



Realize Your Ideas

# ANNUAL REPORT

# 2012-13

# CORPORATE INFORMATION

## Board of Directors

### Frederick Ivor Bendle

Managing Director & CEO (upto 14th August 2012)

### Bhavesh Rameshlal Chauhan

Managing Director & CEO (wef 14th August 2012)

### Dr. P J George

Non Executive Independent Director

### K Chandra Pratap

Non Executive Independent Director

---

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.

---

# Contents

	Page No
Letter to the shareholder	4
Notice to shareholders	5
Directors Report	6 - 8
Auditors' Report on Corporate Governance	9
Corporate Governance Statement	10 - 12
Management Discussion and Analysis Report	13
Confirmation on code of conduct	14
Consolidated Financial Statements	15 - 36
Standalone Financial Statements	37 - 58
Shareholder Information	59 - 61
Attendance slip and proxy form	63

## Letter to Shareholder



Dear Shareholders,

The year ended 31 March 2013 has been another extremely difficult and disappointing year for Calsoft and its shareholders.

The Company has managed to stem the huge losses incurred in year ended 2012 & 2011 of (77.55) Crores and ₹ (19.14) Crores respectively. The current loss for the year is only ₹ (2.75) Crores . Current turnover is ₹ 51.73 Crores compared with year ended 2012 of ₹ 79.90 Crores. Most of the reduction in turnover is attributable to the disposal of businesses, a process initiated by the previous management.

Several years ago the company purchased, and mortgaged the current office building known as RVC Towers in Chennai. Since then a lot of new office space has come onto the Chennai property market, much of which remains vacant. The downward pressure on rents; together with high interest rates and capital repayments have put a strain on the groups cash flows. The building remains a net outflow of funds and the trading conditions are still very poor. Our financial position is still very weak.

During the year many of the companies' outstanding issues and liabilities have been resolved and settled, many achieving significant discounts. These settlements are a pre requisite to the restructuring that we are trying to achieve. In addition negotiations to sell the Inatech business are well underway and we are optimistic that a sale can be achieved.

We have also disposed of our investment in Impelsys, at a profit of \$ 750,000 over its book value and disposed of a promissory note owed by the owners of Epay, at its face value of \$400,000, despite the amount only becoming payable after two years. These sales have provided much of the cash to allow us to keep the company operating whilst we look for a partner with a viable business and promising future who can benefit from the company's good reputation and Stock Exchange listing.

Once again, I would like to thank the shareholders for their support over the past and I would like to assure you that your Board are doing all they can to ensure the survival of the Company and an improvement in its value.

**Bhavesh Rameshlal Chauhan**  
Managing Director & CEO

## NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the Twenty first Annual General Meeting of the Company will be held on Monday the 30th September 2013 at 10.00 a.m. at the Registered Office of the Company at 7th Floor, Robert V Chandran Tower, # 149, Velachery Tambaram Main Road, Pallikaranai, Chennai - 600 100 transact the following business:

2. To appoint a Director in place of Mr. K Chandra Pratap, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration.

By order of the Board

For **California Software Company Limited**

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as at March 31, 2013 and the Profit and Loss Account for the year ended on that date and the report of the Directors and Auditors thereon.

Chennai  
13th August 2013

**Jitendra Kumar Pal**  
Company Secretary

### Information on Directors seeking appointment/re-appointment in Annual General Meeting scheduled to be held on September 30, 2013 (Pursuant to Clause 49(IV) (E) and 49 (IV)(G)(i) of the Listing Agreement)

