

STARCOM INFORMATION TECHNOLOGY LIMITED

22ND
ANNUAL REPORT
2016-2017



FINANCIAL YEAR 2016-2017

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CORPORATE INFORMATION

Board of Directors:

- | | |
|---------------------------------|---|
| Mr. Ziaulla Sheriff | - Chairman & Managing Director |
| Mr. Maddur Gundurao Mohan Kumar | - Independent Director |
| Ms. Sayeeda Hina | - Non Executive Director |
| Mr. Mohammad Yousuf Khan | - Independent Director (w.e.f. 31 st March 2017) |

Chief Financial Officer

Mr. Mukhtar Ahmad (w.e.f. 31st March 2017)

Company Secretary and Compliance officer:

Ms. Nidhi Sharma (w.e.f. 20th August 2016)

Ms. Preeti Verma (upto 19th August 2016)

Registered Office:

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

Corporate Office:

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

Auditors:

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

Bankers:

J & K Bank Ltd.
Yes Bank Ltd.
Indian Bank Ltd.

Registrar & Share Transfer Agent:

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

NOTICE

Notice is hereby given that the Twenty Second Annual General Meeting of the Members of **Starcom Information Technology Limited** will be held on Monday, 30th October 2017 at 11.30 a.m. at No. 150, Diamond District Club House, Old Airport Road, Kodihally, Bangalore 560008 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements comprising of the Balance Sheet as at 31st March 2017 and the Statement of Profit & Loss and Cash Flow Statement for the year ended on that date together with the Notes, Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Ziaulla Sheriff (DIN: 00002098), who retires by rotation pursuant to the provisions of Section 152 of the Companies Act, 2013 and who is not disqualified to become a director under the Companies Act, 2013 and being eligible, offers himself for re-appointment.
3. **Appointment of Statutory Auditors:**

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

“**RESOLVED THAT** pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, M/s K.M. Tulsian & Associates, Chartered Accountants (Firm Registration No.111075W), be and are hereby appointed as the Statutory Auditors of the Company in place of retiring Statutory Auditors, M/s. S G C O & Co., (formerly known as Singrodia Goyal & Co.), Chartered Accountants (Firm Registration No. 112081W), to hold office for a term of 5 (five) years from the conclusion of this Annual General Meeting until the conclusion of the 27th Annual General Meeting subject to the ratification of their appointment by the Members at every Annual General Meeting and subject to such remuneration as may be recommended by the Audit Committee and fixed by the Board of Directors at a later date.”

SPECIAL BUSINESS:

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

“**RESOLVED** that pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and all other applicable rules made under the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force) (hereinafter referred to as ‘the Act’), Mr. Mohmmad Yousuf Khan (DIN: 0000751929), Independent Non- executive Director of the Company, who was appointed by the Board as an Additional Director and who is not disqualified to become a director under the Companies Act, 2013 and who is eligible for appointment as an independent director (independent non- executive director) and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing him as a candidate for the office of director of the Company, be and is hereby appointed as an Independent Director (Independent Non- executive Director) of the Company to hold office for a term of five consecutive years commencing from 30th October 2017, not liable to retire by rotation, as stated in the Explanatory Statement annexed to this Notice.

RESOLVED FURTHER THAT the Board of Directors of the Company, be and is hereby authorized to delegate all or any of its powers to any of its committee(s) or any director or officer or person and to do all such acts, deeds, matters and things for giving effect to this resolution, including but not limited to alter or vary the terms and conditions of the appointment.”

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

Sd/-
Ziaulla Sheriff
Chairman & Managing Director
DIN: 00002098

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

Date: 14th September 2017

Place: Bangalore

CIN: L67120KA1995PLC078846

Registered Office:

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

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy/proxies need not be a member of the company. The duly completed, stamped and signed proxy form to be effective should be lodged at the registered office of the Company not later than 48 hours before the commencement of the meeting.
2. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder. A proxy form is sent herewith. Proxies submitted on behalf of the companies, societies, etc., must be supported by an appropriate resolution/authority, as applicable. The proxy holder shall prove his identity at the time of attending the meeting.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from Monday, 23rd October 2017 to Monday, 30th October 2017 (both days inclusive).
4. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, in respect of the Special Business as set out above is annexed hereto.
5. As per Sections 101, 136 and other applicable provisions of the Act, read with the rules made there under and circulars issued by the Ministry of Corporate Affairs, Companies can now send various reports, documents, communications, including but not limited to annual report to its members through electronic mode at their registered e-mail addresses. The Company believes in green initiative and is concerned about the environment. Hence, copy of the Annual Report for 2016-17, including inter alia the Report of the Board of Directors', Auditors' Report, Balance Sheet, Statement of Profit and Loss, Cash Flow Statement, Notice of this AGM, instructions for e-voting, attendance slip, proxy form, etc. is being sent to all the members whose email IDs are registered with the Company/ Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for the year 2016-17, inter alia, indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the physical mode.

To support "Green initiative", Members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses with their depository participants, in respect of electronic holdings. Members holding shares in physical form are requested to kindly register their e-mail addresses with the Company's R&TA at their abovementioned address. Annual Report is also available on the Company's website at www.starcominfotech.com

6. Members are requested to :-
 - i. Write to the Company at least 7 days before the date of the meeting at the Company's registered office, in case they desire any information as regards to the Company and the Audited Accounts so as to enable the Company to keep the information ready.
 - ii. Bring their copy of the Annual Report, duly filled in attendance slip and their photo identity proof at the Annual General Meeting.
 - iii. Intimate to the Registrar & Transfer Agent (R&TA) of the Company immediately, about any change in their address, where the shares are held in electronic form, such change is to be informed to the Depository Participant (DP) and not to the Company/ R&TA.
 - iv. Quote Registered Folio no. or DP ID/Client ID no. in all their correspondence.
 - v. Approach the R&TA of the Company for consolidation of folios, if they are holding Shares in identical order of names in more than one Folio.
 - vi. Members holding shares in physical form may avail themselves of the facility of nomination in terms of Section 72 of the Companies Act, 2013 by nominating in the prescribed form a person to whom their shares in the Company shall vest in the event of their death. The prescribed form can be obtained from the Company's Registered Office or from its R&TA at either of the aforesaid addresses.
 - vii. Send all share transfer lodgments (physical mode)/ correspondence to the R&TA of the Company, M/s Sharex Dynamic (India) Pvt. Ltd. situated at Unit- 1, Luthra Ind. Premises, Andheri-Kurla Rd., Safed Pool, Andheri (E), Mumbai – 400 072 upto the date of book closure.
 - viii. Members are informed that in case joint holders attend the Meeting, only such joint holder who is higher in the order of names in the Register of Members/Beneficial Holders will be entitled to vote.
7. Corporate Members intending to send their representatives to attend the meeting are requested to send to the Company a duly certified copy of the Board resolution authorizing their representatives to attend and vote at the Annual General Meeting.

8. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Shareholders are, therefore, requested to kindly bring their copies at the time of attending the Meeting.
9. The Company has its shares listed on the BSE Limited. The listing fees till date have been paid.
10. All the documents referred to in the Notice are open for inspection at the Registered Office of the Company between 11:00 a.m. to 1:00 p.m. on all working days except Saturdays, Sundays and Public Holidays until the date of the Annual General Meeting or any adjournment(s) thereof.
11. In case you desire to receive the documents mentioned above in physical form or register or change your email address, you are requested to send an e-mail to info@starcominfotech.com.
12. Route map to the venue of AGM forming part of the Notice of the 22nd Annual General Meeting is annexed at the end of the said notice.
13. In terms of Section 108 of the Companies Act, 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has made arrangement for its members to exercise their right to vote on the resolutions proposed to be considered at Annual General Meeting by electronic means. The Company has appointed Central Depository Services Limited (CDSL) for facilitating e-voting.
14. The members shall note that the facility for voting shall also be provided at the meeting through poll paper and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their voting rights at the meeting. If the members have already cast their vote by remote e-voting prior to the meeting they may attend the meeting but shall not be entitled to cast their vote again.
15. Mr. Ziaulla Sheriff (DIN: 00002098), Chairman and Managing Director of the Company retires by rotation at the Annual General Meeting and being eligible, offers himself for re-appointment. Further, Mr. Mohmmad Yousuf Khan (DIN: 0000751929), Additional Independent Director of the Company, is proposed to be appointed as an Independent Director at the forthcoming Annual General Meeting. Pursuant to Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as mandated under Secretarial Standards - 2, brief resume of the Directors seeking appointment and re-appointment at the forthcoming Annual General Meeting, nature of their expertise in specific functional areas, names of the Companies in which they hold Directorships and the Memberships/ Chairmanships of Committees of the Board and their shareholding in the Company, are annexed hereto. The Directors have furnished the relevant consents, declarations, etc. for their appointment/reappointment.
16. **E-voting through electronic means:**

The instructions for shareholders voting electronically are as under:

 - (i) The voting period begins on Friday, 27th October 2017 at 9.00 a.m. and ends on Sunday, 29th October 2017 at 5.00 p.m. During this period, shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of Monday, 23rd October 2017, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
 - (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
 - (iii) The shareholders should log on to the e-voting website www.evotingindia.com
 - (iv) Click on Shareholders.
 - (v) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
 - (vi) Next enter the Image Verification as displayed and Click on Login.
 - (vii) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

(viii) If you are a first time user follow the steps given below:

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

(ix) After entering these details appropriately, click on "SUBMIT" tab.

(x) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xii) Click on the EVSN for **Starcom Information Technology Limited** on which you choose to vote.

(xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvii) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

(xviii) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xix) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. iPhone and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.

(xx) **Note for Non – Individual Shareholders and Custodians**

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a compliance user should be created using the admin login and password. The compliance user would be able to link the account(s) for which they wish to vote on.
- The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xxi) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

STARCOM INFORMATION TECHNOLOGY LIMITED

17. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date (record date) of Monday, 23rd October 2017.
18. Mr. Hemanshu Kapadia (FCS: 3477 and CP 2285), Proprietor of M/s. Hemanshu Kapadia & Associates, Practicing Company Secretaries, Mumbai or failing him Ms. Preeti Bhangle (FCS 8303 and CP 9134), Partner of VPP & Associates, Practicing Company Secretaries, Mumbai has been appointed as the Scrutinizer by the Board of Directors to scrutinize the e-voting process in a fair and transparent manner.
19. Voting shall be allowed at the end of discussion on the resolutions on which voting is to be held with the assistance of Scrutiniser, by use of ballot paper for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
20. The Scrutinizer(s) shall immediately after the conclusion of voting at the general meeting, first count the votes cast at the meeting and thereafter unblock the votes cast through e-voting in the presence of at least two (2) witnesses not in the employment of the Company and make, within a period not exceeding two (2) days from the conclusion of the meeting a Consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, forthwith to the Chairman of the Company or a person authorised by him in writing who shall countersign the same.
21. The Results declared along with the report of the Scrutinisers' shall be placed on the website of the Company www.starcominfotech.com and on the website of CDSL immediately after the declaration of result by the Chairman or by a person duly authorised. The results shall also be immediately forwarded to the Stock Exchanges, where the equity shares of the Company are listed.

EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 4

As per Section 149(4) of the Companies Act, 2013, the Company was required to appoint an Independent Director on the Board. The Board of Directors of the Company, appointed Mr. Mohammad Yousuf Khan as an Additional Independent Director of the Company with effect from 31st March 2017, pursuant to provisions of Section 161 of the Companies Act, 2013, who shall hold the office up to the date of the ensuing Annual General Meeting.

The Company has received from Mr. Mohammad Yousuf Khan, a consent in writing to act as Director in form DIR -2 pursuant to Rule 8 of Companies (Appointment and Qualification of Directors) Rules, 2014 and intimation in Form DIR-8 in terms of Companies (Appointment and Qualification of Directors) Rules, 2014 to the effect that he is not disqualified under sub-section 2 of Section 164 of the Companies Act, 2013. Further, a declaration that he meets the criteria of independence as provided under Section 149 of the Act, is also received by the Company. The documents relating to the appointment are available for inspection at the registered office of the Company during business hours on any working day without payment of fee. Further, pursuant to Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as mandated under Secretarial Standards - 2, brief resume of the Director, is annexed hereto.

The Company has received a notice pursuant to Section 160 of the Companies Act, 2013 (the "Act") along with the amount of requisite deposit from a Member signifying his intention to propose the appointment of Mr. Mohammad Yousuf Khan as a Director of the Company, not liable to retire by rotation. The Nomination and Remuneration Committee has recommended his appointment. The Board of Directors is authorised to take all such steps as may be necessary, expedient and proper to give effect to the resolution with liberty to alter and vary the terms and conditions of the appointment. The Board of Directors considers that his continuous association would be of immense benefit to the Company. Accordingly, the Board recommends the Ordinary Resolution set out at item no. 4 of this notice in relation to the appointment of Mr. Mohammad Yousuf Khan as Independent Director of the Company, for approval of the Members.

None of the Directors and/or Key Managerial Personnel of the Company or their relatives are concerned or interested, financially or otherwise, in the said Resolution except Mr. Mohammad Yousuf Khan himself.

