



# Melstar Information Technologies Limited

CIN : L99999MH1986PLC040604

Under Corporate Insolvency Resolution Process (CIRP)

19.11.2019

<b>BOMBAY STOCK EXCHANGE LIMITED</b> P. J. TOWERS, DALAL STREET, MUMBAI - 400 001  <b>SCRIP CODE 532307</b>	<b>NATIONAL STOCK EXCHANGE OF INDIA LIMITED</b> Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051 <b>MELSTAR</b>
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Dear Sirs,

**SUB: UNAUDITED FINANCIAL RESULTS & LIMITED REVIEW REPORT FOR THE QUARTER AND HALF YERLY ENDED 30.09.2019**

This is further to our letter Dated 12.11.2019, intimating of Rescheduled Board meeting on 19.11.2019 for Consideration/Approval of unaudited Financial Results for the Quarter and Half yearly ended 30<sup>th</sup> September 2019.

Pursuant to regulation 30 of Securities and Exchange Board of India(LODR) Regulation, we wish to inform you that the Board of Director along with Resolution Professional in the meeting held Today have :

Considered and Approved the Unaudited Standalone Financial Results for the Quarter & Half yearly ended 30<sup>th</sup> September 2019. Pursuant to Regulation 33 of SEBI (Listing Obligation and Disclosure Requirement)Regulation, 2015, we enclosed hereby copy of the following Document :

- a) A Copy of Un-audited Standalone Financial Results for the Quarter & half yearly ended September 2019 as approved by board and Resolution Professional.
- b) Copy of Limited Review Report From the Auditor of the Company of unaudited Standalone Financial Results for the Quarter & half yearly ended 30<sup>th</sup> September 2019

The Board Meeting Commenced at 12 Noon & concluded at 3:15 PM.

**Kindly take note of the same.**

Thanking you,  
Yours faithfully,

For **MELSTAR INFORMATION TECHNOLOGIES LIMITED**  
Under Corporate Insolvency Resolution Process (CIRP)

  
**Anant Satish Pathak**  
Managing Director  
DIN : 05338978



  
**CA Neehal Pathan**  
Resolution Professional

**Registered Office:**

159, 5th Floor, Industry House,  
Reclamation, Churchgate,  
Mumbai 400 020. INDIA.  
Phone : +91(22) 6235 6400  
Fax : +91(22) 6235 6402  
URL : www.melstar.com



**Independent Auditor's Review Report on unaudited standalone quarterly financial results of Melstar Information Technologies Limited pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

**To**

**The Resolution Professional,  
Melstar Information Technologies Limited  
Mumbai**

1. We have reviewed the accompanying statement of unaudited financial results ("the Statement") of M/s Melstar Information Technologies Limited ("the company") for the quarter ended September 30, 2019, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.
2. The company is undergoing Corporate Insolvency Resolution Process (CIR Process) under the provisions of the Insolvency and Bankruptcy Code 2016 (Insolvency Code) w.e.f. 1st October, 2019 in terms of orders passed by Hon'ble National Company law Tribunal (NCIT), Mumbai Bench. As per Section 20 of the Insolvency Code, management & operations of the Company are being managed by Resolution Professional Mr. Neehal Pathan, on a Going Concern Basis.
3. This statement is the responsibility of the Company's Management and has been approved by the Board of Directors & Resolution Professional as stated in note 1 & 2 of the accounts has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 'Interim Financial Reporting' prescribed under Section 133 of Companies Act, 2013 read with relevant rules issued there under and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.





4. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

**Emphasis of Matter:**

5. The Company has incurred a net loss of Rs. 259.22 Lakhs for the half year ended September 30<sup>th</sup>, 2019 and, as of that date, the Company's current liabilities exceeded its Current assets by Rs.346.80 Lakhs and it has accumulated losses of Rs.1590.94 Lakhs which has resulted in complete Erosion of the net worth of the company. In spite of these events or conditions which may cast a Doubt on the ability of the company to continue as a going concern, the management is of the Opinion that going concern basis of accounting is appropriate and having regards to the Note No 5 of The Unaudited standalone financial results which results on going concern basis for the reasons Stated therein. The appropriateness of assumption of going concern is dependent upon realization of the various Initiatives undertaken by the Company and/or the Company's ability to raise requisite Finance/generate cash flows in future to meet its obligations or successful completion of resolution plan.
6. We draw attention to Note No.6 to the accompanying statement of Unaudited Standalone Financial Results which describes the ongoing Corporate Insolvency Resolution Process of the Company under Insolvency and Bankruptcy Code, 2016 ('the Code') and related matters.

