



Realize Your Ideas

# ANNUAL REPORT

# 2014-15

# CORPORATE INFORMATION

## Board of Directors

### **Bhavesh Rameshlal Chauhan**

Managing Director & CEO

### **Dr. P J George**

Non Executive Independent Director

### **T R Ramasamy**

Non Executive Independent Director

### **Frederick Ivor Bendle**

Non Executive Director (*wef from 23<sup>rd</sup> September 2014*)

### **Vijayapriya**

Women Director (Non Executive Director) (*wef 30<sup>th</sup> April 2015*)

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Company Secretary & Compliance Officer

### **Jitendra Kumar Pal**

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Auditors

### **M/s TOMY & FRANCIS**

Chartered Accountants

6/407, Kizhakkumpattukara Road,  
Near Bishop's Palace, East Fort, Thrissur,  
Kerala - 680 005

### **Main Bankers**

Canara Bank

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### **Stock Exchanges -Listed on**

I - National Stock Exchange of India Limited

II - The Bombay Stock Exchange Limited

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### **Contact us:**

Registered Office & Corporate Office

Robert V Chandran Tower

No.149, Velachery Tambaram Main Road,

Pallikarnai, Chennai- 600 100

Telephone Nos. +91- 44-42829000

Fax No. +91-44-42829012

Email for shareholders: investor@calsoftgroup.com

Website: www.calsoftgroup.com

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### **Registrars and Share Transfer Agent**

Integrated Enterprises (India) Ltd,

(Unit: California Software Co Ltd)

2nd floor, Kencees Towers,

1, Ramakrishna Street, North Usman Road

T Nagar, Chennai - 600017 India

Tel: +91-44- 28140801 to 28140803

Email: yuvraj@integratedindia.in

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## Letter to Shareholder



Dear Shareholders,

I am sorry to report to shareholders that this year has been one of continuing difficulties for your company. The sale of RVC Towers that I reported to you as being in progress at this time last year eventually fell through when the buyer, having paid a deposit, failed to complete the transaction. The small benefit to the Company in retaining the deposit was far outweighed by the continuing burden of the high interest rate on the Canara Bank mortgage and the very limited rental income the company receives. Canara Bank has agreed to slightly reduce the interest rate effective 1 April 2015 but this will still not be enough to bridge the shortfall in income from tenants. We continue to make strenuous efforts to find tenants at economic rents for vacant areas of the building, and to seek a buyer for the building as a whole, but as yet have had little success in the former, and none with the latter. Were it not for the continuing financial support from the company's major shareholder to help us fund loan interest and capital repayments to Canara Bank the company would have become insolvent during the past year.

Your Board now feels that if a sale of RVC Towers can be achieved we are unlikely to realize any more than is required to settle amounts due to Canara Bank, and so after a sale the company would be left with no rental incomes and therefore no income at all to meet its ongoing staff and administration costs. Unless we can find a buyer for the Company who can attribute some value to the company's listed status and who would be willing to make an offer for the entire share capital, a sale of RVC Towers would most likely trigger the winding up of the company. Although your Board remains actively seeking such a "white Knight" the groups plethora of old legacy potential liabilities, mainly related to taxation, are proving a significant deterrent to any potential buyers.

**Bhavesh Rameshlal Chauhan**  
Managing Director & CEO

## NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the Twenty Third Annual General Meeting of the Company will be held on Wednesday the 19<sup>th</sup> August 2015 at 10.00 a.m. at 8<sup>th</sup> Floor, Robert V Chandran Tower, # 149, Velachery Tambaram Main Road, Pallikaranai, Chennai-600 100 transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the
  - a) Audited Financial Statements of the Company for the financial year ended 31<sup>st</sup> March 2015
  - b) Audited Consolidated Financial Statements of the Company for the financial year ended 31<sup>st</sup> March 2015
2. To appoint a Director in place of Mr. Fredrick Ivor Bendle, who retires by rotation and being eligible, offer himself for re-appointment.
3. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:
 

"RESOLVED that, pursuant to the provisions of Section 139, 142 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder and pursuant to the recommendation of the Audit Committee and Board of Directors, consent of the Company be and is hereby accorded to re-appoint M/s. Tomy & Franics, Chartered Accountants (Firm Regn. No. 010922S) as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting.

FURTHER RESOLVED THAT they may be paid the remuneration which may be decided by the Board of Directors of the Company or committee thereof."

### SPECIAL BUSINESS:

4. Appointment of Ms. Vijayapriya as Non Executive Non-Independent Woman 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 Sections 149 and 152 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") and the Rules framed there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Act, Ms. Vijayapriya (holding DIN: 07172974) who was appointed as Additional Director on 30<sup>th</sup> April 2015, be and is hereby appointed as a Director of the Company, liable to retire by rotation and that Ms. Vijayapriya shall be a non-executive, non-independent and woman director of the Company.

By order of the Board

For **California Software Company Limited**

Chennai  
24<sup>th</sup> July 2015

**Jitendra Kumar Pal**  
Company Secretary

### Notes:

- a. A SHAREHOLDER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A SHAREHOLDER.
- b. The Register of Members and the Share Transfer Books of the Company will remain closed from 17<sup>th</sup> August 2015 to 19<sup>th</sup> August 2015 (both days inclusive) in connection with the Annual General Meeting.
- c. Shareholders are given an option to hold their securities in a depository or in the physical form. However it maybe noted that for trading purposes on NSE & BSE, the Company's stock is in compulsory demat trading list.
- d. Shareholders of physical format shares opting to convert shares to depository form are requested to notify through their Depository Participant (DP) to the Company's REGISTRAR AND SHARE TRANSFER AGENTS through filling the demat request form available with their DP to the address given herein:  
INTEGRATED ENTERPRISES (INDIA) LTD.,  
Unit: California Software Co Ltd  
"Kences Towers", II Floor, 1, Ramakrishna Street,  
North Usman Road, T.Nagar, Chennai - 600 017
- e. Shareholders who hold their securities in physical form and need to complete any transfer of holdings or endorsements may forward their securities to the Company's Registrar and Share Transfer Agents at the above address alongwith duly filled and stamped share transfer forms.
- f. Shareholders holding shares in physical format are requested to notify the Company's Registrar and Share Transfer Agents any change in their address immediately (with folio no reference) so as to enable the Company to send any future communication at their correct address. Those holding shares in demat format need to ensure that their correct address is reflected in their Depository Participant (DP) records and inform DP of any changes as and when relevant.
- g. Pursuant to Section 205C of the Companies Act, 1956, all unclaimed dividends upto and inclusive of the financial year 2006-2007 (YE March 31, 2007) have been transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government.
- h. Shareholders who have not encashed any of their dividend warrants from the year 2007-2008 onwards are requested to submit their claims to the Company Secretary at the Registered Office of the Company giving due details such as shareholder folio, /DP account no, and details for which year dividend is not received, and bank account details to be printed on the warrant.
- i. Nomination facility is now available for the shareholders. Members holding shares in physical format. may obtain nomination forms from the Registrar & Share Transfer Agent and send the nomination form back duly filled up and signed. Members holding shares in demat form may kindly send their nominations to their Depository Participant (DP) only in the format specified by their DP which will be for all their holdings in a client account.  
Attendance slip and proxy form are enclosed.

### VOTING THROUGH ELECTRONICS MEANS

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rules made there under read with Clause 35B of the Equity Listing Agreement, the Company is pleased to provide e-Voting facility for its members to enable them to cast their votes electronically. The company has availed the e-Voting services as provided by National Securities Depository Limited.(NSDL). The Company has appointed Mr. V.S. Sowrirajan, Practising Company Secretary as scrutinizer for conducting the e-Voting process in a fair and transparent manner. The instructions for e-Voting are detailed hereunder:

The voting right of shareholders shall be in proportion to their share in the paid up equity share capital of the Company as on the cut-off date being 12<sup>th</sup> August 2015. The instructions for Shareholders for e-Voting are as under:

- A) In case of Shareholders' receiving e-mail from NSDL (for members whose email IDs are registered with the Company / Depository participants):

- (i) Open e-mail and open PDF file viz; "California Software Company Limited e-Voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password for e-Voting. Please note that the password is an initial password.
  - (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com>
  - (iii) Click on "Shareholder - Login".
  - (iv) Insert user ID and password as initial password noted in step (i) above. Click Login.
  - (v) Password change menu appears. Change the password with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
  - (vi) Home page of e-Voting opens. Click on e-Voting: Active Evoting Cycles.
  - (vii) Select "EVEN" of California Software Company Limited.
  - (viii) Now you are ready for e-Voting as Cast Vote page opens.
  - (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
  - (x) Upon confirmation, the message "Vote cast successfully" will be displayed.
  - (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
  - (xii) For the votes to be considered valid, the institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority Letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail at [jitendrak@calsoftgroup.com](mailto:jitendrak@calsoftgroup.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)
- (B) In case a member receives physical copy of the Notice of AGM (For members whose email IDs are not registered with the Company / Depository Participant (s) or requesting physical copy)
- (i) Initial password is provided as below/at the bottom of attendance Form.
- | REVEN (Remote e-Voting Event Number) | USER ID | PASSWORD/PIN |
|--------------------------------------|---------|--------------|
| 102256                               |         |              |
- (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.
- (C) Other instructions**
- (i) In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-Voting user manual for Shareholders available at the Downloads section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - (ii) If you are already registered with NSDL for e-Voting then you can use your existing user ID and password for casting your vote.
  - (iii) You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
  - (iv) The e-Voting period commences on Saturday, the 15<sup>th</sup> August 2015 (10:00 am) and ends on Tuesday, the 18<sup>th</sup> August 2015 (5:00 pm). During this period members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 12<sup>th</sup> August 2015, may cast their vote electronically. The e-Voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it.
  - (v) The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-Voting period / unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
  - (vi) The Results shall be declared on or after the Annual General Meeting of the Company and shall be deemed to be passed on the date of Annual General Meeting. The results alongwith the Scrutinizer's Report shall be placed on the website of the Company [www.calsoftgroup.com](http://www.calsoftgroup.com) within 2 days of passing of the resolutions at the Annual General Meeting of the Company and shall be communicated to BSE Limited and National Stock Exchange of India Limited.
6. All documents referred to in the accompanying Notice and the Explanatory Statements are open for inspection at the Registered Office of the Company between 10.00 A.M. and 1.00 P.M. on working days up to 19<sup>th</sup> August 2015
7. The Notice together with the accompanying Explanatory Statement is and may be treated as an abstract of the terms of appointment/ variation in terms of appointment and memorandum of interest of Directors under Section 190 of the Companies Act, 2013.

**EXPLANATORY STATEMENT UNDER SECTION 102 (2) OF THE COMPANIES ACT, 2013**

**Item No.4**

**Appointment of Ms. Vijayapriya as a Director**

Ms. Vijayapriya was appointed as an Additional Director of the Company with effect from 30<sup>th</sup> April 2015 and she holds office till the date of the ensuing AGM. The Company has received a notice under Section 160 of the Companies Act 2013, along with the requisite deposit member signifying his intention to propose the candidature of Ms. Vijayapriya as a Director of the Company.

Accordingly, the requisite resolution for her appointment as a director of the Company. She will be a non-executive and non-independent director of the Company and is liable to retire by rotation. She will also

be the woman director to be appointed by the Company under Section 149 of the Companies Act, 2013. The Board place the resolution for the consideration of members.

A brief profile of Ms. Vijayapriya the nature of her expertise, and the names of companies he holds directorships along with the details of membership / chairmanship on various committees of the Board of other companies, shareholding in the Company and relationship between the directors inter-se is annexed to this notice.

None of the Directors or Key Managerial Personnel of the Company or their relatives other than the appointee director is in any way concerned or interested in the resolution.

**ANNEXURE TO ITEMS 2 & 4 OF THE NOTICE**

Details of Directors seeking re-appointing at the forthcoming Annual General Meeting  
(in pursuance of Clause 49 of the Listing Agreement)

| <b>Name of the Director</b>  | <b>Mr. Fredrick Ivor Bendle</b> | <b>Ms. Vijaypriya</b> |
|--|---------------------------------|-----------------------|
| Director Identification Number (DIN)   | 03156399                        | 07172794              |
| Date of Birth  | 06/04/1956                      | 06/10/1976            |
| Nationality  | UNITED KINGDOM                  | INDIAN                |
| Date of Appointment on Board   | 23/09/2014                      | 30/04/2015            |
| Qualification  | CHARTERED ACCOUNTANT AND LAWYER | CHARTERED ACCOUNTANT  |
| Shareholding in the Company  | NIL                             | NIL                   |
| List of Directorship held in other Companies (excluding foreign, private and Section 8 Companies)      | NIL                             | NIL                   |
| Memberships / Chairmanships of Audit and Stakeholders Relationship Committees across Public Companies. | NIL                             | NIL                   |

By order of the Board

For **California Software Company Limited**

**Jitendra Kumar Pal**  
Company Secretary

Chennai  
24<sup>th</sup> July 2015

## DIRECTORS REPORT

Dear Shareholders,

Your Directors presenting their Report on the Business & Operations of your Company and its working results for the year 2014-15.

### 1. FINANCIAL RESULTS

All figures in ₹ Crores except for EPS

| Details  | Consolidated            |                         | Standalone              |                         |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
|  | Year ended<br>31-Mar-15 | Year ended<br>31-Mar-14 | Year ended<br>31-Mar-15 | Year ended<br>31-Mar-14 |
| Total Revenues   | 3.69                    | 7.22                    | 3.63                    | 7.20                    |
| Total Expenses   | 17.75                   | 27.85                   | 17.24                   | 26.30                   |
| Profit before exceptional and extra-ordinary items and tax | (14.05)                 | (20.63)                 | (13.61)                 | (19.10)                 |
| Exceptional items  | 1.05                    | (6.20)                  | (1.49)                  | (0.55)                  |
| Profit before extraordinary items and tax                  | (15.10)                 | (14.43)                 | (12.12)                 | (18.56)                 |
| Profit before Tax  | (15.10)                 | (14.43)                 | (12.12)                 | (18.56)                 |
| Current Tax  | Nil                     | Nil                     | Nil                     | Nil                     |
| Deferred Tax   | Nil                     | Nil                     | Nil                     | Nil                     |
| Loss for the year  | (15.10)                 | (14.48)                 | (12.12)                 | (18.56)                 |
| Minority Interest  | Nil                     | Nil                     |                         |                         |
| paid up equity capital                                     | 12.36                   | 12.36                   | 12.36                   | 12.36                   |
| Earning per share (EPS) for the year (Rs)                  |                         |                         |                         |                         |
| i) Basic   | (12.21)                 | (11.71)                 | (9.80)                  | (15.01)                 |
| ii) Diluted  | (12.21)                 | (11.71)                 | (9.80)                  | (15.01)                 |

\*Note: Previous year's figures have been reclassified wherever necessary to conform to current year classification.

### 2. DIVIDEND

The Company and the Group incurred a loss for the year and have accumulated negative reserves as at the year end. The Directors therefore recommend that no dividend be paid in respect of the Financial Year 2014-2015.

### 3. BUSINESS UPDATE AND OUTLOOK

After the buyer for RVC Towers that was reported last year, failed to complete the transaction the company has been unable to secure an alternative buyer even at a reduced price. Demand for office space in Chennai continues to be weak due mainly to over-supply; whilst Rupee interest rates have continued to be held high both by the RBI and by the RVC mortgagee, who is concerned about the company's continuing ability to settle the interest and capital payments as they fall due, in the absence of sufficient income from rentals. As a result the company's only remaining business, that of letting out the floors of RVC Towers that it owns, has been loss making throughout the year and is totally dependent on continuing financial support from its major shareholder.

The company continues to look for tenants to fill the vacant floors of RVC Towers, and for a buyer of the building. Until it finds a buyer for RVC the shares of the company are not an attractive option for a partner seeking a reverse takeover due to the high loan interest and low rentals on RVC. At the date of this report we have a number of prospective buyers for the building with whom we are in preliminary talks.

### RESULTS OF OPERATIONS

#### I - Consolidated Results

During the year, your Company on a consolidated basis with all its subsidiaries earned total revenue of ₹ 3.69 Crores as against ₹ 7.22 Crores earned during the previous year. The profit before tax during the year is ₹ (15.10) Crores as against ₹ (14.43) Crores for the previous year.

After taking into account the tax provisions and adjustments for minority interest, prior period adjustments and extraordinary items if any, the loss for the year is ₹ (15.10) Crores as against a loss of ₹ (14.48) Crores of the previous year.

#### II - Standalone Results

During the year, your Company on a standalone basis earned total revenue of ₹ 3.63 Crores as against ₹ 7.20 Crores earned during the previous year. The profit before tax during the year is ₹ (12.12) Crores as against ₹ (18.56) Crores of the previous year.

After taking into account the tax provisions and adjustments, the loss for the year was ₹ (12.12) Crores as against a loss of ₹ (18.56) Crores for the previous year.

### 4. REVIEW OF SUBSIDIARIES

#### I - CSWL, Inc. USA and its Subsidiaries

CSWL Inc and its subsidiaries has not earned any revenue of during the year, compared to US\$ 938,571 achieved during the previous year.



The subsidiary reported a loss of US\$ (43926) as compared to a profit of US\$ 833,275 last year.

The results of existing subsidiaries International Innovations, Waldron Ltd and AspireSoft Corporation are included for the full year under review.

The Company and its subsidiaries are in the process of liquidation.

## II - Aspire Communications Private Ltd

The Consolidated results of Aspire including its wholly owned Subsidiary Aspire Peripherals Limited have been taken into Company's Consolidated results for the full year.

Aspire on a consolidated basis has reported revenues of ₹ 0.002 Crores with loss of ₹ (2.71) Crores against the consolidated reported revenues of ₹ 0.016 Crores with a loss of ₹ (0.94) Crore of the previous year.

The Company and its subsidiaries are in the process of liquidation.

## 5. CONSOLIDATED RESULTS PUBLICATION

As per Section 129 of the Companies Act, 2013, a copy of the Balance Sheet, Profit and Loss Account, Report of the Board of Directors and the Report of the Auditors of the above subsidiary companies have not been attached with the Balance Sheet of the Company. The Company will make available these documents upon request in writing to the Company Secretary at the Registered Office of the Company by any member of the Company interested in obtaining the same.

However, as required under the Listing Agreements with the Stock Exchanges, the Consolidated Financial Statements of the Company and all its Subsidiaries as prepared in accordance with Indian GAAP is enclosed and form part of the Annual Report and Accounts.

## 6. DIRECTORS

Mr. Frederick Ivor Bendle has been appointed as additional director with effect from 23<sup>rd</sup> September 2014. His appointment was confirmed at the Annual General Meeting held on 27<sup>th</sup> November 2014. He is retiring at this Annual General Meeting and being eligible offer himself for re-appointment.

Ms. Vijayapriya was appointed as Additional Director with effect from 30<sup>th</sup> April 2015 and hold office until the conclusion of this Annual General Meeting. The Company has received notice under Section 160 of the Companies Act, 1956 from a member proposing Ms. Vijayapriya as Director and a resolution for her appointment forms part of the Notice.

## 7. AUDIT RELATED MATTERS

### 7.1. Audit Committee

In terms of clause 49 of the listing agreement and the provision of Section 177(8) read with Rule 6 of the Companies (Meeting of Board and its Powers) Rules 2014 the company has duly constituted a qualified and independent Audit Committee.

During the period under review, the suggestions put forth by the Audit Committee were duly considered and accepted by the Board of Directors. There were no instances of non-acceptance of such recommendations.

### 7.2. Statutory Auditors

At the Annual General Meeting of the Company held on 27<sup>th</sup> November 2014, M/s. Tomy & Francis, Chartered Accountants (Firm Registration Number 010922S) were reappointed as the Statutory Auditors of the Company to hold office until the conclusion of this Annual General Meeting. Since the Company has time up to the year 2017 to comply with the provisions

relating to rotation of auditors as stipulated in Section 139 (2) of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, it has decided to re-appoint the auditors for the financial year 2015-2016.

Accordingly, the appointment of M/s. Tomy and Francis, Chartered Accountants, as statutory auditors of the Company, is placed for approval by the shareholders. In this regard, the Company has received a certificate from the auditors to the effect that if they are reappointed, it would be in accordance with the provisions of Section 141 of the Companies Act, 2013. The Audit committee and the Board of Directors recommend the appointment of M/s. Tomy and Francis Chartered Accountant as Auditors to hold office up to the conclusion of next Annual General Meeting.

## 7.3. Qualifications in Auditors Report

*With reference to auditor's remark in audit report, we state as follows:-*

1. Note 26 and 27 in the stand alone financial statements which indicate that the Standalone Company has accumulated losses and its net worth has been fully eroded, the Standalone Company has incurred a net loss during the current and previous year(s) and, the Stand alone Company's current liabilities exceeded its current assets as at the balance sheet date. These conditions, along with other matters set forth in Note 26, indicate the existence of a material uncertainty that may cast significant doubt about the Stand alone Company's ability to continue as a going concern.

On sale of RVC Towers we are unlikely to realize any more than is required to settle amounts due to Canara Bank, and so after a sale the company would be left with no rental incomes and therefore no income at all to meet its ongoing staff and administration costs. Unless we can find a buyer for the Company who can attribute some value to the company's listed status and who would be willing to make an offer for the entire share capital, a sale of RVC Towers would most likely trigger the winding up of the Company.

2. Note No. 29 to the standalone financial statements and Notes to Fixed Asset schedule regarding Change in Depreciation Policy of Fixed Assets and resultant loss amounting to ₹ 58,64,486/- including prior period Depreciation of ₹ 50,21,028.00/-.

As per estimation of management no impairment of Fixed Assets was considered during the year 2014-15, since impairment losses on Fixed Assets were provided and recognized in the previous years. However, depreciation rates have been changed to amortise the depreciable value over the useful life as set out in Schedule II of Companies Act, 2013, equally, as the holding company is expected to use the same for letting out, which will be in tune with Schedule II of Companies Act 2013. Depreciation is charged on building based on the estimated remaining life period of 25 years from the date of valuation on 17-01-2013 by the approved valuer. Useful life of various assets is as given below estimating a residual value of 1% on original cost at the end of useful life.

| Item                 | Useful life |
|----------------------|-------------|
| Furniture & Fittings | 10 years    |
| Office Equipment     | 5 Years     |

Total additional depreciation charged to the profit and loss Account is ₹ 58,64,486/-.

3. Note No. 30 to the stand alone financial statement regarding write back of Account Payables to Aspire Communications P Ltd and Aspire Peripherals P Ltd, two wholly owned subsidiaries of the Standalone Company amounting to ₹ 253,45,879.00/-.

Since the company has fully stopped its principle business being Software Development and its sales and service and company have no trade receivables during the year.

Payables to Aspire Communications P Ltd and Aspire Peripherals P Ltd, wholly owned subsidiary of the company amounting to ₹ 253,45,879/- has been written back to Profit and loss account as Exceptional item as these companies have stopped all it activities.

4. Note no. 31 to the standalone financial statement regarding unsecured loans from Associate companies amounting to ₹ 246,936,135.00/-.

**Auditors notes are self explanatory.**

5. Company's Overseas subsidiary CSWL Inc and Indian subsidiary Aspire Communications P Ltd and it subsidiary Aspire peripherals P Ltd have stopped their operations fully. CSWL Inc has initiated Liquidation proceedings.

Those companies ceased to carry on any business operation and are in the process of liquidation.

#### 7.4. Secretarial Audit

M/s.V.S.Sowrirajan & Associates, Company Secretaries-in-Practice were appointed as Secretarial Auditor for the financial year 2014-15. The Secretarial Audit Report in Form No.MR.3 issued by the Secretarial Auditor forms part of the Annual Report as **Annexure 1** to the Board's report.

The Secretarial Audit Report contain qualifications/adverse remarks with respect to which, we state the following:

- 1) In respect of delayed filing of forms, we have paid applicable additional fee and the same is considered as compliance
- 2) In respect of non-filing of forms, the company has noted the same and file these documents with applicable additional filing fee and ensure its due compliance
- 3) The women director was appointed with effect from 30<sup>th</sup> April 2015 and thus the requirement stipulated under Section 152 of the Companies Act,2013 is duly fulfilled. The delay was due to technical reasons since the concerned Director was allotted Director Identification Number only from that date.
- 4) Since the earnings of the company was only through Rental Income, the unaudited/audited financial results for various quarters were only submitted to Stock Exchanges and placed on the website of the company and not advertised in newspapers.

#### 7.5. Cost Audit

The Company is not required to conduct cost audit.

#### 7.6. Internal Financial Controls

There are adequate internal financial controls in place with reference to the financial statements. During the year under review, these controls were evaluated and no significant weakness was identified either in the design or operation of the controls.

## 8. POLICY MATTERS

### 8.1. Nomination and Remuneration Policy

The Company has constituted a Nomination, Remuneration and Governance Committee of the Board of Directors and formulated a Nomination and Remuneration Policy containing the criteria for determining qualifications, positive attributes and independence of a director and policy relating to the remuneration for the directors, key managerial personnel and senior management personnel of the Company. The Nomination and Remuneration Policy is available on the website of the Company [www.calsoftgroup.com](http://www.calsoftgroup.com) and relevant extracts from the Policy are reproduced in **Annexure 2** to this report.

The Board affirms that the remuneration paid during financial year 2014-15 to the Employees and Key Managerial Personnel was as per the Remuneration policy of the Company.

### 8.2. Risk Management Framework

Pursuant to Section 134 (3) (n) of the Companies Act, 2013 & Clause 49 of the listing agreement, the Board of Directors of the Company have constituted a Risk Management Committee which is entrusted with the task of monitoring and reviewing the risk management plan and procedures of the Company. The Company has developed and implemented a risk management framework detailing the various risks faced by the Company and methods and procedures for identification, monitoring and mitigation of such risks. The details of the committee and its terms of reference are set out in the corporate governance report forming part of the Boards report. The risk management function is complimentary to the internal control mechanism of the Company and supplements the audit function.

### 8.3. Corporate Social Responsibility Policy

The provisions of Section 135 of the Companies Act, 2013 and the rules made there under relating to Corporate Social Responsibility are not applicable to the Company.

### 8.4. Vigil Mechanism

In terms of Clause 49 of the listing agreement and the provision of Section 177(9) read with Rule 7 of the Companies (Meeting of Board and its Powers) Rules 2014 the company has duly established a vigil mechanism for stakeholders, directors and employees to report genuine concerns about unethical behavior, actual or suspected fraud or violation of the company's code of conduct or ethics policy. The Audit Committee of the Company oversee the vigil mechanism. The Company affirm that no personnel has been denied direct access to the Chairman of the Audit Committee.

The Policy also provides for adequate protection to the whistle blower against victimization or discriminatory practices. The Policy is available on the website of the Company at <http://www.calsoftgroup.com>.

## 9. OTHER MATTERS

### 9.1. Debentures

During the year under review, the Company has not issued any debentures. As on date, the Company does not have any outstanding debentures

**9.2. Bonus Shares**

The Company has not issued any bonus shares during the financial year.

**9.3. Deposits**

The Company has not accepted any deposits in terms of Chapter V of the Companies Act, 2013 read with the Companies (Acceptance of Deposit) Rules, 2014, during the year under review and as such, no amount on account of principal or interest on public deposits was outstanding as of the balance sheet date.

**9.4. Transfer to Investor Education and Protection Fund**

In compliance of Section 205C of the Companies Act, 1956, the dividends pertaining to the financial year 2006-07 which were lying unclaimed with the Company was transferred to the Investor Education and Protection Fund during the financial year 2014- 15.

