



KALS Information Systems Ltd.

Technology is Viable

Annual Report
2013-2014



BOARD OF DIRECTORS

K. Srinivasan
(Managing Director)

Dr. H.D. Ballal
(Independent Director)

P. Periaswamy
(Independent Director)

M. Mohammed Akram
(Whole – Time Director)

N.Sudhash
(Whole – Time Director)

COMMITTEES OF THE BOARD

Shareholders Information Committee

K. Srinivasan (Chairman)

P. Periaswamy

Share Transfer Committee

K. Srinivasan (Chairman)

Dr. H.D. Ballal

Audit Committee

P. Periaswamy (Chairman)

Dr. H.D. Ballal

M. Mohammed Akram

Registered & Corporate Office

No.4/1, 'Rudra Chambers' 4th Main,
9th Cross, Malleshwaram, Bangalore – 560 003
Tel: +91-80-42628200 | Fax: +91-80-42628204

E-mail : srini@kalsinfo.com

Website : www.kalsinfo.com

CIN No.: L72200KA1993PLC014303

Registrar & Share Transfer Agent

Integrated Enterprises (India) Limited
30, Ramana Residency, 4th Cross, Sampige Road,
Malleshwaram, Bangalore – 560 003.
Tel: +91-80-23460815-818 | Fax: +91-80-23460819
E-mail : alfint@vsnl.com | irg@integratedindia.in

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NOTICE

Notice is hereby given that the 21st Annual General Meeting of the members of the Company will be held on Friday, 26th day of September 2014 at 10.10 A.M at Canara Union Trust, 42, 8th Main, Malleshwaram, Bangalore – 560 003 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as on 31st March 2014 and the Profit and Loss Account of the Company for the year ended on that date together with the reports of the Auditors' and Directors' thereon.
2. To confirm the declaration of interim dividend of Rs. 0.70 per equity share, already paid for the financial year ended 31st March, 2014.
3. To appoint a Director in place of Mr N. Sudhash (DIN: 06648170), who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. M. Mohammed Akram (DIN: 06655015), who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and fix their remuneration and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 139 of the Companies Act, 2013 and the Rules made thereunder, M/s. M. Gandhi & Co., Chartered Accountants, (Registration No. 00851S), be and are hereby re-appointed as the Statutory Auditors of the Company for a period of three consecutive years from the date of this Annual General Meeting upto the conclusion of the 24th Annual General Meeting (subject to the written consent of the Auditor to act as such and subject to the certificate that all the prescribed conditions are complied with and that the eligibility criteria is satisfied by the auditors) at a remuneration to be decided by the Board of Directors of the Company for every financial year of the audit.

RESOLVED FURTHER THAT the appointment of the auditors be subject to the ratification of the appointment, by the Members at every Annual General Meeting held after this Annual General Meeting.”

SPECIAL BUSINESS:

6. To consider and if thought fit, to pass with or without modification(s), as an ORDINARY RESOLUTION the following :

“RESOLVED THAT, pursuant to section 152, second proviso to section 149 (1) and other applicable sections of the Companies Act, 2013, read with Companies (Appointment and qualification of Directors) Rules 2014 as amended from time to time, Mrs. Lakshmi Srinivasan, who is eligible for appointment and in respect of whom the Company has received a notice in writing from a member proposing her candidature, for the office of Director liable to retire by rotation, be and is hereby appointed as Director of the Company.”

**By Order of the Board of Directors
For KALS INFORMATION SYSTEMS LTD**

**Place: Bangalore
Date: 31.07.2014**

**Sd/-
K. Srinivasan
Managing Director
DIN: 00941441**

NOTES: -

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (THE “MEETING”) IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF / HERSELF AND THE PROXY SO APPOINTED NEED NOT BE A MEMBER OF THE COMPANY. THE DULY COMPLETED, STAMPED AND SIGNED PROXY FORM, TO BE EFFECTIVE, SHOULD REACH THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE SCHEDULED TIME OF THE MEETING. BLANK PROXY FORM IS ATTACHED.**

A PERSON CAN ACT AS A PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. A MEMBER HOLDING MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS A PROXY FOR ANY OTHER PERSON OR A MEMBER.



2. Corporate Member(s) intending to send their authorized representative(s) to attend the meeting are requested to send to the Company, a certified true copy of the Board Resolution authorizing their representative(s) to attend and vote on their behalf at the meeting pursuant to section 113 of the Companies Act 2013.
3. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, setting out material facts, in respect of the Special Business is attached.
4. Members desiring any information relating to accounts and operations of the company are requested to write to the Company at least seven days before the date of the meeting so as to enable the management to keep the information available at the meeting.
5. A Members are requested to:
 - i. Quote their folio number / DP ID & client ID no. in all correspondence with the Company.
 - ii. Bring their copy of the Annual Report to the Annual General Meeting.
 - iii. Note that no gift or gift coupons will be distributed at the meeting.
5. B. Members holding shares in physical form are requested to intimate the following directly to the Company's RTA:
 - a. Changes, if any, in their address with pin code numbers.
 - b. Quote their ledger folio no. in all their correspondence.
 - c. Members who hold shares in single name and physical form are advised to make nomination as per Section 72 of the Companies Act, 2013, in respect of their shareholding in the Company.
5. C. Members holding shares in dematerialized form are requested to contact their respective Depository Participants for updation of their addresses, email ID.
6. The Members who have not encashed their interim dividend paid in 2013 are requested to encash the same at the earliest and are requested to note that as per section 205A of the Companies Act, 1956, dividends not claimed within seven years shall be transferred to the Investor Education and Protection Fund as established under section 205C, of the Companies act. 1956.

7. E-VOTING

In compliance of the provisions of section 108 of the Companies Act, 2013 and rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members the facility to exercise their right to vote at the Twenty First Annual General Meeting by electronic means and all item of business may be transacted through e-voting services provided by Central Depository Services Limited. The instructions for members for voting electronically are as under:-

In case of members receiving e-mail:

- (i) Log on to the e-voting website www.evotingindia.com
- (ii) Click on "Shareholders" tab.
- (iii) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (iv) Next enter the Image Verification as displayed and Click on Login.
- (v) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vi) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> • Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account/folio number in the PAN field. • In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN field.
DOB#	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details#	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. <ul style="list-style-type: none"> • Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the number of shares held by you as on the cut off date in the Dividend Bank details field.



- (vii) After entering these details appropriately, click on “SUBMIT” tab.
- (viii) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (x) Click on the EVSN for the relevant **KALSINFO** on which you choose to vote.
- (xi) 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.
- (xii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xiii) 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.
- (xiv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xv) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xvi) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
 - Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to www.evotingindia.com and register themselves as Corporates.
 - They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.
 - After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

In case of members receiving the physical copy:

- (A) Please follow all steps from sl. no. (i) to sl. no. (xvi) above to cast vote.
 - (B) The voting period begins on 9.00 A.M. on 20/09/2014 and ends on 9.00 PM on 22/09/2014. During this period shareholders’ of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 29/08/2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
 - (C) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.
8. Mr. V. Karthick, Practicing Company Secretary, (Membership no. ACS 11910) has been appointed as the Scrutinizer to scrutinize the e-voting process (including the ballot cast by the Members at the Annual General Meeting) in a fair and transparent manner.
 9. The Scrutinizer shall within a period not exceeding three working days from the date of close of e-voting unlock the votes in the presence of atleast two witnesses, not in the employment of the Company and make Scrutinizer’s Report of the votes cast in favour of or against, if any, forthwith to the Chairman of the Company.
 10. The results declared alongwith the Scrutinizer’s report shall be placed on the Company’s website www.kalsinfo.com and on the website of CDSL viz www.cdslindia.com within two days of passing of the resolutions at the AGM of the Company and communicated to BSE and NSE.

