

**FOURTH GENERATION  
INFORMATION SYSTEMS LIMITED**

**18th  
ANNUAL REPORT  
2015-2016**

**CORPORATE INFORMATION**

**BOARD OF DIRECTORS:**

Mr. C. N. Somasekhar Reddy	-- Managing Director (DIN: 02441810)
Mr. T. SrivenkataRamana	-- Executive Director & CFO (DIN: 03195303)
Mr. K. Sudheer	-- Independent Director (DIN: 01695664)
Mr. K. Santosh Reddy	-- Independent Director (DIN: 02958418)
Mr. C. N. Mallikarjuna Reddy	-- Independent Director (DIN: 03094077)
Mr. Suneetha Indukuri	-- Independent Director(DIN: 03573183)

**REGISTERED OFFICE:**

1st Floor, Society Complex,  
MLA'S Colony, Road No.12,  
Banjara Hills,  
Hyderabad-500034  
Tel: 040 – 23373949

**CORPORATE IDENTITY NUMBER:**

L72200AP1998PLC029999

**STATUTORY AUDITOR:**

M. M. Reddy & Co.,  
Chartered Accountants,  
Rajbhavan Road,  
Somajiguda, Hyderabad.

**SECRETARIAL AUDITOR:**

M/s. S. S. Reddy & Associates  
Practicing Company Secretaries  
Plot No.6-3-354/13, A1,  
Suryateja Apartments,  
Hindi Nagar, Panjagutta,  
Hyderabad-500034

**AUDIT COMMITTEE:**

- 1) Mr. C. N. Mallikarjuna Reddy
- 2) Mr. T. SrivenkataRamana
- 3) Mr. K. Santosh Reddy

**NOMINATION & REMUNERATION COMMITTEE:**

- 1) Mr. C. N. Mallikarjuna Reddy
- 2) Mr. K Sudheer
- 3) Mr. K. Santosh Reddy

**STAKEHOLDERS RELATIONSHIP COMMITTEE:**

- 1) Mr. C. N. Mallikarjuna Reddy
- 2) Mr. T. SrivenkataRamana
- 3) Mr. K. Santosh Reddy

**RISK MANAGEMENT COMMITTEE:**

- 1) Mr. Santosh Reddy
- 2) Mr. K. Sudheer
- 3) Mr. Suneetha Indukuri

**REGISTRAR & SHARE TRANSFER AGENTS**

Bigshare Services Pvt Limited  
306, Right Wing, 3rd Floor,  
Amrutha Ville, Opp. Yashoda Hospital  
Somajiguda, Rajbhavan Road,  
Hyderabad 500082, Telangana  
E- mail: [info@bigshareonline.com](mailto:info@bigshareonline.com)  
[www.bigshareonline.com](http://www.bigshareonline.com)

**LISTED AT:**

- 1) BSE Limited
- 2) Ahmedabad Stock Exchange Limited

**ISIN:** INE739B01039

**WEBSITE:** [www.fgisindia.com](http://www.fgisindia.com)

**INVESTOR E-MAIL ID:** [info@fgisindia.com](mailto:info@fgisindia.com).

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## Fourth Generation Information Systems Limited

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### NOTICE

Notice is hereby given that the Eighteenth Annual General Meeting of the Shareholders of M/s. Fourth Generation Information Systems Limited will be held on Friday, 30<sup>th</sup> day of September, 2016 at 9.00 A.M. the registered office of the Company situated at 1st Floor, Society Complex, MLA'S Colony, Road No.12, Banjara Hills, Hyderabad - 500034, Telangana to transact the following business:

#### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2016, the Statement of Profit & Loss and Cash Flow Statement for the year ended on that date together with the Notes attached thereto, along with the Reports of Auditors and Directors thereon.
2. To appoint a director in place of Mr. T. Srivenkata Ramana (DIN: 03195303) who retires by rotation and being eligible, offers herself for re-appointment.
3. To appoint M/s. M.M. Reddy & Co., Statutory Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company at remuneration as may be fixed by the Board.

For and on behalf of the Board of Directors  
Fourth Generation Information Systems Limited

Sd/-

C. N. Somasekhara Reddy  
Managing Director (DIN: 02441810)

Place: Hyderabad  
Date: 13.08.2016

### NOTES:

- 1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.** The instrument of Proxy in order to be effective shall be deposited at the Corporate Office of the Company by not less than 48 hours before the commencement of the Meeting.

Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as a proxy on behalf of not more than fifty (50) members and holding in aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy, who shall not act as a proxy for any other person or shareholder. The appointment of proxy shall be in the Form No. MGT.11 annexed herewith.

2. The Register of Members and Share Transfer Books of the Company will remain closed from 24.09.2016 to 30.09.2016 (Both days Inclusive).
3. Members holding shares in the electronic form are requested to inform any changes in address/bank mandate directly to their respective Depository Participants.
4. Members are requested to hand over the enclosed Attendance Slip, duly signed in accordance with their specimen signature(s) registered with the Company for admission to the meeting hall. Members who hold shares in dematerialised form are requested to bring their Client ID and DP ID Numbers for identification.
5. Corporate Members are requested to send to the Company's Registrar & Transfer Agent, a duly certified copy of the Board Resolution authorizing their representative to attend and vote at the Annual General Meeting.
6. In case of joint holders attending the Meeting, only such joint holders who are higher in the order of names will be entitled to vote.
7. Members holding shares in electronic form may note that bank particulars registered against their respective registered accounts will be used by the Company for the payment of dividend. The Company or its Registrar and Share Transfer Agent cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the members.

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10. The Securities and Exchange Board of India has mandated submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in demat form are, therefore, requested to submit PAN details to the Depository Participants with whom they have demat accounts. Members holding shares in physical form can submit their PAN details to the Company/ Registrar and Share Transfer Agents (M/s. Bigshare Services Pvt Limited.)
11. As a measure of austerity, copies of the annual report will not be distributed at the Annual General Meeting. Members are therefore, requested to bring their copies of the Annual Report to the Meeting.
12. Members holding shares in the same name under different ledger folios are requested to apply for Consolidation of such folios and send the relevant share certificates to M/s. Bigshare Services Pvt Limited., Share Transfer Agents of the Company for their doing the needful.
13. Members are requested to send their queries at least 10 days before the date of meeting so that information can be made available at the meeting.
14. In respect of shares held in physical mode, all shareholders are requested to intimate changes, if any, in their registered address immediately to the registrar and share transfer agent of the company and correspond with them directly regarding share transfer/transmission /transposition, Demat / Remat, change of address, issue of duplicate shares certificates, ECS and nomination facility.
15. In terms of Section 72 of the Companies Act, 2013, a member of the company may nominate a person on whom the shares held by him/her shall vest in the event of his/her death. Members desirous of availing this facility may submit nomination in prescribed Form-SH-13 to the company/RTA in case shares are held in physical form, and to their respective depository participant, if held in electronic form.
16. Electronic copy of the Annual Report for 2015-2016 is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for 2015-2016 is being sent in the permitted mode.

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17. Members may also note that the Notice of the Annual General Meeting and the Annual Report for 2015-2016 will also be available on the Company's website [www.fgisindia.com](http://www.fgisindia.com) for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the Company's investor email id: [info@fgisindia.com](mailto:info@fgisindia.com).

### 18. Voting through electronic means

Pursuant to Section 108 of the Companies Act, 2013, read with the relevant Rules of the Act, and regulation 44 of the SEBI (Listing Obligations & disclosure requirements) Regulations, 2015, the Company is pleased to provide the facility to Members to exercise their right to vote by electronic means the business may be transacted through e-Voting Services provided by Central Depository Services (India) Limited (CDSL). The Members, whose names appear in the Register of Members / list of Beneficial Owners as on 23.09.2016, are entitled to vote on the Resolutions set forth in this Notice. The e-voting period will commence at 09.00 a.m. on 27.09.2016 and will end at 05.00 p.m. on 29.09.2016. The Company has appointed Mr. S. Sarveswar Reddy, Practising Company Secretary, to act as the Scrutinizer, to scrutinize the e-voting process in a fair and transparent manner. The Members desiring to vote through remote e-voting refer to the detailed procedure given hereinafter.

The instructions for e-voting are as under:

#### **(A) In case of members receiving e-mail:**

- (i) Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
- (ii) Click on "Shareholders" tab to cast your votes.
- (iii) Now, select the Electronic Voting Sequence Number - "EVSN" along with "FOURTH GENERATION INFORMATION SYSTEMS LIMITED" from the drop down menu and click on "SUBMIT"
- (iv) Enter your User ID- For CDSL: 16 digits beneficiary ID followed by 8 Digits Client ID, Members holding shares in Physical form should enter Folio Number registered with the Company and then enter the Captcha Code as displayed and click on login.

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(v) If you are holding shares in Demat form and have already voted earlier on [www.evotingindia.com](http://www.evotingindia.com) for a voting of any Company, then your existing login id and password are to be used. If you are a first time user follow the steps given below.

(vi) Now, fill up the following details in the appropriate boxes:

	For Members holding shares in Demat Form	For Members holding shares in Physical Form
User ID	For CDSL: 16 digits beneficiary ID For NSDL: 8 Character DP ID followed by 8 Digits Client ID	Folio Number registered with the Company
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department when prompted by the system while e-voting (applicable for both demat shareholders as well as physical shareholders)	
DOB#	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.	
Dividend Bank Details#	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.	

\* Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the sequence number (available in the Address Label pasted in the cover and/or in the e-mail sent to Members) in the PAN field. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name. Eg. If your name is Mohan with sequence number 1 then enter MO00000001 in the PAN Field.

# please enter any one of the details in order to login. In case both the details are not recorded with the depository or Company, please enter the Member id/folio number in the Dividend Bank details field.

(vii) After entering these details appropriately, click on "SUBMIT" tab.

(viii) Members holding shares in physical form will then reach directly the EVSN selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password

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field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character(@ # \$ % & \*). Kindly note that this password is also to be used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Kindly note that this changed password is to be also used by the Demat holders for voting for resolutions for the Company or any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform.

- (ix) Click on the relevant EVSN on which you choose to vote.
- (x) On the voting page, you will see Resolution Description and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xi) Click on the “Resolutions File Link” if you wish to view the entire Resolutions.
- (xii) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xiii) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xiv) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xv) If Demat account holder has forgotten the same password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xvi) Shareholders can also cast their vote using CDSL’s mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (b) In case of Shareholders receiving physical copy of the Notice of AGM and Attendance Slip

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- a) Please follow all steps from sl. no. (ii) to sl. no. (xii) above, to cast vote.
  - b) Institutional shareholders (i.e., other than individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.com> and register themselves, link their account which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution and POA in favour of the Custodian who they have authorized to vote on their behalf, in PDF format in the system for the scrutinizer to verify the vote.
  - c) The voting period begins on 27.09.2016 at 9.00 A.M. and ends on 29.09.2016 at 5.00.P.M. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on 23.09.2016 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
  - d) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
19. The results shall be declared on or after the AGM. The results along with the Scrutinizer’s Report shall also be placed on the website of the Company.
  20. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date (record date) of 23.09.2016.
  21. The Register of Directors’ and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013, the Register of Contracts or arrangements in which the directors are interested under Section 189 of the Companies Act, 2013, will be available for inspection at the AGM.
  22. Relevant documents referred to in the accompanying Notice, as well as Annual Reports and Annual Accounts of the Subsidiaries Companies whose Annual Accounts have been consolidated with the Company are open for inspection at the Registered Office of the Company, during the office hours, on all working days between 10.00 A.M. to 5.00 P.M. up to the date of Annual General Meeting.

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23. The Ministry of Corporate Affairs (vide circular nos. 17/2011 18/2011 dated April 21 and April 29, 2011 respectively), has undertaken a 'Green Initiative in Corporate Governance' and allowed companies to share documents with its shareholders through an electronic mode. Members are requested to support this green initiative by registering/uploading their email addresses, in respect of shares held in dematerialized form with their respective Depository Participant and in respect of shares held in physical form with the Company's Registrar and Share Transfer Agents.

For and on behalf of the Board of Directors  
Fourth Generation Information Systems Limited

Sd/-

C. N. Somasekhara Reddy  
Managing Director (DIN: 02441810)

Place: Hyderabad  
Date: 13.08.2016

**DIRECTOR'S REPORT**

**To the Members,**

The Directors have pleasure in presenting before you the Annual Report of the Company together with the Audited Statements of Accounts for the year ended 31<sup>st</sup> March, 2016.

**1. FINANCIAL SUMMARY/HIGHLIGHTS, OPERATIONS, STATE OF AFFAIRS:**

The performance during the period ended 31st March, 2016 has been as under:

Rs. (in Lakhs)

<b>Particulars</b>	<b>2015-2016</b>	<b>2014-2015</b>
Total Income	7,10,000	9,52,381
Total Expenditure	27,29,618	1,30,70,957
Profit Before Tax	(20,19,618)	(1,21,18,576)
Provision for Tax	--	--
Profit after Tax	--	--
Transfer to General Reserves	--	--
Profit available for appropriation	--	--
Provision for Proposed Dividend	--	--
Provision for Corporate Tax	--	--
Balance Carried to Balance Sheet	(20,19,618)	(1,21,18,576)

**2. OPERATION REVIEW:**

During the year under review, the Company has recorded an income of Rs. 7,10,000 and Loss of Rs. 20,19,618 as against the income of Rs. 9,52,381 and Loss of Rs. 1,21,18,576 in the previous financial year ending 31.03.2015.

The Board is of the view that the future of the Industry is bright and expects liberal Govt. Policies

**3. CHANGE IN THE NATURE OF BUSINESS, IF ANY:**

During the period under review and the date of Board's Report there was no change in the nature of Business.

**4. PUBLIC DEPOSITS:**

The Company has not accepted any deposits falling within the meaning of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules 2014, during the financial year under review.

**5. TRANSFER TO RESERVES:**

Directors have decided not to transfer any amount to reserves for the year.

**6. DIVIDEND:**

During the year dividend was not declared.

**7. REVISION OF FINANCIAL STATEMENTS:**

There was no revision of the financial statements for the year under review.

