



KALS Information Systems Ltd.

Technology is Viable

Annual Report
2015-2016



BOARD OF DIRECTORS

K. Srinivasan
(Managing Director)

Dr. H.D. Ballal
(Director)

P. Periaswamy
(Director)

M. Mohammed Akram
(Whole – Time Director)

N.Sudhash
(Whole – Time Director)

Lakshmi Srinivasan
(Director)

COMMITTEES OF THE BOARD

Stakeholders Relationship Committee

P. Periaswamy
(Chairman)

Lakshmi Srinivasan
(Director)

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.: U72200KA1993PLC014303

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 23rd Annual General Meeting of the members of the Company will be held on Tuesday, 20th day of September 2016 at 10.15 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 Financial Statements for the year ended 31st March 2016 together with the reports of the Auditors and Directors thereon.
2. To confirm the declaration of interim dividend of Rs. 0.60 per equity share, already paid for the financial year ended 31st March, 2016.
3. To appoint a Director in place of Dr. H.D. Ballal (DIN: 01237967), who retires by rotation and being eligible, offers himself for reappointment.
4. To ratify the appointment of 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 the appointment of M/s. M. Gandhi & Co, Chartered Accountants (Firm Registration Number 000851S,) be and is hereby ratified as Auditors to hold office until the conclusion of the 24th Annual General Meeting of the Company. Resolved further that the Board of Directors be and hereby authorized to determine the remuneration of the Auditors and the manner of its payment”.

SPECIAL BUSINESS:

5. RE- APPOINTMENT OF MR. K. SRINIVASAN AS THE MANAGING DIRECTOR

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 196,197 and other applicable provisions of the Companies Act, 2013, Mr. K. Srinivasan (DIN: 00941441), be and is hereby re- appointed as Managing Director of the Company for a term of three (3) years with effect from 16th September 2016 on the same terms and conditions including remuneration, as approved by the Shareholders in the Annual General Meeting held on 16th September 2013 and as narrated in the explanatory statement.

RESOLVED FURTHER THAT where in any financial year during the tenure of his appointment, the Company incurs a loss or its profits are inadequate the Company shall pay to Mr. K. Srinivasan, a remuneration by way of salary, perquisite, allowance and other benefits as being paid presently or as revised by the Board of Directors from time to time as minimum remuneration, subject however to the limits and conditions specified in schedule V of the Companies Act, 2013.”

6. RE- APPOINTMENT OF MR. N. SUDHASH AS THE WHOLE TIME DIRECTOR

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 196,197 and other applicable provisions of the Companies Act, 2013, Mr. N. Sudhash (DIN: 06648170), be and is hereby re- appointed as Whole time Director of the Company for a term of three (3) years with effect from 16th September 2016 on the same terms and conditions including remuneration, as approved by the Shareholders in the Annual General Meeting held on 16th September 2013 and as narrated in the explanatory statement.

RESOLVED FURTHER THAT where in any financial year during the tenure of his appointment, the Company incurs a loss or its profits are inadequate the Company shall pay to Mr. N. Sudhash, a remuneration by way of salary, perquisite, allowance and other benefits as being paid presently or as revised by the Board of Directors from time to time as minimum remuneration, subject however to the limits and conditions specified in schedule V of the Companies Act, 2013.”

7. RE- APPOINTMENT OF MR. M. MOHAMMED AKRAM AS THE WHOLETIME DIRECTOR

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 196,197 and other applicable provisions of the Companies Act, 2013, Mr. M. Mohammed Akram (DIN: 06655015), be and is hereby re- appointed as Whole time Director of the Company for a term of three (3) years with effect from 20th September 2016 on the same terms and conditions including remuneration, as approved by the Shareholders in the Annual General Meeting held on 16th September 2013 and as narrated in the explanatory statement.



RESOLVED FURTHER THAT where in any financial year during the tenure of his appointment, the Company incurs a loss or its profits are inadequate the Company shall pay to Mr. M. Mohammed Akram a remuneration by way of salary, perquisite, allowance and other benefits as being paid presently or as revised by the Board of Directors from time to time as minimum remuneration, subject however to the limits and conditions specified in schedule V of the Companies Act, 2013.”

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

**Place: Bangalore
Date: 22/08/2016**

**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 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 (“the Act”) .
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. **A member who has voted through e-voting mechanism in accordance with Rule 20 of The Companies (Management & Administration) Rules, 2014 shall not be debarred from participation in the general meeting physically. But he shall not be able to vote in the meeting again, and his earlier vote (cast through e-means) shall be treated as final.**
5. 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.
6. Members are requested to:
 - i. Quote their folio number / DP ID & client ID no. in all correspondence with the Company and bring the said details to the Annual General Meeting along with the duly filled in Attendance Slip and submit the same at the Meeting.
 - ii. 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.
 - iii. Members holding shares in dematerialized form are requested to contact their respective Depository Participants for updation of their addresses, email ID.
 - iv. Bring their copy of the Annual Report to the Annual General Meeting.
 - v. Note that no gift or gift coupons will be distributed at the meeting.
7. FOLLOWING ARE THE DETAILS OF DIVIDEND PAID BY THE COMPANY IN THE PAST

FINANCIAL YEAR	NATURE OF DIVIDEND	PAID ON	DIVIDEND PAID
2015-2016	INTERIM	14/09/2015	Rs. 0.60 per share
2014-2015	INTERIM	23/08/2014	Rs. 0.80 per share
2013-2014	INTERIM	16/09/2013	Rs. 0.70 per share



8. The Members who have not encashed or received their dividend paid, during any of the previous years as listed above, are requested to encash the same at the earliest or inform the Company accordingly at the earliest. Please note further that as per section 124 of the Act, dividends not claimed within seven years from the date of transfer of the unpaid dividend to the Company's Unpaid Dividend Account, along with the respective shares thereof, shall be transferred to the Investor Education and Protection Fund as established under section 125 of the Act.
9. Members are requested to take necessary steps to link their demat accounts to their Bank accounts to facilitate the transfer of the dividends electronically.
10. Route-map to the venue of the Meeting is provided at the end of the Notice of the Annual Report

11. E-VOTING

In compliance of the provisions of Section 108 of the Act, 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 third Annual General Meeting by electronic means and the 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 <KALS2016> 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 16/09/2016 and ends on 5.00 PM on 19/09/2016**. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date or record date i.e. 14/09/2016, 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.
12. 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.
 13. 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 at least 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.
 14. The results declared along with 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 Dissemination Board of BSE.

15. 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, to enable such members cast their vote, who are attending the Annual General Meeting and are entitled to vote but have not exercised their right to vote by electronic means. The voting rights of the Members shall be in proportion to their shares of the paid-up equity share capital of the Company. Poll will be conducted under the supervision of Mr. V. Karthick, Practicing Company Secretary, (Membership no. ACS 11910) and/or Ms. Shilpa. H.M (Membership No ACS 30611), Scrutinizer appointed for voting process in a fair and transparent manner, unless any other Scrutinizer is appointed by the Chairperson of the Meeting. 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

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

**Place: Bangalore
Date: 22/08/2016**

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



EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

ITEM NO. 5

Mr. K. Srinivasan has served as Managing Director of the Company for almost 20 years and has played an important role in the management of the Company. Mr. K. Srinivasan was re-appointed as Managing Director of the Company for a period of three (3) years with effect from 16th September 2013. Accordingly his period of term will expire on 15th September 2016.

Mr. K. Srinivasan, aged about 60 years, did his Post Graduation in Physics in the year 1979, he joined Hindustan Computers Ltd as a Management Trainee. Later, in the year 1982, he joined Data General, USA in Singapore and by 1989, was heading the South Asian Business. In 1989, he left Data General and floated a consulting and software development organization at Singapore. Presently, he is looking after the overall management and operation of the Company.

Considering his active participation in the management of the Company and valuable experience in managing the Company, the Board proposes his re-appointment as Managing Director of the Company.