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

Sd/-
Ziaulla Sheriff
Chairman & Managing Director

DIN: 00002098

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

Date: 14th September 2017

Place: Bangalore

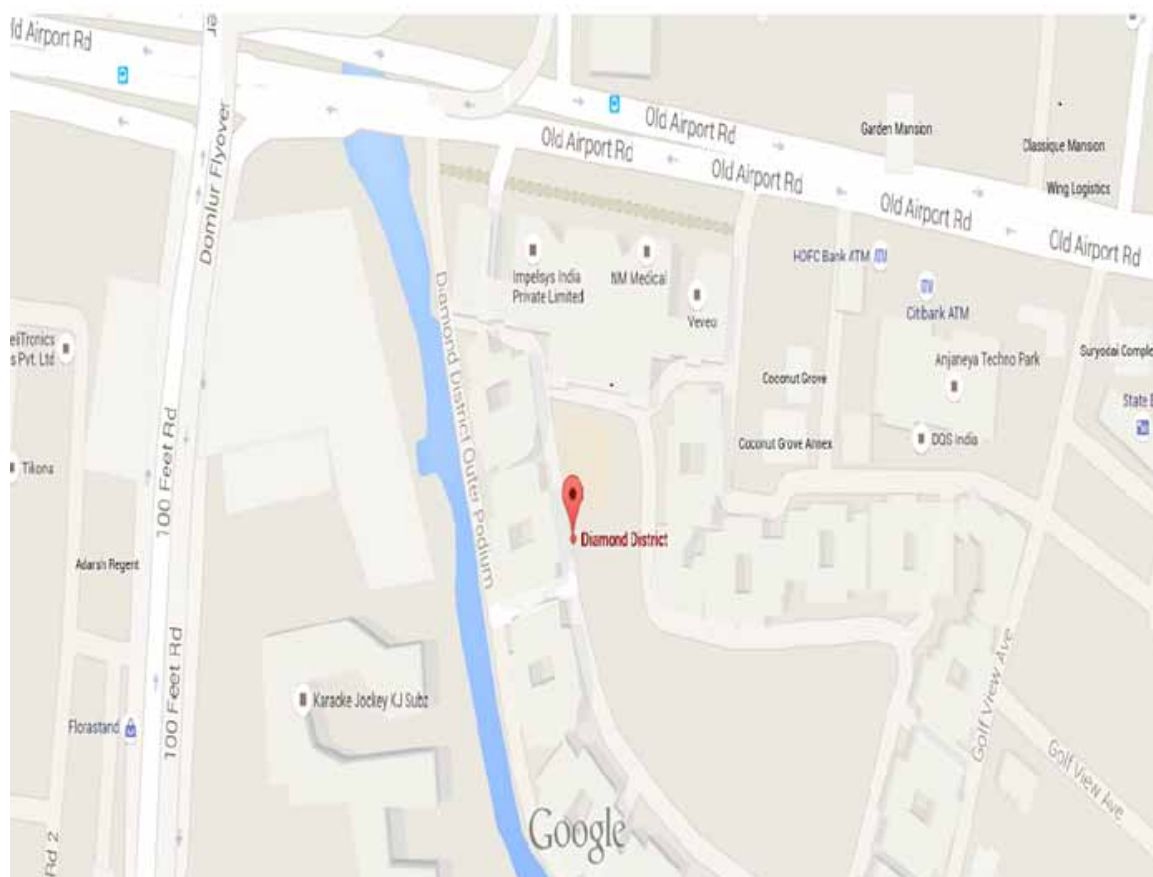
Annexure to Item no. 2 and 4 of the Notice

The details of Directors' seeking re-appointment at the forthcoming Annual General Meeting Pursuant to Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards-2 issued by ICSI are as follows:

Name of Director	Mr. Ziaulla Sheriff (DIN: 00002098)	Mr. Mohammad Yousuf Khan (DIN: 00751929)
Designation	Managing Director	Independent Director
Date of Birth	23 rd June 1940	24 th June 1944
Age	77 years	73 years
Qualifications	Bachelor of Engineering, Mechanical.	Doctorate of philosophy in Business Management (PhD)
Nature of Expertise in specific functional area	He is an expert in the fields of Information Technology and Real Estate	He is an expert in the field of Business Management
Experience	50 years	40 years
Terms and conditions of appointment/re-appointment	Will continue to act as a Chairman and Managing Director	Appointment for a period of 5 years and not liable to retire by rotation
Last drawn remuneration	NIL	NIL
Date of first appointment on the Board	12 th August 2011	31 st March 2017
Shareholding in the Company	38,36,857 equity shares	NIL
Relationship with other Director/ Manager/KMPs	He is the father of Ms. Sayeeda Hina, the Non-Executive Director of the Company.	Not related to any other Director of the Company
No. of meetings of the Board attended during the financial year 2016-17	Four	NIL
Other Directorships	Cubeware Global Private Limited, IBC International Private Limited, Cedar Hills Hospitality Private Limited, PRI Technologies Private Limited, Cubeware India Private Limited, Wisdom World Developers Private Limited, India Builders Corporation Private Limited, India Coffee Estates Private Limited, Golf View Homes Limited, Starcom Information Technology Limited, India International Coffee Private Limited, IBC Knowledge Park Private Limited, IBC Holdings And Investments Private Limited, Great Southern Coffee Private Limited, Best Coffee Curing Works Private Limited, Century Galaxy Developers Limited, Ramanashree Towers Private Limited, Varma Industrial Private Limited, Wartyhully Estates Limited, Ossoor Estates Limited	Chenab Valley Power Projects Private Limited, Raheja Developers Limited, Juniper Wealth Advisory Private Limited, Star Health And Allied Insurance Company Limited, Realvalue Realtors Private Limited and Bharat Hotels Limited.
Membership/Chairmanships of the Committees of Boards of other listed entities	Nil	Nil
Remuneration to be drawn after appointment/re-appointment	Salary up to a maximum of five per cent of the net profits of a particular financial year or such lower sum, as may be decided by the Board of Directors or Committee of the Board, if any from time to time.	Nil

STARCOM INFORMATION TECHNOLOGY LIMITED

Map of the venue of the AGM:



Address: No 150, Diamond District Club House, Old Airport Road, Kodihally, Bangalore-560008

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

Sd/-

Ziaulla Sheriff
Chairman & Managing Director
DIN: 00002098

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

Date: 14th September 2017

Place: Bangalore

CIN: L67120KA1995PLC078846

DIRECTOR REPORT

To,
The Members,
STARCOM INFORMATION TECHNOLOGY LIMITED

The Directors have pleasure in presenting the **Twenty Second Annual Report** of the Company and the Audited Financial Statements for the financial year ended **31st March 2017**.

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

The financial highlights of the Company are given below. Kindly refer the financial statements forming part of this report for detailed financial information:

(Amt. in Rs.)

Particulars	2016-17	2015-16
Total Income	13,00,64,193	11,54,26,110
Total Expenditure	(12,88,34,819)	(14,38,77,263)
Profit/ (Loss) before Taxation	12,29,374	80,51,273
Less: Provision for Taxation	(3,04,690)	11,99,078
Net Profit after taxation	9,24,683	92,50,351

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

During the year under review your Company has achieved a turnover of Rs.13,00,64,193/- as compared to turnover of Rs.11,54,26,110/- of previous year registering increase in turnover by 12.68%. The total expenses of the Company during the reporting period have decreased to Rs.12,88,34,819/- from Rs.14,38,77,263/- of the previous year. During the year under review, there was net profit after tax of Rs.9,24,684/- as compared to profit after tax of Rs.92,50,351/- during the previous financial year.

Your Directors assure to strive for bright future of your Company.

3. Dividend:

Your Board of Directors expresses its inability to recommend any dividend for the financial year 2016-17.

4. Reserves:

The Company's total reserve are Rs.(2,75,89,408)/- for the year under review as compared to Rs.(2,85,14,091)/- for the previous year.

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

There was no change in nature of business.

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

No material changes took place, which had effect on the financial position of the Company, subsequent to the close of the financial year of the Company i.e. 31st March 2017 and the date of this report.

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

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

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

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

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

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

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

During the year, controls were tested and no reportable material weakness in design and operation were observed. The Auditors also report in their report on adequacy of internal financial control. The Company is taking necessary steps to improvise the documentation in respect of specific policies and procedures and the IT Controls pertaining to internal financial controls over financial reporting.

10. Deposits:

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

11. Directors and Key Managerial Personnel:

A. Changes in Directors and Key Managerial Personnel:

In accordance with the requirements of the Companies Act, 2013 and Articles of Association of the Company, the Board of Directors, on recommendation of Nomination and Remuneration Committee, in their meeting held on 31st March 2017 appointed Mr. Mohammad Yousuf Khan (DIN: 0000751929) as an Additional Independent Director of the Company with immediate effect to hold office till the conclusion of the Annual General Meeting. The Company has received proposal from Member for his appointment at the Annual General Meeting.

In accordance with the requirements of the Companies Act, 2013 and Articles of Association of the Company, the Board of Directors, on recommendation of Nomination and Remuneration Committee, in their meeting held on 31st March 2017 appointed Mr. Mukhtar Ahmad, as Chief Financial Officer (CFO) termed as the Whole-time Key Managerial Personnel (KMP) of the Company within the meaning of Section 203 of the Companies Act, 2013 with immediate effect.

In accordance with the requirements of the Companies Act, 2013 and Articles of Association of the Company, Mr. Ziaulla Sheriff (DIN: 00002098), Chairman and Managing Director of the Company, retires at the ensuing Annual General Meeting and being eligible, offers himself, for re-appointment pursuant to provisions of Section 152 of the Act.

None of the Directors are related to each other or KMP of the Company except Mr. Ziaulla Sheriff and Ms Sayeeda Hina, being father and daughter.

As on 31st March 2017, following are designated as KMP of the Company:

1. Mr. Ziaulla Sheriff Chairman and Managing Director
2. Mr. Mukhtar Ahmed Chief Financial Officer
3. Ms Nidhi Sharma Company Secretary and Compliance officer

B. Board Evaluation:

The Company has a Policy for performance evaluation of Independent Directors, Board, Committees and other individual Directors which include criteria for performance evaluation of the Non-Executive Directors and Executive Directors.

The Board and its Committee evaluations involved questionnaire-driven discussions that covered a number of key areas / evaluation criteria inter alia the roles and responsibilities, size and composition of the Board and its Committees, dynamics of the Board and its Committees and the relationship between the Board and management. The results of the reviews were discussed by the Board as a whole. Feedback was also sought on the contributions of individual Directors. Formal Annual Evaluation was made in compliance with all the applicable provisions of the Act. The Directors were satisfied with the evaluation results, which reflected the overall engagement of the Board and its Committees with the Company.

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

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

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

Further, brief resume of the Directors proposed to be appointed and re-appointed, relevant information, nature of their expertise in specific functional areas, names of the companies in which they hold directorships and the memberships/ chairmanships of Committees of the Board and their shareholding in the Company, as stipulated under Regulation 36(3)

of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards -2 has been furnished separately in the notice convening the 22nd Annual General Meeting read with the Annexure thereto forming part of this Report.

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

The Company has received declaration u/s 149(7) of the Companies Act, 2013 from the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed under the Companies Act, 2013.

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

12. Number of meetings of the Board of Directors:

The Board of Directors met Six (6) times during the Financial Year on 30th May 2016, 12th August 2016, 31st August 2016, 14th November 2016, 13th February 2017 and 31st March 2017. The intervening gap between any two meetings was not more than 120 days as prescribed by the Companies Act, 2013.

Attendance at the Board meetings:

Name of Director	30.5.2016	12.8.2016	31.8.2016	14.11.2016	13.2.2017	31.3.2017
Ziaulla Sheriff	Yes	No	Yes	No	Yes	Yes
Mohankumar Gundurao	Yes	Yes	Yes	Yes	Yes	Yes
Hina Sayeeda	Yes	Yes	Yes	Yes	Yes	Yes
Mohammad Khan (w.e.f. 31 st March 2017)	NA	NA	NA	NA	NA	No

13. Details of Committees of the Board:

Currently the Board has 3 Committees; the Audit Committee, Stakeholders' Relationship Committee and Nomination and Remuneration Committee. The composition of various committees and compliances, as per the applicable provisions of the Companies Act, 2013 along with the Rules made thereunder, brief details of various Committees are provided as follows:

i) Audit Committee:

The Board has an Audit Committee which comprises of three Non-Executive Directors. Mr. Ziaulla Sheriff (DIN: 00002098) ceased to be a member of the committee with effect from 31st March 2017. Mr. Mohammad Yousuf Khan was appointed as the member of the Audit committee in his place with effect from 31st March 2017. Ms Nidhi Sharma, Company Secretary and Compliance Officer, acted as the Secretary to the Committee. The composition of the Audit Committee is as follows:

Name	Designation	Category
Mr. Maddur Gundurao Mohankumar (DIN: 00020029)	Chairman	Independent
Ms. Sayeeda Hina (DIN: 03642269)	Member	Non-Executive
Mr. Mohammad Yousuf Khan (DIN: 0000751929) w.e.f. 31 st March 2017	Member	Additional Independent
Mr. Ziaulla Sheriff (DIN: 00002098) upto 31 st March 2017	Member	Executive

During the year, the Committee met 5 times. The details of the number of meetings and attendance at the meeting are given below:

Name of Director	30.5.2016	12.08.2016	31.08.2016	14.11.2016	13.02.2017
Mr. Mohankumar Gundurao	Yes	Yes	Yes	Yes	Yes
Ms Sayeeda Hina	Yes	Yes	Yes	Yes	Yes
Mr. Mohammad Khan (w.e.f. 31 st March 2017)	NA	NA	NA	NA	NA
Mr. Ziaulla Sheriff (upto 31 st March 2017)	Yes	No	Yes	No	Yes

All the members of the Audit Committee are financially literate and have accounting or related financial management expertise as required under the Companies Act, 2013.

