

FRONTIER

INFORMATICS LIMITED

28th Annual Report 2015-16

**FRONTIER INFORMATICS LIMITED
HYDERABAD**28th Annual Report**BOARD OF DIRECTORS**

| | |
|----------------------------|--|
| Vunnava Purnachandra Rao | Chairman, Non Executive & Independent Director |
| V.K. Premchand | Managing Director |
| Bommaraju Prasanna Lakshmi | Executive Director |
| Shashikala Ambarkar | Director non Executive non Independent |
| Potail Yadav Varun | Director non Executive non Independent |
| S.P.Vivekanada | Director non Executive non Independent |
| T.RajKumar | Director non Executive Independent |
| R.Anantha Chary | Director non Executive Independent |

REGISTERED OFFICE

Plot No 235, Sai Sadan, 1st Floor,
Survey of India Employees Society,
Khanampet, Madhapur (PO),
Hyderabad – 500081, Telangana.

CIN : L72200TG1986PLC006644**AUDITORS**

M/s Niranjan & Narayan,
Chartered Accountants
Hyderabad
Firm Regn No : 005899s

BANKERS**Bank of India**

Hyderabad Overseas Branch
Hitech City, Madhapur
Hyderabad-500 033

State Bank of India

Ashok Nagar Branch
Hyderabad-500 020

REGISTRARS & SHARE TRANSFER AGENTS

Karvy Computershare Pvt. Ltd
Karvy Selenium Tower - B,
Gachi Bowli, Financial District,
Nanakramguda, Hyderabad - 500032

LISTING OF EQUITY SHARES:-

Bombay Stock Exchange Limited (BSE)-Mumbai

NOTICE

Notice is hereby given that the 28th Annual General Meeting of the members of M/s. FRONTIER INFORMATICS LIMITED will be held at 09.30 AM on Friday, the 30th day of December 2016 at Lions Bhavan Trust, Behind HDFC Bank, near Paradise Circle, S D Road, Secunderabad -500003, Telangana, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2016, the Profit & Loss Account and Cash Flow Statement for the period ended on March 31, 2016 along with schedules & annexures and the reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mrs Shashikala Ambarkar, who retires by rotation, and being eligible, offers herself for re-appointment.
3. To appoint a Director in place of Mr S.P.Vivekanada, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To reappoint auditors of the Company and fix their remuneration

In this connection, to consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

“RESOLVED THAT, pursuant to section 139 of the Companies Act, 2013 and the rules framed thereunder and pursuant to the recommendation of the audit committee of the Board of Directors, M/s Niranjana & Narayan, Chartered Accountants, Firm Regn No : 005899s, be and are hereby reappointed as the Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting at remuneration as may be decided by the Board of the Directors of the Company in consultation with the Audit Committee.”

SPECIAL BUSINESS**5. To appoint Mr. V.K. Premchand as Managing Director**

To consider and if thought fit, to pass, with or without modification, the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to section 196, 197, 203 and any other applicable provisions of the Companies Act, 2013, (The Act) and The Companies (Appointment and Remuneration) of Managerial Persons Rules 2014 (including any statutory modifications or reenactments thereof for the time being in force) read with schedule V of the Act and subject to such approvals consents, permissions and sanctions of appropriate and concerned authorities, approval of the company be and is hereby accorded to the appointment of **Mr V.K.Premchand** as Managing Director of the company for a period of one year w.e.f. 1st October, 2016 without any remuneration and further upon such terms and conditions as explained in the explanatory statement annexed to the notice of the meeting in terms of section 102 of the Act. “

“RESOLVED FURTHER THAT for the purpose of giving effect to the resolution the Board be and is hereby authorized to do all acts, deeds and matters that, it may, in its absolute discretion, deem necessary or desirable including without remuneration to settle any question or difficulty that may arise in this regard.”

6. To appoint Mrs Bommaraju Prasanna Lakshmi as Executive Director

To consider and if thought fit, to pass, with or without modification, the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to section 196, 197, 203 and any other applicable provisions of the Companies Act, 2013, (The Act) and The Companies (Appointment and Remuneration) of Managerial Persons Rules 2014 (including any statutory modifications or reenactments thereof for the time being in force) read with schedule V of the Act and subject to such approvals consents, permissions and sanctions of appropriate and concerned authorities, approval of the company be and is hereby accorded to the Appointment of Mrs. B.Prasanna Lakshmi as Executive Director of the company for a period of one year w.e.f 1st October, 2016 without any remuneration and further upon such terms and conditions as explained in the explanatory statement annexed to the notice of the meeting in terms of section 102 of the Act. “

“RESOLVED FURTHER THAT for the purpose of giving effect to the resolution the Board be and is hereby authorized to do all acts, deeds and matters that, it may, in its absolute discretion, deem necessary or desirable including without remuneration to settle any question or difficulty that may arise in this regard”

7. Adoption of new Articles of Association:

To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:-

“RESOLVED THAT pursuant to the provisions of Section 14 of the Companies Act, 2013 and other applicable provisions or Rules if any, the new set of Articles of Association as placed before the meeting and initialed by the Chairman for the purpose of

identification be and is hereby approved and adopted as new Articles of Association (as prescribed under the Table-F of the Companies Act, 2013) of the Company in the place of and exclusion of the existing Articles of Association.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things as may be deemed necessary and expedient to give effect to the aforesaid Resolution.”

8. Reclassification of promoters group Category

To consider and if thought fit, to pass, with or without modification, the following resolution as a Special Resolution:

“RESOLVED THAT as per the Regulation 31A of SEBI (Listing obligations and disclosure requirement) regulations 2015 consent of the Share holders be and is hereby given for the reclassification of non participating members from Promoter Category to Public Category, subject to such approvals, consents, permissions and sanctions of appropriate and concerned authorities, as may be required for the said purpose.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts and deeds in this regard.”

By order of the Board
For **Frontier Informatics Limited**

Place: Hyderabad
Date: 05.12.2016

V.K.Premchand
Managing Director

NOTES:

1. A member entitled to attend and vote at the annual general meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the company.
2. The proxy in order to be effective must be received by the company at its registered office, duly completed and signed, not less than 48 hours before the commencement of the Annual General Meeting.
3. Members/proxies are requested to bring their copies of Annual Report and the attendance slip duly filled in for attending the meeting. Copies of the Annual Reports will not be provided at the meeting.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, 23rd December, 2016 to Friday the 30th December 2016 (inclusive of both days).
5. Members, who do not have their shares in demat form, are requested to notify immediately any change in their address to the share transfer agents and in case their shares are held in dematerialized form, this information should be passed on to their respective depository participants without delay.
6. Pursuant to the requirements of the listing agreement of stock exchanges, the information of the directors proposed to be appointed or Re-appointed is given in the annexure to the Corporate Governance report.
7. Shareholders holding shares in physical form are invited to contribute to the cause of Green Initiative by registering their e-mail ID, by submitting the E- COMMUNICATION REGISTRATION FORM inserted in the Annual Report.
8. Members who hold shares in dematerialized form are requested to bring their client ID and DP IDs for easy identification of attendance at the meeting.
9. Corporate Members are requested to send a duly certified copy of the Board Resolution pursuant to section 113 of the Companies Act, 2013, authorizing their representative to attend and vote at the Annual General Meeting.
10. The company has designated an exclusive email id namely, info@fitlindia.com for Redressal of Share Holders' complaints/grievances.
11. The MCA has taken up Green Initiative, by allowing paperless conveyance by companies, permitting sending of Annual Reports to share holders by e mails. The

company has taken initiative and sent Annual Reports to share holders whose e-mail ids are available with the Share Transfer Agency. Other Shareholders holding shares in physical form are invited to contribute to the cause of Green Initiative by registering their e-mail ID, by submitting the E- COMMUNICATION REGISTRATION FORM inserted in the Annual Report.

12. In compliance to the provisions of section 108 of the Companies Act, 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, the company is pleased to provide to the members the facility to exercise their rights to vote at the 28th Annual General Meeting by electronic voting and the business may be transacted through eVoting service provided by Karvy Computershare Pvt Ltd (KARVY).

13. Voting through electronic means:

A member may exercise his votes at any General Meeting by electronic means and company may pass any resolution by electronic voting system in accordance with the Rule 20 of the Companies (Management and Administration) Rules, 2014.

During the e-voting period, members of the company holding shares either in physical form or dematerialized form, as on the cutoff date i.e., 23rd December, 2016, may cast their votes electronically.

The e-voting period will commence from Monday, December 26, 2016 at 09.00 am and will end at 5.00 pm on Thursday, December 29, 2016. The e-voting module will be disabled on December 29, 2016 at 6.00 pm. Members holding shares in their physical or dematerialized form as on the cutoff date of 23rd December, 2016 may cast their vote electronically. The eVoting module shall be enabled by Karvy Computershare Pvt Ltd (KARVY) during the above mentioned period.

Once the vote on a resolution is cast by a shareholder, the shareholder shall not be allowed to change it subsequently.

A copy of this notice has been placed on the website of the Company.

PROCEDURE AND INSTRUCTIONS FOR e-VOTING & INSTAPOLL

- I. Remote e-voting: In compliance with the provisions of Section 108 of the Companies Act, 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and the provisions of Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by Karvy Computershare Private Limited (Karvy) on all resolutions set forth in this Notice, from a place other than the venue of the Meeting (Remote e-voting).

- (A) In case a Member receives an email from Karvy [for Members whose email IDs are registered with the Company/Depository Participants (s)]:
- i. Launch internet browser by typing the URL: <https://evoting.karvy.com>.
 - ii. Enter the login credentials (i.e. User ID and password). In case of physical folio, User ID will be EVEN (E-Voting Event Number) xxxx followed by folio number. In case of Demat account, User ID will be your DP ID and Client ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote.
 - iii. After entering these details appropriately, click on "LOGIN".
 - iv. You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A- Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,\$, etc.,). The system will prompt you to change your password and update your contact details like mobile number, email ID etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.
 - v. You need to login again with the new credentials.
 - vi. On successful login, the system will prompt you to select the "EVENT" i.e., 'Name of the Company"
 - vii. On the voting page, enter the number of shares (which represents the number of votes) as on the Cut-off Date under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially "AGAINST" but the total number in "FOR/AGAINST" taken together shall not exceed your total shareholding as mentioned herein above. You may also choose the option ABSTAIN. If the Member does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.
 - viii. Members holding multiple folios/demat accounts shall choose the voting process separately for each folio/demat accounts.
 - ix. Voting has to be done for each item of the notice separately. In case you do not desire to cast your vote on any specific item, it will be treated as abstained.
 - x. You may then cast your vote by selecting an appropriate option and click on "Submit".
 - xi. A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you have voted on the resolution (s), you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the Resolution(s).

xii. Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/Authority Letter etc., together with attested specimen signature(s) of the duly authorised representative(s), to the Scrutinizer at email chveeru@gmail.com with a copy marked to evoting@karvy.com. The scanned image of the above mentioned documents should be in the naming format “ **Corporate Name_Event No.**”

(B) In case of Members receiving physical copy of Notice [for Members whose email IDs are not registered with the Company/Depository Participants (s)]:

- i. E-Voting Event Number – XXXX (EVEN), User ID and Password is provided in the Attendance Slip.
- ii. Please follow all steps from Sl. No. (i) to (xii) above to cast your vote by electronic means.

II. Voting at AGM: The Members, who have not cast their vote through Remote e-voting can exercise their voting rights at the AGM. The Company will make necessary arrangements in this regard at the AGM Venue. The facility for voting through ballot shall be made available at the Meeting. Members who have already cast their votes by Remote e-voting are eligible to attend the Meeting; however those Members are not entitled to cast their vote again in the Meeting.

A Member can opt for only single mode of voting i.e. through Remote e-voting or voting at the AGM. If a Member casts votes by both modes then voting done through Remote e-voting shall prevail and vote at the AGM shall be treated as invalid.

OTHER INSTRUCTIONS

- a. In case of any query and/or grievance, in respect of voting by electronic means, Members may refer to the Help & Frequently Asked Questions (FAQs) and E-voting user manual available at the download section of <https://evoting.karvy.com> (Karvy Website) or contact B Srinivas (Unit: FRONTIER INFORMATICS LIMITED) of Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032 or at evoting@karvy.com or phone no. 040 – 6716 2222 or call Karvy’s toll free No. 1-800-3454-001 for any further clarifications.
- b. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- c. The remote e-voting period commences on Monday, December 26, 2016 (09.00 am) and ends on Thursday, December 29, 2016 (05.00 pm). During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 23rd December, 2016 may cast their votes electronically. A person who is not a Member as on the cut-off date should treat this Notice for information purposes only. The remote e-voting module shall be disabled for voting thereafter. Once the vote on a resolution(s) is cast by the Member, the Member shall not be allowed to change it subsequently.

- d. The voting rights of Members shall be in proportion to their share of the paid up equity share capital of the Company as on the cut-off date i.e. **23rd December, 2016**.
- e. In case a person has become a Member of the Company after dispatch of AGM Notice but on or before the cut-off date for E-voting i.e. **23rd December, 2016**, he/she may obtain the User ID and Password in the manner as mentioned below :
- i. If the mobile number of the member is registered against Folio No./ DP ID Client ID, the member may send SMS: **MYEPWD** <space> E-Voting Event Number+Folio No. or DP ID Client ID to 9212993399
- Example for NSDL:
MYEPWD <SPACE> IN12345612345678
- Example for CDSL:
MYEPWD <SPACE> 1402345612345678
- Example for Physical:
MYEPWD <SPACE> XXXX1234567890
- ii. If e-mail address or mobile number of the member is registered against Folio No. / DP ID Client ID, then on the home page of <https://evoting.karvy.com>, the member may click "Forgot Password" and enter Folio No. or DP ID Client ID and PAN to generate a password.
- iii. Member may call Karvy's toll free number 1800-3454-001.
- iv. Member may send an e-mail request to evoting@karvy.com. However, Karvy shall endeavour to send User ID and Password to those new Members whose mail ids are available.