Following are the terms and conditions as approved by the Shareholders in the Annual General Meeting held on 16th September 2013,

Salary:

Rs. 1,10,000/- (One Lac ten thousand) per month or 13,20,000/- (Thirteen lacs twenty thousand) per annum

Others:

The above stated amount shall include House Rent allowance, Conveyance allowance, Medical Reimbursement, Leave Travel Allowance, other allowances, perquisites (if any), and other benefits as per the rules of the Company. Provided that the Managing Director shall be additionally entitled for paid leaves as per the Company's policy, usage of Company provided motor/car petrol reimbursement for official purposes, telephone at residence, cell phone for official usage, for contributions to Provident Fund, Gratuity and Leave encashment as stipulated in the respective governing statutes or as per the rules of the Company;

Except Mr. K. Srinivasan, None of the Directors or Key Managerial Personnel or relatives of them are interested in the above resolution.

ITEM No. 6

Mr. N. Sudhash has served the Company as a Whole time Director of the Company since 16th September 2013.

Mr. N. Sudhash, aged about 41 years, is an Engineering graduate (electronics & communication) from the college of Engineering, Guindy, Chennai. His work experience in the last 18 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, e-Governance etc. He has to his credit managing large, diverse, geographically spread teams & projects.

Considering his valuable contribution to the business of the Company and valuable experience in managing the Company, the Board proposes his re-appointment as Whole time Director of the Company.

Following are the terms and conditions as approved by the Shareholders in the Annual General Meeting held on 16th September 2013,

Salary:

Rs. 1,00,000/- (Rupees One Lac) per month or 12,00,000/- (Rupees Twelve Lacs) per annum; The Board shall have the power to revise remuneration from time to time subject to the limits of the Act;

Others:

The above stated amount shall include House Rent allowance, conveyance allowance, Medical Reimbursement, Leave Travel Allowance, other allowances, perquisites (if any), and other benefits as per the rules of the Company. Provided that the Director shall be additionally entitled for paid leaves as per the Company's policy, contributions to Provident Fund, Gratuity and Leave encashment as stipulated in the respective governing statutes or as per the rules of the Company;

Except Mr. N. Sudhash , None of the Directors or Key Managerial Personnel or relatives of them are interested in the above resolution.



ITEM No. 7

Mr. M. Mohammed Akram has served the Company as a Whole time Director of the Company since 16th September 2013.

Mr M. Mohammed Akram, aged about 41 years, Bachelor of Engineering, is presently Chief Technology Officer of the Company. Over the last 19 years of working experience, Mr. Akram has handled more than 10 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.

Considering his valuable contribution to the business of the Company and valuable experience in managing the Company, the Board proposes his re-appointment as Whole time Director of the Company.

Following are the terms and conditions as approved by the Shareholders in the Annual General Meeting held on 16th September 2013,

Salary:

Rs. 1,00,000/- (Rupees One Lac) per month or 12,00,000/- (Rupees Twelve Lacs) per annum; The Board shall have the power to revise remuneration from time to time subject to the limits of the Act;

Others:

The above stated amount shall include House Rent allowance, conveyance allowance, Medical Reimbursement, Leave Travel Allowance, other allowances, perquisites (if any), and other benefits as per the rules of the Company. Provided that the Director shall be additionally entitled for paid leaves as per the Company's policy, contributions to Provident Fund, Gratuity and Leave encashment as stipulated in the respective governing statutes or as per the rules of the Company;

Except Mr. M. Mohammed Akram, None of the Directors or Key Managerial Personnel or relatives of them are interested in the above resolution.

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

Place: Bangalore

Date: 22/08/2016

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

DIRECTORS' REPORT

Dear Members,

Your directors have pleasure in presenting the Twenty Third Annual Report of the Company together with the Audited Balance Sheet as at 31st March, 2016 and Profit and Loss Account for the year ended on that date.

Working Results:

Figures in Rs.

Sl.No	Particulars	Year ended 31-3-2016	Year ended 31-3-2015
1.	Total Revenue (including Other Income)	3,07,51,990	3,20,30,105
2.	Operating Profit	31,92,094	73,98,425
3.	Finance Charges	75,644	68,416
4.	Depreciation & write offs	2,39,517	15,36,660
5.	Profit Before Taxation	28,76,933	57,93,349
6.	Profit After Taxation	19,53,492	46,03,635
7.	Reserves & Surplus Brought down	1,88,25,783	1,92,24,764
8.	Dividend distributed	32,06,940	42,75,920
9.	Tax on Dividend	6,52,869	7,26,696
10.	Reserves and Surplus Balance carried forward	1,69,19,466	1,88,25,783



OPERATIONS DURING THE YEAR, SUBSEQUENT EVENTS AND FUTURE OUTLOOK

OPERATION DURING THE YEAR:

The highlights of the financial position of the Company is stated in the table above. During the year under review, the company's performance is stagnant with a very negligible increase in the turnover in view of tough competition in the software Industry. The year has been one where we have spent more on the staff and expertise which has reduced the profits of the Company as compared to the previous year. Nevertheless we are striving for the better performance.

LISTING STATUS:

As already informed last year, the Company had received a letter from Delhi Stock Exchange stating that the Company is moved to 'Dissemination Board' maintained by Bombay Stock Exchange and that the listing agreement with Stock Exchange stands cancelled with effect from 31st March, 2015. Subsequently the Ministry of Corporate Affairs had allotted a fresh Corporate Identification Number (CIN) which signifies that the Company since then is an unlisted Public Company. In this report we are furnishing details as appropriately relevant to the Company.

REDUCTION OF SHARE CAPITAL AND SECURITY PREMIUM ACCOUNT OF THE COMPANY:

In compliance of Para 3(d) of SEBI's Circular No. CIR/ MRD/ DSA/ 05/ 2015 dated 17.04.2015, the Board has initiated Reduction of Share Capital and thereby giving an exit route to the present shareholders. The Shareholders have also passed a special resolution approving the reduction of the share capital from Rs. 5,34,49,000 (53,44,900 equity share of Rs. 10 each) to Rs. 75,00,000 (7,50,000 equity shares of Rs.10 each) and extinguishment of securities premium account of Rs. 150,00,000 in the Extraordinary General Meeting held on 12th May 2016. Consequently, the Company has presented a petition with the Hon'ble High Court of Karnataka, Bangalore for its approval of the said reduction of the share capital.

FUTURE OUTLOOK:

The company is not in a position to give forward looking statements. The main challenges faced ,namely talent, attraction and retention remain significant. The company is exploring new ways and means to retain and attract talent. Some of these steps are fruitful will help company grow.

ORDER OF COURT:

There are no significant material orders passed by the Regulators/Courts which would impact the going concern status of the Company and its future operations. A petition is filed with the High Court of Karnataka, Bangalore for approval of the reduction of the share capital of the Company and the Company is in the process of obtaining the order. Such Order would also not have any impact on the going concern status of the Company.

DIVIDEND, RESERVES & SURPLUS

Your Board had recommended interim dividend of Rs. 0.60 per share (6 %) of Rs. 10/-each during the financial year 2015-2016. The same will be treated as the final dividend for the financial year ended 31st March, 2016, the Company had not transferred any sum to Reserves. Therefore, your Company proposes to retain the balance in Profit and Loss Accounts of the Company (as surplus). These details are adequately stated in the table on 'Working Result' above.

DEPOSITS

The Company has not accepted any deposits within the meaning of section 73 to 76 of Companies Act, 2013 ("the Act") and rules framed there under.

BOARD OF DIRECTORS

COMPOSITION OF BOARD

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 three non-executive directors. The details on the composition of the Board, directors' attendance in Board Meetings and Annual General Meeting during the financial year 2015-16 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	5	Yes	None
06655015	Mohammed Akram M P	Whole Time Director	5	Yes	None
06648170	Sudhash N	Whole Time Director	5	Yes	None
01237967	Dr. H Dayananda Ballal	Director	5	No	None
02766369	P Periaswamy	Director	5	Yes	2
06965060	Lakshmi Srinivasan	Director	5	No	None



APPOINTMENT / RE-APPOINTMENT OF DIRECTOR:

Dr. H.D Ballal will retire by rotation at the ensuing Annual General Meeting ("AGM") of the Company and being eligible offers himself for re-appointment. His brief profile is reproduced below.