**8. DISCLOSURES UNDER SECTION 134(3)(I) OF THE COMPANIES ACT, 2013:**

No material changes and commitments which could affect the Company's financial position have occurred between the ends of the financial year of the Company.

**9. DISCLOSURE OF INTERNAL FINANCIAL CONTROLS:**

The Internal Financial Controls with reference to financial statements as designed and implemented by the Company are adequate. During the year under review, no material or serious observation has been received from the Internal Auditors of the Company for inefficiency or inadequacy of such controls. The Company maintains appropriate system of internal control, including monitoring procedures, to ensure that all assets are safeguarded against loss from unauthorized use or disposition. Company policies, guidelines and procedures provide for adequate checks and balances, and are meant to ensure that all transactions are authorized, recorded and reported correctly.

**10. DISCLOSURE OF ORDERS PASSED BY REGULATORS OR COURTS OR TRIBUNAL:**

No orders have been passed by any Regulator or Court or Tribunal which can have impact on the going concern status and the Company's operations in future.

**11. PARTICULARS OF CONTRACTS OR ARRANGEMENT WITH RELATED PARTIES**

All contracts/arrangements/transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on arm's length basis. During the year, the Company had not entered into any contract/arrangement/transaction with related parties which could be considered material in accordance with the policy of the company on materiality of related party transactions.

**12. BOARD MEETINGS DURING THE YEAR:**

The Board of Directors duly met 4 (Four) times on 28.05.2015, 14.08.2015, 14.11.2015 & 13.02.2016 in respect of which meetings, proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.

**13. CORPORATE GOVERNANCE:**

Corporate Governance is not applicable to the company since the paid up capital and networth of the company is less than Rs.10.00 crores and Rs.25.00 crores respectively. However, the company voluntarily provides a separate section in the Annual Report titled "Report on Corporate Governance" along with the Auditors' Certificate on Corporate Governance as stipulated under Regulation 34 read with Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**14. MANAGEMENT DISCUSSION AND ANALYSIS REPORT:**

Management discussion and analysis report for the year under review as stipulated under Regulation 4(3) read with schedule V , Part B of SEBI(Listing Obligations and Disclosure Requirements), Regulations 2015 with the stock exchange in India is presented in a separate section forming part of the annual report.

**15. 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 – **Annexure I**

**16. DIRECTOR RETIRING BY ROTATION:**

As per law, two-thirds of non-executive and non independent Directors should retire by rotation. One third of these Directors are required to retire every year and if eligible, offer them for reappointment. Mr. T. Srivenkata Ramana would retire in upcoming AGM and being eligible, has offered herself for re-appointment. A brief profile of Mr. T. Srivenkata Ramana is as follows.

Sri. T. Srivenkata Ramana holds MBA degree Under his strategic direction, the supervisory board of Fourth Generation Information Systems Limited and focuses on strategic direction, corporate planning, corporate governance and regulatory aspects of running a publicly listed company. His primary focus is creating shareholder value by ensuring compliance with various aspects of the organization are adding value to stakeholders like clients, employees, partners, industry and society.

**17. APPOINTMENT OF DIRECTORS / CEO / CFO AND KEY MANAGERIAL PERSONNEL:**

During the year no Director/CEO/CFO and Key Managerial Personnel appointed.

**18. AUTHORISED AND PAID UP CAPITAL OF THE COMPANY:**

The authorized capital of the company stands at 1,29,50,00,000 /- divided into 1,29,50,000 equity shares of Rs.10/- each and The company's paid up capital at 3,55,00,00,000 divided into 35,50,000 equity shares of ` 10/- each.

**19. DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS:**

The Company has received declarations from Mr. K. Sudheer, Mr. K. Santosh Reddy, Mr. C. N. Mallikarjuna Reddy and Mr. Suneetha Indukuri, Independent directors of the company to the effect that they are meeting the criteria of independence as provided in Sub-section (6) of Section 149 of the Companies Act, 2013 and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.-

**Annexure-II**

**20. DIRECTOR'S RESPONSIBILITY STATEMENT:**

**In pursuance of section 134 (5) of the Companies Act, 2013, the Directors hereby confirm that:**

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- a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- c) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d) The Directors had prepared the annual accounts on a going concern basis; and
- e) 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) 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.

### **21. INFORMATION ABOUT THE FINANCIAL PERFORMANCE / FINANCIAL POSITION OF THE SUBSIDIARIES / ASSOCIATES:**

The Company does not have any subsidiaries/associates.

### **22. STATUTORY AUDITORS:**

M/s. M. M. Reddy & Co., Statutory Auditors of the company retires at the ensuing annual general meeting and are eligible for reappointment. As required under the provisions of Section 139 of the Companies Act, 2013, the Company has received a written consent from the auditors to their re-appointment and a certificate to the effect that their re-appointment, if made, would be in accordance with the Companies Act, 2013 and the rules framed there under and that they have satisfied the criteria provided in Section 141 of the Companies Act, 2013.

The Board recommends the re-appointment of M/s. M. M. Reddy & Co., as the statutory auditors of the Company from the conclusion of this Annual General meeting till the conclusion of the next Annual General Meeting.

**23. INTERNAL AUDITORS:**

The company has not appointed internal auditor during the financial year 2015-16

**24. SECRETARIAL AUDITOR:**

The Board had appointed M/s. S. S. Reddy & Associates, Practicing Company Secretaries, Hyderabad, having CP No.7478 to conduct Secretarial Audit for the financial year 2015-16, pursuant to the provisions of Section 204 of the Companies Act, 2013 and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The Secretarial Audit Report in Form MR – 3 for the financial year 2015-16 is enclosed herewith as Annexure A to this Report.

**25. AUDIT REPORTS:**

**(a) Statutory Auditors Report:**

The Board has duly reviewed the Statutory Auditor's Report on the Accounts for the year ended March 31, 2016 and has noted that the same does not have any reservation, qualification or adverse remarks. However, the Board decided to further strengthen the existing system and procedures to meet all kinds of challenges that may occur in the industry.

**(b) Secretarial Audit Report:**

The Board has duly reviewed the Secretarial Audit Report on the Compliances according to the provisions of section 204 of the Companies Act 2013 and noted is at the same that the company has not appointed company secretary and Internal Auditor during the year but the company is taking necessary measures to appoint the same at the earliest.

**26. CORPORATE SOCIAL RESPONSIBILITY (CSR):**

Since the company does not have the net worth of Rs. 500 Crores or more, or turnover of Rs. 1000 Crores or more, a net profit of Rs. 5 Crores or more during the financial year, section 135 of the Companies Act, 2013 relating to Corporate Social Responsibility is not applicable and hence the Company need not adopt any Corporate Social Responsibility Policy.

**27. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:**

The required information as per Sec.134 of the Companies Act 2013 is provided hereunder:

**A. Conservation of Energy:**

Your Company's operations are not energy intensive. Adequate measures have been taken to conserve energy wherever possible by using energy efficient computers and purchase of energy efficient equipment.

**B. Technology Absorption:**

1. Research and Development (R&D): NIL
2. Technology absorption, adoption and innovation: NIL

**C. Foreign Exchange Earnings and Out Go:**

Foreign Exchange Earnings: Rs. NIL

Foreign Exchange Outgo: Rs. NIL

**28. INSURANCE:**

The properties and assets of your Company are adequately insured.

**29. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:**

The company has not given loans, Guarantees or made any investments during the year under review.

**30. DISCLOSURE ABOUT COST AUDIT:**

Cost Audit is not applicable to the Company.

**31. RATIO OF REMUNERATION TO EACH DIRECTOR:**

Under section 197(12) of the Companies Act, 2013, and Rule 5(1)(2) & (3) of the Companies(Appointment & Remuneration) Rules, 2014, no remuneration has been paid to any of the Directors of the Company for the financial year 2015-16.

**32. NON-EXECUTIVE DIRECTORS' COMPENSATION AND DISCLOSURES:**

None of the Independent / Non-Executive Directors has any pecuniary relationship or transactions with the Company which in the Judgment of the Board may affect the independence of the Directors.

**33. INDUSTRY BASED DISCLOSURES AS MANDATED BY THE RESPECTIVE LAWS GOVERNING THE COMPANY:**

The Company is not a NBFC, Housing Companies etc., and hence Industry based disclosures is not required.

### 34. SECRETARIAL STANDARDS:

The company is in compliance with Secretarial Standards issued by The Institute of Company Secretaries of India on Meetings of the Board of Directors and General Meeting.

### 35. EVENT BASED DISCLOSURES:

During the year under review, the Company has not taken up any of the following activities:

- 1. Issue of sweat equity share:** The Company has not issued any sweat equity shares during the year under review and hence no information as per provisions of Section 54(1)(d) of the Act read with Rule 8(13) of the Companies (Share Capital and Debenture) Rules, 2014.
- 2. Issue of shares with differential rights:** The Company has not issued any shares with differential rights and hence no information as per provisions of Section 43(a)(ii) of the Act read with Rule 4(4) of the Companies (Share Capital and Debenture) Rules, 2014.
- 3. Issue of shares under employee's stock option scheme:** The Company has not issued any equity shares under Employees Stock Option Scheme during the year under review and hence no information as per provisions of Section 62(1)(b) of the Act read with Rule 12(9) of the Companies (Share Capital and Debenture) Rules, 2014
- 4. Non- Exercising of voting rights :** During the year under review, there were no instances of non-exercising of voting rights in respect of shares purchased directly by employees under a scheme pursuant to Section 67(3) of the Act read with Rule 16(4) of Companies (Share Capital and Debentures) Rules, 2014.
- 5. Disclosure on purchase by company or giving of loans by it for purchase of its shares:** The Company did not purchase or give any loans for purchase of its shares.
- 6. Buy back shares:** The company did not buy-back any shares during the period under review.
- 7. Disclosure about revision:** Since the company did not undergo any revision, this clause is Not Applicable to the company for the period under review.
- 8. Preferential Allotment of Shares:** The Company did not allot any shares on preferential basis during the period under review.

### 36. EMPLOYEE RELATIONS AND REMUNERATION:

Your Directors are pleased to record their sincere appreciation of the contribution by the staff at all levels in the improved performance of the Company.

## Fourth Generation Information Systems Limited

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None of the employees is drawing Rs. 8,50,000/- and above per month or Rs.1,02,00,000/- and above in aggregate per annum, the limits prescribed under Section 197(12) of Companies Act 2013 read with Rule 5 of Companies(Appointment & Remuneration Of Managerial Personnel) Rules, 2014.

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

The Company has in place a Sexual Harassment Policy in compliance with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Company always endeavors to create and provide an environment that is free from discrimination and harassment including sexual harassment. The Internal Complaints Committee (ICC) has been set up to redress complaints regarding sexual harassment, if any.

The Directors further state that during the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

### **38. APPRECIATION & ACKNOWLEDGEMENT:**

Your company satisfactorily outperformed the industry in this challenging year and continues to maintain its leadership position. It has been surpassing all the international quality and cost benchmarks and continues to build shareholder value. Your Director looks to the future with confidence.

Your Directors place on record their appreciation for the overwhelming co-operation and assistance received from the investors, customers, business associates, bankers, vendors, as well as regulatory and governmental authorities. Your Directors also thanks the employees at all levels, who through their dedication, co-operation, support and smart work have enabled the company to achieve a moderate growth and is determined to poise a rapid and remarkable growth in the year to come.

For and on behalf of the Board of Directors  
Fourth Generation Information Systems Limited

Sd/-

C. N. Somasekhara Reddy  
Managing Director (DIN: 02441810)

Sd/-

T. SrivenkataRamana  
Executive Director & CFO (DIN: 03195303)

Place: Hyderabad  
Date: 13.08.2016

## **Fourth Generation Information Systems Limited**

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### **CERTIFICATE OF COMPLIANCE WITH THE CODE OF CONDUCT POLICY:**

As provided under clause 17 (5) (a) of the SEBI (LODR) Regulation 2015 all Board Members and the Senior Management personnel have confirmed compliance with the Business Ethics and Code of Conduct for the year ended on March 31, 2016.

For and on behalf of the Board of Directors  
Fourth Generation Information Systems Limited

Place: Hyderabad  
Date: 13.08.2016

Sd/-  
C. N. Somasekhara Reddy  
Managing Director (DIN: 02441810)

### CORPORATE GOVERNANCE

Corporate Governance is not applicable to the company as its paid up-equity capital and net worth does not exceed Rs. 10 crores and Rs. 25 crores respectively. However, the company voluntarily complies with Corporate Governance as a good governance measure to keep the stakeholders informed about the company.

In accordance with Regulation 34 (3) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the report containing the details of Corporate Governance systems and processes at Fourth Generation Information Systems Limited as follows:

#### 1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

The Corporate Governance Structure in the Company assigns responsibilities and entrusts authority among different participants in the organization viz. the Board of Directors, the Senior Management, Employees, etc. The Company believes that good Corporate Governance is a continuous process and strives to improve the Corporate Governance practices to meet shareholder's expectations.

#### 2. BOARD DIVERSITY:

The Company recognizes and embraces the importance of a diverse board in its success. We believe that a truly diverse board will leverage differences in thought, perspective, knowledge, skill, regional and industry experience, cultural and geographical background, age, ethnicity, race and gender, which will help us, retain our competitive advantage. The Board has adopted the Board Diversity Policy which sets out the approach to diversity of the Board of Directors. The Board Diversity Policy is available on our website, [www.fgisindia.com](http://www.fgisindia.com).

#### 3. BOARD EVALUATION:

SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, mandates that the Board shall monitor and review the Board evaluation framework. The framework includes the evaluation of directors on various parameters such as:

- Board dynamics and relationships
- Information flows
- Decision-making
- Relationship with stakeholders
- Company performance and strategy
- Tracking Board and committees' effectiveness
- Peer evaluation

The Companies Act, 2013 states that a formal annual evaluation needs to be made by the Board of its own performance and that of its committees and individual directors. Schedule IV of the Companies Act, 2013 states that the performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.

The evaluation of all the directors and the Board as a whole was conducted based on the criteria and framework adopted by the Board. The evaluation process has been explained in the corporate governance report. The Board approved the evaluation results as collated by the nomination and remuneration committee.

