241</b>
<b>3</b>	<b>Current Liabilities</b>			
	(a) Short-term borrowings	6	9,43,49,434	8,78,80,859
	(b) Trade payables (Refer Note No.36 & 37)		7,85,36,151	3,73,15,405
	(c) Other current liabilities	7	1,74,21,631	1,10,51,768
	(d) Short-term provisions	8	17,80,487	21,16,690
			19,20,87,703	13,83,64,722
	<b>TOTAL</b>		<b>27,72,79,943</b>	<b>22,10,69,612</b>
<b>II</b>	<b>ASSETS</b>			
<b>1</b>	<b>Non-current assets</b>			
	(a) Fixed assets	9		
	(i) Tangible assets		7,61,85,501	8,16,16,431
	(ii) Intangible assets		34,692	46,517
	(iii) Intangible assets under development		2,32,70,000	90,52,000
	(b) Non-current investments	10	95,00,000	35,00,000
	(c) Long term loans and advances	11	4,94,12,293	3,45,93,938
			15,84,02,486	12,88,08,886
<b>2</b>	<b>Current assets</b>			
	(a) Trade receivables	12	4,47,63,473	4,45,60,553
	(b) Cash and cash equivalents	13	2,53,967	11,11,361
	(c) Short-term loans and advances	14	2,23,18,380	2,10,26,093
	(d) Other current assets	15	5,15,41,637	2,55,62,719
			11,88,77,457	9,22,60,726
	<b>TOTAL</b>		<b>27,72,79,943</b>	<b>22,10,69,612</b>
	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

**Sanjiv Tandon**

Managing Director

**Ashish Mahendrakar**

Director

**Vijay Modi**

Company Secretary

**Anil S. Korpe**

Chief Financial Officer

Mumbai, Dated : May 30, 2016



## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2016

(In rupees)

Particulars		Note No.	For the year ended 31st March 2016	For the year ended 31st March 2015
I.	Revenue from operations	16	30,95,27,090	22,35,82,916
II.	Other Income	17	22,70,540	1,00,90,387
III.	<b>Total Revenue (I + II)</b>		<b>31,17,97,630</b>	<b>23,36,73,303</b>
IV.	<b>Expenses :</b>			
	Purchases of Stock in Trade		2,00,000	-
	Employee benefits expense	18	16,41,14,942	17,18,06,789
	Finance costs	19	1,57,40,804	1,37,13,621
	Depreciation and amortization expenses	9	64,55,636	71,05,660
	Other expenses	20	12,32,77,557	3,97,35,530
	<b>Total Expenses</b>		<b>30,97,88,939</b>	<b>23,23,61,600</b>
V.	<b>Profit/ (Loss) before exceptional and extraordinary items and tax (III-IV)</b>		20,08,691	13,11,703
VI.	Exceptional Item (Refer Note No.24)		-	(1,78,54,503)
VII.	<b>Profit/ (Loss) before extraordinary items and tax (V + VI)</b>		20,08,691	(1,65,42,800)
VIII.	Extraordinary Items		-	-
IX.	<b>Profit/(Loss) before tax (VII- VIII)</b>		<b>20,08,691</b>	<b>(1,65,42,800)</b>
X.	Tax expense:			
	(1) Current tax		-	-
	(2) Deferred tax		-	-
XI.	<b>Profit/ (Loss) for the period from continuing operations (IX+X)</b>		<b>20,08,691</b>	<b>(1,65,42,800)</b>
XII.	Profit/(Loss) from discontinuing operations		-	-
XIII.	Tax expense of discontinuing operations		-	-
XIV.	<b>Profit/(loss) from Discontinuing operations (after tax) (XII-XIII)</b>		-	-
XV.	<b>Profit/ (Loss) for the period (XI + XIV)</b>		<b>20,08,691</b>	<b>(1,65,42,800)</b>
XVI.	Earnings per equity share (Refer Note No. 30) (Rupees):			
	Basic & Diluted (Before Exceptional Item)		0.14	0.09
	Basic & Diluted (After Exceptional Item)		0.14	(1.16)
	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

**Sanjiv Tandon**  
Managing Director

**Ashish Mahendrakar**  
Director

**Vijay Modi**  
Company Secretary

**Anil S. Korpe**  
Chief Financial Officer

Mumbai, Dated : May 30, 2016

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016**

		Rupees	2015-16 Rupees	Rupees	2014-15 Rupees
<b>A</b>	<b>Cash flow from operating activities</b>				
	Profit /(Loss) before tax		20,08,691		(1,65,42,800)
	<b>Adjustments for :</b>				
	Depreciation and amortisation	64,55,636		71,05,660	
	Interest on Income Tax refund	-		(79,88,311)	
	Interest expense	1,53,90,804		1,33,76,121	
	Interest received on Inter Corporate Deposits and Other Deposits	(25,893)		-	
	Foreign Currency Translation Reserve credited to Profit and Loss Account (Refer Note no.25)	(2,97,856)		-	
	Exchange Difference (Net)	(1,671)		23,858	
	<b>Operating Profit/ (Loss) before working capital changes</b>		2,15,21,020		1,25,17,328
	<b>Adjustments for :</b>		2,35,29,711		(40,25,472)
	Trade and other receivables	(2,71,18,524)		(12,56,495)	
	Trade payables	4,75,32,071	2,04,13,547	2,26,96,215	2,14,39,720
	<b>Cash generated from operations</b>		4,39,43,258		1,74,14,248
	Income Tax (Paid)/ Refund (Net)		(1,48,23,955)		(72,74,961)
	<b>Net cash generated from operating activities</b>		2,91,19,303		1,01,39,287
<b>B</b>	<b>Cash flow from investing activities</b>				
	Interest received on Inter Corporate Deposits and Other Deposits	25,893		-	
	Investments	(60,00,000)		(35,00,000)	
	Additions to fixed assets	(1,52,30,881)		(92,85,910)	
	Interest on Income Tax refund	-		79,88,311	
	<b>Net cash used in investing activities</b>		(2,12,04,988)		(47,97,599)
<b>C</b>	<b>Cash flow from financing activities</b>				
	Proceeds from borrowings	19,61,555		84,18,632	
	Inter Corporate Deposit received	50,00,000		-	
	Loan to subsidiary	(3,50,000)		-	
	Interest paid	(1,53,84,935)		(1,33,26,153)	
	<b>Net cash used in financing activities</b>		(87,73,380)		(49,07,521)
	<b>Net (decrease)/ increase in cash and cash equivalents</b>		(8,59,065)		4,34,167
	<b>Opening balance of cash and cash equivalents</b>		11,10,415		6,76,248
	<b>Closing balance of cash and cash equivalents</b>		2,51,350		11,10,415

**Notes :**

- 1 Cash and cash equivalents include cash and bank balances in current accounts and deposit accounts ( Refer Note No.13) Cash and Cash equivalents include :

	31st March, 2016 Rs	31st March, 2015 Rs
Cash and Bank Balances	2,53,967	11,11,361
Unrealised (gain)/ loss on foreign currency cash and cash equivalents	(2,617)	(946)
<b>Total cash and cash equivalents</b>	<b>2,51,350</b>	<b>11,10,415</b>

- 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

**Sanjiv Tandon**  
Managing Director

**Ashish Mahendrakar**  
Director

**Vijay Modi**  
Company Secretary

**Anil S. Korpe**  
Chief Financial Officer

Mumbai, Dated : May 30, 2016



## Notes to financial statements for the period ended 31st March, 2016

### 1 Significant Accounting Policies:

#### a) System of Accounting:

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 ("the 2013 Act") and the relevant provisions of the 2013 Act/ the Companies Act, 1956, as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed 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 31.03.2016		As at 31.03.2015	
	Number	Rupees	Number	Rupees
<b>Authorised</b>				
Equity Shares of Rs.10/- each	5,49,50,000	54,95,00,000	5,49,50,000	54,95,00,000
Preference Shares of Rs.10/- each	50,000	5,00,000	50,000	5,00,000
		<b>55,00,00,000</b>		<b>55,00,00,000</b>
<b>Issued, Subscribed and Paid up</b>				
Equity Shares of Rs.10/- each, fully paid up	1,42,83,139	14,28,31,390	1,42,83,139	14,28,31,390
<b>TOTAL</b>		<b>14,28,31,390</b>		<b>14,28,31,390</b>

**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	1,42,83,139	14,28,31,390
Shares Issued during the year	-	-
Shares bought back during the year	-	-
Shares outstanding at the end of the year	1,42,83,139	14,28,31,390

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

Name of Shareholder	As at 31.03.2016		As at 31.03.2015	
	Number of Shares held	% of Holding	Number of Shares held	% of Holding
Shearson Investment & Trading Company Private Limited	2401908	16.82	2401908	16.82
Godavari Corporation Private Limited	1747533	12.23	2390819	16.74
Nirved Traders Private Limited	2228249	15.60	2228249	15.60
Birla Bombay Private Limited	643286	4.51	-	-

**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 31.03.2016		As at 31.03.2015	
1. <b>Capital Reserve</b>		1,73,542		1,73,542
2. <b>Capital Redemption Reserve</b>		20,000		20,000
3. <b>Foreign Currency Translation Reserve</b>				
Opening Balance	8,71,855		8,71,654	
Less : Adjustment on account of closure of Foreign Branch (Refer note no. 25)	(2,97,856)		-	
Add : Credited during the year	-		201	
		<b>5,74,000</b>		<b>8,71,855</b>
4. <b>Surplus/ (Deficit) in the Statement of Profit and Loss</b>				
Opening Balance	(6,60,28,139)		(4,66,62,669)	
Less : Adjustment on account of Schedule II of the Companies Act, 2013	-		(28,22,670)	
Add : Net Profit/(Loss) for the current year	20,08,691		(1,65,42,800)	
		(6,40,19,448)		(6,60,28,139)
<b>TOTAL</b>		<b>(6,32,51,906)</b>		<b>(6,49,62,742)</b>

**4 LONG TERM BORROWINGS**

PARTICULARS	As at 31.03.2016		As at 31.03.2015	
<b>Secured</b>				
Vehicle Loan	4,92,980			
Less: Current maturities	(1,59,077)	3,33,903		-
<b>TOTAL</b>		<b>3,33,903</b>		<b>-</b>

Note: Vehicle Loan is secured by charge on the vehicle purchased. The Loan is repayable in 36 Equated Monthly Instalments of Rs.19330/-each.

**5 LONG TERM PROVISIONS**

(In rupees)

PARTICULARS	As at 31.03.2016	As at 31.03.2015
<b>Provision for employee benefits</b>		
Gratuity (unfunded)(Refer Note No. 35(ii))	38,78,409	34,74,949
Compensated absences (unfunded)(Refer Note No. 35(ii))	14,00,444	13,61,292
<b>TOTAL</b>	<b>52,78,853</b>	<b>48,36,241</b>

**6 SHORT TERM BORROWINGS**

(In rupees)

PARTICULARS	As at 31.03.2016	As at 31.03.2015
<b>Secured</b>		
<b>Loan repayable on demand</b>		
From Bank		
-Clean Overdraft Facility	3,98,01,863	3,98,62,628
-Cash Credit Facility	4,95,47,571	4,80,18,231
<b>Unsecured</b>		
Other loans and advances	50,00,000	
<b>TOTAL</b>	<b>9,43,49,434</b>	<b>8,78,80,859</b>

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 15.10% p.a. and 14.65% p.a. on Cash Credit Facility.



