

STARCOM INFORMATION TECHNOLOGY LIMITED

21st Annual Report

Financial Year 2015-16

Board of Directors:

Mr. Ziaulla Sheriff	- Chairman & Managing Director
Mr. Maddur Gundurao Mohan Kumar	- Independent Director
Ms. Sayeeda Hina	- Non Executive Director
Mr. Laxminarayan Purohit	- Non Executive Director (up to 19 th May 2016)

Company Secretary and Compliance officer:

Ms. Preeti Verma (w.e.f. 1 st September 2015 till 19 th August 2016)
Ms. Nidhi Sharma (w.e.f. 20 th 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:

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

Registrar & Share Transfer Agent:

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

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NOTICE

Notice is hereby given that the Twenty First Annual General Meeting of the Members of **Starcom Information Technology Limited** will be held on Friday, 30th day of September 2016 at 11.30 a.m. at No. 150, Diamond District Club House, Old Airport Road, Kodihally, Bangalore 560008 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the Financial Year ended 31st March 2016, including the Audited Balance sheet as at 31st March 2016, audited Statement of Profit and Loss and the Cash flow Statement of the Company for the year ended 31st March 2016 and notes related thereto together with the Reports of the Directors' and the Auditors' thereon.
2. To appoint a Director in place of Ms. Sayeeda Hina (DIN: 03642269), who retires by rotation and being eligible, offers herself for re-appointment.
3. **Ratification of appointment of Statutory Auditors:**

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

“RESOLVED THAT pursuant to the provisions of Section 139, 141 and 142 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modifications or re-enactment thereof for the time being in force) and pursuant to the recommendation of the Audit Committee and the Board of Directors, the appointment of M/s. S G C O & Co., (formerly known as Singrodia Goyal & Co.) Chartered Accountants, Mumbai (Firm Registration No. 112081W), who were appointed as the Statutory Auditors of the Company at the 19th Annual General Meeting, to hold office for a period of 3 (three) years i.e. till the conclusion of the 22nd Annual General Meeting of the Company, be and is hereby ratified in this Annual General Meeting till the conclusion of the next Annual General Meeting and the Board of Directors of the Company be and are hereby authorized to fix remuneration at a later date.”

SPECIAL BUSINESS:

4. **Re-appointment of Mr. Ziaulla Sheriff (DIN: 00002098), as the Chairman and Managing Director of the Company:**

To consider, and if thought fit, to pass the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 152, 196, 197, 198, 203 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Schedule V and all other applicable provisions, if any, of the Companies Act, 2013 (“the Act”), and rules made there under (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), and Articles of Association of the Company and subject to the approvals, consents, permissions, sanctions etc., of the Central Government and all other concerned statutory, regulatory and other authorities, if any, to the extent applicable and required and subject to such conditions and modifications as may be prescribed, stipulated or imposed by any of them while granting such approvals, consents, permissions, sanctions and the like, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the ‘Board’ which shall include duly authorized Committee thereof for the time being in force exercising the powers conferred upon it by the Board), and as per the recommendation of Nomination and remuneration Committee and the Board of Directors, the approval of the Members of the Company be and is hereby given for the re-appointment of Mr. Ziaulla Sheriff(DIN: 00002098),on continuation basis, without any interruption/ break in service, as the Chairman and Managing Director of the Company, liable to retire by rotation, for a period of three (3) years with effect from 12th August 2016 to 11th August 2019, on the terms and conditions, including remuneration, as stated in the Explanatory Statement pursuant to Section 102 of the Act annexed to this notice, with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment.

RESOLVED FURTHER THAT where in any financial year during the currency of the tenure of Mr. Ziaulla Sheriff(DIN: 00002098),as the Chairman and Managing Director, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary, benefits, perquisites, allowances, etc., if any, as specified in the draft agreement as the minimum remuneration subject to compliance with the applicable provisions of Sections 197, 198 and all other applicable provisions, if any, of the Act read with Schedule V of the Act as amended from time to time, subject to the approval of the Central Government, if and to the extent necessary and applicable; notwithstanding that the same is in excess of the maximum remuneration permitted to be paid to him under the applicable provisions of the Act.

STARCOM INFORMATION TECHNOLOGY LIMITED

RESOLVED FURTHER THAT the Board of Directors and/or Key Managerial Personnel of the Company be and are hereby authorized to do all such acts, deeds, matters and things as they may, in their absolute discretion, deem necessary, desirable and expedient to give effect to this resolution.”

**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: 31st August 2016

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 Friday, 23rd September 2016 to Friday, 30th September 2016 (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 2015-16, 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 2015-16, 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 up to 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 and Ahmadabad Stock Exchange 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 21st 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 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. Ms. Sayeeda Hina (DIN: 03642269), Director retires by rotation at the Annual General Meeting and being eligible, offers herself for re-appointment. Further, Mr. Ziaulla Sheriff (DIN: 00002098), Chairman and Managing Director of the Company, is proposed to be re-appointed as the Chairman and Managing Director in 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 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 Tuesday, 27th September 2016 at 9.00 a.m. and ends on Thursday, 29th September 2016 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 Friday, 23rd September 2016, 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	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <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)	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. <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 on or after 30th June 2016. 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.

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 Friday, 23rd September 2016.
18. Mr. Hemanshu Kapadia (FCS: 3477 and CP 2285), Proprietor of M/s. Hemanshu Kapadia & Associates, Practising 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 Scrutiniser’s 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

Mr. Ziaulla Sheriff (DIN: 00002098), the Chairman and Managing Director of the Company has played pivotal role in turnaround of Starcom Information Technology Limited. He had started his ventures at an early stage. Mr. Sheriff is one of the earliest and senior most businessmen in Bangalore realty sector. His fine workmanship and business acumen blended with philanthropic way of working for the benefit of society has made him one of the sought after businessman in Bangalore. Over the last decade he has made significant investments in IT, healthcare and education sector. His involvement with the Company will lead it to achieve the vision and mission of the Company.

His present term as the Managing Director of the Company expired on 11th August 2016. However, considering the success the Company has achieved under his leadership and guidance, the Board in its meeting held on 12th August 2016 and based on the recommendation of the Nomination and Remuneration Committee, re-appointed him as the Chairman and Managing Director of the Company w.e.f. 12th August 2016 for a tenure of 3 years, liable to retire by rotation, subject to approval of the members of the Company in the ensuing Annual General Meeting.

Further pursuant to provision of Section 196 of the Companies Act, 2013, the terms and Conditions on basis of which appointment of Mr. Ziaulla Sheriff (DIN: 00002098) as the Chairman and Managing Director is made are provided hereunder.

A. REMUNERATION AND PERQUISITES:

a) *Period of appointment*

The appointment of Mr. Ziaulla Sheriff (DIN: 00002098) as the Managing Director is for the period of 3 years with effect from 12th August 2016 to 11th August 2019.

b) *Salary*

Salary to be paid to Mr. Sheriff shall be up to a maximum of five per cent of the net profit of the Company for that financial year as per the provisions of the Act or a lower sum as may be decided by the Board of Directors or Committee of the Board, if any, from time to time.

c) *Leave*

Paid leave of twenty-one (21) days will be given for every 12 months of service. Unavailed leave can be accumulated maximum up to 42 days. The accumulated leaves can be encashed at the end of every 12 months. Casual leave / sick leave of 9 days will be given for every 12 months service.

d) *Reimbursement of out-of-pocket expenses*

The Company shall reimburse from time to time all expenses that he may be required to incur in the course of performance of duties as Managing Director of the Company.

B. MINIMUM REMUNERATION

Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of his tenure, the Company has no profits or its profits are inadequate, remuneration by way of salary and perquisites shall not exceed the aggregate of the annual remuneration as provided above or the maximum remuneration payable as per the limits set out in Schedule V of the Companies Act, 2013, whichever is lower, unless otherwise determined by the Board of Directors (Which include the Nomination and Remuneration Committee constituted by the Board).

C. POWERS OF THE BOARD TO DECIDE THE REMUNERATION

The Board of Directors (which include the Nomination and Remuneration Committee constituted by the Board) has liberty to alter and vary the remuneration and/or agreement subject to the limits specified in schedule V to the Companies Act, 2013, including any statutory modification or re-enactment thereof for the time being in force or as may hereafter be made by the Central Government in that behalf from time to time or any amendments thereto as may be agreed to between the Board of Directors and Mr. Ziaulla Sheriff (DIN: 00002098).

The Managing Director shall not be paid any sitting fees for attending the meeting of the Board of Directors or Committee/s thereof from the date of his appointment.

D. RESIGNATION

The Managing Director shall be entitled to resign his office upon giving to the Company **three months' notice** in writing expiring at the end of any calendar month of his intention to do so.

E. TERMINATION

The Company shall be entitled to terminate this Agreement:

- (a) by giving not less than three months' notice in writing to the Managing Director, if in the opinion of the Company's Board of Directors that the Managing Director shall have been incapacitated by reasons of his ill health or accident from performing his duties under this Agreement for a total period of six months continuous or otherwise in the preceding period of 12 months, or
- (b) by not less than one month notice in writing if, in the opinion of Company's Board of Directors, the Managing Director shall have committed any serious breach of the terms of this Agreement or shall have been guilty of causing loss (monetary or otherwise) to the Company or of conduct tending to bring the Company of his position as a Managing Director into disrepute or shall commit any act of insolvency, compound with his creditors generally PROVIDED THAT in any of the aforesaid cases the Company shall be entitled to call upon the Managing Director to cease to act as such forthwith from the date on which such notice as aforesaid is served on him if the Company shall offer to pay to the Managing Director his salary under the Agreement for the period of such notice and shall offer to permit the Managing Director to avail of and enjoy the perquisites or benefits to which he is entitled under this Agreement for the period of such notice or recompense the Managing Director in terms of money for such benefits or perquisites or partly one partly the other.

F. RETIREMENT BY ROTATION:

The Managing Director shall be liable to retire by rotation and he shall be reckoned as a Director for the purpose of determining the rotation for retirement of Directors.

Further, the details to be mentioned in the notice, as required under Schedule V of the Companies Act, 2013 is as follows:

General information:

i. Nature of Industry:

The Company is engaged in the business of solution provider in the Data quality, Business Intelligence and data Analytics space.

ii. Date or expected date of Commencement of Commercial Production/operations:

The Company has already started its operations.

iii. In case of new Company, expected date of Commencement of activities as per projects approved by Financial Institutions appearing in the prospectus:

Not Applicable

iv. Financial Performance based on given indicators:

As per the audited financial statements of the Company following are the details of financial performance of the Company during last three years:

(Amt in Rs.)