#### **4. LISTING AGREEMENT:**

The Securities and Exchange Board of India (SEBI), on September 2, 2015, issued SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with an aim to consolidate and streamline the provisions of the Listing Agreement for different segments of capital markets to ensure better enforceability. The said regulations were effective from December 1, 2015. The Company entered into fresh Listing Agreement with BSE Limited and Ahmedabad Stock Exchange Limited.

#### **5. COMPLIANCE WITH SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015:**

In compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Company has signed uniform listing agreement with BSE Limited and Ahmedabad Stock Exchange Limited and framed the following policies which are available on Company's website i.e. [www.fgisindia.com](http://www.fgisindia.com).

- Board Diversity Policy
- Policy on preservation of Documents
- Risk Management Policy
- Whistle Blower Policy
- Familiarization programme for Independent Directors
- Related Party Policy
- Code of Conduct for Board of Directors and Senior Management Personnel

### **6. FAMILIARIZATION PROGRAM FOR INDEPENDENT DIRECTORS:**

All new independent directors inducted into the Board attend an orientation program. The details of training and familiarization program are provided in the corporate governance report. Further, at the time of the appointment of an independent director, the Company issues a formal letter of appointment outlining his / her role, functions, duties and responsibilities.

### **7. “FOURTH GENERATION ” CODE OF CONDUCT FOR THE PREVENTION OF INSIDER TRADING:**

The Board of Directors has adopted the Insider Trading Policy in accordance with the requirements of the SEBI (Prohibition of Insider Trading) Regulation, 2015. The Insider Trading Policy of the Company lays down guidelines and procedures to be followed, and disclosures to be made while dealing with shares of the Company. The policy has been formulated to regulate, monitor and ensure reporting of deals by employees and to maintain the highest ethical standards of dealing in Company securities.

The Insider Trading Policy of the Company covering code of practices and procedures for fair disclosure of unpublished price sensitive information and code of conduct for the prevention of insider trading, is available on our website [www.fgisindia.com](http://www.fgisindia.com)

### **8. BOARD OF DIRECTORS**

The primary role of the Board is that of trusteeship to protect and enhance shareholder value through strategic supervision of the company.

As trustees, the Board has a fiduciary responsibility towards all the shareholders and ensures that the company has clear goals aligned to shareholder value and its growth. The Board sets strategic goals and seeks accountability for their fulfillment. The Board also provides direction and exercises appropriate control to ensure that the Company is managed in a manner that fulfils all stakeholders' aspirations and societal expectations. The Board, as part and parcel of its functioning, also periodically reviews its role.

### **8. COMPOSITION OF THE BOARD:**

The composition of the Board of Directors of the company is an appropriate combination of executive and non-executive Directors with right element of independence. As on March 31, 2016, the Company's Board comprised of six Directors, One promoter managing Director and

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## Fourth Generation Information Systems Limited

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One Executive Director Cum CFO. In addition, there are four independent Directors on the Board including women director. In terms of clause 17(1) (b) of SEBI (LODR) Regulations, 2015, the company is required to have one half of total Directors as independent Directors. The non-executive Directors are appointed or re-appointed based on the recommendation of the Nomination & Remuneration Committee which considers their overall experience, expertise and industry knowledge. One third of the non-executive Directors other than independent Directors, are liable to retire by rotation every year and are eligible for reappointment, subject to approval by the shareholders.

### 9. NUMBER OF BOARD MEETINGS:

The Board of Directors met four (4) times during the financial year, on May 28, August 14, and November 14 in 2015 and February 13 in 2016. The maximum time gap between any two meetings was less than four months. The agenda for each meeting is prepared well in advance, along with explanatory notes wherever required and distributed to all Directors.

### 10. ATTENDANCE AND DIRECTORSHIPS HELD:

As mandated by the SEBI (LODR) Regulations, 2015, none of the Directors are members of more than ten Board-level committees nor are they chairman of more than five committees in which they are members. Further all the Directors have confirmed that they do not serve as an independent director in more than seven listed companies or where they are whole-time directors in any listed company, and then they do not serve as independent director in more than three listed companies.

The names and categories of the Directors on the Board, their attendance at Board meeting during the year and at last Annual General Meeting, as also the number of Directorships and Committee memberships held by them in other companies are shown in **Table 1**.

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Table-1

Name of Director	Relationship with other Directors	Category	No. of Meetings Held	No. of Meetings Attended	Whether Attended Last AGM	No. of Outside Directorships of Public Companies	No. of Committee Memberships	No. of Committee Chairmanships
Mr. C. N. Somasekhar Reddy	None	P & E D	4	4	Yes	-	-	-
Mr. T. Srivenkata Ramana	None	E D	4	4	Yes	-	-	-
Mr. K. Sudheer	None	ID& NED	4	4	Yes	-	-	-
Mr. K. Santosh Reddy	None	ID& NED	4	4	Yes	-	-	-
Mr. C. N. Mallikarjuna Reddy	None	ID& NED	4	4	Yes	-	-	-
Mr. Suneetha Indukuri	None	ID& NED	4	4	Yes	-	-	-

### 11. INFORMATION SUPPLIED TO THE BOARD:

The Board has complete access to all information of the Company and is regularly provided advanced detailed information as a part of the agenda papers or is tabled therein. In addition, detailed quarterly performance report by the Managing Director is presented in the quarterly Board meeting, encompassing all facets of the Company's operations during the quarter, including update of key projects, outlook and matters relating to environment, health & safety, corporate social responsibility etc. The following information is provided to the Board as a part of the agenda papers:

- Annual and Quarterly financial statements for the Company and the Accounting Policy
- Minutes of the meetings of the Audit Committee and other Committees of the Board
- Annual business plan
- Information on recruitment and remuneration of senior officers just below the level of Board, including the appointment or removal of Chief Financial Officer and Company Secretary, whenever required
- Expansion projects and its status monitoring
- Fatal or serious accidents, injuries or any material environmental problems, if any

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## Fourth Generation Information Systems Limited

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- Any material default in financial obligations to and by the Company, or substantial non-payment for goods sold by the Company, if any
- Significant labour problems and their proposed solutions, whenever necessary
- Any significant development in human resources / industrial relations including long-term wage agreement, major voluntary retirement scheme, etc.
- Quarterly details of foreign exchange exposures and the steps taken by the management to limit the risks of adverse exchange rate movement, if material
- Quarterly disclosure of all the investments made
- Material non-compliance of any regulatory, statutory nature or listing requirements and shareholders service, such as non-payment of dividend, delay in share transfer and others, if any
- Quarterly review of compliance status under various laws applicable to the Company
- Substantial non-payment of goods sold by the Company except disputes
- Related Party Transactions, if they are not at arm's length and in the ordinary course of business
- Half-yearly summary of bank guarantees issued.
- All other matters required to be placed before the Board for its review / information / approval under the statutes, including SEBI ( Listing Obligations and Disclosure Requirements) Regulations, 2015.

### **12. FAMILIARIZATION PROGRAM FOR INDEPENDENT DIRECTORS:**

The Board members are provided with necessary documents, reports, internal policies and site visits to enable them to familiarise with the Company's operations, its procedures and practices. Periodic presentations are made at the Board and Board Committee Meetings, on business and performance updates of the Company business, strategy and risks involved. Detailed presentations on the Company's business segments were made at the meetings of the Directors held during the year. Details of the same are available on [www.fgisindia.com](http://www.fgisindia.com).

### **13. COMMITTEES OF THE BOARD:**

The Company has four Board-level Committees - Audit Committee, Stakeholder Relationship Committee, Nomination & Remuneration Committee and Risk Management Committee.

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## Fourth Generation Information Systems Limited

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All decisions pertaining to the constitution of Committees, appointment of members and fixing of terms of service for Committee members are taken by the Board of Directors. Details on the role and composition of these Committees, including the number of meetings held during the financial year and the related attendance, are provided below:

### 14. AUDIT COMMITTEE:

#### A. BRIEF DESCRIPTION OF TERMS OF REFERENCE:

- Overview of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements reflect a true and fair position and that sufficient and credible information is disclosed.
- Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services.
- Discussion with external auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- Reviewing the financial statements and draft audit report including quarterly / half yearly financial information.
- Reviewing with management the annual financial statements before submission to the Board, focusing on:
  - a. Any changes in accounting policies and practices;
  - b. Qualification in draft audit report;
  - c. Significant adjustments arising out of audit;
  - d. The going concern concept;
  - e. Compliance with accounting standards;
  - f. Compliance with stock exchange and legal requirements concerning financial statements and
  - g. Any related party transactions
- Reviewing the company's financial and risk management's policies.
- Disclosure of contingent liabilities.
- Reviewing with management, external and internal auditors, the adequacy of internal control systems.
- Reviewing the adequacy of internal audit function, including the audit character, the structure of the internal audit department, approval of the

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audit plan and its execution, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.

- Discussion with internal auditors of any significant findings and follow-up thereon.
- Reviewing the findings of any internal investigations by the internal auditors into the matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Looking into the reasons for substantial defaults in payments to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- Reviewing compliances as regards the Company's Whistle Blower Policy.

### B. COMPOSITION, MEETINGS & ATTENDANCE:

There were four (4) Audit Committee Meetings held during the year on 29.05.2015, 08.08.2015, 03.11.2015 and 12.02.2016.

Name	Designation	Category	No. of meetings held	No. of meeting attended
Mr. C. N. Mallikarjuna Reddy	Chairman	NED (I)	4	4
Mr. T. SrivenkataRamana	Member	NED (I)	4	4
Mr. K. Santosh Reddy	Member	NED (I)	4	4

**NED (I)** : Non Executive Independent Director

### 15. NOMINATION AND REMUNERATION COMMITTEE:

The Committee comprises of three independent Directors

#### A. 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

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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.

### **B. COMPOSITION OF THE COMMITTEE, MEETINGS AND ATTENDANCE DURING THE YEAR:**

Name	Designation	Category	No. of meetings held	No. of meeting attended
Mr. C. N. Mallikarjuna Reddy	Chairman	NED (I)	-	-
Mr. K Sudheer	Member	NED (I)	-	-
Mr. K. Santosh Reddy	Member	NED (I)	-	-

**NED (I)** : Non Executive Independent Director

### **16. PERFORMANCE EVALUATION CRITERIA FOR INDEPENDENT DIRECTORS:**

The Nomination & Remuneration Committee shall evaluate each individual with the objective of having a group that best enables the success of the company's business.

### **POLICY FOR SELECTION OF DIRECTORS AND DETERMINING DIRECTORS' INDEPENDENCE:**

#### **1. Scope:**

This policy sets out the guiding principles for the Nomination & Remuneration Committee for identifying persons who are qualified to

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become Directors and to determine the independence of Directors, in case of their appointment as independent Directors of the Company.

### 2. Terms and References:

- 2.1 **“Director”** means a director appointed to the Board of a Company.
- 2.2 **“Nomination and Remuneration Committee** means the committee constituted in accordance with the provisions of Section 178 of the Companies Act, 2013, clause 49 of the Equity Listing Agreement and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- 2.3 **“Independent Director”** means a director referred to in sub-section (6) of Section 149 of the Companies Act, 2013, Clause 49(II)(B) of the Equity Listing Agreement and Regulation 16 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### 3. Policy:

Qualifications and criteria

- 3.1.1 The Nomination and Remuneration Committee, and the Board, shall review on annual basis, appropriate skills, knowledge and experience required of the Board as a whole and its individual members. The objective is to have a board with diverse background and experience that are relevant for the Company's operations.
- 3.1.2 In evaluating the suitability of individual Board member the NR Committee may take into account factors, such as:
- General understanding of the company's business dynamics, global business and social perspective;
  - Educational and professional background
  - Standing in the profession;
  - Personal and professional ethics, integrity and values;
  - Willingness to devote sufficient time and energy in carrying out their duties and responsibilities effectively.
- 3.1.3 The proposed appointee shall also fulfill the following requirements:
- shall possess a Director Identification Number;
  - shall not be disqualified under the companies Act, 2013;
  - shall Endeavour to attend all Board Meeting and Wherever he is appointed as a Committee Member, the Committee Meeting;
  - shall abide by the code of Conduct established by the company for Directors and senior Management personnel;

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- shall disclose his concern or interest in any company or companies or bodies corporate, firms, or other association of individuals including his shareholding at the first meeting of the Board in every financial year and thereafter whenever there is a change in the disclosures already made;
- Such other requirements as may be prescribed, from time to time, under the companies Act, 2013, Equity listing Agreements, Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. and other relevant laws.

3.1.4 The Nomination & Remuneration Committee shall evaluate each individual with the objective of having a group that best enables the success of the company's business.

### 3.2 Criteria of independence

3.2.1 The Nomination & Remuneration Committee shall assess the independence of Directors at time of appointment/ re-appointment and the Board shall assess the same annually. The Board shall re-assess determinations of independence when any new interest or relationships are disclosed by a Director.