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

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

ii) Nomination and Remuneration Committee:

The Board has Nomination and Remuneration Committee which comprises of three Non Executive Directors. Mr. Mohammad Yousuf Khan (DIN: 0000751929) was appointed as the member of the Nomination and Remuneration Committee with effect

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from 31st March 2017. The composition of the Nomination and Remuneration Committee is as follows:

Name	Designation	Category
Mr. Maddur Gundurao Mohankumar (DIN: 00020029)	Chairman	Independent
Ms. Sayeeda Hina (DIN: 03642269) with effect from 30 th May 2016	Member	Non-Executive
Mr. Mohammad Yousuf Khan (DIN: 0000751929) w.e.f. 31 st March 2017	Member	Additional Independent

During the year, the Committee met 2 times. The details of the number of meetings and attendance at the meeting are given below:

Name of Director	12.08.2016	31.03.2017
Mr. Mohankumar Gundurao	Yes	Yes
Ms Sayeeda Hina	Yes	Yes
Mr. Mohammad Khan (w.e.f. 31 st March 2017)	NA	NA

The appointment of the Directors and the Key Managerial Personnel is recommended to the Board by the Committee. The Company has framed a policy to determine the qualification and attributes for appointment and basis of determination of remuneration of all the Directors, Key Managerial Personnel and other employees. A copy of the policy is appended as **Annexure 1** to the Board's Report.

iii) Stakeholders' Relationship Committee:

The Board has Stakeholders' Relationship Committee comprising of three Directors. Ms. Sayeeda Hina was appointed as a Member of the Committee w.e.f. 30th May 2016. The composition of the Stakeholders' Relationship Committee is as follows:

Name	Designation	Category
Mr. Maddur Gundurao Mohankumar (DIN: 00020029)	Chairman	Independent
Ms. Sayeeda Hina (DIN: 03642269) w.e.f. 30 th May 2016	Member	Non-Executive
Mr. Ziulla Sheriff (DIN: 00002098)	Member	Executive

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

iv) Corporate Social Responsibility Committee:

During the year under review, the Company did not fall within the purview of Section 135 of the Companies Act, 2013 and it was not mandatory for the Company to constitute committee on Corporate Social Responsibility or incur any expenditure towards Corporate Social Responsibility. Hence the Company has not constituted the Corporate Social Responsibility Committee.

14. Corporate Governance:

The Company constantly strives to implement and comply with the requirements and disclosures of the corporate governance provisions as specified in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, even though the said corporate governance provisions are not applicable to the Company.

15. Auditors:

M/s. S G C O & Co. would retire on the conclusion of this Annual General Meeting on completion of their term of appointment since M/s. S G C O & Co. were appointed as the Statutory Auditors of the Company for 3 consecutive financial years i.e. till the financial year 2016-17. M/s. S G C O & Co. are not eligible for re-appointment as Statutory Auditors of the Company as per the provisions of Section 139(2) of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014. The Board of Directors, on recommendation of the Audit Committee, recommends the appointment of M/s K. M. Tulsian & Associates, Chartered Accountants (Firm Registration No. 111075W) as Statutory Auditors of the Company for a term of 5 years, in place of M/s. S G C O & Co. to hold office from the conclusion of the 22nd Annual General Meeting until the conclusion of 27th Annual General Meeting subject to ratification of their appointment at every Annual General Meeting. Consent letter and certificate from the said firm has been received to the effect that their appointment as Statutory Auditors of the Company, if appointed at ensuing Annual General Meeting, would be according to the terms and conditions prescribed under Section 139 of the Act and Rules framed there under.

A resolution seeking their appointment forms part of the Notice convening the 22nd Annual General Meeting and the same is recommended for your consideration and approval.

16. Auditors' Report:

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

Clause No.	Auditors' Remarks/ Observations	Management Reply																					
Annexure B	<p>According to the information and explanation given to us and based on our audit, the following material weakness has been identified in the operating effectiveness of the Company's internal financial controls over financial reporting as at 31st March 2017:</p> <p><i>The documentation in respect of specific policies and procedures and the IT Controls pertaining to internal financial controls over financial reporting are not adequate and needs to be further strengthened. This may potentially result in the risk of overriding of these controls and misstatement in recording of transaction.</i></p> <p>A "material weakness" is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis</p>	The Company has noted the same and has already started taking necessary steps to improve the same.																					
(vii) a)	<p>According to the records of the Company, amount deducted/accrued in the books of accounts in respect of the undisputed statutory including Provident Fund, Employee's State Insurance, Income tax, Sales tax, Service tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other statutory dues to the extent applicable to the Company, <i>have not been regularly deposited with the appropriate authorities</i>. Undisputed amounts payable in respect thereof, which were outstanding as at 31st March 2017 for a period more than six months from the date they became payable are as follows.</p> <table border="1"> <thead> <tr> <th>Name of the Statute</th> <th>Nature of the dues</th> <th>Amount (in Rs.)</th> </tr> </thead> <tbody> <tr> <td>The Income Tax Act, 1961</td> <td>Tax Deduction at Source (TDS)</td> <td>1,02,13,116</td> </tr> <tr> <td>Finance Act, 1994</td> <td>Service Tax</td> <td>35,23,125</td> </tr> <tr> <td>The Employee's Provident Fund and Miscellaneous Provisions Act, 1952</td> <td>Provident Fund</td> <td>37,22,161</td> </tr> <tr> <td>Central Sales Tax, 1956</td> <td>Central Sales Tax, Karnataka</td> <td>11,02,664</td> </tr> <tr> <td>Karnataka Vat, 2003</td> <td>Value Added Tax</td> <td>1,48,283</td> </tr> <tr> <td>Central Sales Tax, 1956</td> <td>Central Sales Tax-Delhi</td> <td>11,28,201</td> </tr> </tbody> </table>	Name of the Statute	Nature of the dues	Amount (in Rs.)	The Income Tax Act, 1961	Tax Deduction at Source (TDS)	1,02,13,116	Finance Act, 1994	Service Tax	35,23,125	The Employee's Provident Fund and Miscellaneous Provisions Act, 1952	Provident Fund	37,22,161	Central Sales Tax, 1956	Central Sales Tax, Karnataka	11,02,664	Karnataka Vat, 2003	Value Added Tax	1,48,283	Central Sales Tax, 1956	Central Sales Tax-Delhi	11,28,201	Due to administrative and financial difficulties faced by the Company, there are irregularities in depositing the statutory dues with the appropriate authorities.
Name of the Statute	Nature of the dues	Amount (in Rs.)																					
The Income Tax Act, 1961	Tax Deduction at Source (TDS)	1,02,13,116																					
Finance Act, 1994	Service Tax	35,23,125																					
The Employee's Provident Fund and Miscellaneous Provisions Act, 1952	Provident Fund	37,22,161																					
Central Sales Tax, 1956	Central Sales Tax, Karnataka	11,02,664																					
Karnataka Vat, 2003	Value Added Tax	1,48,283																					
Central Sales Tax, 1956	Central Sales Tax-Delhi	11,28,201																					

17. Secretarial Audit Report :

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board had appointed M/s. Hemanshu Kapadia & Associates, Practicing Company Secretaries, to undertake the Secretarial Audit of the Company for the financial year 2016-17 and issue Secretarial Audit Report. The Secretarial Audit Report issued by M/s. Hemanshu Kapadia & Associates for the financial year 2016-17 in Form MR-3 forms part of this report and marked as **Annexure 3**. The reply from the Board on the remarks/ qualifications of the Secretarial Auditors is as under:

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Sr. No.	Remarks/qualifications by Secretarial Auditor	Management Reply
1.	<i>The minimum public shareholding in the Company is not in conformity with Rule 19(2) and Rule 19A of the Securities Contracts (Regulation) Rules, 1957 and Clause 38 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The public shareholding of the Company is less than 25% of the total paid-up share capital of the Company. However the minimum public shareholding was raised to 25% of the total paid-up share capital of the Company with effect from 23rd August 2017 and thus complied.</i>	The minimum public shareholding of the Company was raised to 25% of the of the total paid-up share capital of the Company with effect from 23rd August 2017 and thus complied.
2.	<i>The Company has appointed a whole time Chief Financial officer with effect from 31st March 2017, as required pursuant to Section 203 of the Companies Act, 2013.</i>	The observation is self explanatory.
3.	<i>The Board of Directors, Audit Committee and Nomination and Remuneration Committee of the Company were not duly constituted as required under the provisions of Section 149(4), 177 and Section 178 of the Companies Act, 2013 as there was only one Independent Director on the Board of the Company. However the Company has appointed one Independent Director with effect from 31st March 2017 and thus complied.</i>	The Company has appointed Mr. Mohammad Yousuf Khan as and Additional Independent Director of the Company with effect from 31st March 2017 and thus complied.

18. Internal Auditors:

Pursuant to Section 138 of the Companies Act, 2013 read with Rule 13 of the Companies (Accounts) Rules, 2014, and on the basis of the recommendation of Audit Committee, the Board of Directors in their meeting held on 13th February 2017 had appointed M/s. Mahesh & Nagaraj Chartered Accountants, (Firm Registration Number: 010986S) as the Internal Auditors of the Company for the financial year 2016- 2017.

19. Extract of the Annual Return:

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

20. Details of establishment of vigil mechanism for Directors and employees:

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

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

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

During the year under review no cases were filed/pending with respect to sexual harassment.

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

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

A) Conservation of energy:

i) The steps taken or impact on conservation of energy;

Your Company is in service industry and not having manufacturing activity. The Company is not covered under the list of specified industries. However the Company on continuous basis takes measures for conservation of power.

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

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

iii) The capital investment on energy conservation equipment:

Not Applicable

B) Technology absorption:

i) The efforts made towards technology absorption:

The Company evaluates the best available technology for improving its performance and quality of its service operations.

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

The Company has not absorbed/made any new technology during the year.

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

No technology has been imported by the Company.

iv) The expenditure incurred on Research and Development: Nil

C) Foreign exchange earnings and Outgo:

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

Particulars	Financial year 2016-17	Financial year 2015-16
Foreign Exchange inflow	5,07,51,014	2,94,91,285
Foreign Exchange outflow	49,09,451	1,44,557

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

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

24. Particulars of contracts or arrangements with related parties:

The particulars of every contract or arrangements entered into by the Company with related parties referred to in sub-Section (1) of Section 188 of the Companies Act, 2013 including transactions entered at arm's length under third proviso, in prescribed Form No. AOC -2, is appended as **Annexure 2** to the Board's Report.

25. Directors' Responsibility Statement:

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

- in preparation of the annual accounts for the financial year ended 31st March 2017, the applicable accounting standards had been followed and there are no material departures from them;
- the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March 2017 and of the profit and loss of the Company for the year ended on that date;
- the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the Directors had prepared the annual accounts on a going concern basis;
- the proper internal financial controls are in place and that the financial controls are adequate and are operating effectively during the financial year ended 31st March 2017; and

- f) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively during the financial year ended 31st March 2017.

26. Managerial Remuneration:

- A) The information required to be disclosed with respect to the remuneration of Directors and KMPs in the Directors' Report pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is attached as **Annexure 5**.
- B) There was no employee drawing remuneration more than the limit mentioned under Rule 5(2)(i) to (iii) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.
- C) The names of top ten employees of the Company in terms of remuneration drawn as required pursuant to Section 197 of the Companies Act, 2013, read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 read with the Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2016 is set out as **Annexure 6**.
- D) The Company does not have any Holding Company or Fellow Subsidiary Company and thus, provision w.r.t. receipt of commission from them is not applicable.

27. Risk management policy:

The Company's robust risk management framework identifies and evaluates all the risks that the organization faces such as strategic, financial, credit, market, liquidity, security, property, legal, regulatory, reputational and other risks. The Company recognizes that these risks need to be managed and mitigated to protect its shareholders and other stakeholders, to achieve its business objectives and enable sustainable growth. The risk framework is aimed at effectively mitigating the Company's various business and operational risks, through strategic actions.

Risk management is an integral part of our critical business activities, functions and processes. The risks are reviewed for the change in the nature and extent of the major risks identified since the last assessment. It also provides control measures for risks and future action plans.

The Board periodically discussed and reviewed the Risk Management Policy to strengthen the optimal risk mitigation responses, reporting of risk and efficient management of internal control. The Company believes that the overall risk exposure of present and future risks remains within risk capacity.

28. Management Discussion and Analysis:

As required under Regulation 34 read with Schedule V(B) of SEBI (Listing Obligation and Disclosure Requirements), Regulations, 2015, report on "Management Discussion and Analysis" is attached as **Annexure – 7** and forms a part of this Report.

29. General:

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

- a) Issue of equity shares with differential rights as to dividend, voting or otherwise.
- b) Issue of shares (including sweat equity shares) to employees of the Company under any scheme.
- c) Voting rights which are not directly exercised by the employees in respect of shares for the subscription/ purchase of which loan was given by the Company (as there is no scheme pursuant to which such persons can beneficially hold shares as envisaged under Section 67(3)(c) of the Companies Act, 2013).
- d) Explanation for deviation in use proceeds of public issue, rights issue, preferential issue etc.
- e) Details in respect of frauds reported by Statutory Auditors under Section 143(12) other than those which are reportable to the Central Government.

Further the Company is following the applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

30. Acknowledgements:

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

For and on behalf of the Board of Directors

Sd/-

Ziaulla Sheriff

Chairman and Managing Director

DIN: 00002098

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

Date: 14th September 2017

Place: Bangalore

NOMINATION & REMUNERATION POLICY**Introduction:**

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

Terms of Reference:

Following is the terms of reference of the Nomination and Remuneration Committee:

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

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

Definitions:

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

Applicability: The Policy is applicable to

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

General: This Policy is divided in three parts:

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

Part – C covers remuneration and perquisites etc.

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

The Committee shall:

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

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

Appointment criteria and qualifications:

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

4. Term / Tenure:

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

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

General:

1. The remuneration / compensation / commission etc. to the Managing Director, Whole-time Director, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company & Central Government, as required.

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2. The remuneration and commission to be paid to the Managing Director and the Whole-time Director shall be in accordance with the percentage / slabs / conditions laid down in the Articles of Association of the Company and as per the provisions of the Companies Act, 2013, and the rules made thereunder.
 3. Where any insurance is taken by the Company on behalf of its Managing Director, Whole-time Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.
- **Remuneration to Whole-time/ Executive/ Managing Director, KMP and Senior Management Personnel:**
 1. **Fixed pay:** The Whole-time Director / KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The breakup of the pay scale and quantum of perquisites including, employer's contribution to P.F., pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.
 2. **Minimum Remuneration:** If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing Director and Whole-time Director in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the previous approval of the Central Government.
 3. **Provisions for excess remuneration:** If the Managing Director or the Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he/ she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.
 - **Remuneration to Non- Executive / Independent Director:**
 1. **Remuneration / Commission:** The remuneration / commission shall be fixed as per the slabs and conditions mentioned in the Articles of Association of the Company and the Companies Act, 2013 and the rules made thereunder.
 2. **Sitting Fees:** The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof, provided that the amount of such fees shall not exceed Rs.20,000/- per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.
 3. **Commission:** Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Companies Act, 2013.
 4. **Stock Options:** An Independent Director shall not be entitled to any stock option of the Company.