Our report is not modified in respect of these matters.



**7. Basis for Qualified conclusion:**

We draw attention to Note No 7 to the accompanying statement of unaudited Financial Results regarding non compliance of IND AS 8 (Accounting policies, change in Accounting Estimates & Errors) as significant corrections made by the company for an amount of Rs.153.00 lakhs, the impact for the same have not been adjusted in Previous years.

8. Based on our review conducted as above except for the possible effects of our observation described in the "Basis for Qualified Conclusion" Para 7 above,, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including the manner in which it is to be disclosed, or that it contains any material misstatement.

Our conclusion on the Statement is not modifies in respect of the above matter.

Place: Mumbai  
Date:19<sup>th</sup>, November 2019



For **Sarda & Pareek**  
Chartered Accountants  
FRN- 109262W

*Gaurav Sarda*

**Gaurav Sarda**

Partner

Membership No- 110208



**STATEMENT OF STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED SEPTEMBER 30, 2019**

PARTICULARS	Quarter Ended			For six months Ended		Year Ended
	September 30, 2019	June 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018	March 31, 2019
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1 Revenue from operations	302.31	221.39	86.98	523.70	173.74	342.72
2 Other income	0.70	2.26	31.02	2.96	103.53	903.52
<b>3 Total revenue (1+2)</b>	<b>303.01</b>	<b>223.65</b>	<b>118.00</b>	<b>526.66</b>	<b>277.27</b>	<b>1,246.24</b>
4 Expenses						
a Employee benefit expense	261.87	207.64	122.01	469.51	233.81	478.92
b Finance costs	17.38	14.65	45.75	32.03	94.96	85.63
c Depreciation and amortization expense	0.13	0.13	0.39	0.26	0.78	1.09
d Depreciation on Right to Use of Lease Asset	46.80	7.17	-	53.97	-	-
e Other expenses	166.33	63.78	55.50	230.11	114.85	690.37
<b>Total expenses (a+h)</b>	<b>492.51</b>	<b>293.37</b>	<b>223.65</b>	<b>785.88</b>	<b>444.40</b>	<b>1,256.01</b>
5 Profit before tax (3-4)	(189.50)	(69.72)	(105.65)	(259.22)	(167.13)	(9.77)
6 Tax expense:						
Current tax	-	-	-	-	-	-
Deferred tax	-	-	-	-	-	0.35
Excess/Short Provision for tax	-	-	-	-	-	-
<b>Total tax expense</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.35</b>
7 Profit for the year (5-6)	(189.50)	(69.72)	(105.65)	(259.22)	(167.13)	(10.12)
8 Other comprehensive income						
Items that will not be reclassified to profit or loss						
i. Remeasurement of the defined benefit plans;	-	-	-	-	-	(1.26)
ii. Income tax relating to items that will not be reclassified to	-	-	-	-	-	0.35
<b>Total other comprehensive income for the year (net of tax) (i+ii)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(0.91)</b>
9 Total Comprehensive Income for the year (7+8)	(189.50)	(69.72)	(105.65)	(259.22)	(167.13)	(11.03)
10 Paid-up Equity Share Capital	1,428.31	1,428.31	1,428.31	1,428.31	1,428.31	1,428.31
Face value of share (Rs.)	10.00	10.00	10.00	10.00	10.00	10.00
11 Earnings per equity share (EPS) :						
Basic and Diluted EPS (Rs.) (not annualised)	(1.33)	(0.49)	(0.74)	(1.81)	(1.17)	(0.08)