Name of the Director	Mr. K Chandra Pratap
Date of first Appointment	05th July 2012
Age / Date of Birth	42 / 10-05-1970
Expertise in Specific functional area	Business Advisory Consultant specializes in Finance and Statutory compliances regulatory matter in the areas of FEMA.
Educational	
Qualifications	MBA (FINANCE)
List of Other Directorships held as on 13th August 2013	<ol style="list-style-type: none"> <li>1. USAE Equipment Private Limited</li> <li>2. Cartello Business Advisory Solutions Private Limited</li> <li>3. Ai IT Developers Private Limited</li> <li>4. Highsea International Forwarders Private Limited</li> <li>5. RT Renewable Energy India Private Limited</li> <li>6. Gardens and Pools Private Limited</li> </ol>
Chairman / Member of the Committee of the Board of Directors of the Company as on 13th August 2013	Chairman of Audit Committee Member of Investor's Grievance Committee
Chairman / Member of the Committee of Directors of other Companies as on 13th August 2013	Member of Audit Committee USAE Equipment Private Limited
Number of shares held in the Company as on 13th August 2013	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. Book Closure: The Register of Members and the Share Transfer Books of the Company will remain closed from 25th September 2013 to 30th September 2013 (both days inclusive) in connection with the Annual General Meeting.
- c. Shareholders are given an option to hold their securities in a depository or in the physical form. However it maybe noted that for trading purposes on NSE & BSE, the Company's stock is in compulsory demat trading list.
- d. Shareholders of physical format shares opting to convert shares to depository form are requested to notify through their Depository Participant (DP) to the Company's REGISTRAR AND SHARE TRANSFER AGENTS through filling the demat request form available with their DP to the address given herein:  
INTEGRATED ENTERPRISES (INDIA) LTD.,  
Unit: California Software Co Ltd  
"Kences Towers", II Floor, 1, Ramakrishna Street,  
North Usman Road, T.Nagar, Chennai - 600 017
- e. Shareholders who hold their securities in physical form and need to complete any transfer of holdings or endorsements may forward their securities to the Company's Registrar and Share Transfer Agents at the above address alongwith duly filled and stamped share transfer forms.
- f. Shareholders holding shares in physical format are requested to notify the Company's Registrar and Share Transfer Agents any change in their address immediately (with folio no reference) so as to enable the Company to send any future communication at their correct address. Those holding shares in demat format need to ensure that their correct address is reflected in their Depository Participant (DP) records and inform DP of any changes as and when relevant.
- g. Pursuant to section 205C of the Companies Act, 1956, all unclaimed dividends upto and inclusive of the financial year 2004 - 05 (YE March 31, 2005) have been transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government.
- h. Shareholders who have not encashed any of their dividend warrants from the year 2005-06 onwards are requested to submit their claims to the Company Secretary at the Registered Office of the Company giving due details such as shareholder folio, /DP account no, and details for which year dividend is not received, and bank account details to be printed on the warrant.
- i. Nomination facility is now available for the shareholders. Members holding shares in physical format. may obtain nomination forms from the Registrar & Share Transfer Agent and send the nomination form back duly filled up and signed. Members holding shares in demat form may kindly send their nominations to their Depository Participant (DP) only in the format specified by their DP which will be for all their holdings in a client account.  
Attendance slip and proxy form are enclosed.

## DIRECTORS REPORT

Dear Shareholders,

Your Directors presenting their Report on the Business & Operations of your Company and its working results for the year 2012-13.

### FINANCIAL RESULTS

#### 1. Financial Results All figures in ₹ Crores except for EPS

Details	Consolidated		Standalone	
	Year ended 31-Mar-13	Year ended 31-Mar-12	Year ended 31-Mar-13	Year ended 31-Mar-12
Total Revenues	51.73	79.90	22.78	21.39
Total Expenses	64.07	116.82	30.38	38.58
Profit before exceptional and extra-ordinary items and tax	(12.35)	(36.92)	7.60	(17.18)
Exceptional items	(9.66)	40.19	16.46	46.34
Profit before extraordinary items and tax	(2.70)	(77.11)	(24.06)	(63.52)
Profit before Tax	(2.70)	(77.11)	(24.06)	(63.52)
Current Tax	Nil	0.37	Nil	Nil
Deferred Tax	0.06	(23.94)	Nil	1.69
Loss for the year	(2.75)	(75.08)	(24.06)	(65.22)
Minority Interest	Nil	(2.47)		NA
paid up equity capital	12.36	12.36	12.36	12.36
Earning per share (EPS) for the year (Rs)				
i) Basic	(2.23)	(62.72)	(19.46)	(52.74)
ii) Diluted	(2.23)	(62.72)	(19.46)	(52.74)

\*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 2012-13.

