



Realize Your Ideas

ANNUAL REPORT

2011-12

CORPORATE INFORMATION

Board of Directors

Clyde Michael Bandy

Chairman (upto 25th April 2011) Non Executive Director

Thomas Kevin Reilly

Chairman (from 06th May 2011 to 13th July 2012)

Non Executive Director

Bhavesh Rameshlal Chauhan

Chairman (wef 14th July 2012)

Non Executive Director

S. Santhosh

Managing Director & CEO (upto 13th February 2012)

Frederick Ivor Bendle

Managing Director & CEO (wef 13th February 2012)

Dr. P. J. George

Non Executive Independent Director

Mr.S.Santhanakrishnan

Non Executive Independent Director (upto 14th November 2011)

Dan G. Peterson

Non Executive Director (upto 05th March 2012)

Mats Henerik Berglund

Non Executive Director (upto 07th May 2012)

K Chandra Pratap

Non Executive Independent Director (wef 05th July 2012)

Company Secretary & Compliance Officer

Jitendra Kumar Pal

Auditors

M/s TOMY & FRANCIS

Chartered Accountants

Main Bankers

Canara Bank

Stock Exchanges -Listed on

I - National Stock Exchange of India Limited

II - The Bombay Stock Exchange Limited

Contact us:

Registered Office & Corporate Office

7th Floor, Robert V Chandran Tower

No.149, Velachery Tambaram Main Road,

Pallikarnai, Chennai- 600 100

Telephone Nos +91- 44-42829000

Fax No. +91-44-42829012

Email for shareholders: investor@calsoftgroup.com

Website: www.calsoftgroup.com

Registrars and Share Transfer Agent

Integrated Enterprises (India) Ltd,

(Unit: California Software Co Ltd)

2nd floor, Kencees Towers,

1, Ramakrishna Street, North Usman Road,

T Nagar, Chennai 600017 India

Tel: +91-44- 28140801 to 28140803

Email: corpserv@integratedindia.in

Contents

	Page No
Letter to Shareholder	2
Notice to Shareholder	3 - 4
Directors Report	5 - 7
Auditors' Report on Corporate Governance	7
Corporate Governance Statement	8 - 10
Management Discussion and Analysis Report	11
Confirmation on Code of Conduct	12
Consolidated Financial Statement	13 - 34
Standalone Financial Statement	35 - 56
Shareholder Information	57 - 59
Attendance Slip and Proxy Form	60

Letter to Shareholder



Dear Shareholder,

The year ended 31 March 2012 has been an extremely difficult one for Calsoft, and a disappointing one for the shareholders. The strategy adopted by my predecessor as CEO, of selling the company's businesses individually did not realize the values that all had expected leaving the company with little remaining business but without the funds to invest in new alternatives. ₹50 Crores of the "Labs" sale proceeds that was contingent has not materialised and a further US\$3m of the Labs consideration that was received had to be deposited in escrow with the Company's bank as security for borrowings. Nor did we realize nearly ₹25 Crores of Royalties that had been anticipated from the sale of "AHN". 2011 was a very difficult year for all in the IT sector and Labs and AHN simply did not reach the performance targets that triggered the extra consideration under their ownership by Alten and Healthland respectively.

Epay, which we had expected to become financially self-sustaining by the end of 2011, had grown its customer base much more slowly than hoped, It was clear that it would need significant continuing funding until at least the middle of 2013.

The company invested several years ago in its own office property in Chennai and whilst the property market in Chennai has stagnated, Rupee interest rates and with them the cost of our borrowings have sky rocketed. As a result you company has found itself short of the funds it needs to grow the business, and financially strained if it does not grow.

A poor trading environment; lower than expected disposal proceeds; high gearing and high funding costs; together with many write offs and provisions that are a consequence of ceasing business in many areas has have given rise to a loss for the year of US\$16m, an amount almost equal in size to the Groups turnover for the same period.

Although the Inatech business still operates and has a great product and great people it is neither profitable nor cash positive yet. Having disposed of all other businesses we have no other source of revenue with which to meet the many costs of maintaining the Listed status of Calsoft, its overheads ad the cost of its debt. The company's cash resources are under strain and in the longer term the situation was and is unsustainable. We must take firm and positive action.

However I believe we have gone too far down the road of selling the assets to now reverse this strategy. I intend to complete the process and realize what I can from the remaining business and from selling any intellectual property that the company owns. At the same time we will seek a partner who desires the listing and any other assets remaining in the company. and who can offer shareholders some prospect of future value in a new direction.

I thank shareholders for their support over the past and anticipate that I will be writing to you shortly to seek your continuing support for restructuring the Group.

Bhavesh Rameshlal Chauhan
Chairman

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the Twentieth Annual General Meeting of the Company will be held on Thursday the 27th September 2012 at 10.00 a.m. at the Registered Office of the Company at Robert V Chandran Tower, # 149, Velachery Tambaram Main Road, Pallikaranai, Chennai-600 100 transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as at March 31, 2012 and the Profit and Loss Account for the year ended on that date and the report of the Directors and Auditors thereon.
2. To appoint a Director in place of Dr. P J George, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS:

4. To consider, and if thought fit, to pass, with or without modification, the following resolution as an ORDINARY RESOLUTION:

“RESOLVED THAT in accordance with Section 257 and all other applicable provisions if any of the Companies Act, 1956, or any statutory modification(s) or enactment thereof, Mr. K Chandra Pratap, who was appointed as an Additional Director pursuant to the provisions of Section 260 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company, liable to retire by rotation under the provisions of the Articles of Association of the company.”

EXPLANATORY STATEMENT

(As required under Section 173(2) of the Companies Act, 1956)

Item No.4:

Mr. K Chandra Pratap was appointed as Additional Director of the company with effect from 05th July 2012 under Section 260 of the Companies Act, 1956. In terms of the provisions of Section 260, he will hold office up to the date of this Annual General Meeting. The Company has received a notice from a member proposing Mr. K Chandra Pratap for appointment to the office of Director of the Company under Section 257 of the Companies Act, 1956. Hence the proposed resolution.

Mr. K Chandra Pratap, has done MBA (Finance) and it will be in the interest of the Company that he is appointed as a Director, who if appointed, shall be liable to retire by rotation, in accordance with the provisions of the Article of Association of the company. Brief details of his resume with background, qualifications and other directorships as stipulated in Clause 49 of the Listing agreement are given in the section in this notice on Information on Directors seeking appointment/re-appointment. The board commends the resolution as set out at item No.4 of the Notice for your approval.

None of the Directors, other than and except Mr. K Chandra Pratap is in any way, concerned or interested in the resolution.

Item No. 5:

Mr. Bhavesh Rameshlal Chauhan has done FCCA, ACCA and B.Eng (Chemical Engineering), is having vast experience in accounting, finance, trading, Marketing and Project Management and it will be in the interest of the Company that he is appointed as a Director, who if appointed, shall be liable to retire by rotation, in accordance with the provisions of the Article of Association of the company. Brief details of his resume with background, qualifications and other

5. To consider, and if thought fit, to pass, with or without modification, the following resolution as an ORDINARY RESOLUTION:

“RESOLVED THAT subject to the approval of shareholders and the Central Government under Section 269 and other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956, and subject to such other approvals and consents as may be necessary, Mr. Bhavesh Rameshlal Chauhan, who was appointed as an additional director on 14th July 2012 be and is hereby appointed as Director and Managing Director and Chief Executive Officer of the Company for a period of two years with effect from 14th August 2012 without remuneration.

“RESOLVED FURTHER THAT the duties of the Managing Director and Chief Executive Officer so appointed as above shall be the overall supervision of the functioning of the Company, handling day to day affairs of the Company, regularly reporting to the Board on the activities of the Company and to perform all other duties that the Board may delegate to the Managing Director from time to time.

By order of the Board

For **California Software Company Limited**

Chennai
14th August 2012

Jitendra Kumar Pal
Company Secretary

directorships as stipulated in Clause 49 of the Listing agreement are given in the section in this notice on Information on Directors seeking appointment/re-appointment. The board commends the resolution as set out at item No.5 of the Notice for your approval.

Mr. Bhavesh Rameshlal Chauhan was appointed as Additional Director of the company with effect from 14th July 2012 under Section 260 of the Companies Act, 1956.

The Board of Directors, at their meeting held on 14th August 2012 appointed Mr. Bhavesh Rameshlal Chauhan as Managing Director and Chief Executive Officer of the Company in place of Mr. Frederick Ivor Bendle who has resigned due to pre-occupation for a further period of two years with effect from 14th August 2012, subject to your approval and also that of the Central Government (since he is a Non-resident) on the terms and conditions set out in the notice. This notice and explanatory statement shall be deemed as intimation under Section 302 of the Companies Act, 1956.

The Directors recommend the resolution for the approval of the shareholders.

None of the Directors except Mr. Bhavesh Rameshlal is concerned or interested in this resolution.

Information on Directors seeking appointment/re-appointment in Annual General Meeting scheduled to be held on September 27, 2012 (Pursuant to Clause 49(IV) (E) and 49 (IV)(G)(i) of the Listing Agreement)

Name of the Director	Mr. K Chandra Pratap	Mr. Bhavesh Rameshlal Chauhan
Date of first Appointment	05th July 2012	14th July 2012
Age/Date of Birth	41/ 10-05-1970	47 / 03rd January 1965
Expertise in Specific functional area	Business Advisory Consultant specializes in Finance and Statutory compliances regulatory matter in the areas of FEMA.	Accounting, Finance, Trading, Marketing and Project Management
Educational Qualifications	MBA (FINANCE)	FCCA, ACCA, B.Eng (Chemical Engineering)
List of Other Directorships held as on 14th August 2012	1. USAE Equipment Private Limited, 2. Comelz India Private Limited 3. Cartello Business Advisory Solutions Private Limited	None
Chairman/Member of the Committee of the Board of Directors of the Company as on 14th August 2012	Nil	Nil
Chairman/Member of the Committee of Directors of other Companies as on 14th August 2012	Nil	Nil
Number of shares held in the Company as on 14th August 2012	Nil	Nil

Notes:

- a. A SHAREHOLDER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A SHAREHOLDER.
- b. Explanatory statement is attached in the notice under Section 173.
- c. Book Closure: The Register of Members and the Share Transfer Books of the Company will remain closed from 25th September 2012 to 27th September 2012 (both days inclusive) in connection with the Annual General Meeting.
- d. Shareholders are given an option to hold their securities in a depository or in the physical form. However it maybe noted that for trading purposes on NSE & BSE, the Company's stock is in compulsory demat trading list.
- e. Shareholders of physical format shares opting to convert shares to depository form are requested to notify through their Depository Participant (DP) to the Company's REGISTRAR AND SHARE TRANSFER AGENTS through filling the demat request form available with their DP to the address given herein:

INTEGRATED ENTERPRISES (INDIA) LTD.,
Unit: California Software Co Ltd
"Kences Towers", II Floor, 1, Ramakrishna Street,
North Usman Road, T.Nagar, Chennai – 600 017
- g. Shareholders who hold their securities in physical form and need to complete any transfer of holdings or endorsements may forward their securities to the Company's Registrar and Share Transfer Agents at the above address alongwith duly filled and stamped share transfer forms.

- h. Shareholders holding shares in physical format are requested to notify the Company's Registrar and Share Transfer Agents any change in their address immediately (with folio no reference) so as to enable the Company to send any future communication at their correct address. Those holding shares in demat format need to ensure that their correct address is reflected in their Depository Participant (DP) records and inform DP of any changes as and when relevant.
- i. Pursuant to section 205C of the Companies Act, 1956, all unclaimed dividends upto and inclusive of the financial year 2003 – 04 (YE March 31, 2004) have been transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government.
- j. Shareholders who have not encashed any of their dividend warrants from the year 2004-05 onwards are requested to submit their claims to the Company Secretary at the Registered Office of the Company giving due details such as shareholder folio, /DP account no, and details for which year dividend is not received, and bank account details to be printed on the warrant.
- k. Nomination facility is now available for the shareholders. Members holding shares in physical format. may obtain nomination forms from the Registrar & Share Transfer Agent and send the nomination form back duly filled up and signed. Members holding shares in demat form may kindly send their nominations to their Depository Participant (DP) only in the format specified by their DP which will be for all their holdings in a client account.

Attendance slip and proxy form are enclosed.

DIRECTORS REPORT

Dear Shareholders,

Your Directors presenting their Report on the Business & Operations of your Company and its working results for the year 2011-12.

FINANCIAL RESULTS

1. Financial Results All figures in Rupees Crores except for EPS

Details	Consolidated		Stand alone	
	Year ended	Year ended	Year ended	Year ended
	31-Mar-12	31-Mar-11	31-Mar-12	31-Mar-11
Total Revenues	79.90	181.01	21.39	75.33
Total Expenses	116.82	218.05	38.58	88.98
Profit before exceptional and extra-ordinary items and tax	(36.92)	(37.04)	(17.18)	(13.65)
Exceptional items	40.19	0.03	46.34	Nil
Profit before extraordinary items and tax	(77.11)	(37.07)	(63.52)	(13.65)
Profit before Tax	(77.11)	(37.07)	(63.52)	(13.65)
Current Tax	0.37	0.12	Nil	Nil
Deferred Tax	(23.94)	(16.30)	1.69	(5.85)
Profit/(Loss) for the year before Minority Interest	(75.08)	(20.89)	(65.22)	(7.80)
Minority Interest	(2.47)	1.75	NA	NA
Profit/(Loss) for the year	(77.55)	(19.14)	(65.22)	(7.80)
paid up equity capital	12.36	12.36	12.36	12.36
Earning per share (EPS) for the year (Rs)				
i) Basic	(62.72)	(15.48)	(52.74)	(6.31)
ii) Diluted	(62.72)	(15.48)	(52.74)	(6.31)

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

DIVIDEND

Due to the loss incurred during the year, the Board of Directors of your company does not recommend any dividend for the Financial Year 2011-12.

BUSINESS UPDATE AND OUTLOOK

In 2009 your Board of Directors reviewed the existing business assets of the Group and formed the view that the assets would be more valuable sold separately than if kept together as a business. They therefore sought buyers for the main businesses and tried to reposition the company as an incubator fund for start-up ventures. The main revenue generating businesses; American Healthnet and Calsoft Labs (OPD Division) were all sold under arrangements whereby much of the expected consideration was dependent upon the realization (whilst under the buyers control) of certain performance targets. Unfortunately, due principally to the very difficult economic environment, in no case have those targets been met. As a consequence the value ultimately realized for the assets was very much lower than expected, and the cash received has been much less. This situation was exacerbated by the long time taken to find buyers and negotiate the transactions, during which a degree of uncertainty and distraction has affected the clients and market alike. During this extended period the Group has continued to be burdened with a level of overhead, including very substantial and expensive bank debt secured on its property that is no longer maintainable with the revenues being generated. As a consequence the Group has no significant businesses left, has high operating costs and is short of funds.

Your Board now considers that the plan to become an incubator fund cannot be realized since the Group has little of its own funds and that there is little prospect of it raising significant equity funding. Therefore

we have taken the decision to sell the Groups investment in Epay, as it would have required very significant funding for approximately another two years before it becomes financially self-supporting. The Investment was sold for US \$800,000 half of which has already been received. The remainder is deferred but is not contingent. The Board is currently reviewing its investment in Impelsys, which although it does not require any funding, could be sold to provide much needed funds.

Although the balance sheet of the Group appears to contain cash resources, almost all of this is held in Escrow by the Company's bank in India as cash collateral for the future capital repayments on the Company's loans. This escrow was required as a condition of the sale of the businesses that had hitherto generated the funds to make repayments. Consequently just after the year end the Group was forced to seek emergency financial help from its main shareholder in order to meet its ongoing liabilities as they fell due. An amount of US \$1million was provided on terms by which the money can be partly or fully set off against invoices for software development work that was awarded to the Group by the main shareholder. This work is being carried out at the Groups normal arms-length rates.

Despite changes that have been made the Group continues to incur losses of approximately US\$300,000 per month, a situation that is unsustainable and irreversible within the time available from present funding.

The Board has therefore developed a restructuring plan which we hope to implement before the end of this year. The plan involves disposing of the remaining businesses, and taking the company into more profitable IT enabled business sector which has potential to improve shareholder value. We have identified a buyer in a suitable high technology sector who is interested in a reverse takeover to acquire Calsofts listing and reputation; and we have opened discussions with

Calsoft's major shareholder for a possible sale of the company's intellectual property which was originally developed for them, and to whom it therefore still has some value. We are in negotiations to find an acceptable structure and value for these transactions and we will be writing to shareholders again in due course

RESULTS OF OPERATIONS

I - Consolidated Results

During the year, your Company on a consolidated basis with all its subsidiaries earned total revenue of ₹ 79.90 Crores as against ₹ 180.99 Crores earned during the previous year. The profit before tax during the year is ₹ (77.13) Crores as against ₹ (37.07) Crores for the previous year.

After taking into account the tax provisions and adjustments for minority interest, prior period adjustments and extraordinary items if any, the loss for the year is ₹ (77.55) Crores as against a loss of ₹ (19.14) Crores of the previous year. The results of operations of acquired subsidiaries have been consolidated into the accounts.

II - Standalone Results

During the year, your Company on a standalone basis earned total revenue of ₹ 21.39 Crores as against ₹ 75.33 Crores earned during the previous year. The profit before tax during the year is ₹ (63.52) Crores as against ₹ (13.64) Crores of the previous year.

After taking into account the tax provisions and adjustments, the loss for the year was ₹ (65.22) Crores as against a loss of ₹ (7.80) Crores for the previous year.

REVIEW OF SUBSIDIARIES

I - CSWL, Inc. USA and its Subsidiaries

CSWL Inc and its subsidiaries earned total revenue of US\$ 5.29 Million (equivalent to ₹ 25.45 Crores approx) on a consolidated basis during the year, compared to US \$ 22.50 million (equivalent to ₹105.84 Crores) achieved during the previous year.

The subsidiary reported a net loss of US\$ (3.26) Million - approx ₹ (14.39) Crores as compared to net consolidated loss of US\$ 2.77 million (equivalent to ₹ 12.51 Crores) last year.

The results of existing subsidiaries Healthnet International Inc and its 100% subsidiary International Innovations, Waldron Ltd and AspireSoft Corporation are included for the full year under review.

II- Inatech Infosolutions Pvt. Ltd

The consolidated results of Inatech including its wholly owned UK subsidiary and UK Subsidiary's subsidiary Inatech Egypt have been taken into the Company's consolidated results.

Inatech on a consolidated basis reported revenues of ₹ 47.27 Crores with a profit of ₹ 1.35 Crores against the consolidated reported revenues of ₹ 53.70 Crores with a loss of ₹ (4.95) Crores of the previous year.

III- Aspire Communications Pvt, Ltd

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

Aspire on a consolidated basis has reported revenues of ₹ 0.45 Crores and profit of ₹ 0.46 Crores against the consolidated reported revenues of ₹ 6.29 Crores and net loss of ₹ (0.04) Crore of the previous year.

