

STARCOM INFORMATION TECHNOLOGY LIMITED

24TH
ANNUAL REPORT
2018-2019



FINANCIAL YEAR 2018-2019

INDEX

CONTENTS	PAGE NO.S
Corporate Information	1
Notice	2
Directors' Report	14
Secretarial Audit Report	26
Management Discussion and Analysis	31
Independent Auditors Report	37
Balance Sheet	44
Statement of Profit and Loss	45
Cash Flow Statement	47
Notes to Financial Statements	49
Attendance Slip and Proxy Form	77

CORPORATE INFORMATIONN

Board of Directors:

Mr. Ziaulla Sheriff (DIN: <u>00002098</u>)	- Chairman & Managing Director
Mr. Maddur Gundurao Mohan Kumar (DIN: <u>00020029</u>)	- Independent Director
Ms. Sayeeda Hina (DIN: <u>03642269</u>)	- Non Executive Director
Mr. Mohammad Yousuf Khan (DIN: <u>00570339</u>)	- Independent Director

Chief Financial Officer

Mr. Mukhtar Ahmad

Company Secretary and Compliance officer:

Ms. Nidhi Sharma

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. CAS & Co. (Formerly known as K.M Tulsian& Associates)
Chartered Accountants

Bankers:

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

Registrar & Share Transfer Agent:

Sharex Dynamic (India) Pvt. Ltd.
C-101, 247 Park,
L.B.S. Marg, Vikhroli (West),
Mumbai - 400 083

STARCOM INFORMATION TECHNOLOGY LIMITED

NOTICE

Notice is hereby given that the Twenty Fourth Annual General Meeting (“AGM”) of the Members of **Starcom Information Technology Limited (“the Company”)** will be held on Monday, 30th September 2019 at 11:30 a.m. at No. 150, Diamond District Club House, Old Airport Road, Kodihally, Bangalore 560008 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements comprising of the Balance Sheet as at 31st March, 2019 and the Statement of Profit & Loss and Cash Flow Statement for the year ended on that date together with the Notes, Reports of the Board of Directors and the Auditors thereon.

To appoint a Director in place of Mr. Ziaulla Sheriff (DIN: 00002098), who liable to retires by rotation pursuant to the provisions of Section 152(6) of the Companies Act, 2013 and who is not disqualified to become a director under the Companies Act, 2013 and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

2. **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 2019 to 11th August 2022, 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.

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.”

3. **Authority to the Board of Directors to enter into the contracts or arrangements with the related parties pursuant of n of the Companies Act, 2013**

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

“**RESOLVED THAT** pursuant to the provisions of Section 188 and other applicable provisions, if any, of the Companies Act, 2013 read with applicable Rules under Companies (Meetings of Board and its Powers) Rules, 2014 and pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and pursuant to the consent of the Audit Committee and Board of Directors, the consent and approval of the Company be and is hereby accorded to the Board of Directors (which term shall include any Committee constituted by the Board or any person(s) authorized by the Board to exercise its power, including the powers conferred by this Resolution) for the arrangements/ transactions/ contracts (including any other transfer of resources, services or obligations) entered or to be entered into by the Company with Mr. Ziaulla Sheriff a related party within meaning of Section 2(76) of the Act and Regulation 2(1)(zb) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for renting of the office premises situated at No. 88, Times Square, MG Road, Bangalore-560001, KA,IN at arm’s length basis on such terms & conditions as the board may deem fit, and as detailed in the Explanatory Statement annexed to this Notice with

authority to the Board of Directors to alter the terms and conditions of any such contract/arrangement as may be agreed between the Board of Directors and respective party.

RESOLVED FURTHER THAT the consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company, to do all such acts, deeds, matters and things as may be necessary, expedient or desirable including any negotiation/ renegotiation/ modification/ ratification/ amendments to or termination thereof, of the subsisting arrangements/ transactions/ contracts or any future arrangements/ transactions/ contracts and to make or receive/ pay monies or to perform all other obligations in terms of such arrangements/ transactions/ contracts with the Related parties.

RESOLVED FURTHER THAT the consent of the Company, be and is hereby accorded to the Board of Directors of the Company, to severally do or cause to be done all such acts, matters, deeds and things and to settle any queries, difficulties, doubts that may arise with regard to any of the transactions with the related parties and severally execute such contracts, agreements, documents and writings and to make such filings, as may be necessary, expedient or desirable for the purpose of giving full effect to this resolution, in the best interest of the Company.

5. Authority to the Board of Directors to grant loan, or give guarantee or provide security in respect of loan or to make investment under Section 186 of the Companies Act, 2013:

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

“**RESOLVED THAT** pursuant to Section 186 and all other applicable provisions of the Companies Act, 2013 read with the Companies (Meeting of Board and its Powers) Rules 2014 as may be amended from time to time and Articles of Association of the Company, approval of the shareholders of the Company be and is hereby given to the Board of Directors for giving any loan to any person or other body corporate, giving any guarantee or providing security in connection with a loan to any other body corporate or person and/ or acquiring whether by way of subscription, purchase or otherwise, the securities of any other body corporate up to an amount, the aggregate outstanding of which should not exceed, at any given point , Rs. 100 Crore (Rupees. One hundred Crores only).

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors be and are hereby authorized to negotiate and decide, from time to time, terms and conditions, execute necessary documents, papers, agreements etc. for investments to be made, loans / guarantees to be given and securities to be provided to any person and / or anybody corporate, including bodies corporate under merger, to do all such acts, deeds, matters and things, as it may, in its absolute discretion, deem necessary, proper or desirable, settle any question, difficulty that may arise in this regard and to delegate all or any of these powers to any Committee of Directors or Managing Director or whole-time Director or director or officer of the Company or any other person.”

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: 13th August 2019

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.**

STARCOM INFORMATION TECHNOLOGY LIMITED

3. The Register of Members and the Share Transfer Books of the Company will remain closed from Monday, 23rd September 2019 to Monday, 30th September 2019 (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 as Item No. 3 & 4 of the Notice is also annexed hereto and forms part of the notice of this AGM.
5. The relevant details, pursuant to Regulations 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard - 2 on General Meetings issued by the Institute of Company Secretaries of India, in respect of Directors seeking appointment/re-appointment or approval for payment of remuneration at this Annual General Meeting ("AGM") are annexed to the Notice and forms part of the Explanatory Statement.

Brief resume of all the Directors of the Company has also been furnished separately in the Annual Report. All the Directors proposed to be appointed/re-appointed have furnished the relevant consent for their appointment/re-appointment.

6. 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 2018-19, 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 2018-19, 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

7. 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 for the Financial Year ended 31st March, 2019 so as to enable the Company to keep the information ready at the AGM.
 - ii. Bring their copy of the Annual Report, duly filled in attendance slip and their photo identity proof at the Annual General Meeting. Proxy/Authorized Representatives of Members should state on the Attendance Slip as 'Proxy' or 'Authorized Representative', as the case may be. Further, those who hold shares in demat form are requested to write their Client Id and DP Id and those who hold shares in physical forms are requested to write their folio number on the Attendance Slip for easy identification at the meeting.
 - iii. Intimate to the Registrar & Transfer Agent (R&TA) of the Company immediately, about any change in their address and 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 along with the relevant Share Certificates for consolidation of folios, if they are holding Shares in identical order of names in more than one Folio.
 - vi. Send all share transfer lodgments (physical mode)/ correspondence to the R&TA of the Company, M/s Sharex Dynamic (India) Pvt. Ltd. situated at Address: C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai - 400 083 upto the date of book closure.
 - vii. 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.
8. 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.
9. In terms of Section 72 of the Act read with the applicable Rules made under the Act, every holder of shares in the Company may at any time nominate, in the prescribed manner (Form No. SH-13), a person to whom his/her shares in the Company shall vest, in the event of his/her death. Nomination Form can be obtained from the R & TA. The duly filled in Nomination Form shall be sent to R & TA at the above mentioned address by the Members holding shares in physical mode. Members holding shares in electronic form may contact their respective Depository Participants for availing this facility.

10. The Company has its shares listed on the BSE Limited. The listing fees till date have been paid.
11. **The Company's Registrar & Share Transfer Agents are Sharex Dynamic (India) Private Limited ('R & TA'), at C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai - 400 083. Tel: 022- 28515644/5606 Fax : 022- 28512885**
12. Statutory Registers and all other documents relevant to the business referred in the Notice convening the AGM 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.
- 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.
13. Route map to the venue of AGM forming part of the Notice of the 24th Annual General Meeting is annexed at the end of the said notice.
14. In terms of Section 108 of the Companies Act, 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has made arrangement for its members to exercise their right to vote on the resolutions proposed to be considered at Annual General Meeting by electronic means. The Company has appointed Central Depository Services Limited (CDSL) for facilitating e-voting.
15. 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.
16. The Securities and Exchange Board of India ('SEBI') vide its circular dated April 20, 2018 has mandated registration of Permanent Account Number (PAN) and Bank Account Details for all securities holders. Members holding shares in physical form are therefore, requested to submit their PAN and Bank Account Details to R & TA viz, Sharex Dynamic (India) Private Limited/Company by sending a duly signed letter along with self-attested copy of PAN Card and original cancelled cheque. The original cancelled cheque should bear the name of the Member. In the alternative, Members are requested to submit a copy of bank passbook/ statement attested by the bank. Members holding shares in demat form are, requested to submit the aforesaid information to their respective Depository Participant.
17. As per Regulation 40 of SEBI Listing Regulations, as amended, securities of Listed Companies can be transferred only in dematerialized form with effect from April 1, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, Members holding shares in physical form are requested to consider converting their holdings to dematerialized form.
18. **Voting through electronic means:**
- a) Pursuant to Section 108 of the Act read with the Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time, and all other relevant Rules made under the Act and Regulation 44 of the Listing Regulations, the Company is pleased to provide the facility to the Members to exercise their right to vote on the resolutions proposed to be considered at the AGM by electronic means and the business may be transacted through such voting. The cut-off date for the purpose of remote e-voting and voting at the AGM is Monday, 23rd September 2019. Accordingly, the Members, whose names appear in the Register of Members/list of Beneficial Owners as on Monday, 23rd September 2019 are entitled to vote on the Resolutions set forth in this Notice. A person who is not a Member as on the cut-off date should treat this Notice for information purpose only. The Members may cast their votes on electronic voting system from place other than the venue of the meeting (remote e-voting). The Company has appointed Central Depository Services (India) Limited [CDSL] for facilitating remote e-voting.
- The instructions for shareholders voting electronically are as under:**
- (i) The voting period begins on Friday, 27th September 2019 at 9.00 a.m. (IST) and ends on Sunday, 29th September 2019 at 5.00 p.m.(IST). During this period, shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of Monday, 23rd September 2019, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently.
- (ii) The Members may participate in the AGM even after exercising his/her right to vote through remote e-voting but shall not be allowed to vote again.
- The shareholders should log on to the e-voting website www.evotingindia.com
- (iii) Click on Shareholders/Members

STARCOM INFORMATION TECHNOLOGY LIMITED

- (iv) Now Enter your User ID
- For CDSL: 16 digits beneficiary ID,
 - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - Members holding shares in Physical Form should enter Folio Number registered with the Company.

- (v) Next enter the Image Verification as displayed and Click on Login.

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.

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

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

- (vii) After entering these details appropriately, click on "SUBMIT" tab.
- (viii) 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.
- (ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (x) Click on the EVSN for **Starcom Information Technology Limited** on which you choose to vote.
- (xi) 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.
- (xii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiii) 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.
- (xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xv) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvi) 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.
- (xvii) 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. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xviii) **Note for Non – Individual Shareholders and Custodians**

Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com 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.

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.

19. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date (record date) of Monday, 23rd September 2019.
20. Mr. Hemanshu Kapadia (FCS: 3477 and CP 2285), Proprietor of M/s. Hemanshu Kapadia & Associates, Practicing Company Secretaries, Mumbai or failing him Ms. Preeti Bhangle (FCS 8303 and CP 9134), Partner of VPP & Associates, Practicing Company Secretaries, Mumbai has been appointed as the Scrutinizer by the Board of Directors to scrutinize the e-voting process in a fair and transparent manner.
21. Voting shall be allowed at the end of discussion on the resolutions on which voting is to be held with the assistance of Scrutinizer, 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.
22. 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.

The Chairman or the authorised person shall declare the results of the voting forthwith and the Results declared along with the report of the Scrutinizers' shall be placed on the website of the Company i.e. www.starcominfotech.com and on the website of CDSL i.e. www.evotingindia.com. The results shall also be immediately forwarded to the Stock Exchanges, where the equity shares of the Company are listed.

23. Subject to receipt of requisite number of votes, the Resolutions shall be deemed to have been passed on the date of the Twenty Fourth AGM i.e. Monday, September 30, 2019.

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: 13th August 2019

Place: Bangalore

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

Item No. 3

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 2019. However, considering the success the Company has achieved under his leadership and guidance, the Board in its meeting held on 30th May 2019 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 2019 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 2019 to 11th August 2022.

b) Salary

Salary to be paid to Mr. Sheriff shall be upto 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:

Particulars	As on 31 st March		
	2019	2018	2017
Turnover	14,04,10,953	13,33,20,133	128,078,463
Other Income	1,03,17,889	1,34,64,921	8,649,405
Net Profit (as per Profit & Loss Account)	13,89,876	10,29,449	2,42,345
Net Worth	2,48,59,724	23,166,843	21,464,587

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.

STARCOM INFORMATION TECHNOLOGY LIMITED

1. Past Remuneration:

For the period from 1st April 2016 to 31st March 2019, Mr. Ziaulla Sheriff was not paid any remuneration, as the Chairman and Managing Director of the Company.

2. Recognition/Awards:

Nil.

3. 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.

4. 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).

5. 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. 12,00,000/- 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 37,50,450 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 2018-19. 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.

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. 3 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 2019 to 11th August 2022 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. 3 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.

Mr. Ziaulla Sheriff (DIN: 00002098), the Chairman and Managing Director of the Company has attained the age of 70 years. In view of the Companies Act, 2013 and also for an abundant precaution, the Company seeks consent of the members by way of special resolution for continuation of their holding of existing office after the age of 70 years during the currency of their term of appointment under the provisions of Section 196 (3) (a) of the Companies Act, 2013.

The Board therefore recommends the special resolution set out at Item no. 3 for 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 2019 to 11th August 2022 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.

