

## Corporate Governance Statement

### Company's philosophy on code of governance

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

### Board of Directors

#### a. Composition and category of Directors as on March 31, 2008:

Category	No. of Directors	%
Founder Director	1	20
Non-executive Directors	2	40
Independent Non-Executive Directors	2	40
<b>Total</b>	<b>5</b>	

#### b. Number of Board meetings held during the financial year and the dates on which held:

No. of meetings	Dates on which held
6	June 11, 2007, July 28, 2007, August 22, 2007, October 27, 2007, January 19, 2008, February 8, 2008

#### c. Attendance of each Director at the Board meetings and the last AGM:

Sl. No.	Name of the Directors	No. of Board meetings	Attendance at the last AGM
		Attended	(Yes/No)
1.	Robert V. Chandran (Director till January 7, 2008)	1	Yes
2.	Clyde Michael Bandy (inducted wef February 8, 2008)	1	Not applicable
3.	S. Santhosh	5	Yes
4.	Dr. P. J. George	5	Yes
5.	Dan G Peterson August 25, 2006)	1	Yes
6.	Fuminobhu Oda (Director till August 22, 2007.)	NIL	No
7	Prof. T.T. Narendran	6	Yes

### Audit Committee

#### a. Brief description of terms of reference:

The Audit Committee is responsible for effective supervision of the financial reporting process and ensuring financial and accounting and internal controls and compliance with financial policies of the Company. The committee periodically interacts with the statutory and internal auditors, reviews with the management the Company's financial and risk management policies and adequacy of internal controls. The committee mandatorily review the Quarterly and Annual financial statements before they are submitted to the Board for approval. The committee also recommends the appointment and removal of statutory auditors and internal auditors.

#### b. Composition of the Committee:

The current composition is:

Dr. P. J. George, Chairman  
Prof. T. T. Narendran, Member  
Mr. Dan G Peterson (wef August 22, 2007)

Note: Mr. Fuminobhu Oda, was a Member till 22.08.2007 when he resigned from the Board

#### c. Meetings and attendance during the year:

The Committee held four meetings, on June 11th 2007; July 28th 2007; October 27th 2007; January 19th 2008. All the meetings were attended by at least two of its members. The statutory auditors of the Company were also invited to attend the Audit Committee meetings.

### Compensation Committee

#### a. Brief description of terms of reference:

The Committee is to recommend to the Board regarding remuneration to be paid to the Board members and the grant of Stock Offers and Options to the employees based on an evaluation of their performance, potential for future contributions, commitment shown to work, conduct and such other factors as may be specified.

#### b. Composition of the committee:

Current composition is  
Dr. P. J. George, Chairman  
Prof. T. T. Narendran, Member

#### c. Meetings and attendance during the year:

The Committee held 1 meeting during the year, which was attended by all its members.

#### d. Remuneration policy:

The remuneration policy of the Company is to adequately compensate, by way of salary and stock options, to motivate and retain all key employees and officers of the Company.

**e. Details of remuneration paid to Directors during the year 2007-2008:**

Sl No	Name	Designation	Salary	Performance Incentive	Commission	Total	Notice Period	Severance fee	No. of Options	Remarks
1	Robert V. Chandran (till January 7, 2008)	Chairman	-	-	-	-	-	-	-	-
2	Clyde Michael Bandy wef from February 8, 2008	Chairman	-	-	-	-	-	-	-	-
3	S. Santhosh	Managing Director	-	-	-	-	6 months	-	-	He drew Salary from CSWL Inc., a wholly owned subsidiary of the Company in the U.S
4	Fuminobhu Oda (till August 22, 2007)	Director	-	-	-	-	-	-	-	-
5	Dan G Peterson	Director	-	-	-	-	-	-	-	-
6	Prof. T. T. Narendran	Director	-	-	-	-	-	-	-	*see note
7	Dr. P J George	Director	-	-	-	-	-	-	-	*see note

\*Note: Sitting fees were paid for Board and Committee meetings attended

**Investor Grievance Committee**

**a. Constitution of the Committee:**

Dr. P.J. George, Chairman  
Prof. T.T.Narendran, Member

**b. Name & designation of the compliance officer:**

Mr. V.S. Navin Shushant, Company Secretary

**c. Number of shareholders' complaints received, number not solved to the satisfaction of shareholders and the number of pending share transfers:**

The details are provided in the "Shareholder Information" section of this report.

**General Body Meetings**

**a. Location and time where last three AGMs were held:**

Year	Date	Venue	Time
2004-2005	Sept 26, 2005	Tidel Park Auditorium 4, Canal Bank Road, Taramani, Chennai 600113	3.00 p.m
2005-2006	Aug 25, 2006	Same as above	3.00 p.m.
2006-2007	Aug 22, 2007	Same as above	4.30 p.m.

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

No special resolution was put through postal ballot last year.

**Disclosures**

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

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

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

NIL

**Means of communication**

**a. Half-yearly report sent to each household of shareholders:**

The unaudited financial results of the Company for the half-year ended September 30, 2007, including a summary of significant events in the half-year were sent to all shareholders of the Company.

**b. Quarterly results which newspapers normally published in; any website, where displayed; whether it also displays official news release; and the presentations made to institutional investors or to the analysts:**

The quarterly results are normally published in leading newspapers like Business Line (in English) and Makkal Kural (Tamil) as statutorily required. The financial results are posted on the Company's website www.calsoftgroup.com. The website also displays all official news releases. As & when presentations are made to institutional investors/ analysts, the same will also be posted on the Company's website

**c. Whether Management Discussion and Analysis is a part of the Annual Report or not:**

Yes - It is part of the Annual Report

**d. General Shareholder Information:**

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