## 7 OTHER CURRENT LIABILITIES

(In rupees)

PARTICULARS	As at 31.03.2016	As at 31.03.2015
Current maturities of Long term debt - Vehicle Loan	1,59,077	-
Interest accrued but not due	1,72,163	1,66,294
Other Payables		
- Withholding taxes	49,48,720	13,57,157
- Service Tax	98,90,233	82,35,049
- VAT	1,92,560	1,15,594
- Provident Fund	18,88,101	10,30,975
- Employees' State Insurance	35,398	40,859
- Profession Tax	1,34,905	1,05,780
- Labour Welfare Fund	474	60
<b>TOTAL</b>	<b>1,74,21,631</b>	<b>1,10,51,768</b>

## 8 SHORT TERM PROVISIONS

(In rupees)

PARTICULARS	As at 31.03.2016	As at 31.03.2015
<b>Provision for employee benefits</b>		
Gratuity (unfunded)(Refer Note No. 35(ii))	5,24,735	10,80,118
Compensated absences (unfunded)(Refer Note No. 35(ii))	12,55,752	10,36,572
<b>TOTAL</b>	<b>17,80,487</b>	<b>21,16,690</b>

## 9 FIXED ASSETS

(In rupees)

Particulars	Gross Block					Accumulated Depreciation/Amortisation					Net Block	
	Balance as at 1 April 2015	Additions	(Disposals)	other Adjustment	Balance as at 31 March 2016	Balance as at 1 April 2015	Depreciation charge for the year	On disposals	other Adjustment	Balance as at 31 March 2016	Balance as at 1 April 2015	Balance as at 31 March 2016
<b>a Tangible Assets</b>												
Leasehold Land	3,04,995	-	-	-	3,04,995	63,916*	3,974	-	-	67,890	2,41,079	2,37,105
	(3,04,995)	(-)	(-)	(-)	(3,04,995)	(59,942)	(3,974)	(-)	(-)	(63,916)	(2,45,053)	(2,41,079)
Buildings	15,21,39,251	-	-	-	15,21,39,251	7,24,82,368	57,13,821	-	-	7,81,96,189	7,96,56,883	7,39,43,062
	(15,21,39,251)	(-)	(-)	(-)	(15,21,39,251)	(6,67,68,547)	(57,13,821)	(-)	(-)	(7,24,82,368)	(8,53,70,704)	(7,96,56,883)
Plant and Equipment	1,04,35,171	2,72,932	-	-	1,07,08,103	96,97,719	2,87,533	-	-	99,85,252	7,37,452	7,22,851
	(1,03,70,019)	(2,33,910)	(1,68,758)	-	(1,04,35,171)	(74,72,380)	(8,97,162)	(1,68,758)	(14,96,935)	(96,97,719)	(28,97,639)	(7,37,452)
Furniture & Fixtures	1,91,79,680	-	-	-	1,91,79,680	1,83,69,172	2,91,268	-	-	1,86,60,440	8,10,508	5,19,240
	(1,91,79,680)	(-)	-	(-)	(1,91,79,680)	(1,69,36,634)	(2,91,268)	(-)	(11,41,270)	(1,83,69,172)	(22,43,046)	(8,10,508)
Vehicles	-	7,12,389	-	-	7,12,389	-	22,384	-	-	22,384	-	6,90,005
	(-)	(-)	(-)	(-)	(-)	-	-	-	(-)	-	-	-
Office equipment	10,19,251	-	-	-	10,19,251	8,48,742	97,271	-	-	9,46,013	1,70,509	73,238
	(10,19,251)	(-)	(-)	(-)	(10,19,251)	(5,23,942)	(1,40,335)	-	(1,84,465)	(8,48,742)	(4,95,309)	(1,70,509)
<b>Total</b>	<b>18,30,78,348</b>	<b>9,85,321</b>	<b>-</b>	<b>-</b>	<b>18,40,63,669</b>	<b>10,14,61,917</b>	<b>64,16,251</b>	<b>-</b>	<b>-</b>	<b>10,78,78,168</b>	<b>8,16,16,431</b>	<b>7,61,85,501</b>
	(18,30,13,196)	(2,33,910)	(1,68,758)	-	(18,30,78,348)	(9,17,61,445)	(70,46,560)	(1,68,758)	(28,22,670)	(10,14,61,917)	(9,12,51,751)	(8,16,16,431)
<b>b Intangible Assets</b>												
Computer software	17,29,612	27,560	-	-	17,57,172	16,83,095	39,385	-	-	17,22,480	46,517	34,692
	(17,29,612)	(-)	(-)	(-)	(17,29,612)	(16,23,995)	(59,100)	(-)	(-)	(16,83,095)	(1,05,617)	(46,517)
<b>Total</b>	<b>17,29,612</b>	<b>27,560</b>	<b>-</b>	<b>-</b>	<b>17,57,172</b>	<b>16,83,095</b>	<b>39,385</b>	<b>-</b>	<b>-</b>	<b>17,22,480</b>	<b>46,517</b>	<b>34,692</b>
	(17,29,612)	(-)	(-)	(-)	(17,29,612)	(16,23,995)	(59,100)	(-)	(-)	(16,83,095)	(1,05,617)	(46,517)
<b>c Intangible Assets under development</b>												
WIP	90,52,000	1,42,18,000	-	-	2,32,70,000	-	-	-	-	-	90,52,000	2,32,70,000
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
<b>Total</b>	<b>90,52,000</b>	<b>1,42,18,000</b>	<b>-</b>	<b>-</b>	<b>2,32,70,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>90,52,000</b>	<b>2,32,70,000</b>
	(-)	(90,52,000)	(-)	(-)	(90,52,000)	(-)	(-)	(-)	(-)	(-)	(-)	(90,52,000)
<b>Total</b>	<b>19,38,59,960</b>	<b>1,52,30,881</b>	<b>-</b>	<b>-</b>	<b>20,90,90,841</b>	<b>10,31,45,012</b>	<b>64,55,636</b>	<b>-</b>	<b>-</b>	<b>10,96,00,648</b>	<b>9,07,14,948</b>	<b>9,94,90,193</b>
Previous Year	(18,47,42,808)	(92,85,910)	(1,68,758)	-	(19,38,59,960)	(9,33,85,440)	(71,05,660)	(1,68,758)	(28,22,670)	(10,31,45,012)	(9,13,57,368)	(9,07,14,948)

\* 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. Nil/- accumulated depreciation and amortisation Rs. Nil/-) (Previous year Cost Rs.168758/- and depreciation and amortisation Rs 168758/-)

2 Figures shown in brackets are in respect of Previous Period.

## 10 NON CURRENT INVESTMENTS

(In rupees)

PARTICULARS	As at 31.03.2016	As at 31.03.2015
<b>Unquoted - (At cost or carrying amount unless otherwise stated)</b>		
<b>Trade Investments</b>		
<b>Investments in Equity Instruments of Wholly Owned Subsidiary Companies</b>		
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.22)	6,46,48,453 (6,46,48,453)	6,46,48,453 (6,46,48,453)
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.22)	97,90,695 (97,90,695)	97,90,695 (97,90,695)
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.22)	9,42,45,891 (9,42,45,891)	9,42,45,891 (9,42,45,891)
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.22)	4,59,89,728 (4,59,89,728)	4,59,89,728 (4,59,89,728)
v) 600,000 (Previous year Nil) shares of Rs.10/- each of IDV Technology Solutions Pvt. Ltd.	60,00,000	-
<b>Non Trade Investment</b>		
Nil (Previous year 115,000) Equity Shares of Rs.10/- each of Janakalyan Sahakari Bank Ltd Less: Provision for diminution, provided as at 31st March, 2010	- -	11,50,000 (11,50,000)
350,000 (Previous year 350,000) Equity Shares of Rs.10/- each of Birla Kerala Vaidyashala Pvt. Ltd.	35,00,000	35,00,000
<b>TOTAL</b>	<b>95,00,000</b>	<b>35,00,000</b>
<b>Note:</b> Aggregate of Unquoted Investments Cost/ carrying amount Aggregate provision for diminution in value of investments	22,41,74,767 (21,46,74,767)	21,93,24,767 (21,58,24,767)

## 11 LONG TERM LOANS AND ADVANCES

(In rupees)

PARTICULARS	As at 31.03.2016	As at 31.03.2015
<b>Security Deposits</b>		
Unsecured, considered good	12,57,581	12,60,184
<b>Others (Unsecured, considered good)</b>		
Advances recoverable in cash or kind or for value to be received	22,37,041	22,40,039
Advance payment of Income Tax (Net of Provision for Taxation)	4,58,93,922	3,10,69,967
Advance Payment of Fringe Benefit Tax (Net of Provision for Taxation)	23,748	23,748
<b>TOTAL</b>	<b>4,81,54,711</b> <b>4,94,12,292</b>	<b>3,33,33,754</b> <b>3,45,93,938</b>

## 12 TRADE RECEIVABLES

(In rupees)

PARTICULARS	As at 31.03.2016	As at 31.03.2015
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
-Unsecured, considered good	56,621	21,258
-Unsecured, considered doubtful	4,44,72,134	4,44,72,134
	4,45,28,755	4,44,93,392
Less: Provision for bad and doubtful debts (Refer Note No.22)	(4,44,72,134)	(4,44,72,134)
	56,621	21,258
Trade receivables outstanding for a period less than six months from the date they are due for payment		
-Unsecured, considered good	4,47,06,852	4,45,39,295
-Unsecured, considered doubtful	-	-
	4,47,06,852	4,45,39,295
Less: Provision for bad and doubtful debts	-	-
	4,47,06,852	4,45,39,295
<b>TOTAL</b>	<b>4,47,63,473</b>	<b>4,45,60,553</b>

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



### 13 CASH AND CASH EQUIVALENTS

(In rupees)

PARTICULARS	As at 31.03.2016	As at 31.03.2015
Balances with Banks	2,19,600	4,28,211
Cash on hand	34,367	6,83,149
<b>TOTAL</b>	<b>2,53,967</b>	<b>11,11,361</b>

### 14 SHORT TERM LOANS AND ADVANCES

(In rupees)

PARTICULARS	As at 31.03.2016		As at 31.03.2015	
<b>Security Deposits</b>		75,000		12,376
Unsecured, considered good				
<b>Loans and Advances to related parties</b>				
<b>Loans and Advances to Subsidiaries</b>				
Unsecured, considered good	3,50,000		-	
Unsecured, considered doubtful	11,43,06,058		11,43,06,058	
Less:- Provision (Refer Note No.22)	(11,43,06,058)		(11,43,06,058)	
		3,50,000		-
<b>Others</b>				
Inter Corporate Deposits , unsecured considered good	1,79,35,296		1,88,58,596	
Inter Corporate Deposits , unsecured considered doubtful	1,78,54,503		1,78,54,503	
Less:- Provision (Refer Note No.24)	(1,78,54,503)		(1,78,54,503)	
Advances recoverable in cash or kind or for value to be received (Unsecured, considered good)	39,58,084		21,55,121	
		2,18,93,380		2,10,13,717
<b>TOTAL</b>		<b>2,23,18,380</b>		<b>2,10,26,093</b>