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)

Name of The Director	Mr. Ziaulla Sheriff (DIN:00002098)
Designation	Managing Director
Date of Birth	23rd June 1940
Age	79 years
Qualifications	Bachelor of Engineering, Mechanical.
Nature of Expertise in specific functional area	He is an expert in the fields of Information Technology and Real Estate
Brief resume of the Director	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.
Experience	50 Years
Terms and conditions of reappointment	As given in the explanatory statement to item no. 3
Last drawn remuneration	NIL
Date of first appointment on the Board	12th August 2011
Shareholding in the Company	37,50,450 equity shares

STARCOM INFORMATION TECHNOLOGY LIMITED

Relationship with other Director/ Manager/KMPs	He is the father of Ms. Sayeeda Hina, the Non Executive Director of the Company.
No. of meetings of the Board attended during the financial year 2018-19	4
Other Directorships (other than Starcom Information Technology Limited)	Ossoor Estates Limited, Wartyhully Estates Limited, Best Coffee Curing Works Private Limited, India International Coffee Private Limited, IBC International 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, Varma Industrial Private Limited, Cubeware India Private Limited, Pri Technologies Private Limited, Cubeware Global Private Limited, Golf View Homes Limited, Century Galaxy Developers Limited
Membership/Chairmanships of the Committees of Boards of other listed entities (other than Starcom Information Technology Limited)	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.

Item No 4: Approval for Renewal of Related Party Contracts

In view of provisions of Section 188 of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014 and pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company approval of Member's is required to enter into certain contracts or arrangements which may exceed the limit during the financial year as prescribed under the above rule & Regulations.

Pursuant to Rule 15 of Companies (Meetings of Board and its Powers) Rules, 2014, as amended till date, particulars of the transaction(s) with Mr. Ziaulla Sheriff are as follows:

Sr. No	Particulars	Remarks
1.	Name of the Related Party	Mr. Ziaulla Sheriff
2.	Nature of Relationship	Chairman & Managing Director
3.	Particulars of Contract & Arrangement	Payment of rent
4.	Monetary value	As per the Terms & Conditions mentioned in the Agreement
5.	Any other information relevant or important for the members to take a decision on the proposed resolution	NA

Copy of contract or arrangement entered will be available for inspection at the Registered office of the Company during the business Hours.

Pursuant to the approval of the Audit Committee in its meeting held on 13th August, 2019 and Board of Directors of your Company in their meeting held on 13th August, 2019. The Board of Directors recommends the passing of the Ordinary Resolution set out as Item No. 4 of the accompanying notice for the approval of Members.

Company **Except Mr. Ziaulla Sheriff** and his daughter Ms. Sayeeda Hina, None of the Directors and Key Managerial Personnel of the Company or their respective relatives, other than as mentioned above is concerned or interested, financially or otherwise, in the resolution set out at Item No. 4 of the Notice

Item No 5:

Pursuant to Section 186(2) of the Companies Act, 2013 (Act) and the Companies (Meetings of Board and its Powers) Rules, 2014 (Rules) the Board of Directors is authorized to give loan, guarantee or provide security in connection with a loan to any person or other body corporate, or acquire by way of subscription, purchase or otherwise, the securities including shares, debentures etc. of any other body corporate, up to an amount, the aggregate of which should not exceed 60% of the paid up capital, free reserves and securities premium account or 100% of free reserves and securities premium account of the Company, whichever is higher. In case

the Company exceeds the above mentioned limits then, prior approval of shareholders by way of a special Resolution required being obtained. The Company is operating in a dynamic business environment and therefore may be required to make investment, and to give Loans, Guarantees or provide Securities at any point of time when the exigencies arise. It is therefore proposed to authorize the Board of Directors to give loans, make investment or provide guarantees or securities up to an amount, the aggregate outstanding of which should not exceed, at any given time Rs.100 crores (Rs. One Hundred Crores only) .

None of the Directors and Key Managerial Personnel of the Company or their respective relatives, other than as mentioned above is concerned or interested, financially or otherwise, in the resolution set out at Item No. 5 of the Notice.

The Board recommends the Special Resolution set out at item No.5 of the Notice for approval by the shareholders.

Map of the venue of the AGM:



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

Land Mark: Diamond District Club House

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: 13th August 2019
Place: Bangalore
CIN: L67120KA1995PLC078846

DIRECTOR'S REPORT

To,

The Members,

STARCOM INFORMATION TECHNOLOGY LIMITED

The Directors have pleasure in presenting the **Twenty Fourth Annual Report** of the Company and the Audited Financial Statements for the financial year ended **31st March 2019**.

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	2018-19	2017-18
Total Income	15,07,28,842	14,67,85,055
Total Expenditure	(14,92,50,699)	(14,53,28,917)
Profit/ (Loss) before Taxation	14,78,143	14,56,138
Less: Provision for Taxation	(88,267)	(4,26,689)
Net Profit after taxation	13,89,876	10,29,449

The above figure of the previous year has been reclassified as per the IND AS provision.

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.14,04,10,953/- as compared to turnover of Rs.13,33,20,133/- in previous year registering increase in turnover by 5.32%. The total expenses of the Company during the reporting period have increased to Rs.14,92,50,699/- from Rs.14,53,28,917/- in the previous year. During the year under review, there was net profit after tax of Rs.13,89,876/- as compared to profit after tax of Rs.10,29,449/- in the previous financial year.

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

3. Dividend:

Your Board of Directors expresses its inability to recommend any dividend for the financial year 2018-19.

4. Reserves:

The Company has not proposed any amount to be transferred to the reserve. The total reserve for the year ended as on March 31st, 2019 is Rs.(2,51,46,276)/- as compared to Rs. (2,68,39,157)/- in the previous year.

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

There was no change in nature of business activity during the year

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 2019 and the date of this report.

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

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

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

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

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

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

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

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

10. **Deposits:**

During the year, the Company has not accepted any Deposits falling within the purview of Chapter V of the Companies Act, 2013 and Rules made there under.

However, as per the requirement of proviso to Rule 2(1)(c)(viii) of the Companies (Acceptance of Deposits) Rules, 2014, the details of amount from the Directors and relative of Directors outstanding as on March 31st, 2019 is mentioned below;

Sl. No	Particulars	Amount (As on 31 st March 2019)
1	Mr. Ziaulla Sheriff (Managing Director)	Rs. 14,93,57,731

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

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

As on the date of this Report, your Company has 4 (Four) Directors consisting of 2 (Two) Independent Directors, 1 (One) Non-Executive Woman Director and 1 (One) Executive Director.

In pursuance of the provisions of Section 152(6) of the Companies Act, 2013 and Articles of Association of the Company Mr. Ziaulla Sheriff of the Company, retires at the ensuing Annual General Meeting and being eligible, offers himself, for re-appointment pursuant to provisions of Section 152 of the Act. The Board of Directors recommends his re-appointment as the Director to the Members of the Company.

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 2019. The Board of Directors on the recommendation of Nomination and Remuneration Committee in their meeting held on 30th May 2019 approved the re-appointment of Mr. Ziaulla Sheriff as the Chairman and Managing Director of the Company with effect from 12th August 2019 for a period of three (3) years i.e. till 11th August 2022, 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.

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

As on 31st March 2019, following are designated as KMP of the Company:

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

Further, brief resume of the Directors proposed to be appointed and re-appointed, relevant information, nature of their expertise in specific functional areas, names of the companies in which they hold directorships and the memberships/ chairmanships of Committees of the Board and their shareholding in the Company, as stipulated under Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards -2 has been furnished separately in the notice convening the 24th Annual General Meeting read with the Annexure thereto forming part of this Report.

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

STARCOM INFORMATION TECHNOLOGY LIMITED

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.

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

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

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

D. **Board Familiarization Program:**

At the time of appointment of Independent Director, through the induction process, he/she is familiarized with the Company, the Director's roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc. Detailed presentations are made before the Board Members at the Board and its Committee Meetings covering various areas including business, strategy, financial performance and forecast, compliances/regulatory updates, audit reports, risk assessment and mitigation, industry, roles, rights, responsibilities of Independent Directors, etc. The Familiarization Program aims to provide insights into the Company to enable the Independent Directors to understand its business in depth and contribute significantly to the Company.

The details of training and familiarization programs are available on our website at https://www.starcominfotech.com/images/starcom/pdfs/familiarisation_programme_Independent_Directors.pdf

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

The Board of Directors met Four (4) times during the Financial Year on 30th May 2018, 14th August 2018, 14th November 2018 and 14th February 2019. The intervening gap between any two meetings was not more than 120 days as prescribed by the Companies Act, 2013.

Attendance at the Board meetings:

Name of Director	30.05.2018	14.08.2018	14.11.2018	14.02.2019
Ziaulla Sheriff	Yes	Yes	Yes	Yes
Mohankumar Gundurao Maddur	Yes	Yes	Yes	Yes
Sayeeda Hina	Yes	No	Yes	Yes
Mohammad Yousuf Khan	No	No	Yes	No

13. **Secretarial Standards**

The Company complied with the Secretarial Standards 1 and 2 issued by the Institute of Company Secretaries of India.

14. **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 the following Directors as on the date of this Report. Ms Nidhi Sharma, Company Secretary and Compliance Officer, acted as the Secretary to the Committee.:

Name	Designation	Category
Mr. Maddur Gundurao Mohankumar (DIN: 00020029)	Chairman	Independent Director
Ms. Sayeeda Hina (DIN: 03642269)	Member	Non-Executive Director
Mr. Mohmmad Yousuf Khan (DIN: 00751929)	Member	Independent Director

During the year, the Committee met 4 times. The details of the number of meetings and attendance at the meeting are given below:

Name of Director	30.05.2018	14.08.2018	14.11.2018	14.02. 2019
Mr. Maddur Gundurao Mohankumar	Yes	Yes	Yes	Yes
Ms. Sayeeda Hina	Yes	Yes	Yes	Yes
Mr. Mohammad Yousuf Khan	No	No	Yes	No

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

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

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

ii) **Nomination and Remuneration Committee:**

The Board has Nomination and Remuneration Committee which comprises of the following Directors as on the date of this Report. Ms Nidhi Sharma, Company Secretary and Compliance Officer, acted as the Secretary to the Committee:

Name	Designation	Category
Mr. Maddur Gundurao Mohankumar (DIN: 00020029)	Chairman	Independent Director
Ms. Sayeeda Hina (DIN: 03642269)	Member	Non-Executive Director
Mr. Mohmmad Yousuf Khan (DIN: 00751929)	Member	Independent Director

During the year, no Nomination and Remuneration Committee Meeting was held.

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

iii) **Stakeholders' Relationship Committee:**

The Board has Stakeholders' Relationship Committee comprising of three Directors. Ms. Nidhi Sharma, Company Secretary and Compliance Officer, acted as the Secretary to the Committee. The composition of the Stakeholders' Relationship Committee is as follows:

Name	Designation	Category
Mr. Maddur Gundurao Mohankumar (DIN: 00020029)	Chairman	Independent Director
Ms. Sayeeda Hina (DIN: 03642269)	Member	Non-Executive Director
Mr. Ziaulla Sheriff (DIN: 00002098)	Member	Executive Director

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.

During the year, the Committee met 4 times. The details of the number of meetings and attendance at the meeting are given below:

Name of Director	30.05.2018	14.08.2018	14.11.2018	14.02. 2019
Mr. Maddur Gundurao Mohankumar	Yes	Yes	Yes	Yes
Ms. Sayeeda Hina	Yes	Yes	Yes	Yes
Mr. Ziaulla Sheriff	Yes	Yes	Yes	Yes

iv) **Corporate Social Responsibility Committee:**

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

15. **Listing of Securities**

The Company's equity shares are listed on BSE Ltd. (BSE). The stock code of the Company at BSE is 531616.

16. **Corporate Governance:**

As per the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015, the provisions of Corporate Governance are not applicable to your Company. Thus, the Company is not required to annex a Report on Corporate Governance.

STARCOM INFORMATION TECHNOLOGY LIMITED

17. Statutory Auditors and its Report:

At the Annual General Meeting held on 30th October 2017, M/s CAS & Co. (formerly known as K.M. Tulsian & Associates) Chartered Accountants (Firm Registration No. 111075W) were appointed as Statutory Auditors of the Company for a term of 5 years from the conclusion of the 22nd Annual General Meeting until the conclusion of 27th Annual General Meeting.

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>The material weakness has been identified in the operating effectiveness of the Company's internal financial controls over financial reporting as at 31st March 2019:</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><i>The Company have an overdue statutory dues as on 31st March, 2019</i></p> <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 2019 for a period more than six months from the date they became payable are as follows.</p> <table border="1"> <thead> <tr> <th>Name of the Statute</th> <th>Nature of dues</th> <th>Amount (Rs)</th> </tr> </thead> <tbody> <tr> <td>The Income Tax Act, 1961</td> <td>Tax Deduction at Source (TDS)</td> <td>2,56,02,688</td> </tr> <tr> <td>Finance Act, 1994</td> <td>Service Tax</td> <td>25,08,616</td> </tr> <tr> <td>The Employee's Provident fund and Miscellaneous Provisions Act, 1952</td> <td>Provident Fund</td> <td>82,14,754</td> </tr> <tr> <td>Central Sales Tax ,1956</td> <td>Central Sales Tax, Karnataka</td> <td>18,00,028</td> </tr> <tr> <td>Karnataka VAT,2003</td> <td>Value Added Tax</td> <td>2,32,282</td> </tr> <tr> <td>Central Sales Tax ,1956</td> <td>Central Sales Tax -Delhi</td> <td>21,57,561</td> </tr> <tr> <td>The Central Goods and Service Tax Act, 2017</td> <td>Goods and Service tax</td> <td>84,61,281</td> </tr> <tr> <td>The Karnataka Tax on Professions, Trades, Callings and Employment Act, 1976</td> <td>Professional Tax</td> <td>2,57,500</td> </tr> <tr> <td>Employees' State insurance Act,1948</td> <td>Employee State insurance</td> <td>3,09,629</td> </tr> </tbody> </table>	Name of the Statute	Nature of dues	Amount (Rs)	The Income Tax Act, 1961	Tax Deduction at Source (TDS)	2,56,02,688	Finance Act, 1994	Service Tax	25,08,616	The Employee's Provident fund and Miscellaneous Provisions Act, 1952	Provident Fund	82,14,754	Central Sales Tax ,1956	Central Sales Tax, Karnataka	18,00,028	Karnataka VAT,2003	Value Added Tax	2,32,282	Central Sales Tax ,1956	Central Sales Tax -Delhi	21,57,561	The Central Goods and Service Tax Act, 2017	Goods and Service tax	84,61,281	The Karnataka Tax on Professions, Trades, Callings and Employment Act, 1976	Professional Tax	2,57,500	Employees' State insurance Act,1948	Employee State insurance	3,09,629	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 dues	Amount (Rs)																														
The Income Tax Act, 1961	Tax Deduction at Source (TDS)	2,56,02,688																														
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Employees' State insurance Act,1948	Employee State insurance	3,09,629																														

18. Secretarial Auditor and its 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 (FCS: 3477 and CP: 2285), to undertake the Secretarial Audit of the Company for the financial year 2018-19 and issue Secretarial Audit Report. The Secretarial Audit Report issued by M/s. Hemanshu Kapadia & Associates for the financial year 2018-19 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:

19. Internal Auditors:

Pursuant to Section 138 of the Companies Act, 2013 read with Rule 13 of the Companies (Accounts) Rules, 2014, and on the basis of the recommendation of Audit Committee, the Board of Directors in their meeting held on 14th August 2018 had appointed M/s. Mahesh & Nagaraj Chartered Accountants, (Firm Registration Number: 010986S) as the Internal Auditors of the Company for the financial year 2018- 2019.