**9.5. Human Resources**

The Company has only one Employee.

Disclosure containing the names and other particulars of employees in accordance with the Provisions of Section 197(12) of the Companies Act, 2013, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is given below:

- (i) the ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year: **Not Applicable since no remuneration is paid to directors.**
- (ii) the percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year: **No Increase.**
- (iii) the percentage increase in the median remuneration of employees in the financial year - **No Increase.**
- (iv) the number of permanent employees on the rolls of company - **One (1).**
- (v) the explanation on the relationship between average increase in remuneration and company performance- **Not applicable.**
- (vi) comparison of the remuneration of the Key Managerial Personnel against the performance of the company- **Not Applicable.**
- (vii) average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration - **Not Applicable.**
- (viii) comparison of the each remuneration of the Key Managerial Personnel against the performance of the company - **Not Applicable.**
- (ix) the key parameters for any variable component of remuneration availed by the directors - **Not Applicable.**
- (x) the ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year - **Not Applicable since no remuneration was paid to any director.**

The directors affirms that the remuneration paid by the company is as per the remuneration policy of the company.

**9.6. Corporate Governance**

A detailed report on Corporate Governance and a certificate from the Statutory Auditors affirming compliance with the various conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement forms part of the Annual Report.

**9.7. Code of Conduct**

In compliance with Clause 49 of the listing agreement and Companies Act, 2013 the Company has laid down a Code of Conduct (Code) for all the Board Members and Senior Management Personnel of the Company. The Code is also posted on the Website of the Company [www.calsoftgroup.com](http://www.calsoftgroup.com). All Board Members and Senior Management Personnel have affirmed their compliance with the Code for the financial year ended 31<sup>st</sup> March, 2015. A declaration to this effect signed by Mr. Bhavesh Rameshlal Chauhan, Managing Director forms part of the Corporate Governance Report.

**9.8. Management Discussion and Analysis Report**

In accordance with the requirements of the Listing Agreement, the Management Discussion and Analysis Report titled as Management Report forms part of this Report.

**9.9. Extract of Annual Return**

In terms of Section 134 of the Companies Act, 2013 read with Rules 12(1) of the Companies (Management and Administration) Rules, 2014, the extract of the Annual Return of the Company for the financial year 2014-15 is provided in **Annexure 3** to this report.

**9.10. Number of Board Meetings**

During the year, Eight (8) Board Meetings were held and details are available in the Corporate Governance Report. The intervening gap between two board meetings was within the period prescribed by the Companies Act, 2013.

**9.11. Particulars of Loans, Guarantees and Investments**

In terms of Section 134 of the Companies Act, 2013, the particulars of loans, guarantees and investments given by the Company under Section 186 of the Companies Act, 2013 is detailed in Notes to Accounts of the Financial Statements.

**9.12. Related Party Transactions**

During the year, the Company has not entered into any contract / arrangement / transaction with a related party which can be considered as material in terms of the policy on related party transactions laid down by the Board of Directors. The related party transactions undertaken during the financial year 2014-15 are detailed in Notes to Accounts of the Financial Statements.

Particulars of contracts or arrangements with related parties referred to in Section 188(1) of the Companies Act, 2013 in form AOC-2 is appended as **Annexure 4** to the Board's Report.

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

Since the company is in the Information Technology Enabled Services (ITES), the provisions relating to conservation of energy and technology absorption are not

applicable. Details of earnings and expenditure in foreign currency are given below:

|   | 2014-15<br>(in Crores) | 2013-14<br>(in Crores) |
|---|------------------------|------------------------|
| Foreign Exchange Earnings   | 0.56                   | 4.00                   |
| Foreign Exchange Outgo<br>(including Capital Goods and<br>Imported Software Packages) | 0.70                   | 12.07                  |

#### 9.14. Declaration by Independent Directors

The Company has received necessary declaration from each independent director under Section 149 (7) of the Companies Act, 2013 that he/she holds the criteria of independence laid down in Section 149 (6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement

#### 9.15. Board Evaluation

As required by the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Company has devised a Policy for performance evaluation of Independent Directors, Board, Committees and other individual Directors which includes criteria for performance evaluation of the non-executive directors and executive directors.

On the basis of Policy for performance evaluation of Independent Directors, Board, Committees and other individual Directors, a process of evaluation was followed by the Board for its own performance and that of its Committees and individual Directors.

#### 9.16. Financial Position and Performance of Subsidiaries, Joint Ventures and Associates

In terms of Section 134 of the Companies Act, 2013 and Rule 8(1) of the Companies (Accounts) Rules, 2014, the financial position and performance of subsidiaries are given as an Annexure 5 to the Consolidated Financial Statements.

As on 31<sup>st</sup> March 2015, the Company has two subsidiaries viz., CSWL INC and Aspire Communication Private Limited. There has been no material change in the nature of the business of the subsidiaries. The consolidated financial statement has been prepared in accordance with the relevant accounting standards and a separate statement containing the salient features of the financial statement of its subsidiaries and associate in form AOC-1 is attached along with the financial statement of the Company.

#### 9.17. Material Changes and Commitments, if any, affecting the Financial Position between the end of the Financial Year and the date of Report:

There are no material changes and commitments affecting the financial position of the company between the end of financial year and the date of report.

#### 9.18. Green initiatives

Electronic copies of the Annual Report 2014-15 and Notice of the Twenty Third Annual General Meeting are sent to all

members whose email addresses are registered with the Company / Depository Participant(s). For members who have not registered their email addresses, physical copies of the Annual Report 2015 and the Notice of the Twenty Third Annual General Meeting are sent in the permitted mode. Members requiring physical copies can send a request to the Company.

#### 9.19. Additional Information to Shareholders

All important and pertinent investor information such as financial results, investor presentations, press releases, new launches and project updates are made available on the Company's website ([www.calsoftgroup.com](http://www.calsoftgroup.com)) on a regular basis.

### 10 DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 134(3)(c) read with 134(5) of the Act 2013, with respect to Directors' Responsibility Statement,

it is hereby stated -

- that in the preparation of annual accounts for the financial year ended 31<sup>st</sup> March 2015, the applicable Accounting Standards had been followed and that there were no material departures;
- that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were 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 of the Company for the year under review;
- that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- that the directors had prepared the accounts for the financial year ended 31<sup>st</sup> March 2015 on a "going concern basis."
- that the directors, had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- 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.

#### ACKNOWLEDGEMENT

Your Directors take this opportunity to thank the customers, shareholders, suppliers, bankers, business partners/ associates and Government and regulatory authorities in India and other countries of operation for their consistent support and encouragement to the Company and look forward to their continued support during the coming years. Your Directors place on record their appreciation for the valuable contribution made by the employees at all levels.

For and on behalf of the Board of Directors

Chennai  
24<sup>th</sup> July, 2015

**Bhavesh Rameshlal Chauhan**     **Dr. P J George**  
*Managing Director & CEO*             *Director*



## MR - 3

**SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015**

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

To:

The Members  
California Software Company Limited  
149, Velachery Tambaram Main Road  
Pallikaranai, Chennai-600100

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31 March 2015 ('Audit Period') complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31 March 2015 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): -
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (No actions/events requiring compliance pursuant to this Regulations)
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (No actions/events requiring compliance pursuant to this Regulation)
  - (d) Securities and Exchange Board of India (Employee Stock Option Scheme an Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 notified on 28 October 2014; (No actions/events requiring compliance pursuant to this Regulations)
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; ((No actions/ events requiring compliance pursuant to this Regulations)
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with Client
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (No actions/events requiring compliance pursuant to this Regulation)
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, No actions/events requiring compliance pursuant to this Regulation)
  - (i) Other laws applicable to the Company (as per the information made available, the following laws are specifically applicable to the Company)
    - Information Technology Act, 2000 and the Rules made thereunder
    - Copyrights Act,
    - The Patents Act, 1970
    - Trade Marks Act, 1999

We have also examined compliance with the applicable clauses of the following :

- (I) Secretarial Standards issued by The Institute of Company Secretaries of India (**not applicable during the year**)
- (II) The Listing Agreements entered into by the Company with Stock Exchanges.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the matters specified in Annexure I to this Report

We further report that

Based on the information provided to us during the conduct of audit and based on the reports submitted by the Board/ Committees from time to time, in our opinion adequate systems, processes and control measures are in place exist in the Company to monitor and ensure compliance with the applicable general laws like labour laws, competition laws and environmental laws.

Compliance by the company of applicable financial laws like direct and indirect laws, has not been reviewed in this Audit since the same is subject to review statutory financial audit and other designated professionals..

Adequate systems and processes in the company, commensurate with the size of the company and nature of operations to monitor and ensure compliance with all applicable laws, rules, regulations and guidelines.

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

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

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

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

We further report that during the audit period there were no other specific actions/events, in pursuance of above referred laws, rules, regulations, guidelines etc having a major bearing on the company's affairs.

V.S.SOWRIRAJAN

Place : Chennai  
Date : 24<sup>th</sup> July, 2015

Company Secretary  
FCS 2368/CP6482

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

## LIST OF FORMS YET TO BE FILED AND COMPLAINE DEFICIENCIES

| Sl. No. | Subject Matter  | Date of Event                                    | Form yet to be filed   | Remarks   |
|---------|---|--|--|---|
| 1       | Filing of Annual Return for the financial year 2013-14 along with Certification by Practising Company Secretary   | 27 <sup>th</sup> November 2014                   | Form No.20B  | Yet to be filed   |
| 2       | Filing of Return reg: Special Resolutions passed through Postal Ballot  | 15 <sup>th</sup> November 2014                   | Form No. MGT.14  | Yet to be filed   |
| 3       | Appointment of Independent Directors held at the Annual General Meeting and Regularisation of Appointment of Additional Director                                      | 27 <sup>th</sup> November 2014                   | Form No. DIR.12  | Yet to be filed   |
| 4       | Resignation of Director   | 31 <sup>st</sup> March 2014                      | Form No.DIR.12   | Filed belatedly on 01/09/2014   |
| 5       | Appointment of Director   | 31 <sup>st</sup> March 2014                      | Form No.DIR.12   | Filed belatedly on 24/10/2014   |
| 6       | Return of Appointment of Key Managerial Personnel   | 1 <sup>st</sup> April 2014                       | Form No.DIR.12 and Form No.MR.1  | Yet to be filed   |
| 7       | Appointment of Managing Director  | 8 <sup>th</sup> August 2014                      | Form No.MR. 2 - Application to Central Government for approval of appointment<br>Form No.MGT.14- Filing of Resolution for appointment of Managing Director | Yet to be filed   |
| 8       | Appointment of Women Director - (before 31st March 2015)  | 30 <sup>th</sup> April 2015                      | Form DIR.12  | Not complied with   |
| 9       | Publication of Unaudited Financial Results  | Quarterly Results                                | -  | Not Published. Intimations to Stock Exchanges have been duly given and the results are posted on the website. |
| 7       | Penalties, Addl Filing Fees etc levied by Statutory Authorities : Additional fee for delayed filing of financial results for two Quarters with Stock Exchanges levied | Financial Results intimations to Stock Exchanges | -  | Since additional fee is paid as per the Demand, the same is considered as compliance.                         |

**ANNEXURE - A**

To:

The Members

California Software Company Limited  
149, Velachery Tambaram Main Road  
Pallikaranai, Chennai-600100

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

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

V.S.SOWRIRAJAN

Place : Chennai  
Date : 24<sup>th</sup> July, 2015

Company Secretary  
FCS 2368/  
CP6482



Realize Your Ideas

## CALIFORNIA SOFTWARE COMPANY LIMITED

CIN - L72300TN1992PLC022135

## 1. POLICY ON BOARD DIVERSITY

**Purpose of this Policy:**

This Policy on Board Diversity (the "Policy") sets out the Company's approach to ensuring adequate diversity in its Board of Directors (the "Board") and is devised in consultation with the Nomination and Remuneration Committee (the "Committee") of the Board.

## 2. Scope of Application:

The Policy applies to the Board of California Software Company Limited (the "Company").

## 3. Policy Statement:

The Company recognizes and embraces the benefits of having a diverse Board of Directors and sees increasing diversity at Board level as an essential element in maintaining a competitive advantage in the complex business that it operates. It is recognised that a Board composed of appropriately qualified people with broad range of experience relevant to the business of the Company is important to achieve effective corporate governance and sustained commercial success of the Company. A truly diverse Board will include and make good use of differences in the skills, regional and industry experience, background, race, gender and other distinctions amongst Directors. These differences will be considered in determining the optimum composition of the Board and when possible should be balanced appropriately. At a minimum, the Board of the Company shall consist of at least one woman Director. All Board appointments are made on merit, in the context of the skills, experience, independence, knowledge and integrity which the Board as a whole requires to be effective.

## 4. Review of the Policy:

The Board and the Committee will review this Policy on a regular basis to ensure its effectiveness and also compliance with revised Clause 49 of the Equity Listing Agreement (the "Clause 49") and applicable provisions of the Companies Act, 2013 and rules made thereunder.

## REMUNERATION POLICY

## 1. Purpose of this Policy:

California Software Limited (the "Company") has adopted this Policy on appointment and remuneration of the Directors, Key Managerial Personnel and Senior Management (the "Policy") as required by the provisions of Section 178 of the Companies Act, 2013 (the "Act") and rules made there under read with the provisions of Clause 49 of the listing agreement.

The purpose of this Policy is to establish and govern the procedure applicable:

- a) To evaluate the performance of the members of the Board.
- b) To ensure remuneration to Directors, KMP and Senior Management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.
- c) To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

The Committee should ensure that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully and the relationship of remuneration to performance is clear and meets appropriate performance benchmarks.

## 2. Definitions:

Independent Director means a director referred to in Section 149(6) of the Act and the Clause 49, as amended from time to time.

Key Managerial Personnel (the "KMP") shall mean "Key Managerial Personnel" as defined in Section 2(51) of the Act.

Nomination and Remuneration Committee, by whatever name called, shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Act and the Clause 49.

Remuneration means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961.

Senior Management means personnel of the Company who are members of its core management team excluding Board of Directors. This would include all members of management one level below the Executive Directors, including all functional heads.

Words and expressions used and not defined in this Policy, but defined in the Act or any rules framed under the Act or the Securities and Exchange Board of India Act, 1992 and Rules and Regulations framed thereunder or in the Clause 49 or the Accounting Standards shall have the meanings assigned to them in these regulations.



**3. Composition of the Committee:**

The composition of the Committee is / shall be in compliance with the Act, Rules made thereunder and the Clause 49, as amended from time to time.

**4. Role of the Committee:**

The Committee shall:

- a) Formulate the criteria for determining qualifications, positive attributes and independence of a Director;
- b) Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this Policy;
- c) Lay down the evaluation criteria for performance evaluation of Independent Director and the Board;
- d) Recommend to the Board, appointment, remuneration and removal of Director, KMP and Senior Management;
- e) To devise a Policy on Board diversity.

**5. Appointment and removal of Director, KMP and Senior Management:****5.1 Appointment criteria and qualification:**

The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director in terms of Diversity Policy of the Board and recommend to the Board his / her appointment.

For the appointment of KMP (other than Managing / Whole time Director) or Senior Management, a person should possess adequate qualification, expertise and experience for the position he / she is considered for the appointment. Further, for administrative convenience, the appointment of KMP (other than Managing / Whole time Director) or Senior Management, the Managing Director is authorised to identify and appoint a suitable person for such position. However, if the need be, the Managing Director may consult the Committee / Board for further directions / guidance.

**5.2 Term:**

The Term of the Directors including Managing / Whole time Director / Independent Director shall be governed as per the provisions of the Act and Rules made there under and the Clause 49, as amended from time to time.

Whereas the term of the KMP (other than the Managing / Whole time Director) and Senior

Management shall be governed by the prevailing HR policies of the Company.

**Evaluation:**

The Committee shall carry out evaluation of performance of every Director. The Committee shall identify evaluation criteria which will evaluate Directors based on knowledge to perform the role, time and level of participation, performance of duties, level of oversight, professional conduct and independence. The appointment / re-appointment / continuation of Directors on the Board shall be subject to the outcome of the yearly evaluation process. Framework for performance evaluation of Independent Directors and the Board is as per Annexure A to this Policy.

**5.4 Removal:**

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, Rules and Regulations there under and / or for any disciplinary reasons and subject to such applicable Acts, Rules and Regulations and the Company's prevailing HR policies, the Committee may recommend, to the Board, with reasons recorded in writing, removal of a Director, KMP or Senior Management.

**6. Remuneration of Managing / Whole-time Director, KMP and Senior Management:**

The remuneration / compensation / commission, etc., as the case may be, to the Managing / Whole time Director will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission, etc., as the case may be, shall be subject to the prior / post approval of the shareholders of the Company and Central Government, wherever required and shall be in accordance with the provisions of the Act and Rules made there under. Further, the Managing Director of the Company is authorised to decide the remuneration of KMP (other than Managing / Whole time Director) and Senior Management, and which shall be decided by the Managing Director based on the standard market practice and prevailing HR policies of the Company.

**7. Remuneration to Non-executive / Independent Director:**

The remuneration / commission / sitting fees, as the case may be, to the Non-Executive / Independent Director, shall be in accordance with the provisions of the Act and the Rules made there under for the time being in force or as may be decided by the Committee / Board / shareholders. An Independent Director shall not be entitled to any stock option of the Company unless otherwise permitted in terms of the Act and the Clause 49, as amended from time to time.

**Annexure A****Framework for performance evaluation of Board of its own performance and that of its committees and individual directors pursuant to rule 8(4) of the Companies (Accounts) Rules, 2014**

As per the provisions of Clause 49, the Nomination and Remuneration Committee (the "Committee") shall lay down the evaluation criteria for performance evaluation of Independent Directors, non-independent directors and the Board as a whole and Chairperson of the company. Further, in terms of Clause 49, the Board is required to monitor and review Board Evaluation Framework. This Framework shall contain the details of Board's self-evaluation framework (including all Committees of the Board and individual directors). The Board is committed to assessing its own performance as a Board in order to identify its strengths and areas in which it may improve its functioning. To that end, the Committee shall establish the following processes for evaluation of performance of Independent Director and the Board:

1. Once in a year, the Board will conduct a self-evaluation. It is the responsibility of the Chairman of the Board, supported by the Company Secretary of the Company, to organise the evaluation process and act on its outcome;
2. The Committee shall formulate evaluation criteria for the Board and the Independent Directors which shall be broadly based on:
  3. Knowledge to perform the role;
  4. Time and level of participation;
  5. Performance of duties and level of oversight; and
  6. Professional conduct and independence.
7. The Board / Independent Directors shall be asked to complete the evaluation forms and submit the same to the Chairman.
8. In terms of Section 134 of the Act, the Directors' Report should include a statement indicating a manner in which the Board has done formal annual evaluation of its own performance, performance of Committees and individual Directors of the Company.

**Annexure B****Framework for Separate Meeting of Independent Directors**

As required by the provisions of Schedule IV to the Act and the provisions of Clause 49, the Independent Directors of the Company shall hold at least one meeting in a year, without the attendance of Non-independent Directors and members of the management.

The meeting shall:

1. Review the performance of Non-independent Directors and the Board as a whole;
2. Review the performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-executive Directors;
3. Assess the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.
4. This meeting could be held prior or after the Board Meeting. The Independent Directors are free to call such meeting at any point of time, as desired.

**Annexure C****Familiarisation Programme for Independent Directors**

As required by the provisions of Schedule IV to the Act and the provisions of Clause 49, the Company is required to develop a Familiarisation Programme for the Independent Directors of the Company.

The Company will impart Familiarisation Programmes for new Independent Directors inducted on the Board of the Company.

The Familiarisation Programme of the Company will provide information relating to the Company, industry and the environment in which Company operates, challenges etc. The programme also intends to improve awareness of the

Independent Directors on their roles, rights, responsibilities towards the Company. Further, the Familiarisation Programme should also provide information relating to the financial performance of the Company and budget and control process of the Company. The Managing Director or such other authorised officer(s) of the Company shall lead the Familiarisation Programme on aspects relating to business / industry. The Chief Financial Officer or such other authorised officer(s) of the Company may participate in the programme for providing inputs on financial performance of the Company and budget, control process, etc.

## ANNEXURE TO DIRECTORS' REPORT

## ANNEXURE - III

## Form No. MGT - 9

## EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2015

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

|   |  |
|---|--|
| <b>I. REGISTRATION AND OTHER DETAILS</b>  |  |
| i) CIN  | L72300TN1992PLC022135  |
| ii) Registration Date   | 06/02/1992   |
| iii) Name of the Company  | CALIFORNIA SOFTWARE COMPANY LIMITED  |
| iv) Category / Sub-Category of the Company  | Public Limited Company   |
| v) Address of the Registered office and contact details   | Robert V Chandran Tower, 7 <sup>th</sup> Floor,<br>No.149, Velachery Tambaram Main Road,<br>Pallikaranai, Chennai-600010<br>Telephone Nos. +91- 44-42829000<br>Fax No. +91-44-42829012<br>Email for shareholders: investor@calsoftgroup.com<br>Website: www.calsoftgroup.com |
| vi) Whether listed company  | Yes  |
| vii) Name, Address and Contact details of Registrar and Transfer Agent, if any                                  | M/s.Integrated Enterprises (India) Limited,<br>2 <sup>nd</sup> Floor, Kencees Towers,<br>1,Ramakrishna Street, North Usman Road,<br>T. Nagar, Chennai-600017<br>Phone:044-2814 0801-03,<br>Fax: 044- 2814 2479<br>email: yuvraj@integratedindia.in                           |
| <b>II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY</b>   | Information Technology Enabled Services  |
| All the business activities contributing 10% or more of the total turnover of the Company                       | Rental Income - 100%   |
| <b>III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES</b>  |  |
|   | Holding Companies - Kemoil Limited, Singapore<br>Subsidiary Companies:   |
|   | 1) CSWL INC, U.S.A   |
|   | 2) Aspire Communications Private Limited   |
| <b>IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAK UP AS PERCENTAGE OF TOTAL EQUITY)</b>                  |  |
| i) Category-wise Share Holding  | As per Annexure - A  |
| ii) Shareholding of Promoters   | As per Annexure - B  |
| iii) Change in Promoters' Shareholding  | As per Annexure - C  |
| iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs) | As per Annexure - D  |
| v) Shareholding of Directors and Key Managerial Personnel   | As per Annexure - E  |
| <b>V. INDEBTEDNESS</b>  |  |
| Indebtedness of the Company including interest outstanding / accrued but not due for payment.                   | As per Annexure - F  |
| <b>VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL</b>   |  |
| A. Remuneration to Managing Director, Whole-time Directors and / or Manager                                     | NIL  |
| B. Remuneration to other directors  | NIL  |
| C. Remuneration to Key Managerial Personnel other than MD / MANAGEMENT / WD                                     | Rs. 10,95,800/-  |
| <b>VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES - NIL</b>  |  |

## i) Category-wise Shareholding Pattern

| Category of Shareholders   | No. of Shares held at the beginning of the year |               |                 |                  | No. of Shares held at the end of the year |               |                 |                  | % change during the year |
|--|---|---------------|-----------------|------------------|---|---------------|-----------------|------------------|--------------------------|
|  | Demat   | Physical      | Total           | %of total shares | Demat                                     | Physical      | Total           | %of total shares |                          |
| <b>A. Promoters</b>  |   |               |                 |                  |   |               |                 |                  |                          |
| 1. Indian  |   |               |                 |                  |   |               |                 |                  |                          |
| a. Individual/ HUF   | -   | -             | -               | -                | -   | -             | -               | -                | -                        |
| b. Central Govt.   | -   | -             | -               | -                | -   | -             | -               | -                | -                        |
| c. StateGovt(s)  | -   | -             | -               | -                | -   | -             | -               | -                | -                        |
| d. Bodies Corporate  | -   | -             | -               | -                | -   | -             | -               | -                | -                        |
| e. Banks / FI  | -   | -             | -               | -                | -   | -             | -               | -                | -                        |
| f. Any Other due   | -   | -             | -               | -                | -   | -             | -               | -                | -                        |
| <b>Sub-Total (A)(1):</b>   | -   | -             | -               | -                | -   | -             | -               | -                | -                        |
| 2. Foreign   |   |               |                 |                  |   |               |                 |                  |                          |
| a. NRIs- Individuals   | -   | -             | -               | -                | -   | -             | -               | -                | -                        |
| b. Other- Individuals  | -   | -             | -               | -                | -   | -             | -               | -                | -                        |
| c. Bodies Corporate  | 8743911   | -             | 8743911         | 70.71            | -   | -             | 8743911         | 70.71            | NIL                      |
| d. Banks / FI  | -   | -             | -               | -                | -   | -             | -               | -                | -                        |
| e. Any Other due   | -   | -             | -               | -                | -   | -             | -               | -                | -                        |
| <b>Sub-Total(A)(2):</b>  | 8743911   | -             | 8743911         | 70.71            | -   | -             | 8743911         | 70.71            | NIL                      |
| <b>Total Shareholding of Promoters(A) = (A)(1) + (A)(2)</b>                      | <b>8743911</b>                                  | <b>-</b>      | <b>8743911</b>  | <b>70.71</b>     | <b>-</b>                                  | <b>-</b>      | <b>8743911</b>  | <b>70.71</b>     | <b>NIL</b>               |
| <b>B. Public Shareholding</b>  |   |               |                 |                  |   |               |                 |                  |                          |
| 1. Institutions  |   |               |                 |                  |   |               |                 |                  |                          |
| a. Mutual Funds / UTI  | -   | 300           | 300             | 0.00             | -   | 300           | 300             | 0.00             | -                        |
| b. Banks / FI  |   |               |                 |                  |   |               |                 |                  |                          |
| c. Central Govt.   |   |               |                 |                  |   |               |                 |                  |                          |
| d. State Govt. (s)   |   |               |                 |                  |   |               |                 |                  |                          |
| e. Venture Capital Funds   |   |               |                 |                  |   |               |                 |                  |                          |
| f. Insurance Companies   |   |               |                 |                  |   |               |                 |                  |                          |
| g. FIs   |   |               |                 |                  |   |               |                 |                  |                          |
| h. Foreign Venture Capital Funds   |   |               |                 |                  |   |               |                 |                  |                          |
| i. Others (Specify)  |   |               |                 |                  |   |               |                 |                  |                          |
| <b>Sub-Total (B)(1):</b>   | <b>-</b>  | <b>300</b>    | <b>300</b>      | <b>0.00</b>      | <b>-</b>                                  | <b>300</b>    | <b>300</b>      | <b>0.00</b>      | <b>-</b>                 |
| 2. Non-Institutions  |   |               |                 |                  |   |               |                 |                  |                          |
| a. Bodies Corporate  |   |               |                 |                  |   |               |                 |                  |                          |
| i) Indian  | 571338  | 100           | 571438          | 4.62             | 570145                                    | 100           | 570245          | 4.61             | (0.01)                   |
| ii) Overseas   |   |               |                 |                  |   |               |                 |                  |                          |
| b. Individuals   |   |               |                 |                  |   |               |                 |                  |                          |
| i) Individual shareholders holding nominal share capital upto Rs.1 lakh          | 1096937   | 106949        | 1203886         | 9.74             | 1248967                                   | 100049        | 1349016         | 10.91            | 1.17                     |
| ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh | 1793050   | 19931         | 1812981         | 14.66            | 1646841                                   | 19931         | 1666772         | 13.48            | (1.48)                   |
| c. Others (specify)  |   |               |                 |                  |   |               |                 |                  |                          |
| i) Shares held .....   |   |               |                 |                  |   |               |                 |                  |                          |
| ii) Other Foreign Nationals  | -   | -             | -               | -                | -   | -             | -               | -                | -                        |
| iii) Foreign Bodies  | -   | -             | -               | -                | -   | -             | -               | -                | -                        |
| iv) NRI / OCBs   | -   | -             | -               | -                | -   | -             | -               | -                | -                        |
| v) Clearing Members / Clearing House   | 32390   | 0             | 32390           | 0.26             | 34662                                     | 0             | 34662           | 0.28             | 0.02                     |
| vi) Trusts   | 100   | 0             | 100             | 0.00             | 100                                       | 0             | 100             | 0.00             | 0.00                     |
| vii) Limited Liability Partnership   | -   | -             | -               | -                | -   | -             | -               | -                | -                        |
| viii) Foreign Portfolio Investor(Corporate)                                      | -   | -             | -               | -                | -   | -             | -               | -                | -                        |
| ix) Qualified Foreign Investor   | -   | -             | -               | -                | -   | -             | -               | -                | -                        |
| <b>Sub-Total (B)(2)</b>  | <b>3493815</b>                                  | <b>126980</b> | <b>3620795</b>  | <b>29.28</b>     | <b>3500715</b>                            | <b>120080</b> | <b>3620795</b>  | <b>29.28</b>     |                          |
| c. Shares held by Custodian for GDRs & ADRs                                      |   |               |                 |                  |   |               |                 |                  |                          |
| <b>Grand Total (A + B + C)</b>   | <b>12237726</b>                                 | <b>127280</b> | <b>12365006</b> | <b>100.00</b>    | <b>12244626</b>                           | <b>120380</b> | <b>12365006</b> | <b>100.00</b>    | <b>0.00</b>              |