### 15 OTHER CURRENT ASSETS

(In rupees)

PARTICULARS	As at 31.03.2016	As at 31.03.2015
Unbilled Revenue	5,15,41,637	2,55,62,719
<b>TOTAL</b>	<b>5,15,41,637</b>	<b>2,55,62,719</b>

### 16 REVENUE FROM OPERATIONS

(In rupees)

PARTICULARS	For the period ended 31st March, 2016	For the year ended 31st March, 2015
I T Infrastructure Projects	3,85,10,289	-
Software Products	3,51,000	-
Software Services	27,06,65,801	22,35,82,916
<b>TOTAL</b>	<b>30,95,27,090</b>	<b>22,35,82,916</b>

### 17 OTHER INCOME

(In rupees)

PARTICULARS	For the period ended 31st March, 2016	For the year ended 31st March, 2015
Exchange Difference (Net) (Refer note no.25)	3,18,672	-
Sundry Credit Balances Written Back	601	4,45,464
Excess Provision of Earlier Years Written Back	17,69,898	15,84,107
Dividend	57,500	62,500
Miscellaneous Income	97,976	10,005
Interest on Inter Corporate Deposits and Other Deposits	25,893	-
Interest on Income Tax Refunds	-	79,88,311
<b>TOTAL</b>	<b>22,70,540</b>	<b>1,00,90,387</b>

# 18 EMPLOYEE BENEFITS EXPENSES

(In rupees)

PARTICULARS	For the period ended 31st March, 2016	For the year ended 31st March, 2015
Salaries and Wages	15,49,16,236	16,20,61,819
Contribution to Provident and other Funds	63,66,442	64,53,949
Gratuity	8,94,817	12,98,896
Compensated Absences	13,34,874	14,42,686
Staff Welfare Expenses	6,02,573	5,49,439
<b>TOTAL</b>	<b>16,41,14,942</b>	<b>17,18,06,789</b>

# 19 FINANCE COSTS

(In rupees)

PARTICULARS	For the period ended 31st March, 2016	For the year ended 31st March, 2015
<b>Interest expenses</b>		
On Fixed Period Loans	22,300	-
Others	1,53,68,504	1,33,76,121
<b>Other borrowing costs</b>	3,50,000	3,37,500
<b>TOTAL</b>	<b>1,57,40,804</b>	<b>1,37,13,621</b>

# 20 OTHER EXPENSES

(In rupees)

PARTICULARS	For the period ended 31st March, 2016	For the year ended 31st March, 2015
Purchases of Software Services	7,08,73,671	2,06,12,855
IT Infrastructure Project Expenses	3,51,40,336	-
Electricity	17,82,605	17,70,310
Rent	19,53,784	17,93,863
Rates and Taxes	3,10,395	6,57,867
Insurance	3,99,320	5,83,192
Repairs to machinery	2,82,924	3,87,027
Travelling and Conveyance	23,01,766	20,48,340
Communication Expenses	14,71,208	13,92,211
Advertising and Sales promotion expenses	2,72,383	4,40,656
Rebate and discount	4,96,199	5,46,244
Legal and Professional fees	20,82,350	30,77,798
Recruitment Expenses	13,44,149	12,93,932
Provision for Doubtful Debts and Advances (Net)	-	98,139
Irrecoverable Debts/ Advances written off	9,24,461	6,61,800
Exchange Difference (Net)	-	58,362
Directors Sitting Fees	1,75,000	3,60,000
Miscellaneous Expenses	34,67,006	39,52,934
<b>TOTAL</b>	<b>12,32,77,557</b>	<b>3,97,35,530</b>

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





## 21. Contingent Liability:

(In rupees)

	As at 31.03.2016	As at 31.03.2015
(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.	636,872	539,722
(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.14 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.14 Rs.1,008,228 Previous year (Rs. 1,008,228 )	2,422,785	2,016,455
(iv) Income Tax Demand disputed in appeal and pending decision. The Company is hopeful of favourable decision.	129,373,522	-

22. 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.

23. During the year, the Company has purchased 600,000 Equity Shares of Rs.10/- each i.e. 100% paid up equity share capital of IDV Technology Solutions Private Limited. Accordingly IDV Technology Solutions Private Limited has become Wholly Owned Subsidiary (WOS).
24. 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 deposit is due for repayment for more than six months. Consequent to liquidation proceedings initiated against the said party, in the previous year, the Company had provided Rs.17,854,503 (including interest) towards doubtful advances, being Exceptional Item.
25. The Overseas Branch located at USA, had been closed w.e.f. 25.09.2014. Consequently, the related exchange difference of Rs.297,856 accumulated in the Foreign Currency Translation Reserve, has been credited to Profit and Loss Account under "Other Income", in accordance with AS-11(Revised) "The Effect of Changes in Foreign Exchange Rates".
26. In the previous year:
- 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.
  - 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.
27. The break-up of deferred tax assets as at 31st March, 2016 is as under:

(In rupees)

	As at 31.03.2016	Credit/ (Charge)	As at 31.03.2015
<b>a) Deferred Tax Liability</b>			
WDV of Fixed Assets	(28,412,981)	(2,748,317)	(25,664,654)
<b>b) Deferred Tax Asset</b>			
Provision for Gratuity and Leave Encashment	2,181,336	32,880	2,148,456
Provision for Doubtful Debts and Advances	54,579,503	-	54,579,503
Others	1,168,078	(3,900,952)	5,579,030
	<b>58,438,917</b>	<b>(3,868,072)</b>	<b>62,306,989</b>
<b>Total Deferred Tax (Liability)/ Asset</b>	<b>30,025,936</b>	<b>(6,616,389)</b>	<b>36,642,325</b>

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. and the accounting policy followed by the Company in this respect.

## 29th Annual Report 2015-2016

### 28. Payments to Auditors:

(In rupees)

Sr No	Particulars	Current Year *	Previous Year *
a.	As Auditors	150,000	190,000
b.	For Taxation matters	-	45,000
c.	For other services	7,500	15,000
d.	For Reimbursement of expenses	-	9,638
e.	To Branch Auditors	10,000	10,000
	<b>Total</b>	<b>167,500</b>	<b>269,638</b>

\*Excludes Service Tax

### 29. 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	95,232	0
Legal and Professional Charges	35,768	226,476
Others	253,915	822,782
<b>Total</b>	<b>384,915</b>	<b>1,049,258</b>

Note: Expenses of Foreign branches Rs. 275,658 (Previous year Rs. 1,038,339) have been included in the appropriate heads above.

#### B. EARNINGS IN FOREIGN CURRENCY

(In rupees)

Particulars	Current Year	Previous Year
FOB Value of Exports	2,247,880	3,985,777

### 30. Earnings per share is calculated as follows:

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
a. Net Profit/(Loss) after tax, before Exceptional Item attributable to equity shareholders (Rupees)	2,008,691	1,311,703
Exceptional Item (Rupees)	-	(17,854,503)
b. Net Loss after tax attributable to equity shareholders after Exceptional Item (Rupees)	2,008,691	(16,542,800)
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)	0.14	(1.16)

### 31. 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) IDV Technology Solutions Private Limited (w.e.f.23.12.2015)
ii. Key Management Personnel with whom the transactions have taken place during the year	Mr. Sanjiv Tandon (Managing Director) (w.e.f. 1st October, 2015) Mr. Anil S. Korphe (Chief Financial Officer) Mr. Vijaykumar H. Modi ( Company Secretary) Mr. Vijay Mishra (Managing Director)(Up to 2nd July, 2015)
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 Global Corporate Limited Birla International Private 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	
		2015-2016	2014-2015	2015-2016	2014-2015	2015-2016	2014-2015
a)	<b>Loans and advances</b>						
	<b>Balance as at 1st April</b>	<b>114,306,058</b>	<b>114,306,058</b>	-	-	-	-
	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	-	-	-	-	-	-
	<b>Given/Adjusted during the year</b>	<b>350,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	IDV Technology Solutions Pvt. Ltd.	350,000	-	-	-	-	-
	<b>Repaid/Adjusted during the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>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)</b>	<b>114,306,058</b>	<b>114,306,058</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	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	-	-	-	-
	IDV Technology Solutions Pvt. Ltd.	350,000	-	-	-	-	-
b)	<b>Investments</b>						
	<b>Balance as at March 31 (includes Rs.214,674,767 (Previous year Rs.214,674,767) provided towards diminution)</b>	<b>214,674,767</b>	<b>214,674,767</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	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	-	-	-	-
	IDV Technology Solutions Pvt. Ltd.	6,000,000	-	-	-	-	-
c)	<b>Trade Receivables</b>						
	<b>Balance as at March 31 (includes Rs.17,167,788(Previous year Rs.17,167,788) provided towards doubtful debts receivable from subsidiary companies.</b>	<b>17,167,788</b>	<b>17,167,788</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	Linkhand Support Limited	16,303,514	16,303,514	-	-	-	-
	Melstar Inc	864,274	864,274	-	-	-	-
	IDV Technology Solutions Pvt. Ltd.	2,195,955	-	-	-	-	-
d)	<b>Receivables</b>						
	<b>Balance as at 1st April</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>987,996</b>	<b>987,996</b>
	Birla Global Corporate Limited	-	-	-	-	987,996	987,996
	<b>Given/Adjusted during the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	Birla Global Corporate Limited	-	-	-	-	-	-
	<b>Rapid/Adjusted during the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>923,300</b>	<b>-</b>
	Birla Global Corporate Limited	-	-	-	-	923,300	-
	<b>Balance as at March 31</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>64,696</b>	<b>987,996</b>
	Birla Global Corporate Limited	-	-	-	-	64,696	987,996
e)	<b>Trade Payables</b>						
	<b>Balance as at March 31</b>	<b>-</b>	<b>-</b>	<b>552,891</b>	<b>423,583</b>	<b>-</b>	<b>-</b>
	Mr. Sanjeev Tandon	-	-	395,432	-	-	-
	Mr. Vijay Mishra	-	-	-	275,903	-	-
	Mr. Anil S. Kopre	-	-	91,177	97,297	-	-
	Mr. Vijaykumar H. Modi	-	-	66,282	50,383	-	-
f)	<b>Income</b>						
	<b>Sales</b>	<b>2,754,755</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	IDV Technology Solutions Pvt. Ltd.	2,754,755	-	-	-	-	-
g)	<b>Expenditure</b>						
	<b>Remuneration</b>	<b>-</b>	<b>-</b>	<b>5,703,320</b>	<b>6,271,457</b>	<b>-</b>	<b>-</b>
	Mr. Sanjeev Tandon	-	-	2,921,772	-	-	-
	Mr. Vijay Mishra	-	-	711,200	4,442,200	-	-
	Mr. Anil S. Korpe	-	-	1,345,893	1,238,461	-	-
	Mr. Vijaykumar H Modi	-	-	724,455	590,796	-	-

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

## 29th Annual Report 2015-2016

32. 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, 2016	Amount outstanding as at March 31, 2015	Maximum amount outstanding during the year	Maximum amount outstanding during the previous year
<b>Wholly owned subsidiaries</b>				
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
<b>Total</b>	<b>114,306,058</b>	<b>114,306,058</b>		

\* 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, 2016 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.