CONSOLIDATED RESULTS PUBLICATION

As per Section 212 (8) of the Companies Act, 1956, a copy of the Balance Sheet, Profit and Loss Account, Report of the Board of Directors and the Report of the Auditors of the above subsidiary companies have not been attached with the Balance Sheet of the Company. The Company will make available these documents upon request in writing to the Company Secretary at the Registered Office of the Company by any member of the Company interested in obtaining the same.

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

DIRECTORS

Mr. Sreedhar Santhosh has been resigned as Managing Director and CEO and in his place Mr. Frederick Ivor Bendle was appointed as Managing Director and CEO with effect from 13th February 2012. During the year under review Mr. Thomas Kevin Reilly, Mr. Dan George Peterson and Mr. Mats Henerik Berglund resigned as Director. Mr. Bhavesh Rameshlal Chauhan and Mr. Chandra Pratap P were appointed as additional directors.

The Company has received notice under Section 257 of the Companies Act, 1956 from a member proposing Bhavesh Rameshlal Chauhan and Mr. Chandra Pratap P for appointment to the office of Director liable to retire by rotation.

As per Article 121 of the Articles of Association Dr. P J George retires by rotation in the forthcoming Annual General Meeting and being eligible offers himself for re-appointment.

AUDITORS

The statutory auditors M/s Tomy & Francis, Trichur, Chartered Accountants retire at the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept office, if re-appointed.

DEPOSITS

We have not accepted any fixed deposits and as such no amount of principal or interest was outstanding as of the Balance Sheet date.

CORPORATE GOVERNANCE

Your Company has been practicing the principles of good Corporate Governance. A detailed report on Corporate Governance is given as Annexure to this Annual Report

Certificate of the Auditors regarding the compliance with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement is also given in the Annual Report.

HUMAN RESOURCE MANAGEMENT

Employees are our vital and most valuable assets. We have created a favorable work environment that encourages innovation and meritocracy.

The total number of our head count as on 31st March 2012 was 212 as against 266 as on March 31st 2011.

In 2011-12, your company will continue to focus on introducing policies, practices & systems in the area of performance management, recognition, talent management & talent engagement.

PARTICULARS OF EMPLOYEES

In terms of the provisions of section 217(2A) of the Companies Act 1956, read with the Companies (Particulars of Employees) Rules 1975 as amended, none of the employees were drawing salary more than the prescribed limit.

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

Your Company being in the Information Technology Enabled Services (ITES), the provisions relating to conservation of energy and technology absorptions are not applicable. The details of the earnings and expenditure in foreign currency are given below:

	2012 (₹ in Crores)	2011 (₹ in Crores)
Foreign exchange earnings	9.70	67.41
Foreign exchange outgo (including capital goods and imported software packages)	10.40	8.58

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors confirm that:

- In the preparation of the Annual Accounts for the year under report, the applicable accounting standards have been followed;
- Appropriate accounting policies have been selected and applied consistently and have made judgements 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, 2012;
- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The Annual Accounts have been prepared on a Going Concern Basis.

ACKNOWLEDGEMENT

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

For and on behalf of the Board of Directors

Chennai
14th July 2012

Frederick Ivor Bendle
Managing Director & CEO

Dr P J George
Director

AUDITORS' REPORT ON CORPORATE GOVERNANCE

To

The Board of Directors,
California Software Co. Ltd.

We have examined the compliance of conditions of Corporate Governance by California Software Company Limited for the year ended on 31st March, 2012 as stipulated in Clause 49 of the listing agreement of the said Company with the Stock Exchanges.

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

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

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

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

For **Tomy & Francis**

Chartered Accountants

Chennai
July 14, 2012

K.J. TOMY, B Sc., F.C.A
Partner

CORPORATE GOVERNANCE

1 Company's philosophy on code of governance:

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

2. Board of Directors:

a) Composition and category of Directors

Name of Directors	Designation	Category
Clyde Michael Bandy (upto 25th April 2011)	Chairman	Non Executive
Thomas Kevin Reilly (from 06th May 2011 to 13th July 2012)	Chairman	Non Executive
Bhaves Rameshlal Chauhan (wef 14th July 2012)	Chairman	Non Executive
Sreedhar Santhosh (upto 13th Feb 2012)	Managing Director & CEO	Executive
Frederick Ivor Bendle (wef 13th Feb 2012)	Managing Director & CEO	Executive
Dr P J George	Director	Independent and Non Executive
Mr.S.Santhanakrishnan (upto 14th November 2011)	Director	Independent and Non Executive
Dan G. Peterson (upto 05th March 2012)	Director	Non Executive
Mats Henerik Berglund (upto 07th May 2012)	Director	Non Executive
K Chandra Pratap (wef 05th July 2012)	Director	Independent and Non Executive

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

No. of meetings	Dates on which held
6	14th April 2011, 27th June 2011, 08th August 2011, 23rd September 2011, 14th November 2011 and 13th February 2012

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

Sl. No.	Name of the Directors	No. of Board meetings attended	Attendance at the last AGM (Yes/No)
1	Thomas Kevin Reilly	1	Yes
2	Mr. Bhaves Rameshlal Chauhan (from 14th July 2012)	Nil	NA
3	S. Santhosh (upto 13th February 2012)	6	Yes
4	Frederick Ivor Bendle (wef from 13th February 2012)	1	NA

5	Dr P J George	5	Yes
6	Dan G Peterson (upto 05th March 2012)	4	Yes
7	S.Santhanakrishnan (upto 14th November 2011)	1	No
8	Mats Henrik Berglund (upto 07th May 2012)	Nil	No

3. Audit Committee:

a) Brief description of terms of reference:

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

b) Composition of the Committee:

The current composition is:

Mr. K. Chandra Pratap (Chairman wef 05th July 2012)

Dr. P. J. George, Chairman (upto 13th February 2012)

Mr. Dan George Peterson, Member (upto 05th March 2012)

Mr. S. Santhanakrishnan, Member (upto 14th November 2011)

c) Meetings and attendance during the year :

The Committee held four meetings, on 27th June 2011, 08th August 2011, 14th November 2011 and 13th February 2012. All the meetings were attended by atleast two of its members. The statutory auditors of the Company were also invited to attend the Audit Committee meetings.

4. 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 remuneration policy.

b) Composition of the Committee:

Current composition is

Dr. P. J. George, Chairman

Mr. S. Santhanakrishnan, Member (upto 14th November 2011)

Mr. K. Chandra Pratap, Member (wef 05th July 2012)

c) Meetings and attendance during the year:

No meeting was held during the year.

d) Remuneration Policy:

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

e) Details of remuneration paid to Directors during the year 2011-2012: in Rs.

Sl. No	Name	Designation	Salary	Performance Incentive	Commission	Total	Notice Period	Severance fee	No. of Options	Remarks
1	Thomas Kevin Reilly	Chairman	-	-	-	-	-	-	-	
2	S. Santhosh	Managing Director	-	-	-	-	6 months	-	-	He drew Salary from CSWL Inc,-wholly owned subsidiary of the Company in the U.S
3	Dan G Peterson	Director	-	-	-	-	-	-	-	
4	Dr. P. J. George	Director	-	-	-	-	-	-	-	Sitting fees were paid for Board and committee meetings attended
5	S. Santhanakrishnan	Director	-	-	-	-	-	-	-	Sitting fees were paid for Board and committee meetings attended
6	Mats Henrik Berglund	Director	-	-	-	-	-	-	-	
7	Frederick Ivor Bendle	Managing Director & CEO	-	-	-	-	1 month	-	-	

5. Investor Grievance Committee:**a) Constitution of the Committee:**

Dr. P. J. George, Chairman
 Mr. S. Santhanakrishnan, Member (upto 14th November 2011)
 Mr. K. Chandra Pratap (wef 05th July 2012)

b) Name & designation of the compliance officer:

Mr. Jitendra Kumar Pal

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.

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

Year	Date	Venue	Time
2008-09	Aug 28, 2009	Robert V Chandran Tower, 149, Velacherry Tambaram Main Road, Pallikarnai, Chennai- 600 100	11.00 a.m
2009-10	Sep 17, 2010	Robert V Chandran Tower, 149, Velacherry Tambaram Main Road, Pallikarnai, Chennai- 600 100	10.00 a.m
2010-11	23rd September 2011	Robert V Chandran Tower, 149, Velacherry Tambaram Main Road, Pallikarnai, Chennai - 600 100	10.00 a.m

Special resolutions passed in the previous three AGM

year 2008 - 09 - Nil
 year 2009 - 10 - Nil
 year 2010 - 11 - Nil

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

No special resolution was put through postal ballot last year.

Whether any special resolution proposed to be conducted through postal ballot and if so procedure for postal ballot:

No.

7. 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

8. Means of Communication:

Quarterly results / other information

The quarterly results are normally published in newspapers like Trinity Mirror (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 - forming part of the Annual Report

9. General Shareholder Information

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

10. Certificate of Corporate Governance

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (MDA)

a. Industry structure and developments

The Global macro-economic indicators are looking sluggish and analysts do not see an uptrend for the immediate future. Per NASSCOM report, global GDP growth for 2012 will be a tad lower at 2.5% compared to 2.8% for 2011. The European Economy is still in its recessionary phase and delayed policy decisions at the EU level would keep the economy in mild recession for 2012.

Developed countries still are grappling with how to manage fiscal consolidation and credit stringency while the BRICS economies are living with tight money, declining capital flows, and high currency volatility. Top US Corporations are reporting good earnings primarily from their International Operations than from local markets.

IT Services spending indicates, enterprise spending on IT services is likely to increase by more than 50 basis points over the next 12 months. This should augur well for the Indian IT services industry.

IT Services spending indicates, enterprise spending on IT services is likely to increase by more than 150 basis points over the next 24 months. This should augur well for the Indian IT services industry.

b. Opportunities and threats

The significant opportunities that Calsoft sees for growth and the achievement of its near term goals are based on the following:

- Calsoft's implementation expertise in its Enterprise offerings combined with deep domain expertise in select industry verticals clearly provide an edge for the company in the markets that it functions in.
- According to industry analysis like Forrester, enterprises are looking for help making the move from a Time & Material model of engagement to a managed services model which not only help in driving down costs but also ensures that the projects are more outcome oriented. Calsoft has made considerable investments in the Managed Services area and is poised to reap in the benefits of this market opportunity.
- Foreign exchange rate fluctuations. As the Company uses India as a major source of manpower, the exchange rate of the Rupee vis-à-vis the US Dollar and other currencies could affect its ability to compete, and have short-term impact on profitability.

c. Segment wise performance

For the financial year under consideration, your company has reported results of the business units viz Enterprise Solutions, Strategic Investments Solutions and Infrastructure Management Services.

The performances of these segments have been separately reported in Note No.30 of the Consolidated Financial Statements of the Company and Note No37 of standalone statements.

d. Outlook

The Company has taken stock of the steady revival in the market and also the constant pressure on margins and has introduced steps to maintain its current margins. The detailed outlook is mentioned in business update and outlook in the Directors Report.

e. Risks and concerns

The risks that face the company are the ones that face the industry today and these are monitored periodically. These risks include cut down in IT budgets, volatility in currencies and withdrawal of tax benefits. Other risks that are closely monitored are risks of client concentration, geographical spread, competition and financial stability of our customers.

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

f. Internal control systems and their adequacy

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

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

g. Material development in Human Resources

Calsoft's biggest assets are its employees. Our endeavors are driven by a strong set of values imbibed in us and policies that we abide by. Our constant goal, and indeed our biggest strength, is a healthy happy and prosperous work environment for all our employees.

As on March 31, 2012, our group employee strength stood at 212.

h. Financial and performance highlights

- Revenues:** Consolidated Sales revenues for the year ended 31st March 2012 was ₹ 79.90 crores as compared to ₹181.01 crores for the same period last year.
- Total Expenses:** Total expenses for the year ended 31st March 2012 was ₹116.82 crores as compared to ₹ 218.05 crores for the previous year.
- Profit before exceptional and extra-ordinary items and Tax:** Profit before Tax was ₹ (36.92) crores for the year ended 31st March 2012 as compared to ₹ (37.04) crores for the previous year.
- Exceptional items:** It consists of Goodwill in Investment write off, profit on sale of investment, Investment Impairment, Profit on deconsolidation, Provision for Alten receivables and Fixed Asset Impairment and others. The amount for the year ending 31st March 2012 was ₹ 40.19 Crores compare to ₹ 0.03 Crores for the previous year.
- Profit before extra-ordinary items and Tax:** Profit after tax was ₹ (77.11) crores for the year ended 31st March 2012 as compared to ₹ (37.07) crores for the previous year.
- Finance Costs:** Interest and finance charges for the year ended 31st March 2012 was ₹ 9.25 crores as compared to ₹ 9.71 crores for the previous year.
- The Company has Paid up share capital of ₹12.36 Crores, comprising of 1,23,65,006 equity shares of ₹10 each
- During the year the secured loan outstanding was ₹ 61.65 Crores.
- Trade payables outstanding for the year was ₹ 7.26 Crores
- Fixed Assets:** Net block stood at ₹ 114.25 crores as on 31st March 2012 as compared to ₹ 137.59 crores of the previous year.
- Trade receivable outstanding for the year was ₹ 21.34 Crores.

CONFIRMATION ON CODE OF CONDUCT

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

TO:

THE MEMBERS

CALIFORNIA SOFTWARE CO. LTD

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

FREDERICK IVOR BENDLE
Managing Director & CEO

Date: 14th July 2012

Consolidated Financial Statements

1	Auditor's Report
2	Balance Sheet
3	Profit and Loss Account
4	Notes
5	Cashflow Statement
6	Significant Accounting Policies
7	Statement 212(8) - Consolidated

AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF CALIFORNIA SOFTWARE COMPANY LTD. AND ITS SUBSIDIARIES

To

The Members,

California Software Co. Ltd.,

We have examined the Consolidated Balance Sheet of California Software Company Ltd. (Parent company) with all its subsidiaries, as at 31st March 2012, and also the Consolidated Profit & Loss Account and the Consolidated Cash flow statement for the year ended on that date annexed thereto.

The subsidiaries included in the consolidation are:

- I. CSWL, Inc. USA (100% equity held by Parent company) along with its subsidiaries
 - a) Healthnet International Inc, USA (100% equity held by CSWL Inc) and its 100% subsidiary International Innovations
 - b) Waldron Limited, Hong Kong (100% of voting stock held by CSWL Inc) and
 - c) AspireSoft Corporation (100% outstanding stock held by CSWL Inc)
- II. Aspire Communications Pvt Limited, India (100 % equity held by parent Company) along with its 100% subsidiary Aspire Peripherals Ltd.
- III. Inatech Infosolutions Pvt Ltd, India (100% equity held by Parent company) and its wholly owned subsidiary Inatech Solutions Ltd, UK and sub subsidiary Inatech Solutions, Egypt (51% share held by Inatech Solutions Ltd, UK)

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the Financial Statements of CSWL, Inc. USA (consolidated basis with its subsidiaries) and Inatech Solutions Ltd, UK were individually audited by other auditors. These financial Statements have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of the parent company and subsidiaries, is based solely on the report of the other auditors.

Further, we report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard AS-21 on Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of California Software Company Ltd. and its subsidiaries included in the Consolidated Financial Statements.

Subject to the above, on the basis of the information and explanation given to us and on the consideration of the separate audit reports on individual audited financial statements of California Software Company Ltd. and its aforesaid subsidiaries, we are of the opinion that

- a) The Consolidated Balance Sheet gives a true and fair view of the Consolidated state of affairs of California Software Company Ltd, and its subsidiaries as at 31st March, 2012 and
- b) The Consolidated Profit & Loss account gives a true and fair view of the consolidated results of the operations of California Software Company Ltd, and its subsidiaries for the year ended on that date and
- c) In the case of consolidated cash flow statement, it gives a true and fair view of the consolidated cash flows of California Software Company Ltd, and its subsidiaries for the year ended on that date.

For TOMY&FRANCIS
Chartered Accountants

K.J. TOMY, B Sc., F.C.A
Partner
Membership No 22768
FRN: 010922S

Chennai
14/07/2012

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2012

Particulars	Note No.	31.03.2012 Rs	31.03.2011 Rs
I. EQUITY AND LIABILITIES			
1. Shareholders' funds			
(a) Share capital	1	12,36,50,060	12,36,50,060
(b) Reserve and surplus	2	2,70,40,763	75,26,43,797
(c) Money received against share warrants		-	-
Total		15,06,90,823	87,62,93,857
2. Share application money pending allotment		-	-
3. Non-Current liabilities			
(a) Long-term borrowings	3	52,64,19,314	56,65,65,594
(b) Deferred tax liabilities (Net)		1,02,622	7,20,39,213
(c) Other Long term liabilities		-	-
(d) Long-term provisions		-	-
Total		52,65,21,936	63,86,04,807
4. Current liabilities			
(a) Short-term borrowings	4	9,01,39,557	32,65,92,032
(b) Trade payables	5	7,26,58,747	13,66,74,769
(c) Other Current Liabilities	6	40,59,59,892	50,58,56,987
(d) Short-term provisions	7	1,27,49,257	65,68,844
Total		58,15,07,453	97,56,92,632
TOTAL		1,25,87,20,212	2,49,05,91,296
II. ASSETS			
1. Non-current assets			
(a) Fixed Assets			
(i) Tangible assets	8	59,29,71,394	78,37,29,195
(ii) Intangible assets		-	59,21,95,280
(iii) Capital work-in-progress		-	-
(iv) Intangible assets under development		-	-
(b) Non-current investments	9	6,74,28,000	4,13,56,615
(c) Deferred tax assets (net)		-	6,69,21,709
(d) Long-term loans and advances	10	12,90,98,448	17,83,56,273
(e) Other non-current assets	11	-	2,25,98,993
Total		78,94,97,842	1,68,51,58,065
2. Current assets			
(a) Current investments		-	-
(b) Inventories		-	-
(c) Trade receivable	12	21,34,29,718	35,64,72,699
(d) Cash and cash equivalents	13	20,07,77,152	20,86,01,475
(e) Short-term loans and advances	14	3,39,24,358	3,98,21,585
(f) Other current assets	15	2,10,91,142	20,05,37,472
Total		46,92,22,370	80,54,33,231
TOTAL		1,25,87,20,212	2,49,05,91,296

Notes referred to above and the notes thereon form an integral part of the consolidated balance sheet,
As per our report of even date attached

For TOMY & FRANCIS
Chartered Accountants

Frederick Ivor Bendle
Managing Director & CEO

Dr. P.J. George
Director

Jitendra Kumar Pal
Company Secretary

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

Chennai
14th July 2012.