POLICY REVIEW

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

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

For and on behalf of the Board of Directors

Sd/-

Ziaulla Sheriff

Chairman and Managing Director

DIN: 00002098

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

Date: 14th September 2017

Place: Bangalore

Form No. AOC-2

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

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

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

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

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

For and on behalf of the Board of Directors

Sd/-

Ziaulla Sheriff

Chairman and Managing Director

DIN: 00002098

Address: AI-Barka Golden Enclave, Airport Road, Bangalore-560017

Date: 14th September 2017

Place: Bangalore

HEMANSHU KAPADIA & ASSOCIATES

COMPANY SECRETARIES

Office No. 12, 14th Floor, Navjivan Society, Building No.3

Lamington Road, Mumbai-400 008

Tel 6631 0888/6631 4830

E-mail: hemanshu@hkacs.com

Website: hkacs.com

Form No. MR-3

SECRETARIAL AUDIT REPORT

For the Financial year ended 31st March 2017

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

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

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance - mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Starcom Information Technology Limited ("the Company") for the financial year ended on 31st March 2017 according to the provisions of:

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

- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (**Not Applicable to the Company during the Audit period as delisting of securities did not take place**); and
 - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (**Not Applicable to the Company during the Audit period as the Company has not bought back its securities**);
 - i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (vi) Other laws applicable specifically to the Company namely:

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

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

(i) Secretarial Standards (SS-1 and SS-2) issued by The Institute of Company Secretaries of India.

Note: Regulations 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 are not mandatory to the Company as the paid up equity share capital of the Company does not exceed Rs.10 Crore and net worth does not exceed Rs.25 Crore, as on the last day of the previous financial year.

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

1. *The minimum public shareholding in the Company is not in conformity with Rule 19(2) and Rule 19A of the Securities Contracts (Regulation) Rules, 1957 and Clause 38 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The public shareholding of the Company is less than 25% of the total paid-up share capital of the Company. However the minimum public shareholding was raised to 25% of the total paid-up share capital of the Company with effect from 23rd August 2017 and thus complied.*
2. *The Company has appointed a whole time Chief Financial Officer with effect from 31st March 2017, as required pursuant to Section 203 of the Companies Act, 2013.*
3. *The Board of Directors, Audit Committee and Nomination and Remuneration Committee of the Company were not duly constituted as required under the provisions of Section 149(4), 177 and Section 178 of the Companies Act, 2013 as there was only one Independent Director on the Board of the Company. However the Company has appointed one Independent Director with effect from 31st March 2017 and thus complied.*

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

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

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

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

For Hemanshu Kapadia & Associates

Sd/-
Hemanshu Kapadia
Proprietor
C.P. No.: 2285
Membership No.: 3477

Date: 14th September 2017

Place: Mumbai

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

HEMANSHU KAPADIA & ASSOCIATES

COMPANY SECRETARIES

Office No. 12, 14th Floor, Navjivan Society, Building No.3

Lamington Road, Mumbai-400 008

Tel 6631 0888/6631 4830

E-mail: hemanshu@hkacs.com

Website: hkacs.com

Annexure A

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

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

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

For Hemanshu Kapadia & Associates

Sd/-
Hemanshu Kapadia
Proprietor
C. P. No. 2285
Membership No. 3477

Date: 14th September 2017
Place: Mumbai

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN

as on financial year ended on 31.03.2017

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

I REGISTRATION & OTHER DETAILS:

i	CIN	L67120KA1995PLC078846
ii	Registration Date	17th February 1995
iii	Name of the Company	Starcom Information Technology Limited
iv	Category/Sub-category of the Company	Company Limited by Share Capital, Non-Government Company
v	Address of the Registered office & contact details	73/1, Sheriff Centre, 5th Floor, St. Marks Road, Bangalore - 560001 Phone: 80 22278283 E-mail: info@starcominfotech.com
vi	Whether listed company	Yes
vii	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Sharex Dynamic (India) Pvt. Ltd., Unit- 1, Luthra Ind. Premises, Andheri-Kurla Rd., Safed Pool, Andheri (E), Mumbai 400 072 Telephone Nos: 022 2264 1376, 022 2270 2485 E-mail: investor@sharexindia.com Fax: 2264 1349

II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

SI No	Name & Description of main products/services	NIC Code of the Product /service	% to total turnover of the company
1	Test, Measurement & Embedded Solutions for Educational Sector	63119	32.46%
2	Sale of non-customized Data Analytic software products	47413	67.54%

III PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES

SI No	Name & Address of the Company	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
No Holding, Subsidiary and Associate Company					

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

Category of Shareholders	No. of Shares held at the beginning of the year (1st April 2016)				No. of Shares held at the end of the year (31st March 2017)				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	3836857	0	3836857	76.73	3836857	0	3836857	76.73	0
b) Central Govt.or State Govt.	0	0	0	0	0	0	0	0	0
c) Bodies Corporates	0	0	0	0	0	0	0	0	0
d) Bank/Fl	0	0	0	0	0	0	0	0	0
e) Any other	0	0	0	0	0	0	0	0	0
SUB TOTAL:(A) (1)	3836857	0	3836857	76.73	3836857	0	3836857	76.73	0
(2) Foreign									
a) NRI- Individuals	0	0	0	0	0	0	0	0	0
b) Other Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Banks/Fl	0	0	0	0	0	0	0	0	0
e) Any other...	0	0	0	0	0	0	0	0	0
SUB TOTAL (A) (2)	0	0	0	0	0	0	0	0	0

STARCOM INFORMATION TECHNOLOGY LIMITED

Category of Shareholders	No. of Shares held at the beginning of the year (1st April 2016)				No. of Shares held at the end of the year (31st March 2017)				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Total Shareholding of Promoter (A)= (A)(1)+(A)(2)	3836857	0	3836857	76.73	3836857	0	3836857	76.73	0
B. PUBLIC SHAREHOLDING									
(1) Institutions									
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks/FI	0	0	0	0	0	0	0	0	0
c) Central govt	0	0	0	0	0	0	0	0	0
d) State Govt.	0	0	0	0	0	0	0	0	0
e) Venture Capital Fund	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FII/S	598700	0	598700	11.97	598700	0	598700	11.97	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
SUB TOTAL (B)(1):	598700	0	598700	11.97	598700	0	598700	11.97	0
(2) Non Institutions									
a) Bodies corporates									
i) Indian	23893	0	23893	0.48	24163	0	24163	0.48	0.01
ii) Overseas		0				0			0.00
b) Individuals									0.00
i) Individual shareholders holding nominal share capital upto Rs.1 lakhs	137857	87520	225377	4.51	146463	84220	230683	4.61	0.11
ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 lakhs	315515	0	315515	6.31	309245	0	309245	6.18	-0.13
c) Others									0.00
Non Resident Indians	0	0	0	0	850	0	850	0.02	0.02
Clearing member	258	0	258	0.01	102	0	102	0.00	0.00
SUB TOTAL (B)(2):	477523	87520	565043	11.30	480823	84220	565043	11.30	0.00
Total Public Shareholding (B)= (B)(1)+(B)(2)	1076223	87520	1163743	23.27	1079523	84220	1163743	23.27	0
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	4913080	87520	5000600	100	4916380	84220	5000600	100	0

(ii) SHARE HOLDING OF PROMOTERS

SI No.	Shareholders Name	Shareholding at the beginning of the year (1st April 2016)			Shareholding at the end of the year (31st March 2017)			% change in share holding during the year
		No. of shares	% of total shares of the company	% of shares pledged encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged encumbered to total shares	
1	Ziaulla Sheriff	3836857	76.73	0	3836857	76.73	0	0
	Total	3836857	76.73	0	3836857	76.73	0	0

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

SI. No.	Shareholding at the beginning of the Year (1st April 2016)		Cumulative Shareholding during the year (1st April 2016 to 31st March 2017)	
	No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
There was no change in the shareholding of the promoter during the year				

(iv) **SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS (OTHER THAN DIRECTORS, PROMOTERS & HOLDERS OF GDRS & ADRS)**

Sl. No	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year (1st April 2016)		Cumulative Shareholding during the year (1st April 2016 to 31st March 2017)	
		No. of shares	% of total shares of the company	No of shares	% of total shares of the company
1	ANTARA INDIA EVERGREEN FUND LTD				
	At the beginning of the year	156000	3.12		
	At the end of the year	156000	3.12	156000	3.12
2	PLUTUS TERRA INDIA FUND				
	At the beginning of the year	155000	3.10		
	At the end of the year	155000	3.10	155000	3.10
3	AUCTOR INVESTMENTS LIMITED				
	At the beginning of the year	154000	3.08		
	At the end of the year	154000	3.08	154000	3.08
4	ELARA CAPITAL MAURITIUS LTD				
	At the beginning of the year	133700	2.67		
	At the end of the year	133700	2.67	133700	2.67
5	YOGESH K MEHRA- HUF				
	At the beginning of the year	49400	0.99		
	At the end of the year	49400	0.99	49400	0.99
6	K J PURUSHOTHAM				
	At the beginning of the year	44480	0.89		
	At the end of the year	44480	0.89	44480	0.89
7	ALFAZ SULTAN MILLER				
	At the beginning of the year	42154	0.84		
	Transfer on 02-09-2016	2096	0.04	44250	0.88
	At the end of the year	44250	0.88	44250	0.88
8	YOGESH KANWAL MEHRA				
	At the beginning of the year	47750	0.92		
	Transfer on 29-04-2016	26	0.0	47776	0.92
	Transfer on 06-05-2016	109	0.0	47885	0.96
	Transfer on 13-05-2016	11	0.0	47896	0.96
	Transfer on 03-06-2016	-35	0.0	47861	0.96
	Transfer on 10-06-2016	-165	0.0	47696	0.95
	Transfer on 15-07-2016	-39	0.0	47657	0.95
	Transfer on 29-07-2016	-15	0.0	47642	0.95
	Transfer on 05-08-2016	-1	0.0	47641	0.95
	Transfer on 30-09-2016	50	0.0	47691	0.95
	Transfer on 04-11-2016	50	0.0	47741	0.95
	Transfer on 02-12-2016	5	0.0	47746	0.95
	Transfer on 09-12-2016	100	0.0	47846	0.96
	Transfer on 16-12-2016	176	0.0	48022	0.96
	Transfer on 23-12-2016	288	0.0	48310	0.97
	Transfer on 30-12-2016	111	0.0	48421	0.97
	Transfer on 20-01-2017	-4372	-0.1	44049	0.88
	Transfer on 27-01-2017	-1820	0.0	42229	0.84
	Transfer on 03-02-2017	-2340	0.0	39889	0.80
	Transfer on 10-02-2017	-1420	0.0	38469	0.77
	At the end of the year	38469	0.77	38469	0.77
9	ISHA YOGESH MEHRA				
	At the beginning of the year	31254	0.63		
	At the end of the year	31254	0.63	31254	0.63
10	NIKUNJ PRAVIN JHAVERI				
	At the beginning of the year	20296	0.41		
	At the end of the year	20296	0.41	20296	0.41

STARCOM INFORMATION TECHNOLOGY LIMITED

(v) SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

Sl. No	For Each of the Directors & 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	Ziaulla Sheriff				
	At the beginning of the year	3836857	76.73		
	Increase/decrease during the year	0	0.00		
	At the end of the year	3836857	76.73	3836857	76.73

The following Directors do not hold any shares in the Company

- Maddur Gundurao Mohankumar
- Sayeeda Hina
- Mohammed Yousuf Khan (w.e.f. 31st March 2017)

The following KMPs do not hold any shares in the Company

- Mukhtar Ahmad (CFO- w.e.f. 31st March 2017)
- Preeti Verma (Company Secretary and Compliance officer - upto 19th August 2016)
- Nidhi Sharma (Company Secretary and Compliance Officer - w.e.f. 20th August 2016)

V INDEBTEDNESS

INDEBTEDNESS OF THE COMPANY INCLUDING INTEREST OUTSTANDING/ACCRUED BUT NOT DUE FOR PAYMENT

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total indebtedness
Indebtedness at the beginning of the financial year (1st April 2016)				
i) Principal Amount	0	170,269,269	0	170,269,269
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	0	170,269,269	0	170,269,269
Change in Indebtedness during the financial year				
Additions	0	40,404,598	0	40,404,598
Reduction	0	(84,007,760)	0	(84,007,760)
Net Change	0	(43,603,162)	0	(43,603,162)
Indebtedness at the end of the financial year (31st March 2017)				
i) Principal Amount	0	126,666,107	0	126,666,107
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	0	126,666,107	0	126,666,107

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. No	Particulars of Remuneration	Name of the MD/WTD/ Manager	Total Amount (in Rs.)
		Mr. Ziaulla Sheriff (Managing Director)	
1	Gross salary	No remuneration is paid to the Managing Director	
	(a) Salary as per provisions contained in section 17(1) of the Income Tax, 1961.		
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961		
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961		
2	Stock option		
3	Sweat Equity		
4	Commission		
	as % of profit		
	others (specify)		
5	Others, please specify		
	Total (A)		
	Ceiling as per the Act	9247	

B. Remuneration to other directors:

Sl. No	Particulars of Remuneration	Name of the Directors		Total Amount (in Rs.)
1	Independent Directors	Mr. Maddur Gundurao Mohankumar	Mr. Mohammed Yousuf Khan (w.e.f. 31st March 2017)	
	(a) Fee for attending board committee meetings	0	0	0
	(b) Commission	0	0	0
	(c) Others, please specify	0	0	0
	Total (1)	0	0	0
2	Other Non Executive Directors	Ms Sayeeda Hina		
	(a) Fee for attending board committee meetings	0		
	(b) Commission	0		
	(c) Others, please specify.	0		
	Total (2)	0		0
	Total (B)=(1+2)			0
	Total Managerial Remuneration			0
	Overall Ceiling as per the Act.	92468		

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

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total
1	Gross Salary	CEO	Ms Nidhi Sharma Company Secretary	Mr. Mukhtar Ahmad CFO (w.e.f. 31st March 2017)	
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	There is no CEO in the Company	1,59,996	0	
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961		2,40,004	0	
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961		0	0	0
2	Stock Option		0	0	0
3	Sweat Equity		0	0	0
4	Commission		0	0	0
	as % of profit		0	0	0
	others, specify		0	0	0
5	Others, please specify		0	0	0
			0	0	0
	Total		4,00,000		

STARCOM INFORMATION TECHNOLOGY LIMITED

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)
A. COMPANY					
Penalty					
Punishment					
Compounding					
B. DIRECTORS					
Penalty					
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

DETAILS OF REMUNERATION

Details pertaining to remuneration as required under Section 197(12) read with Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2016

i. The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year:

The median remuneration of employees of the Company during the Financial Year 2016-17 was Rs.5,43,240/-. The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year 2016-17 will be zero as no remuneration is paid to the Directors.

ii. The percentage increase in remuneration of each Director and KMP, in the financial year:

Not Applicable.

iii. The percentage increase in the median remuneration of employees in the Financial Year:

In the Financial Year 2016-17, there was an increase of 39.19% in the median remuneration of employees.

iv. The number of permanent employees on the rolls of Company:

There were 74(including KMP) permanent employees on the rolls of the Company as on 31st March 2017.

v. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last Financial Year and its comparison with the percentile increase in the managerial remuneration and justification thereof:

Average percentile increase made in the salaries of employees other than the managerial personnel in the last Financial Year i.e. 2015-16 was 13.47%, whereas no remuneration is paid to the Directors of the Company.

vi. Affirmation that the remuneration is as per the remuneration policy of the Company:

It is hereby affirmed that the remuneration paid is as per the Policy for Remuneration of the Directors, Key Managerial Personnel and other Employees.

