



21.09.2017

To,  
The Manager  
Corporate Relationship Department  
BSE Limited  
P J Towers, Dalal Street,  
Mumbai-400001

**Sub: Compliance as per regulation 34 of the SEBI (Listing Obligation and Disclosure Requirements )  
Regulations, 2015**

Dear Sir/Madam,

Please find the attached Annual Report 2016-2017 duly approved and adopted in the 12<sup>th</sup> Annual General Meeting held on Thursday, 21<sup>st</sup> September, 2017.

Kindly take on record and acknowledge the receipt of the same.

Thanking You,

Yours Faithfully,  
For Octaware Technologies Limited

Mohammed Aslam Khan  
Chairman & Managing Director





# ANNUAL REPORT 2016-17



**OCTAWARE TECHNOLOGIES LIMITED**

CIN: L72200MH2005PLC153539

Reg. Offc: 204, Timmy Arcade, Makwana Road, Marol, Andheri East, Mumbai-400059

**TABLE OF CONTENTS**

	Page Nos.
1. Notice of the Annual General Meeting	3-5
2. Board of Directors' Report	6-44
3. Standalone Auditor's Report and Financials	45-70
4. Consolidated Auditor's Report and Financials	71-97
5. Proxy – Form	98
6. Polling Paper	99
7. Attendance Slip	100

**CORPORATE INFORMATION:**

**Board of Directors**

Mr. Mohammed Aslam Khan	- Chairman & Managing Director
Mr. Sajid Iqbal Abdul Hameed	- Whole Time Director
Mr. Mohammed Siraj Gunwan	- Whole Time Director
Mr. Shariq Nisar	- Independent Director
Mr. krishnan Naryanan	- Independent Director
Ms. Sarika Lidoria	- Independent Director

Mr. Sajid Iqbal Abdul Hameed	- CFO
Mr. Muzammil Memon	- Company Secretary

**REGISTERD OFFICE:**

204, Timmy Arcade, Makwana Road, Marol, Andheri East, Mumbai-400059

**REGISTRAR AND SHARE TRANSFER AGENT:**

**Cameo Corporate Services Limited**

Subramanian Building, No. 1 Club House Road, Chennai-600002

**AUDITORS:**

**Ashok K. Surana & Associates**  
303, Kalyan Bhavan, Telli Park Lane,  
Andheri East, Mumbai-400069

**SECRETARIAL AUDITORS:**

**Ajmal Porora & Associates**  
3<sup>rd</sup> Floor, Viram House, 59,  
Janmabhoomi Marg, Fort,  
Mumbai-400001

**MVK Associates:**

800, Sangita Ellipse, Sahaker Road,  
Vile Parle East, Mumbai-400059

**BANKERS:**

Union Bank of India

**STOCK EXCHANGE DETAILS:**

BSE (Bombay Stock Exchange)

**INVESTOR RELATION MAIL ID:**

[investor@octaware.com](mailto:investor@octaware.com)

**NOTICE**

Notice is hereby given that the Twelveth (12<sup>th</sup>) Annual General Meeting of Members of Octaware Technologies Limited will be held on Thursday, the 21<sup>st</sup> day of September, 2017 at 10 a.m. at Unit 003, Tower II, Seepz++ Bldg., Seepz Sez, Andheri East, Mumbai-400096 to transact the following business:

\*\*\*\*\*

**Ordinary Business:**

1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended 31<sup>st</sup> March, 2017 together with the reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Sajid Iqbal Abdul Hameed (DIN No.:02544461) who retires by rotation and being eligible, offers himself for re-appointment.
3. Appointment of M/s MVK Associates, Chartered Accountants as the Statutory Auditors of the Company in place of M/s Ashok. K. Surana & Associates, Chartered Accountants:

To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 (the Act) and the Companies (Audit and Auditors) Rules, 2014, (the Rules), (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), M/s. MVK Associates, Chartered Accountants, Mumbai having ICAI Firm Registration No 120222W, who have confirmed their eligibility to be appointed as Auditors, in terms of provisions of Section 141 of the Act, and Rule 4 of the Rules, be and are hereby appointed as Statutory Auditors of the Company to hold office from the conclusion of this 12th Annual General Meeting (AGM) till the conclusion of the next Annual General Meeting of the Company, on a remuneration as may be agreed upon by the Board of Directors and the Auditors.”

By order of the Board of Directors  
For OCTAWARE TECHNOLOGIES LIMITED

Date: 17.08.2017  
Place: Mumbai

SD/-  
MOHAMMED ASLAM KHAN  
CHAIRMAN & MANAGING DIRECTOR  
DIN: 00016438

**NOTES:**

1. The Register of members and Share Transfer Books of the Company will remain closed from 12/09/2017 to 23/09/2017 (both days inclusive).
2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ALSO ENTITLED TO APPOINT PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company.
3. The instrument appointing the proxy (duly completed, stamped and signed) must be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, member would be entitled to inspect the proxies lodged, at any time during the business hours of the Company, provided not less than 3 days written notice is given to the Company.
4. With effect from April 01, 2014, inter-alia, provisions of section 149 of Companies Act, 2013, has been brought into force. In terms of the said section read with section 152(6) of the Act, the provisions of retirement by rotation are not applicable to Independent Directors. Accordingly, Mr. Sajid Iqbal Abdul Hameed, Whole Time Director will retire at the ensuing annual general meeting and being eligible offers himself for re-appointment.
5. In terms of THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 details of director retiring by rotation at the ensuing annual general meeting is given in annexure to this notice.
6. Pursuant to Section 72 of the Companies Act, 2013, shareholders holding shares in physical form may file nomination in the prescribed Form SH-13 with the Company's Registrar and Transfer Agent. In respect of shares held in electronic/Demat form, the nomination form may be filed with the respective Depository Participant.
7. Electronic copy of the Notice convening the 12<sup>th</sup> AGM of the Company, Annual Report along with the Attendance Slip and Proxy Form are being sent to the members who have registered their email ids with the Company / Depository Participant(s). For members who have not registered their email ids, physical copies of the aforementioned documents are being sent in the permitted mode.
8. Members who have not registered their email address so far, are requested to register their email ids for receiving all communications including Annual Report, Notices, etc., from the Company electronically.
9. Members are requested to bring their copy of the Annual Report to the Annual General Meeting.

- 10 Members/Proxies/Representatives are requested to bring the attendance slip enclosed to the annual report /notice for attending the meeting.
- 11 Members are requested to intimate the Company of queries, if any, regarding these accounts / notice at least ten days before the Annual General Meeting to enable the Management to keep the information ready at the meeting.
- 12 Members are requested to note that in case of transfers, deletion of name of deceased shareholder, transmission and transposition of names in respect of shares held in physical form, submission of photocopy of PAN Card of transferee(s), surviving holder(s), legal heirs(s) and joint holder(s) respectively, along with necessary document at the time of lodgment of request for transfer/ transmission / transposition, is mandatory.
- 13 All documents referred to in the accompanying Notice and Explanatory Statement shall be open for inspection at the registered office of the Company during normal business hours (9.30 a.m. to 5.00 p.m.) on all working days except Sundays, upto and including the date of Annual General Meeting of the Company.
- 14 Corporate members intending to send their authorized representative(s) 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.
- 15 In case of joint shareholders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.

Annexure: Details of Director seeking re-appointment at the forthcoming Annual General Meeting(PURSUANT TO REGULATION 36(3) of THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015)

Name of Director	Mr. Sajid Iqbal Abdul Hameed
Date of Birth	11.08.1973
Date of Appointment	01.10.2005
Expertise in Specific Functional Area	Information Technologies, Finance
Qualifications	BS from Mumbai University, Post-Graduation in Business Management from SMU
Directors in other public limited companies	NIL
Other positions	NIL
Membership of committees in other public limited companies	NIL
Inter relationship	NIL
Shares held in the company	645282 Shares

**DIRECTORS' REPORT FOR THE FINANCIAL YEAR 2016-17**

To,  
 The Members,  
**OCTAWARE TECHNOLOGIES LIMITED.**

Your directors have pleasure in presenting their 12<sup>th</sup> Annual Report on the business and operations of the Company together with the Audited Statement of Accounts for the year ended 31<sup>st</sup> March 2017.

**Financial Highlights**

During the year under review, performance of the company as under:

**Statement of Standalone Audited Results for the Year ended 31.03.2017**

Sr. No	Particulars	(Rs. In Lakhs.)	
		Year Ended Results	
		31.03.2017	31.03.2016
		Audited	Audited
<b>I</b>	Revenue from operations	73.89	233.40
<b>II</b>	Other Income	18.14	0.06
<b>III</b>	Total Revenue (I+II)	<b>92.02</b>	<b>233.45</b>
<b>IV</b>	<b>Expenses</b>		
	(a) Cost of materials consumed	9.21	0.00
	(b) Purchases of stock-in-trade	-	-
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	-	-
	(d) Employee benefits expense	4.58	53.17
	(e) Finance Costs	-	-
	(f) Depreciation and amortisation expense	9.91	9.00
	(g) Other expenses	38.99	116.36
	<b>Total Expenses</b>	<b>62.69</b>	<b>178.53</b>
<b>V</b>	<b>Profit / (Loss) before exceptional and extraordinary items and tax (III-IV)</b>	<b>29.33</b>	<b>54.92</b>
<b>VI</b>	<b>Exceptional items</b>	-	-



<b>VII</b>	Profit / (Loss) before extraordinary items and tax (V-VI)	<b>29.33</b>	<b>54.92</b>
<b>VIII</b>	Extraordinary Items	-	-
<b>IX</b>	<b>Profit before tax (VII-VIII)</b>	<b>29.33</b>	<b>54.92</b>
<b>X</b>	<b>Tax Expenses</b>		
(a)	Current Tax	10.00	12.00
(b)	Deferred Tax	11.57	
<b>XI</b>	<b>Profit / (Loss) for the period from continuing operations (IX-X)</b>	<b>7.76</b>	<b>42.92</b>
<b>XII</b>	<b>Profit/ (Loss) from discontinuing operations</b>	-	-
<b>XIII</b>	<b>Tax Expenses of discontinuing operations</b>	-	-
<b>XIV</b>	<b>Profit/ (Loss) from discontinuing operations (after tax) (XII-XIII)</b>	-	-
<b>XV</b>	<b>Profit/ (Loss) for the period (XI+XIV)</b>	<b>7.76</b>	<b>42.92</b>
<b>XVI</b>	<b>i. Earning per share(before extraordinary items) (of Rs 10 each) (not annualised)</b>		
	(a) Basic	0.25	1.40
	(b) Diluted	0.25	1.40
	<b>ii. Earning per share(after extraordinary items) (of Rs 10 each) (not annualised)</b>		
	(a) Basic	0.25	1.40
	(b) Diluted	0.25	1.40

<b>Statement of Consolidated Audited Results for the Year ended 31.03.2017</b>			
		<b>(Rs. In Lakhs.)</b>	
	<b>Particulars</b>	<b>Year Ended Results</b>	
		<b>31.03.2017</b>	<b>31.03.2016</b>
		Audited	Audited
<b>I</b>	Revenue from operations	779.77	719.95
<b>II</b>	Other Income	21.00	10.67
<b>III</b>	<b>Total Revenue (I+II)</b>	<b>800.77</b>	<b>730.62</b>
<b>IV</b>	<b>Expenses</b>		
	(a) Cost of materials consumed	9.21	0.00
	(b) Purchases of stock-in-trade	-	-
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	-	-
	(d) Employee benefits expense	168.85	158.96
	(e) Finance Costs	-	-
	(f) Depreciation and amortisation expense	30.00	17.02
	(g) Other expenses	372.37	378.51
	<b>Total Expenses</b>	<b>580.43</b>	<b>554.49</b>
<b>V</b>	<b>Profit / (Loss) before exceptional and extraordinary items and tax (III-IV)</b>	<b>220.34</b>	<b>176.13</b>
<b>VI</b>	<b>Exceptional items</b>	-	-
<b>VII</b>	<b>Profit / (Loss) before extraordinary items and tax (V-VI)</b>	<b>220.34</b>	<b>176.13</b>
<b>VIII</b>	Extraordinary Items	0.65	0.22
<b>IX</b>	<b>Profit before tax (VII-VIII)</b>	<b>219.69</b>	<b>175.91</b>
<b>X</b>	<b>Tax Expenses</b>		
	(a) Current Tax	30.04	21
	(b) Deferred Tax	-14.95	-
<b>XI</b>	<b>Profit / (Loss) for the period from continuing operations (IX-X)</b>	<b>204.60</b>	<b>155.13</b>

<b>XII</b>	<b>Profit/ (Loss) from discontinuing operations</b>	-	-
<b>XIII</b>	<b>Tax Expenses of discontinuing operations</b>	-	-
<b>XIV</b>	<b>Profit/ (Loss) from discontinuing operations (after tax) (XII-XIII)</b>	-	-
<b>XV</b>	<b>Profit/ (Loss) for the period (XI+XIV)</b>	<b>204.60</b>	<b>154.91</b>
<b>XVI</b>	<b>i. Earning per share(before extraordinary items) (of Rs 10 each) (not annualised)</b>		
	(a) Basic	6.65	5.05
	(b) Diluted	6.65	5.05
	<b>ii. Earning per share(after extraordinary items) (of Rs 10 each) (not annualised)</b>		
	(a) Basic	6.62	5.04
	(b) Diluted	6.62	5.04

### Review of Operations:

Total Consolidated Income for the year was Rs. 800.77 Lacs as against last year's Rs.730.62 Lacs. Further during the year company resulting in net profit of Rs. 204.60 Lacs as against previous year profit of Rs. 154.91 Lacs.

Your Directors are taking optimum efforts to increase the profits, through aggressive sales campaign.

### Future Outlook

Our cliental base constitute customers of diverse sectors encompassing various industries like Healthcare, Education, Telecom, Oil & Gas, Real Estate & Construction, Banking & Financial Services and Manufacturing sectors. Our strategy is to seek new customers and at the same time secure additional engagements from existing customers by providing high quality services and cross-selling new services. Our quality standards, unflinching efforts for punctual order completions and our unmatched overall service have resulted in significant recurring revenue from existing customers and also enabled us to garner clients who are some of the leading banking, financial, healthcare, manufacturing, education and telecommunication names in India and abroad. We believe that our current capabilities and plans for the future ensure that we are well positioned to attract and develop new customer relationships. Business from new customers is accepted upon consideration of factors such as alignment of capabilities and customer expectation, volume of business and future business, potential for close partnership with long-term association, and an analysis of upfront costs.

The following table illustrates the concentration of our revenues among our top customers (₹ in lakhs). Percentage indicates % of total revenue.

		FY 2016		FY 2015		FY 2014	
Top 5 customers	198.97	85.25%	244.64	74.54%	250.33	81.57%	
Top 10 customers	231.04	98.99%	293.93	89.56%	302.64	98.62%	

Developed a long standing relationship with our clients which include companies like, Microsoft, Pitney Bowes, Copernicus Consulting, Integrated Networks, VOIP Connection, Sai Hospital, Essel Propack and Tech Mahindra among others. Further, we continuously endeavour to increase our cliental base and have a dedicated marketing team at several of our Indian and overseas offices for client acquisition.

## Management discussion and Analysis Report

### *Business Overview*

The company is a software development, enterprise solution and consulting firm engaged in the business of providing a range of Information Technology ("IT") solutions to companies across sectors such as Healthcare, Education, Telecom, Oil & Gas, Real Estate & Construction, Banking & Financial Services and Manufacturing sectors. The company design, develop and maintain software systems and solutions, creates new applications and enhances the functionality of the customers' existing software products. The company endeavour to bring together creativity and knowledge with positive business strategy to furnish the requirements of diverse clients with an inclusive range of products and services which are comprehensive and cost-effective so that the client can focus on their core-competencies to improve or expand their businesses. The company delivers services across all stages of the product life-cycle, which enables us to work with a wide-range of customers and allow the company to develop, enhance and deploy customers' software products. The various services offered by the company are Software Development Services, Enterprise Portal, ERP and CRM Implementation, Consulting Services, Mobile Solutions, RFID Solutions, Cloud and IT Infrastructure Services and Geospatial Services. The comprehensive suite of service offerings allow the company to attract new customers and expand existing customer relationships. The company provide an array of products and solutions like PowerERM – Employee Relationship Management, Hospice – Healthcare Solution and iOnAsset – Asset Tracking & Management System, RealWin – Real Estate CRM Solution, Life2Care – Patient Relationship Management, eDocNet – Enterprise Content and Document Management Solution and eQuire – Office Automation and eProcurement Management Solution which help our clients in strategising their business objectives. As an offshore outsourcing company, the company have various offshore development centres in India. Currently, Octaware has 2 offices in India, including registered office and a SEZ office in Mumbai. The company is promoted by Mr. Aslam Khan and Mr. Sajid Hameed who individually have approximate 20 years of experience. Having worked with technology companies like TCS, Microsoft, Citibank and AskMe Inc., Mr. Aslam Khan started Octaware in 2005 pooling all his experience. He was aided by Mr. Sajid Hameed who has rich experience in setting up business, developing markets, managing customers and handling overall businesses. In the year 2006, The company acquired 2 large customers in US and the growth continued with our establishing partner relationships in Qatar in 2007, allowing the company to offer

specialised solution for the Middle East market. Later in 2008, The company introduced solutions for various industries like healthcare, professional services and real-estate industry by investing in in-house product development.

### *Competition*

The market for IT Products and Services is both, highly competitive and rapidly evolving. It has evolved into a consolidated global industry and the company face competition both in the domestic as well as the export markets. The company primarily face competition from the small and large Indian IT services companies as well as international technology services companies which offer broad-based services, offshore captive centres of global corporations and technology firms. The company anticipate this competition to continue to grow as the demand for these services increases and expect additional companies to enter the Indian market. The company expect that further competition will increase and potentially include firms in countries with lower personnel costs than those prevailing in India.