Particulars	As on 31 st March		
	2016	2015	2014
Turnover	11,48,50,396	10,29,43,725	15,22,89,809
Other Income	5,75,714	3,99,42,175	2,99,46,502
Net Profit (as per Profit & Loss Account)	92,50,351	(4,03,68,094)	86,77,074
Net Worth	2,14,91,909	1,22,41,557	5,26,09,651

Currently the Company is on the path of progress. However, in the event of unforeseen circumstances and conditions beyond the Control of the Company, the profitability of the Company may be affected. Barring unforeseen circumstances, it is expected that the Company will perform well in the future.

v. Foreign Investments or Collaborations, if any:

The Company does not have any Foreign Direct Investment or collaboration with any foreign entities.

Information about the appointee:

1. Background Details:

Mr. Ziaulla Sheriff (DIN: 00002098) is the Chairman and Managing Director of the Company. He is a Bachelor of Engineering, Mechanical. He has knowledge and expertise in IT Industry and related activities.

2. Past Remuneration:

For the period from 1st April 2015 to 31st March 2016, Mr. Ziaulla Sheriff was not paid any remuneration, as the Chairman and Managing Director of the Company.

3. Recognition/Awards:

Nil.

4. Job Profile and Suitability:

Mr. Ziaulla Sheriff (DIN: 00002098) possesses the necessary qualifications and expertise to be the Chairman and Managing Director of the Company. He oversees all the activities of the Company including financial, personnel and commercial management and corporate planning and implementation. He also reviews all financials of the Company, creates plans and programs for the overall development of the Company. He also oversees Board of Directors' meeting and ensures that senior management follows Directors' recommendations while implementing internal controls procedures and systems.

Mr. Ziaulla Sheriff (DIN: 00002098) has requisite knowledge, experience and capacity to handle the projects planned by the Company. He also has the vast experience in the IT Industry. He functions under the control, superintendence and direction of the Board of Directors. In view of his experience in the IT, he is suitable person to take the job.

5. Remuneration proposed:

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.

Reimbursement of out-of-pocket expenses:

The Company shall reimburse from time to time all expenses that he may be required to incur in the course of performance of duties as Managing Director of the Company.

Minimum Remuneration:

Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of his tenure, the Company has no profits or its profits are inadequate, remuneration by way of salary and perquisites shall not exceed the aggregate of the annual remuneration as provided above or the maximum remuneration payable as per the limits set out in Schedule V of the Companies Act, 2013, whichever is lower, unless otherwise determined by the Board of Directors (Which include the Nomination and Remuneration Committee constituted by the Board).

6. Comparative Remuneration Profile with respect to Industry, size of the Company, Profile of the position and person (In case of expatriates, the relevant details would be with respect to the country of his origin):

Name of the Company	Position of Managerial Personnel	Scale of Remuneration (Amount in Rupees)
Cat Technologies Ltd.	Managing Director	Rs. 12,00,000/- p.a.
ObjectOne Information Systems Limited	Managing Director	Rs. 15,00,000/- p.a.

*The amounts mentioned above have been obtained from the Annual reports sent by the Companies to BSE Ltd. for the financial year 2014-15 and which were available on the website of BSE Ltd.

In view of the current financial position of the Company, Mr. Ziaulla Sheriff (DIN: 00002098), has decided not to take any remuneration from the Company.

7. Pecuniary relationship, directly or indirectly with the Company or relationship with the managerial personnel, if any.

Mr. Ziaulla Sheriff (DIN: 00002098), does not have any other pecuniary relationship, directly or indirectly, with the Company or managerial personnel, except to the extent of the payment of the rent made by the Company to M/s. Sheriff and Bhatia Associates, in which Mr. Ziaulla Sheriff is a partner, for using the premises located at Times Square, No. 88 MG Road, Bangalore – 560001, Unsecured loan given by him to the Company and 38,36,857 Equity Shares of the Company held by him in his individual capacity.

Also, Ms. Sayeeda Hina, Non-Executive Director of the Company, is the daughter of Mr. Ziaulla Sheriff.

Other information:

1. Reason for loss/inadequate profits:

The Company has earned profit during the financial year 2015-16. No remuneration is drawn by Mr. Ziaulla Sheriff (DIN: 00002098).

2. Steps taken or proposed to be taken for improvement:

The Company is in the process of maintaining a consistent performance under the guidance and directions of Mr. Ziaulla Sheriff (DIN: 00002098) and is in the process of implementing the future plans designed by the Board. The Company has come out of the losses and has earned Profit during the financial year 2015-16.

3. Expected increase in productivity and profits in measurable terms:

With the steps taken by the Company on operations' front in improving the operating parameters, it is expected that the costs will come down resulting in an increase in profitability of the Company.

Special resolution at Item no. 4 of this Notice seeks the approval of the Members for re-appointment of Mr. Ziaulla Sheriff (DIN: 00002098) as the Chairman and Managing Director of the Company for a term of three consecutive years commencing from 12th August 2016 to 11th August 2019 pursuant to Sections 196 and 197 read with rules made there under and all other applicable provisions of the Act, as amended from time to time. The Board of Directors considers that his continued association with the Company would be of immense benefit to the Company. Accordingly, the Board of Directors recommends Special Resolution as set out at Item no. 4 of this Notice in relation to re-appointment of Mr. Ziaulla Sheriff (DIN: 00002098) as the Chairman and Managing Director for the approval of the Members of the Company.

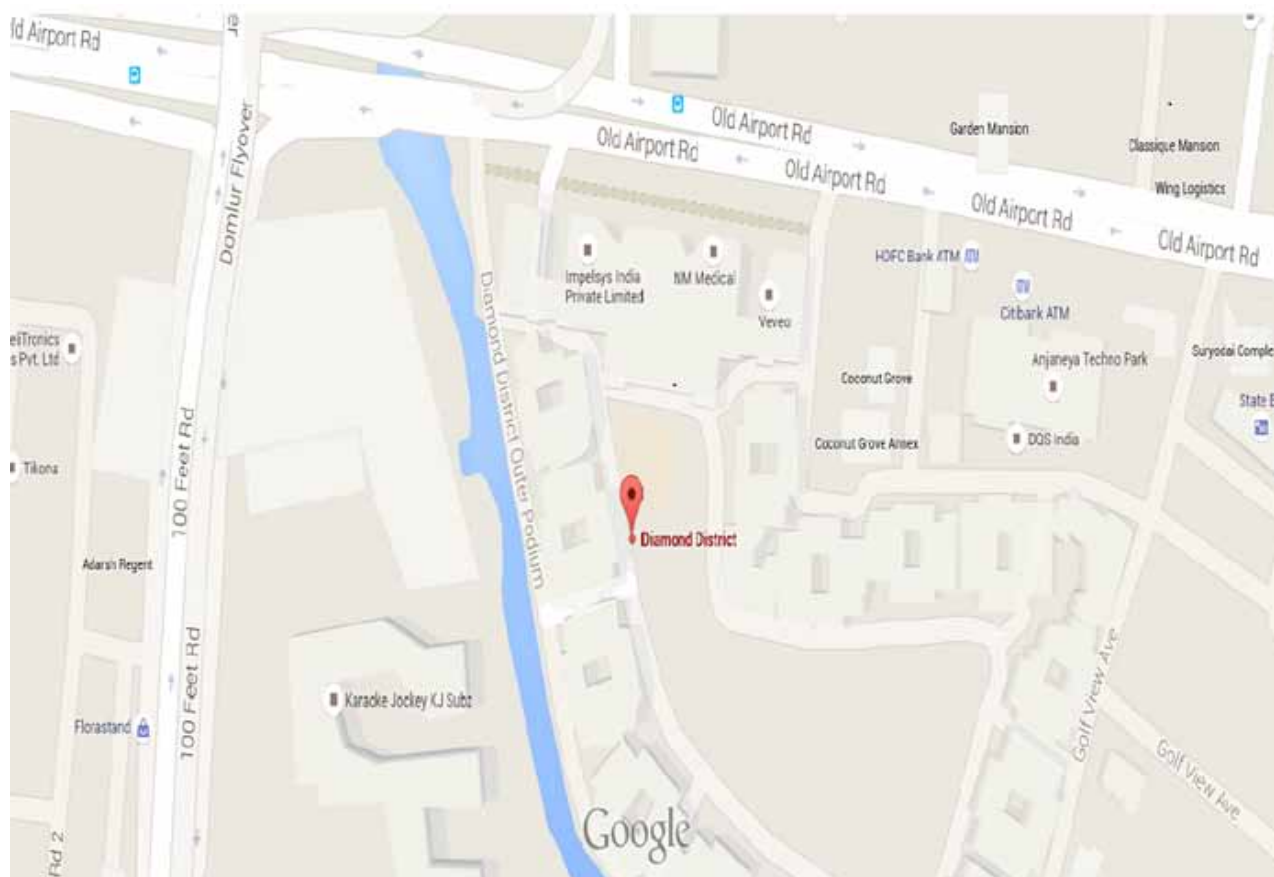
STARCOM INFORMATION TECHNOLOGY LIMITED

None of the Directors and/or Key Managerial Personnel of the Company, except Mr. Ziaulla Sheriff (DIN: 00002098) himself, and Ms. Sayeeda Hina (DIN: 03642269) being the daughter of Mr. Ziaulla Sheriff, are concerned or interested in the said Resolution.