**Notes :-**

- The Above Financial Results for the quarter ended 30th September, 2019 have not been reviewed by Audit committee and are approved by Board of Directors at the meeting rescheduled on 19th November, 2019. The Accounts approved by Directors are submitted to Resolution Professional (RP) who have reviewed the same accounts related to the period prior to the appointment of Interim Resolution Professional ( IRP ).
- The above results have been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (Ind AS), prescribed under Section 133 of the Companies Act, 2013, and other recognized accounting practices and policies to the extent applicable.
- The Ministry of Corporate Affairs has notified Indian Accounting Standard 116 ('Ind AS 116'), Leases, with effect from 1 st April, 2019. The Standard primarily requires the Company, as a lessee, to recognize, at the commencement of the lease a right-to-use asset and a lease liability (representing present value of unpaid lease payments). Such right-to-use assets are subsequently depreciated and the lease liability reduced when paid, with the interest on the lease liability being recognized as finance costs, subject to certain remeasurement adjustments.
- The figures for the previous period/ year have been regrouped/ reclassified, wherever necessary, to conform to the current period/ year classification.
- The Company is incurring a losses which may create uncertainties. However, various initiatives undertaken by the Company in relation to saving cost, optimize revenue management opportunities and enhance ancillary revenues is expected to result in improved operating performance. Further, our continued thrust to improve operational efficiency and initiatives to raise funds are expected to result in sustainable cash flows addressing any uncertainties. Accordingly, the statement of financial results continues to be prepared on a going concern basis, which contemplates realization of assets and settlement of liabilities in the normal course of business.
- An application for initiation of corporate insolvency resolution process of Melstar India Limited was admitted by the Hon ble National Company Law Tribunal, Mumbai vide order dated October 1, 2019 under the Insolvency and Bankruptcy Code, 2016 ( IBC ) and hence currently, the Company is under corporate insolvency resolution process ( CIRP ). Mr. Neehal Pathan (IBBI registration number IBBI/IPA-001/IP- P01561/2019-20/12406) was appointed as the D33 vide this order. Mr. Neehal Pathan was subsequently confirmed by the Committee of Creditors as the Resolution Professional ( RP ) in its meeting dated October 30, 2019 under the provisions of IBC. The Section 20 (1) of IBC, 2016 reads as follows -

The interim resolution professional shall make every endeavour to protect and preserve the value of the property of the corporate debtor and manage the operations of the corporate debtor as going concern.

Accordingly, the Resolution Professional has been managing the operations of the Company as a going concern . Considering the above facts and continuing operations of the Company, the financial results have been prepared on a going concern basis.

- As a result of the significant corrections/ analysis made by the Company during the current period, the Company has identified expenses (net) amounting to Rs. 153 lakhs as those relating to prior periods and consequently an amount of Rs. 30 Lakhs has been accounted in the current period. However, in absence of the exact details with regard to the periods to which these pertain, these have not been adjusted in the previous year figures/opening equity as at 1 April 2017.
- Loans and Advances are subject to realization and according to the management are recoverable fully.

For Melstar Information Technologies Ltd

*Satish Pathak*  
 Neehal Mahamud Pathan  
 Director  
 Reg. No. IBBI/IPA-001/IP-P/01561/2018-2019/12406

*Neehal Mahamud Pathan*  
 Neehal Mahamud Pathan  
 Resolution Professional  
 Reg. No. IBBI/IPA-001/IP-P/01561/2018-2019/12406



Date : 19th November, 2019  
 Place : Mumbai

**MELSTAR INFORMATION TECHNOLOGIES LIMITED**  
Balance Sheet as at September 30, 2019

(Rs. in Lakhs)