CONSOLIDATED PROFIT & LOSS SHEET AS AT 31ST MARCH 2012

Particulars	Note No.	31.03.2012	31.03.2011
		Rs	Rs
I. Revenue from operations	16	74,17,51,056	1,77,35,52,590
II. Other Income	17	5,72,22,719	3,65,27,932
III. Total Revenue (I+II)		79,89,73,775	1,81,00,80,522
IV. Expenses:			
Employee benefits expense	18	35,43,22,130	1,07,16,58,363
Operation and Other Expenses	19	66,90,18,402	92,88,85,903
Finance Costs	20	9,25,58,555	9,70,86,017
Depreciation and amortization Expenses	21	5,23,09,400	8,28,49,497
Total Expenses		1,16,82,08,487	2,18,04,79,780
V Profit before exceptional and extraordinary items and tax (III-IV)		(36,92,34,712)	(37,03,99,258)
VI Exceptional Items	22	40,18,97,972	3,01,090
VII Profit before extraordinary items and Tax (V-VI)		(77,11,32,685)	(37,07,00,348)
VIII Extraordinary items		-	-
IX Profit before Tax (VII-VIII)		(77,11,32,685)	(37,07,00,348)
X Tax expense:			
(1) Current tax		37,29,000	12,25,000
(2) Deferred tax		(2,39,39,444)	(16,30,36,314)
(3) Current tax expense relating to prior years		(1,41,653)	-
Total		(2,03,52,097)	(16,18,11,314)
XI Profit / (Loss) for the period from continuing Operations (IX-X)		(75,07,80,588)	(20,88,89,034)
XII Profit/(Loss) from discontinuing operations		-	-
XIII Tax expense of discontinuing operations		-	-
XIV Profit / (loss) from discontinuing operations (after tax) (XII-XIII)		-	-
XV Profit / (Loss) for the period (XI+XIV)		(75,07,80,588)	(20,88,89,034)
Less Minority Interest		(2,47,10,017)	1,74,66,810
XV Profit / (Loss) for the period (XI+XIV)		(77,54,90,605)	(19,14,22,224)
XVI Earnings per equity share:			
(1) Basic		(62.72)	(15.48)
(2) Diluted		(62.72)	(15.48)

Notes referred to above and the notes thereon form an integral part of the consolidated Profit & Loss Account, As per our report of even date attached

For TOMY & FRANCIS
Chartered Accountants

Frederick Ivor Bendle
Managing Director & CEO

Dr. P.J. George
Director

Jitendra Kumar Pal
Company Secretary

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

Chennai
14th July 2012.

NOTES ON ACCOUNTS

	31.03.2012	31.03.2011
	Rs	Rs
1 SHARE CAPITAL		
A AUTHORISED CAPITAL		
15,000,000 Equity Shares of Rs.10/- each with equal voting rights	15,00,00,000	15,00,00,000
ISSUED CAPITAL		
123,65,006 Equity Shares of Rs.10/- each with equal voting rights	12,36,50,060	12,36,50,060
SUBSCRIBED, CALLED UP AND PAID UP CAPITAL		
123,65,006 Equity Shares of Rs.10/- each with equal voting rights	12,36,50,060	12,36,50,060
Fully Called up and paid up. (The paid up share capital includes shares worth Rs. 7,24,920 which were issued by the company in October 1994 for consideration other than cash)		
B Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:		
	No of Shares	No of Shares
Opening Balance	1,23,65,606	1,23,65,606
Changes During the year	-	-
Closing Balance	1,23,65,606	1,23,65,606
C. Shareholders holding more than 5% of total shares	No of Shares %	No of Shares %
1 KEMOIL LTD	8166208 66.04	8166208 66.04
	8166208 66.04	8166208 66.04
	8166208 66.04	8166208 66.04
2 Reserve and surplus		
(A) Capital reserve		
Opening balance	2,06,250	2,06,250
Add: Additions during the year (give details)	-	-
Less: Utilised / transferred during the year (give details)	-	-
Closing balance	2,06,250	2,06,250
Foreign Currency Translation reserve	(8,98,53,265)	(7,34,55,632)
Add: Current Year	4,98,87,851	(1,63,97,633)
Closing balance	(3,99,65,414)	(8,98,53,265)
(B) Securities premium account		
Opening balance	63,30,84,932	63,95,75,545
Add : Premium on shares issued during the year	-	-
Less : Utilised during the year for:	-	64,90,613
Closing balance	63,30,84,932	63,30,84,932
(C) General reserve		
Opening balance	6,58,64,252	6,67,52,612
Add: Transferred from surplus in Statement of Profit and Loss	-	-
Less: Utilised / transferred during the year for:	-	8,88,360
Closing balance	6,58,64,252	6,58,64,252
(D) Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	14,33,41,627	33,47,64,109
Add: Profit / (Loss) for the year	(77,54,90,605)	(19,14,22,202)
Less Proposed Dividend	-	-
Tax on Dividend	280	280
Closing balance	(63,21,49,258)	14,33,41,627
Total	2,70,40,763	75,26,43,797

NOTES ON ACCOUNTS

	31.03.2012	31.03.2011
	Rs	Rs
3 Long-term borrowings		
Term loans		
From banks		
Secured		
Canara Bank Building Term Loan	49,60,27,883	53,99,81,045
Sanoma National Bank - Building	3,03,91,431	2,65,84,550
	52,64,19,314	56,65,65,594
4 Short-term borrowings		
Loans repayable on demand		
From banks		
Secured		
Canara Bank PCFC Loan	9,01,39,557	9,82,76,384
(Bank PCFC Loan are secured by exclusive charge over the building, machinery and equipment and bills.)		
Bank OD	-	10,43,87,102
IDC	-	12,39,28,545
	9,01,39,557	32,65,92,032
5 Trade Payables	7,26,58,747	13,66,74,769
6 Other current liabilities		
Particulars		
Current maturities of long-term debt	6,00,00,000	6,02,53,023
Interest accrued but not due on borrowings	60,21,813	-
Interest accrued and due on borrowings	-	59,33,208
Income received in advance (Unearned revenue)	1,99,55,848	1,53,44,466
Unpaid dividends	3,65,527	3,65,527
Rent Deposits	2,52,58,664	1,51,22,160
" Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax, etc.) "	9,02,506	25,75,133
TDS Payable	47,34,879	32,91,125
CST&VAT	1,00,40,434	65,01,733
EPF&ESI Payable	9,82,532	11,07,577
TNLWF Payable	973	5,351
Professional Tax Payable	84,447	10,74,056
Calsoft Labs payables	16,12,12,462	-
Aspire Payable	-	-
Consideration Payable to Aspire Share Holders	90,53,364	1,40,59,408
Other expenses Payable	9,03,36,051	7,91,88,840
Lease Equalization Liability Account		
Advances	-	22,19,50,000
Interest accrued on trade payables	-	-
Interest accrued on others	-	-
Trade / security deposits received	-	-
Advances from customers	1,57,38,725	-
Others	-	7,79,53,703
Total	40,59,59,892	50,58,56,987
7 Short-term provisions		
IT Provision	14,99,378	-
Provision for employee benefits	-	65,68,844
Others	-	-
	1,27,49,257	65,68,844

NOTES ON ACCOUNTS

8. Notes: Tangible Assets

Particulars	Cost as on			Depreciation			WDV As on			
	as on 1.4.11	Additions For the Period	Deductions	as on 31.3.12	as on 1.4.11	For the Period	Impairment	deductions	as on 31.3.12	31.3.12
Computer & accessories	23,14,13,645	11,53,001	4,35,43,168	18,90,23,478	21,45,99,133	73,34,784	-	3,80,53,471	18,38,80,446	51,43,032
Office Equipment	1,60,69,020	1,20,258	1,13,25,914	48,63,365	50,07,666	1,08,337	-	23,79,795	27,36,207	21,27,158
Furniture & Fittings	16,97,11,089	-	2,89,07,746	14,08,03,342	3,70,44,946	89,60,984	8,50,29,837	85,36,665	12,24,99,103	1,83,04,240
Plant & Machinery	4,83,48,505	-	-	4,83,48,505	61,64,609	23,02,850	-	-	84,67,459	3,98,81,046
Fixtures & Fittings	1,40,89,091	-	62,32,892	78,56,199	28,11,971	4,97,700	-	16,07,134	17,02,537	61,53,662
Vehicle	66,04,716	-	-	66,04,716	61,27,465	82,716	-	-	62,10,181	3,94,535
Building	56,86,14,648	-	59,46,593	56,26,68,055	2,63,22,307	93,37,341	3,46,71,062	3,68,157	6,99,62,553	49,27,05,502
Books	-	-	-	-	-	-	-	-	-	-
Land	2,87,17,524	-	4,55,300	2,82,62,224	-	-	-	-	-	2,82,62,224
Proprietary Software	33,88,46,001	-	6,76,68,133	27,11,77,868	21,81,87,314	2,36,83,808	4,72,85,634	1,79,78,888	27,11,77,868	-
Goodwill	46,97,75,651	68,19,000	6,82,088	47,59,12,563	-	-	47,59,12,563	-	47,59,12,563	-
Total	1,89,21,89,890	80,92,260	16,47,61,834	1,73,55,20,315	51,62,65,410	5,23,08,519	64,28,99,097	6,89,24,110	1,14,25,48,916	59,29,71,399

31.03.2012 **31.03.2011**
Rs Rs

9. NON CURRENT INVESTMENTS (AT COST)

CNHC	4,14,80,000	-
Impelsys	2,59,25,000	4,13,33,615
Trust money in California Software Employees' Welfare Trust	17,500	17,500
NSC	5,500	5,500
	6,74,28,000	4,13,56,615

10 Long-term loans and advances

Security deposits		
Secured, considered good		
Unsecured, considered good	2,00,52,468	3,26,09,725
Doubtful	-	-
	2,00,52,468	3,26,09,725
Less: Provision for doubtful deposits	-	-
	2,00,52,468	3,26,09,725
Loans and advances to related parties		
Secured, considered good		
Unsecured, considered good	6,08,98,815	7,59,92,351
Doubtful	-	-
	6,08,98,815	7,59,92,351
Less: Provision for doubtful loans and advances	-	-
	6,08,98,815	7,59,92,351
(i) Other loans and advances (specify nature)		
Secured, considered good	-	-
Unsecured, considered good	-	3,87,24,149
Doubtful	-	-
	-	3,87,24,149
Less: Provision for other doubtful loans and advances	-	-
	-	3,87,24,149
"(f) Advance income tax # (net of provisions ` 41519871 (As at 31 March, 2011 ` 41519871) - Unsecured, considered good"	4,81,47,166	3,10,30,048
	12,90,98,448	17,83,56,273

NOTES ON ACCOUNTS

	31.03.2012	31.03.2011
	Rs	Rs
A. Details of Loans & Advances to Related Parties		
American Health Net Inc	5,98,86,698	7,59,92,351
Dan Peterson	10,05,970	
Andora Services	6,146	
	6,08,98,815	7,59,92,351
11. Other Non Current Assets		
Minority Interest	-	2,25,98,993
	-	2,25,98,993
12. Trade Receivables		
Trade receivables outstanding for a period exceeding six months from the date they were due for payment #		
Unsecured Considered Good	5,97,49,472	12,50,24,683
Considered Doubtful	7,66,76,153	2,75,85,128
	13,64,25,625	15,26,09,811
Less: Provision for doubtful debts	7,66,76,153	2,75,85,128
Sub Total	5,97,49,472	12,50,24,683
Other Trade receivables		
Unsecured, considered good	15,36,80,245	23,14,48,016
Doubtful		
	15,36,80,245	23,14,48,016
Less: Provision for doubtful trade receivables		
Sub Total	15,36,80,245	23,14,48,016
Grand Total	21,34,29,718	35,64,72,699
A. Details of Trade receivables from Related Parties		
Chemoil Corporation	47,74,554	1,49,37,887
Chemoil Advanced Management Services Private Limited	21,77,515	2,50,804
EAST POINT SOLUTIONS	15,993	
IPC (USA) Inc.,	15,47,774	43,28,025
Chemoil Energy Limited		21,04,086
Chemoil Middle East DMCC		45,278
13. Cash and cash equivalents		
Cash on hand	47,701	1,38,427
Cheques, drafts on hand	-	-
Balances with banks	-	-
In current accounts	5,51,68,291	17,35,18,687
In EEFC accounts	66,15,255	54,81,692
In deposit accounts	3,37,625	15,37,625
In earmarked accounts	-	-
- Unpaid dividend accounts	3,65,161	3,65,307
Balances held as margin money or security against borrowings, guarantees and other commitments	13,82,43,119	2,75,59,736
other earmarked accounts	-	-
Others	-	-
Total	20,07,77,152	20,86,01,475

NOTES ON ACCOUNTS

	31.03.2012	31.03.2011
	Rs	Rs
14. Short-term loans and advances		
(c) Loans and advances to employees		
Secured, considered good		
Unsecured, considered good	50,36,084	1,73,41,875
Doubtful	-	-
Less: Provision for doubtful loans and advances	-	-
(d) Prepaid expenses - Unsecured, considered good (For e.g. Insurance premium, Annual maintenance contracts, etc.)	1,68,56,423	1,38,43,616
(e) Balances with government authorities		
Unsecured, considered good	-	-
(i) CENVAT credit receivable	-	2,78,338
(ii) VAT credit receivable	22,77,280	19,29,529
(iii) Service Tax credit receivable	95,96,106	52,34,098
Others	1,58,465	11,94,128
Total	3,39,24,358	3,98,21,585
15. Other current assets		
(c) Accruals		
(i) Interest accrued on deposits	10,26,764	88,283
(ii) Interest accrued on investments	-	-
(iii) Interest accrued on trade receivables	-	-
Advance to Suppliers	62,14,741	-
(d) Others		
(i) Insurance claims	-	-
(ii) Receivables on sale of investments	-	18,67,82,023
(iii) Dividend Receivable	-	-
(iv) Others (specify nature)	-	-
Rent Receivable	3,59,67,254	2,65,27,615
Less Provisions	2,21,17,617	1,28,60,448
	1,38,49,637	1,36,67,167
Total	2,10,91,142	20,05,37,472
16. Revenue from operations		
Sale of products	8,64,25,922	68,77,45,540
Sale of services	65,53,25,133	1,08,58,07,050
Other operating revenues		
Total	74,17,51,056	1,77,35,52,590

NOTES ON ACCOUNTS

Particulars	31.03.2012	31.03.2011
	Rs	Rs
17. Other income		
Other non-operating income comprises:		
Rental income	3,34,88,985	1,96,45,770
Interest	1,26,79,977	47,02,803
Exchange Gain / Loss	(1,01,25,172)	99,79,830
Profit on Disposal of Assets	1,27,37,638	-
Miscellaneous income	84,41,291	21,99,529
Total - Other non-operating income	5,72,22,719	3,65,27,932
18. Employee benefits expense		
Salaries & Allowances	33,80,99,926	1,01,74,97,573
Contribution to Provident and other funds	50,21,666	2,62,91,424
Staff Welfare Expenses	1,12,00,538	2,78,69,367
	35,43,22,130	1,07,16,58,363
19. Operation and Other Expenses		
Purchase of Software Licenses	1,51,28,102	8,67,76,833
Project Expenses - Bought outs	30,15,45,101	40,81,96,442
Electricity Charges	61,02,988	1,98,81,928
Rent	3,21,77,243	4,70,53,375
Rates & taxes	12,01,291	52,60,447
Insurance	1,25,12,411	62,55,542
Repairs & Maintenance - Buildings	43,15,841	34,96,797
Repairs & Maintenance - Plant and Machinery	5,20,534	30,30,809
Repairs & Maintenance - 'Others	34,14,854	81,28,153
Communication Expenses	1,00,60,866	1,49,01,496
Travelling Expenses	6,40,54,476	10,49,36,775
Data Circuit Expenses	18,21,662	81,30,229
Statutory audit	60,01,868	66,21,765
Other Audit expenses	1,43,755	70,172
Service Charges	6,14,296	9,64,602
Legal ,Professional and Secretarial Expenses	4,06,81,328	4,38,17,074
Exchange difference (Net)	9,70,654	1,17,648
Provision for doubtful debts and Advances	11,59,11,203	9,36,99,384
Provision for doubtful advances	-	-
Other Expenses	1,90,70,515	1,18,90,643
Loss on sale of assets	-	44,75,587
Profit on sale of assets		
Commission	2,25,60,383	3,22,85,922
Business Promotion	4,33,361	8,77,626
Bank Charges	36,13,775	87,49,092
Printing And Stationery	12,74,811	10,81,210
Staff Traing and Recruitment	17,97,776	17,10,715
Hire Charges	12,79,281	5,81,478
Office Expenses	9,87,695	21,31,407
Conference And Seminar	-	22,91,816
Recruitment And Training	8,22,330	14,70,937
	66,90,18,402	92,88,85,903

NOTES ON ACCOUNTS

Particulars	31.03.2012	31.03.2011
	Rs	Rs
20. Finance Costs		
Interest on Term Loan	7,94,20,999	6,90,64,561
Interest on Working Capital Loan	1,12,76,617	1,81,59,757
Interest Others	18,60,939	98,61,700
	9,25,58,555	9,70,86,017
21. Depreciation & Amortization Expenses		
Depreciation	2,86,24,712	4,80,86,247
Amortisation Expenses	2,36,84,688	3,47,63,250
Total	5,23,09,400	8,28,49,497
22. Exceptional Items		
Goodwill in Investment Write off	47,59,12,563	-
Profit on Sale of Investment	(30,39,55,509)	-
Investment Impirement	2,53,54,062	-
Others	(6,69,562)	3,01,090
Profit on Deconsolidation	(12,88,77,438)	-
Provision for Alten receivables	16,71,47,322	-
Fixed Asset Impirement	16,69,86,533	-
	40,18,97,972	3,01,090

NOTES ON ACCOUNTS

23. Contingent Liabilities

	(in ₹)	
	March 31,2012	March 31,2011
California Software company Limited		
a. Guarantees given on behalf of other companies	NIL	20,50,90,000
b. Claims against the company not acknowledged as debt in respect of certain tax matters which are subjudice		
a) Income Tax	5,24,73,482	5,04,30,003
b) Sales Tax / VAT	6,48,228	6,48,228
c) Service Tax	8,52,310	8,52,310
Inatech Infosolutions P Ltd		
a. Outstanding counter guarantees to Bankers - ₹ 1,75,000 (₹ 13,75,000).		
b. Dividend payable on Preference shares (including tax thereon) - ₹ 1,930 (₹ 1,930).		
c. Disputed Taxes:		
i) The Income Tax authorities had raised a demand of ₹ 18.57 lacs in respect of year ended 31st March 2004 due to denial of exemption U/s. 10A of Income Tax Act 1961, (the Act) on certain grounds including that the company has commenced operations before registration with STPI Authorities. The Company had disputed the demand and preferred an appeal. The Honourable Income Tax Appellate Tribunal, Bangalore has passed orders granting relief under Section 10A but have also referred some matters to the Assessing Officer for re-examination. The Company is awaiting fresh orders from the Assessing Officer.		
ii) Deduction U/s. 10A of the act 1961 has been allowed for the year ended 31st March 2005. However loss of the unit not eligible for deduction U/s. 10A of the Act has been set-off against the profits of the unit eligible for the deduction U/s. 10A and certain other disallowances have been made in the assessment. The Company had disputed the demand and had preferred appeals. The Honourable Income Tax Appellate Tribunal, Bangalore has passed orders giving relief and have also referred re-examination of certain facts to the Assessing Officer. The Company is awaiting fresh orders from the Assessing Officer.		
iii) The Company has been advised by its Counsel that the demands and adjustments/disallowances are not sustainable and consequently no provision has been made for the same or for current income tax due to these demands / disallowances. A payment of Rs. 10 lacs has been made for the year ended 31st March 2004 and no further payments are likely till the completion of proceedings and considering relief given by Appellate Authorities.		
iv) The Income Tax authorities had raised a demand of ₹ 13.50 lacs in respect of year ended 31st March 2007 due to reduction of exemption amount U/s. 10A of the act on certain grounds including deduction of communication and travel expenses from the export turnover. The Company has disputed the demand and preferred an appeal with the CIT (Appeals) paying Rs. 5 lacs as advance. The Commissioner of Income Tax Appeals has passed orders giving partial relief. The Company is likely to prefer second appeal before the Honourable Income Tax Appellate Tribunal, Bangalore. However, the Company does not expect any further tax payment to be made in this respect.		
v) The Company has received a demand of ₹ 16,14,710/- towards Income Tax and Fringe Benefit Tax in respect of the year ended March 31, 2009. The demand under Section 143(1) of the Act is due to credit for tax paid not given properly and not due to any disallowances. The Company has filed rectification application for withdrawal of demand. Consequently, no cash outflow is expected in this respect.		