20. Extract of the Annual Return:

In accordance with Section 134(3)(a) read with Section 92(3) of the Act, an extract of the Annual Return in Form MGT-9 is placed on the website of the Company and same can be downloaded by clicking on the following link:

<https://www.starcominfotech.com/investors.aspx>

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

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

22. 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 pursuant to the provisions mentioned under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 relating to the constitution of Internal Complaints Committee to redress the complaints received regarding sexual harassment. All employees are covered under this Policy. The policy is gender neutral.

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

23. 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 2018-19	Financial year 2017-18
Foreign Exchange inflow	5,05,79,972	5,00,77,735
Foreign Exchange outflow	81,93,984	86,45,583

24. **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.

25. **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 Directors' Report.

26. **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 2019, 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 2019 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 2019; 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 2019.

27. **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.

28. **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.

29. **Cost Records:**

As per Section 148(1) of the Act read with the Companies (Cost Records and Audit) Rules, 2014, the maintenance of cost records is not mandated on the Company.

30. **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.

31. **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) Issue of sweat equity shares
- d) 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).
- e) Explanation for deviation in use proceeds of public issue, rights issue, preferential issue etc.
- f) Details in respect of frauds reported by Statutory Auditors under Section 143(12) other than those which are reportable to the Central Government.

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

32. **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: AI-Barka Golden Enclave, Airport Road, Bangalore-560017

Date: 13th August 2019

Place: Bangalore

ANNEXURE-1

NOMINATION & REMUNERATION POLICY

Introduction:

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

Terms of Reference:

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

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

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

Definitions:

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

Applicability: The Policy is applicable to

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

General: This Policy is divided in three parts:

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

Part – B covers the appointment and nomination and

Part – C covers remuneration and perquisites etc.

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

The Committee shall:

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

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

Appointment criteria and qualifications:

1. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
2. A person should possess adequate qualification, expertise and experience for the position he/she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient/satisfactory for the concerned position.
3. The Company shall not appoint or continue the employment of any person as Whole time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.
4. **Term / Tenure:**
 1. **Managing Director/ Whole-time Director:** - The Company shall appoint or reappoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.
 2. **Independent Director:** - An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for reappointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report. No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly. At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed Company.
5. **Evaluation:** The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management Personnel at regular interval (yearly).
6. **Removal:** Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.
7. **Retirement:** The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

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

General:

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

STARCOM INFORMATION TECHNOLOGY LIMITED

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

POLICY REVIEW

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

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

For and on behalf of the Board of Directors

Sd/-

Ziaulla Sheriff

Chairman and Managing Director

DIN: 00002098

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

Date: 13th August 2019

Place: Bangalore

ANNEXURE - 2

Form No. AOC-2

(Pursuant to clause (h) of sub-Section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)
Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-Section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

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

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

- (a) Name(s) of the related party and nature of relationship:** Mr. Ziaulla Sheriff and Ms. Sayeeda Hina. Mr. Ziaulla Sheriff is a partner in the firm namely, Sheriff and Bhatia Associates. Ms. Sayeeda Hina is daughter of Mr. Ziaulla Sheriff.
- (b) Nature of contracts/arrangements/transactions:** Payment of rent by Starcom Information Technology Limited for using the premises located at Times Square, No. 88 MG Road, Bangalore – 560001.
- (c) Duration of the contracts / arrangements/ transactions:** The lease shall commence from 1st June 2017 to 31st May 2022 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:** 13th August 2019
- (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: 13th August 2019
Place: Bangalore

ANNEXURE - 3

HEMANSHU KAPADIA & ASSOCIATES

COMPANY SECRETARIES

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

Lamington Road, Mumbai-400 008

Tel 6631 0888/6631 4830

E-mail: hemanshu@hkacs.com

Website: hkacs.com

Form No. MR-3

SECRETARIAL AUDIT REPORT

For the Financial year ended 31st March 2019

[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 (CIN: L67120KA1995PLC078846)** (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 2019 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 2019 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings (**Not Applicable to the Company during the Audit period as there were no Foreign Direct Investments, Overseas Direct Investments in the Company and no External Commercial Borrowings were made by the Company**);
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (**Not Applicable to the Company during the Audit period as the Company has not issued any new securities**);
 - d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; (**Not Applicable to the Company during the Audit period as the Company has not issued any ESOP/ESPS**);
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (**Not Applicable to the Company during the Audit period as the Company has not issued any Debt instruments/ Securities**);

- f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (**Not Applicable to the Company during the Audit period as delisting of securities did not take place**); and
 - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (**Not Applicable to the Company during the Audit period as the Company has not bought back its securities**);
 - i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (vi) Other laws applicable specifically to the Company namely:
- i. Information Technology Act, 2000 and the rules made thereunder

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

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

Note: Regulations 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 and Para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 are not applicable 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:

Pursuant to the provision of Section 179(3) of Companies Act, 2013, the Company is required to file eForm MGT-14 within 30 days from approving the financial statements in board meeting. However the Company is in the process of filling the same.

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
Practicing Company Secretaries

Hemanshu Kapadia
Proprietor
C.P. No.: 2285
Membership No.: 3477

Date: 13th August, 2019

Place: Mumbai

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

HEMANSHU KAPADIA & ASSOCIATES

COMPANY SECRETARIES

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

Lamington Road, Mumbai-400 008

Tel 6631 0888/6631 4830

E-mail: hemanshu@hkacs.com

Website: hkacs.com

Annexure A

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

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

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

For Hemanshu Kapadia & Associates

Hemanshu Kapadia
Proprietor
C. P. No.2285
Membership No. 3477
Date: 13th August, 2019
Place: Mumbai

ANNEXURE - 4

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 2018-19 was Rs./- 7,37,774 The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year 2018-19 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:

In the year 2018-19 there was an increase in the remuneration of Company Secretary Ms Nidhi Sharma by 11.11% . No remuneration is paid to Directors of the Company.

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

In the Financial Year 2018-19, there was an increase of 20.57 % in the median remuneration of employees.

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

There were 67 (including KMP) permanent employees on the rolls of the Company as on 31st March 2019.

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 was 9.27 %, whereas no remuneration is paid to the Directors of the Company.

This is based on the Nomination & Remuneration policy of the company that rewards people differentially based on their contribution to the success of the company and also ensures that external market competitiveness and internal relativities are taken care of.

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: 13th August 2019

Place: Bangalore

STARCOM INFORMATION TECHNOLOGY LIMITED

DETAILS OF TOP TEN EMPLOYEES OF THE COMPANY

SR. NO.	NAME OF THE EMPLOYEE	DESIGNATION OF THE EMPLOYEE	REMUNERATION RECEIVED PER MONTH (in Rs.)	NATURE OF EMPLOYMENT	QUALIFICATION	EXPERIENCE	DATE OF COMMENCEMENT OF EMPLOYMENT IN THE COMPANY	AGE	LAST EMPLOYMENT HELD BY SUCH EMPLOYEE BEFORE JOINING THE COMPANY	PERCENTAGE OF SHARES HELD IN THE COMPANY ALONG WITH SPOUSE AND DEPENDENT CHILDREN	WHETHER A RELATIVE OF DIRECTOR OR MANAGER OF THE COMPANY
1	ASHFAQ IBRAHIM	CHIEF SALES OFFICER	3,50,000	PERMANENT	MBA	23 Years	01/08/2015	51	Cranes Software International Limited	NIL	No
2	MEHRAJ LANKER	CHIEF MARKETING OFFICER	3,50,000	PERMANENT	B.Tech	21 Years	01/08/2015	46	Cranes Software International Limited	0.04	No
3	SYED ABDUL MUJEEB	CHIEF OPERATING OFFICER	3,30,750	PERMANENT	M.Tech	26 Years	01/08/2014	53	ABK Softwares Services	NIL	No
4	AMUTHUKKINIYAVEL MANOHARAN	VICE PRESIDENT	3,20,833	PERMANENT	MCA	23 Years	01/08/2014	48	Cranes Software International Limited	NIL	No
5	SHAIK MUSTAK AHMED	ASSOCIATE VICE PRESIDENT - TECHNOLOGY	2,25,000	PERMANENT	MBA	20.3 Years	02/05/2014	43	Reznex Global Solutions Pvt Ltd	NIL	No
7	WAHAB SHARIFF	MANAGER - SALES	1,91,667	PERMANENT	B.Tech	19 years	01/08/2014	48	Cranes Software International Limited	NIL	No
6	PANDIARAJAN T	PROJECT LEAD	1,87,500	PERMANENT	B.Tech	15 years	01/08/2014	49	Cranes Software International Limited	NIL	No
8	ONKARA MURTHY H M	TEAM LEAD	1,62,500	PERMANENT	B.Tech	13 years	01/08/2014	48	Cranes Software International Limited	NIL	No
9	BELUR GURURAJA RAO NAGARAJA	ASSOCIATE VICE PRESIDENT - SALES	1,54,167	PERMANENT	B.Tech	23 years	01/08/2015	50	Cranes Software International Limited	NIL	No
10	PARTHAN C V	REGIONAL SALES MANAGER - APAC	1,52,917	PERMANENT	B.Tech	23 years	01/08/2015	48	Cranes Software International Limited	NIL	No

ANNEXURE - 5

MANAGEMENT DISCUSSION AND ANALYSIS

1. INDUSTRY STRUCTURE AND DEVELOPMENTS

OVERVIEW

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

MISSION

Our mission is to enable every organization to realize the power of their data with trust and speed. The suite of products from Starcom integrates data and applications in real time across cloud and big data environments, as well as traditional systems, allowing organizations to develop a unified view of their business and customers across organizational and technology silos. We are a key enabler of the data-driven enterprise where data is a strategic asset powering business.

Our flagship platform Star360 allows customers in any industry to improve business performance by using their data to create new insights and to automate business processes. Our customers rely on our software to better understand their customers to improve their sales, services and compliance. The amount of data available for decision making is increasing dramatically, and the technology to analyze and act on that data is becoming more capable and ubiquitous. The growing capabilities of cloud data warehouses have created a powerful and easy-to-use alternative to on-premise infrastructure that is accelerating the shift of data to the cloud and expanding the availability of big data and machine learning technologies to organizations of all sizes. At the same time, the increasing pace of business is driving the need for more real-time data processing and the need to make data-driven decisions throughout organizations, creating demand for self-service business and analytical applications. Data infrastructure has begun to shift to cloud platforms to enhance agility, elasticity, scalability, and time-to-value. As a result, organizations require agile, real-time data integration and integrity solutions that support their evolving needs.

Starcom products Star360, StarDQ and Star BI provide a comprehensive, flexible solution to address IT integration needs across industries. It works seamlessly across on-premise and cloud environments to connect both traditional and big data environments. Organizations can quickly integrate all forms of data across systems and applications at scale, with significantly improved performance and lower total cost of ownership than traditional data integration approaches. Star360 interoperates and natively integrates with cloud data platforms such as Amazon AWS and Microsoft Azure, while including extensive support for cloud data warehouses such as Amazon Redshift, Microsoft Azure Data Warehouse.

Our flexible architecture enables us to rapidly adopt new technologies as they emerge and support evolving cloud environments so that our customers can maximize the value of their data investments. Our technology allows our customers to manage both batch and real-time data processing and incorporate machine learning to leverage data for the automation of operational workflows. Our flexible cloud architecture allows organizations to operate in a cloud-based environment, in their on-premise datacenter, in private clouds, or in any hybrid combination.

We are in the early stages of four disruptive trends that are reshaping the IT industry:

The amount & availability of increasing data; adoption to Cloud & Big data technologies; and change in buying behavior are creating an increasing number of new opportunities for organizations to be data driven. It is now, more than ever, critical for organizations to have an IT strategy that enables them to leverage data to support their business initiatives. To do this, IT teams must be able to work with new data platforms and fluidly address high volume, IoT,

Artificial Intelligence, Machine Learning initiatives with self-service, and real-time scenarios.

PRODUCTS

Starcom Information Technology Limited is a leader for Automated data management and Customer 360 platform which includes **Customer 360°, Data Quality, Business Intelligence & Data Analytics** Products and Services.

STAR 360 An Interactive UI driven Self Service Customer 360 automated platform, serves as single point of contact for front-end Digital systems, CRM Systems, Business Intelligence, Call Center, Bots and Mobile Apps to deliver the comprehensive 360° view of the Customer. **Star360** platform has an embedded **StarDQ** to perform Data Quality activities such as Cleansing, Enrichment, Deduplication etc.

Star 360 features:

- Sourcing data from multiple databases pertaining to various LOB's running in silos.
- Manages the Cleansing, Standardization and Enrichment of data before homogenizing the same with a common reference database, based on fixed and custom rules
- De-Duplicates the Customer records sourced from multiple silos & produces a refined database repository which is 'single source of truth' for all Customer related queries.
- Collates the connected data pertaining to Customers into the same database repository to make it as single point of reference about the associated relationships for the selected Customer.
- Offers Source to Target Visual Data Reconciliation.
- Offers UI based monitoring control panel to manage the internal processes with suitable reports and dashboards coupled with alerts and notifications.

STAR DQ A powerful, real time automated enterprise solution for Data Cleansing, De-duping, Clustering and enriching the data. **StarDQ** has processed more than 1 Billion Customer Records, **StarDQ** is a completely **Automated Data Quality** engine which embeds into the customer's existing business workflow and eliminates the need for any manual data quality teams and services.

With our Architecture customers can run the complete **cleansing, enrichment** and **de-dupe** process in 2-3 hours on daily incremental data sets with 10 Million historical records. Traditionally this activity would take days if not months for multiple data sets across various sources. The engine works on **Scheduling** basis and is timed to run every day after the working hours so that incremental data coming in daily gets de-duped with Historical Data and clustered during the night. **StarDQ** can implement specific Business Rules for each Dataset. The scalable architecture is the key feature of the product which easily handles millions of records and maintains the batch timings. The online verification module allows business users to access the **Golden Records** to get the credentials (unique/Duplicate) of the new record being created in the business system on a real-time basis.

Data Steward Module:

StarDQ engine provides enriched data and more accurate de-duplication results most of the time. If the input records don't meet the minimum criteria as per business rules, then those records get flagged as '**erroneous**' and will be not considered for de-duplication process. These 'erroneous' records require manual intervention/ corrections [by means of Data Stewardship] to form better/meaningful clusters and standardization.