For and on behalf of the Board of Directors

Sd/-

Ziaulla Sheriff
Chairman and Managing Director
DIN: 00002098

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

Date: 14th September 2017
Place: Bangalore

DETAILS OF TOP TEN EMPLOYEES OF THE COMPANY

SR. NO.	NAME OF THE EMPLOYEE	DESIGNATION OF THE EMPLOYEE	REMUNERATION RECEIVED PER MONTH (in Rs.)	NATURE OF EMPLOYMENT	QUALIFICATION	EXPERIENCE	DATE OF COMMENCEMENT OF EMPLOYMENT IN THE COMPANY	AGE	LAST EMPLOYMENT HELD BY SUCH EMPLOYEE BEFORE JOINING THE COMPANY	PERCENTAGE OF SHARES HELD IN THE COMPANY ALONG WITH SPOUSE AND DEPENDENT CHILDREN	WHETHER A RELATIVE OF DIRECTOR OR MANAGER OF THE COMPANY
1	ASHFAQ IBRAHIM	CHIEF SALES OFFICER	350,000	PERMANENT	MBA	22 Years	8/1/2015	49	Cranes Software International Limited	NIL	No
2	MEHRAJ LANKER	CHIEF MARKETING OFFICER	333,333	PERMANENT	B.Tech	20 Years	8/1/2015	44	Cranes Software International Limited	0.04	No
3	SYED ABDUL MUJEEB	CHIEF OPERATING OFFICER	315,000	PERMANENT	M.Tech	25 Years	8/1/2014	51	ABK Softwares Services	NIL	No
4	AMUTHUKKINIYAVEL MANOHARAN	VICE PRESIDENT	304,167	PERMANENT	MCA	22 Years	8/1/2014	46	Cranes Software International Limited	NIL	No
5	SHAIK MUSTAK AHMED	ASSOCIATE VICE PRESIDENT - TECHNOLOGY	193,500	PERMANENT	MBA	19.3 Years	5/2/2014	41	Reznex Global Solutions Pvt Ltd	NIL	No
6	PANDIARAJAN T	PROJECT LEAD	187,500	PERMANENT	B.Tech	14 years	8/1/2014	47	Cranes Software International Limited	NIL	No
7	WAHAB SHARIFF	MANAGER - SALES	183,333	PERMANENT	B.Tech	18 years	8/1/2014	46	Cranes Software International Limited	NIL	No
8	ONKARA MURTHY H M	TEAM LEAD	162,500	PERMANENT	B.Tech	12 years	8/1/2014	46	Cranes Software International Limited	NIL	No
9	BELUR GURURAJA RAO NAGARAJA	ASSOCIATE VICE PRESIDENT - SALES	154,167	PERMANENT	B.Tech	22 years	8/1/2015	48	Cranes Software International Limited	NIL	No
10	PARTHAN C V	REGIONAL SALES MANAGER - APAC	145,833	PERMANENT	B.Tech	22 years	8/1/2015	46	Cranes Software International Limited	NIL	No

For and on behalf of the Board of Directors

Sd/-
 Ziaulla Sheriff
 Chairman and Managing Director
DIN: 00002098

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

Date: 14th September 2017
Place: Bangalore

MANAGEMENT DISCUSSION AND ANALYSIS

1. Industry structure and developments:

Overview

The Company is a public limited company incorporated and domiciled in India and with its registered office at Bangalore, Karnataka, India. The Company has its primary listings on BSE Limited. The Company has been steadily expanding its customer base, infrastructure, product lines and industry verticals. The growth momentum of the Company continues to attract top talent and win new customers and strengthen existing customer relationships. The Company is aspiring to be an eminent global IP driven solution provider in the MDM, Data quality, Business Intelligence and Data Analytics space.

Software and computing technology are transforming businesses in every industry around the world in a very profound and fundamental way. The continued reduction in the unit cost of hardware, the explosion of network bandwidth, advanced software technologies and technology-enabled services are fueling the rapid digitization of business processes and information. Traditional business models are being disrupted in every industry with digital and software-based business models. This disruption is characterized by highly desirable user experiences, an extreme scale-of-cost performance that has become available in computing infrastructure and disintermediation of the supply chain. Leveraging technologies and models of the digital era to both extend the value of existing investments and, in parallel, transform and future-proof their businesses is increasingly becoming a top priority for business leaders. This duality – to renew existing core businesses and innovate new businesses – is the essence of what companies are faced with as strategic imperatives today.

PRODUCTS

Our products help people to understand, manage, analyze and finally visualize their data. They offer the power and flexibility required to serve a broad range of use cases, from answering questions with small spreadsheets to completing enterprise business intelligence projects involving massive volumes of data.

We currently offer 2 key products:

StarBI - A powerful data visualization / analytics product with complex Dashboarding and Reporting features.

StarDQ—A complete end-to-end Data Quality solution. StarDQ made it to Gartner 2015 Data Quality Report.

StarBI: Self-service business intelligence software allows the users to discover Trends, Track KPIs and Visualize data. Connects to multiple data sources, facilitates to create and schedule reports, set alerts and run predictive analytics with easy-to-use drag and drop User Interface. As a self-service BI tool, StarBI empowers business users by turning data into actionable insights and enable organizations to improve on decision making.

StarBI has the following key capabilities:

Data Sourcing - connect to all data sources, including most common relational databases, big data repositories, cloud based applications, web services and flat files such as spreadsheets.

Multidimensional data sources – OLAP connector enables analysts to connect to an optimized business intelligence layer in MS SQL Server database that can be leveraged to do visual exploration of the data.

Big Data connectivity – Supports connections to Hadoop eco-system Reporter / Dashboard Building - Report and Dashboard designing tools helps a power / business user in defining their report /Dashboarding templates as per their / group's requirement. It provides a set of wizards which helps even a non-technical person to query the database with the help of drag and drop features. On the other hand, it also helps a data analyst to create a detailed report / a high level dashboard that gets him to the nitty-gritty of the business drivers.

Query Builder - It has various options for specifying database queries and building reports:

- Fast and Simple Query Wizard - It has a very simple to use drag and drop interface specifically created for entry level users.
- Advanced Query builder - It provides a direct interface so that the advanced user can write their own SQL and run it directly against a database.

StarDQ:A powerful, real time enterprise Data Quality solution for data Cleansing, De-duplication, Standardization and enrichment.

By integrating StarDQ Solution in critical data paths, Enterprises / Organizations can cleanse, match and unify their data derived from multiple data sources to create a strategic, trustworthy, valuable data repository that enhances the power of decision making with higher degree of visibility.

STARCOM INFORMATION TECHNOLOGY LIMITED

Upon integration /deployment, StarDQ is capable of connecting disparate data sources and collates the selected datasets into a staging environment before proceeding with Cleansing/ De-duplication /Standardization /Enrichment based on the customized set of business rules of the given setup, with Lexicon database support.

Provisions a data stewardship mechanism to eye ball the resultant dataset, allows manual intervention to correct specific cases that doesn't get handled in above automated DQ process.

Additional customization shall bring more precise output like creation of Golden records, enrichment of clustered datasets etc.

Offers background interfaces like Geo-coding to identify the customers based on location and improve critical decisions based on logistics.

Offers web-service enabled online verification interface to search for existing records out of the cleansed dataset to prevent further redundancy of the data /customer records /CUIDs. This feature is helpful in cross-sell, up-sell opportunities and build scenarios on customer retention..

2. Opportunities and Threats:

We believe our strengths give us the competitive advantage to position ourselves as the leading global products and solutions company. Recovery and growth of economy as well as significant technology changes are presenting several opportunities to Starcom Information Technology Limited. India remains a high potential market worldwide, offering multiple opportunities for unmet needs. We see lot of business transformation and automation happening across industries and that in turn help Starcom sell more DQ and BI products, which enables businesses to derive suitable KPIs.

OUR STRATEGY

Our strategic objective is to build a sustainable organization that remains relevant to the agenda of our clients, while generating profitable growth for our investors. In order to do this, we will apply the priorities of 'renew' and 'new' to our own business and cascade it to everything we do.

Our distribution strategy is based on a "land and expand" business model and is designed to capitalize on the ease of use, low up-front cost and collaborative capabilities of our software. To facilitate rapid adoption of our products, we provide fully-functional free trial versions of our products on our website and have created a simple pricing model. After an initial trial or purchase, which is often made to target a specific business need at a grassroots level within an organization, the use of our products often spreads across departments, divisions, and geographies, via word-of-mouth, discovery of new use cases, and our sales efforts.

We are in the process of building partnerships with 'Solution Delivery' teams of product trading companies, globally.

OUR COMPETITION

We experience competition in solution delivery and see a rapidly-changing marketplace with new competitors arising in new technologies who are focused on agility, flexibility and innovation.

We typically compete with other technology solution providers in response to requests for proposals. Clients often cite our industry expertise, comprehensive end-to-end solutions, ability to scale, superior quality and process execution, Global Delivery Model, experienced management team, talented professionals and track record as reasons for awarding us contracts.

3. Segment-wise Performance:

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

Particulars	Year ended 31 st March 2017 (Amt in Lakhs.)
A. Segment Revenue	
1. Test, Measurement & Embedded Solutions for Educational Sector	171.92
2. Statistical & Analytics Software	359.96
Total Revenue	531.88
B. Segment Results	
1. Test, Measurement & Embedded Solutions for Educational Sector	33.53
2. Statistical & Analytics Software	262.29
Total	
Less: Interest Expenses	0.84
Unallocable Expenditure	292.78

Add: Exceptional Item	0
Total Profit Before Tax	2.19
Less; Tax Expenditure	0.82
C. Capital Employed	1.38
1. Test, Measurement & Embedded Solutions for Educational Sector	104.91
2. Statistical & Analytics Software	2117.52
3. Unallocated	-1998.48
Total Capital Employed	224.17

4. Outlook:

In order to meet the changing market realities, our Company has been following the philosophy of providing the highest quality products and solutions at the lowest possible prices.

All endeavors are made to achieve possible cost reduction in every area of operations.

Our Company's philosophy is to provide high class quality products i.e. full value for money to consumers; this would greatly benefit in the long run.

Our Company believes in building and maintaining deep customer relationships and become a trusted business partner to global enterprises.

5. Risks and concerns:

The Company has been initiating various risk management programs to combat strategic, operational and financial as well as compliance-related risks across various levels of the organization. It includes risk assessment and mitigation at the company level, business / functional unit level, relationship level and project level. The risk management process is continuously improved and adapted to the changing global risk scenario. The agility of the risk management process is monitored and reviewed for appropriateness with the changing risk landscape. The process of continuous evaluation of risks includes taking stock of the risk landscape on an event driven as well as quarterly basis.

6. Internal Control systems and their adequacy:

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

The Company has an adequate system of internal controls implemented for achieving efficiency in operations, optimum utilization of resources with analysis of data to strengthen it to meet the changing requirements. However, the Company is taking the necessary steps to improvise the documentation with respect to the specific policies and procedures and the IT Controls pertaining to internal financial controls over financial reporting.

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

Financial performance:

Particulars	2016-17 (Amount in Rs.)	2015-16 (Amount. in Rs.)	Change (%)
Revenue from operations (1)	12,80,78,463	11,48,50,396	11.52
Other income (2)	19,85,730	5,75,714	244.92
Sub-total (1+2)	13,00,64,193	11,54,26,110	12.68
Total Expenditure	12,88,34,819	14,38,77,263	-10.46
Profit/(Loss) before Tax	12,29,374	80,51,273	-84.73
Profit/ (Loss) after Tax	9,24,683	92,50,351	-90.00

There has been increase of 11.52% in the revenues of the Company as compared to the previous year. The Company was able to reduce the expenses by 10.46% to Rs.12,88,34,819/- from Rs.14,38,77,263/- incurred in the previous financial year. However, the other income of the Company has increased drastically by 244.92%. During the current financial year the Company has recorded Profit after tax of Rs.9,24,683/- as compared to the profit after tax of Rs.92,50,351/- in the previous year. The Company is expected to earn more profits in the coming years.

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

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

During the year the Company has not reported any Management-Employee conflict.

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

Number of employees:

There were 74 (including KMP) permanent employees on the rolls of the Company as on 31st March 2017.