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)	Ms. Sayeeda Hina (DIN: 03642269)
Designation	Managing Director	Non-Executive Director
Date of Birth	23 rd June 1940	11 th October 1966
Age	76 years	49 years
Qualifications	Bachelor of Engineering, Mechanical.	Master of Commerce (M.Com)
Nature of Expertise in specific functional area	He is an expert in the fields of Information Technology and Real Estate	She has an expertise in the field of Accounting and Finance.
Experience	50 years	25 years
Terms and conditions of re-appointment	As given in the explanatory statement to item no. 4	Will continue to act as the Non-Executive Director of the Company
Last drawn remuneration	NIL	NIL
Date of first appointment on the Board	12 th August 2011	8 th November 2014
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.	She is the daughter of Mr. Ziaulla Sheriff, the Chairman and Managing Director of the Company
No. of meetings of the Board attended during the financial year 2015-16	4	3
Other Directorships	Ossoor Estates Limited, Wartyhully Estates Limited, Best Coffee Curing Works Private Limited, India International Coffee Private Limited, Great Southern Coffee Private Limited, Varma Industrial Limited, India Builders Corporation Private Limited, Wisdom World Developers Private Limited, Ramanashree Towers Private Limited, India Coffee Estates Private Limited, Cedar Hills Hospitality Private Limited, IBC Holdings And Investments Private Limited, Cubeware India Private Limited, Pri Technologies Private Limited, IBC Knowledge Park Private Limited, Golf View Homes Limited, Century Galaxy Developers Limited, Imperial Hospital And Research Centre Limited	Ossoor Estates Limited, Wartyhully Estates Limited, Wisdom World Developers Private Limited, Pri Technologies Private 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

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: 31st August 2016
Place: Bangalore
CIN: L67120KA1995PLC078846**

DIRECTORS' REPORT

To,
The Members,

STARCOM INFORMATION TECHNOLOGY LIMITED

The Directors have pleasure in presenting the **Twenty First Annual Report** of the Company and the Audited Financial Statements for the financial year ended **31st March 2016**.

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	2015-16	2014-15
Total Income	11,54,26,110	14,28,85,899
Total Expenditure	14,38,77,263	19,20,42,898
Profit/ (Loss) before Taxation	80,51,273	(4,91,56,999)
Less: Provision for Taxation	(11,99,078)	(87,88,905)
Net Profit after taxation	92,50,351	(4,03,68,094)
Balance carried forward to Balance Sheet	92,50,351	(4,03,68,094)

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.11,48,50,396/- as compared to turnover of Rs. 10,29,43,725/- of previous year registering increase in turnover by 11.57%. The total expenses of the Company during the reporting period have decreased to Rs.14,38,77,263/- from Rs.19,20,42,898/- of the previous year. During the year under review, there was net profit after tax of Rs.92,50,351/- as compared to loss after tax of Rs.4,03,68,094/- during the previous financial year.

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

3. Dividend:

Your Board of Directors expresses its inability to recommend any dividend for the financial year 2015-16.

4. Reserves:

The Company's total reserve are Rs. -2,85,14,091/- for the year under review as compared to Rs. -3,77,64,443/- 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 2016 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.

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:

Mr. Laxminarayan Purohit (DIN: 03599758), Non-Executive Director of the Company tendered his resignation from the Board of the Company. The Board accepted his resignation with effect from 19th May 2016. The Board expresses its gratitude for the contributions made by Mr. Purohit towards the progress of the Company.

In accordance with the requirements of the Companies Act, 2013 and Articles of Association of the Company, Ms. Sayeeda Hina (DIN: 03642269), Non- Executive Director of the Company, retires at the ensuing Annual General Meeting and being eligible, offers herself, for re-appointment pursuant to provisions of Section 152 of the Act.

Further, in accordance with the requirements of the Companies Act, 2013 and Articles of Association of the Company, the term of Mr. Ziaulla Sheriff (DIN: 00002098) as the Chairman and Managing Director of the Company ended on 11th August 2016. The Board of Directors on the recommendation of Nomination and Remuneration Committee in their meeting held on 12th August 2016 approved the re-appointment of Mr. Ziaulla Sheriff as the Chairman and Managing Director of the Company with effect from 12th August 2016 for a period of three (3) years i.e. till 11th August 2019, subject to the approval of the Members of the Company in the ensuing Annual General meeting.

The Board recommends the re-appointment of Mr. Ziaulla Sheriff (DIN: 00002098), as the Chairman and Managing Director of the Company and of Ms. Sayeeda Hina (DIN: 03642269), as a Non-Executive (Woman) Director of the Company to the Members.

The Board of Directors, on recommendation of Nomination and Remuneration Committee, in their meeting held on 1st September 2015, had appointed Ms. Preeti Verma (Membership number- A39128) as the Whole-time Company Secretary (CS) designated as Compliance officer of the Company under the Listing Agreement and termed as the Whole-time Key Managerial Personnel (KMP) of the Company within the meaning of Section 203 of the Companies Act, 2013 with effect from 1st September 2015. However, she tendered her resignation from the post of Company Secretary and Compliance Officer of the Company with effect from 19th August 2016. The Board expresses its gratitude for the contributions made by Ms. Preeti Verma towards the Company. Further, the Board of Directors, on recommendation of Nomination and Remuneration Committee, in their meeting held on 12th August 2016 have appointed Ms. Nidhi Sharma (Membership Number A46079) as the Whole-time Company Secretary (CS) designated as Compliance officer of the Company under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and termed as the Whole-time Key Managerial Personnel (KMP) of the Company within the meaning of Section 203 of the Companies Act, 2013 with effect from 20th August 2016.

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 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 21st 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 Mr. Maddur Gundurao Mohankumar (DIN: 00020029), Independent Director of the Company confirming that he meets 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 Five (5) times during the Financial Year on 30th May 2015, 8th August 2015, 1st September 2015, 9th November 2015 and 12th February 2016. The intervening gap between any two meetings was not more than 120 days as prescribed by the Companies Act, 2013.

13. Details of Committees of the Board:

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

i) Audit Committee:

The Board has an Audit Committee which comprises of three Directors. After the appointment of Ms. Preeti Verma as the Company Secretary & Compliance Officer of the Company, she was appointed as the secretary of the committee. Mr. Laxminarayan Purohit (DIN: 03599758) ceased to be a member of the committee with effect from 19th May 2016 pursuant to his resignation as a Non-Executive Director of the Company. Ms. Sayeeda Hina was appointed as the member of the Audit committee in his place with effect from 30th May 2016. 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) <i>with effect from 30th May 2016</i>	Member	Non-Executive
Mr. Ziaulla Sheriff (DIN: 00002098)	Member	Executive

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

The Company currently has only one Independent Director. The management is in the process of inducting the Independent Directors on the Board. On their appointment, the Company shall reconstitute the Committee.

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 directors. Mr. Laxminarayan Purohit (DIN: 03599758) ceased to be a member of the committee with effect from 19th May 2016 pursuant to his resignation as a Non-Executive Director of the Company. Ms. Sayeeda Hina (DIN: 03642269) was appointed as the member of the Nomination and Remuneration Committee with effect from 30th May 2016. 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) <i>with effect from 30th May 2016</i>	Member	Non-Executive

As per Section 178 of the Companies Act, 2013, Nomination and Remuneration Committee shall consist of 3 or more Non-Executive Directors out of which not less than one half shall be independent directors. After, the resignation of Mr. Laxminarayan Purohit, as the Non-Executive Director of the Company, there are only two Non-Executive Directors in the Company i.e. Mr. Maddur Gundurao Mohankumar (DIN: 00020029), Independent Director and Ms. Sayeeda Hina (DIN: 03642269), Non-Executive Director. The composition of Nomination and Remuneration Committee is not in conformity with Section 178 of the Companies Act, 2013. The management is in the process of inducting Independent Directors on the Board. On their appointment, the Company shall reconstitute 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. Mr. Laxminarayan Purohit (DIN: 03599758) ceased to be a member of the committee with effect from 19th May 2016 pursuant to his resignation as the Non-Executive Director of the Company. Ms. Sayeeda Hina (DIN: 03642269) was appointed as the member of the Stakeholders' Relationship Committee. 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) <i>with effect from 30th May 2016</i>	Member	Non-Executive
Mr. Ziaulla Sheriff (DIN: 00002098)	Member	Executive

The role of the Committee is to consider and resolve securities holders' complaint and to approve/ratify transfer of securities. The meetings of the Committee are held once in a quarter and the complaints, 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 the 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 Code of Corporate Governance as required under clause 49 of the Listing Agreement and corporate governance provisions as specified in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, even though Clause 49 and the said corporate governance provisions are not mandatory to the Company.

15. Auditors:

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

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

16. Auditors' Report:

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

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, 2016:</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 improvise 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 2015 for a period more than six months from the date they became payable are as follows.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Name of the Statute</th> <th style="text-align: center;">Nature of the dues</th> <th style="text-align: center;">Amount (in Rs.)</th> </tr> </thead> <tbody> <tr> <td>The Income Tax Act, 1961</td> <td>Tax Deduction at Source (TDS)</td> <td style="text-align: right;">66,10,276</td> </tr> <tr> <td>Finance Act, 1994</td> <td>Service Tax</td> <td style="text-align: right;">14,02,169</td> </tr> <tr> <td>The Employee's Provident Fund and Miscellaneous Provisions Act, 1952</td> <td>Provident Fund</td> <td style="text-align: right;">19,83,656</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)	66,10,276	Finance Act, 1994	Service Tax	14,02,169	The Employee's Provident Fund and Miscellaneous Provisions Act, 1952	Provident Fund	19,83,656	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)	66,10,276												
Finance Act, 1994	Service Tax	14,02,169												
The Employee's Provident Fund and Miscellaneous Provisions Act, 1952	Provident Fund	19,83,656												

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 2015-16 and issue Secretarial Audit Report. The Secretarial Audit Report issued by M/s. Hemanshu Kapadia & Associates for the financial year 2015-16 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:

Sr. No.	Remarks/qualifications by Secretarial Auditor	Management Reply
1.	<p><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.</i></p>	The Company has made an application for grant of permission to sell of promoter shares on the floor of the stock exchange. The approval is awaited.

2.	<i>The Company has not appointed a whole time Chief Financial officer, as required pursuant to Section 203 of the Companies Act, 2013.</i>	The Company was constantly trying to appoint a Chief Financial Officer but due to lack of suitable candidates, no appointment could be made. The Company is still searching for a suitable candidate for the post of Chief Financial Officer.
3.	<i>The Company had not appointed a whole time Company Secretary pursuant to Section 203 of the Companies Act, 2013 and Clause 47(a) of the Listing Agreement up to 31st August 2015. However, the Company Secretary was appointed with effect from 1st September 2015</i>	In the Board meeting held on 1 st September 2015, the Board has appointed a Whole time Company Secretary and since complied with the provisions of the Act.
4.	<i>The Board of Directors of the Company is not duly constituted as required under the provisions of Section 149 (4) of the Companies Act, 2013. The Company had 4 Directors, out of which only one is an Independent Director. Due to this, the Composition of Audit Committee and Nomination and Remuneration Committee is not in conformity with the Section 177 and Section 178 of the Companies Act, 2013 respectively.</i>	The Company is in the process of inducting Independent Directors on the Board. Upon the appointment, the Board shall reconstitute the Audit Committee and Nomination and Remuneration Committee.

