



# INNOVATION SOFTWARE EXPORTS LIMITED

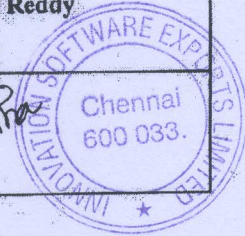


ANNUAL REPORT  
(2015-2016)

**FORM A**

*(Pursuant to Clause 31(a) of the Listing Agreement)*

1.	Name of the Company	Innovation Software Exports Limited
2.	Annual Financial Statements for the year ended	31 <sup>st</sup> March 2016
3.	Type of Audit Observation	✓ Un-qualified / Matter of emphasis
4.	Frequency of observation	Not applicable
5.	To be signed by	
	• CEO/Managing Director	<i>[Signature]</i>
	• CFO	<i>V. Arjun</i>
	• Auditor of the Company	For RAMRAJ & Co., Chartered Accountants (FRNo.002839S) <i>[Signature]</i> A. Amarnatha Reddy Partner M No. 213102
	• Audit Committee Chairman	<i>[Signature]</i>



# INNOVATION SOFTWARE EXPORTS LIMITED

(CIN L74999TN1992PLC023734)

Regd Off: Second Floor, No.3, Swaminathan Street, West Mambalam, Chennai – 600033.

Website: www.innovationsoft.in Tel: +91 44 2471 2274, email: kbcchennai@gmail.com

## Twenty Fourth Annual Report

<p><b>Board of Directors</b></p> <p>N. Aravind Director</p> <p>A.Anitha Director</p> <p>T Rajendran Director</p> <p><b>Registered Office</b> Second Floor, No.3, Swaminathan Street, West Mambalam, Chennai – 600033.</p> <p><b>Auditors</b> M/s Ramraj &amp; Co., Chartered Accountants, No.23/31, 3<sup>rd</sup> Cross Street, Lakshmi Nagar IV Stage, Nanganallur, Chennai-600061.</p>	<p><b>Registrars &amp; Share Transfer Agents</b></p> <p>System Support Services Gala No209, Shivai Ind.Estate Near Logitech Park 89, Andheri Kurla Road, Sakinaka, Andheri East Mumbai – 400 072.</p> <p><b>Equity Shares Listed At</b></p> <p>The Bombay Stock Exchange Ltd. Madras Stock Exchange Ltd.</p> <p><b>Committees</b></p> <p><b>Nomination and remuneration Committee</b> A. Anitha, Chairman N. Aravind, Member T. Rajendran, Member</p> <p><b>Stakeholders' Relationship Committee</b> N.Aravind, Chairman T. Rajendran, Member A.Anitha, Member</p> <p><b>Audit Committee</b> A.Anitha, Chairman N.Aravind, Member T. Rajendran, Member</p>
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## NOTICE

NOTICE is hereby given that the 24<sup>th</sup> Annual General Meeting of the Shareholders of the Company will be held on 09.30 A.M. on Friday, 30<sup>th</sup> September 2016 at Second Floor, No.3, Swaminathan Street, West Mambalam, Chennai, TN – 600033.

### **ORDINARY BUSINESS**

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31<sup>st</sup> March 2016, the statement of Profit & Loss and other financial statements of the Company for the year ended as on that date together with the reports of Directors' and Auditors' thereon.
2. To appoint a Director in place of Mrs. A.Anitha (DIN 02040505), who retires by rotation, and being eligible, offers herself for re-appointment.
3. Ratification of Appointment of Auditors.

To consider and if thought fit, to pass, with or without modification, the following Resolution as an Ordinary Resolution:

"RESOLVED THAT, pursuant to Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013, and the Companies (Audit and Auditors) Rules, 2014 and pursuant to the resolution passed by the members at the AGM held on 30.09.2015, the appointment of M/s. Ramraj & Co., (FRN: 002839S), Chartered Accountants, Chennai, as the Statutory Auditors of the Company to hold office till the conclusion of the AGM to be held in the calendar year 2018 be and is hereby ratified and that the Board of Directors be and is hereby authorized to fix the remuneration payable to them for the financial year 2016-2017 in consultation with the auditors."

Place:Chennai  
Date: 02.09.2016

By order of Board  
For Innovation Software Exports Limited  
Sd/-  
(Nanjappan Aravind)  
Director  
(DIN 01895602)

**Notes:**

- 1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy / proxies to attend and vote instead of him / herself and the proxy need not be a member of the company.**  
The instrument appointing the proxy, in order to be effective must be received at the registered office of the company not less than 48 hours before the meeting.
- 2. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, 24<sup>th</sup> September, 2016 to Friday, 30<sup>th</sup> September, 2016 (both days inclusive).**
- 3. For the convenience of members, an attendance slip is annexed to the Proxy form. Members are requested to fill in and append their signature(s) at the space provided thereof and hand over the attendance slip at the entrance of the place of the meeting. Proxy/ representative of a member should mark on the attendance slip as 'Proxy' or 'Representative' as the case may be. Members are also requested not to bring with them any person, who is not a Member / Proxy.**
- 4. Members are requested to notify immediately changes in their address, if any, quoting their Client ID No./ Folio No., Number of Shares held, etc. to the Company's Shares Transfer Agents, M/s System Support Services, Gala No.209, Shivai Ind. Estate, Near Logitech Park, 89, Andheri Kurla Road, Sakinaka, Andheri East, Mumbai – 400 072. Tele: 022-28500835 (5 Lines), Fax: 022-28501438, email: [sysss72@yahoo.com](mailto:syss72@yahoo.com).**
- 5. All enquiries and correspondence regarding Transfer of Shares, Dematerialization, etc. should be addressed to Registrar and Share Transfer Agents of the Company M/s System Support Services, Gala No.209, Shivai Ind. Estate, Near Logitech Park, 89, Andheri Kurla Road, Sakinaka, Andheri East, Mumbai – 400 072. Tele: 022-28500835 (5 Lines), Fax: 022-28501438, email: [sysss72@yahoo.com](mailto:syss72@yahoo.com).**
- 6. Pursuant to Section 107 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014, voting will be by show of hands only, on all the agenda items at the Meeting unless a poll is demanded.**
- 7. Information pursuant to clause 49 of the listing agreement in respect of proposed appointment/re-appointment of Directors.**

Name	Mrs. A.Anitha (DIN 02040505)
Age	50 years
Qualifications	Commerce Graduate
Other Directorships (Name of the Company)	1. Crazy Infotech Limited 2. Aanjaay Software Limited
Committee Memberships, if any, with position	Member and Chairperson in Audit Committee and member in Stakeholders relationship Committee and Nomination & Remuneration Committee
Date of Appointment	18.08.2008
Number of shares held in the Company	Nil

3. E-Voting facility to the members.

A. Information and other instructions relating to e-voting are as under:

1. In compliance with Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014, as substituted by the Companies (Management and Administration) Amendment Rules, 2015 and Clause 35B of the Listing Agreement, the Company is pleased to provide to its members facility to exercise their right to vote on resolutions proposed to be considered at the Annual General Meeting by electronic means and the business may be transacted through e-voting services arranged by National Securities Depository Limited ("NSDL"). The members may cast their votes using an electronic voting system from a place other than the venue of the Annual General Meeting ("remote e-voting"). In order to enable the Members, who do not have the access to e-voting facility, to send their assent or dissent in writing in respect of the resolutions as set out in this Notice, the Company is enclosing a Ballot Form with the Notice. Instructions for Ballot Form are given at the back of the said form and instructions for e-voting are given herein below.
2. The facility for voting through ballot or polling paper shall be made available at the Annual General Meeting and the members attending the meeting who have not cast their vote by remote e-voting or by Ballot Form shall be able to exercise their right at the meeting.
3. The Members who have cast their vote by remote e-voting or by Ballot Form prior to the Annual General Meeting may also attend the meeting but shall not be entitled to cast their vote again.

B. The process and manner for remote e-voting are as under:

1. In case a Member receives an e-mail from NSDL (for Members whose e-mail addresses are registered with the Company/Depositories):
  - I. Open the e-mail and also open PDF file namely "Innovation e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initial password.
  - II. Open the internet browser and type the following URL: <https://www.evoting.nsdl.com>.
  - III. Click on Shareholder – Login.
  - IV. If you are already registered with NSDL for remote e-voting, then you can use your existing user ID and password/PIN for casting your vote.
  - V. If you are logging-in for the first time, please enter the user ID and password provided in the PDF file attached with the e-mail as initial password. Click Login.
  - VI. The Password Change Menu will appear on your screen. Change the password/PIN with new password of your choice, making sure that it contains a minimum of eight digits or characters or a combination of both. Please take utmost care to keep your password confidential.

- VII. Once the remote e-voting home page opens, click on remote e-voting > Active e-Voting Cycles.
  - VIII. Select "REVEN" (Remote E-Voting Event Number) of Innovation Software Exports Limited. Now you are ready for remote 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 the vote on the resolution is cast, the Member shall not be allowed to change it subsequently.
2. In case a Member receives physical copy of the Notice of Annual General Meeting (for Members whose e-mail addresses are not registered with the Company/ Depositories or requesting physical copy):
- Initial password is provided in the enclosed Ballot Form. REVEN (remote e-voting number), user ID and password.
  - Please follow all steps from Sl. No. (ii) to Sl. No. (xi) as above in (1), to cast your vote.
3. Other Conditions:
- In case of any queries, you may refer the Frequently Asked Questions (FAQs) for members and remote e-voting user manual for members, available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990.
  - The remote e-voting period commences on Tuesday, 27<sup>th</sup> September, 2016 (9.00 a.m. IST) and ends on Thursday, 29<sup>th</sup> September, 2016 (5.00 p.m. IST). During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of Friday, 23<sup>rd</sup> September, 2016, may cast their vote by remote e-voting. The remote 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 subsequently.
  - You can also update your mobile number and e-mail address in the user profile details of the folio which may be used for sending future communication(s).
  - The voting rights of Members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of Friday, 23<sup>rd</sup> September, 2016 and as per the Register of Members of the Company.
  - Any person, who acquires shares of the Company and become member of the Company after dispatch of the Notice of Annual General Meeting and holding shares as of the cut-off date, i.e., 23<sup>rd</sup> September, 2016, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in). However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).



