

THE YASH BIRLA GROUP

2016-2017

30th Annual Report

Melstar Information Technologies Limited



A Software Services Company

Business Philosophy

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



Vision

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

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

SEI: CMM Level - III Assessed

ISO-9001 : 2008 Certified

Registered and Corporate Office
5th Floor, 159, Industry House Churchgate Reclamation Mumbai 400020.
Tel. (022) 6235 6400 Fax : (022) 6235 6402
Email : info@melstar.com, Visit us at : **www.melstar.com**
Corporate Identity Number (CIN): L99999MH1986PLC040604

BOARD OF DIRECTORS

Mr. Ashish Ramesh Mahendrakar	Independent & Non-Executive Director (from 01.07.2015 to 27.03.2017) Executive Director (from 27.03.2017 to 29.05.2017) Whole Time Director (w.e.f. 29.05.2017)
Mr. Milind Prabhudesai	Independent & Non-Executive Director (w.e.f. 27.03.2017)
Mrs. Minal Umesh Pote	Independent & Non-Executive Director (w.e.f. 27.03.2017)
Mr. Pritam Dhanawade	Non-Executive Director (w.e.f. 15.05.2017)
Mr. Rakesh Kumar Dixit	Independent & Non-Executive Director (upto 12.08.2016)
Mr. Sanjiv Tandon	Managing Director (upto 07.09.2016)
Mr. Vijaykumar Himatlal Modi	Non-Executive Director (upto 15.05.2017)
Mrs. Kirti Tripathi	Non-Executive Director (upto 29.05.2017)

CHIEF FINANCIAL OFFICER

Mr. Ashish Mahendrakar

BRANCH OFFICE LOCATIONS

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

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

GURGAON
Melstar Information Technologies Ltd
SCO - 18-19, Sector 14, Gurgaon,
Haryana - 122 001, India,
Phone : 0124-4080842/43/44

SHARE REGISTRAR AND TRANSFER AGENT:
M/s. Bigshare Services Private Limited
Bharat Tin Works Building,
1st Floor,Opp Vasant Oasis,
Next to Keys Hotel,
Marol Maroshi Road,
Andheri East,
Mumbai-400059

AUDITORS
M/S Sarda & Pareek.
Chartered Accountants
Mumbai

BANKERS
BANK OF INDIA

CONTENTS

Page Nos.

Notice 3

Directors' Report 9

Management Discussion and Analysis Report 23

Report on Corporate Governance 25

Auditors' Certificate on Corporate Governance 33

Independent Auditor's Report 34

Balance Sheet 39

Profit & Loss Statement 40

Cash Flow Statement 41

Notes forming part of Balance Sheet and Profit and Loss Statement 42

Attendance Slip / Proxy Form 55

Notice

Notice is hereby given that the **30th Annual General Meeting** of the members of **Melstar Information Technologies Limited** will be held on **Thursday, the 28th September, 2017 at 11.00 A.M**. at **"126", Sitaram Poddar Marg, Fanas Wadi, Mumbai - 400002** to transact the following businesses:

ORDINARY BUSINESS:

1. To consider and adopt:

   (a) The audited financial statement of the Company for the financial year ended **March 31, 2017.**

2. To re-appoint Statutory Auditor and fix their remuneration and in this regard, to consider and if thought fit, to pass the following resolution as an ordinary resolution:

   "RESOLVED THAT pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013, **M/S SARDA & PAREEK**, Chartered Accountants (Firm Registration No.109262W), the retiring Statutory Auditors, be and is hereby re-appointed as the Statutory Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company and that the Board of Directors of the Company be and is hereby authorized to fix their remuneration for the said period and reimbursement of actual out of pocket expenses, as may be incurred in the performance of their duties."

SPECIAL BUSINESS:

3. As an **Ordinary Resolution:** Appointment of **Mr. Pritam Dhanawade** as a Non Executive Director.

   "**RESOLVED THAT** pursuant to **Section 149,152** and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification (s) or re-enactment thereof for the time being in force) read with **Schedule IV** to the Companies Act, 2013, (the Act) **Mr. Pritam Dhanawade** who was appointed as an Additional Director of the Company with effect from **15.05.2017** pursuant to the provisions of **Section 161(1)** of the Act and in respect of whom the company has received a notice in writing under **Section 160** of the Act from a member proposing his candidature for the Office of director, be and is hereby appointed as Non-Executive Director of the Company who shall be liable to retire by rotation."

4. As an **Ordinary Resolution**: Appointment of **Mr. Milind Bhaskar Prabhudesai** as an Independent & Non Executive Director.

   "**RESOLVED THAT** pursuant to **Section 149,152** and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification (s) or re-enactment thereof for the time being in force) read with **Schedule IV** to the Companies Act, 2013, (the Act) **Mr. Milind Bhaskar Prabhudesai** who was appointed as an Additional Director of the Company with effect from **27.03.2017** pursuant to the provisions of **Section 161(1)** of the Act and who holds office up to the date of this Annual General Meeting and has submitted a declaration that he meets the criteria for independence as provided in **Section 149(6)** of the Act and in respect of whom the company has received a notice in writing under **Section 160** of the Act from a member proposing his candidature for the Office of director, be and is hereby appointed as an Independent and Non-Executive Director of the Company and shall hold office for a term of 5 years upto 31st March, 2022, not liable to retire by rotation."

5. As an **Ordinary Resolution**: Appointment of **Mrs. Minal Umesh Pote** as an Independent & Non Executive Director.

   "**RESOLVED THAT** pursuant to **Section 149,152** and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification (s) or re-enactment thereof for the time being in force) read with **Schedule IV** to the Companies Act,2013, (the Act) **Mrs. Minal Umesh Pote** who was appointed as an Additional Director of the Company with effect from **27.03.2017** pursuant to the provisions of **Section 161(1)** of the Act and who holds office up to the date of this Annual General Meeting and has submitted a declaration that she meets the criteria for independence as provided in **Section 149(6)** of the Act and in respect of whom the company has received a notice in writing under **Section 160** of the Act from a member proposing her candidature for the Office of director, be and is hereby appointed as an Independent and Non-Executive Director of the Company and shall hold office for a term of 5 years upto 31st March, 2022, not liable to retire by rotation."

6. As an **Ordinary Resolution:** Appointment of **Mr. Ashish Mahendrakar** as an Whole Time Director.

   "RESOLVED THAT pursuant to the provisions of Sections 196, 197, 198 read with Schedule V and 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 thereof, for the time being in force) and subject to such other approvals, as may be necessary, consent of the Members be and is hereby accorded to the appointment of **Mr. Ashish Mahendrakar** (DIN: 03584695) as the Whole-time Director of the Company **w.e.f. 29.05.2017** on the remuneration and perquisites and terms and conditions as set out in the statement annexed to the Notice convening this meeting."

   "**RESOLVED FURTHER THAT** in the event of loss or inadequacy of profits in any financial year during the currency of tenure of the appointment **Mr. Ashish Mahendrakar**, shall be paid the remuneration as set out in the explanatory Statement annexed to the Notice convening this Annual General Meeting, as minimum remuneration but not exceeding the limits specified under Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactments thereof."

   "**RESOLVED FURTHER THAT** any one of the director of the Company be and are hereby severally authorised to file relevant forms with the Registrar of companies, Mumbai, and to do such other acts, deeds and things as may be considered necessary in connection with the above resolution."

Registered Office:
Industry House, 5th Floor,
Churchgate, Reclamation,
Mumbai-400 020

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

Place: Mumbai,
Date: 02.09.2017

ASHISH MAHENDRAKAR
DIRECTOR

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint proxy to attend and vote instead of himself and the proxy need not be a member of the Company (a copy of the proxy form is attached).The instrument appointing a proxy must be deposited at the Registered Office of the Company not less than Forty-Eight (48) hours before commencement of the Meeting. A person can act as a proxy on behalf of members not exceeding 50 and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. In Case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy or any other person or shareholder.
2. An Explanatory Statement pursuant to **Section 102** of the Companies Act, 2013, relating to the Special Business to be transacted at the Meeting is annexed hereto.
3. Annual Report and AGM Notice is available at the website of the Company at www.melstar.com in the Investor Info section.
4. The Register of Members and Share Transfer Books of the Company will remain closed from **Friday, The 22nd September, 2017 to Thursday**, **The 28TH September, 2017** (both days inclusive) for annual closing.
5. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
6. Members are requested to bring their Attendance Slip along with their copy of Annual Report to the Meeting.
7. Members who hold shares in dematerialized form are requested to write their Client ID and DP ID Numbers and those who hold shares in physical form are requested to write their Folio Number in the Attendance Slip for attending the Meeting.
8. Members desirous of making nomination as permitted under **Section 72** of the Companies Act, 2013 in respect of the physical shares held by them in the Company, can make nominations in **Form SH-13**, which can be procured from the Registrar and Share Transfer Agent **M/s Bigshare Services Private Limited (RTA**). The Members holding shares in demat form may contact their respective depository participants for such nominations.
9. Members who hold shares in physical form in multiple folios in identical names or joint accounts in the same order of names are requested to send the share certificates to the Company's Registrars and Transfer Agents, **M/s. Bigshare Services Private Limited** (RTA), for consolidation into a single folio.
10. The voting rights of shareholders shall be in proportion to their shares in the paid up equity share capital of the Company as on **Friday, The 22nd September, 2017.**
11. **M/s Sushil Talathi & Associates**, Practicing Company Secretary, bearing **COP No. 9781** are been appointed as the Scrutinizer to scrutinize the remote e-voting and poll process to be carried out at the AGM in a fair and transparent manner.
12. The final results including the poll and remote e-voting results of the AGM of the Company shall be declared within 48 hours from the conclusion of the Annual General Meeting. The final results along with the scrutinizers report shall be placed on the Company's website www.melstar.com immediately after the result is declared by the Chairman.
13. In terms of **Sections 108** of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 as amended, the Company is providing the e-voting facility to its Members holding shares in physical or dematerialized form, as on **THE CUT-OFF DATE,** being **Friday, The 22nd September, 2017,** to exercise their right to vote by electronic means on any or all of the businesses specified in the accompanying Notice (the "Remote e-voting"). The remote e-voting commences on **MONDAY, THE 25TH SEPTEMBER, 2017 (09.00 A.M.) AND ENDS ON WEDNESDAY THE 27TH SEPTEMBER, 2017 (5:00 P.M.).** Detail of the process and manner of Remote e-voting along with the User ID and Password is being sent to all the Members along with the Notice.
14. In terms of the recent amendment to the Companies (Management and Administration) Rules, 2014 with respect to the Voting through electronic means, the Company is also offering the facility for voting by way of physical ballot at the AGM. The Members attending the meeting should note that those who are entitled to vote but have not exercised their right to vote by Remote e-voting, may vote at the AGM through ballot for all businesses specified in the accompanying Notice. The Members who have exercised their right to vote by Remote e-voting may attend the AGM but shall NOT vote at the AGM. The voting rights of the Members shall be in proportion to their shares of the paid-up equity share capital of the Company as on **THE CUT-OFF DATE** being **Friday, The 22nd September, 2017.**
15. The Notice of the Annual General Meeting along with the **Annual Report 2016-17** is being sent by electronic mode to those members whose e-mail addresses are registered with the Company/Depositories, unless any Member has requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode.

Voting through electronic means

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

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

(i) Open email and open PDF file viz; "Melstar Information Technologies Limited e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initial password.

NOTE: Shareholders already registered with NSDL for e-voting will not receive the PDF file "Melstar Information Technologies Limited e-voting.pdf"

(ii) Launch internet browser by typing the following URL: https://www.evoting.nsdl.com/

(iii) Click on Shareholder – Login

(iv) Insert your user ID and password as initial password/PIN noted in step (i) above. Click Login.

(v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(vi) Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.

(vii) Select "EVEN" of **"Melstar Information Technologies Limited".**

(viii) Now you are ready for remote e-voting as "Cast Vote" page opens.

(ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.

(x) Upon confirmation, the message "Vote cast successfully" will be displayed.

(xi) Once you have voted on the resolution, you will not be allowed to modify your vote.

(xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to sushil@cssushiltalathi.com with a copy marked to evoting@nsdl.co.in

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

(i) Initial password is provided as below/at the bottom of the Attendance Slip for the AGM :

EVEN (Remote e-voting Event Number) USER ID PASSWORD/PIN

(ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xi) above to cast vote.

II. In case of any queries, you may refer the Frequently Asked Question (FAQs) for Members and remote e-voting user manual for Members available at the download section of www.evoting.nsdl.com or call on toll free no.:1800-222-990.

III. If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote.

NOTE: Shareholders who forgot the User Details/Password can use "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com.

In case Shareholders are holding shares in demat mode, USER-ID is the combination of (DPID+ClientID).

In case Shareholders are holding shares in physical mode, USER-ID is the combination of (Even No+Folio No).

IV. You can also update your mobile number and e-mail id in the user profile of the folio which may be used for sending future communication(s).

V. You can also update your mobile number and e-mail id in the user profile of the folio which may be used for sending future communication(s).

VI. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on **THE CUT-OFF DATE i.e. Friday, The 22nd September, 2017.**

VII. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of **THE CUT-OFF DATE i.e. Friday, The 22nd September, 2017,** may obtain the login ID and password by sending a request at evoting@nsdl.co.in or pradnya@bigshareonline.com

However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on www.evoting.nsdl.com or contact NSDL at the following toll free no.: 1800-222-990.

A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.

VIII. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.

IX. **M/s Sushil Talathi & Associates**, Practicing Company Secretary, bearing **COP No. 9781,** has been appointed as the Scrutinizer to scrutinize the remote e-voting and poll process to be carried out at the AGM in a fair and transparent manner.

X. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of "remote e-voting" for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.

XI. The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favor or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.

XII. The Results declared along with the report of the Scrutinizer shall be place on the website of the Company www.melstar.com and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited and National Stock Exchange of India.

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

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

Item 3, 4, & 5:

The Board of Directors has pursuant to **Section 161(1)** of the Companies Act, 2013 appointed **Mr. Milind Prabhudesai, Mrs. Minal Pote** with effect from **27.03.2017** and **Mr. Pritam Dhanawade** with effect from **15.05.2017** as an Additional Director of the Company who holds office up to the ensuing Annual General Meeting and being eligible offers themselves for appointment.

The Company has received a notice in writing from a member along with the deposit of requisite amount under **Section 160** of the Act proposing the candidature for appointment of **Mr. Milind Prabhudesai, Mrs. Minal Pote & Mr. Pritam Dhanawade** for the office of Director of the Company.

The Board after receiving the declaration under **Section 149(6)** of the Act from **Mr. Milind Prabhudesai and Mrs. Minal Pote,** is of opinion that they meet the criteria of Independence and fulfils the conditions specified in the Act, the Rules framed there under for appointment as Independent and Non Executive Directors of the Company.

The matter regarding appointment of **Mr. Milind Prabhudesai & Mrs. Minal Pote** as Independent Director was placed before the Nomination & Remuneration Committee, which recommends their appointment as Independent Director for a term of **5 years w.e.f. 28.09.2017.** Also the appointment of **Mr. Pritam Dhanawade** as a Non Executive Director was placed before the Nomination & Remuneration Committee, which recommends his appointment as Non Executive Director **w.e.f 28.09.2017**.

Along with the appointment of **Mr. Milind Prabhudesai and Mrs. Minal Umesh Pote** as Independent and Non Executive Director, the appointment **Mr. Pritam Dhanawade** as Non Executive Director is also being placed before the Members in General Meeting for their approval in compliance with the provisions of **Section 149** read with Schedule IV of the Act.

The terms and conditions of appointment of **Mr. Milind Prabhudesai, Mrs. Minal Pote & Mr. Pritam Dhanawade** shall be open for inspection by the Members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday.