33. 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.
34. 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)	
	11,367,931	236,150	USD
	(11,374,223)	(236,374)	
<b>TOTAL</b>	<b>42,918,888</b>		
	(42,925,180)		
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)	
<b>TOTAL</b>	<b>71,954,100</b>		
	(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.

### 35. 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. 5,507,008 (Previous year Rs. 5,486,908) 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, 2016 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 31.03.2016	As on 31.03.2015
<b>I)</b>	<b>Reconciliation in present value of obligations (PVO) – defined benefit obligation :</b>		
	Current Service Cost	4,555,067	478,702
	Interest Cost	359,395	325,103
	Actuarial (gain)/losses	535,422	495,091
	Benefits paid	(1,046,740)	(300,757)
	Past service cost	-	-
	PVO at the beginning of the year	4,555,067	3,705,248
	PVO at end of the year	4,403,144	4,555,067
<b>II)</b>	<b>Change in fair value of plan assets :</b>		
	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	-	-
<b>III)</b>	<b>Reconciliation of PVO and fair value of plan assets:</b>		
	PVO at end of year	(4,403,144)	4,555,067
	Fair Value of planned assets at end of year	-	-
	Funded status(Surplus/ (Deficit)	(4,403,144)	(4,555,067)
	Unrecognised actuarial gain/(loss)	-	-
	Net asset/(liability) recognised in the balance sheet	(4,403,144)	(4,555,067)
<b>IV)</b>	<b>Net cost for the year ended March 31, 2016 :</b>		
	Current Service cost	632,323	478,702
	Interest cost	359,395	325,103
	Expected return on plan assets	-	-
	Actuarial (gain)/losses	(96,901)	495,091
	Past service cost	-	-
	Net cost	894,817	1,298,896
<b>V)</b>	<b>Category of assets as at March 31, 2016 :</b>	-	-
<b>VI)</b>	<b>Actual return on the plan assets</b>	-	-
<b>VII)</b>	<b>Assumption used in accounting for the gratuity plan:</b>		
	Discount rate (%)	7.84	7.89
	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.930,635 (Previous year Rs. 771,437 ) based upon the following assumptions:

	2015-16	2014-15
Discount Rate	7.84%	7.96%
Salary Escalation	8.00%	8.00%

The liability towards short-term compensated absences is Rs. 1,725,561 (Previous year Rs. 1,626,427) is provided on actual basis.

## 29th Annual Report 2015-2016

36. 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, 2016 Rs.	For the year ended 31st March, 2015 Rs.
A	Principal amount remaining unpaid as on 31st March 2016	-	-
B	Interest due thereon as on 31st March 2016	-	-
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 2016	-	-
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.	-	-

37. Trade receivables, trade payables, short term loans and advances, other current assets and other current liabilities are subject to confirmation and reconciliation if any.
38. 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 Upadhyay & Co.**  
Chartered Accountants  
Firm Registration No. 125073W

**Jai Prakash Upadhyay**  
Proprietor  
Membership No. 116778

For and on behalf of the Board of Directors

**Sanjiv Tandon**  
Managing Director

**Ashish Mahendrakar**  
Director

**Vijay Modi**  
Company Secretary

**Anil S. Korpe**  
Chief Financial Officer

Mumbai, Dated : May 30, 2016



## 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 subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at March 31, 2016, 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 one of the Subsidiary of the Holding Company, the other auditor who audited the financial statements / financial information of the said subsidiary has reported that the said 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 include all adjustments relating to the recoverability and classification of assets carrying amounts or the amounts and classification of liabilities which render 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 fare view in conformity with accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31<sup>st</sup> March, 2016, 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 two subsidiaries, whose financial statements/ financial information reflect total assets of Rs. 14,544,110 at 31<sup>st</sup> March, 2016, total revenues of Rs. 8,501,769 and net cash flows amounting to Rs. 238,191 for the year ended on that date, as considered in the consolidated financial statements. These financial statements/ financial information have been audited by other auditors whose reports have 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 these subsidiaries, 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 subsidiaries is based solely on the reports of the other auditors.

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 and the subsidiary company incorporated in India, 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, 2016 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, 2016 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in **Annexure "B"**.
  - 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 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 24 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 Upadhyay & Co.**  
Chartered Accountants  
Firm Registration Number: 125073W

Place: Mumbai  
Date: May 30, 2016

**Jai Prakash Upadhyay**  
Proprietor  
Membership No: 116778



**ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF MELSTAR INFORMATION TECHNOLOGIES LIMITED**

**(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, 2016)**

- (i) In respect of the fixed assets of the Holding Company and subsidiary company incorporated in India:
- The respective entities have maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - As informed and explained to us, all Fixed Assets have been physically verified by the Management of the respective entities 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. In respect of the inventories of the subsidiary company, as reported by the other auditor:
- The inventories were physically verified during the year by the Management of the entity at reasonable intervals.
  - The procedures of physical verification of inventory followed by the Management were reasonable and adequate in relation to the size of the company and the nature of its business.
  - The discrepancies noticed on physical verification of the inventory as compared to books records which has been properly dealt with in the books of accounts were not material.
- (iii) The Holding Company and subsidiary company incorporated in India have not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013 by the respective entities.
- (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 and subsidiary company incorporated in India have 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 there under 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, in respect of the activities carried on by the Holding Company and subsidiary company incorporated in India.
- (vii) According to the information and explanations given to us, in respect of statutory dues of the Holding Company and subsidiary company incorporated in India:
- The respective entities have generally been 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 and there were no undisputed statutory dues in arrears as at March 31, 2016 for a period of more than six months from the date they became payable.
  - According to the information and explanations given to us, details of disputed statutory dues of Holding Company which have not been deposited on account of matters pending before the concerned authorities are as under:

Name of Statute	Nature of the Dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	12,93,73,522	AY 2012-13	C.I.T. (Appeals)

- There are no amounts required to be transferred by respective entities 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 earned cash profit in current year and has incurred cash loss in the previous year.

- (ix) In our opinion and according to the information and explanations given to us, the Holding Company and subsidiary company incorporated in India have 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 and subsidiary company incorporated in India have 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 and subsidiary company incorporated in India have not taken any term loan hence clause 3 (xi) of the Order is not applicable to the Company
- (xii) To the best of our knowledge and according to the information and explanations given to us and the other auditor, no fraud by the Holding Company and its subsidiary company incorporated in India and no material fraud on the Holding Company and its subsidiary company incorporated in India has been noticed or reported during the year.

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

Place: Mumbai  
Date: May 30, 2016

**Jai Prakash Upadhayay**  
Proprietor  
Membership No: 116778

### **ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF MELSTAR INFORMATION TECHNOLOGIES LIMITED**

#### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2016, We have audited the internal financial controls over financial reporting of Melstar Information Technologies Limited (hereinafter referred to as “the Holding Company”) and its subsidiary companies which are companies incorporated in India and USA, as of that date.

#### **Management’s Responsibility for Internal Financial Controls**

The respective Board of Directors of the of the Holding company, its subsidiary companies, which are companies incorporated in India and USA, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors’ Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

In our opinion, the Holding Company, its subsidiary companies, which are companies incorporated in India and USA, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

#### **Other Matters**

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to two subsidiary companies, which are companies incorporated in India and USA, is based on the corresponding reports of the auditors of such companies incorporated in India and USA.

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

Place: Mumbai  
Date: May 30, 2016

**Jai Prakash Upadhayay**  
Proprietor  
Membership No: 116778

**CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2016**

(In rupees)

Particulars		Note No.	As at 31.03.2016	As at 31.03.2015
<b>I</b>	<b>EQUITY AND LIABILITIES</b>			
<b>1</b>	<b>Shareholders' Funds</b>			
	(a) Share Capital	2	14,28,31,390	14,28,31,390
	(b) Reserves and Surplus	3	(6,90,59,650)	(6,49,82,892)
			7,37,71,740	7,78,48,498
<b>2</b>	<b>Non-Current Liabilities</b>			
	(a) Long-term borrowings	4	11,72,891	-
	(b) Long term provisions	5	52,78,853	48,36,241
			64,51,744	48,36,241
<b>3</b>	<b>Current Liabilities</b>			
	(a) Short-term borrowings	6	10,96,49,434	8,78,80,859
	(b) Trade payables (Refer Note No.35& 36)		8,13,20,074	3,75,83,333
	(c) Other current liabilities	7	1,84,00,872	1,10,51,768
	(d) Short-term provisions	8	22,30,188	21,16,690
			21,16,00,568	13,86,32,650
	<b>TOTAL</b>		<b>29,18,24,052</b>	<b>22,13,17,389</b>
<b>II</b>	<b>ASSETS</b>			
<b>1</b>	<b>Non-current assets</b>			
	(a) Fixed assets	9		
	(i) Tangible assets		7,64,90,297	8,16,16,431
	(ii) Intangible assets		80,11,742	46,517
	(iii) Intangible assets under development		2,32,70,000	90,52,000
	(b) Non-current investments	10	35,00,000	35,00,000
	(c) Long term loans and advances	11	5,12,01,462	3,45,93,938
			16,24,73,501	12,88,08,886
<b>2</b>	<b>Current assets</b>			
	(a) Inventories	12	44,83,761	-
	(b) Trade receivables	13	4,82,65,218	4,47,17,716
	(c) Cash and cash equivalents	14	8,68,579	12,01,975
	(d) Short-term loans and advances	15	2,41,91,357	2,10,26,093
	(e) Other current assets	16	5,15,41,637	2,55,62,719
			12,93,50,552	9,25,08,503
	<b>TOTAL</b>		<b>29,18,24,052</b>	<b>22,13,17,389</b>
	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

**Sanjiv Tandon**

Managing Director

**Ashish Mahendrakar**

Director

**Vijay Modi**

Company Secretary

**Anil S. Korpe**

Chief Financial Officer

Mumbai, Dated : May 30, 2016



## CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2016

(In rupees)