The Board of Directors has appointed Mr. Ch. Veeranjanyulu (C.P. No- 6392), Partner of M/s VCSR & ASSOCIATES, Company Secretaries, as scrutinizer to scrutinize the remote evoting and poll voting process in fair and transparent manner. The Scrutinizer shall immediately after the conclusion of voting at the Annual General Meeting (AGM), first count the votes cast at the AGM thereafter he will unblock the votes castes through remote e-voting in the presence of at least two (2) witnesses not in the employment of the Company and will submit the Consolidated Scrutinizer's Report, not later than 3 working days, of total votes cast in favor or against, if any, to the Chairman of the Company.

By order of the Board
For **Frontier Informatics Limited**

V.K. Premchand
Managing Director

Place: Hyderabad
Date : 05.12.2016

ANNEXURE TO THE NOTICE - EXPLANATORY STATEMENT**(Pursuant to Section 102 of Companies Act, 2013)****Item No 5:**

Mr. V.K.Premchand, is the Promoter Director of the company and has been engaged in the day to day activities of the company since inception.

Considering his vast experience in the field of software, it is proposed to appoint him as Managing Director of the company for a period of one year with effect from 1st October, 2016. The Board of Directors of the Company in their meeting held on 20th September 2016 appointed Sri Premchand as the Managing Director of the company subject to necessary approval by share holders in the this General Meeting.

In terms of the provisions of the Companies Act, 2013, consent of the shareholders is required for appointment of Mr. V.K.Premchand (DIN:01361579) as Managing Director of the Company. The Board recommend the resolution as set out in item no. 5 for approval of the members as a Special resolution.

The terms as set out in the resolution and explanatory statement may be treated as an abstract of the terms and conditions governing the appointment and remuneration and memorandum of interest pursuant to Section 190 of the Companies Act, 2013. Approval of the members is required by way of Special Resolution for appointment.

This intimation may be treated as an abstract of the terms and conditions governing the appointment and payment of remuneration to the Managing Director, as required under the provisions of the Companies Act 2013.

None of the Directors other than Mr. V.K.Premchand is interested in the respective Resolution.

Item No 6:

The Board of Directors appointed Mrs B.Prasanna Lakshmi, as the Executive Director of the company for a period of one year wef 01.10.2016.

Mrs Bommaraju Prasanna Lakshmi, aged 45 years, is an MCA post graduate, has been actively engaged as a software professional and Trainer for more than a decade. She has been a Director on the Board of Prime Resources Private Limited.

Considering her vast experience in the field of software, it is proposed to appoint her as an Executive Director of the company for a period of one year with effect from 1st October, 2016. The Board of Directors of the Company in their meeting held on 20th September 2016 appointed Mrs Prasanna Lakshmi as the Executive Director of the company subject to necessary approval by share holders in the General Meeting.

In terms of the provisions of the Companies Act, 2013, consent of the shareholders is required for appointment of Mrs Bommaraju Prasanna Lakshmi (DIN:01182366) as Managing Director of the Company. The Board recommend the resolution as set out in item no. 6 for approval of the members as a Special resolution.

The terms as set out in the resolution and explanatory statement may be treated may be treated as an abstract of the terms and conditions governing the appointment and remuneration and memorandum of interest pursuant to Section 190 of the Companies Act, 2013. Approval of the members is required by way of Special Resolution for appointment

This intimation may be treated as an abstract of the terms and conditions governing the appointment and payment of remuneration to the Managing Director, as required under the provisions of the Companies Act 2013.

None of the Directors other than Mrs. Bommaraju Prasanna Lakshmi is interested in the respective Resolution.

Item No 7:

Adoption of new Articles of Association

Taking into consideration of the implementation of the Companies Act, 2013 (“New Act”), the Board in its meeting held on 05th December, 2016 decided to adopt new set of Articles of Association to bring the regulations in line with the new Act. It is therefore proposed to adopt a new set of Articles of Association in line with Table F of the Companies Act, 2013.

The proposed Article of Association would be available for inspection at the registered office of Company on all working days between 11:00 a.m to 1.00 p.m. up to the date of declaration of the result of 28th Annual General Meeting. The said Articles of Association are also available on the web site of the Company www.fitlindia.com . Any shareholders wanting to have a hard copy of the new Articles of Association may write to the Company at its administrative office address.

None of the Directors, key Managerial Personnel or their relatives are directly/indirectly concerned or interested in any manner in the above resolution, except to the extent of their shareholding in the company.

Item No 8:**Shifting of non participating promoters to Public Category**

Several Members belonging to the promoter group, whose names have been figuring in the promoter group have ceased to be associated with company's activities for the past several years. They are not interested to be continuing as the promoters of the company. Hence the Board has decided to reclassify the non participating promoters, after obtaining necessary approval from them, from Promoter group to Public category and the same has been proposed for the members approval by way of Special Resolution.

None of the Directors, key Managerial Personnel or their relatives are directly/indirectly concerned or interested in any manner in the above resolution, except to the extent of their shareholding in the company.

By order of the Board
For **Frontier Informatics Limited**

V.K. Premchand
Managing Director

Place: Hyderabad.
Date : 05.12.2016

DIRECTORS' REPORT

To
The Members,
Frontier Informatics Limited,
Hyderabad.

Your Directors hereby present the Twenty Eight Annual Report together with the audited accounts of the Company for the year ended March 31, 2016.

The Financial Results and operations are as follows:

(Rupees in Lakhs)

| S.no. | PARTICULARS | For the year 2015-16 | For the year 2014-15 |
|-------|---|-------------------------|-------------------------|
| 1 | Total Income | 4.83 | 4.89 |
| 2 | Gross Profit / (Loss) before Depn | (44.52) | (12.47) |
| 3 | Depreciation | 3.71 | 10.63 |
| 4 | Operating Profit / (Loss) | (48.23) | (25.82) |
| 5 | Interest | 0.00 | 0.00 |
| 6 | Prior Period Adjustments/ Write Offs/ Taxes | 00.00 | 00.00 |
| 7 | Net Profit / (Loss) after tax | (48.23) | (25.82) |
| 8 | Earnings per Share | (0.36) | (0.19) |
| 9 | Net Worth | (186.46) | (138.23) |

CHANGE IN NATURE OF BUSINESS, IF ANY

There is no change in the nature of business of the company.

RESERVES & SURPLUS

During the year under review the Company has not transferred any amount to its General Reserve in Balance Sheet.

DIVIDEND

In view of the accumulated losses your directors express their inability to declare any dividend.

BUSINESS OPERATIONS

The company has been executing AMC of Software products of the company. The company hopes to achieve sizable business after effecting the scheme of Reduction of Capital and after induction of further capital contemplated through the preferential Allotment of Shares.

FIXED DEPOSITS

The Company has not accepted any fixed deposits from the public within the meaning of section 73/74 of the Companies Act, 2013.

Particulars of Loan, Guarantees and Investments under Section 186

The Company does not have any loans, guarantees and investments covered under section 186 of the Companies Act, 2013.

Particulars of Contracts or Arrangements with Related Parties

Your Company has not entered into any Related Party Contracts under the provisions of the Section 188 (1) of the Companies Act, 2013 during the year under review.

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

As required under Section 134(3)(m) of the Companies Act, 2013, read with The Companies (Accounts) Rules, 2014, the particulars in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo are mentioned herein below:

- A. Conservation of Energy: Nil
- B. Technology Absorption: Nil
- C. Foreign Exchange: Nil

DIRECTORS

During the Year under review, The Board of Directors of the company is duly constituted. On 20.09.2016, Mr. V K Premchand and Mrs B Prasanna Lakshmi have been appointed as Managing Director and Executive director respectively of the company for a period of one year without any remuneration. The appointment is subject to approval of the share holders at the Annual General meeting of the company in respect of whom the company has received a notice in writing proposing their candidature for appointment of Directors of the company.

The Board recommends the resolutions as set forth in item No.4,5 of the notice for approval of the members. For the perusal of the shareholders, brief resumes of the Directors being re-appointed along with necessary particulars are given in the Explanatory statement of the notice.

In accordance with the requirements of the Companies Act 2013, read with the Articles of Association of the company, Mrs. Shashi Kala Ambakar and Mr S.P.Vivekanada are liable to retirement by rotation and being eligible offer them self for re-appointment. The Board recommends for their reappointment.

The committees of the Board have been reconstituted and also renamed in line with the requirements, the details of which are provided elsewhere in this report. The Managing Director is discharging the functions, duties and responsibilities of the CFO.

Directors and Key Managerial Personnel:

Pursuant to the provisions of section 203 of the Act, the key managerial personnel of the Company are: Mr. V K Premchand, Managing Director and Mrs B Prasanna Lakshmi, Executive Director.

Statement on the declaration given by the Independent Directors as per Section 149(6) of Companies Act, 2013:

The company has received necessary declarations from the Independent Directors under section 149(7) of Companies Act, 2013 , that they meet the criteria of independence as laid down under section 149(6) of the Companies Act, 2013 and Regulation 25 of Securities And Exchange Board Of India (Listing Obligations And Disclosure Requirements) Regulations, 2015.

VIGIL MECHANISM:

In pursuant to the provisions of section 177(9) & (10) of the Companies Act, 2013, a Vigil Mechanism for directors and employees to report genuine concerns has been established. The Vigil Mechanism Policy has been uploaded on the website of the Company at www.fitlindia.com.

RISK MANAGEMENT:

The board of directors of the Company has formed a risk management committee to frame, implement and monitor the risk management plan for the Company. The committee is responsible for reviewing the risk management plan and ensuring its effectiveness. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis. The development and implementation of risk management policy has been covered in the management discussion and analysis, which forms part of this report.

**DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE
(PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

The Company has in place an Anti Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaint Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees are covered under this policy.

The following is the summary of sexual harassment complaints received and disposed during the calendar year

No. of complaints received: Nil

No. of complaints disposed off: Nil

EXTRACT OF ANNUAL RETURN:

As required pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of annual return in **MGT 9** as a part of this Annual Report as **ANNEXURE I**.

CORPORATE SOCIAL RESPONSIBILITY (CSR):

Even though the provisions of Companies Act, 2013 regarding Corporate Social Responsibility are not attracted to the company, yet the Company has been, over the years, pursuing as part of its corporate philosophy, an unwritten CSR policy voluntarily which goes much beyond mere philanthropic gestures and integrates interest, welfare and aspirations of the community with those of the Company itself in an environment of partnership for inclusive development.

AUDITORS

The Statutory Auditors of the company M/s Niranjan & Narayan, Chartered Accountants, Hyderabad, retire at the conclusion of ensuing Annual General Meeting and are eligible for re-appointment. The Company has received a letter from the Auditors for their re-appointment, if made will be in conformity with Section 139 of the Companies Act 2013 and also in compliance of the Listing Agreement regarding Peer Review. The board and the Audit committee recommend the re-appointment of M/s. Niranjan & Narayan Chartered Accountants, Hyderabad as Statutory Auditors to hold office till conclusion of the Next Annual General Meeting.

Comments of Auditors in their report, and the respective Explanation of the Board of Directors:

(i) **Auditors Comment:** (a) The company is due to pay certain *statutory dues payable as under* :

Provident Fund dues **Rs. 5,64,268**

Director's Statement: The dues to PF Department represents balance of interest levied on delayed payments and the company requested for allowing payment through installments. The company has paid the installments during the FY 2014-15 and reduced the liability from Rs. 6.19 lacs to Rs 5.64 lakhs and the Board of Directors hope to clear the installments in the current Financial Year.

SECRETARIAL AUDITOR:

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board had appointed Mr. Ch. Veeranjanyulu as Secretarial Auditor who is a partner of M/s VCSR & Associates, Company Secretaries in Whole-time Practice, to carry out Secretarial Audit for the financial year 2015-2016. The Secretarial Audit report is annexed herewith as "(Annexure 2)" & annexure to it. The report is self-explanatory and do not call for any further comments.

Comments of Secretarial Auditors in their report, and the respective Explanation of the Board of Directors: Auditors Comment: (a) The company is required to appoint Key Managerial persons and company secretary

Director's Statement: The Company is in the process of selecting suitable persons and would appoint them in the due course of business.

CODE OF CONDUCT

The Board has laid down a code of conduct for all Board Members, senior management and employees of the Company. The relevant Declaration is enclosed as an attachment to the Directors' Report.

CORPORATE GOVERNANCE

Pursuant to the provisions of the Listing Agreement and the Companies Act, 2013, Report on Corporate Governance together with the Auditors' Certificate on the compliance of the conditions of Corporate Governance are furnished in this Annual Report

LISTING WITH STOCK EXCHANGES

The equity shares of the Company are listed at the Mumbai Stock Exchange Limited. The listing fee is paid for the financial year 2015-16.

PARTICULARS OF EMPLOYEES

There are no such employees requiring disclosure pursuant to the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, statement of particulars of employees.

DETAILS OF SUBSIDIARY/JOINT VENTURES/ASSOCIATE COMPANIES

The company does not have any Subsidiary/ Joint Venture/ Associate Companies requiring disclosure pursuant to sub-section (3) of section 129 of the Act.

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:

The company received no objection letter from BSE for reduction of capital dated 07.05.2015 and the final order from the Honourable High Court of Andhra Pradesh and Telangana vide their orders dated 06.06.2016.

Details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future

There are no such events.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The details in respect of internal financial control and their adequacy are included in the management discussion & analysis, which forms part of this report.

OBLIGATION OF COMPANY UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

In order to prevent sexual harassment of women at work place a new act The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 has been notified on 9th December, 2013. Under the said Act every company is required to set up an Internal Complaints Committee to look into complaints relating to sexual harassment at work place of any women employee.

Company has adopted a policy for prevention of Sexual Harassment of Women at workplace and has set up Committee for implementation of said policy. During the year Company has not received any complaint of harassment.

REDUCTION OF CAPITAL

The company had taken up the Scheme for Reduction of Capital. The scheme was approved by share holders in the Annual General Meeting held on 30th September, 2015 and further the company received the approval from the Honorable High Court of Andhra Pradesh and Telangana vide their order dated 06th June 2016. Further the company updated necessary filings before office of Registrar of Companies and received Certificate of Reduction of Capital dated 25th August, 2015. The company also filed necessary documents before BSE for relisting of company's shares of Rs 1/- each.