24. Other Financial Information

	(in Rupees)	
	March 31,2012	March 31,2011
California Software company Limited		
a) Outstanding Bank Guarantees	6,50,000	19,34,509
b) Reimbursement of travel expenses to Directors	2,66,107	10,52,732
c) Sitting fees paid / payable to Directors	33,000	55,000

NOTES ON ACCOUNTS

- d) Taking into consideration the post sale scenario of its OPD division and considering the past performance of the subsidiaries company decided to reassess the value of its investment in subsidiaries. Based on this company decided to strike off East Point Solutions Ltd accompany yet to commence business and also to withdraw from the Joint Venture Agreement with Calspence, Srilanka. It was also decided to write off excess carrying value over the book value of its Indian subsidiaries. Total Investment write off included in exceptional items is as given below:

Inatech Info Solutions P Ltd.	₹ 33,87,54,000
Aspire Communications Ltd.	₹ 3,72,66,697 *
East Point Solutions Ltd	₹ 5,00,000
Calspence, Srilanka	₹ 7,94,062
Total	₹ 37,73,14,759

* The above amount includes Rs.68,19,000 paid to former shareholders Aspire Communications Ltd. This payment is in excess of the Share Purchase Agreement (SPA) entered with outside shareholders.

- e) Impairment of Fixed Assets:

- Land and Building was written down by ₹ 3,46,71,062/- based on the realizable value of the land and building (As valued by Valuer)
- Furniture & fittings except those utilized for the Company's business was written off fully. Amount written off is ₹ 8,50,29,837/-
- Entire Product Solutions was written off fully as the same has not generated any income during the current year. Amount written off is ₹ 3,50,26,741/-

The above write off is over and above the regular depreciation charged during the year and hence taken to Statement of Profit and Loss as exceptional item.

- Trade receivable ageing more than 270 days is fully provided for. Included in trade Receivables is amount due from subsidiaries ₹13,03,96,334/- .Out of which ₹11,24,43,410/- is due from Inatech Infosolutions Ltd and its overseas subsidiaries. Provision includes ₹ 4,91,07,447/- made against these receivable from Inatech.
- Rent receivable amounting to ₹ 3,19,78,380 from Roxanne Research Private Ltd has been shown under other current assets. Provision has been made for entire amount net of deposit given by the company .
- Professional fees includes ₹ 19,95,552/- being Professional Charges payable to Chemoil Energy Ltd for conducting review audit of the company in the year 2009-10.

Inatech Infosolutions P. Ltd.

- Loans and advances include refund claim of Service tax amounting to ₹ 95.98.37 lakhs (₹40.37 lakhs) representing credit set off on input services pertaining to exports. However, the refund claim are under various stages of appeal. with Customs Excise & Gold (Control) Appellate Tribunal. As advised by its counsel. The Company is confident of the recovering the same and consequently no provision is found necessary.
- The preference shares held by the holding company is redeemable on or before 6th November 2012
- Though the subsidiary of the Company, Inatech Solutions Limited UK has turned profitable during the year in view of the substantial loses in the previous years, considered impairment

in the investment cost was considered and has written of excess cost over the book value of shares amounting to ₹1,36,01,352/-.

Aspire Communications Ltd.

- Investment Impairment of Aspire soft Corporation USA : ₹10,80,000/-

CSWL Inc

- Investment Impairment of Impelsys USA: ₹ 2,40,60,000/-
- Fixed Asset Impairment ₹ 1,22,58,893/-
- Goodwill on Investment ₹ 8,50,86,053/-
- The Company is party to legal proceedings arising in the normal course of business.

Although the Company's counsel believes that the Company has valid defenses in these matters, the Company has entered into settlements of claims. The Company is a defendant in two claims from a bankruptcy trustee for \$2.0 million regarding certain payments received from customers in bankruptcy. In the opinion of management and its legal counsel, the settlement amounts should be approximately \$250,000 for both suits. This provision has been made as of March 31, 2012 on the financial statements.

25. Intangible asset

Entire proprietary software belonging to the group has been considered as impaired and has been written off. Total Impairment on product solutions charged to statement of profit and loss is ₹ 4,72,85,634/-

26. Transfer Pricing

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

27. Deferred taxation

In view of the considerable accumulated losses in the group, only Inatech Info solution Ltd has considered deferred tax and deferred tax liability for the group is ₹ 1,02,622/-

28. Auditors' Remuneration

Payments to Auditors comprises the following:

	31.03.2012	31.03.2011
	Rs.	Rs.
Statutory Audit	36,27,277	58,26,649
Tax Audit	2,00,000	1,50,000
Certification	19,45,281	5,75,000
Out of Pocket expenses Others	2,29,310	1,40,287
Total	60,01,868	66,91,936

29. Acquisitions & Disinvestment

California Software Company Ltd

- Taking into consideration the post sale scenario of its OPD division and considering the past performance of the subsidiaries company decided to reassess the value of its investment in subsidiaries. Based on this company decided to strike off East Point Solutions Ltd accompany yet to commence business and also to withdraw from the Joint Venture Agreement with Calspence, Srilanka. It was also decided to write off excess

NOTES ON ACCOUNTS

carrying value over the book value of its Indian subsidiaries. Total Investment write off included in exceptional items is as given below:

Inatech Info Solutions P Ltd	₹	33,87,54,000
Aspire Communications Ltd	₹	3,72,66,697 *
East Point Solutions Ltd	₹	5,00,000
Calspence, Srilanka	₹	7,94,062
Total	₹	37,73,14,759

- The above amount includes Rs.68,19,000 paid to former shareholders Aspire Communications Ltd. This payment is in excess of the Share Purchase Agreement (SPA) entered with outside shareholders.

d) Disinvestment In Calsoft Labs India Private Limited

Calsoft promoted a new company named Calsoft Labs India private Limited. Entire OPD assets of Calsoft amounting to ₹ 53674642/- and all the employees of this segment has been transferred to the newly formed company against the issue of its equity shares. Total investment in the new company as at the year end was ₹ 548,53,561/- . As at the year end Calsoft and its subsidiaries Aspire Communications Private Limited and Aspire Peripherals Private Limited holds hundred percent of the equity shares in the new company. As agreed upon these shares were transferred to Alten Europe after receiving a sale consideration of US\$ 3.5 million (15.80 crore). Resultant profit was as given below:

California software Co. Ltd.	:	₹ 6,86,65,262/-
Aspire Communications Ltd.	:	₹ 44,38,039/-
Aspire Peripherals Ltd.	:	₹ 4,59,904/-

Further as per the Master Agreement unfinished contracts outstanding at the date of transfer were to be completed by Calsoft and Aspire and resultant sales transferred to Calsoft Labs Ltd. Amount thus transferred is as given below:

California software Co. Ltd.	:	₹ 54,20,107/-
Aspire Communications Ltd.	:	₹ 38,00,411/-
Aspire Peripherals Ltd.	:	₹ 11,85,986/-

CSWL Inc

- a) On April 14, 2011, Group companies, entered into a Master Agreement with ALTEN EUROPE, SARL, France to sell its entire

OPD business. On January 25,2011, the subsidiary CSWL Inc has received an advance payment from Alton in consideration of pending sale of \$5,000,000. This transaction has been recorded as a deposit liability in the financial statements. The further consideration US \$ 5 million (₹ 22.19 crores) has been received in April.

In addition to the above , the subsidiary CSWL Inc is entitled to receive Purchase Price Adjustment (PPA) and Earn-Out Payment.

Based on the above company booked its first PPA of ₹16,71,47,322/- in June 2011 and aggregate resultant profit for the transfer booked is ₹ 23,03,92,304/-. However company is yet to receive PPA from Alten as the matter is under dispute. In view of this provision has been made for the entire PPA of ₹ 16,71,47,322/-. Both profit on transfer and provision is classified under exceptional items.

- b) During the year CSWL Inc, reduced its equity in its subsidiary CNHC from 51% to 34% . In the resultant deconsolidation of Financial Statements, entire loss of the subsidiary till the date of deconsolidation had to be reversed from the group financial statements. This amount of ₹ 12,88,77,438/- was credited to the Statement of Profit and loss as an exceptional item.

30. Segment Reporting

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

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

Primary Segment

Particulars		TS	ES	IMS	SI	Inter Segment	Un allocated	Total
1. Segment Revenue	CY	-	6928.62	-	488.89	-	-	7417.51
	PY	11376.23	6312.63	504.35	202.65	661.93	-	17733.94
Less: Inter Segment Revenue		-	-	-	-	-	-	Nil
		-	-	-	-	-	-	(Nil)
Net Sales/ Income from Operations	CY	-	6928.62	-	488.89	-	-	-
2. Segment Results	CY	-	-2332.08	-	-1006.90	0.00	-	-3338.98
	PY	769.25	-1942.85	-78.59	-1756.68	0.00	-	-3008.86
Less:1.Interest & Finance Charges	CY	-	-	-	-	-	925.59	925.59
	PY	-	-	-	-	-	1059.8	1059.80

NOTES ON ACCOUNTS

2. Other Unallocable Expenditure, Net of Un-allocable Income	CY	-	-	-	-	-	-572.23	-572.23
	PY	-	-	-	-	-	-364.67	-364.67
Profit before Tax	CY	-	-2332.08	-	-1006.90	-	-353.36	-3692.34
	PY	769.25	-1942.85	-78.59	-1756.68	-	-695.13	-3703.99

The company believes that it is currently not practicable to provide segment disclosures to total assets and liabilities since a meaningful segregation of available data is onerous.

31. Disclosure under AS 15 revised on Employee benefits

A) California Software co Ltd

Gratuity

In Rs.

	2011-12	2010-11
a) Changes in present value of benefit obligation		
Present value obligation as at beginning of the year	34,89,604	12,392,964
Current service cost	882,434	3,403,022
Interest cost	279,168	991,437
Actuarial loss/(gain)	(438,209)	(9,866,639)
Benefits paid	(1,828,733)	(3,431,180)
Present value of obligation as at end of the year	2,384,264	3,489,604
b) Changes in fair value of Plan Assets		
Fair value of the plan assets	4,770,136	6,384,676
Expected return on plan assets	328,339	525,194
Contributions	NIL	1,291,446
Benefits paid	(1,828,733)	(3,431,180)
Actuarial gain on plan assets	NIL	NIL
Fair value of plan assets at the end of the year	3,269,742	4,770,136
c) Cost for the year		
Current service cost	882,434	3,403,022
Interest cost	279,168	991,437
Expected return on plan assets	(328,339)	(525,194)
Net actuarial (gain)/loss recognised in the year	(438,209)	(9,866,639)
e) Principal actuarial assumptions		
Discount rate	8%	8%
Expected rate of salary increases	5%	5%

Leave Encashment:

	2011-12	2010-11
Obligations at period beginning	1,778,923	10,381,452
Service Cost	2,078,157	5,780,243
Interest on Defined benefit obligation	30,211	196,051
Benefits settled	(2,610,046)	(14,227,856)
Actuarial (gain)/loss	(272,628)	(350,967)
Past Service Cost	-	-
Obligations at period end	1,549,873	1,778,923
Long Term - PBO - Actuarial	1,427,711	1,641,455
Short Term - Compensated absence - Actual	122,162	137,468

NOTES ON ACCOUNTS

Principal actuarial assumptions

Discount Rate	8.5%	8%
Expected Rate of Salary Increases	5%	5%
Attrition Rate	1-3%	1-3%

B) Inatech InfoSolutions P Ltd

(a) Contribution to Defined Contribution Plan		
Particulars	Current Year	Previous Year
	(Rs.)	(Rs.)
Contribution to Provident Fund	42,53,353	33,55,655

(b) The details of defined benefit plans are as under:

The amounts recognized in the income statement are determined as follows

Particulars	Gratuity (Funded)		Leave (unfunded)	
	Current	Previous	Current	Previous
	Year	Year	Year	Year
Current Service Cost	7,69,825	4,23,167	1,34,056	2,04,357
Interest Cost	1,64,978	1,33,813	92,843	67,110
Expected return on plan Assets	1,54,434	(1,74,780)	Nil	Nil
Actuarial (gain)/loss	(109,255)	79,162	(180,832)	(18,069)
Actual return on plan assets - Gain/(Loss)	154,434	174,780	Nil	Nil

Present value of defined obligations funded by plan assets.

Particulars	Gratuity		Gratuity	
	Current Year	Previous Year	Current Year	Previous Year
Defined benefit pension obligations	22,18,981	19,32,839		
Fair value of plan assets	15,47,349	18,12,802		
Unrecognized	-	-		
Unrecognized past service Cost	-	-		
Net defined benefit pension plan assets/(liability)	(6,71,632)	(1,20,037)		

Movement in the present value of the defined benefit Gratuity and Leave obligations.

Particulars	Gratuity (Funded)		Leave (unfunded)	
	Current	Previous	Current	Previous
	Year	Year	Year	Year
Obligations at period beginning	20,62,231	20,48,619	10,92,268	8,38,870
Service Cost	7,69,825	423,167	134,056	2,04,357
Interest Cost	1,64,978	133,813	92,843	67,110
Benefits settled	Nil	Nil	Nil	Nil
Actuarial (gain)/loss	(1,09,255)	79,162	(1,80,832)	(18,069)
Settlements	(6,68,798)	(751,922)	Nil	Nil
Obligations at period end	22,18,981	19,32,839	11,38,335	10,92,268

The movement in fair value of plan assets during the financial year

Particulars	Gratuity	
	Current Year	Previous Year
Beginning of the financial year	18,12,802	14,59,959
Balance correction - actual return	Nil	Nil
Expected return on plan assets (estimated)	1,54,434	1,74,780
Actuarial (gain)/Loss	(1,09,255)	Nil
Administration Cost	Nil	Nil
Contributions	2,48,911	9,29,985
Equitable Interest Transfer	Nil	Nil
Settlements	(6,68,798)	(7,51,922)
End of the financial year	15,47,349	18,12,802
Actual Return on Plan Assets	1,54,434	1,74,780

The principal actuarial assumptions used are as follows.

Particulars	Gratuity (Funded)		Leave (unfunded)	
	Current	Previous	Current	Previous
	Year	Year	Year	Year
Weighted average discount rate	8	8	8.5	8
Expected return on plan assets	8	8	-	-
Salary escalation rate	6	6	7	6

12) Provision Movement for the year

	Balance Brought Forward	Additions During the Year	Withdrawn Payment made	Balance Forward
Provision for Bonus	36,03,912	1,02,81,115	59,94,987	78,90,040
	(51,13,011)	(9,19,142)	(24,28,241)	(36,03,912)

Figures in brackets indicate previous year's figures.

Aspire Communications P Ltd & Aspire Peripherals P Ltd

Both the companies did not have any employees during the year

32. Obligations on long-term, non-cancelable operating Leases

Inatech InfoSolutions P Ltd

The lease rentals charged for the year ended March 31, 2012 and maximum obligations on long-term, non-cancelable operating leases payable as per the rentals stated in the respective agreements are as follows :

	March 31, 2012	March 31, 2011
Lease rentals recognized during the year	1,26,56,250	1,17,68,576
Lease Obligations		
Within one year of the balance sheet date	1,28,24,000	1,23,20,000
Due in a period between one and five years	21,56,000	1,43,73,333

NOTES ON ACCOUNTS

33. Related Party Disclosure

A) Names of related parties and description of relationship

a) List of related parties where control Exists	
1. California Software company limited	
Companies Having Substantial Interest	Kemoil Limited, Hong Kong
	Chemoil Energy Limited, Hong Kong
b) Key management personnel	
	Mr.Sam Santhosh (Part of the period)
	Frederik Ivor Bendle
c) List of related parties where no control Exists	
Fellow Subsidiaries of Kemoil Limited	Chemoil corporation USA *
	Chemoil International Pte. Ltd., Singapore *
	Chemoil Europe B.V., The Netherlands *
	Chemoil Terminals Corporation California, USA
	Royal Melbourne Insurance Company Limited British Virgin Islands
	Chemoil Logistics Inc. British Virgin Islands
	Baltic Fuel Inc. British Virgin Islands
	Belgrave Investors Corp. British Virgin Islands
	Cypress Maritime Ltd. British Virgin Islands
	Dryden Agency Inc. British Virgin Islands
	Spy Glass Maritime Ltd. British Virgin Islands
	Soham Corporation. British Virgin Islands
	GPS Chemoil LLC (FZC) U.A.E
	Galaxy Energy Group Ltd. British Virgin Islands

Subsidiaries of the abovementioned fellow subsidiaries	Chemoil Advanced Management Services Pvt. Ltd., India *
	Chemoil Latin America, Inc. Panama *
	Chemoil Middle East DMCC *
	IPC (USA) Inc California, USA
	Andorra Services Inc. British Virgin Islands
	Chemoil North America Corporation Connecticut, USA
	Chemoil Pacific Pte Ltd Singapore
	Ocean Connect.com Inc Delaware, USA
	St.Andrews Insurance Brokers, Inc California USA
	Berkshire Energy Ltd. British Virgin Islands
	Chemoil Energy Philippines Inc. Philippines
	Chemoil Storage Limited Marshall Islands
	Chemoil Belgium N.V. Belgium
	Chemoil Office Support B.V. The Netherlands
	Burando Holding B.V. The Netherlands
	Anand Sea Shipping Limited Marshall Islands
	Faith IV Pte Ltd Singapore
	Olympic Shipping Pte Ltd Singapore
	Chemoil Navigation Limited - Marshall Islands
	Pacifico Bunkering Services SA Panama
	Cypress Bunkering Services, SA Panama
	Spy Glass Bunkering Services, SA Panama
	Bonifay International Corp Panama

Inatech InfoSolutions Limited

Chemoil Corporation

CSWL Inc and its subsidiaries

- a. IPC USA Inc
- b. Itochu Corporation
- c. Chemoil Corporation
- d. American Healthnet inc

B) The above information regarding related parties have been determined to the extent such parties have been identified on the basis of information available with the Company.