Particulars		Note No.	For the year ended 31st March 2016	For the year ended 31st March 2015
I.	Revenue from operations	17	31,52,74,104	22,35,82,916
II.	Other Income	18	25,46,942	1,00,90,387
III.	<b>Total Revenue (I + II)</b>		<b>31,78,21,046</b>	<b>23,36,73,303</b>
IV.	<b>Expenses :</b>			
	Purchases of Stock in Trade		2,00,000	-
	Changes in inventories of finished goods and Work-In-Progress	19	5,57,807	-
	Employee benefits expense	20	17,04,17,739	17,18,06,789
	Finance costs	21	1,58,11,182	1,37,13,621
	Depreciation and amortization expenses	9	69,42,231	71,05,660
	Other expenses	22	12,73,03,608	3,98,13,520
	<b>Total Expenses</b>		<b>32,12,32,567</b>	<b>23,24,39,590</b>
V.	<b>(Loss)/ Profit before exceptional and extraordinary items and tax (III-IV)</b>		(34,11,521)	12,33,713
VI.	Exceptional Item		-	(1,78,54,503)
VII.	<b>Loss before extraordinary items and tax (V + VI)</b>		(34,11,521)	(1,66,20,790)
VIII.	Extraordinary Items		-	-
IX.	<b>Loss before tax (VII- VIII)</b>		<b>(34,11,521)</b>	<b>(1,66,20,790)</b>
X.	Tax expense:			
	(1) Current tax		-	-
	(2) Deferred Tax		(3,67,293)	-
XI.	<b>Loss for the period from continuing operations (IX+X)</b>		<b>(37,78,813)</b>	<b>(1,66,20,790)</b>
XII.	Profit/(Loss) from discontinuing operations		-	-
XIII.	Tax expense of discontinuing operations		-	-
XIV.	<b>Profit/(loss) from Discontinuing operations (after tax) (XII-XIII)</b>		-	-
XV.	<b>Loss for the period (XI + XIV)</b>		<b>(37,78,813)</b>	<b>(1,66,20,790)</b>
XVI.	Earnings per equity share (Refer Note No. 30) (Rupees):			
	Basic & Diluted (Before Exceptional Item)		(0.26)	0.09
	Basic & Diluted (After Exceptional Item)		(0.26)	(1.16)
	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

**Sanjiv Tandon**  
Managing Director

**Ashish Mahendrakar**  
Director

**Vijay Modi**  
Company Secretary

**Anil S. Korpe**  
Chief Financial Officer

Mumbai, Dated : May 30, 2016

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016**

		Rupees	2015-16 Rupees	Rupees	2014-15 Rupees
<b>A</b>	<b>Cash flow from operating activities</b>				
	Loss before tax		(34,11,521)		(1,66,20,790)
	<b>Adjustments for :</b>				
	Depreciation and amortisation	69,42,231		71,05,660	
	(Profit)/ Loss on Sale of Fixed Assets sold/ discarded (Net)	(465)		-	
	Foreign Currency Translation Reserve credited to Profit and Loss Account (Refer Note. No.27)	(2,97,856)		-	
	Exchange Difference (Net)	(11,242)		(21,658)	
	Interest on Income Tax refund	-		(79,88,311)	
	Interest received on Inter Corporate Deposits and Other Deposits	(25,893)		-	
	Interest Expense	1,54,61,182	2,20,67,957	1,33,76,121	1,24,71,812
	<b>Operating Profit/ (loss) before working capital changes</b>		<b>1,86,56,436</b>		<b>(41,48,978)</b>
	<b>Adjustments for :</b>				
	Trade and other Receivables	(3,72,00,926)		(12,62,180)	
	Trade and other Payables	5,10,19,067	1,38,18,141	2,27,07,294	2,14,45,114
	<b>Cash generated from operations</b>		<b>3,24,74,577</b>		<b>1,72,96,136</b>
	Income Tax (Paid)/ Refund (Net)		(1,69,49,418)		(72,74,961)
	<b>Net cash generated from operating activities</b>		<b>1,55,25,159</b>		<b>1,00,21,175</b>
<b>B</b>	<b>Cash flow from investing activities</b>				
	Interest received on Inter Corporate Deposits and Other Deposits	25,893		-	
	Investments	-		(35,00,000)	
	Goodwill on consolidation	(79,74,705)		-	
	Additions to fixed assets	(1,60,24,617)		(92,85,910)	
	Proceeds from sale of fixed assets	465		-	
	Interest on Income Tax refund	-		79,88,311	
	<b>Net cash used in investing activities</b>		<b>(2,39,72,964)</b>		<b>(47,97,599)</b>
<b>C</b>	<b>Cash flow from financing activities</b>				
	Proceeds from borrowings	2,35,58,479		84,18,632	
	Interest paid	(1,54,55,313)		(1,33,26,153)	
	<b>Net cash generated from/ (used in) financing activities</b>		<b>81,03,166</b>		<b>(49,07,521)</b>
	<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(3,44,639)</b>		<b>3,16,055</b>
	<b>Opening balance of cash and cash equivalents</b>		<b>12,15,516</b>		<b>8,99,461</b>
	<b>Closing balance of cash and cash equivalents</b>		<b>8,70,878</b>		<b>12,15,516</b>

**Notes :**

- 1 Cash and cash equivalents include cash and bank balances in current account and deposit accounts (Refer Note No. 14)

Cash and Cash equivalents include :

	31st March, 2016 Rs	31st March, 2015 Rs
Cash and Bank Balances	8,68,579	12,01,975
Unrealised (gain)/ loss on foreign currency cash and cash equivalents	2,299	13,541
<b>Total cash and cash equivalents</b>	<b>8,70,878</b>	<b>12,15,516</b>

- 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

**Sanjiv Tandon**  
Managing Director

**Ashish Mahendrakar**  
Director

**Vijay Modi**  
Company Secretary

**Anil S. Korpe**  
Chief Financial Officer

Mumbai, Dated : May 30, 2016





## Notes to consolidated financial statements for the period ended 31st March, 2016

### 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, 2016.
- ii) The consolidated financial statements of the Company and its subsidiaries ("the Group") have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 ("the 2013 Act") and the relevant provisions of the 2013 Act/ the Companies Act, 1956, as applicable. The consolidated financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed 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.

Prior to 1st April 2014, 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 business 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 Software Services and IT Infra Projects.
- 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 31.03.2016		As at 31.03.2015	
	Number	Rupees	Number	Rupees
<b>Authorised</b>				
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
		<b>550,000,000</b>		<b>550,000,000</b>
<b>Issued, Subscribed and Paid up</b>				
Equity Shares of Rs.10/- each, fully paid up	14,283,139	142,831,390	14,283,139	142,831,390
<b>TOTAL</b>		<b>142,831,390</b>		<b>142,831,390</b>

**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 31.03.2016		As at 31.03.2015	
	Number of Shares held	% of Holding	Number of Shares held	% of Holding
Shearson Investment Trading Co. Pvt. Ltd.	2401908	16.82	2401908	16.82
Godavari Corporation Pvt. Ltd.	1747533	12.23	2390819	16.74
Nirved Traders Private Limited	2228249	15.60	2228249	15.60
Birla Bombay Private Limited	643286	4.51	-	-

**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 31.03.2016		As at 31.03.2015	
<b>1. Capital Reserve</b>		173,542		173,542
<b>2. Capital Redemption Reserve</b>		20,000		20,000
<b>3. Securities Premium Reserve</b>		<b>67,470,974</b>		<b>67,470,974</b>
<b>4. General Reserve</b>				
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)	
<b>5. Foreign Currency Translation Reserve</b>				
Opening Balance	10,723,155		10,722,146	
Less: Adjustment on account of closure of Foreign Branch (Refer note no. 27)	(297,856)		-	
Less: Debited during the year	(82)		1,015	
		10,425,217		10,723,161
<b>6. Surplus/ (Deficit) in the Statement of Profit and Loss</b>				
Opening Balance	(302,553,676)		(283,110,215)	
Less: Adjustment on account of Schedule II of the Companies Act, 2013 (Refer Note no.26)	-		(2,822,670)	
Less: Loss during the year	(3,778,813)		(16,620,790)	
	(306,332,490)		(302,553,676)	
Less : Deducted as per contra from General Reserve to the extent of balance there in	159,183,106		159,183,106	
		(147,149,384)		(143,370,569)
<b>TOTAL</b>		<b>(69,059,650)</b>		<b>(64,982,892)</b>



#### 4 LONG TERM BORROWINGS

(In rupees)

PARTICULARS	As at 31.03.2016		As at 31.03.2015	
Secured				
Vehicle Loan	492,980		-	
Less : Current Maturities	(159,077)	333,903	-	-
From Bank	1,296,924		-	
Less : Current Maturities	(457,936)	838,988	-	-
<b>TOTAL</b>		<b>1,172,891</b>		<b>-</b>

Note:a) Vehicle Loan is secured by charge on the vehicle purchased. The Loan is repayable in 36 Equated Monthly Instalments of Rs.19330/-each.

b) Loan from Bank is secured by collateral from Third Party and the Loan is payable in 36 Equated Monthly instalments of Rs.Rs.52736/- each.

#### 5 LONG TERM PROVISIONS

(In rupees)

PARTICULARS	As at 31.03.2016	As at 31.03.2015
<b>Provision for employee benefits</b>		
Gratuity (unfunded)(Refer Note No. 34(ii))	3,878,409	3,474,949
Compensated absences (unfunded)(Refer Note No. 34(ii))	1,400,444	1,361,292
<b>TOTAL</b>	<b>5,278,853</b>	<b>4,836,241</b>

#### 6 SHORT TERM BORROWINGS

(In rupees)

PARTICULARS	As at 31.03.2016	As at 31.03.2015
<b>Secured</b>		
<b>Loan repayable on demand</b>		
From Bank		
-Clean Overdraft Facility	39,801,863	39,862,628
-Cash Credit Facility	49,547,571	48,018,231
<b>Unsecured</b>		
From Directors	10,200,000	
Other loans and advances	10,100,000	
<b>TOTAL</b>	<b>109,649,434</b>	<b>87,880,859</b>

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 15.10% p.a. and 14.65% p.a. on Cash Credit Facility.