Data Steward Tool has two activities:

- Manual Data correction /enrichment for failure cases/erroneous records
- Manually correct any specific instances of wrong de-duplication/ clustering

STAR BI Self Service business intelligence software empowers business users by turning data into actionable insights and enable organizations to improve their decision making. **StarBI**, an intelligent self-service Business Intelligence tool, allows you to **discover trends, track KPIs and visualize data**. Connect to multiple data sources, create and schedule reports & dashboards, set alerts and run **predictive analytics** with our **drag-and-drop GUI** in less than 10 clicks!

OPPORTUNITIES & THREATS- OUR STRENGTHS

We believe our Solutions address the markets for Automation, Master Data Management, which IDC estimates combined were \$17 billion in 2016 and are forecasted to reach \$23 billion in 2020. IDC forecasts the data integration and integrity market to grow from \$6.0 billion in 2017 to \$9.8 billion in 2022. We believe that these markets will further expand as a portion of spend on hand-coded integrations will transition to software-based integration solutions given the time consuming and expensive process of manual integrations coupled with the scarcity of personnel with the requisite technical skills. The transformative change in IT infrastructure is driving a dramatic shift to cloud platforms to address infrastructure and data warehousing needs. This is driving rapid growth in cloud integration. According to IDC, the market for Cloud Data Integration and Integrity Software is forecast to reach \$2.3 billion by 2022,

representing a 30% CAGR from 2018. Our Star360 Platform is offered as both a SaaS or premise offering, and works seamlessly across a customer's on-premise, cloud and hybrid environments to integrate data in real time from both traditional and big data environments. We enable organizations to unlock the value of their data to create real-time, predictive insights. Customers can use a single design environment to create intelligent data flows with machine learning algorithms that can process both batch and real-time streaming data to automate the delivery of insights.

Marketing

Our Marketing Team is responsible for increasing the awareness of Starcom Solutions, fostering the MDM community, generating demand, gathering market feedback and enabling our field sales team to effectively sell our solution. Free trial editions of our products are key drivers of awareness and initial usage. When deciding whether to purchase our Solutions, our customers primarily learn from white papers, webinars and third-party research before engaging with our sales team. It is a key mission of the marketing team to support and accelerate this learning process. The marketing team includes the following functions: SEO, Lead Generation, marketing communications, field marketing and product management.

Sales

We sell our software and services through both a direct sales force and indirect channel partners globally. We also offer our StarBI via a self-service e-commerce platform which typically does not require the involvement of sales personnel or partners. Our sales efforts are built on a land-and-expand sales model. To facilitate market adoption, we offer a free trial version of our products and these downloads become leads for our marketing and sales organization to develop and close. After an initial deployment, organizations often purchase more products, add licenses or expand usage to additional modules from Starcom Solutions. We sell our apps to organizations of all sizes and the majority of our sales are through our direct sales force. Our direct sales force includes an inside sales team which is closely aligned with a Field sales team. Post-sale, our customers are managed by a dedicated customer success team. Our customer success team is responsible for driving successful deployments, maintaining customer relationships, renewing existing contracts and identifying expansion opportunities within existing customers.

OUR STRATEGY

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

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

Our Growth Strategy - Key drivers:

- Maintain our technology leadership.
- Grow our customer base.
- Expand our ecosystem of partners.
- Continue to grow globally.

OUR COMPETITION

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

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

STARCOM INFORMATION TECHNOLOGY LIMITED

3. Segment-wise Performance:

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

Particulars	Year ended 31st March 2019 (Amt in Lakhs.)
A. Segment Revenue	
1. Test, Measurement & Embedded Solutions for Educational Sector	408.25
2. Statistical & Analytics Software	995.86
Total Revenue	1,404.11
B. Segment Results	
1. Test, Measurement & Embedded Solutions for Educational Sector	86.84
2. Statistical & Analytics Software	775.57
Total	862.40
Less: Interest Expenses	94.71
Unallocable Expenditure	752.91
Add: Exceptional Item	-
Total Profit Before Tax	14.78
Less; Tax Expenditure	0.88
C. Capital Employed	
1. Test, Measurement & Embedded Solutions for Educational Sector	227.66
2. Statistical & Analytics Software	3,177.26
3. Unallocated	205.66
Total Capital Employed	3,610.58

4. Outlook:

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

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

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

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

5. Risks and concerns:

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

6. Internal Control systems and their adequacy:

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

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

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

Financial performance:

Particulars	2018-19 (Amount in Rs.)	2017-18 (Amount. in Rs.)	Change (%)
Revenue from operations (1)	14,04,10,953	13,33,20,133	5.32
Other income (2)	1,03,17,889	1,34,64,921	(23.37)
Sub-total (1+2)	15,07,28,842	14,67,85,054	2.69
Total Expenditure	14,92,50,699	14,53,28,917	2.70
Profit/(Loss) before Tax	14,78,143	14,56,137	1.51
Profit/ (Loss) after Tax	13,89,876	10,29,449	35.01

There has been increase of in the revenues of the Company as compared to the previous year by 2.69%. The Company was unable to reduce the expenses & it got increased by 2.70% to Rs. 14,92,50,699/- from Rs.14,53,28,917/- incurred in the previous financial year. However, the other income of the Company has reduced by 23.37%. During the current financial year the Company has recorded Profit after tax of Rs.13,89,876/- as compared to the profit after tax of Rs.10,29,449/- in the previous year. The Company is expected to earn more profits in the coming years.

DETAILS OF SIGNIFICANT CHANGES IN KEY FINANCIAL RATIOS

Details of significant changes in key financial ratios are given as under:

SL. No	Particulars	2018-19	2017-18	Variation (%)
i	Debtors Turnover	0.75	0.67	11.14
ii	Inventory Turnover	31.01	16.41	88.96
iii	Interest Coverage Ratio	1.16	1.14	1.52
iv	Current Ratio	0.66	0.76	(14.00)
v	Debt Equity Ratio	0.84	0.64	31.25
vi	Operating Profit Margin (%)	0.04	0.04	11.10
vii	Net Profit Margin	0.01	0.01	28.19
viii	Return on Net worth	0.06	0.06	1.51

Reason for change in 25% or more in key financial ratios as compared to the immediately previous financial year:

- i. **Inventory Turnover Ratio:** During the year under Review, Change is catered due to decline in average inventory between the two reporting period.
- ii. **Debt Equity Ratio:** The increased ratio is on account of Additional borrowings.
- iii. **Net Profit Margin:** the net profit margin was 0.092% compared to 0.070% in previous Financial Year. The change is on account of Increased Net Profits.

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 67 (including KMP) permanent employees on the rolls of the Company as on 31st March 2019.

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: 13th August 2019
Place: Bangalore

INDEPENDENT AUDITOR'S REPORT

To the Members Starcom Information Technology Limited

Report on the Audit of the Ind AS Financial Statements

Qualified Opinion

We have audited the Ind AS financial statements of Starcom Information Technology Limited ("the Company"), which comprise the balance sheet as at 31st March 2019, and the statement of Profit and Loss (Including Other Comprehensive Income), statement of cash flows and statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, except the possible effects of the matter described in the Basis for Qualified Opinion paragraph, 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 March 31, 2019, and its profit (Financial performance including other comprehensive income), its cash flows and changes in equity for the year ended on that date.

Basis for Qualified Opinion

The Company have an overdue statutory dues as on 31st March, 2019 in respect of Sales Tax / Service Tax / Goods and Service Tax of Rs. 223.81 lacs (including interest of Rs. 72.21 lacs), Provident Fund / ESIC / Professional Tax of Rs. 122.56 lacs (including interest of Rs. 34.75 lacs) and Tax Deducted at Source of Rs. 366.36 lacs (including interest of Rs. 110.34 lacs). Though the Company has provided for interest upto 31st March, 2019 in respect of these liabilities, any other consequential impacts as per the respective laws are not ascertained at present. Accordingly, We are unable to comment upon the resultant effect of same on the Assets, Liability and Loss of the company.

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Key Audit Matters

1. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and

We do not provide a separate opinion on these matters. During the course of our audit, we have determined that there are no key audit matters to be communicated in our report except for the matter described in the Basis for Qualified opinion section.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the management discussion and analysis Board's Report, Report on Corporate governance and Business Responsibility report but does not included in the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and accounting principles generally accepted in India, including the accounting Standards / IND AS specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of

STARCOM INFORMATION TECHNOLOGY LIMITED

the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

That Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

1. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
2. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also :
 - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
3. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
4. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
5. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 Companies Act, 2013, we give in the Annexure A statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

- 2 As required by Section 143(3) of the Act, we report that:
- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) Except the possible effects of the matter described in the Basis for Qualified Opinion paragraph, in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Ind AS financial statements dealt with by this Report are in agreement with the books of account.
 - d) Except the possible effects of the matter described in the Basis for Qualified Opinion paragraph, in our opinion, the aforesaid financial statements comply with the Accounting Standards / IND AS as specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) The matter described in the Basis for Qualified Opinion paragraph above, in our opinion, may have an adverse impact on the functioning of the Company.
 - f) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
 - g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “**Annexure B**”.
 - h) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations if any, on its financial position in its financial statements (Refer Note 29 of the Ind AS 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 have been no delays in transferring amounts which were required to be transferred to the Investor Education and Protection Fund by the company.
3. In our opinion and according to the information and explanations given to us, the Company has not paid/provided for any managerial remuneration, accordingly the provisions of Section 197 read with Schedule V to the Act are not applicable to the Company.

For CAS & Co.

Chartered Accountants

FRN. 111075W

Nitesh Musahib

Partner

Mem. No. 131146

Place: Mumbai

Date: May 30, 2019.

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 Ind AS financial statements for the year ended 31st March 2019.

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 immovable property.
- (ii) The inventories have been physically verified by the Management during the year at reasonable intervals. Discrepancies noticed on physical verification of inventories as compare to books of records were not material and have been properly dealt with the books of accounts.
- (iii) During the year, the Company has not granted any loans whether secured or unsecured to any parties covered in the register maintained under section 189 of the Companies Act, 2013. Hence paragraph 3 (iii) (a), (b) and (c) of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanation given to us, section 185 and section 186 of the Companies Act, 2013 is not applicable, since the Company has neither granted any loan nor made any investment in any securities or given any guarantees or security in/or body corporate.
- (v) According to the information and explanations given to us and on the basis of our examination of records, the Company has not accepted any deposits from public within the provision of section 73 to 76 of the Act and ruled framed there under.
- (vi) The Central Government has not prescribed for the maintenance of cost record under Section 148(1) of the Act.
- (vii) a) According to the records of the Company, amount deducted/accrued in the books of accounts in respect of the undisputed statutory dues including Provident Fund, Employee’s State Insurance, Income tax, Sales tax, Service tax, Duty of Customs, Duty of Excise, Value Added Tax, Goods and Service 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 2019 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)	2,56,02,688
Finance Act, 1994	Service Tax	25,08,616
The Employee’s Provident fund and Miscellaneous Provisions Act, 1952	Provident Fund	82,14,754
Central Sales Tax ,1956	Central Sales Tax, Karnataka	18,00,028
Karnataka VAT,2003	Value Added Tax	2,32,282
Central Sales Tax ,1956	Central Sales Tax –Delhi	21,57,561
The Central Goods and Service Tax Act, 2017	Goods and Service tax	84,61,281
The Karnataka Tax on Professions, Trades, Callings and Employment Act, 1976	Professional Tax	2,57,500
Employees’ State insurance Act,1948	Employee State insurance	3,09,629

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

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

For CAS & Co.

Chartered Accountants

Firm's Reg. No. 111075W

Nitesh Musahib

Partner

Mem No: 131146

Place : Mumbai

Date : 30th May, 2019

Annexure “B” to the Independent Auditor’s Report of even date on the Ind AS financial statements of Starcom Information Technology Limited for the year ended 31st March 2019.

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, 2019 in conjunction with our audit of the Ind AS 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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, 2019:

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

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

In our opinion, except for the possible effect of the material weakness described above on the achievement of the objectives of the control criteria, the Company has maintained, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, 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 Ind AS financial statements of the Company.

For CAS & Co.

Chartered Accountants

Firm’s Reg. No. 111075W

Nitesh Musahib

Partner

Mem. No. 131146

Place : Mumbai

Date : 30th May, 2019

STARCOM INFORMATION TECHNOLOGY LIMITED

Balance Sheet as at 31 March 2019

(Amount in Rs)

Particulars	Note No.	As at March 31, 2019	As at March 31, 2018
ASSETS			
A) Non-current assets			
Property, Plant and Equipment	3	2,081,963	2,909,059
Intangible Assets	4	31,984,210	36,151,478
Intangible Assets Under Development	4	189,023,429	150,020,186
Financial Assets			
Others Financial Assets	5	4,861,253	4,506,504
Deferred Tax Assets (Net)	6	8,682,233	8,492,644
Other Non - current assets	7	683,219	911,600
Total Non - current assets		237,316,307	202,991,471
B) Current assets			
Inventories	8	716,310	1,356,430
Financial Assets			
Trade receivables	9	115,711,076	94,538,892
Cash and cash equivalents	10	2,953,804	939,499
Bank Balances other than Cash and cash equivalents	11	206,479	185,800
Others Financial Assets	5	2,461,805	18,354,013
Other current assets	7	1,692,629	2,127,393
Total Current assets		123,742,102	117,502,027
TOTAL ASSETS		361,058,410	320,493,498
EQUITY AND LIABILITIES			
EQUITY			
Equity Share Capital	12	50,006,000	50,006,000
Other Equity		(25,146,276)	(26,839,157)
Total Equity		24,859,724	23,166,843
LIABILITIES			
A) Non-current liabilities			
Financial Liabilities			
Borrowings	13	130,992,492	120,618,255
Other Non-Current Liabilities	14	10,671,444	17,253,842
Provisions	15	6,427,988	5,841,457
Total Non-current liabilities		148,091,924	143,713,554
B) Current liabilities			
Financial Liabilities			
Trade payables	16		
- Due to micro and small enterprises		791,190	941,190
- Due to Others		100,905,695	86,443,687
Other financial liabilities	17	1,177,200	-
Provisions	15	739,833	506,055
Income Tax Liability (net)	18	602,377	977,430
Other Current Liabilities	19	83,890,467	64,744,739
Total Current liabilities		188,106,762	153,613,101
TOTAL EQUITY AND LIABILITIES		361,058,410	320,493,498

The accompanying notes form an integral part of the financial statements

This is the Balance Sheet referred to in our audit report of even date

For CAS & Co.
Chartered Accountants
Firm Reg. No. 111075W

Nitesh Musahib
Partner
Mem No.: 131146

For and on behalf of the Board of Directors
Starcom Information Technology Limited
CIN : L67120KA1995PLC078846

Mr. Ziaulla Sherif
Managing Director
DIN - 00002098

Mr. Mukhtar Ahmad
Chief Financial Officer

Mr. Maddur Gundurao Mohankumar
Director
DIN - 00020029

Nidhi Sharma
Company Secretary

Place : Mumbai
Date : 30th May, 2019

Place : Bengaluru
Date : 30th May, 2019

Statement of Profit and Loss for the Year ended 31 March 2019

(Amount in Rs)

