

# Starcom Information Technology Limited

Regd.office: Sheriff Centre, 73/1, St Mark's Road, Bengaluru - 560 001

CIN: L67120KA1995PLC078846, Phone: 91 80 2227 8283/ 2227 1797

E-mail id: [info@starcominfotech.com](mailto:info@starcominfotech.com) Website: [www.starcominfotech.com](http://www.starcominfotech.com)

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24<sup>th</sup> November, 2020

## **BSE Limited**

Phiroze Jeejeebhoy Towers,  
1<sup>st</sup> Floor, Dalal Street,  
Mumbai-400001

Dear Sir,

Ref.: Company Code: BSE - 531616,

Sub: Submission Of Annual Report for the Financial year 2019-20

Dear Sir,

In pursuance of Regulation 34 of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time, please find enclosed herewith the Annual Report of the Company for the financial year 2019-20 containing inter-alia the Notice convening the 25<sup>th</sup> Annual General Meeting to be held on Tuesday, December 15, 2020 through Audio Visual means, Board's Report with the relevant annexures, Management Discussion and Analysis, Audited Financial Statements, Auditors' Report, etc. for the financial year 2019-20.

Kindly take the above on your record and oblige.

Yours faithfully,

For **Starcom Information Technology Limited**



**Nidhi Sharma**

**Company Secretary & Compliance Officer**

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Correspondence Address:

#88, Times Square, MG Road, Bangalore 560001

Tel: 91 80 6765 0000

# STARCOM INFORMATION TECHNOLOGY LIMITED

## 25TH ANNUAL REPORT

2019-2020



**FINANCIAL YEAR 2019-2020**

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## CORPORATE INFORMATION

### Board of Directors:

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

### Chief Financial Officer

Mr. Mukhtar Ahmad

### Company Secretary and Compliance officer:

Ms. Nidhi Sharma

### Registered Office:

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

### Corporate Office:

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

### Auditors:

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

### Bankers:

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

### Registrar & Share Transfer Agent:

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

## NOTICE

Notice is hereby given that the Twenty Fifth Annual General Meeting of the Members of **Starcom Information Technology Limited** will be held on Tuesday, 15<sup>th</sup> December 2020 at 11:30 a.m. at the Corporate office of the company at No. 88, Times Square, M.G. Road, Bangalore-560001, through Video Conferencing (VC) or Other Audio Video means (OAVM) for which purposes Corporate Office shall be deemed as the venue for the Meeting and the proceedings of the Annual General Meeting shall be deemed to be made there at, to transact the following businesses:

### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Financial Statements comprising of the Balance Sheet as at 31<sup>st</sup> March, 2020 and the Statement of Profit & Loss and Cash Flow Statement for the year ended on that date together with the Notes, Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Ms. Sayeeda Hina (DIN: 03642269), who is liable to retire by rotation pursuant to the provisions of Section 152(6) of the Companies Act, 2013 and who is not disqualified to become a director under the Companies Act, 2013 and being eligible, offers herself for re-appointment.

### **SPECIAL BUSINESS:**

3. To re-appoint Mr. Maddur Gundurao Mohan Kumar (DIN: 00020029) as an Independent Director for a second term of 5 (five) consecutive years.

In this regard to consider and, if thought fit, to pass the following resolution as a **Special Resolution:**

**“RESOLVED THAT** pursuant to the provisions of Sections 149,150 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as ‘the Listing Regulations’) (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), and pursuant to the recommendation of Nomination and Remuneration Committee and the Board of Directors, Mr. Maddur Gundurao Mohan Kumar (DIN: 00020029), 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 Independent Director at the ensuing Annual General Meeting and who has submitted a declaration that he meets the criteria for independence as provided in the Act and the Listing Regulations and who is eligible for re-appointment and based on his evaluation of performance, be and is hereby re-appointed as an Independent Director of the Company not liable to retire by rotation for a second term of 5 (five) consecutive years on the Board of the Company effective from December 23, 2019 to December 22, 2024

including the period from December 23 , 2019 till December 14, 2020 as approved by the Board of directors subject to the approval of the members, which is hereby ratified.”

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorised to do all such acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution.”

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

Sd/-

Ziaulla Sheriff

Chairman & Managing Director

DIN: 00002098

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

**Date:** 21<sup>st</sup> November 2020

**Place:** Bangalore

**CIN:** L67120KA1995PLC078846

**Registered Office:**

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

**NOTES:**

1. In view of the massive outbreak of the COVID-19 pandemic, social distancing is a norm to be followed and pursuant to the Circular No. 14/2020 dated 8th April, 2020, Circular No. 17/2020 dated 13<sup>th</sup> April, 2020 issued by the Ministry of Corporate Affairs (MCA) followed by Circular No. 20/2020 dated 5<sup>th</sup> May, 2020, physical attendance of the Members to the AGM venue is not required and Annual General Meeting (AGM) can be held through Video Conferencing (VC) or Other Audio Visual Means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM only and no physical presence at the meeting is required.

2. Pursuant to the Circular No. 14/2020 dated 8th April, 2020, issued by the MCA, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM and accordingly Proxy form and Attendance slip are not annexed to this Notice. However, the Body Corporates are entitled to appoint authorized representatives to attend the AGM through VC/OAVM and participate thereat and cast their votes through e-voting.

3. Pursuant to the provisions of section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (as amended), and the Circulars issued by the MCA dated 8<sup>th</sup> April, 2020, 13<sup>th</sup> April, 2020 and 5<sup>th</sup> May, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has made an arrangement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, and independent agency for providing necessary platform for Video Conference/OAVM and

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necessary technical support as may be required. Therefore, the facility of casting votes by a member using remote e-voting system as well as e-voting on the day of the AGM will be provided by CDSL.

4. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/ OAVM will be made available for 450 members on first come first served basis. However, this number does not include the large Shareholders (shareholders holding 2% or more share capital), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors, Secretarial Auditors, Scrutinizers, etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

5. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under section 103 of the Companies Act, 2013.

6. The Notice calling the AGM along with complete Annual Report has been uploaded on the website of the Company. The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Ltd. at [www.bseindia.com](http://www.bseindia.com) and the AGM Notice is also available on the website of CDSL (agency for providing the Remote e-Voting facility and providing necessary platform for Video Conference/OAVM) i.e. [www.evotingindia.com](http://www.evotingindia.com).

7. This AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated 8th April, 2020 and MCA Circular No. 17/2020 dated 13th April, 2020 and MCA Circular No. 20/2020 dated 5<sup>th</sup> May, 2020.

8. In compliance with the aforesaid MCA Circulars and SEBI Circular dated May 12, 2020, Notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/Depositories. Members may note that the Notice and Annual Report 2019-20 will also be available on the Company's website - [www.starcominfotech.com](http://www.starcominfotech.com), websites of the Stock Exchanges i.e BSE Limited at [www.bseindia.com](http://www.bseindia.com), and on the website of CDSL [www.evotingindia.com](http://www.evotingindia.com) . However, if any specific request is received from the members for demanding of the physical copy of the Annual Report it will be provided by the company but subject to time taken by the courier and Postal Department looking to the Covid-19 situation.

9. Members joining the meeting through VC, who have not already cast their vote by means of remote e-voting, shall be able to exercise their right to vote through e-voting at the AGM. The Members who have cast their vote by remote e-voting prior to the AGM may also join the AGM through VC but shall not be entitled to cast their vote again.

10. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 which sets out details relating to Special Business to be transacted at the Annual General Meeting is annexed hereto and forms part of the Notice.

11. The Register of Members and Share Transfer Books of the Company shall remain closed from Monday, 7<sup>th</sup> day of December, 2020 to Tuesday, 15<sup>th</sup> day of December, 2020 (both days inclusive) for the purpose of Annual General Meeting.

The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date (record date) of Tuesday, 8<sup>th</sup> December 2020.

The remote e-voting facility will be available during the following period after which the portal shall forthwith be blocked and shall not be available:-

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Commencement of remote E-Voting 09:00 AM IST on Saturday, 12<sup>th</sup> December, 2020.  
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End of remote E-Voting 05:00 PM IST on Monday, 14<sup>th</sup> December, 2020.  
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Once the vote on a resolution is casted by the member, the member shall not be allowed to change it subsequently.

12. All documents referred to in the Notice will be available for inspection at the Company's registered office during normal business hours on all working days up to the date of the AGM.

13. A statement giving the details of the Director seeking re-appointment under Item No 2 and 3 of the accompanying Notice, as required under Regulation 26(4), Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other requisite information as per Secretarial Standard-2 on General Meetings, is provided in annexure attached herewith.

14. Any query relating to accounts or any other items of business set out in the Agenda of the meeting must be sent to the Company's Registered Office at least seven days before the date of the Meeting. The same will be replied by the Company suitably.

15. Members are requested to notify immediately any change in their name, address, e-mail id, telephone/ mobile numbers, Permanent Account number (PAN), Nominations, Power of Attorney, Bank mandate viz. name and address of the branch of the bank, MICR code, account number with blank cancelled cheques to their Depository Participant (DP) quoting their Client Ids to their respective Depository Participants (DPs) in case the shares are held in demat form and in respect of shares held in physical form to the Registrar and Share Transfer Agent of the Company namely M/s Link Intime India Pvt. Ltd., C-101, 247 Park, L.B.S. Marg, Vikhroli (West) Mumbai - 400 083 to receive the soft copy of all communication and notice of the meetings etc., of the Company.

16. Members may also note that Notice calling AGM will be available on Company's website viz., [www.Starcominfotech.com](http://www.Starcominfotech.com).

17. In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the AGM.



18. Pursuant to Section 101 of the Companies Act, 2013 read with relevant Companies (Management and Administration) Rules, 2014, companies can serve Annual Reports and other communications through electronic mode to those members who have registered their e-mail address either with the Company or with the Depository. Members who have not registered their e-mail address with the Company are requested to submit their request with their valid email address to M/s Link Intime India Pvt. Ltd. Members holding shares in demat form are requested to register/ update their e-mail address with their Depository Participant(s) directly. Members of the Company, who have registered their email-address, are entitled to receive such communication in physical form upon request.

19. With a view to using natural resources responsibly, we request shareholders to update their email address with their Depository Participants to enable the Company to send communications electronically.

20. The Securities and Exchange Board of India ("SEBI") vide its circular dated April 20, 2018 has mandated registration of Permanent Account Number (PAN) and Bank Account Details for all securities holders. Members holding shares in physical form are therefore, requested to submit their PAN and Bank Account Details to R & TA viz, Link Intime Private Limited /Company by sending a duly signed letter along with self-attested copy of PAN Card and original cancelled cheque. The original cancelled cheque should bear the name of the Member. In the alternative, Members are requested to submit a copy of bank passbook/ statement attested by the bank. Members holding shares in demat form are, requested to submit the aforesaid information to their respective Depository Participant.

21. As per Regulation 40 of SEBI Listing Regulations, as amended, securities of Listed Companies can be transferred only in dematerialized form with effect from April 1, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, Members holding shares in physical form are requested to consider converting their holdings to dematerialized form.

22. Members holding shares in physical form may nominate a person in respect of all shares held by them whether singly or jointly. Members who hold shares singly are advised to avail nomination facility in their own interest. Members holding shares in demat form may contact their respective Depository Participants for recording of nomination.

23. Since the AGM will be held through VC/ OAVM, the Route Map is not being annexed to this Notice.

24. Any person, who acquires shares of the Company and becomes member of the Company after sending of the Notice and holding shares as on the cut-off date i.e. Tuesday, 8<sup>th</sup> December, 2020, may obtain login ID and password by a sending a request at [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

However, if the person is already registered with CDSL for remote e-voting then the person can use the existing User ID and password for casting the vote.

**Voting through electronic means:**

**Instructions for shareholders voting electronically are as under:**

- (i) The voting period begins on Saturday 12<sup>th</sup> December 2020 at 9.00 a.m. (IST) and ends on Monday 14<sup>th</sup> December 2020 at 5.00 p.m. (IST). During this period, shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of Tuesday, 8<sup>th</sup> December 2020, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently.
- (ii) The Members may participate in the AGM even after exercising his/her right to vote through remote e-voting but shall not be allowed to vote again.
- (iii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
- (iv) Click on Shareholders/Members
- (v) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any Company, then your existing password is to be used.
- (viii) If you are a first time user follow the steps given below:

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

<b>Details OR Date of Birth (DOB)</b>	<p>login.</p> <ul style="list-style-type: none"> <li>If both the details are not recorded with the depository or Company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).</li> </ul>
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- (ix) After entering these details appropriately, click on “SUBMIT” tab.
- (x) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for **Starcom Information Technology Limited** on which you choose to vote.
- (xiii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xvi) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xviii) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) Shareholders can also cast their vote using CDSL’s mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store.

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iPhone and Windows phone. Please follow the instructions as prompted by the mobile app while voting on your mobile.

**Instructions for shareholders attending the AGM through VC/OAVM are as under:**

- i) Shareholder will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system. Shareholders may access the same at <https://www.evotingindia.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.
- ii) Shareholders are encouraged to join the Meeting through Laptops / I-Pads for better experience.
- iii) Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
- iv) Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
- v) Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance at least 7 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at [tirupati@tirupatistarch.com](mailto:tirupati@tirupatistarch.com). The shareholders who do not wish to speak during the AGM but have queries may send their queries 7 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at [info@Starcominfotech.com](mailto:info@Starcominfotech.com). These queries will be replied to by the company suitably by email.
- vi) Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

**Instructions for shareholders for E-Voting during the AGM are as under:-**

- i) The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote evoting.
- ii) Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
- iii) If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility , then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

iv) Shareholders who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

**Process for shareholders whose e-mail ids are not registered with depositories for procuring user id and password and registration of e-mail id for e-voting for resolutions set out in this notice:**

i) In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar card) by email to [nidhi.sharma@starcominfotech.com](mailto:nidhi.sharma@starcominfotech.com).

ii) In case shares are held in demat mode please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar card) to [nidhi.sharma@starcominfotech.com](mailto:nidhi.sharma@starcominfotech.com).

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

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

(xxi) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact Mr. Nitin Kunder (022-23058738) or Mr. Mehboob Lakhani (022-23058543) or Mr. Rakesh Dalvi (022-23058542)..

25. Subject to receipt of requisite number of votes, the Resolutions shall be deemed to have been passed on the date of the Twenty Fifth AGM i.e. Tuesday, 15<sup>th</sup> December 2020.

26. Mr. Hemanshu Kapadia (FCS: 3477 and CP 2285), Proprietor of M/s. Hemanshu Kapadia & Associates, Practicing Company Secretaries, Mumbai or failing him Ms. Preeti Bhangle (FCS

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8303 and CP 9134), Partner of VPP & Associates, Practicing Company Secretaries, Mumbai has been appointed as the Scrutinizer by the Board of Directors to scrutinize the e-voting process in a fair and transparent manner.

27. The Scrutinizer shall after 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 48 hours of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour 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.

28. The results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company- [www.starcominfotech.com](http://www.starcominfotech.com) and on the website of the CDSL immediately after declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to BSE Limited, Mumbai.

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

Sd/-  
Ziaulla Sheriff  
Chairman & Managing Director  
DIN: 00002098  
Add: Al-Barka Golden Enclave, Airport Road, Bangalore-560017

**Date:** 21<sup>st</sup> November 2020  
**Place:** Bangalore  
**CIN:** L67120KA1995PLC078846

**Registered Office:**  
73/1, Sheriff Centre, St. Marks Road, Bangalore-560001

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**EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF COMPANIES ACT, 2013**

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Mr. Maddur Gundurao Mohan Kumar (DIN: 00020029) was appointed as an Independent Director by the Members of the Company at the Annual General Meeting of the Company held on December 23, 2014 to hold office for a term of five consecutive years commencing from December 23, 2014, not liable to retire by rotation.