- A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cutoff date only shall be entitled to avail the facility of remote e-voting, voting through Ballot Form, as well as voting at the Annual General Meeting through Ballot Form/polling paper.
- Mr. A.Kumar Reddy, Practicing Company Secretary (Membership No. 7162), Chennai has been appointed as the Scrutinizer to scrutinize the remote e-voting process (including the Ballot Form received from the Members who do not have access to the remote e-voting process) in a fair and transparent manner.
- Members who do not have access to remote e-voting facility may send duly completed Ballot Form (enclosed with the Annual Report) so as to reach the Scrutinizer appointed by the Board of Directors of the Company, at No.127/ 143, Room No.9, First Floor, Nelson Manickam Road, Mehta Nagar, Chennai – 600029 in the enclosed postage pre-paid self-addressed envelope, not later than 29<sup>th</sup>, September, 2016 (5.00 p.m. IST). Ballot Forms deposited in person or sent by post or courier at the expense of the Member will also be accepted. Members have the option to request for physical copy of the Ballot Form by sending an e-mail to kbcchennai@gmail.com by mentioning their Folio/DP ID and Client ID No. However, the duly completed Ballot Form should reach the Scrutinizer not later than Thursday, 29<sup>th</sup> September, 2016 (5.00 p.m. IST). Ballot Form received after this date will be treated as invalid.
- A Member can opt for only one mode of voting i.e., either through remote e- voting or by Ballot Form. If a Member casts votes by both modes, then voting done through remote e-voting shall prevail and Ballot Form shall be treated as invalid.
- At the Annual General Meeting, at the end of the discussion on each of the resolutions on which voting is to be held, the Chairman shall with the assistance of the Scrutinizer order voting for all those members who are present but have not cast their vote electronically using the remote e-voting facility or Ballot Form.
- The Scrutinizer shall immediately after the conclusion of voting at the Annual General Meeting, first count the votes at the Annual General Meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and make not later than 3 days of conclusion of the meeting, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing who shall countersign the same.
- The Chairman or a person authorized by him in writing shall declare the result of voting forthwith.
- The results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.innovationsoft.in](http://www.innovationsoft.in) and on the website of NSDL [www.evoting.nsdl.com](http://www.evoting.nsdl.com) immediately after the result declared by the Chairman or any other person authorized by the Chairman and the same shall be communicated to BSE Limited, where the shares of the Company are listed.

## REPORT OF THE DIRECTORS AND MANAGEMENT DISCUSSION & ANALYSIS

To the Members,

Your Directors hereby present the Twenty Fourth Annual Report of your Company with the Audited Accounts for the period ended 31st March, 2016.

### Financial Results

(In Rs.)

Particulars	Year ended 31.03.2016	Year ended 31.03.2015
Total Revenue from operations & other Income	-	-
Total Expenses	73,16,980	8,13,165
Profit/(Loss) before exceptional and extraordinary items and tax	(73,16,980)	(8,13,165)
Exceptional Items	-	-
Profit/(Loss) before extraordinary items and tax	(73,16,980)	(8,13,165)
Extraordinary Items	-	-
Profit/(Loss) before tax	(73,16,980)	(8,13,165)
Tax expenses-Current	-	2,500
Deferred tax	14,376	24,917
Profit/(Loss) from the period from continuing operations	(73,31,356)	(8,40,582)

### 2. Operations

The Company has not generated any revenue from operations for the current year. The Net Loss for the year under review amounted to (Rs.73,31,356/-) in the current year as compared to (Rs.8,40,582/-) in the previous year.

### 3. Dividend

Due to loss in the Financial Year 2015-16, your directors do not recommend any Dividend.

### 4. Transfer to reserves

The Company has not transferred any amount to reserves.

### 5. Issue of Shares

During the period under review, your Company has not issued any shares.

### 6. Internal Control and adequacy

The Internal control systems are commensurate to the size of the operation of the Company. Whenever it is required, the systems and procedures are upgraded to suit the changing business needs.

### 7. Auditors

At the Annual General Meeting held on 30.09.2015, M/s. Ramraj & Co (FRN: 00289S), Chartered Accountants, Chennai, were appointed as statutory auditors of the Company to hold office till the conclusion of the Annual General Meeting to be held in the calendar year 2018. In terms of the first proviso to Section 139 of the Companies Act, 2013, the appointment of the auditors shall be

placed for ratification by the shareholders at every AGM. In this regard, the Company has received a certificate from the auditors to the effect that if they are appointed, it would be in accordance with the provisions of Section 141 of the Companies Act, 2013.

## **8. Secretarial Auditors:**

Section 204 of the Companies Act, 2013 inter-alia requires every listed company to annex with its Board's report, a Secretarial Audit Report given by a Company Secretary in practice, in the prescribed form.

The Board of Directors of the Company has appointed Mr. A.Kumar Reddy, Practicing Company Secretary (Membership No. 7162), Chennai as Secretarial Auditor to conduct Secretarial Audit of the Company for Financial Year 2015-16 and his report is annexed to this Board report (Annexure 1).

## **9. The year in Review**

Your Company's performance during the financial year under report was not satisfactory. Your company is confident of achieving much better results in the coming years.

## **10. Future Outlook**

### **i) Current Business Operations**

- a) Sale of Computer Hardware, Peripherals and Annual Maintenance.
- b) Mini ERP Software Development, Networking Solutions.
- c) IT Education and Training from basics to advanced courses.

### **ii) Proposed additional operations**

- a) IT and IT Enabled Services.
- b) Infrastructure Management and Solutions Services
- c) Exhibitions and Innovations as a separate division.
- d) IT Education and Training at grass root level.
- e) Engineering Services, Technology offerings, Domain Services etc.,
- f) BPO and Call Center Education and Training.
- g) Development of portals and website.

## **11. Deposits**

The Company has not accepted or renewed any amount falling within the purview of provisions of Section 73 of the Companies Act 2013 ("the Act") read with the Companies (Acceptance of Deposit) Rules, 2014 during the year under review. Hence, the details relating to deposits as also requirement for furnishing of details of deposits which are not in compliance with Chapter V of the Act is not applicable.

## **12. Directors**

In accordance with provisions of the Companies Act, 2013 and the Company's Articles of Association, Mrs. A.Anitha (DIN 02040505) retires at the ensuing Annual General Meeting of the Company and being eligible offer herself for re-appointment.

### **13. Corporate Social Responsibility**

The Company is not required to constitute a Corporate Social Responsibility Committee as it does not fall within purview of Section 135(1) of the Companies Act, 2013 and hence it is not required to formulate policy on corporate social responsibility.

### **14. Conservation of Energy, Technology Absorption and Foreign Exchange Earning & Outgo**

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule, 8 of The Companies (Accounts) Rules, 2014:

(A) Conservation of energy-

- (i) the steps taken or impact on conservation of energy: nil
- (ii) the steps taken by the company for utilizing alternate sources of energy: nil
- (iii) the capital investment on energy conservation equipments: nil

(B) Technology absorption-

- (i) the efforts made towards technology absorption: nil
- (ii) the benefits derived like product improvement, cost reduction, product development or import substitution: nil
- (iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)- : nil
- (iv) the expenditure incurred on Research and Development: nil

**(C) Foreign exchange earnings and Outgo-**

**Income: nil**

**Outgo: nil**

### **15. Material Changes between the date of the Board report and end of financial year**

There have been no material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the Board's report.

### **16. Number of meetings of the Board**

During the year 2015-16, the Board of Directors met Five times viz. on 02<sup>nd</sup> May, 2015, 29<sup>th</sup> May, 2015, 14<sup>th</sup> August, 2015, 13<sup>th</sup> November, 2015 and 12<sup>th</sup> February, 2016.

### **17. Report on Performance of Subsidiaries, Joint Ventures and Associates**

As on March 31, 2016, the Company does not have any subsidiary/ joint venture/ associate Companies.

## **18. Audit Committee**

Our Audit Committee was constituted few years ago. The Committee has adopted a Charter for its functioning. The primary objective of the Committee is to monitor and provide effective supervision of the Management's financial reporting process, to ensure accurate and timely disclosures, with the highest levels of transparency, integrity and quality of financial reporting.

The Committee met four times during the year, the details of which are given in the Corporate Governance Report that forms part of this Annual Report. As of the date of this report, the Committee is comprised of Mr. Rajendran Thangaveluudayar (DIN 02970809), Mrs. Anand Anitha (DIN 02040505) and Mr. Nanjappan Aravind (DIN 01895602).

## **19. Vigil Mechanism**

The Company has in place a whistleblower policy, to support the Code of Business Ethics. The details of the establishment of vigil mechanism forms part of the Corporate Governance report.

## **20. Significant and Material Orders Passed by the Regulators or Courts**

There have been no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations. However, members attention is drawn to the statement on contingent liabilities, commitments in the notes forming part of the Financial Statements.