Annexure - A

**ii) Shareholding of Promoters**

| Shareholders Name         | Shareholding at the beginning of the year |                                 |  | Shareholding at the end of the year |                                 |  | % change in shareholding during the year |
|---------------------------|---|---------------------------------|--|-------------------------------------|---------------------------------|--|--|
|                           | No. of Share                              | % of total share of the Company | % of Shares Pledged / encumbered to total shares | No. of Share                        | % of total share of the Company | % of Shares Pledged / encumbered to total shares |  |
| Kemoil Limited, Singapore | 8743911                                   | 70.71                           | NIL  | 8743911                             | 70.71                           | NIL  | NIL                                      |
| TOTAL NO.OF SHARES        | 8743911                                   | 70.71                           | NIL  | 8743911                             | 70.71                           | NIL  | NIL                                      |

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

Annexure - C

|                              | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the year |                                  |
|------------------------------|---|----------------------------------|---|----------------------------------|
|                              | No. of Shares                             | % of total shares of the Company | No. of shares                           | % of total shares of the Company |
| At the beginning of the year |   |                                  |   |                                  |
| NIL                          | NIL                                       | NIL                              | NIL                                     | NIL                              |

Annexure - D

**iv) 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 Name      | Shareholding at the beginning of the year |                                  | Shareholding at the end of the year |                                  |
|--------|---|---|----------------------------------|-------------------------------------|----------------------------------|
|        |   | No. of Shares                             | % of total shares of the Company | No. of shares                       | % of total shares of the Company |
| 1.     | Chemoil Advanced Management Services Pvt Ltd. | 449178                                    | 3.63                             | 449178                              | 3.63                             |
| 2.     | Santhosh S                                    | 336743                                    | 2.72                             | 336743                              | 2.72                             |
| 3.     | V S Srihari                                   | 245686                                    | 1.987                            | 600                                 | 0,005                            |
| 4.     | Jayasree S                                    | 175163                                    | 1.417                            | 175163                              | 1.417                            |
| 5.     | Nandini J Nathani                             | 164800                                    | 1.333                            | 164800                              | 1.333                            |
| 6.     | Adil Nathani                                  | 163400                                    | 1.321                            | 163400                              | 1.321                            |
| 7.     | Ravindra Krishnappa                           | 126867                                    | 1.026                            | 126867                              | 1.026                            |
| 8.     | P J George                                    | 120000                                    | 0.970                            | 120000                              | 0.970                            |
| 9.     | Goerge Francis                                | 56310                                     | 0.455                            | 56310                               | 0.455                            |
| 10.    | Krishnan Unni V B                             | 50970                                     | 0.412                            | 40000                               | 0.323                            |
| 11.    | Pace Stock Broking Services P Ltd             | 48468                                     | 0.392                            | 48468                               | 0.392                            |
| 12.    | Ambili S                                      | 36890                                     | 0.298                            | 36890                               | 0.298                            |
|        | Total   |   |                                  |                                     |                                  |

Annexure - E

**v) Shareholding of Directors and Key Managerial Personnel**

| For Each of the Directors                    | 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 |
| P J George                                   | 120,000                                   | 0.97                             | 120,000                                 | 0.97                             |
| Name of the Key Managerial Personnel         |   |                                  |   |                                  |
| For Each of the KMPs                         | 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 |
| None of the KMPs hold shares in the Company. | -   | -                                | -                                       | -                                |

**V INDEBTEDNESS****Indebtedness of the Company including interest outstanding/accrued but not due for payment.**

| Particulars  | Secured Loans<br>excluding deposits | Unsecured Loans | Deposits | Total Indebtedness<br>₹ |
|--|-------------------------------------|-----------------|----------|-------------------------|
| <b>Indebtedness at the beginning of the financial year</b> |                                     |                 |          |                         |
| i) Principal amount  | 433,931,819                         | 110,286,406     | 0        | 544,218,225             |
| ii) Interest due but not paid                              | 12,277,228                          | 11,374,828      | 0        | 23,652,056              |
| iii) Interest accrued but not due                          | 6,363,989                           | 0               | 0        | 6,363,989               |
| Total ( i + ii + iii)                                      | 452,573,036                         | 121,661,234     |          | 574,234,270             |
| <b>Change in Indebtedness during the financial year</b>    |                                     |                 |          |                         |
| Addition   | 0                                   | 157,001,240     | 0        | 157,001,240             |
| Reduction  | 74,586,008                          | 0               | 0        | 74,586,008              |
| <b>Net Change</b>  | (74,586,008)                        | 157,001,240     | 0        | 82,415,232              |
| <b>Indebtedness at the end of the financial year</b>       |                                     |                 |          |                         |
| i) Principal amount  | 362,056,819                         | 246,936,135     |          | 608,992,954             |
| ii) Interest due but not paid                              | 15,930,209                          | 31,726,340      |          | 47,656,549              |
| iii) Interest accrued but not due                          | 0                                   | 0               |          |                         |
| Total ( i + ii + iii)                                      | 377,987,028                         | 278,662,475     |          | 656,649,503             |

**VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL****A. Remuneration to Managing Director, Whole-time Directors and / or Manager**

| Sl.No. | Particulars of Remuneration   | Mr. Bhavesh Rameshlal Chauhan |
|--------|---|-------------------------------|
|        | Gross Salary  |                               |
| 1.     | a) Salary as per provisions contained in Section 17(1) of the IT Act 1961 | -                             |
|        | b) Value of perquisites under Section 17(2) of IT Act 1961                | -                             |
|        | c) Profits in lieu of salary u/s 17(3) of IT Act 1961                     | -                             |
| 2      | Stock Options   | -                             |
| 3      | Sweat Equity  | -                             |
| 4      | Commission  |                               |
|        | - As % of profit  | -                             |
|        | - Others specify  | -                             |
| 5      | Others please specify :   |                               |
|        | i) Deferred bonus   | -                             |
|        | ii) Retirals  | -                             |
|        | <b>TOTAL (A)</b>  | <b>0</b>                      |

**B. Remuneration of other Directors****C. 1. Independent Directors**

| Sl.No. | Particulars of Remuneration                  | Name of the Directors |              |            |
|--------|--|-----------------------|--------------|------------|
|        |  | P J George            | T R Ramasamy | Total in ₹ |
| 1.     | Fee for attending Board / Committee Meetings | Nil                   | Nil          | Nil        |
| 2.     | Commission                                   | Nil                   | Nil          | NIL        |
| 3.     | Others, please specify                       | Nil                   | Nil          | NIL        |
|        | Total  | Nil                   | Nil          | Nil        |

**2. Other Non Executive Directors**

| Sl.No. | Particulars of Remuneration | Name of the Director |
|--------|-----------------------------|----------------------|
|        |                             | NIL                  |

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

| Sl.No. | Particulars of Remuneration | Key Managerial Personnel - Mr. Jitendra Kumar Pal - Company Secretary |
|--------|-----------------------------|---|
| 1.     | Gross Salary                | ₹ 10,95,800/-   |

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

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

**RELATED PARTY TRANSACTION****ANNEXURE - IV****Form No AOC-2**

[(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.]

Form for Disclosure of particulars of contracts/arrangements "entered into by the company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto.

1 Details of contracts or arrangements or transactions not at Arm's length basis.

| <b>Sl.No.</b> | <b>Particulars</b>  | <b>Details</b> |
|---------------|---|----------------|
| a             | Name(s) of the related party & nature of relationship   | –              |
| b             | Nature of contracts / arrangements / transaction  | –              |
| c             | Duration of the contracts/arrangements / transaction  | –              |
| d             | Salient terms of the contracts or arrangements or transaction including the value, if any                         | –              |
| e             | Justification for entering into such contracts or arrangements or transactions                                    | –              |
| f             | Date of approval by the Board   | –              |
| g             | Amount paid as advances, if any   | –              |
| h             | Date on which the special resolution was passed in General meeting as required under first proviso to Section 188 | –              |

2 Details of contracts or arrangements or transactions at Arm's length basis.

| <b>Sl.No.</b> | <b>Particulars</b>  | <b>Details</b> |
|---------------|---|----------------|
| a             | Name (s) of the related party & nature of relationship                                    | –              |
| b             | Nature of contracts/arrangements/transaction  | –              |
| c             | Duration of the contracts/arrangements/transaction  | –              |
| d             | Salient terms of the contracts or arrangements or transaction including the value, if any | –              |
| e             | Date of approval by the Board   | –              |
| f             | Amount paid as advances, if any   | –              |



## FINANCIAL POSITION AND PERFORMANCE OF SUBSIDIARIES

## ANNEXURE - V

## Form No AOC - 1

Pursuant to first Proviso to sub-section (3) of Section 129 read with rule 5 of Companies (Accounts) Rules 2014

Statement containing salient features of the financial statement of subsidiaries

## Part 'A' : Subsidiaries

(₹ in Crores)

| Sl.No. | Particulars   | Details  |  |
|--------|---|--|--|
| 1      | Name of the subsidiary  | CSWL Inc   | Aspire Communications Private Ltd                          |
| 2      | Reporting period for the subsidiary concerned, if different from the holding company's reporting period                     | 01 <sup>st</sup> April 2014 to 31 <sup>st</sup> March 2015                             | 01 <sup>st</sup> April 2014 to 31 <sup>st</sup> March 2015 |
| 3      | Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries | USD<br>Exchange Rate for Balance Sheet ₹ 62.34 and for Profit and Loss Account ₹ 61.21 | Indian Rupees (INR)  |
| 4      | Share Capital   | 60.24  | 2  |
| 5      | Reserves & surplus  | -20.27   | -2.14  |
| 6      | Total assets  | 39.97  | 0.049  |
| 7      | Total Liabilities   | 39.97  | 0.049  |
| 8      | Investments   | Nil  | 0.0005   |
| 9      | Turnover  | Nil  | 0.0027   |
| 10     | Profit before taxation  | -0.27  | -2.71  |
| 11     | Provision for taxation  | 0  | 0  |
| 12     | Profit after taxation   | -0.27  | -2.71  |
| 13     | Proposed Dividend   | 0  | 0  |
| 14     | % of shareholding   | 100  | 100  |

## AUDITORS' REPORT ON CORPORATE GOVERNANCE

To

The Board of Directors,  
California Software Company Ltd.  
Robert V Chandran Tower  
No.149, Velachery Tambaram Main Road  
Pallikarnai, Chennai- 600 100

We have examined the compliance of conditions of Corporate Governance by California Software Company Limited for the year ended on 31<sup>st</sup> March, 2015 as stipulated in Clause 49 of the listing agreement of the said Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned listing agreement.

We state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Shareholders'/Investors' Grievance Committee.

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

Chennai  
24<sup>th</sup> July 2015

For **Tomy & Francis**  
Chartered Accountants

**K.J. TOMY, B.Sc., F.C.A**  
Partner Membership No.22768

## CORPORATE GOVERNANCE

### 1 Company's philosophy on code of governance:

The Company is committed to good corporate governance and provides detailed information to its shareholders on various issues concerning the Company's business and financial performance. The Company is in compliance with the mandatory requirements of the revised guidelines on corporate governance stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges.

### 2. Board of Directors:

#### a) Composition and category of Directors as on March 31, 2015

| Category   | No. of Directors | %      |
|--|------------------|--------|
| Whole time Director  | 1                | 20.00  |
| Independent Non-executive Directors  | 2                | 40.00  |
| Non-Executive Non-Independent Director (including one Woman Director appointed w.e.f. 30 <sup>th</sup> April 2015) | 2                | 40.00  |
| Total  | 5                | 100.00 |

#### b) Composition of the Board, and Directorships held as on 31<sup>st</sup> March 2015.

#### c) Number of Board meetings held during the financial year and the dates on which held:

| Name of the Director          | Designation  | No. of Board meetings in the year during respective tenure of directors |          | Attendance of Last AGM | No. of directorships held in the other companies | No. of board committee membership a held in other companies |
|-------------------------------|--|---|----------|------------------------|--|---|
|                               |  | Held  | attended |                        |  |   |
| Mr. Bhavesh Rameshlal Chauhan | Managing Director & CEO                            | 08  | 07       | Yes                    | NIL  | Nil   |
| Dr. P.J. George               | Non-Executive Independent Director                 | 08  | 08       | No                     | NIL  | Nil   |
| Mr.T.R.Ramasamy               | Non-Executive Independent Director                 | 08  | 08       | No                     | NIL  | Nil   |
| Mr. Fredrick Ivor Bendle      | Non-Executive Independent Director                 | 05  | 00       | No                     | NIL  | Nil   |
| Ms.Vijayapriya                | Non Executive, Non- Independent and Woman Director | 0   | 00       | NA                     | NIL  | Nil   |

#### c) Number of Board meetings held during the financial year and the dates on which held:

| No. of meetings | Dates on which hold   |
|-----------------|---|
| 8               | 29 <sup>th</sup> May 2014, 8 <sup>th</sup> July 2014, 1 <sup>st</sup> September 2014, 23 <sup>rd</sup> September 2014, 7 <sup>th</sup> October 2014, 14 <sup>th</sup> November 2014, 13 <sup>th</sup> February 2015 and 30 <sup>th</sup> March 2015 |

#### d) Details of Shareholding of Directors as on March 31, 2015

| S.No. | Name of the Director          | No. of Equity Share |
|-------|-------------------------------|---------------------|
| 1     | Mr. Bhavesh Rameshlal Chauhan | Nil                 |
| 2     | Dr. P.J. George               | 1,20,000            |
| 3     | Mr. T.R. Ramasamy             | Nil                 |
| 4     | Mr. Fredrick Ivor Bendle      | Nil                 |
| 5     | Ms. Vijayapriya               | Nil                 |

There are no other shares or convertible instruments held by any other directors.

Information about the directors proposed to be appointed / re-appointed required to be furnished pursuant to clause 49 of the listing agreement with the stock exchange is forming part of the notice of the Twenty Third Annual general meeting to the shareholders of the Company.

**4. Limit and tenure of Independent Directorships:**

As per the declaration furnished by the Independent Director as on 31st March 2015 none of the Independent Director is/are serving as an independent director of more than seven listed companies and none of the independent director of the company presently serving as a whole time director in any listed company.

Their tenure of appointment of independent Directors are well within the maximum terms prescribed in the listing agreement.

**5. Letter of appointment to Independent Directors:**

The Company has issued formal letter of appointment to independent directors in the manner as provided in the Companies Act, 2013 and the letter of appointment along with the detailed profile of independent director has been disclosed on the websites of the company with due intimation to the Stock Exchanges within the prescribed time.

**6. Performance evaluation of Independent Directors:**

The Board constantly evaluates the contribution of the members and periodically update with the shareholders about their reappointment in consistent with applicable laws. One of the key function of the Board is to monitor and review the Board evaluation framework. The evaluation criteria for performance evaluation of independent directors has been laid down by the Nomination Committee and the same is annexed to the Annual Report.

The performance evaluation of independent directors has been done by the entire Board of Directors (excluding the director being evaluated) at their meeting held on **30<sup>th</sup> March 2015**.

**7. Separate meetings of the Independent Directors:**

Pursuant to clause 49 of the listing agreement and the provision of schedule IV of the companies Act,2013 and the rules made there under, the independent Directors of the company shall hold at least one meeting in a year without the attendance of non-independent directors and members of management. All the independent directors of the company shall strive to be present at such meeting. The independent Directors at their meeting held on 30th March 2015 inter alia reviewed the following:

1. Evaluation of the performance of Non Independent Directors and the Board of Directors as a Whole;
2. Evaluation of the performance of the Chairman of the Company, taking into account the views of the Executive and Non Executive Directors.
3. Evaluation of the quality, content and timelines of flow of information between the management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All the independent Directors were present at the meeting.

**8. Availability of Information to the Board Members**

Adequate notice to all the Directors was given well in advance to schedule a Board Meetings, agenda and details note on agenda were sent at least seven days in advance to all the directors. Board Meetings were held at the Registered Office of the Company. Additional meetings of the Board were held when deemed necessary by the Board. The minimum information as required under Clause 49 of the Listing Agreement were being made available to the Board. The Board has unrestricted access to all companies related information. At the Board meetings, Auditors, officers and senior management and representatives who can provide additional insight into the items being discussed are invited.

**9. Training of Independent Directors:**

As required under listing agreement all new Non Executive directors appointed to the Board are introduced to our company culture through appropriate orientation sessions. Presentation was made by our company's executives directors and senior management to provide an overview of company's operation and to familiarize the new Non executive Directors with the company, organization structure, our service ,Group structure, subsidiaries, Board Procedures, their roles, rights, responsibilities in the company, nature of the industry in which the company operates, business model etc.

**10. Stock Option**

The Company has no Employee Stock Option Scheme.

**11. Review of Compliances Report:**

The Board periodically reviews compliance reports of all laws applicable to the Company. Adequate systems and process commensurate with the size and operation of the company to monitor and compliance of all applicable laws, rules, regulations and guidelines are in place.

**12. Replacement of Independent Directors removed or resigned:**

During the year under review, no independent director has resigned or is removed from the Board of the Company.

### 13. Succession Plan

In terms of clause 49 of the listing agreement a succession plan is being prepared for orderly succession for appointments to the Board and to senior management to ensure and maintain an appropriate balance of skills, experience and expertise on the Board and senior management.

### 14. Familiarisation Programmes

At the time of their appointment, the Independent Directors are apprised of their role, duties and responsibilities in the Company. A detailed letter of appointment is also issued which set-outs the expectations of the Company, the rights, powers and liabilities of the Independent Director and the policies of the Company to be adhered by them.

Periodic presentations are made to the Independent Directors on the financial and operational performance of the Company, strategy and business plan, significant process improvements and material business developments among others. The Independent Directors are also regularly updated and informed about material regulatory and statutory developments affecting the Company. The details of familiarisation programmes for the Independent Directors are also disclosed on the website of the Company at [www.calsoftgroup.com](http://www.calsoftgroup.com).

### 15. Audit Committee

a) Brief description of terms of reference:

The Audit Committee is responsible for effective supervision of the financial reporting process and ensuring financial and accounting and internal controls and compliance with financial policies of the Company. The committee will periodically interact with the statutory and internal auditors, review with the management the Company's financial and risk management policies and adequacy of internal controls. The committee will mandatorily review the Quarterly and Annual financial statements before they are submitted to the Board for approval. The committee will also recommend the appointment and removal of statutory auditors and internal auditors. In short, the terms of reference, powers and duties and the functioning of Audit Committee is in accordance with the provisions of Companies Act, 2013 and Clause 49 of the Listing Agreement.

b) **Composition of the Committee:**

The current composition is:

- 1) Mr. T R Ramasamy, Chairman
- 2) Dr P J George, Member
- 3) Mr. Bhavesh Rameshlal Chauhan, Member

c) **Meetings and attendance during the year:**

The Committee held five meetings, on 29<sup>th</sup> May 2014, 23<sup>rd</sup> September 2014, 7<sup>th</sup> October 2014, 14<sup>th</sup> November 2014 and 13<sup>th</sup> February 2015. The statutory auditors of the Company were also invited to attend the Audit Committee meetings.

### 16. Nomination, Remuneration and Governance Committee

a) **Brief description of terms of reference:**

The Committee is to recommend to the Board regarding remuneration to be paid to the Board members and remuneration policy.

b) **Composition of the Committee:**

The Committee consist of three Directors

- 1) Dr P J George, Chairman
- 2) Mr. T R Ramasamy,
- 3) Mr. Frederick Ivor Bendle

c) **Meetings and attendance during the year:**

One Meeting was held on 7<sup>th</sup> October 2014

d) **Remuneration Policy:**

The Company recognises and embraces the benefits of having a diverse Board of Directors and sees increasing diversity at Board level as an essential element in maintaining a competitive advantage in the complex business that it operates. It is recognised that a Board composed of appropriately qualified people with broad range of experience relevant to the business of the Company is important to achieve effective corporate governance and sustained commercial success of the Company. A truly diverse Board will include and make good use of differences in the skills, regional and industry experience, background, race, gender and other distinctions amongst Directors. These differences will be considered in determining the optimum composition of the Board and when possible should be balanced appropriately. At a minimum, the Board of the Company shall consist of at least one woman Director. All Board appointments are made on merit, in the context of the skills, experience, independence, knowledge and integrity which the Board as a whole requires to be effective. Full text of the Policy can be seen in the website [www.calsoftgroup.com](http://www.calsoftgroup.com).

**e) Details of remuneration paid to Directors during the year 2014-2015:**

in ₹

| Sl. No | Name                      | Designation             | Salary | Performance Incentive | Commission | Toral | Notice Period | Severance fee | No. of Options | Remarks  |
|--------|---------------------------|-------------------------|--------|-----------------------|------------|-------|---------------|---------------|----------------|--|
| 1      | Bhavesh Rameshlal Chauhan | Managing Director & CEO | -      | -                     | -          | -     | 1 month       | -             | -              | -  |
| 2      | Dr. P J George            | Director                | -      | -                     | -          | -     | -             | -             | -              | Sitting fees were paid for Board and committee meetings attended |
| 3      | T R Ramasamy              | Director                | -      | -                     | -          | -     | -             | -             | -              | Sitting fees were paid for Board and committee meetings attended |
| 4      | Fredrick Ivor Bendle      | Director                | -      | -                     | -          | -     | -             | -             | -              | Nil  |
| 5      | Vijayapriya               | Director                | -      | -                     | -          | -     | -             | -             | -              | Nil  |

**17. Stakeholder Relationship Committee:**

A Stake Holders Relationship Committee in line with the Clause 49 of the listing agreement as amended read with section 178(5) of the Companies Act, 2013, comprising with the following members

1. Dr. P J George, Chairman
2. Mr. T P Ramasamy, Member and
3. Mr. Bhavesh Rameshlal Chauhan

The Committee met Five (5) times during the financial year on 29<sup>th</sup> May 2014, 8<sup>th</sup> July 2014, 7<sup>th</sup> October 2014, 13<sup>th</sup> February 2015 and 30<sup>th</sup> March 2015.

The Stakeholders Relationship Committee of the Board of Directors deals with stakeholder relations and security holders grievances including matters related to transfer, split, consolidation, dematerialisation and re-materialisation of shares. non-receipt of annual report, non-receipt of declared dividend and such other issues as may be raised by the investors from time to time. It ensures that investor grievances / complaints / queries are redressed in a timely and effective manner and to the satisfaction of investors. The Committee oversees the performance of the Registrar and Share Transfer Agents of the Company relating to investor services and recommends measures for improvement.

The role and terms of reference of the Committee are in consonance with the requirements mandated under Section 178 of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

Mr. Jitendra Kumar Pal, Company Secretary is the compliance officer

Details regarding the number of shareholders' complaints received, number not solved to the satisfaction of shareholders and the number of pending share transfers are provided in the "Shareholder Information" section of this report.

**18. Risk Management Committee**

In compliance with clause 49 of the listing Agreement the company during Financial year 2014-15, through its Board of Directors duly constituted a Risk Management Committee. The committee had duly laid down the procedures to inform Board members about the risk assessment and minimization procedures. The roles and responsibilities of the Risk Management Committee is defined in the risk management policy which can be accessed at the website [www.calsoftgroup.com](http://www.calsoftgroup.com).

The main objective of this policy is to ensure sustainable business growth with stability and to promote a pro-active approach in reporting, evaluating and resolving risks associated with the business. In order to achieve the key objective, the policy establishes a structured and disciplined approach to Risk Management, in order to guide decisions on risk related issues.

The committee consists of the Independent Directors Mr.P.J.George and Mr.T.R. Ramasamy. In order to ensure that management controls risk through means of properly defined frame work a report on Risk Management and minimization procedures are received from the individual functional heads of the Company and placed before the Committee.

The Risk Management Committee of the Board of the Directors is entrusted with the responsibility of establishing policies to monitor and evaluate the risk management systems of the Company.

**Meetings**

The quorum for the meeting shall be any two members present at the meeting. The quorum for the meeting shall be any two members present at the meeting. During the financial year 2014-15, the Committee met once on 29<sup>th</sup> May 2014.

| Name of the Director | No. of meetings |          |
|----------------------|-----------------|----------|
|                      | Held            | Attended |
| Dr P J George        | 1               | 1        |
| Mr. T R Ramasamy     | 1               | 1        |

The Company Secretary and Compliance Officer of the Company, acted as the secretary to the Committee.

**19. Disclosures****19.1- Related Party Transactions**

In terms of Clause 49 of the Listing Agreement, the Board of Directors has formulated a Policy on materiality on Related Party Transactions and also dealing with Related Party Transactions. The objective of this Policy is to set out (a) the materiality thresholds for related party transactions and; (b) the manner of dealing with the transactions between the Company and its related parties based on the Act, Clause 49 of the Listing Agreement and any other laws and regulations as may be applicable to the Company. The Policy can be accessed from the website of the Company at [www.calsoftgroup.com](http://www.calsoftgroup.com). All the related party transactions are periodically placed before the Audit Committee for the approval. The disclosure of related party transactions is part of the Notes to Accounts section of Financial Statements

**19.2- Subsidiary Monitoring Framework**

As on 31<sup>st</sup> March 2015, the company has two subsidiaries viz., CSWL INC.USA and Aspire Communications Private Limited. The Company monitors performance of subsidiary companies inter alia, by the following means;

- Financial statements, in particular the investments made by the unlisted subsidiary companies, are reviewed quarterly by the audit committee of the Company.
- All minutes of Board Meetings of the unlisted subsidiary companies are placed before the Company Board regularly.
- A Statement containing all significant transactions and arrangements entered into by the unlisted subsidiary companies is placed before the Company Board.