The Company has received notice in writing pursuant to provision of Section 160 of the Act from the member proposing his candidature for the office of Independent Director of the Company at the ensuing Annual General Meeting.

As per Section 149(10) of the Act, an Independent Director shall hold office for a term of up to 5 (five) consecutive years on the Board of a Company, but shall be eligible for re-appointment on passing a special resolution by the Company for another term of up to five consecutive years on the Board of a Company, whose term of office shall not be liable to retire by rotation.

The Board of Directors in the meeting held on November 14, 2019, based on the performance evaluation on various parameters of Independent Director and on recommendation of Nomination and Remuneration Committee, in terms of the provisions of Sections 149, 150, 152 read with Schedule IV and any other applicable provisions of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, considered to re-appoint Mr. Maddur Gundurao Mohan Kumar, being eligible for re-appointment as an Independent Director and offering himself for re-appointment, for second term of 5 (five) consecutive years with effect from December 23, 2019 to December 22, 2024, subject to the approval of members in the Annual General Meeting at this meeting.

The Company has received declaration from him stating that he meets the criteria of Independence as prescribed under subsection (6) of Section 149 of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. He has also given his consent to continue to act as Director of the Company, if so, appointed by the Members. In the opinion of the Board, Mr. Maddur Gundurao Mohan Kumar fulfils the conditions specified under Section 149 (6) of the Act, the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for his re-appointment as an Independent Director of the Company.

Details of Mr. Maddur Gundurao Mohan Kumar are provided in the “Annexure” to the Notice pursuant to the provisions of (i) the Listing Regulations and (ii) Secretarial Standard on General Meetings (“SS-2”), issued by the Institute of Company Secretaries of India.

A copy of the draft letter for appointment of Mr. Maddur Gundurao Mohan Kumar as an Independent Director setting out terms and conditions along with the Articles of Association would be available for inspection without any fee by the Members on the website of the Company at [www.Starcominfotech.com](http://www.Starcominfotech.com).

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Maddur Gundurao Mohan Kumar as an Independent Director. Accordingly, the Board recommends passing of the Special

Resolution for re-appointment of Mr. Maddur Gundurao Mohan Kumar as an Independent Director for another term of 5 (five) consecutive years with effect from December 23, 2019 to December 22, 2024, for the approval by the Members of the Company.

Except Mr. Maddur Gundurao Mohan Kumar, being an appointee and his relatives, none of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 3 of the Notice.

This statement may also be regarded as an appropriate disclosure under the Listing Regulations

### Annexure to Item no. 2 of the Notice

The details of Directors' seeking re-appointment at the forthcoming Annual General Meeting pursuant to Regulation 26(4) and 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards-2 issued by ICSI are as follows:

<b>Name of Director (Brief Resume of Director)</b>	<b>Ms. Sayeeda Hina Ahmed (DIN: 03642269)</b>
<b>Designation</b>	Non - Executive Director
<b>Date of Birth</b>	11 <sup>th</sup> October 1966
<b>Age</b>	54 years
<b>Qualifications</b>	Master of Commerce (M.Com)
<b>Nature of Expertise in specific functional area</b>	She has an expertise in the field of Accounting & Finance.
<b>Experience</b>	27 years
<b>Terms and conditions of appointment/re- appointment</b>	She will continue to act as the Non-executive Director of the company.
<b>Last drawn remuneration</b>	NIL
<b>Date of first appointment on the Board</b>	8 <sup>th</sup> November 2014
<b>Shareholding in the Company</b>	NIL
<b>Relationship with other Director/Manager/KMPs</b>	She is the daughter of Mr. Ziaulla Sheriff, the Chairman & Managing Director of the Company.
<b>No. of meetings of the Board attended during the financial year 2019-20</b>	Four
<b>Other Directorships</b>	Wisdom World Developers Private Limited (ceased wef 01.08.2020), Wartyhully Estates Limited,



	Ossoor Estates Limited, Engineering Technology Associates Apme Private Limited, Golf View Homes Limited
<b>Membership/Chairmanships of the Committees of Boards of other listed entities (other than Starcom Information Technology Limited)</b>	NIL
<b>Remuneration to be drawn after appointment/re-appointment</b>	NIL

### Annexure to Item No. 3 of the Notice

The details of Directors' seeking re-appointment at the forthcoming Annual General Meeting pursuant to Regulation 26(4) and 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards-2 issued by ICSI are as follows:

<b>Brief Resume of Director (Brief Resume of Director)</b>	<b>Mr. Maddur Gundurao Mohan Kumar (DIN: 00020029)</b>
<b>Designation</b>	Independent Director
<b>Date of Birth</b>	3 <sup>rd</sup> March 1957
<b>Age</b>	63 years
<b>Qualifications</b>	Chartered Accountant
<b>Nature of Expertise in specific functional area</b>	Mohan Kumar is a Chartered Accountant by profession having vast experience in setting up of the systems in the organization. He is in practice as a consultant and advisor to reputed firms.
<b>Experience</b>	35 years
<b>Terms and conditions of appointment/re-appointment</b>	He will continue to act as the Independent Director of the company.
<b>Last drawn remuneration</b>	NIL
<b>Date of first appointment on the Board</b>	12 <sup>th</sup> August 2011
<b>Shareholding in the Company</b>	NIL
<b>Relationship with other Director/Manager/KMPs</b>	NIL
<b>No. of meetings of the Board</b>	Four

<b>attended during the financial year 2019-20</b>	
<b>Other Directorships</b>	Bonanza Investments Limited, The South India Paper Mills Limited, , -I Assure Info Solutions Private Limited, Aerospace Infrastructure Limited, Bharishnu Agro And Pharmacy Private Limited, Nandi Hills Estates Private Limited, Relon limited
<b>Membership/Chairmanships of the Committees of Boards of other listed entities (other than Starcom information Technology Limited)</b>	He act as an Independent Director in the Board of South India paper Mills Ltd & also act as chairman in 3 committee of the company.
<b>Remuneration to be drawn after appointment/re-appointment</b>	NIL

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

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

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

**Date:** 21<sup>st</sup> November 2020  
**Place:** Bangalore  
**CIN:** L67120KA1995PLC078846

**Registered Office:**  
73/1, Sheriff Centre, St. Marks Road, Bangalore-560001

## BOARD'S REPORT

To,  
The Members,  
**STARCOM INFORMATION TECHNOLOGY LIMITED**

The Directors have pleasure in presenting the **Twenty Fifth Annual Report** of the Company and the Audited Financial Statements for the financial year ended **31<sup>st</sup> March 2020**.

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

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

Particulars	(Amt. in Rs.)	
	2019-20	2018-19
Total Income	10,29,88,443	15,07,28,842
Total Expenditure	(11,34,07,445)	(14,92,50,699)
Profit/ (Loss) before Taxation	(1,04,19,003)	14,78,143
Less: Provision for Taxation	(39,748)	88,267
Net Profit after taxation	(1,03,79,255)	13,89,876

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

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

During the year under review your Company has achieved a turnover of Rs. 10,29,88,443 /- as compared to turnover of Rs. 15,07,28,842/- in previous year registering decrease in turnover due to the COVID impact on the business of the company. The total expenses of the Company, consequently, during the reporting period have decreased to Rs. 11,34,07,445 /- from Rs. 14,92,50,699/- in the previous year. During the year under review, there was net loss after tax of Rs. (1,03,79,255) as compared to profit after tax of Rs. 13,89,876/- in the previous financial year.

Your Directors expect, barring unforeseen circumstances, to return to growth momentum and strive for good business growth in the coming years.

### **3. COVID-19 :**

In the last month of the Financial year 2019-20, the COVID -19 started spreading rapidly which prompted WHO to declare it a Global Pandemic . It was global crisis forcing governments to enforce complete lockdown in whole country. Except, essential Services, all other economic activity were stopped and lockdown was enforced in majority of countries in the world in order to stop Covid to spread further.

Although with effect from June 01, 2020, the lockdown has been lifted in India to a certain extent, the Company continues to provide the "Work From Home" facility to its employees, so as to avoid the risk associated with the said pandemic. Employees have been given the flexibility to work from home or work form office and COVID 19 precautions have been ensured at the office premises for well being of the employees.

Our Company managed to fulfil mostly the commitments of our existing clients. However, we could not deal new customers/ business during the pandemic situation due to restrictions on the movement of the sales/ marketing personnel.

**4. Dividend:**

Your Board of Directors express their inability to recommend any dividend for the financial year 2019-20.

**5. Reserves:**

The Company has not proposed any amount to be transferred to the reserve. The total reserve for the year ended as on 31<sup>st</sup> March 2020 is Rs.( 3,48,90,449)/- as compared to Rs. (2,51,46,276)/- in the previous year.

**6. Change in the nature of business, if any:**

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

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

No material changes took place, which had effect on the financial position of the Company, subsequent to the close of the financial year of the Company i.e.31<sup>st</sup> March 2020 and the date of this report, except due to the effect of Covid in the business and operations of the Company.

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

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

**9. Details of Subsidiary/Joint Ventures/Associate Companies:**

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

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

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

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

During the year, controls were tested and reportable material weakness were identified. The Auditors had also stated about material weakness in their report on adequacy of internal financial control. The Company is taking necessary steps to improvise the documentation in respect of specific policies and procedures and the IT Controls pertaining to internal financial controls over financial reporting.

/

#### **11. Deposits:**

During the year, the Company has not accepted any Deposits falling within the purview of Chapter V of the Companies Act, 2013 and Rules made there under. However, the Company has taken loan from Director during the year under review and have obtained declaration pursuant to Rule 2(1)(c)(viii) of the Companies (Acceptance of Deposits) Rules, 2014.

As per the requirement of proviso to Rule 2(1)(c)(viii) of the Companies (Acceptance of Deposits) Rules, 2014, the details of money accepted by the Company from the Director during the financial year 2019-20 is mentioned below;

Sr. No.	Name of the lender	Relationship	Particulars	Amount
1	Mr. Ziaulla Sheriff	Director	Opening	14,93,57,731
			Total Addition	2,50,000
			Total Payment	35,00,000
			Closing	14,61,07,731

#### **12. Directors and Key Managerial Personnel:**

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

As at the end of year your Company has 4 (four) Directors consisting of 1(One) Executive Director, 2 (Two) Independent Director and 1 (One) Non-Executive Woman Director.

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

Mr. Maddur Gundurao Mohankumar (Mr. Mohankumar) Independent Director of the Company tenure would have expired on 22<sup>nd</sup> December 2019; but your Board, considering the vast experience of Mr. Mohankumar and his deliberations at the meetings of the Board, re-appointed him as an Independent Directors effective from 23<sup>rd</sup> December, 2019 as an Independent director subject to approval of the members by a special resolution to be passed at the ensuing Annual General Meeting. Hence, Mr. Mohankumar continues as an Independent director of the Company. Proposal has been received by the Company for re-appointment of

Mr. Mohankumar as a director and independent director of the Company at the ensuing Annual General Meeting pursuant to sub-section 10 of section 149 of the Companies act, 2013. The Board recommends Mr. Mohankumar's re-appointment as a director and Independent director of the Company.

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

As on 31<sup>st</sup> March 2020, following are designated as KMP of the Company:

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

## **B. Board Evaluation:**

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

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

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

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

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

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

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

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

#### **D. Board Familiarization Program:**

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

The details of training and familiarization programs are available on our website at [https://www.starcominfotech.com/images/starcom/pdfs/familiarisation\\_programme\\_Independent\\_Directors.pdf](https://www.starcominfotech.com/images/starcom/pdfs/familiarisation_programme_Independent_Directors.pdf)

#### **13. Number of meetings of the Board of Directors:**

The Board of Directors met Four(4) times during the Financial Year on 30<sup>th</sup> May 2019, 13<sup>th</sup> August 2019, 14<sup>th</sup> November 2019 and 14<sup>th</sup> February 2020. The intervening gap between any two meetings was not more than 120 days as prescribed by the Companies Act, 2013.

#### **Attendance at the Board meetings:**

<b>Name of Director</b>	<b>30.05.2019</b>	<b>13.08.2019</b>	<b>14.11.2019</b>	<b>14.02.2020</b>
Ziaulla Sheriff	Yes	Yes	Yes	Yes
Maddur Gundurao Mohankumar	Yes	Yes	Yes	Yes
Sayeeda Hina	Yes	Yes	Yes	Yes
Mohammad Yousuf Khan	No	Yes	Yes	Yes

#### **14. Secretarial Standards**

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

#### **15. Details of Committees of the Board:**

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

##### **i) Audit Committee:**

The Board has an Audit Committee which comprises of the following Directors as on 31<sup>st</sup> March 2020. Ms Nidhi Sharma, Company Secretary and Compliance Officer, acted as the Secretary to the Committee.:

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

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

Name of Director	30.05.2019	13.08.2019	14.11.2019	14.02. 2020
Mr. Maddur Gundurao Mohankumar	Yes	Yes	Yes	Yes
Ms. Sayeeda Hina	Yes	Yes	Yes	Yes
Mr. Mohammad Yousuf Khan	No	Yes	Yes	Yes

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

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

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

**ii) Nomination and Remuneration Committee:**

The Board has Nomination and Remuneration Committee which comprises of the following Directors as on 31<sup>st</sup> March 2020. Ms Nidhi Sharma, Company Secretary and Compliance Officer, acted as the Secretary to the Committee:

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

During the year, one Nomination and Remuneration Committee meeting was held. The details relating to attendance at the meeting is given below:

Name of Director	30.05.2019
------------------	------------



Mr. Maddur Gundurao Mohankumar	Yes
Ms. Sayeeda Hina	Yes
Mr. Mohammad Yousuf Khan	No

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

### **iii) Stakeholders' Relationship Committee:**

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

<b>Name</b>	<b>Designation</b>	<b>Category</b>
Mr. Maddur Gundurao Mohankumar (DIN: 00020029) (upto --- 22 <sup>nd</sup> December 2019)	Chairman	Independent Director
Ms. Sayeeda Hina (DIN: 03642269)	Chairperson (w.e.f. 14 <sup>th</sup> February 2020)	Non-Executive Director
Mr. Ziaulla Sheriff (DIN: 00002098)	Member	Executive Director
Mr. Mohmmad Yousuf Khan (DIN: 00751929)	Member (w.e.f. 14 <sup>th</sup> February 2020)	Independent Director

Stakeholders Relationship Committee was re-constituted and Ms. Sayeeda Hina was appointed as Chairperson of the Committee w.e.f. 14<sup>th</sup> February 2020 and Mr. Mohmmad Yousuf Khan was appointed as Member of the Committee w.e.f. 14<sup>th</sup> February 2020.