## **21. Directors Responsibility Statement**

Pursuant to the requirement under section 134(3)(C) of the Companies Act, 2013 with respect to Directors' Responsibility Statement, it is hereby confirmed that:

(i) In the preparation of the annual accounts for the financial year ended 31st March, 2016, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(ii) The directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at March 31, 2016 and of the profit and loss of the company for that period;

(iii) The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(iv) The directors had prepared the annual accounts on a going concern basis;

(v) The Directors had laid down "Internal Financial Controls" to be followed by the Company and such Internal Financial Controls are adequate and were operating effectively

(vi) 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.

## **22. Development and Implementation of Risk Management Policy.**

The Company is exposed to inherent uncertainties owing to the sectors in which it operates. A key factor in determining a company's capacity to create sustainable value is the risks that the company is willing to take (at strategic and operational levels) and its ability to manage them effectively. Many risks exist in a company's operating environment and they emerge on a regular basis. The Company's Risk Management processes focuses on ensuring that these risks are identified on a timely basis and addressed.

The Company has a Risk Management Policy with an objective to formalize the process of identification of potential risk and adopt appropriate risk mitigation measures through a risk management structure. The risk policy is a step taken by the Company towards strengthening the existing internal Controls and updating the same as may be required from time to time.

## **23. Declaration by Independent Directors**

The Company has received the necessary declaration from each independent director in accordance with Section 149(7) of the Companies Act, 2013, that he/she meets the criteria of independence as laid out in sub-section (6) of Section 149 of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

## **24. Company's policy on directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under sub-section (3) of section 178;**

In terms of Section 178 of the Companies Act, 2013, rules made there under and the Listing Agreement, entered into by the Company with Stock Exchanges in India, as amended from time to time, the Committee has formulated the policy on appointment and removal of Directors. The Policy has been adopted by the Nomination and Remuneration Committee ("NRC") vide its resolution dated 13 February, 2015 and approved by the Board of Directors vide its resolution dated 13 February, 2015.

## **25. Particulars of loans, guarantees or investments under section 186:**

During the year under review, the Company has not advanced any loans/ given guarantees/ made investments under section 186 of the Companies Act, 2013.

## **26. Extract of the Annual Return:**

The extract of the Annual Return in Form MGT 9 (forming part of Annual Report) as per provisions of Companies Act, 2013 and rules thereto is annexed to this report (Annexure 2).

## **27. Related Party Transactions:**

There have been no materially significant related party transactions between the Company and the Directors, the management, the subsidiaries or the relatives except for those disclosed in the financial statements.

Accordingly, particulars of contracts or arrangements with related parties referred to in Section 188(1) along with the justification for entering into such contract or arrangement in Form AOC-2 does not form part of the report.

## **28. Particulars of Employees**

None of the employee has received remuneration and other details as required under Section 197(12) of the Act, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are annexed to this report (Annexure 3).

## **29. Corporate Governance**

The Company has complied with the requirements of Corporate Governance as stipulated under Clause 49 of the Equity Listing Agreement of Stock Exchange and accordingly, the Report on Corporate Governance forms part of the Annual Report.

The requisite Certificate from Mr. A. Kumar Reddy, Practicing Company Secretary (Membership No.7162) regarding compliance with the conditions of Corporate Governance as stipulated in Clause 49 is annexed to this Report.

## **30. Disclosure under section 67(3) of the Companies act, 2013**

During the year, there were no special resolution passed pursuant to the provisions of Section 67(3) of the Companies Act, 2013 and hence no information as required pursuant to Section 67(3) of the Act read with Rule 16(4) of Companies (Share Capital and Debentures) Rules, 2014 is furnished.

## **31. Revision of Financial Statements and report of the Board of Directors under section 131 (1) of the Companies act, 2013**

During the year, the Company has not made any revision of financial statement or boards report and hence furnishing of information as required pursuant to section 131(1) of the Act does not arise.

## **32. Training imparted to Independent Directors**

The concept of familiarization Programme for Independent Directors in accordance with Clause 49(II)(B)(7) of the Listing Agreement aims to familiarize them with the Company, their roles, rights, responsibilities in the Company, nature of industry in which the company operates, business model of the company etc, through various programmes. The details of such familiarization programmes have to be given in the Annual Report. Innovation Software Exports Limited is committed to adopt a structured programme for orientation and training of Independent Directors at the time of their joining and update the Independent Directors on a continuing basis on any significant changes in its operation, business, industry and environment in which its functions.

## **33. Details of frauds reported by Auditors**

There were no frauds reported by the Statutory Auditor under Section 143(12) of the Companies Act, 2013 read with Companies Amendment Act, 2015.

**34. Directors Comments on Qualifications Reservations:**

Since there are no reservations qualifications or adverse remarks in the Auditors report issued by the Statutory Auditors and Secretarial Audit Report issued by the Company Secretary no explanation is required.

**35. Acknowledgments**

Your Directors acknowledge the gratitude, cooperation and assistance received from the Government, Banks, Investors and all those associated with the Company during the year under review.

For and on behalf of the Board of Directors

Place: Chennai  
Date: 31.08.2016

Sd/-  
Nanjappan Aravind  
Director  
(DIN 01895602)

Sd/-  
Anand Anitha  
Director  
(DIN 02040505)



## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **a. Industry structure and Developments.**

The Indian economy is trying to sustain its growth and its visible improvement creates investor confidence. With the specialization in the computer industry, the company needs to develop, nurture and recruit the workforce of the company so as to suit the standards.

### **b. Opportunities and Threats**

Your Company intends to benefit from this steady growth in the outsourcing opportunities and has taken the necessary initiatives in this direction. Recruitment cum training drive has been initiated and required up gradation in the existing infrastructure is also being taken up. Your Company plans a modest beginning subsequently moving up the value chain thereby increasing the margins.

### **c. Segment- wise or product-wise performance**

Your Company operates only in one segment; hence there are no separate segments to be reported.

### **d. Outlook**

Apart from expanding the facilities to meet the requirements of the existing as well as new customers, your company has also identified various areas which will drive the company's growth plans. Some of the key growth drivers are domain expertise, enhancement of service portfolio to clients, tap new geographies, strengthening marketing teams and inorganic initiatives.

### **e. Risks and concerns**

The main risks causing concern to the IT industry and your company as well are Economic slowdown, ability to attract and retain talent, withdrawal of Tax Benefits, currency Exchange risks, etc.

### **f. Internal control systems and their adequacy**

The Company is trying to develop the internal Control systems suitable to the business which it envisages to start.

### **g. Discussion on financial performance with respect to operational performance**

Company is trying to improve operational performance with respect to increase financial performance to meet the demand & quality.

### **h. Material developments in Human Resources/Industrial Relations front, including number of people employed.**

The Company has identified certain new projects for which it may require adequate human sources. It may find the suitable system for HR and Industrial relations for the proposed business.

## Annexure 1

### **Form No. MR-3 Secretarial Audit Report for the Financial Year Ended 31 March, 2016**

(Pursuant to Section 204 (1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014)

To,  
The Members,  
Innovation Software Exports Limited.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Innovation Software Exports Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon. Based on my verification of the 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, I hereby report that in my opinion, the Company has, during the audit period ended on 31.03.2016, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by Innovation Software Exports Limited for the financial year ended on 31<sup>st</sup> March, 2016 according to the provisions of:

- I. The Companies Act, 2013 (the Act) and the Rules made thereunder;
- II. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
- III. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- IV. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent applicable to the Company :-
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - d) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - e) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
  - f) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

- g) The Company has complied with the requirements under the Equity Listing Agreements entered into with BSE Limited, National Stock Exchange of India Limited; and
- h) The Memorandum and Articles of Association.

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

- a) Secretarial Standards issued by The Institute of Company Secretaries of India.
- b) The Listing Agreements entered into by the Company with the BSE Limited, MSE Limited.

During the period under review and as per the explanations and representations made by the management and subject to clarifications given to me, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, etc., mentioned above subject to the following observations:

- *The Company is short of one Non-Executive Director to comply with the requirement of constitution of Nomination and Remuneration Committee under clause 49 of the listing agreement and section 178 of the Companies Act, 2013. However as per the Circular issued by the SEBI vide Circular No. CIR/CFD/POLICY CELL/7/2014 on September 15, 2014, compliance of the provisions of clause 49 is not mandatory for the Company as the paid up capital of the Company is less than Rs. 10 Crores.*
- *Pursuant to Section 203(1)(ii) of Companies Act, 2013, the Company is required to appoint a Whole time Company Secretary which the company has failed to comply with.*

I further report that, the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non Executive Directors and Independent Directors except with the requirement of nomination and remuneration committee. 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. Decisions at the Board Meetings, as represented by the management, were taken unanimously.

I further report that as represented by the Company and relied upon by me 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.

I further report that during the audit period there are no specific events/ actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines and standards etc.:

Date: 31.08.2016  
Place: Chennai

Sd/-  
A. Kumar Reddy  
Practicing Company Secretary  
M. No.:7162, C.P. No.:7843

**Annexure-2**  
**Form No. MGT-9**

**EXTRACT OF ANNUAL RETURN**  
As on 31<sup>st</sup> March, 2016

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

**I. Registration and other details:**

i.	CIN	L74999TN1992PLC023734
ii.	Registration Date	02/11/1992
iii.	Name of the Company	Innovation Software Exports Limited
iv.	Category/Sub-Category of the Company	Public Company limited by shares Indian Non-Government Company
v.	Address of the Registered office and contact details	Second Floor, No.3, Swaminathan Street, West Mambalam, Chennai – 600033. Ph: 044-24712274 E-mail: kbcchennai@gmail.com
vi.	Whether listed company	Yes
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	M/s System Support Services, Gala No.209, Shivai Ind.Estate, Near Logitech Park, 89, Andheri Kurla Road, Sakinaka, Andheri East, Mumbai – 400 072. Tele: 022-28500835 (5 Lines), Fax: 022-28501438, email: sysss72@yahoo.com.