Further, Clients that presently outsource a significant proportion of their IT service requirements to vendors in India may seek to reduce their dependence on one country and outsource work to other offshore destinations such as China, Russia and Eastern European countries. Also, many countries have the advantage of being located in proximity to the company's main export markets of American and European countries. The company also face competition from other countries mainly in US and European countries that have advanced technology and ability to cater to large scale businesses in different parts of the world. There are number of competitors offering products and services similar to the company. Octaware believe the principal elements of competition in IT industry are price, timely delivery and reliability and most importantly pace in keeping up with the required changing technology in the industry. The company has the belief that company's cost effective and integrated offerings, focus on customer satisfaction and reliability combined with quality consciousness provides company with competitive advantage in many of products.

### **Share Capital**

During the year under review, Authorised Share Capital was remained same as earlier i.e. 4,20,00,000.

During the year, the company came out with the public issue of 9,55,200 equity shares consisting of fresh issue of 4,45,200 equity shares and offer for sale of 5,10,000 equity shares by the selling shareholders. The paid-up capital of the company increased from 3,07,50,000 to 3,59,05,700.

### **Internal Control System and their Adequacy**

The Company has adequate system of internal control to safeguard and protect from loss, unauthorized use or disposition of its assets. All the transactions are properly authorized, recorded and reported to the Management. The Company is following all the applicable Accounting Standards for properly maintaining the books of accounts and reporting financial statements. The internal auditor of the company checks and verifies the internal control and monitors them in accordance with policy adopted by the company.

The Company continues to ensure proper and adequate systems and procedures commensurate with its size and nature of its business.

### **Risk Management**

The Company has framed a sound Risk Management Policy to identify and evaluate business risks and opportunities and the same has become integral part of Company's day to day operations. The key business risks identified by the Company are as follows viz. Industry Risk, Management and Operations Risk, Market Risk, Government Policy risk, Liquidity risk, and Systems risk. The Company has in place adequate mitigation plans for the aforesaid risks.

### **Subsidiary Companies:**

The company has three subsidiary companies. One is in India that is "Octaware Informarion Technologies Pvt Limited" and Other two are in Dubai and Qatar namely "Octaware Gulf FZE" and "Octaware Gulf (QFC Branch)".

### **Dividend:**

Your Directors do not recommend dividend for the year ended 31<sup>st</sup> March, 2017.

### **TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND:**

Since there was no unpaid/unclaimed Dividend declared and paid last year, the provisions of Section 125 of the Companies Act, 2013 do not apply.

### **Number of Meetings of the Board**

The Board meets at regular intervals to discuss and decide on Company/business policy and strategy apart from other Board business.

The Board met Twelve (12) times in financial year 2016-2017 i.e. on 23<sup>rd</sup> May, 2017, 12<sup>th</sup> August, 2016, 17<sup>th</sup> August, 2016, 27<sup>th</sup> August, 2016, 1<sup>st</sup> September, 2016, 13<sup>th</sup> October, 2016, 21<sup>st</sup> November, 2016, 9<sup>th</sup> January, 2017, 10<sup>th</sup> February, 2017, 22<sup>nd</sup> February, 2017, 8<sup>th</sup> March, 2017, 29<sup>th</sup> March, 2017.

### **Committee of the Board:**

The Company's Board has the following committees:

1. Audit Committee
2. Nomination and Remuneration Committee
3. Stakeholders' Relationship Committee

As required, the above committees consist of independent directors in majority.

### **Directors' Responsibility Statement**

In accordance with the provisions of Section 134(5) of the Companies Act, 2013, your directors confirm that:

- a) in the preparation of the annual accounts for the year ended March 31, 2017, the applicable accounting standards read with requirements set out under schedule III to the Act, have been followed and there are no material departures from the same;
- b) the Directors have 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 March 31, 2017 and of the profit of the Company for the year ended on that date;
- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the Directors have prepared the annual accounts on a 'going concern' basis;
- e) the Directors have laid down internal controls to be followed by the Company and that such internal controls are adequate and are operating effectively; and
- f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

### **Public Deposits**

During the year under review, The company has not accepted any deposit within the meaning of Sections 73 and 74 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 (including any statutory modification(s) or re-enactment(s) for the time being in force).

### **Risk Management**

The Company has in place a mechanism to identify, assess, monitor and mitigate various risks to key business objectives. Major risks identified by the business and functions are systematically addressed through mitigating actions on a continuing basis. These are discussed at the meeting of the Board of Directors of the Company.

The Company's internal control systems are commensurate with the nature of its business and the size and complexity of its operations. The Board of Directors reviews adequacy and effectiveness of the Company's internal control environment and monitors the implement of auditors' recommendations.

### **Directors and Key Managerial Personnel**

In accordance with the provisions of the Companies Act, 2013, Mr. Sajid Iqbal Abdul Hameed, Whole Time Director retire by rotation and he is eligible for re-appointment.

No other changes In Directors & Key Managerial personnel happened during year.

### **Auditors' Appointment**

M/s. Ashok K. Surana & Associates, Chartered Accountants, Statutory Auditors, holds office till the conclusion of the ensuing Annual General Meeting. Your Board recommends M/s. MVK Associates, Chartered Accountants appointment from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting.

Your Board recommends appointment of M/s. Ashok K. Surana & Associates, Chartered Accountants, as the Internal Auditors from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting.

### **Comments on Auditors Report**

The Notes on financial statement referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Auditors' Report does not contain any qualification, reservation or adverse remark or disclaimers. The Statutory Auditors have not reported any incident of fraud in the year under review.

### **Particulars of Loan given, Investment made, Guarantees given and Securities Provided (Section 186)**

There were no loans, guarantees or investments made by the Company under Section 186 of the Companies Act, 2013 during the year under review and hence the said provision is not applicable.

### **Particulars of Contracts or Arrangements with Related Parties referred to in Section 188(1)**

All contracts / arrangements / transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. The particulars of contracts or arrangements with related parties referred to in Section 188(1), as prescribed in Form AOC - 2 of the rules prescribed under Chapter IX relating to Accounts of Companies under the Companies Act, 2013, is appended as Annexure I.

### **Material changes and commitments affecting the financial position of the Company**

There have been no 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. However, with the approval of the Bombay Stock Exchange Maharashtra, Mumbai, the Company has listed its shares on the SME platform.

### **Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo**

The particulars regarding foreign exchange earnings and outgo appear as separate items in the notes to the Accounts. Since the Company does not own any manufacturing facility, the other particulars relating to conservation of energy and technology absorption stipulated in the Companies (Accounts) Rules, 2014 are not applicable.



### **Extract of Annual Return**

The extract of Annual Return, in format MGT -9, for the Financial Year 2016-17 has been enclosed with this report in Annexure II.

### **Secretarial Auditor & Report**

The Board of Directors of the Company has appointed M/s. Ajmal Porora & Associates , Practicing Company Secretary; to conduct the Secretarial Audit and their Report on Company's Secretarial Audit is appended to this Report as Annexure III.

### **Corporate Social Responsibility**

As per Regulation 34(3) and Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate Section on Corporate Governance on corporate governance practices followed by the Company an integral part of this Report. The Report has been attached in Annexure IV.

### **Disclosure under the sexual harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013**

The Company has zero tolerance for sexual harassment at its workplace. The Company has adopted an Anti-harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaint Committee are set up to redress complaints received regularly and are monitored by women line supervisors who directly report to the Chairman & Managing Director. All female employees are covered under the policy

### **Acknowledgement**

Your Directors would like to express their sincere appreciation for the assistance and co-operation received from the banks, Government authorities, customers, vendors and members during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the committed services by the Company's executives, staff and workers.

By Order of the Board of Directors  
*For* **Octaware Technologies Limited**

Sd/-  
Mohammed Aslam Khan  
Chairman & Managing Director  
DIN No:00016438

Place: Mumbai  
Date: 17-08-2017

**ANNEXURE I**

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 is given below:

**1. Details of contracts or arrangements or transactions not at arm's length basis: NOT APPLICABLE**

Sr. No.	Particulars	Details
a)	Name(s) of the related party and nature of relationship	Nil
b)	Nature of contracts/arrangements/transactions	Nil
c)	Duration of the contracts / arrangements/transactions	Nil
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Nil
e)	Justification for entering into such contracts or arrangements or transactions	Nil
f)	date(s) of approval by the Board	Nil
g)	Amount paid as advances, if any:	Nil
h)	Date on which the special resolution was passed in general meeting as required under first proviso to section 188	Nil

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

Sr. No.	Particulars	Details					
a)	Name(s) of the Related Party	Sajid Iqbal Abdul Hameed	Mr. Mohamed Aslam Khan	Mr. Mohamed Siraj Gunwan	Mrs. Rehana Khan	Octaware Gulf QFC	Octaware Information Technologies Private Limited
b)	Nature of relationship	Director	Director	Director	Wife of Mr. Aslam Khan	Subsidiary company	Subsidiary company
c)	Nature of contracts/arrangements/transactions	Consultant Fees	Consultant Fees	Consultant Fees	Office Rent Payment	Services	Services

d)	Duration of the contracts / arrangements / transactions	01.04.2016 to 31.03.2017	01.04.2016 to 31.03.2017	01.04.2016 to 31.03.2017	01.04.2016 to 31.03.2017	01.04.2016 to 31.03.2017	01.04.2016 to 31.03.2017
e)	Salient terms of the contracts or arrangements or transactions including the value, if any	Consultation fees of Rs. 4,25,000 for availing his services.	Consultation fees of Rs. 4,80,000 for availing his services.	Consultation fees of Rs. 4,98,000 for availing his services.	Lease rent of Rs. 6,00,000 /-	Services provided of Rs. 13,32,440.	Services provided of Rs. 15,00,000.
f)	date(s) of approval by the Board, if any	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
g)	Amount paid as advances, if any:	NIL	NIL	NIL	NIL	NIL	Nil

By Order of the Board of Directors  
 For **Octaware Technologies Limited**

Sd/-  
 Mohammed Aslam Khan  
 Chairman & Managing Director  
 DIN No:00016438

Place: Mumbai  
 Date: 17-08-2017

**ANNEXURE II**

Form No. MGT-9

 EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON 31<sup>ST</sup> MARCH, 2017

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

**I.REGISTRATION AND OTHER DETAILS:**

<b>i.</b>	CIN	U72200MH2005PLC153539
<b>ii.</b>	Registration Date	26-05-2005
<b>iii.</b>	Name of the Company	Octaware Technologies Limited
<b>iv.</b>	Category / Sub-Category of the Company	Listed Public Limited Company
<b>v.</b>	Address of the Registered office and contact details	204, Timmy Arcade, Makwana Road, Marol, Off. Kurla Andheri Road, Mumbai – 400 059
<b>vi.</b>	Whether listed company	Yes
<b>vii.</b>	Name, Address and Contact details of Registrar and Transfer Agent, if any	N. A.

**II.PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

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

Sr. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company

1	<b>Information Technology Services.</b>	73100	100%
---	---	-------	------

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

Sr. No.	Name And Address Of The Company	CIN/GLN	Holding/ Subsidiary /Associate	% of shares held	Applicable Section
1.	Octaware Information Technologies Pvt Ltd, 204, Timmy Arcade, Makwana Rd, Marol, Andheri East, Mumbai-400059	U72300MH2013PTC248824	Subsidiary	99.373%	-----
2.	Octaware Gulf FZE, P O Box 39349, RAK Free Trade Zone, Ras Al Khaimah, UAE	RAKFTZA-FZE-4009956	Subsidiary	100%	-----
3.	Octaware Gulf (QFC Branch), 2nd Floor, Block No 2, Town Centre Building, Bin Omran P. O. Box No. – 10161, Doha, Qatar.	QFC No.00328	Subsidiary	100%	-----

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**
**i. Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoter</b>									
<b>1) Indian</b>									
a) Individual/HUF					1730024	-	1732004	48.18%	20.23%
b) Central Govt									
c) State Govt(s)									
d) Bodies Corp									
e) Banks / FI									
f) Directors		21,03,758	21,03,758	68.42%	1730024	-	1730024	48.18%	20.24%
Sub-total(A)(1):-		21,03,758	21,03,758	68.42%	1730024	-	1730024	48.18%	20.24%
<b>2) Foreign</b>									
g) NRIs-Individuals									
h) Other-Individuals									
i) Bodies Corp.									
j) Banks / FI									
k) Any Other....									
Sub-total (A)(2):-									
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds									
b) Banks / FI									

c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIIs									
h) Foreign Venture Capital Funds									
i) Others (specify)									
Sub-total (B)(1)									
<b>2. Non Institutions</b>									
a) Bodies Corp. (i) Indian (ii) Overseas									
b) Individuals  (i) Individual shareholders holding nominal share capital upto Rs. 2 lakhs  (ii) Individual shareholders holding nominal share capital in excess of Rs 2 lakhs		8,18,34 2	8,18,34 2	26.61 %	6,21,57 6	51300	672876	18.74 %	7.87 %
c) Others(Specify)									
Bodies Corporate					2,51,20 0		2,51,20 0	7%	7%
Foreign Individuals		39200	39200	1.27 %		98,459	98,459	2.74 %	1.47 %

NRI(Repat & Non Repat)		35000	35000	1.14 %	1,04,000	46,111	1,50,111	4.18 %	3.04 %
Hindu Undivided Firm					68,800		68,800	1.92 %	1.92 %
Sub-total (B)(2)		9,71,242	9,71,242	31.58 %	15,55,976	3,04,570	18,60,546	51.82 %	20.24 %
Total Public Shareholding (B)=(B)(1)+(B)(2)									
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)	-----	30,45,000	30,45,000	100%	32,86,000	3,04,570	35,90,570	100%	

**ii. Shareholding of Promoters (Annexure I)**

Sr. No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
	Mohammed Aslam Khan	13,190,77	42.90	-----	10,84,742	30.21	-----	-12.71
	Sajid Iqbal Abdul Hameed	7,84,681	25.52	-----	6,45,282	17.97	-----	-7.55

**iii. Change in Promoters' Shareholding (please specify, if there is no change) (Annexure II)**

Sr. no	Shareholding at the beginning of the year	Cumulative Shareholding during the year
--------	---	---



		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
<b>1. Mohammed Aslam Khan</b>					
	At the beginning of the year	<b>13,19,077</b>	<b>42.90%</b>	<b>13,19,077</b>	<b>42.90%</b>
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): Offer for sale in Initial Public Offering on 30/03/2017	<b>2,34,335</b>	<b>12.69%</b>	<b>2,34,335</b>	<b>12.69%</b>
	At the End of the year	<b>10,84,742</b>	<b>30.21%</b>	<b>10,84,742</b>	<b>30.21%</b>
<b>2. Sajid Iqbal Abdul Hameed</b>					
	At the beginning of the year	<b>7,84,681</b>	<b>25.52%</b>	<b>7,84,681</b>	<b>25.52%</b>
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): Offer for sale in Initial Public Offering on 30/03/2017	<b>1,39,399</b>	<b>7.55%</b>	<b>1,39,399</b>	<b>7.55%</b>
	At the End of the year	<b>6,45,282</b>	<b>17.97%</b>	<b>6,45,282</b>	<b>17.97%</b>

**i. Shareholding Pattern of Top ten Shareholders (Annexure I)**

Sr. No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	

	<b>Mohammed Aslam Khan</b>	<b>13,19,077</b>	<b>42.90%</b>	-----	<b>10,84,742</b>	<b>30.21%</b>	-----	<b>-12.69%</b>
	<b>Sajid Iqbal Abdul Hameed</b>	<b>78,46,81</b>	<b>25.52%</b>		<b>6,45,282</b>	<b>17.97%</b>		<b>-7.55%</b>
	<b>Mohammed Siraj Gunwan</b>	<b>33,30,18</b>	<b>10.83%</b>		<b>2,63,857</b>	<b>7.34%</b>		<b>-3.49%</b>
	<b>Shahnawaz Shaikh</b>	<b>25,45,73</b>	<b>8.28%</b>		<b>2,03,348</b>	<b>5.66%</b>		<b>-2.62%</b>
	<b>Mirza Haroon Baig</b>	<b>1,79,451</b>	<b>5.84%</b>		<b>1,33,571</b>	<b>3.72%</b>		<b>-2.12%</b>
	<b>Yuva Trading Co. Private Limited</b>	<b>0</b>	<b>0</b>		<b>60800</b>	<b>1.69%</b>		<b>100%</b>
	<b>Spiritual Marketing Private Limited</b>	<b>0</b>	<b>0</b>		<b>57600</b>	<b>1.60%</b>		<b>100%</b>
	<b>Premium Polycot Pvt. Ltd</b>	<b>0</b>	<b>0</b>		<b>56000</b>	<b>1.56%</b>		<b>100%</b>
	<b>Sultan Abdul Kader</b>	<b>51300</b>	<b>1.43%</b>		<b>51300</b>	<b>1.43%</b>		<b>0</b>
	<b>Aryaman Capital Markets Limited</b>	<b>0</b>	<b>0</b>		<b>49600</b>	<b>1.38%</b>		<b>100%</b>

*i. Shareholding of Directors and Key Managerial Personnel (Annexure I)*

Sr. No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
	<b>Mohammed Aslam Khan (CMD)</b>	<b>13,19,077</b>	<b>42.90%</b>	-----	<b>10,84,742</b>	<b>30.21%</b>	-----	<b>-12.69%</b>

<b>Sajid Iqbal Abdul Hameed (WTD and CFO)</b>	<b>78,46, 81</b>	<b>25.52%</b>		<b>6,45,2 82</b>	<b>17.97%</b>		<b>-7.55%</b>
<b>Mohammed Siraj Gunwan (WTD)</b>	<b>33,30, 18</b>	<b>10.83%</b>		<b>2.63,8 57</b>	<b>7.34%</b>		<b>-3.49%</b>
<b>Shariq Nisar (Independent Director)</b>	<b>5000</b>	<b>0.16%</b>		<b>5000</b>	<b>0.14%</b>		<b>-0.02%</b>
<b>Muzammil Memon (Company Secretary)</b>	<b>0</b>	<b>0</b>		<b>1500</b>	<b>0.04%</b>		<b>100%</b>