11. POLL AT THE MEETING

After all the items of the notice have been discussed, the Chairperson of the Meeting will order poll in respect of all the items. Unless any other Scrutinizer is appointed by the Chairperson at the Meeting, poll will be conducted under the supervision of Mr. V. Karthick, Practicing Company Secretary, (Membership no. ACS 11910), to ensure that the voting process is conducted in a fair and transparent manner. After conclusion of the poll, the Chairperson may declare the meeting as closed. The results of the poll aggregated with the results of e-voting along with the Scrutinizer’s Report shall be announced by the Company on its website: www.kalsinfo.com within two day from the date of Annual General Meeting of the Company and on the website of CDSL - www.cdslindia.com and also informed to the stock exchanges where the securities of the Company are listed within two (2) days of the AGM.



Please note that the Members who have exercised their right to vote by electronic means shall not be eligible to vote by way of poll at the Meeting. The voting rights of the Members shall be in proportion to their shares of the paid-up equity share capital of the Company. The poll process shall be conducted and scrutinized and report thereon will be prepared in accordance with Section 109 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014.

12. The results of e-voting and poll on resolutions shall be aggregated and declared on or after the AGM of the Company and the resolutions will be deemed to be passed on the AGM date subject to receipt of the requisite numbers of votes in favour of the resolutions.

Explanatory Statement pursuant to section 102 of the Companies Act, 2013:

ITEM No. 6

Pursuant to the provisions of section 152 and second proviso to section 149 (1) of the Companies Act 2013 and Rules there under, which came into effect from 1st April 2014, every Listed Public Company is required to have at least one Woman Director. The Company has received a notice in writing under the provisions of section 160 of the Companies Act, 2013, from a member alongwith a deposit of Rs. 1 Lac proposing the candidature of Mrs. Lakshmi Srinivasan for the office of Director. The brief profile of Mrs. Lakshmi Srinivasan is given below:

Mrs. Lakshmi Srinivasan is a BA (Honors) in Economics degree from Lady Shri Ram College, Delhi with an additional Diploma in Accountancy and Japanese Language. She has a professional career of twenty years. During this period she has held various professional positions including Company Director, Japanese Language expert, ISO auditor, Manager (content management) etc. The Board is of opinion that including Mrs. Lakshmi Srinivasan as Director will bring immense value to the Company.

No Director, Key Managerial Personnel or their relatives except Mr. K. Srinivasan, Managing Director, is interested or concerned in the resolution. The Board recommends the resolution set forth in item no. 6 for the approval of the Members.

By Order of the Board of Directors
For KALS INFORMATION SYSTEMS LTD

Place: Bangalore
Date: 31.07.2014

Sd/-
K. Srinivasan
Managing Director
DIN: 00941441

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Twenty First Annual Report of the Company together with the Audited Balance Sheet as at 31st March, 2014 and Profit and Loss Account for the year ended on that date.

Figures in Rs. Lakhs

Sl.No	Particulars	Year ended 31-3-2014	Year ended 31-3-2013
1.	Total Revenue (including Other Income)	311.34	303.03
2.	Operating Profit	74.57	87.26
3.	Finance Charges	0.42	0.19
4.	Depreciation & write offs	5.45	6.07
5.	Profit Before Taxation	68.69	81.00
6.	Profit After Taxation	53.05	63.46
7.	P & L A/c balance Written off	Nil	30.48
8.	Reserves and Surplus Balance carried forward	192.25	182.97



OPERATIONS DURING THE YEAR, SUBSEQUENT EVENTS AND FUTURE OUTLOOK

The Company has maintained the same top line. However business revenue has gone up. The Company continues to maintain a tight control over the receivables. The company has negligible liabilities in terms of current liabilities and maintains a healthy working capital position. The company is continuing to develop new markets such as the Middle East. Some break through has already happened.

DIVIDEND

Your Board had recommended interim dividend of 7 % during the financial year 2013-2014, which will be treated as the final dividend for the financial year.

FIXED DEPOSITS

The Company has not accepted any deposits and as such no amount of principle or interests was outstanding as on the date of balance sheet.

PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

1. With a view to conserve energy wherever possible and practicable, the Company has implemented suitable plans and devices. 'Power saving' monitors are used in the work stations. Natural light is used during the daytime wherever possible. Further, awareness is also created among the employees towards the need to conserve the energy in their workplace & common facilities.
2. The Company has neither carried out any research and development activities during the year under review nor incurred any expenditure thereupon
3. Foreign Exchange Earnings : **Rs. 2, 81,07,967/=** (Previous year Rs. 2,48,00,000/=)
4. Foreign Exchange Outgo : **Rs. 19, 56,059/=** (Previous year Rs. 3, 43,498/=)

DIRECTORS

During the year under review Mr. N. Sudhash and Mr. M. Mohammed Akram were appointed as the Whole time Directors of the Company on 16th September 2013 in the 20th Annual General Meeting. During the year under review Mr. Amarnath K.V. Resigned from the Board with effect from 19th September 2013. The Board places on record its appreciation for the valuable contributions made by them.

Mr. N. Sudhash and Mr. M. Mohammed Akram will retire at the ensuing Annual General Meeting of the Company and being eligible offer themselves for re-appointment.

AUDITORS

The auditors, M/s M. Gandhi & Co, Chartered Accountants (registration number 000851S) retire at the conclusion of the ensuing Annual General Meeting and subject to their eligibility and willingness to continue with the office of auditors, if re-appointed, the Board proposes to appoint them for a period of three consecutive years from the date of the Annual General Meeting according to section 139 of the Companies Act, 2013 and Rules made there under.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the requirements of section 217 (2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

1. The Company has followed all the applicable Accounting Standards and there is no material departure from this in the preparation of the annual accounts.
2. The Company has selected the normal accounting policies and applied them consistently and made judgments and estimates that are responsible and prudent so as to give a true and fair view of the affairs of the company at the end of the financial year and profit and loss account of the company for the period.
3. Proper and Sufficient care has been taken by the company for maintenance of proper Accounting Records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for detecting frauds and irregularities.
4. The accounts of the company are prepared on 'going concern' concept basis.

CORPORATE GOVERNANCE

The company has taken necessary steps to implement and to comply with the recommendations of the code of Corporate Governance. A Corporate Governance report is attached to this report as Annexure – A. CEO/CFO Certificate as required under the new Corporate Governance norms is attached as Annexure B.



ACKNOWLEDGEMENTS

Your Directors acknowledge with thanks the support and valuable co-operation extended by customers, vendors, bankers, shareholders and government organizations such as Software Technology Parks of India, Karnataka, etc. Your Directors place on record for their appreciation of the contribution made by the employees at all levels.

For and on behalf of the Board of the Directors

Place: Bangalore
Dated: 31.07.2014

Sd/-
K.Srinivasan
Managing Director
(DIN: 00941441)

Sd/-
MMohammedAkram
Director
(DIN: 06655015)

ANNEXURE A

CORPORATE GOVERNANCE REPORT:

This Report on Corporate Governance forms part of the Directors Report. This section besides being in compliance of the mandatory listing agreement requirements, gives an insight into the process of functioning of the company.

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

1. To adopt internal and external measure to increase the level of transparency and accountability.
2. To demonstrate to shareholders that the company is following right governance practices.
3. To respect the laws of the land and rights of shareholders and to get respect from all the concerned.
4. To lead the company towards high growth path of higher profits and revenues.