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

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

<b>Name of Director</b>	<b>30.05.2019</b>	<b>13.08.2019</b>	<b>14.11.2019</b>	<b>14.02.2020</b>
Mr. Maddur Gundurao Mohankumar (upto -- 22 <sup>nd</sup> December 2019)	Yes	Yes	Yes	NA
Ms. Sayeeda Hina	Yes	Yes	Yes	Yes

Mr. Ziaulla Sheriff	Yes	Yes	Yes	Yes
Mr. Mohmmad Yousuf Khan (w.e.f. 14 <sup>th</sup> February 2020)	NA	NA	NA	Yes

**iv) Corporate Social Responsibility Committee:**

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

**16. Listing of Securities:**

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

**17. Corporate Governance:**

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

**18. Statutory Auditors and its Report:**

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

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

Clause No.	Auditors' Remarks/ Observations	Management Reply
Annexure B	<p>The material weakness has been identified in the operating effectiveness of the Company's internal financial controls over financial reporting as at 31<sup>st</sup> March 2020:</p> <p><i>The documentation in respect of specific policies and procedures and the IT Controls pertaining to internal financial controls over financial reporting are not adequate and needs to be further strengthened. This may potentially result in the risk of overriding of these controls and misstatement in recording of transaction.</i></p>	<p>The Company has noted the same and has already started taking necessary steps to improve the same</p>

	<p>A “material weakness” is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company’s annual or interim financial statements will not be prevented or detected on a timely basis.</p>													
	<p><i>a. As stated in note 38 of the financial statements, the Company have an overdue statutory dues as on 31st March, 2020 in respect of Sales Tax / Service Tax / Goods and Service Tax of Rs. 275.03 lacs (including interest oi Rs. 99.28 lacs), Provident Fund / ESIC / Professional Tax of Rs. 150.38 lacs (including interest of Rs. 51.27 lacs) and Tax Deducted at Source or Rs. 470.57 lacs (including interest of Rs. 154.25 lacs). Though the Company has provided for interest upto 31st March, 2020 in respect of these liabilities, any other consequential impacts as per the respective laws are not ascertained at present. Accordingly, We are unable to comment upon the resultant effect of same on the Assets, Liability and Loss of the company.</i></p> <p><i>b. As stated in note 39 of the financial statements, the Company has not provided rent for the quarter and year ended 31st March, 2020 amounting to Rs. 28.46 lacs and Rs. 113.85 lacs respectively in respect of office premises owned by a promoter of the Company jointly with another party since the Company is having negative cashflows and current pandemic situation. Had these expenses have been booked by the Company, Rent expense, loss for the quarter and year end would have been higher by Rs. 28.46 lacs and Rs. 113.85 lacs respectively and liabilities and debit balance of other equity would have been higher by Rs. 113.85 lacs as at 31st March, 2020.</i></p>	<p>From the end of financial year 31st March 2020 till date of a sum of Rs.78.51Lakhs has been paid towards statutory payments. They are as follows</p> <table border="0"> <tr> <td>In Lakhs</td> <td></td> <td>Rs.</td> </tr> <tr> <td>GST</td> <td>-</td> <td>64.99</td> </tr> <tr> <td>Professional Tax</td> <td>-</td> <td>2.13</td> </tr> <tr> <td>Provident Fund</td> <td>-</td> <td>11.38</td> </tr> </table> <p>The tenure of the agreement(s) have expired at different times. The Company is under active negotiation with the landlord to revise lower rent due to the pandemic as well as the terms and conditions of the new agreement. The rent for the period will be provided for once the rent(s) are agreed and formal agreement signed by both parties."</p>	In Lakhs		Rs.	GST	-	64.99	Professional Tax	-	2.13	Provident Fund	-	11.38
In Lakhs		Rs.												
GST	-	64.99												
Professional Tax	-	2.13												
Provident Fund	-	11.38												

#### 19. Secretarial Auditor and its Report:

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board had appointed M/s. Hemanshu Kapadia & Associates, Practicing Company Secretaries (FCS: 3477 and CP: 2285), to undertake the Secretarial Audit of the Company for the financial year 2019-20 and issue Secretarial Audit Report. The Secretarial Audit Report issued by M/s. Hemanshu Kapadia& Associates for the financial year 2019-20 in Form MR-3 forms

part of this report and marked as **Annexure 3**. The reply from the Board on the remarks/ qualifications of the Secretarial Auditors is as under:

<b>Clause No.</b>	<b>Auditors' Remarks/ Observations</b>	<b>Management Reply</b>
1	<i>The Audit Committee is not duly constituted as required under Section 177(2) of the Companies Act, 2013 as there is only 1 Independent Director at the end of the year under review.</i>	Mr. Mohankumar, Independent director was re-appointed as an Independent director effective from 23 <sup>rd</sup> December 2019 by the Board subject to the approval of the members at the 25 <sup>th</sup> Annual general meeting to be held on 15 <sup>th</sup> December 2020. Mr. Mohankumar attended all the Audit Committee meetings as an Independent director. Appropriate special resolution has been proposed for re-appointment and ratification of Mr. Mohankumar as an Independent director effective from 23 <sup>rd</sup> December 2019.
2	<i>The Nomination and Remuneration Committee is not duly constituted as required under Section 178(1) of the Companies Act, 2013 as there is only 1 Independent Director at the end of the year under review.</i>	Our explanation is as above.
3	<i>The Company has not filed form DIR 12 for cessation of Independent Director as required under Rule 18 of the Companies (Appointment and Qualification of Directors) Rules till the date of this report. However, the management has informed that they will be availing the extension granted Companies Fresh Start Scheme for filing the forms.</i>	The management will be filing Dir-12 under the fresh start Scheme for filing the Forms for re-appointment of Mr. Mohankumar as an Independent director
4	<i>The qualifications, observations and remarks made by the Company Secretary in Practice in his report made under Section 204(1) of the Companies Act, 2013 have not been incorporated in the Board's Report for the f.y. 2018-19 as</i>	This was included in all statutory filings with Ministry of corporate Affaris viz. AOC-4 and

	<i>required under Section 134(3)(f)(ii) and Section 204(3) of the Companies Act, 2013.</i>	MGT-7.
5	<i>The change in Directors w.r.t. reappointment of Managing Director and cessation of 1 Independent Director is not intimated to the Stock Exchange as required under Schedule III of Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.</i>	There was an inadvertent error of not intimating the stock exchange. This kind of error will be avoided in future.
6	<i>The Company has submitted details regarding the voting results as required under Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 after the time specified under the regulation.</i>	There was a technical glitch leading to a short delay in submitting the results of voting at the last Annual General meeting. Company has taken adequate precaution to avoid this kind of delay. However, nobody was prejudiced by such short delay.
7	<i>The Company has not complied with respect to uploading of details of familiarization programs imparted to Independent Directors of the Company on its website as required under Regulation 46 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.</i>	This was done on time for the independent directors. This was informed to the secretarial auditor last audit also, However, during the time of review by the secretarial auditor this year there was a technical glitch in the system and the secretarial auditor could not verify the same leading to this comment. The IT team is working to rectify this glitch.

## 20. Internal Auditors:

Pursuant to Section 138 of the Companies Act, 2013 read with Rule 13 of the Companies (Accounts) Rules, 2014, and on the basis of the recommendation of Audit Committee, the Board of Directors in their meeting held on 13<sup>th</sup> August 2019 had appointed M/s. Mahesh & Nagaraj,

Chartered Accountants, (Firm Registration Number: 010986S) as the Internal Auditors of the Company for the financial year 2019- 2020.

**21. Extract of the Annual Return:**

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

[https://starcominfotech.com/images/starcom/pdfs/mgt-9\\_1\\_19-20.xlsx](https://starcominfotech.com/images/starcom/pdfs/mgt-9_1_19-20.xlsx)

[https://starcominfotech.com/images/starcom/pdfs/mgt-9\\_2\\_19-20.xlsx](https://starcominfotech.com/images/starcom/pdfs/mgt-9_2_19-20.xlsx)

**22. Details of establishment of vigil mechanism for Directors and employees:**

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

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

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

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

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

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

**A) Conservation of energy:**

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

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

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

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

**iii) The capital investment on energy conservation equipment:**

Not Applicable

**B) Technology absorption:**

**i) The efforts made towards technology absorption:**

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

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

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

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

No technology has been imported by the Company.

**iv) The expenditure incurred on Research and Development: Nil**

**C) Foreign exchange earnings and Outgo:**

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

Particulars	Financial year 2019-20	Financial year 2018-19
Foreign Exchange inflow	4,60,59,612	5,05,79,972
Foreign Exchange outflow	1,63,28,776	81,93,984

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

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

**26. Particulars of contracts or arrangements with related parties:**

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

**27. Directors' Responsibility Statement:**

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

- a) in preparation of the annual accounts for the financial year ended 31<sup>st</sup> March 2020, the applicable accounting standards had been followed and there are no material departures from them;
- b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March 2020 and of the profit and loss of the Company for the year ended on that date;
- c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the Directors had prepared the annual accounts on a going concern basis;
- e) proper internal financial controls are in place and that the financial controls are adequate and are operating effectively during the financial year ended 31<sup>st</sup> March 2020; and
- f) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively during the financial year ended 31<sup>st</sup> March 2020.

**28. Managerial Remuneration:**

- A) The information required to be disclosed with respect to the remuneration of Directors and KMPs in the Directors' Report pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is attached as **Annexure 4**.
- B) There was no employee drawing remuneration more than the limit mentioned under Rule 5(2)(i) to (iii) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.
- C) The names of top ten employees of the Company in terms of remuneration drawn as required pursuant to Section 197 of the Companies Act, 2013, read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 read



with the Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2016 is set out as **Annexure 5**.

D) The Company does not have any Holding Company or Fellow Subsidiary Company and thus, provision w.r.t. receipt of commission from them is not applicable.

**29. Risk management policy:**

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

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

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

**30. Cost Records:**

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

**31. Management Discussion and Analysis:**

As required under Regulation 34 read with Schedule V(B) of SEBI (Listing Obligation and Disclosure Requirements), Regulations, 2015, report on "Management Discussion and Analysis" is attached as **Annexure - 6** and forms a part of this Report.

**32. General:**

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

- a) Issue of equity shares with differential rights as to dividend, voting or otherwise.
- b) Issue of shares (including sweat equity shares) to employees of the Company under any scheme.
- c) Issue of sweat equity shares
- d) Voting rights which are not directly exercised by the employees in respect of shares for the subscription/ purchase of which loan was given by the Company (as there is no scheme pursuant to which such persons can beneficially hold shares as envisaged under Section 67(3)(c) of the Companies Act, 2013).

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

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

### **33. Acknowledgements:**

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

**For and on behalf of the Board of Directors**

Sd/-  
Ziaulla Sheriff  
Chairman and Managing Director  
DIN: 00002098  
Add: Al-Barka Golden Enclave, Airport Road, Bangalore-560017

Date: 15<sup>th</sup> September 2020  
Place: Bangalore

## ANNEXURE - 1

### NOMINATION & REMUNERATION POLICY

#### Introduction:

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

#### Terms of Reference:

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

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

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

#### Definitions:

1. Board means Board of Directors of the Company.
2. Directors mean Directors of the Company.
3. Committee means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board.
4. Company means Starcom Information Technology Limited.
5. Independent Director means a director referred to in Section 149 (6) of the Companies Act, 2013.
6. Key Managerial Personnel (KMP) means
  - i. Executive Chairman and / or Managing Director
  - ii. Whole-time Director
  - iii. Chief Financial Officer
  - iv. Company Secretary

- 
- v. Such other officer as may be prescribed under the applicable statutory provisions /regulations
  - vi. Senior Management means personnel of the Company occupying the position of Chief Executive Officer (CEO) of any unit / division or Vice President including Vice President of any unit / division of the Company. Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 as may be amended from time to time shall have the meaning respectively assigned to them therein.

**Applicability:** The Policy is applicable to

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

**General:** This Policy is divided in three parts:

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

Part - B covers the appointment and nomination and

Part - C covers remuneration and perquisites etc.

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

The Committee shall:

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

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

Appointment criteria and qualifications:

1. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
2. A person should possess adequate qualification, expertise and experience for the position he/she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient/satisfactory for the concerned position.

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

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

**General:**

1. The remuneration / compensation / commission etc. to the Managing Director, Whole-time Director, KMP and Senior Management Personnel will be determined by the Committee and

recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company & Central Government, as required.

2. The remuneration and commission to be paid to the Managing Director and the Whole-time Director shall be in accordance with the percentage / slabs / conditions laid down in the Articles of Association of the Company and as per the provisions of the Companies Act, 2013, and the rules made thereunder.
3. Where any insurance is taken by the Company on behalf of its Managing Director, Whole-time Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

- **Remuneration to Whole-time/ Executive/ Managing Director, KMP and Senior Management Personnel:**

1. **Fixed pay:** The Whole-time Director / KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The breakup of the pay scale and quantum of perquisites including, employer's contribution to P.F., pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.
2. **Minimum Remuneration:** If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing Director and Whole-time Director in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the previous approval of the Central Government.
3. **Provisions for excess remuneration:** If the Managing Director or the Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he/ she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

- **Remuneration to Non- Executive / Independent Director:**

1. **Remuneration / Commission:** The remuneration / commission shall be fixed as per the slabs and conditions mentioned in the Articles of Association of the Company and the Companies Act, 2013 and the rules made thereunder.
2. **Sitting Fees:** The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof, provided that the amount of such fees shall not exceed Rs.20,000/- per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

3. **Commission:** Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Companies Act, 2013.
4. **Stock Options:** An Independent Director shall not be entitled to any stock option of the Company.

#### **POLICY REVIEW**

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

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

**For and on behalf of the Board of Directors**

**Sd/-**

Ziaulla Sheriff

Chairman and Managing Director

DIN: 00002098

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

Date: 15th September 2020

Place: Bangalore

## ANNEXURE - 2

### Form No. AOC-2

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

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

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

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

**(a) Name(s) of the related party and nature of relationship:** Mr. Ziaulla Sheriff and Ms. Sayeeda Hina. Mr. Ziaulla Sheriff is a partner in the firm namely, Sheriff and Bhatia Associates. Ms. Sayeeda Hina is daughter of Mr. Ziaulla Sheriff.

**(b) Nature of contracts/arrangements/transactions:** Payment of rent by Starcom Information Technology Limited for using the premises located at Times Square, No. 88 MG Road, Bangalore - 560001.

**(c) Duration of the contracts / arrangements/ transactions:** Due to non payment, Rent accrued is not being considered in the book of account as the agreement has lapsed.

**(d) Salient terms of the contracts or arrangements or transactions including the value, if any:** Starcom Information Technology Limited has deposited with the lessor Rs.100,00,000/- as Security Deposit. The rent to be paid by the Company every month was Rs.9,48,750/-.

**(e) Date(s) of approval by the Board:** 13<sup>th</sup> August 2019

**(f) Amount paid as advances, if any:** Security Deposit of Rs.100,00,000/- is paid by Starcom Information Technology Limited to M/s. Sheriff and Bhatia Associates.

**For and on behalf of the Board of Directors**

**Sd/-**

Ziaulla Sheriff

Chairman and Managing Director

DIN: 00002098

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

Date: 15th September 2020

Place: Bangalore



**HEMANSHU KAPADIA & ASSOCIATES**  
**COMPANY SECRETARIES**

Office No. 12, 14<sup>th</sup> Floor, Navjivan Society, Building No.3  
Lamington Road, Mumbai-400 008  
Tel 6631 0888/6631 4830  
E-mail: hemanshu@hkacs.com  
Website: hkacs.com

**Form No. MR-3**

**SECRETARIAL AUDIT REPORT**

For the Financial year ended 31<sup>st</sup> March 2020

*[Pursuant to section 204(1) of the Companies Act, 2013 and rule*

*No.9 of the Companies (Appointment and Remuneration of Managerial Personnel)*  
*Rules, 2014]*

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

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company to the extent provided to us and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March 2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance - mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Starcom Information Technology Limited ("the Company") for the financial year ended on 31<sup>st</sup> March 2020 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings (**Not Applicable to the Company during the Audit period as there were no Foreign Direct Investments, Overseas Direct Investments in the Company and no External Commercial Borrowings were made by the Company**);
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (**Not Applicable to the Company during the Audit period as the Company has not issued any new securities**);
  - d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; (**Not Applicable to the Company during the Audit period as the Company has not issued any ESOP/ESPS**);
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (**Not Applicable to the Company during the Audit period as the Company has not issued any Debt instruments/ Securities**);
  - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (**Not Applicable to the Company during the Audit period as delisting of securities did not take place**); and
  - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (**Not Applicable to the Company during the Audit period as the Company has not bought back its securities**);
  - i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (vi) Other laws applicable specifically to the Company namely:

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

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

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

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

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

- i. The Audit Committee is not duly constituted as required under Section 177(2) of the Companies Act, 2013 as there is only 1 Independent Director at the end of the year under review.*
- ii. The Nomination and Remuneration Committee is not duly constituted as required under Section 178(1) of the Companies Act, 2013 as there is only 1 Independent Director at the end of the year under review.*
- iii. The Company has not filed form DIR 12 for cessation of Independent Director as required under Rule 18 of the Companies (Appointment and Qualification of Directors) Rules till the date of this report. However, the management has informed that they will be availing the extension granted Companies Fresh Start Scheme for filing the forms.*
- iv. The qualifications, observations and remarks made by the Company Secretary in Practice in his report made under Section 204(1) of the Companies Act, 2013 have not been incorporated in the Board's Report for the f.y. 2018-19 as required under Section 134(3)(f)(ii) and Section 204(3) of the Companies Act, 2013.*
- v. The change in Directors w.r.t. reappointment of Managing Director and cessation of 1 Independent Director is not intimated to the Stock Exchange as required under Schedule III of Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.*
- vi. The Company has submitted details regarding the voting results as required under Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 after the time specified under the regulation.*
- vii. The Company has not complied with respect to uploading of details of familiarization programs imparted to Independent Directors of the Company on its website as required under Regulation 46 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.*

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes. However there were no dissenting views as per the minutes.

