



THE YASH BIRLA GROUP

2013-2014

27th Annual Report

Melstar Information Technologies Limited



A Software Services Company

Business Philosophy

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



Vision

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

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

SEI: CMM Level - III Assessed

ISO-9001 : 2008 Certified

**Registered and Corporate Office**

Melstar House, G-4, M.I.D.C. Cross Road 'A', Andheri (East), Mumbai - 400 093
Tel . +91(22) 4056 6464 Fax : +91(22) 2831 0520
Email : info@melstar.com, Visit us at : www.melstar.com
Corporate Identity Number (CIN): L99999MH1986PLC040604

BOARD OF DIRECTORS

- Mr. Rajesh Shah Independent & Non-Executive Director
- Mr. M. S. Adige Independent & Non-Executive Director
- Mr. R M Mishra Independent & Non-Executive Director (w.e.f.12.02.2014)
- Mr. P V R Murthy Director (upto.24.10.2013)
- Mr. Richard D'Souza Managing Director (upto.09.12.2013)
- Mr. Vijay Mishra Managing Director(w.e.f.13.11.2013)

Auditors

M/s. Kanu Doshi Associates
Chartered Accountants
Mumbai

Bankers

Bank of India

Registrar & Share Transfer Agent

Link Intime India Private Limited
(Unit - Melstar Information Technologies Limited)
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (West)
Mumbai - 400 078
Tel.: 2596 3838 / 25946970 Fax: 2594 6969
E-mail: rnt.helpdesk@linkintime.co.in

COMPANY SECRETARY

Mr. Vijay Modi

CHIEF OPERATING OFFICER

Mr. Ashok Waykul

CHIEF FINANCIAL OFFICER

Mr. Anil S. Korpe

BRANCH OFFICE LOCATIONS**Bangalore**

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

Chennai

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

Hyderabad

JISHNU HOMES, 1st Floor,
Plot No. 8-2-269/19/S/A/102,
Beside L.V. Prasad Eye Hospital,
Road No. 2, Banjara Hills,
Hyderabad - 500 034. India
Phone No. - 6615 1111

Pune

403, Picasso Plaza, 4th Floor,
NIBM, Chowk, Kondhwa Road,
Pune - 411 048. India
Phone No. 020-41307910

Kolkata

Ms. Madhurima Banerjee
F 21/5, Karunamay Housing Estate,
Salt Lake Sector - 2,
Kolkata - 91
Mob: 8420937587

Gurgaon

SCO - 18-19, Sector 14,
Gurgaon,
Haryana - 122 001 India
Phone : 0124-4080842/43/44

OVERSEAS SUBSIDIARY**Melstar Inc.**

33, Wood Avenue South,
Suite 600,
Iselin, New Jersey 08830
Tel. : 732-744-3399
Fax : 732-744-3400

CONTENTS	Page Nos.
Notice	3
Directors' Report.....	10
Management Discussion and Analysis Report	13
Report on Corporate Governance	15
Auditors' Certificate on Corporate Governance	21
Independent Auditor's Report.....	22
Balance Sheet	24
Profit & Loss Statement.....	25
Cash Flow Statement	26
Notes forming part of Balance Sheet and Profit and Loss Statement	27
Statement pursuant to Section 212 of the Companies Act, 1956	42
Independent Auditor's Report on Consolidated Financial Statements	43
Consolidated Balance Sheet	44
Consolidated Profit & Loss Statement.....	45
Consolidated Cash Flow Statement	46
Notes forming part of Consolidated Balance Sheet and Profit & Loss Statement.....	47
Summarized Financials of Subsidiary under Section 212(8) of the Companies Act, 1956	62
Attendance Slip / Proxy Form	63



NOTICE

Notice is hereby given that the 27th Annual General Meeting of the members of Melstar Information Technologies Limited, will be held on **Saturday the 27th September, 2014 at 9.00 a.m. at Gopi Birla Memorial School, 68, Walkeshwar Road, Malabar Hill, Mumbai-400006 to transact the following business:-**