#### 7 OTHER CURRENT LIABILITIES

(In rupees)

PARTICULARS	As at 31.03.2016	As at 31.03.2015
Current maturities of Long term debt - Vehicle Loan	617,013	-
Interest accrued but not due	172,163	166,294
Other Payables		
- Withholding taxes	5,082,690	1,357,157
- Service Tax	10,104,740	8,235,049
- VAT	192,560	115,594
- Provident Fund	2,027,190	1,030,975
- Employees' State Insurance	69,137	40,859
- Profession Tax	134,905	105,780
- Labour Welfare Fund	474	60
<b>TOTAL</b>	<b>18,400,872</b>	<b>11,051,768</b>

#### 8 SHORT TERM PROVISIONS

(In rupees)

PARTICULARS	As at 31.03.2016	As at 31.03.2015
<b>Provision for employee benefits</b>		
Gratuity (unfunded)(Refer Note No. 34(ii))	524,735	1,080,118
Compensated absences (unfunded)(Refer Note No. 34(ii))	1,705,453	1,036,572
<b>TOTAL</b>	<b>2,230,188</b>	<b>2,116,690</b>

# 29th Annual Report 2015-2016

## 9 FIXED ASSETS ( Consolidated)

(In rupees)

	Particulars	Gross Block					Accumulated Depreciation/Amortisation					Net Block	
		Balance as at 1 April 2015	Additions	(Disposals)	other Adjust-ment	Balance as at 31 March 2016	Balance as at 1 April 2015	Depreciation charge for the year	On disposals	other Adjust-ment	Balance as at 31 March 2016	Balance as at 1 April 2015	Balance as at 31 March 2016
a	<b>Tangible Assets</b>												
	Leasehold Land	304,995	-	-	-	304,995	63,916 *	3,974	-	-	67,890	241,079	237,105
		(304,995)	(-)	(-)	(-)	(304,995)	(59,942)	(3,974)	(-)	(-)	(63,916)	(245,053)	(241,079)
	Buildings	152,139,251	-	-	-	152,139,251	72,482,368	5,713,821	-	-	78,196,189	79,656,883	73,943,062
		(152,139,251)	(-)	(-)	(-)	(152,139,251)	(66,768,547)	(5,713,821)	(-)	(-)	(72,482,368)	(85,370,704)	(79,656,883)
	Plant and Equipment	10,435,171	272,932	-	1,435,217	12,143,320	9,697,719	770,108	-	647,846	11,115,673	737,452	1,027,647
		(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)
	Furniture and Fixtures	19,179,680	-	-	-	19,179,680	18,369,172	291,268	-	-	18,660,440	810,508	519,240
		(19,179,680)	(-)	-	(-)	(19,179,680)	(16,936,634)	(291,268)	(-)	(1,141,270)	(18,369,172)	(2,243,046)	(810,508)
	Vehicles	-	712,389	-	-	712,389	-	22,384	-	-	22,384	-	690,005
		-	(-)	(-)	(-)	-	-	-	-	(-)	-	-	-
	Office equipment	1,019,251	-	-	-	1,019,251	848,742	97,271	-	-	946,013	170,509	73,238
		(1,019,251)	(-)	(-)	(-)	(1,019,251)	(523,942)	(140,335)	-	(184,465)	(848,742)	(495,309)	(170,509)
	<b>Total</b>	<b>183,078,348</b>	<b>985,321</b>	<b>-</b>	<b>1,435,217</b>	<b>185,498,886</b>	<b>101,461,917</b>	<b>6,898,826</b>	<b>-</b>	<b>647,846</b>	<b>109,008,589</b>	<b>81,616,431</b>	<b>76,490,297</b>
		(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)
b	<b>Intangible Assets</b>												
	Goodwill	-	-	-	7,974,705	7,974,705	-	-	-	-	-	-	7,974,705
		(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
	Computer software	1,729,612	27,560	-	16,000	1,773,172	1,683,095	43,405	-	9,635	1,736,135	46,517	37,037
		(1,729,612)	(1,623,995)	-	(59,100)	(1,729,612)	(1,623,995)	(59,100)	(-)	(-)	(1,683,095)	(105,617)	(46,517)
	<b>Total</b>	<b>1,729,612</b>	<b>27,560</b>	<b>-</b>	<b>7,990,705</b>	<b>9,747,877</b>	<b>1,683,095</b>	<b>43,405</b>	<b>-</b>	<b>9,635</b>	<b>1,736,135</b>	<b>46,517</b>	<b>8,011,742</b>
		(1,729,612)	(1,623,995)	-	(59,100)	(1,729,612)	(1,623,995)	(59,100)	(-)	(-)	(1,683,095)	(105,617)	(46,517)
c	<b>Intangible Assets under development</b>												
	WIP	9,052,000	14,218,000	-	-	23,270,000	-	-	-	-	-	9,052,000	23,270,000
		(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
	<b>Total</b>	<b>9,052,000</b>	<b>14,218,000</b>	<b>-</b>	<b>-</b>	<b>23,270,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,052,000</b>	<b>23,270,000</b>
		(-)	(9,052,000)	(-)	(-)	(9,052,000)	(-)	(-)	(-)	(-)	(-)	-	(9,052,000)
	<b>Total</b>	<b>193,859,960</b>	<b>15,230,881</b>	<b>-</b>	<b>9,425,922</b>	<b>218,516,763</b>	<b>103,145,012</b>	<b>6,942,231</b>	<b>-</b>	<b>657,481</b>	<b>110,744,724</b>	<b>90,714,948</b>	<b>107,772,039</b>
	Previous Year	(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)	(90,714,94

\* 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. Nil/- accumulated depreciation and amortisation Rs. Nil/-)

(Previous year Cost Rs.168758/- and depreciation and amortisation Rs 168758/-) and Additions cost thereof and the accumulated depreciation of the subsidiary company IDV Technologies Pvt Ltd w.e.f. 23/12/2015 (Cost Rs. 9425922/- accumulated depreciation and amortisation Rs. 657481/-) (Previous Year Cost Rs. Nil/- accumulated depreciation and amortisation Rs. Nil/-)

2 Figures shown in brackets are in respect of Previous Period.



## 10 NON CURRENT INVESTMENTS

(In rupees)

PARTICULARS	As at 31.03.2016	As at 31.03.2015
<b>Unquoted - (At cost or carrying amount unless otherwise stated)</b>		
<b>Trade Investments</b>		
<b>Investments in Equity Instruments of Wholly Owned Subsidiary Companies</b>		
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)
<b>Non Trade Investments - Unquoted - (At cost or carrying amount unless otherwise stated)</b>		
Nil (Previous year 115,000) 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)
350,000 (Previous year 350,000) Equity Shares of Rs.10/- each of Birla Kerala Vaidyashala Pvt. Ltd.	3,500,000	3,500,000
<b>TOTAL</b>	<b>3,500,000</b>	<b>3,500,000</b>
Note:		
Aggregate of Unquoted Investments Cost/ carrying amount	153,526,314	154,676,314
Aggregate provision for diminution in value of investments	(150,026,314)	(151,176,314)

## 11 LONG TERM LOANS AND ADVANCES

(In rupees)

PARTICULARS	As at 31.03.2016		As at 31.03.2015	
<b>Security Deposits</b>				
Unsecured, considered good		1,288,581		1,260,184
<b>Others (Unsecured, considered good)</b>				
Advances recoverable in cash or kind or for value to be received	2,237,041		2,240,039	
Advance payment of Income Tax (Net of Provision for Taxation)	47,652,092		31,069,967	
Advance Payment of Fringe Benefit Tax (Net of Provision for Taxation)	23,748		23,748	
		49,912,881		33,333,754
<b>TOTAL</b>		<b>51,201,462</b>		<b>34,593,938</b>

## 12 INVENTORIES

(In rupees)

PARTICULARS	As at 31.03.2016		As at 31.03.2015	
Finished goods		2,588,480		-
Work-in-progress		1,895,281		-
<b>TOTAL</b>		<b>4,483,761</b>		<b>-</b>



### 13 TRADE RECEIVABLES

(In rupees)

PARTICULARS	As at 31.03.2016		As at 31.03.2015	
Trade receivables outstanding for a period exceeding six months from the date they are due for payment				
-Unsecured, considered good	56,621		10,44,152	
-Unsecured, considered doubtful	2,73,04,346		2,73,04,346	
	2,73,60,967		2,83,48,498	
Less: Provision for bad and doubtful debts	(2,73,04,346)		(2,73,04,346)	
		56,621		10,44,152
Trade receivables outstanding for a period less than six months from the date they are due for payment				
-Unsecured, considered good	4,82,08,597		4,36,73,564	
-Unsecured, considered doubtful	-		-	
	4,82,08,597		4,36,73,564	
Less: Provision for bad and doubtful debts	-		-	
		4,82,08,597		4,36,73,564
<b>TOTAL</b>		<b>4,82,65,218</b>		<b>4,47,17,716</b>

### 14 CASH AND CASH EQUIVALENTS

(In rupees)

PARTICULARS	As at 31.03.2016	As at 31.03.2015
Balances with Banks	8,14,370	4,58,358
Cash on hand	54,208	7,43,617
<b>TOTAL</b>	<b>8,68,579</b>	<b>12,01,975</b>

### 15 SHORT TERM LOANS AND ADVANCES

(In rupees)

PARTICULARS	As at 31.03.2016		As at 31.03.2015	
<b>Security Deposits</b>				
Unsecured, considered good		75,000		12,376
<b>Others</b>				
Inter Corporate Deposits , unsecured considered good	1,79,35,296		1,88,58,596	
Inter Corporate Deposits , unsecured considered doubtful	1,78,54,503		1,78,54,503	
Less:- Provision (Refer Note No.25 )	(1,78,54,503)		(1,78,54,503)	
Advances recoverable in cash or kind or for value to be received (Unsecured, considered good)	61,81,061		21,55,121	
		2,41,16,357		2,10,13,717
<b>TOTAL</b>		<b>2,41,91,357</b>		<b>2,10,26,093</b>

### 16 OTHER CURRENT ASSETS

(In rupees)

PARTICULARS	As at 31.03.2016	As at 31.03.2015
Unbilled Revenue	5,15,41,637	2,55,62,719
<b>TOTAL</b>	<b>5,15,41,637</b>	<b>2,55,62,719</b>



## 17 REVENUE FROM OPERATIONS

(In rupees)

PARTICULARS	For the period ended 31st March, 2016	For the year ended 31st March, 2015
Sale of I T Infrastructure Projects	3,83,43,602	-
Sale of Software Products	3,51,000	-
Sale of Software Services	27,65,79,502	22,35,82,916
<b>TOTAL</b>	<b>31,52,74,104</b>	<b>22,35,82,916</b>

## 18 OTHER INCOME

(In rupees)

PARTICULARS	For the period ended 31st March, 2016	For the year ended 31st March, 2015
Exchange Difference (Net)	3,18,672	-
Sundry Credit Balances Written Back	1,53,968	4,45,464
Profit on Assets sold / discarded (Net)	465	-
Excess Provision of Earlier Years Written Back	18,92,468	15,84,107
Dividend	57,500	62,500
Miscellaneous Income	97,976	10,005
Interest on Inter Corporate Deposits and Other Deposits	25,893	-
Interest on Income Tax Refunds	-	79,88,311
<b>TOTAL</b>	<b>25,46,942</b>	<b>1,00,90,387</b>

## 19 CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

(In rupees)

PARTICULARS	For the period ended 31st March, 2016	For the year ended 31st March, 2015
Inventories at the end of the year:		
Finished goods	25,88,480	-
Work-in-progress	18,95,281	-
	44,83,761	-
Inventories at the beginning of the year:		
Finished goods	24,06,103	-
Work-in-progress	26,35,465	-
	50,41,568	-
<b>Net increase / (decrease)</b>	<b>(5,57,807)</b>	<b>-</b>

## 20 EMPLOYEE BENEFITS EXPENSES

(In rupees)

PARTICULARS	For the period ended 31st March, 2016	For the year ended 31st March, 2015
<b>Salaries and Wages</b>	16,02,20,388	16,20,61,819
Contribution to Provident and other Funds	67,59,265	64,53,949
Gratuity	8,94,817	12,98,896
Compensated Absences	17,84,575	14,42,686
Staff Welfare Expenses	7,58,694	5,49,439
<b>TOTAL</b>	<b>17,04,17,739</b>	<b>17,18,06,789</b>

## 21 FINANCE COSTS

(In rupees)