Mr.H.D. Ballal, aged about 77 years, has an excellent academic, professional and sports background, Amongst various positions held by him in his illustrious carrier, he has been the Vice-Chancellor at International Medical and Technologies University, Tanzania, Head of Department and Director of Various Medical Institutes.

BOARD MEETINGS 2015-16:

The Company has conducted Six Board Meetings during the financial year 2015-2016 viz. on 29th April 2015, 30th May 2015, 31st July 2015, 19th September 2015, 31st October 2015, & 30th Jan 2016, 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.

BOARD COMMITTEES:

A. STAKEHOLDERS RELATIONSHIP COMMITTEE:

In view of the fact that the Company is having more than 5,000 shareholders, the Board has constituted Stakeholders Relationship Committee to supervise and ensure efficient transfer/ transmission of shares and proper and timely attendance of investor complaints, if any. The Committee comprises of Mr. P. Periaswamy, Director (Chairman of the Committee) and Mrs. Lakshmi Srinivasan, 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, if any.

B. OTHER COMMITTEES UNDER THE COMPANIES ACT, 2013

Audit Committee which was operational till the Company was a listed entity stood dissolved during the year under review. Under the provisions of Section 177 and 178 of the Companies Act, 2013, the Company is not required to have Audit Committee and Nomination & Remuneration Committee. Similarly, the Company is not expected to have Corporate Social Responsibility Committee under Section 135 of the Act.

DECLARATION BY THE INDEPENDENT DIRECTORS:

The Board was not required to obtain the declaration from all Independent Directors under Section 149(6) of the Act as the Company is not required to have the Independent Directors.

POLICY ON DIRECTOR'S APPOINTMENT AND REMUNERATION

The Board and the Committees of the Board is duly constituted as per the Act. The remuneration paid to directors was as recommended by Remuneration committees in the year 2013. A statement of remuneration, sitting fees etc. paid to the Directors forms part of Extracts of Annual Return in form MGT-9 attached as Annexure -1.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the requirements of section 134(5) of the Act, it is hereby confirmed that:

- (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 Company being unlisted, the statement under sub clause (e) of section 134(5) of the Companies Act, 2013 pertaining to laying down internal financial controls is not applicable to the Company.
- (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.



ANNUAL GENERAL MEETINGS OF THE MEMBERS:

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

Meeting	Day, Date and Time of the Meeting	Venue
EGM	Thursday, 12 th May, 2016 at 10.00 A.M.	Canara Union Trust, 42, 8 th Main, Malleswaram, Bangalore-560003
22 nd AGM	Saturday, the 19 th September 2015 at 10.35 A.M.	Canara Union Trust, 42, 8 th Main, Malleswaram, Bangalore-560003
21 st AGM	Friday, the 26 th September, 2014 at 10:10 A.M.	Canara Union Trust, 42, 8 th Main, Malleswaram, Bangalore-560003
20 th AGM	Monday, the 16 th September, 2013 at 09:45 A.M.	Canara Union Trust, 42, 8 th Main, Malleswaram, Bangalore-560003

SHARE CAPITAL

The Company is having a Paid up Share Capital of Rs. 5,34,49,000/= and the company has not allotted any shares and debentures during the financial year 2015-16. The Members have passed a special resolution for the reduction of the share capital from Rs. 5,34,49,000 (53,44,900 equity share of Rs. 10 each) to Rs. 75,00,000 (7,50,000 equity shares of Rs.10 each) and extinguishment of securities premium account of Rs. 150,00,000 at the Extraordinary General Meeting held on 12th May 2016.

Pursuant to the above resolution a petition is filed with the High Court of Karnataka, Bangalore for approval of the said reduction of the share capital.

EXTRACT OF ANNUAL RETURN:

The extract of the annual return as provided under sub-section (3) of section 92 of the Act for the financial year ended 31st March 2016 in form MGT-9 is annexed as Annexure-1 to this Report.

ADDITIONAL INFORMATION:

- Conservation of Energy:** Your Company, with a view to conserve energy wherever possible and practicable, has implemented suitable plans and devices. As far as possible, natural light is used during the daytime. Further, awareness is also created among the employees on the need to conserve the energy in their workplace and common facilities.
- Technology Absorption, R & D :** The Company has neither carried any R & D activities during the year under review, nor incurred any expenditure thereupon.
- Foreign Exchange Earnings and Outgo:** The details of foreign exchange earnings and outgo are enumerated in Note No. 7 & 8 of this Report, as part of the financial statements.

DISCLOSURE AS REQUIRED UNDER SECTION 22 OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:

Kals Information Systems Ltd. ("Kals") as an organization is committed to provide a healthy environment to employees and thus does not tolerate any discrimination and/or harassment in any form. Kals has in place a policy towards Prevention of Sexual Harassment (POSH) in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. All existing and new employees as well as the members of Internal Complaints Committee ("ICC") are trained and awareness programs are conducted at regular intervals. The ICC is also trained by external agency when the committee members are inducted to the committee. Further, the Policy of "Prevention of Sexual Harassment" at workplace is available on intranet of the Company to access as and when required. During the year under review, there was no complaint lodged under this Policy.

AUDITORS

STATUTORY AUDITORS & THEIR REPORT

At the 21st AGM held on 29.09.2014, M/s M. Gandhi & Co, Chartered Accountants (Firm Registration No. : 00851S) were appointed as statutory auditors of the Company to hold office till the conclusion of the 24th AGM to be held in the calendar year 2017. In terms of Sec 139 of the Act, the appointment of the auditors shall be placed for ratification at every AGM. Accordingly, the appointment of M/s M. Gandhi & Co., Chartered Accountants as statutory auditors of the Company is placed for ratification by the shareholders. In this regard, the Company has received a certificate from the auditors to the effect that if they are re-appointed, it would be in accordance with the provisions of Sec 141 of the Act. The Auditors' Report on the Financials is free from qualifications, disclaimers and/or any adverse remarks.

PARTICULARS OF LOANS, GUARANTEES, SECURITY AND INVESTMENTS U/S 186

The details of amount invested in Mutual Funds etc. and Loan to an employee is given in Note No. 11 and Note No. 14 to the Balance Sheet, respectively. The Company has not given any guarantee to secure any loan or provided any security to any loan.



PARTICULARS OF CONTRACTS ETC. WITH RELATED PARTIES REFERRED TO IN SECTION 188 OF THE ACT

Apart from the managerial remuneration, there were no transactions drawing compliance of Section 188 of the Act.

RISK MANAGEMENT POLICY

The company is being small in size and operations, the scope of opportunity to manage the risk is limited. However the company employs the following strategies to overcome these risks:

- Just in time recruitment thus lessening bench cost risks
- Projects reviews to identity scope creep type of risks..
- Tightened operating cost review and management

CORPORATE GOVERNANCE

The company has taken necessary steps to implement and to comply with the recommendations of the code of Corporate Governance. The Report on Corporate Governance which gives an insight into the process of functioning of the company.

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.

BOARD OF DIRECTORS

All details such as composition of the Board, Committee, the attendance of the Board, profile of the director retiring by rotation etc. is given above in this Report. The details of information to be furnished under the head "GENERAL BODY MEETINGS" and "COMMITTEES OF THE BOARD" are given above in this Report. For the sake of brevity, we are not reproducing the same.

MEANS OF COMMUNICATION:

The Company has always promptly reported all material information including quarterly financial results, etc to the Dissemination Board.