#### **V. INDEBTEDNESS**

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	<b>Secured Loans excluding deposits</b>	<b>Unsecured Loans</b>	<b>Deposits</b>	<b>Total Indebtedness</b>
Indebtedness at the beginning of the financial year	<b>None</b>	<b>None</b>	<b>None</b>	<b>None</b>
<b>i) Principal Amount</b>				
<b>ii) Interest due but not paid</b>				
<b>iii) Interest accrued but not</b>				
Total (i+ii+iii)	<b>None</b>	<b>None</b>	<b>None</b>	<b>None</b>
Change in Indebtedness during the financial year				
- Addition				
- Reduction				
Net Change	<b>None</b>	<b>None</b>	<b>None</b>	<b>None</b>
Indebtedness at the end of the financial year				
<b>i) Principal Amount</b>				

ii) Interest due but not paid				
iii) Interest accrued but not due				
<b>Total (i+ii+iii)</b>	<b>None</b>	<b>None</b>	<b>None</b>	<b>None</b>

## **VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

### **A. Remuneration to Managing Director, Whole-time Directors and/or Manager**

<b>Sl. No.</b>	<b>Particulars of Remuneration</b>	<b>Total Amount</b>			<b>Total Amount</b>
1.	Gross salary	<b>Mohammed Aslam Khan (CMD)</b>	<b>Sajid Iqbal Abdul Hameed (WTD)</b>	<b>Mohammed Siraj Gunwan(WTD)</b>	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	<b>4,80,000</b>	<b>4,25,000</b>	<b>4,98,000</b>	<b>14,03,000</b>
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961				
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961				
2.	Stock Option	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
3.	Sweat Equity	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
4.	Commission - as % of profit - others, specify...	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
5.	Others, please specify	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
6.	<b>Total (A)</b>	<b>4,80,000</b>	<b>4,25,000</b>	<b>4,98,000</b>	<b>14,03,000</b>
	Ceiling as per the Act				

**B. Remuneration to other directors:**

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager				Total Amount
	<u>Independent Directors</u> · Fee for attending board committee meetings · Commission · Others, please specify	Nil	Nil	Nil	Nil	Nil
	Total (1)	Nil	Nil	Nil	Nil	Nil
	<u>Other Non-Executive Directors</u> · Fee for attending board committee meetings · Commission · Others, please specify	Nil	Nil	Nil	Nil	Nil
	Total (2)	Nil	Nil	Nil	Nil	Nil
	Total (B)=(1+2)	Nil	Nil	Nil	Nil	Nil
	Total Managerial Remuneration	Nil	Nil	Nil	Nil	Nil
	Overall Ceiling as per the Act	Nil	Nil	Nil	Nil	Nil

**C. Remuneration to Key Managerial Personnel Other Than MD /Manager /WTD**

Sl. no.	Particulars of Remuneration			
		Sajid Iqbal Abdul Hameed (CFO)	Muzammil Memon (CS)	Total
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961  (b) Value of perquisites u/s 17(2) Income-tax Act, 1961  (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	4,25,000	3,00,000	7,25,000
2.	Stock Option	Nil	Nil	Nil

3.	Sweat Equity	Nil	Nil	Nil
4.	Commission - as % of profit - others, specify...	Nil	Nil	Nil
5.	Others, please specify	Nil	Nil	Nil
6.	Total	4,25,000	3,00,000	7,25,000

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

Type	Section of the companies Act	Brief description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD /NCLT/Court]	Appeal made. If any(give details)
<b>A. Company</b>					
Penalty	-----	-----	-----	-----	-----
Punishment	-----	-----	-----	-----	-----
Compounding	-----	-----	-----	-----	-----
<b>B. Directors</b>					
Penalty	-----	-----	-----	-----	-----
Punishment	-----	-----	-----	-----	-----
Compounding	-----	-----	-----	-----	-----
<b>C. Other Officers In Default</b>					
Penalty	-----	-----	-----	-----	-----
Punishment	-----	-----	-----	-----	-----
Compounding	-----	-----	-----	-----	-----

By Order of the Board of Directors  
 For **Octaware Technologies Limited**

Place: Mumbai  
 Date: 17-08-2017

Sd/-  
 Mohammed Aslam Khan  
 Chairman & Managing Director  
 DIN No:00016438

**ANNEXURE III**

**FORM NO. MR-3  
SECRETARIAL AUDIT REPORT  
FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH 2017**

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

To,  
The Members,  
**OCTAWARE TECHNOLOGIES LIMITED**

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

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period ended on 31/03/2017, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. I have examined the books, papers, minute books, forms and returns filed and other records maintained by **Octaware Technologies Limited** ("**The Company**") for the period ended on 31/03/2017 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;
- V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("**SEBI Act**") to the extent applicable to the Company :-
  - 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, 1992;
- c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- d. 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;
- e. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- f. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- g. the Company has complied with the requirements under the Equity Listing Agreements entered into with BSE Limited, National Stock Exchange of India Limited; and
- h. The Memorandum and Articles of Association.

**I have also examined compliance with the applicable clauses of the following:**

- i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- ii) The Listing Agreements entered into by the Company with the BSE Limited, National Stock Exchange of India Limited.

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

**2. I further report that the Company has, in my opinion, complied with the provisions of the Companies Act, 1956 and the Rules made under that Act and the provisions of Companies Act, 2013 as notified by Ministry of Corporate Affairs and the Memorandum and Articles of Association of the Company, with regard to:**

- a) maintenance of various statutory registers and documents and making necessary entries therein;
- b) closure of the Register of Members.
- c) forms, returns, documents and resolutions required to be filed with the Registrar of Companies and the Central Government;
- d) service of documents by the Company on its Members, Auditors and the Registrar of Companies;
- e) notice of Board meetings and Committee meetings of Directors;
- f) the meetings of Directors and Committees of Directors including passing of resolutions by circulation;
- g) the 12<sup>th</sup> Annual General Meeting held on 21<sup>st</sup> September, 2017;
- h) minutes of proceedings of General Meetings and of the Board and its Committee meetings;
- i) approvals of the Members, the Board of Directors, the Committees of Directors and the government authorities, wherever required;
- j) constitution of the Board of Directors / Committee(s) of Directors, appointment, retirement and reappointment of Directors including the Managing Director and Whole-time Directors;



- k) payment of remuneration to Directors including the Managing Director and Whole-time Directors,
- l) appointment and remuneration of Auditors and Cost Auditors;
- m) transfers and transmissions of the Company's shares and issue and dispatch of duplicate certificates of shares;
- n) declaration and payment of dividends;
- o) transfer of certain amounts as required under the Act to the Investor Education and Protection Fund and uploading of details of unpaid and unclaimed dividends on the websites of the Company and the Ministry of Corporate Affairs;
- p) borrowings and registration, modification and satisfaction of charges wherever applicable;
- q) investment of the Company's funds including investments and loans to others;
- r) form of balance sheet as prescribed under Part I, form of statement of profit and loss as prescribed under Part II and General Instructions for preparation of the same as prescribed in Schedule VI to the Act;
- s) Directors' report;
- t) contracts, common seal, registered office and publication of name of the Company; and
- u) Generally, all other applicable provisions of the Act and the Rules made under the Act.

**3. I further report that:**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

The Company has obtained all necessary approvals under the various provisions of the Act; and

There was no prosecution initiated and no fines or penalties were imposed during the year under review under the Act, SEBI Act, SCRA, Depositories Act, Listing Agreement and Rules, Regulations and Guidelines framed under these Acts against / on the Company, its Directors and Officers.

The Directors have complied with the disclosure requirements in respect of their eligibility of appointment, their being independent and compliance with the Code of Business Conduct & Ethics for Directors and Management Personnel;

4. The Company has complied with the provisions of the Securities Contracts (Regulation) Act, 1956 and the Rules made under that Act, with regard to maintenance of minimum public shareholding.
5. I further report that the Company has complied with the provisions of the Depositories Act, 1996 and the Byelaws framed thereunder by the Depositories with regard to dematerialization / rematerialisation of securities and reconciliation of records of dematerialized securities with all securities issued by the Company.
6. The Company has complied with the provisions of the FEMA, 1999 and the Rules and Regulations made under that Act to the extent applicable.
7. **I further report that:**
  - a. the Company has complied with the requirements under the Equity Listing Agreements entered into with BSE Limited, National Stock Exchange of India Limited and Calcutta Stock Exchange Limited;
  - b. the Company has complied with the provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 including the provisions with regard to disclosures and maintenance of records required under the said Regulations;
  - c. the Company has complied with the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 including the provisions with regard to disclosures and maintenance of records required under the said Regulations;
8. I further report that based on the information received and records maintained there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

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

**Place : Mumbai**

**Date : 07/08/2017**

SIGNATURE

AJMAL P. PORORA

(FOR AJMAL PORORA & ASSOCIATES)

(PRACTICING COMPANY SECRETARIES)

ACS NO.: 22945

C.P. NO.: 11050

**ANNEXURE IV  
CORPORATE GOVERNANCE REPORT**

**A. MANDATORY REQUIREMENTS**
**1. Company's Philosophy on Code of Governance:**

The Company's purpose is business and to maximize long-term shareholder value by selling its goods and services. Therefore, our Corporate Governance processes are directed at ensuring that Company's actions, assets and agents are directed to achieving this purpose while complying with the Code of Governance and the Company's own policies and expectations and covers aspects such as ethical conduct, health, safety and the environment; control and finance; commitment to employees; and relationships.

Company's corporate governance conforms to regulatory and legal requirements, such as the terms of Listing Agreements with Stock Exchanges. In addition, it incorporates several practices aimed at a high level of business ethics, effective supervision and enhancement of value for all stakeholders. The Board lays emphasis on integrity and accountability.

**Key aspects of the Company's Governance Processes are:**

- Clear statements of Board Processes and Board Executive linkage.
- Disclosure, accountability, transparency, adequate systems and procedures to monitor the state of affairs of the Company to enable the Board in effectively discharging its responsibilities to the stakeholders of the Company.
- Identification and management of key risks to delivery of performance of the Company.

**2. Board of Directors:**

The Management of your Company is entrusted to the Managing Director.

Your Board of Directors closely monitors the performance of the Company and its Management, accord approvals and reviews strategies and, determines the remuneration of the management based on its performance. Your Board ensures legal and ethical conduct and high quality financial reporting. It holds itself accountable to the shareholders as well as other stakeholders for the long-term health of the Company.

**(a) Composition & Category of Directors**

Category	Number of Directors	%
Non-Executive and Independent Directors	03	50
Other Non-Executive Directors including the Chairman	NIL	NIL
Executive Director (Managing Director & Whole Time Director)	03	50
Total	06	100.00

As of the year ended 31<sup>st</sup> March, 2017, the Board of Directors had 6 (six) members that includes one-woman director. The Board comprises of 3 (three)-Executive Directors, Mr. Aslam Khan, Chairman and Managing Director, Mr. Sajid Iqbal Abdul Hameed and Mr. Mohammed Siraj Gunwan, Whole Time Directors.

The Non-Executive Independent Directors include Mr. Shariq Nisar, Ms. Sarika Lidora and Mr. Krishnan Narayanan.

Accordingly, the numbers of independent directors or numbers of non-executive directors are in agreement with the numbers stipulated by the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**(b) Number of Board Meetings held, dates on which held and Attendance of each Director at the Board Meetings and the last Annual General Meeting :**

**(I) Board Meetings held during the Year: 12**

Dates on which Board Meetings were held	Total Strength of Board	No. of Directors Present
23-05-2016	06	2
12.08.2016	06	2
17.08.2016	06	2
27.08.2016	06	2
01.09.2016	06	2
13.10.2016	06	2
21.11.2016	06	2
09.01.2017	06	2
10.02.2017	06	2
22.02.2017	06	2
08.03.2017	06	4
29.03.2017	06	4

**(II) Attendance of Directors at Board Meeting and Annual General Meeting:**

Name of the person / Date of BM	Mohammed Aslam Khan	Sajid Iqbal Abdul Hameed	Mohammed Siraj Gunwan	Shariq Nisar	Sarika Lidoria	Krishnan Narayanan
23-05-2016	PRESENT	ABSENT	PRESENT	ABSENT	ABSENT	ABSENT
12.08.2016	PRESENT	ABSENT	PRESENT	ABSENT	ABSENT	ABSENT
17.08.2016	PRESENT	ABSENT	PRESENT	ABSENT	ABSENT	ABSENT

27.08.2016	PRESENT	ABSENT	PRESENT	ABSENT	ABSENT	ABSENT
01.09.2016	PRESENT	ABSENT	PRESENT	ABSENT	ABSENT	ABSENT
13.10.2016	PRESENT	ABSENT	PRESENT	ABSENT	ABSENT	ABSENT
21.11.2016	PRESENT	ABSENT	PRESENT	ABSENT	ABSENT	ABSENT
09.01.2017	PRESENT	ABSENT	PRESENT	ABSENT	ABSENT	ABSENT
10.02.2017	PRESENT	ABSENT	PRESENT	ABSENT	ABSENT	ABSENT
22.02.2017	PRESENT	ABSENT	PRESENT	ABSENT	ABSENT	ABSENT
08.03.2017	PRESENT	ABSENT	PRESENT	ABSENT	PRESENT	PRESENT
29.03.2017	PRESENT	PRESENT	PRESENT	PRESENT	ABSENT	ABSENT
<b>Total Board Meeting Attendance</b>	<b>12</b>	<b>1</b>	<b>12</b>	<b>1</b>	<b>1</b>	<b>1</b>

**(III) EXTRA ORDINARY GENERAL MEETING ATTENDANCE**

Name of the person / Date of MM	Mohammed Aslam Khan	Sajid Iqbal Abdul Hameed	Mohammed Siraj Gunwan	Shariq Nisar	Sarika Lidoria	Krishnan Narayanan
30.09.2016	PRESENT	ABSENT	PRESENT	ABSENT	ABSENT	ABSENT
07-02-2017	PRESENT	ABSENT	PRESENT	ABSENT	ABSENT	ABSENT
14-02-2017	PRESENT	ABSENT	PRESENT	ABSENT	ABSENT	ABSENT
<b>TOTAL EOGM ATTENDANCE</b>	<b>3</b>	<b>0</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>

**(c) Number of other Boards or Board Committees in which the Director is a Director/Member/Chairperson**

Name of the Director(s)	Number of other Companies in which Director (including Alternate/Nominee Director)	Number of Committees (other than OCTAWARE TECHNOLOGIES LIMITED) in which Chairman / Member	
		Chairman	Member
Mr. Mohammed Aslam Khan	04	NIL	NIL
Mr. Sajid Iqbal Abdul Hameed	01	NIL	NIL
Mr. Mohammed Siraj Gunwan	01	NIL	NIL
Mr. Krishnan Narayanan	01	NIL	NIL

**(d) Directors Profile:**

A brief profile of all the Directors on the Board is given herein below:

**1. Mohammed Aslam Khan, Promoter, Chairman and Managing Director**

Mr. Aslam Khan, aged 42 years, is the Chairman & Managing Director of our Company. He is the promoter of our company. He has completed his Bachelor of Engineering (Electronics) from Mumbai University. Mr. Aslam Khan also studied at Harvard Business School, MIT's Sloan School of Management and Said Business School of Oxford University where he was awarded executive certificates in Strategic Marketing and Finance Programme and has participated in the Advance Management Programme from the prestigious Indian Institute of Management, Kolkata in the year 2011. Mr. Aslam Khan has a rich experience of more than two decade in IT Industry, he has worked for many top MNC's like Microsoft, Citibank NA, Askme.com, TCS. Mr, Aslam Khan has worked around various parts of the globe and has a strong grip on Global IT industry. He has also established a Charitable Trust and a Hospital as his contribution towards the society.

**2. Sajid Iqbal Abdul Hameed, Promoter and Whole Time Director**

Mr. Sajid Hameed, aged 43 years, is the Whole Time Director of our Company. He is also the promoter of our Company. He is an Engineering Graduate (Electronics) from Mumbai University and has completed his Master's from Sikkim Manipal University. He has an excellent track record of aggressively building, developing and executing strategic vision for business growth. He uses his diversified range of technology engineering, marketing, sales and management experience to oversee Octaware global business operations. He has more than two decade of experience in this field and has worked with many fortune-500 companies.

**3. Mohammed Siraj Gunwan, Whole Time Director**

Mr. Siraj Gunwan, aged 44 years, is the Whole-Time Director of our Company. He leads and manages the engineering division of the company. He has an extensive experience in solution design, product development and enterprise delivery across multiple verticals. He is a technology specialist with more than two decade years of experience in Information Technology industry working for leading financial and governmental organisation such as Commercial Bank, GIS Centre for excellence in Qatar and Department of Science & Technology in India. He has completed Bachelor of Engineering in Computer Science from Karnataka University.

**4. Shariq Nisar, Independent Director**

Dr. Shariq Nisar, aged 42 years, is the Non-Executive Independent Director of our Company. He holds a Ph. D in Economics from Aligarh Muslim University. He has a wide range of Experience in the field of Teaching and Finance. During his professional career he has been involved in several high profile ventures including the launch of India's first Shariah index at the Bombay Stock Exchange (BSE TASI Shariah 50) which received worldwide acclaim. During 2013-14 he was appointed as Sr. Visiting Fellow at Harvard Law School. During the span of his professional career Dr. Shariq Nisar has been appointed at many key positions.

**5. Sarika Lidoria, Independent Director**

Dr. Sarika Lidoria, aged 40 years, is the Non-Executive Independent Director of our Company. She has completed the degree of Doctor of Philosophy in Drawing and painting in the faculty of Arts. She has more than a decade year of experience in credited with expertise in the technology industry to strategize, define, and design business of digital products, applications and eLearning Solutions. She is also a ‘Certified Corporate Director’ acknowledged by “The Institute of Directors”. She is an expert in setting strategic direction in technology/eLearning, based on customer needs and business goals. Her vast experience in the field of Information Technology enables her to understand the clients need accurately and develop the solution accordingly.