2. BOARD OF DIRECTORS

A) COMPOSITION

The Board of Directors of the Company consists of persons with considerable professional experience and expertise. Presently the Board consists of three executive directors and two non-executive directors. The details on the composition of the Board, directors' attendance in Board Meetings and Annual General Meeting during the financial year 2013-14 and other details as required are given below:

DIN	Name of the Director	Position	No of Board Meeting attended	Whether attended AGM	No of Directorships in other companies
00941441	K.Srinivasan	Managing Director	7	Yes	-
06655015	Mohammed Akram. M	Whole Time Director	1	Yes	-
06648170	Sudhash. N	Whole Time Director	1	Yes	-
01237967	Dayananda Hebri Ballal	Director	3	No	-
02766369	Pethannan Periaswamy	Director	5	Yes	-
01500646	Amarnath K. V.	Director	2	No	-

B) BOARD MEETINGS 2013-14:

The Company has conducted Seven Board Meetings during the financial year 2013-2014 viz. on 29th April 2013, 30th May 2013, 30th July 2013, 16th Aug 2013, 3rd Sep 2013, 30th Oct 2013 & 30th Jan 2014. Agenda papers along with relevant details and documents were circulated to all Directors, in advance before the date of the Board Meeting. Board members have complete access to any information within the Company.

C) GENERAL:

The Company has no pecuniary relationship or transactions with the non-executive directors.

D) REMUNERATION OF DIRECTORS, SITTING FEES, SALARY AND PERQUISITES:

The table below gives the details of the remuneration package of Directors paid or payable during the year 2013-2014 and their relationship with each other:



Name of the Director	Relationship with other Directors	Sitting Fees Rs.	Salary Rs.	Perquisites Rs.	Total Rs.
K.Srinivasan	Managing Director	-	9,67,999.00	9,034.00	9,77,033.00
Mohammed Akram. M	None	-	6,25,683.00	-	6,25,683.00
Sudhash. N	None	-	6,32,059.00	-	6,32,059.00
Dayananda Hebri Ballal	None	8,000.00	-	-	8,000.00
Pethannan Periaswamy	None	10,000.00	-	-	10,000.00
Amarnath. K V	None	5,000.00	-	-	5,000.00

Mr. Amarnath K. V. resigned from the Board with effect from 19th September 2013

E) REMUNERATION OF DIRECTORS: EMPLOYEES STOCK OPTIONS:

No stock option has been granted to any of the directors till date.

F) PROFILE OF DIRECTORS BEING APPOINTED/ RE-APPOINTED:

Profile of N. Sudhash, Director who is seeking re-appointment:

Mr. Sudhash Natarajan, aged about 39 years, is an Engineering graduate (Electronics & Communication) from the College of Engineering, Guindy, Chennai. His work experience in the last 16 years includes Technology Consulting, Project Management, Market Development, Talent Acquisition & Development, and Business Operations. Mr. Sudhash has managed customers across various sectors such as Manufacturing Companies, Insurance, Unit Trust, eGovernance etc. He has to his credit managing large, diverse, geographically spread teams & projects.

Profile of M. Mohammed Akram, Director who is seeking re-appointment:

Mr. M. Mohammed Akram, aged about 39 years, Bachelor of Engineering, is presently Chief Technology Officer of the Company. Over the last 17 years of working experience, Mr. Akram has handled more than 12 Successful Large Projects & Product Implementations in Multiple roles. He specializes in Project & Customer Management, Multi-Technology Implementation, and Process Management & Quality Assurance. He has managed International Customers across South East Asia, Africa & Middle-East, has mentored more than 500 Software Engineers, handled other critical functions such as New market expansion, Strategic Partnerships etc.

A brief profile of Mrs. Lakshmi Srinivasan is given in the Explanatory Statement.

3. BOARD COMMITTEES:

A. SHARE TRANSFER AND INVESTOR GRIEVANCE COMMITTEE:

The main functions of Share Transfer and Investor Grievance Committee are to supervise and ensure efficient transfer of shares and proper and timely attendance of investor complaints. The Committee comprises of Mr. K. Srinivasan, Managing Director, Dr.H.D.Ballal, Director and Mr.P. Periaswamy, Director. In the absence of any significant physical transfer during the year, the Committee met 4 times during the year under review. The Committee meets once in a quarter to review and monitor, the share transfer, transmissions, issue of duplicate share certificates, dematerialization of shares and redressing of shareholders and investors complaints like transfer of shares, etc. Details regarding number of complaints received and resolved have been published along with the unaudited quarterly results.

B. AUDIT COMMITTEE

The Audit Committee comprises of Mr. P. Periaswamy as its Chairman and Dr. H. D. Ballal & Mr. Mohammed Akram as other members of the Committee. The Committee meets as mandated by the Corporate Governance guidelines. The terms of reference of the Committee are:

- Review of Internal Control Systems;
- Review of Quarterly and Annual Accounts;
- Fixing the scope and review the internal audit; and
- Investigate any matter referred by the Board of Directors

4. DISCLOSURES:

There was no significant transaction with the directors or the management, their subsidiaries or relatives that have any potential conflict with interest of the company at large. There were no case of non-compliance by the Company, nor any cases of penalties, strictures imposed on the Company by the Stock Exchange or SEBI or any statutory authority on any matters related to capital markets during the last three years. The disclosures pertaining to related party transactions and basis of accounting have been made in the notes on account forming part of this Annual Report.



5. GENERAL BODY MEETINGS:

Details of Annual General Meeting and other General Meeting held during the last 3 years are as follows:

Meeting	Day, Date and Time of the Meeting	Venue
20 th AGM	Monday, the 16 th September, 2013 at 09:45 A.M.	Canara Union Trust, 42, 8 th Main, Malleswaram, Bangalore-560003
19 th AGM	Wednesday, the 26 th September, 2012 at 09:40 A.M	Canara Union Trust, 42, 8 th Main, Malleswaram, Bangalore-560003
18 th AGM	Saturday, the 10 th September, 2011 at 10:40 A.M	Canara Union Trust, 42, 8 th Main, Malleswaram, Bangalore-560003

6. MEANS OF COMMUNICATION:

The Company has always promptly reported all material information including quarterly financial results, press releases, etc to all Stock Exchanges where the securities of the Company are listed. The quarterly results and other information were communicated to the shareholders by way of advertisement in a national daily and in vernacular language newspaper.

7. SHAREHOLDERS' INFORMATION:

Sl.No.	Particulars	Details
1.	Date, Time and Venue of the Twenty First Annual General Meeting	Friday 26 th day of September 2014 at 10:10 A.M. at Canara Union Trust, 42, 8 th Main, Malleswaram, Bangalore – 560 003
2.	Date of Book Closure	17 th September 2014 to 26 th September 2014 (both days inclusive).
3.	Record Date for e-voting	29 th August 2014
4.	Listing on Stock Exchanges	Bangalore Stock Exchange Ltd. and The Delhi Stock Exchange Association Ltd.
5.	Registered Office	No. 4/1, Rudra Chambers, 4 th Main, 9 th Cross, Malleswaram, Bangalore-560003
6.	Share Transfer Agent for Physical as well as Electronic Transfer	Integrated Enterprises Private Limited (Formerly Known as Alpha Systems Private Limited) at No.30, Ramana Residency, 4 th Cross, Sampige Road, Malleswaram, Bangalore-560003

8. CHANGE OF ADDRESS :

Members holding equity shares in physical form are requested to notify the changes of address/ Bank Mandate, if any to the Registrar and Share Transfer Agents M/s Integrated Enterprises Private Limited, Bangalore. Members holding equity shares in dematerialized forms are requested to notify their change of address / Bank mandate, if any, to their respective DP's.