#### BUSINESS UPDATE AND OUTLOOK

The Board is continuing with the restructuring plan which was started last year and will pursue until completion. Most of the remaining business has been disposed and the company is beginning to turn around. We are negotiating with a suitable buyer to find the most acceptable terms to the company for the reverse take-over of Calsoft. Once the terms and conditions of the transaction are acceptable, we will be writing to the 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 ₹ 51.73 Crores as against ₹ 79.90 Crores earned during the previous year. The profit before tax during the year is ₹ (2.70) Crores as against ₹ (77.11) 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 ₹ (2.75) Crores as against a loss of ₹ (75.08) 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 ₹ 22.78 Crores as against ₹ 21.39 Crores earned during the previous year. The profit before tax during the year is ₹ (24.06) Crores as against ₹ (63.52) Crores of the previous year.

After taking into account the tax provisions and adjustments, the loss for the year was ₹ (24.06) Crores as against a loss of ₹ (65.22) 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\$ 1,771,134 on a consolidated basis during the year, compared to US \$ 10,077,911 achieved during the previous year.

The subsidiary reported a profit of US\$ 226,159 as compared to net consolidated loss of US\$ (5,938,066) 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.

At the special meeting held on June 1, 2012, the management of CSWL Inc., approved a proposed plan of complete liquidation and dissolution of the Company and its subsidiaries. Currently the Company is in the process of implementing the complete liquidation and dissolution and the operations have also been ceased effective from July 1, 2012. In accordance with this proposed plan, the Company

has disposed off the entire fixed assets; the receivables and payables represent dues from and dues to related parties only.

### 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 ₹ 34.56 Crores with a profit of ₹ 2.42 Crores against the consolidated reported revenues of ₹ 47.27 Crores with a profit of ₹ 1.35 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 ₹ 0.01 Crores with loss of ₹ 0.05 Crores against the consolidated reported revenues of ₹ 0.45 Crores with a profit of ₹ 0.45 Crore of the previous year. The Company has stopped all its operations post sale of OPD division during the financial year 2011-12.

### 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. Frederick Ivor Bendle has been resigned as Managing Director and CEO as well as director with effect from 14th August 2012. Mr. Bhavesh Rameshlal Chauhan has been appointed as Managing Director and CEO with effect from 14th August 2012.

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

As per Article 121 of the Articles of Association Mr. K Chandra Pratap 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.

### AUDITORS REPORT

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

- (i) Note No.26 to the financial statement regarding Impairment of Investments in subsidiaries amounting to ₹ 174,056,849/-

Taking into consideration the post sale scenario of its OPD division and considering the past performance of the subsidiaries company in the year 2011-12 decided to reassess the value of its investment

in subsidiaries. It was also decided to write off excess carrying value over the book value of its Indian subsidiary Inatech Infosolutions Private Limited. The year under report also the management has decided to Impair the investment in its overseas subsidiary CSWL Inc ( The company has stopped all its operations) by writing off excess value over its book value and to impair the Investment in Preference shares of Inatech Info solutions Private Limited by writing off excess carrying value over the face value. Total Investment write off included in exceptional items is as given below:

Inatech Infosolutions Private Limited	-	₹	68,132,886
CSWL Inc	-	₹	105, 923,963
Total	-	₹	174,056,849

- (ii) Note No. 27 to the financial statement regarding Impairment of land & building amounting to ₹ 21,218,585/-

Land and Building were impaired in line with its realizable value based on third party valuer.

- (iii) Note No. 44 to the financial statement regarding settlement of payables to Calsoft Labs India P Limited.

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.

There were disputes at the group level regarding earn outs. These disputes were settled among all the companies involved by way of an agreement entered on 10-06-2013. As a result of this agreement certain paybles due to Calsoft India labs P Ltd was settled.

- (iv) Note No. 45 to the financial statement regarding transfer of entire business assets relating to its Indian operations to wholly owned subsidiary Inatech Infosolutions P Ltd.

As a part of group strategy Company has transferred its remaining Indian operations including entire employees and contracts to its wholly owned subsidiary Inatech Infosolutions Private Limited based on approval obtained from shareholders of the Company by way of Postal ballot. As part of this following Fixed Assets were transferred to Inatech Computers & Licence fee at Written Down value ₹ 635,634/- Product Solutions as per valuation ₹ 375,000/- Transfer of Business Assets has resulted in a profit of ₹ 3,422,968/- and was taken to the profit and loss account as an extraordinary item of the year under report. Over the years the company has made a provision for gratuity ₹ 11,030,102.