Particulars	Note No.	Year Ended March 31, 2019	Year Ended March 31, 2018
Income			
Revenue From Operations	20	140,410,953	133,320,133
Other Income	21	10,317,889	13,464,921
Total Income		150,728,842	146,785,055
Expenses			
Purchases of Stock-in-Trade	22	31,501,020	29,373,748
Changes in inventories of finished goods	23	640,120	986,725
Employee benefits expenses	24	36,092,435	37,784,590
Finance costs	25	9,470,708	10,491,444
Depreciation and amortisation expenses	26	5,122,604	6,434,659
Other expenses	27	66,423,813	60,257,751
Total expenses		149,250,699	145,328,917
Profit before tax		1,478,143	1,456,138
Tax expense/ (credit)	18		
(1) Current tax		384,317	903,000
(2) Deferred tax	6	(296,050)	(505,859)
(3) Short / (Excess) provision for tax of earlier years		-	29,548
Total tax expenses/(credit)		88,267	426,689
Profit/ (loss) for the year (A)		1,389,876	1,029,449
Other Comprehensive Income			
Items not to be reclassified subsequently to profit or loss			
- Remeasurement of post employment benefit obligation		409,466	906,138
- Income tax effect on above		(106,461)	(233,331)
Items that will be reclassified subsequently to profit or loss		-	-
Other comprehensive income for the year, net of tax (B)		303,005	672,807
Total comprehensive income/ (loss) for the year, net of tax (A+B)		1,692,881	1,702,257
Earnings per equity share: (in Rs)	28		
Equity shares of Par value of Rs. 10 /-each			
Basic		0.28	0.21
Diluted		0.28	0.21
The accompanying notes form an integral part of the financial statements			

This is the statement of profit and loss referred to in our audit report of even date

For CAS & Co.
Chartered Accountants
Firm Reg. No. 111075W

For and on behalf of the Board of Directors
Starcom Information Technology Limited
CIN : L67120KA1995PLC078846

Nitesh Musahib
Partner
Mem No.: 131146

Mr. Ziaulla Sheriff
Managing Director
DIN - 00002098

Mr. Maddur Gundurao Mohankumar
Director
DIN - 00020029

Mr. Mukhtar Ahmad
Chief Financial Officer

Nidhi Sharma
Company Secretary

Place : Mumbai
Date : 30th May, 2019

Place : Bengaluru
Date : 30th May, 2019

Statement of Changes in Equity for the year ended 31 March 2019

A) Equity share capital

Particulars	Number	Amount in Rs
Equity shares of Rs. 10 each issued, subscribed and paid		
Balance as at 1 April 2017	5,000,600	50,006,000
Changes in equity share capital for the year ended 31 March 2018	-	-
Balance as at the 31 March 2018	5,000,600	50,006,000
Changes in equity share capital for the year ended 31 March 2019	-	-
Balance as at the 31 March 2019	5,000,600	50,006,000

B) Other equity

Particulars	(Amount in Rs)		
	Reserves and surplus	Other comprehensive income	Total equity attributable to equity holders
	Retained Earnings	Remeasurement of post employment benefit obligation	
Balance as at 1 April 2017	(28,367,122)	(174,291)	(28,541,413)
Total comprehensive income for the year	1,029,449	672,807	1,702,257
Balance as at 31 March 2018	(27,337,673)	498,517	(26,839,157)
Total comprehensive income for the year	1,389,876	303,005	1,692,881
Balance as at 31 March 2019	(25,947,797)	801,521	(25,146,276)

The accompanying notes form an integral part of the financial statements

This is the Statement of Changes in Equity referred to in our audit report of even date

For CAS & Co.

Chartered Accountants
Firm Reg. No. 111075W

Nitesh Musahib
Partner
Mem No.: 131146

For and on behalf of the Board of Directors

Starcom Information Technology Limited
CIN : L67120KA1995PLC078846

Mr. Ziaulla Sheriff
Managing Director
DIN - 00002098

Mr. Maddur Gundurao Mohankumar
Director
DIN - 00020029

Mr. Mukhtar Ahmad
Chief Financial Officer

Nidhi Sharma
Company Secretary

Place : Mumbai
Date : 30th May, 2019

Place : Bengaluru
Date : 30th May, 2019

Cash Flow Statement for the year ended 31st March 2019

	(Amount in Rs)	
Particulars	Year Ended March 31, 2019	Year Ended March 31, 2018
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	1,478,143	1,456,138
Adjustments for :		
Depreciation & Amortisation Expense	5,122,604	6,434,659
Finance Cost (including fair value change in financial instruments)	8,758,873	10,054,487
Interest income (including fair value change in financial instruments)	(10,081,880)	(10,322,347)
Remeasurement of defined benefit obligation	409,466	906,138
Provision for expected credit loss on trade receivables	4,098,100	1,337,118
Sundry Balance written off	6,762,952	5,074,613
Operating profit before working capital changes	16,548,258	14,940,806
Adjustments for changes in working capital:		
(Increase) / Decrease in Trade and Other Receivables	(32,033,236)	(15,869,237)
(Increase) / Decrease in Inventories	640,120	986,725
(Increase) / Decrease in Other Financial Assets	15,537,459	(15,291,980)
(Increase) / Decrease in Other Assets	663,145	(1,535,709)
Increase / (Decrease) in Trade and Other Payables	14,312,008	9,167,339
Increase / (Decrease) in Other Financial Liabilities	-	1,782,998
Increase / (Decrease) in Other Current Liabilities	19,034,326	18,242,410
Increase / (Decrease) in Long Term Provisions	586,531	798,046
Increase / (Decrease) in Short Term Provisions	233,778	140,749
Cash generated from / (used in) operations	35,522,389	13,362,147
Direct taxes paid (Net of Refunds)	(759,370)	828,667
Net cash flow from operating activities (A)	34,763,019	14,190,814
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant & equipment and intangible assets (including intangibles under development)	(39,131,483)	(33,909,059)
Purchase of financial instruments	(20,679)	10,025
Interest received	1,751,388	376,914
Net cash flow used in investing activities (B)	(37,400,775)	(33,522,119)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issues of Long term Borrowings (Net)	5,080,441	19,691,624
Interest paid	(428,381)	(109,054)
Net cash flow from financing activities (C)	4,652,060	19,582,570
Net decrease in cash and cash equivalents (A+B+C)	2,014,305	251,265
Cash and cash equivalents at the beginning of the year	939,499	688,234
Cash and cash equivalents at the end of the year	2,953,804	939,499
Components of cash and cash equivalents considered only for the purpose of cash flow statement		
In bank current accounts in Indian rupees	2,935,436	892,330
Cash on hand	18,367	47,169
	2,953,804	939,499

STARCOM INFORMATION TECHNOLOGY LIMITED

Note:

1. The above cash flow statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (Ind AS 7) - Statement of Cash Flow.

2. Amendment to Ind AS 7

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in the liabilities arising from financial activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance sheet for liabilities arising from financing activities, to meet the disclosure requirement. This amendment has become effective from April 1, 2017 and the required disclosure is made below. There are no other impact on financial statements due to this amendment.

Reconciliation between the opening and closing balances in the balance sheet for liabilities and financial assets arising from financing activities

Particulars	31-Mar-18	Cash flows	Non-cash changes	31-Mar-19
			Fair value changes	
Borrowings - Non Current	120,618,255	2,043,743	8,330,493	130,992,492

The accompanying notes form an integral part of the financial statements

This is the Cash Flow Statement referred to in our audit report of even date

For CAS & Co.

Chartered Accountants
Firm Reg. No. 111075W

For and on behalf of the Board of Directors

Starcom Information Technology Limited
CIN : L67120KA1995PLC078846

Nitesh Musahib

Partner
Mem No.: 131146

Mr. Ziaulla Sheriff

Managing Director
DIN - 00002098

Mr. Maddur Gundurao Mohankumar

Director
DIN - 00020029

Mr. Mukhtar Ahmad

Chief Financial Officer

Nidhi Sharma

Company Secretary

Place : Mumbai

Date : 30th May, 2019

Place : Bengaluru

Date : 30th May, 2019

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019

Note 1 Corporate Information

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.

The financial statements of the Company for the year ended March 31, 2019 were authorised for issue in accordance with resolution of the Board of Directors on May 30, 2019.

Note 2.1 Significant Accounting Policies

i Basis of Preparation

The financial statements of the Company have been prepared to comply in all material respects with the Indian Accounting Standards (“Ind AS”) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended).

The financial statements for all periods upto and including year ended 31 March 2017 were prepared in accordance with the Companies (Accounting Standards) Rules, 2006 notified under Section 133 of the Companies Act (“the Act”), read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) (“previous GAAP”). The financial statements for the year ended 31 March 2018 are the first financial statements prepared by the Company in accordance with Ind AS.

The financial statements have been prepared under the historical cost convention with the exception of certain financial assets and liabilities which have been measured at fair value, on an accrual basis of accounting.

All the assets and liabilities have been classified as current and non-current as per normal operating cycle of the Company and other criteria set out in as per the guidance set out in Schedule III to the Act. Based on nature of services, the Company ascertained its operating cycle as 12 months for the purpose of current and non-current classification of asset and liabilities.

The Company’s financial statements are reported in Indian Rupees, which is also the Company’s functional currency.

ii Accounting Estimates

The preparation of the financial statements, in conformity with the Ind AS, requires the management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and disclosure of contingent liabilities as at the date of financial statements and the results of operation during the reported period. Although these estimates are based upon management’s best knowledge of current events and actions, actual results could differ from these estimates which are recognised in the period in which they are determined.

Estimates and assumptions

The Company has based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements. The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below :

Deferred tax assets

In assessing the realisability of deferred income tax assets, management considers whether some portion or all of the deferred income tax assets will not be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the scheduled reversals of deferred income tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred income tax assets are deductible, management believes that the Company will realize the benefits of those deductible differences. The amount of the deferred income tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

Defined benefit plans

The cost and present value of the gratuity obligation and compensated absences are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, attrition rate and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Impairment of Receivables

The impairment provisions of financial receivables disclosed based on the assumptions about risk of default and expected loss rates.

iii Property, Plant and Equipment

Property, Plant and Equipment are stated at cost of acquisition including attributable interest and finance costs, if any, till the date of acquisition/ installation of the assets less accumulated depreciation and accumulated impairment losses, if any. Subsequent expenditure relating to Property, Plant and Equipment is capitalised only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the Statement of Profit and Loss as incurred. The cost and related accumulated depreciation are eliminated from the financial statements, either on disposal or when retired from active use and the resultant gain or loss are recognised in the Statement of Profit and Loss.

On transition to Ind AS, the Company has opted to continue with the carrying values measured under the previous GAAP as at 1 April 2016 of its Property, Plant and Equipment and use that carrying value as the deemed cost.

iv Intangible Assets

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

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

Research cost are expenses as incurred.

Assets acquired but not ready for use are classified under Capital work-in-progress or intangible assets under development, as the case may be.

On transition to Ind AS, the Company has opted to continue with the carrying values measured under the previous GAAP as at 1 April 2016 of its Intangible Assets and used that carrying value as the deemed cost of the Intangible Assets on the date of transition i.e. 1 April 2016.

v Depreciation and Amortisation:

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Depreciation on Property, Plant & Equipment of the company, except Leasehold Improvements and intangible assets has been provided as per the Written Down value method as per the useful lives of the respective Property, Plant & Equipment in the manner as prescribed by Schedule II of the Act.

Depreciation on Leasehold Improvements is amortized equally over the lease term.

Intangible Assets are amortised over a period of 10 years on systematic basis.

vi Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a) Financial Assets

Initial Recognition

In the case of financial assets, not recorded at fair value through profit or loss (FVTPL), financial assets are recognised initially at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in following categories:

Financial Assets at Amortised Cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model with an objective to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income from these financial assets is included in finance income using the effective interest rate ("EIR") method. Impairment gains or losses arising on these assets are recognised in the Statement of Profit and Loss.

Financial Assets Measured at Fair Value

Financial assets are measured at fair value through OCI if these financial assets are held within a business model with an objective to hold these assets in order to collect contractual cash flows or to sell these financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in the Statement of Profit and Loss.

Financial asset not measured at amortised cost or at fair value through OCI is carried at FVTPL.

Impairment of Fixed Assets:

In accordance with Ind AS 109, the Company applies the expected credit loss (“ECL”) model for measurement and recognition of impairment loss on financial assets and credit risk exposures.

The Company follows ‘simplified approach’ for recognition of impairment loss allowance on trade receivables. Simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECL at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

ECL is the difference between all contractual cash flows that are due to the group in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL impairment loss allowance (or reversal) recognised during the period is recognised as income/ expense in the Statement of Profit and Loss.

De-recognition of Financial Assets

The Company de-recognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all risks and rewards of ownership of the asset to another entity.

If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the assets and an associated liability for amounts it may have to pay.

If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

b) Equity Instruments and Financial Liabilities

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

I) Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments which are issued for cash are recorded at the proceeds received, net of direct issue costs. Equity instruments which are issued for consideration other than cash are recorded at fair value of the equity instrument.

II) Financial Liabilities

1) Initial Recognition

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings and payables as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

2) Subsequent Measurement

The measurement of financial liabilities depends on their classification, as described below

Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss.

Financial liabilities at amortised cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in the Statement of Profit and Loss.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

3) De-recognition of Financial Liabilities

Financial liabilities are de-recognised when the obligation specified in the contract is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as de-recognition of the original liability and recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

c) Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis to realise the assets and settle the liabilities simultaneously.

vii Employee Benefits

(a) Defined Contribution Plan

Contributions to defined contribution schemes such as provident fund, employees' state insurance, labour welfare are charged as an expense based on the amount of contribution required to be made as and when services are rendered by the employees. The above benefits are classified as Defined Contribution Schemes as the Company has no further obligations beyond the monthly contributions.

(b) Defined Benefit Plan

The Company also provides for gratuity which is a defined benefit plan, the liabilities of which is determined based on valuations, as at the balance sheet date, made by an independent actuary using the projected unit credit method. Re-measurement, comprising of actuarial gains and losses, in respect of gratuity are recognised in the OCI, in the period in which they occur. Re-measurement recognised in OCI are not reclassified to the Statement of Profit and Loss in subsequent periods. Past service cost is recognised in the Statement of Profit and Loss in the year of plan amendment or curtailment. The classification of the Company's obligation into current and non-current is as per the actuarial valuation report.

(c) Leave entitlement and compensated absences

Accumulated leave which is expected to be utilised within next twelve months, is treated as short-term employee benefit. Leave entitlement, other than short term compensated absences, are provided based on a actuarial valuation, similar to that of gratuity benefit. Re-measurement, comprising of actuarial gains and losses, in respect of leave entitlement are recognised in the Statement of Profit and Loss in the period in which they occur.