**We further report that** the Company needs to strengthen its systems and processes to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

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

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

For Hemanshu Kapadia & Associates  
Practicing Company Secretaries

Sd/-

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

UDIN: F003477B000715342

Date: 15<sup>th</sup> September, 2020  
Place: Mumbai

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

# HEMANSHU KAPADIA & ASSOCIATES

## COMPANY SECRETARIES

Office No. 12, 14<sup>th</sup> Floor, Navjivan Society, Building No.3

Lamington Road, Mumbai-400 008

Tel 6631 0888/6631 4830

E-mail: hemanshu@hkacs.com

### Annexure A

To,

The Members,

**Starcom Information Technology Limited**

73/1, Sheriff Centre, 5th Floor,

St. Marks Road,

Bangalore - 560001

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

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

For Hemanshu Kapadia & Associates

Sd/-

Hemanshu Kapadia

Proprietor

C. P. No.2285

Membership No. 3477

UDIN : F003477B000715342

Date: 15<sup>th</sup> September, 2020

Place: Mumbai

# ANNEXURE -4

DETAILS OF TOP TEN EMPLOYEES OF THE COMPANY											
Sr. No.	Name of the Employee	Designation of the Employee	Remuneration received per month (in Rs.)	Nature of Employment	Qualification	Experience	Date of Commencement of Employment in the Company	Age	Last Employment held by such Employee before joining the Company	Percentage of Shares held in the Company along with spouse and dependent children	Whether a relative of Director or Manager of the Company
1	ASHFAQ IBRAHIM	CHIEF SALES OFFICER	3,50,000	PERMANENT	MBA	24 Years	01/08/2015	52	Cranes Software International Limited	NIL	No
2	MEHRAJ LANKER	CHIEF MARKETING OFFICER	3,50,000	PERMANENT	B.Tech	22 Years	01/08/2015	47	Cranes Software International Limited	0.04	No
3	SYED ABDUL MUJEEB	CHIEF OPERATING OFFICER	3,30,750	PERMANENT	M.Tech	27 Years	01/08/2014	54	ABK Softwares Services	NIL	No
4	AMUTHUKKINIYAVEL MANOHARA	VICE PRESIDENT	3,20,833	PERMANENT	MCA	24 Years	01/08/2014	49	Cranes Software International Limited	NIL	No
5	SHAIK MUSTAK AHMED	ASSOCIATE VICE PRESIDENT - TECHNOLOGY	2,25,000	PERMANENT	MBA	21.3 Years	02/05/2014	44	Remost Global Solutions Pvt Ltd	NIL	No
6	WAHAB SHARIFF	MANAGER - SALES	1,91,667	PERMANENT	B.E	20 years	01/08/2014	49	Cranes Software International Limited	NIL	No
7	PANDIARAJAN T	PROJECT LEAD	1,87,500	PERMANENT	BE	16 years	01/08/2014	50	Cranes Software International Limited	NIL	No
8	ONKARA MURTHY H M	TEAM LEAD	1,62,500	PERMANENT	BE, MBA	14 years	01/08/2014	49	Cranes Software International Limited	NIL	No
9	PARTHAN C V	REGIONAL SALES MANAGER - APAC	1,52,917	PERMANENT	BE (CIVIL & Environment)	24 years	01/08/2015	49	Cranes Software International Limited	NIL	No
10	HAJI UDUMAN	TEAM LEAD	1,51,200	PERMANENT	B.Tech	14 years	01/08/2015	36	ABK Softwares Private Limited	NIL	No

## ANNEXURE - 5

### DETAILS OF REMUNERATION

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

- i. The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year:**  
The median remuneration of employees of the Company during the Financial Year 2019-20 was Rs 6,66,999. The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year 2019-20 will be zero as no remuneration is paid to the Directors.
- ii. The percentage increase in remuneration of each Director and KMP, in the financial year:**  
In the year 2019-20 there was a decrease in the remuneration of Company Secretary Ms Nidhi Sharma. No remuneration is paid to Directors & CFO of the Company.
- iii. The percentage increase in the median remuneration of employees in the Financial Year:**  
In the Financial Year 2019-20, there was a Decrease of 9.59% in the median remuneration of employees.
- iv. The number of permanent employees on the rolls of Company:**  
There were 60 (including KMP) permanent employees on the rolls of the Company as on 31st March 2020.
- v. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last Financial Year and its comparison with the percentile increase in the managerial remuneration and justification thereof:**  
Average percentile increase made in the salaries of employees other than the managerial personnel in the last Financial Year was 3.96%, whereas no remuneration is paid to the Directors of the Company. This is based on the Nomination & Remuneration policy of the company that rewards people differentially based on their contribution to the success of the company and also ensures that external market competitiveness and internal relationships are taken care of.
- vi. Affirmation that the remuneration is as per the remuneration policy of the Company:**  
It is hereby affirmed that the remuneration paid is as per the Policy for Remuneration of the Directors, Key Managerial Personnel and other Employees.

**For and on behalf of the Board of Directors**

**Sd/-**

Ziaulla Sheriff

Chairman and Managing Director

**DIN:** 00002098

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

Date: 15th September 2020

Place: Bangalore

## ANNEXURE - 6

### MANAGEMENT DISCUSSION AND ANALYSIS

#### 1. INDUSTRY STRUCTURE AND DEVELOPMENTS

##### OVERVIEW

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

##### MISSION

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

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



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

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

We are in the early stages of four disruptive trends that are reshaping the IT industry: The amount & availability of increasing data; adoption to Cloud & Big data technologies; and change in buying behavior are creating an increasing number of new opportunities for organizations to be data driven. It is now, more than ever, critical for organizations to have an IT strategy that enables them to leverage data to support their business initiatives. To do this, IT teams must be able to work with new data platforms and fluidly address high volume, IoT, Artificial Intelligence, Machine Learning initiatives with self-service and real-time scenarios.

## PRODUCTS

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

**STAR360°** An Interactive UI driven Self Service Customer 360 automated platform, serves as single point of contact for front-end Digital systems, CRM Systems, Business Intelligence, Call Center, Bots and Mobile Apps to deliver the comprehensive 360° view of the Customer. **Star360** platform has an embedded **StarDQ** to perform Data Quality activities such as Cleansing, Enrichment, Deduplication etc.

### **Star 360 features:**

- Sourcing data from multiple databases pertaining to various LOB's running in silos.

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

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

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

#### **Data Steward Module:**

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

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of Data Stewardship] to form better/meaningful clusters and standardization.

**Data Steward Tool** has two activities:

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

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

#### **Opportunities & threats- Our Strengths:**

We believe our Solutions address the markets for Automation, Master Data Management, which IDC estimates combined were \$17 billion in 2016 and are forecasted to reach \$23 billion in 2020. IDC forecasts the data integration and integrity market to grow from \$6.0 billion in 2017 to \$9.8 billion in 2022. We believe that these markets will further expand as a portion of spend on hand-coded integrations will transition to software-based integration solutions given the time consuming and expensive process of manual integrations coupled with the scarcity of personnel with the requisite technical skills. The transformative change in IT infrastructure is driving a dramatic shift to cloud platforms to address infrastructure and data warehousing needs. This is driving rapid growth in cloud integration. According to IDC, the market for Cloud Data Integration and Integrity Software is forecast to reach \$2.3 billion by 2022, representing a 30% CAGR from 2018. Our Star360 Platform is offered as both a SaaS or premise offering, and works seamlessly across a customer's on-premise, cloud and hybrid environments to integrate data in real time from both traditional and big data environments. We enable organizations to unlock the value of their data to create real-time, predictive insights. Customers can use a single design environment to create intelligent data flows with machine learning algorithms that can process both batch and real-time streaming data to automate the delivery of insights. .

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## **Marketing**

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

## **Sales**

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

## **OUR STRATEGY**

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

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

Our Growth Strategy - Key drivers:

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

## OUR COMPETITION

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

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

### 3. Segment-wise Performance:

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

Particulars	Year ended 31st March 2020 (Amt in Lakhs.)
<b>A. Segment Revenue</b>	
1. Test, Measurement & Embedded Solutions for Educational Sector	215.08
2. Data Quality ,Statistical & Analytics Software	717.19
<b>Total Revenue</b>	<b>932.26</b>

<b>B. Segment Results</b>	
1. Test, Measurement & Embedded Solutions for Educational Sector	24.78
2. Data Quality ,Statistical & Analytics Software	371.15
<b>Total</b>	<b>395.93</b>
<b>Less:</b> Interest Expenses	105.12
Unallocable Expenditure	395.01
<b>Add:</b> Exceptional Item	-
<b>Total Profit Before Tax</b>	<b>(104.19)</b>
<b>Less; Tax Expenditure</b>	(0.40)
<b>C. Capital Employed</b>	
1.Test, Measurement & Embedded Solutions for Educational Sector	55.35
2. Data Quality ,Statistical & Analytics Software	3,456.64
3.Unallocated	176.96
<b>Total Capital Employed</b>	<b>3,688.95</b>

#### 4. Outlook:

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

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

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

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

#### 5. Risks and concerns:

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

#### 6. Internal Control systems and their adequacy:

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

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

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

##### Financial performance:

Particulars	2019-20 (Amount in Rs.)	2018-19 (Amount. in Rs.)	Change (%)
Revenue from operations (1)	9,32,26,398	14,04,10,953	-33.60
Other income (2)	97,62,044	1,03,17,889	-5.39
<b>Sub-total (1+2)</b>	10,29,88,442	15,07,28,842	-31.67
<b>Total Expenditure</b>	11,34,07,445	14,92,50,699	-24.02
Profit/(Loss) before Tax	-1,04,19,003	14,78,143	-604.87
<b>Profit/ (Loss) after Tax</b>	-1,03,79,255	13,89,876	-646.78

There has been decrease of in the revenues of the Company as compared to the previous year by -33.60%. The Company was able to reduce the expenses & it got Decreased by -24.02% to Rs. 11,34,07,445 from Rs. 14,92,50,699/- incurred in the previous financial year. However, the other income of the Company has reduced by -5.39%. During the current financial year the Company has recorded Loss after tax of Rs.(1,03,79,255) /- as compared to the profit after tax of

Rs. (1,04,19,003/-) in the previous year. The Company is expected to earn more profits in the coming years.

## DETAILS OF SIGNIFICANT CHANGES IN KEY FINANCIAL RATIOS

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

SL. No	Particulars	2019-20	2018-19	Variation (%)
i.	Debtors Turnover	0.88	1.33	(33.84)
ii.	Inventory Turnover	26.40	31.01	(14.88)
iii.	Interest Coverage Ratio	0.01	1.16	(99.24)
iv.	Current Ratio	0.48	0.66	(26.65)
v.	Debt Equity Ratio	0.90	0.84	7.09
vi.	Operating Profit Margin (%)	-0.10	0.04	(353.12)
vii.	Net Profit Margin	-0.11	0.01	(1,224.74)
viii.	Return on Net worth	-0.69	0.06	(1,328.18)

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

- i. **Debtors Turnover Ratio:** During the year under Review, the Debtors Turnover Ratio decreased majorly due to reduction in sales
- ii. **Interest Coverage Ratio:** There's a sharp reduction in the Ratio due to lower earnings on account of decline in sales while reduction in other expenses .
- iii. **Current Ratio:** Decline in ratio is on account of reduction in cash & cash equivalents with corresponding decrease in Trade Receivable & other Noncurrent Liabilities.
- iv. **Operating Profit Margin :** The reduction is due to loss because of Decrease in other expense.
- v. **Net Profit Margin:** The reduction in margin is due to decline in sales.



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- vi. **Return on Net worth :** Return on Net worth was reduced as the sales in the last month of the Financial Year was impacted due to COVID-19

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

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

During the year the Company has not reported any Management-Employee conflict. The Company is committed to create an appropriate climate, opportunities and systems to facilitate identification, development and utilization of employees' full potential on a continuous basis.

Number of employees:

There were 60 (including KMP) permanent employees on the rolls of the Company as on 31st March 2020.

**Cautionary Statement:**

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

**For and on behalf of the Board of Directors**

Sd/-

Ziaulla Sheriff

Chairman and Managing Director

DIN: 00002098

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

Date: 15th September 2020

Place: Bangalore

## INDEPENDENT AUDITOR'S REPORT

To the Members **Starcom Information Technology Limited**

### Report on the Audit of the Ind AS Financial Statements

#### Qualified Opinion

We have audited the Ind AS financial statements of **Starcom Information Technology Limited** ("the Company"), which comprise the balance sheet as at 31st March 2020, and the statement of Profit and Loss (Including Other Comprehensive Income), statement of cash flows and statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, *except the possible effects of the matter described in the Basis for Qualified Opinion paragraph*, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and its loss (Financial performance including other comprehensive income), its cash flows and changes in equity for the year ended on that date.

#### Basis for Qualified Opinion

- a. *As stated in note 38 of the financial statements, the Company have an overdue statutory dues as on 31st March, 2020 in respect of Sales Tax / Service Tax / Goods and Service Tax of Rs. 275.03 lacs (including interest oi Rs. 99.28 lacs), Provident Fund / ESIC / Professional Tax of Rs. 150.38 lacs (including interest of Rs. 51.27 lacs) and Tax Deducted at Source or Rs. 470.57 lacs (including interest of Rs. 154.25 lacs). Though the Company has provided for interest upto 31st March, 2020 in respect of these liabilities, any other consequential impacts as per the respective laws are not ascertained at present. Accordingly, We are unable to comment upon the resultant effect of same on the Assets, Liability and Loss of the company.*
- b. *As stated in note 39 of the financial statements, the Company has not provided rent for the quarter and year ended 31<sup>st</sup> March, 2020 amounting to Rs. 28.46 lacs and Rs. 113.85 lacs respectively in respect of office premises owned by a promoter of the Company jointly with another party since the Company is having negative cashflows and current pandemic situation. Had these expenses have been booked by the Company, Rent expense, loss for the quarter and year end would have been higher by Rs. 28.46 lacs and Rs. 113.85 lacs respectively and liabilities and debit balance of other equity would have been higher by Rs. 113.85 lacs as at 31<sup>st</sup> March, 2020.*

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

fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

### **Other Matters**

We draw attention to Note 40 to the Statement, which describes the uncertainties due to the outbreak of SARS-CoV-2 virus (COVID-19). In view of these uncertainties, the impact on the Company's financial statements is significantly dependent on future developments. Our opinion is not modified in respect of this matter.

### **Key Audit Matters**

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

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

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

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

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

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

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

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

section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

1. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
2. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also :
  - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

# C A S & C O

CHARTERED ACCOUNTANTS

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
  - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
3. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
  4. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
  5. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on Other Legal and Regulatory Requirements

- 1 As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the **Annexure A** statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- 2 As required by Section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) *Except the possible effects of the matter described in the Basis for Qualified Opinion paragraph*, in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

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(c) The Ind AS financial statements dealt with by this Report are in agreement with the books of account.