SHAREHOLDERS' INFORMATION

Sl.No.	Particulars	Details
1.	Date, Time and Venue of the Twenty Third Annual General Meeting	Tuesday 20 th day of September 2016 at 10:15 A.M at Canara Union Trust, 42, 8 th Main, Malleswaram, Bangalore – 560 003
2.	Date of Book Closure	Not Applicable
3.	Record Date for e-voting	14 th September, 2016
4.	Listing on Stock Exchanges	As on date of this Report, the Company is not listed on any main board of Stock Exchange having nationwide trading platform. The Company's shares are on the Dissemination Board maintained by Bombay Stock Exchange.
5.	Registered Office	No. 4/1, Rudra Chambers, 4th Main, 9th 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, 4th Cross, Sampige Road, Malleswaram, Bangalore-560003

CHANGE OF ADDRESS

Members holding equity shares in physical form are requested to notify the changes of address/ Bank Mandate, if any to the Register 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.

SHARE TRANSFER SYSTEM

Shares sent for physical transfer or dematerialization request are generally registered and returned within a period of 15 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.



DEMATERIALIZATION OF EQUITY SHARES

Trading in equity shares of the Company became 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.) 80.62 % of equity shares of the Company are in the dematerialized form.

COMPLIANCE OFFICER

The Company is in the process of appointing a Company Secretary and Compliance Officer.

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.

The following is the summary of the complaints received and disposed off during the financial year 2015-16:

- a) No. of SH complaints received: Nil
- b) No. of SH complaints disposed off: Nil

COMPLIANCES LAW

The company has ongoing Internal Audit Systems in place and ensures periodic compliances. The company also plans to step up vigilance and compliances mechanism.

VIGIL MECHANISM

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 improve its systems relating to efficiency of operations, financial reporting and statutory compliances.

INTERNAL FINANCIAL CONTROL

The Board has adopted the policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial disclosures.

DISCLOSURES PERTAINING TO CONSOLIDATED FINANCIAL STATEMENTS

Your company is not having any subsidiaries or joint ventures and hence not required to comply with the related disclosure provisions.

ADDITIONAL 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 accounts forming part of this Annual Report.

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 Directors

Place: Bangalore
Date: 22/08/2016

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

Sd/-
Mohammed Akram
Director
(DIN: 06655015)



ANNEXURE 1

EXTRACT OF THE ANNUAL RETURN

as on the financial year ended on March 31, 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:

Particulars	Details
CIN	U72200KA1993PLC014303 (as on date) L72200KA1993PLC014303 (as on 31-03-2015)
Registration Date	10/05/1993
Name of the Company	KALS INFORMATION SYSTEMS LIMITED
Category / Sub-Category of the Company	Public Company Company having share capital
Address of the Registered office and contact details	4/1, Rudra Chambers, 4th Main, 9th Cross, Malleswaram, Bangalore- 560003 Ph. +91-80-42628200
Whether listed company Yes / No	No
Name, Address and Contact details of Registrar and Transfer Agent, if any	Integrated Enterprises (India) Limited 30, Ramana Residency, 4 th Cross, Sampige Road, Malleswaram, Bangalore - 560 003 Ph. +91-80-23460815

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

Sr. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1.	Development of Software and Software Products	72	100

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
N.A					

IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

A) CATEGORY-WISE SHARE HOLDING

Category of Shareholders	No. of Shares held at the beginning of the year[As on 31-March-2015]				No. of Shares held at the end of the year[As on 31-March-2016]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	15,73,795		15,73,795	29.44	15,73,795		15,73,795	29.44	0
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Sub-total (A) (1)	15,73,795		15,73,795	29.44	15,73,795		15,73,795	29.44	0
(2) Foreign									
a) NRIs-Individuals	-	-	-	-	-	-	-	-	-



b) Other-Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
Sub-total (A) (2)	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A)=(A) (1)+(A) (2)	15,73,795		15,73,795	29.44	15,73,795		15,73,795	29.44	0
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	1,00,000		1,00,000	1.87	1,00,000		1,00,000	1.87	0
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	2,50,000	-	2,50,000	4.68	2,50,000	-	2,50,000	4.68	0
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	3,50,000	-	3,50,000	6.55	3,50,000	-	3,50,000	6.55	0
(2) Non-Institutions									
a) Bodies Corp.									
i) Indian	5,74,068	81300	6,55,368	12.26	5,71,518	81300	6,52,818	12.21	0.05
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	10,68,717	1,04,470	11,73,187	21.95	11,73,717	1,08,370	12,82,087	24.00	2.05
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	3,41,750	8,50,000	11,91,750	22.30	6,35,600	8,50,000	14,85,600	27.79	5.49
c) Others (specify)									
NRI	4,00,200	-	4,00,200	7.49	-	-	-	0	7.49
Clearing Member	600	-	600	0.01	600	-	600	0.01	0
Sub-total (B)(2):-	23,85,335	10,35,770	34,21,105	64.01	23,81,435	10,39,670	34,21,105	64.01	0
Total Public Shareholding (B)=(B)(1)+(B)(2)	27,35,335	10,35,770	37,71,105	70.56	27,31,435	10,39,670	37,71,105	70.56	0
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)	43,09,130	10,35,770	53,44,900	100	43,05,230	10,39,670	53,44,900	100	0

B) SHAREHOLDING OF PROMOTER-

S.No	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Krishnaswamy Srinivasan	10,50,695	19.66	0	10,50,695	19.66	0	-
2	R.Krishnaswamy	7,600	0.14	0	7,600	0.14	0	-
3	K. Anantha Padmanabhan	5,15,500	9.64	0	5,15,500	9.64	0	-

C) CHANGE IN PROMOTERS' SHAREHOLDING (PLEASE SPECIFY, IF THERE IS NO CHANGE)

There is no change in the Promoter's shareholdings.



D) SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS: (OTHER THAN DIRECTORS, PROMOTERS AND HOLDERS OF GDRS AND ADRS):

S.No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	N NARASIMHAN	800000	14.97	800000	14.97
2	ROSHANI NEETISH DOSHI	400000	7.48	400000	7.48
3	TAIB SECURITIES MAURITIUS LIMITED	250000	4.68	250000	4.68
4	AGRAHAR SECURITIES PVT LTD	245843	4.60	245843	4.60
5	TAIB CAPITAL CORPORATION LTD	150000	2.81	150000	2.81
6	ANNAPURNA RAMACHANDRAN	150000	2.81	150000	2.81
7	ORIENTAL BANK OF COMMERCE	100000	1.87	100000	1.87
8	KALS EMPLOYEES WELFARE TRUST	81300	1.52	81300	1.52
9	BANG SECURITIES PVT.LTD.	75600	1.41	75600	1.41
10	NUVENT EQUITY PVT LTD	51000	0.95	51000	0.95
	At the beginning of the year	22,52,743	42.15	22,52,743	42.15
	Date wise Increase / Decrease in 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 (or on the date of separation, if separated during the year)	22,52,743	42.15	22,52,743	42.15

E) SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

S.No	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Krishnaswamy Srinivasan	1050695	19.66	1050695	19.66
2	Mohammed Akram	53100	0.99	53100	0.99
3	Sudhash N.	3500	0.06	3500	0.06
	At the beginning of the year	11,07,295	20.71	11,07,295	20.71
	Date wise Increase / Decrease in 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	11,07,295	20.71	11,07,295	20.71

V. INDEBTEDNESS

The Company did not borrow any amount during the year and hence is not required to disclose the details of Loans & Deposits including interest outstanding/accrued but not due for payment

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. REMUNERATION TO MANAGING DIRECTOR, WHOLE-TIME DIRECTORS AND/OR MANAGER:

SNo.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount
		Srinivasan (MD)	Mohd. Akram	Sudhash N.	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	13,20,000	11,89,584	12,00,000	37,09,584
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-



2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission - as % of profit - others, specify...	-	-	-	-
5	Others, please specify	-	-	-	-
	Total (A)	13,20,000	11,89,584	12,00,000	37,09,584
	Ceiling as per the Act (as per Sch V)	42 Lacs	42 Lacs	42 Lacs	

B. REMUNERATION TO OTHER DIRECTORS:

SNo.	Particulars of Remuneration	Name of Directors		Total Amount
		H.D. Ballal	P.Periswamy	
1	Non-Executive			
	Fee for attending board committee meetings	8000	10000	18,000
	Commission	-	-	-
	Others, please specify	-	-	-
	Total (1)	8000	10000	18,000
2	Other Non-Executive Directors			
	Fee for attending board committee meetings	-	-	-
	Commission	-	-	-
	Others, please specify	-	-	-
	Total (2)	-	-	-
	Total (B)=(1+2)	8000	10000	18,000
	Total Managerial Remuneration	8000	10000	18,000
	Overall Ceiling as per the Act [Sec 197(5)]	Rs 1 Lac per meeting	Rs 1 Lac per meeting	-

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

The company has not appointed any Key Managerial Person other than MD/ WTD.