- (v) Note No. 46 to the financial statement regarding non reconciliation of Schedules for expenses Payables with the General ledger.

As part of restructure all unclaimed payables were written back.

### 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 2013 was 204 as against 266 as on March 31st 2012.

In 2012-13, 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:

	2013 (₹ in Crores)	2012 (₹ in Crores)
Foreign exchange earnings	14.99	9.70
Foreign exchange outgo (including capital goods and imported software packages)	28.80	10.40

## 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, 2013;
- 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  
13th August 2013

**Bhavesh Rameshlal Chauhan**  
*Managing Director & CEO*

**Dr. P J George**  
*Director*



---

**AUDITORS' REPORT ON CORPORATE GOVERNANCE**

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

We have examined the compliance of conditions of Corporate Governance by California Software Company Limited for the year ended on 31st March, 2013 as stipulated in Clause 49 of the listing agreement of the said Company with the Stock Exchanges.

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

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

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

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

Chennai  
13th August 2013

For **Tomy & Francis**  
Chartered Accountants

**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 as on March 31, 2013

Category	No. of Directors	%
Whole time Director	1	33.33
Independent Non-executive Directors	2	66.67
Total	3	100.00

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

No. of meetings	Dates on which hold
9	29th May 2012, 05th July 2012, 14th July 2012, 14th Aug 2012, 27th Sep 2012, 14th Nov 2012, 17th Nov 2012, 22nd Jan 2013 and 07th Feb 2013

#### 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	Frederick Ivor Bendle (upto 14th August 2012)	4	N.A
2	Mr. Bhavesh Rameshlal Chauhan	7	Yes
3	Dr P J George	8	Yes
4	Mr. K Chandra Pratap	7	Yes

### 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

Dr P J George, Member

Mr. Bhavesh Rameshlal Chauhan, Member

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

The Committee held four meetings, on 14th July 2012, 14th August 2012, 14th November 2012 and 07th February 2013. 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. K Chandra Pratap, Member

#### 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 2012-2013:**

in ₹

Sl. No	Name	Designation	Salary	Performance Incentive	Commission	Toral	Notice Period	Severance fee	No. of Options	Remarks
1	Frederick Ivor Bendle (upto 14th Aug 2012)	Managing Director & CEO	-	-	-	-	1 month	-	-	-
2	Bhavesh Rameshlal Chauhan (wef 14th Aug 2012)	Managing Director & CEO	-	-	-	-	1 month	-	-	-
3	Dr. P J George	Director	-	-	-	-	-	-	-	Sitting fees were paid for Board and committee meetings attended
4	K Chandra Pratap	Director	-	-	-	-	-	-	-	Sitting fees were paid for Board and committee meetings attended

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

Dr P J George, Chairman

Mr. K Chandra Pratap

Mr. Bhavesh Rameshlal Chauhan

**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
2009-10	17th September 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
2011-12	27th September 2012	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 2009-10 - Nil

year 2010-11 - Nil

year 2011-12 - Nil

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

No.

**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.

**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](http://www.calsoftgroup.com). The website

also displays all official news releases. As & when presentations are made to institutional investors/ analysts, the same will also be posted on the Company's website.

- 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. 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

While there is uncertainty and softness in global economic environment, none the less, trends and forecasts for IT services and Products are quite encouraging. The IT Services industry today is facing intense competitive pressures and rapidly changing market dynamics, driven by changing economy, regulatory environment, new technology and innovation. Customers today seek more efficient and effective operations along with technology based innovation and business transformation.

Total IT spend last year hit \$3.6 trillion, Gartner said, representing a 2.1 percent gain over the prior year. In 2013, that spend will go up to \$3.8 trillion, a rise of 4.1 percent. Things will get even better for the IT sector in 2014, when spend, according to the research firm, is expected to hit \$3.9 trillion.

Major growth drivers in 2013-14 will be:

- Customers increasingly looking at specialized service providers with innovative business models and aligned to customers business goals.
- Ability to verticalize and replicate the solutions to drive efficiency and economy;
- Adaptability, agility and scalability in disruptive technologies like Mobility, Analytics, Cloud, Social media, and Big data; and

### b. Opportunities and threats

An unstable environment in the European region, tougher immigration laws in US, competition from the other specialized players in our focused verticals of operations, continue to remain a threat to our existing business and prospects. Business is subject to risks arising out of business combinations like mergers, acquisitions, take over etc.