Description	Companies having Substantial interest		Fellow subsidiaries of Kemoil Corp		TOTAL	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
TRANSACTIONS DURING THE YEAR						
Sales of services	-	-	1,19,44,461	8,57,34,658	1,19,44,461	8,57,34,658
BALANCE AT YEAR END						
Sundry Debtors			26,48,283	1,45,72,557	26,48,283	1,45,72,557

NOTES ON ACCOUNTS

C) Related Party Transactions of subsidiaries:

Sl No	Name	Nature of Transaction	Value of Transaction	Balance Outstanding
			Rs.	Rs.
Of CSWL Inc and its subsidiaries				
1.	Chemoil Corporation, USA	Advance receivable by CSWL		47,74,554
2.	American Healthnet Inc.	Loan received by American Healthnet Inc.		5,98,86,698
3.	IPC (USA) Inc	Advance receivable by CSWL		15,47,774
4.	Dan Peterson	Advance receivable by CSWL		10,05,970
5.	Andorra Services	Advance receivable by CSWL		6,146
	Inatech Info Solutions Limited			
	Chemoil Corporation	Trade Receivables		18,01,217

34. Earnings per share

Basic Earnings Per Share

	March 31, 2012	March 31, 2011
	Rs.	Rs.
Weighted average - No. of shares	1,23,65,006	1,23,65,006
Profit after Tax	(77,54,90,605)	(19,14,22,204)
Basic Earnings per Share	(62.72)	(15.48)

35. Regrouping and rearranging of figures

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

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED

	(in Rupees)	
	March 31,2012	March 31,2011
CASH FLOW FROM OPERATIONS		
Net profit before tax and extraordinary and prior	(77,11,32,685)	(37,07,00,348)
period items		
Adjustment for:		
Loss on disposal of asset		(58,10,452)
Profit on sale of asset	(1,27,37,638)	-
Depreciation and Impirements	69,52,07,617	4,80,86,249
Deferred expenses written off	880	3,47,63,250
Interest Income	(1,26,79,977)	(8,03,991)
Interest expense	9,25,58,555	10,59,80,956
Investment Write off	2,53,54,062	
Transfer to reserves		-
Minority Interest changes	(2,47,10,017)	1,74,66,810
	(81,39,203)	(17,10,17,527)
Adjustment for:		
Current Assets, Loans and Advances	37,76,43,483	14,13,03,219
Current Liabilities & Provisions	(15,77,32,703)	(13,66,803)
Increase/ Decrease in net current asset	21,99,10,780	13,99,36,416
Cash generated from operations	21,17,71,577	(3,10,81,111)
Current Taxation	(35,87,347)	10,24,73,433
Deferred Taxation	2,39,39,444	5,93,37,881
Other Items to be adjusted	-	-
NET CASH FROM OPERATIONS	23,21,23,673	13,07,30,202
CASH FLOW FROM INVESTING		
Purchase of fixed Assets net	(80,92,260)	(7,03,80,187)
Cash generated from sale of asset	10,85,75,362	2,69,05,171
Deferred tax Asset	6,69,21,709	(1,69,46,644)
Increase in expenses to be amortized		(16,323)
Change in Investments	(5,14,25,447)	10,82,718
Interest Income	1,26,79,977	8,03,991
NET CASH USED FOR INVESTING	12,86,59,342	(5,85,51,273)
CASH FLOW FROM FINANCING		
Loans borrowed (Net of repayment)	(27,65,98,756)	16,84,29,442
Deferred tax liability	(7,19,36,591)	(8,84,35,609)
Increase in capital		-
Increase in Share premium		(64,90,613)
Increase / (Decrease) in other reserves	4,98,87,571	(1,72,85,993)
Minority Interest changes	2,25,98,993	(4,28,27,981)
Dividend Tax		-
Interest Expense	(9,25,58,555)	(10,59,80,956)
Dividend	-	-
NET CASH FROM FINANCING	(36,86,07,337)	(9,25,91,709)
Net increase/ decrease in cash or cash equivalents	(78,24,322)	(2,04,12,780)
Cash & Cash equivalents at the beginning of the year	20,86,01,475	22,90,14,255
Cash & Cash equivalents at the close of the year	20,07,77,153	20,86,01,475

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

As per our report of even date.

For TOMY & FRANCIS
Chartered Accountants

Frederick Ivor Bendle
Managing Director & CEO

Dr. P.J. George
Director

Jitendra Kumar Pal
Company Secretary

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

Chennai
14th July 2012.

SIGNIFICANT ACCOUNTING POLICIES

1. Basis of preparation of Financial Statements

The consolidated financial statements consist of:

- o California Software Company Ltd (Parent company incorporated in India)
- o CSWL, Inc., incorporated in USA (100% Equity held by parent company) and its subsidiaries consisting of
 - Healthnet International Inc, USA (100% Equity held by CSWL Inc..) (HNI) and its 100% subsidiary International Innovations (Innovations)
 - Waldron Limited a Corporation incorporated in Hongkong in which CSWL, Inc. owns 100% of outstanding voting stock
 - AspireSoft Corporation (Aspiresoft) in which CSWL Inc holds 100 % of the outstanding voting stock(P Y 51%).
- o Inatech Infosolutions Private Limited, Bangalore (IIPL) which became a fully owned subsidiary from 1 January 2008, its 100% subsidiary Inatech Solutions Limited, UK and sub subsidiary Inatech Solutions, Egypt in which Inatech Solutions Limited, UK hold 51% shares.
- o Aspire Communications Private limited (Aspire) incorporated in India, a 100% subsidiary of parent company and its 100% subsidiary Aspire peripherals Private Ltd, Mysore.

CSWL Inc which held 51% equity in CNHC, LLC DBA ePayhealthcare (“ePay”), reduced its equity to 34% during the year and consequent effect has been deconsolidated from the financial statements

All these financial statements have been prepared under the historical cost convention and comply with accounting standards in all material respects.

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

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

The amount of Goodwill and Capital reserve arising on consolidation are as follows:

	2012	2011
	Rs.	Rs.
Goodwill - CSWL Inc & subsidiaries, IIPL and its subsidiary and Aspire Communications private limited and its subsidiary	NIL	46,97,75,651

Entire goodwill ₹ 475,912,563/-of the group has been considered as impaired and charged to statement of profit and loss as exceptional item.

2. Use of Estimates

The preparation of financial statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses and disclosure of contingent liabilities as of the date of the financial statements. The estimates and assumptions used in the accompanying financial statements are based

upon the management’s evaluations of the relevant facts and circumstances as of the date of the financial statements. Actual results could differ from these estimates.

3. Revenue Recognition

Revenue from software development is recognised based on software developed and billed to clients as per the terms of specific contracts. Revenue from consultancy services is recognised when the services have been provided to the customer. Revenue from the sale of software products is recognised when the sale is completed with the passing of title. Revenue from maintenance services is accrued over the period of the contract.

Deferred revenue includes amounts currently due and payable from and payments received from customers for various expenses for services and amounts deferred if other conditions to revenue recognition is not met. Deferred revenue that is expected to be earned in the next twelve months is reflected as current liability.

Software revenue from software license agreements is recognized when collection is probable and the product is shipped.

4. Expenditure

Expenses are accounted on the accrual basis and provisions are made for all known losses and liabilities.

5. Fixed Assets

Fixed assets are stated at cost less accumulated depreciation. Cost includes direct costs and financing costs related to borrowing attributable to qualifying assets

6. Impairment

Consideration is given at each Balance Sheet date to determine whether there is any modification or impairment of the carrying amount of the fixed assets. If any condition exists, an asset’s recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of any asset exceeds recoverable amount.

7. Depreciation & Amortization

The parent Company and its Subsidiaries are charging depreciation under straight line method

8. Leases

In the case of assets taken under operating lease, the rentals are charged to profit and loss account when due.

9. Inventories

As of 31st March 2012, none of the group companies were holding inventory.

10. Investments

Long term investments are stated at cost with provisions where necessary, for diminution other than temporary, in the value of investment.

11. Foreign Currency Transactions

Foreign currency transactions including expenses incurred on Trading / Non Trading Overseas offices and revenue accounts of onsite offices are accounted at the exchange rates ruling on the date of transaction. At the year end all monetary assets and liabilities denominated in foreign currency other than investments are restated at the closing exchange rates. Exchange differences arising out of actual payments / realizations and from the year end restatement referred to above are reckoned in the profit and loss account.

SIGNIFICANT ACCOUNTING POLICIES

Translation of Financial Statements of the Overseas Subsidiaries denominated in US dollar to Indian rupee.

i) For the purpose of consolidation, the operation of overseas subsidiaries are considered non integral in nature and on the basis of AS-9 prescribed by the Institute of Chartered Accountants of India, during the current financial year with effect from 1 April 2005, their assets and liabilities are translated at the year-end exchange rate. The resultant translation adjustment is reflected as a separate component of Shareholders funds as 'Cumulative Translation Reserve'. Only in case of disposal and dissolution of Non Indian Subsidiaries the balance in Currency Translation reserve in relation to the subsidiary will stand transferred to Profit and Loss Account. Income and expenditure are accounted in the consolidated Profit and Loss Account of each year as given below:

- a) Revenues and expenses are converted into Indian Currency at the average rate prevailing during the year.
- b) Depreciation on Fixed Assets is converted at the average rate prevailing during the year.

12. Employee Benefits

A) California Software company Limited

a. Short Term

Short term Employee Benefits are recognised as expenses as per the company's scheme based on the expected obligation

b. Long Term

Liability in respect of long term Employee Benefits in the nature of accumulated compensated absence is provided for based on actuarial valuation using projected unit credit method.

c. Post Retirement

i) Provident fund

This is a defined contribution plan and contributions made to the fund, in accordance with the applicable rules/statutes are charged to revenue. The Company has no further obligation for future provident fund benefits other than aforesaid contributions.

ii) Superannuation

This is a defined contribution plan. The Company contributes a sum equivalent to 15% of eligible employee's salary towards superannuation fund administered by Life Insurance Corporation of India and are charged to profit and loss account.

iii) Gratuity

This is a defined benefit plan. The Company has subscribed to California Software Company Employees' Group Gratuity Scheme, which is being administrated by a Trust set up for this purpose under the aegis of the Life Insurance Corporation of India (LIC). Liabilities with regard to the Gratuity payable to the employees are determined by actuarial valuation using projected unit credit method, based upon which, the Company makes contribution to the Trust. The funds contributed to the Trust are remitted to the LIC. Actuarial gains and losses comprising of experience adjustments and the effects of changes in actuarial assumptions are recognised immediately in the profit and loss account as income or expense.

B) CSWL Inc, USA

Effective from 1st January 1999, the subsidiary Company adopted a qualified 401 (k) deferred compensation plan. All employees are eligible to participate in the plan. The plan provides for matching discretionary non-elective contributions as management may determine. No matching contributions were made in fiscal year 2008

C) Inatech Infosolutions Private limited

Liabilities towards Gratuity and leave encashment to the extent applicable to Inatech Infosolutions Pvt Limited India are provided as per actuarial valuation. Provident Fund Contributions and Social Security Contributions are paid to the respective statutory authorities.

D) Aspire communications P Ltd and Aspire Peripherals P Ltd did not have any employees during the period.

13. Taxation

Provision for current tax is made based on the liability computed in accordance with the relevant tax rates and tax laws. Provision for deferred tax is made for timing differences arising between the taxable income and accounting income computed at current applicable tax rates. Deferred tax assets are recognised only if there is a virtual certainty that they will be realised in the foreseeable future and are reviewed for the appropriateness of their carrying value at each balance sheet date.

In view of the substantial losses / stoppage of operations, parent company and subsidiaries except Inatech Infosolutions Limited has not considered deferred tax effect and existing provision was reversed.

STATEMENT UNDER SECTION 212 (8) OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

(₹ in Crores)

Sl.No	Name of the Subsidiary Company	Country of Incorporation	Reporting Currency	Exchange rate	Share capital	Reserves	Total Assets	Total Liabilities	Investments other than investments in subsidiary	Total Revenues- period ended March 31, 2012	Profit/(loss) before taxation	Provision for taxation	Profit/(loss) after taxation before Minority Interest	Proposed Dividend
1	CSWL Inc & its subsidiaries	USA	US Dollar	Rs.51.85 B/S Rs.48.12 P&L	38.55	(11.78)	59.01	59.01	6.74	25.46	(16.00)	(4.08)	(11.92)	NIL
2	Inatech Infosolutions Pvt Ltd & its subsidiaries	India	Indian Rupee	NA	1.70	3.10	29.39	29.39	NIL	47.27	1.38	0.03	1.35	NIL
3	Aspire communication Pvt Ltd & its subsidiaries	India	Indian Rupee	NA	2.00	1.57	6.68	6.68	-	0.45	0.77	0.33	0.46	NIL

* NA: Not applicable. Figures in bracket indicate losses. All Balance Sheet items reported are as at march 31, 2012

Profit and Loss account items are for the year/period ended March 31, 2012 as applicable as included in the consolidated financial statements.

NOTES:

- The annual financial statements of the subsidiary companies are kept available at the registered office of the company for inspection by any shareholder and will also be made available upon request in writing sent by any shareholder to the Company at its registered office. The information given in table above containing aggregates of significant financial data are published as per the General exemption granted by Ministry of Corporate Affairs, New Delhi for the financial year ended March 31, 2012 under section 212(8) of the Companies Act for not attaching the individual financial statements of these subsidiaries in the Annual report. The consolidated financial statements of the Company inclusive of all subsidiaries are also prepared and published in this Annual Report in compliance with Indian GAAP and Listing Agreements.
- Indian Rupee equivalent of the figures given in foreign currencies in the accounts of the overseas subsidiaries have been reported in this table based on the exchange rates as at year end March 31st 2012 for balance Sheet items and average rate during the year 2011-12 for profits & Loss account items
- CSWL Inc for the year and previous year profit/lose figures reported in dollars converted in table to Rs in crores and presented includes the results of its subsidiaries
 - Healthnet International Inc(100% equity held by CSWL) and its 100% subsidiary International Innovations
 - Waldron Ltd, Hong (Waldron-100% held by CSWL Inc.)
 - AspireSoft Corporation (100% equity held by CSWL).
- Inatech Infosolutions Pvt Ltd for the year included the results of its 100% owned subsidiary Inatech Solutions Ltd UK and its subsidiary M/s Inatech, Egypt.
- Aspire Communication Pvt Ltd in the year included the results of its 100% wholly owned subsidiary-Aspire Peripherals Ltd.

Frederick Ivor Bendle
Managing Director and CEO

Dr.P.J.George
Director

Jitendra Kumar Pal
Company Secretary

Chennai
14th July 2012

Standalone Financial Statement

1	Auditor's Report
2	Balance Sheet
3	Profit and Loss Account
4	Notes
5	Cashflow Statement
6	Significant Accounting Policies
7	212 Statement 2012 - Standalone

AUDITORS' REPORT TO THE MEMBERS OF CALIFORNIA SOFTWARE COMPANY LIMITED

1. We have audited the attached Balance Sheet of California Software Company Limited as at March 31, 2012 and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date, which we have signed under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by The Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Government of India in terms of section 227(4A) of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (a) subject to our remarks in paragraph 4 above, we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report have been prepared in all material respects in compliance with the applicable accounting standards referred to in section 211(3C) of the Act.
 - (e) on the basis of written representations received from the Directors and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2012 from being appointed as a director in terms of Section 274(1)(g) of the Act.
 - (f) in our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto, give in the prescribed manner the information required by the Act give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2012 ;
 - (ii) in the case of the Statement of Profit and Loss , of the Loss for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Chennai
14/07/2012

CA KJ Tomy BSc FCA
Partner
Membership No: 0 22768
For and on behalf of

Tomy & Francis
Chartered Accountants
FRN:010922S

ANNEXURE TO AUDITORS' REPORT

(Referred to in paragraph 3 of our Report of even date to the members of California Software Company Limited on the financial statements for the year ended March 31, 2012)

- 1 (a) The Company is in the process of maintaining proper records to show full particulars including quantitative details and situation of fixed assets.
- (b) It has been represented to us that the fixed assets of the Company are physically verified by the management during the year; however documentation of the same comparing the physical inventory and the book inventory is not made available to us.
- (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year. However the management considered impairment in substantial portion of the Fixed Assets during the year and charged it to the Statement of Profit and Loss year. According to the information given by the Management this will not affect the going concern status of the company.
- 2 (a) The Company has granted an interest free unsecured loans to its 100% subsidiary Inatech Infosolutions Private Limited (₹ 413.31 lakhs) covered under register maintained under Section 301 of the Act. The maximum amount involved during the year ₹ 427.31lakhs.
- (b) In our opinion, the rate of interest and other terms and conditions of such loan are not prima facie prejudicial to the interest of the Company considering that it is given to a 100% subsidiary.
- (c) In respect of the aforesaid loan, reasonable steps have been taken by the Company for the recovery of the principal amount and interest, where applicable.
- (d) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Act.
- 3 In our opinion and according to the information and explanations given to us, having regard to the explanation that certain items purchased/ services rendered are of special nature for which suitable alternative sources do not exist for obtaining comparative quotations, there is generally an adequate internal control systems commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
- 4 (a) In our opinion and according to the information and explanation given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, having regards to our comments in paragraph 3 above, the transactions made in pursuance of such contracts or arrangements entered into the register maintained in pursuance of Section 301 of the Act and exceeding the value of Rupees five lakhs in respect of any party during the year, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- 5 In our opinion and according to the information and explanations given to us, the Company has in general, complied with the provisions of Sections 58A and 58AA of the Act and the rules framed there under, with regard to the deposits accepted from public. According to the information and explanations given by the Company, no order under aforesaid sections has been passed by the Company Law Board on the Company in respect of the aforesaid deposits
- 6 In our opinion, the company has internal audit system commensurate with its size and nature of its business.
- 7 The Government of India has not prescribed maintenance of cost records by the Company under Section 209(1)(d) of the Act for any of the products of the Company.
- 8 (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company has generally been regular in depositing the undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-Tax, Sales tax, Value Added Tax, Wealth tax, Service tax, Customs duty, Excise duty, Cess and other material statutory dues as applicable with the appropriate authorities in India.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of Sales Tax, Value Added Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess which have not been deposited on account of any dispute other than those mentioned in Note 43.
- 9 The Company has accumulated losses amounting to ₹ 543,232,736/- as at March 31, 2012 after writing off impairment of assets amounting to ₹ 532,042,399/-. Accumulated loss is more than 50% of the networth of the company. Company has incurred cash losses during the year ended on that date or in the immediately preceding financial year.
- 10 According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of its due to any financial institution or bank as at the balance sheet date,
- 11 The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- 12 In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company during the year for loans taken by others from banks or financial institutions, are not prejudicial to the interest of the Company.