DIRECTOR'S RESPONSIBILITY STATEMENT

In accordance with sub-section section 134 of the Companies Act, 2013, the Directors of the Company state:

- a. That in the preparation of the accounts for the financial year ended 31st March 2016; the applicable accounting standards have been followed along with proper explanation relating to material departures.
- b. That the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the Company for that period.
- c. That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safe guarding the assets of the company and for preventing and deleting fraud and other irregularities.
- (d) That the directors had prepared the annual accounts on the going concern basis.

- (e) That the directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.
- (f) That the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

ADDITIONAL INFORMATION:

Information pursuant to Section 134 (3) (l) & (m) of the Companies Act, 2013 which is included as a part of Corporate Governance Report.

ACKNOWLEDGEMENTS

Your Directors wish to acknowledge the valuable support and cooperation, extended by Bank of India and State Bank of India and all other Government Agencies. Your Directors also express their appreciation to the shareholders of the Company for their forbearance during a difficult period and for reposing confidence in the future ahead.

Your Directors wish to place on record their appreciation of the hard work, dedication and commitment exhibited by its employees at all levels.

By order of the Board
For **Frontier Informatics Limited**

Place: Hyderabad.

Date: 05.12.2016

V.K. Premchand
Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A. Industry Structure and Development

IT Business of most Indian Software Development companies can be classified into Onsite Consulting Services, Offshore Software Services, Product Sales and IT Enabled Services. While Onsite Consulting Services has witnessed a steady growth, Offshore Software business has experienced a significant change either through Dedicated Development Centers for overseas partners or Joint Ventures. The product sales of Indian companies in the international markets has been miniscule, while IT enabled services business has seen a strident growth during the last 4 to 5 years.

The future direction clearly favors Offshore Software Services and IT enabled Services.

B. Opportunities

- a. Offshore Software Maintenance and Enhancements
- b. IT Enabled Services/BPO Operations.
- c. Increased IT spending within India.

C. Threats, Risks and Concerns

- a. Competition from countries like China and European Countries in the medium to long term.
- b. Large international companies establishing their own subsidiaries instead of depending on Indian Companies.
- c. Countries like USA bringing in legislation to prevent work from going to outside Countries.

In spite of certain negative factors in the international markets, company believes that there are enough global opportunities to be tapped. Countries like China will take a few more years before they can provide wide ranging Software Services of high quality. Company intends to concentrate on Offshore opportunities in Software Maintenance and IT enabled services space as well as computer education and training in the coming few years.

D. Segment wise Performance

Statement of Accounting Standard - AS 17 issued by The Institute of Chartered Accountants of India on Segment Reporting is not applicable to the company as there is no reportable segment which meets the criteria laid down under this standard.

E. Outlook

The management is planning to make reasonable business in the areas of Health Care, and Training and put more marketing efforts to secure Business. The company however suffers from lack of working capital and overseas presence. The company is not able to raise finances due to the losses incurred by the company over the past few years, which have reduced the company to negative net worth. Your directors are contemplating various measures for improving the strength of the balance sheet and to enable the company to raise investment and other form of funding.

F. Risk and Concerns

The changing situation in USA and Europe may lead to more restrictions on off-shore projects and stringent norms for Onsite Consulting services.

G. Internal control system and their adequacy

The Company has established adequate internal control systems and procedures both in financial and operational areas that are commensurate with the size and nature of the business of the Company. The constitution of Audit Committee with independent non-executive Directors is instrumental in ensuring mainly the following:

1. Oversight of Company's financial reporting process and the disclosures of its financial information to ensure that the financial statements are correct, sufficient and credible.
2. Reviewing with management the annual financial statements before submission to the Board, focusing primarily on any changes in accounting policies, compliances with accounting standards etc.
3. Discussion with the senior management to ensure adherence to the internal Control systems and processes.
4. To ensure that appropriate controls are established and are effective throughout every software development project and conforming to Software Engineering Practices.

H. Discussion on financial performance with respect to operational performance

Financial statements are prepared under the Historical Cost Convention in accordance with the Indian Generally Accepted Accounting Principles and the provisions of the Companies Act, 1956.

The company suffered huge losses during the past several years. Most of the losses are on account of depreciation loss incurred over the years representing depreciation written off on software products developed by the company during the years 1995 to 2003. The company could not exploit the software products developed for various reasons including paucity of working capital resources.

The losses incurred over the years are as under:

(Rs. In Lacs)

| Sl. No. | Year | Total of Year |
|---------|------------------------|---------------|
| 1 | Year ending March 2009 | 309.92 |
| 2 | Year ending March 2010 | 334.31 |
| 3 | Year ending March 2011 | 267.11 |
| 4 | Year ending March 2012 | 166.88 |
| 5 | Year ending March 2013 | 7.15 |
| 6 | Year ending March 2014 | 25.16 |
| 7 | Year ending March 2015 | 25.82 |
| 8 | Year ending March 2016 | 48.23 |

I. Material development in human resources/Industrial relations front, including number of people employed

Human Resource Development is a key area for growth and smooth functioning of any organization. The management recognized two major areas, which will lead to achieve this goal, namely, creating good working environment and imparting continuous training in latest technologies. Continuous up gradation of skills plays a key role in employee's retention and job satisfaction and company has taken adequate measures in this regard.

The company has cordial relations with its employees and staff.

Efforts of the company are well recognized in India as well as abroad.

Cautionary Statement

Statements in this management discussion and analysis describing the company's objectives, projections, estimates, expectations may be considered to be forward looking statements and actual results could differ materially from those expressed or implied. Factors which could make a significant difference to the Company's operations include demand supply conditions, market prices, input component costs and availability, changes in Government regulations and tax laws besides other factors such as litigations, over which the Company may not have any control.

Annexure I

**FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
As on financial year ended on 31.03.2016**

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

I. REGISTRATION & OTHER DETAILS:

| | | |
|----|--|---|
| 1. | CIN | L72200TG1986PLC006644 |
| 2. | Registration Date | 29/07/1986 |
| 3. | Name of the Company | FRONTIER INFORMATICS LIMITED |
| 4. | Category/Sub-category of the Company | COMPANY LIMITED BY SHARES |
| 5. | Address of the Registered office & contact details | Plot No 235, Sai Sadan, 1 st Floor, Survey of India Employees Society, Khanampet, Madhapur (PO), Hyderabad – 500 081. |
| 6. | Whether listed company | YES |
| 7. | Name, Address & contact details of the Registrar & Transfer Agent, if any. | KARVY COMPUTERSHARE PVT. LTD Karvy Selenium Tower – B, Plot Nos 31-32, Gachi Bowli, Financial District, Nanakramguda, Hyderabad - 500 032. |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

| S. No. | Name and Description of main products / services | NIC Code of the Product/service | % to total turnover of the company |
|--------|--|---------------------------------|------------------------------------|
| 1 | Software Services | 8921 | 100% |

III. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

| SN | Name and Description of main products / services | NIC Code of the Product/service | % to total turnover of the company |
|----|--|---------------------------------|------------------------------------|
| 1 | Software Services | 8921 | 100% |

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

| Category of Shareholders | No. of Shares held at the beginning of the year[As on 31-March-2015] | | | | No. of Shares held at the end of the year[As on 31-March-2016] | | | | % Change during the year |
|---|--|----------|--------|-------------------|--|----------|--------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoters | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| a) Individual/HUF | 545790 | 77,002 | 622792 | 4.68 | 545790 | 77,002 | 622792 | 4.68 | |
| b) Central Govt | | | | | | | | | |
| c) State Govt(s) | | | | | | | | | |
| d) Bodies Corp. | | | | | | | | | |
| e) Banks / FI | | | | | | | | | |
| f) Any other | | | | | | | | | |
| Total shareholding of Promoter (A) | 545790 | 77,002 | 622792 | 4.68 | 545790 | 77,002 | 622792 | 4.68 | |
| B. Public Shareholding | | | | | | | | | |
| 1. Institutions | -- | 1200 | 1200 | 0.01 | -- | 1200 | 1200 | 0.01 | -- |
| a) Mutual Funds | -- | 11800 | 11800 | 0.09 | -- | 11800 | 11800 | 0.09 | -- |
| b) Banks / FI | | | | | | | | | |
| c) Central Govt | | | | | | | | | |

| | | | | | | | | | |
|--|-------------|--------|-------------|-------|-------------|--------|---------|-------|-------|
| d) State Govt(s) | | | | | | | | | |
| e) Venture Capital Funds | | | | | | | | | |
| f) Insurance Companies | | | | | | | | | |
| g) FIs | -- | 5600 | 5600 | 0.04 | -- | 5600 | 5600 | 0.04 | -- |
| h) Foreign Venture Capital Funds | | | | | | | | | |
| i) Others (specify) | | | | | | | | | |
| Sub-total (B)(1):- | -- | 18600 | 18600 | 0.14 | -- | 18600 | 18600 | 0.14 | -- |
| 2. Non-Institutions | | | | | | | | | |
| a) Bodies Corp. | | | | | | | | | |
| i) Indian | 934010 | 33900 | 967910 | 7.27 | 873930 | 33700 | 907630 | 6.82 | -0.45 |
| ii) Overseas | | | | | | | | | |
| b) Individuals | | | | | | | | | |
| i) Individual shareholders holding nominal share capital up to Rs. 2 lakh | 566981 1 | 795544 | 646535 5 | 48.57 | 604082 2 | 827150 | 6867972 | 51.60 | 3.03 |
| ii) Individual shareholders holding nominal share capital in excess of Rs 2 lakh | 448325 5 | 215654 | 469890 9 | 35.30 | 417011 7 | 195654 | 4365771 | 32.80 | -2.5 |
| c) Others HUFs(specify) | 224449 | 0 | 224449 | 1.69 | 225550 | | 225550 | 1.67 | -0.02 |
| Non Resident Indians | 116584 | 195801 | 312385 | 2.35 | 121090 | 183995 | 305085 | 2.29 | -0.06 |
| Overseas Corporate | | | | | | | | | |

| | | | | | | | | | |
|--|--------------|-------------|--------------|-------|--------------|-------------|--------------|-------|-----|
| Bodies | | | | | | | | | |
| Foreign Nationals | | | | | | | | | |
| Clearing Members | | | | | | | | | |
| Trusts | | | | | | | | | |
| Foreign Bodies - D R | | | | | | | | | |
| Sub-total (B)(2):- | 114281 09 | 124089 9 | 126690 08 | 95.18 | 114285 09 | 124049 9 | 1266900 8 | 95.18 | |
| Total Public Shareholding (B)=(B)(1)+(B)(2) | 114281 09 | 125949 9 | 126876 08 | 95.32 | 114285 09 | 125909 9 | 1268760 8 | 95.32 | |
| C. Shares held by Custodian for GDRs & ADRs | | | | | | | | | |
| Grand Total (A+B+C) | 119738 99 | 133650 1 | 133104 00 | 100 | 119742 99 | 133610 1 | 1331040 0 | 100 | --- |

B) Shareholding of Promoter-

| S N | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % change in sharehold ing during the year |
|--------|-----------------------|--|--|---|-------------------------------------|--|---|---|
| | | No. of Shares | % of total Shares of the company | %of Shares Pledged / encumbered to total shares | No. of Shares | % of total Shares of the company | %of Shares Pledged / encumbered to total shares | |
| 1 | VKPremchand | 321450 | 2.42 | 20.26 | 321450 | 2.42 | -- | -- |
| 2 | A.Agam Rao | 400 | 0.00 | -- | 400 | 0.00 | -- | -- |
| 3 | Yogesh Sood | 6725 | 0.05 | -- | 6725 | 0.05 | -- | -- |
| 3 | Sudarshan Grover | 15235 | 0.11 | -- | 15235 | 0.11 | -- | -- |
| 4 | V.Radha Bai | 1100 | 0.01 | -- | 1100 | 0.01 | -- | -- |
| 5 | V.Kondal Rao | 100 | 0.00 | -- | 100 | 0.00 | -- | -- |
| 6 | G.Ananda Bai | 100 | 0.00 | -- | 100 | 0.00 | -- | -- |
| 7 | V.Upendra Rao | 50 | 0.00 | -- | 50 | 0.00 | -- | -- |
| 8 | Rajan Munja | 174740 | 1.31 | -- | 174740 | 1.31 | -- | -- |
| 9 | Muralidhar A | 49392 | 0.37 | -- | 49392 | 0.37 | -- | -- |

| | | | | | | | | |
|---|---------------|--------|------|----|--------|------|----|----|
| 1 | Satyam | | | | | | | |
| 0 | V.Chary | 30300 | 0.23 | -- | 30300 | 0.23 | -- | -- |
| 1 | Sudhakar | | | | | | | |
| 1 | Reddy | 600 | 0.00 | -- | 600 | 0.00 | -- | -- |
| 1 | Sree Jayanthi | | | | | | | |
| 2 | Y | 22600 | 0.17 | -- | 22600 | 0.17 | -- | -- |
| | TOTAL | 622792 | 4.68 | | 622792 | 4.68 | | |

C) Change in Promoters' Shareholding (please specify, if there is no change):Not Applicable

| SN | Particulars | 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 |
| | At the beginning of the year | 622792 | 4.58 | | |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.): | | | | |
| | At the end of the year | 622792 | 4.68 | -- | -- |

**D) Shareholding Pattern of top ten Shareholders:
(Other than Directors, Promoters and Holders of GDRs and ADRs):**

| SN | For Each of the Top 10 Shareholders | 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 |
| | At the beginning of the year | 1941664 | 14.59 | 2150761 | 16.15 |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.): | -- | -- | -- | -- |
| | At the end of the year | 1941664 | 14.59 | 2150761 | 16.15 |

E) Shareholding of Directors and Key Managerial Personnel:

| SN | Shareholding of each Directors and each Key Managerial Personnel | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|----|---|---|------------------------------|---|------------------------------|
| | | No. of shares | % of total shares of company | No. of shares | % of total shares of company |
| | At the beginning of the year | 322200 | 2.42 | 322200 | 2.42 |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.): | -- | -- | -- | -- |
| | At the end of the year | 322200 | 2.42 | 322200 | 2.42 |

F) INDEBTEDNESS -Indebtedness of the Company including interest outstanding/accrued but not due for payment.