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

- a) 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.
- b) 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.

The main threats to the growth of the Company will come from:

- a) 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 No.37 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

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

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

### 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, 2013, our group employee strength stood at 204.

### h. Financial and performance highlights

- a. **Revenues:** Consolidated Sales revenues for the year ended 31st March 2013 was ₹ 51.73 crores as compared to ₹ 79.90 crores for the same period last year.
- b. **Total Expenses:** Total expenses for the year ended 31st March 2013 was ₹ 64.67 crores as compared to ₹ 116.82 crores for the previous year.
- c. **Profit before exceptional and extra-ordinary items and Tax:** Profit before Tax was ₹ (12.94) crores for the year ended 31st March 2013 as compared to ₹ (36.92) crores for the previous year.
- d. **Exceptional items:** It consists of Restatement of payables, profit on sale of transfer of business assets and Fixed Asset Impairment and others. The amount for the year ending 31st March 2013 was ₹ (10.24) Crores compare to ₹ 40.19 Crores for the previous year.
- e. **Profit before extra- ordinary items and Tax:** Profit after tax was ₹ (2.69) crores for the year ended 31st March 2013 as compared to ₹ (77.11) crores for the previous year.
- f. **Finance Costs:** Interest and finance charges for the year ended 31st March 2013 was ₹ 8.44 crores as compared to ₹ 9.25 crores for the previous year.
- g. The Company has Paid up share capital of ₹ 12.36 Crores, comprising of 1,23,65,006 equity shares of ₹ 10 each
- h. Long term borrowing outstanding was ₹ 43.26 Crores.
- i. Trade payables outstanding for the year was ₹ 54.05 Crores
- j. **Fixed Assets (Tangible):** ₹ 53.56 crores as on 31st March 2013 as compared to ₹ 59.30 crores of the previous year.
- k. Trade receivable outstanding for the year was ₹ 66.55 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.

**BHAVESH RAMESHLAL CHAUHAN**  
Managing Director & CEO

Date: 13th August 2013

---

## Consolidated Financial Statements

---

1. Auditors' Report
  2. Balance Sheet
  3. Profit and Loss Account
  4. Notes
  5. Cashflow Statement
  6. Significant Accounting Policies
  7. 212 Statement
-

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

## Report On the Financial Statements

We have audited the accompanying **Consolidated financial statements of California Software Company Limited and its subsidiaries** ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss for the year then ended, and a summary of significant accounting policies and other explanatory information.

The subsidiaries included in the consolidation are:

- I. CSWL, Inc. USA (100% equity held by Parent company) along with its subsidiaries
  - a) International Innovations Inc, USA (100% equity held by CSWL Inc)
  - 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)

## Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the basis for qualified opinion paragraph, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- b) in the case of the Statement of Profit and Loss, of the Loss for the year ended on that date.

## Emphasis of Matter

We draw attention to the following:

- A) In the notes Accounts of the Parent Company:
  - (i) Note No.26 to the financial statement regarding Impairment of Investments in subsidiaries amounting to Rs. 174,056,849/-
  - (ii) Note No. 27 to the financial statement regarding Impairment of land & building amounting to Rs. 21,218,585/-
  - (iii) Note No. 44 to the financial statement regarding settlement of payables to Calsoft Labs India P Limited
  - (iv) Note No. 45 to the financial statement regarding transfer of entire business assets relating to its Indian operations to wholly owned subsidiary Inatech Infosolutions P Ltd and
  - (v) Note No. 46 to the financial statement regarding non reconciliation of Schedules for expenses Payables with the General ledger.

And

- B) to the fact that Subsidiaries in CSWL Inc, Aspire Communications P Ltd and its subsidiary Aspire peripherals P Ltd and Inatech Solutions, Egypt have stopped their operations entirely as mentioned in the significant accounting policies attached to this report..