ANNEXURE TO AUDITORS' REPORT

(Referred to in paragraph 3 of our Report of even date to the members of California Software Company Limited on the financial statements for the year ended March 31, 2012)

- 13 In our opinion and according to the information and explanations given to us, on an over all basis, the term loans have been applied for the purposes for which they were obtained.
- 14 On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
- 15 The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
- 16 During the course of our examination of the books of account, carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year nor have we been informed of such case by the management.
- 17 Clauses, (ii), (xiii), (xiv), (xix) and xx of paragraph 4 of the Companies (Auditor's Report) Order 2003 as amended by the Companies (Auditor's Report) (Amendment) order, 2004, are not applicable in the case of the Company for the current year, since in our opinion there is no matter which arises to be reported in the aforesaid order.

Chennai
14/07/2012

CA KJ Tomy, BSc, FCA
Partner
Membership No: 0 22768

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

STANDALONE BALANCE SHEET AS AT 31ST MARCH 2012

Particulars	Note No.	As at 31.03.2012 Rs	As at 31.03.2011 Rs
I. EQUITY AND LIABILITIES			
1. Shareholders' funds			
(a) Share capital	1	12,36,50,060	12,36,50,060
(b) Reserve and surplus	2	15,59,22,708	80,80,97,913
(c) Money received against share warrants		-	-
Total		27,95,72,768	93,17,47,973
2. Share application money pending allotment		-	-
3. Non-Current liabilities			
(a) Long-term borrowings	3	49,60,27,883	53,99,81,045
(b) Deferred tax liabilities (Net)		-	-
(c) Other Long term liabilities		-	-
(d) Long-term provisions		-	-
Total		49,60,27,883	53,99,81,045
4. Current liabilities			
(a) Short-term borrowings	4	9,01,39,557	9,82,76,384
(b) Trade payables	5	36,40,51,631	27,00,62,130
(c) Other Current Liabilities	6	20,92,86,235	18,42,19,845
(d) Short-term provisions	7	15,49,873	16,35,119
Total		66,50,27,296	55,41,93,478
TOTAL		1,44,06,27,947	2,02,59,22,496
II. ASSETS			
1. Non-current assets			
(a) Fixed Assets			
(i) Tangible assets	8	55,31,67,193	69,57,89,705
(ii) Intangible assets		-	5,41,41,555
(iii) Capital work-in-progress		-	-
(iv) Intangible assets under development		-	-
(b) Non-current investments	9	52,94,14,146	89,99,09,905
(c) Deferred tax assets (net)	10		1,69,46,648
(d) Long-term loans and advances	11	8,70,38,562	6,87,84,629
(e) Other non-current assets			
Total		1,16,96,19,901	1,73,55,72,442
2. Current assets			
(a) Current investments	12	-	5,48,53,561
(b) Inventories		-	-
(c) Trade receivable	13	9,19,77,147	16,77,31,730
(d) Cash and cash equivalents	14	16,06,28,875	4,46,72,245
(e) Short-term loans and advances	15	35,80,005	93,43,320
(f) Other current assets	16	1,48,22,020	1,37,49,198
Total		27,10,08,046	29,03,50,054
TOTAL		1,44,06,27,947	2,02,59,22,496

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

For TOMY & FRANCIS
Chartered Accountants

Frederick Ivor Bendle
Managing Director & CEO

Dr. P.J. George
Director

Jitendra Kumar Pal
Company Secretary

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

Chennai
14th July 2012.

STANDALONE PROFIT & LOSS AS AT 31ST MARCH 2012

Particulars	Note No.	As at 31.03.2012	As at 31.03.2011
		Rs	Rs
I. Revenue from operations	17	16,31,48,552	72,38,13,704
II. Other Income	18	5,07,83,925	2,95,38,761
III. Total Revenue (I+II)		21,39,32,477	75,33,52,465
IV. Expenses:			
Employee benefits expense	19	7,75,97,402	52,38,87,111
Operation and Other Expenses	20	17,66,66,248	23,21,96,941
Finance Costs	21	8,91,86,241	7,93,61,891
Depreciation and amortization Expenses		4,23,34,001	5,43,95,701
Total Expenses		38,57,83,892	88,98,41,643
V Profit before exceptional and extraordinary items and tax (III-IV)		(17,18,51,415)	(13,64,89,178)
VI Exceptional Items	22	46,33,77,137	-
VII Profit before extraordinary items and Tax (V-VI)		(63,52,28,552)	(13,64,89,178)
VIII Extraordinary items		-	-
IX Profit before Tax (VII-VIII)		(63,52,28,552)	(13,64,89,178)
X Tax expense:			
(1) Current tax			
(2) Deferred tax		1,69,46,648	(5,84,76,000)
(3) Current tax expense relating to prior years			
Total		1,69,46,648	(5,84,76,000)
XI Profit / (Loss) for the period from continuing Operations (IX-X)		(65,21,75,200)	(7,80,13,178)
XII Profit/(Loss) from discontinuing operations		-	-
XIII Tax expense of discontinuing operations		-	-
XIV Profit / (loss) from discontinuing operations (after tax) (XII-XIII)		-	-
XV Profit / (Loss) for the period (XI+XIV)		(65,21,75,200)	(7,80,13,178)
XVI Earnings per equity share:			
(1) Basic		(52.74)	(6.31)
(2) Diluted		(52.74)	(6.31)

Notes referred to above form an integral part of the accounts. This is the Profit and Loss Account referred to in our report of even date. As per our report of even date attached

For TOMY & FRANCIS
Chartered Accountants

Frederick Ivor Bendle
Managing Director & CEO

Dr. P.J. George
Director

Jitendra Kumar Pal
Company Secretary

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

Chennai
14th July 2012.

NOTES ON ACCOUNTS

	As at 31- Mar-12	As at 31- Mar-11		
	Rs	Rs		
1 SHARE CAPITAL				
A. AUTHORISED CAPITAL				
15,000,000 Equity Shares of ₹ 10/- each with equal voting rights	15,00,00,000	15,00,00,000		
ISSUED CAPITAL				
123,65,006 Equity Shares of ₹10/- each with equal voting rights	12,36,50,060	12,36,50,060		
SUBSCRIBED, CALLED UP AND PAID UP CAPITAL				
123,65,006 Equity Shares of ₹10/- each with equal voting rights	12,36,50,060	12,36,50,060		
Fully Called up and paid up.				
(The paid up share capital includes shares worth ₹ 7,24,920				
which were issued by the company in October 1994 for				
consideration other than cash)				
B Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:				
	No of Shares	No of Shares		
Opening Balance	1,23,65,606	1,23,65,606		
Changes During the year	-	-		
Closing Balance	1,23,65,606	1,23,65,606		
C. Shareholders holding more than 5% of total shares				
	No of Shares	%	No of Shares	%
1 KEMOIL LTD	8166208	66.04	8166208	66.04
	8166208	66.04	8166208	66.04
2 Reserve and surplus				
(A) Capital reserve				
Opening balance	2,06,250		2,06,250	
Add: Additions during the year (give details)				
Less: Utilised / transferred during the year (give details)				
Closing balance	2,06,250		2,06,250	
(B) Securities premium account				
Opening balance	63,30,84,932		63,30,84,932	
Add : Premium on shares issued during the year				
Less : Utilised during the year for:				
Closing balance	63,30,84,932		63,30,84,932	
(C) General reserve				
Opening balance	6,58,64,252		6,58,64,252	
Add: Transferred from surplus in Statement of Profit and Loss				
Less: Utilised / transferred during the year for:				
Closing balance	6,58,64,252		6,58,64,252	
(D) Surplus / (Deficit) in Statement of Profit and Loss				
Opening balance	10,89,42,474		18,69,55,656	
Add: Profit / (Loss) for the year	(65,21,75,200)		(7,80,13,178)	
Amounts transferred from:				
Less: Amount Transferred to				
Closing balance	(54,32,32,726)		10,89,42,478	
Total	15,59,22,708		80,80,97,913	

NOTES ON ACCOUNTS

Particulars	As at 31- Mar-12	As at 31- Mar-11
	Rs	Rs
3 Long-term borrowings		
Term loans		
From banks		
Secured		
Canara Bank Building Term Loan	49,60,27,883	53,99,81,045
	49,60,27,883	53,99,81,045
(Canara Bank term loan are secured by exclusive charge over the building, machinery and equipment and Fixed Deposit of ₹ 13.50 Crores)		
4 Short-term borrowings		
Loans repayable on demand		
From banks		
Secured		
Canara Bank PCFC Loan	9,01,39,557	9,82,76,384
(Bank PCFC Loan are secured by exclusive charge over the building, machinery and equipment and bills.)		
	9,01,39,557	9,82,76,384
5 Trade Payables	36,40,51,631	27,00,62,130
6 Other current liabilities		
Current maturities of long-term debt (Refer Note (j) below)	6,00,00,000	6,00,00,000
Interest accrued but not due on borrowings	60,21,813	
Interest accrued and due on borrowings		59,33,208
Income received in advance (Unearned revenue)	28,41,772	10,75,07,545
Unpaid dividends	3,65,527	3,65,527
Rent Deposits	2,49,79,740	1,51,22,160
"Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax, etc.) "		
TDS Payable	5,54,940	20,55,932
CST&VAT	2,46,621	68,214
EPF&ESI Payable	3,07,729	4,31,724
TNLWF Payable	973	5,351
Professional Tax Payable	56,047	10,44,156
Calsoft Labs payables	1,83,47,497	2,64,13,132
Aspire Payable	4,81,15,684	60,29,814
Consideration Payable to Aspire Communications Share Holders	11,49,674	1,40,59,408
Other expenses Payable	1,47,83,088	4,81,54,586
Advances from customers	3,15,15,130	(10,29,70,913)
Total	20,92,86,235	18,42,19,845
7 Short-term provisions		
Leave Salary Provision	15,49,873	16,35,119
	15,49,873	16,35,119

NOTES ON ACCOUNTS

Fixed asset Schedule as at 31 March 2012

Note 8 (₹ in Crores)

	Gross Block			Depreciation/Amortisation			Net Block				
	as at 31/3/2011	Additions	Deletions	as at 31/3/2012	Upto 31/3/2011	For The Year	Impirement on Assets	On Deletions	Upto 31/3/2012	as at 31/3/2012	as at 31/3/2011
Tangible											
Land & Buildings	55,65,46,398	-	-	55,65,46,398	2,44,88,483	90,96,563	3,46,71,062		6,82,56,108	48,82,90,290	53,20,57,915
Plant and machinery	4,83,48,505	-	-	4,83,48,505	61,64,609	23,02,850			84,67,459	3,98,81,046	4,21,83,896
Office Equipment	5,93,443	1,00,758		6,94,202	3,47,236	27,076			3,74,312	3,19,890	2,46,207
Electrical Fittings	78,56,199	(-)	(-)	78,56,199	12,04,837	4,97,700			17,02,537	61,53,662	66,51,362
Furniture and fittings	13,38,12,455	(-)	(-)	13,38,12,455	2,26,93,882	86,66,118	8,50,29,837		11,63,89,837	1,74,22,617	11,11,18,573
Computers and accessories	11,76,60,370	1,51,417		11,78,11,787	11,48,29,411	23,62,956			11,71,92,367	6,19,420	28,30,959
License Fees	1,27,79,040	45,400		1,28,24,440	1,25,55,497	1,83,210			1,27,38,707	85,733	2,23,543
Vehicles	8,70,634	-	-	8,70,634	3,93,383	82,716			4,76,099	3,94,535	4,77,251
Intangible											
Computer Software	1	(1)		-	-	(-)				-	-
Product Solutions	9,54,67,002	-	-	9,54,67,002	4,13,25,447	1,91,14,814	3,50,26,741		9,54,67,002	-	5,41,41,555
P Y 31.03.2011	97,39,34,047	2,97,574	-	97,42,31,621	22,40,02,786	4,23,34,002	15,47,27,640		42,10,64,428	55,31,67,193	74,99,31,260
	1,08,05,03,739	49,52,021	11,15,21,713	97,39,34,047	22,82,12,672	5,43,95,701		5,86,05,587	22,40,02,786	74,99,31,261	85,22,91,067

NOTES ON ACCOUNTS

	As at 31- Mar-12	As at 31- Mar-11
	Rs	Rs
9. NON CURRENT INVESTMENTS (AT COST)		
Investment in Unquoted Equity Shares		
In Subsidiaries		
CSWL Inc.U.S.A.(Wholly Owned). 9,662,800 equity shares of \$1 each fully paid up	41,31,26,806	41,31,26,806
East Point Solutions Ltd Chennai,India. (Wholly Owned) 50,000 equity shares of Rs 10/- each fully paid up	-	5,00,000
Inatech Infosolutions Pvt Ltd Banglore,India. 495,385 equity shares of Re 1/- each fully paid up	4,95,385	12,05,96,000
Aspire Communications, Mysore, India 2,000,000 equity shares of Rs 10/- each fully paid up	3,11,37,969	6,15,85,666
In joint venture companies		
Investment in Calspence 188,753 equity shares of Srilankan Rs 10/- each fully paid up	-	7,94,062
Investment in Unquoted Preference Shares		
In Subsidiaries		
Inatech Infosolutions Pvt Ltd Banglore,India. 16,503,600 Preference shares of Re 1/- each fully paid up	8,46,36,486	30,32,89,871
Other non-current investments		
Trust money in California Software Employees' Welfare Trust	17,500	17,500
	52,94,14,146	89,99,09,905
10. Deferred Income Tax Asset		
Carry Forward Loss	-	7,08,02,070
Depreciation	-	(5,38,55,422)
Total		1,69,46,648
11. Long-term loans and advances		
Security deposits		
Secured, considered good		
Unsecured, considered good	48,59,518	42,20,782
Doubtful		
	48,59,518	42,20,782
Less: Provision for doubtful deposits		
	48,59,518	42,20,782
Loans and advances to related parties		
Secured, considered good		
Unsecured, considered good	4,13,31,400	3,97,31,400
Doubtful		
	4,13,31,400	3,97,31,400
Less: Provision for doubtful loans and advances		
	4,13,31,400	3,97,31,400
" Advance income tax # (net of provisions ` 41519871 (As at 31 March, 2011 ` 41519871) - Unsecured, considered good"	4,08,47,644	2,48,32,446
	8,70,38,562	6,87,84,629
A. Details of Loans & Advances to Related Parties		
Inatech Infosolutions P Ltd	4,13,31,400	3,97,31,400

NOTES ON ACCOUNTS

	As at 31- Mar-12	As at 31- Mar-11
	Rs	Rs
12. CURRENT INVESTMENTS (AT COST)		
Investment in Unquoted Equity Shares		
In Subsidiaries		
Investment In Labs	-	5,48,53,561
54,85,356 equity shares of Rs 10/- each fully paid up	-	5,48,53,561
13. Trade Receivables		
Trade receivables outstanding for a period exceeding six months from the date they were due for payment #		
Unsecured Considered Good	1,79,35,078	1,45,95,339
Considered Doubtful	8,06,13,723	6,67,57,696
	9,85,48,802	8,13,53,035
Less: Provision for doubtful debts	8,06,13,723	6,67,57,696
Sub Total	1,79,35,078	1,45,95,339
Other Trade receivables		
Unsecured, considered good	7,40,42,068	15,31,36,391
Doubtful		
	7,40,42,068	15,31,36,391
Less: Provision for doubtful trade receivables		
Sub Total	7,40,42,068	15,31,36,391
Grand Total	9,19,77,147	16,77,31,730
A. Details of Trade receivables from Related Parties		
Aspire Communication Pvt Ltd.	1,79,52,923	1,38,58,977
Inatech Solutions Limited	4,87,77,081	4,75,17,389
Inatech Solutions Egypt S.A.E	26,02,870	22,28,378
Inatech InfoSolutions P Ltd	6,10,63,460	-
Chemoil Corporation	47,701	89,76,310
Chemoil Advanced Management Services Private Limited	21,77,515	2,50,804
IPC (USA) Inc.,	4,07,074	31,96,080
Chemoil Energy Limited	-	21,04,086
Chemoil Middle East DMCC	-	45,278
CSWL	-	10,37,35,734
	13,30,28,624	18,19,13,035
14. Cash and cash equivalents		
(a) Cash on hand	25,103	26,818
(b) Cheques, drafts on hand		
(c) Balances with banks		
(i) In current accounts	2,01,98,307	1,53,44,237
(ii) In EEFC accounts	17,97,185	13,76,147
(iii) In deposit accounts (Refer Note (i) below)	-	-
(iv) In earmarked accounts		
- Unpaid dividend accounts	3,65,161	3,65,307
Balances held as margin money or security against borrowings, guarantees and other commitments other earmarked accounts	13,82,43,119	2,75,59,736
Total	16,06,28,875	4,46,72,245

NOTES ON ACCOUNTS

	As at 31- Mar-12	As at 31- Mar-11
	Rs	Rs
15. Short-term loans and advances		
Loans and advances to employees		
Secured, considered good		
Unsecured, considered good	8,81,483	46,72,031
Doubtful		
Less: Provision for doubtful loans and advances		
Prepaid expenses - Unsecured, considered good (For e.g. Insurance premium, Annual maintenance contracts, etc.)	21,27,771	31,69,523
Balances with government authorities		
Unsecured, considered good		
(i) CENVAT credit receivable		
(ii) VAT credit receivable	5,73,026	3,05,175
(iii) Service Tax credit receivable	(2,275)	11,96,591
Total	35,80,005	93,43,320
16. Other current assets		
Accruals		
(i) Interest accrued on deposits	9,70,733	82,031
(ii) Interest accrued on investments		
(iii) Interest accrued on trade receivables		
Others		
(i) Insurance claims		
(ii) Receivables on sale of fixed assets		
(iii) Dividend Receivable	1,650	-
(iv) Others (specify nature)		
Rent Receivable	3,59,67,254	2,65,27,615
Less Provisions	2,21,17,617	1,28,60,448
	1,38,49,637	1,36,67,167
Total	1,48,22,020	1,37,49,198
17. Revenue from operations		
Sale of products	8,64,25,922	67,96,47,996
Sale of services	7,67,22,629	4,41,65,708
Other operating revenues		
Total	16,31,48,552	72,38,13,704
18. Other income		
Other non-operating income comprises:		
Rental income	3,04,61,752	1,96,45,770
Interest On FD	1,24,53,940	91,146
Exchange Gain / Loss		87,93,695
Miscellaneous income	78,68,233	10,08,150
Total - Other non-operating income	5,07,83,925	2,95,38,761
19. Employee benefits expense		
Salaries & Allowances	7,42,95,530	48,51,45,304
Contribution to Provident and other funds	7,68,313	2,27,56,798
Staff Welfare Expenses	25,33,559	1,59,85,008
	7,75,97,402	52,38,87,111