18. Extract of the Annual Return:

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

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

The Vigil Mechanism of the Company, 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.google.com/url?q=http%3A%2F%2Fwww.starcominfotech.com%2Fimages%2Fstarcom%2Fpdfs%2FVigilMechanism.pdf&sa=D&sntz=1&usq=AFQjCNGhtMcQJnjlHHCG87_pr4Eka-OuEw.

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

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

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

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

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

A) Conservation of energy:

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

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 2015-16	Financial year 2014-15
Foreign Exchange inflow	2,78,15,829	5,69,15,726
Foreign Exchange outflow	1,44,557	1,78,465

22. 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.

23. Particulars of contracts or arrangements with related parties:

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

24. Directors' Responsibility Statement:

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

- a) In preparation of the annual accounts for the financial year ended 31st March 2016, the applicable accounting standards had been followed and there are no material departures from them;
- b) 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 2016 and of the profit and loss of the Company for the year ended on that date;
- c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the Directors had prepared the annual accounts on a going concern basis;
- e) the proper internal financial controls are in place and that the financial controls are adequate and are operating effectively during the financial year ended 31st March 2016; 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 2016.

25. Managerial Remuneration:

- A) The information required to be disclosed with respect to the remuneration of Directors and KMPs in the Directors' Report pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 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.

26. 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.

27. 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.

28. General:

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

- a) Issue of equity shares with differential rights as to dividend, voting or otherwise.
- b) Issue of shares (including sweat equity shares) to employees of the Company under any scheme.
- 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.

29. Acknowledgements:

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

For and on behalf of the Board of Directors

Sd/-

Ziaulla Sheriff

Chairman and Managing Director

DIN: 00002098

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

Date: 31st August 2016

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 there under or under any other applicable Act, rules and regulations, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.
7. **Retirement:** The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

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

General:

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

2. The remuneration and commission to be paid to the Managing Director and the Whole-time Director shall be in accordance with the percentage / slabs / conditions laid down in the Articles of Association of the Company and as per the provisions of the Companies Act, 2013, and the rules made there under.

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 there under.

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: 31st August 2016

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

Date: 31st August 2016
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

Form No. MR-3

SECRETARIAL AUDIT REPORT

For the Financial year ended 31st March 2016

[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 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance - mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Starcom Information Technology Limited ("the Company") for the financial year ended on 31st March 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings (**Not Applicable to the Company during the Audit period as there were no Foreign Direct Investments, Overseas Direct Investments in the Company and no External Commercial Borrowings were made by the Company**);
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (with effect from 15th May 2015)
 - d) 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**);
 - e) 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**);
 - f) 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**);

- g) 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;
- h) 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
- i) 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**);
- j) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (with effect from 1st December 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 issued by The Institute of Company Secretaries of India.

- (ii) The Listing Agreements entered into by the Company with the Stock Exchanges (up to 30th November 2015).

Note: Clause 49 of the Listing Agreement (upto 30th November 2015) and Clause 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 (with effect from 1st December 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.*
2. *The Company has not appointed a whole time Chief Financial officer, as required pursuant to Section 203 of the Companies Act, 2013.*
3. *The Company had not appointed a whole time Company Secretary pursuant to Section 203 of the Companies Act, 2013 and Clause 47(a) of the Listing Agreement upto 31st August 2015. However, the Company Secretary was appointed with effect from 1st September 2015.*
4. *The Board of Directors of the Company is not duly constituted as required under the provisions of Section 149 (4) of the Companies Act, 2013. The Company had 4 Directors, out of which only one is an Independent Director. Due to this, the Composition of Audit Committee and Nomination and Remuneration Committee is not in conformity with Section 177 and Section 178 of the Companies Act, 2013 respectively.*

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: 31st August 2016

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

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: 31st August 2016

Place: Mumbai

**FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
as on financial year ended on 31.03.2016**

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

SL 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	42%
2	Sale of non-customized Data Analytic software products	47413	58%

III PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES

SI No	Name & Address of the Company	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE
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 2015)				No. of Shares held at the end of the year (31st March 2016)				% 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/FI	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/FI	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
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

STARCOM INFORMATION TECHNOLOGY LIMITED

Category of Shareholders	No. of Shares held at the beginning of the year (1st April 2015)				No. of Shares held at the end of the year (31st March 2016)				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
b) Banks/FI	0	0	0	0	0	0	0	0	0
C) Cenntrol 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	19939	0	19939	0.40	23893	0	23893	0.48	0.08
ii) Overseas	0	0	0	0.00	0	0	0	0	
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakhs	132429	98020	230449	4.61	137857	87520	225377	4.51	-0.10
ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 lakhs	314654	0	314654	6.29	315515	0	315515	6.31	0.02
c) Others									
Clearing member	1	0	1	0	258	0	258	0.01	0.01
SUB TOTAL (B)(2):	467023	98020	565043	11.30	477523	87520	565043	11.30	0
Total Public Shareholding (B)= (B)(1)+(B)(2)	1065723	98020	1163743	23.27	1076223	87520	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)	4902580	98020	5000600	100	4913080	87520	5000600	100	0

(ii) **SHARE HOLDING OF PROMOTERS**

SI No.	Shareholders Name	Shareholding at the beginning of the year (1st April 2015)			Shareholding at the end of the year (31st March 2016)			% 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 2015)		Cumulative Shareholding during the year (1st April 2015 to 31st March 2016)	
	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				

STARCOM INFORMATION TECHNOLOGY LIMITED

(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 2015)		Cumulative Shareholding during the year (1st April 2015 to 31st March 2016)	
		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	YOGESH KANWAL MEHRA				
	At the beginning of the year	46046	0.92		
	Transfer on 10/07/2015	213	0	46259	0.92
	Transfer on 17/07/2015	587	0.0	46846	0.94
	Transfer on 31/07/2015	400	0.0	47246	0.94
	Transfer on 07/08/2015	1950	0.0	49196	0.98
	Transfer on 14/08/2015	150	0.0	49346	0.99
	Transfer on 23/10/2015	-3500	-0.1	45846	0.92
	Transfer on 15/01/2016	250	0.0	46096	0.92
	Transfer on 29/01/2016	829	0.0	46925	0.94
	Transfer on 05/02/2016	400	0.0	47325	0.95
	Transfer on 12/02/2016	175	0.0	47500	0.95
	Transfer on 26/02/2016	50	0.0	47550	0.95
	Transfer on 04/03/2016	200	0.0	47750	0.95
	At the end of the year	47750	0.95	47750	0.95
7	K J PURUSHOTHAM				
	At the beginning of the year	44480	0.89		
	At the end of the year	44480	0.89	44480	0.89
8	ALFAZ SULTAN MILLER				
	At the beginning of the year	16500	0.33		
	Transfer on 11/09/15	5000	0.11	21500	0.43
	Transfer on 25/09/15	500	0.01	22000	0.44
	Transfer on 09/10/15	131	0	22131	0.44
	Transfer on 16/10/15	118	0.01	22249	0.45
	Transfer on 23/10/15	10688	0.21	32937	0.66
	Transfer on 13/11/15	49	0	32986	0.66
	Transfer on 20/11/15	100	0	33086	0.66
	Transfer on 04/12/15	6026	0.12	39112	0.78
	Transfer on 25/12/15	3042	0.06	42154	0.84
	At the end of the year	42154	0.84	42154	0.84
9	ISHA YOGESH MEHRA				
	At the beginning of the year	23754	0.48		
	Transfer on 11/09/15	3750	0.07	27504	0.55

Sl. No	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year (1st April 2015)		Cumulative Shareholding during the year (1st April 2015 to 31st March 2016)	
		No. of shares	% of total shares of the company	No of shares	% of total shares of the company
	Transfer on 18/09/15	3750	0.07	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
11	SAROJ DEVI AGRAWAL				
	At the beginning of the year	23540	0.47		
	Transfer on 31/07/15	-5000	-0.10	18540	0.37
	Transfer on 04/09/15	-5000	-0.10	13540	0.27
	At the end of the year	13540	0.27	13540	0.27

(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
2	Maddur Gundurao Mohankumar				
	At the beginning of the year	0	0		
	Increase/decrease during the year	0	0		
	At the end of the year	0	0	0	0
3	Laxminarayan Purohit				
	At the beginning of the year	0	0		
	Increase/decrease during the year	0	0		
	At the end of the year	0	0	0	0
4	Sayeeda Hina				
	At the beginning of the year	0	0		
	Increase/decrease during the year	0	0		
	At the end of the year	0	0	0	0
5	Preeti Verma (Company Secretary and Compliance officer - w.e.f 1st September 2015)				
	At the beginning of the year	0	0		
	Increase/decrease during the year	0	0		
	At the end of the year	0	0	0	0

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 2015)				
i) Principal Amount	0	382,274,273	0	382,274,273
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	382,274,273	0	382,274,273
Change in Indebtedness during the financial year				
Additions	0	0	0	0
Reduction	0	212,005,004	0	212,005,004
Net Change				
Indebtedness at the end of the financial year (31st March 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

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		4,02,564

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	
	(a) Fee for attending board committee meetings	0	
	(b) Commission	0	
	(c) Others, please specify	0	
	Total (1)	0	0

2	Other Non Executive Directors	Mr. Laxminarayan Purohit	Ms Sayeeda Hina	
	(a) Fee for attending board committee meetings	0	0	
	(b) Commission	0	0	
	(c) Others, please specify.	0	0	
	Total (2)	0	0	0
	Total (B)=(1+2)			0
	Total Managerial Remuneration			0
	Overall Ceiling as per the Act.	Not Applicable	80,512	

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

(Amt. in Rs.)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Ms Preeti Verma Company Secretary	CFO	Total
1	Gross Salary				
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	There is no CEO in the Company	1,68,000	There is no CFO in the Company	1,68,000
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961		2,52,000		2,52,000
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961		0		0
2	Stock Option		0		0
3	Sweat Equity		0		0
4	Commission		0		0
	as % of profit		0		0
	others, specify		0		0
5	Others, please specify		0		0
			0		0
	Total		4,20,000		4,20,000

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			NIL		
Compounding					
B. DIRECTORS					
Penalty					
Punishment			NIL		
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment			NIL		
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 2015-16 was Rs.3,90,288/-. The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year 2015-16 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 2015-16, there was an increase of 63.53% in the median remuneration of employees.

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

There were 75 (including KMP) permanent employees on the rolls of the Company as on 31st March 2016.