(d) *Except the possible effects of the matter described in the Basis for Qualified Opinion paragraph*, in our opinion, the aforesaid financial statements comply with the Accounting Standards / IND AS as specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(e) The matter described in the Basis for Qualified Opinion paragraph above, in our opinion, may have an adverse impact on the functioning of the Company.

(f) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

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

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

- i. The Company has disclosed the impact of pending litigations if any, on its financial position in its financial statements (Refer Note 30 of the Ind AS Financial Statements);
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There have been no delays in transferring amounts which were required to be transferred to the Investor Education and Protection Fund by the company.

3. In our opinion and according to the information and explanations given to us, the Company has not paid/provided for any managerial remuneration, accordingly the provisions of Section 197 read with Schedule V to the Act are not applicable to the Company.

**For CAS & Co.**

Chartered Accountants

**FRN. 111075W**

**Gourav Roongta**

Partner

**Mem. No. 186176**

**UDIN : 20186176AAAAAJ3540**

Place: Mumbai

Date: 31<sup>st</sup> July, 2020

**Annexure “A” to the Independent Auditor’s Report**

Annexure referred to in Paragraph 1 of “Report on Other Legal and Regulatory Requirements” of our Independent Auditor’s Report of even date to the members of **Starcom Information Technology Limited** (“the company”) on the Ind AS financial statements for the year ended 31<sup>st</sup> March 2020.

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

- (i) a) The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- b) As explained to us, the fixed assets have been physically verified by the management in accordance with a phased programme of verification, which in our opinion is reasonable, considering the size of the Company and the nature of its assets. In accordance with this program certain fixed assets were verified during the year. The frequency of verification is reasonable and no discrepancies have been noticed on such physical verification.
- c) According to the information and explanations given to us the company does not hold any immovable property.
- (ii) The inventories have been physically verified by the Management during the year at reasonable intervals. Discrepancies noticed on physical verification of inventories as compare to books of records were not material and have been properly dealt with the books of accounts.
- (iii) During the year, the Company has not granted any loans whether secured or unsecured to any parties covered in the register maintained under section 189 of the Companies Act, 2013. Hence paragraph 3 (iii) (a), (b) and (c) of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanation given to us, section 185 and section 186 of the Companies Act, 2013 is not applicable, since the Company has neither granted any loan nor made any investment in any securities or given any guarantees or security in/or body corporate.
- (v) According to the information and explanations given to us and on the basis of our examination of records, the Company has not accepted any deposits from public within the provision of section 73 to 76 of the Act and ruled framed there under.
- (vi) The Central Government has not prescribed for the maintenance of cost record under Section 148(1) of the Act.
- (vii) a) According to the records of the Company, amount deducted/accrued in the books of accounts in respect of the undisputed statutory dues including Provident Fund, Employee’s State Insurance, Income tax, Sales tax, Service tax, Duty of Customs, Duty of Excise, Value Added Tax, Goods and Service Tax, Cess and other Statutory Dues to the extent applicable to the Company, *have not been regularly deposited with the appropriate authorities*. Undisputed amounts payable in respects thereof, which were outstanding as at 31<sup>st</sup> March 2020 for a period more than six months from the date they became payable are as follows:

<b>Name of the Statue</b>	<b>Nature of dues</b>	<b>Amount (Rs)</b>
The Income Tax Act, 1961	Tax Deduction at Source (TDS)	3,16,31,396
Finance Act, 1994	Service Tax	25,08,616
The Employee’s Provident fund and Miscellaneous Provisions Act, 1952	Provident Fund	91,09,152
Central Sales Tax ,1956	Central Sales Tax, Karnataka	18,00,028
Central Sales Tax ,1956	Central Sales Tax –Delhi	21,57,561

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The Central Goods and Service Tax Act, 2017	Goods and Service tax	1,11,08,662
The Karnataka Tax on Professions, Trades, Callings and Employment Act, 1976	Professional Tax	3,90,300
Employees' State insurance Act,1948	Employee State insurance	4,13,038

- b) According to the information and explanations given to us, dues of income tax, sales tax, value added tax, service tax, duty of customs, duty of excise, Goods and Service Tax which have not been deposited on account of any dispute with the relevant authorities are as under:

Nature of Liability	Amount	Period to which the matter pertains
Value Added Tax, Karnataka	1,297,523	F.Y 2015-16
	2,232,374	F.Y 2016-17
	28,814	April 2017 to June 2017
Income Tax	26,81,353	A.Y 17-18
	60,51,220	A.Y 18-19
	73,60,810	A.Y 19-20

- (viii) As per the information and explanations given by the management, the Company has not defaulted in repayment of its dues to banks and the Company has no facilities from financial institutions, government and has not issued any debentures.
- (ix) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) or term loans.
- (x) During the course of our examination of the books and records of the Company, carried out in accordance with generally accepted auditing practices in India, and according to information and explanation given to us, we have neither come across any instance of fraud by the Company or any fraud on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such instances by the management.
- (xi) According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not paid / provided for any managerial remuneration. Hence paragraph 3(xi) of the Order is not applicable to the company.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3 (xii) of the Order is not applicable to the Company.
- (xiii) According to the information and explanation given to us and based on our examination of the records of the Company, all transactions entered into by the Company with the related parties are in compliance with section 177 and company had not entered into any transaction which are covered under section 188 of Companies Act, 2013.
- (xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with the directors or persons connected with him during the year. Accordingly, paragraph 3 (xv) of the Order is not applicable.



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(xvi) In our opinion and according to the information and explanation given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

**Gourav Roongta**  
Partner  
**Mem No: 186176**  
**UDIN : 20186176AAAAAJ3540**

Place : Mumbai  
Date : 31<sup>st</sup> July 2020

**Annexure “B” to the Independent Auditor’s Report of even date on the Ind AS financial statements of Starcom Information Technology Limited for the year ended 31<sup>st</sup> March 2020.**

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

We have audited the internal financial controls over financial reporting of Starcom Information Technology Limited (“the Company”) as of March 31, 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

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

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

**Auditors’ Responsibility**

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

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

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

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

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

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

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

### **Qualified Opinion**

According to the information and explanation given to us and based on our audit, the following material weakness has been identified in the operating effectiveness of the Company's internal financial controls over financial reporting as at 31<sup>st</sup> March, 2020:

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

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

In our opinion, except for the possible effect of the material weakness described above on the achievement of the objectives of the control criteria, the Company has maintained, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, 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.

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*CHARTERED ACCOUNTANTS*

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

**For CAS & Co.**

Chartered Accountants

**Firm's Reg. No. 111075W**

**Gourav Roongta**

Partner

**Mem. No. 186176**

**UDIN : 20186176AAAAAJ3540**

Place : Mumbai

Date : 31<sup>st</sup> July 2020

**Starcom Information Technology Limited**  
**Balance Sheet as at 31 March 2020**

(Amount in Rs)

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
<b>ASSETS</b>			
<b>A) Non-current assets</b>			
Property, Plant and Equipment	3	15,80,369	20,81,963
Intangible Assets	4	2,78,05,398	3,19,84,210
Intangible Assets Under Development	4	22,49,86,653	18,90,23,429
Financial Assets			
Others Financial Assets	5	48,50,385	48,61,253
Deferred Tax Assets (Net)	6	84,98,844	86,82,233
Other Non - current assets	7	3,80,926	6,83,219
<b>Total Non - current assets</b>		<b>26,81,02,575</b>	<b>23,73,16,307</b>
<b>B) Current assets</b>			
Inventories	8	5,11,647	7,16,310
Financial Assets			
Trade receivables	9	9,53,00,131	11,61,75,076
Cash and cash equivalents	10	1,23,274	29,53,804
Bank Balances other than Cash and cash equivalents	11	2,43,046	2,06,479
Others Financial Assets	5	24,22,256	24,61,805
Other current assets	7	21,91,707	17,28,484
<b>Total Current assets</b>		<b>10,07,92,061</b>	<b>12,42,41,957</b>
<b>TOTAL ASSETS</b>		<b>36,88,94,636</b>	<b>36,15,58,265</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Equity Share Capital	12	5,00,06,000	5,00,06,000
Other Equity		(3,48,90,449)	(2,51,46,276)
<b>Total Equity</b>		<b>1,51,15,551</b>	<b>2,48,59,724</b>
<b>LIABILITIES</b>			
<b>A) Non-current liabilities</b>			
Financial Liabilities			
Borrowings	13	13,53,52,148	13,09,92,492
Other Non-Current Liabilities	14	20,74,409	1,06,71,444
Provisions	15	74,68,508	64,27,988
<b>Total Non-current liabilities</b>		<b>14,48,95,064</b>	<b>14,80,91,924</b>
<b>B) Current liabilities</b>			
Financial Liabilities			
Short term Borrowing	16	26,00,000	-
Trade payables	17		
- Due to micro and small enterprises		43,09,450	25,04,390
- Due to Others		9,78,42,077	9,92,65,849
Other financial liabilities	18	13,79,997	11,77,200
Provisions	15	8,83,425	7,39,833
Income Tax Liability (net)	19	59,674	6,02,377
Other Current Liabilities	20	10,18,09,399	8,43,16,968
<b>Total Current liabilities</b>		<b>20,88,84,021</b>	<b>18,86,06,616</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>36,88,94,636</b>	<b>36,15,58,265</b>

**The accompanying notes form an integral part of the financial statements**

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

**For C A S & Co.**  
Chartered Accountants  
Firm Reg. No. 111075W

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

**Gourav Roongta**  
Partner  
Mem No.: 186176

**Mr. Ziaulla Sheriff**  
Managing Director  
DIN - 00002098

**Mr. Maddur Gundurao Mohankumar**  
Director  
DIN - 00020029

**Mr. Mukhtar Ahmad**  
Chief Financial Officer

**Nidhi Sharma**  
Company Secretary

Place : Mumbai  
Date : 31st July, 2020

Place : Bengaluru  
Date : 31st July, 2020

**Starcom Information Technology Limited**  
**Statement of Profit and Loss for the year ended 31 March 2020**

(Amount in Rs)

Particulars	Note No.	Year Ended March 31, 2020	Year Ended March 31, 2019
<b>Income</b>			
Revenue From Operations	21	9,32,26,398	14,04,10,953
Other Income	22	97,62,044	1,03,17,889
<b>Total Income</b>		<b>10,29,88,443</b>	<b>15,07,28,842</b>
<b>Expenses</b>			
Purchases of Stock-in-Trade	23	1,60,02,984	3,15,01,020
Changes in inventories of finished goods	24	2,04,663	6,40,120
Employee benefits expenses	25	3,74,25,433	3,60,92,435
Finance costs	26	1,05,11,742	94,70,708
Depreciation and amortisation expenses	27	47,61,504	51,22,604
Other expenses	28	4,45,01,119	6,64,23,813
<b>Total expenses</b>		<b>11,34,07,445</b>	<b>14,92,50,699</b>
<b>Profit before tax</b>		<b>(1,04,19,003)</b>	<b>14,78,144</b>
<b>Tax expense/ (credit)</b>			
(1) Current tax	19	-	3,84,317
(2) Deferred tax	6	(39,748)	(2,96,050)
(3) Short / (Excess) provision for tax of earlier years		-	-
<b>Total tax expenses/(credit)</b>		<b>(39,748)</b>	<b>88,267</b>
<b>Profit/ (loss) for the year (A)</b>		<b>(1,03,79,255)</b>	<b>13,89,876</b>
<b>Other Comprehensive Income</b>			
<b>Items not to be reclassified subsequently to profit or loss</b>			
- Remeasurement of post employment benefit obligation		8,58,218	4,09,466
- Income tax effect on above		(2,23,137)	(1,06,461)
<b>Items that will be reclassified subsequently to profit or loss</b>			
		-	-
<b>Other comprehensive income for the year, net of tax (B)</b>		<b>6,35,081</b>	<b>3,03,005</b>
<b>Total comprehensive income/ (loss) for the year, net of tax (A+B)</b>		<b>(97,44,173)</b>	<b>16,92,881</b>
<b>Earnings per equity share: (in Rs)</b>			
<b>Equity shares of Par value of Rs. 10 /-each</b>			
Basic	29	(2.08)	0.28
Diluted		(2.08)	0.28
<b>The accompanying notes form an integral part of the financial statements</b>			

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

**For C A S & Co.**  
Chartered Accountants  
Firm Reg. No. 111075W

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

**Gourav Roongta**  
Partner  
Mem No.: 186176

**Mr. Ziaulla Sheriff**  
Managing Director  
DIN - 00002098

**Mr. Maddur Gundurao Mohankumar**  
Director  
DIN - 00020029

**Mr. Mukhtar Ahmad**  
Chief Financial Officer

**Nidhi Sharma**  
Company Secretary

Place : Mumbai  
Date : 31st July, 2020

Place : Bengaluru  
Date : 31st July, 2020

**Starcom Information Technology Limited**  
**Statement of Changes in Equity for the year ended 31 March 2020**

**A) Equity share capital**

Particulars	Number	Amount in Rs
Equity shares of Rs. 10 each issued, subscribed and paid		
<b>Balance as at 1 April 2018</b>	50,00,600	5,00,06,000
Changes in equity share capital for the year ended 31 March 2019	-	-
<b>Balance as at the 31 March 2019</b>	50,00,600	5,00,06,000
Changes in equity share capital for the year ended 31 March 2020	-	-
<b>Balance as at the 31 March 2020</b>	50,00,600	5,00,06,000

**B) Other equity**

(Amount in Rs)

Particulars	Reserves and surplus	Other comprehensive income	Total equity attributable to equity holders
	Retained Earnings	Remeasurement of post employment benefit obligation	
<b>Balance as at 1 April 2018</b>	(2,73,37,673)	4,98,517	(2,68,39,157)
Total comprehensive income for the year	13,89,876	3,03,005	16,92,881
<b>Balance as at the 31 March 2019</b>	(2,59,47,797)	8,01,521	(2,51,46,276)
Total comprehensive income for the year	(1,03,79,255)	6,35,081	(97,44,173)
<b>Balance as at the 31 March 2020</b>	(3,63,27,052)	14,36,603	(3,48,90,449)

**The accompanying notes form an integral part of the financial statements**

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

**For C A S & Co.**

Chartered Accountants  
Firm Reg. No. 111075W

**For and on behalf of the Board of Directors**

**Starcom Information Technology Limited**  
CIN : L67120KA1995PLC078846

**Gourav Roongta**

Partner  
Mem No.: 186176

**Mr. Ziaulla Sheriff**

Managing Director  
DIN - 00002098

**Mr. Maddur Gundurao Mohankumar**

Director  
DIN - 00020029

**Mr. Mukhtar Ahmad**

Chief Financial Officer

**Nidhi Sharma**

Company Secretary

Place : Mumbai

Date : 31st July, 2020

Place : Bengaluru

Date : 31st July, 2020

**Starcom Information Technology Limited**  
**Cash Flow Statement for the year ended 31 March 2020**

(Amount in Rs)

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit before tax	(1,04,19,003)	14,78,144
<b>Adjustments for :</b>		
Depreciation & Amortisation Expense	47,61,504	51,22,604
Finance Cost (including fair value change in financial instruments)	96,62,403	87,58,873
Interest income (including fair value change in financial instruments)	(89,11,224)	(1,00,81,880)
Remeasurement of defined benefit obligation	8,58,218	4,09,466
Provision for expected credit loss on trade receivables	1,04,14,372	40,98,100
Sundry Balance written off	3,485	67,62,952
<b>Operating profit before working capital changes</b>	<b>63,69,755</b>	<b>1,65,48,259</b>
<b>Adjustments for changes in working capital:</b>		
(Increase) / Decrease in Trade and Other Receivables	1,04,57,088	(3,20,33,236)
(Increase) / Decrease in Inventories	2,04,663	6,40,120
(Increase) / Decrease in Other Financial Assets	50,416	1,55,37,459
(Increase) / Decrease in Other Assets	(1,60,929)	6,63,145
Increase / (Decrease) in Trade and Other Payables	3,81,288	1,43,12,008
Increase / (Decrease) in Other Current Liabilities	1,74,92,431	1,90,34,326
Increase / (Decrease) in Long Term Provisions	10,40,520	5,86,531
Increase / (Decrease) in Short Term Provisions	1,43,592	2,33,778
<b>Cash generated from / (used in) operations</b>	<b>3,59,78,825</b>	<b>3,55,22,390</b>
Direct taxes paid (Net of Refunds)	(5,42,703)	(7,59,370)
<b>Net cash flow from operating activities (A)</b>	<b>3,54,36,121</b>	<b>3,47,63,020</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant & equipment and intangible assets (including intangibles under development)	(3,60,44,322)	(3,91,31,483)
Fixed deposits	(36,567)	(20,679)
Interest received	3,14,188	17,51,388
<b>Net cash flow used in investing activities (B)</b>	<b>(3,57,66,701)</b>	<b>(3,74,00,774)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issues of Long term Borrowings (Net)	(44,27,200)	50,80,441
Proceeds from issues of Short term Borrowings (Net)	26,00,000	
Interest paid	(6,72,749)	(4,28,381)
<b>Net cash flow from financing activities (C)</b>	<b>(24,99,949)</b>	<b>46,52,060</b>
<b>Net decrease in cash and cash equivalents (A+B+C)</b>	<b>(28,30,529)</b>	<b>20,14,306</b>
Cash and cash equivalents at the beginning of the year	29,53,804	9,39,499
<b>Cash and cash equivalents at the end of the year</b>	<b>1,23,274</b>	<b>29,53,804</b>
<b>Components of cash and cash equivalents considered only for the purpose of cash flow statement</b>		
In bank current accounts in Indian rupees	1,02,807	29,35,436
Cash on hand	20,467	18,367
	<b>1,23,274</b>	<b>29,53,804</b>

**Note:**

- The above cash flow statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (Ind AS 7) - Statement of Cash Flow.
- Previous year's figures have been regrouped or reclassified, to conform to the current year's presentation wherever considered necessary.