Name of the director	Date of birth	Qualifications	Date of appointment	Expertise in specific functional area	List of other directorship Excluding foreign companies private companies section 8 of the Companies Act, 2013	Chairman /member of the Board/Committees of other companies in which director	Company's shares held
Mr. Milind Prabhudesai	11.03.1986	M.Com	27.03.2017	Mr. Milind Prabhudesai aged 30 years is M.Com, having 6 years of experience in field of finance.	Zenith Birla (India) Limited Birla Capital And Financial Services Limited Melstar Information Technologies Limited Birla Energy Infra Limited Birla Viking Travels Limited Khopoli Investments Limited	Zenith Birla (India) Limited Birla Capital And Financial Services Limited Melstar Information Technologies Limited	No
Mrs. Minal Pote	05.09.1975	B.Com	27.03.2017	Mrs. Minal Pote aged 40 Years is B.Com having experience of more than 10 years in field of accounts and finance	Zenith Birla (India) Limited Birla Capital And Financial Services Limited Melstar Information Technologies Limited Birla Energy Infra Limited Birla Viking Travels Limited Khopoli Investments Limited Birla Integrated Textile Park Limited	Zenith Birla (India) Limited Birla Capital And Financial Services Limited Melstar Information Technologies Limited	No

Name of the director	Date of birth	Qualifications	Date of appointment	Expertise in specific functional area	List of other directorship Excluding foreign companies private companies section 8 of the Companies Act, 2013	Chairman /member of the Board/Committees of other companies in which director	Company's shares held
Mr. Pritam Dhanawade	06.01.1982	HSC, Diploma in Hotel Management	15.05.2017	10yrs working experience in P&O Cruizes,UK	Zenith Birla (India) Limited Birla Capital And Financial Services Limited Melstar Information Technologies Limited Birla Energy Infra Limited Birla Integrated Textile Park Limited Birla Viking Travels Limited Khopoli Investments Limited	Birla Capital And Financial Services Limited Melstar Information Technologies Limited	No

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

None of the Directors, Key Managerial Personnel and their relatives other than **Mr. Milind Prabhudesai, Mrs. Minal Pote and Mr. Pritam Dhanawade** are concerned or interested in the said resolutions. The Board of Directors recommends the said resolution for your approval.

Item 6:

The Board of Directors had Pursuant to **Section 196, 197, 198** of Companies Act, 2013 appointed **Mr. Ashish Mahendrakar (DIN 03584695)** as Whole Time Director & Chief Financial Officer of the Company from **29.05.2017**

Name of the director	Date of birth	Qualifications	Date of appointment	Expertise in specific functional area	List of other directorship Excluding foreign companies private companies section 8 of the Companies Act, 2013	Chairman /member of the Board of other companies in which director	Company's shares held
Mr. Ashish Mahendrakar	20.06.1971	B.Com, D.B.M., M.M.S	29.05.2017	Mr. Ashish Mahendrakar aged 47 years is B.Com, D.B.M., M.M.S. having 26 years of experience in the field of accounts, Banking and Finance.	Zenith Birla (India) Limited Birla Capital And Financial Services Limited Birla Shloka Edutech Limited Melstar Information Technologies Limited Birla Electricals Limited Birla Integrated Textile Park Limited Birla Edutech Limited	Zenith Birla (India) Limited Birla Capital And Financial Services Limited Birla Shloka Edutech Limited Melstar Information Technologies Limited	No

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

In the Board Meeting held on **29.05.2017** and as per the resolution passed by the Nomination and Remuneration Committee in their meeting held on **29.05.2017**, **Mr. Ashish Mahendrakar** was appointed as Whole Time Director & Chief Financial Officer of the Company, with effect from **29.05.2017**, subject to the approval of shareholders.

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

Mr. Ashish Mahendrakar: Whole Time Director

From period: 29.05.2017

As Whole Time Director, **Mr. Ashish Mahendrakar** was responsible for the company's business affair as entrusted to him subject to the direction, supervision and control of Board of Directors.

Remuneration: MR. ASHISH MAHENDRAKAR was entitled to consolidated Remuneration as stated below:

Particulars	**27.03.2017 to 26.03.2018**
Salary	**1,37,400**
Perks and Incentive: House Rent Allowance together with utilities there for such as gas, electricity, water, furnishings, repairs, servants' salaries, society charges and property taxes, Reimbursement of Medical Expenses incurred for self and family and medical/accident insurance. Personal Accident Insurance in accordance with the rules specified by the Company. Leave Travel concession for self and family once in a year in accordance with the rules of the Company. Fees of clubs/annual membership fees and/or admission/ entrance fees Provision for Car with driver for business of the Company and Telephone/ Cell phone	**14,82,600**
Company's contribution Provident fund @ 12%	**NIL**
Gratuity	**NIL**
Total	**16,20,000**

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

Minimum Remuneration: Notwithstanding anything herein contained, where in the event of loss or inadequacy of profits in financial year during the tenure **(27.03.2017 to 26.03.2018)** of **Mr. Ashish Mahendrakar** as Whole Time Director of the Company, the remuneration as stated above was paid was minimum remuneration pursuant to **Section 196 & 197** read with Schedule V and any other applicable provisions of the Companies Act, 2013 as amended from time to time.

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

None of the Directors, Key Managerial Personnel and their relatives other than Mr. Ashish Mahendrakar is concerned or interested in the said resolutions. The Board of Directors recommends the said resolution for your approval.

The Board recommends the resolution as set out in **Item No. 3, 4, 5 & 6** of the Notice for Members' approval.

FOR MELSTAR INFORMATION TECHNOLOGIES LIMITED

Place: Mumbai,
Date: 02.09.2017

ASHISH MAHENDRAKAR
DIRECTOR

DIRECTORS' REPORT

To the Members, Your Directors have pleasure in presenting the **30th Annual Report** along with Audited Financial Statements for the year ended **31st March, 2017**.

1. FINANCIAL RESULTS:

(Rs. in Lakhs)

	2016-17	**2015-16**
Net Sales/ Income from Operations	2,101	3,095
Other Operating Income	12	22
Operating Profit (Loss) before interest and Depreciation (PBIDTA)	(164)	241
Finance costs	165	157
Depreciation	63	65
Operating Profit/ (Loss) before tax	(392)	19
Other Income, net	-	1
Net Profit (Loss) before tax and Exceptional Item	(392)	20
Exceptional Item	-	-
Net (Loss) before tax and after Exceptional Item	(392)	20
Provision for taxation	-	-
Net (Loss) after tax	(392)	20
Deficit Brought Forward From Previous Year	(640)	(660)
Less : Adjustment relating to Fixed Assets on application of Schedule II of the Companies Act, 2013	-	-
Balance carried to Balance Sheet	(1033)	(640)
Face value of Equity Shares (in Rupees)	10	10
EPS - Basic and Diluted (Before Exceptional Item) (in Rupees)	(2.75)	0.14
EPS - Basic and Diluted (After Exceptional Item) (in Rupees)	(2.75)	0.14
Book value per Share (in Rupees)	2.81	5.57

2. OPERATIONS:

The total sales of the Company for the financial year ended on **31st March, 2017** were Rs.2101 Lakhs as against Rs.3095 Lakhs during the last financial year ended on **31st March, 2016**. Similarly the net Profit/ Loss before tax during the year was Rs. 392.71 Lakhs Loss as against Rs. 20 Lakhs Profit in the previous year.

The decrease in sales and profit after tax is on account of fall in IT sector globally and drastically. Due to the fall in IT sector the company had also closed its foreign operations.

3. DIVIDEND:

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

4. SUBSIDIARY(S)

Melstar Information Technologies Limited had sold 4,86,000 shares of IDV Technology Solutions Private Limited. Now Melstar Information Technologies Limited holds only 1,14,000 shares of IDV Technology Solutions Private Limited.

With the sale of these shares, IDV Technology Solutions Private Limited is no more a subsidiary of Melstar Information Technologies Limited w.e.f. 29.09.2016.

The operations of Melstar Inc. USA, wholly owned overseas subsidiary, had been fully discontinued and the subsidiary had been dissolved on 10th August 2016.

5. FINANCIAL STATEMENTS OF SUBSIDIARY:

The company doesn't have any subsidiary as on 31st March 2017.

6. EVENT SUBSEQUENT TO THE DATE OF FINANCIAL STATEMENTS:

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

7. CHANGE IN THE NATURE OF BUSINESS IF ANY:

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

8. VIGIL MECHANISM / WHISTLE BLOWER POLICY:

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

9. CORPORATE GOVERNANCE:

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

10. EXTRACT OF ANNUAL RETURN:

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

11. NUMBER OF BOARD MEETING:

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

12. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:

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

13. RELATED PARTY TRANSACTIONS:

No transactions were entered with related party during the year under review. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other related parties which may have a potential conflict with the interest of the Company at large. The detail of the transactions with Related Parties to be provided in **FORM AOC-2** is annexed herewith as **ANNEXURE–II.**

The policy on Related Party Transactions as approved by the Audit Committee and Board is uploaded on the Company's website at the link http://www.melstar.com/policies.html.

14. RISK MANAGEMENT:

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

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

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

16. INTERNAL CONTROL SYSTEM:

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

17. HUMAN RESOURCES:

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

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

18. PARTICULARS OF JOINT VENTURES OR ASSOCIATE COMPANY:

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

19. FIXED DEPOSITS:

During the year under review, your Company has not accepted any fixed deposits and there were no unclaimed deposits or interest thereon as on **31st March, 2017**.

20. DIRECTORS:

Mr. Milind Prabhudesai was appointed as Independent and Non Executive Director w.e.f. 27th March 2017.

Ms. Minal Pote was appointed as Independent and Non Executive Woman Director w.e.f. 27th March 2017.

Mr. Pritam Dhanawade was appointed as Non Executive Director w.e.f. 04th July 2017.

Mr. Rakesh Kumar Dixit resigned as Director w.e.f. 12th August, 2016.

Mr. Sanjiv Tondon resigned from the post of Managing Director w.e.f. 07th September 2016.

Mrs. Kirti Tripathi resigned as Non Executive Director of the company w.e.f. 29th May, 2017.

Present Directors of the Company are:

Sr.No.	NAME	DIN	DESIGNATION	DATE OF APPOINTMENT
1	Mr. Milind Prabhudesai	07280962	Additional Director	27/03/2017
2	Ms. Minal Umesh Pote	07163539	Additional Director	27/03/2017
3	Mr. Ashish Mahendrakar	03584695	Whole Time Director	01/07/2015
4	Mr. Pritam Dhanawade	07496528	Additional Director	15/05/2017

The Board records its appreciation of all Directors for their guidance advise during the meeting.

Declaration from Independent Directors:

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

Further Mr. Milind Prabhudesai and Ms. Minal Pote have given declaration to the Company under Section 149(6) of the Companies Act, 2013, that they qualifies the criteria of independence mentioned under that sub-section. Accordingly it is proposed to appoint said Mr. Milind Prabhudesai and Ms. Minal Pote as an Independent Directors not liable to retire by rotation for a term of five (5) years from the ensuing Annual General Meeting.

Criteria for appointment of Independent Directors

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

Remuneration Policy

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

21. DIRECTORS' RESPONSIBILITY STATEMENT:

As stipulated under **Section 134(3)(c) & (5)** of the Companies Act, 2013, your Directors confirm as under:-

i) that in the preparation of the accounts for the financial year ended **31st March 2017,** the applicable accounting standards have been followed along with proper explanation relating to material departures;

ii) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;

iii) that the Directors have taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv) that the Directors have prepared the accounts for the financial year on going concern basis.

v) the Directors have laid down internal financial controls, which are adequate and were operating effectively.

vi) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

22. ANNUAL EVALUATION:

The performance of Board of Directors and the Committees constituted by the Board and the Individual Directors has been evaluated during the Financial Year ended **31st March, 2017.**

23. PARTICULARS OF EMPLOYEES:

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

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

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

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

25. AUDITORS:

i) Statutory Auditors:

M/s Sarda & Pareek (FRN 109262W), Chartered Accountants, after receiving the approval from the shareholders had been appointed as the auditors of the company for the Financial Year ending 31st March 2017.

ii) Secretarial Auditors:

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

iii) Compliance with Secretarial Standards:

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

iv) Cost Auditors: Cost Audit is not applicable to the Company.

26. PURCHASE OF SHARES OF THE COMPANY:

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

27. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:

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

28. ISSUE OF SHARES WITH DIFFERENTIAL VOTING RIGHTS:

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

29. ISSUE OF SWEAT EQUITY SHARES:

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

30. EMPLOYEE STOCK OPTION

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

31. APPRECIATION:

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

For and on behalf of the Board of Directors

Ashish Mahendrakar
Director

Milind Prabhudesai
Director

Date: 02nd September, 2017

ANNEXURE-I

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

As on the Financial Year ended on **31st March, 2017**.

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

I. REGISTRATION AND OTHER DETAILS:

i	CIN	:	L99999MH1986PLC040604
ii	Registration Date	:	12th August,1986
iii	Name of the Company	:	MELSTAR INFORMATION TECHNOLOGIES LIMITED
iv	Category/Sub-Category of the Company	:	Listed Public Limited Company by Shares
v	Address of the Registered Office and contact details	:	Industry House,159,Churchgate Reclamation,Mumbai-400020 Tel:(022)-62356400
vi	Address of the Corporate Office and contact details		Industry House,159,Churchgate Reclamation,Mumbai-400020 Tel:(022)-62356400
vii	Whether listed Company	:	Yes
viii	Name, Address and contact details of Registrar & Transfer Agents (RTA), if any	:	Bigshare Services Private Limited, 1st Floor, Bharat Tin Works Building, Opp. Vasant Oasis Apartments (Next To Keys Hotel), Marol Maroshi Road, Andheri East, Mumbai 400059 . Tel: 022 – 62638200, Fax:(022)-28475207

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

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

(i) Category-wise Shareholding

Category of shareholders	No. of shares held at the beginning of the year (As on 1st April,2016)				No. of shares held at the end of the year (As on 31st March,2017)				% Change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
A. Promoters (1)Indian									
a)Individual/ HUF	0	0	0	0.00	0	0	0	0.00	0.00
b)Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
c)State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
d)Bodies Corporate	7020976	0	7020976	49.16	6720976	0	6720976	47.06	(2.10)
e)Banks/FI	0	0	0	0.00	0	0	0	0.00	0.00
f) Any Other	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (A) (1):-	7020976	0	7020976	49.16	6720976	0	6720976	47.06	(2.10)
(2)Foreign									
a)NRIs-Individuals	0	0	0	0.00	0	0	0	0.00	0.00
b)Other-Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c)Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
d)Banks/FI	0	0	0	0.00	0	0	0	0.00	0.00
e) Any Other	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (A) (2):-	0	0	0	0.00	0	0	0	0.00	0.00
Total shareholding of Promoter (A)=(A)(1)+(A)(2)	7020976	0	7020976	49.16	6720976	0	6720976	47.06	(2.10)
B. Public Shareholding 1. Institutions									
a)Mutual Funds/UTI	0	0	0	0.00	0	0	0	0.00	0.00
b)Banks/FI	100000	0	100000	0.70	100000	0	100000	0.70	0.00