9. SHARE TRANSFER SYSTEM :

Shares sent for physical transfer or dematerialization request are generally registered and returned within a period of 21 days from the date of receipt. The Company has appointed M/s Integrated Enterprises Private Limited at NO.30, Ramana Residency, 4th Cross, Sampige Road, Malleswaram, Bangalore-560003 as its Share Transfer Agent.

10. DEMATERIALIZATION OF EQUITY SHARES :

Trading in equity shares of the Company become mandatory in dematerialized form with effect from 24th July 2000. To facilitate trading in demat form, there are two depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The Company has entered into an agreement with both of these depositories. Shareholders can open account with any of the Depository participant registered with any of these depositories. As on date (approx.) 52% of equity shares of the Company are in the dematerialized form.

11. GREEN INITIATIVES:

The Ministry of Corporate Affairs, Government of India, has by Circular Nos. 17/2011 dated 21st April, 2011 and 18/2011 dated 29th April, 2011 laid down proposals for paperless Notices. Annual reports and other documents to be served upon the shareholders. Shareholders who wish to opt for email communication may send their email Id's to the corporate office.

12. COMPLIANCE OFFICER:

The Company is in the process of appointing a Company Secretary and compliance officer.



13. SHAREHOLDERS' CORRESPONDENCE:

The company has attended to all the investors' grievances / queries / information requests. We endeavor to reply all letters received from the shareholders within a week. All correspondence may please be addressed to the Share Transfer Agent at the address given. In case any shareholder is not satisfied with the response or do not get any response within reasonable period of 15 days, they may approach to the company addressing the letters to the Managing Director at the Company's registered office address.

For and on behalf of the Board of Directors

Place: Bangalore
Date: 31.07.2014

Sd/-
K. Srinivasan
Managing Director
(DIN:00941441)

Sd/-
Mohammed Akram .M
Director
(DIN:06655015)

ANNEXURE B

The Board of Directors
KALS Information Systems Ltd.
Bangalore

CERTIFICATION OF FINANCIAL RESULTS FOR THE PERIOD ENDED 31ST MARCH, 2014

1. We have reviewed the financial statements and cash flow statements for the above said period and to the best of our knowledge and belief,
 - These statements do not contain any materially untrue statements or omit any material fact or contain statements that might be misleading;
 - These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the company during the period which are fraudulent, illegal or violative of the company's code of conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and that and we have evaluated the effectiveness of the internal control systems of the company pertaining to the financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal control, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
4. We have indicated to the Auditors and the Audit committee the:
 - Significant changes in internal control over financial reporting during the year;
 - Significant changes in accounting policies during the year and that the same have been disclosed in the Notes of the financial statements; and
 - Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.
5. We have fully complied with the Accounting manual of the Company and reviewed very carefully the checklists prepared by the company.

Place: Bangalore
Date: 31.07.2014

Sd/-
K. Srinivasan
Managing Director
(DIN:00941441)

Sd/-
Mohammed Akram .M
Director
(DIN:06655015)

ANNEXURE C

MANAGEMENT DISCUSSION & ANALYSIS (MD&A)

INTRODUCTION

Investors are informed and cautioned that this discussion contains forward-looking statements that involve risks and uncertainties. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether because of any new information, future events, or otherwise. Actual results, performance or achievements could differ materially from those expressed or implied in such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements.



REVIEW OF THE OPERATING PERFORMANCE & FINANCIAL REVIEW:

The company has achieved a total income of Rs.311.34 Lakhs during the financial year 2013-2014, with a net profit (PAT) of Rs.53.05 Lakhs which is 17.04 % of income. However it is to be noted that the business revenue of the company has gone up from 252 lakhs to 281 lakhs which is an increase of about 12%, however other income which was Rs.50 lakhs in 2013 has dropped to 30 lakhs in 2014 due to interest rate fluctuation in RBI Policy.

BUSINESS ENVIRONMENT:

The Business Environment has been very challenging. Apart from the continuing effects of inflation we have also had to bear the burden of RBI policy which adversely affected our investment income. We have thus had to tackle challenges on several points.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY:

The Company's internal control mechanism lies on the fundamentals of a good Management Information System. The funds flow plan is monitored through a budget and variance analysis. The roles and responsibilities of all managerial positions have been documented and are monitored, which ensures that decisions are taken within the framework laid down. Any material change in business outlook or in annual planning and budgeting is reported to the Board. The Company has also put in place an internal business outlook or in annual planning and budgeting is reported to the Board. An internal audit system is in place, where the auditors have access to all records and information about the company. As a good corporate governance measure, the company has announced a "Whistle Blower Policy" which lays foundation for clean business practice and allows the employees to participate and forward their views, suggestions, deviations and observations to the Management. The Company is committed to continuously improving its systems relating to efficiency of operations, financial reporting and statutory compliances.

OPPORTUNITIES AND THREAT/ RISKS & CONCERN:

New opportunities seem to exist in the Middle-east market, where we have a new client. Due to changed regulatory environment there are new pressures on compliance and therefore additional costs. Rupee may strengthen and this could reduce the benefit of good exchange rates that we have enjoyed in the past few years.

OUTLOOK:

The company faces several challenges ahead due to factors such as inflation, smallness of size and increasingly complex rules and regulations that particularly affect small organizations.

HUMAN RESOURCES:

Human Resources management continues to be a major challenge to the industry in which the company operates. We are facing high attrition levels. Retention of quality manpower is a growing challenge. Apart from this, we also have to deal with huge rise in employee costs and expectations.

M.Gandhi & Co
Chartered Accountants

No.48, Hitananda Building
Mezzanine Floor
Lavelle Road, Bangalore -01
Ph No. 080-22630247

INDEPENDENT AUDITORS' REPORT

To The Members of KALS INFORMATION SYSTEMS LIMITED

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of KALS Information Systems Ltd ('the Company'), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956 read with General Circular 15/2013 dated 13th September 2013, issued by the Ministry of Corporate Affairs, in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control 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.



AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and 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 control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness on the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, 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.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Companies Act, 1956 ('the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956 read with General Circular 15/2013 dated 13th September 2013, issued by the Ministry of Corporate Affairs, in respect of Section 133 of the Companies Act, 2013;
 - (e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956