**The accompanying notes form an integral part of the financial statements**

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

**For C A S & Co.**

Chartered Accountants  
Firm Reg. No. 111075W

**Gourav Roongta**

Partner  
Mem No.: 186176

Place : Mumbai

Date : 31st July, 2020

**For and on behalf of the Board of Directors**

**Starcom Information Technology Limited**  
CIN : L67120KA1995PLC078846

**Mr. Ziaulla Sheriff**

Managing Director  
DIN - 00002098

**Mr. Mukhtar Ahmad**

Chief Financial Officer

Place : Bengaluru

**Mr. Maddur Gundurao Mohankumar**

Director  
DIN - 00020029

**Nidhi Sharma**

Company Secretary

Date : 31st July, 2020



**Starcom Information Technology Limited**  
**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020**

**Note 1 Corporate Information**

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

The financial statements of the Company for the year ended March 31, 2020 were authorised for issue in accordance with resolution of the Board of Directors on 31st July, 2020.

**Note 2.1 Significant Accounting Policies**

**i Basis of Preparation**

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

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

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

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

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

**ii Accounting Estimates**

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

**Estimates and assumptions**

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

**Deferred tax assets**

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

**Defined benefit plans**

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

**Impairment of Receivables**

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

**iii Property, Plant and Equipment**

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

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

**iv Intangible Assets**

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

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

Research cost are expenses as incurred.

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

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

**v Depreciation and Amortisation:**

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

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

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

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

**vi Financial Instruments**

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

**a) Financial Assets**

**Initial Recognition**

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

**Subsequent Measurement**

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

**Financial Assets at Amortised Cost**

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

**Financial Assets Measured at Fair Value**

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

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

**Impairment of Financial Assets:**

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

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

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

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

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

**De-recognition of Financial Assets**

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

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

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

**b) Equity Instruments and Financial Liabilities**

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

**I) Equity Instruments**

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

**II) Financial Liabilities****1) Initial Recognition**

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

**2) Subsequent Measurement**

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

**Financial liabilities at FVTPL**

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

**Financial liabilities at amortised cost**

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

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

**3) De-recognition of Financial Liabilities**

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

**c) Offsetting Financial Instruments**

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

**vii Employee Benefits****(a) Defined Contribution Plan**

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

**(b) Defined Benefit Plan**

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

**(c) Leave entitlement and compensated absences**

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

**Starcom Information Technology Limited**  
**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020**

**(d) Short-term Benefits**

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

**viii Cash and Cash Equivalents**

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

**ix Borrowing Costs**

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

**x Foreign Currency Transactions:**

**(a) Initial Recognition**

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

**(b) Conversion**

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

**(c) Treatment of Exchange Difference**

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

**xi Revenue Recognition:**

**(a)** Revenue from sale of products is recognized when the company transfers all significant risks and rewards of ownership to the buyer .

**(b)** Revenue from sale of products is recognised, in accordance with the sales contract, on delivery of goods to the customer.

**(c)** Business facility income is recognised on accrual basis as per the terms of contract.

**(d)** Income from Annual Maintenance Contract (AMC) is recognised on accrual basis as per the period of the contract.

**(e)** Interest income is recognised using effective interest method.

**(f)** Offshore Development Charges income (ODC) is recognised on accrual basis as per the terms of contract.

Revenue from services is recognised when the stage of completion is measured reliably. Stage of completion is measured by the

**(g)** service performed till Balance Sheet date as a percentage of total services contracted.

**xii Inventories**

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

Cost is arrived on First in First Out basis

**xiii Income Tax**

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

**(a) Current Income Tax**

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

**(b) Deferred Taxes**

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

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

**(c) Minimum Alternative Tax**

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

**xiv Impairment of Non-Financial Assets**

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

Recoverable amount is determined:

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

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

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

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

**xv Trade receivables**

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

**xvi Trade payables**

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

**xvii Leases**

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

**Starcom Information Technology Limited**  
**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020**

**xviii Earnings Per Share**

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

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

**xix Provisions, Contingent Liabilities and Contingent Assets:**

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

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

**xx Operating Segment**

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

**xxi Recent accounting pronouncements**

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

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

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

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

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

**Starcom Information Technology Limited**  
**Summary of significant accounting policies and other explanatory information for the Year ended 31 March 2020**

**Note 3 : Property, Plant and Equipment**

(Amount in Rs)

Particulars	Leasehold Improvements	Furniture & Fixtures	Office Equipments	Computers	Total
<b>Gross carrying value</b>					
Balance as at 1 April 2018	52,95,502	17,94,961	13,43,799	36,07,983	1,20,42,245
Additions	-	-	-	1,28,240	1,28,240
Balance as at 31 March 2019	52,95,502	17,94,961	13,43,799	37,36,223	1,21,70,485
Additions	-	-	-	81,098	81,098
Balance as at 31 March 2020	52,95,502	17,94,961	13,43,799	38,17,321	1,22,51,583
<b>Accumulated depreciation</b>					
Balance as at 1 April 2018	52,95,502	7,30,563	7,47,214	23,59,906	91,33,186
Depreciation charge	-	2,49,556	1,44,905	5,60,875	9,55,336
Balance as at 31 March 2019	52,95,502	9,80,119	8,92,119	29,20,781	1,00,88,522
Depreciation charge	-	1,78,156	70,303	3,34,233	5,82,692
Balance as at 31 March 2020	52,95,502	11,58,275	9,62,422	32,55,013	1,06,71,214
<b>Net carrying value</b>					
Balance as at 1 April 2018	(0)	10,64,398	5,96,584	12,48,077	29,09,059
Balance as at 31 March 2019	(0)	8,14,842	4,51,679	8,15,442	20,81,963
Balance as at 31 March 2020	(0)	6,36,686	3,81,376	5,62,307	15,80,369

**Note 4 : Intangible Assets & Intangible Assets Under Development**

(Amount in Rs)

Particulars	Software Modules	Intangible Asset Under Development
<b>Gross carrying value</b>		
Balance as at 1 April 2018	4,06,13,345	15,00,20,186
Additions	-	3,90,03,243
Disposals	-	-
Balance as at 31 March 2019	4,06,13,345	18,90,23,429
Additions	-	3,59,63,224
Disposals	-	-
Balance as at 31 March 2020	4,06,13,345	22,49,86,653
<b>Accumulated amortisation</b>		
Balance as at 1 April 2018	44,61,867	-
Amortisation charge	41,67,268	-
Reversal on disposal of assets	-	-
Balance as at 31 March 2019	86,29,135	-
Amortisation charge	41,78,812	-
Balance as at 31 March 2020	1,28,07,947	-
<b>Net carrying value</b>		
Balance as at 1 April 2018	3,61,51,478	15,00,20,186
Balance as at 31 March 2019	3,19,84,210	18,90,23,429
Balance as at 31 March 2020	2,78,05,398	22,49,86,653



**Starcom Information Technology Limited**  
**Summary of significant accounting policies and other explanatory information for the Year ended 31 March 2020**

**Note 5 : Others Financial Assets**

(Unsecured)

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Non-current</b>		
Deposits	46,77,445	43,85,828
Fixed Deposit Accounts Maturity More than 12 Months *	1,72,940	4,75,425
<b>Total non-current financial assets</b>	<b>48,50,385</b>	<b>48,61,253</b>
<b>Current</b>		
Deposits	22,91,660	23,15,552
Interest accrued on Deposits	1,30,596	1,46,253
<b>Total Current financial assets</b>	<b>24,22,256</b>	<b>24,61,805</b>
<b>Total Others Financial Assets</b>	<b>72,72,641</b>	<b>73,23,057</b>

\* Fixed Deposit are pledged against Bank Guarantee

**Note 6 : Deferred Tax Assets (Net)**

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Tax effect of items constituting deferred tax assets</b>		
Excess of net block of fixed assets as per tax purpose over net block as per books of accounts	(3,66,362)	2,02,722
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	43,89,484	67,11,525
Provision for doubtful financial assets	44,75,723	17,67,986
<b>Total Deferred Tax Assets (net)</b>	<b>84,98,844</b>	<b>86,82,233</b>

**Note 7 : Other Assets**

(Unsecured)

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Non-current</b>		
Deferred rent on amortisation of financial asset	3,80,926	6,83,219
<b>Total other non-current assets</b>	<b>3,80,926</b>	<b>6,83,219</b>
<b>Current</b>		
Advances recoverable other than in cash	12,70,240	12,57,357
Prepaid expenses	9,21,467	4,71,127
<b>Total other current assets</b>	<b>21,91,707</b>	<b>17,28,484</b>
<b>Total Other Assets</b>	<b>25,72,632</b>	<b>24,11,703</b>

**Note 8 : Inventories**

(Valued at lower of cost or Net Realisable Value)

Particulars	As at March 31, 2020	As at March 31, 2019
Stock in Trade	5,11,647	7,16,310
<b>Total Inventories</b>	<b>5,11,647</b>	<b>7,16,310</b>

**Starcom Information Technology Limited**  
**Summary of significant accounting policies and other explanatory information for the Year ended 31 March 2020**

**Note 9 : Trade receivables**

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured, Considered Good	11,25,14,448	12,29,75,021
Less : Provision for expected credit loss	(1,72,14,317)	(67,99,945)
<b>Total Trade receivables</b>	<b>9,53,00,131</b>	<b>11,61,75,076</b>

**Note 10 : Cash and cash equivalents**

Particulars	As at March 31, 2020	As at March 31, 2019
Balances with banks		
- Current accounts in Indian rupees	1,02,807	29,35,436
Cash on hand	20,467	18,367
<b>Total Cash &amp; Cash Equivalents</b>	<b>1,23,274</b>	<b>29,53,804</b>

**Note 11 : Bank Balances other than Cash and cash equivalents**

Particulars	As at March 31, 2020	As at March 31, 2019
Margin money deposits with original maturity of more than 3 months and remaining maturities of less than 12 months	2,43,046	2,06,479
<b>Total Bank Balances other than Cash and cash equivalents</b>	<b>2,43,046</b>	<b>2,06,479</b>

**Note 13 : Borrowings**

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Unsecured</b>		
From bank	25,68,875	37,46,075
Less : Current Maturity of long term debt	(13,79,997)	(11,77,200)
	11,88,878	25,68,875
Loan from Director	13,41,63,270	12,84,23,617
<b>Total Borrowings</b>	<b>13,53,52,148</b>	<b>13,09,92,492</b>

a) Bank loan amounting to Rs. 25,68,875/- (P.Y 37,46,075) from ICICI Bank is the unsecured loan carries interest rate of 16% p.a. The loan is repayable in 36 installments along with interest started from January, 2019.

b) Loan from director is interest free and repayable after 31st March, 2020.

**Note 14 : Other Non-Current Liabilities**

Particulars	As at March 31, 2020	As at March 31, 2019
Unamortised portion of Borrowings - Non-Current	20,74,409	1,06,71,444
<b>Total</b>	<b>20,74,409</b>	<b>1,06,71,444</b>

**Starcom Information Technology Limited**  
**Summary of significant accounting policies and other explanatory information for the Year ended 31 March 2020**

**Note 15 : Provisions**

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Non-current</b>		
Provision for employee benefits (Refer note 32)		
- Gratuity	57,04,773	44,89,608
- Leave entitlement and compensated absences	17,63,735	19,38,380
<b>Total non-current provisions</b>	<b>74,68,508</b>	<b>64,27,988</b>
<b>Current</b>		
Provision for employee benefits (Refer note 32)		
- Gratuity	4,36,116	2,64,712
- Leave entitlement and compensated absences	4,47,309	4,75,121
<b>Total current provisions</b>	<b>8,83,425</b>	<b>7,39,833</b>
<b>Total Provisions</b>	<b>83,51,933</b>	<b>71,67,821</b>

**Note 16 : Short term Borrowing**

Particulars	As at March 31, 2020	As at March 31, 2019
Inter-corporate Deposits	26,00,000	-
	<b>26,00,000</b>	<b>-</b>

**Note 17 : Trade payables**

Particulars	As at March 31, 2020	As at March 31, 2019
- Total outstanding dues of Micro Enterprises and Small Enterprises (Refer note below)	43,09,450	25,04,390
- Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	9,78,42,077	9,92,65,849
<b>Total Trade Payables</b>	<b>10,21,51,527</b>	<b>10,17,70,239</b>

The Company has amounts due to micro and small suppliers registered under the Micro, Small and Medium Enterprises Development Act 2006 (MSMED Act), as at 31st March 2020.