Category of shareholders	No. of shares held at the beginning of the year (As on 1st April,2016)				No. of shares held at the end of the year (As on 31st March,2017)				% Change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
c)Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
d)State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
e)Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
f)Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
g)FIIs	0	0	0	0.00	0	0	0	0.00	0.00
h)Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i)Others (specify)	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (B)(1):-	100000	0	100000	0.70	100000	0	100000	0.70	0.00
2.Non-Institutions									
a)Bodies Corporate	624830	3001	627831	4.40	554848	3001	557849	3.91	(0.49)
b)Individuals									
i)Individuals shareholders holding nominal share capital upto of Rs 1 lakh	4208937	198700	4407637	30.86	4222203	198100	4420303	30.95	0.09
ii)Individuals shareholders holding nominal share capital in excess of Rs 1 lakh	1830883	0	1830883	12.82	2191838	0	2191838	15.35	2.53
c)Others (specify)									
i)Trust	0	0	0	0.00	0	0	0	0.00	0.00
ii)Clearing member	57017	0	57017	0.40	44848	0	44848	0.31	(0.09)
iii)Directors Relative	0	0	0	0.00	0	0	0	0.00	0.00
iv)Employee	0	0	0	0.00	0	0	0	0.00	0.00
v)NRI(Non repat)	6805	0	6805	0.05	14385	0	14385	0.10	0.05
v)NRI	172140	0	172140	1.21	173990	0	173990	1.22	0.01
vi) OCB	0	58950	58950	0.41	0	58950	58950	0.41	0.00
vii) Unclaimed Suspense Account	0	0	0	0.00	0	0	0	0.00	0.00
ix) Qualified Foreign Investor	900	0	900	0.01	0	0	0	0	(0.01)
Sub-total (B)(2):-	6901512	260651	7162163	50.14	7202112	260051	7462163	52.24	2.10
Total Public Shareholding (B)=(B)(1)+(B)(2)	7001512	260651	7262163	50.84	7302112	260051	7562163	52.94	2.10
C. Shares held by custodian for GDRs & ADRs									
Grand Total(A+B+C)	14022488	260651	14283139	100.00	14023088	260051	14283139	100.00	0

(ii) Shareholding of Promoters

Sr. No.	Shareholders	Shareholding at the beginning of the year (As on **1st April, 2016**)			Shareholding at the end of the year (As on **31st March, 2017**)			% change in shareholding during the year
		No. of shares	% of total shares of the company	% of shares pledged/ encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged/ encumbered to total shares	
1	BIRLA BOMBAY PRIVATE LIMITED	643286	4.5038	0.00	643286	4.5038	0.00	0.00
2	NIRVED TRADERS PRIVATE LIMITED	2228249	15.6006	2228249.00	2228249	15.6006	2228249	0.00
3	GODAVARI CORPORATION PRIVATE LIMITED	1747533	12.2349	904889	1747533	12.2349	904889	0.00
4	SHEARSON INVESTMENT& TRADING CO PVT LTD	2401908	16.8164	2401908.00	2101908	14.72	0.00	-2.10
		7020976	**49.1557**	**5535046**	**6720976**	**47.0553**	**3133138**	**-2.10**

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

Sr. no		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1.	At the beginning of the year	7020976	49.1557	6720976	47.0553
2.	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity etc)				
3.	At the end of the year	7020976	49.1557	6720976	47.0553

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

Sr. no	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year (01.04.2016)		Date	INCRESASE/ DECREASE IN THE SHAREHOLDING		REASON	Shareholding at the end of the year (31.03.2017)	
		No. of Shares	% of total shares of the Company					No. of Shares	% of total shares of the Company
1	Shital Jawahar Shah	0	0	31.03.2016	0		Transfer	0	0.00
				12.08.2016	300000	Increase	Transfer	300000	2.10
				23.09.2016	20700	Decrease	Transfer	279300	1.96
				30.09.2016	13297	Decrease	Transfer	266003	1.86
				07.10.2016	6000	Decrease	Transfer	260003	1.82
				14.10.2016	9065	Decrease	Transfer	250938	1.76
				04.11.2016	12715	Decrease	Transfer	238223	1.67
				11.11.2016	2611	Decrease	Transfer	235612	1.65
				18.11.2016	1050	Decrease	Transfer	234562	1.64
				02.12.2016	234562	Decrease	Transfer	0	0
				31.12.2016	234562	Increase	Transfer	234562	1.64
				06.01.2017	234562	Increase	Transfer	469124	3.28
				13.01.2017	30828	Decrease	Transfer	438296	3.07
				20.01.2017	231648	Decrease	Transfer	206648	1.45
				17.02.2017	3035	Decrease	Transfer	203613	1.43
				31.03.2017	0			203613	1.43
2	Shashi Rani Gupta	156230	1.09	31.03.2016	0		Transfer	156230	1.09
				02.12.2016	156230	Decrease	Transfer	0	0.00
				31.12.2016	156230	Increase	Transfer	156230	1.09
				06.01.2017	156230	Increase	Transfer	312460	2.19
				20.01.2017	156230	Decrease	Transfer	156230	1.09
				31.03.2017	0			156230	1.09
3.	Pravin C Shantilal Mehta	155420	1.09	02.12.2016	155420	Decrease	Transfer	0	1.00
				31.12.2016	155420	Increase	Transfer	155420	1.09
				06.01.2017	155420	Increase	Transfer	310840	2.18
				20.01.2017	155420	Decrease	Transfer	155420	1.09
				31.03.2017	0			155420	1.09
4.	Sunil Mark Fernandes	128013	0.90	31.03.2016	0		Transfer	128013	0.90
				03.06.2016	2000	Decrease	Transfer	126013	0.88
				30.06.2016	1000	Decrease	Transfer	125013	0.88
				22.07.2016	2000	Decrease	Transfer	123013	0.86
				05.08.2016	1000	Decrease	Transfer	122013	0.85
				12.08.2016	1000	Decrease	Transfer	121013	0.85
				14.10.2016	1000	Decrease	Transfer	120013	0.84
				02.12.2016	120013	Decrease	Transfer	0	0
				31.12.2016	120013	Increase	Transfer	120013	0.84
				06.01.2017	120013	Increase	Transfer	240026	1.68
				20.01.2017	120013	Decrease	Transfer	120013	0.84
				31.03.2017	0		Transfer	120013	0.84
5.	Anand Mohan	120481	0.84	31.03.2016	0		Transfer	120481	0.84
				06.05.2016	3699	Increase	Transfer	124180	0.87
				02.12.2016	124180	Decrease	Transfer	0	0
				31.12.2016	124180	Increase	Transfer	124180	0.87
				06.01.2017	124180	Increase	Transfer	248360	1.74
				20.01.2017	124180	Decrease	Transfer	124180	0.87
				31.03.2017	0		Transfer	124180	0.87

Sr. no	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year (01.04.2016)		Date	INCRESASE/ DECREASE IN THE SHAREHOLDING		REASON	Shareholding at the end of the year (31.03.2017)	
		No. of Shares	% of total shares of the Company					No. of Shares	% of total shares of the Company
6.	Bhavesh Dhireshbhai Shah	196816	1.38	31.03.2016	0				1.38
				02.12.2016	101529	Decrease	Transfer	95287	0.67
				31.12.2016	101529	Increase	Transfer	196816	1.38
				06.01.2017	101529	Increase	Transfer	298345	2.09
				20.01.2017	101529	Decrease	Transfer	196816	1.38
				31.03.2017	0		Transfer	196816	1.38
7.	Narendra Narandas Gadhi	100512	0.70	31.03.2016	0		Transfer	100152	0.70
				02.12.2016	100152	Decrease	Transfer	0	0.00
				31.12.2016	100152	Increase	Transfer	100152	0.70
				06.01.2017	100152	Increase	Transfer	200304	1.40
				20.01.2017	100152	Decrease	Transfer	100152	0.70
				31.03.2017	0			100152	0.70
8.	General Insurance Corporation of India	100000	0.70	31.03.2016	0		Transfer	100000	0.70
				02.12.2016	100000	Decrease	Transfer	0	0.00
				31.12.2016	100000	Increase	Transfer	100000	0.70
				06.01.2017	100000	Increase	Transfer	200000	1.40
				20.01.2017	100000	Decrease	Transfer	100000	0.70
				31.03.2017	0		Transfer	100000	0.70
9.	Roopa Corporate Services Pvt Ltd	85000	0.60	31.03.2016	0		Transfer	85000	0.60
				31.03.2017	0		Transfer	85000	0.60
10.	S R Gupta	72003	0.50	31.03.2016	0		Transfer	72003	0.50
				02.12.2016	72003	Decrease	Transfer	0	0.00
				31.12.2016	72003	Increase	Transfer	72003	0.50
				06.01.2017	72003	Increase	Transfer	144006	1.01
				20.01.2017	72003	Decrease	Transfer	72003	0.50
				31.03.2017	0			72003	0.50

(v) **Shareholding of Directors and Key Managerial Personnel:**

Sr. No	For Each of the Director and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	Mr. Ashish Mahendrakar	0	0.00	0	0.00
2	Mr. Milind Prabhudesai	0	0.00	0	0.00
3	Mrs.Minal Pote	0	0.00	0	0.00
4	Mr. Pritam Dhanawade	0	0.00	0	0.00

III. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment (` Lakh)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	89842413.99	-	-	89842413.99
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	172163	-	-	172163
Total(i+ii+iii)	**90014576.99**	**-**	**-**	**90014576.99**
Change in Indebtedness during the financial year				
• Addition	157811	-	-	157811
• Reduction	(3925629.93)	-	-	(3925629.93)
Net Change	(3767818.93)	-	-	(3767818.93)
Indebtedness at the end of the financial year				
i) Principal Amount	86074595.06	-	-	86074595.06
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	164029	-	-	164029
Total (i+ii+iii)	**86238624.06**	**-**	**-**	**86238624.06**

IV. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sr. No	Particulars of Remuneration	Remuneration to WTD & CFO	
		Mr. Ashish Mahendrakar	Total Amount
1.	Gross Salary	1,37,400	1,37,400
	a) Salary as per provisions contained in section 17(1) of Income-tax Act,1961		
	b) Value of perquisites u/s 17(2) Income-tax Act,1961	14,82,600	14,82,600
	c) Profits in lieu of salary under section 17(3) Income-tax Act,1961	-	-
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission	-	-
	- as % of profit	-	-
	- others, specify	-	-
5.	Others, please specify	-	
	Total (A)	**16,20,000**	**16,20,000**

(b) Remuneration to other Directors

Sr No	Name	Mrs. Kirti Tripathi	Mr. Ashish Mahendrakar	Mr. Vijay Kumar Modi	Total
1.	**Independent Directors**				
	• Fee for attending board committee meetings	-	45000	30000	75000
	• Commission	-	-	-	-
	• Others, please specify	-	-	-	-
	Total (1)	-	**45000**	**30000**	**75000**
2.	**Other Non-Executive Directors**				
	• Fee for attending board committee meetings	-	-	-	-
	• Commission	-	-	-	-
	• Others, please specify	-	-	-	-
	Total (2)	-	**-**	**-**	**-**
	Total = (1+2)	-	**45000**	**30000**	**75000**

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

(₹ Lakh)

Sr. No	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		Mr. Ashish Mahendrakar, CFO	Ms. Krina Mehta, CS*	
1.	Gross Salary	Rs.	Rs.	Rs.
	a) Salary as per provisions contained in section 17(1) of Income-tax Act,1961	1,37,400	20,469	1,57,869
	b) Value of perquisites u/s 17(2) Income-tax Act,1961	14,82,600	-	14,82,600
	c) Profits in lieu of salary under section 17(3) Income-tax Act,1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission	-	-	-
	- as % of profit	-	-	-
	- others, specify	-	-	-
5.	Others, please specify	-	-	-
	Total (A)	**16,20,000**	**20,469**	**16,40,469**

*** Ms. Krina Mehta resigned as a Company Secretary w.e.f. 29.07.2017.**

V. PENALTIES/PUNISHMENT /COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/ NCLT/Court)	Appeal made if any (give details)
There were no penalties, punishment or compounding of offences against the Company or against any of its Directors or Officers in default, during the year ended **31st March, 2017.**					

ANNEXURE-II

AOC-2

(Pursuant to 134(3) (h) of the Act and

Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of **Section 188** of the Companies Act, 2013 including certain arm's length transaction under third proviso is given below:

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

For and on behalf of the Board of Director

Place: Mumbai
Date: 02nd September, 2017

Ashish Mahendrakar
Director & Chief Financial Officer

ANNEXURE-III

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

1. Ratio of Remuneration of each Director to the median remuneration of employees for the financial year ended **31st March, 2017.**

(₹ Lakh)

	Designation	Ratio	Remuneration (*)	Median Remuneration
Mr. Ashish Mahendrakar	Whole time Director & Chief Financial Officer	0.17	0.50	3.00
Mr. Milind Bhaskar Prabhudesai	Director	-	-	3.00
Mrs. Minal Pote	Director	-	-	3.00
Mr. Pritam Dhanawade	Director	-	-	3.00
Mr. Sanjiv Tandon	Director	8.49	25.48	3.00
Mrs. Kirti Tripathi	Director	-	-	3.00

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

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

DIRECTOR	% INCREASE
Mr. Ashish Mahendrakar	-
Mr. Milind Bhaskar Prabhudesai	-
Mrs, Minal Pote	-
Mr. Pritam Dhanawade	-
CFO & Company Secretary	
Mr. Ashish Mahendrakar	-
Ms. Krina Mehta	-

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

3. During the year ended **31st March, 2017**, there was an decrease of 28.57% in median remuneration of employees
4. Number of permanent Employees on the roll of the company **133 as on 31st March 2017**
5. The explanation on the relationship between average increase in remuneration against the performance of the Company

	2016-17	2015-16
Total Income (` Lakh)	2113.98	3117.98
EBIDTA (` Lakh)	-163.79	242.05
EBIDTA as % of total Income	-8%	8%
PAT (` Lakh)	-392.71	20.09
PAT as % of total Income	-0.19%	0.6%

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

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

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

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

(₹ Lakh)

		2016-17	2015-16
Variations in the market Capitalisation of the Company	BSE	547.04	812.71
	NSE	599.89	849.85
Price earnings ratio *	BSE	1.08	40.64
	NSE	1.45	42.50

8. Percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer.

Closing Market Price	31st March, 2017	February, 2000	Decline by
BSE	3.83	72	94.68%
NSE	4.20	72	94.16%

9. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.

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

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

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

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

(₹ Lakh)

	2016-17	2015-16
Total Income (₹ Lakh)	2113.98	3117.98
EBIDTA (₹ Lakh)	-163.79	242.05
EBIDTA as % of total Income	-8%	8%
PAT (₹ Lakh)	-392.71	20.09
PAT as % of total Income	-0.19%	0.6%

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

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

13. During the year ended 31st March, 2017 there was no employee, who is not a director of the company and received managerial remuneration in excess of the highest paid director of the Company.

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

For and on behalf of the Board of Director

Place: Mumbai
Date: 02nd September, 2017

Ashish Mahendrakar
Director & Chief Financial Officer

ANNEXURE-IV

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO ETC:

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

A. Conservation of Energy

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

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

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

C. Foreign Exchange earnings & outgo

The share of the revenues from exports constituted **0.40% (1%** for the previous year) of total revenues of the Company.

(₹ in lakhs)

	2016-17	**2015-16**
Total Foreign Exchange earnings*	8.44	22.48
Total Foreign Exchange outgo**	3.19	3.85

** Includes expenses of foreign branches ₹ 3.15 lakhs (previous year ₹ 2.76 lakhs).

For and on behalf of the Board of Director

Place: Mumbai
Date: 02nd September, 2017

Ashish Mahendrakar
Director & Chief Financial Officer

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE PERIOD 01-04-2016 TO 31-03-2017

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

To,
The Members
MELSTAR INFORMATION TECHNOLOGIES LIMITED
Melstar House, G-4 Cross Road A MIDC Andheri (East)
Mumbai- 400093.

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

Based on our verification of 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 **1st April, 2016 to 31st March, 2017** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the audit period **1st April, 2016 to 31st March, 2017** according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made there under;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

(iv) Foreign Exchange Management Act,1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(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);**

d. The Securities and Exchange Board of (Share Based Employees Benefits) Regulations 2014 **(Not applicable to the Company during the Audit Period);**

e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 **(Not applicable to the Company during the Audit Period);**

f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client.

g. The Securities and Exchange Board of India (Delisting of equity shares) Regulations, 2009 **(Not applicable to the Company during the Audit Period)**; and

h. The Securities and Exchange Board of India (Buyback of Securities Regulations, 1998 **(Not applicable to the Company during the Audit Period).**

(vi) We have relied on the representation made by the Company and its Officers for systems and mechanism formed by the Company for compliances under other applicable Acts, Laws and Regulations to the Company.