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

There are no penalties/punishment/compounding of offences against the company and its Directors and Officers for the year ended on 31st March, 2016.

For and on behalf of the Board of Directors

Place: Bangalore
Date: 22/08/2016

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

Sd/-
Mohammed Akram
Director
(DIN: 06655015)



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 standalone financial statements of KALS Information Systems Ltd ('the Company'), which comprise the Balance Sheet as at March 31, 2016, 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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013('the Act') with respect to the preparation of these (standalone) financial statements that give a true and fair view of the financial position, financial performance and cash flow 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.

AUDITOR'S RESPONSIBILITY

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and 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 control 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 financial statements.

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 31st March 2016 and its profit and its 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, 2016 ("the Order"), as amended, 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 paragraphs 3 and 4 of the Order.



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 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 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 written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164(2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure B”.
 - (g) With respect to 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 which could impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For M.Gandhi & CO
Chartered Accountants

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

Place: Bangalore
Date: 31.05.2016

ANNEXURE A TO THE INDEPENDENT AUDITORS REPORT

(REFERRED TO IN PARAGRAPH 1 UNDER ‘REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS’ SECTION OF OUR REPORT OF EVEN DATE TO THE FINANCIAL STATEMENTS OF THE COMPANY FOR THE YEAR ENDED MARCH 31, 2016)

- 1) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
 - (b) As explained to us, the Fixed Assets have been physically verified by the management during the year, which in our opinion, is reasonable having regard to the size of the company and nature of its business. Pursuant to the program, a portion of the fixed asset has been physically verified by the management during the year and no material discrepancies between the books records and the physical fixed assets have been noticed.
 - (c) The company does not hold immovable properties.
- 2) The company is a service company, primarily rendering software services. Accordingly, it does not hold any physical inventories. Thus paragraph 3(ii) of the order is not applicable.
 - 3) The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the Register maintained under section 189 of the Act. Accordingly, the provisions of clause 3 (iii) (a) to (C) of the Order are not applicable to the Company and hence not commented upon.
 - 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 In respect of loans, investments, guarantees, and security.
 - 5) The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.



- 6) As informed to us, the maintenance of Cost Records has not been specified by the Central Government under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the company.
- 7) a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2016 for a period of more than six months from the date on when they become payable.
b) According to the information and explanation given to us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax outstanding on account of any dispute.
- 8) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks. The Company has not taken any loan either from financial institutions or from the government and has not issued any debentures.
- 9) Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company and hence not commented upon.
- 10) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.
- 11) Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act;
- 12) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 4 (xii) of the Order are not applicable to the Company.
- 13) In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
- 14) Based upon the audit procedures performed and the information and explanations given by the management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company and hence not commented upon.
- 15) Based upon the audit procedures performed and the information and explanations given by the management, 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 the Order are not applicable to the Company and hence not commented upon.
- 16) In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

For M.Gandhi & CO
Chartered Accountants

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

Place: Bangalore
Date: 31.05.2016

**“ANNEXURE B” TO THE INDEPENDENT AUDITOR’S REPORT OF EVEN DATE ON THE STANDALONE
FINANCIAL STATEMENTS OF KALS INFORMATION SYSTEMS LIMITED
REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES
ACT, 2013 (“THE ACT”)**

We have audited the internal financial controls over financial reporting of KALS INFORMATION SYSTEMS LIMITED (“the Company”) as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.



MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

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

AUDITORS' RESPONSIBILITY

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

OPINION

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For M.Gandhi & CO
Chartered Accountants

Sd/-
M Gandhi
Proprietor

Membership No:22958
Registration No:00851S

Place: Bangalore
Date: 31.05.2016



KALS INFORMATION SYSTEMS LTD			
4/1, Rudra Chambers, 4th Main Road, 9th Cross, Malleswaram Bangalore - 560 003			
BALANCE SHEET AS AT 31ST MARCH, 2016		Amount in Rupees	
Particulars	Note No	As at 31st March 2016	As at 31st March 2015
EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(i) Share Capital	2	5,34,49,000	5,34,49,000
(ii) Reserves and Surplus	3	1,69,19,466	1,88,25,783
(2) Non-Current Liabilities			
(i) Long-term borrowings	-	-	-
(ii) Deferred Tax Liabilities (Net)	-	-	-
(iii) Other Long term liabilities	-	-	-
(iv) Long-term provisions	4	24,47,163	21,88,028
(3) Current Liabilities			
(i) Short-term borrowings	-	-	-
(ii) Trade payables	5	-	-
(iii) Other current liabilities	-	9,53,731	10,83,037
(iv) Short-term provisions	7	9,00,000	16,59,848
TOTAL	-	7,46,69,360	7,72,05,696
ASSETS			
(1) Non-current assets			
(i) Fixed assets	-	-	-
(a) Tangible assets	8	6,55,948	5,28,149
(b) Intangible Assets	8	65,232	13,357
(ii) Non Current Investments	-	-	-
(iii) Deferred Tax Assets(net)	9	10,57,036	10,39,747
(iv) Long-term loans and advances	-	-	-
(v) Other non-current assets	10	11,86,460	12,36,460
(2) Current assets			
(i) Current Investments	11	5,79,02,741	6,23,24,251
(ii) Inventories	-	-	-
(iii) Trade receivables	12	1,14,57,597	70,85,810
(iv) Cash and cash equivalents	13	12,24,012	37,00,424
(v) Short-term loans and advances	14	-	7,000
(vi) Other current assets	15	11,20,334	12,70,498
Summary of Significant Accounting Policies	1	-	-
TOTAL	-	7,46,69,360	7,72,05,696

Accounting Notes are integral part of the Financial Statements

For M.Gandhi & CO
Chartered Accountants

For and on behalf of the Board of Directors

Sd/-
M Gandhi
Proprietor
Membership No.22958
Registration No: 000851S
Place : Bangalore
Date : 31.05.2016

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

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



KALS INFORMATION SYSTEMS LTD			
4/1, Rudra Chambers, 4th Main Road, 9th Cross, Malleswaram Bangalore - 560 003			
PROFIT & LOSS A/C FOR THE YEAR ENDED 31ST MARCH 2016		Amount in Rupees	
Particulars	Note No	At 31st March 2016	At 31st March 2015
I. Revenue from operations	16	2,87,15,000	2,75,00,303
II. Other Income	17	20,36,990	45,29,803
III. Increase/decrease in Stock	-	-	-
Total Revenue (I +II+III)	-	3,07,51,990	3,20,30,105
IV. Expenses:	-	-	-
Employee benefit expense	18	2,16,72,103	1,77,07,956
Financial costs	19	75,644	68,416
Depreciation and amortization expense	20	2,39,517	15,36,660
Other expenses	21	58,87,793	69,23,723
Total Expenses	-	2,78,75,057	2,62,36,756
V. Profit before exceptional and extraordinary items and tax	-	28,76,933	57,93,349
VI. Profit before extraordinary items and tax	-	28,76,933	57,93,349
VII. Profit before tax	-	28,76,933	57,93,349
VIII. Tax expense:	-	-	-
(1) Current tax	-	9,00,000	16,59,848
(2) Deferred tax asset	-	(17,289)	(5,21,020)
(3) Income tax earlier years	-	40,730	50,886
IX. Profit(Loss) from the period from continuing operations	-	9,23,441	11,89,714
X. Profit/(Loss) for the period	-	19,53,492	46,03,635
XI. Earning per equity share:	-	-	-
(1) Basic	22	0.37	0.86

Accounting Notes are integral part of the Financial Statements

For M.Gandhi & CO
Chartered Accountants

For and on behalf of the Board of Directors

Sd/-
M Gandhi
Proprietor
Membership No.22958
Registration No: 000851S
Place : Bangalore
Date : 31.05.2016

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

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



NOTES AND ACCOUNTS

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 and preparation of financial statement:

The financial statements of the company have been prepared under the historical cost convention on accrual basis of accounting with the Generally Accepted Accounting principles in India (Indian GAAP) and to comply with the accounting standards prescribed in the section 133 of companies Act 2013 read with rule 7 of the Companies (Accounts Rules) Rules, 2014 and with relevant provisions of the Companies Act, 2013/ the Companies Act, 1956 as applicable. The Accounting Policies adopted in the preparation of financials statement are consistent with those followed in the previous year.