For M.Gandhi & CO
Chartered Accountant

Sd/-
M Gandhi
Proprietor
Membership No:22958
Registration No:00851S

Place: Bangalore
Date: 30.05.2014



ANNEXURE

STATEMENT REFERRED TO IN PARAGRAPH (1) OF OUR REPORT OF EVEN DATE

- (i) a) The Company has maintained adequate records of fixed assets with full particulars including quantity and location.
- b) As informed to us, all the fixed assets have been physically verified by the management during the year and no material discrepancies have been noticed on such verification.
- c) During the year, the Company has not disposed off any substantial part of the fixed asset affecting the going concern status of the company.
- (ii) a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation, to the size of the Company and the nature of its business.
- c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material. However, the same have been properly dealt with in the books of accounts.
- (iii) We have been informed that the Company has not taken or granted any loans secured or unsecured from/to companies, firms, other parties listed in the register maintained U/s 301 of the companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, and as parties evaluation, it appears that there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- (v) Based on the audit procedures and according to the information and explanations provided by the management, there has not been any transactions during the year that need to be entered in the register maintained u/s.301 of the Companies Act, 1956 and exceeding during the year to Rs.5,00,000/- or more in respect of each such contract.
- (vi) In our opinion and according to the information and explanations given to us, the company has not accepted any deposits covered under the provisions of Section 58 A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public.
- (vii) In our opinion, the company has an internal audit system commensurate with the size of the company and nature of its business.
- (viii) According to the information and explanations given to us, maintenance of cost records under Section 209(1) (d) of the Companies Act 1956 have not been prescribed to the company's products.
- (ix) The Company is regular in depositing with appropriate authorities and there are no undisputed statutory dues including provident fund, employee's state insurance, income tax, sales tax, wealth tax, custom duty, excise duty, cess and other material statutory dues outstanding as at 31.03.2014 for a period of more than six months from the date they became payable.
- (x) The Company has no accumulated losses during the year.
- (xi) In our opinion according to the information and explanations given to us, has not defaulted in repayment of dues to banks and financial institutions. The Company has not issued any debenture and consequently the question of default in redemption of the same does not arise.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other Securities during the year.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the companies (Auditor's Report) order, 2003 are not applicable to the Company.
- (xv) As informed to us, the company has not given guarantees for loans taken by other from banks or financial institutions.
- (xvi) In our opinion, the term loans have been applied for the purpose for which they were raised.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds are raised on short-term assets have been used for long-term investment. No long-term funds have been used to finance short-term assets except permanent working capital.



- (xviii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act 1956.
- (xix) According to the information and explanations given to us, during the year covered by our audit report, the Company has not issued any debentures.
- (xx) The company has not raised money by public issues during the year and hence the question of disclosure of end use of the money so raised does not arise.
- (xxi) Based on the audit procedures performed and according to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For M.Gandhi & CO
Chartered Accountant

Sd/-
M Gandhi
Proprietor
Membership No:22958
Registration No:00851S

Place: Bangalore
Date: 30.05.2014

Auditors Report on Corporate Governance

TO THE MEMBERS OF KALS INFORMATION SYSTEMS LTD

We have read the Report of Directors on Corporate Governance and have examined the relevant records relation to compliance of conditions of Corporate Governance by KALS Information Systems Ltd (The Company) for the year ended March 31, 2014 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination, conducted in the manner described in the 'Guidance Note on Certification of Corporate Governance' issued by the institute of Chartered Accountants of India, was limited to procedures and implementation thereof adopted by the company for ensuring compliance with the conditions of Corporate Governance. Our examination was neither an audit nor was it conducted to express an opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us and on the basis of our examination described above, the Company has partially complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

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

For M.Gandhi & CO
Chartered Accountant

Sd/-
M Gandhi
Proprietor
Membership No:22958
Registration No:00851S

Place: Bangalore
Date: 30.05.2014



BALANCE SHEET AS AT 31ST MARCH, 2014

Amount in Rupees

Particulars	Note No	As at 31st March 2014	As at 31st March 2013
EQUITY AND LIABILITIES			-
(1) Shareholder's Funds			
(i) Share Capital	2	5,34,49,000	5,34,49,000
(ii) Reserves and Surplus	3	1,92,24,761	1,82,97,291
(2) Non-Current Liabilities			
(i) Long-term borrowings		-	-
(ii) Deferred Tax Liabilities (Net)		-	-
(iii) Other Long term liabilities		-	-
(iv) Long-term provisions	4	15,94,616	9,21,923
(3) Current Liabilities			
(i) Short-term borrowings		-	-
(ii) Trade payables	5	1,10,000	-
(iii) Other current liabilities	6	22,55,090	14,56,489
(iv) Short-term provisions	7	16,80,303	17,19,072
TOTAL		7,83,13,770	7,58,43,775
ASSETS			
(1) Non-current assets			
(i) Fixed assets			
(a) Tangible assets	8	18,26,117	20,88,551
(b) Intangible Assets	8	21,582	43,165
(ii) Non Current Investments		-	-
(iii) Deferred Tax Assets(net)	9	5,18,728	2,96,905
(iv) Long-term loans and advances		-	-
(v) Other non-current assets	10	13,01,460	13,69,460
(2) Current assets			
(i) Current Investments	11	6,43,34,689	2,51,96,972
(ii) Inventories		-	-
(iii) Trade receivables	12	54,89,609	71,13,118
(iv) Cash and cash equivalents	13	29,31,726	3,74,02,754
(v) Short-term loans and advances	14	3,000	8,83,932
(vi) Other current assets	15	18,86,859	14,48,918
Summary of Significant Accounting Policies	1		
TOTAL		7,83,13,770	7,58,43,775

Accounting Notes are integral part of the Financial Statements

For M.Gandhi & CO
Chartered Accountant

Sd/-
M Gandhi
Proprietor
Membership No.22958
Registration No: 000851S
Place : Bangalore
Date :30.05.2014

For and on behalf of the Board of Directors

Sd/-
K. Srinivasan
Managing Director

Sd/-
M. Mohammed Akram
Director



PROFIT & LOSS A/C FOR THE YEAR ENDED 31ST MARCH 2014

Particulars	Note	Amount in Rupees	
		Year Ended 31st March 2014	Year Ended 31st March 2013
I. Revenue from operations	16	2,81,07,967	2,52,00,499
II. Other Income	17	30,26,230	51,02,278
III. Increase/decrease in Stock		-	-
Total Revenue (I +II+III)		3,11,34,197	3,03,02,777
IV. Expenses:			
Employee benefit expense	18	1,48,51,363	1,38,14,620
Financial costs	19	42,330	19,147
Depreciation and amortization expense	20	5,45,084	6,06,934
Other expenses	21	88,26,147	77,61,827
Total Expenses		2,42,64,924	2,22,02,528
V. Profit before exceptional and extraordinary items and tax		68,69,273	81,00,249
VI. Profit before extraordinary items and tax		68,69,273	81,00,249
VII. Profit before tax		68,69,273	81,00,249
VIII. Tax expense:			
(1) Current tax		16,80,303	16,49,631
(2) Deferred tax asset		(2,21,823)	35,318
(3) Income tax earlier years		1,06,037	69,441
IX. Profit (Loss) from the period from continuing operations		15,64,517	17,54,390
X. Profit/(Loss) for the period		53,04,756	63,45,859
XI. Earning per equity share:			
(1) Basic	22	0.99	1.19

Accounting Notes are integral part of the Financial Statements

For M.Gandhi & CO
Chartered Accountant

For and on behalf of the Board of Directors

Sd/-
M Gandhi
Proprietor
Membership No.22958
Registration No: 000851S
Place : Bangalore
Date :30.05.2014

Sd/-
K. Srinivasan
Managing Director

Sd/-
M. Mohammed Akram
Director



Note 1

NOTES TO THE FINANCIAL STATEMENTS

1. BACKGROUND:

The company was incorporated under the Companies Act 1956 as a Private Limited Company in the year 1993. Subsequently the company was converted into a public limited company in the year 2000. The company is engaged in development of Software and Software products since its inception. The company consisting of STPI unit engaged in Development of Software.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Accounting:

The financial statements are prepared under the historical cost convention on accrual basis of accounting to comply with the accounting standards prescribed in the Companies (Accounting Standards) Rules, 2006 and with relevant provisions of the Companies Act, 1956.

b) Revenue Recognition:

The Company derives its revenues primarily from software services and software products. Revenue from time and material contract is recognized on the basis of software developed and billed in accordance with the terms of the contract. Revenue from the fixed price contract is recognized on the completion of milestones in contracts, under the percentage of completion method. Income from training is recognized on time proportion basis.