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

1) Employees State Insurance Act, 1948

2) Employees Provident Fund And Misc provision Act, 1952

3) Payment of Bonus Act, 1965

4) Payment of Gratuity Act, 1972

5) Workmen Compensation Act, 1923

6) Laws specifically applicable to Software & IT business

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

a) Secretarial Standards issued by The Institute of Company Secretaries of India.

b) The Securities and Exchange Board of India (Listing obligations and Disclosure Requirements) Regulations 2015.

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

We further report that:

- The Board of Directors of the Company was duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

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

We further report that during the audit period the Company had the following specific events/actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards:

Approval of Shareholders of the Company has been obtained by way of postal ballot (including e-voting) for the following matters:

1. To create charge on the movable and immovable assets of the Company both present and future in respect of borrowings up to Rs. 200 Crore under section 180(1)(a) of Companies Act, 2013.
2. To make loan or give guarantee provide security or make investment not exceeding at any time Rs. 200 Crore under section 186 of Companies Act, 2013.
3. To close the business of wholly owned subsidiary MELSTAR INC. of the Company under section 180(1)(a) of Companies Act, 2013.
4. Sale of Melstar House, situated at G-4 MIDC Cross Road A, Andheri (East), Mumbai 400093.
5. Sale of Bangalore premises situated at 335, Connection Point A Block, Mazzanine Floor, HAL- Airport Exit Road, Bangalore 560017.

For RAVINDRA JOSHI,
Company Secretaries

(Ravindra Joshi)
Proprietor
C.P. No- 886 # M.No- FCS 1419

Place: Mumbai
Date: 08th August, 2017

'Annexure A'

To,
The Members
MELSTAR INFORMATION TECHNOLOGIES LIMITED
Melstar House, G-4 Cross Road A MIDC Andheri (East)
Mumbai- 400 093.

Our Report of even date is to be read along with this letter.

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

For RAVINDRA JOSHI,
Company Secretaries

(Ravindra Joshi)
Proprietor
C.P. No- 886 # M.No- FCS 1419

Place: Mumbai
Date: 08th August, 2017

MANAGEMENT DISCUSSION AND ANALYSIS

INTRODUCTION

The Indian IT market currently focuses on providing low-cost solutions in the services business of global IT. The presence of Indian companies in the product development business of global IT is very meager, however, this number is slowly on the rise. The other prominent trends are that IT jobs, once confined to Bangalore, and are slowly starting to experience a geographical diffusion into other cities like Chennai, Hyderabad and Pune. According to Google estimates, the Indian community of developers will be the largest in the world by 2018.

The key factors contributing to the growth of IT and IT enabled services in India include high quality delivery, significant cost benefit and the availability of large and growing skilled and English speaking IT professionals.

Our strategic objective it to build sustainable organization that remains relevant to the agenda of our clients, while generating profitable growths for our investors.

MARKET SIZE

India's gross domestic product (GDP) grew by 7 per cent year-on-year in October-December 2016 quarter, which is the strongest among G-20 countries, as per Organization for Economic Co-operation and Development (OECD) Economic Survey of India, 2017. According to IMF World Economic Outlook Update (January 2017), Indian economy is expected to grow at 7.2 per cent during FY 2016-17 and further accelerate to 7.7 per cent during FY 2017-18.

Corporate earnings in India are expected to grow by over 20 per cent in FY 2017-18 supported by normalization of profits, especially in sectors like automobiles and banks, while GDP is expected to grow by 7.5 per cent during the same period, according to Bloomberg consensus.

India has retained its position as the third largest startup base in the world with over 4,750 technology startups, with about 1,400 new start-ups being founded in 2016, according to a report by NASSCOM.

INVESTMENTS

Indian IT's core competencies and strengths have attracted significant investments from major countries. The computer software and hardware sector in India attracted cumulative Foreign Direct Investment (FDI) inflows worth US$ 22.83 billion between April 2000 and December 2016, according to data released by the Department of Industrial Policy and Promotion (DIPP).India is the world's largest sourcing destination, accounting for approximately 55 per cent of the US$ 146 billion market. The country's cost competitiveness in providing Information Technology (IT) services, which is approximately 3-4 times cheaper than the US, continues to be its Unique Selling Proposition (USP) in the global sourcing market.

India's highly qualified talent pool of technical graduates is one of the largest in the world and is available at a cost saving of 60-70 per cent to source countries. This large pool of qualified skilled workforce has enabled Indian IT companies to help clients to save US$ 200 billion in the last five years. The Government of India has extended tax holidays to the IT sector for software technology parks of India (STPI) and Special Economic Zones (SEZs). Further, the country is providing procedural ease and single window clearance for setting up facilities.

The Indian government is emphasizing on better technology enabled delivery mechanisms for a multitude of government projects. Further, with the new digital India and start up Indian initiatives being launched, the domestic market for software services has a bright future ahead.

ROAD AHEAD

The past decade saw the Indian IT industry placing India on the world map. It helped create a new, contemporary and topical peg of recall for India: Software Engineering and design applications. The fact that the industry contributed towards 45 percent of incremental urban employment speaks volumes of its important role in the India growth story.

Over the last two years, as it has acquired width (with expansion of the base) and depth (quality and content of work) the industry has braved challenges as never seen before with issues of slowdown in growth, pricing pressures, protectionism in key markets, among others. These have had a definite impact; but in the short term. As a maturing industry, with a distinct and strong charter of growth, we all have to look at the medium to long-term perspective and introduce innovative solutions to reach there. It is important that we focus on the certainties of our industry and take advantage of them playing to our strengths, while addressing weaknesses is the obvious method. The IT/ITES industry has the potential to further transform India and play a major role in the development of the country's key sectors: Education, Healthcare, Infrastructure, Citizen Services and financial inclusion. The technology-enabled provision of basic services can take the benefits of IT to over 30 million citizens each year and put India on a path to prosperity in the year 2020.

To sustain this momentum, around 20-30 million people will need to be added to middle or high-income groups annually. To enable inclusive growth, India will need to address demand-supply gaps in the key areas of healthcare, financial services, education and public services. Traditional models have been ineffective, slow or expensive in increasing access to services in rural areas.

DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

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

An Analysis of financial performance for the year ended **31ST MARCH 2017** is given hereinafter:

Sr. No	Particulars	As at 31.03.2017	As at 31.03.2016
		Rs. in Lakhs	Rs. in Lakhs
1.	**Shareholder's Fund**		
	(a) Share Capital	1,428	1,428
	(b) Reserves and Surplus	(1025.23)	(633)
2.	**Non-current liabilities**		
	(a) Long-term borrowings	1.45	3
	(b) Other long-term liabilities	-	-
	(c) Long-term provisions	43.72	53
3.	**Current liabilities**		
	(a) Short-term borrowings	1009.40	943
	(b) Trade Payables	550.07	785
	(c) Other current liabilities	226.08	174
	(d) Short-term provisions	13.20	18
4.	**Non-current asset**		
	(a) Fixed assets	931.51	995
	(b) Non-current investments	46.40	95
	(c) Long-term loans and advances	717.59	494
5.	**Current assets**		
	(a) Trade receivables	203.42	448
	(b) Cash and cash equivalents	13.38	3
	(c) Short-term loans and advances	279.50	223
	(d) Other current assets	55.20	515
6.	**Impact of Foreign Exchange Fluctuations**	-	Gain of Rs.3.19 Lakhs
7.	**Depreciation**	63.43	65

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES:

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

The employee's strength of the Company as on **31.03.2017** was **133**

THE HAVES ARE BREAKING AWAY FROM THE HAVE-NOT'S.

The trends and innovations that will shape the technology industry over the next several years came into sharper focus in 2016. Cloud computing has gone mainstream for many enterprises, and the Internet of Things (IOT) is changing how both industrial and consumer-oriented companies do business. Drones and autonomous vehicles block chain, augmented and virtual reality, increasingly sophisticated digital assistants, machine learning (artificial intelligence or AI) the list of technological megatrends just keeps growing.

QUALITY

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

CAUTIONARY STATEMENT

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

For and on behalf of the Board of Director

Place: Mumbai
Date: 02nd September, 2017

Milind Prabhudesai
Director

Ashish Mahendrakar
Director

REPORT ON CORPORATE GOVERNANCE

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

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

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

BOARD OF DIRECTOR

(A) Composition of Board

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

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

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

Past & Present Directors

(i) Past Directors :

SR. NO.	NAME OF DIRECTOR	DATE OF APPOINTMENT	DATE OF CESSATION
1	Mr. Vijay Modi	27/09/2016	15/05/2017
2	Mrs. Kirti Tripathi	29/09/2015	29/05/2017
3	Mr. Vedant Birla	18/09/2015	15/04/2016
4	Mr. Om Prakash Jain	18/09/2015	15/04/2016
5	Mr. Rakesh Kumar Dixit	01/07/2015	12/08/2016
6	Mr. Sanjiv Tandon	01/10/2015	07/09/2016

(ii) Present Directors:

Name	Designation	Category of Directorship	No. of Directorships in other Companies as on 31st March, 2017		Committee Member-ships (Excl. MITL)	Committee Chairmanships *
1	2	3	4		5	6
			Other Listed Company	Unlisted Limited, Pvt. Ltd. Co., Foreign Co.		
**Mr. Ashish Mahendrakar	Director	Whole Time Director	3	12	3	2
Mr. Milind Prabhudesai	Director	Non-Executive, Independent Director	2	8	2	1
Mrs. Minal Pote	Director	Non-Executive, Independent Director	2	7	2	0
Mr. Pritam Dhanawade	Director	Non-Executive, Director	2	11	0	1

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

****Mr. Ashish Mahendrakar was Executive Director from 27.03.2017 to 29.05.2017 and Whole Time Director with effect from 29.05.2017.**

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

The Board met **Six times** during the year ended **31st March, 2017** viz. **on 30th May, 2016, 12th August, 2016, 29th September, 2016, 14th November, 2016, 09th February, 2017, 27th March, 2017**. The following table gives the attendance record of the Directors at the Board and Annual General Meeting.

Number of Board Meetings held with dates during the year from 01st April, 2016 to 31st March, 2017.

Sr. No.	Name	No. of Board Meetings held	No. of Meetings Attended	Attendance at the last AGM held on 26th November, 2016
1	Mr. Vijay Modi	6	4	**Yes**
2	Mr. Milind Prabhudesai	6	1	**NA**
3	Mrs. Minal Pote	6	1	**NA**
4	Mrs Kirti Tripathi	6	1	**No**

Sr. No.	Name	No. of Board Meetings held	No. of Meetings Attended	Attendance at the last AGM held on 26th November, 2016
5	Mr Rakesh Kumar Dixit	6	0	**NA**
6	Mr. Ashish Mahendrakar	6	6	**Yes**
7	Mr Sanjiv Tandon	6	2	**NA**

Notes:

1. None of the directors is related to any other director.

2. None of the directors received any loans or advances from the Company during the year.

3. The Directorships, held by Directors as mentioned above, do not include directorship in foreign companies.

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

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

Details of Director seeking appointment/re-appointment at the forthcoming Annual General Meeting.

Name of the director	Date of birth	Qualifications	Date of appointment	Expertise in specific functional area	List of other directorship Excluding foreign companies private companies section 8 of the Companies Act, 2013	Chairman /member of the Board/ Committees of other companies in which director	Company's shares held
Mr. Ashish Mahendrakar	20.06.1971	Master in Management studies, Diploma in Business Management	01.07.2015	Mr. Ashish Mahendrakar aged 47 years is B.Com, D.B.M., M.M.S. having 23 years of experience in the field of accounts, Banking and Finance.	Zenith Birla (India) Limited Birla Capital And Financial Services Limited Birla Shloka Edutech Limited Melstar Information Technologies Limited Birla Electricals Limited Birla Integrated Textile Park Limited Birla Edutech Limited	Zenith Birla (India) Limited Birla Capital And Financial Services Limited Birla Shloka Edutech Limited Melstar Information Technologies Limited	No
Mr. Milind Prabhudesai	11.03.1986	M.Com	27.03.2017	Mr. Milind Prabhudesai aged 30 years is M.Com, having 6 years of experience in field of finance	Zenith Birla (India) Limited Birla Capital And Financial Services Limited Melstar Information Technologies Limited Birla Energy Infra Limited Birla Viking Travels Limited Khopoli Investments Limited	Zenith Birla (India) Limited Birla Capital And Financial Services Limited Melstar Information Technologies Limited	No
Mrs. Minal Pote	05.09.1975	B.Com	27.03.2017	Mrs. Minal Pote aged 40 Years is B.Com having experience of more than 10 years in field of accounts and finance.	Zenith Birla (India) Limited Birla Capital And Financial Services Limited Melstar Information Technologies Limited Birla Energy Infra Limited Birla Viking Travels Limited Khopoli Investments Limited Birla Integrated Textile Park Limited	Zenith Birla (India) Limited Birla Capital And Financial Services Limited Melstar Information Technologies Limited	No
Mr. Pritam Dhanawade	06.01.1982	HSC, Diploma in Hotel Management	15.05.2017	10 yrs working experience in P&O Cruizes,UK	Zenith Birla (India) Limited Birla Capital And Financial Services Limited Melstar Information Technologies Limited Birla Energy Infra Limited Birla Integrated Textile Park Limited Birla Viking Travels Limited Khopoli Investments Limited	Birla Capital And Financial Services Limited Melstar Information Technologies Limited	No

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

Director's Familiarization programme

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

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

The details of Director's induction and familiarization are available on the Company's website at www.melstar.com.

Independent Directors' Meetings

The Independent Directors met once during the financial year **2016-17**, without the presence of Executive Directors or Management representatives. The issues and concerns, if any, of the meeting were then discussed with the Non- Executive Chairman.