(d) Short-term Benefits

Short-term employee benefits such as salaries, wages, performance incentives etc. are recognised as expenses at the undiscounted amounts in the Statement of Profit and Loss of the period in which the related service is rendered. Expenses on non-accumulating compensated absences is recognised in the period in which the absences occur.

viii Cash and Cash Equivalents

Cash and cash equivalents in the Balance Sheet comprises of cash at banks and on hand, which are subject to an insignificant risk of changes in value.

ix Borrowing Costs

Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds. Borrowing costs relating to acquisition, construction or production of a qualifying asset which takes substantial period of time to get ready for its intended use are added to the cost of such asset to the extent they relate to the period till such assets are ready to be put to use. All other borrowing costs are expensed in the Statement of Profit and Loss in the period in which they occur.

x Foreign Currency Transactions:

(a) Initial Recognition

Foreign currency transactions are initially recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(b) Conversion

Monetary assets and liabilities denominated in foreign currencies are reported using the closing rate at the reporting date. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

(c) Treatment of Exchange Difference

Exchange differences arising on settlement/ restatement of short-term foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the Statement of Profit and Loss

xi Revenue Recognition:

- (a)** Revenue from sale of products is recognized when the company transfers all significant risks and rewards of ownership to the buyer .
- (b)** Revenue from sale of products is recognised, in accordance with the sales contract, on delivery of goods to the customer.
- (c)** Business facility income is recognised on accrual basis as per the terms of contract.
- (d)** Income from Annual Maintenance Contract (AMC) is recognised on accrual basis as per the period of the contract.
- (e)** Interest income is recognised using effective interest method.
- (f)** Offshore Development Charges income (ODC) is recognised on accrual basis as per the terms of contract.
- (g)** Revenue from services is recognised when the stage of completion is measured reliably. Stage of completion is measured by the service performed till Balance Sheet date as a percentage of total services contracted.

xii Inventories

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

Cost is arrived on First in First Out basis

xiii Income Tax

Income tax comprises of current and deferred income tax. Income tax is recognised as an expense or income in the Statement of Profit and Loss, except to the extent it relates to items directly recognised in equity or in OCI.

(a) Current Income Tax

Current income tax is recognised based on the estimated tax liability computed after taking credit for allowances and exemptions in accordance with the Income Tax Act, 1961. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

(b) Deferred Taxes

Deferred tax is determined by applying the Balance Sheet approach. Deferred tax assets and liabilities are recognised for all deductible temporary differences between the financial statements' carrying amount of existing assets and liabilities and their respective tax base. Deferred tax assets and liabilities are measured using the enacted tax rates or tax rates that are substantively enacted at the Balance Sheet date. The effect on deferred tax assets and liabilities of a change in tax rates is recognised in the period that includes the enactment date. Deferred tax assets are only recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Such assets are reviewed at each Balance Sheet date to reassess realisation.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(c) Minimum Alternative Tax

Minimum Alternative Tax ("MAT") credit is recognised as an asset only when and to the extent it is probable that the Company will pay normal income tax during the specified period.

xiv Impairment of Non-Financial Assets

As at each Balance Sheet date, the Company assesses whether there is an indication that a non-financial asset may be impaired and also whether there is an indication of reversal of impairment loss recognised in the previous periods. If any indication exists, or when annual impairment testing for an asset is required, the Company determines the recoverable amount and impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount.

Recoverable amount is determined:

- In case of an individual asset, at the higher of the assets' fair value less cost to sell and value in use; and
- In case of cash generating unit (a group of assets that generates identified, independent cash flows), at the higher of cash generating unit's fair value less cost to sell and value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risk specified to the asset. In determining fair value less cost to sell, recent market transaction are taken into account. If no such transaction can be identified, an appropriate valuation model is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the Statement of Profit and Loss, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through the Statement of Profit and Loss.

xv Trade receivables

A receivable is classified as a 'trade receivable' if it is in respect of the amount due on account of goods sold or services rendered in the normal course of business. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the EIR method, less provision for impairment.

xvi Trade payables

A payable is classified as a 'trade payable' if it is in respect of the amount due on account of goods purchased or services received in the normal course of business. These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. These amounts are unsecured and are usually settled as per the payment terms stated in the contract. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the EIR method.

xvii Leases

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership over the leased term, are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term except where the lease payments are structured to increase in line with expected general inflation. In respect of assets given on operating lease, income is recognized on straight line basis over the lease term. Assets acquired on finance lease are capitalised at fair value or present value of minimum lease payment at the inception of the lease, whichever is lower.

xviii Earnings Per Share

Basic earnings per share is computed by dividing the net profit or loss for the period attributable to the equity shareholders of the Company by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources.

Diluted earnings per share is computed by dividing the net profit or loss for the period attributable to the equity shareholders of the Company and weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares).

xix Provisions, Contingent Liabilities and Contingent Assets:

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made of the amount of obligation. Provisions (excluding gratuity and compensated absences) are determined based on management's estimate required to settle the obligation at the Balance Sheet date. In case the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimates.

Contingent liabilities are disclosed in respect of possible obligations that arise from past events, whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. A contingent liability also arises, in rare cases, where a liability cannot be recognised because it cannot be measured reliably.

xx Operating Segment

Operating segments are reported in a manner consistent with the internal reporting provided to Chief Operating Decision Maker (CODM). The Company has identified its Managing Director as CODM which assesses the operational performance and position of the Company and makes strategic decisions.

xxi Recent accounting pronouncements

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:

On March 28, 2018, the ministry of Corporate Affairs (the MCA) notified the Companies (Indian Accounting Standards Amendment Rules 2018 containing Appendix B to Ind AS 21 Foreign currency transactions and advance consideration which clarifies the date of transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognises the non monetary asset or non monetary liability arising from the payment or receipt of advance consideration towards such assets, expenses or income. If there are multiple payments or receipts in advance, then an entity must determine transaction date for each payment or receipts of advance consideration.

The amendment will come into force from April 1, 2018. The company has evaluated the effect of this on the financial statements and the impact is not material.

Ind As 115, Revenue from Contract with Customers : On March 28, 2018, the MCA notified the Ind AS 115. The core principle of the new standard is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further, the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cashflows arising from the entity's contract with customers.

The effective date for adoption of Ind AS 115 is financial period beginning on or after April 1, 2018.

Note 3 : Property, Plant and Equipment

(Amount in Rs)					
Particulars	Leasehold Improvements	Furniture & Fixtures	Office Equipments	Computers	Total
Gross carrying value					
Balance as at 1 April 2017 (Refer Note (i))	5,295,502	1,794,961	1,343,799	3,484,083	11,918,345
Additions	-	-	-	123,900	123,900
Balance as at 31 March 2018	5,295,502	1,794,961	1,343,799	3,607,983	12,042,245
Additions	-	-	-	128,240	128,240
Balance as at 31 March 2019	5,295,502	1,794,961	1,343,799	3,736,223	12,170,485
Accumulated depreciation					
Balance as at 1 April 2017 (Refer Note (i))	3,757,142	421,161	548,473	1,431,349	6,158,125
Depreciation charge	1,538,360	309,403	198,741	928,557	2,975,061
Balance as at 31 March 2018	5,295,502	730,563	747,214	2,359,906	9,133,186
Depreciation charge	-	249,556	144,905	560,875	955,336
Balance as at 31 March 2019	5,295,502	980,119	892,119	2,920,781	10,088,522
Net carrying value					
Balance as at 1 April 2017	1,538,360	1,373,801	795,326	2,052,734	5,760,220
Balance as at 31 March 2018	(0)	1,064,398	596,584	1,248,077	2,909,059
Balance as at 31 March 2019	(0)	814,842	451,679	815,442	2,081,963

STARCOM INFORMATION TECHNOLOGY LIMITED

Note 4 : Intangible Assets & Intangible Assets Under Development

Particulars	(Amount in Rs)	
	Software Modules	Intangible Asset Under Development
Gross carrying value		
Balance as at 1 April 2017	32,163,904	124,684,468
Additions	8,449,441	33,785,159
Disposals	-	8,449,441
Balance as at 31 March 2018	40,613,345	150,020,186
Additions	-	39,003,243
Disposals	-	-
Balance as at 31 March 2019	40,613,345	189,023,429
Accumulated amortisation		
Balance as at 1 April 2017	1,002,269	-
Amortisation charge	3,459,598	-
Balance as at 31 March 2018	4,461,867	-
Amortisation charge	4,167,268	-
Balance as at 31 March 2019	8,629,135	-
Net carrying value		
Balance as at 1 April 2017	31,161,635	124,684,468
Balance as at 31 March 2018	36,151,478	150,020,186
Balance as at 31 March 2019	31,984,210	189,023,429

Note 5 : Others Financial Assets

(Unsecured)

Particulars	As at March 31, 2019	As at March 31, 2018
<u>Non-current</u>		
Deposits	4,385,828	4,178,248
Fixed Deposit Accounts Maturity More than 12 Months *	475,425	328,256
Total non-current financial assets	4,861,253	4,506,504
<u>Current</u>		
Deposits	2,315,552	1,333,907
Interest accrued on Deposits	146,253	100,106
Unbilled Revenue	-	16,920,000
Total Current financial assets	2,461,805	18,354,013
Total Others Financial Assets	7,323,057	22,860,517

* Fixed Deposit are pledged against Bank Guarantee

Note 6 : Deferred Tax Assets (Net)

Particulars	As at March 31, 2019	As at March 31, 2018
Tax effect of items constituting deferred tax assets		
Excess of net block of fixed assets as per tax purpose over net block as per books of accounts	202,722	1,214,220
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	6,711,525	6,582,699
Provision for doubtful financial assets	1,767,986	695,725
Total Deferred Tax Assets (net)	8,682,233	8,492,644

Note 7 : Other Assets

(Unsecured)

Particulars	As at March 31, 2019	As at March 31, 2018
Non-current		
Deferred rent on amortisation of financial asset	683,219	911,600
Total other non-current assets	683,219	911,600
Current		
Advances recoverable other than in cash	1,221,502	1,244,306
Prepaid expenses	471,127	883,087
Total other current assets	1,692,629	2,127,393
Total Other Assets	2,375,848	3,038,993

Note 8 : Inventories

(Valued at lower of cost or Net Realisable Value)

Particulars	As at March 31, 2019	As at March 31, 2018
Stock in Trade	716,310	1,356,430
Total Inventories	716,310	1,356,430

Note 9 : Trade receivables

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured, Considered Good	122,511,021	97,240,737
Less : Provision for expected credit loss	(6,799,945)	(2,701,845)
Total Trade receivables	115,711,076	94,538,892

Note 10 : Cash and cash equivalents

Particulars	As at March 31, 2019	As at March 31, 2018
Balances with banks		
- Current accounts in Indian rupees	2,935,436	892,330
Cash on hand	18,367	47,169
Total Cash & Cash Equivalents	2,953,804	939,499

Note 11 : Bank Balances other than Cash and cash equivalents

Particulars	As at March 31, 2019	As at March 31, 2018
Margin money deposits with original maturity of more than 3 months and remaining maturities of less than 12 months	206,479	185,800
Total Bank Balances other than Cash and cash equivalents	206,479	185,800

Note 13 : Borrowings

Particulars	As at March 31, 2019	As at March 31, 2018
From bank (Unsecured)	3,746,075	-
Less : Current Maturity of long term debt	(1,177,200)	-
	2,568,875	-
Loan from a Director (Unsecured)	128,423,617	120,618,255
Total Borrowings	130,992,492	120,618,255

STARCOM INFORMATION TECHNOLOGY LIMITED

- a) Bank loan amounting to Rs. 37,46,075 (P.Y Nil) from ICICI Bank is the unsecured loan carries interest rate of 16% p.a. The loan is repayable in 36 installments along with interest started from January, 2019.
- b) Loan from director is interest free and repayable after 31st March, 2020.

Note 14 : Other Non-Current Liabilities

Particulars	As at March 31, 2019	As at March 31, 2018
Unamortised portion of Borrowings - Non-Current	10,671,444	17,253,842
Total	10,671,444	17,253,842

Note 15 : Provisions

Particulars	As at March 31, 2019	As at March 31, 2018
Non-current		
Provision for employee benefits (Refer note 30)		
- Gratuity	4,489,608	3,471,974
- Leave entitlement and compensated absences	1,938,380	2,369,483
Total non-current provisions	6,427,988	5,841,457
Current		
Provision for employee benefits (Refer note 30)		
- Gratuity	264,712	25,120
- Leave entitlement and compensated absences	475,121	480,935
Total current provisions	739,833	506,055
Total Provisions	7,167,821	6,347,512

Note 16 : Trade payables

Particulars	As at March 31, 2019	As at March 31, 2018
- Total outstanding dues of Micro Enterprises and Small Enterprises (Refer note below)	791,190	941,190
- Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	100,905,695	86,443,687
Total Trade Payables	101,696,885	87,384,877

The Company has amounts due to micro and small suppliers registered under the Micro, Small and Medium Enterprises Development Act 2006 (MSMED Act), as at 31st March 2019.

The disclosure pursuant to the said Act is as under:

Particulars	As at March 31, 2019	As at March 31, 2018
Principal amount due to suppliers under MSMED Act	791,190	941,190
Interest accrued and due to suppliers under MSMED Act on the above amount	-	-
Payment made to suppliers (other than interest) beyond appointed day during the year	-	-
Interest paid to suppliers under MSMED Act	-	-
Interest due and payable to suppliers under MSMED Act towards payments already made	-	-
Interest accrued and remaining unpaid at the end of the accounting year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act.	-	-

Note: This information, as required to be disclosed under the MSMED Act, has been determined to the extent such parties have been identified on the basis of information available with the Company.

Trade payables are normally non-interest bearing and settled as per the payment terms stated in the contract.