Interest on deployment of surplus funds is recognized using the time proportion method based on the interest rates applicable to the transaction. All other incomes and expenditure are accounted on accrual basis and provision is made for all known losses and liabilities.

c) Fixed Assets:

Fixed assets are stated at cost, less accumulated depreciation, Cost includes original cost of acquisition, including incidental expenses related to such acquisition and installation.

d) Depreciation:

i.) The Company has provided Depreciation on fixed assets under WDV Method as per Schedule XIV of the Companies Act 1956.

ii.) Fixed Assets each costing below Rs.5000/- are fully depreciated in the year of acquisition.

iii.) Depreciation on fixed assets added/disposed off during the year is provided on pro-rata basis. Software purchases are depreciated at 50% of the cost of acquisition in the year of purchase and the balance is written off in the succeeding year

e) Impairment of Assets:

i.) The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/ external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount.

ii.) After impairment, depreciation is provided on the revised carrying amount of the assets over the remaining useful life.

f) Investments & Loans:

Long terms Investments are stated at cost, less provision for diminution in value of investments, which is considered to be permanent. Current investments are stated at lower of cost or fair market value. Loans of long term nature are valued at cost.

g) Inventories:

Computer spares are charged to consumption in the year of purchase.

h) Employee Benefits:

i. **Provident Fund & Superannuation Fund:** The Company's contribution to the Employee's PF is charged to the Profit & Loss Account on accrual Basis and paid to commissioner of Employee's Provident Fund Department on due dates.

ii. **Gratuity:** Provision for gratuity has been made for eligible employees who have completed 5 years of service.

iii. **Leave salary:** Liability for unutilized leave to the employees is determined on accrual basis.

i). Foreign Currency Transactions:

Monetary assets and liabilities related to foreign currency transactions remaining unsettled at the end of the year are translated at year end rates. The difference in translation of monetary assets and liabilities and realized gains and losses on foreign exchange transactions are recognized in the Profit and Loss Account.

j). Taxation:

Tax expense comprise of both current tax and deferred tax. Deferred tax reflects the effect of temporary timing difference between the assets and liabilities recognized to financial reporting purposes and the amounts that are recognized for current tax purposes. As a matter of prudence deferred tax assets are recognized and carried forward only to the extent, there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.



k). Material Events:

Material events occurring after the Balance Sheet date are taken into cognizance.

NOTES ON ACCOUNTS:

- General: Figures have been rounded off to the nearest rupees previous year figures have been regrouped, reclassified and recast wherever necessary and wherever possible to confirm to current year's classification.
- Lease: The Company does not have any assets purchases through either operating lease or financial lease as defined in Accounting Standard 19.
- Contingent Liabilities to the extent not provided for in the books of accounts:
- There are no outstanding dues to Micro Small and Medium Enterprises as at 31.03.2014.
- Managerial Remuneration provided and paid during the year was as follows:

The remuneration paid to the directors are as per the provisions of schedule XIII of the Companies Act.

Sl. No.	Name	Designation	2013-14 (Rs.)	2012-13 (Rs.)
1	K. Srinivasan	Managing Director	9,77,033	6,50,840
2	K. Ananthapadmanabhan	Executive Director	-----	2,76,600
3	R. Krishnaswamy	Director Admin	-----	1,38,716
4	M. Mohammed Akram	Director	6,25,683	-----
5	N. Sudhash	Director	6,32,059	-----
	Total		22,34,775	10,66,156

The remuneration paid/payable to the whole time Directors are as per the contract and as approved by the members of the Company on **16th September, 2013**.

- The Company is engaged in the business of development of computer software and other related services. The Production and sale of such software is not capable of being expressed in any generic unit and hence it is not possible to give the quantitative details of the sales and information as required under paragraphs 3, 4C and 4D of Part II of Schedule VI of the Companies Act, 1956.

7. Expenses in foreign currency

Sl. No.	Name	2013-14 (Rs.)	2012-13 (Rs.)
1	Foreign Travel	19,56,059	3,43,498
	Total	19,56,059	3,43,498

8. Earnings of Foreign Exchange Sales (On accrual basis)

Sl. No.	Name	2013-2014 (Rs.)	2012-2013 (Rs.)
1	Foreign Exchange Sales	2,81,07,967	2,48,00,000

9. Gratuity:

The gratuity is provided as per Actuarial Valuation and as per accounting Standard 15(revised). Hence Accounting Standard is complied with.

10. Related Party Disclosures

Related parties with whom transactions have taken place during the year.

Directors / Key Management Personnel:

Sl No	Name of the Parties	Nature of the relationship with the company	Nature of Transaction	Amount:2013-14 (Rs.)	Amount:2012-13 (Rs.)
1	K. Srinivasan	Managing Director	Salary	9,77,033	6,50,840
2	Mohammed Akram	Whole Time Director	Salary	6,25,683	-----
3	N. Sudhash	Whole Time Director	Salary	6,32,059	-----
4	Dr.H.D.Ballal	Director	Sitting Fees	8,000	8,000
5	P. Periaswamy	Director	Sitting Fees	10,000	10,000
6	Amarnath K V	Director	Sitting Fees	5,000	Nil
7	V. Sankar	Director	Sitting Fees	-----	17,500
8	Srividhya	Relative	Professional Charges	2,81,250	6,75,000
9	N. Narasimhan	Relative	Professional Charges for Taxation Audit	2,24,720	2,24,720
10	K. Ananthapadmanabhan	Executive Director	Salary	-----	2,76,600
11	R. Krishnaswamy	Director Admin	Salary	-----	1,38,716

Note :

M. Mohammed Akram and N. Sudhash, has been appointed as Director, as on 16th Sep 2013



11. The Company does not have any subsidiary and hence Consolidated Financial Statement prescribed under Accounting Standard 21 does not apply.

Notes to Financial Statements for the year ended 31 March 2014

2. Share Capital	At 31st March 2014		At 31st March 2013	
Authorised Capital 60,00,000 Equity Shares of Rs.10/- each	6,00,00,000		6,00,00,000	
Issued Capital 53,44,900 Equity Shares of Rs. 10/- each	5,34,49,000		5,34,49,000	
Subscribed & Fully Paid 53,44,900 Equity Shares of Rs. 10/- each	5,34,49,000		5,34,49,000	
	5,34,49,000		5,34,49,000	
Reconciliation of the Shares outstanding at the beginning & at the end of the reporting period				
	31/3/2014		31/3/2013	
	No of Shares	Amount	No of Shares	Amount
Equity Shares				
Outstanding at the beginning of the period	53,44,900	5,34,49,000	53,44,900	5,34,49,000
Issued during the year- Bonus	-	-	-	-
Issued during the year- ESOP	-	-	-	-
Outstanding at the end of the period	53,44,900	5,34,49,000	53,44,900	5,34,49,000

The Company has only one class of equity shares having par value of Rs 10 per share.

Each Shareholder is eligible for one vote per share

In the event of liquidation the equity share holders are eligible to receive the remaining assets of the company, after distribution of all preferential amounts in proportion of their share holding.