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 7.61%, whereas no remuneration was 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: 31st August 2016
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	Mehraj Lanker	Chief Marketing Officer	255,654	Permanent	Bachelor of Engineering	19 yrs	01/08/2015	43	Cranes Software International Limited	0.04	No
2	Ashfaq Ibrahim	Chief Sales Officer	252,313	Permanent	Bachelor of Engineering	22yrs	01/08/2015	48	Cranes Software International Limited	NIL	No
3	Amuthukiniyavel Manoharan	Vice President	230,243	Permanent	Masters in Computer Applications	10.6 yrs	01/08/2014	45	Cranes Software International Limited	NIL	No
4	Syed Abdul Mujeeb	Senior Vice President / Chief Technology Officer	212,702	Permanent	Master of Technology	23.4 yrs	01/04/2014	50	ABK Software Services	NIL	No
5	Shaik Mustak Ahmed	Associate Vice President - Technology	154,630	Permanent	Master in Business Administration	17.3 yrs	02/05/2014	40	Reznex Global Solutions Pvt Ltd	NIL	No
6	Wahab Shariff	Manager Sales	150,198	Permanent	Bachelor of Technology	16.1 yrs	01/08/2014	45	Cranes Software International Limited	NIL	No
7	Pandirajan T	Project Lead	142,045	Permanent	Bachelor of Technology	12.7 yrs	01/08/2014	46	Cranes Software International Limited	NIL	No
8	Onkara Murthy H M	Team Lead	134,849	Permanent	Bachelor of Technology	9.7 yrs	01/08/2014	45	Cranes Software International Limited	NIL	No
9	Belur Gururaja Rao Nagaraja	Associate Vice President - Sales	129,992	Permanent	Bachelor of Technology	17 yrs	01/08/2015	47	Cranes Software International Limited	NIL	No
10	Haji Uduman	Project Lead	123,599	Permanent	Bachelor of Technology	9.5 yrs	01/07/2014	32	ABK Software Services	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: 31st August 2016

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 has its registered office at Bangalore, Karnataka, India. The Company has its primary listings on BSE Limited and Ahmadabad Stock Exchange Limited. The Company has been steadily expanding its customer base, infrastructure, service lines and industries. The growth momentum of the Company continues to attract top talent and win new customers and strengthen existing customer relationships. The Company is aspiring to be an eminent global IP driven solution provider in the Data quality, Business Intelligence, and Data Analytics space.

According to the IMF, global economic growth is modest at 3.2%, with uneven prospects across the main countries and regions. In its World Economic Outlook issued in April 2016, IMF has forecast the global growth to reach 3.5% in 2017. The April 2016 World Economic outlook titled 'Too slow for too long' retained India's growth forecast while lowering global growth projections pointing out that volatility in financial markets and non-economic risks posed by migration and terrorism are increasing risks of a derailed recovery. Growth is projected to be stronger in 2016 relative to 2015 in advanced economies, but weaker in emerging markets.

Enterprises are increasingly outsourcing their technology and IT services requirements to global IT services providers who can deliver high quality service on a global scale and at competitive costs. Global IT service providers offer a range of end to end software development, IT business solutions, research and development services, business process services, consulting and related support functions.

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

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

Starcom Information Technology: Poised For Growth

During the financial year 2015 - 2016, Starcom Information Technology Limited (SITL) has made several operating initiatives with the underlying objective of creating a global business. Powered by a strong business strategy and an aggressive management team, SITL has created a robust pipeline to support sustained business expansion and value enhancement in the coming years in the areas of business intelligence, enterprise analytics and engineering services. In the year 2016-2017, the Company is envisaging new opportunities to achieve profitable growths.

2. Opportunities and Threats:

Opportunities:

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

India remains a high potential market worldwide, offering multiple opportunities for unmet needs. With the second largest population in the world, India also presents a large end user market. It continues to remain an excellent delivery center for the IT-BPM industry. Currency movements and increased operational efficiency have ensured that India's position, as the most cost competitive market, has only become stronger over the past years. India will be the fastest growing major economy in 2016-17 growing at 7.5%, ahead of China, as per the World Economic outlook released by the IMF.

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

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

Threats:

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

Company growth and profitability.

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

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

3. Segment-wise Performance:

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

Particulars	Year ended 31 st March 2016 (Amt in Rs.)
A. Segment Revenue	
1. Test, Measurement & Embedded Solutions for Educational Sector	1,76,33,969
2. Statistical & Analytics Softwares	4,07,29,426
Total Revenue	5,83,63,395
B. Segment Results	
1. Test, Measurement & Embedded Solutions for Educational Sector	11,00,000
2. Statistical & Analytics Softwares	5,42,68,000
Total	5,53,68,000
Less: Interest Expenses	48,322
Other Income	(1,32,286)
Unallocable Expenditure	46,55,138
Add: Exceptional Item	1,29,82,427
Total Profit Before Tax	7,28,24,957
C. Capital Employed	
1. Test, Measurement & Embedded Solutions for Educational Sector	25,93,968
2. Statistical & Analytics Softwares	23,53,14,331
3. Unallocated	(21,64,16,391)
Total Capital Employed	2,14,91,908

4. Outlook:

The future of the global technology industry will be shaped by economic forces especially in the advanced countries. As per the IMF global growth remains moderate, with uneven prospects across the main countries and regions. It is projected to be 3.7% in 2016 versus 3.5% growth of 2015. Relative to last year, the outlook for advanced economies is improving, while growth in emerging market and developing economies is projected to be lower, primarily reflecting weaker prospects for some large emerging market economies and oil-exporting countries. Factors like lower oil prices, exchange rate swings, and country/region specific factors have affected the global activity in 2015 and are still shaping the outlook.

As the global economy improves and consumer confidence increases, investing in new technologies, cloud computing, mobility and analytics, and innovation will provide tremendous opportunities. As per NASSCOM, the Indian IT-BPM industry is expected to reach digital revenues of US\$ 300 billion by 2020. This opportunity accounts for 12-14% of the industry revenues.

The Company is well poised to exploit the emerging opportunities.

5. Risks and concerns:

This report lists forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these statements as a result of certain factors. This section lists our outlook, risks and concerns:

- Our revenues and expenses are difficult to predict and can vary significantly from period to period, which could cause our profits to decline.
- Our business will suffer if we fail to anticipate and provide/develop new services and enhance existing services to keep pace with rapid changes in technology and in the industries on which we focus.
- In the event that the Government of India or the government of another country changes its tax policies in a manner that is adverse to us, our tax expense may materially increase, reducing our profitability.
- The economic environment, pricing pressures, and decreased employee utilization rates could negatively impact our revenues and operating results.

- Our success depends largely upon our highly-skilled technology professionals and our ability to hire, attract, motivate, retain and train these personnel.
- Any Natural calamities or riots.

6. Internal Control systems and their adequacy:

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

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

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

Particulars	2015-16 (Amt. in Rs.)	2014-15 (Amt. in Rs.)	Change (%)
Revenue from operations (1)	11,48,50,396	10,29,43,725	11.57
Other income (2)	5,75,714	3,99,42,175	(98.55)
Sub-total (1+2)	11,54,26,110	14,28,85,899	(19.21)
Total Expenditure	14,38,77,263	19,20,42,898	(25.08)
Profit/(Loss) before Tax	80,51,273	(4,91,56,999)	116.38
Profit/ (Loss) after Tax	92,50,351	(4,03,68,094)	122.92

There has been increase of 11.57% in the revenues of the Company as compared to the previous year. The Company was able to reduce the expenses by 25.08% to Rs.14,38,77,263/- from Rs.19,20,42,898/- incurred in the previous financial year. However, the other income of the Company has reduced drastically by 98.55%. During the current financial year the Company has recorded Profit after tax of Rs. 92,50,351/- as compared to the loss of Rs. 4,03,68,094/- 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 75 (including KMP) permanent employees on the rolls of the Company as on 31st March 2016.

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: 31st August 2016

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, 2016, 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 2016, 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, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d) In our opinion, the aforesaid financial statements comply with the applicable Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e) On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of Section 164(2) of the Act;
- 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. 29 of the Financial Statements)
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There were no amounts which was required to be transferred, to the Investor Education and Protection Fund by the Company.

For S G C O & Co.

Chartered Accountants
Firm Reg. No 112081W

Sd/-

Suresh Murarka

Partner

Mem. No. 044739

Place: Mumbai

Date: 30th May, 2016

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 2016.

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) a) 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 invested in any securities or given any guarantees during the year under review.
- (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 2016 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)	66,10,276
Finance Act, 1994	Service Tax	14,02,169
The Employee’s Provident fund and Miscellaneous Provisions Act, 1952	Provident Fund	19,83,656

- 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) In our opinion and according to information and explanation given to us, the Company had defaulted in repayment of temporary overdraft facility from The Jammu and Kashmir Bank Limited which was classified as NPA by the Bank in the previous year. However, during the year, the account was settled by the Company with the Bank and entire amount as settled has been paid. The Company has not issued any debentures during the year under review.
- (ix) The company has neither raised money by way of initial public offer nor has obtained any term loan during the year. Therefore paragraph 3(ix) of the Order is not applicable to the Company.
- (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.

- (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 188 of Companies Act, 2013 wherever applicable and the details have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under the review. Therefore paragraph 3(xiv) of the Order is not applicable to the Company.
- (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 under review. Accordingly, paragraph 3 (xv) of the Order is not applicable to the Company.
- (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.
Chartered Accountants
Firm Reg. No 112081W

Sd/-
Suresh Murarka
Partner
Mem. No. 044739
Place: Mumbai
Date: 30th May, 2016

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 2016.

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, 2016 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, 2016:

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

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.

Chartered Accountants

Firm Reg. No 112081W

Sd/-

Suresh Murarka

Partner

Mem. No. 044739

Place: Mumbai

Date: 30th May, 2016

Balance Sheet as at March 31, 2016

(Amount in Rs.)