Note 17 : Other financial liabilities

Particulars	As at March 31, 2019	As at March 31, 2018
Current Maturity of Long term Debt	1,177,200	-
Total Other Financial Liabilities	1,177,200	-

Note 12 : Equity Share Capital

(Amount in Rs)

Particulars	As at March 31, 2019	As at March 31, 2018
Authorised		
55,00,000 Equity Shares of Rs 10 each	55,000,000	55,000,000
Total	55,000,000	55,000,000
Issued, Subscribed and Fully Paid Up		
50,00,600 Equity Shares of Rs 10 each fully paid up	50,006,000	50,006,000
Total	50,006,000	50,006,000

a) Terms / rights attached to equity shares

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

b) Reconciliation of the equity shares outstanding at the beginning and at the end of the reporting period :

Particulars	Equity Shares			
	As on March 31, 2019		As on March 31, 2018	
	Number	Rs	Number	Rs
Shares outstanding at the beginning of the year	5,000,600	50,006,000	5,000,600	50,006,000
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	5,000,600	50,006,000	5,000,600	50,006,000

c) Details of Shareholders holding more than 5% shares in the company:

Name of the Shareholder	Equity Shares			
	As on March 31, 2019		As on March 31, 2018	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Mr. Ziaulla Sheriff	3,750,450	75.00%	3,836,857	76.73%

Note 18 : Income Tax Expense

(a) Amounts recognised in Statement of Profit and Loss

(Amount in Rs)

Particulars	As at March 31, 2019	As at March 31, 2018
Current tax expense (A)		
Current year (including MAT Credit Entitlement)	384,317	903,000
Short/(Excess) provision of earlier years	-	29,548
	384,317	932,548
Deferred tax expense (B)		
Origination and reversal of temporary differences	(296,050)	(505,859)
Tax expense recognised in the income statement (A+B)	88,267	426,689

STARCOM INFORMATION TECHNOLOGY LIMITED

(b) Amounts recognised in other comprehensive income

Particulars	As at March 31, 2019			As at March 31, 2018		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Items that will not be reclassified to profit or loss						
Remeasurement of post employment benefit obligation	409,466	(106,461)	303,005	906,138	(233,331)	672,807
	409,466	(106,461)	303,005	906,138	(233,331)	672,807

(c) Reconciliation of effective tax rate

Particulars	As at March 31, 2019	As at March 31, 2018
Profit before tax	1,478,143	1,456,138
Tax using the Company's domestic tax rate (Current year 26% and Previous Year 25.75%)	384,317	374,956
Tax effect of :		
Tax effect on non-deductible expenses	-	22,186
Deferred tax adjustments	(296,050)	-
Adjustments recognised in current year in relation to the current tax of prior years	-	29,548
Tax expense as per Statement of Profit & Loss	88,267	426,689
Effective tax rate	5.971%	29.303%

(d) Income Tax Liability (net)

Particulars	As at March 31, 2019	As at March 31, 2018
Provision for Tax (Net of advance tax and TDS)	602,377	977,430
Total Income Tax Liability (Net)	602,377	977,430

Note 19 : Other Current Liabilities

Particulars	As at March 31, 2019	As at March 31, 2018
Statutory Dues Payable	71,274,282	50,676,806
Annual Maintenance Contract (AMC) received in advance	3,809,435	5,540,392
Advance from Customers	209,714	41,908
Unamortised portion of Borrowings - Current	8,597,036	8,485,634
Total	83,890,467	64,744,739

Note 20 : Revenue From Operations

Particulars	(Amount in Rs)	
	Year Ended March 31, 2019	Year Ended March 31, 2018
Sale of products	123,241,970	124,186,801
Rendering of Services	17,168,983	9,133,332
Total Revenue from Operations	140,410,953	133,320,133

Note 21 : Other Income

Particulars	Year Ended March 31, 2019	Year Ended March 31, 2018
Interest Income		
- on unwinding of loans taken from related parties	9,996,127	9,945,434
- on margin money deposit & others	85,753	376,913
- on unwinding of security deposit	207,580	277,434
Interest on Income Tax Refund	-	332,203
Liabilities no Longer Payable written back	28,429	2,328,919
Other Income	-	204,018
Total Other Income	10,317,889	13,464,921

Note 22 : Purchases of Stock-in-Trade

Particulars	Year Ended March 31, 2019	Year Ended March 31, 2018
Purchases of Stock in trade	31,501,020	29,373,748
	31,501,020	29,373,748

Details of traded goods purchases:

Particulars	Year Ended March 31, 2019	Year Ended March 31, 2018
Test, Measurement & Embedded Solutions for Educational Sector	31,501,020	29,373,748
	31,501,020	29,373,748

Note 23 : Changes in inventories of finished goods

Particulars	Year Ended March 31, 2019	Year Ended March 31, 2018
Opening Balance		
Stock in Trade	1,356,430	2,343,155
Closing Balance		
Stock in Trade	716,310	1,356,430
Total Changes in inventories of finished goods	640,120	986,725

Note 24 : Employee benefits expenses

Particulars	Year Ended March 31, 2019	Year Ended March 31, 2018
Salaries and Bonus	32,587,375	33,779,123
Contribution to Provident Fund and Others welfare fund	1,865,684	1,669,417
Gratuity and Leave Encashment Expense (Refer Note No.30)	1,326,475	1,948,689
Staff Welfare Expenses	312,900	387,361
Total Employee Benefit Expense	36,092,435	37,784,590

Note 25 : Finance costs

Particulars	Year Ended March 31, 2019	Year Ended March 31, 2018
Interest Expense		
- on unwinding of loans taken from related parties	8,330,493	9,945,434
- on loan from bank	428,381	109,053
Bank Charges	711,834	436,958
Total Finance Costs	9,470,708	10,491,444

STARCOM INFORMATION TECHNOLOGY LIMITED

Note 26 : Depreciation and amortisation expenses

Particulars	Year Ended March 31, 2019	Year Ended March 31, 2018
Depreciation on Property, Plant and Equipment	955,336	2,975,061
Amortisation of Intangible Assets	4,167,268	3,459,598
Total Depreciation and amortisation expenses	5,122,604	6,434,659

Note 27 : Other expenses

Particulars	Year Ended March 31, 2019	Year Ended March 31, 2018
Rent Expenses	12,354,960	12,879,151
Deputation Cost	13,931,221	8,696,643
Software Maintenance Charges	423,073	849,791
Repair & Maintenance - Others	1,003,582	1,313,081
Travelling & Conveyance	8,665,530	10,240,726
Advertisement and Business Promotion Expenses	663,266	522,780
Electricity Expenses	1,446,304	1,379,287
Security Expenses	391,297	391,292
Communication Costs	899,366	1,535,486
Printing & Stationery	341,077	349,914
Professional Consultancy Expenses	3,670,301	4,569,050
Auditor's Remuneration	1,900,000	1,500,000
Loss on Foreign Exchange Fluctuations (net)	398,463	283,602
Interest on Delayed Statutory Payments	8,949,485	8,608,488
Sundry Balance Written Off	6,762,952	5,074,613
Provision for expected credit loss on trade receivables	4,098,100	1,337,118
Miscellaneous Expenses	524,837	726,729
Total	66,423,813	60,257,751

Details of Payment to Auditors

Particulars	Year Ended March 31, 2019	Year Ended March 31, 2018
For Audit Fees	1,600,000	1,200,000
For Tax Audit	300,000	285,000
For Other Services	-	15,000
Total Payment to Auditors	1,900,000	1,500,000

Note 28 : Earnings per equity share: (in Rs)

Particulars	Year Ended March 31, 2019	Year Ended March 31, 2018
Weighted average number of Equity Shares of Rs.10 each	5,000,600	5,000,600
Number of shares at the beginning	5,000,600	5,000,600
Number of shares at the end of the period	5,000,600	5,000,600
Weighted average number of shares outstanding during the period	5,000,600	5,000,600
Weighted average number of Potential Equity shares outstanding during the year	5,000,600	5,000,600
Total number of Potential Equity Share for calculating Diluted Earning Per share	5,000,600	5,000,600
Net Profit \ (Loss) after tax available for equity shareholders	1,389,876	1,029,449
Basic Earning per share (in Rs.)	0.28	0.21
Diluted Earning per share (in Rs.)	0.28	0.21

Note 29 : Contingent liabilities disclosures as required under Indian Accounting Standard 37, “Provisions, Contingent Liabilities and Contingent Assets” are given below:

Particulars	(Amount in Rs)	
	As at 31 March 2019	As at 31 March 2018
I) Claims not acknowledged as Debts :		
i) Disputed liability in respect of Provident Fund	2,684,662	2,684,662
ii) Disputed liability in respect of penal damages against non payment of provident fund	1,250,183	1,250,183
iii) Disputed Liability related to SEBI Matters	Not Ascertainable	Not Ascertainable
II) Guarantees		
Bank Guarantee	529,974	501,150

Note 30 : Operating leases disclosures as required under Indian Accounting Standard 17, “Leases”:

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 1,23,54,960 (31 March 2018 : Rs 1,28,79,151) is recognised as lease expense in the Statement of Profit and Loss for the period ended 31th March, 2019.

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

Particulars	(Amount in Rs)	
	Year Ended 31 March 2019	Year Ended 31 March 2018
- Less than one year	11,992,200	11,992,200
- Later than one year but not later than five years	25,983,100	37,975,300
- Later than five years	-	-
	37,975,300	49,967,500

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

Note 31 : Post Employment Benefit Plans

Defined Contribution Plans	(Amount in Rs)	
	2018-19	2017-18
Amount recognised in the Statement of Profit and Loss		
Contribution to Provident fund and others	1,865,684	1,669,417

Defined Benefit Plans

The Company has the following Defined Benefit Plans:

Gratuity: In accordance with the applicable laws, the Company provides for gratuity, a defined benefit retirement plan (“The Gratuity Plan”) covering eligible employees. The Gratuity Plan provides for a lump sum payment to vested employees on retirement (subject to completion of five years of continuous employment), death, incapacitation or termination of employment that are based on last drawn salary and tenure of employment. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation on the reporting date. The following are the details of defined benefit plans:

Movement in net defined benefit (asset)/ liability

a) Reconciliation of balances of Defined Benefit Obligations.	Gratuity		Leave Encashment	
	2018-19	2017-18	2018-19	2017-18
Defined Obligations at the beginning of the year	3,497,094	2,828,588	2,850,418	2,580,130
Current Service Cost	1,422,681	1,358,701	928,753	1,037,497
Interest Cost	269,011	210,730	217,285	188,355
Past service cost	-	5,213		
Benefits paid	(25,000.00)	-	(71,700)	(103,756)
Actuarial (Gains)/ Losses on obligations				
-Changes in Demographic Assumptions	530,128	(850,322)	-	(190,509)
-Changes in financial Assumptions	(448,671)	(21,585)	(83,721)	(9,465)
-Experience adjustments	(490,923)	(34,231)	(1,427,534)	(651,834)
Defined benefit obligations at the end of the year	4,754,320	3,497,094	2,413,501	2,850,418
Changes in Fair Value of Plan Assets	-	-	-	-
Net (Asset) / Liability recognised in the balance sheet	4,754,320	3,497,094	2,413,501	2,850,418

STARCOM INFORMATION TECHNOLOGY LIMITED

b) Amount recognised in Statement of Profit and Loss	Gratuity		Leave Encashment	
	2018-19	2017-18	2018-19	2017-18
Current Service Cost	1,422,681	1,358,701	928,753	1,037,497
Past Service Cost and loss / (gain) on curtailments and settlement	-	5,213	-	-
Interest Cost	269,011	210,730	217,285	188,355
Actuarial (Gains)/ Losses on obligations	-	-	(1,511,255)	(851,808)
Expenses for the year	1,691,692	1,574,644	(365,217)	374,044

c) Amount recognised in Other Comprehensive Income - Remeasurements :	Gratuity		Leave Encashment	
	2018-19	2017-18	2018-19	2017-18
Actuarial (Gains)/ Losses				
-Changes in Demographic Assumptions	530,128	(850,322)	-	(190,509)
-Changes in financial Assumptions	(448,671)	(21,585)	(83,721)	(9,465)
-Experience adjustments	(490,923)	(34,231)	(1,427,534)	(651,834)
Return on plan assets excluding net interest cost	-	-	-	-
Total	(409,466)	(906,138)	(1,511,255)	(851,808)

d) Major Actuarial Assumptions	Gratuity		Leave Encashment	
	2018-19	2017-18	2018-19	2017-18
Discount Rate (%)	7.45%	7.36%	7.72%	7.45%
Salary Escalation/ Inflation (%) *	10% F5Y & 8% T.A	10.00%	10.00%	10.00%
Attrition rates	15.00%	15.00%	15.00%	15.00%

* The estimates for future salary increases, considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors.

Sensitivity analysis

Sensitivity analysis for each significant actuarial assumption as stated above, showing how the defined benefit obligation would be affected, considering increase/decrease as at 31.03.2018 and 31.03.2017 is as below:

Particulars	Gratuity - Unfunded		Leave Encashment
	2018-19	2017-18	2018-19
	Change in Defined Benefit Obligation	Change in Defined Benefit Obligation	Change in Defined Benefit Obligation
Discounting rate			
+100 basis points	-6.96%	-6.47%	-4.57%
-100 basis points	7.79%	7.21%	5.02%
Salary growth rate			
+100 basis points	7.40%	6.38%	4.19%
-100 basis points	-6.72%	-5.87%	-3.89%
Attrition rate			
+100 basis points	-1.16%	-2.41%	-0.32%
-100 basis points	1.23%	2.54%	0.34%
Mortality Rate 10% UP	-0.02%	0.01%	0.02%

Sensitivity for significant actuarial assumptions is computed by varying one actuarial assumption used for the valuation keeping all other actuarial assumptions constant.

The expected future cash flows based on past service liability as at 31st March 2019 were as follows:

Particulars	Gratuity - Unfunded	Leave Encashment
Projected benefits payable in future years from the date of reporting		
1st following year	279,895	341,775
2nd following year	266,763	319,214
3rd following year	216,583	298,094
4th following year	207,228	278,317
5th following year	257,572	292,195
Years 6 to 10	2,595,224	1,216,200

Other details as at 31.03.2018

Particulars	Gratuity - Unfunded	Leave Encashment
Estimated Term of the Projected Benefit Obligation (in years)	11.42	11.42
Prescribed contribution for next year	279,895	341,775

Current/ non-current classification :

Particulars	31 March 2019	31 March 2018
Gratuity		
Current	264,712	25,120
Non-current	4,489,608	3,471,974
	4,754,320	3,497,094
Leave encashment		
Current	475,121	480,935
Non-current	1,938,380	2,369,483
	2,413,501	2,850,418

Note 32 : Related party disclosures as required under Indian Accounting Standard 24, "Related party disclosures" are given below:

a) Names of related parties and nature of relationship (to the extent of transactions entered into during the year except for control relationships where all parties are disclosed)

Nature of relationship	Nature of the party
A) Key management personnel and their relatives	
1) Mr. Ziaulla Sheriff	Managing Director
2) Mr. Mukhtar Ahmad (from 31st March 2017)	Chief Financial officer
3) Miss. Preeti Verma (upto 12th August ,2016)	Company Secretary
4) Mrs. Nidhi Sharma (from 19th August 2016)	Company Secretary
B) Entities where Directors / Key Management Personnel have Significant Influence	
Cubeware India Private Limited	Company in which director is interested as director

STARCOM INFORMATION TECHNOLOGY LIMITED

b) Transactions carried out with related parties referred to above, in ordinary course of business and balances outstanding:

i) Key management personnel and their relatives

(Amount in Rs)

Particulars	As at March 31, 2019	As at March 31, 2018
1) Salary to Key Managerial personnel		
Mrs. Nidhi Sharma	474,234	404,565
2) Mr. Ziaulla Sheriff		
Loan taken from Director	4,000,000	138,691,624
Loan repaid to Director	1,000,000	119,000,000

c) Closing Outstanding Balances of Related Parties

Name of Entities	Nature	Relationship	March 31, 2019	March 31, 2018
Mr. Ziaulla Sheriff	Rent Payable	Managing Director	25,835,989	25,835,989
Mr. Ziaulla Sheriff	Loans Payable	Managing Director	149,357,731	146,357,731
Mrs. Nidhi Sharma	Salary Payable	Company Secretary	39,867	39,867

Note 33 : Segment reporting as required under Indian Accounting Standard 108, "Operating Segments"

The Company has disclosed business segment as the primary segment. These have been identified taking into account nature of products and services, the differing risks and returns and the internal business reporting systems.