**II. Principal Business Activities of the Company:**

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sl.No	Name and Description of main products/ services	NIC Code of the Product/ service	% to total turnover of the company
1	Computer software	72211	0%

**III. Particulars of holding, subsidiary and Associate Companies:**

As on date the Company does not have any holding, subsidiary or associate Companies.

**IV. Share holding pattern (Equity Share Capital Breakup as percentage of Total Equity):**

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. Promoter</b>									
<i>1) Indian</i>									
<b>a) Individual/ HUF</b>	-	-	-	-	-	-	-	-	-
<b>b) Central Govt.</b>	-	-	-	-	-	-	-	-	-
<b>c) State Govt(s)</b>	-	-	-	-	-	-	-	-	-
<b>d) Bodies Corp</b>	-	-	-	-	-	-	-	-	-
<b>e) Banks / FI</b>	-	-	-	-	-	-	-	-	-
<b>f) Any Other</b>	-	-	-	-	-	-	-	-	-
Sub-total(A)(1):-	-	-	-	-	-	-	-	-	-
<i>2) Foreign</i>									
<b>g) NRIs- Individuals</b>	-	-	-	-	-	-	-	-	-
<b>h) Other- Individuals</b>	-	-	-	-	-	-	-	-	-
<b>i) Bodies Corp.</b>	-	-	-	-	-	-	-	-	-
<b>j) Banks / FI</b>	-	-	-	-	-	-	-	-	-
<b>k) Any Other....</b>	-	-	-	-	-	-	-	-	-
Sub-total(A)(2):-	-	-	-	-	-	-	-	-	-
<b>B. Public Shareholding</b>									
<i>1. Institutions</i>									
<b>a) Mutual Funds</b>	-	-	-	-	-	-	-	-	-
<b>b) Banks / FI's</b>	-	-	-	-	-	-	-	-	-
<b>c) Central Govt.</b>	-	-	-	-	-	-	-	-	-
<b>d) State Govt(s)</b>	-	-	-	-	-	-	-	-	-
<b>e) Venture Capital Funds</b>	-	-	-	-	-	-	-	-	-
<b>f) Insurance Companies</b>	-	-	-	-	-	-	-	-	-
<b>g) FIs</b>	-	-	-	-	-	-	-	-	-
<b>h) Foreign Venture Capital Funds</b>	-	-	-	-	-	-	-	-	-
<b>i) Others (specify)</b>	-	-	-	-	-	-	-	-	-
Sub-total(B)(1)	-	-	-	-	-	-	-	-	-

2.Non Institutions									
<b>a) Bodies Corp.</b>									
(i) Indian	77711	5600	83311	2.78%	71443	5600	77043	2.57%	(.21%)
(ii) Overseas									
<b>b) Individuals</b>									
(i) Individual shareholders holding nominal share capital up to Rs. 2 lakh	876219	776412	1652631	55.09%	973654	694012	1667666	55.59%	.50%
(ii) Individual shareholders holding nominal share capital in excess of Rs 2 lakh	1223962	19400	1243362	41.45%	1134195	100000	1234195	41.14%	(.31%)
<b>c) Others(Specify (Non resident Indians))</b>									
	17496	3200	20696	.69%	17896	3200	21096	.70%	.01%
Sub-total(B)(2)	2195388	804612	3000000	100%	2197188	802812	3000000	100%	0
TotalPublic Shareholding (B)=(B)(1)+ (B)(2)	2195388	804612	3000000	100%	2197188	802812	3000000	100%	0
C. Shares held by Custodian for GDRs& ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	2195388	804612	3000000	100%	2197188	802812	3000000	100%	0

#### V. Shareholding of Promoters:

No Shares are held by promoters and promoter Group at the beginning and end of the Financial Year.

#### VI. Change in Promoters' Shareholding (please specify, if there is no change):

No Shares are held by promoters and promoter Group at the beginning and end of the Financial Year; hence, change in promoters' shareholding does not arise.

## VII. Shareholding pattern of top ten Shareholders:

Sl. no	Name of the Shareholder	Shareholding at the beginning of the year (1 <sup>st</sup> April 2015)		Cumulative Shareholding during the year (31 <sup>st</sup> March 2016)	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Kirtikumar Laxmishanker Upadhyaya	145800	4.86	145800	4.86
2	Bharat N Oza	140000	4.67	140000	4.67
3	Pratap S Chandan	136953	4.57	136953	4.57
4	Veenaben A Patel	131600	4.39	0	0
5	Alka Kirtikumar Upadhyaya	119000	3.97	44000	1.47
6	Chanakya Bharat Oza	100000	3.33	100000	3.33
7	P Thirumalai Kumar	100000	3.33	100000	3.33
8	M Kasthuri	99100	3.30	0	0
9	Kunti Bharat Oza	69000	2.30	69000	2.30
10	Patel Parbhuram Ganeshdas	28600	0.95	0	0

## VIII. Shareholding of Directors and Key Managerial Personnel:

No Shares are held by Directors and Key Managerial Personnel at the beginning and end of the Financial Year.

## IX. Indebtedness of the Company

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

#### **X. Remuneration of Directors and Key Managerial Personnel:**

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

During the Period the Company has not paid any remuneration to Managing Director, Whole-Time Director and/or Manager.

- Remuneration to other Directors:

During the Period the Company has not paid any remuneration to other Directors.

- Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD:

The Company does not have any Key Managerial Personnel other than Whole-Time Director.

#### **XI. Penalties/punishment/compounding of offences:**

During the financial year the Company has neither paid any penalty nor faced any punishments nor compounded any offences.

**For and on behalf of the Board Of Directors**

Sd/-  
Nanjappan Aravind  
Director  
(DIN 01895602)

Sd/-  
Anand Anitha  
Director  
(DIN 02040505)



### **Annexure 3**

(Information pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014)

#### **1. Ratio of the remuneration of each Director/KMP to the median remuneration of all the employees of the Company for the financial year:**

Not applicable as there was no remuneration paid to Directors during the period.

#### **2. Relationship between average increase in remuneration and company performance:**

No remuneration was paid to Directors during the Financial Year 2015-16.

#### **3. Comparison of the remuneration of the KMP against the performance of the Company:**

No remuneration was paid to KMP during the Financial Year 2015-2016.

#### **4. Variations in the market capitalization of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase or decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer:**

<b>Sl No.</b>	<b>Description</b>	<b>Amount(Rs.)</b>
<b>1</b>	<b>Market Capitalization variation</b>	
	Market Capitalization at 31 <sup>st</sup> March 2016	25,80,000
	Market Capitalization at 31 <sup>st</sup> March 2015	26,70,000
	Variation in Market Capitalization in FY-2014-2015	(90,000)
<b>2</b>	<b>Price-to-Earnings Ratio</b>	
	- PE as at 31 March, 2016 (Mkt Price/EPS)	(0.35)
	- PE as at 31 March, 2015 (Mkt Price/EPS)	(3.18)
	Variation in PE in FY 2015-2016	(2.83)
<b>3</b>	<b>% Increase/Decrease from last Public Offer</b>	
	- FPO price per share (Last made)	NA
	- Market price as at 31 March, 2016	.86
	% decrease from last FPO	NA

#### **5. 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:**

Average percentage of increase in salary of the Company's employees was nil. The total managerial remuneration paid for the Financial Year 2014-15 and 2015-16 was nil.

#### **6. Comparison of the each remuneration of the KMP against the performance of the Company:**

The Company has not paid any remuneration to its KMP.

**7. The key parameters for any variable component of remuneration availed by the directors:**

Remuneration to the EDs involve balance between fixed and variable pay reflecting short and long-term performance objective appropriate to the working of the Company, its goals, for attracting and retaining the best talent.

Remuneration to NEDs involve sitting fees for attending meetings of the Board/Committees and commission based on the attendance and contribution towards governance practices and discharging fiduciary duties.

**8. 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:**

No director is receiving any remuneration from the Company.

**9. Remuneration is as per the remuneration policy of the Company.**

**For and on behalf of the board of directors**

Sd/-  
Nanjappan Aravind  
Director  
(DIN 01895602)

Sd/-  
Anand Anitha  
Director  
(DIN 02040505)

## CORPORATE GOVERNANCE REPORT

The Company submits its reports on the matters mentioned in clause 49 of the Listing Agreement with the stock exchanges as follows.

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

- a. Innovation Software Exports Limited philosophy on corporate Governance envisages the attainment of the highest levels of transparency, accountability and equity, in all facets of its operations, in all its interactions with its stake holders, including share holders, the government and lenders.
- b. Innovation Software Exports Limited is committed to achieve the highest standards of corporate Governance.
- c. Innovation Software Exports Limited believes that all its operations and actions must serve the underlying goal of enhancing overall shareholder value, over a sustained period of time.