Particulars	Note No.	As at March 31, 2016	As at March 31, 2015
I. EQUITY AND LIABILITIES			
Shareholders' Funds			
(a) Share Capital	2	50,006,000	50,006,000
(b) Reserves and Surplus	3	(28,514,091)	(37,764,443)
		21,491,909	12,241,557
Non-Current Liabilities			
(a) Long Term Borrowings	4	170,269,269	167,464,269
(b) Other Long-Term Liabilities	5	17,345	17,465
(c) Long-term Provisions	6	2,841,210	1,476,655
		173,127,824	168,958,389
Current Liabilities			
(a) Short Term Borrowings	7	-	214,810,004
(b) Trade Payables	8	61,913,644	45,814,474
(c) Other Current Liabilities	9	30,831,050	16,242,010
(d) Short Term Provisions	10	203,240	107,688
		92,947,934	276,974,176
TOTAL		287,567,667	458,174,122
II. ASSETS			
Non Current Assets			
(a) Fixed Assets			
(i) Tangible assets	11	11,405,672	15,510,313
(ii) Intangible assets	11	-	331,960,318
(iii) Intangible assets under development	11	126,532,570	-
(b) Deferred Tax Assets (net)	12	4,861,595	9,468,146
(c) Long Term Loans and Advances	13	2,533,836	3,408,433
(d) Other Non-Current Assets	14	5,382,090	29,172,975
		150,715,764	389,520,186
Current Assets			
(a) Inventories	15	1,307,109	5,112,464
(b) Trade Receivables	16	125,597,416	58,588,143
(c) Cash and Bank Balances	17	3,732,257	1,158,903
(d) Short Term Loans & Advances	18	2,655,862	3,787,037
(e) Other Current Assets	19	3,559,261	7,388
		136,851,904	68,653,936
TOTAL		287,567,667	458,174,122
Significant Accounting Policies	1		
Accompanying Notes to Accounts	30		

In terms of our report of even date

For S G C O & Co

Chartered Accountants

Firm Reg. No. : 112081W

Sd/-
Suresh Murarka
Partner
Mem. No. 044739

For and on behalf of the Board of Directors

Starcom Information Technology Limited

Sd/-
Mr. Ziaulla Sheriff
Managing Director
(DIN - 00002098)

Sd/-
Preeti Verma
Company Secretary
Place : Bengaluru
Date: 30th May, 2016

Sd/-
Mr. Maddur Gundurao Mohankumar
Director
(DIN - 00020029)

Place : Mumbai
Date: 30th May, 2016

Statement of Profit and Loss for the year ended March 31, 2016

(Amount in Rs.)

Particulars	Note No.	Year ended March 31, 2016	Year ended March 31, 2015
INCOME:			
Revenue from operations	20	114,850,396	102,943,725
Other income	21	575,714	39,942,175
Total Revenue		115,426,110	142,885,899
EXPENSES:			
Purchase of Stock in Trade	22	35,182,724	34,034,081
Changes in inventories of finished goods, work in progress & traded goods	23	3,805,356	1,752,209
Employee benefits expense	24	37,612,116	33,553,109
Finance Costs	25	21,159,322	47,319,583
Depreciation and amortization expense	11	6,710,637	26,843,291
Other Expenses	26	39,407,108	48,540,624
Total Expenses		143,877,263	192,042,898
Profit /(Loss) before tax before exceptional items		(28,451,154)	(49,156,999)
Exceptional items	27	36,502,427	-
Profit /(Loss) before tax		8,051,273	(49,156,999)
Less: Tax Expenses:			
Current Tax		1,860,000	-
MAT Credit Entitlement		(1,860,000)	-
Deferred Tax Charge / (Benefits)		(1,199,078)	(8,621,085)
Short / (Excess) provision for tax of earlier years		-	(167,820)
Profit/(Loss) for the Year		9,250,351	(40,368,094)
Earnings per equity share: (face value of Rs. 10/- each)			
- Basic	28	1.85	(8.07)
- Diluted		1.85	(8.07)
Significant Accounting Policies	1		
Accompanying Notes to Accounts	30		

In terms of our report of even date

For S G C O & Co

Chartered Accountants

Firm Reg. No. : 112081W

Sd/-

Suresh Murarka

Partner

Mem. No. 044739

For and on behalf of the Board of Directors

Starcom Information Technology Limited

Sd/-

Mr. Ziaulla Sheriff

Managing Director

(DIN - 00002098)

Sd/-

Preeti Verma

Company Secretary

Place : Bengaluru

Date : 30th May, 2016

Sd/-

Mr. Maddur Gundurao Mohankumar

Director

(DIN - 00020029)

Place : Mumbai

Date : 30th May, 2016

Cash Flow Statement for the year ended March 31, 2016

(Amount in Rs.)

Particulars		Year ended March 31, 2016	Year ended March 31, 2015
A	CASH FLOW FROM OPERATING ACTIVITIES:		
	Net profit/(loss) before tax and exceptional items	(28,451,154)	(49,156,999)
	<u>Adjustments for :</u>		
	Depreciation on Fixed Assets	6,710,637	26,843,291
	Interest expense	20,997,652	47,135,568
	Sundry Balance written off	272,369	-
	Liabilities no longer payable written back	-	15,292,958
	Interest income	25,470	12,979,061
	Operating profit before working capital changes	(495,966)	(3,450,159)
	Adjustments for :		
	Increase / (Decrease) in Other Long-Term Liabilities	(120)	(10,170,983)
	Increase / (Decrease) in Long-Term Provisions	1,364,555	1,277,020
	Increase / (Decrease) in Trade Payables	16,099,170	17,240,691
	Increase / (Decrease) in Other Current Liabilities	14,589,040	6,539,161
	Increase / (Decrease) in Short Term Provisions	95,552	107,324
	Decrease / (Increase) in Short-term loans and advances	1,131,175	35,889,432
	Decrease / (Increase) in Long-term loans and advances	-	288,412,039
	Decrease / (Increase) in Inventories	3,805,356	1,752,209
	Decrease / (Increase) in Trade Receivables	(67,281,641)	39,366,617
	Decrease / (Increase) in Other Non-Current Assets	23,790,885	(23,994,975)
	Decrease / (Increase) in Other Current Assets	(1,691,873)	14,693,894
	Cash generated from / (used in) operations	(8,593,866)	367,662,272
	Direct taxes paid	(985,403)	(4,393,922)
	Net cash flow from / (used in) operating activities	(9,579,269)	363,268,350
B.	CASH FLOW FROM INVESTING ACTIVITIES:		
	Purchase of Fixed Assets (Including Capital Work in progress)	(28,389,803)	(351,806,357)
	Redemption / maturity of bank deposits (having maturity period more than 3 months)	(9,008)	150,909,600
	Interest income	25,470	12,979,061
	Net cash flow from / (used in) investment activities	(28,373,341)	(187,917,696)
C.	CASH FLOW FROM FINANCING ACTIVITIES:		
	Increase / (Decrease) in Long Term Borrowings	252,805,000	(24,292,373)
	Increase / (Decrease) in Short Term Borrowings	(191,290,392)	(105,344,827)
	Interest Expenses	(20,997,652)	(47,135,568)
	Net cash flow from / (used in) financing activities	40,516,956	(176,772,768)
	Net increase / (decrease) in cash and cash equivalents	2,564,346	(1,422,114)
	Cash and cash equivalents at the beginning of the year	1,068,503	2,490,617
	Cash and cash equivalents at the end of the year	3,632,849	1,068,503

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 March 31, 2016	As at March 31, 2015
Cash in hand	47,015	55,311
Balances with Banks	3,585,834	1,013,192
	3,632,849	1,068,503

- 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
 Chartered Accountants
Firm Reg. No. : 112081W

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

Sd/-
Suresh Murarka
 Partner
Mem. No. 044739

Sd/-
 Mr. Ziaulla Sheriff
Managing Director
 (DIN - 00002098)

Sd/-
 Mr. Maddur Gundurao Mohankumar
Director
 (DIN - 00020029)

Sd/-
Preeti Verma
 Company Secretary

Place : Mumbai
 Date: 30th May, 2016

Place : Bengaluru
 Date: 30th May, 2016

Accompanying Notes to the financial statements for the year ended March 31, 2016**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**

- i.) Fixed Assets are stated at actual cost less accumulated depreciation. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.
- ii.) Intangible Assets that are acquired by the Company are measured initially at cost. Cost comprises the purchase price and any attributable cost of bringing these asset to its working condition for its intended use.

E Depreciation and Amortisation:

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

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.

N Miscellaneous Expenditure:

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

Accompanying Notes to the financial statements for the year ended March 31, 2016

(Amount in Rs.)

Note 2 : Share Capital

a. Details of authorised, issued and subscribed share capital

Particulars	As at March 31, 2016	As at March 31, 2015
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, 2016		As at March 31, 2015	
	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, 2016		As at March 31, 2015	
	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, 2016	As at March 31, 2015
Surplus / (Deficit) in Statement of Profit & Loss		
Balance at the beginning of the year	(37,764,443)	2,603,651
Add: Surplus/(Deficit) as per the statement of profit & loss	9,250,351	(40,368,094)
Closing balance (Deficit as per statement of profit and loss)	(28,514,091)	(37,764,443)

Note 4 : Long Term Borrowings (Unsecured)

Particulars	As at March 31, 2016	As at March 31, 2015
Loan from a Director *	170,269,269	167,464,269
	170,269,269	167,464,269

* - The said loan is interest free and repayable after 31st March, 2017.

Accompanying Notes to the financial statements for the year ended March 31, 2016

(Amount in Rs.)

Note 5 : Other Long-Term Liabilities

Particulars	As at March 31, 2016	As at March 31, 2015
Unbilled Lease Rentals	17,345	17,465
	17,345	17,465

Note 6 : Long-term Provisions

Particulars	As at March 31, 2016	As at March 31, 2015
Provision for Gratuity	1,240,145	612,020
Provision for Leave Encashment	1,601,065	864,635
	2,841,210	1,476,655

Note 7 : Short Term Borrowings (Unsecured)

Particulars	As at March 31, 2016	As at March 31, 2015
Temporary Overdraft (Refer note below)	-	214,810,004
	-	214,810,004

Notes:-

1. Temporary Overdraft facility from "The Jammu & Kashmir Bank Limited" was availed against personal guarantee of the Managing Director of the Company. During, the previous year, the Company had defaulted in repayment of the Temporary Overdraft Facility and accordingly the said account was classified as NPA by the Bank. During the year, the Company has settled the account with the Bank and accordingly paid a sum of Rs. 21,23,00,000 (Principal and Interest) as full and final settlement. Accordingly, excess liability towards interest accounted in the books amounting to Rs. 2,35,19,613 has been reversed and disclosed as "Exceptional Item" under note no. 27 of the financial statements.
2. Amount of continuing default as on the balance sheet date in respect of loans and interest.