**6. Krishnan Narayanan, Independent Director**

Mr. Krishnan Narayanan, aged 49years, is the Non-Executive Independent Director of our Company. He has obtained a Bachelor’s Degree in Mechanical Engineering from the Annamalai University in the year 1988 and a Post-Graduation Diploma in Business Administration from the Annamalai University in the year 1989. He has 25 years of technology leadership experience in financial services across various Asia Pacific markets including Japan, Korea, Hong Kong, Malaysia and Singapore and has worked as Managing Director of UBS, Director in Prudential Corporation Asia, and as a Vice President at Citibank. He has rich experience in all aspects of the Information Technology life cycle with exposure to business domains of retail and commercial banking, investment banking, insurance, asset and wealth management. He was appointed as an Independent Director (additional director) on December 01, 2015.

**3. Audit Committee**

**(a) Terms of Reference:**

The terms of reference of this Committee include matters mandated in the Listing Agreement and the Companies Act, 2013, respectively. The Audit Committee reviews the audit reports submitted by the Auditors and to meet them to discuss their findings, suggestions and other related matters, financial results, effectiveness of internal audit processes, Company’s risk management strategy and Company’s established systems and procedures. The Audit Committee also reviews the functioning of the Whistle Blower mechanism. Besides having access to all the required information from within the Company, the Committee may obtain external professionals advice, whenever required. The Committee acts as a link between the Statutory and the Internal Auditors and the Board of Directors of the Company.

**(b) The Composition of Audit Committee as at 31.03.2017 and details of the Members participation at the Meetings of the Committee are as under:**

On 7<sup>th</sup> December, 2015, the Audit Committee was constituted comprising of 2 Non-Executive and Independent Directors viz. Mr. Shariq Nisar and Ms. Sarika Lidoria and 1 Executive Director, Mr. Mohammed Aslam Khan. Mr. Shariq Nisar is a Chairman of the

Audit Committee. All the members of Audit Committee have financial and accounting knowledge.

As the company got listed on 3<sup>rd</sup> April, 2017 on BSE, Thus the LODR, 2015 Regulations were not applicable to the company last year.

#### **4. Nomination and Remuneration Committee**

##### **(a) Terms of Reference**

This Committee shall identify the persons, who are qualified to become Directors of the Company / who may be appointed in Senior Management in accordance with the criteria laid down, recommend to the Board their appointment and removal and also shall carry out evaluation of every director's performance. Committee shall also formulate the criteria for determining qualifications, positive attributes, independent of the Directors and recommend to the Board a Policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees.

##### **(b) The Composition of the Nomination and Remuneration Committee as at 31.03.2017 and details of the Members participation at the Meetings of the Committee are as under:**

On 7<sup>th</sup> December, 2015, the Nomination and Remuneration Committee was constituted comprising of 3 Non-Executive and Independent Directors viz. Mr. Shariq Nisar, Ms. Sarika Lidoria and Mr. Krishnan Narayanan.

As the company got listed on 3<sup>rd</sup> April, 2017 on BSE, Thus the LODR, 2015 Regulations were not applicable to the company last year.

##### **Remuneration Policy**

###### **Sitting Fees:**

The Company pays sitting fees for attending the meeting of the Board of Directors and for attending the meeting of the Committee of Directors to Non-Executive Director(s).

###### **Managing and Executive Directors:**

The Company pays remuneration to its Managing Director and Whole Time Director by way of salary, allowances and perquisites as per the Company's rules. The salary and other perquisites are approved by the Board of Directors on recommendation of the Nomination and Remuneration Committee and the salary is paid within the overall limits approved by the members of the Company.

The Remuneration paid to the Directors is as per the Extracts of the Annual Return as mentioned in the Form MGT-9 in the report. No sitting fee is paid to Executive Directors.



**6. Stakeholder's Relationship Committee:**

Our Company has constituted a *Stakeholders Relationship Committee* to redress complaints of the shareholders. The Committee was constituted vide resolution passed at the meeting of the Board of Directors held on December 7<sup>th</sup>, 2015.

**(a) Terms of Reference:**

The Committee focuses primarily on monitoring expeditious redressal of investors / stakeholder's grievances.

**(b) The Composition of the Stakeholder's Relationship Committee as at 31.03.2017 and details of the Members participation at the Meetings of the Committee are as under:**

The Stakeholder 's Relationship Committee comprises the following Directors:

<b>Name of the Director</b>	<b>Status</b>	<b>Nature of Directorship</b>
Mr.Krishnan Narayanan	Chairman	Independent Director
Mr. Shariq Nisar	Member	Independent Director
Mr.Mohammed Siraj Gunwan	Member	Whole Time Director

As the company got listed on 3<sup>rd</sup> April, 2017 on BSE, Thus the LODR, 2015 Regulations were not applicable to the company last year.

**1. General Body Meetings:**

Location and time for the last three AGMs:

<b>Year</b>	<b>Date</b>	<b>Venue</b>	<b>Time</b>	<b>Special Resolution(s)</b>
2013-14	30/09/14	Registered Office	11:00 a.m.	Not Applicable
2014-15	30/09/15	Registered Office	12.30 p.m.	Not Applicable
2015-16	30/09/16	Registered Office	11:00 a.m.	Not Applicable

No Postal Ballot was conducted during the year.

**8. Disclosure :**
**(i) Related party Transactions**

**The Company does not have any related party transactions, which may have potential conflict with its interest at large.**

None of the transactions with any of the related parties were in conflict with the interests of the Company. However, the related party disclosures about list of related parties and transactions given under Note 26 of Notes to financial statements for the year ended 31st

March, 2017 may be referred. All related party transactions are in the ordinary course of business and are at arm's length.

**(ii) Cases of Non-Compliance:**

No strictures or penalties have been imposed on the Company by the Stock Exchanges or by the Securities and Exchange Board of India (SEBI) or by any statutory authority on any matters related to capital markets during the last three years.

**(III) Whistle Blower Policy / Vigil Mechanism:**

The Company has designed Whistle Blower Policy / Vigil Mechanism to enable any person dealing with the Company to raise the alarm to the Audit Committee of the Company if he has reliable information about a malpractice, unethical practice, impropriety, abuse or financial wrongdoing. The disclosure will be thoroughly investigated by the Committee. The members of the Committee may seek information from any sources inside and outside the organization to investigate this, as deemed fit.

**9. Means of Communication**

(a)	Half – yearly report sent to each household of shareholders	:	Not Applicable to our company during the last year.
(b)	Quarterly results Newspapers in which results are normally published in	:	Not Applicable to our Company
	Any website, where displayed	:	www.octaware.com
	Whether it also displays official news releases	:	Yes
	The presentations made to institutional investors or to the analysts	:	NIL

SEBI has initiated SCORES for processing the investor complaints in a centralized web based redress system and online redressal of all the shareholders complaints. The Company is in compliance with the SCORES.

**5. General Shareholder information**

(a)	12 <sup>th</sup> AGM Date, Time and Venue	:	Thursday, 21 <sup>st</sup> September, 2017 at 10 a.m. at Unit 003, Tower II, Seepz++ Bldg, Seepz Sez, Andheri East, Mumbai-400096
(b)	Financial calendar	:	i. April 2017 to March 2018
			ii. Half yearly Results 2017 - on or before 15 <sup>th</sup> November, 2017
			iii. Audited Results for the Fourth Quarter/ Year ending 31 <sup>st</sup> March 2018, - on or before 31 <sup>st</sup> May, 2018.
(c)	Date of Book closure	:	12/09/2017 to 23/09/2017 (both days inclusive)
(d)	Dividend Payment date	:	On or after 21/09/2017 , if declared at Annual General Meeting on 21/09/2017
(e)	Listing on Stock Exchange.	:	The Company has paid Listing Fees for the period 1 <sup>st</sup> April, 2017 to 31 <sup>st</sup> March 2018 to BSE Limited.
(f)	(i) Stock Code – Physical	:	540416
	(ii) Demat ISIN Number for NSDL & CDSL	:	INE208U01019
(g)	Market price Date : High, Low during each month in last Financial year	:	The company got listed this year on 3 <sup>rd</sup> April, 2017.
(h)	Stock Performance in comparison to Broad-based indices BSE Sensex.	.	NA
(i)	Registrar and Transfer Agents	:	<b>CAMEO CORPORATE SERVICES LIMITED</b> Subramanian Building, No. 1 Club House Road, Chennai – 600 002. E-mail id: investor@cameoindia.com
(j)	Share Transfer System	:	All the transfer and transmission requests are processed on fortnightly basis by Cameo Corporate Services Limited, being the Registrar & Transfer Agent (RTA). To facilitate prompt services, the RTA is also authorized to approve the transfers and dispatch the share certificates within stipulated time frame, if any.

(k)	Dematerialization of Shares and liquidity	:	91.45% of the paid-up capital has been dematerialized as on 31 <sup>st</sup> March, 2017.
(l)	Outstanding GDRs / ADRs / Warrants or any Convertible instruments, conversion date and likely impact on equity.	:	The company has not issued any GDRs / ADRs / Warrants or any convertible instruments
(m)	Commodity price risk or foreign exchange risk and hedging activities	:	N.A
(n)	Plant Locations	:	NA
(o)	Address for correspondence	I	Shareholders correspondence should be addressed to either at Registered Office of the Company or at the address of RTA M/s. Cameo Corporate Services Limited given as above :
		i	Shareholders holding shares in electronic mode
		i	should address all their correspondence to their respective Depository Participant.

**DISTRIBUTION OF HOLDINGS AS ON 31.03.2017**

Shareholding		Shareholders		Share Amount	
Rs	Rs	Number	% of Total	Rs	% of total
10	5000	0	0.0000	0	0.0000
5001	10000	1	0.2544	100000	0.0278
10001	20000	325	82.6972	5202000	14.1479
20001	30000	2	0.5089	474600	0.1321
30001	40000	20	5.0890	645450	1.7976
40001	50000	11	2.7989	532000	1.4816
50001	10000	11	2.7989	891050	2.4816
100001	And Above	23	5.8524	28577740	79.5910
<b>Total</b>		<b>393</b>	<b>100</b>	<b>35905700</b>	<b>100</b>

6. The Company has adopted and been complying with the discretionary requirements as per Regulation 27(1) and Part E of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

7. Familiarisation programme for independent Directors: The Chairman and secretary of the Company used to familiarize the independent Directors of the Company, their roles, rights, responsibilities, nature of industry, compliance procedures & checkpoints etc., from time to time.

**Declaration / Certification:**

**a. Code of Conduct:**

The Board has laid down a Code of Conduct applicable to all the Directors and senior management of the Company. Necessary certification to this effect is appended to this Corporate Governance Report.

**b. Managing Director & CFO Certification:**

As per requirements of Corporate Governance Code, Mr. Mohammed Aslam Khan, Managing Director and Mr. Sajid Iqbal Abdul Hameed, Chief Financial Officer have jointly furnished the necessary Certificate to the Board of Directors with respect to financial statements and cash flow statements for the year ended 31<sup>st</sup> March, 2017.

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**Declaration by Managing Director on Code of Conduct**

I, Mohammed Aslam Khan, Managing Director of Octaware Technologies Limited, do hereby declare that a formal code of Conduct has been laid down by the Board of Directors of Octaware Technologies Limited, which has been applicable to all the Directors and senior management of the Company. The code of Conduct has been affirmed to by all the Directors and senior management of the Company.

**Place: Mumbai**  
**Date: 17.08.2017**

**Sd/-**  
**MOHAMMED ASLAM KHAN**  
**MANAGING DIRECTOR**  
**DIN: 00016438**

**INDEPENDENT AUDITORS' REPORT**

**To the Members of  
Octaware Technologies Limited,**

**Report on the Standalone Financial Statements**

1. We have audited the accompanying standalone financial statements of **Octaware Technologies Limited** (the 'Company'), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

**Management's Responsibility for the Standalone Financial Statements**

2. 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 standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Accounting Standard 30, Financial Instruments: Recognition and Measurement issued by the Institute of Chartered Accountants of India to the extent it does not contradict any other accounting standard referred to in Section 133 of the Act read with Rule 7 of Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 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.

**Auditors' Responsibility**

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor

considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

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

### **Report on Other Legal and Regulatory Requirements**

7. As required by 'the Companies (Auditor's Report) Order, 2016', issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order.
8. 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) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the accompanying standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Accounting Standard 30, Financial Instruments: Recognition and Measurement issued by the Institute of Chartered Accountants of India to the extent it does not contradict any other accounting standard referred to in Section 133 of the Act read with Rule 7 of Companies (Accounts) Rules, 2014;



- (e) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to 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.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- (i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements;
  - (ii) The Company didn't have any long-term contracts or derivative contracts as at March 31, 2017 for which there were no material foreseeable losses;
  - (iii) There has not been an occasion in case of the Company during the year under report to transfer any Sums to the Investor Education and Protection Fund. The question of delay in transferring such sums does not arise.
  - (iv) The Company did not have any holdings or dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 – Refer Note 11 to Financial Statements.

**For Ashok K. Surana & Associates**  
**Chartered Accountants**  
Firm Registration Number: 115637W

**For MVK Associates**  
**Chartered Accountants**  
Firm Registration Number: 120222W

**CA. Ashok Surana**  
Proprietor  
**Membership No. : 044664**

Place : Mumbai  
Date : 24<sup>th</sup> May, 2017.

**CA. R.P. Ladha**  
Partner  
**Membership No. : 048195**

Place : Mumbai  
Date : 24<sup>th</sup> May, 2017.

**Annexure A to Independent Auditors' Report**

On the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of our audit, we report that:

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.  
  
(b) As informed, the fixed assets are physically verified by the Management at regular intervals. No material discrepancies have been noticed on such verification.  
  
(c) The Company does not have any immovable property in its name.
- ii. The company does not have any inventory as on 31.03.2017 or during the year. Hence, the provisions of Clause 3(ii) of the Order are not applicable to the Company.
- iii. The Company has not granted any loans or advances in the nature of loans to parties covered in the register maintained under section 189 of the Companies Act, 2013. Hence, the question of reporting whether the terms and conditions of such loans are prejudicial to the interest of the company, whether reasonable steps for recovery of overdue of such loans are taken does not arise.
- iv. In our opinion and according to the information and explanations given to us, the Company has not given any loan, guarantee or security in respect of loans or made investments, as per the provisions of section 185 and 186 of the Companies Act, 2013.
- v. In our opinion and according to the information and explanations given to us, the Company has accepted any deposits within the meaning of Sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under.
- vi. The Central Government of India has not prescribed the maintenance of cost records under sub-section(1) of section 148 of the Companies Act.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, sales tax, service tax, duty of customs, duty of excise, value added tax, and other material statutory dues, as applicable, with the appropriate authorities in India;  
According to the information and explanations given to us, no disputed amounts payable in respect of aforesaid dues were in arrears, as at March 31, 2017 for a period more than six months from the date they become payable.  
  
(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of, sales tax, service tax, duty of customs, duty of excise or value added tax or cess which have not been deposited on account of any dispute.

- viii. According to the records of the Company , the company has not borrowed from financial institution or banks or Government or has not issue an debenture till 31<sup>st</sup> March 2017. Accordingly, provisions of Clause 3(viii) of the order are not applicable to the company.
- ix. According to the information and explanations given to us and the records of the Company examined by us, the Company has not raised any money by way of initial public offer or further public offer and term loans during the year. Accordingly, provisions of Clause 3(ix) of the Order are not applicable to the company.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi. As the Company has not paid any Managerial remuneration during the year, the provisions of Clause 3(xi) of the Order are not applicable to the Company.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. In our opinion and as per information and explanations provided to us by management all the transactions with the related parties are in compliance with the provisions of sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014.
- xiv. The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, provisions of Clause 3(xiv) of the Order are not applicable to the company
- xv. According to the records of the Company examined by us and the information and explanation given to us, the company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi. The Company is registered under Section 45-IA of the Reserve Bank of India Act, 1934.

**For Ashok K. Surana & Associates**  
**Chartered Accountants**  
Firm Registration Number: 115637W

**CA. Ashok Surana**  
Proprietor  
**Membership No. : 044664**  
Place : Mumbai  
Date : 24<sup>th</sup> May, 2017.

**For MVK Associates**  
**Chartered Accountants**  
Firm Registration Number: 120222W

**CA. R.P. Ladha**  
Partner  
**Membership No. : 048195**  
Place : Mumbai  
Date : 24<sup>th</sup> May, 2017.

**Annexure B to Independent Auditors' Report**

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

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

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

2. The Company's management is responsible for establishing and maintaining internal financial controls based on 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 (ICAI). These responsibilities include the design, implementation, and maintenance of adequate internal financial controls which were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective 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 Act.

**Auditor's Responsibility**

3. Our responsibility is to express an opinion on the Group'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") issued by the Institute of Chartered Accountants of India (ICAI) and the Standards on Auditing 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 ICAI. Those Standards and the Guidance Note require that we comply with the 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.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial control system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included operating and understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exist, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statement, whether due to fraud or error.
5. 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 over financial reporting.

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

6. A company's internal financial controls 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 the Generally Accepted Accounting Principles. A company's internal financial controls over financial reporting includes those policies and procedures that :
- i. pertain to the maintenance of records that, in reasonable details, accurately and fairly reflect the transaction and dispositions of the assets of the company;
  - ii. Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with the 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
  - iii. Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or dispositions of the company's assets that could have a material effect on the financial statements.