### 2. BOARD COMPOSITION AND PARTICULARS OF DIRECTORS:

Composition and category of Directors were as follows:

Category	Name of the Director	DIN
Executive Director	Mr. Rajendran Thangaveluudayar	02970809
Non-Executive Directors	Mr. Nanjappan Aravind Mrs. Anand Anitha	01895602 02040505

Chief Financial Officer (CFO): Mr. V Arumugam

#### Director's Profile

Name	Date of Birth	Qualification	Occupation
Mr. Nanjappan Aravind	30.09.1969	B.E.	Business
Mrs. Anand Anitha	15.02.1966	B.Com.	Business
Mr. Rajendran Thangaveluudayar	10.06.1953	B.Com	Business

**Attendance of each Director at the Board Meetings (held during the year 2015-16), last Annual General Meeting and Number of other Directorship and Chairmanship/Membership of Committee of each Director in various Companies.**

Name of the Director	Attendance Particulars		No. of other directorship and Committee member /chairmanship		
	Board Meeting	Last AGM	Other Directorship	Committee Memberships	Committee Chairmanship
Nanjappan Aravind	5	Yes	2	3	Nil
Anand Anitha	5	Yes	2	3	1
Rajendran Thangaveluudayar	5	Yes	1	3	2

### **No. of Board Meetings held & dates on which held.**

Five Board Meetings were held during the financial year. The details are as under:

<b>Sl. No.</b>	<b>Date</b>	<b>Total Strength</b>	<b>No. of Directors Present</b>
1	02/05/2015	3	3
2	29/05/2015	3	3
3	14/08/2015	3	3
4	13/11/2015	3	3
5	12/02/2016	3	3

### **Familiarization programme for Independent Directors**

The concept of Familiarization Programme for Independent Directors in accordance with Clause 49(II)(B)(7) of the Listing Agreement aims to familiarize them with the Company, their roles, rights, responsibilities in the Company, nature of industry in which the company operates, business model of the company etc, through various programmes. The details of such familiarisation programmes have to be given in the Annual Report. Innovation Software Exports Limited is committed to adopt a structured programme for orientation and training of Independent Directors at the time of their joining and update the Independent Directors on a continuing basis on any significant changes in its operation, business, industry and environment in which its functions.

### **3. AUDIT COMMITTEE**

- a. The audit committee comprises of three Directors viz. Mr. Nanjappan Aravind, Mrs. Anand Anitha and Mr. Rajendran Thangaveluudayar and Mrs. Anand Anitha presides as the Chairperson of the meetings of Audit Committee.
- b. The constitution of Audit Committee also meets with the requirements under Section 177 of the Companies Act, 2013.

### **The terms of reference stipulated by the Board to the Audit Committee are, as contained under Clause 49 of the listing Agreement:**

- a. Oversight of the Company's financial reporting process and the disclosure of its financial information.
- b. Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services.
- c. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- d. Reviewing with management the annual financial statements before submission to the board, focusing primarily on (i) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013 (ii) Changes, if any, in accounting policies and practices and reasons for the same (iii) Major accounting entries involving estimates based on the exercise of judgment by management (iv) Significant adjustments made in the financial statements arising out of audit findings (v) Compliance with listing and other legal requirements relating to financial statements (vi) Disclosure of any related party transactions (vii) Qualifications in the draft audit report.
- e. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;

Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;

- f. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- g. Approval or any subsequent modification of transactions of the company with related parties;
- h. Scrutiny of inter-corporate loans and investments;
- i. Valuation of undertakings or assets of the company, wherever it is necessary;
- j. Evaluation of internal financial controls and risk management systems;
- k. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- l. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- m. Discussion with internal auditors of any significant findings and follow up there on;
- n. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- o. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- p. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- q. To review the functioning of the Whistle Blower mechanism;
- r. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
- s. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee

### Meetings & Attendance during the year

During the year the Audit Committee met four times. Representative of Statutory Auditors were invited to attend the meeting.

Name of Member	No. of Meetings held	No. of Meetings attended
Anand Anitha	4	4
Nanjappan Aravind	4	4
Rajendran Thangaveluudayar	4	4

Four Committee Meetings were held during the financial year. The details are as under:

Sl. No.	Date	Total Strength	No. of Members present
1	02.05.2015	3	3
2	14.08.2015	3	3
3	13.11.2015	3	3
4	12.02.2016	3	3

The Chairman of the Committee was present at the Annual General Meeting to answer the Shareholders queries as per the requirement of Clause 49 of the listing agreement.

#### **4. NOMINATION AND REMUNERATION COMMITTEE**

In terms of Section 178 of the Companies Act, 2013 and the Listing Agreement, the Board re-named the then "Remuneration Committee" as the "Nomination and Remuneration Committee".

The Board has constituted Nomination and Remuneration Committee under the chairmanship of Mr. Rajendran Thangaveluudayar & membership of Mr. Nanjappan Aravind and Mrs. Anand Anitha.

**The terms of reference stipulated by the Board to the Audit Committee are, as contained under Clause 49 of the listing Agreement:**

- a) Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- b) Formulation of criteria for evaluation of Independent Directors and the Board;
- c) Devising a policy on Board diversity;
- d) Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal. The company shall disclose the remuneration policy and the evaluation criteria in its Annual Report.

It has been constituted to recommend & review the remuneration policy of the Company.

#### **Name of the member and attendance of the Meeting**

<b>Name of Member</b>	<b>No. of Meetings held</b>	<b>No. of Meetings attended</b>
Anand Anitha	4	4
Nanjappan Aravind	4	4
Rajendran Thangaveluudayar	4	4

**Four Committee Meetings were held during the financial year. The details are as under:**

<b>Sl. No.</b>	<b>Date</b>	<b>Total Strength</b>	<b>No. of Members present</b>
1	02.05.2015	3	3
2	14.08.2015	3	3
3	13.11.2015	3	3
4	12.02.2016	3	3

#### **Remuneration Policy of the Company**

The philosophy for remuneration of Directors, KMP and all other employees of Innovation Software Exports Limited ("Company") is based on commitment demonstrated by the Directors, KMPs and other employees towards the Company and truly fostering a culture of leadership with trust. The remuneration policy is aligned to this philosophy.

The Chairman of the Committee was present at the Annual General Meeting to answer the Shareholders queries as per the requirement of Clause 49 of the listing agreement.

## 5. STAKEHOLDER RELATIONSHIP COMMITTEE:

In terms of Section 178 of the Companies Act, 2013 and the Listing Agreement, the Board re-named the then "Shareholders Committee" as the "Stakeholders' Relationship Committee".

The Board has constituted "Stakeholders' Relationship Committee under the Chairmanship of Shri. Rajendran Thangaveluudayar and membership of Shri. Nanjappan Aravind & Smt Anand Anitha.

The Committee reviews all matters related with Transfer, Transmission, Dematerialization, and Rematerialization of securities of the Company. It also redresses Investor's/ shareholder's complaints related with non receipt of Share certificates/share warrants, Dividends/ Dividend warrants, Annual Reports, Correction in Share Certificates etc. The Committee oversees the performance of Registrar & Share Transfer Agent and gives necessary suggestions for improving the quality of investor's services.

### Name and designation of the Compliance Officer:

Mrs. Anand Anitha, Director

During the year the Committee met Two times. The details are as under:

Sl. No.	Date	Total Strength	No. of Members present
1	14.08.2015	3	3
2	12.02.2016	3	3

The details of complaints received and resolved during the Financial Year ended 31 March, 2016 are given in the table below.

Number of Complaints Received during 2014-2015	0
Number of Complaints not solved during the year	0
Number of pending Complaints	0

## 6. CODE OF CONDUCT & ETHICS FOR DIRECTORS AND SENIOR MANAGEMENT:

The Board after discussing on the matter of Code of Conduct has framed the code of conduct and ethics for Directors and Senior Management.

The Code has been circulated to all members of the Board and senior management, and compliance of the same has been affirmed by them.

A Declaration signed by the Director is given below:

I (Nanjappan Aravind) do hereby affirm that the Company has received from all members of the Board and Senior Management affirmation that they have complied with the Code in respect of financial year 2015-16.

Place: Chennai  
Date: 31.08.2016

Sd/-  
Nanjappan Aravind  
(Director)  
(DIN 01895602)

## 7. ANNUAL GENERAL MEETINGS:

### Location and time for last 3 Annual General Meetings

Financial year Ended	AGM	Location	Date	Time
31.03.2013	AGM	No.3/5,Alonkar Adharsh, 7th Avenue, Ashok Nagar, Chennai – 600 083	30.09.2013	10.30 AM
31.03.2014	AGM	No.3/5,Alonkar Adharsh, 7th Avenue, Ashok Nagar, Chennai – 600 083	30.09.2014	11.30 A.M
31.03.2015	AGM	Second Floor, No.3, Swaminathan Street, West Mambalam, Chennai. Pin: 600033	30.09.2015	09.30 A.M

- No resolution requiring a postal ballot under Section 110 of the Companies Act, 2013, was placed before the last Annual General Meeting.
- No special resolution requiring a postal ballot is being proposed at the ensuing Annual General Meeting.

## 8. RELATED PARTY TRANSACTION:

The Company has not entered into any transaction with related parties as defined under the Companies Act, 2013 and Clause 49 of the Listing Agreement during the year.

## 9. DETAILS OF NON-COMPLIANCE:

The Company has complied with the requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters relating to capital markets during the last year. There has been no instance of non-compliance with any legal requirements, nor have there been any strictures imposed by any stock exchange or SEBI, on any matters relating to the capital market over the last three years. However the Company is short of one Non-Executive Director to comply with the requirement of constitution of Nomination and Remuneration Committee.

## 10. DETAILS OF COMPLIANCE WITH MANDATORY REQUIREMENTS:

The Company has complied with the mandatory requirements of Clause 49 of the listing agreement, except as stated above.