3.2.2 The criteria of independence shall be in accordance with the guidelines as laid down in Companies Act, 2013, Clause 49 of the Equity Listing Agreement and Regulation 16 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

An independent director in relation to a company, means a director other than a managing director or a whole-time director or a nominee director-

- a. who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;
- b. (i) who is or was not a promoters of the company or its holding, subsidiary or associate company;  
(ii) who is not related to promoters or directors of the company its holding, subsidiary or associate company
- c. who has or had no pecuniary relationship with the company, its holding, subsidiary or associate company, or their promoters, or director, during the two immediately preceding financial year or during the current financial year;
- d. none of whose relative has or had pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two per cent or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial year or during the current finance year;

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- e. who, neither himself nor any of his relative-
    - (i) Holds or has held the position of a key managerial personnel or is or has been employee of the or associate company in any of the three finance years immediately preceding the finance year in which he is proposed to be appointed;
    - (ii) Is or has been an employee or proprietor or a partner, in any of the three finance year immediately preceding the financial year in which he is proposed to be appointed of-
      - (A) a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or
      - (B) any legal or a consulting firm that has or had any transaction with the company, its holding subsidiary or associate company amounting to ten per cent or more of the gross turnover of more of the gross turnover of such firm;
    - (i) holds together with his relatives two per cent or more of the total voting power of the company; or
    - (ii) is a chief Executive or director, by whatever name called, of any non-profit organization that receives twenty-five per cent or more of its receipt from the company any of its promoters , directors or its holding subsidiary or associate company or that holds two per cent or more of the total voting power of the company; or
    - (iii) is a material supplier, service provider or customer or a lesser or lessee of the company.
  - f. Shall possess appropriate skills experience and knowledge in one or more field of finance, law management, sales, marketing administration, research, corporate governance, technical operations, corporate social responsibility or this disciplines related to the company's business.
  - g. Shall possess such other qualifications as may be prescribed from time to time, under the Companies Act, 2013.
  - h. who is not less than 21 years of age
- 3.2.3 The independent Director shall abide by the “code for independent Directors “as specified in Schedule IV to the companies Act, 2013.
- 3.3 other directorships/ committee memberships
- 3.3.1 The Board members are expected to have adequate time and expertise and experience to contribute to effective Board performance Accordingly, members should voluntarily limit their directorships in other listed public limited companies in such a way that it does not

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interfere with their role as director of the company. The NR Committee shall take into account the nature of, and the time involved in a director service on other Boards, in evaluating the suitability of the individual Director and making its recommendations to the Board.

- 3.3.2 A Director shall not serve as director in more than 20 companies of which not more than 10 shall be public limited companies.
- 3.3.3 A Director shall not serve as an independent Director in more than 7 listed companies and not more than 3 listed companies in case he is serving as a whole-time Director in any listed company.
- 3.3.4 A Director shall not be a member in more than 10 committee or act as chairman of more than 5 committee across all companies in which he holds directorships.

For the purpose of considering the limit of the committees, Audit committee and stakeholders relationship committee of all public limited companies, whether listed or not, shall be included and all other companies including private limited companies, foreign companies and companies under section 8 of the companies Act, 2013 shall be excluded.

### 17. STAKEHOLDERS RELATIONSHIP COMMITTEE:

- i. The stakeholders' relationship committee is constituted in line with the provisions of Regulation 20 of SEBI Listing Regulations read with section 178 of the Act.
- ii. The broad terms of reference of the stakeholders' relationship committee are as under:
  - Consider and resolve the grievances of security holders of the Company including redressal of investor complaints such as transfer or credit of securities, non-receipt of dividend / notice / annual reports, etc. and all other securities-holders related matters.
  - Consider and approve issue of share certificates (including issue of renewed or duplicate share certificates), transfer and transmission of securities, etc.
  - The composition of the stakeholders' relationship committee and the details of meetings attended by its members are given below:

**There were four (4) stakeholders' relationship committee Meetings held during the year on 29.05.2015, 08.08.2015, 03.11.2015 and 12.02.2016.**

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### A) COMPOSITION:

The Details of composition of the Committee are given below:

Name	Designation	Category	No. of meetings held	No. of meeting attended
Mr. C. N. Mallikarjuna Reddy	Chairman	NED (I)	4	4
Mr. K Sudheer	Member	NED (I)	4	4
Mr. K. Santosh Reddy	Member	NED (I)	4	4

**NED (I)** : Non Executive Independent Director

### 18. NAME AND DESIGNATION OF COMPLIANCE OFFICER

Mr. C. N. Somasekhara Reddy, Managing Director of the company, is the compliance officer of the Company.

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

INVESTOR COMPLAINTS	
Particulars	Year ended 31.03.2016
Pending at the beginning of the year	NIL
Received during the year	NIL
Disposed of during the year	NIL
Remaining unresolved at the end of the year	NIL

### 20. REMUNERATION OF DIRECTORS:

**A. PECUNIARY RELATIONSHIP OR TRANSACTIONS OF THE NON-EXECUTIVE DIRECTORS VIS-À-VIS THE LISTED COMPANY:** The Non- Executive Directors have no pecuniary relationship or transactions.

**B. CRITERIA FOR MAKING PAYMENTS TO NON-EXECUTIVE DIRECTORS:** As per the remuneration policy of the company.

**C. REMUNERATION TO DIRECTORS PAID DURING THE FINANCIAL YEAR 2015-16 AND OTHER DISCLOSURES:**

## Fourth Generation Information Systems Limited

Name of the Director	Salary(Rs)	Sitting fees(Rs)	Number of shares held	Service Contracts	Stock Option Details	Fixed Component	Performance Based Incentive
Mr. C. N. Somasekhar Reddy	-	-	4,50,038	-	-	-	-
Mr.T. Srivenkata Ramana	-	-	211,001	-	-	-	-
Mr. K. Sudheer	-	-	-	-	-	-	-
Mr. K. Santosh Reddy	-	-	-	-	-	-	-
Mr. C. N. Mallikarjuna Reddy	-	-	-	-	-	-	-
Mr. Suneetha Indukuri	-	-	-	-	-	-	-

### 21. 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 14.03.2016, and discuss the following:

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 business.

### 22. FORMAL ANNUAL EVALUATION:

As per section 149 of the Companies Act, 2013 read with clause VII (1) of the schedule IV and rules made thereunder, the independent

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directors of the company had a meeting on 14/03/2016 without attendance of non-independent directors and members of management. In the meeting the following issues were taken up:

- (a) Review of the performance of non-independent directors and the Board as a whole;
- (b) Review of the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;
- (c) Assessing the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

The meeting also reviewed and evaluated the performance of non-independent directors. The company has 2 non-independent directors namely:

1. Mr. C. N. Somasekhar Reddy
2. Mr. T. Srivenkata Ramana

The meeting recognized the significant contribution made by Mr. C. N. Somasekhar Reddy directing the Company towards the success path and placing the Company globally.

The meeting also reviewed and evaluated the performance of the Board as whole in terms of the following aspects:

- Preparedness for Board/Committee meetings
- Attendance at the Board/Committee meetings
- Guidance on corporate strategy, risk policy, corporate performance and overseeing acquisitions and disinvestments.
- Monitoring the effectiveness of the company's governance practices
- Ensuring a transparent board nomination process with the diversity of experience, knowledge, perspectivity in the Board.
- Ensuring the integrity of the company's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for financial and operational control and compliance with the law and relevant standards.

It was noted that the Board Meetings have been conducted with the issuance of proper notice and circulation of the agenda of the meeting with the relevant notes thereon.

**23. REMUNERATION POLICY:**

The objectives of the remuneration policy are to motivate Directors to excel in their performance, recognize their contribution and retain talent in the organization and reward merit.

The remuneration levels are governed by industry pattern, qualifications and experience of the Directors, responsibilities should and individual performance.

**Remuneration policy for Directors, key managerial personnel and other employees**

**1. Scope:**

- 1.1 This policy sets out the guiding principles for the Nomination and Remuneration committee for recommending to the Board the remuneration of the directors, key managerial personnel and other employees of the company.

**2. Terms and Reference:**

In this policy the following terms shall have the following meanings:

- 2.1 **“Director”** means a director appointed to the Board of the company.
- 2.2 **“key managerial personnel”** means
- (i) The Chief Executive Officer or the managing director or the manager;
  - (ii) The Company Secretary;
  - (iii) The Whole-time Director;
  - (iv) The Chief Financial Officer; and
  - (v) Such other office as may be prescribed under the companies Act, 2013
- 2.3 **“Nomination and Remuneration committee”** means the committee constituted by Board in accordance with the provisions of section 178 of the companies Act, 2013, clause 49 of the Equity Listing Agreement and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**3. Policy:**

- 3.1 Remuneration to Executive Directors and key managerial personnel

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## Fourth Generation Information Systems Limited

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- 3.1.1 The Board on the recommendation of the Nomination and Remuneration (NR) committee shall review and approve the remuneration payable to the Executive Director of the company within the overall limit approved by the shareholders.
- 3.1.2 The Board on the recommendation of the NR committee shall also review and approve the remuneration payable to the key managerial personnel of the company.
- 3.1.3 The remuneration structure to the Executive Directors and key managerial personnel shall include the following components:
- (i) Basic pay
  - (ii) Perquisites and Allowances
  - (iii) Stock Options
  - (iv) Commission (Applicable in case of Executive Directors)
  - (v) Retrial benefits
  - (vi) Annual performance Bonus
- 3.1.4 The Annual plan and Objectives for Executive committee shall be reviewed by the NR committee and Annual performance bonus will be approved by the committee based on the achievement against the Annual plan and Objectives.
- 3.2 Remuneration to Non – Executive Directors**
- 3.2.1 The Board, on the recommendation of the NR Committee, shall review and approve the remuneration payable to the Non – Executive Directors of the Company within the overall limits approved by the shareholders as per the provisions of the Companies Act.
- 3.2.2 Non – Executive Directors shall be entitled to sitting fees attending the meetings of the Board and the Committees thereof. The Non-Executive Directors shall also be entitled to profit related commission in addition to the sitting fees.
- 3.3 Remuneration to other employees**
- 3.3.1. Employees shall be assigned grades according to their qualifications and work experience, competencies as well as their roles and responsibilities in the organization. Individual remuneration shall be determined within the appropriate grade and shall be based on various factors such as job profile, skill set, seniority, experience and prevailing remuneration levels for equivalent jobs.

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## Fourth Generation Information Systems Limited

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### 24. RISK MANAGEMENT COMMITTEE:

#### A.) COMPOSITION:

The Details of composition of the Committee are given below:

Name	Designation	Category
Mr. Santosh Reddy	Chairperson	NED(I)
Mr. K. Sudheer	Member	NED(I)
Mr. Suneetha Indukuri	Member	ED

**NED (I)** : Non Executive Independent Director

**ED** : Executive Director

#### B) ROLE AND RESPONSIBILITIES OF THE COMMITTEE INCLUDES THE FOLLOWING:

- Framing of Risk Management Plan and Policy
- Overseeing implementation of Risk Management Plan and Policy
- Monitoring of Risk Management Plan and Policy
- Validating the process of risk management
- Validating the procedure for Risk minimisation.
- Periodically reviewing and evaluating the Risk Management Policy and practices with respect to risk assessment and risk management processes.
- Continually obtaining reasonable assurance from management that all known and emerging risks have been identified and mitigated or managed.

### 25. DETAILS ON GENERAL BODY MEETINGS:

#### A. LOCATION, DATE AND TIME OF LAST THREE AGMS AND SPECIAL RESOLUTIONS THERE AT AS UNDER:

## Fourth Generation Information Systems Limited

Financial Year	Date	Time	Location	Special / Ordinary Resolution
2014-15	30.09.2015	11:00 AM	1st Floor, Society Complex, MLA'S Colony, Road No.12, Banjara Hills, Hyderabad - 500034, Telangana	<ol style="list-style-type: none"> <li>1. Appointment of Mrs. Suneetha indukari as an independent director</li> <li>2. Change in the name of the company:</li> <li>3. Amendment of Articles of Association of the company:</li> </ol>
2013-14	30.09.2014	11:30 AM	1st Floor, Society Complex, MLA'S Colony, Road No.12, Banjara Hills, Hyderabad - 500034, Telangana	<ol style="list-style-type: none"> <li>1. Appointment of Mr. K. Sudheer (holding DIN 01695664) as an Independent Director of the Company.</li> <li>2 Appointment of Mr. K. Santosh Reddy (holding DIN 02958418) as an Independent Director of the Company company</li> <li>3. Appointment of Mr. C. N. Mallikarjuna Reddy (holding DIN 03094077) as an Independent Director of the Company company</li> <li>4. Amendment of Articles of Association of the Company</li> </ol>
2012-13	28.09.2013	11:00 AM	1st Floor, Society Complex, MLA'S Colony, Road No.12, Banjara Hills, Hyderabad - 500034, Telangana	<ol style="list-style-type: none"> <li>1. Voluntary delisting of securities from Ahmedabad Stock Exchange Limited:</li> </ol>

### **B. P ASSING OF RESOLUTIONS BY POSTAL BALLOT:**

There were no resolutions passed by the Company through Postal Ballot during the financial year 2015-16.

### **26. MEANS OF COMMUNICATION:**

The quarterly, half-yearly and yearly financial results will be sent to the Stock Exchanges immediately after the Board approves the same and these results will also be published in prominent daily newspapers. These financial statements, press releases are also posted on the

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## Fourth Generation Information Systems Limited

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Company's website, at [www.fgisindia.com](http://www.fgisindia.com) As the financial performance of the Company is well published, individual communication of half yearly results are not sent to the shareholders.

### 27. GENERAL SHAREHOLDER INFORMATION:

#### A. ANNUAL GENERAL MEETING:

**Day, Date and Time: Friday, 30<sup>th</sup> September, 2016 at 9.00 a.m**

**Venue:** 1st Floor, Society Complex, MLA'S Colony, Road No.12, Banjara Hills, Hyderabad - 500034, Telangana

#### B) FINANCIAL YEAR AND FINANCIAL YEAR CALENDAR 2016-17 (TENTATIVE SCHEDULE)

Financial year to which the Annual General Meeting relates: 2015-16

Financial calendar: 2016-17 (tentative)

Adoption of Quarterly results for the Quarter ending

- 30th June, 2016 : 10.08.2016 declared
- 30th September, 2016 : on or before 14.11.2016
- 31st December, 2016 : on or before 14.02.2017
- 31st March, 2017 : on or before 30.05.2017

Annual General Meeting (Next year): September, 2017

#### C) DIVIDEND PAYMENT DATE: Dividend was not declared during the Financial Year 2015-16

#### D) NAME AND ADDRESS OF EACH STOCK EXCHANGE WHERE THE COMPANIES SECURITIES ARE LISTED:

**EXCHANGES:** BSE LIMITED, P.J. Towers, Dalal Street, Mumbai- 400001.  
Ahmedabad Stock Exchange Limited.

#### E) STOCK CODE:

**EXCHANGE: BSE LIMITED CODE: 4THGEN**

#### F) STOCK MARKET PRICE DATA:

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## Fourth Generation Information Systems Limited

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Month	High	Low
April'15	3.41	2.87
May'15	3.55	3.07
June'15	3.05	2.15
July'15	2.78	2.09
Aug'15	3.50	2.66
Sept'15	3.78	3.35
Oct'15	3.96	3.35
Nov'15	4.32	3.35
Dec'15	5.61	4.53
Jan'16	7.02	5.65
Feb'16	6.34	5.70
Mar'16	5.70	5.42

**G) IN CASE SECURITIES ARE SUSPENDED FROM TRADING :**

The securities are not suspended from trading on any of the stock exchanges.