Cautionary Statement:

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

For and on behalf of the Board of Directors

Sd/-
Ziaulla Sheriff
Chairman and Managing Director
DIN: 00002098

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

Date: 14th September 2017
Place: Bangalore

INDEPENDENT AUDITOR'S REPORT

To the Members of

Starcom Information Technology Limited

Report on the Financial Statements

We have audited the accompanying Financial Statements of **Starcom Information Technology Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these Financial Statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Financial Statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of 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 Financial Statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31st March 2017, its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("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 Order.
2. As required by section 143(3) of the Act, we further report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d) In our opinion, the aforesaid Financial Statements comply with the applicable Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules 2014

STARCOM INFORMATION TECHNOLOGY LIMITED

- e) On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2017, 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 our separate report in “**Annexure B**”; and
- g) In our opinion and to the best of our information and according to the explanations given to us, we report as under with respect to other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its Financial Statements. (Refer Note no. 28 of 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.
 - iv. The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management – Refer Note 29(IX).

For S G C O & Co.LLP

Chartered Accountants
Firm Reg. No 112081W/W100184

Suresh Murarka

Partner

Mem. No. 044739

Place: Mumbai

Date : 30th May 2017

Annexure “A” to the Independent Auditor’s Report

Annexure referred to in Paragraph 1 of “Report on Other Legal and Regulatory Requirements” of our Independent Auditor’s Report of even date to the members of **Starcom Information Technology Limited** (“the company”) on the financial statements for the year ended 31st March 2017.

As required by the Companies (Auditors Report) Order, 2016 and according to the information and explanations given to us during the course of the audit and on the basis of such checks of the books and records as were considered appropriate we report that:

- (i) a) The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
 - b) As explained to us, the fixed assets have been physically verified by the management in accordance with a phased programme of verification, which in our opinion is reasonable, considering the size of the Company and the nature of its assets. In accordance with this program certain fixed assets were verified during the year. The frequency of verification is reasonable and no discrepancies have been noticed on such physical verification.
 - c) According to the information and explanations given to us the company does not hold any immoveable property.
- (ii) The inventories have been physically verified by the Management during the year at reasonable intervals. Discrepancies noticed on physical verification of inventories as compare to books of records were not material and have been properly dealt with the books of accounts.
- (iii) During the year, the Company has not granted any loans whether secured or unsecured to any parties covered in the register maintained under section 189 of the Companies Act, 2013. Hence paragraph 3 (iii) (a), (b) and (c) of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanation given to us, section 185 and section 186 of the Companies Act, 2013 is not applicable, since the Company has neither granted any loan nor made any investment in any securities or given any guarantees or security in/or body corporate.
- (v) According to the information and explanations given to us and on the basis of our examination of records, the Company has not accepted any deposits from public within the provision of section 73 to 76 of the Act and ruled framed there under.
- (vi) The Central Government has not prescribed for the maintenance of cost record under Section 148(1) of the Act.
- (vii) a) According to the records of the Company, amount deducted/accrued in the books of accounts in respect of the undisputed statutory dues including Provident Fund, Employee’s State Insurance, Income tax, Sales tax, Service tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other Statutory Dues to the extent applicable to the Company, *have not been regularly deposited with the appropriate authorities*. Undisputed amounts payable in respects thereof, which were outstanding as at 31st March 2017 for a period more than six months from the date they became payable are as follows:

Name of the Statute	Nature of dues	Amount (Rs)
The Income Tax Act, 1961	Tax Deduction at Source (TDS)	1,02,13,116
Finance Act, 1994	Service Tax	35,23,125
The Employee’s Provident fund and Miscellaneous Provisions Act, 1952	Provident Fund	37,22,361
Central Sales Tax ,1956	Central Sales Tax, Karnataka	11,02,664
Karnataka VAT,2003	Value Added Tax	1,48,283
Central Sales Tax ,1956	Central Sales Tax -Delhi	11,28,201

- b) According to the information and explanations given to us, there are no dues with respect to Income Tax, Sales Tax, Service Tax, Duty of Custom, Duty of Excise, and Value Added Tax which have not been deposited on account of dispute.
- (viii) As per the information and explanations given by the management, the Company has no facilities from banks, financial institutions and has not issued debentures.
- (ix) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) or term loans.
- (x) During the course of our examination of the books and records of the Company, carried out in accordance with generally accepted auditing practices in India, and according to information and explanation given to us, we have neither come across any instance of fraud by the Company or any fraud on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such instances by the management.

STARCOM INFORMATION TECHNOLOGY LIMITED

- (xi) According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not paid / provided for any managerial remuneration. Hence paragraph 3(xi) of the Order is not applicable to the company.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3 (xii) of the Order is not applicable to the Company.
- (xiii) According to the information and explanation given to us and based on our examination of the records of the Company, all transactions entered into by the Company with the related parties are in compliance with section 177 and company had not entered into any transaction which are covered under section 188 of Companies Act, 2013.
- (xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with the directors or persons connected with him during the year. Accordingly, paragraph 3 (xv) of the Order is not applicable.
- (xvi) In our opinion and according to the information and explanation given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For S G C O & Co. LLP

Chartered Accountants
Firm Reg. No. 112081W/W100184

Suresh Murarka

Partner

Mem No : 044739

Place : Mumbai.

Date : 30th May, 2017

Annexure "B" to the Independent Auditor's Report of even date on the financial statements of Starcom Information Technology Limited for the year ended 31st March 2017.

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 Starcom Information Technology Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the 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.

Qualified Opinion

According to the information and explanation given to us and based on our audit, the following material weakness has been identified in the operating effectiveness of the Company's internal financial controls over financial reporting as at 31st March, 2017:

The documentation in respect of specific policies and procedures and the IT Controls pertaining to internal financial controls over financial reporting are not adequate and needs to be further strengthened. This may potentially result in the risk of overriding of these controls and misstatement in recording of transaction.

A "material weakness" is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis.

In our opinion, except for the possible effect of the material weakness described above on the achievement of the objectives of the control Criteria, the Company has maintained, 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, 2017, 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.

We have considered the material weaknesses identified and reported above in determining the nature, timing and audit tests applied in our audit of the financial statements of the Company and these material weaknesses above does not affect our opinion on the financial statements of the Company.

For S G C O & Co. LLP

Chartered Accountants

Firm's Reg. No. 112081W/W100184

Suresh Murarka

Partner

Mem. No. 44739

Place : Mumbai

Date : 30th May, 2017

STARCOM INFORMATION TECHNOLOGY LIMITED

Balance Sheet as at March 31, 2017

(Amount in Rs.)

Particulars	Note No.	As at March 31, 2017	As at March 31, 2016
I. EQUITY AND LIABILITIES			
Shareholders' Funds			
(a) Share Capital	2	50,006,000	50,006,000
(b) Reserves and Surplus	3	(27,589,408)	(28,514,091)
		22,416,592	21,491,909
Non-Current Liabilities			
(a) Long Term Borrowings	4	126,666,107	170,269,269
(b) Other Long-Term Liabilities	5	-	17,345
(c) Long-term Provisions	6	5,043,411	2,841,210
		131,709,518	173,127,824
Current Liabilities			
(a) Trade Payables	7	70,988,743	61,913,644
(b) Other Current Liabilities	8	43,462,490	30,831,050
(c) Short Term Provisions	9	1,509,406	1,072,728
		115,960,640	93,817,423
TOTAL		270,086,751	288,437,156
II. ASSETS			
Non Current Assets			
(a) Fixed Assets	10		
(i) Tangible assets		5,760,220	11,405,672
(ii) Intangible assets		31,161,635	-
(iii) Intangible assets under development		124,684,468	126,532,570
(b) Deferred Tax Assets (net)	11	7,798,415	4,861,595
(c) Long Term Loans and Advances	12	1,927,885	3,403,325
(d) Other Non-Current Assets	13	5,726,790	5,382,090
		177,059,413	151,585,252
Current Assets			
(a) Inventories	14	2,343,155	1,307,109
(b) Trade Receivables	15	86,446,114	125,597,416
(c) Cash and Bank Balances	16	884,059	3,732,257
(d) Short Term Loans & Advances	17	3,302,857	2,655,862
(e) Other Current Assets	18	51,152	3,559,261
		93,027,338	136,851,904
TOTAL		270,086,751	288,437,155
Significant Accounting Policies	1		
Accompanying Notes to Accounts	29		

In terms of our report of even date
For S G C O & Co. LLP
Chartered Accountants
Firm Reg. No. : 112081W

Suresh Murarka
Partner
Mem. No. 044739

Place : Mumbai
Date: 30th May 2017

For and on behalf of the Board of Directors
Starcom Information Technology Limited

Mr. Ziaulla Sheriff
Managing Director
(DIN - 00002098)

Mr. Mukhtar Ahmad
Chief Financial Officer

Place : Bengaluru
Date: 30th May 2017

Mr. Maddur Gundurao Mohankumar
Director
(DIN - 00020029)

Nidhi Sharma
Company Secretary

Statement of Profit and Loss for the Year ended March 31, 2017

(Amount in Rs.)

Particulars	Note No.	Year ended March 31, 2017	Year ended March 31, 2016
INCOME:			
Revenue from operations	19	128,078,463	114,850,396
Other income	20	1,985,730	575,714
Total Revenue		130,064,193	115,426,110
EXPENSES:			
Purchase of Stock in Trade	21	33,409,678	35,182,724
Changes in inventories of finished goods, work in progress & traded goods	22	(1,036,046)	3,805,356
Employee benefits expense	23	45,784,582	37,701,496
Finance Costs	24	225,383	21,159,322
Depreciation and amortization expense	10	7,160,394	6,710,637
Other Expenses	25	43,290,827	39,317,728
Total Expenses		128,834,819	143,877,263
Profit /(Loss) before tax before exceptional items		1,229,374	(28,451,154)
Exceptional items	26	-	36,502,427
Profit /(Loss) before tax		1,229,374	8,051,273
Less: Tax Expenses:			
Current Tax		1,834,000	1,860,000
MAT Credit Entitlement / (Utilisation)		1,860,000	(1,860,000)
Deferred Tax Charge / (Benefits)		(2,936,820)	(1,199,078)
Short / (Excess) provision for tax of earlier years		(452,490)	-
Total Tax Expenses		304,690	(1,199,078)
Profit/(Loss) for the Year		924,683	9,250,351
Earnings per equity share: (face value of Rs. 10/- each)			
- Basic	27	0.18	1.85
- Diluted		0.18	1.85
Significant Accounting Policies	1		
Accompanying Notes to Accounts	29		

In terms of our report of even date

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

Suresh Murarka
Partner
Mem. No. 044739

Place : Mumbai
Date: 30th May 2017

For and on behalf of the Board of Directors
Starcom Information Technology Limited

Mr. Ziaulla Sherif
Managing Director
(DIN - 00002098)

Mr. Mukhtar Ahmad
Chief Financial Officer

Place : Bengaluru
Date: 30th May 2017

Mr. Maddur Gundurao Mohankumar
Director
(DIN - 00020029)

Nidhi Sharma
Company Secretary

Cash Flow Statement for the year ended 31st March, 2017

(Amount in Rs.)

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
A CASH FLOW FROM OPERATING ACTIVITIES:		
Net profit/(loss) before tax and exceptional items	1,229,374	(28,451,154)
<u>Adjustments for :</u>		
Depreciation on Fixed Assets	7,160,394	6,710,637
Interest expense	-	20,997,652
Sundry Balance written off	1,180,608	272,369
Interest income	(83,023)	(25,470)
Operating profit before working capital changes	9,487,352	(495,966)
Adjustments for :		
Increase / (Decrease) in Other Liabilities	12,614,095	14,588,920
Increase / (Decrease) in Provisions	2,364,267	1,460,107
Increase / (Decrease) in Trade Payables	9,075,099	16,099,170
Decrease / (Increase) in loans and advances	828,445	1,131,175
Decrease / (Increase) in Inventories	(1,036,046)	3,805,356
Decrease / (Increase) in Trade Receivables	37,970,694	(67,281,641)
Decrease / (Increase) in Other Assets	3,163,409	22,099,013
Cash generated from / (used in) operations	74,467,315	(8,593,866)
Direct taxes paid	(2,966,898)	(985,403)
Net cash flow from / (used in) operating activities	71,500,417	(9,579,269)
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets (Including Capital Work in progress)	(30,828,475)	(28,389,803)
Redemption / maturity of bank deposits (having maturity period more than 3 months)	(96,417)	(9,008)
Interest income	83,023	25,470
Net cash flow from / (used in) investment activities	(30,841,869)	(28,373,341)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds form issues of Long term Borrowings (Net)	(43,603,162)	252,805,000
Proceeds form issues of Short term Borrowings (Net)	-	(191,290,392)
Interest Expenses	-	(20,997,652)
Net cash flow from / (used in) financing activities	(43,603,162)	40,516,956
Net increase / (decrease) in cash and cash equivalents	(2,944,615)	2,564,346
Cash and cash equivalents at the beginning of the year	3,632,849	1,068,503
Cash and cash equivalents at the end of the year	688,234	3,632,849

Note :

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

(Amount in Rs.)

Particulars	As at 31.03.2017	As at 31.03.2016
Cash in hand	121,837	47,015
Balances with Banks	566,397	3,585,834
	688,234	3,632,849

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

As per our report of even date attached
For S G C O & Co. LLP
Chartered Accountants
Firm Reg. No. : 112081W

Suresh Murarka
Partner
Mem. No. 044739

Place : Mumbai
Date: 30th May 2017

For and on behalf of the Board of Directors
Starcom Information Technology Limited

Mr. Ziaulla Sheriff
Managing Director
(DIN - 00002098)

Mr. Mukhtar Ahmad
Chief Financial Officer

Place : Bengaluru
Date: 30th May 2017

Mr. Maddur Gundurao Mohankumar
Director
(DIN - 00020029)

Nidhi Sharma
Company Secretary

Accompanying Notes to the financial statements for the Year ended March 31, 2017**Note 1 : Significant Accounting Policies:****A Company Profile**

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

B Basis of Accounting:

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

C Use of Estimates:

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

D Fixed Assets:**Tangible Assets**

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

Intangible Assets

Intangible assets are recorded at the consideration paid for acquisition of such assets and are carried at cost less accumulated depreciation and impairment.