The company operates into two business segments as required to be reported as per Indian Accounting Standard 108 on Operating Segments, (a) Test, Measurement & Embedded solutions for Educational sector (b) Data Quality, Statistical and Analytics Softwares.

Particulars	Year Ended March 31, 2019	Year Ended March 31, 2018
A. Segment Revenue		
1. Test, Measurement & Embedded Solutions for Educational Sector	40,824,720	38,521,672
2. Data Quality, Statistical & Analytics Softwares	99,586,233	94,798,462
Total Revenue	140,410,953	133,320,133
B. Segment Results		
1. Test, Measurement & Embedded Solutions for Educational Sector	8,683,580	8,161,199
2. Data Quality, Statistical & Analytics Softwares	77,556,766	58,636,971
Total	86,240,346	66,798,170
i) Finance charges	9,470,708	10,406,000
ii) Unallocable Expenditure net off income	75,291,495	54,935,637
Total Profit Before Tax	1,478,143	1,456,533
Less: Tax Expenses	88,267	426,548
Total Profit After Tax	1,389,876	1,029,985
C. Segments Assets		
1. Test, Measurement & Embedded Solutions for Educational Sector	22,766,129	25,027,031
2. Data Quality, Statistical & Analytics Softwares	317,726,164	261,589,763
3. Unallocated	20,566,115	33,876,701
Total	361,058,409	320,493,495
D. Segment Liabilities		
1. Test, Measurement & Embedded Solutions for Educational Sector	18,762,561	14,662,080
2. Data Quality, Statistical & Analytics Softwares	7,138,071	5,798,030
3. Unallocated	310,298,053	276,866,546
Total	336,198,686	297,326,655

Note 34: Fair Value Measurement

A. Accounting classification and fair values

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:
Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Assets and Liabilities that are disclosed at Amortised Cost for which Fair values are disclosed are classified as Level 3.

If one or more of the significant inputs is not based on observable market data, the respective assets and liabilities are considered under Level 3.

(Amount in Rs)

Financial Asset & Liabilities as at 31st March 2019	Refer note	Non Current	Current	Total	Routed through Profit & Loss				Routed through OCI				Carried at Amortised Cost	Total Amount
					Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
Financial Assets:														
Trade receivables	9		115,711,076	115,711,076			-	-					115,711,076	115,711,076
Others financial assets	5	4,861,253	2,461,805	7,323,057			-	-					7,323,057	7,323,057
Cash and cash equivalents	10		2,953,804	2,953,804			-	-					2,953,804	2,953,804
Other bank balances	11		206,479	206,479			-	-					206,479	206,479
Total Financial Assets		4,861,253	121,333,164	126,194,416			-	-					126,194,416	126,194,416
Financial Liabilities:														
Borrowings	13	130,992,492		130,992,492			-	-					130,992,492	130,992,492
Trade payables	16		101,696,885	101,696,885			-	-					101,696,885	101,696,885
Other financial liabilities	17		1,177,200	1,177,200			-	-					1,177,200	1,177,200
Total Financial Liabilities		130,992,492	102,874,085	233,866,576			-	-					233,866,576	233,866,576

Financial Asset & Liabilities as at 31st March 2018	Refer note	Non Current	Current	Total	Routed through Profit & Loss				Routed through OCI				Carried at Amortised Cost	Total Amount
					Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
Financial Assets:														
Trade receivables	9		94,538,892	94,538,892			-	-					94,538,892	94,538,892
Others financial assets	5	4,506,504	18,354,013	22,860,517			-	-					22,860,517	22,860,517
Cash and cash equivalents	10		939,499	939,499			-	-					939,499	939,499
Other bank balances	11		185,800	185,800			-	-					185,800	185,800
Total Financial Assets		4,506,504	114,018,204	118,524,708			-	-					118,524,708	118,524,708
Financial Liabilities:														
Borrowings	13	120,618,255		120,618,255			-	-					120,618,255	120,618,255
Trade payables	16		87,384,877	87,384,877			-	-					87,384,877	87,384,877
Other financial liabilities	17		-	-			-	-					-	-
Total Financial Liabilities		120,618,255	87,384,877	208,003,132			-	-					208,003,132	208,003,132

Note 35 : Financial risk management objectives and policies

i. Risk management framework

A wide range of risks may affect the Company's business and operational / financial performance. The risks that could have significant influence on the Company are market risk, credit risk and liquidity risk. The Company's Board of Directors reviews and sets out policies for managing these risks and monitors suitable actions taken by management to minimise potential adverse effects of such risks on the company's operational and financial performance.

ii. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's trade and other receivables, cash and cash equivalents and other bank balances. To manage this, the Company periodically assesses financial reliability of customers, taking into account the financial condition, current economic trends and analysis of historical bad debts and ageing of accounts receivable. The maximum exposure to credit risk in case of all the financial instruments covered below is restricted to their respective carrying amount.

(a) Trade and other receivables from customers

Credit risk in respect of trade and other receivables is managed through credit approvals, establishing credit limits and monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business.

The Company measures the expected credit loss of trade receivables based on historical trend, industry practices and the business environment in which the entity operates. The Company uses a provision matrix to compute the expected credit loss allowance for trade receivables. The provision matrix takes into account available external and internal credit risk factors such as credit ratings from credit rating agencies, financial condition, ageing of accounts receivable and the Company's historical experience for customers.

Ageing of Accounts receivables :		(Amount in Rs)	
Particulars	As at March 31, 2019	As at March 31, 2018	
0 - 6 months	72,306,540	44,300,509	
Beyond 6 months	50,204,481	52,940,229	
Total	122,511,021	97,240,738	

Financial Assets are considered to be of good quality and there is no significant increase in credit risk

The movement of the allowance for lifetime expected credit loss is stated below:

		(Amount in Rs)	
Particulars	As at 31-03-2019	As at 31-03-2018	
Opening provision	2,701,845	1,364,727	
Add : Additional provision made	4,098,100	1,337,118	
Closing provisions	6,799,945	2,701,845	

(b) Cash and cash equivalents and Other Bank Balances

The Company held cash and cash equivalents and other bank balances of Rs. 31,60,283 at 31st March 2019 (31st March 2018: Rs. 11,25,299). The cash and cash equivalents are held with bank with good credit ratings and financial institution counterparties with good market standing. Also, Company invests its short term surplus funds in bank fixed deposit, which carry no / low mark to market risks for short duration therefore does not expose the Company to credit risk.

Note 35 : Financial risk management objectives and policies

iii. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk is managed by Company through effective fund management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and other borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted.

Maturity Analysis of Significant Financial Liabilities				(Amount in Rs)
31st March 2019	Upto 1 year	1-5 years	More than 5 years	Total
Non current borrowings	-	130,992,492	-	130,992,492
Trade and other payables	101,696,885	-	-	101,696,885
Other Financial Liabilities	1,177,200	-	-	1,177,200

31st March 2018	Upto 1 year	1-5 years	More than 5 years	Total
Non current borrowings	-	120,618,255	-	120,618,255
Trade and other payables	87,384,877	-	-	87,384,877
Other Financial Liabilities	-	-	-	-

Note 35 : Financial risk management objectives and policies

iv. Market risk

Market Risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

iv.a Currency risk

The Company is exposed to currency risk on account of its operating and financing activities. The functional currency of the Company is Indian Rupee. Our exposure are mainly denominated in U.S. dollars. The USD exchange rate has changed substantially in recent periods and may continue to fluctuate substantially in the future. The Company's business model incorporates assumptions on currency risks and ensures any exposure is covered through the normal business operations. This intent has been achieved in all years presented. The Company has put in place a Financial Risk Management Policy to identify the most effective and efficient ways of managing the currency risks.

Exposure to currency risk

The currency profile of financial assets and financial liabilities as at March 31, 2019, and March 31, 2018 are as below:

31st March, 2019	Exposure in USD		Exposure in EURO	
	Amount in INR	Amount in USD	Amount in INR	Amount in EURO
Financial assets				
Trade receivables	27,480,240	395,741		
Net exposure for assets	27,480,240	395,741	-	
Financial liabilities				
Trade and other payables	291,579	4,199	-	-
Net exposure for liabilities	291,579	4,199	-	-
Net exposure (Assets - Liabilities)	27,188,662	391,542	-	

31st March, 2018	Exposure in USD		Exposure in EURO	
	Amount in INR	Amount in USD	Amount in INR	Amount in EURO
Financial assets				
Trade receivables	21,994,355	338,167		
Net exposure for assets	21,994,355	338,167	-	-
Financial liabilities				
Trade and other payables	374,955	10,632	691,502	20,378
Net exposure for liabilities	374,955	10,632	691,502	20,378
Net exposure (Assets - Liabilities)	21,619,400	327,535	(691,502)	(20,378)

Sensitivity analysis

A reasonably possible strengthening / (weakening) of the Indian Rupee against US dollars at 31st March would have affected the measurement of financial instruments denominated in US dollars and affected profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases. In cases where the related foreign exchange fluctuation is capitalised to fixed assets or recognised directly in reserves, the impact indicated below may affect the Company's income statement over the remaining life of the related fixed assets or the remaining tenure of the borrowing respectively.

Impact of movement on Profit or (loss) and Equity :
(Amount in Rs)

Effect in INR (before tax)	Profit or (loss) and Equity	
	Strengthening	Weakening
For the year ended 31st March, 2019		
1% movement		
USD	269,195	(269,195)
EURO	-	-
Total	269,195	(269,195)

Effect in INR (before tax)	Profit or (loss) and Equity	
	Strengthening	Weakening
For the year ended 31st March, 2018		
1% movement		
USD	214,053	(214,053)
EURO	(6,847)	6,847
Total	207,206	(207,206)

iv.b Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Company has interest free borrowings thus Company does not foresee and interest rate risk.

Note 36 : Capital management

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Company. The Company strives to safeguard its ability to continue as a going concern so that they can maximise returns for the shareholders and benefits for other stake holders. The aim to maintain an optimal capital structure and minimise cost of capital.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may return capital to shareholders, issue new shares or adjust the dividend payment to shareholders (if permitted). Consistent with others in the industry, the Company monitors its capital using the gearing ratio which is total debt divided by total capital plus total debts.

(Amount in Rs)

Particulars	As at 31 March 2019	As at 31 March 2018
Total debts	130,992,492	120,618,255
Total equity	24,859,724	23,166,843
Total debts to equity ratio (Gearing ratio)	0.84	0.84

Note 37 : Prior year comparatives

Previous year's figures have been regrouped or reclassified, to conform to the current year's presentation wherever considered necessary.

The accompanying notes form an integral part of the financial statements

This is a summary of significant accounting policies and other explanatory information referred to in our report of even date

For CAS & Co.

Chartered Accountants
Firm Reg. No. 111075W

For and on behalf of the Board of Directors

Starcom Information Technology Limited
CIN : L67120KA1995PLC078846

Nitesh Musahib

Partner
Mem No.: 131146

Mr. Ziaulla Sheriff

Managing Director
DIN - 00002098

Mr. Maddur Gundurao Mohankumar

Director
DIN - 00020029

Mr. Mukhtar Ahmad

Chief Financial Officer

Nidhi Sharma

Company Secretary

Place : Mumbai
Date : 30th May, 2019

Place : Bengaluru
Date : 30th May, 2019



STARCOM INFORMATION TECHNOLOGY LIMITED
Registered Office: 73/1, Sheriff Centre, 5thFloor, St. Marks Road, Bangalore-560001
Website: www.starcominfotech.com, Email: info@starcominfotech.com
Phone: +91 80 2227 8283/ 2227 1797, Fax: +91 80 2227 8131/32
CIN: L67120KA1995PLC078846

ATTENDANCE SLIP

24th Annual General Meeting on Monday, 30th September 2019 at 11.30 a.m. at No 150, Diamond District Club House, Old Airport Road, Kodihally, Bangalore 560008.

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

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

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

I hereby record my presence at the 24th Annual General Meeting of the Company on, Monday, 30th September 2019 at 11.30 a.m. at No 150, Diamond District Club House, Old Airport Road, Kodihally, Bangalore 560008.

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

Form No. MGT-11

PROXY FORM

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

24th Annual General Meeting – Monday, 30th September 2019 at 11:30 a.m

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:
 Address:

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

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

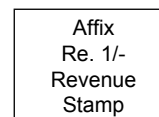
 Email Id:
 Signature:, or failing him/her

as my/our proxy to attend and vote for me/us and on my/our behalf at the Twenty Fourth Annual General Meeting of the Company to be held on Monday, 30th September 2019 at 11:30 a.m. at No 150, Diamond District Club House, Old Airport Road, Kodihally, Bangalore 560008 and at any adjournment thereof in respect of such resolutions as are indicated below:

Res.No.	Description	For	Against
	Ordinary Business		
1.	To receive, consider and adopt the Audited Financial Statement comprising of the Balance Sheet as at March 31, 2019 and the Statement of Profit & Loss and Cash Flow Statement for the year ended on that date together with the Notes, Reports of the Board of Directors (the Board) and the Auditors thereon.		
2.	To appoint a Director in place of Mr. Ziaulla Sheriff (DIN: 00002098), who liable to retires by rotation pursuant to the provisions of Section 152(6) of the Companies Act, 2013 and who is not disqualified to become a director under the Companies Act, 2013 and being eligible, offers himself for re-appointment.		
	Special Business		
3.	Re-appointment of Mr. Ziaulla Sheriff (DIN: 00002098), as the Chairman and Managing Director of the Company: (Special Resolution)		
4.	Authority to The Board of Directors to enter into the contracts or arrangements with the related parties pursuant of section 188 of the Companies Act, 2013 (Special Resolution)		
5.	To give loan, any guarantee or providing security in connection with a loan to any other body corporate or person and/ or acquiring whether by way of subscription, purchase or otherwise, the securities of any other body corporate pursuant of section 186 of the Companies Act, 2013 (Special Resolution)		

Signed this _____ day of _____ 20__

Signature of Shareholder



Signature of Proxy holder(s)

Signature of Proxy holder(s)

Signature of Proxy holder(s)

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

Courier

If undelivered, please return to,

STARCOM INFORMATION TECHNOLOGY LIMITED

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