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2014 and Statement of Profit and Loss for the year ended on that date together with the Reports of Directors and the Auditors thereon.
2. To appoint Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company, and to fix their remuneration, and for that purpose, to pass the following Resolution, as an Ordinary Resolution:
RESOLVED THAT pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013, Messrs. Kanu Doshi Associates, Chartered Accountants (Firm Registration No. 104746W), the retiring Auditors, be and is hereby re-appointed as the Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company and that the Board of Directors of the Company be and is hereby authorized to fix their remuneration for the said period and reimbursement of actual out of pocket expenses, as may be incurred in the performance of their duties."
3. To authorize the Board of Directors to appoint Branch Auditor, in consultation with the Statutory Auditors of the Company, for the existing overseas branch office in the US to act until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

To consider and if thought fit to pass, with or without modification(s), the following resolutions:

4. As Ordinary Resolution: Appointment of Shri Rajesh Shah.
RESOLVED THAT pursuant to Section 149,152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, **Shri Rajesh Virendra Shah (DIN 00079576)**, non executive director of the Company, has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and is eligible for appointment be and is hereby appointed as an Independent director of the Company and shall hold office for a term of 5 years **w.e.f 27.09.2014**.
5. As Ordinary Resolution: Appointment of Shri Mohandas Shenoy Adige
RESOLVED THAT pursuant to Section 149,152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, **Shri Mohandas Shenoy Adige (DIN 00280925)**, non executive director of the Company, has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and is eligible for appointment be and is hereby appointed as an Independent director of the Company and shall hold office for a term of 5 years **w.e.f 27.09.2014**.
6. As an Ordinary Resolution: Shri Vijay Phoolchand Mishra
"RESOLVED THAT pursuant to Section 149,152 and any other applicable provisions of the Companies Act,2013 and the rules made there under (including any statutory modification (s) or re-enactment thereof for the time being in force) **Shri Vijay Phoolchand Mishra (DIN 02227881)** who was appointed as an Additional Director pursuant to the provisions of Section 161(1) of the Act and who holds office up to the date of this Annual General Meeting and in respect of whom the company has received a notice in writing under section 160 of the Act from a member proposing his candidature for the Office of director, be and is hereby appointed as an director of the Company.
7. As an Ordinary Resolution Shri Ramprakash Murlidhar Mishra
"RESOLVED THAT pursuant to Section 149,152 and any other applicable provisions of the Companies Act,2013 and the rules made there under (including any statutory modification (s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act,2013, (the Act) **Shri Ramprakash Murlidhar Mishra (DIN 00228438)** who was appointed as an Additional Director pursuant to the provisions of Section 161(1) of the Act and who holds office up to the date of this Annual General Meeting and has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and in respect of whom the company has received a notice in writing under section 160 of the Act from a member proposing his candidature for the Office of director, be and is hereby appointed as an Independent director of the Company and shall hold office for a term of **5 years w.e.f 27.09.2014**."
8. As a Special Resolution:
"RESOLVED THAT as per the recommendation of the Remuneration Committee and pursuant to the provisions of Sections 196 197 and 203, read with Schedule V and all other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) approval of the Company be and is hereby accorded for the appointment of **MR. VIJAY MISHRA (Din: 02227881)** as Managing Director of the Company for a period of **3 years with effect from 13.11. 2013 to 12.11.2016** on the remuneration and perquisites and terms and conditions as set out in the statement annexed to the Notice convening this meeting with a liberty to the Board of directors (hereinafter referred to as Board which term shall deemed to include Nomination and Remuneration Committee of the Board) to alter and vary the terms and conditions of the said appointment and/or remuneration as it may deem fit and as may be acceptable to Shri Vijay Mishra subject to the same not exceeding the limits specified under schedule V to the Companies Act 2013 or any statutory modification(s) or re-enactment thereof
RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to take such steps and actions and to do all such acts, deeds, matters and things as may be necessary, expedient or desirable to give effect to the above resolution."

By Order of the Board of Directors

Registered Office:

Melstar House, G-4, MIDC, Cross Road 'A',
Andheri (East), Mumbai - 400 093.

Mumbai, 08.08.2014

For **MELSTAR INFORMATION TECHNOLOGIES LIMITED**

VIJAY MODI
Company Secretary

27th Annual Report 2013-2014

NOTES:

- 1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (THE MEETING) IS ENTITLED TO APPOINT A PROXY/PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY/PROXIES NEED NOT BE A MEMBER OF THE COMPANY. A person can act as proxy on behalf of members not exceeding fifty(50) and holding in aggregate not more than 10% of the total share capital of the Company. IN CASE A PROXY IS PROPOSED TO BE APPOINTED BY A MEMBER HOLDING MORE THAN 10% OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS, THEN SUCH PROXY SHALL NOT ACT AS A PROXY FOR ANY OTHER PERSON OR SHAREHOLDER.