**H) REGISTRAR AND SHARE TRANSFER AGENTS:**

Bigshare Services Pvt Limited  
306, Right Wing, 3rd Floor,  
Amrutha Ville, Opp. Yashoda Hospital  
Somajiguda, Rajbhavan Road,  
Hyderabad 500082, Telangana  
URL: [www.bigshareonline.com](http://www.bigshareonline.com)  
E- mail: [info@bigshareonline.com](mailto:info@bigshareonline.com)

**I) SHARE TRANSFER SYSTEM:**

The Transfer of Shares is affected by the Registrars after necessary approval of the Board/Share Transfer Committee. Transfer generally takes 1-2 weeks.

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## Fourth Generation Information Systems Limited

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### J) DEMATERIALISATION & LIQUIDITY OF SHARES:

Trading in Company's shares is permitted only in dematerialized form for all investors. The ISIN allotted to the Company's scrip is INE463B01036 in BSE. Investors are therefore advised to open a demat account with a Depository participant of their choice to trade in dematerialized form.

Particulars	No. of Shares	% Share Capital
NSDL	13,65,050	38.45
CDSL	12,52,383	35.28
PHYSICAL	9,32,567	26.27
Total	35,50,000	100.00

**ADDRESS FOR CORRESPONDENCE:** 1st Floor, Society Complex, MLA'S Colony, Road No.12,Banjara Hills, Hyderabad-500034,Tel: 040 – 23373949.

**M) BOOK CLOSURE DATE:** 24.09.2016 to 30.09.2016 (both days inclusive)

### N) LISTING FEES:

The equity shares of the Company are listed on BSE Ltd and ASE Ltd. The Company has paid the listing fees for the year 2015-16 to BSE Limited and ASE Limited.

**O) ELECTRONIC CONNECTIVITY:** The Company has demat connectivity with both NSDL and CDSL. The ISIN is INE739B01039.

## Fourth Generation Information Systems Limited

### P) SHAREHOLDING PATTERN AS ON 31ST MARCH, 2016:

S. No	Category	No. of shares held	Percentage of shareholding
A	Shareholding of Promoter and Promoter group	-	-
1.	Indian	-	-
	Individual	12,84,038	36.17
2.	Foreign	-	-
	Individual	-	-
	Sub-Total A	12,84,038	36.17
B	Public Shareholding	-	-
1.	Institutions	-	-
2.	Non Institutions	-	-
	a. Bodies Corporate	57549	1.62
	b. Indian Public and others	2201158	62.00
	c.NRI	5312	0.16
	d. Clearing Members	1943	0.05
	Sub Total B	2265962	63.83
	Grand Total (A+B)	35,50,000	100.00

### 18. OTHER DISCLOSURES

#### A. MATERIALLY SIGNIFICANT RELATED PARTY TRANSACTIONS:

During the year under review, the Company had not entered in to any materially significant transaction with any related party .Remuneration paid (if any) to directors is well within the limits of Section 197 read with Schedule V of Companies Act, 2013. During the year, the Company had not entered into any other contract/arrangement/transaction with related parties which could be considered material in accordance with the policy of the company on materiality of related party transactions that may have

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## Fourth Generation Information Systems Limited

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potential conflict with the interests of the Company at large. All the related party transactions during the year are in the ordinary course of business and on arm's length basis.

### **B. COMPLIANCES:**

There are no penalties imposed on the Company by the Stock Exchanges or SEBI or any other statutory authority on any matter related to capital markets, during the last three years.

### **C. WHISTLE BLOWER POLICY:**

The Company has a whistle blower policy in place for reporting the instances of conduct which are not in conformity with the policy. Directors, employees, vendors or any person having dealings with the Company may report non-compliance to the Chairman of the Audit Committee, who reviews the report. Confidentiality is maintained of such reporting and it is ensured that the whistle blowers are not subjected to any discrimination. No person was denied access to the Audit Committee.

### **D. COMPLIANCE WITH THE MANDATORY REQUIREMENTS AND ADOPTION OF THE NON-MANDATORY REQUIREMENTS OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015.**

All mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 have been appropriately complied with and the status of non-mandatory requirements is given below:

- i. The Chairman of the Company is an Executive Chairman and hence the provisions for Non-Executive Chairman are not applicable. All other requirements of the Board during the year have been complied with.
- ii. The financial Statements are free from any Audit Qualifications.

### **E. WEB-LINK WHERE POLICY FOR DETERMINING 'MATERIAL' SUBSIDIARIES IS DISCLOSED.**

The Company does not have any material subsidiaries.

### **F. DISCLOSURE OF ACCOUNTING TREATMENT:**

The Company has complied with the appropriate accounting policies and has ensured that they have been applied consistently. There have been no deviations from the treatment prescribed in the Accounting Standards notified under Section 129 of the Companies Act, 2013.

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## Fourth Generation Information Systems Limited

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### **CERTIFICATE BY THE MANAGING DIRECTOR AND CFO OF THE COMPANY**

To

The Board of Directors

Fourth Generation Information Systems Limited

Dear Sirs,

As required under Regulation 17(8) read with Part B, Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we state that:

1. We have reviewed the financial statements and the cash flow statement for the year ended 31st March 2016 and to the best of our knowledge and belief;
  - a. These statements do not contain any materially untrue statement nor omit any material fact nor contain statements that might be misleading, and
  - b. These statements present a true and fair view of the company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
2. 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 violative of the company's code of conduct.
3. We accept responsibility for establishing and maintaining internal controls, we have evaluated the effectiveness of the internal control systems of the company and we have disclosed to the auditors and the audit committee, deficiencies in the design or the operation of internal controls, if any, of which I was aware and the steps that I have taken or propose to take and rectify the identified deficiencies and
4. That we have informed the auditors and the audit committee of:
  - a) Significant changes in the internal control during the year;
  - b) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - c) Instances of significant fraud of which we have become aware and the involvement of any employee having a significant role in the company's internal control system.

For and on behalf of the Board of Directors  
Fourth Generation Information Systems Limited

Sd/-

C. N. Somasekhara Reddy  
Managing Director (DIN: 02441810)

Sd/-

T. SrivenkataRamana  
Executive Director & CFO (DIN: 03195303)

Place: Hyderabad  
Date: 13.08.2016

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## Fourth Generation Information Systems Limited

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### AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To  
The Members of  
Fourth Generation Information Systems Limited

We have examined the Compliance with conditions of Corporate Governance of M/s. Fourth Generation Information Systems Limited for the year ended 31<sup>st</sup> March, 2016 as stipulated in Regulation 34(3) read with Para E Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Compliance with the conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to review the procedures and implementations thereof adopted by the Company for ensuring the compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.

In our opinion and to the best of our information and according to the explanations given to us and representations made by the Directors and the Management's, we certify that the company has complied with conditions of the Corporate Governance as stipulated in Regulation 34 (3) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 of the above mentioned Listing agreement.

As required by the guidance note issued by the institute of Chartered Accountants of India, we have to state that no grievances of investors are pending for a period exceeding one month against the Company as per the records maintained by the Company.

We further state that such compliance is neither an assurance as to future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the company.

For M M REDDY & CO.,  
Chartered Accountants  
Firm Registration No.010371S

M Madhusudhana Reddy  
Partner  
Membership No.213077

Place: Hyderabad  
Date: 13.08.2016

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## Fourth Generation Information Systems Limited

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### DISCLOSURE WITH RESPECT TO DEMAT SUSPENSE ACCOUNT/ UNCLAIMED SUSPENSE ACCOUNT

As per Regulation 34(3) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the company hereby discloses the details of unpaid/unclaimed dividend and the respective share thereof as follows:

Aggregate No. of Shareholders and the outstanding shares in the suspense account at the beginning of the year.	No. of shareholders who approached the company for transfer of shares from suspense account during the year.	No. of shareholders to whom shares were transferred from suspense account during the year.	Aggregate No. of Shareholders and the outstanding shares in the suspense account at the end of the year.
NIL	NIL	NIL	NIL

\*\* Voting Right on these shares shall remain frozen till the rightful owner of such shares claims the shares.

**MANAGEMENT'S DISCUSSION & ANALYSIS REPORT**

**1. INDUSTRY STRUCTURE AND DEVELOPMENTS:**

Enterprises are increasingly outsourcing their technology and IT services requirements to global IT service providers, leveraging their capability to deliver on a global scale and competitive prices. While global technology spending grew by 5.5% in 2016, global IT sourcing grew at almost double this rate to record 10.5% growth in 2016, according to 'Strategic Review Report 2016' of the National Association of Software and Service Companies (NASSCOM). Global IT service providers offer a range of end-to-end solutions including Software Development, IT Business Solutions, Research & Development Services, Consulting and related support functions.

As a result there is an increasing need for highly-skilled professionals in the market to help corporations transform their business, optimize operations and drive innovation by leveraging technology. At the same time, enterprises are reluctant to expand their internal IT department and increase costs. These factors have led to the increased reliance of corporations on their outsourcing providers and are expected to continue to drive future growth for outsourced technology services.

**2. SEGMENT WISE OR PRODUCT WISE PERFORMANCE: Not applicable since the Company operates in one segment only viz. software business**

During the year under review, the Company has recorded revenue of Rs. **7,10,000** and made a net loss of Rs. **20,19,618** against revenue of Rs. 9,52,381 and net loss of Rs. **1,21,18,576** in the previous financial year 2014-15. The company is engaged in the business of IT Services, which as per Accounting Standard 17 is considered the only reportable business.

**3. OUTLOOK:**

The management is doing its best to forge relations with other companies and take the company forward in the new business lines. However, the outlook of the management is cautious in view of the competitive nature of the market.

**4. COMPANY STRENGTHS:**

Though the overall scenario for the smaller companies is extremely competitive, there are some niche areas where there are some opportunities for growth. The management is exploring these areas to consider entering these areas and develop expertise in such areas.

**5. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:**

The system of internal control has been established to provide reasonable assurance of safeguarding assets and maintenance of proper Accounting Records and its accuracy. The business risks and its control procedures are reviewed frequently. Systems audit is also conducted regularly to review the systems with respect to Security and its Adequacy. Reports are prepared and circulated to Senior Management and action taken to strengthen controls where necessary.

**6. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/ INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED:**

Your Company recognizes the value addition of its employees and their contribution to the growth and development of the Company. In turn, the Company is committed to train and develop its people and motivate them. Industrial relations have been cordial and mutually beneficial.

**ANNEXURE-I**

FORM MR-3  
SECRETARIAL AUDIT REPORT

(Pursuant to section 204(1) of the Companies Act, 2013 and  
Rule 9 of the Companies (Appointment and Remuneration Personnel)  
Rules, 2014

**FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

To

The Members

**M/s. Fourth Generation Information Systems Limited**

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

Based on our verification of the Company's 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 financial year commencing from 1<sup>st</sup> April, 2015 and ended 31<sup>st</sup> 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:

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by **Fourth Generation Information Systems Limited** ("The Company") for the financial year ended on 31<sup>st</sup> March, 2016, according to the provisions of:
  - (i) The Companies Act, 2013 (the Act) and the rules made there under for specified sections notified and came into effect from 12<sup>th</sup> September, 2013 and sections and Rules notified and came into effect from 1st April, 2014;
  - (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under;

## Fourth Generation Information Systems Limited

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- (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 there under to the extent of Foreign Direct Investment (FDI), Overseas Direct Investment and External Commercial Borrowings;
  - (v) The Securities and Exchange Board of India Act, 1992 ('SEBI Act')
2. Compliance status in respect of the provisions of the following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI ACT') is furnished hereunder for the financial year 2015-16:-
- i. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; All the required disclosures from time to time and as and when applicable were complied with.
  - ii. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; Not Applicable
  - iii. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; Not Applicable
  - iv. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; Not Applicable
  - v. 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; Not Applicable
  - vi. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; Not Applicable
  - vii. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; **Not Applicable.**
  - viii. The Securities and Exchange Board of India (Prohibition of Insider

## Fourth Generation Information Systems Limited

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Trading) Regulations, 2015 Insider Trading regulations; The Company has framed code of conduct for regulating & reporting trading by Insiders and for Fair Disclosure, 2015 and displayed the same on company's Website i.e www.fgisindia.com and all required disclosures from time to time as and when applicable are complied with.

- ix. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 were complied with to the extent applicable and
- The Company has signed Uniform listing agreement with BSE Limited;
  - The company has framed the policies as mentioned below and displayed the same on the company's website i.e www.fgisindia.com
    - Board Diversity Policy
    - Policy on Preservation of Documents
    - Risk Management Policy
    - Whistle Blower Policy
    - Related Party Transaction Policy
    - Familiarization programme for Independent Directors.
    - Sexual Harassment Policy
    - Code of Conduct
3. During the year the company has conducted 4 Board meetings, 4 Audit committee meetings, 4 Shareholder Relationship Committee Meetings and 1 Independent Directors Meeting. We have also examined compliance with the applicable clauses of the following:
- I. Secretarial Standards issued by The Institute of Company Secretaries of India on Meetings of the Board of Directors and General Meetings.
  - ii. Listing Agreements (till November 30, 2015) entered into by the Company with Metropolitan Stock Exchange of India Limited and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (From December 01, 2015 to March 31, 2016)
4. During the financial year under report, the Company has complied with the provisions of the New Companies Act, 2013, Old Companies Act,

## Fourth Generation Information Systems Limited

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1956 to the extent applicable and the Rules, Regulations, Guidelines, Standards, etc., mentioned above subject to the following observations;

### **OBSERVATIONS:**

- (a) As per the information and explanations provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we report that
- i. the provisions of the Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of:
    - External Commercial Borrowings were not attracted to the Company under the financial year under report,
    - Foreign Direct Investment (FDI) was not attracted to the company under the financial year under report, and
    - Overseas Direct Investment by Residents in Joint Venture/Wholly Owned Subsidiary abroad are not attracted to the company under the financial year under report.
  - ii. As per the information and explanations provided by the company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we report that the Company has not made any GDRs/ADRs or any Commercial Instrument under the financial year under report.
5. I have relied on the Management Representation made by the Managing Director for systems and mechanism formed by the Company to ensure the compliances under other applicable Acts, Laws and Regulations which are listed below:
- a) Information Technologies Act 2000
  - b) Software Technology Park of India Rules and Regulations
  - c) Labour laws and Incidental laws related to Labour and Employees appointed by the Company either on its payroll or on contractual basis as related to Wages ,Gratuity, Provident Fund , ESIC ,Compensation etc.,
  - d) Acts prescribed under Direct and Indirect taxes
  - e) Clearance from Various Local Authorities.
6. We have not examined compliance by the Company with applicable financial laws, like direct and indirect tax laws, since the same have been subject to review by statutory financial audit and other designated professionals.