PARTICULARS	For the period ended 31st March, 2016	For the year ended 31st March, 2015
<b>Interest expenses</b>		
On Fixed Period Loans	22,300	-
Others	1,54,38,882	1,33,76,121
<b>Other borrowing costs</b>	3,50,000	3,37,500
<b>TOTAL</b>	<b>1,58,11,182</b>	<b>1,37,13,621</b>

## 22 OTHER EXPENSES

(In rupees)

PARTICULARS	For the period ended 31st March, 2016	For the year ended 31st March, 2015
Purchases of Software Services	7,08,73,671	2,06,12,855
IT Infrastructure Project Expenses	3,60,77,334	-
Electricity	17,82,605	17,70,310
Rent	24,54,784	17,93,863
Rates and Taxes	3,10,395	6,57,867
Insurance	3,99,320	5,83,192
Repairs to buildings	9,719	-
Repairs to machinery	3,44,394	3,87,027
Travelling and Conveyance	26,58,832	20,48,340
Communication Expenses	15,97,288	13,92,211
Advertising and Sales promotion expenses	2,72,383	4,40,656
Rebate and discount	4,96,199	5,46,244
Legal and Professional fees	37,37,485	31,43,300
Recruitment Expenses	13,44,149	12,93,932
Provision for Doubtful Debts and Advances (Net)	-	98,139
Sundry Balances Written Off	62,350	-
Irrecoverable Debts/ Advances written off	10,86,326	6,61,800
Exchange Difference (Net)	-	58,362
Directors Sitting Fees	1,75,000	3,60,000
Miscellaneous Expenses	36,21,374	39,65,421
<b>TOTAL</b>	<b>12,73,03,608</b>	<b>3,98,13,520</b>

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

23. The subsidiaries (which along with MITL, the Parent Company, constitute The Group) considered in the presentation of these consolidated financial statements are:

Name of subsidiary	Country of incorporation	Proportion of Ownership Interest	
		Current Year	Previous Year
Melstar Inc. (MI)	U.S.A.	100%	100%
IDV Technology Solutions Pvt. Ltd. (w.e.f. 23rd December, 2015)	India	100%	NA

The consolidated financial statements have been prepared on the basis of audited financial statement of the Parent Company and two subsidiaries (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.



**24. Contingent Liability:**

(In rupees)

	As at 31.03.2016	As at 31.03.2015
(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.	636,872	539,722
(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.15 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.15 Rs.1,008,228 Previous year (Rs. 1,008,228 )	2,422,785	2,016,455
(iv) Income Tax Demand disputed in appeal and pending decision. The Company is hopeful of favourable decision.	129,373,522	-

25. 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 in the previous year, the Company had provided Rs.17,854,503 (including interest) towards doubtful advances, being Exceptional Item.

26. In the previous year:

- 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.
- 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.

27. The Overseas Branch located at USA, had been closed w.e.f. 25.09.2014. Consequently, the related exchange difference of Rs.297,856 accumulated in the Foreign Currency Translation Reserve, has been credited to Profit and Loss Account under "Other Income", in accordance with AS-11(Revised) "The Effect of Changes in Foreign Exchange Rates".

28. The break-up of deferred tax assets as at 31st March, 2016 is as under:

(In rupees)

	As at 31.03.2016	Credit/ (Charge)	As at 31.03.2015
<b>a) Deferred Tax Liability</b>			
WDV of Fixed Assets	(28,412,981)	(2,748,317)	(25,664,654)
<b>b) Deferred Tax Asset</b>			
Provision for Gratuity and Leave Encashment	2,181,336	32,880	2,148,456
Provision for Doubtful Debts and Advances	54,579,503	-	54,579,503
Others	1,168,078	(3,900,952)	5,579,030
	<b>58,438,917</b>	<b>(3,868,072)</b>	<b>62,306,989</b>
<b>Total Deferred Tax (Liability)/ Asset</b>	<b>30,025,936</b>	<b>(6,616,389)</b>	<b>36,642,325</b>

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.

**29. Segment Reporting:**

(In rupees)

Particulars	Software Services	IT Infra Projects	Others	Total
<b>Segment Revenues</b>				
External Revenue	273,479,885	44,257,768	-	317,737,653
Inter-Segment Revenue				-
Total Revenue	273,479,885 (225,622,492)	44,257,768 (-)	- -	317,737,653 (225,622,492)
<b>Segment Result Before exceptional Items</b>	23,620,246	(2,885,794)	-	20,734,452
Exceptional Items allocated to segment	- (-)	- (-)	- (-)	- (-)
<b>Segment Result</b>	23,620,246 (15,603,068)	(2,885,794) (-)	- -	20,734,452 (15,603,068)
Un-allocable Income	-	-	-	83,393
Un-allocable Expenses	(-)	(-)	(-)	(8,050,811)
Interest Expenses	-	-	-	8,768,183
Exceptional Items Unallocable to Segment	(-)	(-)	(-)	(26,898,548)
Provision for tax - Current tax	-	-	-	15,461,182
- Deferred tax	(-)	(-)	(-)	(13,376,121)
<b>Net Profit after tax</b>	- (-)	- (-)	- (-)	(3,778,813) (-16,620,790)
<b>Other Information</b>				
<b>Segment Assets</b>	153,488,510 (145,505,346)	50,157,838 (-)	- (-)	203,646,348 (145,505,346)
Unallocated assets	- (-)	- (-)	- (-)	88,177,704 (75,812,043)
Total Assets	153,488,510 (145,505,346)	50,157,838 (-)	- (-)	291,824,052 (221,317,389)
<b>Segment Liabilities</b>	77,213,247 (55,421,731)	45,824,474 (-)	- (-)	123,037,721 (55,421,731)
Unallocated liabilities	- (-)	- (-)	- (-)	95,014,591 (88,047,158)
Total Liabilities	77,213,247 (55,421,731)	45,824,474 (-)	- (-)	218,052,312 (143,468,889)
<b>Capital Expenditure</b>				
Segment capital expenditure	15,230,881 (9,285,910)	9,425,922 (-)	- (-)	24,656,803 (9,285,910)
Unallocated capital expenditure	- (-)	- (-)	- (-)	- (-)
Total capital expenditure	15,230,881 (9,285,910)	9,425,922 (-)	- (-)	24,656,803 (9,285,910)
<b>Depreciation and Amortisation</b>				
Segment depreciation and amortisation	3,646,853 (4,296,877)	486,595 (-)	- (-)	4,133,448 (4,296,877)
Unallocated depreciation and amortisation	- (-)	- (-)	- (-)	2,808,783 (2,808,782)
Total depreciation and amortisation	3,646,853 (4,296,877)	486,595 (-)	- (-)	6,942,231 (7,105,659)
<b>Significant Non-Cash Expenditure</b>				
Segment significant non cash expenditure	1,148,603 (759,939)	73 (-)	- (-)	1,148,676 (759,939)
Unallocated non cash expenditure	- (-)	- (-)	- (-)	- (17,854,503)
Total significant non cash expenditure	1,148,603 (759,939)	73 (-)	- (-)	1,148,676 (18,614,442)



**External Revenue comprises of:**

In rupees

Income from Sale of Software Products	351,000 (-)
Income from Software Services	276,579,502 (223,582,916)
Income from IT Infra Projects	38,343,602 (-)
Other Income	2,463,549 (2,039,576)
Total	317,737,653 (225,622,492)

Previous year figures are given in brackets.

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

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
a. Net Loss/(Profit) after tax attributable to equity shareholders (Rupees)	(3,778,813)	1,233,713
Exceptional Item (Rupees)	-	(17,854,503)
b. Net Loss after tax attributable to equity shareholders, after Exceptional Item (Rupees)	(3,778,813)	(16,620,790)
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)	(0.26)	(1.16)

**31. 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. Sanjiv Tandon (Managing Director) (w.e.f. 1st October, 2015) Mr. Anil S. Korpe (Chief Financial Officer) Mr. Vijaykumar H. Modi (Company Secretary) Mr. Vijay Mishra (Managing Director) (Up to 2nd July, 2015) Mr. Piyush Rakhecha (Director) (w.e.f. 23rd December, 2015)
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 Global Corporate Limited Birla International Private 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	
		2015-2016	2014-2015	2015-2016	2014-2015
a)	<b>Receivables</b>				
	Balance as at 1st April	-	-	987,996	987,996
	Birla Global Corporate Limited	-	-	987,996	987,996
	Given/Adjusted during the year	-	-	-	-
	Birla Global Corporate Limited	-	-	-	-
	Repaid/Adjusted during the year	-	-	923,300	-
	Birla Global Corporate Limited	-	-	923,300	-
	Balance as at March 31	-	-	64,696	987,996
	Birla Global Corporate Limited	-	-	64,696	987,996
b)	<b>Trade Receivables</b>				
	Balance as at March 31	10,200,000	-	-	-
	Mr. Sanjeev Tandon	5,100,000	-	-	-
	Mr. Piyush Rakhecha	5,100,000	-	-	-

	Particulars	Key Management Personnel		Enterprises Over which Key Management Personnel and / or their relatives have significant influence	
		2015-2016	2014-2015	2015-2016	2014-2015
c)	<b>Trade Payables</b>				
	<b>Balance as at March 31</b>	<b>552,891</b>	<b>423,583</b>	-	-
	Mr.Sanjeev Tandon	395,432	-		
	Mr.Vijay Mishra	-	275,903	-	-
	Mr.Anil S. Korpe	91,177	97,297		
	Mr.Vijaykumar H Modi	66,282	50,383	-	-
d)	<b>Expenditure</b>				
	<b>Remuneration</b>	<b>5,703,320</b>	<b>6,271,457</b>	-	-
	Mr.Sanjeev Tandon	2,921,772	-	-	
	Mr.Vijay Mishra	711,200	4,442,200		
	Mr.Anil S. Korpe	1,345,893	1,238,461		
	Mr.Vijaykumar H Modi	724,455	590,796		

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

32. 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. The financial statements include all adjustments relating to the recoverability and classification of assets carrying amounts or the amount and classification of liabilities which render 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 and all the liabilities of this subsidiary is appropriately classified in the consolidated financial statements, no adjustments to their classification would be necessary, if the said subsidiary is unable to continue on going concern basis.

33. 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)	
	11,367,931	236,150	USD
	(11,374,224)	(236,374)	
<b>TOTAL</b>	<b>26,615,374</b>		
	<b>(26,621,667)</b>		

\* 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.

### 34. 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 Parent Company is required to contribute a specified percentage of payroll cost to the retirement benefit plan to fund the benefits.