Rs in Lakhs

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|--|----------------------------------|-----------------|----------|--------------------|
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal Amount | -- | 181.85 | -- | |
| ii) Interest due but not paid | -- | -- | -- | |
| iii) Interest accrued but not due | -- | -- | -- | |
| Total (i+ii+iii) | -- | 181.85 | -- | |
| Change in Indebtedness during the financial year | -- | | -- | |
| * Addition | -- | 29.61 | -- | |
| * Reduction | -- | -- | -- | |
| Net Change | -- | 29.61 | -- | |
| Indebtedness at the end of the financial year | -- | 211.46 | -- | |
| i) Principal Amount | -- | 211.46 | -- | |
| ii) Interest due but not paid | -- | -- | -- | |
| iii) Interest accrued but not due | -- | -- | -- | |
| Total (i+ii+iii) | -- | 211.46 | -- | |

XI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

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

| SN. | Particulars of Remuneration | Name of MD/WTD/ Manager | | | Total Amount | |
|-----|---|-------------------------|---|---|--------------|---|
| | | | | | | |
| 1 | Gross salary | | | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | | N | I | | L |
| | (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 | | | | | |
| 3 | Sweat Equity | | | | | |
| 4 | Commission - as % of profit - others, specify... | | | | | |
| 5 | Others, please specify | | | | | |
| | Total (A) | | | | | |
| | Ceiling as per the Act | | | | | |

B. Remuneration to other directors

| SN. | Particulars of Remuneration | Name of Directors | | | Total Amount |
|-----|--|-------------------|------------|----------------|--------------|
| | | | | | |
| 1 | Independent Directors | V.P.Rao | T.RajKumar | R.Ananta Chary | |
| | Fee for attending board committee meetings | N | I | L | |
| | Commission | | | | |
| | Others, please specify | | | | |

| | | | | | |
|---|--|--|--|--|--|
| | Total (1) | | | | |
| 2 | Other Non-Executive Directors | | | | |
| | Fee for attending board committee meetings | | | | |
| | Commission | | | | |
| | Others, please specify | | | | |
| | Total (2) | | | | |
| | Total (B)=(1+2) | | | | |
| | Total Managerial Remuneration | | | | |
| | Overall Ceiling as per the Act | | | | |

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

| SN | Particulars of Remuneration | Key Managerial Personnel | | | |
|----|---|--------------------------|----|-----|-------|
| | | CEO | CS | CFO | Total |
| 1 | Gross salary | | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | N | I | L | |
| | (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 | | | | |
| 3 | Sweat Equity | | | | |
| 4 | Commission | | | | |
| | - as % of profit | | | | |
| | others, specify... | | | | |
| 5 | Others, please specify | | | | |
| | Total | | | | |

XII. 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) |
|-------------------------------------|------------------------------|-------------------|---|------------------------------|------------------------------------|
| A. COMPANY | | | | | |
| Penalty | | | | | |
| Punishment | | | | | |
| Compounding | | N | I | L | |
| B. DIRECTORS | | | | | |
| Penalty | | | | | |
| Punishment | | | | | |
| Compounding | | | | | |
| C. OTHER OFFICERS IN DEFAULT | | | | | |
| Penalty | | | | | |
| Punishment | | N | I | L | |
| Compounding | | | | | |

Annexure-II
Form No. MR-3
SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2016

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

To
The Members,
FRONTIER INFORMATICS LIMITED,
Hyderabad

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

Based on our verification of the FRONTIER INFORMATICS LIMITED books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit,

We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s. FRONTIER INFORMATICS LIMITED (“the Company”) for the financial year ended on 31st March, 2016 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'):-
 - (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 (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

We have also examined compliance with the applicable clauses of the Listing Agreements entered into by the Company with Bombay Stock Exchange(s);
During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

As per the Provisions of Section 203 of the Companies Act, 2013, your company is required to appoint Company Secretary and Chief Financial Officer of the company. As explained to us, the Company is in the process of selecting suitable candidates for appointment of Company Secretary and Chief Financial Officer.

We 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.

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

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

For VCSR & Associates

Company secretaries

Sd/-

(Ch. Veeranjanyulu)

Partner

FCS No.: 6121

C P No.: 6392

Place: Hyderabad

Date: 05.12.2016

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

'ANNEXURE A'

To
The Members,
FRONTIER INFORMATICS LIMITED

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

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

For VCSR & Associates
Company secretaries

(Ch.Veeranjaneyulu)
Partner
C P No.:6392
Place: Hyderabad
Date: 05.12.2016

REPORT ON CORPORATE GOVERNANCE FOR THE YEAR 2015-16

In compliance with the Listing Agreement with Stock Exchanges the Company submits the report on the matters mentioned in the said Clause and practice followed by the Company:

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company attaches importance to good Corporate Governance and the code of governance as formulated by the Stock Exchange/SEBI and other authorities in the right earnest. It will be the endeavor of the Board of Directors that the Company is so governed as to maximize the benefits of all stakeholders (i.e., shareholders, employees, customers, society) and others. The Company has been implementing the clauses of Corporate Governance from time to time.

COMPOSITION OF BOARD

The Board of the Company consists of both Executive and Non Executive Directors. It presently consists of Eight (8) Directors out of whom One is Managing Director, One Executive Director and Three (3) are Independent / Non Executive Directors. The non-executive directors possess rich and varied experience in different facets of corporate functioning. They play active role in the meetings of the Board. The Board formulates policy decisions so as to lead and control the Company.

BOARD MEETINGS

During the year under review, Five (5) meetings of the Board of Directors were held. The time gap between any two Board Meetings has not exceeded four months. The Names and Categories of the Directors on the Board, their attendance at Board Meetings held during the Financial Year 2015-16 and at the last Annual General Meeting, and also the number of Directorships and Committee positions held by them in other companies as on March 31, 2016 are given below:

| Name | Category | Number of Board Meetings attended | Whether attended AGM held on 30.09.2015 | No. of Directorships in all other Companies | No. of committee Positions held in all other Companies | |
|----------------------------|------------------------|-----------------------------------|---|---|--|--------|
| | | | | | Chairman | Member |
| Shri V.K.Premchand | Managing Director | 5 | Yes | 2 | - | - |
| Shashikala Ambarkar | Non Executive Director | 5 | Yes | 2 | - | - |
| Bommaraju Prasanna Lakshmi | Non Executive Director | 5 | Yes | 1 | - | - |
| Potail Yadav Varun | Non Executive Director | 3 | No | Nil | - | - |

| | | | | | | |
|--------------------------|--|---|-----|---|---|---|
| Vunnava Purnachandra Rao | Chairman, Independent & Non Executive Director | 5 | Yes | 1 | | |
| *S.P.Vivekananda | Independent & Non Executive Director | - | No | 3 | - | - |
| *T.Raj Kumar | Independent & Non Executive Director | 5 | Yes | 2 | - | - |
| *R.Anantha Chary | Independent & Non Executive Director | 4 | No | 2 | - | - |

The dates on which the Board Meetings were held during the year 2015-16 were 30th May, 2015, 13th August, 2015, 3rd September, 2015, 14th November 2015 and 13th February 2016.

Apart from sitting fees, Non-Executive Independent Directors do not have any other pecuniary relationship or transactions with the Company, its promoters or its Management, which in the opinion of the Board may affect the independent judgment of the Director.

CODE OF CONDUCT

The Code of Conduct as adopted by the Board of Directors, is applicable to the Directors, both executive and non-executive and Senior Management team comprising of members of Management one level below the Executive Directors, including all functional heads.

A declaration by the Managing Director affirming the compliance of the Code of Conduct for Board Members and senior management executives is also annexed separately at the end of this report.

AUDIT COMMITTEE

The Board has four members in the Audit Committee, consisting of both executive and Non-Executive Directors.

The Audit Committee met Four times during the financial year 2015-16 i.e on 30th May, 2015, 13th August, 2015, 14th November 2015 and 13th February 2016. The attendance record of the Audit Committee members is given below:-

| Name of the Member | Category | Designation | No. of Meetings held | Attended |
|---------------------------|-----------------|--------------------|-----------------------------|-----------------|
| Mr Vunnava Purnachandra | Independent | Chairman | 4 | 4 |

| | | | | |
|-----------------|---------------|--------|---|---|
| Rao | | | | |
| V.K.PremChand | Executive | Member | 4 | 4 |
| T.Raj Kumar | Non Executive | Member | 4 | 4 |
| R.Anantha Chary | Non Executive | Member | 4 | 3 |

The role of the audit committee in brief is to review financial statements, internal controls, accounting policies and internal audit. The quarterly financial results are placed before the audit committee for its review, suggestions and recommendations, before taking the same to the Board. The internal audit plans are drawn in consultation with the Managing Director, Chief Financial Officer, Heads of departments and the audit committee. The committee reviews the internal auditors report periodically. The committee also tracks the implementation of its guidelines/suggestions through review of action taken reports. A statement in summary form of transactions with related parties in the ordinary course of business is placed periodically before the committee apart from details of material individual transactions with the related parties. The Representatives of Statutory Auditors are permanent invitees to the the Audit Committee meetings.

NOMINATION AND REMUNERATION COMMITTEE

The Company had constituted Nomination and Remuneration committee with Mr Vunnava Purnachandra Rao, Mrs Shashikala Ambarkar and Mr T.Raj Kumar all non-executive Directors.

BRIEF DESCRIPTION OF TERMS OF REFERENCE:

- To approve the fixation/revision of remuneration of Executive Directors of the Company and while approving:
 - a. to take into account the financial position of the Company, trend in the industry, appointee's qualification, experience, past performance, past remuneration etc.
 - b. to bring out objectivity in determining the remuneration package while striking a balance between the interest of the Company and the Shareholders.
- To identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and to recommend to the Board their appointment and /or removal.
- To carry out evaluation of every Director's performance.
- To formulate the criteria for determining qualifications, positive attributes and independence of a Director, and recommend to the Board a policy, relating to the remuneration for the Directors, key managerial personnel and other employees.

- To formulate the criteria for evaluation of Independent Directors and the Board.
- To recommend/review remuneration of the Managing Director and Whole-time Director(s) based on their performance and defined assessment criteria.

During the year there were no changes in the terms and conditions with regard to remuneration payable to Executive Directors and hence conducted two meetings during the year. The broad terms of reference of the remuneration committee are to approve/recommend to the Board the salary (including annual increments) perquisites and commission including pension rights and any compensation payment to be paid to the Company's Managing/Whole –Time Directors.

Remuneration policy: The Company while deciding the remuneration package of the management takes into consideration the employment scenario, remuneration package of the industry, financial performance of the company and talents of the appointee.

REMUNERATION OF DIRECTORS

The non-executive directors do not receive any remuneration from the Company and are paid Sitting Fee for attending the meetings of the Board and Committee Meetings. There is no pecuniary relationship or transactions between independent non-executive Directors and the Company.

Since the company is suffering losses Managing Director and Executive Director consented not to draw any salary for the year ended 31.03.2016, hence the aggregate value of salary, perquisites to Managing/Executive Director are NIL.

Notice period, severance fee and stock options to the above personnel -Nil

Details of Shares of the Company held by the Directors as on March 31, 2016 are as below:

| Name | Designation | No. of Shares |
|--------------------------------|--------------------|----------------------|
| Premchand Krishna Rao Velchala | MD | 321,450 |
| B. Prasanna Lakshmi | Director | 30,000 |

STAKE HOLDERS RELATIONSHIP COMMITTEE

The Share Transfer and Investor Grievances Committee have been renamed as above.

The Board delegated the authority to approve transfer of shares to a Committee of Directors. The Share Transfer and Investors' Grievances Committee consists of directors Mr T.Raj Kumar, Mrs B.Prasanna Lakshmi and Mr. V.K.Premchand. The compliance officer is Mr. V.K.Premchand.

The meetings of the Committee are held at frequent intervals to approve transfers, transmissions, issue of duplicate shares and resolving investors' grievances, etc. The company has replied through the Depository Participant agent in respect of complaints received in the earlier year. The minutes of the Committee meetings are placed before the Board for its noting on a regular basis.

DETAILS OF COMPLAINTS/REQUESTS RECEIVED, RESOLVED AND PENDING DURING THE YEAR 2015-16:

| Particulars | Year ended 31.03.2016 |
|---|-----------------------|
| Pending at the beginning of the year | NIL |
| Received during the year | 2 |
| Disposed of during the year | 2 |
| Remaining unresolved at the end of the year | NIL |

INDEPENDENT DIRECTORS' MEETING:

As per clause 7 of the schedule IV of the Companies Act (Code for Independent Directors), a separate meeting of the Independent Directors of the Company (without the attendance of Non-Independent directors) was held on 10.03.2016, to discuss:

1. Evaluation of the performance of Non Independent Directors and the Board of Directors as whole;
2. Evaluation of the quality, content and timelines of flow of information between the management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All the Independent Directors of the Company were present at the meeting.

As required under Regulation 34(3) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the company regularly familiarizes Independent Directors with the Company, their roles, rights, responsibilities in the company, nature of the industry in which the company operates, business model of the company etc.

GENERAL BODY MEETINGS

The details of last three Annual General Meetings (AGM) were given below:

| Year | Date of AGM | Time | Held at | No of Special Resolutions passed in AGM |
|------|---------------------------------|----------|----------------------------------|---|
| 2015 | 30 th September 2015 | 10.00 AM | Lions Bhavan Trust, Secunderabad | 1 |
| 2014 | 30 th September 2014 | 10.00 AM | Lions Bhavan Trust, Secunderabad | 0 |
| 2013 | 30 th September 2013 | 10.00 AM | Lions Bhavan Trust, Secunderabad | 0 |

There were no resolutions in the last year that were put through postal ballot. Similarly no special resolutions are proposed to be passed through postal ballot in the ensuing Annual General Meeting.