## 11. ADOPTION OF NON-MANDATORY REQUIREMENTS:

The Company has not adopted any non-mandatory requirements specified under clause 49 of the Listing Agreement.

## 12. WHISTLE BLOWER POLICY:

The Company maintains ethical approach in all its business operations and establishes mechanism of reporting unethical approach in behavioral pattern. All employees of the Company can report violation of Laws, Rules, Regulations, or unethical behavior, actual or suspected fraud to the management. The management officials are bound to maintain confidentiality of such reporting. The employees as well as the management officials seek to ensure the equitable and fair functioning of Whistle Blower Mechanism.



### 13. MEANS OF COMMUNICATION:

- a. The Half-yearly and Quarterly results are published in the Trinity Mirror and Makkal Kural.
- b. All material information about the Company is promptly sent through fax/mail to the concerned stock exchanges wherein the Company's Shares are listed.
- c. Besides, these are all given to press for information of the public at large. Moreover, Company disseminates information through press meets and analyst meets.
- d. Management discussion and analysis has been made a part of the annual report.

### 14. GENERAL SHAREHOLDER INFORMATION:

Si. No.	Particulars	Description
1	24 <sup>th</sup> Annual General Meeting	Date: 30.09.2016, Time: 9.30 A.M. Place: Second Floor, No.3, Swaminathan Street, West Mambalam, Chennai – 600033.
2	Financial Year	April to March
3	Book Closure Date	24 <sup>th</sup> September, 2016 to 30 <sup>th</sup> September, 2016
4	Listed Stock Exchange	The Bombay Stock Exchange Ltd., Mumbai.
5	Registrar & Transfer Agents (Share Transfer and communication regarding share certificates and change of address)	M/S System Support Services, Gala No.209, Shivai Ind.Estate, Near Logitech Park89, Andheri Kurla Road, Sakinaka, Andheri East, Mumbai – 400 072.
6	Share Transfer System	Presently, the share transfers which are received in physical form are processed and the share certificates returned within a period the 15 to 20 days from the date of receipt, subject to the documents being valid and complete in all respects.
7	Dividend payment Date	No dividend declared
8	Stock code	Scrip Name : INSOE Scrip Code : 517433
9	Stock price data	As given below.
10	Address for Correspondence	Second Floor, No.3, Swaminathan Street, West Mambalam, Chennai – 600033.

### Share Transfer System:

Share Certificates received in physical mode for transfer purposes are processed and if certificate is valid and complete in all respects have been registered and New Certificates have been sent within ten days of receiving the same.

The Company has obtained from a Company Secretary in Practice Half yearly Certificate of Compliance regarding share transfers as per the requirement of Clause 47(c) of the Listing Agreement and filed a copy of this certificate to the Stock Exchange.

### Stock Price

Market Price Data: (in Rs.)

Date	Bombay Stock Exchange	
	High (Rs.)	Low (Rs.)
April 2015	0.96	0.96
May 2015	1.10	1.10
June 2015	1.10	1.10
July 2015	0.90	0.90
August 2015	0.75	0.75
September 2015	0.63	0.63
October 2015	0.57	0.57
November 2015	0.57	0.57
December 2015	0.67	0.67
January 2016	0.83	0.83
February 2016	0.82	0.82
March 2016	0.86	0.86

### Shareholding pattern as on 31st March, 2016

	Category	No. of Shares	% of Share Holding
A	PROMOTERS SHAREHOLDING		
1	Promoters		
	-Indian Promoters	-	-
	-Foreign promoters	-	-
2	Persons acting in concert**	-	-
	SUB-TOTAL	0.00	0.00
B	PUBLIC SHAREHOLDING		
3	Institutional investors		
a	Mutual Funds and UTI	-	-
b	Banks, Financial Institutions, Insurance companies(Central/State Government Institutions/Non-Government Institutions)	-	-
c	Foreign Institutional Investors	-	-
4	OTHERS		
a	Private Corporate Bodies	77043	2.57
b	Indian Public	2901861	96.73
c	NRIs/OCBs	21096	0.70
d	Clearing Member		
e	Hindu Undivided Families		
	SUB-TOTAL	30,00,000	100
	GRAND TOTAL	30,00,000	100

### Distribution of Share holding (Size wise) as on 31.03.2016

Shareholding of Nominal Value Rs.	No. of Shareholders	Percentage of Total	No. of Shares held	Percentage of Total
1-500	5902	92.46	916565	30.55
501-1000	249	3.90	208503	6.95
1001-2000	128	2.00	195646	6.52
2001-3000	38	0.59	95578	3.18
3001-4000	8	0.12	28280	0.94
4001-5000	12	0.19	56034	1.87
5001-10000	20	0.31	135858	4.53
10001 and above	26	0.40	1363536	45.45
Total	6383	100.00	30000000	100.00

### Dematerialization of Shares & Liquidity

The Company's shares are available for Dematerialization with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). As on 31st March, 2016 the status of Dematerialization is as under:

Held in dematerialized form in CDSL	527947
Held in dematerialized form in NSDL	1669241
Held in physical form	802812

- **Outstanding ADRs / GDRs / Warrants** - N. A.
- **Plant Locations** – Not Applicable. Innovation Software Exports Limited is a software company having its registered office at Chennai.

### • **Address for Correspondence**

<b>Registered Office :</b> Second Floor, No.3, Swaminathan Street, West Mambalam, Chennai – 600033 Tel: +91 44 2471 2274 Email: kbcchennai@gmail.com	<b>Registrar &amp; Transfer Agent :</b> M/s System Support Services, Gala No.209, Shivai Ind.Estate, Near Logitech Park89, Andheri Kurla Road, Sakinaka, Andheri East, Mumbai – 400 072. Tel: 022-28500835 (5 Lines), Fax: 022-28501438, email: <a href="mailto:sysss72@yahoo.com">sysss72@yahoo.com</a>
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## **CERTIFICATE ON CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT**

To  
The Members  
**Innovation Software Exports Limited**

I have examined the records concerning the Company's compliance of the conditions of Corporate Governance as stipulated in Clause 49 of the Listing agreement entered into by the Company with Stock Exchange, Mumbai (BSE) for the year ended 31<sup>st</sup> March 2016.

The Compliance of conditions of Corporate Governance is the responsibility of the Management. The objective of my examination is to give my opinion on whether the Company has complied with the conditions of Corporate Governance as stipulated in the provisions of clause 49 of the Listing Agreement entered into by the Company with Stock Exchange. My examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the corporate governance. It is neither an audit nor an expression of an opinion on the financial statements of the Company.

I have conducted my examination on the basis of the relevant records and documents maintained by the Company and furnished to me for examination and the information and explanations given to me by the Company. Based on such examination and in my opinion, the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement of Stock Exchange except with the requirements of Nomination and Remuneration Committee.

I state that there are no investor's grievances pending against the Company for the period exceeding one month as at 31<sup>st</sup> March 2016 as per the records maintained by the Shareholders/Investors Grievance Committee.

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

Place: Chennai  
Date: 31.08.2016

Sd/-  
A.Kumar Reddy  
Practicing Company Secretary  
(M. No. 7162, C.P. No.7843 )

## **Independent Auditor's Report**

### **To the Members of Innovation Software Exports Limited**

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of **Innovation Software Exports Limited ("the Company")** which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### **Management's Responsibility for the Financial Statements**

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

#### **Auditor's Responsibility**

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

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made 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, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 March 31, 2016, and its loss and its Cash Flow for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "**Annexure A**" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
  - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c. the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of accounts.
  - d. in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e. On the basis of written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**".

- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given tous:
- 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 were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

Place: Chennai.  
Date: 31<sup>st</sup> August 2016.

**For Ramraj & Co.,**  
Chartered Accountants  
(FRNo.002839S)

Sd/-  
A.Amarnatha Reddy  
Partner  
(M No. 213102)

## **“Annexure A” to the Independent Auditors’ Report**

Referred to in paragraph 1 under the heading ‘Report on Other Legal & Regulatory Requirement’ of our report of even date to the financial statements of the Company for the year ended March 31, 2016:

- 1) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;  
  
(b) The Fixed Assets have been physically verified by the management in a phased manner, designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the company and nature of its business. Pursuant to the program, a portion of the fixed asset has been physically verified by the management during the year and no material discrepancies between the books records and the physical fixed assets have been noticed.  
  
(c) The title deeds of immovable properties are held in the name of the company.
- 2) (a) The Company does not have any inventory and hence, not required to maintain records relating to inventory.
- 3) The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the Register maintained under section 189 of the Act. Accordingly, the provisions of clause 3 (iii) (a) to (C) of the Order are not applicable to the Company and hence not commented upon.
- 4) In our opinion and according to the information and explanations given to us, the company is not required to comply with the provisions of section 185 and 186 of the Companies Act, 2013 In respect of loans, investments, guarantees, and security.
- 5) The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.
- 6) As informed to us, the maintenance of Cost Records as specified by the Central Government under sub-section (1) of Section 148 of the Act, is not applicable to the company.
- 7) (a) According to information and explanations given to us and on the basis of our examination of the books of accounts, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2016 for a period of more than six months from the date on when they become payable.  
  
b) According to the information and explanation given to us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax outstanding on account of any dispute.