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

7. 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 period are subject to the risk that the internal financial controls over financial reporting may become inadequate because of the changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the company, in all material respect, an adequate internal financial control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, 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

**For Ashok K. Surana & Associates**  
**Chartered Accountants**  
**Firm Registration Number: 115637W**

**For MVK Associates**  
**Chartered Accountants**  
**Firm Registration Number: 120222W**

**CA. Ashok Surana**  
**Proprietor**  
**Membership No. : 044664**

**CA. R. P. Ladha**  
**Partner**  
**Membership No. : 048195**

**Place : Mumbai**  
**Date : 24<sup>th</sup> May, 2017.**

**BALANCE SHEET AS AT 31ST MARCH  
2017**

PARTICULARS	NOTE NO.	AMOUNT IN INR			
		AS AT 31ST MARCH 2017		AS AT 31ST MARCH 2016	
<b>EQUITY &amp; LIABILITIES</b>					
<b>Shareholders' Funds</b>					
Share Capital	2	3,59,05,700		3,07,50,000	
Reserves & Surplus	3	<u>6,02,62,797</u>	9,61,68,497	<u>2,18,46,913</u>	5,25,96,913
<b>Non- Current Liabilities</b>		<u>-</u>	-	<u>-</u>	-
<b>Current Liabilities</b>					
Trade Payables	4	41,01,681		5,80,599	
Other Current Liabilities	5	4,18,24,947		4,72,585	
Short Term Provisions	6	<u>-</u>	4,59,26,628	<u>1,67,261</u>	12,20,445
<b>TOTAL</b>		<u><b>14,20,95,125</b></u>		<u><b>5,38,17,358</b></u>	
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
<b>Fixed Assets</b>					
Tangible Assets	7	12,82,581		22,22,388	
Intangible Assets		31,203		31,203	
Intangible Assets under development		78,00,000		34,00,000	
Non-Current Investments	8	1,98,53,157		1,79,39,987	
Deferred Tax Asset (Net)	9	2,31,119		1,50,449	

Long Term Loans and Advances	10	<u>8,60,000</u>	3,00,58,060	<u>-</u>	2,37,44,027
<b>Current Assets</b>					
Trade Receivables	11	2,13,72,298		2,17,62,553	
Cash & Bank Balances	12	8,56,84,833		15,44,245	
Short Term Loans and Advances	13	49,79,934		67,66,533	
Other Current Assets		<u>-</u>	11,20,37,065	<u>-</u>	3,00,73,331
<b>TOTAL</b>			<b><u><u>14,20,95,125</u></u></b>		<b><u><u>5,38,17,358</u></u></b>
Significant Accounting Policies	1				
Notes on Financial Statements	2 TO 25				

As per our Report of even date

For and on behalf of the Board

**For Ashok K. Surana & Associates**  
**Chartered Accountants**  
**Firm Regn No - 115637W**

**For MVK Associates**  
**Chartered Accountants**  
**Firm Regn No - 120222W**

**For Octaware Technologies Limited**

**CA. Ashok Surana**  
**Proprietor**  
**M. No. 044664**

**CA. R. P. Ladha**  
**Partner**  
**M.No. 048195**

**Mohammed Aslam Khan**  
**Managing Director**  
**DIN : 00016438**

**Mohammed Siraj Gunwan**  
**Director**  
**DIN : 02507021**

**Date:- 24-05-2017**  
**Place:- Mumbai**

**Date:- 24-05-2017**  
**Place:- Mumbai**

**Date:- 24-05-2017**  
**Place:- Mumbai**

**Date:- 24-05-2017**  
**Place:- Mumbai**

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2017**
**AMOUNT IN INR**

<b>PARTICULARS</b>	<b>NOTE NO.</b>	<b>FOR THE YEAR ENDED 31/03/2017</b>	<b>FOR THE YEAR ENDED 31/03/2016</b>
<b>INCOME</b>			
Revenue from Operations	14	73,88,593	2,33,39,846
Other Income	15	18,13,771	5,645
<b>Total Revenue</b>		<b>92,02,364</b>	<b>2,33,45,491</b>
<b>EXPENDITURE</b>			
Cost of Material and services	16	9,20,633	-
Employee Benefits Expenses	17	4,58,661	53,16,696
Depreciation and Amortisation Expenses	7	9,90,817	9,00,172
Finance Costs	18	-	-
Other Expenses	19	38,99,100	1,16,36,335
<b>Total Expenses</b>		<b>62,69,211</b>	<b>1,78,53,203</b>
<b>Profit Before Tax</b>		<b>29,33,153</b>	<b>54,92,288</b>
<b>Tax Expenses</b>			
Current Tax		10,00,000	12,00,000
Deferred Tax		(80,670)	-
Income tax for Earlier year		12,37,636	-



<b>Profit for the year</b>		<b>7,76,187</b>	<b>42,92,288</b>
<b>Earnings per equity share of face value of Rs 10 each</b>	20		
Basic		0.25	1.40
Diluted		0.25	1.40
Significant Accounting Policies	1 2 TO		
Notes on Financial Statements	25		

As per our Report of even date

For and on behalf of the Board

**For Ashok K. Surana & Associates**  
**Chartered Accountants**  
**Firm Regn No - 115637W**

**For MVK Associates**  
**Chartered Accountants**  
**Firm Regn No - 120222W**

**For Octaware Technologies Limited**

**CA. Ashok Surana**  
**Proprietor**  
**M. No. 044664**

**CA. R. P. Ladha**  
**Partner**  
**M.No. 048195**

**Mohammed Aslam Khan**  
**Managing Director**  
**DIN : 00016438**

**Mohammed Siraj Gunwan**  
**Director**  
**DIN : 02507021**

**Date:- 24-05-2017**

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**Date:- 24-05-2017**

**Date:- 24-05-2017**

**Place:- Mumbai**

**Place:-  
Mumbai**

**Place:- Mumbai**

**Place:- Mumbai**

<b>CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017</b>		<b>AMOUNT IN INR</b>	
<b>PARTICULARS</b>	<b>FOR THE YEAR ENDED 31/03/2017</b>	<b>FOR THE YEAR ENDED 31/03/2016</b>	
<b>Cash flows from operating activities</b>			
Profit before taxation	29,33,153	54,92,288	
<b>Adjustments for:</b>			
Depreciation	9,90,817	9,00,172	
Foreign Currency Exchange Gain	(16,46,510)	-	
<b>Working capital changes:</b>			
Increase / (Decrease) in Other Current Liabilities	4,13,52,362	-	
Increase / (Decrease) in Short Term Provisions	(1,67,261)	-	
Increase / (Decrease) in trade and other payables	35,21,082	(2,91,180)	
(Increase) / Decrease in trade receivables	3,90,255	(19,78,284)	
(Increase) / (Decrease) in Short Term Loans and Advances	17,86,599	-	
<b>Cash generated from operations</b>	<b>4,91,60,497</b>	<b>41,22,996</b>	
Income taxes paid	(11,08,939)	(17,30,574)	
<b>Net cash from operating activities</b> (A)	<b>4,80,51,558</b>	<b>23,92,422</b>	
<b>Cash flows from investing activities</b>			
Purchase of Fixed Assets	(44,51,010)	(53,98,719)	
Purchase of Investment	(19,13,170)	(5,00,000)	
(Increase) / Decrease in Long Term Loans and Advances	(8,60,000)	-	
<b>Net cash used in investing activities</b> (B)	<b>(72,24,180)</b>	<b>(58,98,719)</b>	

**Cash flows from financing activities**

Proceeds from issue of share capital	4,64,01,300	30,00,000
Preliminary Expense for issue of share capital	<u>(36,05,903)</u>	<u>-</u>
<b>Net cash used in financing activities (C)</b>	<b><u>4,27,95,397</u></b>	<b><u>30,00,000</u></b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>8,36,22,775</b>	<b>(5,06,297)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>15,44,245</b>	<b>20,50,542</b>
	<hr/>	<hr/>
<b>Cash and cash equivalents at end of period</b>	<b><u>8,51,67,020</u></b>	<b><u>15,44,245</u></b>

As per our Report of even date

For and on behalf of the Board

**For MVK Associates**  
**Chartered Accountants**  
**Firm Regn No - 120222W**

**For Octaware Technologies Limited**

CA. R. P. Ladha

Partner

M.No. 048195

Date:- 24-05-2017

Place:- Mumbai

 Mohammed  
 Aslam Khan  
 Managing

Director

DIN : 00016438

 Date:- 24-05-  
 2017

Place:- Mumbai

 Mohammed  
 Siraj Gunwan

Director

DIN : 02507021

 Date:- 24-05-  
 2017

Place:- Mumbai

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**OCTAWARE TECHNOLOGIES LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017**
**Note No. - 1**

S. No.	Particulars
1	<p><b>Corporate information</b></p> <p>The company is established on 26th May 2005 to carry on the business of developing, designing and servicing computer software and information technology related applications and systems.</p> <p>The Company has setup a 100% (WOS) Company</p> <ul style="list-style-type: none"> <li>i) OCTAWARE GULF FZE at Dubai.</li> <li>ii) OCTAWARE INFORMATION TECHNOLOGIES PRIVATE LIMITED at SEZ Andheri (East), Mumbai.</li> <li>i) OCTAWARE GULF QFC at Quater.</li> </ul>
2	<p><b>Significant accounting policies</b></p> <p><b>A. Accounting Convention</b></p> <p>The financial statements have been prepared to comply in all material respects with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.</p> <p>The financial statements have been prepared under the historical cost convention on an accrual basis.</p> <p>The accounting policies have been consistently applied by the Company.</p> <p>All the figures as entered in the financial statements are rounded off to the nearest rupee one.</p> <p><b>B. Use of Estimates</b></p> <p>Preparation of the financial statements in conformity with Generally Accepted Accounting Principles requires estimates and assumptions to be made that affect the reported amounts of revenues and expenses during the reported period. The estimates and assumptions used in the accompanying financial statements are prudent and based on management's evaluation of the relevant facts and circumstances as at the date of the financial statements. Differences between the actual results and estimates are recognised in the period in which the results are known/ materialised.</p> <p><b>C. Recognition of Revenue and Expenditure</b></p> <p>Revenue from time and material contracts are recognized as related services are performed. Expenses have been accounted for on accrual basis and provision has been made for all known losses and expenses.</p> <p><b>D. Fixed Assets</b></p> <p>Fixed Assets have been stated at cost less accumulated depreciation. Cost comprises the basic price, excise duty and any other attributable cost for bringing the asset to its working condition for its intended use.</p> <p><b>E. Depreciation</b></p> <p>The depreciation is provided on Written Down Value Method at the rates prescribed in Schedule II of the Companies Act 2013 or management estimate whichever is higher. If the management's estimate of the useful life of a fixed asset at the time of acquisition of the asset or of the remaining useful life on a subsequent review is shorter than that envisaged in the aforesaid schedule, depreciation is provided at a higher rate based on management's estimate of the useful life / remaining useful life.</p> <p>In respect of the additions to assets made during the year, depreciation for the year is calculated from the date on which the additions are made.</p>

**F. Foreign Currency Transactions**

Transactions in foreign currencies are recorded at the exchange rates prevailing at the date of the transactions. Exchange differences arising on foreign currency transactions are recognised as income or expense in the year in which they arise.

Monetary assets and liabilities denominated in foreign currency at the balance sheet date are translated at the year end exchange rate and the resultant exchange differences are recognized in the profit and loss account. In case of monetary items which are covered by Forward Exchange Contracts, Premium or Discount on Forward exchange Contract is recognised over the life of the contract.

Non-monetary foreign currency items are carried at cost.

**G. Retirement Benefits**

**Short term Employee Benefits:** All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salary, performance incentives etc. are recognised as an expense at the undiscounted amount in the profit & loss account of the year in which the employee renders the related service.

**Post employment benefits:**

**Defined Contribution Plans:**

Provident Fund: The eligible employees of the Company are entitled to receive benefits under the provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary (currently 12% of employees' basic salary). The contributions as specified under the law are paid and charged to Profit & Loss Account of the year when the contribution to the fund is due.

**Long Term Employee Benefits:**

**Defined Benefit Plans:**

Gratuity: The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. ( Gratuity & leave encashment provision not required hence no employee at the end of the year) The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service. Vesting occurs upon completion of continue five years of service. The Company accounts for the liability for gratuity benefits payable in future based on actuarial valuation carried out by an independent actuary. The company does not have any fund for the same and hence, no contribution is made during the year. No provision for leave encashment is made as company's policy donot allow carry forward of leaves. All the leaves standing to the credit of the employee at the year end are encashed to the employee

**H. Leases**

Assets taken on lease are accounted for in accordance with Accounting Standard 19 on "Leases", (AS 19).

**Operating lease**

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

**I. Provisions For Taxation**

Tax expense comprises both current and deferred taxes.

Provision is made for current income tax based on the tax liability computed after considering tax allowances & exemptions.

From the Assessment Year 2008-09, the Company is subject to provisions of Minimum Alternate Tax. Credit for the advance Minimum Alternate Tax paid during the year by the Company is accounted for in accordance with the Guidance Note – ‘Accounting for Credit Available in respect of Minimum Alternate Tax under The Income Tax Act 1961’ issued by the Institute of Chartered Accountants of India (ICAI)

Deferred tax assets and liabilities are recognized for future tax consequence attributable to timing difference between taxable income and accounting income that are capable of reversing in one or more subsequent periods and are measured at relevant enacted / substantively enacted tax rates. At each balance sheet date, the Company reassesses unrealized deferred tax assets to the extent they become reasonably certain or virtually certain of realization, as the case may be.

#### **J. Impairment of Assets**

At each Balance Sheet date, the Management reviews the carrying amounts of its assets included in each cash generating unit to determine whether there is any indication that those assets suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Recoverable amount is the higher of an asset’s net selling price and value in use. In assessing the value in use, the estimated future cash flows expected from the continuing use of the asset and from its ultimate disposal are discounted to their present values using a pre-determined discount rate that reflects the current market assessments of the time value of money and risks specific to the asset.

An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. An impairment loss recognized in prior accounting periods is reversed if there has been a change in the estimate of the recoverable amount.

#### **K. Provisions, Contingent Liabilities and Contingent Assets**

As per Accounting Standard 29, ‘Provisions, Contingent Liabilities and Contingent Assets’, issued by the Institute of Chartered Accountants of India, the Company recognizes provisions only when it has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation as and when a reliable estimate of the amount of obligation can be made.

No Provision is recognized for:

- a) Any possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company; or
- b) Any present obligation that arises from past events but is not recognized because-
  - i. It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
  - ii. A reliable estimate of the amount of obligation cannot be made.

Such obligations are recorded as Contingent Liabilities. These are assessed periodically and only that part of the obligation for which an outflow of resources embodying economic benefits is probable, is provided for, except in the extremely rare circumstances where no reliable estimates can be made.

Contingent Assets are not recognized in the financial statements since this may result in the recognition of income that may never be realized.

#### **L. Other Accounting Policies**

The Company follows generally accepted accounting principles in respect of accounting policies not specifically referred to hereinabove.

**M. Intangible Assets**

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

**N. Inventory**

Stock-in-trade is valued at lower of cost and net realisable value. Cost is computed based on First in First out (FIFO) basis in respect of procured materials. Cost also includes all charges incurred for bringing the inventories to their present location and condition.

**O. Investment**

Long Term Investments are stated at cost. Provision for diminution in the value of Long Term Investments is made only if such a decline is other than temporary.

Current Investments are stated at lower of cost or net realizable value.

**OCTAWARE TECHNOLOGIES LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017**
**2 SHARE CAPITAL**
**AMOUNT IN INR**

(i)	AS AT 31ST MARCH 2017	AS AT 31ST MARCH 2016
<b>Authorised Share Capital:</b> 42,00,000 Equity Shares of Rs 10 each (Previous year 42,00,000 Equity Share of Rs. 10/- each)	4,20,00,000	4,20,00,000
	<b>4,20,00,000</b>	<b>4,20,00,000</b>
<b>Issued, Subscribed and Paid up:</b> 3,59,05,700 Equity Shares of Rs 10 each, fully paid up (Previous Year 30,75,000 Equity Share of Rs. 10/- each)	3,59,05,700	3,07,50,000
	<b>3,59,05,700</b>	<b>3,07,50,000</b>

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.

(ii) The details of Shareholders holding more than 5% shares :

Name of the Shareholder	AS AT 31ST MARCH 2017		AS AT 31ST MARCH 2016	
	No. of Shares	% held	No. of Shares	% held
Mohd Aslam Qudratullah Khan	10,84,742	30.21%	13,19,077	42.90%
Sajid Iqbal Abdul Hameed	6,45,282	17.97%	7,84,681	25.52%
Mohammed Siraj Gunwan	2,63,857	7.35%	3,23,018	10.50%
Shahnawaz Ajazuddin Shaikh	2,03,348	5.66%	2,48,573	8.08%

(iii) The reconciliation of the number of shares outstanding is set out below :

	AS AT 31ST MARCH 2017 No. of Shares	AS AT 31ST MARCH 2016 No. of Shares
Equity Shares at the beginning of the year	30,75,000	30,45,000
Add : Shares issued	5,15,570	30,000
Less : Shares cancelled	-	-
<b>Equity Shares at the end of the year</b>	<b>35,90,570</b>	<b>30,75,000</b>

**3 RESERVES AND SURPLUS**

	AS AT 31ST MARCH 2017	AS AT 31ST MARCH 2016
<b>Profit and Loss Account</b>		
Balance as on beginning of the year	1,72,46,913	1,29,54,625
Add: Profit/(Loss) for the year	7,76,187	42,92,288
	1,80,23,100	1,72,46,913
<b>Security Premium Account</b>		
Balance as on beginning of the year	46,00,000	19,00,000
Add:- Received during the year	4,12,45,600	27,00,000
Less:- Public issue/Preliminary Expenses w/off	(36,05,903)	-
	4,22,39,697	46,00,000
<b>TOTAL</b>	<b>6,02,62,797</b>	<b>2,18,46,913</b>



**4 TRADE PAYABLES**

	AS AT 31ST MARCH 2017	AS AT 31ST MARCH 2016
Micro, Small and Medium Enterprises	-	-
Others		
For Expenses	41,01,681	5,80,599
<b>TOTAL</b>	<b>41,01,681</b>	<b>5,80,599</b>

Above figures includes Rs. 8,90,550/- (Previous Year - Rs. 78,027/-) due to related Parties.