Software product development cost are expenses as incurred unless technical and commercial feasibility of project is demonstrated, future economic benefits are probable, the company has an intention and ability to complete or sell the softwares and cost can be measured reliably. The cost which can be capitalised include the cost of material, direct labour and overhead cost that are directly attributable to preparing the assets for intended purpose.

Research cost are expenses as incurred.

Intangible Assets under development

Intangible Assets under development comprises the cost of fixed assets that are not yet ready for their intended use at reporting date.

E Depreciation and Amortisation:

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

F Impairment of Fixed Assets:

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

G Revenue Recognition:

- i) Revenue is recognized when all significant risks and rewards of ownership of the goods are passed on to the buyer and no significant uncertainty exists as to its realization or collection.
- ii) Revenue from sale of products is recognised, in accordance with the sales contract, on delivery of goods to the customer.
- iii) Business facility income is recognised on accrual basis as per the terms of contract.

- iv) Income from Annual Maintenance Contract (AMC) is recognised on accrual basis as per the period of the contract.
- v) Interest is recognised on a time proportion basis taking in to account the amount outstanding and the rate applicable.
- vi) Offshore Development Charges income (ODC) is recognised on accrual basis as per the terms of contract.

H Foreign Currency Transactions:

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

I Inventories

- i) Finished Goods are valued at lower of cost or net realisable value.
- ii) Cost is arrived on First in First Out basis.

J Investments:

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

K Provisions and Contingent Liabilities:

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

L Employee Benefits:-

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

M Accounting for Taxes of Income:-

Current Taxes

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

Deferred Taxes

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

Minimum Alternative Tax

Minimum Alternative Tax (MAT) credit is recognised as an assets in accordance with the recommendation contained in the Guidance note issued by the Institute of Chartered Accountants of India. The said assets is created by way of credit to the Statement of Profit and Loss and shown as MAT credit entitlement . The Company review the same at each Balance Sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

Accompanying Notes to the financial statements for the Year ended March 31, 2017

(Amount in Rs.)

Note 2 : Share Capital

a. Details of authorised, issued and subscribed share capital

Particulars	As at March 31, 2017	As at March 31, 2016
Authorised Capital		
55,00,000 Equity Shares of Rs 10 each	55,000,000	55,000,000
Issued,Subscribed and Paid up		
50,00,600 Equity Shares of Rs 10 each fully paid up	50,006,000	50,006,000
	50,006,000	50,006,000

b. Reconciliation of Number of Equity Shares

Particulars	As at March 31, 2017		As at March 31, 2016	
	Number	Rs.	Number	Rs.
Shares outstanding at beginning of the year	5,000,600	50,006,000	5,000,600	50,006,000
Shares Issued during the year	-	-	-	-
Shares outstanding at the end of the year	5,000,600	50,006,000	5,000,600	50,006,000

c. Terms / Right attached to Equity Shares

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

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

d. Shareholders having more than 5% shareholding

Name of Shareholder	As at March 31, 2017		As at March 31, 2016	
	No of Equity shares held	Percentage	No of Equity shares held	Percentage
Mr. Ziaulla Sheriff	3,836,857	76.73%	3,836,857	76.73%

Note 3 : Reserves & Surplus

Particulars	As at March 31, 2017	As at March 31, 2016
Surplus / (Deficit) in Statement of Profit & Loss		
Balance at the beginning of the year	(28,514,091)	(37,764,443)
Add: Surplus/(Deficit) as per the statement of profit & loss	924,683	9,250,351
Closing balance (Deficit as per statement of profit and loss)	(27,589,408)	(28,514,091)

Note 4 : Long Term Borrowings (Unsecured)

Particulars	As at March 31, 2017	As at March 31, 2016
Loan from a Director *	126,666,107	170,269,269
	126,666,107	170,269,269

* - The said loan is interest free and repayable after 31st March, 2018.

Note 5 : Other Long-Term Liabilities

Particulars	As at March 31, 2017	As at March 31, 2016
Unbilled Lease Rentals	-	17,345
	-	17,345

Accompanying Notes to the financial statements for the Year ended March 31, 2017

(Amount in Rs.)

Note 6 : Long-term Provisions

Particulars	As at March 31, 2017	As at March 31, 2016
Provision for Gratuity	2,818,234	1,240,145
Provision for Leave Encashment	2,225,177	1,601,065
	5,043,411	2,841,210

Note 7 : Trade Payables

Particulars	As at March 31, 2017	As at March 31, 2016
Due to Micro, Small & Medium enterprises (refer note below)*	1,777,650	1,233,375
Others	69,211,093	60,680,269
	70,988,743	61,913,644

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

Particulars	As at March 31, 2017	As at March 31, 2016
The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of accounting year; * *	1,777,650	1,233,375
The amount of interest paid by the buyer under MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the due date during each accounting year;	-	-
The amount of interest due and payable for the period (where the principal has been paid but interest under the MSMED Act, 2006 not paid);	-	-
The amount of interest accrued and remaining unpaid at the end of accounting year; and	-	-
The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23.	-	-

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

Note 8 : Other Current Liabilities

Particulars	As at March 31, 2017	As at March 31, 2016
Advance from Customers	39,326	-
Unbilled Lease rentals	-	6,960
Statutory Dues Payable	31,918,696	22,003,969
Outstanding Expenses Payable	5,445,796	4,052,026
Annual Maintenance Contract (AMC) received in advance	6,058,672	4,768,095
	43,462,490	30,831,050

Note 9 : Short Term Provisions

Particulars	As at March 31, 2017	As at March 31, 2016
Provision for Gratuity	10,354	3,694
Provision for Leave Encashment	354,952	199,546
Provision for tax (Net of Advance Tax & TDS)	1,144,100	869,488
	1,509,406	1,072,728

Accompanying Notes to the financial statements for the Year ended March 31, 2017

(Amount in Rs.)

Note 10 : Fixed Assets

(Amount in Rs.)

Particulars	Gross Block				Accumulated Depreciation				Net Block		
	As at April 1, 2016	Additions during the Year	Adjustments	Deletion	As at March 31, 2017	Upto March 31, 2016	Depreciation for the Year	Reversal of Accumulated depreciations	Upto March 31, 2017	As at March 31, 2017	As at March 31, 2016
A.) Tangible Assets											
Leasehold Improvements	18,209,079	-	-	-	18,209,079	12,913,576	3,757,142	-	16,670,719	1,538,360	5,295,502
Furniture & Fixtures	4,155,686	-	-	-	4,155,686	2,360,725	421,161	-	2,781,885	1,373,801	1,794,961
Office Equipments	5,590,386	15,850	-	-	5,606,236	4,262,438	548,473	-	4,810,911	795,326	1,327,949
Computers	6,731,145	496,823	-	-	7,227,968	3,743,885	1,431,349	-	5,175,234	2,052,734	2,987,260
Total (A)	34,686,296	512,673	-	-	35,198,969	23,280,624	6,158,125	-	29,438,749	5,760,220	11,405,672
B.) Intangible Assets											
Software -Star DQ		32,163,904			32,163,904	-	1,002,269		1,002,269	31,161,635	-
		- 32,163,904			- 32,163,904		- 1,002,269		- 1,002,269	31,161,635	-
C.) Intangible Assets under Development											
Intangible Assets *	126,532,570	30,315,802	-	32,163,904	124,684,468	-	-	-	-	124,684,468	126,532,570
Total (C)	126,532,570	30,315,802	-	32,163,904	124,684,468	-	-	-	-	124,684,468	126,532,570
Total Assets (A+B+C)	161,218,866	30,828,475	-	32,163,904	159,883,437	23,280,624	7,160,394	-	29,438,749	130,444,689	137,938,242
Previous Year	382,829,062	28,389,804	(250,000,000)	-	161,218,866	35,358,431	6,710,637	18,788,443	23,280,624	137,938,242	347,470,631

* - Refer note no. 30(3)

Note 11 : Deferred Tax Assets

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

Particulars	As at March 31, 2017	As at March 31, 2016
Deferred Tax Assets		
Excess of net block of fixed assets as per tax purpose over net block as per books of accounts	2,714,843	2,722,346
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	5,083,572	940,735
Others - Unabsorbed Depreciation	-	1,198,514
	7,798,415	4,861,595

Accompanying Notes to the financial statements for the Year ended March 31, 2017

(Amount in Rs.)

Note 12 : Long Term Loans and Advances (Unsecured, considered good)

Particulars	As at March 31, 2017	As at March 31, 2016
Balances with Government authorities	-	292,261
Advance Tax & TDS (Net of Provisions)	1,927,885	3,111,064
	1,927,885	3,403,325

Note 13 : Other Non-Current Assets (Unsecured, considered good)

Particulars	As at March 31, 2017	As at March 31, 2016
Deposits	5,427,640	5,382,090
Fixed deposits (Maturity more than 12 months)*	299,150	
	5,726,790	5,382,090

*Pledged against bank guarantee

Note 14 : Inventories (Valued at lower of cost or Net Realisable Value)

Particulars	As at March 31, 2017	As at March 31, 2016
Stock in Trade	2,343,155	1,307,109
	2,343,155	1,307,109

Note 15 : Trade Receivables (Unsecured, Considered good))

Particulars	As at March 31, 2017	As at March 31, 2016
Trade receivables outstanding for a period more than six months from due date of payment	26,866,244	67,126,360
Others	59,579,870	58,471,055
	86,446,114	125,597,416

Trade Receivable - Due from Related parties

Particulars	As at March 31, 2017	As at March 31, 2016
Cubeware India Private Limited	-	412,810

Accompanying Notes to the financial statements for the Year ended March 31, 2017

(Amount in Rs.)

Note 16 : Cash and Bank Balances

Particulars	As at March 31, 2017	As at March 31, 2016
Cash & Cash Equivalents		
<u>a. Balances with banks</u>		
- In Current Accounts	566,397	3,585,834
b. Cash in Hand	121,837	47,015
a)	688,234	3,632,849
 Other Bank Balances		
a. In Fixed Deposits *	195,825	99,408
b)	195,825	99,408
(a + b)	884,059	3,732,257

* Pledged against Bank Guarantee

Note 17 : Short Term Loans and Advances (Unsecured, Considered good)

Particulars	As at March 31, 2017	As at March 31, 2016
Advances Recoverable in Cash or in Kind or for value to be received	1,374,398	650,653
Prepaid Expenses	84,013	567,146
Deposits	1,844,446	1,438,063
	3,302,857	2,655,862

Note 18 : Other Current Assets (Unsecured, Considered good)

Particulars	As at March 31, 2017	As at March 31, 2016
Interest accrued on Deposits	51,152	23,805
MAT Credit Entitlement	-	1,860,000
Unbilled Revenue	-	1,675,456
	51,152	3,559,261

Note 19 : Revenue from operations

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Sales	103,840,244	78,289,649
Software Services Income	24,238,219	36,560,747
	128,078,463	114,850,396

Accompanying Notes to the financial statements for the Year ended March 31, 2017

(Amount in Rs.)

Revenue from Operation

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Test, Measurement & Embedded Solutions for Educational Sector	41,575,968	47,726,969
Data Quality, Statistical & Analytics Softwares	86,502,495	67,123,427
Total Revenue from operations	128,078,463	114,850,396

Note 20 : Other Income

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Interest Income	83,023	25,470
Gain on Foreign Exchange Fluctuations (net)	-	509,481
Liabilities no Longer Payable written back	1,902,707	40,763
	1,985,730	575,714

Note 21 : Purchases of stock-in-trade

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Purchases	33,409,678	35,182,724
	33,409,678	35,182,724

Particulars of traded goods purchases:

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Test, Measurement & Embedded Solutions for Educational Sector	33,409,678	35,182,724
	33,409,678	35,182,724

Note 22 :- Changes in inventories of Finished goods, work-in-progress & traded goods

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Opening Inventory		
Test, Measurement & Embedded Solutions for Educational Sector	1,307,109	5,112,464
	1,307,109	5,112,464
Closing Inventory		
Test, Measurement & Embedded Solutions for Educational Sector	2,343,155	1,307,109
	2,343,155	1,307,109
	(1,036,046)	3,805,356

Accompanying Notes to the financial statements for the Year ended March 31, 2017

(Amount in Rs.)

Note 23 : Employee benefits expenses

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Salaries	41,099,869	32,619,122
Contribution to Provident Fund and Others welfare fund	1,626,306	2,705,866
Gratuity	1,584,749	630,399
Leave Encashment	982,426	1,104,758
Staff Welfare Expenses	491,233	641,351
	45,784,582	37,701,496

Note 24 : Finance Cost

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Interest Expenses	-	20,997,652
Bank Charges	225,380	161,670
	225,380	21,159,322

Note 25 : Other Expenses

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Rent Expenses [Refer Note 29(VI)]	12,427,528	16,997,396
Software Maintenance Charges	1,456,957	1,765,429
Repair & Maintenance - Others	2,039,196	1,398,132
Travelling & Conveyance	9,481,125	7,100,516
Advertisement and Business Promotion Expenses	1,597,856	660,122
Electricity Expenses	1,254,286	1,584,481
Security Expenses	416,473	451,541
House Keeping Expenses	532,961	484,481
Communication Costs	947,676	1,099,282
Printing & Stationery	395,150	566,651
Legal & Professional Charges	4,592,844	2,481,528
Auditor's Remuneration	1,543,000	1,245,000
Loss on Foreign Exchange Fluctuations (net)	950,516	-
Interest on Delayed Statutory Payments	4,324,251	1,727,694
Miscellaneous Expenses	1,331,007	1,755,474
	43,290,827	39,317,728

Remuneration to Auditors (Excluding Service Tax)

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
For Audit Fees	1,200,000	900,000
For Tax Audit	285,000	285,000
For Other Services	58,000	60,000
	1,543,000	1,245,000

Accompanying Notes to the financial statements for the Year ended March 31, 2017

(Amount in Rs.)