RISK ASSESSMENT AND MINIMISATION PROCEDURE

In order to ensure that Management controls risk through means of a properly defined framework, a report on Risk Assessment and Minimization Procedure as prepared by functional heads of the Company is being reviewed periodically by the board of Directors. The Board of Directors of the Company is continuously briefed, by the Managing Director, with the developments and performance of the Company so as to enable them to monitor the same at regular intervals. Reports on risk assessment and minimization process and new initiatives proposed by the Company are also presented to them for suggestions and up gradation.

DISCLOSURES

A. Related Party Transactions

Details of materially significant related party transactions are annexed to the Accounts. There were no transactions during the year with related parties that were prejudicial to the interests of the Company.

B. Compliances made by the Company

The Company has continued to comply with the requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters related to capital markets during the last three years; no penalties, strictures have been imposed on the Company by the Stock Exchanges, SEBI and other statutory authorities related to the above.

C. Communication to Shareholders

The quarterly and Annual Results are being published in the Business Standard and Andhra Bhoomi OR Financial Express and Andhra Prabha. Quarterly and Annual Financial Results of the Company are furnished to the Stock Exchange as per the requirements of the Listing Agreement.

E. Whistle Blower Policy

The Company promotes a favorable environment for employees to have an open access to the Audit Committee, respective Functional Heads, Head- HRD, Managing Directors so as to ensure ethical and fair conduct of the business of the Company and that no personnel has been denied access to the Audit Committee.

General Shareholders Information

The following information would be useful to Shareholders:

- a) The 28th Annual General Meeting of the Company will be held on Friday at 9.30 AM on 30th day of December 2016 at Lions Bhavan Trust, Behind HDFC Bank, Near Paradise Circle, S D Road, Secunderabad -500003, Telangana
- b) The Financial Year of the Company was from 1st April 2015 to 31st March 2016.
- c) Date of Book Closure: from Thursday 22nd December 2016 to Friday the 30th day of December, 2016 (inclusive of both days)
- d) The Shares of the Company are listed on the Stock Exchange, Mumbai (BSE).
- e) The Stock Code is 531225
- f) The CIN number of the Company is : L72200TG1986PLC006644
- g) The Share and Depository Transfer Agent: M/s. Karvy Computershare Pvt, Karvy Selenium Tower – B, Plot No 31-32, Gachi Bowli, Financial District, Nanakramguda, Hyderabad.
- h) Dematerialization of Shares: The Company's shares are traded compulsorily in dematerialized form. In this connection, the Company has already entered into agreements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the Company's ID is INE547B01010. The members are requested to dematerialize their physical holding in view of various advantages of holding the shares in dematerialized form. As on 31st March 2016, 1,19,74,299 shares are under dematerialization, representing 89.96.% of the paid up capital.

i) Distribution of shareholding as on 31st March, 2016:

| Holding of number of Shares or Debentures | Share/Debenture (Holders) | | Shares/Debentures (Amount) | |
|---|---------------------------|---------------|----------------------------|---------------|
| | Number | % | Rs. | % |
| 1 - 5000 | 8,478 | 73.50 | 17357790 | 13.04 |
| 5001 - 10000 | 1428 | 12.38 | 12345640 | 9.28 |
| 10001 - 20000 | 712 | 6.17 | 11366070 | 8.54 |
| 20001 - 30000 | 309 | 2.68 | 7948420 | 5.97 |
| 30001 - 40000 | 105 | 0.91 | 3841600 | 2.89 |
| 40001 - 50000 | 151 | 1.31 | 7223060 | 5.43 |
| 50001 - 100000 | 198 | 1.72 | 15032360 | 11.29 |
| 100001 - Above | 153 | 1.33 | 57989060 | 43.57 |
| Total | 11534 | 100.00 | 133104000 | 100.00 |

a) **Market Price Movement:** The details of monthly high and low market price of equity shares at the stock exchange, Mumbai are as given below:

| Month | Highest (Rs.) | Lowest (Rs.) | Month | Highest (Rs.) | Lowest (Rs.) |
|---------------|---------------|--------------|--------------|---------------|--------------|
| April '15 | 0.47 | 0.43 | October '15 | 0.40 | 0.34 |
| May '15 | 0.46 | 0.45 | November '15 | 0.44 | 0.40 |
| June '15 | 0.46 | 0.39 | December '15 | 0.46 | 0.38 |
| July '15 | 0.42 | 0.36 | January '16 | 0.59 | 0.48 |
| August '15 | 0.40 | 0.36 | February '16 | 0.50 | 0.48 |
| September '15 | 0.37 | 0.35 | March '16 | 0.62 | 0.50 |

b) Shareholding Pattern as on 31ST March 2016

| <u>Sl no</u> | <u>Category</u> | <u>No. Of shares</u> | <u>% of shareholding</u> |
|--------------|--|----------------------|--------------------------|
| 1 | Promoters | 622,792 | 4.68 |
| 2 | Mutual funds and UTI | 11800 | 0.09 |
| 3 | Banks, Financial Institution, Insurance companies, FII's | 1200 | 0.01 |
| 4 | Private Corporate Bodies | 907630 | 6.82 |
| 5 | Indian Public | 11461893 | 86.11 |
| 6 | NRI/OCBs | 305085 | 2.29 |
| 7 | Clearing Members | 0 | 0 |
| | Total | 13310400 | 100.00 |

- c) Outstanding ADRs/GDRs/Equity shares or any convertible instruments, conversion date and likely impact on equity: **Not Applicable**
- d) **Our address for Correspondence:** Plot No 235, Sai Sadan, 1st Floor, Survey of India Employees Society, Khanampet, Madhapur (PO) Hyderabad – 500081 and email to: premchand@fitlindia.com by quoting their DP Id or Folio Number.

RECONCILIATION OF SHARE CAPITAL AUDIT

The Company gets the Reconciliation of share capital Audit done by a Practicing Company Secretary for the purpose of reconciliation of the total admitted capital with both the depositories and the total issued and listed capital. The Reconciliation of Share Capital Audit Report placed before the Board of Directors on a quarterly basis is also sent to the Stock Exchanges where the company's shares are listed.

Share Transfer System / Dividend and Other Related Matters**Share transfers**

Share transfers in physical form are processed and the share certificates are generally returned to the transferees within a period of fifteen days from the date of receipt of transfer provided the transfer documents lodged with the Company are complete in all respects.

Nomination facility for shareholding

As per the provisions of the Companies Act, 2013, facility for making nomination is available for Members in respect of shares held by them. Members holding shares in physical form may obtain nomination form, from the Share Department of the Company or download the same from the Company's website. Members holding shares in dematerialized form should contact their Depository Participants (DP) in this regard.

Permanent Account Number (PAN)

Members who hold shares in physical form are advised that SEBI has made it mandatory that a copy of the PAN card of the transferee/s, members, surviving joint holders / legal heirs be furnished to the Company while obtaining the services of transfer, transposition, transmission and issue of duplicate share certificates.

COMPANYS POLICY ON PREVENTION OF INSIDER TRADING

Pursuant to the requirements of SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended, the company had framed a Code of Conduct for prevention of Insider trading. The code is applicable to all such employees of the company who are expected to have access to the unpublished price sensitive information relating to the company and the same is being implemented as a self regulatory mechanism.

CERTIFICATION BY MANAGING DIRECTOR AND CFO

I, V. K. Premchand, Managing Director of Frontier Informatics Limited, certify that:

1. I have reviewed the financial statements for the year and that to the best of our knowledge and belief:
 - a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
2. these statements present a true and fair view of the state of affairs of the company and of the results of operations and cash flows. The financial statements have been prepared in conformity, in all material respects, with the existing generally accepted accounting principles including accounting standards, applicable laws and regulations. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or volatile of the company's code of conduct.
3. I accept overall responsibility for establishing and monitoring the company's internal control system for financial reporting and evaluating its effectiveness. Internal audit function monitors the internal control system for financial reporting, which encompasses the examination and evaluation of the adequacy and effectiveness. Internal audit works with all levels of management and statutory auditors, and report significant issues to the Audit Committee of the Board. The auditors and audit committee are appraised of significant deficiencies and material weaknesses in the internal control system and any corrective action taken or proposed to rectify these deficiencies.

4. I indicate to the auditors and to the audit committee:

- a) Significant changes in internal control over financial reporting during the year;
- b) Significant changes in accounting policies during the year;
- c) Instances of significant fraud of which we have become aware of and which involve management or other employees who have significant role in the company's internal control system over financial reporting. However, there was no such instance.

Sd/-

V. K. Premchand

Managing Director

**AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE
GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT**

**To the Members of
FRONTIER INFORMATICS LIMITED**

1. We have examined the compliance with the conditions of Corporate Governance by Frontier Information Technologies Limited (the Company) for the year ended March 31, 2016 as stipulated in clause 49 of the listing agreement of the said company with the stock exchange in India, with the relevant records and documents maintained by the Company and furnished to us and the report on Corporate Governance as approved by the Board of Directors.
2. The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to procedures and implementation thereof, adopted by the Company for ensuring the said compliance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. Based on the aforesaid examination and according to the information and explanations given to us, we certify that the Company has complied with the said conditions of Corporate Governance as stipulated in the above mentioned listing agreement.
4. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

M/s Niranjana & Narayan
Chartered Accountants
Firm No : 005899S

Sd/-
Partner
Membership No: 029552
Date : 05.12.2016

CERTIFICATE OF COMPLIANCE WITH THE CODE OF CONDUCT

To
The Shareholders

I hereby declare that all the Board members and Senior Management Personnel have affirmed compliance with the code of conduct adopted by the Company and have submitted declarations in this behalf for the year ended 31st March, 2016

Hyderabad
05.12.2016

V. K. Premchand
Managing Director

MANAGING DIRECTOR CERTIFICATE ON CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT

1. I, V K Premchand, Managing Director of the Company, hereby certify that:
 - a. I have reviewed financial statements including the cash flow statement for the year 2015-16 prepared by the Management and that to the best of my knowledge and belief.
 - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii) These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
 - b. To the best of my knowledge and belief, no transactions have been entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's code of conduct.
 - c. I accept responsibility for establishing and maintaining internal controls and that I have evaluated the effectiveness of the internal control systems of the company and I have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which, I am aware and the steps I have taken or propose to take to rectify these deficiencies.
 - d. I have indicated to the auditors and the Audit Committee.
 - i) significant changes in internal control during the year'
 - ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii) Instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system.

Hyderabad
05.12.2016

V K Premchand
Managing Director

INDEPENDENT AUDITORS' REPORT

To
The Members,
FRONTIER INFORMATICS LIMITED,
(Formerly Frontier Information Technologies Limited)
HYDERABAD.

1. Report on the Financial Statements

We have audited the attached Financial Statements of **FRONTIER FORMATICS LIMITED (“the Company”)**, as at 31st March, 2016 which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and summary of significant accounting policies and other explanatory information.

2. Management’s Responsibility for the Financial Statements

The Company’s Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (“the Act”) with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3. Auditor’s Responsibility

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

4. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements together with the schedules attached and read with the accounting policies and Notes forming part of accounts 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;

In the case of the Balance sheet, of the state of affairs of the Company as at 31st March, 2016;

In the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and

In the case of the Cash Flow Statements, of the cash flows for the year ended on that date.

5. Reporting under other Legal and Regulatory Authorities

As required by the Companies (Auditor's Report) Order, 2016 ('the order') issued by the Central Government of the India in terms of section 143 (11) of the Companies Act, 2013, we enclose in the Annexure, a statement on the matters specified in paragraphs 3 and 4 of the said order, to the extent applicable to the company.

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 and Statement of Profit and Loss and Cash Flow Statement, dealt with by this report are in agreement with the books of account.
- d. In our opinion, the Balance Sheet and the Statement of Profit and Loss and the Cash Flow Statement comply with Accounting Standards specified under Section 133 of the Act, read with the read with Rule 7 of the Companies (Accounts) Rules, 2014.

- e. On the Basis of the written representation received from the directors as on 31st March, 2016, taken on record by the board of directors, none of the directors is disqualified as on 31st March,2016, from being appointed as director in terms of Section 164(2) of the Act.
- f. with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in “Annexure B”;
- g. With respect to other matters to be included in Auditor’s Report in accordance with Rule 11 of 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 no pending litigations impacting its financial position.
 - ii. The company has no material foreseeable losses on long term contracts including derivate contracts.
 - iii. The transfer of amount to the Investor Education and Protection Fund is not applicable to the company.

For Niranjan & Narayana
Chartered Accountants
Firm No : 005899S

Place: Hyderabad,
Date: 30th May, 2016

M.Niranjan
Partner
M.No : 29552

ANNEXURE TO INDEPENDENT AUDITOR'S REPORT

Ref: **FRONTIER INFORMATICS LIMITED**

(Referred to in paragraph 1 UNDER 'Report on Other Legal and Regulatory Requirements' section of our report on the financial statements of even date.)