The Company has initiated the process of identification of suppliers registered under The Micro Small and Medium Enterprises Development Act, 2006, by obtaining the confirmation from the suppliers. As the Company has not received any information from its suppliers regarding registration under 'The Micro, Small and Medium Enterprises Development Act, 2006', the disclosures / information required to be given in accordance with section 22 of the said Act, is not ascertainable.

**5 OTHER CURRENT LIABILITIES**

	AS AT 31ST MARCH 2017	AS AT 31ST MARCH 2016
Salary payable to employees	-	3,19,580
Duties & Taxes	3,88,947	1,53,005
Share Application Money	4,14,36,000	-
<b>TOTAL</b>	<b>4,18,24,947</b>	<b>4,72,585</b>

**6 SHORT TERM PROVISIONS**

	AS AT 31ST MARCH 2017	AS AT 31ST MARCH 2016
Provision for Employee Benefits	-	1,67,261
<b>TOTAL</b>	<b>-</b>	<b>1,67,261</b>

**OCTAWARE TECHNOLOGIES LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017**
**7 FIXED ASSETS**

AMOUNT IN INR

Description	Gross Block				Depreciation / Amortisation				Net Block	
	As at 01.04.2017	Additions	Deductions/ Adjustments	As at 31.03.2017	As at 01.04.2017	For the Year	Deductions/ Adjustments	Upto 31.03.2017	As at 31.03.2017	As at 31.03.2016
<b>A TANGIBLE ASSETS :</b>										
<b>OWN ASSETS :</b>										
Office Equipments	10,78,066	-	-	10,78,066	8,18,406	1,59,570	-	9,77,976	1,00,090	2,59,660
Computers	53,03,236	16,960	-	53,20,196	48,47,878	2,43,626	-	50,91,504	2,28,692	4,55,358
Furniture & Fixtures	20,74,543	34,050	-	21,08,593	15,22,917	3,40,212	-	18,63,129	2,45,464	5,51,626
Vehicle	12,00,000	-	-	12,00,000	2,44,256	2,47,409	-	4,91,665	7,08,335	9,55,744
<b>TOTAL (A)</b>	<b>96,55,845</b>	<b>51,010</b>	<b>-</b>	<b>97,06,855</b>	<b>74,33,457</b>	<b>9,90,817</b>	<b>-</b>	<b>84,24,274</b>	<b>12,82,581</b>	<b>22,22,388</b>
<b>B INTANGIBLE ASSETS :</b>										
Software	10,19,938	-	-	10,19,938	9,88,735	-	-	9,88,735	31,203	31,203
<b>TOTAL (B)</b>	<b>10,19,938</b>	<b>-</b>	<b>-</b>	<b>10,19,938</b>	<b>9,88,735</b>	<b>-</b>	<b>-</b>	<b>9,88,735</b>	<b>31,203</b>	<b>31,203</b>
<b>C Intangible Assets</b>										
Under Development	34,00,000	44,00,000	-	78,00,000	-	-	-	-	78,00,000	34,00,000
<b>TOTAL (C)</b>	<b>34,00,000</b>	<b>44,00,000</b>	<b>-</b>	<b>78,00,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>78,00,000</b>	<b>34,00,000</b>
<b>TOTAL (A+B+C)</b>	<b>1,40,75,783</b>	<b>44,51,010</b>	<b>-</b>	<b>1,85,26,793</b>	<b>84,22,192</b>	<b>9,90,817</b>	<b>-</b>	<b>94,13,009</b>	<b>91,13,784</b>	<b>56,53,591</b>
Previous Year	86,77,064	53,98,719	-	1,40,75,783	75,22,019	9,00,172	-	84,22,191	56,53,591	

**8 NON CURRENT ASSETS**

	AS AT 31ST MARCH 2017	AS AT 31ST MARCH 2016
<b><u>Investment in Un-Quoted fully paid up in Subsidiary company</u></b>		
Octaware Gulf FZE ( 1 Share of AD 1,00,000/- Each)	16,01,697	16,01,697
Octaware Information Technologies Private Limited (15,83,829 Shares of Rs. 10/- Each)	1,58,38,290	1,58,38,290
Octaware Gulf QFC (1 Share of QAR 1,00,000/- Each)	19,13,170	-
<b><u>Investment In Associates company</u></b>		
Un-Quoted Fully Paid Up - Transpact Enterprises Pvt. Ltd. (10,000 Share of Rs. 10/- Each)	5,00,000	5,00,000
<b>TOTAL</b>	<b>1,98,53,157</b>	<b>1,79,39,987</b>

**9 DEFERRED TAX ASSET (Net)**

Deferred tax asset amounting to Rs. 2,31,119/- (Previous year Rs. 1,50,449/-) arising on account of depreciation & Preliminary exp. Provision has not been recognized in the books on the ground of prudence. It would be accounted for in the subsequent year / years considering the requirements of the Accounting Standard (AS-22) regarding reasonable / virtual certainty and the accounting policy followed by the company in this respect.

**10 LONG TERM LOANS AND ADVANCES**

	AS AT 31ST MARCH 2017	AS AT 31ST MARCH 2016
<b>Unsecured and Considered Good - Deposits (BSE)</b>	8,60,000	-
<b>TOTAL</b>	<b>8,60,000</b>	<b>-</b>

**11 TRADE RECEIVABLES**

	AS AT 31ST MARCH 2017	AS AT 31ST MARCH 2016
<b>Unsecured and Considered Good - More than 6 months</b>	1,94,36,996	1,17,39,587
Others	19,35,302	1,00,22,966
<b>TOTAL</b>	<b>2,13,72,298</b>	<b>2,17,62,553</b>

Above figures includes Rs. 1,02,43,565/- (Previous Year - Rs. 1,23,67,788/-) due from related Parties.

**12 CASH & BANK BALANCES**

	AS AT 31ST MARCH 2017	AS AT 31ST MARCH 2016
Cash on Hand	6,41,948	2,68,828
Balance with Banks	35,38,885	12,75,417
Balance with Banks ( Escro Accounts)	8,15,04,000	-
<b>TOTAL</b>	<b>8,56,84,833</b>	<b>15,44,245</b>

\*The details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016 as provided in the Table below

Particulars	SBNs	Other Denominati on notes	Total
Closing cash in hand as on 08.11. 2016	-	3,05,801	3,05,801
(+) Permitted receipts	-	-	-
(-) Permitted payments	-	27,490	27,490
(+) Amount withdrawn from Banks	-	3,73,637	
(-) Amount deposited in Banks	-	10,000	10,000
<b>Closing cash in hand as on 30.12. 2016</b>	<b>-</b>	<b>6,41,948</b>	<b>6,41,948</b>

**13 SHORT TERM LOANS AND ADVANCES**

	AS AT 31ST MARCH 2017	AS AT 31ST MARCH 2016
<b>Unsecured and Considered Good -</b>		
Advance Income Tax (Net of Provision)	13,52,332	24,57,240
Preliminary Expenses	-	20,85,608
Loans & Advance to Employees	-	11,30,000
Advance Receivable in Cash or kind or for value to to be received	24,67,602	10,93,685
Advance for capital Goods	11,60,000	-
<b>TOTAL</b>	<b>49,79,934</b>	<b>67,66,533</b>

**14 REVENUE FROM OPERATIONS**

	FOR THE YEAR ENDED 31/03/2017	FOR THE YEAR ENDED 31/03/2016
Income from Sales and Services -		
- Export	14,90,569	1,55,94,797
- Domestic Services	58,59,307	77,45,049
- Domestic Products	38,717	-
<b>TOTAL</b>	<b><u>73,88,593</u></b>	<b><u>2,33,39,846</u></b>

**15 OTHER INCOME**

	FOR THE YEAR ENDED 31/03/2017	FOR THE YEAR ENDED 31/03/2016
Interest on bank deposits	-	5,645
Gain on Foreign Currency Transactions	16,46,510	-
Provisions no longer required	1,67,261	-
<b>TOTAL</b>	<b><u>18,13,771</u></b>	<b><u>5,645</u></b>

**16 COST OF MATERIAL AND SERVICES**

	FOR THE YEAR ENDED 31/03/2017	FOR THE YEAR ENDED 31/03/2016
Purchase of Products	34,807	-
Purchase of Services	8,85,826	-
<b>TOTAL</b>	<b><u>9,20,633</u></b>	<b><u>-</u></b>

**17 EMPLOYEE BENEFITS EXPENSES**

	FOR THE YEAR ENDED 31/03/2017	FOR THE YEAR ENDED 31/03/2016
Salaries and Wages	3,53,117	49,01,117
Contribution to Provident and Other Funds	62,604	3,21,255
Staff Welfare Expenses	42,940	94,324
<b>TOTAL</b>	<b><u>4,58,661</u></b>	<b><u>53,16,696</u></b>

**18 FINANCE COSTS**

	FOR THE YEAR ENDED 31/03/2017	FOR THE YEAR ENDED 31/03/2016
Interest & Other Charges	-	-
<b>TOTAL</b>	<b><u>-</u></b>	<b><u>-</u></b>

**19 OTHER EXPENSES**

	FOR THE YEAR ENDED 31/03/2017	FOR THE YEAR ENDED 31/03/2016
Power and fuel	1,44,890	3,02,457
Rent, Rates & Taxes	6,57,883	7,38,341
Repairs to -		
- Computers	16,550	52,850
- Building & Other Repairs	33,600	6,30,771
Bank Charges	23,319	32,610
Donation	2,50,000	4,82,000
Entertainment & Hotelling Expenses	-	2,14,880
Travelling Expenses	14,07,059	21,84,646
Housekeeping Expenses	21,973	1,40,543
Legal and professional charges (Refer Note 19.1 for Details)	2,73,380	1,86,600
Loss on Foreign Currency Transactions	-	52,151
Membership Fees	3,46,503	3,59,437
Miscellaneous expenses	37,844	66,480
Office Expenses	91,178	1,17,663
Postage & Courier	-	1,360
Preliminary Expenses	-	36,989
Printing & Stationery	85,656	1,29,078
ROC filing fees	10,200	77,200
Seminar Fees	87,500	91,600
Software License & Development Fees	-	21,165
Technical Fees (Consultant Charges)	1,35,973	53,41,616
Telephone & Internet expenses	2,37,116	3,36,446
Conveyance	38,476	39,452
<b>TOTAL</b>	<b>38,99,100</b>	<b>1,16,36,335</b>

**19.1 Payments to the Auditor (included under Legal and professional charges)**

	FOR THE YEAR ENDED 31/03/2017	FOR THE YEAR ENDED 31/03/2016
(a) Auditor - Statutory Audit Fees	75,000	50,000
(b) For Tax matters	40,000	25,000
(c) For Other Services	87,000	-
<b>TOTAL</b>	<b>2,02,000</b>	<b>75,000</b>

**19.2 Earning & expenditure in Foreign Currency**

	FOR THE YEAR ENDED 31/03/2017	FOR THE YEAR ENDED 31/03/2016
Earning	14,90,569	1,55,94,797
Expenditure	99,313	5,20,726
<b>TOTAL</b>	<b>15,89,882</b>	<b>1,61,15,523</b>

**20 EARNINGS PER SHARE (EPS)**

	FOR THE YEAR ENDED 31/03/2017	FOR THE YEAR ENDED 31/03/2016
Net Profit after tax as per Statement of Profit and Loss attributable to Equity Shareholders (Rs)	7,76,187	42,92,288
Weighted Average number of equity shares used as denominator for calculating EPS	30,88,299	30,75,000
Basic Earnings per share (Rs)	0.25	1.40
Diluted Earnings per share (Rs)	0.25	1.40
Face Value per equity share (Rs)	10	10

**21 RELATED PARTY DISCLOSURES**

As per Accounting Standard 18, the disclosures of transactions with the related parties are given below:

**I List of related parties where control exists and related parties with whom transactions have taken place and relationships:**

Name of the Related Party	Relationship
Sajid Hameed Shaikh	Director (Key Management Personnel)
Aslam Mohammed Khan	Director (Key Management Personnel)
Mohammed Siraj Gunwan	Director (Key Management Personnel)
Rehana Khan	Director's Relative
Octaware Gulf FZE	Subsidiary Company
Octaware Gulf QFC	Subsidiary Company
Octaware Information Technologies Private Limited	Subsidiary Company
Transpect Enterprises Pvt.Ltd.	Associated Company

**II Transactions during the year with related parties :**

Particulars	Nature of transactions	For 2016-17		For 2015-16	
		Value of transactions Rs	Closing Balance as on March 31, 2017*	Value of transactions Rs	Closing Balance as on March 31, 2016*
With Key Management Personnel	Consultant Fees	14,81,411	3,95,550	24,14,132	(8,886)
With Relatives	Office Rent Payment	6,00,000	4,95,000	6,00,000	86,913
With Subsidiary Companies	Sales/ Service	28,32,440	1,02,43,565	1,08,60,710	1,23,67,788

\*Closing balance in bracket represents amount receivable by the Company

**22 CONTINGENT LIABILITIES AND COMMITMENTS**

(to the extent not provided for)

	AS AT 31ST MARCH 2017	AS AT 31ST MARCH 2016
<b>Commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of Capital Advances of Rs. 11,60,000/- (Previous Year Rs. Nil))	5,00,000	-
Other Commitments	-	-
	<b>5,00,000</b>	<b>-</b>

- 23** During the year, Company come with Intialy Public offer (IPO) of 4,45,200 share of face value of Rs. 10/- with the premium of Rs. 80/- per share the detail are in company's prospects. The issue open on 22-3-2017 and closed on 27-3-2017. Listing of share in Bombay Stock Exchange BSE ( SME) on 3-4-2017.
- 24** Sundry debtors, creditors, loans & advances and other balances are subject to confirmation.
- 25** The previous year figures have been regrouped, reclassified or rearranged, wherever considered necessary to conform with the current year presentation.
- 

As per our Report of even date

**For Ashok K. Surana & Associates**  
Chartered Accountants  
Firm Regn No - 115637W

**For MVK Associates**  
Chartered Accountants  
Firm Regn No - 120222W

For and on behalf of the Board

**For Octaware Technologies Limited**

**CA. Ashok Surana**  
Proprietor  
M. No. 044664

**CA. R. P. Ladha**  
Partner  
M.No. 048195

**Mohammed Aslam Khan**  
Managing Director  
DIN : 00016438

**Mohammed Siraj Gunwan**  
Director  
DIN : 02507021

**Date:- 24-05-2017**  
**Place:- Mumbai**

**Date:- 24-05-2017**  
**Place:- Mumbai**

**Date:- 24-05-2017**  
**Place:- Mumbai**

**Date:- 24-05-2017**  
**Place:- Mumbai**



**INDEPENDENT AUDITORS' REPORT**  
**ON CONSOLIDATED FINANCIAL STATEMENT**

To the Members of  
**OCATAWARE TECHNOLOGIES LIMITED**

**Report on the Consolidated Financial Statements**

1. We have audited the accompanying Consolidated financial statements of **Ocataware Technologies Limited**, the parent (hereinafter referred to as 'the Holding Company'), its subsidiary company and its associates (collectively referred to as 'the Group'), which comprising of the Consolidated Balance Sheet as at March 31, 2017, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements"), which we have signed under reference to this report.

**Management's Responsibility for the Financial Statements**

2. The Holding Company's Board of Directors of the Company are responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of Companies (Accounts) Rules, 2014 and Accounting Standard 30, Financial Instruments: Recognition and Measurement issued by the Institute of Chartered Accountants of India to the extent it does not contradict any other accounting standard referred to in Section 133 of the Act read with Rule 7 of Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group 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 the 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

**Auditor's Responsibility**

1. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.
2. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
3. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements, that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.
4. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

**Opinion**

5. In our opinion and to the best of our information and according to the explanations given to us, the accompanying consolidated 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 consolidated state of affairs of the Group as at 31st March 2017, and their **consolidated Profit** and their consolidated cash flows for the year ended on that date.

### **Other Matters**

6. We did not audit the financial statements / financial information of three (3) subsidiary companies whose financial statements reflect total assets of Rs 767.72 lakhs and total revenue of Rs 187.55 Lakhs and Net cash flows of Rs 17.50 Lakhs are considered in the consolidated financial statements. These financial statements / financial information are audited by another auditor whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this associate is based solely on the reports of the other auditors.
7. Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the financial statements/ financial information certified by the Management.

### **Report on Other Legal and Regulatory Requirements**

3. As required by section 143(3) of the Act, we report to the extent applicable, that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
  - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books;
  - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
  - d) In our opinion, the accompanying consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Accounting Standard 30, Financial Instruments: Recognition and Measurement issued by the Institute of Chartered Accountants of India to the extent it does not contradict any other accounting standard referred to in Section 133 of the Act read with Rule 7 of Companies (Accounts) Rules, 2014;
  - e) On the basis of written representations received from the directors of the Holding Company as on March 31, 2017, taken on record by the Board of Directors of the Holding Company and its subsidiary company, none of the directors of the

Group companies is disqualified as on March 31, 2017, from being appointed as a director in terms of Section 164(2) of the Act;

- f) With respect to adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate Report in Annexure A.
- g) 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 consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group.
  - ii. The Company doesn't have any long-term contracts or derivative contracts as at March 31, 2017 for which there were no material foreseeable losses;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, during the year ended March 31, 2017 and there were no amounts which were required to be transferred by the subsidiary company.
  - iv. The Company did not have any holdings or dealings in Specified Bank Notes (SBNs) during the period from 8th November, 2016 to 30th December, 2016 – Refer Note 12 to Financial Statements.