The instrument appointing a proxy duly completed and signed should, however, be deposited at the registered office of the company not less than forty-eight hours before the commencement of the meeting. PROXIES SUBMITTED ON BEHALF OF THE COMPANIES, SOCIETIES ETC., MUST BE SUPPORTED BY AN APPROPRIATE RESOLUTION/AUTHORITY, AS APPLICABLE. A proxy form is sent herewith.

- 2) The Statement setting out material facts pursuant to section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the Meeting, it annexed hereto.
- 3) The ISIN of the Equity Shares of 10/- each is INE 817A01019
- 4) AS PER COMPANIES (MANAGEMENT AND ADMINISTRATION) RULES, 2014 READ WITH CHAPTER VII OF THE COMPANIES ACT, 2013, THE SHAREHOLDERS OF THE COMPANY ARE REQUESTED TO FURNISH THEIR INFORMATION AS PER ANNEXURE ENCLOSED HERewith AND ARE REQUESTED TO SUBMIT THE SAME WITH LINK INTIME INDIA PRIVATE LIMITED RTA OF MELSTAR INFORMATION TECHNOLOGIES LIMITED ON OR BEFORE 30TH SEPTEMBER, 2014.
- 5) Corporate Members intending to send their authorized representatives to attend the Meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
- 6) Members are requested to bring their Attendance Slip along with their copy of Annual Report to the Meeting.
- 7) Members who hold shares in dematerialized form are requested to write their Client ID and DP ID Numbers and those who hold shares in physical form are requested to write their Folio Number in the Attendance Slip for attending the Meeting.
- 8) The Register of Members and Share Transfer Books of the Company will remain closed **FROM SATURDAY THE 20.09.2014 TO SATURDAY THE 27.09.2014 (BOTH DAYS INCLUSIVE)** for annual closing.
- 9) Members desirous of making nomination as permitted under Section 72 of the Companies Act, 2013 in respect of the physical shares held by them in the Company, can make nominations in Form SH-13, which can be procured from the Registrar and Share Transfer Agent M/s Link Intime India Private Limited (RTA). The Members holding shares in demat form may contact their respective depository participants for such nominations.
- 10) Members who hold shares in physical form in multiple folios in identical names or joint accounts in the same order of names are requested to send the share certificates to the Company's Registrars and Transfer Agents, M/s. Link Intime India Private Limited (RTA), for consolidation into a single folio.
- 11) As per the General Exemption granted by the Central Government vide the General Circular No. 2/2011 dated 8.2.2011, copy of Balance Sheet, Statement of Profit and Loss, and Report of the Board of Directors and the Report of the Auditors of the Subsidiary Company is not attached with the Annual Report of the Company. However, the Annual Reports of the Subsidiary Company is available for inspection at the Registered Office of the Company to any Member of the Company. Further the Company will make available these documents to any Member upon request.
The Notice of the AGM along with the Annual Report 2013-14 is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company/Depositories, unless any Member has requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode.
- 12) In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide the Members the facility to exercise their right to vote at the 27th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by CDSL.

Details and Instructions for E-voting are enclosed along with the Notice.

Company's website www.melstar.com will be uploaded with the above documents well before the mandatory period and the copies of the aforesaid documents will be available for inspection at the Registered Office of the Company also.

Registered Office:

Melstar House, G-4, MIDC, Cross Road 'A',
Andheri (East), Mumbai - 400 093.

Mumbai, 08.08.2014

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

VIJAY MODI
Company Secretary



E-VOTING INSTRUCTIONS

The instructions for members for voting electronically are as under:-

In case of members receiving e-mail:

- (i) Log on to the e-voting website www.evotingindia.com
- (ii) Click on "Shareholders" tab.
- (iii) Now, select "**Melstar Information Technologies Limited**" from the drop down menu and click on "Submit".
- (iv) 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.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account/folio number in the PAN field. In case the folio 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 folio number 100 then enter RA00000100 in the PAN field.
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. <ul style="list-style-type: none"> Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the number of shares held by you as on the cut off date in the Dividend Bank details field.