COMMITTEES OF THE BOARD

(a) AUDIT COMMITTEE:

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

Terms of Reference:

The terms of reference of the Audit Committee of the Board of Directors of the Company, inter-alia includes:

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

Meetings and attendance during the year: During the year under report, **Six Meetings** of the Committee were held, viz. on **30th May, 2016, 12th August, 2016, 14th November, 2016, 09th February, 2017**. The composition of the Audit Committee for the year ended **31st March, 2017** and the attendance at the meetings is as under:

Sr. No.	Name	Title	Status	No. of Board Meetings held	No. of Meetings Attended
1	Mrs. Minal Pote	Member	Independent and Non-Executive Director	4	NA
2	Mr. Milind Prabhudesai	Chairman	Independent and Non-Executive Director	4	NA
3	Mr. Vijay Modi	Member	Non Executive Director	4	2
4	Mr. Rakesh Kumar Dixit	Member	Independent and Non-Executive Director	4	0
5	Mrs. Kirti Tripathi	Member	Non Executive Director	4	1
6	Mr. Ashish Mahendrakar	Member	Independent and Non-Executive Director (upto 27.03.2017)	4	4

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

(b) NOMINATION AND REMUNERATION COMMITTEE

The role of Nomination and Remuneration Committee is as follows:

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

The Nomination and Remuneration Committee met once on **27th March, 2017.**

The Composition of the Committee for the year ended **31st March, 2017** and the attendance at the said meeting as under:

Sr. No.	Name	Title	Status	No. of Board Meetings held	No. of Meetings Attended
1	Mr. Milind Prabhudesai	Chairman	Independent and Non-Executive Director	1	1
2	Mrs. Minal Pote	Member	Independent and Non-Executive Director	1	1
3	Mr. Vijay Modi	Member	Non-Executive Director	1	1
4	Mrs. Kirti Tripathi	Member	Non-Executive Director	1	0
5	Mr. Ashish Mahendrakar	Member	Independent and Non-Executive Director (upto 27.03.2017)	1	NA
6	Mr. Rakesh Kumar Dixit	Member	Independent and Non-Executive Director	1	0

Details of Remuneration Paid to the Managerial Personnel during the financial year ended 31st March, 2017:

Name	Designation	Sitting Fees (Rs)	Salary	Perquisites & other Dues (Rs)	Contribution to Provident Fund and others	Total (Rs)
Mr. Ashish Mahendrakar	**Executive Director (from 27.03.2017 to 29.05.2017) Whole Time Director & CFO (w.e.f. 29.05.2017)**	**5000**	**1,37,400**	**14,82,600**	**Nil**	**16,25,000**
Mr. Sanjiv Tandon (from 01.10.2016 to 07.09.2016)	**Managing Director**	**Nil**	**12,00,000**	**15,77,772**	**1,44,000**	**29,21,772**

Non Executive Directors: A fees of **Rs. 40,000** is being paid to Non Executive Directors for attending each meeting of the Board and the members of the Audit Committee are being paid a fee of **Rs. 30,000** for attending each Audit Committee Meeting. The details of sitting fees paid to all Non- Executive director for financial year 2016-17 is as follows:

Sr. No.	Name of the Director	Designation	Rupees
1	Mr. Milind Prabhudesai	Independent and Non-Executive Director	Nil
2	Mrs. Minal Pote	Independent and Non-Executive Director	Nil
3	Mr. Vijay Modi	Non-Executive Director	30,000
4	Mrs Kirti Tripathi	Non-Executive Director	Nil
5	Mr Rakesh Kumar Dixit	Independent and Non-Executive Director	Nil
6	Mr. Ashish Mahendrakar	Independent and Non-Executive Director (upto 27.03.2017)	40,000

*Excluding Provident & Other Funds

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

(c) STAKEHOLDERS' RELATIONSHIP COMMITTEE:

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

During the year under report the Committee met once on **10th June, 2016.** The Composition of the Committee for the year ended **31st March, 2017** and the attendance at the meetings is as under:

Sr. No.	Name	Title	Status	No. of Board Meetings held	No. Of Meetings Attended
1	Mr. Milind Prabhudesai	Chairman	Independent and Non-Executive Director	1	NA
2	Mrs. Minal Pote	Member	Independent and Non-Executive Director	1	NA
3	Mr. Vijay Modi	Member	Non-Executive Director	1	NA
4	Mrs. Kirti Tripathi	Member	Non-Executive Director	1	0
5	Mr. Ashish Mahendrakar	Member	Independent and Non-Executive Director (upto 27.03.2017)	1	1
6	Mr. Rakesh Kumar Dixit	Member	Independent and Non-Executive Director	1	1

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

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

The Company has not received any complaints from members.

During the year, the Registrar had registered 1 transfer comprising 100 shares and processed 11 requests for dematerialization of 1100 shares. There were no valid requests pending for share transfers at the end of the year.

(d) CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:

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

The role of Corporate Social Responsibility Committee is as follows:

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

PERFORMANCE EVALUATION OF THE BOARD

After taking into consideration one to one inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance; pursuant to the provisions of the Companies Act, 2013 and **Regulation 17(10)** of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 , the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit, Nomination and Remuneration Committees.

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

Independent Directors Meeting

During the year under review, the Independent Directors met on 09th February, 2017, inter alia, to discuss:

1. Evaluation of the quality, content and timelines of flow of information between the management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

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

Financial Year		Time	Location	Special Resolutions transacted
AGM: 2013-14	27.09.2014	9.00 A.M	Gopi Birla Memorial School, 68, Walkeshwar Road, Malbar Hill, Mumbai – 400 001	Appointment of Mr. Vijay Mishra as the Managing Director of the Company
AGM: 2014-15	29.09.2015	10.00 A.M	Melstar House M.I.D.C Cross Road "A" Andheri (East) Mumbai -400093.	Nil
AGM: 2015-16	26.11.2016	9.00 A.M	Melstar House M.I.D.C Cross Road "A" Andheri (East) Mumbai -400093.	1. Appointment of Mr. Sanjiv Tandon as Managing Director from 01.10.2015 to 07.09.2016. 2. Consent of Company u/s 180 (1)(c) of the Companies Act, 2013

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

During the year, five resolutions were passed through Postal Ballot:

1. To create charge on the moveable and immovable assets of the company both present & future in respect of borrowings up to Rs. 200 Crores u/s 180(1) (a) of the Act.
2. To make loan or give guarantee provide security or make investment not exceeding at any time Rs. 200 Crores u/s 186 of the Act.
3. To close the business of the Wholly Owned Subsidiaries MELSTAR INC. of the Company.
4. Sale of Melstar House situated at G 4 MIDC Cross Road-A, Andheri (east), Mumbai-400093
5. Sale of Bangalore Premises situated at 335, Connection Point A-Block, Mazzanine Floor, HAL-Airport Exit Road, Bangalore-560017:

In compliance with the provisions of Section 108 & Section 110 of the Act and Rule 20 & Rule 22 of the Companies (Management and Administration) Rules, 2014 and pursuant to Regulation 44 of the SEBI LODR Regulations, the Company had provided its Members the facility to exercise their right to vote on the postal ballot through the Electronic Voting ("e-voting") on all the resolutions as set out in the Notice of the Postal Ballot dated 29th September, 2016.

The Company had engaged the services of National Securities Depository Limited (NSDL) to provide the e-voting facility for Postal Ballot. E-voting was made available from Sunday, 30th October, 2016 till Monday, 28th November, 2016 before 5.00 PM. The Company appointed Ragini Chokshi & Associates, Company Secretaries as the Scrutinizer to scrutinize the entire Postal Ballot process.

The Scrutinizer submitted his report to the Chairman after the closing hours of time and the consolidated results of the said Postal Ballot were announced. All the Resolutions mentioned above were passed by the Shareholders with requisite majority.

DISCLOSURES

WTO and CFO Certification

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

Related Parties Transactions

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

Code of Conduct

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

Risk Management

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

Statutory Compliance, Penalties and Strictures

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

Whistle Blower Policy

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

SUBSIDIARY COMPANY

The Company has no Subsidiary as on **31st March, 2017**

MEANS OF COMMUNICATION

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

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

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

OTHERS

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

GENERAL SHAREHOLDER INFORMATION

Annual General Meeting

Day, date and time of Annual general meeting	Thursday	28.09.2017	11:00 AM	"126", Sitaram Poddar Marg, Fanas Wadi, Mumbai - 400002
Dates of book closure	From 22th September, 2017 to 28th September, 2017 (both days inclusive)			

Financial Year: 01st April, 2016 to 31st March, 2017

Special Resolutions: No Special Resolution is proposed at the above mentioned Annual General Meeting.

Resolutions Passed by Postal Ballot: 5 resolutions were passed by Postal Ballot during the year **2016-17**.

Financial Calendar:

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

Stock Exchanges on Which Company's shares are listed:

Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001 **Code: 532307**	The National Stock Exchange of India Limited Exchange Plaza, Bandra-Kurla Complex, Bandra (E), Mumbai – 400 051 **Code: MELSTAR**

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

Bigshare Services India Private Limited,
1st Floor, Bharat Tin Works Building,
Opp. Vasant Oasis Makwana Road
Marol, Andheri East Mumbai 400059
Tel: 022 62638200
Fax: 022 62638299

SHARE TRANSFER SYSTEM

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

The Company has been obtaining half yearly certificates from a Company Secretary in Practice within **15 days** from the close of the relevant period with regard to compliance of share transfer formalities as per the requirement of the Listing Regulations and the same is being filed with the Stock Exchanges in which the Company's share are listed.

Market price data:

High / Low during each month and performance in comparison to NSE and BSE Sensex / BSE IT Index during the financial year ended **31st March, 2017**:

BOMBAY STOCK EXCHANGE LIMITED (BSE)				NATIONAL STOCK EXCHANGE (NSE)		
Month	**High Price**	**Low Price**	**No. of Shares traded**	**High Price**	**Low Price**	**No.of Shares traded**
Apr 16	5.90	4.77	6999	6.25	5.70	2573
May 16	7.01	5.00	56890	7.35	5.90	49975
Jun 16	6.06	5.25	23230	6.40	6.00	1675
Jul 16	7.43	5.40	42650	7.40	5.60	76790
Aug 16	6.70	5.70	17297	6.85	5.15	47438
Sep 16	5.51	4.33	91481	5.05	4.25	27678
Oct 16	5.34	4.06	94325	5.15	4.15	33173
Nov 16	5.00	4.07	52014	5.05	4.75	900
Dec 16	5.48	4.47	844	4.70	4.30	10904
Jan 17	5.21	3.90	63827	4.65	4.20	4168
Feb 17	4.40	3.80	34563	4.30	4.10	3725
Mar 17	4.19	3.50	47728	4.20	4.15	2440

DISTRIBUTION OF SHAREHOLDING AS AT 31ST MARCH, 2017

Shareholding of Nominal value of Rs.	No. of Share holders	% of Total	Shares	% of Total
1 - 5000	7868	80.22	13083860	9.16
5001 - 10,000	967	9.85	8273100	5.79
10,001 - 20,000	450	4.58	7038960	4.92
20,001 - 3,0000	173	1.76	4450870	3.11
30,001 - 40,000	77	0.78	2797280	1.95
40,001 - 50,000	68	0.69	3226600	2.25
50,001-1,00,000	110	1.12	8157950	5.71
1,00,001- 9999999999	95	1	95802770	67.11
Total	**9808**	**100.0000**	**142831390**	**100.0000**

SHAREHOLDING PATTERN AS AT 31ST MARCH, 2017

	Category	No. of shares	% of holding
A	**Promoters' holding**		
1.	Bodies Corporate pursuant to open offer purchase	67,20,976	47.06
B	**Non-Promoters holding**		
1.	Banks, Financial Institutions, Insurance Companies (Central / State Government Institutions / Non-Gov. Institutions	1,00,000	0.70
2.	Private Corporate Bodies	5,57,849	3.91
3.	Indian Public / HUFs/ Employees	6612141	46.29
4.	NRIs	233223	1.63
5.	Foreign Individuals	58,950	0.41
	TOTAL	**1,42,83,139**	**100.00**

Dematerialization of Shares and Liquidity: All shares of the Company are under compulsory dematerialization for delivery on sale / purchase. As at **31.03.2017**, the number of shares of the Company in demat form stood at **1,40,23,088** share representing **98.18%** of shares issued by the Company. Considering the advantages of trading in demat form, members are encouraged to consider dematerialisation of their shareholding so as to avoid inconvenience in future.

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

Declaration on Compliance with the Code of Conduct

It is hereby confirmed that all the Directors and Senior Management Personnel (i.e. one level below the executive directors, including all functional heads) of the Company have received, read and understood for compliance with the Code of Conduct framed by the Company and confirmations for the year ended **31.03.2017** have been obtained from the Directors and Senior Management Personnel of the Company.

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

Address of registered office and other Indian offices for correspondence:

Please refer to the first page of the Annual Report.

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

The above updated details are as on 02.09.2017 unless otherwise stated.

DECLARATION ON COMPLIANCE WITH THE CODE OF CONDUCT

It is hereby confirmed that all the Directors and Senior Management Personnel (i.e. one level below the executive directors, including all functional heads) of the Company have received, read and understood for compliance with the Code of Conduct framed by the Company and confirmations for the year ended **31.03.2017** have been obtained from the Directors and Senior Management Personnel of the Company.

FOR MELSTAR INFORMATION TECHNOLOGIES LIMITED

(ASHISH MAHENDRAKAR)
DIRECTOR
DIN: 03584695

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

I **Ashish Mahendrakar** – Whole Time Director & CFO hereby certify that:

(a) We have reviewed financial statements and the cash flow statement for the year ended **31.03.2017** and that to the best of our knowledge and belief:

- **(i)** these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- **(ii)** these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

(b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.

(c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps they have taken or propose to take to rectify these deficiencies.

(d) We have indicated to the Auditors and Audit Committee:

- **I.** significant changes in internal control over financial reporting during the year;
- **II.** significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial Statements; and
- III. instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.

For MELSTAR INFORMATION TECHNOLOGIES LIMITED

(ASHISH MAHENDRAKAR)
Director, CFO
DIN: 03584695

Place: Mumbai
Date: 29.05.2017

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members,
MELSTAR INFORMATION TECHNOLOGIES LIMITED,

We have examined the compliance of conditions of Corporate Governance by MELSTAR INFORMATION TECHNOLOGIES LIMITED ('the Company'), for the year ended March 31, 2017, as stipulated in Regulations 17-27, clause (b) to (i) of Regulation 46 (2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') pursuant to the Listing Agreement of the Company with Stock exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations, as applicable.

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

FOR **SARDA & PAREEK**
Chartered Accountants
FRN 109262W

Pranavesh Bhave
(Partner) M. No. 104928

Place : Mumbai
Date: August 08, 2017

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MELSTAR INFORMATION TECHNOLOGIES LIMITED

Report on the Standalone Financial Statements

We have audited accompanying standalone financial statements of **MELSTAR INFORMATION TECHNOLOGIES LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss, Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information, in which are not incorporated the returns for the year ended on that date of the company's one branch at USA.

Management' Responsibility for the Standalone Financial Statements

The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

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

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under and the Order under Section 143(11) of the Act..

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls.. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

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

Other Matters

We did not audit the financial statements of one(1) branch not included in the standalone financial statements of the Company whose financial statements reflect total assets of US$ 11,88,439/- including Loss of US$ 11,88,162/- and total liabilities of US$ 11,88,439/- as on 31st March, 2016. We have not received any returns and financial statement for the period ended as at 31st March, 2017.

We draw attention to the note no.22 of the financial statements regarding the making necessary adjustment at the time of closure of foreign subsidiaries and foreign branch in earlier years accounts without the approval from Reserve Bank of India.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016,("the order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, (hereinafter referred to as the "Order") and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us , we give in the Annexure "A" a statement on the matters specified in paragraphs 3 and 4 of the said Order.
2. As required by section 143(3) of the Act, we report that:
   a) We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.

b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

c) The reports on the accounts of the branch office of the Company had not been received and have not been dealt by us in preparing this report by us.

d) The Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account.

e) In our opinion, the aforesaid Standalone Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

f) On the basis of the written representations received from the directors, as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164(2) of the Act.

g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure "B".

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

(i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 21 to the financial statements;

(ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at March 31, 2017.

(iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company as at March 31, 2017.

(iv) The Company has provided requisite disclosures in the financial statements as to holdings as well as dealing in specified bank notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management.

For Sarda & Pareek
Chartered Accountants
Firm Registration No. 109262W

Place: Mumbai
Dated: May 29, 2017

Pranvesh Bhave
Membership No. 104928

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE COMPANY ON - THE STANDALONE FINANCIAL STATEMENTS OF MELSTAR INFORMATION TECHNOLOGIES LIMITED for the year ended on 31st March, 2017, we report that:

(i) (a) The Company has generally maintained proper records showing full particulars including quantitative details and situation of fixed assets.

(b) As informed and explained to us, Fixed Assets has not been physically verified by the management, therefore we are unable to comment on discrepancies, if any.

(c) Title deed of immovable property has not been produced before us for verification; however we were informed that the same has been deposited with bank for availing the credit facilities.

(ii) The company is in the business of rendering services and consequently does not have any inventories during the year. Consequently, clause 3(ii) of the order is not applicable to the Company.

(iii) According to the information and explanations given to us, during the year the company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 however the Company has granted unsecured inter corporate deposit of Rs.357.90 lakhs in earlier year to companies, covered in the register maintained under section 189 of the Act.;

(a) The terms and conditions specified of the grant of such loans are not furnished to us for verification.