**For Ashok K. Surana & Associates**  
**Chartered Accountants**  
**Registration No. 115637W**

**For MVK Associates**  
**Chartered Accountants**  
**Firm Registration No. 120222W**

**CA. Ashok Surana**  
**Proprietor**  
**M. NO. 044664**

**CA. R. P. Ladha**  
**Partner**  
**M. NO. 048195**

**Place: Mumbai**  
**Date: 24<sup>th</sup> May, 2017**

**Place: Mumbai**  
**Date: 24<sup>th</sup> May, 2017**

### **Annexure A to Independent Auditors' Report**

Referred to in paragraph 10(f) of the Independent Auditors' Report of even date to the members of **OCATAWARE TECHNOLOGIES LIMITED** on the consolidated financial statements as of and for the year ended March 31, 2017.

#### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act**

8. We have audited the internal financial controls over financial reporting of **Ocataware Technologies Limited** ("the Holding Company"), its subsidiary and its associates company as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

9. The respective Board of Directors of the holding company, its subsidiary company, and its associates company, are responsible for establishing and maintaining internal financial controls based on 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 (ICAI). These responsibilities include the design, implementation, and maintenance of adequate internal financial controls which were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective 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 Act.

#### **Auditor's Responsibility**

10. Our responsibility is to express an opinion on the Group'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") issued by the Institute of Chartered Accountants of India (ICAI) and the Standards on Auditing 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 ICAI. Those Standards and the Guidance Note require that we comply with the 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.
11. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial control system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included operating and understanding of internal financial controls over financial reporting, assessing the risk that a

material weakness exist, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statement, whether due to fraud or error.

12. 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 over financial reporting.

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

13. A company's internal financial controls 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 the Generally Accepted Accounting Principles. A company's internal financial controls over financial reporting includes those policies and procedures that :
- i. Pertain to the maintenance of records that, in reasonable details, accurately and fairly reflect the transaction and dispositions of the assets of the company;
  - ii. Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with the 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
  - iii. Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or dispositions of the company's assets that could have a material effect on the financial statements.

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

14. 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 period are subject to the risk that the internal financial controls over financial reporting may become inadequate because of the changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

In our opinion, the holding company, its subsidiary company, have, in all material respect, an adequate internal financial control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, 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 as it appears from our examination of the books and records of the Holding Company and the representation received from the management for the entities unaudited.

**For Ashok K. Surana & Associates**  
**Chartered Accountants**  
**Firm Registration No.115637W**

**For MVK Associates**  
**Chartered Accountants**  
**Firm Registration No. 120222W**

**CA. Ashok Surana**  
**Proprietor**  
**M. No. 044664**

**CA. R. P. Ladha**  
**Partner**  
**M. No. 048195**

**Place: Mumbai**  
**Date: 24<sup>th</sup> May, 2017**

**Place: Mumbai**  
**Date: 24<sup>th</sup> May, 2017**

**CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2017**

Particulars	Note No.	(Amount in INR)	
		<i>As at 31st March 2017</i>	<i>As at 31st March 2016</i>
<b>I. EQUITY AND LIABILITIES</b>			
<b><u>(1) Shareholder's Funds</u></b>			
(a) Share Capital	2	<b>3,59,05,700</b>	3,07,50,000
(b) Reserves and Surplus	3	<b>9,90,23,454</b>	4,22,55,047
<b>(2) Minority Interest</b>		<b>1,89,536</b>	1,24,294
<b><u>(2) Non-Current Liabilities</u></b>			
(a) Long Term Borrowings		-	-
(b) Deferred tax liabilities (net)		28,583	-
(c) Long-term provisions		-	-
<b><u>(3) Current Liabilities</u></b>			
(a) Short-Term Borrowings		-	-
(b) Trade Payables	4	-	-
(c) Other Current Liabilities	5	<b>5,23,13,927</b>	1,19,21,529
(d) Short-Term Provisions	6	<b>17,19,946</b>	2,81,329
<b>TOTAL</b>		<b>18,91,81,146</b>	8,53,32,199
<b>II. ASSETS</b>			
<b><u>(1) Non-Current Assets</u></b>			
<b>(a) Fixed Assets</b>	7		
(i) Tangible assets		<b>3,25,12,760</b>	1,91,81,536
(ii) Intangible assets		<b>31,203</b>	31,203



(iii) intangible Assets under development		<b>1,70,18,978</b>	74,45,585
<b>Net Block</b>		<b>4,95,62,941</b>	2,66,58,324
(b) Deferred tax assets (net)		<b>2,31,119</b>	-
(c) Non-Current Investments	8	<b>7,44,257</b>	5,62,460
(d) Long term loans and advances	9	<b>22,68,456</b>	40,05,949
(e) Other non-current assets		-	-
<b>(2) Current Assets</b>			
(a) Current Investments	10	-	6,50,000
(b) Trade receivables	11	<b>3,34,87,900</b>	4,19,34,620
(c) Cash and cash equivalents	12	<b>9,45,40,049</b>	81,04,897
(d) Short-term loans and advances	13	<b>83,46,424</b>	34,15,949
(e) Other Current assets		-	-
<b>TOTAL</b>		<b>18,91,81,146</b>	8,53,32,199

Significant Accounting Policies

1

**Notes referred to above and Annexures attached there to form an integral part of Balance Sheet**

As per our report of even date

**For Ashok K Surana & Associates**
**Chartered Accountants**
**Firm Regn. No - 115637W**
**CA. Ashok Surana**
**Proprietor**
**M.No. 044664**
**For MVK Associates**
**Chartered**
**Accountants**
**Firm Regn. No -**
**120222W**
**CA. R. P. Ladha**
**Partner**
**M.No. 048195**
**For Octaware Technologies Limited**
**Managing Director**
**DIN : 00016438**
**Director**
**DIN : 02507021**
**Mumbai, 24th March 2017**

**CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st March, 2017**
**(Amt. in Rs.)**

Particulars	Note No.	2016-17	2015-16
<b>INCOME</b>			
Revenue from operations	14	7,79,77,429	7,19,95,372
Other Income	15	20,99,599	10,67,180
<b>Total Revenue</b>		<b>8,00,77,028</b>	<b>7,30,62,552</b>
<b>EXPENDITURE</b>			
Cost on Materials and services	16	9,20,633	-
Employee Benefit Expense	17	1,68,85,300	1,58,96,133
Financial Costs		-	-
Depreciation and Amortization Expense	7	30,00,541	17,01,544
Other Expenses	18	3,72,36,834	3,78,51,296
<b>Total Expenses</b>		<b>5,80,43,308</b>	<b>5,54,48,973</b>
<b>Profit before tax</b>		<b>2,20,33,720</b>	<b>1,76,13,579</b>
<b><u>Tax expense:</u></b>			
(1) Current tax		30,04,139	21,00,000
(2) Deferred tax		(52,087)	-
(3) Adjustment for Income tax in respect of earlier years (Net)		4,15,710	
(4) MAT Credit Entitlement		-	
		18,58,534	
<b>Profit/(Loss) for the period</b>		<b>2,05,24,492</b>	<b>1,55,13,579</b>
Minority Interest		65,242	22,682

Profit/(Loss) after Tax & Minority Interest 2,04,59,250 1,54,90,897

Earning per equity share(face value of Rs. 10/- each): Basic and Diluted (Rs.) 19 6.65 5.05

Significant Accounting Policies 1

***Notes referred to above and Annexures attached there to form an integral part of Balance Sheet***

As per our report of even date

**For Ashok K Surana &  
Associates  
Chartered Accountants  
Firm Regn. No - 115637W**

**For MVK  
Associates  
Chartered Accountants  
Firm Regn. No - 120222W**

**For Octaware Technologies Limited**

**CA. Ashok Surana  
Proprietor  
M.No. 044664**

**CA. R. P. Ladha  
Partner  
M.No. 048195**

**Mohammed Aslam  
Khan  
Managing Director  
DIN : 00016438**

**Mohammed Siraj  
Gunwan  
Director  
DIN : 02507021**

**Mumbai, 24th March 2017**

**OCTAWARE TECHNOLOGIES LIMITED**

PARTICULARS	AMOUNT IN INR	
	FOR THE YEAR ENDED 31/03/2017	FOR THE YEAR ENDED 31/03/2016
<b>CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017</b>		
<b>Cash flows from operating activities</b>		
Profit before taxation	2,20,33,721	1,76,13,579
<b>Adjustments for:</b>		
Depreciation	30,00,541	17,01,544
Preliminary Exp written off	3,67,600	36,989
Foreign Currency Exchange Gain	(14,86,381)	-
Reversal of Foreign Exchange	(15,12,337)	(6,79,508)
Provision for Employee Benefit	2,43,638	-
Provision for Employee Benefit withdrawn	(1,67,261)	-
<b>Working capital changes:</b>		
Increase / (Decrease) in Other Current Liabilities	4,02,41,949	7,67,625
Increase / (Decrease) in Short Term Provisions	12,05,027	14,068
Increase / (Decrease) in Trade Payables	-	1,02,64,983
(Increase) / Decrease in trade receivables	99,33,101	(1,15,66,039)
(Increase) / (Decrease) in Short Term Loans and Advances	(42,00,638)	14,81,633
<b>Cash generated from operations</b>	<b>6,96,58,959</b>	<b>1,96,34,875</b>
Income taxes paid	(21,33,939)	(33,56,714)
<b>Net cash from operating activities (A)</b>	<b>6,75,25,020</b>	<b>1,62,78,161</b>

**Cash flows from investing activities**

Purchase of Fixed Assets	(2,59,05,158)	(1,00,89,461)
Investment Purchased	-	(5,00,000)
(Increase) / Decrease in Current Investments	6,50,000	(1,01,307)
(Increase) / Decrease in Long Term Loans and Advances	(7,15,715)	(37,73,545)
<b>Net cash used in investing activities (B)</b>	<b>(2,59,70,873)</b>	<b>(1,44,64,313)</b>

**Cash flows from financing activities**

Proceeds from issue of share capital	4,64,01,300	30,00,000
Preliminary Expense for issue of share capital	(15,20,295)	-
<b>Net cash used in financing activities (C)</b>	<b>4,48,81,005</b>	<b>30,00,000</b>

**Net increase in cash and cash equivalents (A+B+C)** **8,64,35,152** **48,13,848**

**Cash and cash equivalents at beginning of period** **81,04,897** **32,91,049**

**Cash and cash equivalents at end of period** **9,45,40,049** **81,04,897**

As per our report of even date

**For Ashok K Surana & Associates**  
**Chartered Accountants**  
**Firm Regn. No - 115637W**

**For MVK Associates**  
**Chartered Accountants**  
**Firm Regn. No - 120222W**

**For Octaware Technologies Limited**

**CA. Ashok Surana**  
**Proprietor**  
**M.No. 044664**

**CA. R.P. Lodha**  
**Partner**  
**M.No. 048195**

**Mohammed Aslam**  
**Khan**  
**Managing Director**  
**DIN : 00016438**

**Mohammed Siraj**  
**Gunwan**  
**Director**  
**DIN : 02507021**

**Date: 24th March 2017**

**Place:- Mumbai**

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**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017**

**Note No. - 1**

**S. No. Particulars**

**1 Corporate information**

The company is established on 26th May 2005 to carry on the business of developing, designing and servicing computer software and information technology related applications and systems.

The Company has setup (WOS) Company

- i) OCTAWARE GULF FZE at Dubai. ( a 100% W/S)
- ii) OCTAWARE INFORMATION TECHNOLOGIES PRIVATE LIMITED at SEZ Andheri (East), Mumbai. ( a 99.375%)
- iii) OCTAWARE GULF QFC at Quarter ( a 100% WOS)
- i) TRANSPACT ENTERPRISES PVT. LTD, (a Associate Co. 24.77% )

**2 Significant accounting policies**

**A. Accounting Convention**

The financial statements have been prepared to comply in all material respects with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.

The financial statements have been prepared under the historical cost convention on an accrual basis.

The accounting policies have been consistently applied by the Company.

All the figures as entered in the financial statements are rounded off to the nearest rupee one.

**B. Use of Estimates**

Preparation of the financial statements in conformity with Generally Accepted Accounting Principles requires estimates and assumptions to be made that affect the reported amounts of revenues and expenses during the reported period. The estimates and assumptions used in the accompanying financial statements are prudent and based on management's evaluation of the relevant facts and circumstances as at the date of the financial statements. Differences between the actual results and estimates are recognised in the period in which the results are known/ materialised.

**C. Recognition of Revenue and Expenditure**

Revenue from time and material contracts are recognized as related services are performed.

Expenses have been accounted for on accrual basis and provision has been made for all known losses and expenses.

**D. Fixed Assets**

Fixed Assets have been stated at cost less accumulated depreciation. Cost comprises the basic price, excise duty and any other attributable cost for bringing the asset to its working condition for its intended use.

**E. Depreciation**

The depreciation is provided on Written Down Value Method at the rates prescribed in Schedule II of the Companies Act 2013 or management estimate whichever is higher. If the management's estimate of the useful life of a fixed asset at the time of acquisition of the asset or of the remaining useful life on a subsequent review is shorter than that envisaged in the aforesaid schedule, depreciation is provided at a higher rate based on management's estimate of the useful life / remaining useful life.

In respect of the additions to assets made during the year, depreciation for the year is calculated from the date on which the additions are made.

**F. Foreign Currency Transactions**

Transactions in foreign currencies are recorded at the exchange rates prevailing at the date of the transactions. Exchange differences arising on foreign currency transactions are recognised as income or expense in the year in which they arise.

Monetary assets and liabilities denominated in foreign currency at the balance sheet date are translated at the year end exchange rate and the resultant exchange differences are recognized in the profit and loss account. In case of monetary items which are covered by Forward Exchange Contracts, Premium or Discount on Forward exchange Contract is recognised over the life of the contract.

Non-monetary foreign currency items are carried at cost.

**G. Retirement Benefits**

**Short term Employee Benefits:** All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salary, performance incentives etc. are recognised as an expense at the undiscounted amount in the profit & loss account of the year in which the employee renders the related service.

**Post employment benefits:**

**Defined Contribution Plans:**

Provident Fund: The eligible employees of the Company are entitled to receive benefits under the provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary (currently 12% of employees' basic salary). The contributions as specified under the law are paid and charged to Profit & Loss Account of the year when the contribution to the fund is due.

**Long Term Employee Benefits:**

**Defined Benefit Plans:**

Gratuity: The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. ( Gratuity & leave encashment provision not required hence no employee at the end of the year) The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service. Vesting occurs upon completion of continue five years of service. The Company accounts for the liability for gratuity benefits payable in future based on actuarial valuation carried out by an independent actuary. The company does not have any fund for the same and hence, no contribution is made during the year.

No provision for leave encashment is made as company's policy donot allow carry forward of leaves. All the leaves standing to the credit of the employee at the year end are encashed to the employee

**H. Leases**

Assets taken on lease are accounted for in accordance with Accounting Standard 19 on "Leases", (AS 19).

Operating lease

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

### **I. Provisions For Taxation**

Tax expense comprises both current and deferred taxes.

Provision is made for current income tax based on the tax liability computed after considering tax allowances & exemptions.

From the Assessment Year 2008-09, the Company is subject to provisions of Minimum Alternate Tax. Credit for the advance Minimum Alternate Tax paid during the year by the Company is accounted for in accordance with the Guidance Note – ‘Accounting for Credit Available in respect of Minimum Alternate Tax under The Income Tax Act 1961’ issued by the Institute of Chartered Accountants of India (ICAI)

Deferred tax assets and liabilities are recognized for future tax consequence attributable to timing difference between taxable income and accounting income that are capable of reversing in one or more subsequent periods and are measured at relevant enacted / substantively enacted tax rates. At each balance sheet date, the Company reassesses unrealized deferred tax assets to the extent they become reasonably certain or virtually certain of realization, as the case may be.

### **J. Impairment of Assets**

At each Balance Sheet date, the Management reviews the carrying amounts of its assets included in each cash generating unit to determine whether there is any indication that those assets suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Recoverable amount is the higher of an asset’s net selling price and value in use. In assessing the value in use, the estimated future cash flows expected from the continuing use of the asset and from its ultimate disposal are discounted to their present values using a pre-determined discount rate that reflects the current market assessments of the time value of money and risks specific to the asset.

An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. An impairment loss recognized in prior accounting periods is reversed if there has been a change in the estimate of the recoverable amount.

### **K. Provisions, Contingent Liabilities and Contingent Assets**

As per Accounting Standard 29, ‘Provisions, Contingent Liabilities and Contingent Assets’, issued by the Institute of Chartered Accountants of India, the Company recognizes provisions only when it has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation as and when a reliable estimate of the amount of obligation can be made.

No Provision is recognized for:

- a) Any possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company; or
- b) Any present obligation that arises from past events but is not recognized because-
  - i. It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
  - ii. A reliable estimate of the amount of obligation cannot be made.

Such obligations are recorded as Contingent Liabilities. These are assessed periodically and only that part of the obligation for which an outflow of resources embodying economic benefits is probable, is provided for, except in the extremely rare circumstances where no reliable estimates can be made.

Contingent Assets are not recognized in the financial statements since this may result in the recognition of income that may never be realized.



### **L. Other Accounting Policies**

The Company follows generally accepted accounting principles in respect of accounting policies not specifically referred to hereinabove.

### **M. Intangible Assets**

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

### **N. Inventory**

Stock-in-trade is valued at lower of cost and net realisable value. Cost is computed based on First in First out (FIFO) basis in respect of procured materials. Cost also includes all charges incurred for bringing the inventories to their present location and condition.

### **O. Investment**

Long Term Investments are stated at cost. Provision for diminution in the value of Long Term Investments is made only if such a decline is other than temporary.

Current Investments are stated at lower of cost or net realizable value.

**NOTES TO THE FINANCIAL STATEMENTS**

(Amt in Rs.)