1. a. The company has maintained proper records of fixed assets showing full particulars, including quantitative details and location.
b. The company has a regular program of physical verification of its fixed assets which, in our opinion, is reasonable having regard to the size of the company and nature of its assets. No material discrepancies were identified on such verification.
c. The Company does not have any immoveable properties.
2. The company is engaged in software services and does not have any inventory..
3. The Company has not granted any loans, secured or unsecured to Companies, firms or other parties listed in the register maintained under section 189 of the Companies Act, 2013('The Act') . Accordingly, clauses 3(iii) (a) to (c) of the Order are not applicable to the Company.
4. The company does not have any Loans, investments, guarantees and security requiring compliance of provisions of section 185 and 186.
5. The Company has not accepted any deposits from the public.
6. The company is not required to maintain cost records under section 148 (1) of the Companies Act, 2013, for any of the products of the Company.
7. a. According to the information and explanations given to us, and on the basis of our examination of the books of account, the Company has been regular in depositing with appropriate authorities undisputed statutory dues including Service Tax, Excise Duty, Provident Fund, ESI and Income Tax Deducted at Source, Sales Tax, and any other material statutory dues applicable to it excepting ***PF dues to the extent of Rs 5,64,268.***
b. According to the information and explanations given to us, details of disputed Income Tax and Sales tax which have not been deposited as on 31st March, 2016 on account of any dispute are given below:

| Name of Statute | Nature of dues | Amount (Rs. in Lakhs) | Period to which the amount relates (Financial Year) | Forum where dispute is pending |
|------------------------|-----------------------|------------------------------|--|---------------------------------------|
| Income Tax Act, 1961 | Income Tax | 12.74 | 2001-02 | DCIT 1(2) |
| Income Tax Act, 1961 | Income Tax | 19.42 | 2002-03 | DCIT 1(2) |

8. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions, banks. The company has never issued any debentures.
9. The company has not raised any funds through Initial Public Offer or by way of term loans during the year. According to the information and explanations given to us and on the basis of our examination of the books of account, the term loans obtained by the Company were applied for the purpose for which such loans were obtained.
10. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.
11. The company did not make any payment towards Managerial Remuneration during the year.
12. According to the information and explanations given to us and on the basis of our examination of the books of account, all transaction with related parties are in compliance with the provisions of sections 177 and 188 of the Act and are appropriately disclosed in the Financial statements of the company.
13. The company did not make any preferential allotment of shares or issue any convertible debentures during the year.
14. According to the information and explanations given to us and on the basis of our examination of the books of account, the Company did not enter into any non cash transactions with Directors or persons connected with Directors.

**For Niranjana & Narayan
Chartered Accountants
FRN : 005899S**

**Place: Hyderabad,
Date: 30th May, 2016.**

**M.Niranjana
Partner
M. No.: 029552**

Annexure - B to the Auditors' Report :

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

We have audited the internal financial controls over financial reporting of **Vishal Projects Private Limited** (“the Company”) as of 31 March 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditors’ Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, 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 Niranjana & Narayan
Chartered Accountants
FRN : 005899S**

**Place: Hyderabad,
Date: 30th May, 2016.**

**M.Niranjana
Partner
M. No.: 029552**

FRONTIER INFORMATICS LIMITED
8-3-960, Flat No 403, Siri Enclave, Keshav Nagar, Srinagar Colony, Hyderabad-73
BALANCE SHEET AS AT 31st March, 2016

(Amount in Rupees)

| PARTICULARS | NOTE | As at 31.03.16 | As at 31.03.15 |
|--|------|------------------|------------------|
| <u>A EQUITY & LIABILITIES</u> | | | |
| 1 Share holders' Funds | | | |
| a) Share Capital | 3 | 13,31,04,000 | 13,31,04,000 |
| b) Reserves and Surplus | 4 | (15,17,49,948) | (14,69,26,777) |
| 2 Share Application Money Pending Allotment | | | |
| | | - | - |
| 3 Non Current Liabilities | | | |
| a) Long Term Borrowings | 5 | - | - |
| b) Other Long Term Liabilites | 6 | - | - |
| 4 Current Liabilities | | | |
| a) Short Term Borrowings | 7 | 2,28,77,427 | 2,00,67,727 |
| b) Trade Payables | 8 | - | 4,25,067 |
| c) Other Current Liabilities | 9 | 5,96,393 | 15,50,348 |
| d) Short term Provisions | 10 | 5,26,405 | 6,08,831 |
| TOTAL : | | 53,54,277 | 88,29,196 |
| <u>B ASSETS</u> | | | |
| 1 Non-current Assets | | | |
| a) Fixed Assets | | | |
| i) Tangible Assets | 11A | 3,72,390 | 7,43,456 |
| ii) Intangible Assets | 11B | 8,37,165 | 8,37,164 |
| b) Non Current Investments | 12 | - | - |
| c) Deferred Tax Assets | 13 | - | - |
| d) Long term Loans & Advances | 14 | - | - |
| e) Other Non current Assets | 15 | - | - |
| 2 Current Assets | | | |
| a) Current Investments | 16 | - | - |
| b) Inventories | 17 | - | - |
| c) Trade Receivables | 18 | 1,51,417 | 31,31,114 |
| d) Cash and Cash Equivalents | 19 | 5,46,478 | 55,228 |
| e) Short Term loans & Advnaces | 20 | 34,46,828 | 40,62,235 |
| f) Other Current Assets | 21 | - | - |
| TOTAL : | | 53,54,277 | 88,29,196 |

For Nirnanjan & Narayan
Chartered Accountants
Firm No : 005899s

For and on behalf of the Board
Frontier Informatics Limited

Nirnanjan
Partner
M.No : 029552

V K PREMCHAND **B.PRASANNA LAKSHMI**
Managing Director Executive Director

Place : Hyderabad
Date : 30.05.2016

SASHIKALA AMBAKAR
Director

FRONTIER INFORMATICS LIMITED
8-3-960, Flat No 403, Siri Enclave, Keshav Nagar, Srinagar Colony, Hyderabad-73

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st March, 2016
(Amount in Rupees)

| PARTICULARS | Schedule | As at 31.03.16 | As at 31.03.15 |
|--|----------|--------------------|--------------------|
| A CONTINUING OPERATIONS | | | |
| 1 Revenue from Operations | | 4,82,860 | 4,89,280 |
| 2 Other Income | 23 | - | - |
| Total | | 4,82,860 | 4,89,280 |
| EXPENSES | | | |
| 3 Salaries and Allowances | 24 | 4,86,200 | 6,73,078 |
| 4 Financial Charges | 25 | - | - |
| 5 Depreciation & Amortisation | 11 | 3,71,066 | 10,63,413 |
| 6 Other Expenses | 26 | 44,48,765 | 13,34,894 |
| Total | | 53,06,031 | 30,71,385 |
| 7 Profit/Loss before Extraordinary Items | | (48,23,171) | (25,82,105) |
| 8 Exceptional/Extraordinary Items | 27 | - | - |
| 9 Profit / Loss Before Tax | | | |
| 10 Tax Expense & Provision | 28 | - | - |
| 11 Profit/Loss from Continuing Operations | | (48,23,171) | (25,82,105) |
| 12 Profit/Loss from Discontinuing Operations | | - | - |
| 13 Profit / Loss for the Year | | (48,23,171) | (25,82,105) |
| 14 Earnings per Share of Rs 10/- each | | | |
| a) Basic | | - | - |
| i) Continuing Operations | | (48,23,171) | (25,82,105) |
| ii) Total Operations | | | |
| 15 Earnings Per share (Excluding Extraordinary Items) of Rs 10/- each | | (48,23,171) | (25,82,105) |
| a) Basic | | | |
| i) Continuing Operations | | (0.36) | (0.19) |
| ii) Total Operations | | (0.36) | (0.19) |

See accompanying Notes forming part of Accounts

Vide our report of even date annexed
Niranjan & Narayan
Chartered Accountants
Firm No : 005899s

For and on behalf of the Board
FRONTIER INFORMATICS LIMITED

M.NIRANJAN
Partner
M.No : 029552
Place : Hyderabad
Date : 30.05.2016

V K PREMCHAND **B.PRASANNA LAKSHMI**
Managing Director Executive Director

SASHIKALA AMBAKAR
Director

CASH FLOW STATEMENT PURSUANT TO THE CLAUSE 32 OF LISTING AGREEMENT

Rs.in Lakhs

| Particulars | Mar 2016 | Mar 2015 |
|---|----------------|----------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Loss as per Profit & Loss account | (48.23) | (25.82) |
| Less: Depreciation & Impairments | 3.71 | 10.63 |
| Less: Writeoffs | - | - |
| Less: Bad debts written off | 28.44 | 0.23 |
| Add: Profit on sale of investments | - | - |
| Operating Profit/(Loss) before Working Capital Changes | (16.08) | (14.96) |
| Changes in Working Capital | | |
| Increase/(decrease) in operating assets | | |
| Trade Receivables | (1.35) | (1.15) |
| Short Term Loans & Advances | (6.15) | (5.95) |
| | <u>(7.51)</u> | <u>(7.10)</u> |
| Increase/(decrease) in operating Liabilities | | |
| Short Term Borrowings | 28.10 | 6.72 |
| Trade Payables | (4.25) | (3.40) |
| Other Current Liabilities | (9.54) | (1.83) |
| Short term Provisions | (0.82) | (1.47) |
| | <u>13.48</u> | <u>0.02</u> |
| Cash Flow from Working Capital Changes | 20.99 | 7.12 |
| Cash from Extraordinary Items | - | - |
| Cash Generated from Operations | 20.99 | 7.12 |
| Net Income tax paid/refunds | - | 20.99 |
| | <u>4.91</u> | <u>7.12</u> |
| Net Cash flow from Operating Activities | 4.91 | (7.84) |
| B.CASH FLOW FROM INVESTING ACTIVITIES | | |
| Additions to Fixed Assets | - | 0.53 |
| Decrease in Fixed Assets | - | - |
| Sale of Investments etc | - | - |
| | <u>-</u> | <u>0.53</u> |
| Net Cash from Operating Activities | 4.91 | (8.37) |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Increase in Short Term Borrowings | - | - |
| Increase in Long term Borrowings | - | - |
| Net cash generated in financing activities | <u>-</u> | <u>-</u> |
| D. NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS | | |
| | 4.91 | (8.37) |
| E. CASH AND CASH EQUIVALENTS - OPENING BAL | | |
| | 0.55 | 8.92 |
| F. CASH AND CASH EQUIVALENTS - CLOSING BAL | | |
| | 5.46 | 0.55 |

For and on behalf of the Board

Sd/-

Sd/-

Place:Hyderabad

(V.K.Premchand)

(B.Prasanna Lakshmi)

Date: 30.05.2016

Managing Director

Executive Director

AUDITORS' CERTIFICATE

We have examined the attached Cash Flow Statement of Frontier Information Technologies Limited for the year ended March 31, 2013. The Statement has been prepared by the Company in accordance with the requirements of Clause 32 of Listing Agreements with the Stock Exchanges and is based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company covered by our Report of even date to the Members of the Company.

for Nirnajan & Narayan

Chartered Accountants

Firm No : 005899s

Place:Hyderabad

Sd/-

Date : 30.05.2016

(Niranjan)

Partner M.No : 029552

NOTES FORMING PART OF THE FINANCIAL STATEMENTS**NOTE 3 : SHARE CAPITAL**

| Particulars | As at 31.03.16 | As at 31.03.15 |
|--|---------------------|---------------------|
| Authorised : | | |
| 1,80,00,000 Equity Shares of Rs.10/- each with voting rights | 18,00,00,000 | 18,00,00,000 |
| Issued, Subscribed and Paid up : | | |
| 1,33,10,400 Equity Shares of Rs.10 each with voting rights | 13,31,04,000 | 13,31,04,000 |
| TOTAL | 13,31,04,000 | 13,31,04,000 |

- i) There is no change in Authorised or/and Paid capital as at the beginning and closing of the year requiring presentation of Reconciliation Statement as to the additions and deletions to the capital.
- ii) There are no share holders who held 5% or more of equity capital of the company at any time during the year.
- iii) No part of the share capital is issued for consideration other than cash or by way of bonus shares.

NOTE 4 : RESERVES & SURPLUS

| Particulars | As at 31.03.16 | As at 31.03.15 |
|---------------------------------------|-----------------------|-----------------------|
| a) Capital Reserves : Opening/Closing | 10,00,000 | 10,00,000 |
| b) General Reserve : Opening/Closing | 25,54,798 | 25,54,798 |
| c) Share Premium : Opening/Closing | 27,95,25,000 | 27,95,25,000 |
| d) Profit & Loss Account | | |
| Opening Balance | (43,00,06,575) | (42,74,24,470) |
| Add : Addition during the year | (48,23,171) | (25,82,105) |
| Closing Balance | (43,48,29,746) | (43,00,06,575) |
| TOTAL | (15,17,49,948) | (14,69,26,777) |

NOTE 5 : LONG TERM BORROWINGS

| | | |
|--------------|---|---|
| TOTAL | - | - |
|--------------|---|---|

NOTE 6 : OTHER LONG TERM LIABILITIES

| | | |
|--------------|---|---|
| TOTAL | - | - |
|--------------|---|---|

NOTE 7 : SHORT TERM BORROWINGS

| | | |
|-------------------------------|--------------------|--------------------|
| a) Loans Repayable on demand | | |
| From Banks | - | - |
| From others -- Unsecured | 17,31,481 | 17,31,481 |
| b) Loans from Related Parties | | |
| Refer note No (29.7) | 1,89,95,946 | 1,81,84,746 |
| | 2,07,27,427 | 1,99,16,227 |
| c) Deposits | - | - |
| d) Other loans & advances | 21,50,000 | 1,51,500 |
| TOTAL | 2,28,77,427 | 2,00,67,727 |

NOTE 8 : TRADE PAYABLES

| | | |
|---------------------------|---|-----------------|
| a) Acceptances | - | - |
| b) Other than Acceptances | - | 4,25,067 |
| TOTAL | - | 4,25,067 |

| Particulars | As at 31.03.16 | As at 31.03.15 |
|---|-----------------|------------------|
| NOTE 9 : OTHER CURRENT LIABILITIES | | |
| a) Current maturities of Long Term Debt | - | - |
| b) Application Money Received | - | - |
| c) Statutory Liabilities | 5,96,393 | 15,50,348 |
| d) Trade Security Deposits Received | - | - |
| e) Other Liabilities | - | - |
| TOTAL | 5,96,393 | 15,50,348 |
| NOTE 10 : SHORT TERM PROVISIONS | | |
| a) Provision for Employee benefits | 2,35,933 | 2,46,193 |
| b) Provision for Tax | - | - |
| c) Provision for Dividend | - | - |
| d) Provision for other Expenses | 2,90,472 | 3,62,638 |
| TOTAL | 5,26,405 | 6,08,831 |
| NOTE 12 : NON CURRENT INVESTMENTS | | |
| TOTAL | - | - |
| NOTE 13 : DEFERRED TAX ASSETS | | |
| TOTAL | - | - |
| NOTE 14 : LONG TERM LOANS AND ADVANCES | | |
| a) Balances with Govt Authorities | - | - |
| b) Other Loans & Advances | - | - |
| c) Secured considered Good | - | - |
| d) Unsecured considered Good | - | - |
| TOTAL | - | - |
| NOTE 15 : OTHER NON CURRENT ASSETS | | |
| a) Long Term Trade Receivables | | |
| b) Unamortised Expenses | - | - |
| c) Accruals | - | - |
| d) Others | - | - |
| TOTAL | - | - |
| NOTE 16 : CURRENT INVESTMENTS | | |
| TOTAL | - | - |
| NOTE 17 : INVENTORIES | | |
| TOTAL | - | - |
| NOTE 18 : TRADE RECEIVABLES | | |
| Secured Considered Good | - | - |
| Unsecured Considered good | 1,51,417 | 31,31,114 |
| TOTAL | 1,51,417 | 31,31,114 |