---

**Report On Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2003 ("theOrder") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books .
  - c) the Balance Sheet, Statement of Profit and Loss dealt with by this Report are in agreement with the books of account.
  - d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
  - e) on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.
  - f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

**CA K J Tomy BSc FCA**  
**Partner**  
Membership No: 0 22768  
For and on behalf of

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

Chennai  
August 13, 2013

**CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2013**

Particulars	Note No.	31.03.2013	31.03.2012
		₹	₹
<b>I. EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' funds</b>			
(a) Share capital	1	123,650,060	123,650,060
(b) Reserve and surplus	2	(28,813,720)	27,040,763
(c) Money received against share warrants		-	-
<b>Total</b>		<b>94,836,340</b>	<b>150,690,823</b>
<b>2. Share application money pending allotment</b>		-	-
<b>3. Non-Current liabilities</b>			
(a) Long-term borrowings	3	432,656,000	526,419,314
(b) Deferred tax liabilities (Net)		683,527	102,622
(c) Other Long term liabilities		-	-
(d) Long-term provisions		-	-
<b>Total</b>		<b>433,339,527</b>	<b>526,521,936</b>
<b>4. Current liabilities</b>			
(a) Short-term borrowings	4	129,517,981	90,139,557
(b) Trade payables	5	540,493,677	72,658,747
(c) Other Current Liabilities	6	241,821,808	405,959,892
(d) Short-term provisions	7	42,423,816	12,749,257
<b>Total</b>		<b>954,257,281</b>	<b>581,507,453</b>
<b>TOTAL</b>		<b>1,482,433,149</b>	<b>1,258,720,212</b>
<b>II. ASSETS</b>			
<b>1. Non-current assets</b>			
(a) Fixed Assets			
(i) Tangible assets	8	535,593,086	592,971,394
(ii) Intangible assets		-	-
(iii) Capital work-in-progress		-	-
(iv) Intangible assets under development		-	-
(b) Non-current investments	9	27,350,500	67,428,000
(c) Deferred tax assets (net)		-	-
(d) Long-term loans and advances	10	74,456,614	129,098,448
(e) Other non-current assets	11	-	-
<b>Total</b>		<b>637,400,201</b>	<b>789,497,842</b>
<b>2. Current assets</b>			
(a) Current investments		-	-
(b) Inventories		-	-
(c) Trade receivable	12	665,482,052	213,429,718
(d) Cash and cash equivalents	13	109,030,257	200,777,152
(e) Short-term loans and advances	14	35,676,450	33,924,358
(f) Other current assets	15	34,844,189	21,091,142
<b>Total</b>		<b>845,032,948</b>	<b>469,222,370</b>
<b>TOTAL</b>		<b>1,482,433,149</b>	<b>1,258,720,212</b>

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

As per our report of even date attached

For TOMY & FRANCIS  
Chartered Accountants

BHAVESH RAMESHLAL CHAUHAN  
Managing Director & CEO

Dr. P.J. GEORGE  
Director

JITENDRA KUMAR PAL  
Company Secretary

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

K. CHANDRA PRATAP  
Director

Chennai  
13th August, 2013

**CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2013**

Particulars	Note No.	31.03.2013	31.03.2012
		₹	₹
I. Revenue from operations	16	433,588,693	741,751,056
II. Other Income	17	83,677,786	57,222,719
<b>III. Total Revenue (I+II)</b>		<b>517,266,479</b>	<b>798,973,775</b>
IV. Expenses:			
Employee benefits expense	18	264,455,544	354,322,130
<b>Operation and Other Expenses</b>	<b>19</b>	<b>269,105,117</b>	<b>669,018,402</b>
<b>Finance Costs</b>	<b>20</b>	<b>8,445,124</b>	<b>92,558,555</b>
Depreciation and amortization Expenses	21	22,784,408	52,309,400
<b>Total Expenses</b>		<b>640,796,316</b>	<b>1,168,208,487</b>
V Profit before exceptional and extraordinary items and tax (III-IV)		(123,529,837)	(369,234,712)
VI Exceptional Items	22	(96,575,578)	401,897,972
VII Profit before extraordinary items and Tax (V-VI)		(26,954,259)	(771,132,685)
<b>VIII Extraordinary items</b>		-	-
<b>IX Profit before Tax (VII-VIII)</b>		<b>(26,954,259)</b>	<b>(771,132,685)</b>
X Tax expense:			
(1) Current tax		-	3,729,000
(2) Deferred tax		580,905	(23,939,444)
(3) Current tax expense relating to prior years		-	(141,653)
<b>Total</b>		<b>580,905</b>	<b>(20,352,097)</b>
<b>XI Profit / (Loss) for the period from continuing Operations (IX-X)</b>		<b>(27,535,164)</b>	<b>(750,780,588)</b>
<b>XII Profit/(Loss) from discontinuing operations</b>		-	-
XIII Tax expense of discontinuing operations		-	-
XIV Profit / (loss) from discontinuing operations (after tax) (XII-XIII)		-	-
XV Profit / (Loss) for the period (XI+XIV)		(27,535,164)	(750,780,588)
Less Minority Interest		-	(24,710,017)
XV Profit / (Loss) for the period (XI+XIV)		(27,535,164)	(775,490,605)
XVI Earnings per equity share:			
(1) Basic		(2.23)	(62.72)
(2) Diluted		(2.23)	(62.72)