**Note : 2 Share Capital**

Particulars	As at 31st March 2017	As at 31st March 2016
<b>Equity Share Capital</b>		
<b>Authorised Share Capital</b>		
42,00,000 Equity Share of Rs.10/- Each. (Previous Year: 42,00,000 Equity Share of Rs. 10/- each)	<b>4,20,00,000.00</b>	4,20,00,000
	<b>4,20,00,000.00</b>	4,20,00,000
<b>Issued, Subscribed and Fully Paid Up Share Capital</b>		
30,75,000 Equity Share of Rs.10/- each issued, subscribed and fully paid	<b>3,07,50,000</b>	3,04,50,000
5,15,570 Equity Share of Rs.10/- each issued during the year (Previous Year: 30,75,000 shares of Rs. 10/- each)	<b>51,55,700</b>	3,00,000
<b>TOTAL</b>	<b>3,59,05,700</b>	<b>3,07,50,000</b>

**a) Reconciliation of number of shares outstanding at the end of year**

Particulars	As at 31st March 2017	As at 31st March 2016
Equity shares at the beginning of the year	<b>30,75,000</b>	30,45,000
Add: Shares issued during the year	<b>5,15,570</b>	30,000
Add: Bonus Shares issued during the year	-	-
Equity Shares at the end of the year	<b>35,90,570</b>	30,75,000

**b) Details of shareholders holding more than 5% shares of the aggregate shares in the company**

Name of shareholder	As at 31st March 2017		As at 31st March 2016	
	No. of Shares	Percentage	No. of Shares	Percentage
Mohd Aslam Qudratullah Khan	10,84,742	<b>30.21%</b>	13,19,077	<b>42.90%</b>
Sajid Iqbal Abdul Hameed	6,45,282	<b>17.97%</b>	7,84,681	<b>25.52%</b>
Mohdammed Siraj Gunwan	2,63,857	<b>7.35%</b>	3,23,018	<b>10.50%</b>
Shahnawaz Ajazuddin Shaikh	2,03,348	<b>5.66%</b>	2,48,573	<b>8.08%</b>

**Note : 3 Reserve & Surplus**

 (Amt. in  
Rs.)

Particulars	As at 31st March 2017	As at 31st March 2016
<b>Capital Reserve (AS-21)</b>	3,12,086	3,12,086
<b>Surplus (Profit &amp; Loss Account)</b>		
Balance brought forward from previous year	3,72,80,501	2,24,69,112
Add: Consolidated Profit for the year	2,04,59,250	1,54,90,897
Less: Reverse of Foreign Exchange	(15,12,337)	(6,79,508)
Less: Appropriations Bonus Shares Issued	-	-
	5,62,27,414	3,72,80,501
<b>Share Premium Account</b>	4,24,83,954	46,62,460
<b>Total in Rs.</b>	<b>9,90,23,454</b>	<b>4,22,55,047</b>

**Notes Forming Integral Part of the Balance Sheet**
**Note: 4 Trade Payables**

(Amt. in Rs.)

Particulars	As at 31st March 2017	As at 31st March, 2016
Due to Micro, Small and Medium Enterprises	-	-
Others	-	-
<b>TOTAL</b>	-	-

**Note: 5 Other Current Liabilities**

(Amt. in Rs.)

Particulars	As at 31st March 2017	As at 31st March, 2016
Creditors for Expenses	39,00,822	1,01,08,775
Share Application Money	4,14,36,000	-
Salary payable to Employees	15,67,612	16,25,970
Statutory Dues	5,16,506	1,86,784
Bank overdraft	48,92,987	-
<b>TOTAL</b>	<b>5,23,13,927</b>	<b>1,19,21,529</b>

**Note : 6 Short-term Provisions**

(Amt. in Rs.)

Particulars	As at 31st March 2017	As at 31st March, 2016
Provision for Employee Benefit	4,16,321	2,81,329
Provision for Income Tax	13,03,625	-
<b>TOTAL</b>	<b>17,19,946</b>	<b>2,81,329</b>

**NOTE : 7 FIXED ASSETS**

Description of Asset	GROSS BLOCK (AT COST)				ACCUMULATED DEPRECIATION			NET BLOCK		
	As on 01.04.2016	Addition during year	Deduction during year	As on 31.03.2017	Up to 01.04.2016	Provided during year	Deduction/ Adjustment	Up to 31.03.2017	As on 31.03.2017	As on 31.3.2016
<b>i. Tangible Assets</b>										
Computer & Printers	55,49,736	33,911	-	55,83,647	48,86,267	3,84,615	-	52,70,882	3,12,765	6,63,469
Furniture & Fixtures	41,87,991	42,933	-	42,30,924	21,11,039	10,30,406	-	31,41,445	10,89,479	20,76,952
Office Equipment	16,29,082	33,900	-	16,62,982	9,93,266	3,33,032	-	13,26,298	3,36,684	6,35,816
Office Premises	1,58,38,290	1,52,32,286	-	3,10,70,576	-	10,05,079	-	10,05,079	3,00,65,497	1,58,38,290
Vehicle	12,00,000	-	-	12,00,000	2,44,256	2,47,409	-	4,91,665	7,08,335	9,55,744
<b>Total (A)</b>	<b>2,84,05,099</b>	<b>1,53,43,030</b>	<b>-</b>	<b>4,37,48,129</b>	<b>82,34,828</b>	<b>30,00,541</b>	<b>-</b>	<b>1,12,35,369</b>	<b>3,25,12,760</b>	<b>2,01,70,271</b>
<b>ii. Intangible Assets</b>										
-Computer Software	10,19,938	-	-	10,19,938	9,88,735	-	-	9,88,735	31,203	31,203
<b>Total (B)</b>	<b>10,19,938</b>	<b>-</b>	<b>-</b>	<b>10,19,938</b>	<b>9,88,735</b>	<b>-</b>	<b>-</b>	<b>9,88,735</b>	<b>31,203</b>	<b>31,203</b>
<b>iii. Intangible Assets under development</b>										
-Capital WIP	64,56,850	1,05,62,128	-	1,70,18,978	-	-	-	-	1,70,18,978	64,56,850
<b>Total (C)</b>	<b>64,56,850</b>	<b>1,05,62,128</b>	<b>-</b>	<b>1,70,18,978</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,70,18,978</b>	<b>64,56,850</b>
<b>TOTAL (A+B+C)</b>	<b>3,58,81,887</b>	<b>2,59,05,158</b>	<b>-</b>	<b>6,17,87,045</b>	<b>92,23,563</b>	<b>30,00,541</b>	<b>-</b>	<b>1,22,24,104</b>	<b>4,95,62,941</b>	<b>2,66,58,324</b>
<b>Previous Year</b>	<b>2,57,92,426</b>	<b>1,00,89,461</b>	<b>-</b>	<b>3,58,81,887</b>	<b>75,22,019</b>	<b>17,01,544</b>	<b>-</b>	<b>92,23,563</b>	<b>2,66,58,324</b>	<b>1,82,70,407</b>

**Note : 8 Non Current Investment**

(Amt. in Rs.)

Particulars	As at 31st March, 2017		As at 31st March, 2016	
Investment in Unquoted Equity Instruments: Investment in Transpac ( 10,000 Shares of Rs 10/	5,00,000		5,00,000	
Add: Accumulated Profit of Transpac	2,44,257	7,44,257	62,460	562460
<b>TOTAL</b>		<b>7,44,257</b>		<b>5,62,460</b>

**Note : 9 Long Term Loans and Advances**

Particulars	As at 31st March, 2017		As at 31st March, 2016	
-	-	-		
Deposits		13,31,675		9,70,362
Prepaid expenses		9,36,781		5,82,379
Preliminary Expenses not written-off		-		24,53,208
<b>TOTAL</b>		<b>22,68,456</b>		<b>40,05,949</b>

**Note : 10 Current Investments**

(Amt. in Rs.)

Particulars	As at 31st March, 2017		As at 31st March, 2016	
-	-	-		
Investment in Fixed Deposit		-		6,50,000
<b>TOTAL</b>		<b>-</b>		<b>6,50,000</b>

**Note : 11 Trade Recievables**

(Amt. in Rs.)

Particulars	As at 31st March, 2017		As at 31st March, 2016	
<b>Unsecured, Considered Good</b>	-			
Less than Six Months		2,17,74,635		3,19,11,654

More than Six Months	-	1,17,13,265	1,00,22,966
<b>TOTAL</b>		<b>3,34,87,900</b>	<b>4,19,34,620</b>

**Note : 12 Cash & Cash Equivalent**

(Amt. in Rs.)

Particulars	As at 31st March, 2017	As at 31st March, 2016
Cash in hand	20,89,765	6,77,368
Balances with banks in current account	1,09,46,284	74,27,529
Balance with Banks ( Escro Accounts)	8,15,04,000	-
<b>TOTAL</b>	<b>9,45,40,049</b>	<b>81,04,897</b>

\*The details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th Dec.2016, provided in the table below-

Particulars	SBNs	Other Denomination notes	Total
Closing cash in hand as on 08.11. 2016	-	5,81,563	5,81,563
(+) Permitted receipts	-	-	-
(-) Permitted payments	-	29,990	29,990
(+) Amount withdrawn from Banks	-	4,31,137	
(-) Amount deposited in Banks	-	30,000	30,000
<b>Closing cash in hand as on 30.12. 2016</b>	<b>-</b>	<b>9,52,710</b>	<b>9,52,710</b>

**Note :13 Short Terms Loans and Advances**

(Amt. in Rs.)

Particulars	As at 31st March, 2017		As at 31st March, 2016	
Loans and Advances to employee		-		10,30,000
Other Advances Recievable in cash or in Kind		25,14,722		52,120
Advance Income Tax (Net of Provision)		13,52,332		23,33,829
MAT Credit Entitlement		27,19,370		-
Advance for capital Goods		17,60,000		-
<b>TOTAL</b>		<b>83,46,424</b>		<b>34,15,949</b>

**Note : 14 Revenue from Operations**

(Amt. in Rs.)

Particulars	2016-17	2015-16
Sales of Services / Productes	7,79,77,429	7,19,95,372
<b>TOTAL</b>	<b>7,79,77,429</b>	<b>7,19,95,372</b>

**Note : 15 Other Incomes**

(Amt. in Rs.)

Particulars	2016-17	2015-16
Interest on Bank Deposits	5,464	15,201
Foreign Exchange Gain	19,26,874	10,51,979
Provision for Employee Benefit ( No longer Required)	1,67,261	-
<b>TOTAL</b>	<b>20,99,599</b>	<b>10,67,180</b>



**Note : 16 Employment Benefit Expenses**

(Amt. in Rs.)

Particulars	2016-17	2015-16
Salaries, Wages and Bonus	1,59,44,776	1,49,46,461
Staff Welfare Expenses	1,20,096	3,48,928
Contribution to ESIC and other funds	5,76,790	6,00,744
Provision for Employee Benefit	2,43,638	-
<b>TOTAL</b>	<b>1,68,85,300</b>	<b>1,58,96,133</b>

**Note : 17 Cost on Materials and services**

(Amt. in Rs.)

Particulars	2016-17	2015-16
Cost of Product	9,20,633	-
<b>TOTAL</b>	<b>9,20,633</b>	<b>-</b>

**Note : 18 Other Expenses**

(Amt. in Rs.)

Particulars	2016-17	2015-16
Power & Fuel:	6,32,059	6,29,057
Rent, Rates & Taxes	17,19,148	7,29,310
Bank Charges	2,13,393	1,76,702
Conveyance Expenses	58,322	53,499
Donation	2,50,000	4,82,000

Housekeeping Expenses	1,33,997	1,84,543
Legal & Professional Fees	6,05,530	3,57,600
License Fees, Govt Dept Fees etc.	81,906	71,33,711
Membership Fees	3,49,378	4,13,209
Misc. Expenses	1,43,293	1,11,798
Office Expenses	11,11,021	8,82,789
Postage & Courier	27,696	13,100
Registration Fees	-	3,79,682
Printing & Stationery	2,07,770	1,65,948
Preliminary Expenses w/off	3,67,600	36,989
Insurance	2,01,228	2,28,388
Repairs & Maintenance - Computers	60,326	72,135
ROC Fees	10,200	1,22,447
Repairs & Maintenance - Building	58,958	6,90,614
Seminar Fees	1,11,500	1,11,600
Software License Fees	1,01,11,695	21,165
Technical Fees (Consultant Charges)	1,66,51,955	1,90,81,134
Telephone Expenses	6,74,511	6,17,320
Travelling Expenses	31,27,881	27,43,631
Audit Fees	1,25,159	64,491
Discount / Bad Debts	-	23,48,434
Withholding Tax	1,20,487	-

Water Charges	81,821	-
<b>TOTAL</b>	<b>3,72,36,834</b>	<b>3,78,51,296</b>

**Note : 19 Earnings Per Share**

<b>EARNINGS PER SHARE</b>	<b>2016-17</b>	<b>2015-16</b>
Profit for the period attributable to Equity Shareholder	2,05,24,492	1,55,13,579
No of weighted average equity shares outstanding during the year	30,88,299	30,70,109
Nominal Value of Equity Share	10	10
Basic and Diluted Earning Per Share	<b>6.65</b>	<b>5.05</b>

As per our report of even date

**For Ashok K Surana & Associates**

**Chartered Accountants**

**Firm Regn. No - 115637W**

**For MVK Associates**

**Chartered Accountants**

**Firm Regn. No - 120222W**

**For Octaware Technologies Limited**

**Mohammed Aslam Khan**

**Managing Director**

**DIN : 00016438**

**Mohammed Siraj Gunwan**

**Director**

**DIN : 02507021**

**CA. Ashok Surana**

**Proprietor**

**M.No. 044664**

**CA. R. P. Ladha**

**Partner**

**M.No. 048195**

**Mumbai, 24th March 2017**

OCTAWARE TECHNOLOGIES LIMITED

PROXY FORM

CIN: L72200MH2005PLC153539

Regd. Office: 204, Timmy Arcade, Makwana Road, Marol, Andheri East, Mumbai-400059

Tel: +91-22-28293949, Fax: +91-22-28293959

Website: www.octaware.com

E-mail: investor@octaware.com

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

I/We being the Member(s), holding \_\_\_\_\_ of the above named company, hereby appoint:

1	Name Address Email id	Signature
2	Name Address Email id	Signature
3	Name Address Email id	Signature

As my / our Proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 12<sup>th</sup> Annual General Meeting to be held on Thursday, 21<sup>st</sup> September, 2017, at 10.00 a.m. at Unit 003, Tower II, Seepz++ Bldg, Seepz Sez, Andheri East, Mumbai-400096 and adjournment thereof in respect of such resolutions as are indicated below:

**Ordinary Business:**

1. Adoption of Financial Statements for the year ended 31.03.2017.
2. Re-appointment of Mr. Sajid Iqbal Abdul Hameed who retires by rotation.
2. To appoint M/s MVK Associates, Chartered Accountants as the statutory auditor of the company for the financial year 2016-2017

In this 21<sup>st</sup> day of September, 2017

Signature of shareholder: \_\_\_\_\_ Signature of Proxy holder(s): \_\_\_\_\_

**Note:** This form in order to be effective should be duly completed and deposited at the Registered Office of the Company

Form No. MGT-12

Polling Paper

[Pursuant to Section 109(5) of the Companies Act, 2013 and rule 21(1)(c) of the Companies (Management and Administration) Rules, 2014]

Name of the Company		OCTAWARE TECHNOLOGIES LIMITED		
Registered Office		CIN: L72200MH2005PLC153539 204, Timmy Arcade, Makwana Road, Marol, Andheri East, Mumbai-400059 Tel +91 22 28293949, Fax: +91 22 28293959 Website: www.octaware.com E-mail: investor@octaware.com		
Sr.No	Particulars	Details		
1	Name of the First Named Shareholder ( In Block Letter)			
2	Postal Address			
3	Registered Folio No./8 Client ID No. (* Applicable to investors holding shares in dematerialized form)			
4	Class of Share	Equity Shares		
I hereby exercise my vote in respect of Ordinary / Special resolution enumerated below by recording my assent or dissent to the said resolution in the following manner.				
No.	Item No.	No. of shares held by me	I assent to the resolution	I dissent to the resolution
1.	To receive, consider and adopt the Audited Financial Statement including Consolidated Financial Statement as at March 31, 2017 together with Report of Directors and Auditors thereon (Ordinary Resolution)			
2.	To appoint a Director in place of Mr. Sajid Iqbal Abdul Hameed (DIN No.:02544461) who retries by rotation and being eligible, offers himself for re-appointment (Ordinary Resolution)			
3.	To appoint M/s MVK Associates, Chartered Accountants as the statutory auditor of the company for the financial year 2016-2017 (Ordinary Resolution)			
Date: .... / ..... / 2017				
Place: Mumbai		(Signature of the Shareholder)		

OCTAWARE TECHNOLOGIES LIMITED

ATTENDANCE SLIP

CIN: L72200MH2005PLC153539

204, Timmy Arcade, Makwana Road, Marol, Andheri East, Mumbai-400059

Tel +91 22 28293949, Fax: +91 22 28293959

Website: [www.octaware.com](http://www.octaware.com)

E-mail: [investor@octaware.com](mailto:investor@octaware.com)

Name of the Member(s):

Registered address:

E-mail ID:

Folio No/DP ID-Client ID:

Number of Shares held:

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

I hereby record my presence at the 12<sup>st</sup> Annual general Meeting of the Company to be held at its registered office Thursday, 21<sup>st</sup> September, 2017, at 10.00 a.m. at Unit 003, Tower II, Seepz++ Bldg, Seepz Sez, Andheri East, Mumbai-400096

\_\_\_\_\_  
Name of the Member / Proxy  
(In Block Letters)

\_\_\_\_\_  
Signature of the Member / Proxy

Note: Please fill this attendance slip and hand it over at the entrance of the meeting hall. Members are requested to bring their copies of Annual report 2016-17 for the meeting.

If undelivered, please return to:



**OCTAWARE TECHNOLOGIES LIMITED**

**CIN: L72200MH2005PLC153539**

**204, Timmy Arcade, Makwana Road, Marol, Andheri East, Mumbai-400059**

**Tel: +91-22-28293949, +91-8898068880, Fax: +91-22-28293959**

**Website: [octaware.com](http://octaware.com), Email ID: [investor@octaware.com](mailto:investor@octaware.com)**