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 (tangible and intangible):

Fixed assets are carried at cost, less accumulated depreciation/ amortization and impairment losses if any. The Cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other irrecoverable taxes, any directly attributable expenditure on making the assets ready for its intended use, other incidental expenses and interest on borrowings cost attributable to acquisition of qualifying fixed assets up to the date of asset is ready for intended use.

d) Depreciation:

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule ii to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset the Operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.,

Furniture and fixtures – 8 years

Office equipment and electrical – 5 years

Computer machinery – 3 years

Motor Cars – 6 years

Air conditions and Plant and machinery – 5 years

Depreciation on additions deductions is calculated pro-rata from/ to the date of additions/ deductions. Intangible assets are amortized over their estimated useful life Straight Line Method as follow:

Purchased computer software – 3 years

The estimated life of the intangible assets and amortization period are reviewed at the end each financial year and amortization method is revised to reflect the changed pattern.

Impact of depreciation due to change in useful life:

During the year, pursuant to the notification of Schedule II to the Companies Act, 2013 with effect from April 1, 2014, the Company revised the estimated useful life of some of its assets to align the useful life with those specified in Schedule II and unamortized carrying value is being depreciated over the revised/ remaining useful life. Further, assets individually costing Rs. 5000/- or less that were depreciated fully in the year of purchase are now depreciated based on the useful life considered by the Company for the respective category of assets.

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 Valuation :

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.

g) Inventories:

Computer spares are charged to consumption in the year of purchase. The Company has no inventory.

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.

Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Measurement of foreign currency monetary items at the balance sheet date

Foreign currency monetary items outstanding at the balance sheet date are restated using the year end rates. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the transactions.

Treatment of exchange differences

Exchange differences arising on settlement/restatement of foreign currency assets and liabilities of the company are recognized as income or expense in the statement of profit and loss in the period in which they arise.

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) Use of estimates:

The preparation of financial statements in conforming with Indian GAAP require the management to make estimates and assumption considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognized in the periods in which the results are known/materialize.

l) Cash and cash equivalents (for purposes of cash flow statement):

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

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

m) Earning per share:

Basic earnings per share is computed by dividing the profit/loss after (including post tax of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year.

n) Operating cycle:

The Company determines its operating cycle for the purpose of classification of its assets and liabilities as current and non-current, based on the nature of products/ activities of the Company and the normal time between acquisition of assets and their realization in cash or cash equivalent.

o) Material Events: Material events occurring after the Balance Sheet date are taken into cognizance.

**NOTES ON ACCOUNTS:**

1. 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.
2. Lease: The Company does not have any assets purchases through either operating lease or financial lease as defined in Accounting Standard 19.
3. The Company has no Contingent Liabilities to establish, hence not provided for in the books of accounts.
4. There are no outstanding dues to Micro Small and Medium Enterprises as at 31.03.2016. This information has been determined to the extent such parties have been identifies on the basis of information available with the company. This has been relied upon by the auditors.
5. Managerial Remuneration provided and paid during the year was as follows:

The remuneration paid to the directors is as per the provisions of schedule V of the Companies Act 2013.

Sl. No.	Name	Designation	2015-16 (Rs.)	2014-15 (Rs.)
1	K. Srinivasan	Managing Director	13,20,000	13,20,000
2	M. Mohammed Akram	Director	11,89,584	11,89,397
3	N. Sudhash	Director	12,00,000	12,00,000
		Total	37,09,584	37,09,397

6. 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.
7. **Expenses in foreign currency**

Sl. No.	Name	2015-16	2014-15
1	Foreign Travel (in USD)	10,350	14,950
2	Foreign Travel (in Riyadh)	0.00	7,490
3	Foreign Travel (in Rs)	11,29,931	10,45,752

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

Sl. No.	Name	2015-2016 (Rs.)	2014-2015 (Rs.)
1	Foreign Exchange Sales	2,87,15,000	2,75,00,303
2	Foreign Sales (USD)	4,36,484	4,41,020

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**

Sl No	Name of the Parties	Nature of the relationship with the company	Nature of Transaction	Amount: 2015-2016	Amount: 2014-2015
1	K. Srinivasan	Managing Director	Salary	13,20,000	13,20,000
2	M.Mohammed Akram	Whole Time Director	Salary	11,89,584	11,89,397
3	N. Sudhash	Whole Time Director	Salary	12,00,000	12,00,000
4	Dr. H.D. Ballal	Director	Sitting Fees	8,000	8,000
5	P. Periaswamy	Director	Sitting Fees	10,000	10,000

11. The Company does not have any subsidiary and hence Consolidated Financial Statement prescribed under Accounting Standard 21 does not apply.
12. Figures in respect of the previous year have been regrouped or rearranged wherever necessary to confirm to current year's classification



Notes to Financial Statements for the year ended 31 March 2016

2. Share Capital		At 31st March 2016		At 31st March 2015	
Authorised Capital 60,00,000 Equity Shares of Rs.10/- each		<u>6,00,00,000</u>		<u>6,00,00,000</u>	
Issued Capital		<u>5,34,49,000</u>		<u>5,34,49,000</u>	
Subscribed & Fully Paid 53,44,900 Equity Shares of Rs. 10/- each		<u>5,34,49,000</u>		<u>5,34,49,000</u>	
		5,34,49,000		5,34,49,000	
Reconciliation of the Shares outstanding at the beginning & at the end of the reporting period					
		At 31st March 2016		At 31st March 2015	
		No of Shares	Amount	No of Shares	Amount
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 31/3/2016		
	% of share holding	No of Shares
K Srinivasan	19.66	10,50,695
N Narasimhan	15.91	8,50,600
K Ananthapadmanabhan	9.64	5,15,500
Roshani Neetish Doshi	7.48	4,00,000

3. Reserve & Surplus		At 31st March 2016		At 31st March 2015	
Securities Premium		1,50,00,000		1,50,00,000	
Balance as per last account					
Surplus		38,25,783		42,24,764	
Opening Balance		19,53,492		46,03,635	
Add: Net Profit for the year		-		-	
Transfer from/(to) General Reserve		32,06,940		42,75,920	
Interim Dividend Paid		6,52,869		7,26,696	
Interim Dividend Tax Paid		19,19,466		38,25,783	
Closing Balance		1,69,19,466		1,88,25,783	
Total		1,69,19,466		1,88,25,783	

4. Long Term Provisions		At 31st March 2016		At 31st March 2015	
Provisions For Employees Benefits		24,47,163		21,88,028	
Provision for Gratuity		24,47,163		21,88,028	

The company has revalued the gratuity provision based on the actuarial valuation as on 31.03.2016 and differential provision has been created out of the current year profit.