Note 26 : Exceptional Items

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Reversal of Interest on Temporary Overdraft - TOD	-	23,519,613
Reversal of Amortisation on Intangible Assets (Refer Note 29(3))	-	12,982,814
	-	36,502,427

Note 27 : Earnings Per Equity Shares

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Basic Earnings per Share		
Profit / (Loss) attributable to Equity shareholders	924,683	9,250,351
Weighted average number of equity shares	5,000,600	5,000,600
Basic Earnings Per Share	0.18	1.85
Dilutive Earnings per Share		
Profit / (Loss) after adjusting interest on potential equity shares	924,683	9,250,351
Weighted average number of equity share after considering potential equity shares	5,000,600	5,000,600
Dilutive Earnings per Share	0.18	1.85

Note 28 : Contingent Liabilities

- Disputed claims in respect of provident fund amounting to Rs 26,84,662 (P.Y Rs 26,84,662). (paid under protest Rs. 10,87,985 included under Note 18)
- Disputed claims in respect of penal damages against non payment of provident fund amounting to Rs.12,50,183.(P.Y Nil)
- Guarantee given by bank on behalf of Company amounting to Rs. 4,94,975(P.Y. 99,408)

Note 29 : Accompanying Notes to Accounts

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

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

A. Gratuity

Actuarial assumption:

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Salary Growth *	10%	10%
Discount Rate	7.36%	7.80%
Withdrawal Rate	7.50%	10%

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

Accompanying Notes to the financial statements for the Year ended March 31, 2017

(Amount in Rs.)

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

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Present value of obligation as at the beginning of the year:	1,243,839	613,440
Interest cost	97,019	47,793
Current service cost	1,240,973	879,758
Benefits paid	-	-
Actuarial (gain) / loss on obligation	246,756	(297,152)
Closing Present value of obligation	2,828,587	1,243,839

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

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Actuarial gain/ (loss) for the year obligation	2,828,587	1,243,839
Total (gain)/ loss for the year	246,756	(297,152)
Actuarial (gain)/ loss recognised during the year.	3,075,343	946,687

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

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Present value of obligation as at the end of the year	(2,828,587)	(1,243,839)
Funded value of assets (unfunded)	-	-
Net assets / (liability) recognised in balance sheet	(2,828,587)	(1,243,839)

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

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Current service cost	1,240,973	879,758
Past service cost	-	-
Interest cost	97,019	47,793
Expected return on plan assets	-	-
Net actuarial (gain) / loss recognized in the year	246,756	(297,152)
Expenses recognised in the statement of profit and loss	1,584,748	630,399

(v) Amount recognised in current and previous three years

Particulars	As at 31st March			
	2017	2016	2015	2014
Gratuity				
Experience Adjustments of Plan Liabilities- Loss/(Gain)	(147,496)	(297,152)	(238,048)	199,999
Experience Adjustments of Plan Assets- Loss/(Gain)		-	-	-
Other Adjustments		-	-	-

Accompanying Notes to the financial statements for the Year ended March 31, 2017

(Amount in Rs.)

B. Leave Encashment

Actuarial assumption:

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Salary Growth *	10%	10%
Discount Rate	7.36%	7.80%
Withdrawal Rate	7.5%	10%
Leave Availment Rate (P.a)	5%	2%

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

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

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Present value of obligation as at the beginning of the year:	1,800,612	970,904
Interest cost	134,263	71,586
Current service cost	923,862	711,543
Benefits paid	(158,576)	(275,049)
Actuarial (gain) / loss on obligation	(120,032)	321,629
Closing Present value of obligation	2,580,128	1,800,612

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

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Actuarial gain/ (loss) for the year obligation	(120,032)	321,629
Total (gain)/ loss for the year	-	-
Actuarial (gain)/ loss recognised during the year.	(120,032)	321,629

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

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Present value of obligation as at the end of the year	2,580,128	1,800,612
Funded value of assets (unfunded)	-	-
Net assets / (liability) recognised in balance sheet	2,580,128	1,800,612

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

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Current service cost	923,862	711,543
Past service cost	-	-
Interest cost	134,263	71,586
Expected return on plan assets	-	-
Net actuarial (gain) / loss recognized in the year	(120,032)	321,629
Expenses recognised in the statement of profit and loss	982,426	1,104,758

Accompanying Notes to the financial statements for the Year ended March 31, 2017

(Amount in Rs.)

- 3) During the Previous year, the management has decided not to acquire Sigmaplot & Systat product range in the Company due to commercial expediency. Accordingly, an advance payment amounting to Rs. 25,00,00,000/- done by the Company in the earlier years which was erroneously capitalised in the previous year ended 31st March 2015 along with the various expenses of Rs. 10,07,48,762 incurred on the certain other under-development IP's / Softwares have been reversed and the amortisation charge upto previous year on the aforesaid capitalisation amounting to Rs. 1,29,82,814 (net of deferred tax assets amounting to Rs. 58,05,629) has also been reversed and disclosed as Exceptional Item.

4) Related Party disclosures

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

i.) List of related parties

Name of the Party	Relationship
Mr. Ziaulla Sheriff	Managing Director
Mr. Mukhtar Ahmad (from 31st March 2017)	Chief Financial officer
Miss Preeti Verma (upto 12th August 2016)	Company Secretary
Mrs. Nidhi Sharma (from 19th August 2016)	Company Secretary
Cubeware India Private Limited	Company in which director is interested as director

ii.) Transactions with Related Parties :

(Amount in Rs.)

Name of Party	Nature of Trans- action	Year Ended March 31, 2017	Year Ended March 31, 2016
Mr. Ziaulla Sheriff	Loan taken	40,404,598	262,600,000
Mr. Ziaulla Sheriff	Loan repaid	84,007,760	259,795,000
Miss Preeti Verma	Salary Paid	149,755	231,877
Mrs. Nidhi Sharma	Salary Paid	246,160	-

iii.) Balance Outstanding of Related Parties :

Name of Party	Receivable / Pay- able	Year Ended March 31, 2017	Year Ended March 31, 2016
Mr. Ziualla Sheriff	Rent Payable	25,835,989	25,835,989
Mr. Ziualla Sheriff	Loans Payable	126,666,107	170,269,269
Miss Preeti Verma	Salary Payable	-	31,440
Mrs Nidhi Sharma	Salary Payable	29,533	-
Cubeware India Private Limited	Trade Receivable	-	412,810

Note: 1) Related Parties are as disclosed by the Management and relied upon by the auditors.

2) No amount pertaining to related parties have been provided for as doubtful debts. Also no amount has been written off/back which was due from/to related parties.

Accompanying Notes to the financial statements for the Year ended March 31, 2017

(Amount in Rs.)

5) Segment Information

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

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

The company operates into two business segments as required to be reported as per Accounting Standard 17 on Segment Reporting, (a) Test, Measurement & Embedded solutions for Educational sector (b) Data Quality, Statistical and Analytics Softwares. The requirement of Segment reporting as per AS 17 as specified in Sec 133 of Companies Act, 2013 read with the rule 7 of Companies (Accounts) Rules, 2014 are as follows :

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
A. Segment Revenue		
1. Test, Measurement & Embedded Solutions for Educational Sector	41,575,968	47,726,969
2. Data Quality, Statistical & Analytics Softwares	86,502,495	67,123,427
Total Revenue	128,078,463	114,850,396
B. Segment Results		
1. Test, Measurement & Embedded Solutions for Educational Sector	10,043,341	9,863,642
2. Data Quality, Statistical & Analytics Softwares	59,037,592	44,593,437
Total	69,080,932	54,457,079
Less: i) Finance Charges	225,383	21,159,322
ii) Unallocable Expenditure net off income	67,626,176	61,748,910
iii) Exceptional items	-	(36,502,427)
Total Profit Before Tax	1,229,374	8,051,274
Less: Tax Expenses	304,690	(1,199,078)
Total Profit After Tax	924,683	9,250,352
C. Segments Assets		
1. Test, Measurement & Embedded Solutions for Educational Sector	26,454,424	19,039,302
2. Data Quality, Statistical & Analytics Softwares	220,520,369	236,073,248
3. Unallocated	23,111,958	33,324,605
Total	270,086,751	288,437,155
D. Segment Liabilities		
1. Test, Measurement & Embedded Solutions for Educational Sector	15,963,045	16,445,334
2. Data Quality, Statistical & Analytics Softwares	8,747,557	758,916
3. Unallocated	222,959,555	249,740,996
Total	247,670,158	266,945,246
D. Non Cash Expenditures		
<u>Depreciation & Amortisations</u>		
1. Test, Measurement & Embedded Solutions for Educational Sector	-	-
2. Data Quality, Statistical & Analytics Softwares	1,002,269	-
3. Unallocated	6,158,125	6,710,637
Total	7,160,394	6,710,637

Accompanying Notes to the financial statements for the Year ended March 31, 2017

(Amount in Rs.)

6) The Company has taken premises on operating lease and entered in to non-cancellable Leave and License Agreements with various parties. An amount of Rs 1,24,36,343(P.Y. Rs. 1,69,97,396/-) is recognised as lease expense in the Statement of Profit and Loss for the period ended 31th March, 2017. The disclosure required to be made in accordance with Accounting Standard 19 on “Leases” is as under ;

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

(Amount in Rs.)

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
- Less than one year	2,182,125	26,620,200
- Later than one year but not later than five years	-	4,724,912
- Later than five years	-	-
TOTAL	2,182,125	31,345,112

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

7) Unhedged Foreign Currency Exposure

Nature of Payment	Currency	Foreign Currency	Exchange rate	As at March 31, 2017	Foreign Currency	Exchange rate	As at March 31, 2016
Receivable - Debtors	USD	325,292	64.83	21,088,671	523,710	66.33	34,737,694
	EURO	-	-	-	405,293	75.09	30,433,461
Payable - Creditors	USD	-	-	-	16,243	66.33	1,077,400

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

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

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Test, Measurement & Embedded Solutions for Educational Sector	5,807,696	7,680,919
TOTAL	5,807,696	7,680,919

b) Earnings in Foreign Currency

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Revenue from Operations	50,751,014	29,491,285
	50,751,014	29,491,285

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

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Travelling Expenses	4,404,203	144,557
Advertisement and business promotion expenses	505,248	-
TOTAL	4,909,451	144,557

Accompanying Notes to the financial statements for the Year ended March 31, 2017

(Amount in Rs.)

- 9) The details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016 as per notification dated 30th March, 2017 issued by Ministry of Corporate Affairs is as follows :

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11. 2016	-	48,923	48,923
(+) Permitted receipts	-	173,863	173,863
(-) Permitted payments	-	196,384	196,384
(-) Amount deposited in Banks	-	-	-
Closing cash in hand as on 30.12. 2016	-	26,402	26,402

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

In terms of our report of even date
For S G C O & Co. LLP
Chartered Accountants
Firm Reg. No. : 112081W

Suresh Murarka
Partner
Mem. No. 044739

Place : Mumbai
Date: 30th May 2017

For and on behalf of the Board of Directors
Starcom Information Technology Limited

Mr. Ziaulla Sheriff
Managing Director
(DIN - 00002098)

Mr. Mukhtar Ahmad
Chief Financial Officer

Place : Bengaluru
Date: 30th May 2017

Mr. Maddur Gundurao Mohankumar
Director
(DIN - 00020029)

Nidhi Sharma
Company Secretary

STARCOM INFORMATION TECHNOLOGY LIMITED
Registered Office: 73/1, Sheriff Centre, 5th Floor, St. Marks Road, Bangalore-560001

Website: www.starcominfotech.com, Email: info@starcominfotech.com
Phone: +91 80 2227 8283/ 2227 1797, Fax: +91 80 2227 8131/32
CIN: L67120KA1995PLC078846

ATTENDANCE SLIP

22ndAnnual General Meeting on Monday, 30th October 2017 at 11.30 a.m. at No 150, Diamond District Club House, Old Airport Road, Kodihally, Bangalore 560008.

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

DP ID – Client ID/ Folio No. :	
Name of the registered Address of Sole Member and e-mail id:	
Name of Joint Holder(s), If any (In Block Letters):	
Name of the proxy:	
No. of shares held :	

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

I hereby record my presence at the 22ndAnnual General Meeting of the Company on Monday, 30th October 2017 at 11.30 a.m. at No 150, Diamond District Club House, Old Airport Road, Kodihally, Bangalore 560008.

.....
Signature of member/Authorized Representative/proxy holder(s)



Form No. MGT-11

PROXY FORM

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

CIN : L67120KA1995PLC078846
Name of the Company : Starcom Information Technology Limited
Registered office : 73/1, Sheriff Centre, 5th Floor, St. Marks Road, Bangalore - 560001

22nd Annual General Meeting – Monday, 30th October 2017

Name of the member (s):
Registered Address:
E-mail Id:
Folio no. /Client ID:
DP ID:

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

- 1. Name:..... Email Id:.....
Address:.....
Signature:....., or failing him/her
2. Name:..... Email Id:.....
Address:.....
Signature:....., or failing him/her
3. Name:..... Email Id:.....
Address:.....
Signature:....., or failing him/her

as my/our proxy to attend and vote for me/us and on my/our behalf at the Twenty Second Annual General Meeting of the Company to be held on Monday, 30th October 2017 at No 150, Diamond District Club House, Old Airport Road, Kodihally, Bangalore 560008 and at any adjournment thereof in respect of such resolutions as are indicated below:

Table with 4 columns: Res. No., Description, For, Against. Rows include Ordinary Business (Audited Financial Statement, Director appointment, Statutory Auditors) and Special Business (Independent Director appointment).

Signed this _____ day of _____ 20__

Signature of Shareholder



Signature of Proxy holder(s)

Signature of Proxy holder(s)

Signature of Proxy holder(s)

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

Courier

If undelivered, please return to,

STARCOM INFORMATION TECHNOLOGY LIMITED

#73, Sheriff Centre, St. Marks' Rd,
Bangalore 560001