**(b) We further report that:**

- (i) The Company has a Chief Financial officer namely Mr. T.Srivenkata Ramana. However, the Company has not appointed Company secretary and internal auditor for the financial Year 2015-16

**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.

As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.

We further report that during the audit period there was no event/action having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines etc.

For S.S. Reddy & Associates

S. Sarveswar Reddy  
Proprietor

C.P.No: 7478, M.No. A12611

Place: Hyderabad  
Date: 13.08.2016

## Fourth Generation Information Systems Limited

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To

The Members of

M/s. Fourth Generation Information Systems Limited

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

1. Maintenance of secretarial records 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 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 relied on the reports given by the concerned professionals in verifying 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 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 future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For S.S. Reddy & Associates

S. Sarveswar Reddy  
Proprietor

C.P.No: 7478, M.No. A12611

Place: Hyderabad

Date: 13.08.2016

## Fourth Generation Information Systems Limited

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### ANNEXURE- II

#### MGT 9

#### Extract of Annual Return

As on the Financial Year 31.03.2016

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

I. REGISTRATION AND OTHER DETAILS:		
i.	CIN	L72200AP1998PLC029999
ii.	Registration Date	21/08/1998
iii.	Name of the Company	Fourth generation information systems limited.
iv.	Category / Sub-Category of the Company	Company Limited by Shares Indian Non-Government Company
v.	Address of the Registered office and contact details	1st Floor, Society Complex, MLA'S Colony, Road No.12, Banjara Hills, Hyderabad-500034 Tel: 040 – 23373949
vi.	Whether listed company Yes / No	Yes
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Bigshare Services Pvt Limited 306, Right Wing, 3rd Floor, Amrutha Ville, Opp. Yashoda Hospital Somajiguda, Rajbhavan Road, Hyderabad 500082, Telangana URL:www.bigshareonline.com E- mail: <a href="mailto:info@bigshareonline.com">info@bigshareonline.com</a>

## Fourth Generation Information Systems Limited

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:									
All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-									
Sl. No.	Name and Description of main products /services	NIC Code of the Product / service	% to total turnover of the company						
1.	Computer system development services other than programming services including embedded systems development services.	99831411	85.00						
2.	Other IT design and development services for applications n.e.c.	99831419	15.00						
III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:-									
S.No.	Name and Address of the Company	CIN/GLN	Holding/Subsidiary /Associate	% of shares held	Applicable Section				
	Nil	Nil	Nil	Nil	Nil				
IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)									
i) Category-wise Share Holding:-									
Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				%Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
Individual/ HUF	1296038	0	1296038	36.51	1284038	0	1284038	36.47	(0.34)
Central Govt.	--	--	--	--	--	--	--	--	--
State Govt .(s)	--	--	--	--	--	--	--	--	--
Bodies Corp.									
Banks / FI	--	--	--	--	--	--	--	--	--
Any Other....	--	--	--	--	--	--	--	--	--
<b>Sub-total (A) (1) :-</b>	1296038	0	1296038	36.51	1284038	0	1284038	36.47	(0.34)
<b>(2) Foreign</b>									
a) NRIs - Individuals	--	--	--	--	--	--	--	--	--
b) Other – Individuals	--	--	--	--	--	--	--	--	--

## Fourth Generation Information Systems Limited

c) Bodies Corp.	--	--	--	--	--	--	--	--	--
d) Banks / FI	--	--	--	--	--	--	--	--	--
e) Any Other....	--	--	--	--	--	--	--	--	--
<b>Sub-total (A) (2):-</b>	<b>0</b>								
<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	1296038	<b>0</b>	1296038	36.51	1284038	0	1284038	36.47	(0.34)
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	--	--	--	--	--	--	--	--	--
b) Banks / FI									
c) Central Govt	--	--	--	--	--	--	--	--	--
d) State Govt(s)	--	--	--	--	--	--	--	--	--
e) Venture Capital Funds	--	--	--	--	--	--	--	--	--
f) Insurance Companies	--	--	--	--	--	--	--	--	--
g) FIs	--	--	--	--	--	--	--	--	--
h) Foreign Venture Capital Fund	--	--	--	--	--	--	--	--	--
i) Others (specify)	--	--	--	--	--	--	--	--	--
<b>2. Non Institutions</b>									
a) Bodies Corp.	57549	0	57549	1.62	57549	0	57549	1.62	0
i) Indian									
ii) Overseas	--	--	--	--	--	--	--	--	--
b) Individuals	--	--	--	--	--	--	--	--	--
i) Individual shareholders holding nominal share capital up to Rs. 1 lakh	897606	19907	917513	25.85	897606	19907	917513	25.85	0

## Fourth Generation Information Systems Limited

ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	351785	912660	1264445	35.62	363785	912660	1276445	35.90	0.34
c) Others (specify) 1. NRI	5312	0	5312	0.15	5312	0	5312	0.15	0
2. Clearing Members	9143	0	9143	0.26	9143	0	9143	0.26	0
Sub-total (B)(2):- Total Public Shareholding (B)=(B)(1)+(B)(2)	1321395	932567	2253962	63.49	1321395	932567	2253962	63.49	0
C. Shares held by Custodian for GDRs & ADRs	--	--	--	--	--	--	--	--	--
Grand Total (A+B+C)	2617433	932567	3550000	100	2617433	932567	3550000	100	0

### (ii) Shareholding of Promoters

Sl. No	Shareholder's Name	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				%Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
1.	T SrivenkataRama	2,11,001	Nil	2,11,001	5.94	2,11,001	Nil	2,11,001	5.94	Nil
2.	Sunitha	4,77,999	Nil	4,77,999	13.46	4,77,999	Nil	4,77,999	13.46	Nil
3.	Chennamma Rachuma	22,000	Nil	22,000	0.62	22,000	Nil	22,000	0.62	Nil

## Fourth Generation Information Systems Limited

4.	C N Somasekhar Reddy	4,50,038	Nil	4,50,038	12.68	4,50,038	Nil	4,50,038	12.68	Nil
5.	R Anup Kumar Reddy	10,000	Nil	10,000	0.28	10,000	Nil	10,000	0.28	Nil
6.	T VijayaKathyayani	1,13,000	Nil	1,13,000	3.18	1,13,000	Nil	1,13,000	3.18	Nil
7.	U Satish Kumar	12,000		12000	0.34	--	--	--	--	--

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

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year		Share holding at the end of the year	
		No. of Shares	% of total shares of the company	No. of shares	% of total shares of the company
1	U. Sathish Kumar	12000	0.34	0	0

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

Sl. No.	Shareholder Name	Shareholding at the beginning of the year		Share holding at the end of 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				
1.	Jhansi Sanivarapu	150000	4.22	150000	4.22
2.	M Raghava Reddy	100000	2.82	100000	2.82
3.	G Srinivasa Raju	100000	2.82	100000	2.82
4.	M.G.SrinivasPerabathula	100000	2.82	100000	2.82
5.	R SambasivaRao	75000	2.11	75000	2.11
6.	DanduBangarRaju	75000	2.11	75000	2.11
7.	VivekSurana	75000	2.11	75000	2.11
8.	P.S.V. Subramanyam	62500	1.76	62500	1.76

## Fourth Generation Information Systems Limited

9.	LakhmiThuraga	50000	1.41	50000	1.41
10.	K.Venkata Ganga Rambabu	50000	1.41	50000	1.41
Date wise Increase /Decrease in top ten shareholders Share Holding during the year specifying the reasons for increase/ decrease(e.g. allotment / transfer /bonus/ sweat equity etc):					
<b>(v) Shareholding of Directors and Key Managerial Personnel:</b>					
Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
1	C. N. SomasekharaReddy	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	4,50,038	12.68		
Date wise Increase /Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/sweat equity etc):					
	At the End of the year	4,50,038	12.68	--	--
2	T. Srivenkata Ramana	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	2,11,001	5.94		
Date wise Increase /Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/sweat equity etc):					
	At the End of the year	2,11,001	5.94	--	--
	K. Sudheer	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	200	0.01		
Date wise Increase /Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/sweat equity etc):					
	At the End of the year	200	0.01		

## Fourth Generation Information Systems Limited

<b>V. INDEBTEDNESS</b>					
<b>Indebtedness of the Company including interest outstanding/accrued but not due for payment</b>					
Indebtedness at the beginning of the financial year	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness	
Principal Amount	--	--	--	--	
ii) Interest due but not paid					
iii) Interest accrued but not due					
<b>Total (i+ii+iii)</b>	--	--	--	--	
Change in Indebtedness during the financial year	--	--	--	--	
Addition					
Reduction					
Net Change	--	--	--	--	
<b>Indebtedness at the end of the financial year</b>	--	--	--	--	
i) Principal Amount					
ii) Interest due but not paid					
iii) Interest accrued but not due					
<b>Total (i+ii+iii)</b>	--	--	--	--	
<b>VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL</b>					
<i>A. Remuneration to Managing Director, Whole-time Directors and/or Manager:</i>					
Sl. no.	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  (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	--	--	--	
6.	Total (A)				
7.	Ceiling as per the Act				
<i>B. Remuneration to other directors:</i>					
Sl. no.	Particulars of Remuneration				
	3. Independent Directors · Fee for attending board / committee meetings · Commission · Others, please specify	--	--	--	

## Fourth Generation Information Systems Limited

	4. 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

Sl. no.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	--	--	--	--
2.	Stock Option	--	--	--	--
3.	Sweat Equity	--	--	--	--
4.	Commission - as % of profit - others, specify...	--	--	--	--
5.	Others, please Specify	--	--	--	--
6.	Total	--	--	--	--

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

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty	--	--	--	--	--
Punishment	--	--	--	--	--
Compounding	--	--	--	--	--
<b>B. DIRECTORS</b>					
Penalty	--	--	--	--	--
Punishment	--	--	--	--	--
Compounding	--	--	--	--	--
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	--	--	--	--	--
Punishment	--	--	--	--	--
Compounding	--	--	--	--	--

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## Fourth Generation Information Systems Limited

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### ANNEXURE III DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS

The Board of Directors  
M/s Fourth Generation Information Systems Limited

Dear Sir,

I undertake to comply with the conditions laid down in Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with section 149 and Schedule IV of the Companies Act, 2013 in relation to conditions of independence and in particular:

- (a) I declare that up to the date of this certificate, apart from receiving director's remuneration, I did not have any material pecuniary relationship or transactions with the Company, its promoter, its directors, senior management or its holding Company, its subsidiary and associates as named in the Annexure thereto which may affect my independence as director on the Board of the Company. I further declare that I will not enter into any such relationship/transactions. However, if and when I intend to enter into such relationships/transactions, whether material or non-material I shall keep prior approval of the Board. I agree that I shall cease to be an independent director from the date of entering into such relationship/transaction.
- (b) I declare that I am not related to promoters or persons occupying management positions at the Board level or at one level below the board and also have not been executive of the Company in the immediately preceding three financial years.
- (c) I was not a partner or an executive or was also not partner or executive during the preceding three years, of any of the following:
  - (i) the statutory audit firm or the internal audit firm that is associated with the Company and
  - (ii) the legal firm(s) and consulting firm(s) that have a material association with the company
- (d) I have not been a material suppliers, service provider or customer or lessor or lessee of the company, which may affect independence of the director, and was not a substantial shareholder of the Company i.e., owning two percent or more of the block of voting shares.

Thanking You.  
Yours Faithfully,

Date: 30.05.2016  
Place: Hyderabad

Sd/-  
K. Santosh Reddy  
(Independent director)

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## Fourth Generation Information Systems Limited

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### ANNEXURE III DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS

The Board of Directors  
M/s Fourth Generation Information Systems Limited

Dear Sir,

I undertake to comply with the conditions laid down in Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with section 149 and Schedule IV of the Companies Act, 2013 in relation to conditions of independence and in particular:

- (a) I declare that up to the date of this certificate, apart from receiving director's remuneration, I did not have any material pecuniary relationship or transactions with the Company, its promoter, its directors, senior management or its holding Company, its subsidiary and associates as named in the Annexure thereto which may affect my independence as director on the Board of the Company. I further declare that I will not enter into any such relationship/transactions. However, if and when I intend to enter into such relationships/transactions, whether material or non-material I shall keep prior approval of the Board. I agree that I shall cease to be an independent director from the date of entering into such relationship/transaction.
- (b) I declare that I am not related to promoters or persons occupying management positions at the Board level or at one level below the board and also have not been executive of the Company in the immediately preceding three financial years.
- (c) I was not a partner or an executive or was also not partner or executive during the preceding three years, of any of the following:
  - (i) the statutory audit firm or the internal audit firm that is associated with the Company and
  - (ii) the legal firm(s) and consulting firm(s) that have a material association with the company
- (d) I have not been a material suppliers, service provider or customer or lessor or lessee of the company, which may affect independence of the director, and was not a substantial shareholder of the Company i.e., owning two percent or more of the block of voting shares.