NOTES ON ACCOUNTS

	As at 31- Mar-12	As at 31- Mar-11
20. OPERATION AND OTHER EXPENSES		
Purchase of Software Licenses	78,72,092	78,07,585
Project Expenses - Bought outs	6,07,06,535	7,56,30,527
Electricity Charges	35,95,877	1,74,42,625
Rent	93,17,977	1,95,62,904
Rates & taxes	3,22,078	30,55,620
Insurance	6,53,286	6,13,741
Repairs & Maintenance - Buildings	36,25,133	25,43,439
Repairs & Maintenance - Plant and Machinery	5,20,534	19,74,383
Repairs & Maintenance - 'Others	26,98,078	75,76,160
Communication Expenses	13,93,179	23,80,740
Travelling Expenses	1,66,45,987	4,25,28,329
Data Circuit Expenses	6,70,179	58,55,044
Statutory audit	28,74,591	25,32,844
Other Audit expenses		
Service Charges	6,14,296	9,64,602
Legal ,Professional and Secretarial Expenses	1,00,88,723	96,60,590
Exchange difference (Net)	2,31,21,200	-
Provision for doubtful debts & advances	2,31,13,196	2,83,05,833
Other Expenses	54,35,671	(80,28,717)
Loss on sale of assets	-	2,49,939
Profit on sale of assets		
Commission	21,54,781	88,58,592
Business Promotion	7,411	4,42,368
Bank Charges	12,35,443	22,39,795
	17,66,66,248	23,21,96,941
21. Finance Costs		
Interest on Term Loan	7,61,13,359	6,87,42,639
Interest on Working Capital Loan	1,12,76,617	1,06,19,252
Interest on Income Tax	-	-
Interest on HP- Loan	-	-
Interest Others	17,96,265	-
	8,91,86,241	7,93,61,891
22. Exceptional Items		
Investment Write off	37,73,14,759	-
Profit on Sale of Investment	(6,86,65,262)	-
Fixed Asset Impirement	15,47,27,640	-
23. Capital Commitments:	46,33,77,137	-
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances)	-	-
24. Contingent Liabilities :	Nil	20,50,90,000
24.1 Guarantees given on behalf of other companies		
24.2 Claims against the company not acknowledged as debt in respect of certain tax matters which are subjudice		
a) Income Tax (net of deposit)	5,24,73,482	5,04,30,003
b) Sales Tax / VAT	6,48,228	6,48,228
c) Service Tax	8,52,310	8,52,310
25. Other Financial Information:		
25.1 Outstanding Bank Guarantees	6,50,000	19,34,509
25.2 Reimbursement of travel expenses to Directors	2,66,107	10,52,732
25.3 Sitting fees paid / payable to Directors	33,000	55,000

NOTES ON ACCOUNTS

26. Taking into consideration the post sale scenario of its OPD division and considering the past performance of the subsidiaries company decided to reassess the value of its investment in subsidiaries. Based on this company decided to strike off East Point Solutions Ltd accompany yet to commence business and also to withdraw from the Joint Venture Agreement with Calspence, Srilanka. It was also decided to write off excess carrying value over the book value of its Indian subsidiaries. Total Investment write off included in exceptional items is as given below:

Inatech Info Solutions P Ltd	₹ 33,87,54,000
Aspire Communications Ltd	₹ 3,72,66,697 *
East Point Solutions Ltd	₹ 5,00,000
Calspence, Srilanka	₹ 7,94,062
Total	₹ 37,73,14,759

* The above amount includes ₹ 68,19,000 paid to former shareholders Aspire Communications Ltd. This payment is in excess of the Share Purchase Agreement (SPA) entered with outside shareholders.

27. Impairment of Fixed Assets:

- Land and Building was written down by ₹34,671,062/- based on the realizable value of the land and building (As valued by Valuer)
- Furniture & fittings except those utilized for the Company's business was written off fully. Amount written off is ₹ 85,029,837/-
- Entire Product Solutions was written off fully as the same has not generated any income during the current year. Amount written off is ₹ 35,026,741/-
The above write off is over and above the regular depreciation charged during the year and hence taken to Statement of Profit and Loss as exceptional item.

28. Trade Receivables

Trade receivable ageing more than 270 days is fully provided for. Included in trade Receivables is amount due from subsidiaries Rs.130,396,334/- .Out of which ₹ 112,443,410/- is due from InatechInfosolutions Ltd and its overseas subsidiaries. Provision includes ₹ 49,107,447/- made against these receivable from Inatech.

29. Rent receivable amounting to ₹ 31,978,380 from Roxanne Research Private Ltd has been shown under other current assets. Provision has been made for entire amount net of deposit given by the company .	6,50,000	19,34,509
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30. Transfer Pricing	2,66,107	10,52,732
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The study of international transactions entered into by the Company with its overseas associates regarding the extent of compliance to the transfer pricing regulations of the Income Tax Act, 1961 is yet to be completed and the impact, if any, arising out of such study has not been recognized in these accounts pending completion of the study.

33,000	55,000
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31. Quantitative Details

As the Company is engaged in the development and export of computer software, the production and sale of which cannot be expressed in any generic unit, the quantitative details etc., as required under the Companies Act, 1956 are not furnished

31-03-2012	31-03-2011
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32. Auditors' Remuneration

Payments to Auditors comprise the following:

Statutory Audit	5,00,000	5,00,000
Tax Audit	1,50,000	3,00,000
Internal Audit Fee	3,00,000	6,96,000
Limited Review and Consolidation	12,50,000	8,25,000
Certification	4,45,281	65,000
Out of Pocket expenses	2,29,310	1,46,844

28,74,591	25,32,344
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33. Value of Imports on CIF basis

NOTES ON ACCOUNTS

	NIL	NIL
	As at 31- Mar-12	As at 31- Mar-11
Capital Goods		
34. Expenditure in Foreign Currency		
Travelling Expenses	28,97,601	69,30,142
Salaries and Allowances	2,53,47,138	5,54,71,415
License Fees	16,73,812	67,25,158
Commission	21,54,782	9,58,130
Rent	17,17,367	73,35,039
Royalty	-	-
Other Expenses	7,02,69,379	8,40,13,18
35. Earnings in Foreign Currency		
Sales	9,69,68,825	67,41,62,538
Other Income	Nil	Nil
36. Dividend remitted in Foreign Currency		
Number of Non resident shareholders	Nil	74
Dividend remitted during the year Rs.	Nil	1,86,75,202
Number of shares	Nil	93,37,601

37. Segment Reporting

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

The Industry segments of the Company consist of: Technology Solutions (TS), Enterprise Solutions (ES) and Infrastructure Management Services (IMS)

37.2 Primary Segment

In ₹

Particulars	TS	ES	IMS	Unallocated	Total
1. Segment Revenue	Nil (56,00,97,771)	16,31,48,552 (13,65,38,002)	Nil (2,71,77,931)	Nil (Nil)	16,31,48,552 (72,38,13,704)
Less: Inter Segment Revenue	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
Net Sales / Income from Operations	Nil (56,00,97,771)	16,31,48,552 (13,65,38,002)	Nil (2,71,77,931)	Nil (Nil)	16,31,48,552 (72,38,13,704)
2. Segment Results	Nil (8,46,55,590)	(9,11,15,098) (5,73,90,870)	Nil (1,27,39,402)	Nil (Nil)	(9,11,15,098) (4,00,04,122)
Less: 1. Interest & Finance Charges	Nil (Nil)	Nil (Nil)	Nil (Nil)	8,91,86,241 (8,16,01,685)	8,91,86,241 (8,16,01,685)
2. Other Unallocable Expenditure, Net of Unallocable Income	Nil (Nil)	Nil (Nil)	Nil (Nil)	(84,49,924) (9,48,91,614)	84,49,924 (9,48,91,614)
Profit / (Loss) before exceptional and extraordinary items and Tax	Nil (8,46,55,590)	(9,11,15,098) (5,73,90,870)	Nil (1,27,39,402)	(8,07,36,317) (17,64,93,299)	(17,18,51,415) (13,64,89,178)

Figures in brackets relate to the year ended March 2011

NOTES ON ACCOUNTS

	As at 31- Mar-12	As at 31- Mar-11
37.3 Secondary Segment Information		
Secondary segmental reporting is performed on the basis of geographical locations of customers. Revenue from external customers based on the location of customers is as below.		
USA	1,05,74,373	56,16,12,297
Europe	94,96,661	2,03,66,978
India and other countries	14,30,77,518	14,18,34,428
Total	16,31,48,552	72,38,13,704

The company believes that it is currently not practical to provide segment disclosures to total assets and liabilities since a meaningful segregation of available data is onerous.

38. Disclosure under AS 15 revised on Employee benefits	Amount in Rs.	
a) Changes in present value of benefit obligation		
Present value obligation as at beginning of the year	34,89,604	1,23,92,964
Current service cost	8,82,434	34,03,022
Interest cost	2,79,168	9,91,437
Actuarial loss/(gain)	(4,38,209)	(98,66,639)
Benefits paid	(18,28,733)	(34,31,180)
Present value of obligation as at end of the year	23,84,264	34,89,604
b) Changes in fair value of Plan Assets		
Fair value of the plan assets		63,84,676
Expected return on plan assets	3,28,339	5,25,194
Contributions	NIL	12,91,446
Benefits paid	(18,28,733)	(34,31,180)
Actuarial gain on plan assets	NIL	NIL
Fair value of plan assets at the end of the year	32,69,742	47,70,136
c) Cost for the year		
	8,82,434	34,03,022
Current service cost		
Interest cost	2,79,168	9,91,437
Expected return on plan assets	(3,28,339)	(5,25,194)
Net actuarial (gain)/loss recognised in the year	(4,38,209)	(98,66,639)
e) Principal actuarial assumptions		
Discount rate	8%	8%
Expected rate of salary increases	5%	5%

38.2 Leave Encashment		
Obligations at period beginning	17,78,923	1,03,81,452
Service Cost	20,78,157	57,80,243
Interest on Defined benefit obligation	30,211	1,96,051
Benefits settled	(26,10,046)	(1,42,27,856)
Actuarial (gain)/loss	(2,72,628)	(3,50,967)
Past Service Cost	-	-
Obligations at period end	15,49,873	17,78,923
Long Term - PBO - Actuarial	14,27,711	16,41,455
Short Term - Compensated absence - Actual	1,22,162	1,37,468
	15,49,873	17,78,923

Principal actuarial assumptions		
Discount rate	8.5%	8%
Expected rate of salary increases	5%	5%
Attrition rate	1-3%	1-3%

NOTES ON ACCOUNTS

39. Related Party Disclosure

39.1 Names of related parties and description of relationship

a) List of related parties where control Exists	
Companies Having Substantial Interest	Kemoil Limited, Hong Kong
Subsidiaries	Chemoil Energy Limited, Hong Kong
	California Software Laboratories Inc., USA (CSWL) *
	Aspire Communications Private Limited, Mysore *
	Inatech InfoSolutions Private Limited, Bangalore *
Subsidiary of California Software Laboratories Inc.	Healthnet International Inc., USA
Subsidiary of Inatech InfoSolutions Private Limited	Waldron Limited, Japan Informed Decision corporation, USA
	Aspiresoft Corporation, USA
Subsidiary of Waldron Limited	Inatech Solutions Ltd, UK *
	Inatech Solutions Egypt, SAE
Subsidiary of Aspire Communications Private Limited	Codex Co Ltd, Japan
Subsidiary of Healthnet International Inc	Aspire Peripherals P Ltd, Mysore
	International Innovations Inc., USA
b) Key management personnel	
	Mr.Sam Santhosh (Part of the period) Frederik Ivor Bendle
c) List of related parties where no control Exists	
Fellow Subsidiaries of Kemoil Limited	Chemoil corporation USA *
	Chemoil International Pte. Ltd., Singapore *
	Chemoil Energy Limited – Singapore*
	Chemoil Europe B.V., The Netherlands *
	Chemoil Terminals Corporation California, USA
	Royal Melbourne Insurance Company Limited British Virgin Islands
	Chemoil Logistics Inc. British Virgin Islands
	Baltic Fuel Inc. British Virgin Islands
	Belgrave Investors Corp. British Virgin Islands
	Cypress Maritime Ltd. British Virgin Islands
	Dryden Agency Inc. British Virgin Islands
	Spy Glass Maritime Ltd. British Virgin Islands
	Soham Corporation. British Virgin Islands
	GPS Chemoil LLC (FZC) U.A.E
	Galaxy Energy Group Ltd. British Virgin Islands
Subsidiaries of the abovementioned fellow subsidiaries	Chemoil Advanced Management Services Pvt. Ltd., India *
	Chemoil Latin America, Inc. Panama
	Chemoil Middle East DMCC
	IPC (USA) Inc California, USA*
	Andorra Services Inc. British Virgin Islands
	Chemoil North America Corporation Connecticut, USA
	Chemoil Pacific Pte Ltd Singapore
	Ocean Connect.com Inc Delaware, USA
	St.Andrews Insurance Brokers, Inc California USA
	Berkshire Energy Ltd. British Virgin Islands
	Chemoil Energy Philippines Inc. Philippines
	Chemoil Storage Limited Marshall Islands
	Chemoil Belgium N.V. Belgium
	Chemoil Office Support B.V. The Netherlands
	Burando Holding B.V. The Netherlands
	Anand Sea Shipping Limited Marshall Islands
	Faith IV Pte Ltd Singapore
	Olympic Shipping Pte Ltd Singapore
	Chemoil Navigation Limited - Marshall Islands
	Pacifico Bunkering Services SA Panama
	Cypress Bunkering Services, SA Panama
	Spy Glass Bunkering Services, SA
	Bonifay International Corp Panama

39.2 The above information regarding related parties have been determined to the extent such parties have been identified on the basis of information available with the Company.

* Represents related parties with whom the company had transactions during the year

NOTES ON ACCOUNTS

39.3 Related Party transactions for the year ended 31 March, 2012

Description	Companies having		CSWL Inc.		Other Subsidiaries			Fellow subsidiaries of Kemoll Corp			TOTAL
	2011-2012	2010-2011	2011-2012	2010-11	2011-2012	2011-2012	2010-2011	2011-2012	2010-2011	2011-2012	
Transaction During Year											
Sales of services	-	-	50,12,44,849	50,12,44,849	6,10,67,448	3,08,54,922	1,19,44,461	8,57,34,658	7,30,11,909	61,78,34,430	
Reimbursement of Expenses and Others	19,95,552		3,33,79,669							3,33,79,669	
Interest received	-	-	-	-	-	-	-	-	-	-	-
Dividend Paid	-	-	-	-	-	-	-	-	-	-	-
Purchase of Services	-	-	7,24,50,116							7,24,50,116	
Commission Paid	-	-	-	-	-	-	-	-	-	-	-
Purchase of Fixed Assets	-	-	-	-	-	-	-	-	-	-	-
Purchase of Investments	-	-	68,19,000	68,19,000	7,74,98,789				68,19,000	7,74,98,789	
Sale of Investments	-	-	5,48,53,561						5,48,53,561		
Issue of shares	-	-	-	-	-	-	-	-	-	-	-
Transfer Assets	-	-	6,48,61,198						6,48,61,198		
Advances made	-	-	(32,12,503)	(32,12,503)	16,00,000	4,25,61,578				3,93,49,075	
Loans Repaid	-	-	-	-	-	-	-	-	-	-	-
Guarantees given during the year	-	-	-	-	-	-	-	-	-	-	-
BALANCE AT YEAR END											
Investments			41,31,26,806	41,31,26,806	49,30,84,599	54,16,19,160			90,62,11,405	95,47,45,966	
Sundry Debtors			10,37,42,346	10,37,42,346	13,03,96,334	6,36,04,745	1,45,72,557		13,30,44,617	18,19,19,648	
Loans and Advances					4,13,31,400	4,38,02,459			4,13,31,400	4,38,88,765	
Interest Receivable											
Unsecured Loans											
Other Liabilities					4,81,15,684	60,29,814			4,81,15,684	60,29,814	
Sundry Creditors	19,95,552		25,24,80,796	21,60,50,145	10,89,47,182	7,12,12,856			36,14,27,978	28,72,63,001	
Advance From Customers			(3,15,15,130)								
Guarantees outstanding											
Guarantees taken during the year				20,25,90,000							

NOTES ON ACCOUNTS

	March 31, 2012	March 31, 2011
40. Earnings per share Basic Earnings Per Share		
Weighted average - No. of shares	1,23,65,006	1,23,65,006
Profit after Tax - Rs	(65,21,75,200)	(7,80,13,178)
Basic Earnings per Share - Rs	(52.74)	(6.31)

41. As at March 31, 2012 there is no interest payable to Micro and Small Enterprises as defined under the Micro Small and Medium Enterprises Development Act, 2006. This information and that disclosed under schedule 11 have been determined to the extent such parties have been identified on the basis of information available with the Company

42. In the absence of details of specific invoice particulars in the remittance amounts realized from debtors are adjusted on First in First out Basis.

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

S.No	Name of the Statute	Nature of the dues	Amount Rs.	Forum where dispute is pending
1	Income Tax Act, 1961	Income Tax (A.yr 1997-98)	11,27,394	Assessing Officer
2	Income Tax Act, 1961	Income Tax (A.yr 2000-01)	22,84,617	Assessing Officer
3	Income Tax Act, 1961	Income Tax (A.yr 2001-02)	15,24,090	Madras High Court
4	Income Tax Act, 1961	Income Tax (A.yr 2002-03)	33,56,300	Madras High Court
5	Income Tax Act, 1961	Income Tax (A.yr 2003-04)	12,42,460	Madras High Court
6	Income Tax Act, 1961	Income Tax (A.yr 2004-05)	56,76,083	Commissioner Appeals
7	Income Tax Act, 1961	Income Tax (A.yr 2005-06)	10,10,258	Commissioner Appeals
8	Income Tax Act, 1961	Income Tax (A.yr 2006-07)	22,10,000	Commissioner Appeals
9	Income Tax Act, 1961	Income Tax (A.yr 2006-07)	2,90,28,093	DRP
10.	Income Tax Act, 1961	Income Tax (A.yr 2008-09)	49,66,000	
11	Income Tax Act, 1961	Income Tax (A.yr 2011-12)	48,187	
		Total IT demand	5,24,73,482	
	Sales Tax , VAT	Sales Tax 2004-05	6,48,228	Appellate Tribunal
	Service Tax	Service Tax 2010-11	8,52,310	Addl Commissioner

44. Sale of Outsourced Product Development (OPD) Division

On April 11, 2011, company as a part of Group Strategy, entered into a Master Agreement with ALTEN EUROPE, SARL, France to sell its entire OPD business. Total consideration for the Indian operations is US \$ 3.5 million (₹15.8 crores) which has been received in April 2011 by Calsoft. In order to facilitate this transfer Calsoft promoted a new company named Calsoft Labs India private Limited. Entire OPD assets of Calsoft amounting to ₹5,36,74,642/- and all the employees of this segment has been transferred to the newly formed company against the issue of its equity shares. Total investment in the new company as at the previous year end was ₹ 5,48,53,561/- . As at the previous year end Calsoft and its subsidiaries Aspire Communications Private Limited and Aspire Peripherals Private Limited holds hundred percent of the share in the new company. The consideration received was apportioned between Calsoft and Aspire in the ratio 90:10. Consideration due to Aspire was transferred to Aspire by a book entry. These investments were transferred against the consideration mentioned above. Resultant profit of ₹ 6,86,65,262/- is included in exceptional items in Statement of Profit and Loss for the year. Further as per the Master Agreement unfinished contracts outstanding at the date of transfer were to be completed by Calsoft and other companies in the group and resultant sales transferred to Calsoft Labs Ltd. ₹ 54,20,107/- was transferred to Calsoft Labs during the year as per this agreement. Last of these contracts ended June, 2011.