Particulars	As at March 31, 2016	As at March 31, 2015
Principal amount	-	167,702,844
Interest	-	47,107,160
	-	214,810,004

Note 8 : Trade Payables

Particulars	As at March 31, 2016	As at March 31, 2015
Due to Micro, Small & Medium enterprises (refer note below)*	1,233,375	1,037,928
Others	60,680,269	44,776,546
	61,913,644	45,814,474

* 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.

Accompanying Notes to the financial statements for the year ended March 31, 2016

(Amount in Rs.)

Particulars	As at March 31, 2016	As at March 31, 2015
The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of accounting year; * *	1,233,375	1,037,928
The amount of interest paid by the buyer under MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the due date during each accounting year;	-	-
The amount of interest due and payable for the period (where the principal has been paid but interest under the MSMED Act, 2006 not paid);	-	-
The amount of interest accrued and remaining unpaid at the end of accounting year; and	-	-
The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23.	-	-

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

Note 9 : Other Current Liabilities

Particulars	As at March 31, 2016	As at March 31, 2015
Advance from Customers	-	118,547
Unbilled Lease rentals	6,960	27,600
Statutory Dues Payable	22,003,969	10,967,137
Outstanding Expenses Payable	4,052,026	994,460
Annual Maintenance Contract (AMC) received in advance	4,768,095	4,134,266
	30,831,050	16,242,010

Note 10 : Short Term Provisions

Particulars	As at March 31, 2016	As at March 31, 2015
Provision for Gratuity	3,694	1,420
Provision for Leave Encashment	199,546	106,268
	203,240	107,688

Note 12 : Deferred Tax Assets (net)

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

Particulars	As at March 31, 2016	As at March 31, 2015
Deferred Tax Liability		
Excess of net block of fixed assets as per books of accounts over net block for tax purpose	-	19,315,271
Deferred Tax Assets		
Excess of net block of fixed assets as per tax purpose over net block as per books of accounts	2,722,346	-
Provision for Employee benefits	940,735	489,562
Others - Unabsorbed Depreciation	1,198,514	28,293,856
	4,861,595	9,468,146

Accompanying Notes to the financial statements for the year ended March 31, 2016

(Amount in Rs.)

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

Particulars	As at March 31, 2016	As at March 31, 2015
Balances with Government authorities	292,261	292,261
Advance Tax & TDS (Net of Provisions)	2,241,575	3,116,172
	2,533,836	3,408,433

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

Particulars	As at March 31, 2016	As at March 31, 2015
Trade receivables	-	23,790,885
Deposits	5,382,090	5,382,090
	5,382,090	29,172,975

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

Particulars	As at March 31, 2016	As at March 31, 2015
Test, Measurement & Embedded Solutions for Educational Sector	1,307,109	5,112,464
	1,307,109	5,112,464

Note 16 : Trade Receivables (Unsecured, Considered good)

Particulars	As at March 31, 2016	As at March 31, 2015
Trade receivables outstanding for a period more than six months from due date of payment	67,126,360	35,184,625
Others	58,471,055	23,403,518
	125,597,416	58,588,143

Trade Receivable - Due from Related parties

Particulars	As at March 31, 2016	As at March 31, 2015
Cubeware India Private Limited	412,810	412,810

Note 17 : Cash and Bank Balances

Particulars	As at March 31, 2016	As at March 31, 2015
Cash & Cash Equivalents		
a. Balances with banks		
- In Current Accounts	3,585,834	1,013,192
b. Cash in Hand	47,015	55,311
a)	3,632,849	1,068,503
Other Bank Balances		
a. In Fixed Deposits	99,408	90,400
b)	99,408	90,400
(a + b)	3,732,257	1,158,903

Accompanying Notes to the financial statements for the year ended March 31, 2016

(Amount in Rs.)

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

Particulars	As at March 31, 2016	As at March 31, 2015
Advances Recoverable in Cash or in Kind or for value to be received	650,653	955,858
Prepaid Expenses	567,146	429,148
Deposits	1,438,063	2,402,031
	2,655,862	3,787,037

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

Particulars	As at March 31, 2016	As at March 31, 2015
Interest accrued on Deposits	23,805	7,388
MAT Credit Entitlement	1,860,000	-
Unbilled Revenue	1,675,456	-
	3,559,261	7,388

Note 11 : Fixed Assets

(Amount in Rs.)

Particulars	Gross Block				Accumulated Depreciation				Net Block	
	As at April 1, 2015	Additions during the Year	Adjustments	As at March 31, 2016	Upto March 31, 2015	Depreciation for the Year	Reversal of Accumulated depreciations	Upto March 31, 2016	As at March 31, 2016	As at March 31, 2015
A.) Tangible Assets										
Leasehold Improvements	18,209,079	-	-	18,209,079	9,146,140	3,767,436	-	12,913,576	5,295,502	9,062,938
Furniture & Fixtures	4,155,686	-	-	4,155,686	1,787,437	573,287	-	2,360,725	1,794,961	2,368,249
Office Equipments	5,477,726	112,660	-	5,590,386	3,177,965	1,084,473	-	4,262,438	1,327,949	2,299,762
Computers	4,237,809	2,493,336	-	6,731,145	2,458,445	1,285,440	-	3,743,885	2,987,260	1,779,364
Total (A)	32,080,300	2,605,996	-	34,686,296	16,569,987	6,710,637	-	23,280,624	11,405,672	15,510,313
B.) Intangible Assets										
Softwares Modules *	350,748,762	-	(350,748,762)	-	18,788,443	-	18,788,443	-	-	331,960,318
Total (B)	350,748,762	-	(350,748,762)	-	18,788,443	-	18,788,443	-	-	331,960,318
C.) Intangible Assets under Development										
Intangible Assets *	-	25,783,808	100,748,762	126,532,570	-	-	-	-	126,532,570	-
Total (C)	-	25,783,808	100,748,762	126,532,570	-	-	-	-	126,532,570	-
Total Assets (A+B+C)	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
Previous Year	31,022,705	351,806,357	-	382,829,062	8,515,140	26,843,291	-	35,358,431	347,470,631	22,507,566

* - Refer note no. 30(3)

Accompanying Notes to the financial statements for the year ended March 31, 2016

(Amount in Rs.)

Note 20 : Revenue from operations

Particulars	Year Ended March 31, 2016	Year Ended March 31, 2015
Sales	78,289,649	98,744,989
Software Services Income	36,560,747	4,198,735
	114,850,396	102,943,725

Information pursuant to para 5(ii) and 5(iii) of the general instructions to the statement of profit & loss :-

Revenue from operation includes

Particulars	Year Ended March 31, 2016	Year Ended March 31, 2015
Test, Measurement & Embedded Solutions for Educational Sector	47,726,969	42,960,468
Data Quality, Statistical & Analytics Softwares	67,123,427	59,983,257
Total Revenue from operations	114,850,396	102,943,725

Note 21 : Other Income

Particulars	Year Ended March 31, 2016	Year Ended March 31, 2015
Interest Income	25,470	12,979,061
Gain on Foreign Exchange Fluctuations (net)	509,481	-
Liabilities no Longer Payable written back	-	15,292,958
Business Facility Income	-	11,554,370
Other Income	40,763	115,786
	575,714	39,942,175

Note 22 : Purchases of stock-in-trade

Particulars	Year Ended March 31, 2016	Year Ended March 31, 2015
Purchases	35,182,724	34,034,081
	35,182,724	34,034,081

Information pursuant to para 5(ii) and 5(iii) of the general instructions to the statement of profit & loss :-

Particulars of traded goods purchases:

Particulars	Year Ended March 31, 2016	Year Ended March 31, 2015
Test, Measurement & Embedded Solutions for Educational Sector	35,182,724	34,034,081
	35,182,724	34,034,081

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

Particulars	Year Ended March 31, 2016	Year Ended March 31, 2015
Opening Inventory		
Test, Measurement & Embedded Solutions for Educational Sector	5,112,464	6,864,674
	5,112,464	6,864,674
Closing Inventory		
Test, Measurement & Embedded Solutions for Educational Sector	1,307,109	5,112,464
	1,307,109	5,112,464
	3,805,356	1,752,209

Accompanying Notes to the financial statements for the year ended March 31, 2016

(Amount in Rs.)

Note 24 : Employee benefits expenses

Particulars	Year Ended March 31, 2016	Year Ended March 31, 2015
Salaries	32,619,122	28,673,901
Contribution to Provident Fund and Others welfare fund	2,616,486	1,683,781
Gratuity	630,399	613,440
Leave Encashment	1,104,758	970,903
Staff Welfare Expenses	641,351	1,611,084
	37,612,116	33,553,109

Note 25 : Finance Cost

Particulars	Year Ended March 31, 2016	Year Ended March 31, 2015
Interest Expenses	20,997,652	47,135,568
Bank Charges	161,670	184,015
	21,159,322	47,319,583

Note 26 : Other Expenses

Particulars	Year Ended March 31, 2016	Year Ended March 31, 2015
Rent Expenses [Refer Note 30(4)]	16,997,396	26,006,647
Printing & Stationery	566,651	656,460
Electricity Charges	1,584,481	1,555,682
Travelling & Conveyance	7,100,516	6,171,601
Security Expenses	451,541	457,446
House Keeping Expenses	484,481	509,759
Communication Costs	1,099,282	1,764,062
Loss on Foreign Exchange Fluctuations (net)	-	1,071,038
Repair & Maintenance - Others	674,418	666,324
Legal & Professional Charges	1,822,685	1,032,555
Software Maintenance Charges	1,765,429	2,238,645
Auditor's Remuneration	1,245,000	860,000
Miscellaneous Expenses	5,342,859	5,550,405
Sundry Balance Written Off (net)	272,369	-
	39,407,108	48,540,624

Remuneration to Auditors (Excluding Service Tax)

Particulars	Year Ended March 31, 2016	Year Ended March 31, 2015
For Audit Fees	900,000	650,000
For Tax Audit	285,000	185,000
For Other Services	60,000	25,000
	1,245,000	860,000

Accompanying Notes to the financial statements for the year ended March 31, 2016

(Amount in Rs.)