Sr. No	PARTICULARS	As at September 30, 2019	As at March 31, 2019
		Unaudited	Audited
	<b>ASSETS</b>		
1	<b>Non-current assets</b>		
	Property, plant and equipment	1.26	1.28
	Intangible Assets	0.04	0.07
	Intangible Assets under development	0.00	0.00
	Right of use Lease Assets	198.46	0.00
	Investments	190.75	190.75
	Other non-current assets	50.51	29.01
	<b>Total Non-Current Assets</b>	<b>441.02</b>	<b>221.11</b>
2	<b>Current assets</b>		
	<b>Financial assets</b>		
	i.Trade receivable	66.87	33.18
	ii.Cash and cash equivalents	96.05	2.68
	iii.Loans & Deposits	597.57	883.77
	Current Tax Assets (Net)	122.94	204.63
	Other current assets	107.60	33.33
	<b>Total Current Assets</b>	<b>991.03</b>	<b>1,157.59</b>
	<b>Total Assets (1+2)</b>	<b>1,432.05</b>	<b>1,378.70</b>
	<b>EQUITY AND LIABILITIES</b>		
1	<b>Equity</b>		
	Equity share capital	1,428.31	1,428.31
	Other equity	(1,583.26)	(1,312.86)
	<b>Total Equity</b>	<b>(154.95)</b>	<b>115.45</b>
2	<b>LIABILITIES</b>		
	<b>Non-current liabilities</b>		
	<b>Financial Liabilities</b>		
	i. Borrowings	-	-
	ii. Other Financial Liabilities	-	-
	Provisions	35.10	32.81
	Right of Use Lease Liabilities	214.07	0.00
	<b>Total Non-Current Liabilities</b>	<b>249.17</b>	<b>32.81</b>
3	<b>Current liabilities</b>		
	<b>Financial liabilities</b>		
	i. Borrowings	297.00	247.00
	ii. Trade payables		
	a. Total outstanding dues of micro enterprises and small enterprises	-	-
	b. Total outstanding dues of creditors other than micro enterprises and small enterprises	715.67	724.95
	iii. Other financial liabilities	-	-
	Provisions	17.98	17.98
	Other current liabilities	307.18	240.51
	<b>Total Current Liabilities</b>	<b>1,337.83</b>	<b>1,230.44</b>
	<b>Total Equity and Liabilities (1+2+3)</b>	<b>1,432.05</b>	<b>1,378.70</b>
	Significant accounting policies		
	The accompanying notes are an integral part of the financial statements		

For Melstar Information Technologies Ltd

  
Anant Satish Pathak  
Director  
DIN: 05338978



  
Neehal Mahamul Pathan  
Resolution Professional  
Reg. No. IBBI/IRA-001/IP-P/01561/2018-2019/12406

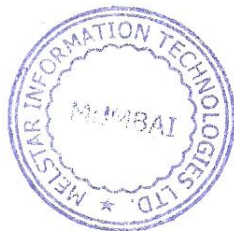
Date : 19th November, 2019  
Place : Mumbai

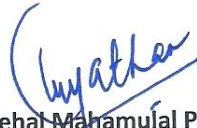


Particular	2019-20		2018-19	
	Amount	Amount	Amount	Amount
<b>A Cash flow from operating activities</b>				
Profit /(Loss) before tax		(259.22)		(11.02)
<b>Adjustments for :</b>				
Depreciation and amortisation	0.26		1.09	
Provision for Investment Diminution	0.00		35.00	
Opening IND AS 116 Adjustment	(11.18)		0.00	
Interest expense	32.03		85.63	
		<b>21.11</b>		<b>121.72</b>
<b>Operating Profit/ (Loss) before working capital changes</b>		<b>(238.11)</b>		<b>110.70</b>
<b>Adjustments for :</b>				
(Increase)/Decrease in Trade Receivable	(33.69)		76.43	
(Increase)/Decrease in Short Term Loan and Advances	286.20		(524.94)	
(Increase)/Decrease in Other Current Assets	(14.08)		535.45	
(Increase)/Decrease in Right to use Lease asset	(198.46)		0.00	
(Increase)/Decrease in Long Term Advances	0.00		0.00	
Increase/(Decrease) in Long Term Provision	2.29		(11.79)	
Increase/(Decrease) in Right to use lease liability	214.07		0.00	
Increase/(Decrease) in Short Term Borrowing	50.00		(916.69)	
Increase/(Decrease) in Trade Payable	(9.28)		39.08	
Increase/(Decrease) in Other Current Liabilities	66.67		(59.90)	
Increase/(Decrease) in Short Term Provision	0.00		(3.96)	
		<b>363.72</b>		<b>(866.32)</b>
<b>Cash generated from operations</b>		<b>125.61</b>		<b>(755.62)</b>
Income Tax (Paid)/ Refund (Net)		0.00		0.00
<b>Net cash generated from operating activities</b>		<b>125.61</b>		<b>(755.62)</b>
<b>B Cash flow from investing activities</b>				
(Additions)/Sale of fixed assets	(0.21)		860.66	
Interest on Income Tax refund	0.00		0.00	
<b>Net cash used in investing activities</b>		<b>(0.21)</b>		<b>860.66</b>
<b>C Cash flow from financing activities</b>				
Loan given	0.00		(35.00)	
Interest paid	(32.03)		(85.63)	
<b>Net cash used in financing activities</b>		<b>(32.03)</b>		<b>(120.63)</b>
<b>Net (decrease)/ increase in cash and cash equivalents</b>		<b>93.37</b>		<b>(15.59)</b>
<b>Opening balance of cash and cash equivalents</b>		<b>2.68</b>		<b>18.27</b>
<b>Closing balance of cash and cash equivalents (refer Note 8)</b>		<b>96.05</b>		<b>2.68</b>