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then reach directly 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.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN/140822034 for the relevant **Melstar Information Technologies Limited** on which you choose to vote.
- (xii) 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.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) 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.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.com> and register themselves as Corporates.

They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.

After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.

The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.

They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

In case of members receiving the physical copy:

- (A) Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.
- (B) The voting period begins on **Tuesday 16th September, 2014 at 9 a.m.** and ends on **Thursday 18th September, 2014 at 5.45 p.m.**. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of **14th August, 2014**, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (C) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.

27th Annual Report 2013-2014

The Board of Directors has appointed Shri Praful Sanghani, of M/s. P. Sanghani & Co., Practicing Chartered Accountant, Mumbai as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

The Scrutinizer shall within a period not exceeding three (3) days from the conclusion of the e-voting period unblock the votes in the presence of atleast 2 witnesses not in the employment of the company and will make a scrutinizer's report of the votes cast in favor or against, if any, forthwith to the Chairman of the Meeting.

The result on the resolutions shall be declared at or after the Annual General Meeting of the Company and the resolutions will be deemed to be passed on the Annual General Meeting date subject to receipt of the requisite number of votes in favor of the resolutions.

The results declared along with the scrutinizer's report(s) will be available on the website of the Company (www.melstar.com) within 2 days of passing of the resolutions and communication of the same to Bombay Stock Exchange Limited and National Stock Exchange of India Limited

STATEMENT SETTING OUT MATERIAL FACTS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 ("THE ACT") FORMING PART OF THE NOTICE.

Item No. 4 and 5

The Company had, pursuant to the provisions of Clause 49 of the Listing Agreement entered with the Stock Exchanges, appointed Shri Rajesh Virendra Shah and Shri Mohandas Shenoy Adige as Independent Directors at various times, in compliance with the requirements of the Clause.

Pursuant to the provisions of Section 149 of the Act, which came in to effect from April 1, 2014, every listed company is required to have at least one-third of the total number of directors as independent directors, who are not liable to retire by rotation.

The matter regarding appointment of Shri Rajesh Virendra Shah and Shri Mohandas Shenoy Adige as Independent Directors was placed before the Nomination & Remuneration Committee, which commends their appointment as Independent Directors for a term of 5 years w.e.f 27.09.2014

Shri Rajesh Virendra Shah and Shri Mohandas Shenoy Adige Non-executive directors of the Company, have given a declaration to the Board that they meet the criteria of independence as provided under Section 149(6) of the Act.

In the opinion of the Board, Shri Rajesh Virendra Shah and Shri Mohandas Shenoy Adige fulfill the conditions specified in the Act and the Rules framed there under for appointment as Independent Director and they are independent of the management.

In compliance with the provisions of Section 149 read with Schedule IV of the Act, the appointment of Shri Rajesh Virendra Shah and Shri Mohandas Shenoy Adige as Independent Directors is now being placed before the Members in general meeting for their approval.

The terms and conditions of appointment of above Directors shall be open for inspection by the Members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday.

A brief profile of the Directors to be appointed is given below:

Mr. Rajesh Shah is a Non-executive, Independent Director. He is a senior practicing Chartered Accountant with over 35 years of experience. His areas of specialization include corporate taxation and structuring of domestic and international clients, including expatriates. Presently he is a senior partner in M/s. A.J. Shah & Co./a practicing firm of Chartered Accountants. He has been associated with several institutions such as International Fiscal Association; Western India Regional council of The Institute of Chartered Accountants of India, Shri Vile Parle Kelevani Mandal (SVKM). He is empanelled as an Arbitrator by the Indian Council of Arbitration.

Shri Mohandas Shenoy Adige is a Non-Executive Independent Director of the Company. Has 43 years of cross functional experience in metal industry with exposure to various functional areas including techno-commercial areas of project management. He is a member of regional council of Confederation of Indian Industry (CII), All India Management Association, Bombay Management Association. Specialist in revival and turn around of ailing units through re-engineering and re-organisation.

Shri Rajesh Virendra Shah and Shri Mohandas Shenoy Adige are concerned and interested in the resolutions of the accompanying Notice relating to their appointment. The Board of Directors recommends the said resolutions for your approval.