(b) The company has not charged any interest & entire loan amount has become overdue.

(c) No recoveries have been made and company has provided for Rs.178.55 Lakhs in earlier years where the recoveries are doubtful.

(iv) The company has not advanced any of loans or given any guarantee or provided any security or made any investment covered under provisions of section 185 and 186 of the Companies Act, 2013.

(v) During the year, the Company has not accepted any deposits from the public. As such, the compliance with directives issued by the Reserve Bank of India and the provisions of section 73 to 76 of the Companies Act, 2013 and the rules framed there under are not applicable.

(vi) According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013.

(vii) According to the records of the Company, the Company is generally irregular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-Tax, Service Tax, Value Added Tax, Cess and any other statutory dues with the appropriate authorities during the year.

(a) Details of the outstanding statutory dues at the year end and outstanding for more than six months are as under:

(Figures in Rs.)

Particulars	**Total Dues as on 31.03.2017**	**Outstanding for more than 6 month as on 31.03.2017**
Withholding Taxes	14,74,099	**-**
Service Tax	1,94,20,574	1,13,14,372
Maharashtra Value Added Tax	2,07,674	-
Provident Fund	7,68,267	-
Employees' State Insurance	3,12,383	38,899
Profession Tax	72,340	-
Total	**2,22,55,337**	**1,13,53,271**

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

(Figures in Rs.)

Name of Statue	**Nature of Dues**	**Amount**	**Period to which the amount related**	**Forum where dispute is pending**
Income Tax Act, 1961	Income Tax	12,93,73,522	A.Y. 2012-13	C.I.T. (Appeals)
ESIC Act, 1948	ESIC Liability	1,35,627	F Y.2005-06	ESIC Authority
Mumbai Municipal Corporation Act, 1988	Property Tax	22,95,907	F.Y.2010-11 to F.Y.2016-17	Mumbai Court (50% Property Tax paid under protest till F.Y. 2014-15 Rs.1008228/-)

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.

(ix) The Company has not raised moneys by way further public offer (including debt instruments).

(x) During the year under audit no fraud has been reported.

(xi) Managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule.

(xii) The clause no (xii) in respect of Nidhi Companies are not applicable

(xiii) The related party transactions are properly disclosed in financial statements.

(xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review

(xv) Based on information and explanations given to us by the management, clause (xv) & (xvi) of the Order is not applicable to the Company.

For Sarda & Pareek
Chartered Accountants
Firm Registration No. 109262W

Place: Mumbai
Dated: May 29, 2017

Pranvesh Bhave
Membership No. 104928

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF MELSTAR INFORMATION TECHNOLOGIES LIMITED

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

We have audited the internal financial controls over financial reporting of Melstar Information Technologies Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

The system of internal financial control over financial reporting with regards to one of the significant branch of the company at USA were not made available to us, to enable us to determine if the company has established adequate internal financial control over financial reporting at the aforesaid branch and whether such internal financial control were operating effectively as at 31st March, 2017

We have consider the disclaimer reported above in determining the nature, timing and extent of audit test applied in our audit of standalone financial statement of the Company and the disclaimer does not affected our opinion on the financial statement of the Company.

For Sarda & Pareek
Chartered Accountants
Firm Registration No. 109262W

Place: Mumbai
Dated: May 29, 2017

Pranvesh Bhave
Membership No. 104928

BALANCE SHEET AS AT MARCH 31, 2017

(In rupees)

	Particulars	Note No.	As at 31.03.2017	As at 31.03.2016
I	**EQUITY AND LIABILITIES**			
1	**Shareholders' Funds**			
	(a) Share Capital	2	14,28,31,390	14,28,31,390
	(b) Reserves and Surplus	3	(10,25,23,360)	(6,32,51,906)
			4,03,08,030	**7,95,79,484**
2	**Non-Current Liabilities**			
	(a) Long-term borrowings	4	1,45,100	3,33,903
	(b) Long term provisions	5	43,72,228	52,78,853
			45,17,328	**56,12,756**
3	**Current Liabilities**			
	(a) Short-term borrowings	6	10,09,40,692	9,43,49,434
	(b) Trade payables		5,50,07,494	7,85,36,151
	(c) Other current liabilities	7	2,26,08,169	1,74,21,631
	(d) Short-term provisions	8	13,19,788	17,80,487
			17,98,76,143	19,20,87,703
	TOTAL		**22,47,01,501**	**27,72,79,943**
II	**ASSETS**			
1	**Non-current assets**			
	(a) Fixed assets	9		
	(i) Tangible assets		6,95,86,969	7,61,85,501
	(ii) Intangible assets		17,681	34,692
	(iii) Intangible assets under development		2,35,46,660	2,32,70,000
	(b) Non-current investments	10	46,40,000	95,00,000
	(c) Long term loans and advances	11	7,17,59,392	4,94,12,293
			16,95,50,702	**15,84,02,486**
2	**Current assets**			
	(a) Trade receivables	12	2,03,42,217	4,47,63,473
	(b) Cash and cash equivalents	13	13,37,361	2,53,967
	(c) Short-term loans and advances	14	2,79,50,767	2,23,18,380
	(d) Other current assets	15	55,20,454	5,15,41,637
			5,51,50,799	11,88,77,457
	TOTAL		**22,47,01,501**	**27,72,79,943**
	Significant Accounting policies	1		
	Notes form an integral part of the financial statements			

As per our report of even date
For Sarada & Pareek
Chartered Accountants
FRN 109262W

Pranavesh Bhave
Partner
Membership No.104928

Mumbai,Dated : May 29,2017

For and on behalf of the Board of Directors

Ashish Mahendrakar
Director and CFO

Milind Prabhudesai
Director

Krina Mehta
Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2017

(In rupees)

	Particulars	Note No.	For the year ended 31st March 2017	For the year ended 31st March 2016
I.	Revenue from operations	16	21,01,70,698	30,95,27,090
II.	Other Income	17	12,27,277	22,70,540
III.	**Total Revenue (I + II)**		**21,13,97,975**	**31,17,97,630**
IV.	**Expenses :**			
	Purchases of Stock in Trade		-	2,00,000
	Employee benefits expense	18	14,92,11,433	16,41,14,942
	Finance costs	19	1,65,49,455	1,57,40,804
	Depreciation and amortization expenses		63,43,298	64,55,636
	Other expenses	20	7,85,65,244	12,32,77,557
	Total Expenses		**25,06,69,430**	**30,97,88,939**
V.	**Profit/ (Loss) before exceptional and extraordinary items and tax (III-IV)**		(3,92,71,455)	20,08,691
VI.	Exceptional Item		-	-
VII.	**Profit/ (Loss) before extraordinary items and tax (V + VI)**		(3,92,71,455)	20,08,691
VIII.	Extraordinary Items		-	-
IX.	**Profit/(Loss) before tax (VII- VIII)**		**(3,92,71,455)**	**20,08,691**
X.	Tax expense:			
	(1) Currrent tax of earlier year		-	-
	(2) Currrent tax of earlier year written back		-	-
XI.	**Profit/ (Loss) for the period from continuing operations (IX+X)**		**(3,92,71,455)**	**20,08,691**
XII.	Profit/(Loss) from discontinuing operations		-	-
XIII.	Tax expense of discontinuing operations		-	-
XIV.	**Profit/(loss) from Discontinuing operations (after tax) (XII-XIII)**		-	-
XV.	**Profit/ (Loss) for the period (XI + XIV)**		**(3,92,71,455)**	**20,08,691**
XVI.	Earnings per equity share (Rupees):			
	Basic & Diluted (Before Exceptional Item)		(2.75)	0.14
	Basic & Diluted (After Exceptional Item)		(2.75)	0.14
	Face value of Equity shares (in Rs.)		10.00	10.00
	Significant Accounting policies	1		
	Notes form an integral part of the financial statements			

As per our report of even date
For Sarada & Pareek
Chartered Accountants
FRN 109262W

Pranavesh Bhave
Partner
Membership No.104928

Mumbai,Dated : May 29,2017

For and on behalf of the Board of Directors

Ashish Mahendrakar
Director and CFO

Milind Prabhudesai
Director

Krina Mehta
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

		2016-17		2015-16	
		Rupees	**Rupees**	Rupees	**Rupees**
A	**Cash flow from operating activities**				
	Profit /(Loss) before tax		(3,92,71,455)		20,08,691
	Adjustments for :				
	Depreciation and amortisation	6343298		64,55,636	
	Provision for doubtful advances (Refer Note no. 23)	3631727			
	Loss on Sale of Fixed Assets sold/ discarded (Net)	-		-	
	Excess Provision Written back	-		-	
	Interest expense	16549455		1,53,90,804	
	Interest received on Inter Corporate Deposits and Other Deposits	(18,463)		(25,893)	
	Foreign Currency Translation Reserve credited to Profit and Loss Account			(2,97,856)	
	Exchange Difference (Net)	1,032		(1,671)	
			2,67,90,594		**2,15,21,020**
	Operating Profit/ (Loss) before working capital changes		**(1,24,80,861)**		**2,35,29,711**
	Adjustments for :				
	(Increase)/Decrease in Trade Receivable	2,07,89,529		(2,71,18,524)	
	(Increase)/Decrease in Short Term Loan and Advances	(56,32,387)			
	(Increase)/Decrease in Other Current Assets	4,60,21,183			
	(Increase)/Decrease in Long Term Advances	(2,23,47,100)			
	Increase/(Decrease) in Long Term Provision	(9,06,625)			
	Increase/(Decrease) in Short Term Borrowing	65,91,258			
	Increase/(Decrease) in Trade Payable	(2,35,28,657)			
	Increase/(Decrease) in Other Current Liabilities	51,86,538			
	Increase/(Decrease) in Short Term Provision	(4,60,699)	**2,57,13,040**	4,75,32,071	**2,04,13,547**
	Cash generated from operations		**1,32,32,179**		**4,39,43,258**
	Income Tax (Paid)/ Refund (Net)		-		(1,48,23,955)
	Net cash generated from operating activities		**1,32,32,179**		**2,91,19,303**
B	**Cash flow from investing activities**				
	Interest received on Inter Corporate Deposits and Other Deposits	18,463		25,893	
	Investments	48,60,000		(60,00,000)	
	Additions to fixed assets	(2,87,960)		(1,52,30,881)	
	Interest on Income Tax refund			-	
	Net cash used in investing activities		**45,90,503**		**(2,12,04,988)**
C	**Cash flow from financing activities**				
	Repayment of borrowings	(1,88,803)		19,61,555	
	Inter Corporate Deposit received			50,00,000	
	Loan given			(3,50,000)	
	Interest paid	(1,65,49,455)		(1,53,84,935)	
	Net cash used in financing activities		**(1,67,38,258)**		**(87,73,380)**
	Net (decrease)/ increase in cash and cash equivalents		**10,84,424**		**(8,59,065)**
	Opening balance of cash and cash equivalents		**2,51,350**		**11,10,415**
	Closing balance of cash and cash equivalents		**13,35,775**		**2,51,350**

Notes :

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

	31st March 2017 Rs	**31st March 2016 Rs**
Cash and Bank Balances	13,37,361	2,53,967
Unrealised (gain)/ loss on foreign currency cash and cash equivalents	(1,586)	(2,617)
Total cash and cash equivalents	**13,35,775**	**2,51,350**

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

As per our report of even date
For Sarada & Pareek
Chartered Accountants
FRN 109262W

Pranavesh Bhave
Partner
Membership No.104928

Mumbai,Dated : May 29,2017

For and on behalf of the Board of Directors

Ashish Mahendrakar
Director and CFO

Milind Prabhudesai
Director

Krina Mehta
Company Secretary

Notes to financial statements for the period ended 31st March, 2017

1 Significant Accounting Policies:

a) System of Accounting:

The Financial Statements have been prepared in accordance with the Generally Accepted Accounting Principles in India(Indian(GAAP)to com-ply with the Accounitng Standards specified under section 133 of the Companies Act,2013('the 2013 Act") and the releveant provisions of the 2013 Act/the Companies Act,1956,as applicable.The financial statements have been prepared on accrual basis under the historical cost convention.The accounting policies adopted in the preparation of teh financial statements are consistent those followed the previous year.

b) Use of estimates:

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

c) Fixed Assets and Intangible Assets :

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

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

d) Investments:

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

Overseas Investments are carried at their original rupee cost.

e) Depreciation and Amortisation:

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

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

Leasehold land is written off over the lease period.

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

f) Foreign Currency Transactions/Translation:

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

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

Foreign Branches:

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

i. All the items of income and expenses during the year are translated original rates of exchange inforce at the time of transaction are effected.

ii. All the monetary and non-monetary assets and liabilities are translated at closing rate.

iii. The resulting exchange difference is accumulated in 'foreign currency translation reserve' until the disposal of the net investment in the said non-integral foreign operations. (No such reserves during the years).

g) Borrowing Costs:

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

h) Employee benefits :

a) Post Employment Benefits and Other Long Term Benefits.

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

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

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

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

i) Revenue recognition:

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

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

Revenues outside India include value added tax wherever applicable.

Revenues in India exclude service tax charged.

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

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

Interest income is recognised on time proportion basis.

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

j) Taxes on Income:

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

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

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

k) Operating Leases:

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

l) Impairment of assets:

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

m) Provisions, Contingent Liabilities and Contingent Assets:

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

n) Cash Flow Statement:

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

o) Earnings per share:

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

p) Cash and cash equivalents:

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

2 SHARE CAPITAL

PARTICULARS	As at 31.03.2017		As at 31.03.2016	
	Number	Rupees	Number	Rupees
Authorised				
Equity Shares of Rs.10/- each	5,49,50,000	54,95,00,000	5,49,50,000	54,95,00,000
Preference Shares of Rs.10/- each	50,000	5,00,000	50,000	5,00,000
		55,00,00,000		**55,00,00,000**
Issued, Subscribed and Paid up				
Equity Shares of Rs.10/- each, fully paid up	1,42,83,139	14,28,31,390	1,42,83,139	14,28,31,390
TOTAL		**14,28,31,390**		**14,28,31,390**

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

Particulars	Equity Shares		Equity Shares	
	Number	Rupees	Number	Rupees
Shares outstanding at the beginning of the year	1,42,83,139	14,28,31,390	1,42,83,139	14,28,31,390
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	1,42,83,139	14,28,31,390	1,42,83,139	14,28,31,390

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

Name of Shareholder	As at 31.03.2017		As at 31.03.2016	
	Number of Shares held	% of Holding	Number of Shares held	% of Holding
Shearson Investment & Trading Co. Pvt. Ltd.	2101908	14.72	2401908	16.82
Godavari Corporation Pvt. Ltd.	1747533	12.20	1747533	12.23
Nirved Traders Private Limited	2228249	15.60	2228249	15.60

Terms /Rights attached to Equity Shares

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

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

3 RESERVES & SURPLUS

PARTICULARS	As at 31.03.2017		As at 31.03.2016	
1. Capital Reserve		1,73,542		1,73,542
2. Capital Redemption Reserve		20,000		20,000
3. Foreign Currency Translation Reserve				
Opening Balance	5,74,000		8,71,855	
Less: Credited to Profit and Loss Account on closure of Foreign Branch	-		(2,97,855)	
Less : Debited/ (Credited) during the year	-		-	
		5,74,000		5,74,000
4. Surplus/ (Deficit) in the Statement of Profit and Loss				
Opening Balance	(6,40,19,448)		(6,60,28,139)	
Less: Adjustment on account of Schedule II of the Companies Act, 2013	-		-	
Add : Net Profit/(Loss) for the current year	(3,92,71,455)		20,08,691	
		(10,32,90,902)		(6,40,19,448)
TOTAL		**(10,25,23,360)**		**(6,32,51,906)**

4 LONG TERM BORROWINGS

PARTICULARS	As at 31.03.2017		As at 31.03.2016	
Secured				
Vehicle Loan	3,33,903		4,92,980	
Less: Current maturities	(1,88,803)	1,45,100	(1,59,077)	3,33,903
TOTAL		**1,45,100**		**3,33,903**

Note:

5 LONG TERM PROVISIONS

PARTICULARS	As at 31.03.2017	As at 31.03.2016
Provision for employee benefits		
Gratuity (unfunded)	27,92,710	38,78,409
Compensated absences (unfunded)	15,79,518	14,00,444
TOTAL	**43,72,228**	**52,78,853**

6 SHORT TERM BORROWINGS

PARTICULARS	As at 31.03.2017	As at 31.03.2016
Secured		
Loan repayable on demand		
From Bank		
-Clean Overdraft Facility	3,99,59,674	3,98,01,863
-Cash Credit Facility	4,57,81,018	4,95,47,571
Unsecured		
Other loans and advances	1,52,00,000	50,00,000
TOTAL	**10,09,40,692**	**9,43,49,434**

Note :

a) Clean Overdraft Facility and Cash Credit Facility is secured by equitable mortgage by deposit of title deeds of office premises of the Company situated at Andheri(Mumbai) and further secured by hypothecation of book debts/ receivables and other current assets of the Company.

b) Clean Overdraft Facility and Cash Credit Facility is repayable on demand subject to annual review. The rate of interest for Clean Overdraft Facility & Cash Credit Facility is 15.55% p.a..