Notes referred to above and the notes thereon are an integral part of the consolidated Profit & Loss account.

As per our report of even date attached

For TOMY & FRANCIS  
Chartered Accountants

BHAVESH RAMESHLAL CHAUHAN  
Managing Director & CEO

Dr. P.J. GEORGE  
Director

JITENDRA KUMAR PAL  
Company Secretary

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

K. CHANDRA PRATAP  
Director

Chennai  
13th August, 2013

**CONSOLIDATED NOTES ON ACCOUNTS**

	As at 31-Mar-13	As at 31-Mar-12
	₹	₹
<b>1 SHARE CAPITAL</b>		
<b>A AUTHORISED CAPITAL</b>		
15,000,000 Equity Shares of ₹ 10/- each with equal voting rights	150,000,000	150,000,000
<b>ISSUED CAPITAL</b>		
123,65,006 Equity Shares of ₹ 10/- each with equal voting rights	123,650,060	123,650,060
<b>SUBSCRIBED, CALLED UP AND PAID UP CAPITAL</b>		
123,65,006 Equity Shares of ₹ 10/- each with equal voting rights 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)	123,650,060	123,650,060
<b>2 RESERVE AND SURPLUS</b>		
<b>A CAPITAL RESERVE</b>		
Opening balance	206,250	206,250
Add: Additions during the year (give details)	-	-
Less: Utilised / transferred during the year (give details)	-	-
Closing balance	206,250	206,250
Foreign Currency Translation reserve	(39,965,414)	(89,853,265)
Add: Current Year	20,747,348	49,887,851
Closing balance	(19,218,066)	(39,965,414)
<b>B SECURITIES PREMIUM ACCOUNT</b>		
Opening balance	633,084,932	633,084,932
Add : Premium on shares issued during the year	-	-
Less : Utilised during the year for:	-	-
Closing balance	633,084,932	633,084,932
<b>C GENERAL RESERVE</b>		
Opening balance	65,864,252	65,864,252
Add: Transferred from surplus in Statement of Profit and Loss	-	-
Less: Utilised / transferred during the year for:	-	-
Closing balance	65,864,252	65,864,252
<b>D SURPLUS / (DEFICIT) IN STATEMENT OF PROFIT AND LOSS</b>		
Opening balance	(632,149,258)	143,341,627
Add: Profit / (Loss) for the year	(27,535,164)	(775,490,605)
Less Proposed Dividend	-	-
Tax on Dividend	280	280
Closing balance	(708,751,089)	(632,149,258)
<b>Total</b>	<b>(28,813,720)</b>	<b>27,040,763</b>