Shareholders holding more than 5% of shares as on 31/3/2014	% of share holding	No of Shares
K Srinivasan	19.66	10,50,695
N Narasimhan	15.91	8,50,600
K Ananthapadman	9.64	5,15,500
Roshani Neetish Doshi	7.48	4,00,000

3. Reserve & Surplus	At 31st March 2014		At 31st March 2013	
Securities Premium Balance as per last account	1,50,00,000		1,50,00,000	
Surplus				
Opening Balance	32,97,291		(30,48,568)	
Add: Net Profit for the year	53,04,756		63,45,859	
Transfer from/(to) General Reserve	-		-	
Interim Dividend Paid	37,41,430		-	
Interim Dividend Tax Paid	6,35,856		-	
Closing Balance	42,24,761		32,97,291	
Total	1,92,24,761		1,82,97,291	

4. Long Term Provisions	At 31st March 2014		At 31st March 2013	
Provisions For Employees Benefits				
Provision for Gratuity	15,94,616		9,21,923	
	15,94,616		9,21,923	



5. Trade Payables	At 31st March 2014	At 31st March 2013
Gati Import Export Trading Co Ltd	1,10,000	-
	1,10,000	-

6. Other Current Liabilities	At 31st March 2014	At 31st March 2013
Audit Tax payable	99,000	99,000
Statutory payable	2,04,432	3,88,034
Expense payable	1,90,623	-
Bonus payable	5,65,579	6,24,139
Incentive payable to staff	7,74,810	64,000
Other provisions	4,15,646	2,81,316
	22,55,090	14,56,489

7. Short Term Provisions	At 31st March 2014	At 31st March 2013
Provision for Income Tax	16,80,303	16,49,631
Provision for IT of earlier years	-	69,441
	16,80,303	17,19,072

8: Fixed Asset (TANGIBLE ASSETS)

Particulars	Dep. %	Gross Block				Depreciation				Net Block	
		As at April 1, 2013	Additions during the Year	Deletions during the Year	As At Mar 2014	As at April 1, 2013	For the Year	Deletions during the Year	As At Mar 2014	As At Mar 2014	As At Mar 2013
Furniture & fixtures	18.10	13,39,341	15,400	-	13,54,741	11,92,995	27,777	-	12,20,772	1,33,969	1,46,346
Office Equipments	13.91	11,95,329	20,994	-	12,16,323	8,65,923	48,131	-	9,14,054	3,02,269	3,29,406
Computer Machinery- Accessories	40	56,83,416	2,24,673	-	59,08,089	52,79,146	2,13,459	-	54,92,605	4,15,484	4,04,270
CAR	25.89	20,17,523	-	-	20,17,523	16,69,708	90,049	-	17,59,757	2,57,766	3,47,815
Air condition	13.91	3,01,013	0	-	3,01,013	1,68,149	18,481	-	1,86,630	1,14,383	1,32,864
D.G Sets	13.91	3,44,650	-	-	3,44,650	2,90,699	7,505	-	2,98,204	46,446	53,951
Office interior	18.1	28,62,586	0	-	28,62,586	22,81,214	1,05,228	-	23,86,442	4,76,144	5,81,372
Electrical Instalation	13.91	5,80,038	0	-	5,80,038	4,87,511	12,871	-	5,00,382	79,656	92,527
Total		1,43,23,896	2,61,067	-	1,45,84,963	1,22,35,345	5,23,501	-	1,27,58,846	18,26,117	20,88,551
Previous year		1,40,84,957	2,38,939	-	1,43,23,896	1,16,66,404	5,68,941	-	1,22,35,345	20,88,551	24,18,553

INTANGIBLE ASSET											
Particulars	Dep. %	Gross Block				Depreciation				Net Block	
		As at April 1, 2013	Additions during the Year	Deletions during the Year	As At Mar 2014	As at April 1, 2013	For the Year	Deletions during the Year	As At Mar 2014	As At Mar 2014	As At Mar 2013
Software	50.00	24,39,123	-	-	24,39,123	23,95,958	21,583	-	24,17,541	21,582	43,165
Total		24,39,123	-	-	24,39,123	23,95,958	21,583	-	24,17,541	21,582	43,165
Previous year		24,20,433	18,690	-	24,39,123	23,57,965	37,993	-	23,95,958	43,165	62,468

9: DEFERRED TAX

Deferred Tax Assets/(Liability)	As at 31st March 2014	As at 31st March 2013
WDV as per Income Tax Act	19,31,813	2,170,651
WDV as per Companies Act	18,47,699	2,131,716
Difference	84,114	38,935
Provision for Gratuity as of 31-Mar-2014	15,94,616	9,21,923
	16,78,730	9,60,858



Deferred Tax Assets/(Liability) as on 31 March'14		5,18,728		2,96,905
Deferred Tax Assets/(Liability) as on 31 March'13		2,96,905		3,32,223
Deferred Tax Assets/(Liability) Provision for the year		2,21,823		(35,318)

10. Other Non Current Assets		
	At 31st March 2014	At 31st March 2013
Electrical Deposit	41,790	41,790
Rent Deposit	6,80,000	6,80,000
Telephone Deposit	27,670	27,670
KALS Employees Welfare Trust	5,52,000	6,20,000
	13,01,460	13,69,460

11. Current Investments		
	At 31st March 2014	At 31st March 2013
Investment in Mutual Funds		
Quoted, Trade		
Birla Sunl Life Income Plus Growth	-	49,93,346
Templeton India Low Duration - G	95,00,000	-
ICICI Prudential Dynamic Bond Fund Regular Plan (G)	-	82,83,375
Templeton India Low Duration Fund-D QTR	51,77,726	-
IDFC Dynamic Bond Fund	-	89,00,000
Reliance short term growth fund	51,76,789	-
SBI Short Term Fund	-	10,16,019
Tata Floater Fund - Daily Dividend	211	20,04,232
Birla Sun Life Fixed Term Plan-Series KY(369 DAYS)	1,60,00,000	-
ICICI Prudential Money Market Fund	36,79,963	-
ICICI Prudential Savings Fund	18,00,000	-
IDFC Money Manager Fund	70,00,000	-
IDFC Money Manager Fund-Treasury Plan	1,60,00,000	-
(Market Value of Trade Investments as on 31st March 2014 is Rs. 6,47,30,242)		
	6,43,34,689	2,51,96,972

12. Trade Receivables		
	At 31st March 2014	At 31st March 2013
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Trade receivables outstanding for a period less than six months from the date they are due for payment		
<u>Unsecured, Considered Good</u>		
Abundance Systems	48,53,456	69,78,117
Kongu Arts And Science College	-	1,35,001
Al Rajhi Takaful Co-Operative Insurance	6,36,153	-
	54,89,609	71,13,118

13. Cash and Bank Balances		
	At 31st March 2014	At 31st March 2013
Bank Balances		
HDFC Current account	22,34,370	1,18,31,654
Yes Bank Current account	83,663	2,50,02,827
HDFC Fixed Deposit (Deposits less than 12 months)	6,10,690	5,53,319
Cash in hand	3,003	14,954
	29,31,726	3,74,02,754



14. Short Term Loans & Advances		
	At 31st March 2014	At 31st March 2013
Loans to Employees	3,000	8,83,932
	3,000	8,83,932

15. Other current assets		
	At 31st March 2014	At 31st March 2013
Interest Accrued on Fixed Deposits	2,342	9,922
Salary Advance	-	2,26,802
Statutory		
Service Tax receivable	1,85,591	1,44,402
Cess on Service Tax receivable	5,976	4,735
Tax		
TDS receivable FY 2013-14	72,910	63,057
TDS receivable FY 2012-13	20,040	-
Advance Tax	16,00,000	10,00,000
	18,86,859	14,48,918

16. Revenue from operations		
	For the year ended 31st March 2014	For the year ended 31st March 2013
Sales- Software Export	2,81,07,967	2,48,00,000
Software Finishing School Program	-	4,00,499
	2,81,07,967	2,52,00,499

17. Other Incomes		
	For the year ended 31st March 2014	For the year ended 31st March 2013
Interest Income	6,37,487	7,23,485
Dividend Income	21,60,852	11,03,826
Profit on Sale of Mutual Fund- Long Term	-	32,42,867
Profit on Sale of Mutual Fund- Short Term	12,010	7,228
Exchange Fluctuation Gain	1,78,557	-
Miscellaneous Income	37,324	24,872
	30,26,230	51,02,278