**20. Code of Conduct**

In compliance with clause 49 of the listing agreement and companies Act, 2013 the Company has laid down a Code of Conduct (Code) for all the Board Members and Senior Management Personnel of the Company. The Code is also posted on the Website of the Company [www.calsoftgroup.com](http://www.calsoftgroup.com). All Board Members and Senior Management Personnel have affirmed their compliance with the Code for the financial year ended 31<sup>st</sup> March, 2015. A declaration to this effect signed by Bhavesh Rameshlal Chauhan, Managing Director and Chief Executive Officer, of the Company forms part of this report.

**21. Code of Conduct for Prevention of Insider Trading**

In compliance with SEBI (Prohibition of Insider Trading) Regulations 2015 Company has formulated Code of Conduct for prevention of Insider Trading. The Code is posted on the website of the Company [www.calsoftgroup.com](http://www.calsoftgroup.com).

**22. Vigil Mechanism/ Whistle Blower Policy:**

In compliance with clause 49 of the listing agreement, the Audit Committee at its meeting held on 30<sup>th</sup> March 2015, approved an Whistle Blower Policy that provides a formal mechanism for all stakeholders, directors and employees of the Company to approach the Chairman of the Audit Committee of the Company and make protective disclosures about the unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct. Details of policy can be accessed at the company's web site [www.calsoftgroup.com](http://www.calsoftgroup.com).

**23. Compliances**

There has been no occurrence of non-compliance of any legal requirements nor has there been any restriction imposed by any stock exchange, SEBI, on any matter relating to the capital market. The Company has complied with the requirements of the stock exchanges / SEBI / any other statutory authority on all matters related to capital markets.

**24. Management Discussion and Analysis Report**

The Management Discussion and Analysis Report forms part of the Annual Report. It includes among others a discussion on the following matters:

- Industry structure and developments
- Risks and concerns
- Discussion on financial performance with respect to operational performance

**25. CEO / CFO Certificate**

The Chief Executive Officer (CEO) / Chief Financial Officer (CFO) certification in terms of Clause 49 of the Listing Agreement forms part of the Annual Report.

**26. Details of compliance with mandatory requirements:**

The company has fully complied with all mandatory requirements as furnished in Annexure-XII to the listing Agreement.

**27. Compliance of Non-Mandatory Requirements**

Clause 49 of the Listing Agreement states that non-mandatory requirements may be implemented as per the Company's discretion. However, disclosures on compliance with mandatory requirements and adoption (and compliance) / non-adoption of the non-mandatory requirements shall be made in the Corporate Governance Report of the Annual Report. The status of compliance of the non-mandatory requirements is as follows:

**27.1- The Board**

The Board has not appointed any Chairman and chairman is elected at the Board Meetings and Annual General Meetings.

**27.2- Shareholders Rights**

The half-yearly declaration of financial performance together with the summary of significant events are not individually disseminated to the shareholders. However, the information on financial and business performance is updated in the 'Investors' section of the Company's website, [www.calsoftgroup.com](http://www.calsoftgroup.com), on a quarterly basis.

**27.3- Audit Qualifications**

The audited financial statements of the Company for the financial year 2014-2015 contains some qualificatory remarks which have been duly replied in the Board's Report.

**27.4- Separate posts of Chairman and CEO**

Not Applicable since no chairman is appointed by the Board.

**27.5- Reporting of Internal Auditor**

The Internal Auditor reports to the Audit Committee of the Board of Directors of the Company. The Audit Committee is empowered to hold separate meetings and discussions with the Internal Auditor.

**28. General Body Meetings:****a) Location and time where last three Annual General Meetings were held:**

| Year    | Date                            | Venue  | Time      |
|---------|---------------------------------|--|-----------|
| 2011-12 | 27 <sup>th</sup> September 2012 | Robert V Chandran Tower, 149, Velacherry Tambaram Main Road, Pallikarnai, Chennai- 600 100 | 10.00 a.m |
| 2012-13 | 30 <sup>th</sup> September 2013 | Robert V Chandran Tower, 149, Velacherry Tambaram Main Road, Pallikarnai, Chennai- 600 100 | 10.00 a.m |
| 2013-14 | 27 <sup>th</sup> November 2014  | Robert V Chandran Tower, 149, Velacherry Tambaram Main Road, Pallikarnai, Chennai- 600 100 | 11.00 a.m |



**Special resolutions passed in the previous three AGM**

year 2011-12 - Nil

year 2012-13 - Nil

year 2013-14 - Nil

**b) Whether special resolutions were put through postal ballot last year, details of voting pattern, person who conducted the postal ballot exercise and procedure for postal ballot:**

Two Special Resolutions were passed through Postal Ballot on 15<sup>th</sup> November 2014 for the following purposes:

- 1) Special Resolution for Sale of Dubai Branch of the Company
- 2) Special Resolution for Sale of land and building of the Company situated at No.149 Velachery Tambaram Main Road, Pallikarnai Chennai 600 100.

Mr.V.S.Sowrirajan, Practising Company Secretary was appointed as Scrutinizer for the conduct of postal ballot. Details of voting pattern are given below:

| Description<br>(Postal Ballot and E-Voting Combined) | Special Resolution for Sale of<br>Dubai Branch of the Company | Special Resolution for Sale of land and building<br>of the Company situated at<br>No.149 Velachery Tambaram Main Road,<br>Pallikarnai Chennai 600 100. |
|--|---|--|
| No. of valid votes polled (%age)                     | 9341328<br>(100%)   | 9342348<br>(100%)  |
| Votes cast in favour of the resolution (%age)        | 9339600<br>(99.98%)   | 9338913<br>(99.96%)  |
| Votes cast against the resolution (%age)             | 1728<br>(0.02%)   | 3435<br>(0.04%)  |

All the afore-mentioned resolutions as mentioned in the notice of the postal ballot dated 7th October 2014 have been duly passed and the results were declared on 15th November 2014

**29. Disclosures:**

- a) Disclosures on materially significant related party transactions i.e. transactions of the Company of a material nature, with its promoters, the Directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interest of the Company at large:

The details as applicable are provided under the paragraph "Related party transactions" in the "Notes on Accounts" in Financial statements.

- b) Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority on any matter related to capital markets, during the last three years.

NIL

**30. Means of Communication:**

Quarterly results / other information

The financial results are posted on the Company's website [www.calsoftgroup.com](http://www.calsoftgroup.com). The website also displays all official news releases. As & when presentations are made to institutional investors/ analysts, the same will also be posted on the Company's website.

**31. General Shareholder Information**

The details are provided in the "Shareholders Information" Section of this report.

**32. Disclosure of Accounting Treatment**

No treatment different from that prescribed in an Accounting Standard have been followed by the Company.

**33. Disclosure to the shareholders:**

As per the requirement of section 152(6) of the Companies Act,2013, Mr.Fredrick Ivor Bendle retire by rotation and eligible for reappointment. Disclosure as required under Clause 49.VIII.E of the listing agreement is annexed to the notice.

As required under clause 49.VIII.E of the listing agreement the Quarterly results and presentations made by the company to analysts has disclosed on company's web-site.

**34. COMPLIANCE OFFICER**

Company Secretary is the Compliance Officer for complying with the requirements of Securities laws and Listing Agreements with the BSE Limited, the Stock Exchange where equity of the Company are listed.

**35. Recommendation of Dividend and Dividend Payment Date**

No Dividend is proposed to be declared at the ensuing Annual General Meeting.

**36. GENERAL SHAREHOLDER'S INFORMATION**

Financial calendar (Tentative)

|   |   |
|---|---|
| Financial Year  | April 01, 2014 to March 31, 2015  |
| Calendar of Board meetings for the financial year (Tentative and subject to change)                       |   |
| First Quarter Result  | August 14, 2015   |
| Second Quarter Result   | November 14, 2015   |
| Third Quarter Result  | February 14, 2016   |
| Fourth Quarter Result   | May 30, 2016  |
| Date of Book Closure  | 17 <sup>th</sup> August 2015 to 19 <sup>th</sup> August 2015 (Both inclusive)   |
| Annual General Meeting  |   |
| Date  | 19 <sup>th</sup> August 2015  |
| Day   | Wednesday   |
| Time  | 10.00 a.m.  |
| Venue   | Robert V Chandra Towers, 8 <sup>th</sup> Floor,<br>149, Velachery Tambaram Main Road,<br>Pallikaranai, Chennai-600100   |
| Dividend Payment Date   | Not Applicable  |
| Stock code  | 532386. BSE<br>Calsoft- NSE   |
| Listing at  | The Company's securities are listed with BSE Limited, Mumbai and NSE and it has paid the respective annual listing fees up-to-date and there are no arrears.  |
|   | There is no share of the company which remains unclaimed and lying in the escrow account.   |
| Demat ISIN  | INE526B01014  |
| Listing fee   | Annual listing fee for the year 2015- 2016 has been duly paid to the exchange   |
| Outstanding GDRs/ADRs/Warrants or any Convertible instrments, conversion date and likely impact on equity | As on March 31, 2015 the Company does not have any Outstanding GDRs/ADRs/Warrants or any Convertible instruments,   |
| Reconciliation of Share Capital Audit   | In terms of Regulation 55A of the SEBI (Depositories and Participants) Regulations, 1996, reconciliation of Share Capital Audit is conducted every quarter by a Practising Company Secretary to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital and the report is forwarded to the Stock Exchanges where the shares of the Company are listed. |
| Custodial Fees  | The Company has paid custodial fees for the year 2014-15 to NSDL and CDSL on the basis of the number of beneficial accounts maintained by them. The custodial fees for the year 2015-16 to NSDL and CDSL will be paid upon demand.  |
| Proceeds from public / rights / preferential issues, etc.,  | The Company does not have any unutilized money raised through Public / Rights / Preferential Issues, etc.   |

**37. STOCK PRICE MOVEMENT IN NSE**

| Month     | Open | High | Low  | Close |
|-----------|------|------|------|-------|
| Apr 2014  | 5.55 | 5.55 | 5.55 | 5.55  |
| May 2014  | 5.50 | 6.05 | 5.30 | 6.05  |
| June 2014 | 6.35 | 7.90 | 6.35 | 7.90  |
| July 2014 | 7.55 | 7.90 | 7.25 | 7.80  |
| Aug 2014  | 8.15 | 8.70 | 5.45 | 5.50  |
| Sep 2014  | 5.75 | 5.75 | 4.75 | 5.10  |
| Oct 2014  |      | 5.25 | 4.95 |       |
| Nov 2014  |      | 5.10 | 4.95 |       |
| Dec 2014  | 4.75 | 5.30 | 4.55 | 4.75  |
| Jan 2015  | 4.95 | 6.65 | 4.95 | 6.00  |
| Feb 2015  | 6.60 | 8.20 | 6.50 | 6.55  |
| Mar 2015  | 6.55 | 7.55 | 6.55 | 6.95  |

**38. STOCK PRICE MOVEMENT IN BSE**

| Month     | Open  | High  | Low  | Close |
|-----------|-------|-------|------|-------|
| Apr 2014  | 4.53  | 4.53  | 4.45 | 4.45  |
| May 2014  | 4.67  | 5.51  | 4.67 | 5.51  |
| June 2014 | 5.78  | 9.00  | 5.78 | 9.00  |
| July 2014 | 9.00  | 10.33 | 7.72 | 10.33 |
| Aug 2014  | 10.30 | 10.33 | 6.00 | 6.43  |
| Sep 2014  | 6.74  | 6.74  | 5.06 | 5.69  |
| Oct 2014  | 5.85  | 6.25  | 5.17 | 5.78  |
| Nov 2014  | 5.50  | 5.50  | 4.75 | 5.17  |
| Dec 2014  | 5.25  | 5.67  | 4.30 | 5.02  |
| Jan 2015  | 5.25  | 7.44  | 4.91 | 7.25  |
| Feb 2015  | 7.97  | 7.97  | 6.06 | 7.00  |
| Mar 2015  | 7.99  | 8.95  | 4.99 | 5.01  |

**39. INSIDER TRADING**

At the Board Meeting held on 29<sup>th</sup> May 2015, the Company has formulated and published in its website, a code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSII) and a Code of Conduct to regulate, monitor and report trading.

**40. DEMATERIALISATION OF SHARES AND LIQUIDITY**

The Equity shares of the company are made available for Dematerialisation under depository system operated by the Central Depository Services (India) Limited (CDSL) and National Securities Depository Limited (NSDL). The shares of your company are under Compulsory Demat settlement mode and can be traded only in the demat form. Shares Dematerialised up to March 31, 2015 are as under:

| S. No. | Particulars                           | No. of Shares | % of total issued capital |
|--------|---------------------------------------|---------------|---------------------------|
| 1      | Listed Capital                        | 12365006      | 100                       |
| 2      | Held in Dematerialisation form - NSDL | 11757300      | 95.09                     |
| 3      | Held in Dematerialisation form - CDSL | 487326        | 3.94                      |
| 4      | Physical shares                       | 120380        | 0.97                      |

Considering the advantage of dealing in shares in electronic/ dematerialized form, shareholders still holding shares in physical form are requested to dematerialize their shares at the earliest. For further information clarification/ assistance in this regard, please contact M/s.Integrated Enterprises (India) Limited, the Registrar and Share Transfer Agent or the Company Secretary, California Software Company Limited. As per the direction of SEBI, equity shares of the Company can be traded by all the investors only in Dematerialised form.

**41. REGISTRAR AND SHARE TRANSFER AGENTS (RTA)**

To expedite the process of share transfers, the Board of the company has delegated the power of share transfer to the registrar and share transfer agents as detailed below: Pursuant to regulations 53A of the Securities and Exchange Board of India (Depositories & Participants) Regulations, 1996, the Company has appointed Integrated Enterprises (India) Limited, a SEBI registered Agency as the Common Registrar and Share Transfer Agent of the Company for both physical and dematerialized segments. Their complete address is as under

M/s. Integrated Enterprises (India) Limited  
2<sup>nd</sup> Floor, Kencees Towers,  
1, Ramakrishna Street, North Usman Road,  
T Nagar, Chennai-600017  
Phone No.044-28140801 to 28140803,  
Email: yuvraj@integratedindia.in

**42. SHARE TRANSFER SYSTEM**

The shares of the Company are traded on the Stock Exchange through the Depository System. The demat ISIN in National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) is INE526B01014

All requests received by the Company / RTA for dematerialization / re-materialization, transfer, transmissions, subdivision, consolidation of shares or any other share related matters and / or change in address are disposed off expeditiously.

**43. DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2015**

| Category (amount) | No.  | %      | Total Shares | Amount    | % of Amount |
|-------------------|------|--------|--------------|-----------|-------------|
| 1 - 5000          | 3374 | 97.46  | 1060073      | 10600730  | 8.57        |
| 5001 -10000       | 51   | 1.47   | 373430       | 3734300   | 3.02        |
| 10000 and above   | 37   | 1.07   | 10931503     | 109315030 | 88.41       |
| TOTAL             | 3462 | 100.00 | 12365006     | 123650060 | 100.00      |

As required under circular No.D&CC/FITTC/CER-16/2004 dated 31<sup>st</sup> December 2004 issued by the Securities Board of India, the Company has appointed a Practicing Company Secretary to do the Secretarial audit report was placed before the Board and sent forthwith to Stock Exchange for their information and record.

**44. CATEGORIES OF SHAREHOLDINGS AS ON MARCH 31, 2015**

| S.No. | Category of Shareholders  | No. of Shares held | Percentage of holdings |
|-------|---|--------------------|------------------------|
| 1     | Promoters   | 8743911            | 70.71                  |
| 2     | Mutual Funds  | 300                | 0                      |
| 3     | Body Corporate  | 570245             | 4.61                   |
| 4     | Individual shareholders holding nominal share capital upto Rs.1 lakh      | 1349016            | 10.92                  |
| 5     | Individual shareholders holding nominal share capital excess of Rs.1 lakh | 1666772            | 13.48                  |
| 6     | Clearing Members  | 34762              | 0.28                   |
|       | Total   | 12365006           | 100.00                 |

**45. MAJOR SHAREHOLDERS**

Details of shareholders holding more than 1% of the paid up capital of the company as on March 31, 2015 are given below:

| Name of the Shareholder                    | No. of Shares | Percentage of Paid up capital | Category |
|--|---------------|-------------------------------|----------|
| CHEMOIL ADVANCED MANAGEMENT SERVICES P LTD | 449178        | 3.63                          | Public   |
| SANTHOSH.S                                 | 336743        | 2.72                          | Public   |
| JAYASHREE S                                | 175163        | 1.42                          | Public   |
| NANDINI J NATHANI                          | 164800        | 1.33                          | Public   |
| ADIL NATHANI                               | 163400        | 1.32                          | Public   |
| RAVINDRA KRISHNAPPA                        | 126867        | 1.03                          | Public   |

**46. CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE**

As per Clause 49 of the Listing Agreement with Stock Exchanges, Company is required to obtain a Certificate from the Auditors of the Company regarding compliance of the conditions of Corporate Governance. The Auditors' Certificate in respect of compliance thereof is enclosed in this Annual Report.

**47. COMPANY REGISTRATION DETAILS**

The Company is registered in the state of Tamil Nadu. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is L72300TN1992PLC022135.

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT (MDA)

### a. Industry structure and developments

Global economic growth was 3.4 % in 2014 and is projected to reach 3.5 % and 3.8 in 2015 and 2016, respectively. This reflects a pickup in growth in advanced economies relative to the previous year and a slowdown in emerging market and developing economies, especially China. Despite a disappointing first quarter, the US grew at 2.4 in 2014. This is the best full year growth since 2010. The US is expected to grow at 3.1 in 2015 as well as 2016. This growth will primarily be driven by capital growth. The Euro area grew at 0.9 in 2014 as compared to 0.5 in 2013. It is expected to grow at 1.5 in 2015 and 1.6 in 2016. China decelerated to 7.4 in 2014 from 6.9 in 2013. It is expected to grow at 6.8 in 2015 and 6.3 in 2016. India is on a roll with 7.2 in 2014. It is expected to grow at 7.5 in 2015 and 2016 surpassing its bigger neighbour China.

Global sourcing of services grew faster by 10 and India held on to its leadership position with a 55 market share. A similar performance by Indian IT companies is expected in 2015. The Indian IT-BPM industry revenue growth in FY2015-16 is expected to be 12%-14%. In FY2014-15 Indian IT-BPM industry grew by 13 year-on-year with revenues of USD 146 billion. Exports grew at 12.3 and clocked USD 98 billion. Domestic segment grew faster due to inclusion of ecommerce and mobile app industry and is expected to touch USD 48 billion in revenues. Rapid upscaling of capabilities around digital, SMAC and other emerging technologies is enabling IT-BPM firms to expand services to existing customers and also attract new customers. India is also emerging as a powerhouse for digital skill with 1.5 lakh digitally skilled employees, over 7000 firms working on digital solutions and over 2000 digitally focused startups. The impetus on innovations has been like never before with larger firms fostering innovation - collaboration, building scale, co-creating the best solutions. Industry is attempting to shift from linear to non-linear growth models. One of the primary strategies focuses on product/IP development which is further being supported by the verticalized offerings. Expertise developed in specific verticals is enabling IT-BPM firms to deliver innovative products and services to customers that in turn facilitate entry into new markets, geographies, access to customers, etc. India is strongly positioned to garner more market share in the global IT-BPM services sourcing market as it is still the world's most attractive sourcing destination driven by optimum costs, highest volume of diverse employable talent, strong network of GDCs, multi-shore presence and mature ecosystem. It is well set to reach its goal of USD 300 billion revenues by 2020. At the same time, challenges around economic volatility, protectionism, competition and customer centricity will need to be addressed by the concerned stakeholders.

### b. Opportunities and threats

The Company has closed its business operation except for the rental income there is no other business income.

On sale of RVC Towers we are unlikely to realize any more than is required to settle amounts due to Canara Bank, and so after a sale the company would be left with no rental incomes and therefore no income at all to meet its ongoing staff and administration costs. Unless we can find a buyer for the Company who can attribute some value to the company's listed status and who would be willing to make an offer for the entire share capital, a sale of RVC Towers would most likely trigger the winding up of the Company.

### c. Segment wise performance

For the financial year under consideration, your company has reported revenue only from rental income. The company has stopped entirely its principal activity of providing software development and its sales and services and hence current year there is no segment wise reporting. Previously the Company's operations predominantly related to providing development of software to customers globally operating in various industry segments.

The details of segment wise performance is reported in Note No.38 of the Consolidated Financial Statements of the Company and Note No.41 of standalone statements.

### d. Outlook

The detailed outlook is mentioned in business update and outlook in the Directors Report.

### e. Risks and concerns

Risks that the Company faces are those which others in our Industry face. The Company monitors these risks consistently and periodically. Business risks faced by the Company include reduction in IT budgets of our customers, currency volatility, geo political risks as we operate across geographies, etc.

The risks and uncertainties include, but not limited to, risks and uncertainties regarding fluctuations in earnings and exchange rates, and the Company's ability to manage growth in the face of intense competition in IT services.

On sale of RVC Towers we are unlikely to realize any more than is required to settle amounts due to Canara Bank, and so after a sale the company would be left with no rental incomes and therefore no income at all to meet its ongoing staff and administration costs. Unless we can find a buyer for the Company who can attribute some value to the company's listed status and who would be willing to make an offer for the entire share capital, a sale of RVC Towers would most likely trigger the winding up of the Company.

### f. Internal control systems and their adequacy

Calsoft has deployed adequate Internal Control Systems (ICS) in place to ensure a smooth functioning of its business. The Control Systems provide a reasonable assurance of recording the transactions of its operations in all material aspects and of providing protection against misuse or loss of company's assets.

The existing internal control systems and their adequacy are frequently reviewed and improved upon to meet the changing business environment.

### g. Material development in Human Resources

As on March 31, 2015, only one employee is in the roles of the Company.

### h. Financial and performance highlights (Consolidated)

- a. **Revenues:** Sales revenues for the year ended 31<sup>st</sup> March 2015 was ₹ 3.69 crores as compared to ₹ 7.22 crores for the same period last year.
- b. **Total Expenses:** Total expenses for the year ended 31<sup>st</sup> March 2015 was ₹ 17.75 crores as compared to ₹ 27.85 crores for the previous year.
- c. **Profit before exceptional and extra-ordinary items and Tax:** Profit before Tax was ₹ (14.06) crores for the year ended 31<sup>st</sup> March 2015 as compared to ₹ (20.63) crores for the previous year.
- d. **Exceptional items:** It consists of prior period expenses and prior period depreciation due to change in depreciation policy for the year ending 31<sup>st</sup> March 2015 was ₹ 1.04 Crores compare to ₹ (6.20) Crores for the previous year.
- e. **Profit before extra-ordinary items and Tax:** Profit before extra-ordinary items and Tax was ₹ (15.10) crores for the year ended 31<sup>st</sup> March 2014 as compared to ₹ (14.43) crores for the previous year.
- f. **Finance Costs:** Interest and finance charges for the year ended 31<sup>st</sup> March 2015 was ₹ 9.01 crores as compared to ₹ 9.63 crores for the previous year.
- g. The Company has Paid up share capital of ₹ 12.36 Crores, comprising of 1,23,65,006 equity shares of ₹ 10 each
- h. Long term borrowing outstanding was ₹ 25.08 Crores.
- i. **Fixed Assets (Tangible):** ₹ 41.97 crores as on 31<sup>st</sup> March 2015 as compared to ₹ 45.03 crores of the previous year.

## CONFIRMATION ON CODE OF CONDUCT

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### DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT

TO:

THE MEMBERS

CALIFORNIA SOFTWARE CO. LTD

This is to declare that the Code of Conduct adopted by the Company for the Board of Directors and the Senior Management Personnel of the Company have been complied with by all the members of the Board of Directors and all the Senior Management Personnel of the Company. The full text of the Code adopted is available on the Company's website.

**BHAVESH RAMESHLAL CHAUHAN**  
Managing Director & CEO

Date: 24<sup>th</sup> July 2015

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### CEO CERTIFICATION

I Bhavesh Rameshlal Chauhan Managing Director and CEO certify that:

- a. I have reviewed financial statements and the cash flow statement for the year and that to the best of their knowledge and belief :
  - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. To the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31st March 2015 are fraudulent, illegal or violative of the company's code of conduct.
- c. I accept responsibility for establishing and maintaining internal controls for financial reporting and I have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which I aware have been disclosed to the auditors and Audit Committee and the steps have taken or propose to take to rectify these deficiencies.
- d.
  - i) There has not been any significant change in internal control over financial reporting during the year under reference.
  - ii) There has not been any significant change in accounting policies during the year requiring disclosure in the notes to the financial statements.
  - iii) I was not aware of any instance during the year any significant fraud with involvement therein of the management or any employee having a significant role in the Company's internal control system over financial reporting.

**BHAVESH RAMESHLAL CHAUHAN**  
Managing Director & CEO

Place : Chennai

Date : 24<sup>th</sup> July,g 2015

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## **Consolidated Financial Statements**

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1. Auditors' Report
  2. Balance Sheet
  3. Profit and Loss Account
  4. Notes
  5. Cashflow Statement
-



# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CALIFORNIA SOFTWARE COMPANY LIMITED

## Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements **California Software Company Limited** (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at 31<sup>st</sup> March, 2015 the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

## Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

## Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place 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 Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31<sup>st</sup> March, 2015, and their consolidated loss and their consolidated cash flows for the year ended on that date.

## Emphasis of Matter

We draw attention to the following matters in the Notes to the financial statements:

- Note 23 and 24, which indicate that the Holding Company has accumulated losses and its net worth has been fully eroded, the Holding Company has incurred a net loss during the current and previous years and, the Holding Company's current liabilities exceeded its current assets as at the balance sheet date. These conditions, along with other matters set forth in Note 23, indicate the existence of a material uncertainty that may cast significant doubt about the Holding Company's ability to continue as a going concern.
- Note No. 31 to the consolidated financial statements and Notes to Fixed Asset schedule regarding Change in Depreciation rates based on useful life of Fixed Assets as required under Schedule II of Companies Act, 2013 and resultant loss amounting to Rs.58,64,486.00
- Note No. 32 to the consolidated financial statement regarding write back of Account Payables to Aspire Communications P Ltd and Aspire Peripherals P Ltd, two wholly owned subsidiaries of the Holding Company amounting to ₹ 253,45,879.00
- Note no. 37 to the consolidated financial statement regarding unsecured loans from Associate companies amounting to ₹ 246,936,135.00
- Note no. 25 to the Holding Company's Overseas subsidiary CSWL Inc and Indian subsidiary Aspire Communications P Ltd and its subsidiary Aspire peripherals P Ltd have stopped their operations fully. CSWL Inc has initiated Liquidation proceedings.

Our opinion is not modified in respect of this matter.

## Other Matters

- We did not audit the financial statements of subsidiary CSWL. Inc., whose financial statements reflect total assets of \$ 64,19,311.00 as at 31<sup>st</sup> March, 2015, total revenues of \$ 0.00 and net cash flows amounting to \$ (2,408.00) for the year ended on that date, as considered



in the consolidated financial statements. This financial statement have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries, jointly controlled entities and associates, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

#### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, based on the comments in the auditors' reports of the Holding company and subsidiary companies incorporated in India, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
  - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
  - (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) Matters described in sub-paragraph (1) to (5) under the Emphasis of Matters paragraph above, in our opinion, may have an adverse effect on the functioning of the Company
  - (f) On the basis of the written representations received from the directors of the Holding Company as on 31<sup>st</sup> March, 2015 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31<sup>st</sup> March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (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 Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. There were no pending litigations which would impact the consolidated financial position of the Group.
    - ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.
    - iii. There is delay in transferring the amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company incorporated in India, an amount of ₹ 51,163.00 was due for payment payable on 29-08-2014 was effected only on 04-05-2015.