FRONTIER INFORMATICS LIMITED

NOTE 11 FIXED ASSETS

(Amount in Rupees)

| S.No | Description | Gross Block | | Depreciation | | Net Block | | |
|---|----------------------|-----------------------|---|---------------------|-----------------|---------------------|---------------------|-------------------|
| | | Opening 01.04.2015 | Additions (Disposals) As at 31.03.2016 | Opening Balance | For the Year | Upto 31.03.2016 | As at 31.03.2016 | As at 31.03.15 |
| 11A : TANGIBLE ASSETS | | | | | | | | |
| 1 | Office Equipment | 14,34,499 | - | 12,04,919 | 34,437 | 12,39,356 | 1,95,143 | 2,29,580 |
| 2 | Computers & Hardw | 11,57,080 | - | 10,15,847 | 84,740 | 11,00,587 | 56,493 | 1,41,233 |
| 3 | Furniture & Fittings | 5,34,120 | - | 1,61,477 | 2,51,889 | 4,13,366 | 1,20,754 | 3,72,643 |
| | TOTAL | 31,25,699 | - | 23,82,243 | 3,71,066 | 27,53,309 | 3,72,390 | 7,43,456 |
| 11 B : INTANGIBLE ASSETS | | | | | | | | |
| (Software Products Developed by the Company) | | | | | | | | |
| 1 | Knets | 3,70,41,503 | - | 3,68,56,295 | - | 3,68,56,295 | 1,85,208 | 1,85,208 |
| 2 | HelloAp.com | 2,07,00,393 | - | 2,05,96,891 | - | 2,05,96,891 | 1,03,502 | 1,03,502 |
| 3 | Libris Dev. Systems | 3,30,40,740 | - | 3,28,75,536 | - | 3,28,75,536 | 1,65,204 | 1,65,204 |
| 4 | Web Enabled Maste | 7,66,50,182 | - | 7,62,66,931 | - | 7,62,66,931 | 3,83,251 | 3,83,251 |
| | TOTAL | 16,74,32,818 | - | 16,65,95,653 | - | 16,65,95,653 | 8,37,165 | 8,37,165 |
| | GRAND TOTAL | 17,05,58,517 | - | 16,89,77,896 | 3,71,066 | 16,93,48,962 | 12,09,555 | 15,80,621 |
| | Previous Year | 17,05,05,517 | 53,000 | 16,79,14,484 | 10,63,413 | 16,89,77,897 | 15,80,620 | 25,91,033 |

For Niranjan & Narayan
Chartered Accountants
Firm No : 005899s

For and on behalf of the Board
FRONTIER INFORMATICS LIMITED

V K PREMCHAND
Managing Director

B.PRASANNA LAKSHMI

Niranjan
Partner
NM.No : 029552

SASHIKALA AMBAKAR
Director

Place : Hyderabad
Date : 30.05.2016

| Particulars | As at 31.03.16 | As at 31.03.15 |
|--|------------------|------------------|
| NOTE 19 : CASH & CASH EQUIVALENTS | | |
| Cash on Hand | 16,522 | 6,658 |
| Balances with Scheduled Banks: | | |
| - in Current Accounts | 5,17,449 | 26,325 |
| - in Fixed Deposits | 12,508 | 22,245 |
| Balances with Non-Scheduled Banks: | | |
| - in Bank of America | - | - |
| TOTAL | 5,46,478 | 55,228 |
| NOTE 20 : SHORT TERM LOANS & ADVANCES | | |
| a) Loans & Advances to Related Parties | 3,56,108 | 3,56,108 |
| b) Security Deposits | - | - |
| c) Loans to Employees | - | - |
| d) Prepaid Expenses | - | - |
| e) Balances with Govt Authorities | 26,98,172 | 26,93,627 |
| f) Inter Corporate Deposits | - | - |
| g) Other loans & Advnaces | 3,92,548 | 10,12,500 |
| TOTAL | 34,46,828 | 40,62,235 |
| NOTE 21 : OTHER CURRENT ASSETS | | |
| a) Unbilled Revenue | - | - |
| b) Unamortaised Expenses | - | - |
| c) Accruals | - | - |
| d) Others | - | - |
| TOTAL | - | - |
| NOTE 22 : REVENUE FROM OPERATIONS | | |
| a) Sale of Products | - | - |
| b) Sale of Services-Domestic | 4,82,860 | 4,89,280 |
| c) Sale of Services-Export | - | - |
| d) Other Operating Inocme | - | - |
| TOTAL | 4,82,860 | 4,89,280 |
| NOTE 23 : OTHER INCOME | | |
| a) Interest Inocme /Dividend Income | - | - |
| b) Net Gain on Sale of Investments | | |
| c) Net Prior Period Items | | |
| d) Other Income(Write Backs) | - | - |
| TOTAL | - | - |
| NOTE 24 :SALARIES & ALLOWANCES | | |
| a) Salaries & Allowances | 4,86,200 | 6,73,078 |
| b) Contribution to PF & Other Funds | - | - |
| c) Staff Welfare Expenses | - | - |
| TOTAL | 4,86,200 | 6,73,078 |

| Particulars | As at 31.03.16 | As at 31.03.15 |
|---|---|---|
| NOTE 25 : FINANCIAL CHARGES | | |
| a) Interest Expense on | | |
| i) Borrowings | - | - |
| ii) Trade Payables | - | - |
| iii) Other Borrowing Costs | - | - |
| TOTAL | - | - |
| NOTE 26 : OTHER EXPENSES | | |
| Rent Charges | 1,70,200 | 1,68,000 |
| Rates & Taxes | 55,000 | - |
| Paper Publication Charges | 1,71,640 | 1,72,350 |
| Electricity Charges | 717 | 19,441 |
| Printing, Stationery & Photocopying | 7,615 | 10,391 |
| Bank Charges | 2,396 | 4,774 |
| General Expenses | 1,24,752 | 86,100 |
| Payment to Auditors- Audit Fees | 23,000 | 22,472 |
| Repairs & Maintenance | | |
| -Buildings | 1,800 | - |
| - Computers | - | - |
| BSE/Demat Custodial Charges | 3,56,945 | 3,44,954 |
| AGM & other Exp | 3,95,416 | 1,81,085 |
| Legal & Professional Charges | 2,69,860 | 2,77,296 |
| Share Transfer Fee | 25,000 | 25,000 |
| Bad Debts | 28,44,424 | 23,031 |
| TOTAL | 44,48,765 | 13,34,894 |
| NOTE 27 : EXCEPTIONAL & EXTRA ORDINARY ITEMS | | |
| TOTAL | - | - |
| NOTE 28 : TAX EXPENSE & PROVISION | | |
| a) Current tax Expense for Current year | - | - |
| b) Current tax Expense for Previous year | - | - |
| c) MAT Credits | - | - |
| d) Deferred Taxes | - | - |
| TOTAL | - | - |
| For Niranjan & Narayan Chartered Accountants Firm No : 005899s | For and on behalf of the Board Frontier Information Technologies Limited | |
| M.NIRANJAN Partner M.No : 029552 Place : Hyderabad Date : 30.05.2016 | V K PREMCHAND Managing Director | B.PRASANNA LAKSHMI Executive Director |
| | Director | |

FRONTIER INFORMATICS LIMITED(FIL)

Note 1 CORPORATE INFORMATION

Frontier Informatics Limited has been operating in the spears of Software Product Development, Training and Software Services since its incorporation in the year 1986. The company made its IPO in the year 1996 and is traded on BSE. The company achieved sizable operations during the years 1994 to 2004 , however the company had been incurring continuous losses thereafter, because of paucity of working capital resources and lack of business opportunities.

The company changed its name to **FRONTIER INFORMATICS LIMITED**, from its previous name of *Frontier Information Technologies Limited*, vided fresh Certificate issued by the Registrar of Companies, Hyderabad dated 14.10.2011.

NOTE 2 : SIGNIFICANT ACCOUNTING POLICIES :

2.1 Basis of Preparation of Financial Statements:

The financial statements are prepared in accordance with Indian Generally accepted principles (GAAP) under the historical cost convention on the accrual basis. GAAP comprises mandatory accounting standards issued by Institute of chartered Accountants of India (ICAI), the provisions of the Companies act 1956. Management evaluates all recently issued or revised accounting standards on an ongoing basis.

2.2 Use of Estimates:

The preparation of financial statements in conformity with GAAP requires Management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent assets and liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include provision for doubtful debts, future obligations under employee retirement benefit plans, income taxes, and the useful lives of fixed assets and intangible assets.

2.3 Revenue Recognition:

1. Software consultancy fee comprises of :
 - a) Services valued and invoiced on the basis of work completed and / or delivered
 - b) Annual maintenance charges invoiced as appropriated for the accounting period.
2. Professional services are taken into account on the basis of services rendered during the accounting period at the rate agreed upon.
3. Student training fee receipts are accounted on accrual basis.

2.4. Tangible fixed assets

Fixed assets are carried at cost less accumulated depreciation and impairment losses, if any. The cost of fixed assets includes interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use and other incidental expenses incurred up to that date. Exchange differences arising on restatement / settlement of long-term foreign currency borrowings relating to acquisition of depreciable fixed assets are adjusted to the cost of the respective assets and depreciated over the remaining useful life of such assets. Subsequent expenditure relating to fixed assets is capitalized only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

Fixed assets acquired and put to use for project purpose are capitalized and depreciation thereon is included in the project cost till commissioning of the project.

Capital work-in progress:

Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

2.5 Intangible assets

Intangible assets are carried at cost less accumulated amortization and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties and other taxed (Other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Subsequent expenditure on an intangible asset after its purchase / completion is recognized as an expense when incurred unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably in which case such expenditure is added to the cost of the asset.

2.6 Depreciation

- a) Depreciation on fixed assets located in India is provided based on the estimated use life of assets.
- b) Depreciation on software products is made based on the estimated useful life of the assets, which is taken as 6 Years.
- c) Fixed Assets are stated at cost less depreciation except for certain fixed assets which are carried at residue amounts to comply with the provisions of Companies act 2013.
- d) No Depreciation was provided for Software Products developed by the company whose life is more than 6 Years.

2.7 Foreign currency transactions and translations

Initial recognition

Transactions in foreign currencies entered into by the Company and its integral foreign operations are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

Measurement of foreign currency monetary items at the Balance sheet date

Foreign currency monetary items (other than derivative contracts) of the Company and its net investment in non-integral foreign operations outstanding at the Balance Sheet date are restated at the year-end rates.

In the case of integral operations, assets and liabilities (other than non-monetary items), are translated at the exchange rate prevailing on the Balance Sheet date. Non-monetary items are carried at historical cost. Revenue and expenses are translated at the average exchange rates prevailing during the year. Exchange differences arising out of these translations are charged to the Statement of Profit and Loss.

Treatment of exchange differences

Exchange difference arising on settlement / restatement of short-term foreign currency monetary assets and liabilities of the Company and its integral foreign operations are recognized as income or expense in the Statement of Profit and Loss. The exchange differences on restatement / settlement of loans to non-integral foreign operations that are considered as not investment in such operations are accumulated in a “Foreign currency translation reserve” until disposal / recovery of the net investment.

2.8 Segment reporting

The Company identifies primary segments based on the dominant source nature of risks and returns and the internal organization and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors.

Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included under “unallocated revenue / expenses / assets / liabilities”.

2.9 Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

2.10 Taxes on income

Current tax is the amount of tax payable on the taxable income for the year as determined in the accordance with the provisions of the Income Tax Act, 1961.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax, accordingly, MAT is recognized as an asset in the Balance Sheet when it is probable that future economic benefit associated with will flow to the Company.

Deferred tax is recognized on timing differences, being the differences between the taxable income and the accounting income that originate in one period and is capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date. Deferred tax liabilities are recognized for all timing difference. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognized only if there is virtual certainty that there will be sufficient future taxable income available against which these can be realized. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their reliability.

During the past 10 Years the company has been incurring losses and does not visualize any significant improvement in the performance of the company in the near future. In such back ground the company is conservative in determining any Deferred Tax assets.

2.11 Impairment of assets

The carrying values of assets/ cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognized, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriated discount factor. When there is indication that an impairment loss recognized for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognized in the Statement of Profit and Loss, except in case of revalued assets.

2.12 Provisions and contingencies

A provision is recognized when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes.

2.13 Investments

Investments are classified into current investments and long term Investments. Current investments are carried at the lower of cost or market value. Any reduction in carrying amount and any reversals of such reduction are charged or credited to the profit and loss account.

Long-term investments are carried at cost less provision made to recognize any decline, other than temporary, in the value of such investments. Current Investments are reflected under Current Assets and Long Term investments are reflected under Non-Current Assets.

2.14 Valuation of WIP:

Raw material, work-in-progress, components, stores and spares and packing materials are valued at cost. Finished goods are valued at cost or net realizable value whichever is less.

2.15 Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into know amounts of cash and which are subject to insignificant risk of changes in value.