5. Trade Payables		At 31st March 2016		At 31st March 2015	
		-		-	
		-		-	



6. Other Current Liabilities		
	At 31st March 2016	At 31st March 2015
Audit fee Payable	99,000	99,000
Statutory Payable	1,74,080	1,64,269
Expense Payable	3,51,447	4,18,365
Bonus Payable	-	1,500
Incentive Payable to Staff	-	1,50,946
Unclaimed Dividend A/c	3,29,204	1,73,236
Other Provisions	-	75,721
	9,53,731	10,83,037

7. Short Term Provisions		
	At 31st March 2016	At 31st March 2015
Provision for Income Tax	9,00,000	16,59,848
Provision for IT of earlier years	-	-
	9,00,000	16,59,848

8. FIXED ASSET

TANGIBLE ASSET											
Particulars	Useful Life of assets	Gross Block				Depreciation				Net Block	
		As at April 1, 2015	Additions during the Year	Deletions during the Year	As At Mar 2016	As at April 1, 2015	For the Year	Deletions during the Year	As At Mar 2016	As At Mar 2016	As At Mar 2015
Furniture & fixtures	8.00	13,85,542	55,082	-	14,40,624	13,16,697	15,491	-	13,32,188	1,08,436	68,845
Office Equipments	5.00	12,34,167	40,000	-	12,74,167	11,53,279	24,178	-	11,77,457	96,710	80,888
Computer Machinery-Accessories	3.00	60,58,876	2,03,568	-	62,62,444	58,45,453	1,38,997	-	59,84,450	2,77,994	2,13,423
CAR	6.00	20,28,523	-	-	20,28,523	20,18,898	1,604	-	20,20,502	8,021	9,625
Air condition	5.00	3,01,013	36,050	-	3,37,063	3,01,013	7,210	-	3,08,223	28,840	-
D.G Sets	5.00	3,44,650	-	-	3,44,650	3,44,650	(0)	-	3,44,650	(0)	(0)
Office interior	8.00	28,62,586	-	-	28,62,586	27,07,218	19,421	-	27,26,639	1,35,947	1,55,368
Electrical Installation	5.00	5,80,038	-	-	5,80,038	5,80,038	-	-	5,80,038	-	-
Total	-	1,47,95,395	3,34,700	-	1,51,30,095	1,42,67,246	2,06,901	-	1,44,74,147	6,55,948	5,28,149
Previous Year	-	1,45,84,963	2,10,432	-	1,47,95,395	1,27,58,846	15,08,400	-	1,42,67,246	5,28,149	18,26,117

INTANGIBLE ASSET											
Particulars	Useful life of assets	Gross Block				Depreciation				Net Block	
		As at april 1, 2015	Additions during the year	Deletions during the year	As at Mar 2016	As at april 1, 2015	For the year	Deletions during the year	As at Mar 2016	As at Mar 2016	As at Mar 2015
Software	3.00	24,59,159	84,491	-	25,43,650	24,45,802	32616	-	24,78,418	65232	13,357
Total	-	24,59,159	84,491	-	25,43,650	24,45,802	32,616	-	24,78,418	65,232	13,357
Previous year	-	24,39,123	20,036	-	24,59,159	24,17,541	28,261	-	24,45,802	13,357	21,582

NOTE 9: DEFERRED TAX CALCULATION

Deferred Tax Assets/(Liability)	At 31st March 2016		At 31st March 2015	
WDV as per Income Tax Act	16,94,845		17,18,356	
WDV as per Companies Act	7,21,181		5,41,506	
Difference	9,73,664	9,73,664	11,76,850	11,76,850
Provision for Gratuity as of 31-Mar-2016		24,47,163		21,88,028
		34,20,827		33,64,878
Deferred Tax Assets/(Liability) as on 31 March'16		10,57,036		10,39,747
Deferred Tax Assets/(Liability) as on 31 March'15		10,39,747		5,18,728
Deferred Tax Assets/(Liability) Provision for the year		17,289		5,21,020



10. Other Non Current Assets		
	At 31st March 2016	At 31st March 2015
Electrical Deposit	41,790	41,790
Rent Deposit	6,80,000	6,80,000
Telephone Deposit	27,670	27,670
KALS Employees Welfare Trust	4,37,000	4,87,000
	11,86,460	12,36,460

11. Current Investments		
	At 31st March 2016	At 31st March 2015
Investment in Mutual Funds		
Quoted, Trade		
Birla Sun Life Medium Term Plan	2,10,00,000	1,70,00,000
Templeton Short Term Income Plan-Retail Plan Growth	1,93,00,562	1,62,67,062
Tata Floater Fund - Daily Dividend	-	211
ICICI Prudential Savings Fund	-	85,00,000
IDFC Super Income Fund - Quarterly Fund	-	74,80,173
IDFC Super Saver Income Fund-Medium Term Plan -G	1,76,02,179	1,30,76,804
	5,79,02,741	6,23,24,251
(Market Value of Trade Investments as on 31st March 2016 is Rs. 6,26,63,151.00) hence the Value quoted at the cost value		

12. Trade Receivables		
	At 31st March 2016	At 31st March 2015
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	-	-
Unsecured, Considered Good		
Debtors- Abroad	1,14,57,597	70,85,810
	-	-
	1,14,57,597	70,85,810

13. Cash and Bank Balances		
	At 31st March 2016	At 31st March 2015
Bank Balances		
Current Account		
HDFC account	1,20,969	1,67,998
Axis Bank-5931	6,30,457	26,88,196
HDFC Fixed Deposit (Deposits For More than 12 months)	1,21,753	6,63,168
Cash in hand	21,630	7,826
Unclaimed Dividend A/c	-	-
AXIS Bank	122	122
HDFC Bank	3,29,082	1,73,114
	12,24,012	37,00,424

14. Short Term Loans & Advances		
	At 31st March 2016	At 31st March 2015
Loans to Employees	-	7,000
	-	7,000

15. Other current assets		
	At 31st March 2016	At 31st March 2015
Interest Accrued on Fixed Deposits	1,925	3,676
Statutory	-	-
Service Tax	1,85,591	1,85,591
Cess on Service Tax	5,976	5,976
Tax	-	-



TDS FY 2013-14	2,466	5,216
TDS FY 2012-13	20,040	20,040
TDS FY 2012-13	4,337	-
Advance Tax	9,00,000	10,50,000
	11,20,334	12,70,498

16. Revenue from operations		
	At 31st March 2016	At 31st March 2015
Sales & Services- Software Export	2,87,15,000	2,75,00,303
	2,87,15,000	2,75,00,303

17. Other Incomes		
	At 31st March 2016	At 31st March 2015
Interest Income	40,738	68,417
Dividend Income	49,074	4,28,053
Profit on Sale of Mutual Fund- Short Term	17,61,443	40,27,350
Exchange Fluctuation Gain	1,83,627	-
Miscellaneous Income	2,108	5,983
	20,36,990	45,29,803

18. Employees Benefit Expense		
	At 31st March 2016	At 31st March 2015
Salary Paid	1,56,31,849	1,27,41,792
Bonus	10,67,656	1,35,818
Employer Contribution to ESI	64,672	86,431
Employer Contribution to PF	4,11,420	2,66,982
Gratuity	2,70,387	6,10,720
Medical Reimbursement	1,911	4,924
Staff Welfare, Recruitment & Training	5,14,624	1,51,892
Directors Remuneration	37,09,584	37,09,397
	2,16,72,103	1,77,07,956

19. Financial costs		
	At 31st March 2016	At 31st March 2015
Bank Charges	75,644	68,416
	75,644	68,416

20. Depreciation and amortization expense		
	At 31st March 2016	At 31st March 2015
Depreciation on Tangible Asset	2,06,901	3,47,764
Depreciation on Intangible Asset	32,616	6,679
Depreciation on account of Change in life	-	-
Intangible assets	-	11,60,636
Tangible assets	-	21,582
	2,39,517	15,36,660

21. Other Expenses		
Office & Administrative Expenses	At 31st March 2016	At 31st March 2015
Rent	11,27,712	11,77,712
Insurance Premium	22,719	25,858
Professional Charges	6,26,066	85,827
Advertisement Charges	45,220	3,88,398
Electrical & Water Charges	2,53,477	2,79,571
Internet Charges & Telephone Charges	10,13,695	10,52,873



Travelling & Conveyance	19,92,414	28,21,974
Repairs & other Admin Expense	6,96,489	9,81,510
Auditor's Remuneration		
For Audit	85,000	85,000
For Tax Audit	25,000	25,000
	58,87,793	69,23,723