For and on behalf of  
**Tomy & Francis**  
 Chartered Accountants  
 FRN: 010922S

**CA K J Tomy BSc FCA**  
**Partner**  
 Membership No: 022768

Chennai  
 29<sup>th</sup> May 2015

**CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2015**

| Particulars   | Note No. | 31.03.2015           | 31.03.2014          |
|---|----------|----------------------|---------------------|
|   |          | ₹                    | ₹                   |
| <b>I. EQUITY AND LIABILITIES</b>                    |          |                      |                     |
| <b>1. Shareholders' funds</b>                       |          |                      |                     |
| (a) Share capital                                   | 1        | 123,650,060          | 123,650,060         |
| (b) Reserve and surplus                             | 2        | (329,290,519)        | (195,135,090)       |
| (c) Money received against share warrants           |          | -                    | -                   |
| <b>Total</b>  |          | <b>(205,640,459)</b> | <b>(71,485,030)</b> |
| <b>2. Share application money pending allotment</b> |          |                      |                     |
|   |          | -                    | -                   |
| <b>3. Non-Current liabilities</b>                   |          |                      |                     |
| (a) Long-term borrowings                            | 3        | 2,508,068,019        | 360,806,819         |
| (b) Deferred tax liabilities (Net)                  |          | -                    | -                   |
| (c) Other Long term liabilities                     |          | -                    | -                   |
| (d) Long-term provisions                            |          | -                    | -                   |
| <b>Total</b>  |          | <b>2,508,068,019</b> | <b>360,806,819</b>  |
| <b>4. Current liabilities</b>                       |          |                      |                     |
| (a) Short-term borrowings                           | 4        | 246,936,135          | 110,286,406         |
| (b) Trade payables                                  | 5        | -                    | 2,943,683           |
| (c) Other Current Liabilities                       | 6        | 200,023,080          | 148,310,382         |
| (d) Short-term provisions                           | 7        | 1,873,903            | 4,446,959           |
| <b>Total</b>  |          | <b>448,833,118</b>   | <b>265,987,430</b>  |
| <b>TOTAL</b>  |          | <b>493,999,478</b>   | <b>555,309,219</b>  |
| <b>II. ASSETS</b>                                   |          |                      |                     |
| <b>1. Non-current assets</b>                        |          |                      |                     |
| (a) Fixed Assets                                    |          |                      |                     |
| (i) Tangible assets                                 | 8        | 419,714,941          | 450,349,901         |
| (ii) Intangible assets                              |          | -                    | -                   |
| (iii) Capital work-in-progress                      |          | -                    | -                   |
| (iv) Intangible assets under development            |          | -                    | -                   |
| (b) Non-current investments                         | 9        | 23,000               | 23,000              |
| (c) Deferred tax assets (net)                       |          | -                    | -                   |
| (d) Long-term loans and advances                    | 10       | 55,991,053           | 56,151,252          |
| (e) Other non-current assets                        | 11       | -                    | -                   |
| <b>Total</b>  |          | <b>506,524,153</b>   | <b>506,524,153</b>  |
| <b>2. Current assets</b>                            |          |                      |                     |
| (a) Current investments                             |          | -                    | -                   |
| (b) Inventories                                     |          | -                    | -                   |
| (c) Trade receivable                                | 12       | -                    | 3,654,079           |
| (d) Cash and cash equivalents                       | 13       | 3,518,152            | 15,015,199          |
| (e) Short-term loans and advances                   | 14       | 100,627              | 2,526,275           |
| (f) Other current assets                            | 15       | 14,651,704           | 27,589,513          |
| <b>Total</b>  |          | <b>18,270,484</b>    | <b>48,785,066</b>   |
| <b>TOTAL</b>  |          | <b>493,999,478</b>   | <b>555,309,219</b>  |

Notes referred to above and the notes thereon an integral part of the consolidated balance sheet.

As per our report of even date attached

For TOMY & FRANCIS  
Chartered Accountants

BHAVESH RAMESHLAL CHAUHAN  
Managing Director & CEO

Dr. P J GEORGE  
Director

JITENDRA KUMAR PAL  
Company Secretary

K J TOMY, B.Sc., FCA  
Partner Membership No. 22768

T R RAMASAMY  
Director

Chennai  
29<sup>th</sup> May, 2015

**CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2015**

| Particulars  | Note No. | 31.03.2015         | 31.03.2014         |
|--|----------|--------------------|--------------------|
|  |          | ₹                  | ₹                  |
| I. Revenue from operations   | 16       | -                  | 46,356,553         |
| II. Other Income   | 17       | 36,932,328         | 25,796,972         |
| III. Total Revenue (I+II)  |          | 36,932,328         | 72,153,525         |
| IV. Expenses:  |          |                    |                    |
| Employee benefits expense  | 18       | 1,242,326          | 31,398,838         |
| Operation and Other Expenses   | 19       | 60,680,138         | 126,380,199        |
| Finance Costs  | 20       | 90,134,977         | 96,262,570         |
| Depreciation & Amortization  | 21       | 25,425,157         | 24,438,152         |
| <b>Total Expenses</b>  |          | <b>177,482,598</b> | <b>278,479,759</b> |
| V Profit before exceptional and extraordinary items and tax (III-IV)     |          | (140,550,270)      | (206,326,234)      |
| VI Exceptional Items   | 22       | 10,448,230         | (62,038,104)       |
| VII Profit before extraordinary items and Tax (V-VI)                     |          | (150,998,500)      | (144,288,130)      |
| VIII Extraordinary items   |          | -                  | -                  |
| IX Profit before Tax (VII-VIII)  |          | (150,998,500)      | (144,288,130)      |
| X Tax expense:   |          |                    |                    |
| (1) Current tax  |          | -                  | -                  |
| (2) Deferred tax   |          | -                  | -                  |
| (3) Current tax expense relating to prior years                          |          | -                  | 475,360            |
| <b>Total</b>   |          | <b>-</b>           | <b>475,360</b>     |
| XI Profit / (Loss) for the period from continuing Operations (IX-X)      |          | (150,998,500)      | (144,763,490)      |
| XII Profit/(Loss) from discontinuing operations                          |          | -                  | -                  |
| XIII Tax expense of discontinuing operations                             |          | -                  | -                  |
| XIV Profit / (loss) from discontinuing operations (after tax) (XII-XIII) |          | -                  | -                  |
| XV Profit / (Loss) for the period (XI+XIV)                               |          | (150,998,500)      | (144,763,490)      |
| Less Minority Interest   |          | -                  | -                  |
| XV Profit / (Loss) for the period (XI+XIV)                               |          | (150,998,500)      | (144,763,490)      |
| XVI Earnings per equity share:   |          |                    |                    |
| (1) Basic  |          | (12.21)            | (11.71)            |
| (2) Diluted  |          | (12.21)            | (11.71)            |

Notes referred to above and the notes thereon an integral part of the consolidated balance sheet.

As per our report of even date attached

For TOMY & FRANCIS  
Chartered Accountants

BHAVESH RAMESHLAL CHAUHAN  
Managing Director & CEO

Dr. P J GEORGE  
Director

JITENDRA KUMAR PAL  
Company Secretary

K J TOMY, B.Sc., FCA  
Partner Membership No. 22768

T R RAMASAMY  
Director

Chennai  
29<sup>th</sup> May, 2015

**CONSOLIDATED NOTES ON ACCOUNTS**

|   | As at 31-Mar-15      | As at 31-Mar-14      |
|---|----------------------|----------------------|
|   | ₹                    | ₹                    |
| <b>1 SHARE CAPITAL</b>  |                      |                      |
| <b>A AUTHORISED CAPITAL</b>   |                      |                      |
| 15,000,000 Equity Shares of ₹ 10/- each with equal voting rights  | 150,000,000          | 150,000,000          |
| <b>ISSUED CAPITAL</b>   |                      |                      |
| 123,65,006 Equity Shares of ₹ 10/- each with equal voting rights  | 123,650,060          | 123,650,060          |
| <b>SUBSCRIBED, CALLED UP AND PAID UP CAPITAL</b>  |                      |                      |
| 123,65,006 Equity Shares of ₹ 10/- each with equal voting rights<br>Fully Called up and paid up.<br>(The paid up share capital includes shares worth ₹ 7,24,920<br>which were issued by the company in October 1994 for<br>consideration other than cash) | 123,650,060          | 123,650,060          |
| <b>2 RESERVE AND SURPLUS</b>  |                      |                      |
| <b>A CAPITAL RESERVE</b>  |                      |                      |
| Opening balance   | 206,250              | 206,250              |
| Add: Additions during the year  | -                    | -                    |
| Less: Utilised / transferred during the year  | -                    | -                    |
| Closing balance   |                      |                      |
| Foreign Currency Translation reserve  | 27,483,926           | (19,218,066)         |
| Add: Current Year   | 16,843,081           | 46,701,992           |
| Closing balance   | 44,327,007           | 27,483,926           |
| <b>B SECURITIES PREMIUM ACCOUNT</b>   |                      |                      |
| Opening balance   | 633,084,932          | 633,084,932          |
| Add : Premium on shares issued during the year  | -                    | -                    |
| Less : Utilised during the year for:  | -                    | -                    |
| Closing balance   | 633,084,932          | 633,084,932          |
| <b>C GENERAL RESERVE</b>  |                      |                      |
| Opening balance   | 65,864,252           | 65,864,252           |
| Add: Transferred from surplus in Statement of Profit and Loss   | -                    | -                    |
| Less: Utilised / transferred during the year for:   | -                    | -                    |
| Closing balance   | 65,864,252           | 65,864,252           |
| <b>D SURPLUS / (DEFICIT) IN STATEMENT OF PROFIT AND LOSS</b>  |                      |                      |
| Opening balance   | (921,568,200)        | (708,751,089)        |
| Add: Profit / (Loss) for the year   | (150,998,500)        | (144,763,490)        |
| Less: Surplus of disinvested subsidiary( Inatech Infosolutions P Ltd)   | -                    | 68,053,621           |
| Less Proposed Dividend  | -                    | -                    |
| Tax on Dividend   | -                    | -                    |
| Closing balance   | (1,072,566,710)      | (921,568,200)        |
| <b>Total</b>  | <b>(329,290,519)</b> | <b>(195,135,090)</b> |

## CONSOLIDATED NOTES ON ACCOUNTS

|   | As at 31-Mar-15    | As at 31-Mar-14    |
|---|--------------------|--------------------|
|   | ₹                  | ₹                  |
| <b>3 LONG-TERM BORROWINGS</b>   |                    |                    |
| Term loans  |                    |                    |
| From banks  |                    |                    |
| <b>Secured</b>  |                    |                    |
| Canara Bank Building Term Loan  | 250,806,819        | 360,806,819        |
| Sanoma National Bank - Building   | -                  | -                  |
| <b>Total</b>  | <b>250,806,819</b> | <b>360,806,819</b> |
| <b>4 SHORT-TERM BORROWINGS</b>  |                    |                    |
| Loans repayable on demand   |                    |                    |
| <b>From banks</b>   |                    |                    |
| <b>Secured</b>  |                    |                    |
| Glencore Loan   | 65,000,000         | -                  |
| Chemoil AMS Loan Account  | 106,573,915        | 55,000,000         |
| Chemoil Advanced Management Services Pvt Ltd  | 1,306,484          | 8,306,484          |
| Chemoil Information Services Pvt Ltd  | 21,500,000         | 21,500,000         |
| Chemoil International Pte Ltd   | 28,528,883         | 3,426,775          |
| Chemoil Europe B.V  | 24,026,853         | 22,053,147         |
| Notes payable to related parties  | -                  | -                  |
| <b>Total</b>  | <b>246,936,135</b> | <b>110,286,406</b> |
| <b>5 TRADE PAYABLES</b>   | -                  | 2,943,683          |
| <b>6 OTHER CURRENT LIABILITIES</b>  |                    |                    |
| (a) Current maturities of long-term debt  | 92,500,000         | 62,500,000         |
| (b) Term Loan Instalments overdue for payment   | 18,750,000         | 10,625,000         |
| (c) Interest accrued but not due on borrowings  | -                  | 6,363,989          |
| (d) Interest accrued and due on borrowings  | 15,930,209         | 12,277,228         |
| (e) Income received in advance (Unearned revenue)   | -                  | -                  |
| (f) Unpaid dividends*   | 215,161            | 215,161            |
| Rent Deposits   | 25,227,174         | 23,723,880         |
| <b>(h) Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax, etc.)</b>   | -                  | -                  |
| TDS Payable   | (4,711)            | 36,801             |
| CST&VAT   | -                  | 9,153              |
| Other expenses Payable  | 47,405,247         | 32,559,170         |
| <b>Total</b>  | <b>200,023,080</b> | <b>148,310,382</b> |
| *Of the above Rs.51163/- was due for Investor Protection and education fund on29/08/2014. Company transferred the amount on 04/05/2015 and filed necessary forms. |                    |                    |
| <b>7 SHORT-TERM PROVISIONS</b>  |                    |                    |
| IT Provision  | 1,756,163          | 4,446,959          |
| Provision for employee benefits   | 117,740            | -                  |
| Others (Specify nature)   | -                  | -                  |
| <b>Total</b>  | <b>1,873,903</b>   | <b>4,446,959</b>   |

## CONSOLIDATED NOTES ON ACCOUNTS

| 8 Fixed Asset Schedule as at 31st March 2015 |                    |           |                      |                    |                             |                   |   |                      |                    |                    |                    |
|--|--------------------|-----------|----------------------|--------------------|-----------------------------|-------------------|---|----------------------|--------------------|--------------------|--------------------|
| Particulars                                  | Gross Block        |           |                      |                    | Depreciation / Amortisation |                   |   |                      | Net Block          |                    |                    |
|  | as at 31/Mar/14    | Additions | Deletions / Transfer | as at 31/Mar/15    | Upto 31/Mar/14              | For the Year      | Prior period depreciation due to change in Dep policy | Deletions / Transfer | Upto 31/Mar/15     | as at 31/Mar/15    | as at 31/Mar/14    |
| Tangible                                     |                    |           |                      |                    |                             |                   |   |                      |                    |                    |                    |
| Land & Buildings                             | 556,546,398        | -         | -                    | 556,546,398        | 121,356,294                 | 22,688,796        | -   | -                    | 144,045,090        | 412,501,307        | 435,190,102        |
| Plant and machinery                          | 48,348,505         | -         | -                    | 48,348,505         | 48,348,505                  | -                 | -   | -                    | 48,348,505         | 0                  | 0                  |
| Office equipment                             | 694,201            | -         | -                    | 694,201            | 431,525                     | 194,191           | 47,533  | -                    | 673,249            | 20,953             | 262,676            |
| Furniture and fittings                       | 135,110,455        | -         | -                    | 135,110,455        | 120,582,625                 | 2,361,653         | 4,973,496   | -                    | 127,917,773        | 7,192,681          | 14,527,830         |
| Electrical Fittings                          | 7,856,199          | -         | -                    | 7,856,199          | 7,856,199                   | -                 | -   | -                    | 7,856,199          | (0)                | (0)                |
| Computers and accessories                    | 111,222,626        | -         | -                    | 111,222,626        | 111,082,897                 | 139,730           | -   | -                    | 111,222,626        | 0                  | 139,729            |
| Vehicles                                     | 870,634            | -         | 870,634              | 0                  | 641,069                     | 40,788            | -   | 681,857              | 0                  | (0)                | 229,565            |
| <b>Total</b>                                 | <b>860,649,018</b> | <b>0</b>  | <b>870,634</b>       | <b>859,778,384</b> | <b>410,299,114</b>          | <b>25,425,157</b> | <b>5,021,028</b>                                      | <b>681,857</b>       | <b>440,063,442</b> | <b>419,714,941</b> | <b>450,349,901</b> |

|  | As at 31-Mar-15 | As at 31-Mar-14 |
|--|-----------------|-----------------|
|  | ₹               | ₹               |
| <b>9 NON CURRENT INVESTMENTS (AT COST)</b>   |                 |                 |
| <b>Investment in Unquoted Equity Shares</b>  |                 |                 |
| In Subsidiaries  | 0               | 0               |
| CSWL Inc.U.S.A.(Wholly Owned).   | 0               | 0               |
| 9,662,800 ( PY 6,162,800 ) equity shares of \$1 each fully paid up                           | 0               | 0               |
| Inatech Infosolutions Pvt Ltd Banglore,India.  | 0               | 0               |
| 495,385 equity shares of Re 1/- each fully paid up   | 0               | 0               |
| Aspire Communications, Mysore, India (2,000,000 equity shares of Rs 10/- each fully paid up) | 0               | 0               |
| CNHC   | 0               | 0               |
| Impelsys   | 0               | 0               |
| Investment in Unquoted Preference Shares   | 0               | 0               |
| In Subsidiaries  | 0               | 0               |
| Inatech Infosolutions Pvt Ltd Banglore,India.  | 0               | 0               |
| 16,503,600 Preference shares of Re 1/- each fully paid up                                    | 0               | 0               |
| Other non-current investments  | 0               | 0               |
| Trust money in California Software Employees' Welfare Trust                                  | 17,500          | 17,500          |
| NSC  | 5,500           | 5,500           |
| <b>Total</b>   | <b>23,000</b>   | <b>23,000</b>   |

| <b>10 LONG-TERM LOANS AND ADVANCES</b>   |                   |                   |
|--|-------------------|-------------------|
| (a) Security deposits  |                   |                   |
| Secured, considered good   |                   |                   |
| Unsecured, considered good   | 2,393,075         | 1,668,625         |
| Doubtful   | -                 | -                 |
|  | 2,393,075         | 1,668,625         |
| Less: Provision for doubtful deposits  | -                 | -                 |
|  | <b>2,393,075</b>  | <b>1,668,625</b>  |
| (b) Loans and advances to related parties (Refer Note 30.7)                                  |                   |                   |
| Secured, considered good   | -                 | 3,405,110         |
| Unsecured, considered good   | -                 | -                 |
| Doubtful   | -                 | -                 |
|  | -                 | 3,405,110         |
| Less: Provision for doubtful loans and advances  | -                 | -                 |
| <b>Total</b>   | <b>-</b>          | <b>3,405,110</b>  |
| (i) Other loans and advances (specify nature)  |                   |                   |
| Secured, considered good   | -                 | -                 |
| (f) Advance income tax # (net of provisions ₹ 41,519,871 (As at 31 March, 2011 ₹ 41,519,871) |                   |                   |
| - Unsecured, considered good   | 53,597,978        | 51,077,517        |
| <b>Total</b>   | <b>55,991,053</b> | <b>56,151,252</b> |

## CONSOLIDATED NOTES ON ACCOUNTS

|  | As at 31-Mar-15  | As at 31-Mar-14   |
|--|------------------|-------------------|
|  | ₹                | ₹                 |
| <b>11 OTHER NON CURRENT ASSETS</b>   |                  |                   |
| Minority Interest  | -                | -                 |
|  | -                | -                 |
| <b>12 TRADE RECEIVABLES</b>  |                  |                   |
| Unsecured Considered Good  | -                | 3,654,079         |
| Considered Doubtful  | -                | -                 |
|  | -                | 3,654,079         |
| Less: Provision for doubtful debts   | -                | -                 |
| <b>Sub Total</b>   | -                | 3,654,079         |
| <b>Grand Total</b>   | -                | <b>3,654,079</b>  |
| <b>13 CASH AND CASH EQUIVALENTS</b>  |                  |                   |
| (a) Cash on hand   | 3,394            | 61,983            |
| (b) Cheques, drafts on hand  | 0                | 0                 |
| (c) Balances with banks  | 0                | 0                 |
| (i) In current accounts  | 3,184,305        | 4,626,171         |
| (ii) In EEFC accounts  | 118,947          | 8,635,239         |
| (iii) In deposit accounts (Refer Note (i) below)   | 0                | 0                 |
| (iv) In earmarked accounts   | 0                | 0                 |
| - Unpaid dividend accounts   | 211,508          | 211,508           |
| Balances held as margin money or security against borrowings, guarantees and other commitments                     | 0                | 1,480,298         |
| other earmarked accounts   | 0                | 0                 |
| (d) Others (specify nature)  | 0                | 0                 |
| <b>Total</b>   | <b>3,518,152</b> | <b>15,015,199</b> |
| <b>14 SHORT-TERM LOANS AND ADVANCES</b>  |                  |                   |
| (a) Loans and advances to employees  |                  |                   |
| Secured, considered good   |                  |                   |
| Unsecured, considered good   | 40,000           | 23,303            |
| Doubtful   | 0                | 0                 |
| (b) Prepaid expenses - Unsecured, considered good (For e.g. Insurance premium, Annual maintenance contracts, etc.) | 60,627           | 46,525            |
| Calsoft , Chennai  | 0                | 0                 |
| (c) Balances with government authorities   | 0                | 0                 |
| Unsecured, considered good   | 0                | 0                 |
| (i) CENVAT credit receivable   | 0                | 0                 |
| (ii) VAT credit receivable   | 0                | 306,718           |
| (iii) Service Tax credit receivable  | 0                | 2,149,729         |
| Others   | 0                | 0                 |
| Calsoft  | 0                | 0                 |
| <b>Total</b>   | <b>100,627</b>   | <b>2,526,275</b>  |



## CONSOLIDATED NOTES ON ACCOUNTS

|   | As at 31-Mar-15   | As at 31-Mar-14   |
|---|-------------------|-------------------|
|   | ₹                 | ₹                 |
| <b>15 OTHER CURRENT ASSETS</b>              |                   |                   |
| (a) Accruals                                |                   |                   |
| (i) Interest accrued on deposits            | 0                 | 0                 |
| (ii) Interest accrued on investments        | 0                 | 0                 |
| (iii) Interest accrued on trade receivables | 0                 | 0                 |
| Advance to Suppliers                        | 0                 | 0                 |
| (b) Others                                  | 0                 | 0                 |
| (i) Insurance claims                        | 0                 | 0                 |
| (ii) Receivables on sale of investments     | 0                 | 0                 |
| (iii) Dividend Receivable                   | 0                 | 0                 |
| (iv) Others (specify nature)                | 0                 | 0                 |
| Rent Receivable                             | 55,695,442        | 49,707,130        |
| Less Provisions                             | 41,043,738        | 22,117,617        |
|   | 14,651,704        | 27,589,513        |
| Others                                      | 0                 | 0                 |
| <b>Total</b>                                | <b>14,651,704</b> | <b>27,589,513</b> |
| <b>16 REVENUE FROM OPERATIONS</b>           |                   |                   |
| Sale of products                            | 0                 | 16,451,116        |
| Sale of services                            | 0                 | 29,905,437        |
| Other operating revenues                    | 0                 | 0                 |
| <b>Total</b>                                | <b>0</b>          | <b>46,356,553</b> |
| <b>17 OTHER INCOME</b>                      |                   |                   |
| Other non-operating income comprises:       |                   |                   |
| Rental income                               | 30,497,921        | 23,618,741        |
| Interest                                    | 85,984            | 1,980,442         |
| Exchange Gain / Loss                        | 4,916             | 0                 |
| Profit on Disposal of Assets                | 0                 | 0                 |
| Miscellaneous income                        | 6,343,506         | 197,789           |
| <b>Total - Other non-operating income</b>   | <b>36,932,328</b> | <b>25,796,972</b> |
| <b>18 EMPLOYEE BENEFITS EXPENSE</b>         |                   |                   |
| Salaries & Allowances                       | 1,042,749         | 28,701,516        |
| Contribution to Provident and other funds   | 50,488            | 2,460,687         |
| Staff Welfare Expenses                      | 31,349            | 236,635           |
| Gratuity Provision                          | 117,740           |                   |
| <b>Total</b>                                | <b>1,242,326</b>  | <b>31,398,838</b> |

## CONSOLIDATED NOTES ON ACCOUNTS

|  | As at 31-Mar-15   | As at 31-Mar-14    |
|--|-------------------|--------------------|
|  | ₹                 | ₹                  |
| <b>19 OPERATION AND OTHER EXPENSES</b>             |                   |                    |
| Project Expenses - Bought outs                     | 0                 | 45,987,097         |
| Electricity Charges                                | 112,452           | 1,604,944          |
| Rent   | 0                 | 9,112,072          |
| Rates & taxes                                      | 2,022,420         | 519,804            |
| Insurance  | 348,494           | 1,168,276          |
| Repairs & Maintenance - Buildings                  | 805,769           | 4,148,416          |
| Repairs & Maintenance - Plant and Machinery        | 1,143,940         | 1,310,688          |
| Communication Expenses                             | 324,223           | 1,045,645          |
| Travelling Expenses                                | 1,052,474         | 4,544,983          |
| Data Circuit Expenses                              | 0                 | 782                |
| Audit Fee  | 1,988,029         | 1,269,720          |
| Other Audit expenses                               | 295,280           | 593,260            |
| Penalty Fine etc                                   | 2,370,937         | 0                  |
| Legal ,Professional and Secretarial Expenses       | 5,702,513         | 27,290,608         |
| Exchange difference (Net)                          | 21,037,681        | 50,562,610         |
| Provision for rent receivable                      | 18,926,121        | (28,536,201)       |
| Bad debts  | 1,262,045         | 0                  |
| Excess TDs written off                             | 414,594           | 482,644            |
| Other Expenses                                     | 115,924           | 230,594            |
| Loss on sale of assets                             | 4,292             | 0                  |
| Profit on sale of assets                           | 0                 | 0                  |
| Commission   | 0                 | 1,537,995          |
| Marketing Expenses                                 | 0                 | 0                  |
| Bank Charges                                       | 206,179           | 512,002            |
| Printing And Stationery                            | 0                 | 0                  |
| Other write offs                                   | 2,197,278         | 0                  |
| Hire Charges                                       | 0                 | 0                  |
| Office Expenses                                    | 349,493           | 2,994,259          |
| <b>Total</b>                                       | <b>60,680,138</b> | <b>126,380,199</b> |
| <b>20 FINANCE COSTS</b>                            |                   |                    |
| Interest on Term Loan                              | 67,237,382        | 84,989,902         |
| Interest on Working Capital Loan                   | 0                 | 3,642,403          |
| Interest Others                                    | 22,897,595        | 7,630,265          |
| <b>Total</b>                                       | <b>90,134,977</b> | <b>96,262,570</b>  |
| <b>21 DEPRECIATION &amp; AMORTIZATION EXPENSES</b> |                   |                    |
| Depreciation                                       | 25,425,157        | 24,438,152         |
| Amortisation Expenses                              | -                 | -                  |
| <b>Total</b>                                       | <b>25,425,157</b> | <b>24,438,152</b>  |

**CONSOLIDATED NOTES ON ACCOUNTS**

|   | As at 31-Mar-15   | As at 31-Mar-14     |
|---|-------------------|---------------------|
|   | ₹                 | ₹                   |
| <b>22 EXCEPTIONAL ITEMS</b>                           |                   |                     |
| Profit on Sale of Investment                          | 0                 | (95,214,646)        |
| Prior period Expense                                  | 5,427,202         |                     |
| Income from settlement of Calsoft labs                | 0                 | 0                   |
| Service tax credit written off                        | 0                 | 0                   |
| Other exceptional income                              | 0                 | (11,363,274)        |
| Prior period depreciation due to change in Dep policy | 5,021,028         |                     |
| Restatement of AP/AR                                  | 0                 | 0                   |
| Profit on Sale Transfer of Business assets            | 0                 | 0                   |
| Fixed Asset Impirement                                | 0                 | 44,539,816          |
| <b>Total</b>  | <b>10,448,230</b> | <b>(62,038,104)</b> |

|  | (in ₹)         |                |
|--|----------------|----------------|
|  | March 31, 2015 | March 31, 2014 |

|   |  |
|---|--|
| <b>23 Going Concern</b>   |  |
| Holding company has accumulated losses and its net worth has been fully eroded, the Holding company has incurred a net loss during the current and previous years and, the Holding company's current liabilities exceeded its current assets as at the balance sheet date. Holding company is not pursuing its main object of software development and is generating only income from letting out premises owned by it, also the subsidiaries also has stopped their operations. The above factors indicate the existence of a material uncertainty that may cast significant doubt about the Holding company's ability to continue as a going concern. |  |

|   |  |
|---|--|
| <b>24 Discontinuing Operation</b>   |  |
| Though there exists material uncertainty that may cast significant doubt about the Holding Company's ability to continue as a going concern, items falling under the fixed asset category, i.e., building and attached furniture and fixtures, which is used for letting out and the holding company is deriving the rental income, Company is not accounting the Fixed assets, other than building, at Net realisable value as required by Accounting Standard 24, Discontinuing Operations and disclosure of other matters is not made. |  |

|   |  |
|---|--|
| <b>25 Basis for preparation of consolidated financial statements</b>  |  |
| The consolidated financial statements consist of:   |  |
| <ul style="list-style-type: none"> <li>• California Software Company Ltd (Parent company incorporated in India)</li> <li>• CSWL, Inc., incorporated in USA (100% Equity held by parent company) and its subsidiaries consisting of <ul style="list-style-type: none"> <li>• International Innovations Inc, USA (100% Equity held by CSWL Inc.,)</li> <li>• Waldron Limited a Corporation incorporated in Hongkong in which CSWL, Inc. owns 100% of outstanding voting stock</li> <li>• AspireSoft Corporation (Aspiresoft) in which CSWL Inc holds 100 % of the outstanding voting stock.</li> </ul> </li> <li>• Aspire Communications Private limited (Aspire) incorporated in India, a 100% subsidiary of parent company and its 100% subsidiary Aspire peripherals Private Ltd, Mysore.</li> </ul> |  |

All these financial statements have been prepared under the historical cost convention and comply with accounting standards in all material respects. Of the above CSWL Inc ( under liquidation), Aspire Communications P ltd and its subsidiary Aspire peripherals P ltd have stopped their operations entirely.