Note 27 : Exceptional Items

Particulars	Year Ended March 31, 2016	Year Ended March 31, 2015
Reversal of Interest on Temporary Overdraft - TOD (Refer Note 7)	23,519,613	-
Reversal of Amortisation on Intangible Assets (Refer Note 30(3))	12,982,814	-
	36,502,427	-

Note 28 : Earnings Per Equity Shares

Particulars	Year Ended March 31, 2016	Year Ended March 31, 2015
Basic Earnings per Share		
Profit / (Loss) attributable to Equity shareholders	9,250,351	(40,368,094)
Weighted average number of equity shares	5,000,600	5,000,600
Basic Earnings Per Share	1.85	(8.07)
Dilutive Earnings per Share		
Profit / (Loss) after adjusting interest on potential equity shares	9,250,351	(40,368,094)
Weighted average number of equity share after considering potential equity shares	5,000,600	5,000,600
Dilutive Earnings per Share	1.85	(8.07)

Note 29 : Contingent Liabilities

Disputed claims in respect of provident fund amounting to Rs 26,84,662 (P.Y Rs Nil).

Note 30 : Accompanying Notes to Accounts

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

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

A. Gratuity

Actuarial assumption:

Particulars	Year Ended March 31, 2016	Year Ended March 31, 2015
Salary Growth *	10%	10%
Discount Rate	7.80%	7.80%
Withdrawal Rate	10%	10%
Leave Availment Rate (P.a)	N.A	N.A

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

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

Particulars	Year Ended March 31, 2016	Year Ended March 31, 2015
Present value of obligation as at the beginning of the year:	613,440	199,999
Interest cost	47,793	18,563
Current service cost	879,758	534,310
Benefits paid	-	-
Actuarial (gain) / loss on obligation	(297,152)	(139,432)
Closing Present value of obligation	1,243,839	613,440

Accompanying Notes to the financial statements for the year ended March 31, 2016

(Amount in Rs.)

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

Particulars	Year Ended March 31, 2016	Year Ended March 31, 2015
Actuarial gain/ (loss) for the year obligation	1,243,839	613,440
Total (gain)/ loss for the year	(297,152)	(139,432)
Actuarial (gain)/ loss recognised during the year.	946,687	474,008

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

Particulars	Year Ended March 31, 2016	Year Ended March 31, 2015
Present value of obligation as at the end of the year	(1,243,839)	(613,440)
Funded value of assets (unfunded)	-	-
Net assets / (liability) recognised in balance sheet	(1,243,839)	(613,440)

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

Particulars	Year Ended March 31, 2016	Year Ended March 31, 2015
Current service cost	879,758	534,310
Past service cost	-	-
Interest cost	47,793	18,563
Expected return on plan assets	-	-
Net actuarial (gain) / loss recognized in the year	(297,152)	(139,432)
Expenses recognised in the statement of profit and loss	630,399	413,441

(v) Amount recognised in current and previous two years

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

B. Leave Encashment

Actuarial assumption:

Particulars	Year Ended March 31, 2016	Year Ended March 31, 2015
Salary Growth *	10%	10%
Discount Rate	7.80%	7.80%
Withdrawal Rate	10%	10%
Leave Availment Rate (P.a)	2%	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.

Accompanying Notes to the financial statements for the year ended March 31, 2016

(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, 2016	Year Ended March 31, 2015
Present value of obligation as at the beginning of the year:	970,904	-
Interest cost	71,586	-
Current service cost	711,543	522,267
Benefits paid	(275,049)	-
Actuarial (gain) / loss on obligation	321,629	448,637
Closing Present value of obligation	1,800,612	970,904

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

Particulars	Year Ended March 31, 2016	Year Ended March 31, 2015
Actuarial gain/ (loss) for the year obligation	321,629	970,904
Total (gain)/ loss for the year	-	-
Actuarial (gain)/ loss recognised during the year.	321,629	970,904

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

Particulars	Year Ended March 31, 2016	Year Ended March 31, 2015
Present value of obligation as at the end of the year	1,800,612	(970,904)
Funded value of assets (unfunded)	-	-
Net assets / (liability) recognised in balance sheet	1,800,612	(970,904)

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

Particulars	Year Ended March 31, 2016	Year Ended March 31, 2015
Current service cost	711,543	522,267
Past service cost	-	-
Interest cost	71,586	-
Expected return on plan assets	-	-
Net actuarial (gain) / loss recognized in the year	321,629	448,637
Expenses recognised in the statement of profit and loss	1,104,758	970,904

- 3.) During the 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 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.) In order to augment the operational efficiency of the Company and to sustain business growth in the competitive market, the promoter of the Company have decided to waive of the rent for the current financial year amounting to Rs. 1,25,50,120 (including service tax).

5.) 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:

Accompanying Notes to the financial statements for the year ended March 31, 2016

i.) List of related parties

Name of the Party	Relationship
Mr. Ziaulla Sheriff	Managing Director
Mr. Maddur Mohankumar	Director
Mrs.Sayeeda Hina	Director
Mr. Laxminarayan Purohit	Director
Miss Preeti Verma (from 01st September, 2015)	Company Secretary
Cubeware India Private Limited	Company in which director is interested as director
PRI Technologies Limited	Company in which director is interested as director

ii.) Transactions with Related Parties :

(Amount in Rs.)

Name of Party	Nature of Transaction	Year Ended March 31, 2016	Year Ended March 31, 2015
Mr. Ziaulla Sheriff	Rent Expenses	-	10,133,640
Mr. Ziaulla Sheriff	Loan taken	262,600,000	154,459,937
Mr. Ziaulla Sheriff	Loan repaid	259,795,000	178,752,310
Miss Preeti Verma	Salary Paid	231,877	-

iii.) Balance Outstanding of Related Parties :

(Amount in Rs.)

Name of Party	Receivable / Payable	Year Ended March 31, 2016	Year Ended March 31, 2015
Mr. Ziualla Sheriff	Rent Payable	25,835,989	25,835,962
Mr. Ziualla Sheriff	Loans Payable	170,269,269	167,464,269
Miss Preeti Verma	Salary Payable	31,440	-
Cubeware India Private Limited	Trade Receivable	412,810	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.

6.) 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)Statstical 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 Comapanies Act, 2013 read with the rule 7 of Companies (Accounts) Rules, 2014 are as follows :

(Amount in Rs.)

Particulars	Year Ended March 31, 2016	Year Ended March 31, 2015
A. Segment Revenue		
1.Test, Measurement & Embedded Solutions for Educational Sector	47,726,969	42,960,468
2.Data Quality, Statistical & Analytics Softwares	67,123,427	59,983,257
Total Revenue	114,850,396	102,943,725
B. Segment Results		
1.Test, Measurement & Embedded Solutions for Educational Sector	9,863,642	8,963,836
2.Data Quality, Statistical & Analytics Softwares	44,593,437	41,157,365
Total	54,457,079	50,121,200
Less: Interest Expenses	21,159,322	47,319,583
Other Income	575,714	40,609,074

Accompanying Notes to the financial statements for the year ended March 31, 2016

(Amount in Rs.)

Particulars	Year Ended March 31, 2016	Year Ended March 31, 2015
Unallocable Expenditure	62,324,624	92,567,689
Add: Exceptional item	36,502,427	
Total Profit Before Tax	8,051,274	(49,156,999)
C. Capital Employed (Segments Assets - Segment Liabilities)		
1.Test, Measurement & Embedded Solutions for Educational Sector	2,593,968	8,074,098
2.Data Quality, Statistical & Analytics Softwares	235,314,332	66,522,135
3.Unallocated	(216,416,392)	(62,354,676)
Total Capital Employed	21,491,908	12,241,558
D. Non Cash Expenditures		
1.Test, Measurement & Embedded Solutions for Educational Sector	-	-
2.Data Quality, Statistical & Analytics Softwares	-	18,788,443
3.Unallocated	6,710,637	8,054,848
Total	6,710,637	26,843,291

7.) 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 1,69,97,396 (P.Y. Rs. 2,60,06,647/-) is recognised as lease expense in the Statement of Profit and Loss for the year ended 31st March, 2016. 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, 2016	Year Ended March 31, 2015
- Less than one year	26,620,200	20,184,000
- Later than one year but not later than five years	4,724,912	23,528,450
- Later than five years	-	-
TOTAL	31,345,112	43,712,450

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

8) Unhedged Foreign Currency Exposure as on March 31, 2016

Nature of Payment	Currency	As at March 31, 2016	As at March 31, 2015
Receivable - Debtors	USD	34,737,694	35,976,969
Receivable - Debtors	EURO	30,443,461	26,843,136
Payable - Advance from Debtors	USD	-	118,547
Payable - Creditors	USD	1,077,400	1,641,340

9). 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, 2016	Year Ended March 31, 2015
Test, Measurement & Embedded Solutions for Educational Sector	7,680,919	10,374,741
TOTAL	7,680,919	10,374,741

Accompanying Notes to the financial statements for the year ended March 31, 2016

(Amount in Rs.)

b.) Earnings in Foreign Currency

Particulars	Year Ended March 31, 2016	Year Ended March 31, 2015
Revenue from Operations	19,799,949	45,361,356
ODC - Sale	9,691,336	-
Business Facilities Income	-	11,554,370
	29,491,285	56,915,726

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

Particulars	Year Ended March 31, 2016	Year Ended March 31, 2015
Travelling Expenses	144,557	178,465
TOTAL	144,557	178,465

10.) Effective from 1st April, 2014 the Company has charged depreciation on its fixed assets based on their useful life as stipulated under Schedule II of the Companies Act, 2013. Due to this, the depreciation for the year ended on 31st March, 2015 is lower by Rs. 18,70,677 as compared to the depreciation computed under the provisions of the Companies Act, 1956. Further, based on the transitional provision as provided in Note 7(b) of Schedule II, there is no amount which is required to be adjusted against opening balance of retained earnings as on 1st April, 2014.

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

In terms of our report of even date

For S G C O & Co

Chartered Accountants

Firm Reg. No. : 112081W

Sd/-

Suresh Murarka

Partner

Mem. No. 044739

For and on behalf of the Board of Directors

Starcom Information Technology Limited

Sd/-

Mr. Ziaulla Sheriff

Managing Director

(DIN - 00002098)

Sd/-

Preeti Verma

Company Secretary

Place : Bengaluru

Date: 30th May, 2016

Sd/-

Mr. Maddur Gundurao Mohankumar

Director

(DIN - 00020029)

Place : Mumbai

Date: 30th May, 2016

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

21st Annual General Meeting – 30th September 2016

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 First Annual General Meeting of the Company to be held on Friday, 30th September 2016 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 and specific resolutions regarding financial statements, director appointments, and re-appointments.

Signed this _____ day of _____ 20__

Signature of Shareholder

Affix 1 Re. Revenue Stamp

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