Item No. 6 and 8 : Mr. Vijay Mishra, aged 35 years and a post graduate in Business Management with specialisation in Finance. He is also an Associate Member of the Institute of Company Secretary of India (ICSI), the All India Management Association (AIMA) Mr. Mishra has handled a huge gamut of Financial & Legal assignments which involved financial planning, fund management, budgetary control, taxation, legal affairs & company secretarial matters. He has also played a key role in instrumentation of merger of companies, designing and implementing credit control procedure for credit risk Management System in his work stint.

The Board of Directors of the Company in their meeting held on **13.11 2013** appointed Mr. Vijay Mishra as an additional Director pursuant to the provisions of Section 161 of the Companies Act, 2013 and Article 139 of Articles of Association of the Company.

Being an Additional Director of the Company, he holds office up to the date of this Annual General Meeting. The Company has received a notice along with a deposit in terms of Section 160 of the Companies Act, 1956, from a member, proposing the candidature of Mr. Vijay Mishra for the office of Director of the Company.



Further, in the Board Meeting held on 12.02.2014 and as per the resolution passed by the remuneration Committee in their meeting held on 12.02.2014, Mr. Vijay Mishra was appointed as Managing Director of the Company, with effect from 13.11.2013 for a period of 3 years, subject to the approval of shareholders.

In terms of Article 158(2) of the Articles of Association, Mr. Vijay Mishra shall not be liable to retirement by rotation till he continues to hold such office. The terms and conditions of the appointment are as under:

Mr. Vijay Mishra : Managing Director

Period 3 (three) years i.e. 13.11.2013 to 12.11.2016

As Managing Director, Mr. Vijay Mishra shall be responsible for the company's business affair as entrusted to him subject to the direction, supervision and control of the Board of Directors.

I. Remuneration: Mr. Vijay Mishra shall be entitled to a salary, perquisites, allowances & benefits not exceeding Rs. 42 Lacs per annum.

Perquisite includes insurance, security charges, maintenance and repair of the house and the furniture, fixtures and furnishings therein, gas, electricity and water along with all amenities, facilities and utilities, Club Fees: Fees of Corporate/Health Clubs (not exceeding 2 clubs), Medical Reimbursement: Medical expenses incurred by the Managing Director for himself and his family shall be reimbursed by the Company, either directly or through Medisclaim Insurance, Leave Travel Assistance: The Managing Director shall be eligible for Leave Travel assistance for self and family once in a year in accordance with the rules of the Company.

Valuation of perquisites: Perquisites mentioned in above shall be evaluated in accordance with the Income Tax Rules, 1961 wherever applicable, and in other cases at the actual cost to the Company.

Minimum Remuneration: Notwithstanding anything herein contained, where in any financial year, during the currency of the tenure of Mr. Vijay Mishra as Managing Director of the Company, if the Company has no profits or its profits are inadequate, the company will pay remuneration by way of salary and perquisites as specified above in accordance with Schedule V of the Companies Act, 2013 or any other law or enactment for the time being or from time to time in force.

II. Conveyance: Free use of Company's car for the work of the Company along with driver, insurance, petrol, cost of repairs, overhauling, maintenance and garage rent.

Communication Facilities: The Company shall bear all expenses of the Communication facilities installed at the Managing Director's residence including but not limited to Telephones (landlines/mobiles), Faxes, Computers/Laptops, Internet Connection.

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

The Company's contribution to the Provident Fund, Superannuation Fund (or other benefit permissible in lieu thereof) or annuity fund will be as per the rules of the Company and the same will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.

Gratuity payable in accordance with the gratuity Scheme of the Company provided that it does not exceed one half month's salary for each completed year of continuous service.

Note: For the purpose of perquisites stated above, family means the spouse, the dependent children and dependent parents of the appointee.

The perquisites indicated in **Category-III** shall not be included in computation of the ceiling on remuneration specified in **Category-I** of this section.

Disentitlements: The Managing Director shall not be entitled for sitting fees for attending meetings of the Board of Directors or Committees thereof.

Shri Vijay Mishra as long as continues to be Managing Director of the Company shall not be liable to retire by rotation

Interest: Mr. Vijay Mishra is concerned and interested in the above matter. No other director of the Company is concerned or interested in the above matter.