- 8) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks. The Company has not taken any loan either from financial institutions or from the government and has not issued any debentures.
- 9) Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company and hence not commented upon.
- 10) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.
- 11) Based upon the audit procedures performed and the information and explanations given by the management, the company has not paid any managerial remuneration to its Directors during the year and hence the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013 are not applicable;
- 12) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 4 (xii) of the Order are not applicable to the Company.
- 13) In our opinion and based on the information and explanations given by the management, the company does not have any related party transactions during the year falling under the provisions of Sections 177 and 188 of Companies Act, 2013 and hence the details as required to be disclosed by the applicable accounting standards are not applicable.
- 14) Based upon the audit procedures performed and the information and explanations given by the management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company and hence not commented upon.
- 15) Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with the directors or persons connected with them. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.
- 16) In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

Place: Chennai.  
Date: 31<sup>st</sup> August 2016.

**For Ramraj & Co.,**  
Chartered Accountants  
(FRNo.002839S)  
Sd/-  
A.Amarnatha Reddy  
Partner  
(M No. 213102)

"Annexure B" to the Independent Auditor's Report of even date on the Standalone Financial Statements of Innovation Software Exports Limited.

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

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

**Management's Responsibility for Internal Financial Controls**

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

**Auditors' Responsibility**

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

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

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

## Meaning of Internal Financial Controls Over Financial Reporting

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

## Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

## Opinion

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

Place: Chennai.  
Date: 31<sup>st</sup> August 2016.

**For Ramraj & Co.,**  
Chartered Accountants  
(FRNo.002839S)

Sd/-  
A.Amarnatha Reddy  
Partner  
(M No. 213102)

Balance Sheet as at 31st March, 2016			
Particulars	Note No	31.03.2016	31.03.2015
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's Funds</b>		<b>27,86,261</b>	<b>9,277,035</b>
(a) Share Capital	1	29,995,124	29,995,124
(b) Reserves and Surplus	2	(27,208,863)	(20,718,089)
(c) Money received against share warrants		-	-
<b>(2) Share application money pending allotment</b>		-	-
<b>(3) Non-Current Liabilities</b>	3	-	-
(a) Long-term borrowings		-	-
(b) Deferred tax liabilities (Net)		-	-
(c) Other Long term liabilities		-	-
(d) Long term provisions		-	-
<b>(4) Current Liabilities</b>	4	<b>28,625</b>	<b>1,353,926</b>
(a) Short-term borrowings		-	-
(b) Trade payables		-	1,323,336
(c) Other current liabilities		28,625	28,090
(d) Short-term provisions		-	2,500
<b>Total</b>		<b>28,14,886</b>	<b>10,630,961</b>
<b>II.Assets</b>			
<b>(1) Non-current assets</b>	5	<b>16,79,793</b>	<b>1,723,570</b>
(a) <i>Fixed assets</i>			
(i) Tangible assets		109,479	167,632
(ii) Intangible assets		-	-
(iii) Capital work-in-progress		-	-
(iv) Intangible assets under development		-	-
(b) Non-current investments		-	-
(c) Deferred tax assets (net)		1,517,314	1,555,938
(d) Long term loans and advances		-	-
(e) Other non-current assets		-	-
<b>(2) Current assets</b>	6	<b>11,35,093</b>	<b>8,907,391</b>
(a) Current investments		-	-
(b) Inventories		-	-
(c) Trade receivables		11,28,093	8,901,187
(d) Cash and cash equivalents		7,000	6,204
(e) Short-term loans and advances		-	-
(f) Other current assets		-	-
<b>Total</b>		<b>28,14,886</b>	<b>10,630,961</b>

Notes on Accounts & Significant accounting policies As per report of even date

**For Innovation Software Exports Ltd.,**

Sd/-  
N.Aravind  
Director

Sd/-  
A.Anitha  
Director

**For Ramraj & Co**

Sd/-  
A.Amarnatha Reddy  
Partner  
M.No.213102

Place: Chennai  
Date: 31<sup>st</sup>August 2016.

Profit and Loss statement for the year ended 31st March, 2016			
Particulars	Note No	31.03.2016	31.03.2015
I. Revenue from operations-Fees Collected		-	-
II. Other Income		-	-
<b>III. Total Revenue</b>	(I + II)	-	-
<b>IV. Expenses:</b>			
Cost of materials consumed		-	-
Purchase of Stock-in-Trade		-	-
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade		-	-
Employee benefit expense		58,07,022	360,000
Financial costs		-	-
Depreciation and amortization expense		58,153	94,525
Other expenses		1451,805	358,640
<b>Total Expenses</b>	7	<b>73,16,980</b>	<b>813,165</b>
V. Profit before exceptional and extraordinary items and tax	(III - IV)	(73,16,980)	(813,165)
VI. Exceptional Items		-	-
VII. Profit before extraordinary items and tax	(V - VI)	(73,16,980)	(813,165)
VIII. Extraordinary Items		-	-
IX. Profit before tax (VII - VIII)		(73,16,980)	(813,165)
X. Tax expense:			
(1) Current tax		-	2,500
(2) Deferred tax		14,376	24,917
XI. Profit(Loss) from the period from continuing operations	(IX-X)	(73,31,356)	(840,582)
XII. Profit/(Loss) from discontinuing operations		-	-
XIII. Tax expense of discounting operations		-	-
XIV. Profit/(Loss) from Discontinuing operations	(XII - XIII)	-	-
XV. Profit/(Loss) for the period	(XI + XIV)	(73,31,356)	(840,582)
XVI. Earning per equity share:			
(1) Basic		(2.44)	(0.28)
(2) Diluted		(2.44)	(0.28)

Notes on Accounts & Significant accounting policies As per report of even date

**For Innovation Software Exports Ltd.,**

Sd/-

N.Aravind

Director

Sd/-

A.Anitha

Director

**For Ramraj & Co**

Sd/-

A.Amarnatha Reddy

Partner

M.No.213102

Place: Chennai

Date: 31<sup>st</sup>August 2016.

<b>NOTES FORMING PART OF THE ACCOUNTS</b>	<b>As at 31.03.2016</b>	<b>As at 31.03.2015</b>
<b>1. Share Capital</b>		
Authorised		
30,00,000 equity shares of Rs. 10 each	<b>30,000,000</b>	<b>30,000,000</b>
Issued and Paid Up		
30,00,000 equity Shares issued and paid up @ Rs.10/- share each	30,000,000	30,000,000
<b>LESS: Calls in Arrears</b>	4,876	4,876
<b>Total</b>	<b>29,995,124</b>	<b>29,995,124</b>
<b>2. Reserves and Surplus</b>		
Profit & Loss Account	(27,208,863)	(20,718,089)
<b>Total</b>	<b>(27,208,863)</b>	<b>(20,718,089)</b>
<b>3. Non-Current Liabilities</b>		
(a) Long-term borrowings	-	-
(b) Deferred tax liabilities (Net)	-	-
(c) Other Long term liabilities	-	-
(d) Long term provisions	-	-
<b>Sub-Total</b>	-	-
<b>4. Current Liabilities</b>		
<b>(a) Short-term borrowings</b>		
<b>Sub-Total</b>	-	-
<b>(b) Trade payables</b>		
Sundry Creditors	-	1,323,336
<b>Sub-Total</b>	<b>1,323,336</b>	<b>1,323,336</b>
<b>(c) Other current liabilities</b>		
Ramraj & Co	28,625	28,090
<b>Sub-Total</b>	<b>28,625</b>	<b>28,090</b>
<b>(d) Short-term provisions</b>		
Income tax Provision	-	2,500
<b>Sub-Total</b>	-	<b>2,500</b>

<b>NOTES FORMING PART OF THE ACCOUNTS</b>	<b>As at 31.03.2016</b>	<b>As at 31.03.2015</b>
<b>5. Non-current assets</b>		
<b>(a) Fixed assets</b>		
(i) Tangible assets	109,479	167,632
(ii) Intangible assets	-	-
(iii) Capital work-in-progress	-	-
(iv) Intangible assets under development	-	-
<b>(b) Non-current investments</b>	-	-
<b>(c) Deferred tax assets (net)</b>	1,570,314	1,555,938
<b>(d) Long term loans and advances &amp; Deposits</b>	-	-
Others	-	-
<b>Sub-Total</b>	-	-
<b>(e) Other non-current assets</b>		
Preliminary Expenses to the extent not written off	-	-
<b>Sub-Total</b>	-	-
<b>Total</b>	<b>1,679,793</b>	<b>1,723,570</b>
<b>6. Current Assets</b>		
<b>(a) Current investments</b>	-	-
<b>(b) Inventories</b>	-	-
<b>(c) Trade receivables</b>	1,128,093	8,901,187
<b>(d) Cash and cash equivalents</b>		
Cash-in-hand	1,870	1,846
Bank Accounts	5,130	4,358
<b>Sub-Total</b>	<b>7,000</b>	<b>6,204</b>
<b>(e) Short-term loans and advances</b>	-	-
<b>(f) Other current assets</b>		
Preliminary Expenses to the extent not written off	-	-
<b>Sub-Total</b>	-	-
<b>Total</b>	<b>8,907,391</b>	<b>8,907,391</b>
<b>7. Expenses</b>		
<b>Employee benefit expenses</b>	5,807,022	360,000
<b>Financial costs</b>	-	-
<b>Depreciation and amortization expenses</b>		
Depreciation	58,153	94,525
Amortization expenses-Pre-incorporation Expenses	-	-
<b>Sub-Total</b>	<b>58,153</b>	<b>94,525</b>
<b>Other expenses</b>		
Salary	1236,840	236,000
Bank Charges	360	240
Professional & Consultancy Charges	25,000	25,000
Audit Fees	28,625	28,090
Miscellaneous Expenses	156,920	56,480
Listing Fees & Registrar Charges	12,500	12,500
Postage & Telegrams	1,560	330
<b>Sub-Total</b>	<b>1,451,805</b>	<b>358,640</b>