Thanking You.  
Yours Faithfully,

Date: 30.05.2016  
Place: Hyderabad

Sd/-  
K. Sudheer  
(Independent director)

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## Fourth Generation Information Systems Limited

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### ANNEXURE III DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS

The Board of Directors  
M/s Fourth Generation Information Systems Limited

Dear Sir,

I undertake to comply with the conditions laid down in Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with section 149 and Schedule IV of the Companies Act, 2013 in relation to conditions of independence and in particular:

- (a) I declare that up to the date of this certificate, apart from receiving director's remuneration, I did not have any material pecuniary relationship or transactions with the Company, its promoter, its directors, senior management or its holding Company, its subsidiary and associates as named in the Annexure thereto which may affect my independence as director on the Board of the Company. I further declare that I will not enter into any such relationship/transactions. However, if and when I intend to enter into such relationships/transactions, whether material or non-material I shall keep prior approval of the Board. I agree that I shall cease to be an independent director from the date of entering into such relationship/transaction.
- (b) I declare that I am not related to promoters or persons occupying management positions at the Board level or at one level below the board and also have not been executive of the Company in the immediately preceding three financial years.
- (c) I was not a partner or an executive or was also not partner or executive during the preceding three years, of any of the following:
  - (i) the statutory audit firm or the internal audit firm that is associated with the Company and
  - (ii) the legal firm(s) and consulting firm(s) that have a material association with the company
- (d) I have not been a material suppliers, service provider or customer or lessor or lessee of the company, which may affect independence of the director, and was not a substantial shareholder of the Company i.e., owning two percent or more of the block of voting shares.

Thanking You.  
Yours Faithfully,

Date: 30.05.2016  
Place: Hyderabad

Sd/-  
C. N. Mallikarjuna Reddy  
(Independent director)

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## Fourth Generation Information Systems Limited

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### ANNEXURE III DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS

The Board of Directors  
M/s Fourth Generation Information Systems Limited

Dear Sir,

I undertake to comply with the conditions laid down in Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with section 149 and Schedule IV of the Companies Act, 2013 in relation to conditions of independence and in particular:

- (a) I declare that up to the date of this certificate, apart from receiving director's remuneration, I did not have any material pecuniary relationship or transactions with the Company, its promoter, its directors, senior management or its holding Company, its subsidiary and associates as named in the Annexure thereto which may affect my independence as director on the Board of the Company. I further declare that I will not enter into any such relationship/transactions. However, if and when I intend to enter into such relationships/transactions, whether material or non-material I shall keep prior approval of the Board. I agree that I shall cease to be an independent director from the date of entering into such relationship/transaction.
- (b) I declare that I am not related to promoters or persons occupying management positions at the Board level or at one level below the board and also have not been executive of the Company in the immediately preceding three financial years.
- (c) I was not a partner or an executive or was also not partner or executive during the preceding three years, of any of the following:
  - (i) the statutory audit firm or the internal audit firm that is associated with the Company and
  - (ii) the legal firm(s) and consulting firm(s) that have a material association with the company
- (d) I have not been a material suppliers, service provider or customer or lessor or lessee of the company, which may affect independence of the director, and was not a substantial shareholder of the Company i.e., owning two percent or more of the block of voting shares.

Thanking You.  
Yours Faithfully,

Date: 30.05.2016  
Place: Hyderabad

Sd/-  
Suneetha Indukuri  
(Independent director)

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## Fourth Generation Information Systems Limited

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### Independent Auditors' Report on Financial Statements

To the Members of FOURTH GENERATION INFORMATION SYSTEMS LIMIED. **Report on the financial Statements**

We have audited the accompanying standalone financial statements of FOURTH GENERATION INFORMATION SYSTEMS LIMIED ('the Company'), 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 a summary of significant accounting policies and other explanatory information.

#### Managements 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.

#### Auditors 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 thereunder. 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

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## Fourth Generation Information Systems Limited

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amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2016 and its profit and its cash flows for the ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) in our opinion proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c) the balance sheet, the statement of profit and loss and the cash flow statement dealt with by this Report are in agreement with the books of

## Fourth Generation Information Systems Limited

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account;

- d) in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e) on the basis of the written representations received from the directors as on 31 March 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016 from being appointed as a director in terms of Section 164 (2) of the Act; and
- f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company does not have any pending litigations.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For M M REDDY & CO.,  
Chartered Accountants  
Firm Registration No.010371S

M Madhusudhana Reddy  
Partner  
Membership No.213077

Place: Hyderabad  
Date : 30.05.2016

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## Fourth Generation Information Systems Limited

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### Annexure-A to the Auditors' Report

The Annexure-A referred to in our Independent Auditors' Report to the members of the Company on the financial statements for the Year ended 31 March 2016, we report that:

1. a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b. The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- c. The company does not have immovable property during the financial year.
2. The physical verification of the inventory excluding stocks with third parties has been conducted at reasonable intervals by the management during the year. In our opinion the frequency of the verification is reasonable.
3. The Company has not granted any loans to one body corporate covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act').
4. In our opinion and according to the information and explanations given to us, the company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013, with respect to the loans and investments made.
5. The Company has not accepted any deposits from the public.
6. The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company.
7. a. According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, duty of excise income tax, sales tax, wealth tax, service tax, duty of customs, value added tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities.

## Fourth Generation Information Systems Limited

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- b. According to the information and explanations given to us, there are no material dues of wealth tax, duty of customs and cess which have not been deposited with the appropriate authorities on account of any dispute.
8. The Company did not have any outstanding dues to financial institutions, banks or debenture holders during the year.
9. The company did not raise any money by way of initial public offer or further public offer (including debt instruments) and terms loans during the year.
10. According to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the course of our audit.
11. The company has paid/ provided managerial remuneration in accordance with requisite approvals mandated by the provisions of section 197 read with schedule V to the act.
12. The company is not Nidhi Company and the Nidhi Rules, 2014 not applicable to it. Accordingly the provisions of Clause 3(Xii) of order not applicable to the company.
13. The company has entered transactions with the related parties and complied with Section 188 and 177 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements as required by the accounting standards.
14. According to information and explanations given to us and based on our examinations of the records of the company, the company has not preferential allotment / private placement of shares or fully or partly convertible debenture's during the year.
15. The company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly the provisions of Clause 3(xv) of order not applicable to the company.
16. The company is not required to be registered under section 45-IA of the ReserveBank of India Act, 1934.

For M M REDDY & CO.,  
Chartered Accountants  
Firm Registration No.010371S

M Madhusudhana Reddy  
Partner  
Membership No.213077

Place: Hyderabad  
Date : May30th, 2016

## Fourth Generation Information Systems Limited

### Balance Sheet as on 31.03.2016

(All amounts in Indian Rupees except for share data or otherwise stated)

Particulars	Note No's	As at Mar' 31, 2016	As at Mar' 31, 2015
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2	35,500,000	35,500,000
Reserves and Surplus	3	(33,915,790)	(31,896,173)
Preference Share Warrant		-	-
	<b>A</b>	<b>1,584,210</b>	<b>3,603,827</b>
<b>Non - current liabilities</b>			
Long - term borrowings		-	-
Deferred tax liabilities (Net)	4	454,636	454,636
Long term provisions		-	-
	<b>B</b>	<b>454,636</b>	<b>454,636</b>
<b>Current liabilities</b>			
Short - term borrowings	5	100,000	-
Trade Payables	6	8,720,120	6,925,770
Short - term provisions	7	525,001	525,001
	<b>C</b>	<b>9,345,121</b>	<b>7,450,771</b>
<b>Total</b>	<b>(A+B+C)</b>	<b>11,383,967</b>	<b>11,509,234</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Fixed assets</b>			
(i) Tangible Assets	8	1,335,261	1,526,389
(ii) Intangible Assets		-	-
(iii) Capital work- in- progress		-	-
Deferred tax assets (Net)		-	-
Long - term loans and advances	9	-	-
Non-current investments		-	-
Other Non- Current Assets		-	-
	<b>A</b>	<b>1,335,261</b>	<b>1,526,389</b>
<b>Current assets</b>			
Inventories		-	-
Trade receivables	10	3,439,744	3,439,744
Cash and cash equivalents	11	15,341	20,480
Short - term loans and advances	12	6,593,621	6,522,621
Other current assets		-	-
	<b>B</b>	<b>10,048,706</b>	<b>9,982,845</b>
<b>Total</b>	<b>(A+B)</b>	<b>11,383,967</b>	<b>11,509,234</b>

The Notes referred to above and the notes to accounts form an integral part of the Balance Sheet

For M M REDDY & CO.,  
Firm Registration Number : 010371S  
Chartered Accountants

For and on behalf of the Board of Directors of  
FOURTH GENERATION INFORMATION SYSTEMS LTD.

M Madhusudhana Reddy  
Partner  
Membership No. 213077

Sd/-  
C. N. Somasekhara Reddy  
Managing Director (DIN: 02441810)

Place : Hyderabad  
Date : 30-05-2016

Sd/-  
T. Srivenkata Ramana  
Executive Director & CFO (DIN: 03195303)

## Fourth Generation Information Systems Limited

### Profit and Loss Account for the Period ended

(All amounts in Indian Rupees except for share data or otherwise stated)

Particulars	Note No's	Year Ended Mar' 31, 2016	Year Ended Mar' 31, 2015
<b>INCOME</b>			
<b>Turnover (Gross)</b>			
Revenue from operations		710,000	952,381
<b>Total Revenue</b>		<b>710,000</b>	<b>952,381</b>
<b>EXPENDITURE</b>			
Operating Expenses	13	-	-
Personal Cost	14	1,854,499	2,147,171
Administration expenses	15	683,990	10,657,446
Depreciation/amortization	8	191,129	266,340
<b>Total</b>		<b>2,729,618</b>	<b>13,070,957</b>
<b>Profit / (Loss) before tax</b>		<b>(2,019,618)</b>	<b>(12,118,576)</b>
<b>Profit before tax</b>			
Provision for taxation			
- Current Year Tax		-	-
- Deferred tax		-	-
<b>Total tax expense</b>		<b>-</b>	<b>-</b>
Profit/(Loss) from continuing operations		(2,019,618)	(12,118,576)
Balance brought forward from previous year		(31,887,357)	(19,768,781)
<b>Balance carried to Balance Sheet</b>		<b>(33,906,974)</b>	<b>(31,887,357)</b>
<b>Earnings per share</b>			
Basic		<b>(0.57)</b>	<b>(3.41)</b>
Weighted Number of Shares		<b>3,550,000</b>	<b>3,550,000</b>
Nominal value		<b>10</b>	<b>10</b>
<b>Notes to accounts</b>	16-22		

The Notes referred to above and the notes to accounts form an integral part of the Profit and Loss Account

For M M REDDY & CO.,  
Firm Registration Number : 010371S  
Chartered Accountants

M Madhusudhana Reddy  
Partner  
Membership No. 213077

For and on behalf of the Board of Directors of  
FOURTH GENERATION INFORMATION SYSTEMS LTD.

Sd/-  
C. N. Somasekhara Reddy  
Managing Director (DIN: 02441810)

Sd/-  
T. Srivenkata Ramana  
Executive Director & CFO (DIN: 03195303)

Place : Hyderabad  
Date : 30-05-2016

## Fourth Generation Information Systems Limited

### Cash Flow Statement for the year ended March 31, 2016

(All amounts in Indian Rupees except for share data or otherwise stated)

Particulars	2015-16	2014-15
	As at Mar' 31, 2016	As at Mar' 31, 2015
<b>A. Cash flow from operating activities</b>		
<b>Net profit / (Loss) before tax</b>	(2,019,618)	(12,118,576)
<b>Adjustments for:</b>		
Preliminary Expenses Written Off		
Depreciation	191,129	266,340
Diminution in value of investments	-	-
Advances written off	-	-
<b>Operating profit before working capital changes</b>	<b>(1,828,489)</b>	<b>(11,852,236)</b>
<b>Movements in working capital :</b>		
(Increase)/Decrease in Trade Receivables	-	2,721,608
(Increase)/Decrease in inventories	-	-
(Increase)/Decrease in Long term loans and advances	-	5,712,100
(Increase)/Decrease in Short term loans and advances	(71,000)	2,834,850
Increase/ (Decrease) in Trade Paybles	1,794,350	(252,381)
<b>Cash generated from /(used in) operations</b>	<b>(105,139)</b>	<b>(836,059)</b>
Taxes paid	-	-
<b>Net cash used in /(generated from ) operating activities</b>	<b>(105,139)</b>	<b>(836,059)</b>
<b>B. Cash flows from investing activities</b>		
Purchase of fixed assets	-	-
Sale of fixed assets	-	-
Fixed deposits	-	-
Dividends received	-	-
<b>Net cash used in investing activities</b>	<b>-</b>	<b>-</b>
<b>C. Cash flows from financing activities</b>		
Realisation of calls in arrears	0	-
Other Long term Borrowings	-	-
Other Short term Unsecured Loans (Net)	100,000	-
Interest received	-	-
Interest paid	-	-
<b>Net cash generated from /(used in) financing activities</b>	<b>100,000</b>	<b>-</b>
<b>Net increase/(decrease) in cash and cash equivalents (A + B + C)</b>	<b>(5,139)</b>	<b>(836,059)</b>
Cash and cash equivalents at the beginning of the year	20,480	856,539
<b>Cash and cash equivalents at the end of the year</b>	<b>15,341</b>	<b>20,480</b>

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

For M M REDDY & CO.,  
Firm Registration Number : 010371S  
Chartered Accountants

M Madhusudhana Reddy  
Partner  
Membership No. 213077

Place : Hyderabad  
Date : 30-05-2016

For and on behalf of the Board of Directors of  
FOURTH GENERATION INFORMATION SYSTEMS LTD.

Sd/-  
C. N. Somasekhara Reddy  
Managing Director (DIN: 02441810)

Sd/-  
T. Srivenkata Ramana  
Executive Director & CFO (DIN: 03195303)

## **Notes to Financial Statements**

### **1. Significant Accounting Policies**

#### **a. Basis of preparation of Financial Statements**

The accompanying financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention, on the basis of a going concern basis, while revenue, expenses, assets and Liabilities accounted/recognized on accrual basis. GAAP comprises mandatory accounting as prescribed under Section 133 of the Companies Act, 2013 ('the Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI) Accounting policies are consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. Management evaluates all recently issued or revised accounting standards on an ongoing basis.