The disclosure pursuant to the said Act is as under:

Particulars	As at March 31, 2020	As at March 31, 2019
Principal amount due to suppliers under MSMED Act	43,09,450	25,04,390
Interest accrued and due to suppliers under MSMED Act on the above amount	-	-
Payment made to suppliers (other than interest) beyond appointed day during the year	-	-
Interest paid to suppliers under MSMED Act	-	-
Interest due and payable to suppliers under MSMED Act towards payments already made	-	-
Interest accrued and remaining unpaid at the end of the accounting year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act.	-	-

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

**Starcom Information Technology Limited**  
**Summary of significant accounting policies and other explanatory information for the Year ended 31 March 2020**

**Note 18 : Other financial liabilities**

Particulars	As at March 31, 2020	As at March 31, 2019
Current Maturity of Long term Debt	13,79,997	11,77,200
<b>Total Other Financial Liabilities</b>	<b>13,79,997</b>	<b>11,77,200</b>

**Note 21 : Revenue From Operations**

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
Sale of products	7,88,55,244	12,32,41,970
Rendering of Services	1,43,71,154	1,71,68,983
<b>Total Revenue from Operations</b>	<b>9,32,26,398</b>	<b>14,04,10,953</b>

**Note 22 : Other Income**

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
Interest Income		
- on unwinding of loans taken from related parties	85,97,036	99,96,127
- on margin money deposit & others	22,570	85,753
- on unwinding of security deposit	2,91,618	2,07,580
Gain on Foreign Exchange Fluctuations (net)	7,70,615	-
Liabilities no Longer Payable written back	80,205	28,429
<b>Total Other Income</b>	<b>97,62,044</b>	<b>1,03,17,889</b>

**Note 23 : Purchases of Stock-in-Trade**

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
Purchases of Stock in trade	1,60,02,984	3,15,01,020
	<b>1,60,02,984</b>	<b>3,15,01,020</b>

Details of traded goods purchases:

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
Test, Measurement & Embedded Solutions for Educational Sector	1,60,02,984	3,15,01,020
	<b>1,60,02,984</b>	<b>3,15,01,020</b>

**Note 24 : Changes in inventories of finished goods**

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
<b>Opening Balance</b>		
Stock in Trade	7,16,310	13,56,430
<b>Closing Balance</b>		
Stock in Trade	5,11,647	7,16,310
<b>Total Changes in inventories of finished goods</b>	<b>2,04,663</b>	<b>6,40,120</b>

**Starcom Information Technology Limited**  
**Summary of significant accounting policies and other explanatory information for the Year ended 31 March 2020**

**Note 25 : Employee benefits expenses**

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
Salaries and Bonus	3,33,93,236	3,25,87,375
Contribution to Provident Fund and Others welfare fund	15,36,483	18,65,684
Gratuity and Leave Encashment Expense (Refer Note No.32)	22,11,164	13,26,475
Staff Welfare Expenses	2,84,550	3,12,900
<b>Total Employee Benefit Expense</b>	<b>3,74,25,433</b>	<b>3,60,92,435</b>

**Note 26 : Finance costs**

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
Interest Expense		
- on unwinding of loans taken from related parties	89,89,653	83,30,493
- on loan from bank	6,72,749	4,28,381
Bank Charges	8,49,339	7,11,834
<b>Total Finance Costs</b>	<b>1,05,11,742</b>	<b>94,70,708</b>

**Note 27 : Depreciation and amortisation expenses**

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
Depreciation on Property, Plant and Equipment	5,82,692	9,55,336
Amortisation of Intangible Assets	41,78,812	41,67,268
<b>Total Depreciation and amortisation expenses</b>	<b>47,61,504</b>	<b>51,22,604</b>

**Note 28 : Other expenses**

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
Rent Expenses	9,09,494	1,23,54,960
Deputation Cost	56,56,000	1,39,31,221
Software Maintenance Charges	5,43,728	4,23,073
Repair & Maintenance - Others	9,25,167	10,03,582
Travelling & Conveyance	50,65,543	86,65,530
Advertisement and Business Promotion Expenses	2,49,034	6,63,266
Electricity Expenses	14,50,636	14,46,304
Security Expenses	3,91,298	3,91,297
Communication Costs	7,56,640	8,99,366
Printing & Stationery	3,36,405	3,41,077
Professional Consultancy Expenses	29,98,070	36,70,301
Auditor's Remuneration	19,00,000	19,00,000
Loss on Foreign Exchange Fluctuations (net)	-	3,98,463
Interest on Delayed Statutory Payments	1,07,44,407	89,49,485
Sundry Balance Written Off	3,485	67,62,952
Provision for expected credit loss on trade receivables	1,04,14,372	40,98,100
Miscellaneous Expenses	21,56,841	5,24,837
<b>Total</b>	<b>4,45,01,119</b>	<b>6,64,23,813</b>

**Starcom Information Technology Limited**  
**Summary of significant accounting policies and other explanatory information for the Year ended 31 March 2020**

**Details of Payment to Auditors**

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
For Audit Fees	16,00,000	16,00,000
For Tax Audit	3,00,000	3,00,000
<b>Total Payment to Auditors</b>	<b>19,00,000</b>	<b>19,00,000</b>

**Note 29 : Earnings per equity share: (in Rs)**

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
<b>Weighted average number of Equity Shares of Rs.10 each</b>	50,00,600	50,00,600
Number of shares at the beginning	50,00,600	50,00,600
Number of shares at the end of the period	50,00,600	50,00,600
Weighted average number of shares outstanding during the period	50,00,600	50,00,600
Weighted average number of Potential Equity shares outstanding during the year	50,00,600	50,00,600
Total number of Potential Equity Share for calculating Diluted Earning Per share	50,00,600	50,00,600
<b>Net Profit \ (Loss) after tax available for equity shareholders</b>	<b>(1,03,79,255)</b>	<b>13,89,876</b>
<b>Basic Earning per share (in Rs.)</b>	<b>(2.08)</b>	<b>0.28</b>
<b>Diluted Earning per share (in Rs.)</b>	<b>(2.08)</b>	<b>0.28</b>

## Note 12 : Equity Share Capital

Particulars	As at	As at
	March 31, 2020	March 31, 2019
<b>Authorised</b>		
55,00,000 Equity Shares of Rs 10 each	5,50,00,000	5,50,00,000
<b>Total</b>	<b>5,50,00,000</b>	<b>5,50,00,000</b>
<b>Issued, Subscribed and Fully Paid Up</b>		
50,00,600 Equity Shares of Rs 10 each fully paid up	5,00,06,000	5,00,06,000
<b>Total</b>	<b>5,00,06,000</b>	<b>5,00,06,000</b>

## a) Terms / rights attached to equity shares

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

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

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

Particulars	Equity Shares			
	As on March 31, 2020		As on March 31, 2019	
	Number	Rs	Number	Rs
Shares outstanding at the beginning of the year	50,00,600	5,00,06,000	50,00,600	5,00,06,000
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	<b>50,00,600</b>	<b>5,00,06,000</b>	<b>50,00,600</b>	<b>5,00,06,000</b>

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

Name of the Shareholder	Equity Shares			
	As on March 31, 2020		As on March 31, 2019	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Mr. Ziaulla Sheriff	37,50,450	75.00%	37,50,450	75.00%

(Amount in Rs)

## Note 19 : Income Tax Liability (net)

## (a) Amounts recognised in Statement of Profit and Loss

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Current tax expense (A)</b>		
Current year (including MAT Credit Entitlement)	-	3,84,317
Short/(Excess) provision of earlier years	-	-
	-	3,84,317
<b>Deferred tax expense (B)</b>		
Origination and reversal of temporary differences	(39,748)	(2,96,050)
<b>Tax expense recognised in the income statement (A+B)</b>	<b>(39,748)</b>	<b>88,267</b>

## (b) Amounts recognised in other comprehensive income

Particulars	As at March 31, 2020			As at March 31, 2019		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
<b>Items that will not be reclassified to profit or loss</b>						
Remeasurement of post employment benefit obligation	8,58,218	(2,23,137)	6,35,081	4,09,466	(1,06,461)	3,03,005
	<b>8,58,218</b>	<b>(2,23,137)</b>	<b>6,35,081</b>	<b>4,09,466</b>	<b>(1,06,461)</b>	<b>3,03,005</b>

## (c) Reconciliation of effective tax rate

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Profit before tax</b>	<b>(1,04,19,003)</b>	<b>14,78,144</b>
Tax using the Company's domestic tax rate (Current year 26% and Previous Year 26%)	-	3,84,317
<b>Tax effect of :</b>		
Tax effect on non-deductible expenses	-	-
Deferred tax adjustments	(39,748)	(2,96,050)
Adjustments recognised in current year in relation to the current tax of prior years	-	-
<b>Tax expense as per Statement of Profit &amp; Loss</b>	<b>(39,748)</b>	<b>88,267</b>
Effective tax rate	0.381%	5.971%

## (d) Income Tax Liability (net)

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for Tax (Net of advance tax and TDS)	59,674	6,02,377
<b>Total Income Tax Liability (Net)</b>	<b>59,674</b>	<b>6,02,377</b>

## Note 20 : Other Current Liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
Statutory Dues Payable	9,09,01,294	7,12,36,783
Annual Maintenance Contract (AMC) received in advance	8,62,768	38,09,435
Advance from Customers	14,48,302	6,73,714
Unamortised portion of Borrowings - Current	85,97,036	85,97,036
<b>Total</b>	<b>10,18,09,399</b>	<b>8,43,16,968</b>



**Starcom Information Technology Limited**

**Summary of significant accounting policies and other explanatory information for the Year ended 31 March 2020**

**Note 30 : Contingent liabilities disclosures as required under Indian Accounting Standard 37, “Provisions, Contingent Liabilities and Contingent Assets” are given below:**

Particulars	(Amount in Rs)	
	As at 31 March 2020	As at 31 March 2019
<b>I) Claims not acknowledged as Debts :</b>		
i) Disputed liability in respect of Provident Fund	26,84,662	26,84,662
ii) Disputed liability in respect of penal damages against non payment of :		
Provident fund	70,98,140	12,50,183
Tax Deducted at Source	12,49,399	-
Professional Tax	1,94,600	-
iii) Disputed liability in respect of Karnatka Value Added Tax	35,58,711	-
iv) Disputed Income Tax Demand	1,60,93,383	
v) Disputed Liability related to SEBI Matters	Not Ascertainable	Not Ascertainable
<b>II) Guarantees</b>		
Bank Guarantee	4,15,654	5,29,974

**Note 31 : Operating leases disclosures as required under Indian Accounting Standard 17, “Leases”:**

The Company has taken premises on operating lease and entered in to non-cancellable Leave and License Agreements with various parties. An amount of Rs 9,09,494/- (31 March 2019 : Rs 1,23,54,960) is recognised as lease expense in the Statement of Profit and Loss for the period ended 31st March, 2020.

**Note :** The management has reversed during the quarter ended 31st March, 2020, a rent provided up to the third quarter amounting to Rs. 85.39 lacs and have not provided a rent of Rs. 28.46 lacs for the quarter ended 31st March,2020, **(Refer Note 39)**

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

Particulars	(Amount in Rs)	
	Year Ended 31 March 2020	Year Ended 31 March 2019
- Less than one year	6,07,200	1,19,92,200
- Later than one year but not later than five years	30,36,000	2,59,83,100
- Later than five years	-	-
	<b>36,43,200</b>	<b>3,79,75,300</b>

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

**Note 32 : Post Employment Benefit Plans**

**Defined Contribution Plans**

Amount recognised in the Statement of Profit and Loss	2019-20	2018-19
Contribution to Provident fund and others	15,36,483	18,65,684

**Defined Benefit Plans**

The Company has the following Defined Benefit Plans:

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

**Movement in net defined benefit (asset)/ liability**

a) Reconciliation of balances of Defined Benefit Obligations.	Gratuity		Leave Encashment	
	2019-20	2018-19	2019-20	2018-19
Defined Obligations at the beginning of the year	47,54,320	34,97,094	24,13,501	28,50,418
Current Service Cost	13,19,315	14,22,681	4,08,760	9,28,753
Interest Cost	3,21,858	2,69,011	1,61,231	2,17,285
Past service cost	-	-	-	-
Benefits paid	(70,000)	(25,000)	(98,833)	(71,700)
<b>Actuarial (Gains)/ Losses on obligations</b>				
-Changes in Demographic Assumptions	-	5,30,128	-	-
-Changes in financial Assumptions	3,79,062	(4,48,671)	1,08,035	(83,721)
-Experience adjustments	(5,63,665)	(4,90,923)	(7,81,650)	(14,27,534)
<b>Defined benefit obligations at the end of the year</b>	<b>61,40,890</b>	<b>47,54,320</b>	<b>22,11,044</b>	<b>24,13,501</b>
Changes in Fair Value of Plan Assets	-	-	-	-
<b>Net (Asset) / Liability recognised in the balance sheet</b>	<b>61,40,890</b>	<b>47,54,320</b>	<b>22,11,044</b>	<b>24,13,501</b>

b) Amount recognised in Statement of Profit and Loss	Gratuity		Leave Encashment	
	2019-20	2018-19	2019-20	2018-19
Current Service Cost	13,19,315	14,22,681	4,08,760	9,28,753
Past Service Cost and loss / (gain) on curtailments and settlement	-	-	-	-
Interest Cost	3,21,858	2,69,011	1,61,231	2,17,285
Actuarial (Gains)/ Losses on obligations	(1,84,603)	(4,09,466)	(6,73,615)	(15,11,255)
<b>Expenses for the year</b>	<b>16,41,173</b>	<b>16,91,692</b>	<b>(1,03,624)</b>	<b>(3,65,217)</b>

c) Amount recognised in Other Comprehensive Income - Remeasurements :	Gratuity		Leave Encashment	
	2019-20	2018-19	2019-20	2018-19
<b>Actuarial (Gains)/ Losses</b>				
-Changes in Demographic Assumptions	-	5,30,128	-	-
-Changes in financial Assumptions	3,79,062	(4,48,671)	1,08,035	(83,721)
-Experience adjustments	(5,63,665)	(4,90,923)	(7,81,650)	(14,27,534)
Return on plan assets excluding net interest cost	-	-	-	-
<b>Total</b>	<b>(1,84,603)</b>	<b>(4,09,466)</b>	<b>(6,73,615)</b>	<b>(15,11,255)</b>

d) Major Actuarial Assumptions	Gratuity		Leave Encashment	
	2019-20	2018-19	2019-20	2018-19
Discount Rate (%)	6.82%	7.45%	6.82%	7.72%
Salary Escalation/ Inflation (%) *	10% F5Y & 8% T.A	10% F5Y & 8% T.A	10% F5Y & 8% T.A	10% F5Y & 8% T.A
Attrition rates	15.00%	15.00%	15.00%	15.00%

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

**Starcom Information Technology Limited**  
**Summary of significant accounting policies and other explanatory information for the Year ended 31 March 2020**

(Amount in Rs)

**Sensitivity analysis**

Sensitivity analysis for each significant actuarial assumption as stated above, showing how the defined benefit

Particulars	Gratuity - Unfunded		Leave Encashment
	2019-20	2018-19	2019-20
	<b>Change in Defined Benefit Obligation</b>	<b>Change in Defined Benefit Obligation</b>	<b>Change in Defined Benefit Obligation</b>
Discounting rate			
+100 basis points	-6.82%	-6.96%	-6.49%
-100 basis points	7.64%	7.79%	7.36%
Salary growth rate			
+100 basis points	7.21%	7.40%	6.74%
-100 basis points	-6.56%	-6.72%	-6.06%
Attrition rate			
+100 basis points	-1.12%	-1.16%	-0.92%
-100 basis points	1.21%	1.23%	1.02%
Mortality Rate 10% UP	-0.03%	-0.02%	-0.03%

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

The expected future cash flows based on past service liability as at 31st March 2020 were as follows:

Particulars	Gratuity - Unfunded	Leave Encashment
<b>Projected benefits payable in future years from the date of reporting</b>		
1st following year	4,36,116	1,69,342
2nd following year	3,46,252	1,48,419
3rd following year	3,13,269	1,42,068
4th following year	3,36,599	1,94,769
5th following year	6,85,804	1,67,063
Years 6 to 10	23,02,094	15,37,500

**Other details as at 31.03.2019**

Particulars	Gratuity - Unfunded	Leave Encashment
Estimated Term of the Projected Benefit Obligation (in years)	11.42	11.42
Prescribed contribution for next year	4,36,116	1,69,342

**Current/ non-current classification :**

Particulars	31 March 2020	31 March 2019
<b>Gratuity</b>		
Current	4,36,116	2,64,712
Non-current	57,04,773	44,89,608
	<b>61,40,889</b>	<b>47,54,320</b>
<b>Leave encashment</b>		
Current	4,47,309	4,75,121
Non-current	17,63,735	19,38,380
	<b>22,11,044</b>	<b>24,13,501</b>

**Starcom Information Technology Limited**

**Summary of significant accounting policies and other explanatory information for the Year ended 31 March 2020**

**Note 33 : Related party disclosures as required under Indian Accounting Standard 24, "Related party disclosures" are given below:**

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

Nature of relationship	Nature of the party
<b>A) Key management personnel and their relatives</b>	
1) Mr. Ziaulla Sheriff	Managing Director
2) Mr. Mukhtar Ahmad	Chief Financial officer
3) Mrs. Nidhi Sharma	Company Secretary
<b>B) Entities where Directors / Key Management Personnel have Significant Influence</b>	
Cubeware India Private Limited	Company in which director is interested as director

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

**i) Key management personnel and their relatives**

**(Amount in Rs)**

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
<b>1) Salary to Key Managerial personnel</b>		
Mrs. Nidhi Sharma	3,75,468	4,74,234
<b>2) Mr. Ziaulla Sheriff</b>		
Loan taken from Director	2,50,000	40,00,000
Loan repaid to Director	35,00,000	10,00,000

**c) Closing Outstanding Balances of Related Parties**

Name of Entities	Nature	Relationship	As at March 31, 2020	As at March 31, 2019
Mr. Ziaulla Sheriff	Rent Payable	Managing Director	2,58,35,989	2,58,35,989
Bhatia Family*	Rent Payable	Partnership with director of the company	4,02,45,147	4,02,45,147
Mr. Ziaulla Sheriff	Loans Payable	Managing Director	14,61,07,731	14,93,57,731
Mrs. Nidhi Sharma	Salary Payable	Company Secretary	25,000	39,867

\*Office premises has been owned by the promoter (Mr. Ziaulla Sheriff) jointly with Bhatia Family.