18. Employees Benefit Expense		
	For the year ended 31st March 2014	For the year ended 31st March 2013
Salary Paid	1,10,73,167	97,97,642
Bonus	5,31,487	21,28,004
Employer Contribution to ESI	1,23,495	1,31,561
Employer Contribution to PF	76,647	83,395
Gratuity	6,72,693	3,14,839
Leave Travel Allowance	-	1,24,000
Medical Reimbursement	9,034	40,956
Staff Welfare	1,39,099	2,93,023
Directors Remuneration	22,25,741	9,01,200
	1,48,51,363	1,38,14,620

19. Financial costs		
	For the year ended 31st March 2014	For the year ended 31st March 2013
Bank Charges	42,330	19,147
	42,330	19,147



20. Depreciation and amortization expense		
	For the year ended 31st March 2014	For the year ended 31st March 2013
Depreciation on Tangible Asset	5,23,501	5,68,941
Depreciation on Intangible Asset	21,583	37,993
	5,45,084	6,06,934

21. Other Expenses		
Office & Administrative Expense	For the year ended 31st March 2014	For the year ended 31st March 2013
Rent	11,27,712	10,76,640
Repair & Maintenance	3,52,731	3,50,024
Insurance	40,178	-
Rates & Taxes	-	2,828
Professional Charges	6,54,550	11,23,781
Advertisement Charges	4,39,396	2,80,092
Electrical & Water charges	2,77,514	2,60,151
Internet Charges	8,55,922	3,36,665
Travelling Expense	40,48,340	20,80,190
Other Expense	9,19,804	21,41,456
Auditor Remuneration		
For Audit	85,000	85,000
For Tax Audit	25,000	25,000
	88,26,147	77,61,827

22. Earning per Equity Share		
	For the year ended 31st March 2014	For the year ended 31st March 2013
Net Profit After Tax	53,04,756	63,45,859
No. of Shares	53,44,900	53,44,900
EPS	0.99	1.19

CASH FLOW STATEMENT

	Year Ended 31st March, 2014	Year Ended 31st March, 2013
A. Cash Flow from Operating Activities		
Profit before taxation	68,69,274	81,00,249
Adjustments for:		
Depreciation	5,45,084	6,06,934
Interest income	(6,37,487)	(7,23,485)
Dividend Income	(21,60,852)	(11,03,826)
Interest Expenditure	42,330	19,147
Unrealized foreign currency losses	-	-
Provision for Tax	(16,80,303)	(16,49,631)
Operating profit before working capital changes	29,78,046	52,49,388
Changes in Working Capital:		
Increase / (Decrease) in trade payables	1,10,000	9,547
Increase / (Decrease) in provisions	6,33,924	6,61,921
Increase / (Decrease) in other current liabilities	7,98,601	8,31,679
Increase / (Decrease) in other long term liabilities	-	-
(Increase) / Decrease in trade receivables	16,23,509	16,21,080
(Increase) / Decrease in inventories	-	-
(Increase) / Decrease in loans and advances	8,80,932	(8,83,932)
(Increase) / Decrease in other current assets	(4,37,941)	(5,82,931)
(Increase) / Decrease in other non-current assets	68,000	-
Cash Generated from Operations	66,55,072	69,06,752
Taxes paid (net of refunds)	1,06,037	69,441
Net cash generated from operations before extraordinary items	65,49,035	68,37,311
Extraordinary items	-	-
Net cash generated from operating activities	65,49,035	68,37,311



B. Cash flow from Investing Activities		
Purchase of tangible/intangible assets	(2,61,067)	(2,57,629)
Sale of tangible/intangible assets	-	-
Purchase/Sale of current investments (Net)	(3,91,37,718)	2,19,57,638
Interest received	6,37,487	7,23,485
Dividend received	21,60,852	11,03,826
Net cash from investing activities	(3,66,00,447)	2,35,27,320

C. Cash flow from Financing Activities		
Dividends paid	(37,41,430)	-
Dividend Distribution Tax	(6,35,856)	-
Interest paid	(42,330)	(19,147)
Repayment of borrowings	-	-
Net cash used in Financing Activities	(44,19,616)	(19,147)
Net increase in cash and cash equivalents	(3,44,71,028)	3,03,45,484
Cash and Cash equivalents at the beginning of the year	3,74,02,754	70,57,270
Cash and Cash equivalents at the end of the year	29,31,727	3,74,02,754

For M.Gandhi & CO

For and on behalf of the Board of Directors

Chartered Accountant

Sd/-
M Gandhi
Proprietor
Membership No.22958
Registration No: 000851S
Place : Bangalore
Date : 30.05.2014

Sd/-
K. Srinivasan
Managing Director

Sd/-
M. Mohammed Akram
Director

Auditors Certificate

To,
The Board of Directors
KALS Information Systems Ltd
Bangalore

We have examined the attached cash flow statement of KALS Information Systems Ltd for the year ended 31st March 2014. The Statement has been prepared by the Company in accordance with the requirements of the listing Agreement Clause 32 with the Stock Exchanges and is based on and is in Agreement with the P & L A/c and Balance Sheet of the Company cover by our report of even date to the members of the company.

Place: Bangalore
Date: 30.05.2014

For M. Gandhi & Co.

Chartered Accountants
M.Gandhi
Proprietor



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 : L72200KA1993PLC014303

Name of the company : KALS INFORMATION SYSTEMS LIMITED
Registered office : 4/1, Rudra Chambers, 4th Main,9th Cross, Malleswaram, Bangalore- 560003

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 :, or failing him

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

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 21st Annual General Meeting of the company, to be held on the 26th day of September 2014 At 10.10 a.m. at Canara Union Trust, 42, 8th Main, Malleshwaram, Bangalore – 560 003 and at any adjournment thereof in respect of such resolutions as are indicated below :

Resolution No.	Resolution	Vote No of shares.		
		For	Against	Abstain
1	Adoption of Annual Accounts			
2	Confirming the declaration of interim dividend			
3	Appointment of Mr. N. Sudhash, who is retiring by rotation			
4	Appointment of Mr. M. Mohammed Akram , who is retiring by rotation			
5	Appointment of Auditors			
6	Appointment of Mrs. Lakshmi Srinivsan as Director			

Signed this.....day of September, 2014

Signature of shareholder

Affix RevenueStamp

Signature of Proxy holder(s)

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.



KALS INFORMATION SYSTEMS LIMITED
Rudra Chambers, 4/1, 4th Main, 9th Cross, Malleswaram, Bangalore – 560 003.

Attendance Slip

(Please complete the attendance slip and hand it over at the entrance of the meeting Hall)

DP Id*
Client Id*

Folio No.

No. of Share in Electronic Mode:

No. of Share in Physical Mode :

Total no. of Share

*Applicable for investors holding in electronic form only

I hereby record my presence at the 21st Annual General Meeting of the Company being held on Friday 26th of September 2014 at 10:10 am at Canara Union Trust, 42, 8th Main, Malleswaram, Bangalore – 560 003.

Name of the Shareholders

Name of the Proxy

(To be filled incase the proxy attends instead of shareholder)

.....
Signature of Shareholder/Proxy**

(** Strike out whichever is not applicable)

Note : No Gifts/Coupons would be given to the Shareholders for attending the Meeting. Please bring your copy of Annual Report
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BOOK – POST

Integrated Enterprises (India) Limited

30, Ramana Residency

4th Cross, Sampige Road, Malleswaram,

Bangalore – 560 003.

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