As per the general circular of Ministry of Corporate Affairs no.46/2011 dated 14.07.2011, no approval of Central Government is required for appointment of Mr. Vijay Mishra as Managing Director of the Company for payment of remuneration to professional managerial person by Company having no profits or inadequate profits since he is Associate Company Secretary from Institute of Company Secretaries of India.

The Board recommends the resolution as set out in Item No. 6 and 8 of the Notice for Members' approval.

Additional General Information

Additional Information as required in accordance with the provisions of Schedule V is given hereunder –

- a) Nature of industry – Software consultancy, development and related services
- b) Date of commencement commercial production – The Company was incorporated on 12th August 1986 as a private company and is in operation since then. However, the present activities were commenced in the year 1997.

27th Annual Report 2013-2014

- c) Financial performance of last 5 years based on given indicators - As per the audited financial results for the year ended 31-03-2014:

(Rs.)

Particulars	2013-14	2012-13	2011-12	2010-11	2009-10
Revenues	19,33,05,859	220,349,391	545,120,003	26,18,92,039	20,39,28,749
Net (Loss)/ Profit after Tax	(2,40,63,647)	(14,484,393)	14,617,030	14,626,249	(2,98,11,806)
Paid up Share capital	142,831,390	142,831,390	142,831,390	142,831,390	14,28,31,390
Net Worth	9,72,33,917	122,121,900	136,634,757	122,236,092	10,77,08,221

- d) Net foreign exchange earnings of the company during the past five years –

Year	Inflow Rs.	Outflow Rs.
2009-10	1,34,43,383	1,58,08,226
2010-11	93,94,142	76,34,351
2011-12	1,13,06,940	98,93,848
2012-13	21,967,169	20,871,420
2013-14	1,13,20,405	1,03,50,044

- e) Baground Details:

Mr Vijay Mishra is a post graduate in Business Management with specialisation in Finance. He is also an Associate Member of the Institute of Company Secretary of India (ICSI), the All India Management Association (AIMA). In his professional career, Mr. Vijay Mishra has handled a huge gamut of Financial & Legal assignments which involved financial planning, fund management, budgetary control, taxation, legal affairs & company secretarial matters. He has also played a key role in instrumentation of merger of companies, designing and implementing credit control procedure for credit risk Management System in his work stint.

- f) Past remuneration drawn by Mr. Vijay Mishra as Managing Director (13.11.2013 to 31.03.2014):

Particulars	Rupees
Basic Salary	8,05,000
Company's contribution to PF/FPF	96,600
Other perks	8,02,904
Total	17,04,504

- g) Job profile and suitability:

Mr. Vijay Mishra is responsible for the overall conduct and management of business and affairs of the Company. This includes development of domestic and international business providing strategic direction to business units of the Company. Review of software services being rendered and prevailing competition, enhancement of efficiencies and rationalization of the cost. This coupled with his strong resource management capability and knowledge of software industry makes him fully suitable for the position.

Considering his qualifications and expertise in overall management functions, he is competent to carry on the responsibilities presently entrusted to him by the Board of Directors.

- h) Remuneration Proposed – Salary, perquisites, allowances & benefits not exceeding Rs. 42 Lacs per annum.

- i) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person:

Taking into consideration the size of the Company, the profile of the appointee, the responsibility shouldered by him and the industry benchmarks, the proposed remuneration is reasonable and fairly competitive with the remuneration packages paid by other companies to similar senior level appointees.

The minimum remuneration proposed as above has been approved by the Remuneration Committee and Board of Directors in their meeting held on 12.02.2014.

- j) Disclosure on pecuniary relationships:

Mr. Vijay Mishra does not have any other pecuniary relationship with the Company and its managerial personnel, directly or indirectly. In the event of loss or inadequate profits, Mr. Vijay Mishra shall be entitled to receive remuneration as indicated in the Explanatory Statement pursuant to Section 102 of the Companies Act, 2013. The approval for his appointment as Managing Director is sought by way of a Special Resolution as required under Schedule V to the Act. The terms of appointment of Mr. Vijay Mishra as set forth in this notice, may be treated as the abstract under Section 190 of the Companies Act, 2013.