The consolidated financial statements are prepared in accordance with the Principles and procedures for the preparation and presentation of consolidated financial statements as laid down under AS-21 prescribed by the Institute of Chartered Accountants of India. Consolidated financial statements are prepared using uniform accounting policies.

The financial statements of the parent Company and subsidiaries have been combined on line by line basis by adding together the book values of like items of assets, liabilities, income & expenses after eliminating intra group balances/transactions.

|           |   | (in ₹)         |                |
|-----------|---|----------------|----------------|
|           |   | March 31, 2015 | March 31, 2014 |
| <b>26</b> | <b>Use of Estimates</b>   |                |                |
|           | The preparation of consolidated financial statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses and disclosure of contingent liabilities as of the date of the financial statements. The estimates and assumptions used in the accompanying consolidated financial statements are based upon the management's evaluations of the relevant facts and circumstances as of the date of the financial statements. Actual results could differ from these estimates.   |                |                |
| <b>27</b> | <b>Revenue Recognition</b>  |                |                |
|           | The group companies are not pursuing the main object, ie, software development. Though there is no revenue from principal activities; rental income in parent company is accounted on accrual basis, however in the case contiuiuning defaulters provision is being made on all receivables of more than 270days old. Other receipts are accounted on accrual basis   |                |                |
| <b>28</b> | <b>Contingent Liabilities</b>   |                |                |
|           | <b>California Software company Limited</b>  |                |                |
| a.        | Guarantees given on behalf of other companies   | Nil            | Nil            |
| b.        | Claims against the company not acknowledged as debt in respect of certain tax matters which are subjudice   |                |                |
| a)        | Income Tax  | 59,220,145     | 59,220,145     |
| b)        | Sales Tax / VAT   | -              | 648,228        |
| c)        | Service Tax   | 3,552,977      | 3,552,977      |
| <b>29</b> | <b>Other Financial Information</b>  |                |                |
|           | <b>California Software company Limited</b>  |                |                |
| a)        | Outstanding Bank Guarantees   | 0              | 1,480,298      |
| b)        | Reimbursement of travel expenses to Directors   | 0              | -              |
| c)        | Sitting fees paid / payable to Directors  | 0              | 50,000         |
| <b>30</b> | <b>Foreign Currency Transactions</b>  |                |                |
|           | Foreign currency transactions including expenses incurred on Trading / Non Trading Overseas offices and revenue accounts of onsite offices are accounted at the exchange rates ruling on the date of transaction. At the year end all monetary assets and liabilities denominated in foreign currency other than investments are restated at the closing exchange rates. Exchange differences arising out of actual payments / realizations and from the year end restatement referred to above are reckoned in the profit and loss account.  |                |                |
|           | Translation of Financial Statements of the Overseas Subsidiaries denominated in US dollar to Indian rupee.  |                |                |
|           | For the purpose of consolidation, the operation of overseas subsidiaries are considered non integral in nature and on the basis of AS- 9 prescribed by the Institute of Chartered Accountants of India, during the current financial year with effect from 1 April 2015, their assets and liabilities are translated at the year-end exchange rate. The resultant translation adjustment is reflected as a separate component of Shareholders funds as 'Cumulative Translation Reserve'. Only in case of disposal and dissolution of Non Indian Subsidiaries the balance in Currency Translation reserve in relation to the subsidiary will stand transferred to Profit and Loss Account. Income and expenditure are accounted in the consolidated Profit and Loss Account of each year as given below: |                |                |
| a)        | Revenues and expenses are converted into Indian Currency at the average rate prevailing during the year.  |                |                |
| b)        | Depreciation on Fixed Assets is converted at the average rate prevailing during the year.   |                |                |

## CONSOLIDATED NOTES ON ACCOUNTS

### 31 IMPAIRMENT OF FIXED ASSETS

#### a. Impairment of Investment

No impairment of Investment was considered during the year 2014-15 as the management felt that Investments have been sufficiently impaired in the previous years as given below.

| Company                   | 2013-14 | 2012-13         | 2011-12        |
|---------------------------|---------|-----------------|----------------|
| Aspire Communications Ltd | NIL     | NIL             | 3,72,66,697.00 |
| CSWL Inc                  | NIL     | 10,59,23,963.00 | NIL            |

Both these companies and their subsidiaries have stopped all their activities and CSWL Inc has started liquidation proceedings

#### b. Impairment of Fixed Assets

As per estimation of management no impairment of Fixed Assets was considered during the year 2014-15, since impairment losses on Fixed Assets were provided and recognized in the previous years. However, depreciation rates have been changed to amortise the depreciable value over the useful life as set out in Schedule II of Companies Act, 2013, equally, as the holding company is expected to use the same for letting out, which will be in tune with Schedule II of Companies Act 2013. Depreciation is charged on building based on the estimated remaining life period of 25 years from the date of valuation on 17-01-2013 by the approved valuer. Useful life of various assets is as given below estimating a residual value of 1% on original cost at the end of useful life.

| Item                 | Useful life |
|----------------------|-------------|
| Furniture & Fittings | 10 years    |
| Office Equipment     | 5 Years     |

Total additional depreciation charged to the profit and loss Account is Rs.58,64,486.00.

### 32 TRADE RECEIVABLE AND PAYABLES

Trade payables of ₹ 40,22,85,907.00 represents net payables to its wholly owned overseas subsidiary CSWL Inc. Payables to Aspire Communications P Ltd and Aspire Peripherals P Ltd two wholly owned subsidiaries of the holding company amounting to ₹ 2,53,45,879.00 has been written back to Profit and loss account as Exceptional item. During the previous year 2013-14 the holding company reassessed its Trade receivables and payables accumulated over the years and restated them on a realistic basis. On the basis of above, net write off of bad Debts, other receivables, old Deposits and payables were written off for ₹ 2,69,10,239.00 against the existing provision. Excess Provision of ₹ 2,27,05,294.00 was written back to profit and Loss Account.

### 33 RENT RECEIVABLE AND PROVISION

Rent receivable is amounting to ₹ 5,56,95,442.00 (PY 4,97,07,130.00) against which a provision of ₹ 410,43,738.00 being receivables outstanding for more than 270 days has been made.

### 34 INTANGIBLE ASSET

There are no Intangible assets belonging to the group.

### 35 TRANSFER PRICING

The study of international transactions entered into by the Holding company with its overseas associates regarding the extent of compliance to the transfer pricing regulations of the Income Tax Act, 1961 is yet to be completed and the impact, if any, arising out of such study has not been recognised in these accounts pending completion of the study.

### 36 DEFERRED TAXATION

Since the going concern can't be said to in existence certainly, deferred tax is not recognized on depreciation as well as on accumulated losses.

### 37 UNSECURED LOANS FROM ASSOCIATE COMPANIES

Holding company has taken unsecured loans as given below from various companies from its parent Group as given below:

| Sl No.       | Name of the company                                  | As on 31/03/2015 ₹  | As on 31/03/2014 ₹  |
|--------------|--|---------------------|---------------------|
| 1.           | Chemoil Advanced Management Services Private Limited | 10,65,73,915        | 5,50,00,000         |
| 2.           | Chemoil Advanced Management Services Private Limited | 13,06,484           | 83,06,484           |
| 3.           | Chemoil Information Services Private Limited         | 2,15,00,000         | 2,15,00,000         |
| 4.           | Chemoil International Pte Ltd                        | 2,85,28,883         | 34,26,775           |
| 5.           | Chemoil Europe B.V                                   | 2,40,26,853         | 2,20,53,147         |
| 6.           | Glencore India Private Limited                       | 6,50,00,000         |                     |
| <b>Total</b> |  | <b>24,69,36,135</b> | <b>11,02,86,406</b> |

## CONSOLIDATED NOTES ON ACCOUNTS

### 38 SEGMENT REPORTING

The Holding company's operations predominantly relate to providing development of software to customers globally operating in various industry segments. Accordingly, software product and development revenues along industry classes comprise the primary basis of segmental information set out in these financial statements. The accounting policies adopted for segment reporting are in line with the accounting policies of the Holding company. Revenue and expenses have been identified to segments on the basis of the above primary segment information viz industry segments. Revenue and expenses, which relate to the enterprise as a whole and are not allocable to the segments on a reasonable basis, have been included under unallocable corporate income/ expenses.

The Industry segments of the Holding company consist of: Technology Solutions (TS), Enterprise Solutions (ES), Infrastructure Management Services (IMS), and strategic Investments (SI). As a result of the sale of OPD division of the holding company only single segment ( ES ) had transactions during the year.

| Primary Segment   |    |    | (₹ in lakhs) |     |    |               |              |          |
|---|----|----|--------------|-----|----|---------------|--------------|----------|
| Particulars   |    | TS | ES           | IMS | SI | Inter Segment | Un allocated | Total    |
| 1. Segment Revenue  | CY | 0  | 0            | 0   | 0  | 0             | 0            | 0        |
|   | PY | 0  | 463.56       | 0   | 0  | 0             | 0            | 463.56   |
| Less: Inter Segment Revenue                                     |    | 0  | 0            | 0   | 0  | 0             | 0            | Nil      |
|   |    | 0  | 0            | 0   | 0  | 0             | 0            | (Nil)    |
| Net Sales/ Income from Operations                               | CY | 0  | 0            | 0   | 0  | 0             | 0            | 0        |
|   | PY | 0  | 463.56       | 0   | 0  | 0             | 0            | 463.56   |
| 2. Segment Results  | CY | 0  | 0            | 0   | -0 | 0.00          | 0            | 0        |
|   | PY | 0  | -1114.22     | 0   | -0 | 0.00          | 0            | -1114.22 |
| Less: 1. Interest & Finance Charges                             | CY | 0  | 0            | 0   | 0  | 0             | 901.35       | 901.35   |
|   | PY | 0  | 0            | 0   | 0  | 0             | 962.63       | 962.63   |
| 2. Other Unallocable Expenditure,<br>Net of Un-allocable Income | CY | 0  | 0            | 0   | 0  | 0             | 504.15       | 504.15   |
|   | PY | 0  | 0            | 0   | 0  | 0             | -13.59       | -13.59   |
| Profit before Tax & exceptional items                           | CY | 0  | 0            | 0   | -0 | 0.00          | -1405.5      | -1405.5  |
|   | PY | 0  | -1114.22     | 0   | -0 | 0.00          | -949.04      | -2063.26 |

### 39 Disclosure under AS 15 revised on Employee benefits

#### California Software co Ltd

The holding company has only one employee for whom PF is being provided as per rules. Gratuity of ₹1,17,740.00 is provided on the basis of Actuarial Valuation. Based on holding company's policy no provision is being made for leave encashment.

**CONSOLIDATED NOTES ON ACCOUNTS****40 RELATED PARTY DISCLOSURE**

|   |   |                |
|---|---|----------------|
| A) Names of related parties and description of relationship   |   |                |
| a) List of related parties where control Exists   |   |                |
| 1. California Software company limited  |   |                |
| Companies Having Substantial Interest   | Kemoil Limited, Hong Kong                               |                |
|   | Chemoil Energy Limited, Hong Kong                       |                |
| b) Key management personnel   |   |                |
|   | Mr. Bhavesh Rameshlal Chauhan                           |                |
| c) List of related parties where no control Exists  |   |                |
| Fellow Subsidiaries of Kemoil Limited   | Chemoil corporation USA *                               |                |
|   | Chemoil International Pte. Ltd., Singapore *            |                |
|   | Chemoil Energy Limited - Singapore*                     |                |
|   | Chemoil Europe B.V., The Netherlands *                  |                |
|   | GPS Chemoil LLC (FZC) U.A.E                             |                |
| Subsidiaries of the abovementioned fellow subsidiaries  | Chemoil Advanced Management Services Pvt. Ltd., India * |                |
|   | Inatech InfoSolutions Limited                           |                |
|   | Inatech Solutions UK                                    |                |
|   | Inatech ME  |                |
|   | Inatech Solutions Europe Ltd                            |                |
|   | <b>2014-15</b>  | <b>2013-14</b> |
|   | ₹   | ₹              |
| B) The above information regarding related parties have been determined to the extent such parties have been identified on the basis of information available with the Holding company. |   |                |
| 1. Inatech Info Solutions P Ltd   |   |                |
| Sale of Services  | 0   | 32,229,199     |
| Trade payables  | 0   | 3,102,110      |
| Write off payables as part of Sale consideration  | 0   | 58,790,172     |
| 2. Inatech Solutions UK   |   |                |
| Payables  | 0   | 2,514,246      |
| Payable Write off   | 0   | 3,170,729      |
| 3. Inatech ME   |   |                |
| Loans & Advances  | 0   | 3,405,110      |
| 4. Chemoil Advanced management Services P Ltd   |   |                |
| Reimbursement of expenses ( electricity Charges)  | 2,33,188  | 2,489,357      |
| Interest On loan  | 8,918,758   | 6,187,499      |
| Unsecured Loans   | 107,880,399   | 63,306,484     |
| Other Payables  | 28,074,012  | 17,090,365     |
| Write off   | 0   | 10,33,562      |
| 5. Chemoil Europe BV  |   |                |
| Unsecured Loans   | 24,026,853  | 22,053,147     |
| 6. Chemoil Energy Ltd   |   |                |
| Payables  | 2,412,223   | 2,134,920      |
| 7. Chemoil International Pte Ltd  |   |                |
| Unsecured Loans   | 28,528,883  | 3,426,775      |
| 8. Chemoil Information Services P Ltd   |   |                |
| Unsecured Loans   | 21,500,000  | 21,500,000     |
| Other Payables  | 2,712,325   | 0              |
| 9. Chemoil Aviation Write off   |   | 964,029        |
| 10. Inatech Solutions, Egypt Write off  |   | 325,748        |
| 11. Glencore India Private Limited  |   |                |
| Unsecured Loans   | 65,000,000  |                |
| Other Payables  | 8,615,738   |                |



|  | 2014-15               | 2013-14               |
|--|-----------------------|-----------------------|
|  | ₹                     | ₹                     |
| <b>Of CSWL Inc and its subsidiaries</b>  |                       |                       |
| <b>Inatech America</b>   |                       |                       |
| Rereimbursement of expenses  | 0                     | 1,633,046             |
| <b>Chemoil Corporation</b>   |                       |                       |
| Advances   | 0                     | 2,018,710             |
| Payable advances Written back  | 0                     | 2,018,710             |
| <b>Chemoil International pte ltd</b>   |                       |                       |
| Advances   | 0                     | 13,283,413            |
| Payable advances Written back  | 0                     | 13,283,413            |
| Sale of Investments  | 0                     | 75,325,000            |
| <b>Inatech Info Solutions P ltd</b>  |                       |                       |
| Receivable balance Written off   | 0                     | 34,023,579            |
| Loan Balances Written off  | 0                     | 12,052,000            |
| <b>41 Earnings per share</b>   |                       |                       |
| Basic Earnings Per Share   |                       |                       |
|  | <b>March 31, 2014</b> | <b>March 31, 2013</b> |
|  | ₹                     | ₹                     |
| Weighted average - No. of shares   | 12,365,006            | 12,365,006            |
| Profit after Tax   | (150,998,500)         | (144,763,490)         |
| Basic Earnings per Share   | (12.21)               | (11.71)               |
| <b>42 Regrouping and rearranging of figures</b>  |                       |                       |
| The previous year figures have been regrouped, rearranged/ amended wherever necessary to conform to the current year's classification. |                       |                       |

**CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED**

|  | March 31, 2015      | March 31, 2014       |
|--|---------------------|----------------------|
|  | (in ₹)              |                      |
| <b>CASH FLOW FROM OPERATIONS</b>                               |                     |                      |
| Net profit before tax and extraordinary and prior period items | (150,998,500)       | (144,288,130)        |
| Adjustment for:  |                     |                      |
| Loss on disposal of asset                                      | 4,292               | -                    |
| Profit on sale of asset  | -                   | -                    |
| Depreciation and Impirements                                   | 30,446,186          | 68,977,968           |
| Deferred expenses written off                                  | -                   | -                    |
| Interest Income  | (85,984)            | (1,980,442)          |
| Interest expense   | 90,134,977          | 96,262,570           |
| Investment Write off   | -                   | -                    |
| Transfer to reserves   |                     |                      |
| Minority Interest changes                                      |                     |                      |
| <b>TOTAL</b>   | <b>(30,499,029)</b> | <b>18,971,966</b>    |
| Adjustment for:  |                     |                      |
| Current Assets, Loans and Advances                             | 19,177,732          | 720,538,186          |
| Current Liabilities & Provisions                               | 46,195,959          | (669,038,277)        |
| Increase/ Decrease in net current asset                        | 65,373,692          | 51,499,909           |
| Cash generated from operations                                 | 34,874,662          | 70,471,876           |
| Current Taxation   | -                   | -                    |
| Deferred Taxation  |                     |                      |
| Other Items to be adjusted                                     | -                   | -                    |
| <b>NET CASH FROM OPERATIONS</b>                                | <b>34,874,661</b>   | <b>70,471,875</b>    |
| <b>CASH FLOW FROM INVESTING</b>                                |                     |                      |
| Purchase of fixed Assets net                                   | -                   | (1,439,852)          |
| Cash generated from sale of asset                              | 184,485             | -                    |
| Deferred tax Asset   | -                   | -                    |
| Assets disposed on disinvestment                               | -                   | 17,705,070           |
| Change in Investments  | -                   | 27,327,500           |
| Interest Income  | 85,984              | 1,980,442            |
| <b>NET CASH USED FOR INVESTING</b>                             | <b>270,469</b>      | <b>45,573,160</b>    |
| <b>CASH FLOW FROM FINANCING</b>                                |                     |                      |
| Loans borrowed ( Net of repayment)                             | (110,000,000)       | (71,849,181)         |
| Deferred tax liability   | -                   | (683,527)            |
| Increase in unsecured Loans                                    | 136,649,728         | (19,231,574)         |
| Increase in capital  |                     |                      |
| Increase in Share premium                                      |                     |                      |
| Increase / (Decrease) in other reserves                        | 16,843,071          | (22,033,240)         |
| Minority Interest changes                                      | -                   | -                    |
| Dividend Tax   | -                   | -                    |
| Interest Expense   | (90,134,977)        | (96,262,570)         |
| Dividend   | -                   | -                    |
| <b>NET CASH FROM FINANCING</b>                                 | <b>(46,642,178)</b> | <b>(210,060,093)</b> |
| <b>Net increase/ decrease in cash or cash equivalents</b>      | <b>(11,497,047)</b> | <b>(94,015,058)</b>  |
| Cash & Cash equivalents at the beginning of the year           | 15,015,199          | 109,030,257          |
| <b>Cash &amp; Cash equivalents at the close of the year</b>    | <b>3,518,152</b>    | <b>15,015,199</b>    |

**Note:** Cash outflow on account of purchase of fixed assets includes effect of foreign exchange fluctuations of fixed assets of overseas subsidiaries from their date of acquisition and year end rate.

As per our report of even date

For TOMY & FRANCIS  
Chartered Accountants

BHAVESH RAMESHLAL CHAUHAN  
Managing Director & CEO

Dr. P J GEORGE  
Director

JITENDRA KUMAR PAL  
Company Secretary

K J TOMY, B.Sc., FCA  
Partner Membership No. 22768

T R RAMASAMY  
Director

Chennai  
29<sup>th</sup> May, 2015

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## **Standalone Financial Statements**

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1. Auditors' Report
  2. Balance Sheet
  3. Profit and Loss Account
  4. Notes
  5. Cashflow Statement
-

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CALIFORNIA SOFTWARE COMPANY LIMITED

### Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **California Software Company Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Standalone 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 flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

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

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

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2015, and its profit/loss and its cash flows for the year ended on that date.

### Emphasis of Matter

We draw attention to the following matters in the Notes to the financial statements:

- Note 26 and 27 in the stand alone financial statements which indicate that the Standalone Company has accumulated losses and its net worth has been fully eroded, the Standalone Company has incurred a net loss during the current and previous year(s) and, the Stand alone Company's current liabilities exceeded its current assets as at the balance sheet date. These conditions, along with other matters set forth in Note 26, indicate the existence of a material uncertainty that may cast significant doubt about the Stand alone Company's ability to continue as a going concern.
- Note No. 29 to the standalone financial statements and Notes to Fixed Asset schedule regarding Change in Depreciation Policy of Fixed Assets and resultant loss amounting to Rs.58,64,486/- including prior period Depreciation of ₹ 50,21,028.00
- Note No. 30 to the stand alone financial statement regarding write back of Account Payables to Aspire Communications P Ltd and Aspire Peripherals P Ltd, two wholly owned subsidiaries of the Standalone Company amounting to ₹ 253,45,879.00
- Note no. 31 to the standalone financial statement regarding unsecured loans from Associate companies amounting to ₹ 246,936,135.00
- Company's Overseas subsidiary CSWL Inc and Indian subsidiary Aspire Communications P Ltd and it subsidiary Aspire peripherals P Ltd have stopped their operations fully. CSWL Inc has initiated Liquidation proceedings.

Our opinion is not modified in respect of these matters.

### Report On Other Legal and Regulatory Requirements

As required by Section 143 (3) of the Act, we report that:

- We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- 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.
- Matter described under the Emphasis of Matters paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.
- On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
- 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 A".

- (h) 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 would 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.
  - iii. There is delay in transferring the amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company incorporated in India, an amount of ₹ 51,163.00 was due for payment payable on 29-08-2014 was effected only on 04-05-2015.

For and on behalf of

**Tomy & Francis**  
Chartered Accountants  
FRN: 010922S

**CA K J Tomy BSc FCA**  
Partner  
Membership No: 022768

Chennai  
29<sup>th</sup> May 2015

## ANNEXURE TO AUDITORS' REPORT

(Referred to in paragraph 3 of our Report of even date to the members of California Software Company Limited on the financial statements for the year ended March 31, 2015)

- i. (a). The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets; (b). it has been represented to us, fixed assets have been physically verified by the management at regular intervals; as informed to us no material discrepancies were noticed on such verification; however documentation of the same comparing the physical inventory and the book inventory is not made available to us.
- ii. The nature of business of the Company does not require it to have any inventory. Hence, the requirement of clause (ii) of paragraph 3 of the said Order is not applicable to the Company.
- iii. The Company has not granted any loans to group or associate companies during the year and there are no outstanding from previous years and hence Clauses (a), (b) and (c) are not applicable.
- iv. In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for the sale of services. Further, on the basis of our examination of the books and records of the Company and according to the information and explanations given to us, no major weakness has not been noticed or reported.
- v. The Company has not accepted any deposits from the public covered under Section 73 to 76 of the Companies Act, 2013.
- vi. As informed to us, the Central Government has not prescribed maintenance of cost records under sub-section (1) of Section 148 of the Act.
- vii. (a) According to the information and explanations given to us and based on the records of the company examined by us, the company is regular in depositing the undisputed statutory dues, including Income-tax, Sales-tax, Service Tax, Excise Duty and other material statutory dues, as applicable, with the appropriate authorities in India; (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of Sales Tax, Value Added Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess which have not been deposited on account of any dispute other than those mentioned in Note 46; and (c) An amount of Rs.51163/- was due for payment to Investor Education and Protection Fund on 29/08/2014. There has been a delay in paying this and the payment was effected on 04/05/2015.
- viii. The Company has accumulated losses amounting to ₹ 109,06,00,637/- as at March 31, 2015 Accumulated loss is more than the networth of the company. Company has incurred cash losses during the year ended on that date and in the immediately preceding two financial years.
- ix. According to the records of the Company examined by us and the information and explanation given to us, the Company has defaulted in repayment of its dues to Canara Bank Term Loan and as at the balance sheet date total dues amounted to ₹ 346,80,209/-.
- x. In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loan taken by others from a bank or financial institution during the year
- xi. In our opinion, and according to the information and explanations given to us, the company has not raised any term loans during the year
- xii. During the course of our examination of the books and records of the company, carried in accordance with the auditing standards generally accepted in India, we have neither come across any instance of fraud on or by the Company noticed or reported during the course of our audit nor have we been informed of any such instance by the Management

For and on behalf of

**Tomy & Francis**  
Chartered Accountants  
FRN: 010922S

**CA K J Tomy BSc FCA**  
Partner  
Membership No: 022768

Chennai  
29<sup>th</sup> May 2015

**STANDALONE BALANCE SHEET AS AT 31ST MARCH 2015**

| Particulars   | Note No. | 31.03.2015<br>₹      | 31.03.2014<br>₹      |
|---|----------|----------------------|----------------------|
| <b>I. EQUITY AND LIABILITIES</b>                    |          |                      |                      |
| <b>1. Shareholders' funds</b>                       |          |                      |                      |
| (a) Share capital                                   | 1        | 123,650,060          | 123,650,060          |
| (b) Reserve and surplus                             | 2        | (391,445,212)        | (270,241,079)        |
| (c) Money received against share warrants           |          | -                    | -                    |
| <b>Total</b>  |          | <b>(267,795,152)</b> | <b>(146,591,019)</b> |
| <b>2. Share application money pending allotment</b> |          | -                    | -                    |
| <b>3. Non-Current liabilities</b>                   |          |                      |                      |
| (a) Long-term borrowings                            | 3        | 250,806,819          | 360,806,819          |
| (b) Deferred tax liabilities (Net)                  |          | -                    | -                    |
| (c) Other Long term liabilities                     |          | -                    | -                    |
| (d) Long-term provisions                            |          | -                    | -                    |
| <b>Total</b>  |          | <b>250,806,819</b>   | <b>360,806,819</b>   |
| <b>4. Current liabilities</b>                       |          |                      |                      |
| (a) Short-term borrowings                           | 4        | 246,936,135          | 110,286,406          |
| (b) Trade payables                                  | 5        | 402,285,907          | 391,829,426          |
| (c) Other Current Liabilities                       | 6        | 199,428,993          | 172,944,767          |
| (d) Short-term provisions                           | 7        | 117,740              | -                    |
| <b>Total</b>  |          | <b>848,768,775</b>   | <b>675,060,600</b>   |
| <b>TOTAL</b>  |          | <b>831,780,441</b>   | <b>889,276,400</b>   |
| <b>II. ASSETS</b>                                   |          |                      |                      |
| <b>1. Non-current assets</b>                        |          |                      |                      |
| (a) Fixed Assets                                    |          |                      |                      |
| (i) Tangible assets                                 | 8        | 419,714,941          | 450,349,901          |
| (ii) Intangible assets                              |          | -                    | -                    |
| (iii) Capital work-in-progress                      |          | -                    | -                    |
| (iv) Intangible assets under development            |          | -                    | -                    |
| (b) Non-current investments                         | 9        | 338,358,312          | 338,358,312          |
| (c) Deferred tax assets (net)                       | 10       | -                    | -                    |
| (d) Long-term loans and advances                    | 11       | 55,991,053           | 56,151,252           |
| (e) Other non-current assets                        |          | -                    | -                    |
| <b>Total</b>  |          | <b>814,064,306</b>   | <b>844,859,465</b>   |
| <b>2. Current assets</b>                            |          |                      |                      |
| (a) Current investments                             | 12       | -                    | -                    |
| (b) Inventories                                     |          | -                    | -                    |
| (c) Trade receivable                                | 13       | -                    | 2,011,205            |
| (d) Cash and cash equivalents                       | 14       | 2,963,804            | 13,561,727           |
| (e) Short-term loans and advances                   | 15       | 100,627              | 1,254,490            |
| (f) Other current assets                            | 16       | 14,651,704           | 27,589,513           |
| <b>Total</b>  |          | <b>17,716,135</b>    | <b>44,416,935</b>    |
| <b>TOTAL</b>  |          | <b>831,780,441</b>   | <b>889,276,400</b>   |

Notes referred to above from an integral part of the accounts  
This is the Balance Sheet referred to in our report of even date.