#### **b. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the required amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

#### **c. Revenue Recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and revenue can be reliably measured.

#### **d. Fixed Assets**

Fixed Assets are stated at cost less accumulated depreciation. Cost comprises the purchase price, freight, duties, taxes and any attributable cost of bringing the asset to its working condition for its intended use.

#### **e. Depreciation**

Depreciation on fixed assets has been provided on Written down value method based on useful life of asset specified in Schedule II of the Companies Act, 2013 on pro-rata basis.

**f. Borrowing costs:**

Borrowing costs that are directly attributable to the acquisition or the construction of a qualifying asset is capitalized for the period until the asset is ready for its intended use. A qualifying asset is one that necessarily takes substantial period of time i.e more than 12 months to get ready for intended use. All other borrowing costs are charged to revenues

**g. Income Tax**

**i. Current tax :**

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961.

**ii. Deferred tax :**

Deferred income taxes is recognized, subject to the consideration of prudence on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date.

Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Where the Company has carry forward of unabsorbed depreciation or tax losses deferred tax assets are recognized only if it is virtually certain backed by convincing evidence that such deferred tax assets can be realized against future taxable profits.

**h. Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

**i. Provisions**

A Provision is recognized when the Company has a present obligation as a result of past event i.e 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 are not discounted to its present value and are determined based on 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.

## Fourth Generation Information Systems Limited

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### j. Cash Flow Statement:

Cash Flow Statement has been prepared under indirect method as per the Accounting Standard-3 "Cash Flow Statement" .

### k. Cash and cash equivalents

Cash and cash equivalents comprise cash and cash on deposit with banks and corporations. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

### Notes to Accounts

All amounts are in Indian Rupees unless otherwise stated.

Particulars	As at 31.03.2016	As at 31.03.2015
<b>Note: 2 SHARE CAPITAL</b>		
<b>Authorized Shares</b>		
12950000 Equity Shares of Rs.10/- each	129,500,000	129,500,000
<b>Issues, Subscribed and Paid up</b>		
3550000 equity shares of Rs.10 each (In the Previous Year 62367000 equity shares of Rs.2 each)	35,500,000	35,500,000
	<b>35,500,000</b>	<b>35,500,000</b>
<b>1.a) Reconciliation of shares outstanding at the beginning and at the end of the reporting period</b>		
Equity Shares outstanding at the beginning of the year	3,550,000	3,550,000
Add: Additional shares issued during the year	-	-
Less: Shares reduction during the year	-	-
Equity Shares outstanding at the closing of the year	3,550,000	3,550,000

## Fourth Generation Information Systems Limited

### Notes to Accounts

All amounts are in Indian Rupees unless otherwise stated.

Particulars	As at 31.03.2016	As at 31.03.2015
<b>Note 3 : Reserves and Surplus</b>		
<b>General Reserve</b>		
Balance as per last account	600,000	600,000
<b>Capital Reserve</b>		
Forfeiture of shares on Capital Reduction		
<b>Profit &amp; Loss A/c Surplus</b>		
Balance in the statement of profit & loss	(32,496,173)	(20,377,597)
Less: Loss Adjusted on Account of Capital reduction	-	-
Additions during the year	(2,019,618)	(12,118,576)
	<b>(33,915,790)</b>	<b>(31,896,173)</b>
<b>Note 4 : Deferred tax liabilities (Net)</b>		
Opening Balance	454,636	454,636
Add/Less: Current year Provision	-	-
	<b>454,636</b>	<b>454,636</b>
<b>Note 5 : Short - term borrowings</b>		
<b>Loans repayable on demand</b>		
From banks	-	-
From others	-	-
Loans and advance form related parties	100,000	-
Deposits	-	-
<b>Other loans and advances</b>		
Cash credit facilities	-	-
Working capital loans	-	-
	<b>100,000</b>	<b>-</b>

## Fourth Generation Information Systems Limited

### Notes to Accounts

All amounts are in Indian Rupees unless otherwise stated.

Particulars	As at 31.03.2016	As at 31.03.2015
<b>Note 6 : Trade Payables</b>		
Sundry Creditors	6,380,852	6,380,852
Expenses payable	2,339,268	544,918
	<b>8,720,120</b>	<b>6,925,770</b>
<b>Note 7 : Short - term provisions</b>		
Provision for Income tax	-	-
Others Provisions	525,001	525,001
	<b>525,001</b>	<b>525,001</b>
<b>Note 9 : Long - term loans and advances</b>		
Unsecured Loans & Advances to Others	-	-
Security deposits	-	-
Others	-	-
	-	-
<b>Note 10 : Trade receivables</b> <b>(Unsecured, considered good, unless otherwise stated)</b>		
Debts outstanding for a period exceeding six months		
Considered good	-	-
Considered doubtful		
Other debts		
Considered good	3,439,744	3,439,744
	3,439,744	3,439,744
Less: Provision for doubtful debts	-	-
	<b>3,439,744</b>	<b>3,439,744</b>

**Note 7 : Fixed Assets**

Particulars	Gross Block		Depreciation /amortization			Net Block	
	As at April 1, 2015	As at Mar 31, 2016	As at April 1, 2015	For the year Mar 31, 2016	As at Mar 31, 2016	As at Mar 31, 2015	
		Additions					
Building	1,150,085	-	76,041	52,306	128,347	1,021,738	1,074,044
Furniture and Fixtures	3,201,184	-	2,862,033	87,806	2,949,839	251,345	339,151
Office equipment	563,885	-	450,691	51,016	501,708	62,177	113,194
<b>Total</b>	<b>4,915,154</b>	<b>-</b>	<b>3,388,765</b>	<b>191,129</b>	<b>3,579,893</b>	<b>1,335,261</b>	<b>1,526,389</b>
<b>Previous Year</b>	<b>4,915,154</b>	<b>-</b>	<b>3,122,425</b>	<b>266,340</b>	<b>3,388,765</b>	<b>1,526,889</b>	<b>1,792,729</b>

## Fourth Generation Information Systems Limited

### Notes to Accounts

All amounts are in Indian Rupees unless otherwise stated.

Particulars	As at 31.03.2016	As at 31.03.2015
<b>Note 11 : Cash and cash equivalents</b>		
Cash on hand	873	8,767
Balances with scheduled banks		
On current accounts	14,468	11,713
On deposit accounts	-	-
	<b>15,341</b>	<b>20,480</b>
<b>Note 12 : Short - term loans and advances</b>		
Advances to Customers	4,425,000	4,425,000
Other receivables	2,097,621	2,097,621
TDS Receivable	71,000.00	-
	<b>6,593,621</b>	<b>6,522,621</b>
<b>Note 13 : Operating Expenses</b>		
Direct Expenditure	-	-
	-	-
<b>Note 14 : Personal Cost</b>		
Salaries and incentives	1,239,017	1,520,000
Directors Remuneration	600,000	600,000
Staff welfare expenses	15,482	27,171
	<b>1,854,499</b>	<b>2,147,171</b>

## Fourth Generation Information Systems Limited

### Notes to Accounts

All amounts are in Indian Rupees unless otherwise stated.

Particulars	As at 31.03.2016	As at 31.03.2015
<b>Note 15 : Administration expenses</b>		
Power Charges	32,640	54,000
Office Rent	168,000	168,000
Audit Fee	34,350	30,000
Legal & Professional Fee	26,480	44,950
Costodian Fee	7,692	
Miscellaneous Expenses	12,570	30,980
Bank Charges	536	109
Office Maintenance	26,548	38,000
Postage & Courier	13,648	19,087
Printing & Stationery	13,698	19,650
Repairs & Maintenance	16,947	18,970
Communication Charges	14,879	18,978
RTA Charges	50,000	
Traveling & Conveyance	65,874	54,813
Listing Fees	-	141,098
Computers Rents & Maintenance	113,648	221,000
Directors Sitting Fee	-	60,000
Certification & Accounting Charges	60,000	64,164
Business Promotion	26,480	50,940
Advertisement	-	36,132
Provision for Bad Debts	-	9,586,575
	<b>683,990</b>	<b>10,657,446</b>

## Fourth Generation Information Systems Limited

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### 16. Contingent Liabilities and Commitments – NIL-

### 17. Related Party Transactions

#### a) List of Related Parties

Subsidiary Companies	NIL
Associates Companies controlled by key management personnel / relatives who are substantially interested	NIL
Key managerial personnel	<ol style="list-style-type: none"> <li>1. Sudheer kollapudi, Managing Director</li> <li>2. Somasekharareddy nallappareddy, Managing Director</li> <li>3. Srivenkata Ramana Tammiseti, Director</li> <li>4. Srivenkata Ramana Tammiseti, Chief Financial Officer</li> </ol>

#### b) Transactions with the Related Parties

Details	Associate Companies / Concerns	Key Management Personnel
	2015-16 Rs.	2014-15 Rs.
Remuneration to Mr. Sudheer kollapudi	2,00,000	2,00,000
Remuneration to Mr. Somasekharareddy nallappareddy	2,00,000	2,00,000
Remuneration to Mr. Srivenkata Ramana Tammiseti	2,00,000	2,00,000
Unsecured loan taken from Mr. Somasekharareddy nallappareddy	1,00,000	-

## Fourth Generation Information Systems Limited

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### c) Balance as at 31st March, 2016

Details	Associate Companies / Concerns	Key Management Personnel
	2015-16 Rs.	2014-15 Rs.
Remuneration payable to Mr. Sudheer kollapudi	2,00,000	-
Remuneration payable to Mr. Somasekharareddy nallappareddy	2,00,000	-
Remuneration payable to Mr. Srivenkata Ramana Tammiseti	2,00,000	-
Unsecured loan taken from Mr. Somasekharareddy nallappareddy	1,00,000	-

### 18. Value of Imports and Exports - NIL

### 19. Auditors' Remuneration

Amount in Rs.

Particulars	Year ended 31st March 2016	Year ended 31st March 2015
Statutory Auditors	34,350	30,000

### 20. Earnings Per Share

Amount in Rs.

S.No	Particulars	Year ended 31st March 2016	Year ended 31st March 2015
1.	Net Profit available for Equity Shareholders	(20,19,618)	(1,21,18,576)
2.	Weighted Average Number of Equity Shares (Nos)	35,50,000	35,50,000
3.	Earnings Per Share – Basic and Diluted	(0.57)	(3.41)

## Fourth Generation Information Systems Limited

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21. Balances under Trade Receivable, Trade Payables and loans and advances are subjected to confirmation and reconciliation from respective parties.

### 22. Segment Reporting

There are no separate reportable segments (business and/or geographical) in accordance with the requirements of Accounting Standard 17 – ‘Segment Reporting’ issued by the Institute of Chartered Accountants of India.

23. Previous year figures have been regrouped wherever if thought necessary in conformity with the current year groupings. Paise have been rounded off to the nearest rupee. Notes on financial statements, Cash Flow Statement and statement on accounting policies form an integral part of the balance sheet and profit and loss statement.

For M M REDDY & CO.,  
Firm Registration Number : 010371S  
Chartered Accountants

M Madhusudhana Reddy  
Partner  
Membership No. 213077

Place : Hyderabad  
Date : 30-05-2016

For and on behalf of the Board of Directors of  
FOURTH GENERATION INFORMATION SYSTEMS LTD.

Sd/-  
C. N. Somasekhara Reddy  
Managing Director (DIN: 02441810)

Sd/-  
T. Srivenkata Ramana  
Executive Director & CFO (DIN: 03195303)

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## Fourth Generation Information Systems Limited

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### 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]

CIN : L72200AP1998PLC029999  
Name of the company : Fourth Generation Information Systems Limited  
Registered office : 1st Floor, Society Complex, MLA's Colony,  
Road No.12, Banjara Hills, Hyderabad,  
Telangana, 500034

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

1. Name : .....

Address:

E-mail Id:

Signature: .....

2. Name : .....

Address:

E-mail Id:

Signature: .....

3. Name : .....

Address:

E-mail Id:

Signature: .....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 18th Annual General Meeting of the Company, to be held on Friday, the 30th day of September, 2016 at 9.00 a.m at the registered office of the company situated at 1st Floor, Society Complex, MLA's Colony, Road No.12, Banjara Hills, Hyderabad, Telangana 500034 and at any adjournment thereof in respect of such resolutions as are indicated below:

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## Fourth Generation Information Systems Limited

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**Resolution No.**

1. Approval of financial statements for the year ended 31.03.2016
2. Appointment of Mr. T. SrivenkataRamana who retires by rotation
3. Appointment of statutory auditors and fixation of their remuneration

Signed this ..... day of ..... 2016

Signature of shareholder

Signature of Proxy holder(s)

Affix  
Revenue  
Stamp

Note: 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.

---

**FOURTH GENERATION INFORMATION SYSTEMS LIMITED**  
1ST FLOOR, SOCIETY COMPLEX, MLA'S COLONY, ROAD NO.12, BANJARA  
HILLS, HYDERABAD, ANDHRA PRADESH, 500034

**ATTENDANCE SLIP**

(Please present this slip at the Meeting venue)

I hereby record my presence at the 18th Annual General Meeting of the members of the company to be held on 18th Annual General Meeting of the Company, to be held on Friday, the 30th day of September, 2016 at 9.00 a.m at the registered office of the company situated at 1st Floor, Society Complex, MLA's Colony, Road No.12, Banjara Hills, Hyderabad, Telangana 500034 and at any adjourned meeting thereof.

Shareholders/Proxy's Signature \_\_\_\_\_

Shareholders/Proxy's full name \_\_\_\_\_

(In block letters)

Folio No./ Client ID \_\_\_\_\_

No. of shares held \_\_\_\_\_

**Note:**

Shareholders attending the meeting in person or by proxy are required to complete the attendance slip and hand it over at the entrance of the meeting hall

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ROUTE MAP FOR AGM VENUE



*If Undelivered, please return to:*

**FOURTH GENERATION  
INFORMATION SYSTEMS LIMITED**

1st Floor, Society Complex, MLA'S Colony,  
Road No.12,Banjara Hills, Hyderabad-500034