**Members of Bhatia family to whom Rent is Payable are :**

- 1)Aarthi Bhatia
- 2)Kajol Bhatia
- 3)M M Bhatia
- 4)Sidharth Bhatia
- 5)Suresh Bhatia
- 6)Sunil Bhatia

**Starcom Information Technology Limited**

**Summary of significant accounting policies and other explanatory information for the Year ended 31 March 2020**

**Note 34 : Segment reporting as required under Indian Accounting Standard 108, “Operating Segments”**

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

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

<b>Particulars</b>	<b>Year Ended March 31, 2020</b>	<b>Year Ended March 31, 2019</b>
<b>A. Segment Revenue</b>		
1. Test, Measurement & Embedded Solutions for Educational Sector	2,15,07,664	4,08,24,720
2. Data Quality, Statistical & Analytics Softwares	7,17,18,734	9,95,86,233
<b>Total Revenue</b>	<b>9,32,26,398</b>	<b>14,04,10,953</b>
<b>B. Segment Results</b>		
1. Test, Measurement & Embedded Solutions for Educational Sector	24,78,286	86,83,580
2. Data Quality, Statistical & Analytics Softwares	3,71,15,032	7,75,56,766
<b>Total</b>	<b>3,95,93,317</b>	<b>8,62,40,346</b>
i) Finance charges	1,05,11,742	94,70,708
ii) Unallocable Expenditure net off income	3,95,00,578	7,52,91,795
<b>Total Profit Before Tax</b>	<b>(1,04,19,003)</b>	<b>14,77,843</b>
Less: Tax Expenses	(39,748)	88,267
<b>Total Profit After Tax</b>	<b>(1,03,79,255)</b>	<b>13,89,576</b>

<b>Particulars</b>	<b>As at March 31, 2020</b>	<b>As at March 31, 2019</b>
<b>C.Segments Assets</b>		
1. Test, Measurement & Embedded Solutions for Educational Sector	55,35,229	2,27,66,129
2. Data Quality, Statistical & Analytics Softwares	34,56,63,796	31,77,26,164
3. Unallocated	1,76,95,611	2,05,66,115
<b>Total</b>	<b>36,88,94,636</b>	<b>36,10,58,409</b>
<b>D. Segment Liabilities</b>		
1. Test, Measurement & Embedded Solutions for Educational Sector	90,06,924	1,87,62,561
2. Data Quality, Statistical & Analytics Softwares	22,90,914	71,38,071
3. Unallocated	34,24,81,249	31,02,98,053
<b>Total</b>	<b>35,37,79,086</b>	<b>33,61,98,686</b>

**Starcom Information Technology Limited**  
**Summary of significant accounting policies and other explanatory information for the Year ended 31 March 2020**

**Note 35: Fair Value Measurement**

**A. Accounting classification and fair values**

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

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

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

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

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

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

(Amount in Rs)

Financial Asset & Liabilities as at 31st March 2020	Refer note	Non Current	Current	Total	Routed through Profit & Loss				Routed through OCI				Carried at Amortised	Total Amount
					Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
<b>Financial Assets:</b>														
Trade receivables	9		9,53,00,131	9,53,00,131			-	-					9,53,00,131	9,53,00,131
Others financial assets	5	48,50,385	24,22,256	72,72,641			-	-					72,72,641	72,72,641
Cash and cash equivalents	10		1,23,274	1,23,274			-	-					1,23,274	1,23,274
Other bank balances	11		2,43,046	2,43,046			-	-					2,43,046	2,43,046
<b>Total Financial Assets</b>		<b>48,50,385</b>	<b>9,80,88,707</b>	<b>10,29,39,092</b>			-	-					<b>10,29,39,092</b>	<b>10,29,39,092</b>
<b>Financial Liabilities:</b>														
Borrowings	13	13,53,52,148		13,53,52,148			-	-					13,53,52,148	13,53,52,148
Short term Borrowing	16		26,00,000	26,00,000									26,00,000	26,00,000
Trade payables	17		10,21,51,527	10,21,51,527			-	-					10,21,51,527	10,21,51,527
Other financial liabilities	18		13,79,997	13,79,997			-	-					13,79,997	13,79,997
<b>Total Financial Liabilities</b>		<b>13,53,52,148</b>	<b>10,61,31,524</b>	<b>24,14,83,672</b>			-	-					<b>24,14,83,672</b>	<b>24,14,83,672</b>

Financial Asset & Liabilities as at 31st March 2019	Refer note	Non Current	Current	Total	Routed through Profit & Loss				Routed through OCI				Carried at Amortised	Total Amount
					Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
<b>Financial Assets:</b>														
Trade receivables	9		11,61,75,076	11,61,75,076			-	-					11,61,75,076	11,61,75,076
Others financial assets	5	48,61,253	24,61,805	73,23,057			-	-					73,23,057	73,23,057
Cash and cash equivalents	10		29,53,804	29,53,804			-	-					29,53,804	29,53,804
Other bank balances	11		2,06,479	2,06,479			-	-					2,06,479	2,06,479
<b>Total Financial Assets</b>		<b>48,61,253</b>	<b>12,17,97,164</b>	<b>12,66,58,416</b>			-	-					<b>12,66,58,416</b>	<b>12,66,58,416</b>
<b>Financial Liabilities:</b>														
Borrowings	13	13,09,92,492		13,09,92,492			-	-					13,09,92,492	13,09,92,492
Short term Borrowing	16		-	-									-	-
Trade payables	17		10,17,70,239	10,17,70,239			-	-					10,17,70,239	10,17,70,239
Other financial liabilities	18		11,77,200	11,77,200			-	-					11,77,200	11,77,200
<b>Total Financial Liabilities</b>		<b>13,09,92,492</b>	<b>10,29,47,439</b>	<b>23,39,39,930</b>			-	-					<b>23,39,39,930</b>	<b>23,39,39,930</b>

**Note 36 : Financial risk management objectives and policies****i. Risk management framework**

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

**ii. Credit risk**

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

**(a) Trade and other receivables from customers**

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

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

**Ageing of Accounts receivables :****(Amount in Rs)**

<b>Particulars</b>	<b>As at March 31, 2020</b>	<b>As at March 31, 2019</b>
0 - 6 months	1,31,66,256	7,23,06,540
Beyond 6 months	9,93,48,192	5,06,68,481
<b>Total</b>	<b>11,25,14,448</b>	<b>12,29,75,021</b>

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

**The movement of the allowance for lifetime expected credit loss is stated below:****(Amount in Rs)**

<b>Particulars</b>	<b>As at 31-03-2020</b>	<b>As at 31-03-2019</b>
Opening provision	67,99,945	27,01,845
Add : Additional provision made	1,04,14,372	40,98,100
<b>Closing provisions</b>	<b>1,72,14,317</b>	<b>67,99,945</b>

**(b) Cash and cash equivalents and Other Bank Balances**

The Company held cash and cash equivalents and other bank balances of Rs. 3,66,320/- at 31st March 2020 (31st March 2019: Rs. 31,60,283 ). The cash and cash equivalents are held with bank with good credit ratings and financial institution counterparties with good market standing. Also, Company invests its short term surplus funds in bank fixed deposit, which carry no / low mark to market risks for short duration therefore does not expose the Company to credit risk.

**Note 36 : Financial risk management objectives and policies****iii. Liquidity risk**

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

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

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

**Maturity Analysis of Significant Financial Liabilities****(Amount in Rs)**

<b>31st March 2020</b>	<b>Upto 1 year</b>	<b>1-5 years</b>	<b>More than 5 years</b>	<b>Total</b>
Non current borrowings	-	13,53,52,148	-	13,53,52,148
Short term Borrowing	-	26,00,000	-	26,00,000
Trade and other payables	10,21,51,527	-	-	10,21,51,527
Other Financial Liabilities	13,79,997	-	-	13,79,997

<b>31st March 2019</b>	<b>Upto 1 year</b>	<b>1-5 years</b>	<b>More than 5 years</b>	<b>Total</b>
Non current borrowings	-	13,09,92,492	-	13,09,92,492
Short term Borrowing	-	-	-	-
Trade and other payables	10,17,70,239	-	-	10,17,70,239
Other Financial Liabilities	11,77,200	-	-	11,77,200



**Note 36 : Financial risk management objectives and policies****iv. Market risk**

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

**iv.a Currency risk**

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

**Exposure to currency risk**

The currency profile of financial assets and financial liabilities as at March 31, 2020, and March 31, 2019 are as below:

**(Amount in Rs)**

31st March, 2020	Exposure in USD		Exposure in EURO	
	Amount in INR	Amount in USD	Amount in INR	Amount in EURO
<b>Financial assets</b>				
Trade receivables	1,75,20,029	2,32,546	-	-
<b>Net exposure for assets</b>	<b>1,75,20,029</b>	<b>2,32,546</b>	-	-
<b>Financial liabilities</b>				
Trade and other payables	4,75,096	6,306	-	-
<b>Net exposure for liabilities</b>	<b>4,75,096</b>	<b>6,306</b>	-	-
<b>Net exposure (Assets - Liabilities)</b>	<b>1,70,44,933</b>	<b>2,26,240</b>	-	-

31st March, 2019	Exposure in USD		Exposure in EURO	
	Amount in INR	Amount in USD	Amount in INR	Amount in EURO
<b>Financial assets</b>				
Trade receivables	2,74,80,240	3,95,741	-	-
<b>Net exposure for assets</b>	<b>2,74,80,240</b>	<b>3,95,741</b>	-	-
<b>Financial liabilities</b>				
Trade and other payables	2,91,579	4,199	-	-
<b>Net exposure for liabilities</b>	<b>2,91,579</b>	<b>4,199</b>	-	-
<b>Net exposure (Assets - Liabilities)</b>	<b>2,71,88,662</b>	<b>3,91,542</b>	-	-

**Sensitivity analysis**

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

**Starcom Information Technology Limited**

**Summary of significant accounting policies and other explanatory information for the Year ended 31 March 2020**

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

(Amount in Rs)

Effect in INR (before tax)	Profit or (loss) and Equity	
	Strengthening	Weakening
<b>For the year ended 31st March, 2020</b>		
<b>1% movement</b>		
USD	1,68,762	(1,68,762)
EURO	-	-
<b>Total</b>	<b>1,68,762</b>	<b>(1,68,762)</b>

Effect in INR (before tax)	Profit or (loss) and Equity	
	Strengthening	Weakening
<b>For the year ended 31st March, 2019</b>		
<b>1% movement</b>		
USD	2,69,195	(2,69,195)
EURO	-	-
<b>Total</b>	<b>2,69,195</b>	<b>(2,69,195)</b>

**iv.b Interest rate risk**

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

**Note 37 : Capital management**

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

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

(Amount in Rs)

Particulars	As at 31 March 2020	As at 31 March 2019
Total debts	13,53,52,148	13,09,92,492
Total equity	1,51,15,551	2,48,59,724
<b>Total debts to equity ratio (Gearing ratio)</b>	<b>0.90</b>	<b>0.84</b>

**Note 38 :** The Company have an overdue statutory dues as on 31st March, 2020 in respect of Sales Tax / Service Tax / Goods and Service Tax of Rs. 275.03 lacs (including interest of Rs. 99.28 lacs), Provident Fund / ESIC / Professional Tax of Rs. 150.38 lacs (including interest of Rs. 51.27 lacs) and Tax Deducted at Source of Rs. 470.57 lacs (including interest of Rs. 154.25 lacs). Though the Company has provided for interest upto 31st March, 2020 in respect of these liabilities, any other consequential impacts as per the respective laws are not ascertained at present. The Auditor has given modified opinion in this regard.

**Note 39 :** Since the Company is having negative operating cash flows, it has not paid Rs. 660.81 lacs (net of TDS) in respect of rent for the office premises for the period up to 31st March, 2019 which are owned by a promoter (Mr. Ziaulla Sheriff) jointly with Bhatia family. Considering the negative cashflows and current Covid-19 pandemic situation, the management is in discussion with the owners for waive off of the rent for the year and also requested to reduce the outstanding for earlier years to the extent possible. Accordingly, the management has reversed during the quarter, a rent provided up to the third quarter amounting to Rs. 85.39 lacs and have not provided a rent of Rs. 28.46 lacs for the quarter ended 31st March, 2020 (Rs. 113.95 lacs for the year ended 31st March, 2020). The Auditor has given modified opinion in this regard.

**Note 40 :** Since the first quarter of Calendar Year 2020, the Covid-19 pandemic has impacted most of the countries, including India. This resulted in countries announcing lockdown and quarantine measures that sharply stalled economic activity. The Company's business is expected to be impacted by lower revenues in the short to medium term. The impact of the Covid-19 pandemic on the financial statements remains uncertain and dependent on the spread of Covid-19, steps taken by the government to mitigate the economic impact, and the time it takes for economic activities to resume at normal levels. In preparation of these results, the Company has taken into account internal and external sources of information to assess possible impacts of the pandemic, including but not limited to assessment of liquidity and going concern. Based on current indicators of future economic conditions, the Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of assets. Considering the evolving nature of the pandemic, its actual impact in future could be different from that estimated as at the date of approval of these financial results. The Company will continue to monitor any material changes to future economic conditions.

**Starcom Information Technology Limited**

**Summary of significant accounting policies and other explanatory information for the Year ended 31 March 2020**

**Note 41 : Prior year comparatives**

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

**The accompanying notes form an integral part of the financial statements**

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

**For C A S & Co.**

Chartered Accountants  
Firm Reg. No. 111075W

**For and on behalf of the Board of Directors**

**Starcom Information Technology Limited**  
CIN : L67120KA1995PLC078846

**Gourav Roongta**

Partner  
Mem No.: 186176

**Mr. Ziaulla Sheriff**

Managing Director  
DIN - 00002098

**Mr. Maddur Gundurao Mohankumar**

Director  
DIN - 00020029

**Mr. Mukhtar Ahmad**

Chief Financial Officer

**Nidhi Sharma**

Company Secretary

Place : Mumbai  
Date : 31st July, 2020

Place : Bengaluru  
Date : 31st July, 2020