2.16 Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.17 R& D Expenditure:

Expenditure incurred on Research and Development of software tools and applications are written off in the year in which the expenditure is incurred. Assets used for research and development activities are included in fixed assets.

Vide our report of even date annexed
For Niranjana & Narayan
Chartered Accountants
Firm No : 005899s

for and on behalf of Board

Sd/-
(M.Niranjana)
Partner
M.No : 029552

Sd/-
(V.K.PREMCHAND)
Managing Director

Sd/-
(B.PRASANNA LAKSHMI)
Executive Director

Place: Hyderabad
Date: 30.05.2016

Sd/-
(SHASHIKALA AMBAKAR)
Director

NOTE 22: NOTES ON ACCOUNTS:

1. In the opinion of Management, there are no small scale industrial undertaking(s), creditors, to whom company owes a sum exceeding Rupees One Lakh which is outstanding for more than 30 days and hence details in respect of outstanding dues to small scale industrial undertaking(s) are not furnished as required, as per the notification no GSR 129 (E) dated February 22, 1999 issued by Department of Company Affairs.
2. Balances of Sundry Debtors, Sundry Creditors, Loans & Advances are subject to Confirmation.
3. Foreign Exchange earnings and outgo: (On receipt basis and excluding transactions in overseas branches).

Foreign Exchange inflow : Rs Nil (P.Y. Rs NIL)
(Towards Inward remittances)

Foreign Exchange outgo : Rs. Nil (P.Y. Rs. Nil)

4. Provident Fund Dues :

The company had cleared off all dues relating to earlier year Provident Fund dues. Further dues are pursuant to demand raised by PF Department to pay interest and incidental charges on the arrears, which are outstanding as at the end of the year to the extent of Rs 5,64,268/-.

5. Contingent Liabilities (to the extent not provided for) :

- i) Disputed Income tax demands relating to Asst Years 2001.02 & 2002.03 Amounting to Rs 32.16 lakhs. The issues are under appeal before appropriate Appellate Authorities and as per the opinion of the company's tax advisers, the possibility of crystallization of liability is fairly unlikely.
- ii) Interest payable on Dividend Distribution Tax amounting to Rs 10.91 lakhs is not Provided for which the company has sought waiver of interest.

6. Segment Information

In terms of AS 17 issued by The Institute of Chartered Accountants of India on Segment Reporting, During the year the Company operated in a single business segment i.e., software services and geographical location in India :

| | | (Rs in Lakhs) | |
|-------|---|---------------|---------|
| | | 2015-16 | 2014-15 |
| India | : | 4.83 | 4.89 |

7. Reduction of Capital :

The Net worth of the company is fully eroded and the company does have significant turnovers. However the company is actively pursued the process of reduction of capital and losses. The company has received necessary orders from the honourable AP & Teleangana High Court for reduction of capital and necessary filings are also updated before office of Registrar of Companies, Hyderabad. The company is hopeful of achieving positive net worth during the financial year 2016-17.

8. Related Party Transactions

Related party disclosures, as required by Accounting Standard – AS 18 “Related Party Disclosures” issued by the Institute of Chartered Accountants of India are given below:

A. Name of the related party and nature of relationship where control exists

1. Associates

a) Frontier Life Sciences Limited

There are no transactions with the companies during the year.

b) Knowledge ware Technologies Limited

There are no transactions with the companies during the year.

c) Prime Resources Private Limited

There are no transactions with the companies during the year.

2 .Key Management

Personnel

| | |
|------------------------|----------------------|
| a) V.K. Premchand | - Managing Director |
| b) B.Prasanna Lakshmi | - Executive Director |
| c) Shashikala Ambakar | - Director |
| d) Varun Yadav, Potail | - Director |

B. Transaction with related parties as per books of account.**(Rs. In Lakhs)**

| | Subsidiaries | Associates | Key Management Personnel | Total |
|--|---------------------|-------------------|---------------------------------|--------------|
| Rendering of Software Services | - | - | - | - |
| Receiving of Software Services | | | | |
| Arrangement of Finance (Opening Balance) | - | 45.55 | 136.30 | 181.85 |
| Others – Payments | - | -- | -- | -- |
| Others – Net Receipts | | -- | 8.11 | 8.11 |
| Balance | - | 45.55 | 147.41 | 189.96 |
| Remuneration to Managing Director | - | -- | -- | -- |

C. The information given above, has been reckoned on the basis of information Available with the Company.

8. Earnings per share

Earning per share / Loss per share is calculated by dividing the profit/loss attributable to equity shareholders by the average number of shares outstanding during the year.

| | <u>2015-16</u> | <u>2013-14</u> |
|---------------------------------|-----------------------|-----------------------|
| 1.Loss as per Profit & Loss A/c | 48,23,127 | 25,82,105 |
| 2.Number of shares (nos) | 1,33,10,400 | 1,33,10,400 |
| 3.Loss Per share (Rs.) | (0.36) | (0.19) |
| 4.Face value per share (Rs.) | 10.00 | 10.00 |

9. Taxation

Pursuant to the Accounting Standard AS22 on “Accounting for Taxes on Income” issued by the Institute of Chartered Accountants of India the company has to recognize any deferred tax or liability in its books of account. Accordingly the company has evaluated the various elements of tax computation to determine whether any tax asset or liability needs to be recognized The Company has incurred substantial losses and it is not considered prudent to identify deferred tax assets.

10. Rounding off & Re grouping:

The previous year’s figures have been regrouped where necessary to correspond with current year’s figures. The figures are rounded off to the nearest rupee.

Vide our report of even date annexed for and on behalf of Board
For Niranjan & Narayan
Chartered Accountants
Firm No : 005899s

Sd/-
(M.Niranjan)
Partner
M.No : 029552

Sd/-
(V.K.PREMCHAND)
Managing Director

Sd/-
(B.PRASANNA LAKSHMI)
Executive Director

Place: Hyderabad
Date: 30.05.2016

Sd/-
(SHASHIKALA AMBAKAR)
Director

FORM A**(Pursuant to Clause 31(a) of Listing Agreement)****Format of covering letter of annual audit report to be filed with the stock exchange**

| S. No | Particulars | Details |
|--------------|---|-------------------------------|
| 1. | Name of Company | FRONTIER INFORMATICS LIMITED |
| 2. | Annual Financial Statements for the year ended | 31.03.2016 |
| 3. | Type of audit observation | Non Payment of Statutory Dues |
| 4. | Frequency of observation | Since last several Years |
| 5. | To be signed by CEO/Managing Director CFO/General Manager Auditors of the Company Audit Committee Chairman | |

For FRONTIER INFORMATICS LIMITED**Sd/-****Managing Director
& Chief Financial Officer
VELCHALA PREMCHAND KRISHNARAO****Sd/-****Chairman of Audit Committee
VUNNAVA PURNACHANDRA RAO****For, M/s Niranjan & Narayan
Chartered Accountants
Firm Regd. No:005899s****Sd/-****M.NIRANJAN
Partner
M. No. 029552**

FRONTIER INFORMATICS LIMITED

H. No. : Plot No 235, Sai Sadan, 1st Floor, Survey of India Employees Society,
Khanampet, Madhapur, Hyderabad -81

Form No. MGT-11**Proxy form**

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

| | | |
|-----------------------|---------------------|-------|
| Name of the Member(s) | | |
| Registered Address | | |
| E-mail Id | Folio No /Client ID | DP ID |

I/We, being the member(s) of _____ shares of the above named company. Hereby appoint

| | |
|----------------------------|------------|
| Name : | E-mail Id: |
| Address: | |
| Signature , or failing him | |

| | |
|-----------|------------|
| Name : | E-mail Id: |
| Address: | |
| Signature | |

as my/ our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 28th Annual General Meeting of the company, to be held on the Friday the 30th December 2016 at 9.30 a.m. at Lions Bhavan Trust, Behind HDFC Bank, Near Paradise Circle, S D Road, Secunderabad -500003, Telangana and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.

| Sl. No. | Resolution(S) | Vote | |
|---------|--|------|---------|
| | | For | Against |
| 1. | To receive, consider and adopt the audited Balance Sheet as at March 31, 2016, the Profit & Loss Account and Cash Flow Statement for the period ended on March 31, 2016 along with schedules & annexure and the reports of the Board of Directors and Auditors thereon | | |
| 2. | To appoint a Director in place of Mrs. A Shashikala, who retires by rotation, and being eligible, offers herself for re-appointment | | |
| 3. | To appoint a Director in place of Mr. S.P.Vivekanada, who retires by rotation, and being eligible, offers himself for re-appointment | | |
| 4. | Re-appointment of M/s Niranjana & Narayan, Chartered Accountants as Statutory Auditors & fixing their remuneration | | |

| | | | |
|----|--|--|--|
| 5. | To appoint Mr. V.K. Premchand as Managing Director | | |
| 6. | To appoint Mrs. Bommaraju Prasanna Lakshmi as Executive Director | | |
| 7. | To adopt new set of Articles of Association | | |
| 8. | Regrouping of old promoters to Public Category | | |

Signed this ____ day of ____ 2016

| |
|----------------------------|
| Affix Revenue Stamps |
|----------------------------|

Signature of Shareholder

Signature of Proxy holder

Signature of shareholder
across Revenue Stamp

Note:

- 1) This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
- 2) The proxy need not be a member of the company

FRONTIER INFORMATICS LIMITED

H. No. : Plot No 235, Sai Sadan, 1st Floor, Survey of India Employees Society,
Khanampet, Madhapur, Hyderabad -81

ATTENDANCE SLIP

(To be handed over at the entrance of the meeting hall)

28th Annual General Meeting on 30th December 2016

Full name of the members attending

(In block capitals)

Ledger Folio No./Client ID No. _____ No. of shares held:

Name of Proxy _____

(To be filled in, if the proxy attends instead of the member)

I hereby record my presence at the 28th Annual General Meeting of the Frontier Informatics Limited, be held on Friday, the 30th December 2016 at 9.30 A.M. at Lions Bhavan Trust, Behind HDFC Bank, Near Paradise Circle, S D Road, Secunderabad -500003, Telangana

(Member's /Proxy's Signature)

Note:

- 1) Members are requested to bring their copies of the Annual Report to the meeting, since further copies will not be available.
- 2) The Proxy, to be effective should be deposited at the Registered Office of the Company not less than FORTY EIGHT HOURS before the commencement of the meeting.
- 3) A Proxy need not be a member of the Company.
- 4) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by Proxy, shall be accepted to the exclusion of the vote of the other joint holders. Seniority shall be determined by the order in which the names stand in the Register of Members.
- 5) The submission by a member of this form of proxy will not preclude such member from attending in person and voting at the meeting.

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]

| FRONTIER INFORMATICS LIMITED | | | |
|---|--|----------------------------|-------------------------------|
| H. No. : Plot No 235, Sai Sadan, 1 st Floor, Survey of India Employees Society, Khanampet, Madhapur, Hyderabad -81 | | | |
| BALLOT PAPER | | | |
| S.No | Particulars | Details | |
| 1. | Name of the First Named Shareholder (In block letters) | | |
| 2. | Postal address | | |
| 3. | Registered folio No. /*Client ID No. (*Applicable to investors holding shares in dematerialized form) | | |
| 4. | Class of Share | | |
| 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: | | | |
| Item No. | No. of shares held by me | I assent to the resolution | I dissent from the resolution |
| 1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2016, the Profit & Loss Account and Cash Flow Statement for the period ended on March 31, 2016 along with schedules & annexure and the reports of the Board of Directors and Auditors thereon | | | |
| 2. To appoint a Director in place of Mrs. A shashikala who retires by rotation, and being eligible, offers herself for re-appointment | | | |

| | | | |
|---|--|--|--|
| 3. To appoint a Director in place of Mr S.P.Vivekanada who retires by rotation, and being eligible, offers himself for re-appointment | | | |
| 4. Re-appointment of M/s Niranjan & Narayan, Chartered Accountants as Statutory Auditors & fixing their remuneration | | | |
| 5. To appoint Mr. V.K. Premchand as Managing Director | | | |
| 6. To appoint Mrs. Bommaraju Prasanna Lakshmi as Executive Director | | | |
| 7. Adoption of New set of Articles of Association | | | |
| 8. Regrouping of old promoters to Public Category | | | |
| Place: | | | |
| Date: | | | |
| (Signature of the shareholder) | | | |



Dear Shareholder,

Sub: Green Initiative in Corporate Governance

The Ministry of Corporate Affairs has taken a “Green Initiative in Corporate Governance” by allowing paperless compliance by Companies through electronic made. In accordance with the recent circular no.17/2011 dated 21.04.2011 and circular No 18/2011dated 29.04.2011 issued by the Ministry, Companies can now send various notices and documents including annual report, to its shareholders through electronic made to the registered e-mail addresses of shareholders. It is a welcome move for the society at large, as this will reduce paper consumption to great extent and allow share holders to contribute towards a Greener Environment. This is a golden opportunity for every shareholder of **Frontier Informatics** to contribute to the corporate Social Responsibility initiative of the Company

We therefore invite all our shareholders to contribute to the cause by filling up the form given below and send it back to us in the attached postage prepaid envelope.

Let’s be part of this ‘Green Initiative’

Please note that as a member of the company you will be entitled to receive all such communication in physical form, upon request.

E-COMMUNICATION REGISTRATION FORM

(In terms of circular no. 17/2011 dated 21.04.2011 issued by the Ministry of Corporate Affairs)

Folio No./Dp ID& Client ID :

Name of 1st Registered Holder :

Name of joint Holder(s) :

:

Registered Address :

E-mail ID (to be registered) :

I/we shareholder(s) of Frontier Informatics Ltd agree to receive Communication from the Company in electronic mode. Please Register my above e-mail id in your for sending communication through e-mail.

Date

Signature.....

Note:

Shareholder(s) are requested to keep the Company informed as and when there is any change in the e-mail address.

PRINTED MATTER

BOOK – POST

FRONTIER
INFORMATICS LTD

Plot No 235, Sai Sadan, 1st Floor,
Survey of India Employees Society,
Khanampet, Madhapur (PO),
Hyderabad – 500081, Telangana.