7 OTHER CURRENT LIABILITIES

PARTICULARS	As at 31.03.2017	As at 31.03.2016
Current maturities of Long term debt - Term Loan	1,88,803	1,59,077
Interest accrued but not due	1,64,029	1,72,163
Other Payables		
- Withholding taxes	14,74,099	49,48,720
- Service Tax	1,94,20,574	98,90,233
- VAT	2,07,674	1,92,560
- Provident Fund	7,68,267	18,88,101
- Employees' State Insurance	3,12,383	35,398
- Profession Tax	72,340	1,34,905
- Labour Welfare Fund	-	474
TOTAL	**2,26,08,169**	**1,74,21,631**

8 SHORT TERM PROVISIONS

PARTICULARS	As at 31.03.2017	As at 31.03.2016
Provision for employee benefits		
Gratuity (unfunded)	1,38,311	5,24,735
Compensated absences (unfunded)	11,81,477	12,55,752
TOTAL	**13,19,788**	**17,80,487**

Note 9: FIXED ASSETS

(Rupees)

	Particulars	Gross Block					Accumulated Depreciation/Amortisation					Net Block	
		Balance as at 1st April 2016	Additions	(Disposals)	other Adjustment	Balance as at 31st March 2017	Balance as at 1st April 2016	Depreciation charge for the year	On disposals	other Adjustment	Balance as at 31st March 2017	Balance as at 1st April 2016	Balance as at 31st March 2017
a	**Tangible Assets**												
	Leasehold Land	3,04,995	-	-	-	3,04,995	67,890 *	3,974	-	-	71,864	2,37,105	2,33,131
		(3,04,995)	(-)	(-)	(-)	(3,04,995)	(63,916)	(3,974)	(-)	(-)	(67,890)	(2,41,079)	(2,37,105)
	Buildings	15,21,39,251	-	-	-	15,21,39,251	7,81,96,189	57,13,821	-	-	8,39,10,010	7,39,43,062	6,82,29,241
		(15,21,39,251)	(-)	(-)	(-)	(15,21,39,251)	(7,24,82,368)	(57,13,821)	(-)	(-)	(7,81,96,189)	(7,96,56,883)	(7,39,43,062)
	Plant and Equipment	1,07,08,103	-	(4,08,824)	-	1,02,99,279	99,85,252	2,55,966	(3,23,292)	-	99,17,926	7,22,851	3,81,353
		(1,04,35,171)	(2,72,932)	(-)	-	(1,07,08,103)	(96,97,719)	(2,87,533)	(-)	(-)	(99,85,252)	(7,37,452)	(7,22,851)
	Furniture and Fixtures	1,91,79,680	-	(4,18,093)		1,87,61,587	1,86,60,440	2,15,734	(2,20,080)	-	1,86,56,094	5,19,240	1,05,493
		(1,91,79,680)	(-)	-	(-)	(1,91,79,680)	(1,83,69,172)	(2,91,268)	(-)	(-)	(1,86,60,440)	(8,10,508)	(5,19,240)
	Vehicles	7,12,389	-	-	-	7,12,389	22,384	90,780	-	-	1,13,164	6,90,005	5,99,225
		-	(7,12,389)	(-)	(-)	-	-	(22,384)	(-)	(-)	(22,384)	-	22,384
	Office equipment	10,19,251	11,300	-	-	10,30,551	9,46,013	46,012	-	-	9,92,025	73,238	38,526
		(10,19,251)	(-)	(-)	(-)	(10,19,251)	(8,48,742)	(97,271)	(-)	(-)	(9,46,013)	(1,70,509)	(73,238)
	Total	**18,40,63,669**	**11,300**	**(8,26,917)**	**-**	**18,32,48,052**	**10,78,78,168**	**63,26,287**	**(5,43,372)**	**-**	**11,36,61,083**	**7,61,85,501**	**6,95,86,969**
		(18,30,78,348)	(9,85,321)	(-)	-	(18,33,51,280)	(10,14,61,917)	(64,16,251)	(-)	(-)	(10,78,78,168)	(8,16,16,431)	(7,54,73,112)
b	**Intangible Assets**												
	Computer software	17,57,172	-	-	-	17,57,172	17,22,480	17,011	-	-	17,39,491	34,692	17,681
		(17,29,612)	(27,560)	(-)	(-)	(17,29,612)	(16,83,095)	(39,385)	(-)	(-)	(17,22,480)	(46,517)	(7,132)
	Total	**17,57,172**	**-**	**-**	**-**	**17,57,172**	**17,22,480**	**17,011**	**-**	**-**	**17,39,491**	**34,692**	**17,681**
		(17,29,612)	(27,560)	(-)	(-)	(17,29,612)	(16,83,095)	(39,385)	(-)	(-)	(17,22,480)	(46,517)	(7,132)
c	**Intangible Assets under development**												
	WIP	2,32,70,000	2,76,660	-	-	2,35,46,660	-	-	-	-	-	2,32,70,000	2,35,46,660
		(90,52,000)	(1,42,18,000)	(-)	(-)	(2,32,70,000)	(-)	(-)	(-)	(-)	(-)	(90,52,000)	(2,32,70,000)
	Total	**2,32,70,000**	**2,76,660**	**-**	**-**	**2,35,46,660**	**-**	**-**	**-**	**-**	**-**	**2,32,70,000**	**2,35,46,660**
		(90,52,000)	(1,42,18,000)	(-)	(-)	(2,32,70,000)	(-)	(-)	(-)	(-)	(-)	(90,52,000)	(2,32,70,000)
	Total	**20,90,90,841**	**2,87,960**	**(8,26,917)**	**-**	**20,85,51,884**	**10,96,00,648**	**63,43,298**	**(5,43,372)**	**-**	**11,54,00,574**	**9,94,90,193**	**9,31,51,310**
	Previous Year	(19,38,59,960)	(1,52,30,881)	(-)	-	(20,90,90,841)	(10,31,45,012)	(64,55,636)	(-)	(-)	(10,96,00,648)	(9,07,14,948)	**(9,94,90,193)**

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

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

Note:

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

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

10 NON CURRENT INVESTMENTS

PARTICULARS	As at 31.03.2017	As at 31.03.2016
Unquoted - (At cost or carrying amount unless otherwise stated)		
Trade Investments		
Investments in Equity Instruments of Wholly Owned Subsidiary Companies		
i) 45,940 (Previous year 45,940) shares (common stock) of US$ 25/- each of Melstar Inc. (USA)	6,46,48,453	6,46,48,453
Less: Provision for diminution, provided as at 31st March, 2006	(6,46,48,453)	(6,46,48,453)
	-	-
ii) 150,000 (Previous year 150,000) shares of Sterling Pound 1/- each of Melstar UK Limited (UK)	97,90,695	97,90,695
Less: Provision for diminution, provided as at 31st March, 2006	(97,90,695)	(97,90,695)
	-	-
iii) 958,992 (Previous year 958,992) shares of Sterling Pound 1/- each of Melstar Limited (UK)	9,42,45,891	9,42,45,891
Less: Provision for diminution, provided as at 31st March, 2006	(9,42,45,891)	(9,42,45,891)
	-	-
iv) 1,700,000 (Previous year 1,700,000) shares of SGD 1/- each of Melstar Singapore Pte Ltd	4,59,89,728	4,59,89,728
Less: Provision for diminution, provided as at 31st March, 2006	(4,59,89,728)	(4,59,89,728)
	-	**-**
Non Trade Investment		
i) 350,000 (Previous year 350,000) Equity Shares of Rs.10/- each of Birla Kerala Vaidyashala Pvt. Ltd.	35,00,000	35,00,000
ii)) 114,000 (Previous year 600,000) shares of Rs.10/- each of IDV Technology Solutions Pvt. Ltd.	11,40,000	60,00,000
TOTAL	**46,40,000**	**95,00,000**
Note:		
Aggregate of Unquoted Investments Cost/ carrying amount	21,81,74,767	21,81,74,767
Aggregate provision for diminution in value of investments	(21,46,74,767)	(21,46,74,767)

11 LONG TERM LOANS AND ADVANCES

PARTICULARS	As at 31.03.2017		As at 31.03.2016	
Security Deposits				
Unsecured, considered good		14,17,429		12,57,582
Others (Unsecured, considered good)				
Advances recoverable in cash or kind or for value to be received	30,36,122		22,37,041	
Advance payment of Income Tax (Net of Provision for Taxation)	6,73,05,842		4,58,93,922	
Advance Payment of Fringe Benefit Tax (Net of Provision for Taxation)	-		23,748	
		7,03,41,964		4,81,54,711
TOTAL		**7,17,59,392**		**4,94,12,293**

12 TRADE RECEIVABLES

PARTICULARS	As at 31.03.2017		As at 31.03.2016	
Trade receivables outstanding for a period exceeding six months from the date they are due for payment				
-Unsecured, considered good	5,28,608		56,621	
-Unsecured, considered doubtful	4,63,99,110		**4,44,72,134**	
	4,69,27,718		4,45,28,755	
Less: Provision for bad and doubtful debts	(4,63,99,110)		**(4,44,72,134)**	
		5,28,608		56,621
Trade receivables outstanding for a period less than six months from the date they are due for payment				
-Unsecured, considered good	1,98,13,609		**4,47,06,852**	
-Unsecured, considered doubtful	**-**		**-**	
	1,98,13,609		4,47,06,852	
Less: Provision for bad and doubtful debts	**-**		**-**	
		1,98,13,609		4,47,06,852
TOTAL		**2,03,42,217**		**4,47,63,473**

13 CASH AND CASH EQUIVALENTS

PARTICULARS	As at 31.03.2017	As at 31.03.2016
Balances with Banks	12,60,764	2,19,600
Cash on hand	76,597	34,367
TOTAL	**13,37,361**	**2,53,967**

14 SHORT TERM LOANS AND ADVANCES

PARTICULARS	As at 31.03.2017		As at 31.03.2016	
Security Deposits				
Unsecured, considered good		-		75,000
Loans and Advances				
Unsecured, considered good	6,25,000		3,50,000	
Considered doubtful	11,43,06,058		11,43,06,058	
Less:- Provision	(11,43,06,058)		(11,43,06,058)	
		6,25,000		3,50,000
Others				
Inter Corporate Deposits , unsecured considered good	1,79,35,296		1,79,35,296	
Inter Corporate Deposits , unsecured considered doubtful	1,78,54,503		1,78,54,503	
Less:- Provision	(1,78,54,503)		(1,78,54,503)	
Advances recoverable in cash or kind or for value to be received (Unsecured, considered good)	93,90,471		39,58,084	
		2,73,25,767		2,18,93,380
TOTAL		**2,79,50,767**		**2,23,18,380**

15 OTHER CURRENT ASSETS

PARTICULARS	As at 31.03.2017	As at 31.03.2016
Unbilled Revenue	55,20,454	5,15,41,637
TOTAL	**55,20,454**	**5,15,41,637**

16 REVENUE FROM OPERATIONS

PARTICULARS	For the year ended 31st March, 2017	For the year ended 31st March, 2016
I T Infrastructure Projects	57,53,718	3,85,10,289
Software Products	-	3,51,000
Software Services	204416981	27,06,65,801
TOTAL	**21,01,70,698**	**30,95,27,090**

17 OTHER INCOME

PARTICULARS	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Exchange Difference (Net)	-	3,18,672
Sundry Credit Balances Written Back	387268.00	601
Profit on Assets sold / discarded (Net)	14149.00	-
Excess Provision of Earlier Years Written Back	707251.00	17,69,898
Dividend	-	57,500
Miscellaneous Income	100146.00	97,976
Interest on Inter Corporate Deposits and Other Deposits	18,463	25,893
TOTAL	**12,27,277**	**22,70,540**

18 EMPLOYEE BENEFITS EXPENSES

PARTICULARS	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Salaries and Wages	141323562	15,49,16,236
Contribution to Provident and other Funds	5510391	63,66,442
Gratuity	462448	8,94,817
Compensated Absences	1429407	13,34,874
Staff Welfare Expenses	485625	6,02,573
TOTAL	**14,92,11,433**	**16,41,14,942**

19 FINANCE COSTS

PARTICULARS	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Interest expenses		
On Fixed Period Loans	77,298	22,300
Others	1,61,57,157	1,53,68,504
Other borrowing costs	3,15,000	3,50,000
TOTAL	**1,65,49,455**	**1,57,40,804**

20 OTHER EXPENSES

PARTICULARS	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Purchases of Software Services	4,86,09,854	7,08,73,671
IT Infrastructure Project Expenses	49,80,764	3,51,40,336
Electricity	15,95,649	17,82,605
Rent	35,17,043	19,53,784
Bank Charges	4,12,261	4,94,577
Office Expenses	10,96,921	9,39,025
Rates and Taxes	3,80,940	3,10,395
Insurance	4,65,612	3,99,320
Repairs and Maintenance	15,17,210	2,82,924
Travelling and Conveyance	25,66,670	23,01,766
Communication Expenses	13,81,453	14,71,208
Advertising and Sales promotion expenses	1,98,058	2,72,383
Rebate and discount	4,16,667	4,96,199
Legal and Professional fees	28,58,037	19,24,850
Registrar and Transfer Fees	6,18,535	5,15,114
Recruitment Expenses	16,78,981	13,44,149
Provision for Doubtful Debts and Advances (Net)	18,67,727	-
Irrecoverable Debts/ Advances written off	17,64,000	9,24,461
Exchange Difference (Net)	1,032	-
Fixed Assets written off	2,83,543	-
Audit Fees	1,50,000	1,57,500
Directors Sitting Fees	60,000	1,75,000
Miscellaneous Expenses	21,44,288	15,18,290
TOTAL	**7,85,65,244**	**12,32,77,557**

21. Contingent Liability:

In rupees

		As at 31.03.2017	As at 31.03.2016
(i)	Claims against Company not acknowledged as debt and pending before the Courts in Mumbai. The Company expects that the matter will be resolved in Company's favour and no liability is expected.	751,509	636,872
(ii)	Disputed ESIC Liability: ESIC demand disputed and pending decisions before higher authorities. Amount paid there against and included under "Short Term Loans and Advances" NoteNo.14 Rs.35,000 Previous year (Rs.35,000)	135,627	135,627
(iii)	Disputed Property Tax Liability: Property Tax demand disputed and pending before the Court in Mumbai. Amount paid there against and included under " Short Term Loans and Advances" Note No.14 Rs.1,008,228 Previous year (Rs. 1,008,228)	2,829,115	2,422,785
(iv)	Income Tax Demand disputed in appeal and pending decision. The Company is hopeful of favourable decision.	129,373,522	129,373,522

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

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

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

23. During the year, the Company has sold 486,000 Equity Shares of Rs.10/- each of IDV Technology Solutions Private Limited. Accordingly IDV Technology Solutions Private Limited is no more a subsidiary of Melstar Information Technologies Limited.