22. Earning per Share		
	At 31st March 2016	At 31st March 2015
Net Profit After Tax	19,53,492	46,03,635
No. of Shares	53,44,900	53,44,900
EPS	0.37	0.86

CASH FLOW STATEMENT		
Particulars	At 31st March, 2016	At 31st March, 2015
A. Cash Flow from Operating Activities		
Profit before taxation	28,76,933	57,93,349
Adjustments for:		
Depreciation	2,39,517	15,36,660
Interest income	(40,738)	(68,417)
Dividend Income	(49,074)	(4,28,053)
Finance Expenses	75,644	68,416
Provision for Tax	(9,00,000)	(16,59,848)
Operating profit before working capital changes	22,02,282	52,42,108
Changes in Working Capital:		
Increase / (Decrease) in trade payables	-	(1,10,000)
Increase / (Decrease) in provisions	(5,00,713)	5,72,957
Increase / (Decrease) in other current liabilities	(1,29,306)	(13,45,307)
Increase / (Decrease) in other long term liabilities	-	-
(Increase) / Decrease in trade receivables	(43,71,787)	(15,96,202)
(Increase) / Decrease in inventories	-	-
(Increase) / Decrease in loans and advances	7,000	(4,000)
(Increase) / Decrease in other current assets	1,50,164	6,16,361
(Increase) / Decrease in other non-current assets	50,000	65,000
Cash Generated from Operations	(25,92,360)	34,40,920
Taxes paid (net of refunds)	40,730	50,886
Net cash generated from operations before extraordinary items	(26,33,090)	33,90,034
Extraordinary items	-	-
Net cash generated from operating activities	(26,33,090)	33,90,034
B. Cash flow from Investing Activities		
Purchase of tangible/intangible assets	(4,19,191)	(2,30,466)
Sale of tangible/intangible assets	-	-
Purchase/Sale of current investments (Net)	44,21,509	20,10,438
Interest received	40,738	68,417
Dividend received	49,074	4,28,053
Net cash from investing activities	40,92,130	22,76,442



C. Cash flow from Financing Activities		
Dividends paid	(32,06,940)	(42,75,920)
Dividend Distribution Tax	(6,52,869)	(7,26,696)
Interest paid	(75,644)	(68,416)
Repayment of borrowings	-	-
Net cash used in Financing Activities	(39,35,453)	(50,71,032)
Net increase in cash and cash equivalents	(24,76,412)	5,95,444
Cash and Cash equivalents at the beginning of the year	37,00,424	31,04,980
Cash and Cash equivalents at the end of the year	12,24,012	37,00,424

For M.Gandhi & CO
Chartered Accountants

For and on behalf of the Board of Directors

Sd/-
M Gandhi
Proprietor
Membership No.22958
Registration No: 000851S
Place : Bangalore
Date : 31.05.2016

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

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

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 2016. 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.

For M.Gandhi & CO
Chartered Accountants

Place: Bangalore
Date: 31.05.2016

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



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 : U72200KA1993PLC014303
 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 23rd Annual General Meeting of the company, to be held on the 20th day of September 2016 At 10.15 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 Financial statements, Auditor Reports & Directors Report for Financial year ended 31/03/2016			
2	Confirmation of Interim Dividend			
3	To appoint Director in place of Dr.H D Ballal,who is retiring by rotation			
4	To ratify appointment of Auditors			
5	Re-Appointment of K.Srinivasan as Managing Director			
6	Re-Appointment of N.Sudhash as Whole Time Director			
7	Re-Appointment of M.Mohammed Akram as Whole Time Director			

Signed this.....day of September, 2016

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 Twenty Third Annual General Meeting of the Company being held on Tuesday 20th of September 2016 at 10.15 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**

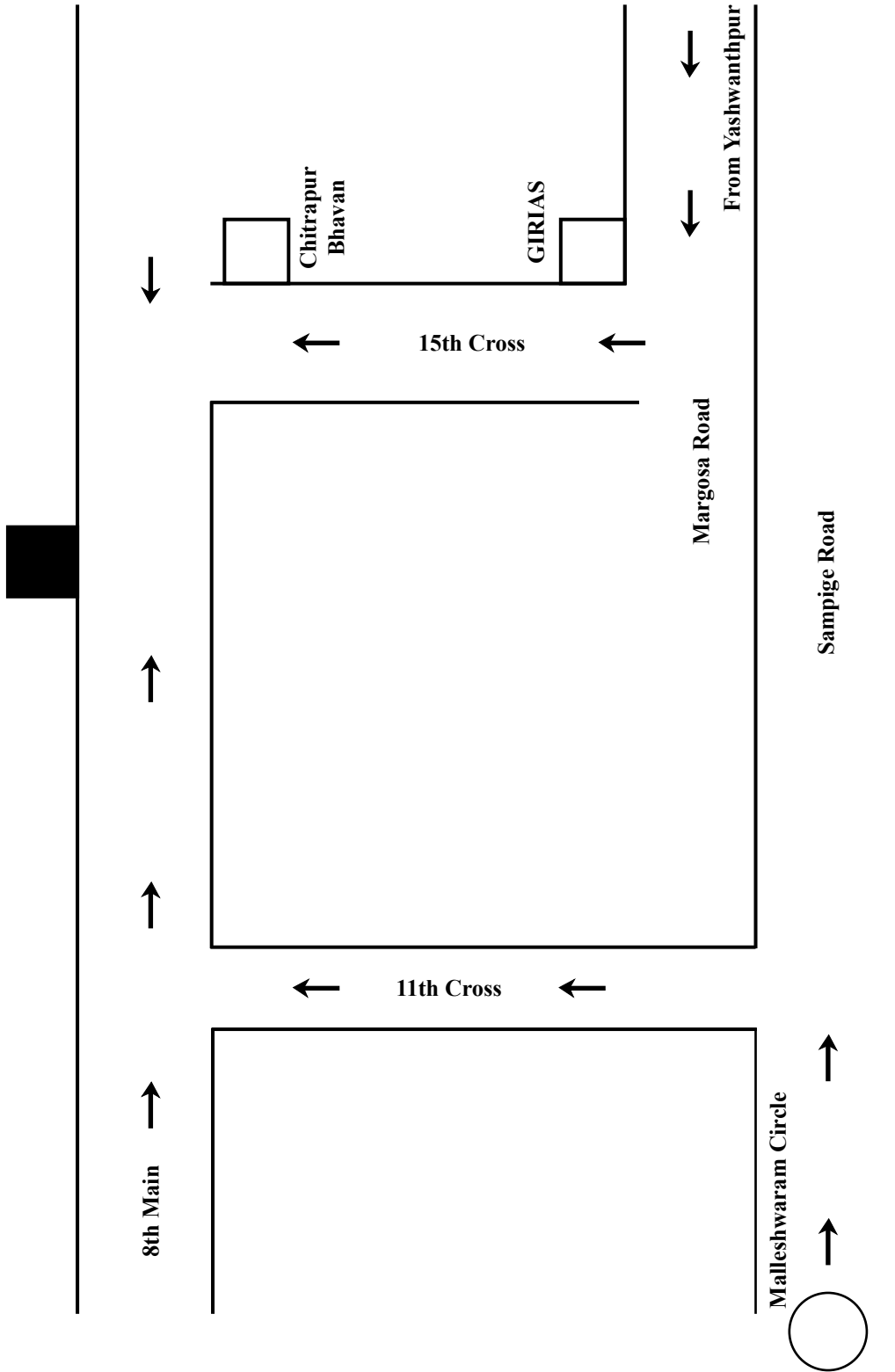
(** Strike out whichever is not applicable)

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



ROUTE MAP

CANARA UNION TRUST



BOOK – POST

Integrated Enterprises Private Limited

30, Ramana Residency

4th Cross, Sampige Road, Malleswaram,

Bangalore – 560 003.

Tel: +91-80-23460814-818

Fax: +91-80-23460819

E-mail: alfint@vsnl.com