For Melstar Information Technologies Ltd

  
Anant Satish Pathak  
Director  
DIN: 05338978



  
Neeha Mahamud Pathan  
Resolution Professional  
Reg. No. IBB/IPA-001/IP-P/01561/2018-2019/12406

Date : 19th November, 2019  
Place : Mumbai

Unaudited standalone Segment-wise Revenue, Results, Assets and Liabilities for the quarter and year ended 30 September, 2019

Particulars	Quarter Ended			For six months Ended		(Rs. in Lakhs)
	September 30, 2019	June 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018	Year Ended March 31, 2019
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
<b>1. Segment Revenue</b> ( Net sale/income from each segments should be disclosed under this head )						
(a) Segment -A ( Software Services )	302.32	221.39	87.13	523.71	173.90	739.05
(b) Segment -B ( IT Infraprojects )	-	-	-	-	-	-
(c) Unallocated	0.69	2.26	30.87	2.95	103.37	507.20
Less: Inter Segment Revenue	-	-	-	-	-	-
<b>Net Sales/Income From Operations</b>	<b>303.01</b>	<b>223.65</b>	<b>118.00</b>	<b>526.66</b>	<b>277.27</b>	<b>1,246.25</b>
<b>2. Segment Results (Profit)(+)/Loss(-) before tax and interest from each segment</b>						
(a) Segment -A ( Software Services )	(157.43)	(34.14)	(68.51)	(191.57)	(127.89)	(231.32)
(b) Segment -B ( IT Infraprojects )	-	-	-	-	-	-
Less: (i) Interest	14.38	13.23	45.75	27.61	94.96	85.63
Add: (ii) Other Un-allocable Income net off un-allocable expenditure	(17.69)	(22.35)	8.60	(40.04)	55.72	305.92
<b>Total Profit Before Tax</b>	<b>(189.50)</b>	<b>(69.72)</b>	<b>(105.66)</b>	<b>(259.22)</b>	<b>(167.13)</b>	<b>(11.03)</b>
<b>3. Assets</b>						
(a) Segment -A ( Software Services )	451.79	356.52	989.34	451.79	989.34	192.70
(b) Segment -B ( IT Infraprojects )	82.65	82.65	153.85	82.65	153.85	82.65
(c) Unallocated Assets	897.61	1,097.88	1,000.64	897.61	1,000.64	1,103.36
<b>Total</b>	<b>1,432.05</b>	<b>1,537.05</b>	<b>2,143.83</b>	<b>1,432.05</b>	<b>2,143.83</b>	<b>1,378.71</b>
<b>4. Liabilities</b>						
(a) Segment -A ( Software Services )	1,587.00	1,492.54	1,076.34	1,587.00	1,076.34	1,263.25
(b) Segment -B ( IT Infraprojects )	-	-	-	-	-	-
(c) Unallocated Liabilities	-	-	1,108.14	-	1,108.14	-
<b>Total</b>	<b>1,587.00</b>	<b>1,492.54</b>	<b>2,184.48</b>	<b>1,587.00</b>	<b>2,184.48</b>	<b>1,263.25</b>

For Melstar Information Technologies Ltd

Anant Satish Pathak  
 Director  
 DIN: 05338978

Neehal Mahamul Pathan  
 Resolution Professional  
 Reg. No. IBBI/IPA-001/IP-P/01561/2018-2019/12406

Date : 19th November, 2019  
 Place : Mumbai