Schedule of Depreciation as at 31.03.2016 as per Companies Act, 1956

Particulars	Gross Block				Depreciation			Net Block	
	01.04.15	Addition	Deletion	31.03.2016	1.04.2015	Dep. During the Year	31.03.2016	31.03.2016	31.03.2015
Plant & Machinery	267,450	-	-	267,450	233,404	4,376	238,140	29,310	34,046
Furniture & Fitting	809,822	-	-	809,822	809,822	-	809,822	-	-
Computer	9,240,242	-	-	9,240,242	9,106,722	53,408	9,160,130	80,112	133,520
Office Equipment	24,597	-	-	24,597	24,531	9	24,540	57	66
<b>Total</b>	<b>10,342,111</b>	<b>-</b>	<b>-</b>	<b>10,342,111</b>	<b>10,174,479</b>	<b>58,153</b>	<b>10,232,632</b>	<b>109,479</b>	<b>167,632</b>



**CASH FLOW STATEMENT FOR THE YEAR ENDING 31.03.2016**

<b>Particulars</b>	<b>Amount in '000</b>	
	<b>As at 31.03.2016</b>	<b>As at 31.03.2015</b>
<b>Cash flow from Operating Activities</b>		
Net Profit before tax	(7317)	(813)
Adjustment for Depreciation	58	94
Deferred Tax Asset	14	27
Operating Profit before Working Capital changes	(7245)	(692)
<b>Adjustments for Increase/Decrease</b>		
Loans and Advances & Debtors	8569	503
Current liabilities	1323	188
<b>Net cash flow from operations</b>	<b>1</b>	<b>(1)</b>
<b>Cash flow from investing activities</b>		
Increase/Decrease in Fixed Assets	-	-
Increase/Decrease in Investments	-	-
<b>Cash flow from financing activities</b>		
Increase/Decrease in Long term Loans	-	-
<b>Net Increase /decrease in cash &amp; cash equivalents</b>	<b>1</b>	<b>(1)</b>
Cash & Cash equivalents in the beginning of the period	6	7
<b>Cash &amp; cash equivalents at the end of the period</b>	<b>7</b>	<b>6</b>

## Notes forming part of the Financial Statements:

### Background:

Innovation Software Exports Limited was incorporated in the year 1992 for the purpose of development of packaged software for both Indian and foreign markets.

### A).SIGNIFICANT ACCOUNTING POLICIES

#### 1. Basis of Accounting

The Financial Statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act").

#### 2. Recognition of Revenue

Income is recognized on accrual basis.

#### 3. Fixed Assets and Depreciation

Fixed Assets are stated at actual cost less accumulated depreciation. Depreciation on Fixed Assets is computed at the rates and in the manner specified under schedule II to the Companies Act, 2013.

4. Payment of Gratuity has not arisen and therefore not recognized in the accounts.

5. All other expenditure has been accounted on accrual basis.

6. The Company does not carry any inventory.

### B).NOTES ON ACCOUNTS

#### 1. Accounting period

The period of accounts under review is for 12 months

#### 2. Share Capital

During the period under review, the authorized share capital of the Company was not changed.

#### 3. Audit fees comprise the following.

Particulars	As on 31.03.2016	As on 31.03.2015
Statutory Audit	13,800	12,000
Tax Audit	14,950	16,090
Certification & other matters	----	-----
Total	28,750	28,090

4. No Remuneration or sitting Fees has been paid to any Directors.

5. Figures have been rounded off to the nearest rupee.

6. Previous year figures have been regrouped / reclassified wherever considered necessary.

For Innovation Software Exports Ltd

Sd/-  
Nanjappan Aravind  
Director  
(DIN 01895602)

Sd/-  
Anand Anitha  
Director  
(DIN 02040505)

Place: Chennai  
Date: 31.08.2016

**INNOVATION SOFTWARE EXPORTS LIMITED**

(CIN L74999TN1992PLC023734)

Regd. Off: Second Floor, No.3, Swaminathan Street, West Mambalam, Chennai – 600033.

Website: www.innovationsoft.in Tel: +91 44 2471 2274, email: kbcchennai@gmail.com

**ATTENDANCE SLIP**

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE OFFICE

Name and address Of the registered member	:	
Folio No./DP ID No./ Client ID No.	:	
No. of Shares	:	

I hereby record my presence at the 24<sup>th</sup>Annual General Meeting of the Company to be held at registered office at Second Floor, No.3, Swaminathan Street, West Mambalam, Chennai – 600033 on Friday, 30<sup>th</sup> September, 2016 at 9.30 a.m.

Signature of the Member/Joint Member/Proxy attending the Meeting

Electronic Voting Event Number (EVEN)	User ID	Password

**Note: Person attending the Meeting is requested to bring this Attendance Slip and Annual Report with him/her. Duplicate Attendance Slip and Annual Report will not be issued at the Annual General Meeting.**

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**INNOVATION SOFTWARE EXPORTS LIMITED**

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**24<sup>th</sup> Annual General Meeting on Friday, 30<sup>th</sup> September, 2016 at 9.30 a.m.**

**PROXYFORM**

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

CIN	CIN L74999TN1992PLC023734
Name of the Company	Innovation Software Exports Limited
Registered office	Second Floor, No.3, Swaminathan Street, West Mambalam, Chennai – 600033
Name of the member (s)	
Registered Address	
Email ID	
Folio No./DP ID – Client ID	

I/We, being the member(s) of \_\_\_\_\_ shares of Innovation Software Exports Ltd, hereby appoint:

1. Name: \_\_\_\_\_ Address: \_\_\_\_\_  
Email ID: \_\_\_\_\_ Signature: \_\_\_\_\_ Or failing him/her

2. Name: \_\_\_\_\_ Address: \_\_\_\_\_  
Email ID: \_\_\_\_\_ Signature: \_\_\_\_\_ Or failing him/her

3. Name: \_\_\_\_\_ Address: \_\_\_\_\_  
Email ID: \_\_\_\_\_ Signature: \_\_\_\_\_

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 24<sup>th</sup> Annual general meeting of the Company, to be held on the 30<sup>th</sup> day of September, 2016 at 09.30 A.M at the Registered Office; Second Floor, No.3, Swaminathan Street, West Mambalam, Chennai – 600033 of the Company and at any adjournment thereof in respect of such resolutions as are indicated below:

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31<sup>st</sup> March 2016, the statement of Profit & Loss and other financial statements of the Company for the year ended as on that date together with the reports of Directors' and Auditors' thereon.
2. To appoint a Director in place of Mrs. A.Anitha (DIN 02040505), who retires by rotation, and being eligible, offers herself for re-appointment.
3. Ratification of Appointment of Auditors.

To consider and if thought fit, to pass, with or without modification, the following Resolution as an Ordinary Resolution:

“RESOLVED THAT, pursuant to Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013, and the Companies (Audit and Auditors) Rules, 2014 and pursuant to the resolution passed by the members at the AGM held on 30.09.2015, the appointment of M/s. Ramraj & Co.(FRN: 002839S), Chartered Accountants, Chennai, as the Statutory Auditors of the Company to hold office till the conclusion of the AGM to be held in the calendar year 2018 be and is hereby ratified and that the Board of Directors be and is hereby authorized to fix the remuneration payable to them for the financial year 2016-2017 in consultation with the auditors.”

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2016.

Signature of Member(s): \_\_\_\_\_

Signature of the Proxy holder(s): \_\_\_\_\_

Affix Revenue Stamp of Re. 1/-
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**Note:**

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. Appointing proxy does not prevent a member from attending in person if he so wishes.
3. In case of joint holders, the signature of any one holder will be sufficient, but names of all the joint holders should be stated.

**INNOVATION SOFTWARE EXPORTS LIMITED**

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**BALLOT FORM**

(In Lieu of e-voting)

Name and Registered Address of the sole /first named Shareholder:

Name(s) of the Joint Shareholder(s) if any :

Registered Folio No./DP ID No./Client ID No :

No. of equity share held :

I/We hereby exercise my/our vote in respect of the Resolution(s) to be passed for the business stated in the Notice of Annual General Meeting of the Company to be held on September 30<sup>th</sup>, 2016 by conveying my/our assent or dissent to the said Resolution(s) by placing the tick (☐) mark at the appropriate box below.

Sl No.	Resolutions	No. of equity shares held	I/We assent to the resolution (For)	I/We dissent to the resolution (Against)
<b>Ordinary Business:</b>				
1.	Adoption of audited financial statements of the Company for the financial year ended March 31, 2016, the reports of the Board of Directors and Auditors thereon.			
2.	Re-appointment of Mrs. A.Anitha (DIN 02040505), Director retiring by rotation.			
3.	Ratification of appointment of M/s Ramraj & Co (FRN: 002839S) as statutory auditors of the Company.			

Place:

Date:

Signature of the Shareholder

**ELECTRONIC VOTING PARTICULARS**

Electronic Voting Event Number	User ID	Password

Note: Please read the instructions printed under the Note no. 8 to the Notice dated, 02<sup>nd</sup> September, 2016 of the 24<sup>th</sup> Annual General Meeting before filling the form. Valid ballot forms received by the Scrutinizer till 5.00 P.M. on 29<sup>th</sup> September, 2016 shall only be considered.

The Voting period starts on Tuesday, 27<sup>th</sup> September, 2016 at 9:00 am (IST) and ends on Thursday, 29<sup>th</sup> September, 2016 at 5:00 P.M. (IST).