45. Professional fees includes ₹19,95,552/- being Professional Charges payable to Chemoil Enegy Ltd for conducting review audit of the company in the year 2009-10.

46. Regrouping and rearranging of figures

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

STANDALONE STATEMENT OF CASH FLOW FOR THE YEAR ENDED

	March 31, 2012		March 31, 2011	
	Rs.	Rs.	Rs.	Rs.
A. Cash Flow from Operating Activities				
Profit before Tax		(63,52,28,552)		(13,64,89,178)
Adjustment for :				
Depreciation and Fixed Asset Impairment	19,70,61,642		5,43,95,701	
Investment Impairment	37,73,14,759		-	
Loss on Sale of Assets			2,49,939	
Profit on Sale of Assets			(1,02,86,039)	
Profit on Sale of Investments	(6,86,65,262)		-	
Interest Income	(1,24,53,940)		(91,146)	
Interest Expense	8,91,86,241		7,93,61,891	
		58,24,43,440		12,36,30,346
Operating profit before working capital changes		(5,27,85,112)		(1,28,58,832)
Inventories	-		-	
Sundry Debtors	7,57,54,583		16,64,24,882	
Loans and Advances	(1,35,63,441)		(7,51,58,404)	
Current Liabilities	11,89,70,645	18,11,61,788	(4,87,81,989)	4,24,84,489
Cash Generated from Operating Activities		12,83,76,675		2,96,25,657
Taxes Paid				(2,23,44,992)
Net Cash from Operating Activities		12,83,76,675		72,80,665
B. Cash flow from Investing Activities				
Purchase of Investments		-		(7,74,98,789)
Purchase of Fixed Assets		(2,97,574)		(49,52,021)
Net increase in fixed deposits with maturity period beyond three months		(11,06,83,383)		1,05,80,520
Sale proceeds of Fixed Assets				6,29,52,226
Sale proceeds of Investments		11,66,99,823		-
Interest Received		1,24,53,940		91,146
Net Cash from Investing Activities		1,81,72,806		(88,26,918)
C. Cash flow from Financing Activities				
Long term loan received		-		5,20,68,748
Long term loan repaid		(4,39,53,162)		
Net Increase in packing credit		(81,36,828)		(16,52,794)
Repayment of Unsecured Loan				
Proceeds from Issue of Share Capital				
Share Premium received				
Interest paid		(8,91,86,241)		(7,93,61,891)
Dividend paid				-
Dividend Tax paid				(42,02,866)
Net Cash from Financing Activities		(14,12,76,231)		(3,31,48,803)
Net Increase / (decrease) in Cash and Cash Equivalents (A+B+C)		52,73,251		(3,46,95,056)
Cash and cash equivalents at the beginning of the year		1,71,12,509		5,18,07,561
Cash and cash equivalents transferred on amalgamation		-		-
Cash and cash equivalents at the end of the year		2,23,85,755		1,71,12,509
Notes:	(11,06,83,383)			
1. Cash and cash equivalents at the end of the year		16,06,28,875		4,46,72,245
Less: Deposits with the maturity period beyond three months		13,82,43,119		2,75,59,736
		2,23,85,755		1,71,12,509
Cash and cash equivalents at the beginning of the year		4,46,72,245		5,43,75,157
Less: Deposits with the maturity period beyond three months		2,75,59,736		25,67,596
		1,71,12,509		5,18,07,561

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

Chennai
14/07/2012

For and on behalf of
TOMY & FRANCIS
Chartered Accountants

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

A. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of preparation of Financial Statements

The financial statements are prepared under historical cost convention, in accordance with Generally Accepted Accounting Principles ("GAAP") in India and to comply with applicable Accounting Standards notified under Section 211 (3C) of the Companies Act, 1956 and the relevant provisions of the Companies Act, 1956.

2. Use of Estimates

The preparation of financial statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses and disclosure of contingent liabilities as of the date of the financial statements. The estimates and assumptions used in the accompanying financial statements are based upon the management's evaluations of the relevant facts and circumstances as of the date of the financial statements. Actual results could differ from these estimates.

3. Revenue Recognition

Revenue from software development is recognised based on software developed and billed to clients as per the terms of specific contracts. Revenue from consultancy services is recognised when the services have been provided to the customer. Revenue from the sale of software products is recognised when the sale is completed with the passing of title. Revenue from maintenance services is accrued over the period of the contract.

4. Fixed Assets

Fixed assets are stated at cost less accumulated depreciation. Cost includes direct costs and financing costs related to borrowing attributable to qualifying assets.

5. Impairment

Consideration is given at each Balance Sheet date to determine whether there is any modification or impairment of the carrying amount of the fixed assets. If any condition exists, an asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of any asset exceeds recoverable amount.

6. Depreciation

Depreciation on tangible fixed assets is calculated on straight-line method at the rates prescribed in Schedule XIV of the Companies Act, 1956, except for computers which are depreciated over a period of 3 Years. Intangible assets are amortized over their estimated useful lives (Computer Software 2 Years ; Product Solutions 5 Years). Depreciation charge on additions / deletions is restricted to the period of use. Assets individually costing Rs.5,000 or less are fully depreciated in the year of addition. In the event the useful life of any fixed assets being assessed to be lower than the life derived from the rates specified above, the book value of such assets is charged off as depreciation over their balance useful lives.

7. Leases

In the case of assets taken under operating lease, the rentals are charged to profit and loss account when due.

8. Investments

Long term investments are stated at cost with provisions where necessary, for diminution other than temporary, in the value of investment.

9. Foreign Currency Transactions

Foreign currency transactions including expenses incurred on Trading / Non Trading Overseas offices and revenue accounts of onsite offices are accounted at the exchange rates ruling on the date of transaction. At the year end all monetary assets and liabilities denominated in foreign currency other than investments are restated at the closing exchange rates. Exchange differences arising out of actual payments / realisations and from the year end restatement referred to above are reckoned in the profit and loss account.

10. Employee Benefits

- a. Short Term Short term Employee Benefits are recognised as expenses as per the company's scheme based on the expected obligation.
- b. Long Term Liability in respect of long term Employee Benefits in the nature of accumulated compensated absence is provided for based on actuarial valuation using projected unit credit method.
- c. Post Retirement
 - i) Provident fund This is a defined contribution plan and contributions made to the fund, in accordance with the applicable rules/statutes are charged to revenue. The Company has no further obligation for future provident fund benefits other than aforesaid contributions.
 - ii) Superannuation This is a defined contribution plan. The Company contributes a sum equivalent to 15% of eligible employee's salary towards superannuation fund administered by Life Insurance Corporation of India and are charged to profit and loss account.
 - iii) Gratuity This is a defined benefit plan. The Company has subscribed to California Software Company Employees' Group Gratuity Scheme, which is being administrated by a Trust set up for this purpose under the aegis of the Life Insurance Corporation of India (LIC). Liabilities with regard to the Gratuity payable to the employees are determined by actuarial valuation using projected unit credit method, based upon which, the Company makes contribution to the Trust. The funds contributed to the Trust are remitted to the LIC. Actuarial gains and losses comprising of experience adjustments and the effects of changes in actuarial assumptions are recognised immediately in the profit and loss account as income or expense.

11. Taxation

Provision for current tax is made based on the liability computed in accordance with the relevant tax rates and tax laws. Provision for deferred tax is made for timing differences arising between the taxable incomes and accounting income computed at current applicable tax rates. Deferred tax assets are recognised only if there is a virtual certainty that they will be realised in the foreseeable future and are reviewed for the appropriateness of their carrying value at each balance sheet date.

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

(Rs. in Crores)

Sl.No	Name of the Subsidiary Company	Country of Incorporation	No of shares held by holding Co in the Subsidiary	Face value of Share	Percentage of shareholding held by holding Co in subsidiary at year end	Reporting Currency of the Subsidiary	Financial Year end of the Subsidiary	The net aggregate amount of the Subsidiary Company' Profits/Losses in so far as it concerns the members of the holding company (in Rs.Crores)	Refer note		
								Not dealt with in the holding Company's accounts	Dealt with in the holding Company's accounts		
								For the year ended 31 March 2012	For the Previous Financial years of the Subsidiary 31 March 2012	For the pre-vious financial years of the Subsidiary	
1	CSWL Inc	USA	9662800	US \$1	100%	US Dollars	31st March 2012	(14.39)	(12.51)	NIL	a
2	Inatech Infosolutions Pvt Ltd	India	495385	Re.1	100%	Indian Rupee	31st March 2012	1.35	(4.95)	NIL	b
3	Aspire communication Pvt Ltd	India	2000000	Rs.10	100%	Indian Rupee	31st March 2012	0.49	(0.04)	NIL	c

* Figures in bracket indicate losses

a. CSWL Inc. USA for the year and previous year profit/lose figures reported in table to Rs Crores and presented includes the results of its subsidiaries

i) Healthnet International Inc, USA (100% equity held by CSWL Inc) and its 100% subsidiary International Innovations

ii) Waldron Ltd , Hong Kong(100% of voting stock held by CSWL Inc.)

iii) AspireSoft Corporation , (100% outstanding stock held by CSWL Inc)

b. Inatech Infosolutions Pvt Ltd, India (100% equity held by Parent Company) and its wholly owned subsidiary Inatech Solutions Ltd,UK and its subsidiary M/s Inatech Solutions, Egypt (51% shares held by Inatech Solutions Ltd, UK)

c. Aspire Communication Pvt Ltd for the year included the results of its 100% wholly owned subsidiary-Aspire Peripherals Ltd.

Frederick Ivor Bendle
Managing Director and CEO

Dr.P.J.George
Director

Jitendra Kumar Pal
Company Secretary

Chennai
14th July 2012

SHAREHOLDER INFORMATION

1. Date and venue of the Annual General Meeting
10-00 a.m. on Thursday, 27th September 2012
Robert V Chandran Tower, # 149, Velachery
Tambaram Main Road, Pallikaranai, Chennai-600100
2. Dates of book closure
25th September, 2012 to 27th September 2012 (both days inclusive)
3. Financial year
2011-12
4. Dividend payment date
No dividend for the financial year 2011-12
5. Listing on stock exchanges And Stock Code
 1. National Stock Exchange of India Ltd.,
Exchange Plaza, Bandra Kurla Complex,
Bandra(East),
Mumbai – 400 051
Stock Code- CALSOFT
 2. Bombay Stock Exchange Limited,
Phiroze Jeejeebhoy Towers, Dalal Street,
Mumbai – 400 001
Stock ID- CALIFSOF Scrip CODE- 532386
4. Listing fees
Paid for both the above stock exchanges for and 2011-2012 and 2012-13
5. Registered office
Robert V Chandran Tower, Seventh Floor, # 149, Velachery
Tambaram Main Road, Pallikaranai, Chennai-600100
Tel: +91 – 44 –42829000-5 Fax:42829012
6. Registrars and Share transfers Agent
Integrated Enterprises (India) Limited,
(Unit: California Software Co Ltd)
Kences Towers, 2nd Floor
 - 1, Ramakrishna Street, North Usman Road
T. Nagar, Chennai – 600 017. India
e-mail address : corpseiv@integratedindia.in
Tel: + 91 –44-2814 0801- 03 fax- 044-2814 2479

(All Communication on share Transfers in physical form share certificates, dividends, change of address, etc., may be addressed to them)
7. Share Transfer System:
The Company's shares are in compulsory Dematerialialization Segment for purposes of trading.
Share Transfers in Physical form are registered within a period of 15 days from the date of receipt by our Share Transfer Agents - Integrated Enterprises (India) Ltd, provided the documents are complete and the shares under transfer are not in dispute. The share certificates duly endorsed are being immediately despatched after effecting transfer.
8. Market Price Data: High, Low during each month in the last financial year
The Monthly high and low quotations as well as the volume of shares traded at National Stock Exchange (NSE) and The Stock Exchange, Mumbai (BSE) for financial year 2011 – 12 are:

Month	NSE			BSE		
	High	Low	Volume	High	Low	Volume
	Rs.	Rs.		Rs.	Rs.	
2011						
April	35.30	29.55	31799	35.25	30.05	8837
May	34.95	28.30	28607	34.90	28.40	13061
June	32.35	27.25	16542	32	27.50	10931
July	36.50	29.20	22446	38	28.90	23316
August	34.65	26.15	20867	34	25.40	15869
September	32.30	27.00	13040	31.35	26.10	8047
October	28.40	23.55	11187	29.25	23.80	6615
November	25.95	20.50	19116	25.70	21.15	7007
December	21.25	18.75	4435	21.80	17.60	4165
2012						
January	19.60	17.50	14568	21.00	17.80	7388
February	21.80	18.25	13198	21.85	18.85	6084
March	20.15	16.35	5008	20.80	16.75	7014

9. Investor services – complaints received during the year
The Company /Share transfer agents received no complaints from the investors during the year. The company /registrars received thirteen service /information requests during the year and all these were attended during the year .The opening and closing balance of complaints and /or information /service requests was nil

SHAREHOLDER INFORMATION

10. Legal proceedings

There are no legal cases pending against the Company other than appeals pending before Income Tax dept/Tribunals. These details are given in Schedule 43 of Standalone financials.

11. Distribution of shareholding as on March 31, 2012

No of Shares held	No of Shareholders	% of Shareholders	Total No. of shares	% of Equity Shareholding
Upto 500	2893	84.52	361881	2.93
501-1000	239	6.98	186634	1.51
1001-2000	131	3.82	198374	1.60
2001-3000	46	1.34	116801	0.94
3001-4000	19	0.56	68516	0.56
4001-5000	14	0.41	66505	0.54
5001-10000	42	1.23	311405	2.52
10000 and above	39	1.14	11054890	89.40
TOTAL	3423	100.00	12365006	100.00

12. Categories of Shareholders as on March 31, 2012

Category	No of Shareholders	No of Shares held	No of Shares held
A Promoter group:			
Foreign Bodies corporate	2	8493911	68.69
Promoter group subtotal	2	8493911	68.69
B Public shareholding			
Financial Institutions-Indian			
Foreign Institutional investors			
Bodies Corporate	84	356133	2.88
Individual shareholders-holding nominal capital upto Rs 1 lakh each	3286	1238020	10.01
Individual shareholders-holding nominal capital in excess of			
Rs 1 lakh each	33	2269575	18.35
Others(Clearing Members, Trusts , Mutual Fund & UTI)	18	7367	0.06
Public shareholding sub-total	3421	3871095	31.31
Total	3423	12365006	100.00

13. Financial calendar (tentative and subject to change)

Financial Reporting for the first quarter ending June 30, 2012	By August 14, 2012
Financial Reporting for the second quarter ending September 30, 2012	By November 14, 2012
Financial Reporting for the third quarter ending December 31, 2012	By February 14, 2013
Financial Reporting for the year ending March 31, 2012	By May 30, 2013
Annual General Meeting for the year ending March 31, 2013	By September 30, 2013

14. Dematerialization of shares and liquidity

The Company's shares have been admitted as an eligible security in the depository system of National Securities Depository Ltd. [NSDL] and Central Depository Services (India) Limited [CDSL], bearing an International Securities Identification Number (ISIN) INE526B01014. Trading on exchanges in the company's shares is permitted only in dematerialised form compulsorily as per the circular issued by Securities and Exchange Board of India (SEBI).

As on March 31, 2012, 1,22,31,731 equity shares representing 98.92% of the Company's equity shares were held in dematerialised form.

15. Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity

Nil.

16. Green Initiative in the Corporate Governance by Ministry of Corporate Affairs

The Ministry of Corporate Affairs ("MCA") has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by companies and had issued circulars on April 21, 2011 and April 29, 2011 stating that the service of official documents by a company to its members can be made through electronic mode.

Considering the move taken by the MCA as a welcome step, the Company had sent the Annual Report for the financial year 2010-11 in electronic form to the e-mail IDs made available to the Company by the depositories and/or Members. All the official documents including Annual Report of the Company, circulated to the Members of the Company through electronic mode, were made available on the Company's website www.calsoftgroup.com

This year also, the Company will send the Annual Report including various notices/documents like Notices of General Meetings, Audited Financial Statements, Auditors' Report, Directors' Report and Financial results in electronic mode. Registered Office & Corporate Office

SHAREHOLDER INFORMATION

17. Address For Correspondence:

7th Floor, Robert V Chandran Tower
No.149, Velachery Tambaram Main Road,
Pallikarnai, Chennai- 600 100
Telephone Nos : +91- 44-42829000
Fax No : +91-44-42829012
Email for shareholders: investor@calsoftgroup.com
Website: www.calsoftgroup.com

Exclusive email ID for redressal of investor complaints:

In terms of Clause 47(F) of the listing agreement, please use the following contacts for redressal of investor Complaints

E-mail : investor@calsoftgroup.com

Compliance Officer : Mr. Jitendra Kumar Pal

Tel : +91-44-4282 9000

CALIFORNIA SOFTWARE COMPANY LIMITED

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

ATTENDANCE SLIP

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

I/We hereby record my/our presence at the Nineteenth Annual General Meeting of the Company to be held at Robert V Chandran Tower,
149, Velachery Tambaram Main Road, Pallikaranai, Chennai-600 100 at 10.00 a.m. on Thursday, September 27, 2012.

Full Name of the Shareholder (in Block Letters)

Regd. Folio No (Physical) / I.D. No (Demat)

No. of Shares held.....

Full Name of the Proxy (in Block Letters)

Signature of the Shareholder(s) /or Proxy present

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

(TEAR HERE)

CALIFORNIA SOFTWARE COMPANY LIMITED

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

PROXY FORM

Regd. Folio No. (Physical) / I.D. No (Demat)

No. of Shares held.....

I/We.....residingat.....

..... being

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

ofor failing him/herof.....

as my/our Proxy to attend and vote for me/us on my/our behalf at the nineteenth Annual General Meeting of the Company to be held at
Robert V Chandran Tower, # 149, Velachery Tambaram Main Road, Pallikaranai, Chennai-600 100 at 10.00 a.m. on Thursday, September
27, 2012 and at any adjournment thereof.

Signed at thisday of..... 2012



Note

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

To

If undelivered please return to :

California Software Co. Ltd.
Registered Office & Corporate Office
7th Floor, Robert V Chandran Tower
No.149, Velachery Tambaram Main Road,
Pallikarnai, Chennai- 600 100
Tel : +91-44-42829000
Fax : +91-44-42829012
Website: www.calsoftgroup.com