The Parent Company recognized Rs. 5,507,008 (Previous year Rs. 5,486,908) 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, 2016 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 31.03.2016	As on 31.03.2015
I)	<b>Reconciliation in present value of obligations (PVO) – defined benefit obligation :</b>		
	Current Service Cost	4,555,067	478,702
	Interest Cost	359,395	325,103
	Actuarial (gain)/losses	535,422	495,091
	Benefits paid	(1,046,740)	(300,757)
	Past service cost	-	-
	PVO at the beginning of the year	4,555,067	3,705,248
	PVO at end of the year	4,403,144	4,555,067
II)	<b>Change in fair value of plan assets :</b>		
	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)	<b>Reconciliation of PVO and fair value of plan assets:</b>		
	PVO at end of year	(4,403,144)	4,555,067
	Fair Value of planned assets at end of year	-	-
	Funded status(Surplus/ (Deficit)	(4,403,144)	(4,555,067)
	Unrecognised actuarial gain/(loss)	-	-
	Net asset/(liability) recognised in the balance sheet	(4,403,144)	(4,555,067)
IV)	<b>Net cost for the year ended March 31, 2016 :</b>		
	Current Service cost	632,323	478,702
	Interest cost	359,395	325,103
	Expected return on plan assets	-	-
	Actuarial (gain)/losses	(96,901)	495,091
	Past service cost	-	-
	Net cost	894,817	1,298,896
V)	<b>Category of assets as at March 31, 2016 :</b>	-	-
VI)	<b>Actual return on the plan assets</b>	-	-
VII)	<b>Assumption used in accounting for the gratuity plan:</b>		
	Discount rate (%)	7.84	7.89
	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.930,635 (Previous year Rs. 771,437 ) based upon the following assumptions:

	2015-16	2014-15
Discount Rate	7.84%	7.96%
Salary Escalation	8.00%	8.00%

The liability towards short-term compensated absences is Rs. 1,725,561 (Previous year Rs. 1,626,427) is provided on actual basis.

## 29th Annual Report 2015-2016

35. 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 31 <sup>st</sup> March, 2016 Rs.	For the year ended 31 <sup>st</sup> March, 2015 Rs.
A	Principal amount remaining unpaid as on 31 <sup>st</sup> March 2016	-	-
B	Interest due thereon as on 31 <sup>st</sup> March 2016	-	-
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 31 <sup>st</sup> March 2016	-	-
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.	-	-

36. Trade receivables, trade payables, short term loans and advances, other current assets and other current liabilities are subject to confirmation and reconciliation if any.
37. 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
<b>Parent</b>				
Melstar Information Technologies Limited	107.22	79,579,484	-60.34	2,008,691
<b>Subsidiary</b>				
Indian				
IDV Technology Solutions Pvt. Ltd.	-7.85	-5,826,166	175.01	-5,826,166
Foreign				
Melstar Inc.	-106.05	-78,709,726	-1.16	-38.662
<b>Minority Interest in all subsidiaries</b>	Nil	Nil	Nil	Nil
<b>Associates (Investments as per the equity method)</b>	Nil	Nil	Nil	Nil
<b>Joint Ventures ( as per proportionate consolidation/ Investment as per the equity method)</b>	Nil	Nil	Nil	Nil



## 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' : SUBSIDIARIES												
Name of subsidiary company	Country of Incorporation	Financial year ended on	Reporting Currency	Share Capital	Reserves & surplus	Total Assets	Total Liabilities	Details of Investments	Turnover	Profit/ Loss before Taxation	Provision for Taxation	Profit/ Loss after Taxation
Melstar Inc.	United States	31-03-2015	US\$	1,148,500	(2,336,662)	2.78	1,188,439	-	-	(508,599)	-	(508,599)
			INR	75,082,383	(154,792,174)	18,416	78,728,142	-	-	(33,692,141)	-	(33,692,141)
IDV Technology Solutions Pvt Ltd.	India	31-03-2016	INR	6,000,000	(13,800,871)	15,096,924	22,897,794	-	36,919,389	(12,659,014)	367,293	(13,026,306)

Indian Rupee equivalent figures have been arrived at by applying the year end inter-bank Exchange Rate : 1 US\$ = Rs. 66.245

38. 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

**Sanjiv Tandon**  
Managing Director

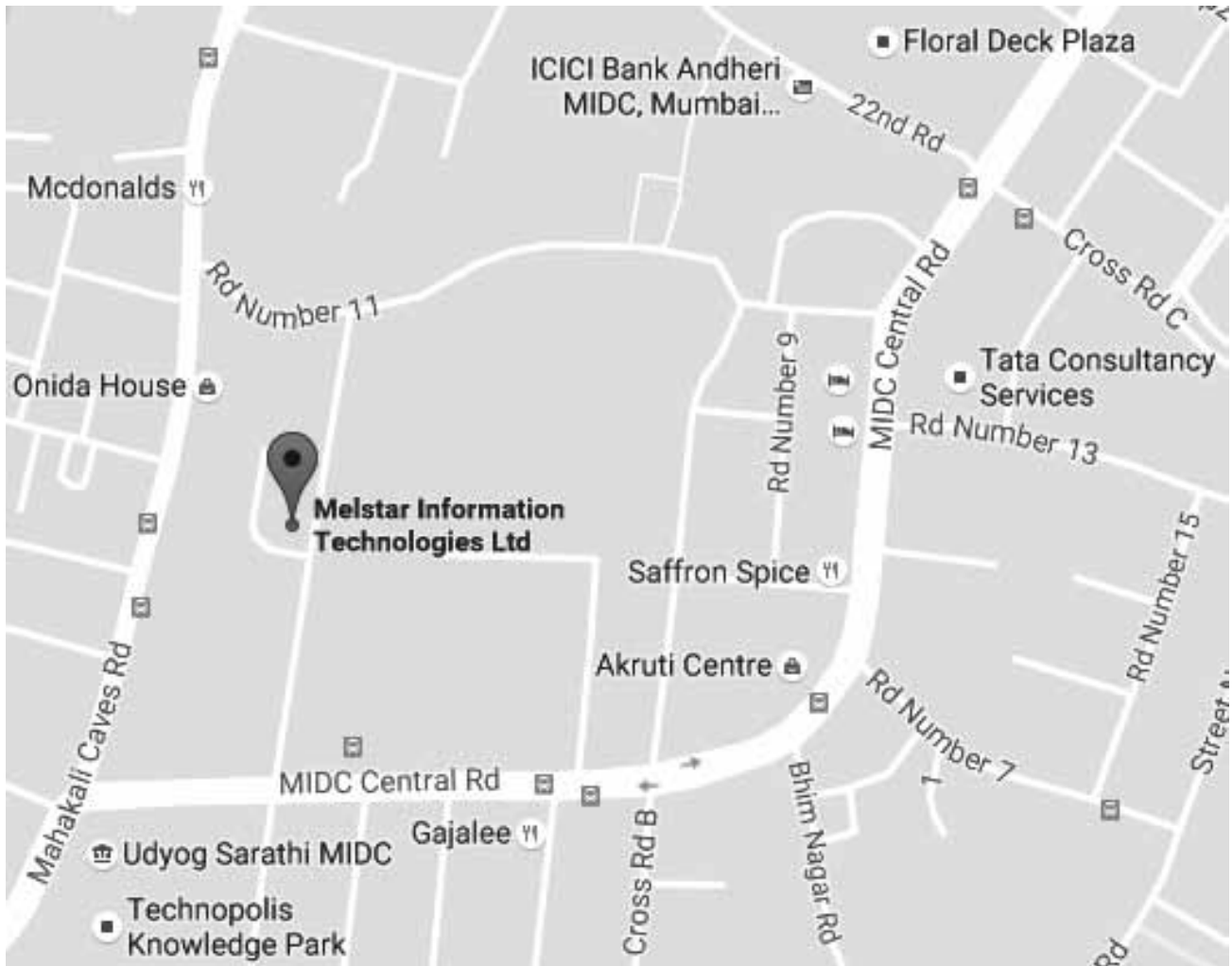
**Ashish Mahendrakar**  
Director

**Vijay Modi**  
Company Secretary

**Anil S. Korpe**  
Chief Financial Officer

Mumbai, Dated : May 30, 2016

### Route Map to the Venue of the AGM





# 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:

1. \_\_\_\_\_ of \_\_\_\_\_ having e-mail id \_\_\_\_\_ or failing him
2. \_\_\_\_\_ of \_\_\_\_\_ having e-mail id \_\_\_\_\_ or failing him
3. \_\_\_\_\_ 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 **29<sup>th</sup> Annual General Meeting** of the Company, to be held on **Saturday, 26<sup>th</sup> November, 2016** at **09.00 a.m. at G-4 Melstar House, MIDC 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 31.03.2016.		
2	Appointment of <b>M/S SARDA &amp; PAREEK</b> , Chartered Accountant in place of <b>M/S JAI PRAKASH UPADHAYAY &amp; CO.</b> as Statutory Auditors of the Company.		
3	To consider the appointment of Mr. Sanjiv Tandon as an Additional Director of the Company upto 07.09.2016.		
4	To consider the appointment of Mr. Sanjiv Tandon as a Managing Director of the Company from 01.10.2015 to 07.09.2016.		
5	To consider the appointment of Mr. Vijaykumar Modi as an Independent and Non Executive Director.		
6	Consent of the company u/s 180(1)(c) of the Companies Act, 2013.		

Signed this..... day of.....2016

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 including detail(s) 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 **29<sup>th</sup> Annual General Meeting** of the Company held on **Saturday, 26<sup>th</sup> November, 2016** at **09:00 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
105730		



## **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.”*

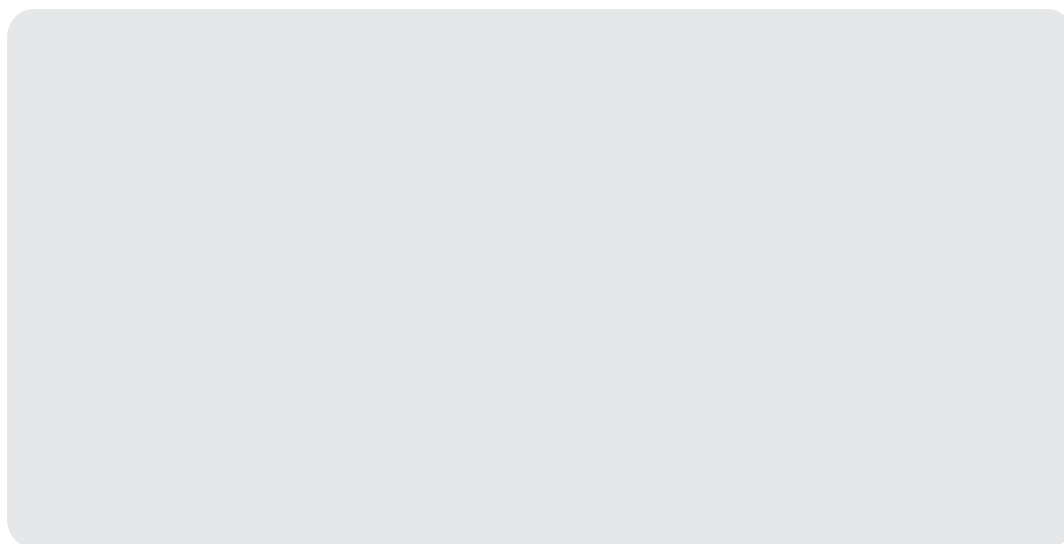


Melstar Information Technologies Limited

**2015-2016**

29<sup>th</sup> 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