For TOMY & FRANCIS  
Chartered Accountants

BHAVESH RAMESHLAL CHAUHAN  
Managing Director & CEO

Dr. P J GEORGE  
Director

JITENDRA KUMAR PAL  
Company Secretary

K J TOMY, B.Sc., FCA  
Partner Membership No. 22768

T R RAMASAMY  
Director

Chennai  
29<sup>th</sup> May, 2015

**STANDALONE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2015**

| Particulars  | Note No. | 31.03.2015           | 31.03.2014           |
|--|----------|----------------------|----------------------|
|  |          | ₹                    | ₹                    |
| I. Revenue from operations   | 17       | 0                    | 46,356,553           |
| II. Other Income   | 18       | 36,285,520           | 25,643,258           |
| <b>III. Total Revenue (I+II)</b>   |          | <b>36,285,520</b>    | <b>71,999,810</b>    |
| <b>IV. Expenses:</b>   |          |                      |                      |
| Employee benefits expense  | 19       | 1,242,326            | 31,398,838           |
| Operation and Other Expenses   | 20       | 55,589,244           | 110,940,341          |
| Finance Costs  | 21       | 90,130,575           | 96,262,570           |
| Depreciation and amortization Expenses                                   |          | 25,425,157           | 24,438,152           |
| <b>Total Expenses</b>  |          | <b>172,387,303</b>   | <b>263,039,901</b>   |
| V Profit before exceptional and extraordinary items and tax (III-IV)     |          | (136,101,783)        | (191,040,091)        |
| VI Exceptional Items   | 22       | (14,897,649)         | (5,479,830)          |
| VII Profit before extraordinary items and Tax (V-VI)                     |          | (121,204,134)        | (185,560,261)        |
| VIII Extraordinary items   |          | -                    | -                    |
| IX Profit before Tax (VII-VIII)  |          | <b>(121,204,134)</b> | <b>(185,560,261)</b> |
| X Tax expense:   |          |                      |                      |
| (1) Current tax  |          | -                    | -                    |
| (2) Deferred tax   |          | -                    | -                    |
| (3) Current tax expense relating to prior years                          |          | -                    | -                    |
| <b>Total</b>   |          | <b>-</b>             | <b>-</b>             |
| XI Profit / (Loss) for the period from continuing Operations (IX-X)      |          | (121,204,134)        | (185,560,261)        |
| XII Profit/(Loss) from discontinuing operations                          |          | -                    | -                    |
| XIII Tax expense of discontinuing operations                             |          | -                    | -                    |
| XIV Profit / (loss) from discontinuing operations (after tax) (XII-XIII) |          | (121,204,134)        | (185,560,261)        |
| XV Profit / (Loss) for the period (XI+XIV)                               |          | (121,204,134)        | (185,560,261)        |
| XVI Earnings per equity share:   |          |                      |                      |
| (1) Basic  |          | (9.80)               | (15.01)              |
| (2) Diluted  |          | (9.80)               | (15.01)              |

Notes referred to above from an integral part of the accounts

This is the Profit and Loss Account referred to in our report of even date.

For TOMY & FRANCIS  
Chartered Accountants

BHAVESH RAMESHLAL CHAUHAN  
Managing Director & CEO

Dr. P J GEORGE  
Director

JITENDRA KUMAR PAL  
Company Secretary

K J TOMY, B.Sc., FCA  
Partner Membership No. 22768

T R RAMASAMY  
Director

Chennai  
29<sup>th</sup> May, 2015



## NOTES ON ACCOUNTS

|  | As at 31-Mar-15      | As at 31-Mar-14      |
|--|----------------------|----------------------|
|  | ₹                    | ₹                    |
| <b>1 SHARE CAPITAL</b>   |                      |                      |
| <b>A AUTHORISED CAPITAL</b>  |                      |                      |
| 15,000,000 Equity Shares of ₹ 10/- each with equal voting rights   | 150,000,000          | 150,000,000          |
| <b>ISSUED CAPITAL</b>  |                      |                      |
| 123,65,006 Equity Shares of ₹ 10/- each with equal voting rights   | 123,650,060          | 123,650,060          |
| <b>SUBSCRIBED, CALLED UP AND PAID UP CAPITAL</b>   |                      |                      |
| 123,65,006 Equity Shares of ₹ 10/- each with equal voting rights<br>Fully Called up and paid up.   | 123,650,060          | 123,650,060          |
| <b>(The paid up share capital includes shares worth ₹ 7,24,920<br/>which were issued by the company in October 1994 for<br/>consideration other than cash)</b> |                      |                      |
| <b>B Reconciliation of the number of shares and amount outstanding at the<br/>beginning and at the end of the reporting period:</b>                            |                      |                      |
|  | <b>No of Shares</b>  | <b>No of Shares</b>  |
| <b>Opening Balance</b>   | 12,365,606           | 12,365,606           |
| Changes During the year  | -                    | -                    |
| <b>Closing Balance</b>   | 12,365,606           | 12,365,606           |
| <b>C Shareholders holding more than 5% of total shares</b>   |                      |                      |
|  | No of Shares         | %                    |
|  | No of Shares         | %                    |
| <b>1 KEMOIL LTD</b>  | 8743911              | 70.71                |
|  | <b>8743911</b>       | <b>70.71</b>         |
|  | <b>8743911</b>       | <b>70.71</b>         |
| <b>2 RESERVE AND SURPLUS</b>   |                      |                      |
| (A) Capital reserve  |                      |                      |
| Opening balance  | 206,250              | 206,250              |
| Add: Additions during the year (give details)  |                      |                      |
| Less: Utilised / transferred during the year (give details)  |                      |                      |
| Closing balance  | 206,250              | 206,250              |
| (B) Securities premium account   |                      |                      |
| Opening balance  | 633,084,932          | 633,084,932          |
| Add : Premium on shares issued during the year   |                      |                      |
| Less : Utilised during the year for:   |                      |                      |
| Closing balance  | 633,084,932          | 633,084,932          |
| (C) General reserve  |                      |                      |
| Opening balance  | 65,864,252           | 65,864,252           |
| Add: Transferred from surplus in Statement of Profit and Loss  |                      |                      |
| Less: Utilised / transferred during the year for:  |                      |                      |
| Closing balance  | 65,864,252           | 65,864,252           |
| (D) Surplus / (Deficit) in Statement of Profit and Loss  |                      |                      |
| Opening balance  | (969,396,503)        | (783,836,242)        |
| Add: Profit / (Loss) for the year  | (121,204,134)        | (185,560,261)        |
| Amounts transferred from:  |                      |                      |
| Less: Amount Transferred to  |                      |                      |
| Closing balance  | (1,090,600,637)      | (969,396,503)        |
| <b>Total</b>   | <b>(391,445,212)</b> | <b>(270,241,068)</b> |

## NOTES ON ACCOUNTS

|  | As at 31-Mar-15    | As at 31-Mar-14    |
|--|--------------------|--------------------|
|  | ₹                  | ₹                  |
| <b>3 LONG-TERM BORROWINGS</b>  |                    |                    |
| <b>Term loans</b>  |                    |                    |
| <b>From banks</b>  |                    |                    |
| Secured  |                    |                    |
| Canara Bank Building Term Loan   | 250,806,819        | 360,806,819        |
| <b>Total</b>   | <b>250,806,819</b> | <b>360,806,819</b> |
| (Canara Bank term loan are secured by exclusive charge over the building, machinery, +)                      |                    |                    |
| <b>4 SHORT-TERM BORROWINGS</b>   |                    |                    |
| <b>Loans repayable on demand</b>   |                    |                    |
| <b>From banks</b>  |                    |                    |
| Secured  | -                  | -                  |
| Unsecured from others  |                    |                    |
| Glencore-Loan  | 65,000,000         | -                  |
| Chemoil AMS Loan Account   | 106,573,915        | 55,000,000         |
| Chemoil Advanced Management Services Pvt Ltd   | 1,306,484          | 8,306,484          |
| Chemoil Information Services Pvt Ltd   | 21,500,000         | 21,500,000         |
| Chemoil International Pte Ltd  | 28,528,883         | 3,426,775          |
| Chemoil Europe B.V   | 24,026,853         | 22053147.49        |
| <b>Total</b>   | <b>246,936,135</b> | <b>110,286,406</b> |
| <b>5 TRADE PAYABLES</b>  | 402,285,907        | 391,829,426        |
| <b>6 OTHER CURRENT LIABILITIES</b>   |                    |                    |
| Term Loan Instalments due within one year  | 92,500,000         | 62,500,000         |
| Term Loan Instalments overdue for payment  | 18,750,000         | 10,625,000         |
| Interest accrued but not due on borrowings   | -                  | 6,363,989          |
| Interest accrued and due on borrowings   | 15,930,209         | 12,277,228         |
| Income received in advance (Unearned revenue)  | -                  | -                  |
| Unpaid dividends*  | 215,161            | 215,161            |
| Rent Deposits  | 25,227,174         | 23,723,880         |
| Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax, etc.) |                    |                    |
| TDS Payable  | 789                | 36,801             |
| CST & VAT  | -                  | 9,153              |
| Aspire communications P Ltd Payable  | -                  | 24,851,514         |
| Other expenses Payable   | 46,805,661         | 32,342,041         |
| <b>Total</b>   | <b>199,428,993</b> | <b>172,944,767</b> |
| *Of the above ₹ 51163/- was due for Investor Protection and education fund 29/08/2014.                       |                    |                    |
| Company transferred the amount on 04/05/2015 and filed necessary forms.                                      |                    |                    |
| <b>7 SHORT-TERM PROVISIONS</b>   |                    |                    |
| Gratuity Provision   | 117,740            | -                  |
| <b>Total</b>   | <b>117,740</b>     | <b>-</b>           |

## NOTES ON ACCOUNTS

### Tangible Assets

Note 8

| Description               | Gross Block        |           |                         | Depreciation / Amortisation |                    |                   | Net Block  |                         |                    |                    |                    |
|---------------------------|--------------------|-----------|-------------------------|-----------------------------|--------------------|-------------------|--|-------------------------|--------------------|--------------------|--------------------|
|                           | as at<br>31-Mar-14 | Additions | Deletions /<br>Transfer | as at<br>31-Mar-15          | Upto<br>31-Mar-14  | For the<br>year   | Prior period<br>depreciation<br>due to change<br>in Dep policy | Deletions /<br>Transfer | Upto<br>31-Mar-15  | as at<br>31-Mar-15 | as at<br>31-Mar-14 |
| <b>TANGIBLE</b>           |                    |           |                         |                             |                    |                   |  |                         |                    |                    |                    |
| Land & Buildings          | 556,546,398        | -         | -                       | 556,546,398                 | 121,356,294        | 22,688,796        | -  | -                       | 144,045,090        | 412,501,307        | 435,190,102        |
| Plant and machinery       | 48,348,505         | -         | -                       | 48,348,505                  | 48,348,505         | -                 | -  | -                       | 48,348,505         | -                  | -                  |
| Office equipment          | 694,201            | -         | -                       | 694,201                     | 431,525            | 194,191           | 47,533   | -                       | 673,249            | 20,953             | 262,676            |
| Furniture and fittings    | 135,110,455        | -         | -                       | 135,110,455                 | 120,582,625        | 2,361,653         | 4,973,496  | -                       | 127,917,773        | 7,192,681          | 14,527,830         |
| Electrical Fittings       | 7,856,199          | -         | -                       | 7,856,199                   | 7,856,199          | -                 | -  | -                       | 7,856,199          | (0)                | (0)                |
| Fixture & Fittings        | -                  | -         | -                       | -                           | -                  | -                 | -  | -                       | -                  | -                  | -                  |
| Computers and accessories | 111,222,626        | -         | -                       | 111,222,626                 | 111,082,897        | 139,730           | -  | -                       | 111,222,626        | -                  | 139,729            |
| Vehicles                  | 870,634            | -         | 870,634                 | -                           | 641,069            | 40,788            | -  | 681,857                 | -                  | (0)                | 229,565            |
| <b>(A)</b>                | <b>860,649,018</b> | <b>0</b>  | <b>870,634</b>          | <b>859,778,384</b>          | <b>410,299,114</b> | <b>25,425,157</b> | <b>5,021,028</b>   | <b>681,857</b>          | <b>440,063,442</b> | <b>419,714,941</b> | <b>450,349,901</b> |

**Note :** Sale proceeds of assets ₹ 184,485  
 Building Depreciation is charged assuming a remaining life period of 25 years from the date of valuation on 17/01/2013.  
 Additional depreciation charged due to this change during the 2013-14 is ₹ 137,38,189/-

## NOTES ON ACCOUNTS

|   | As at 31-Mar-15    | As at 31-Mar-14    |
|---|--------------------|--------------------|
|   | ₹                  | ₹                  |
| <b>9 NON CURRENT INVESTMENTS (AT COST)</b>  |                    |                    |
| <b>Investment in Unquoted Equity Shares</b>   |                    |                    |
| <b>In Subsidiaries</b>  |                    |                    |
| CSWL Inc.U.S.A.(Wholly Owned).  | 307,202,843        | 307,202,843        |
| 9,662,800 ( PY 6,162,800 ) equity shares of \$1 each fully paid up  |                    |                    |
| Aspire Communications, Mysore, India  | 31,137,969         | 31,137,969         |
| 2,000,000 equity shares of Rs 10/- each fully paid up   |                    |                    |
| <b>Other non-current investments</b>  |                    |                    |
| Trust money in California Software Employees' Welfare Trust   | 17,500             | 17,500             |
| <b>Total</b>  | <b>338,358,312</b> | <b>338,358,312</b> |
| <b>Note.</b> Both CSWL Inc and Aspire Communications P Ltd have discontinued operations fully.<br>CSWL Inc has initiated Liquidation proceedings. |                    |                    |
| <b>10 DEFERRED INCOME TAX ASSET</b>   |                    |                    |
| Carry Forward Loss  | -                  | -                  |
| Depreciation  | -                  | -                  |
| <b>Total</b>  | <b>-</b>           | <b>-</b>           |
| <b>11 LONG-TERM LOANS AND ADVANCES</b>  |                    |                    |
| <b>Security deposits</b>  |                    |                    |
| Secured, considered good  |                    |                    |
| Unsecured, considered good  | 2,393,075          | 1,668,625          |
| Doubtful  |                    |                    |
| Less: Provision for doubtful deposits   | -                  | -                  |
|   | <b>2,393,075</b>   | <b>1,668,625</b>   |
| Loans and advances to related parties   |                    |                    |
| Secured, considered good  |                    |                    |
| Unsecured, considered good  | -                  | 3,405,110          |
| Doubtful  |                    |                    |
| Less: Provision for doubtful loans and advances   | -                  | -                  |
|   | <b>-</b>           | <b>3,405,110</b>   |
| "Advance income tax # (net of provisions ₹<br>Unsecured, considered good)"  | 53,597,978         | 51,077,517         |
| <b>Total</b>  | <b>53,597,978</b>  | <b>51,077,517</b>  |
|   | <b>53,597,978</b>  | <b>51,077,517</b>  |
| <b>A. Details of Loans &amp; Advances to Related Parties</b>  |                    |                    |
| Inatech Infosolutions P Ltd   | -                  | 3,405,110          |

## NOTES ON ACCOUNTS

|   | As at 31-Mar-15  | As at 31-Mar-14   |
|---|------------------|-------------------|
|   | ₹                | ₹                 |
| <b>12 CURRENT INVESTMENTS (AT COST)</b>   |                  |                   |
| Investment in Unquoted Equity Shares  | -                | -                 |
|   | -                | -                 |
| <b>13 TRADE RECEIVABLES</b>   |                  |                   |
| Trade receivables outstanding for a period exceeding six months from the date they were due for payment #               |                  |                   |
| Unsecured Considered Good   | -                | -                 |
| Considered Doubtful   | -                | -                 |
|   | -                | -                 |
| Less: Provision for doubtful debts  | -                | -                 |
| <b>Sub Total</b>  | -                | -                 |
| <b>Other Trade receivables</b>  |                  |                   |
| Unsecured, considered good  | -                | 2,011,205         |
| Doubtful  | -                | -                 |
|   | -                | 2,011,205         |
| Less: Provision for doubtful trade receivables  | -                | -                 |
| <b>Sub Total</b>  | -                | 2,011,205         |
| <b>Grand Total</b>  | -                | 2,011,205         |
| <b>A. Details of Trade receivables from Related Parties</b>   |                  |                   |
| Aspire Communication P Ltd.   | -                | -                 |
| Inatech Solutions Limited   | -                | -                 |
| Inatech Solutions Egypt S.A.E   | -                | -                 |
| Inatech InfoSolutions P Ltd, UK   | -                | -                 |
| Chemoil Corporation   | -                | -                 |
| Chemoil Advanced Management Services Private Limited  | -                | -                 |
| <b>Total</b>  | -                | -                 |
| <b>14 CASH AND CASH EQUIVALENTS</b>   |                  |                   |
| (a) Cash on hand  | 3,297            | 61,886            |
| (b) Cheques, drafts on hand   | -                | -                 |
| (c) Balances with banks   | -                | -                 |
| (i) In current accounts   | 2,739,486        | 3,277,314         |
| (ii) In EEFC accounts & Foreign banks   | 9,513            | 8,530,721         |
| (iii) In deposit accounts (Refer Note (i) below)  | -                | -                 |
| (iv) In earmarked accounts  |                  |                   |
| - Unpaid dividend accounts  | 211,508          | 211,508           |
| Balances held as margin money or security against borrowings, guarantees and other commitments other earmarked accounts | 0                | 1,480,298         |
| <b>Total</b>  | <b>2,963,804</b> | <b>13,561,727</b> |

## NOTES ON ACCOUNTS

|  | As at 31-Mar-15   | As at 31-Mar-14   |
|--|-------------------|-------------------|
|  | ₹                 | ₹                 |
| <b>15 SHORT-TERM LOANS AND ADVANCES</b>  |                   |                   |
| Loans and advances to employees  |                   |                   |
| Secured, considered good   |                   |                   |
| Unsecured, considered good   | 40,000            | -                 |
| Doubtful   |                   |                   |
| Less: Provision for doubtful loans and advances  |                   |                   |
| Prepaid expenses - Unsecured, considered good (For e.g. Insurance premium, Annual maintenance contracts, etc.) | 60,627            | 46,525            |
| Balances with government authorities   |                   |                   |
| Unsecured, considered good   |                   |                   |
| (i) CENVAT credit receivable   |                   |                   |
| (ii) VAT credit receivable   | -                 | 306,718           |
| (iii) Service Tax credit receivable  | -                 | 901,247           |
| <b>Total</b>   | <b>100,627</b>    | <b>1,254,490</b>  |
| <b>16 OTHER CURRENT ASSETS</b>   |                   |                   |
| <b>Accruals</b>  |                   |                   |
| (i) Interest accrued on deposits   | -                 | -                 |
| (ii) Interest accrued on investments   |                   |                   |
| (iii) Interest accrued on trade receivables  |                   |                   |
| <b>Others</b>  |                   |                   |
| (i) Insurance claims   |                   |                   |
| (ii) Other Receivables   | 0                 | 0                 |
| (iii) Dividend Receivable  |                   |                   |
| (iv) Others (specify nature)   |                   |                   |
| Rent Receivable  | 55,695,442        | 49,707,130        |
| Less Provisions  | 41,043,738        | 22,117,617        |
|  | 14,651,704        | 27,589,513        |
| <b>Total</b>   | <b>14,651,704</b> | <b>27,589,513</b> |
| <b>17 REVENUE FROM OPERATIONS</b>  |                   |                   |
| Sale of products   | -                 | 16,451,116        |
| Sale of services   | -                 | 29,905,437        |
| Other operating revenues   |                   |                   |
| <b>Total</b>   | <b>-</b>          | <b>46,356,553</b> |
| <b>18 OTHER INCOME</b>   |                   |                   |
| Other non-operating income comprises:  |                   |                   |
| Rental income  | 30,497,921        | 23,618,741        |
| Interest On FD   | 85,984            | 1,826,887         |
| Miscellaneous income   | 5,701,614         | 197,630           |
| <b>Total</b>   | <b>36,285,520</b> | <b>25,643,258</b> |
| <b>19 Employee benefits expense</b>  |                   |                   |
| Salaries & Allowances  | 1,042,749         | 28,701,516        |
| Contribution to Provident and other funds  | 50,488            | 2,460,687         |
| Staff Welfare Expenses   | 31,349            | 236,635           |
| Gratuity Provision   | 117,740           |                   |
| <b>Total</b>   | <b>1,242,326</b>  | <b>31,398,838</b> |

## NOTES ON ACCOUNTS

|  | As at 31-Mar-15     | As at 31-Mar-14    |
|--|---------------------|--------------------|
|  | ₹                   | ₹                  |
| <b>20 OPERATION AND OTHER EXPENSES</b>   |                     |                    |
| Purchase of Software Licenses  |                     | 14,828,623         |
| Project Expenses - Bought outs   | -                   | 31,158,474         |
| Electricity Charges  | 112,452             | 1,604,944          |
| Rent   | -                   | 5,861,125          |
| Rates & taxes  | 922,234             | 908,604            |
| Insurance  | 348,494             | 1,168,276          |
| Repairs & Maintenance - Buildings  | 805,769             | 4,148,416          |
| Repairs & Maintenance - Plant and Machinery  | 1,143,940           | 1,310,688          |
| Communication Expenses   | 324,223             | 1,045,277          |
| Travelling Expenses  | 1,052,474           | 4,530,776          |
| Data Circuit Expenses  | -                   | 782                |
| Audit fee  | 1,399,720           | 1,169,720          |
| Other Audit expenses   | 295,280             | 593,260            |
| Penalty, Fine etc  | 2,370,937           | -                  |
| Legal ,Professional and Secretarial Expenses   | 4,036,894           | 10,044,092         |
| Exchange difference (Net)  | 21,037,681          | 50,571,703         |
| Provision for doubtful debts & advances net of write off   | -                   | (22,705,294)       |
| Bad debts written off  | 876,565             |                    |
| Other Expenses   | 115,924             | 173,127            |
| Loss on sale of assets   | 4,292               | -                  |
| TDS exces paid   | 414,594             | -                  |
| Commission   | -                   | 1,537,995          |
| Provision for rent receivable  | 18,926,121          | -                  |
| Bank Charges   | 150,017             | 318,213            |
| Office Expenses (dubai)  | 315,198             | 2,671,539          |
| Excess service credit write off  | 936,436             | -                  |
| <b>Total</b>   | <b>55,589,244</b>   | <b>110,940,341</b> |
| <b>21 FINANCE COSTS</b>  |                     |                    |
| Interest on Term Loan  | 67,237,382          | 84,989,902         |
| Interest on Working Capital Loan   | -                   | 3,642,403          |
| Interest on Income Tax   | -                   | -                  |
| Interest on HP- Loan   | -                   | -                  |
| Interest Others  | 22,893,193          | 7,630,265          |
| <b>Total</b>   | <b>90,130,575</b>   | <b>96,262,570</b>  |
| <b>22 EXCEPTIONAL ITEMS</b>  |                     |                    |
| Prior period Expense   | 5,427,202           | -                  |
| (Profit )/ Loss on Sale of Investment  | 0                   | (50,019,646)       |
| Restatement of payables  | (25,345,879)        | -                  |
| Prior period depreciation due to change in Dep policy  | 5,021,028           | -                  |
| Fixed Asset Impirement   | 0                   | 44,539,816         |
| <b>Total</b>   | <b>(14,897,649)</b> | <b>(5,479,830)</b> |
| <b>23 CAPITAL COMMITMENTS</b>  |                     |                    |
| Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances) | -                   | -                  |