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

25. The Company has also given the Inter Corporate Deposits to one more party amounting to Rs. 17,935,296 (including interest) outstanding for more than six months, for which company has not made any provision and expect realisation during the year.

26. The break-up of deferred tax assets as at 31st March, 2017 is as under:

In rupees

Particulars		As at 31.03.2017	Credit/(Charge)	As at 31.03.2016
a)	**Deferred Tax Liability**			
	WDV of Fixed Assets	**(26,821,208)**	**1,591,773**	**(28,412,981)**
b)	**Deferred Tax Asset**			
	Provision for Gratuity and Leave encashment	1,758,833	(422,503)	2,181,336
	Provision for Doubfull debts and Advances	55,156,631	577,128	54,579,503
	Others	1,678,078	-	1,678,078
	Provision for Dimunition In value of Investment	66,334,503	66,334,503	-
		124,928,045	**66,489,128**	**58,438,917**
	Total Deferred Tax Asset/(Liability)	**98,106,837**	**68,080,901**	**30,025,936**

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

27. Payments to Auditors:

In rupees

Sr No	Particulars	Current Year *	Previous Year *
a.	As Auditors	175,000	150,000
b.	For Taxation matters		-
c.	For other services		7,500
d.	For Reimbursement of expenses		-
e.	To Branch Auditors		10,000
	Total	**175,000**	**167,500**

*Excludes Service Tax

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

A. **EXPENDITURE IN FOREIGN CURRENCY**

In rupees

Particulars	Current Year	Previous Year
Purchases of Software Services		95,232
Legal and Professional Charges	67,197	35,768
Others	251,987	253,915
Total	**319,184**	**384,915**

Note: Expenses of Foreign branches Rs. 315,189 (Previous year Rs. 275,658) have been included in the appropriate heads above.

B. **EARNINGS IN FOREIGN CURRENCY**

In rupees

Particulars	Current Year	Previous Year
FOB Value of Exports	844,008	2,247,880

29. Earnings per share is calculated as follows:

	Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
a.	Net Profit/(Loss) after tax, before Exceptional Items, attributable to equity shareholders (Rupees)	39,271,455	2,008,691
	Exceptional Item (Rupees)	-	-
b.	Net Loss after tax attributable to equity shareholders, after Exceptional Items (Rupees)	39,271,455	2,008,691
c.	Weighted average number of equity shares considered for calculation of Basic and Diluted Earning Per Share (Nos.)	14,283,139	14,283,139
d.	Nominal value of equity share (Rupees)	10	10
e.	Basic and Diluted Earnings per share (Rupees)	(2.75)	0.14

30. Related parties disclosures

1) Names of related parties and description of relationship:

i. Subsidiaries and step down subsidiary	Melstar Inc. (Dissolved on 10th August, 2016) Melstar Limited (Dissolved on 19th May, 2010) Linkhand Support Limited (Dissolved on 12th August, 2008) Melstar UK Limited (Dissolved on 26th April, 2011) Melstar Singapore Pte. Limited (Struck Off as on 05th October, 2010) IDV Technology Solutions Private Limited (no more subsidiary w.e.f.29.09.2016)
ii. Key Management Personnel with whom the transactions have taken place during the year	Mr. Sanjiv Tandon (Managing Director) (upto 7th September 2016) Mr. Anil S. Korpe(Chief Financial Officer) (upto 22nd February, 2017) Mr. Vijaykumar H. Modi (Company Secretary) (upto 26th September, 2016)
iii. Enterprises Over which Key Management Personnel and / or their relatives have significant influence with whom the transactions have taken place during the year	Birla Global Corporate Limited Birla International Private Limited

2) Transactions with related parties:

In rupees

	Particulars	Subsidiary Companies		Key Management Personnel		Enterprises Over which Key Management Personnel and / or their relatives have significant infulence	
		2016-2017	2015-2016	2016-2017	2015-2016	2016-2017	2015-2016
a)	**Loans and advances**						
	Balance as at 1st April	**114,306,058**	**114,306,058**	**-**	**-**	**-**	**-**
	Melstar Inc	51,034,988	51,034,988	-	-	-	-
	Melstar Limited	54,510,067	54,510,067	-	-	-	-
	Melstar Singapore Ptd Limited	8,761,003	8,761,003	-	-	-	-
	Given/Adjusted during the year	**-**	**-**	**-**	**-**	**-**	**-**
	Repaid/Adjusted during the year	-	-	**-**	**-**	**-**	**-**
	Balance as at March 31 (Includes Rs.114,306,058) (Previous year Rs.114,306,058) provision made towards doubtful loans and advances to subsidiary companies)	**114,306,058**	**114,306,058**	**-**	**-**	**-**	**-**
	Melstar Inc	51,034,988	51,034,988	-	-	-	-
	Melstar Limited	54,510,067	54,510,067	-	-	-	-
	Melstar Singapore Ptd Limited	8,761,003	8,761,003	-	-	-	-
b)	**Investments**						
	Balance as at March 31 (includes Rs.214,674,767(Previous year Rs.214,674,767) provided towards diminution)	**214,674,767**	**214,674,767**	**-**	**-**	**-**	**-**
	Melstar Inc	64,648,453	64,648,453	-	-	-	-
	Melstar Limited	94,245,891	94,245,891	-	-	-	-
	Melstar Singapore Ptd Limited	45,989,728	45,989,728	-	-	-	-
	Melstar UK Limited	9,790,695	9,790,695	-	-	-	-
c)	**Trade Receivables**						

	Particulars	Subsidiary Companies		Key Management Personnel		Enterprises Over which Key Management Personnel and / or their relatives have significant infulence	
		2016-2017	2015-2016	2016-2017	2015-2016	2016-2017	2015-2016
	Balance as at March 31 (includes Rs.17,167,788(Previous year Rs.17,167,788) provided towards doubtful debts receivable from subsidiary companies)	**17,167,788**	**17,167,788**	**-**	**-**	**-**	**-**
	Linkhand Support Limited	16,303,514	16,303,514	-	-	-	-
	Melstar Inc	864,274	864,274	-	-	-	-
d)	**Other Receivables**						
	Balance as at 1st April	**-**	**-**	**64,696**	**987,993**	**-**	**-**
	Birla Global Corporate Limited	-	-	64,696	987,993	-	-
	Given/Adjusted during the year	-	-	**300,000**	**-**	**-**	**-**
	Birla Global Corporate Limited	-	-	300,000	-	-	-
	Repaid/Adjusted during the year	-	-	**400,000**	**923,300**	**-**	**-**
	Birla Global Corporate Limited	-	-	400,000	923,300	-	-
	Balance as at March 31	**-**	**-**	**(35,304)**	**64,693**	**-**	**-**
	Birla Global Corporate Limited	-	-	(35,304)	64,693	-	-
e)	**Trade Payables**						
	Balance as at March 31	**-**	**-**	**52,333**	**552,891**	**35,304**	**-**
	Mr.Richard D'Souza	**-**	**-**	-	-	**-**	**-**
	Birla Global Corporate Limited			-		35,304	
	Mr.Sanjeev Tandon	**-**	**-**	52,333	395,432		
	Mr.Anil S. Korpe	**-**	**-**	-	91,177		
	Mr.Vijaykumar H Modi	**-**	**-**	-	66,282	-	-
f)	**Expenditure**						
	Remuneration	**-**	**-**	**4,612,738**	**5,703,320**	**-**	**-**
	Mr.Sanjeev Tandon	-	-	2,548,434	2,921,772	-	
	Mr.Vijay Mishra			-	711,200		
	Mr.Anil S. Korpe			1,659,668	1,345,893		
	Mr.Vijaykumar H Modi			404,636	724,455		

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

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

In rupees

Name of the company	Amount outstanding as at March 31, 2016	Amount outstanding as at March 31, 2015	Maximum amount outstanding during the year	Maximum amount outstanding during the previous year
Wholly owned subsidiaries				
Melstar Inc.	46,542,519*#	46,542,519*#	46,542,519	46,542,519
Melstar Inc.	152,469*#	152,469*#	152,469	152,469
Melstar Inc.	4,340,000**#	4,340,000**#	4,340,000	4,340,000
Melstar Ltd.	54,510,067*#	54,510,067*#	54,510,067	54,510,067
Melstar Singapore Pte Ltd.	8,761,003*#	8,761,003*#	8,761,003	8,761,003
Total	**114,306,058**	**114,306,058**		

* Repayable on demand and interest free.

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

Amounts outstanding as at March 31, 2017 stand fully provided for towards doubtful recoveries.

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

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

Amount receivable in foreign currency on account of the following

Particulars	Amount in Rupees	Amount in Foreign Currency	Foreign Currency
Export of goods*	31,550,957	407,173	GBP
	(31,550,957)	(407,173)	
	11,236,710	234,134	USD
	(11,367,931)	(236,150)	
TOTAL	42,787,667		
	(42,918,888)		
Loans and Advances**	28,520,136	350,974	GBP
	(28,520,136)	(350,974)	
	34,672,961	798,689	USD
	(34,672,961)	(798,689)	
	8,761,003	334,262	SGD
	(8,761,003)	(334,262)	
TOTAL	71,954,100		
	(71,954,100)		

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

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

Note: Figures in Brackets indicate previous year figures.

33. **Post Employment Benefit Plans**

(i) Defined contribution plans

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

The Company recognized Rs. 4,660,207 (Previous year Rs. 5,507,008) for provident fund contributions in the profit and loss account. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

(ii) Defined benefit plan

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

On Normal retirement/early retirement/withdrawal/resignation:

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

On death in service:

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

The most recent actuarial valuation of the present value of defined benefit obligation for gratuity was carried out at March 31, 2016 by an actuary. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

In rupees

Sr. No	Particulars	Gratuity (Non-funded)	
		As on 31.03.2017	As on 31.03.2016
I)	**Reconciliation in present value of obligations (PVO) – defined benefit obligation :**		
	Current Service Cost	748,950	632,323
	Interest Cost	345,206	359,395
	Actuarial (gain)/losses	187,399	22,808
	Benefits paid	(1,934,571)	(1,046,740)
	Past service cost	-	-
	PVO at the beginning of the year	4,403,144	4,555,067
	PVO at end of the year	2,931,021	4,403,144
II)	**Change in fair value of plan assets :**		
	Expected return on plan assets	-	-
	Actuarial gain/(losses)	-	-
	Contributions by the employer	-	-
	Benefits paid	-	-
	Fair value of plan assets at beginning of the year	-	-
	Fair value of plan assets at end of the year	-	-
III)	**Reconciliation of PVO and fair value of plan assets:**		
	PVO at end of year	(2,931,021,)	(4,403,144)
	Fair Value of planned assets at end of year		-
	Funded status(Surplus/ (Deficit)	(2,931,021,)	(4,403,144)

Sr. No	Particulars	Gratuity (Non-funded)	
		As on 31.03.2017	As on 31.03.2016
	Unrecognised actuarial gain/(loss)		-
	Net asset/(liability) recognised in the balance sheet	(2,931,021,)	(4,403,144)
IV)	**Net cost for the year ended March 31, 2017 :**		
	Current Service cost	748,950	632,323
	Interest cost	345,206	359,395
	Expected return on plan assets		-
	Actuarial (gain)/losses	(631,708)	(96,901)
	Past service cost		-
	Net cost	462,448	894,817
V)	**Category of assets as at March 31, 2017 :**	-	-
VI)	**Actual return on the plan assets**	-	-
VII)	**Assumption used in accounting for the gratuity plan:**		
	Discount rate (%)	7.22	7.84
	Salary escalation rate (%)	8.00	8.00
	Expected rate of return on plan assets	N.A.	N.A.

Note:

Provision towards compensated absences made on the basis of actuarial valuation as per Accounting Standard 15 (Revised). Actuarial value liability is Rs.1,106,580(Previous year Rs. 930,635) based upon the following assumptions:

	2016-17	2015-16
Discount Rate	7.22%	7.84%
Salary Escalation	8.00%	8.00%

The liability towards short-term compensated absences is Rs.1,654,415(Previous year Rs. 1,725,561) is provided on actual basis.

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

Particulars		For the year ended 31st March, 2017 Rs.	For the year ended 31st March, 2016 Rs.
A	Principal amount remaining unpaid as on 31st March 2017	-	-
B	Interest due thereon as on 31st March 2017	-	-
C	Interest paid by the Company in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year.	-	-
D	Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act,2006	-	-
E	Interest accrued and remaining unpaid as at 31st March 2017	-	-
F	Further Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise.	-	-

35. Trade receivables, trade payables, short term loans and advances, other current assets and other current liabilities are subject to confirmation and reconciliation if any.

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

As per our report of even date
For Sarada & Pareek
Chartered Accountants
FRN 109262W

Pranavesh Bhave
Partner
Membership No.104928

Mumbai,Dated : May 29,2017

For and on behalf of the Board of Directors

Ashish Mahendrakar
Director and CFO

Milind Prabhudesai
Director

Krina Mehta
Company Secretary

Route Map to the Venue of the AGM



MELSTAR INFORMATION TECHNOLOGIES LIMITED

5th Floor, 159, Industry House Churchgate Reclamation Mumbai 400020.

MGT-11 - PROXY FORM

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

Name of the Company : MELSTAR INFORMATION TECHNOLOGIES LIMITED CIN : L99999MH1986PLC040604

Registered Office : 5th Floor, 159, Industry House Churchgate Reclamation Mumbai 400020. Tel no: 02262356400, Fax no: 02262356402

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

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

1. _____ of _____ having e-mail id_____or failing him
2. _____ of _____ having e-mail id_____ or failing him
3. _____ of _____ having e-mail id_____or failing him

and whose signature(s) are appended below as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the **30th Annual General Meeting** of the Company, to be held on **Thursday, 28th September 2017 at 11.00 a.m.** and at any adjournment thereof in respect of such resolutions as are indicated below:

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

		Votes Cast	
		Please tick your choice (✓) in the respective column – "for" or "against"	
Sr. No.	**Resolution for approving (give details)**	**For**	**Against**
1	Adoption of Accounts for the year ended 31.03.2017.		
2	Appointment of **M/S Sarda & Pareek,** Chartered Accountant as Statutory Auditors of the Company		
3	To consider the appointment of Mr. Pritam Dhanawade as Non Executive Director of the company.		
4	To consider the appointment of Mr. Milind Prabhudesai as an Independent and Non Executive Director of the Company.		
5	To consider the appointment of Mr. Minal Pote as an Independent and Non Executive Director of the company.		
6	To consider the appointment of Mr. Ashish Mahendrakar as a Whole Time Director of the company.		

Signed this…… day of……..2017

Affix Re. 1/-Revenue Stamp

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

Signature(s) across the stamp

Notes: 1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting. 2. Please complete all details including detail(s) before submission.

ATTENDANCE SLIP

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

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

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

I hereby record my presence at the **30th Annual General Meeting** of the Company held on **Thursday, 28th September 2017 at 11:00 a.m. at "126", Sitaram Poddar Marg, Fanas Wadi, Mumbai - 400002.**

*Applicable for investor holding shares in electronic form.

_____

Signature of Shareholder/Proxy

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

Mission

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

Service Offerings

Onsite / Offsite / Offshore

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

Quality Policy

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

Melstar Information Technologies Limited

2016-2017

30th Annual Report

Book-Post

If undelivered, please return to:

MELSTAR

A Software Services Company

Registered & Corporate Office:
5th Floor, 159, Industry House Churchgate Reclamation Mumbai 400020

Printed by: www.westernpress.in