## NOTES ON ACCOUNTS

|  | As at 31-Mar-15   | As at 31-Mar-13   |                |
|--|-------------------|-------------------|----------------|
|  | ₹                 | ₹                 |                |
| <b>24 CONTINGENT LIABILITIES</b>   |                   |                   |                |
| 24.1 Guarantees given on behalf of other companies   | Nil               | NIL               |                |
| 24.2 Claims against the company not acknowledged as debt in respect of certain tax matters which are subjudice   |                   |                   |                |
| a) Income Tax ( net of deposit)  | 59,220,145        | 59,220,145        |                |
| b) Sales Tax / VAT   | 0                 | 648,228           |                |
| c) Service Tax   | 3,552,977         | 3,552,977         |                |
|  | <b>31.03.2015</b> | <b>31.03.2014</b> |                |
|  | ₹                 | ₹                 |                |
| <b>25 OTHER FINANCIAL INFORMATION</b>  |                   |                   |                |
| 25.1 Outstanding Bank Guarantees   | 0                 | 1,480,298         |                |
| 25.2 Reimbursement of travel expenses to Directors   | 0                 | 0                 |                |
| 25.3 Sitting fees paid / payable to Directors  | 0                 | 50,000            |                |
| <b>26 GOING CONCERN</b>  |                   |                   |                |
| <p>Company has accumulated losses and its net worth has been fully eroded, the company has incurred a net loss during the current and previous year(s) and, the company's current liabilities exceeded its current assets as at the balance sheet date. Company is not pursuing its main object of software development and is generating only income from letting out premises owned by it, also the subsidiaries also has stopped their operations. The above factors indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern.</p>   |                   |                   |                |
| <b>27 DISCONTINUING OPERATIONS</b>   |                   |                   |                |
| <p>Though there exists material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern, items falling under the fixed asset category, i.e., building and attached furniture and fixtures, which is used for letting out and the company is deriving the rental income, Company is not accounting the Fixed assets, other than building, at Net realisable value as required by Accounting Standard 24, Discontinuing Operations and disclosure of other matters is not made.</p>   |                   |                   |                |
| <b>28 BASIS FOR PREPARATION</b>  |                   |                   |                |
| <p>Financial statements have been prepared under the historical cost convention and comply with accounting standards in all material respects.</p>   |                   |                   |                |
| <b>29 IMPAIRMENT OF ASSETS</b>   |                   |                   |                |
| a) Impairment of Investment  |                   |                   |                |
| <p>No impairment of Investment was considered during the year 2014-15 as the management felt that Investments have been sufficiently impaired in the previous years as given below.</p>  |                   |                   |                |
| <b>Years</b>   | <b>2013-14</b>    | <b>2012-13</b>    | <b>2011-12</b> |
| Aspire Communications Ltd  | NIL               | NIL               | 37,266,697     |
| CSWL Inc   | NIL               | 105,923,963       | NIL            |
| <p>Both these companies and their subsidiaries have stopped all their activities CSWL Inc has started liquidation proceedings</p>  |                   |                   |                |
| b) Impairment of Fixed Assets  |                   |                   |                |
| <p>As per estimation of management no impairment of Fixed Assets was considered during the year 2014-15, since impairment losses on Fixed Assets were provided and recognized in the previous years. However, depreciation rates have been changed to amortise the depreciable value over the useful life as set out in Schedule II of Companies Act, 2013, equally, as the holding company is expected to use the same for letting out, which will be in tune with Schedule II of Companies Act 2013. Depreciation is charged on building based on the estimated remaining life period of 25 years from the date of valuation on 17-01-2013 by the approved valuer. Useful life of various assets is as given below estimating a residual value of 1% on original cost at the end of useful life.</p> |                   |                   |                |
| item   | Useful life       |                   |                |
| Furniture & Fittings   | 10 years          |                   |                |
| Office Equipment   | 5 Years           |                   |                |
| <p>Total additional depreciation charged to the profit and loss Account is ₹ 5,864,486/-.</p>  |                   |                   |                |

**NOTES ON ACCOUNTS**

|  | 31.03.2015   | 31.03.2014         |
|--|--|--------------------|
|  | ₹  | ₹                  |
| <b>30 TRADE RECEIVABLES &amp; PAYABLES</b>   |  |                    |
| Since the company has fully stopped its principle business being Software Development and its sales and service and company have no trade receivables during the year. Trade payables of ₹ 402,285,907/-represents net payables to its wholly owned overseas subsidiary CSWL Inc.  |  |                    |
| Payables to Aspire Communications P Ltd and Aspire Peripherals P Ltd, wholly owned subsidiary of the company amounting to ₹ 25,345,879/- has been written back to Profit and loss account as Exceptional item as these companies have stopped all it activities.   |  |                    |
| During the previous year 2013-14 the company reassessed its Trade receivables and payables accumulated over the years and restated them on a realistic basis. On the basis of above, net write off of bad Debts, other receivables, old Deposits and payables were written off for ₹ 26,910,239/- against the existing provision. Excess Provision of ₹ 22,705,294/- was written back to profit and Loss Account.  |  |                    |
| <b>31 UNSECURED LOAN FROM ASSOCIATE COMPANIES</b>  |  |                    |
| Company has taken unsecured loans as given below form various companies from its parent Group as given below:  |  |                    |
| Sl. No.  | Name of the Company                                  |                    |
| 1.   | Chemoil Advanced Management Services Private Limited | 106,573,915        |
| 2.   | Chemoil Advanced Management Services Private Limited | 1,306,484          |
| 3.   | Chemoil Information Services Private Limited         | 21,500,000         |
| 4.   | Chemoil International Pte Ltd                        | 28,528,883         |
| 5.   | Chemoil Europe B.V                                   | 24,026,853         |
| 6.   | Glencore India Private Limited                       | 65,000,000         |
|  |  | 55,000,000         |
|  |  | 8,306,484          |
|  |  | 21,500,000         |
|  |  | 3,426,775          |
|  |  | 22,053,147         |
|  |  | -                  |
| <b>Total</b>   |  | <b>246,936,135</b> |
|  |  | <b>110,286,406</b> |
| <b>32 RENT RECEIVABLE AND PROVISION</b>  |  |                    |
| Rent receivable is amounting to ₹ 55,695,442/- (PY 49,707,130/- /-) against which a provision of ₹ 41,043,738/- being receivables outstanding for more than 270 days has been made.  |  |                    |
| <b>33 TRANSFER PRICING</b>   |  |                    |
| The study of international transactions entered into by the Company with its overseas associates regarding the extent of compliance to the transfer pricing regulations of the Income Tax Act, 1961 is yet to be completed and the impact, if any, arising out of such study has not been recognized in these accounts pending completion of the study.  |  |                    |
| <b>34 QUANTITATIVE DETAILS</b>   |  |                    |
| Not applicable since the Company is engaged the business of letting out of Business premises; quantitative details etc., as required under the Companies Act, 1956 are not furnished   |  |                    |
| <b>35 AUDITORS' REMUNERATION</b>   |  |                    |
| Payments to Auditors comprise the following:   |  |                    |
| Statutory Audit  | 500,000  | 500,000            |
| Tax Audit  | 150,000  | 150,000            |
| Limited Review and Consolidation   | 950,000  | 950,000            |
| Internal Audit fee, Certification & other expenses   | 95,000   | 162,980            |
| <b>Total</b>   | <b>1,695,000</b>                                     | <b>1,762,980</b>   |
| <b>36 VALUE OF IMPORTS ON CIF BASIS</b>  |  |                    |
| Capital Goods  | Nil  | Nil                |
| <b>37 FOREIGN CURRENCY TRANSACTION</b>   |  |                    |
| Foreign currency transactions including expenses incurred on Trading / Non Trading Overseas offices and revenue accounts of onsite offices are accounted at the exchange rates ruling on the date of transaction. At the year end all monetary assets and liabilities denominated in foreign currency other than investments are restated at the closing exchange rates. Exchange differences arising out of actual payments / realisations and from the year end restatement referred to above are reckoned in the profit and loss account. |  |                    |

## NOTES ON ACCOUNTS

|   | 31.03.2015       | 31.03.2014         |
|---|------------------|--------------------|
|   | ₹                | ₹                  |
| <b>38 EXPENDITURE IN FOREIGN CURRENCY</b>       |                  |                    |
| Travelling Expenses                             | 713,670          | 4,771,674          |
| Salaries and Allowances                         | -                | 30,091,154         |
| License Fees                                    | 3,528,506        | 15,274,886         |
| Commission                                      | 1,735,380        | 1,398,681          |
| Rent  | -                | 3,950,536          |
| Other Expenses                                  | 847,462          | 65,238,216         |
| <b>Total</b>                                    | <b>6,966,012</b> | <b>120,725,147</b> |
| <b>39 EARNINGS IN FOREIGN CURRENCY</b>          |                  |                    |
| Sales   | Nil              | 40,098,692         |
| Other Income                                    | 5,648,615        | Nil                |
| <b>40 DIVIDEND REMITTED IN FOREIGN CURRENCY</b> |                  |                    |
| Number of Non resident shareholders             | Nil              | Nil                |
| Dividend remitted during the year ₹             | Nil              | Nil                |
| Number of shares                                | Nil              | Nil                |

**41 SEGMENT REPORTING**

**41.1** The company has stopped entirely its principal activity of providing software development and its sales and services and hence current year there is no segment wise reporting. Previously the Company's operations predominantly related to providing development of software to customers globally operating in various industry segments. Accordingly, software product and development revenues along industry classes comprise the primary basis of segmental information set out in these financial statements. The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Revenue and expenses have been identified to segments on the basis of the above primary segment information viz industry segments. Revenue and expenses, which relate to the enterprise as a whole and are not allocable to the segments on a reasonable basis, have been included under unallocable corporate income/ expenses.

The Industry segments of the Company consist of: Technology Solutions (TS), Enterprise Solutions (ES) and Infrastructure Management Services (IMS). However since the sale of its OPD division company is having Enterprise solution only.

In ₹

**41.2 Primary Segment**

| Particulars   | TS           | ES                           | IMS          | Unallocated                   | Total                          |
|---|--------------|------------------------------|--------------|-------------------------------|--------------------------------|
| 1. Segment Revenue  | Nil<br>(Nil) | Nil<br>(46,356,553)          | Nil<br>(Nil) | Nil<br>(Nil)                  | Nil<br>(46,356,553)            |
| Less: Inter Segment Revenue   | Nil<br>(Nil) | Nil<br>(Nil)                 | Nil<br>(Nil) | Nil<br>(Nil)                  | Nil<br>(Nil)                   |
| Net Sales / Income from Operations                                    | Nil<br>(Nil) | Nil<br>(46,356,553)          | Nil<br>(Nil) | Nil<br>(Nil)                  | Nil<br>(46,356,553)            |
| 2. Segment Results  | Nil<br>(Nil) | Nil<br>(95,982,626)          | Nil<br>(Nil) | Nil<br>(Nil)                  | Nil<br>(95,982,626)            |
| Less: 1. Interest & Finance Charges                                   | Nil<br>(Nil) | Nil<br>(Nil)                 | Nil<br>(Nil) | 90,130,575<br>(96,262,570)    | 90,130,575<br>(96,262,570)     |
| 2. Other Unallocable Expenditure,<br>Net of Un-allocable Income       | Nil<br>(Nil) | Nil<br>(Nil)                 | Nil<br>(Nil) | (45,971,208)<br>(1,205,105)   | (45,971,208)<br>(1,205,105)    |
| Profit / (Loss) before exceptional<br>and extraordinary items and Tax | Nil<br>(Nil) | (95,982,626)<br>(52,578,532) | Nil<br>(Nil) | (136,101,783)<br>(23,462,133) | (136,101,783)<br>(191,040,091) |

Figures in brackets relate to the year ended March 2014

## NOTES ON ACCOUNTS

|  | As at 31-Mar-15  | As at 31-Mar-14   |
|--|--|-------------------|
|  | ₹  | ₹                 |
| <b>41.3 Secondary Segment Information</b>  |  |                   |
| Secondary segmental reporting is performed on the basis of geographical locations of customers. Revenue from external customers based on the location of customers is as below.  |  |                   |
| USA  |  |                   |
| Europe   |  |                   |
| India and other countries  |  | 46,356,553        |
| <b>Total</b>   | <b>Nil</b>   | <b>46,356,553</b> |
| <b>42 DISCLOSURE UNDER AS 15 REVISED ON EMPLOYEE BENEFITS</b>  |  |                   |
| The Company has only one employee for whom PF is being provided as per rules. Gratuity of ₹117,740/- is provided on the basis of Actuarial Valuation. Based on company's policy no provision is being made for leave encashment. |  |                   |
| <b>43 RELATED PARTY DISCLOSURE</b>   |  |                   |
| <b>43.1 Names of related parties and description of relationship</b>   |  |                   |
| <b>a) List of related parties where control Exists</b>   |  |                   |
| <b>Companies Having Substantial Interest</b>   | Kemoil Limited, Hong Kong  |                   |
| <b>Subsidiaries</b>  | California Software Laboratories Inc., USA (CSWL)<br>Aspire Communications Private Limited, Mysore   |                   |
| <b>Subsidiary of California Software Laboratories Inc.</b>   | Healthnet International Inc., USA<br>Aspiresoft Corporation, USA   |                   |
| <b>Subsidiary of Aspire Communications Private Limited</b>   | Aspire Peripherals P Ltd, Mysore   |                   |
| <b>Subsidiary of Healthnet International Inc</b>   | International Innovations Inc., USA  |                   |
| <b>b) Key management personnel</b>   | Mr.Bhavesh Rameshlal Chauhan   |                   |
| <b>c) Other Group Companies</b>  |  |                   |
| <b>Fellow Subsidiaries of Kemoil Limited</b>   | Chemoil International Pte. Ltd., Singapore<br>Chemoil Energy Limited - Singapore<br>Chemoil Europe B.V., The Netherlands   |                   |
| <b>Subsidiaries of the abovementioned fellow subsidiaries</b>  | Chemoil Advanced Management Services Pvt. Ltd., India<br>Chemoli Information Services Pvt Ltd<br>Inatech InfoSolutions Private Limited, Bangalore<br>Inatech Solutions Ltd, UK<br>Inatech Solutions Egypt, SAE<br>Inatech ME<br>Inatech Solutions Europe Ltd<br>Glencore India Private Limited |                   |

|  | 2014-15  | 2013-14       |
|--|--|---------------|
|  | ₹  | ₹             |
| <b>43.2</b>                                      | The above information regarding related parties have been determined to the extent such parties have been identified on the basis of information available with the Company. |               |
| <b>RELATED PART TRANSACTIONS</b>                 |  |               |
| <b>With subsidiaries</b>                         |  |               |
| 1. CSWL Inc                                      |  |               |
| Reimbursement of expenses met by Calsoft         | 1,161,805  | 2,065,232     |
| Trade payables Balance (net)                     | 402,285,907  | 389,315,180   |
| Impairment of Investment                         | -  | -             |
| Investment ( balance)                            | 307,202,843  | 307,202,843   |
| 2. Aspire Communications P Ltd                   |  |               |
| Other Current Liabilities (net)                  | -  | 24,851,514    |
| Write off Other Current Liabilities              | 24,851,514   |               |
| Expenses payable                                 | -  | 494,364       |
| Write off Expenses payable                       | 494,364  |               |
| Investment                                       | 31,137,969   | 31,137,969    |
| <b>With other group Companies</b>                |  |               |
| 1. Inatech Info Solutions P Ltd                  |  |               |
| Sale of Services                                 | -  | 32,229,199    |
| Trade payables                                   | -  | 3,102,110     |
| Write off payables as part of Sale consideration | -  | 58,790,172    |
| Investment Balance                               | -  | -             |
| 2. Inatech Solutions UK                          |  |               |
| Payables   | -  | 2,514,246     |
| Payable Write off                                | -  | 3,170,729     |
| 3. Inatech ME                                    |  |               |
| Loans & Advances                                 | -  | 3,405,110     |
| 4. Chemoil Advanced management Services P Ltd    |  |               |
| Reimbursement of expenses ( electricity Charges) | 2,33,188   | 2,489,357     |
| Interest On loan                                 | 8,918,758  | 6,187,499     |
| Unsecured Loans                                  | 107,880,399  | 63,306,484    |
| Other Payables                                   | 28,074,012   | 17,090,365    |
| Write off  | -  | 10,33,562     |
| 5. Chemoil Europe BV                             |  |               |
| Unsecured Loans                                  | 24,026,853   | 22,053,147    |
| 6. Chemoil Energy Ltd                            |  |               |
| Payables   | 2,412,223  | 2,134,920     |
| 7. Chemoil International Pte Ltd                 |  |               |
| Unsecured Loans                                  | 28,528,883   | 3,426,775     |
| 8. Chemoil Information Services P Ltd            |  |               |
| Unsecured Loans                                  | 21,500,000   | 21,500,000    |
| Other Payables                                   | 2,712,325  | -             |
| 9. Chemoil Aviation Write off                    | -  | 964,029       |
| 10. Inatech Solutions, Egypt Write off           | -  | 325,748       |
| 11. Glencore India Private Limited               |  |               |
| Unsecured Loans                                  | 65,000,000   | -             |
| Other Payables                                   | 8,615,738  | -             |
| <b>44 EARNINGS PER SHARE</b>                     |  |               |
| Weighted average - No. of shares                 | 12,365,006   | 12,365,006    |
| Profit after Tax - ₹                             | (121,204,134)  | (185,560,261) |
| Basic Earnings per Share - ₹                     | (9.80)   | (15.01)       |

**NOTES ON ACCOUNTS**

**45** As at March 31, 2015 there is no interest payable to Micro and Small Enterprises as defined under the Micro Small and Medium Enterprises Development Act, 2006. This information and that disclosed under schedule 11 have been determined to the extent such parties have been identified on the basis of information available with the Company

**46** Except in respect of the following there are no statutory dues of Customs Duty, Excise Duty, Cess, Wealth Tax and Income Tax, which have not been deposited on account of a dispute

| S.No. | Name of the Statute  | Nature of the dues               | Amount ₹    | Forum where dispute is pending         |
|-------|----------------------|----------------------------------|-------------|--|
| 1.    | Income Tax Act, 1961 | Income Tax ( A.yr 1997-98)       | 11,27,394   | Assessing Officer                      |
| 2.    | Income Tax Act, 1961 | Income Tax ( A.yr 2000-01)       | 22,84,617   | Assessing Officer                      |
| 3.    | Income Tax Act, 1961 | Income Tax ( A.yr 2001-02)       | 15,24,090   | Madras High Court                      |
| 4.    | Income Tax Act, 1961 | Income Tax ( A.yr 2002-03)       | 33,56,300   | Madras High Court                      |
| 5.    | Income Tax Act, 1961 | Income Tax ( A.yr 2003-04)       | 12,42,460   | Madras High Court                      |
| 6.    | Income Tax Act, 1961 | Income Tax ( A.yr 2004-05)       | 56,76,083   | Commissioner Appeals                   |
| 7.    | Income Tax Act, 1961 | Income Tax ( A.yr 2005-06)       | 10,10,258   | Commissioner Appeals                   |
| 8.    | Income Tax Act, 1961 | Income Tax ( A.yr 2006-07)       | 22,10,000   | Commissioner Appeals                   |
| 9.    | Income Tax Act, 1961 | Income Tax & TDS ( A.yr 2007-08) | 12,704,349  | Tribunal                               |
| 10.   | Income Tax Act, 1961 | Income Tax ( A.yr 2008-09)       | 4,966,000   |  |
| 11.   | Income Tax Act, 1961 | Income Tax ( A.yr 2011-12)       | 48,187      |  |
| 12.   | Income Tax Act, 1961 | Income Tax ( A.yr 2009-10)       | 7,386,310   | Commissioner of IT                     |
| 13.   | Income Tax Act, 1961 | Income tax 2010-11               | 15,684,097  | Transfer Pricing                       |
|       |                      | Total IT demand                  | 592,20,145  |  |
|       | Service Tax          | Service Tax                      | 35,52,977 * | Joint Commissioner/ Commissioner of ST |

• Based on order dated 27/06/2014 of Joint commissioner of Service tax, Chennai . Company has filed appeal against this order.

**47. REGROUPING AND REARRANGING OF FIGURES**

The previous year figures have been regrouped, rearranged/ amended wherever necessary to conform to the current year's classification.

## STANDALONE STATEMENT OF CASH FLOW FOR THE YEAR ENDED

|   | March 31, 2015 |                     | March 31, 2014 |                      |
|---|----------------|---------------------|----------------|----------------------|
|   | ₹              | ₹                   | ₹              | ₹                    |
| <b>A. Cash Flow from Operating Activities</b>                   |                |                     |                |                      |
| <b>Profit before Tax</b>  |                | (121,204,134)       |                | (185,560,261)        |
| Adjustment for :  |                |                     |                |                      |
| Depreciation and Fixed Asset Impairment                         | 30,446,186     |                     | 24,438,152     |                      |
| Investment Impairment   | -              |                     | -              |                      |
| Loss on Sale of Assets  | 4,292          |                     |                |                      |
| <b>Profit on Sale of BTA, Settlement</b>                        | -              |                     | (30,712,584)   |                      |
| Profit on Sale of Investments                                   | -              |                     | (5,479,830)    |                      |
| <b>Interest Income</b>  | (85,984)       |                     | (1,826,887)    |                      |
| <b>Interest Expense</b>   | 90,130,575     |                     | 96,262,570     |                      |
|   |                | <b>120,495,069</b>  |                | <b>113,394,006</b>   |
| <b>Operating profit before working capital changes</b>          |                | (709,065)           |                | (72,166,255)         |
| Inventories   | -              |                     | -              |                      |
| Sundry Debtors  | 2,011,205      |                     | 157,792,774    |                      |
| Loans and Advances  | 14,251,871     |                     | 5,819,396      |                      |
| Current Liabilities   | 37,058,444     | 53,321,520          | (47,686,916)   | 115,925,254          |
|   |                | <b>52,612,454</b>   |                | <b>43,758,999</b>    |
| <b>Cash Generated from Operating Activities</b>                 |                | <b>52,612,454</b>   |                | <b>43,758,999</b>    |
| Taxes Paid  |                |                     |                |                      |
| <b>Net Cash from Operating Activities</b>                       |                | <b>52,612,454</b>   |                | <b>43,758,999</b>    |
| <b>B. Cash flow from Investing Activities</b>                   |                |                     |                |                      |
| <b>Purchase of Investments</b>                                  |                |                     |                |                      |
| Purchase of Fixed Assets  |                | -                   |                | (1,439,852)          |
| Profit on settlement of liabilities                             |                | -                   |                | -                    |
| Sale proceeds of Fixed Assets                                   |                | 184,485             |                | -                    |
| Sale proceeds of Investments                                    |                | -                   |                | 67,018,631           |
| Interest Received   |                | 85,984              |                | 1,826,887            |
| <b>Net Cash from Investing Activities</b>                       |                | <b>270,469</b>      |                | <b>67,405,666</b>    |
| <b>C. Cash flow from Financing Activities</b>                   |                |                     |                |                      |
| Long term loan received   |                |                     |                |                      |
| Long term loan repaid   |                | (110,000,000)       |                | (71,849,181)         |
| Net Increase in packing credit                                  |                | -                   |                | (69,500,000)         |
| Unsecured Loan from Group Companies                             |                | 136,649,728         |                | 55,286,406           |
| Proceeds from Issue of Share Capital                            |                |                     |                |                      |
| Share Premium received  |                |                     |                |                      |
| Interest paid   |                | (90,130,575)        |                | (96,262,570)         |
| Dividend paid   |                |                     |                |                      |
| Dividend Tax paid   |                |                     |                |                      |
| <b>Net Cash from Financing Activities</b>                       |                | <b>(63,480,847)</b> |                | <b>(182,325,345)</b> |
| Net Increase / (decrease) in Cash and Cash Equivalents ( A+B+C) |                | (10,597,923)        |                | (71,160,680)         |
| Cash and cash equivalents at the beginning of the year          |                | 13,561,727          |                | 84,722,407           |
|   |                | -                   |                | -                    |
| Cash and cash equivalents at the end of the year                |                | 2,963,804           |                | 13,561,727           |

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

For and on behalf of  
TOMY & FRANCIS  
Chartered Accountants

K.J. TOMY, B.Sc., FCA  
Partner  
Membership No. 22768

Chennai  
29<sup>th</sup> May, 2015





# CALIFORNIA SOFTWARE COMPANY LIMITED

CIN : L72300TN1992PLC022135

Regd. Office : Robert V Chandran Tower, # 149, Velachery Tambaram Main Road, Pallikaranai, Chennai - 600 100.  
Phone : 044-4282 9000, Email: investor@calsoftgroup.com

## ATTENDANCE SLIP 23<sup>rd</sup> ANNUAL GENERAL MEETING

(To be handed over at the entrance of the Meeting Hall)

I/We hereby record my/our presence at the 23<sup>rd</sup> Annual General Meeting of the Company to be held at # 8th Floor, Robert V Chandran Tower, # 149, Velachery Tambaram Main Road, Pallikaranai, Chennai-600 100 at 10.00 a.m. on Wednesday, August 19, 2015.

|  |   |  |  |
|--|---|--|--|
| .....<br>Name of the Shareholder<br>(in Block Letters) | .....<br>Regd. Folio No.<br>(Physical)/I.D. No. (Demat) | .....<br>Name of the Proxy<br>(in Block Letters) | .....<br>Signature of te Shareholder(s)/<br>or Proxy present |
|--|---|--|--|

### ELECTRONIC VOTING PARTICULARS

| EVEN (e-Voting Event Manager) | User ID | Password / Pin |
|-------------------------------|---------|----------------|
|                               |         |                |

Please complete and sign this attendance slip and handover at the entrance of the meeting hall. Only Shareholder(s) or / their proxy with this attendance slip will be allowed entry to the meeting. Duplicate slips will not be issued at the entrance.



(TEAR HERE)

# CALIFORNIA SOFTWARE COMPANY LIMITED

CIN : L72300TN1992PLC022135

Regd. Office : Robert V Chandran Tower, # 149, Velachery Tambaram Main Road,  
Pallikaranai, Chennai - 600 100.

Phone : 044-4282 9000, Email: investor@calsoftgroup.com

## 23<sup>rd</sup> ANNUAL GENERAL MEETING

### PROXY FORM (Form No. MGT-11)

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

Name of the member(s): \_\_\_\_\_ Registered Address: \_\_\_\_\_

E-mail ID: \_\_\_\_\_ Folio No. / Client ID and DP ID: \_\_\_\_\_

1. Name: ..... 2. Name: ..... 3. Name: .....

Address: ..... Address: ..... Address: .....

E-mail Id: ..... E-mail Id: ..... E-mail Id: .....

Signature: ..... or failing him/her Signature: ..... or failing him/her Signature: ..... or failing him/her

I/We ..... residing at .....

..... being a shareholder(s) of CALIFORNIA SOFTWARE COMPANY LIMITED hereby

appoint..... of ..... of failing him/her

.....of.....as my/our Proxy to attend and vote for

me/us on my/our behalf at the 23<sup>rd</sup> Annual General Meeting of the Company to be held at # 08th Floor, Robert V Chandran Tower, # 149,

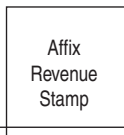
Velachery Tambaram Main Road, Pallikaranai, Chennai-600 100 at 10.00 a.m. on Wednesday, August 19, 2015 and at any adjournment

thereof in respect of such resolutions as are indicated below:

| Resolution No. | Resolutions   |
|----------------|---|
| 1.             | To receive, consider and adopt the Balance Sheet as at March 31, 2015 and the ProfOt and Loss Account for the year ended on that date and the report of the Directors and Auditors thereon. |
| 2.             | To appoint a Director in place of Mr. Fredrick Ivor Bendle, who retires by rotation and being eligible, offer himself for re-appointment.   |
| 3.             | To re-appoint M/s. Tomy & Franics, Chartered Accountants as Statutory Auditors.   |
| 4.             | To appoint Ms. Vijayapriya as Non Executive Non-Independent Woman Director.   |

Signed at ..... this ..... day of .....2015

- Note :** a) The form should be signed across the stamp as per specimen signature registered with the Company.  
b) The Proxy Form duly completed must be deposited at the office of the Share Transfer Agents of the Company not less than 48 hours before the time fixed for holding the aforesaid meeting.  
c) The proxy need not be a shareholder of the Company.



**To**

*If undelivered please return to :*

**California Software Co. Ltd.**

Registered Office & Corporate Office

Robert V Chandran Tower

No. 149, Velachery Tambaram Main Road,

Pallikaranai, Chennai - 600 100

Tel. : +91-44-42829000

Fax : +91-44-42829012

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