## CONSOLIDATED NOTES ON ACCOUNTS

	As at 31-Mar-13	As at 31-Mar-12
	₹	₹
<b>3 LONG-TERM BORROWINGS</b>		
Term loans		
From banks		
<b>Secured</b>		
Canara Bank Building Term Loan	432,656,000	496,027,883
<b>Sanoma National Bank - Building</b>	-	30,391,431
<b>Total</b>	<b>432,656,000</b>	<b>526,419,314</b>
<b>4 SHORT-TERM BORROWINGS</b>		
(a) Loans repayable on demand		
From banks		
<b>Secured</b>		
Canara Bank PCFC Loan	69,500,000	90,139,557
<b>(Bank PCFC Loan are secured by exclusive charge over the building, machinery and equipment and bills. )</b>		
<b>Chemoil AMS Loan Account</b>	55,000,000	-
<b>Notes payable to related parties</b>	5,017,981	-
<b>Total</b>	<b>129,517,981</b>	<b>90,139,557</b>
<b>5 TRADE PAYABLES</b>	540,493,677	72,658,747
<b>6 OTHER CURRENT LIABILITIES</b>		
(a) Current maturities of long-term debt	60,000,000	60,000,000
(c) Interest accrued but not due on borrowings	-	6,021,813
(d) Interest accrued and due on borrowings	-	-
(e) Income received in advance (Unearned revenue)	26,336,377	19,955,848
(f) Unpaid dividends	308,551	365,527
Rent Deposits	27,979,740	25,258,664
<b>"(i) Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax, etc.) "</b>	-	902,506
TDS Payable	4,922,326	4,734,879
CST&VAT	-	10,040,434
EPF&ESI Payable	963,300	982,532
TNLWF Payable	1,400	973
Professional Tax Payable	188,994	84,447
Calsoft Labs payables	-	161,212,462
Aspire Payable	-	-
Consideration Payable to Aspire Share Holders	(48,247)	9,053,364
Other expenses Payable	18,057,218	90,336,051
Lease Equalization Liability Account	102,667	1,271,667
Advances	-	-
(iv) Interest accrued on trade payables	-	-
(v) Interest accrued on others	-	-
(vi) Trade / security deposits received	-	-
(vii) Advances from customers	27,981,423	15,738,725
(viii) Others (specify nature)	75,027,779	-
Dividend Tax	280	-
<b>Total</b>	<b>241,821,808</b>	<b>405,959,892</b>
<b>7 SHORT-TERM PROVISIONS</b>		
IT Provision	28,585,319	1,499,378
Provision for employee benefits	13,838,498	11,249,879
Others (Specify nature)	-	-
<b>Total</b>	<b>42,423,816</b>	<b>12,749,257</b>

## CONSOLIDATED NOTES ON ACCOUNTS

8 TANGIBLE ASSETS	Cost as on				Depreciation				WDV As on		
	Particulars	as on 01.04.2012	Additions For the Period	Deductions	as on 31.03.2013	as on 01.04.2012	For the Period	Impairment	Deductions	as on 31.03.2013	31.03.2013
Computer& accessories	189,023,478	10,928,520	40,466,728	159,485,270	183,880,446	8,855,579	-	42,679,424	150,056,600	9,428,670	5,143,032
Office Equipment	4,863,365	19,500	-	4,882,865	2,736,207	323,620	-	-	3,059,827	1,823,038	2,127,158
Furniture&Fittings	140,803,342	614,045	6,590,392	134,826,995	122,499,103	1,449,755	-	5,735,175	118,213,683	16,613,313	18,304,240
Plant & Machinery	48,348,505	-	-	48,348,505	8,467,459	2,296,554	-	-	10,764,013	37,584,492	39,881,046
Fixtures& Fittings	7,856,199	-	-	7,856,199	1,702,537	496,341	-	-	2,198,878	5,657,321	6,153,662
Vehicle	870,634	-	-	870,634	476,099	82,484	-	-	558,583	312,052	394,536
Building	562,668,055	-	6,121,658	556,546,398	69,962,557	30,290,291	-	1,706,449	98,546,399	457,999,998	492,705,498
Books	-	-	-	-	-	-	-	-	-	-	-
Land	28,262,224	-	28,262,224	-	-	-	-	-	-	-	28,262,224
Proprietary Software	-	-	-	-	-	-	-	-	-	-	-
Leasehold improvement	-	6,105,231	-	6,105,231	-	203,508	-	-	203,508	5,901,723	-
Airconditioner	-	277,337	-	277,337	-	4,861	-	-	4,861	272,476	-
Goodwill	-	2,928,456	-	2,928,456	-	-	-	-	-	2,928,456	-
<b>Total</b>	<b>982,695,802</b>	<b>20,873,089</b>	<b>81,441,002</b>	<b>922,127,890</b>	<b>389,724,407</b>	<b>44,002,993</b>	<b>-</b>	<b>50,121,049</b>	<b>383,606,351</b>	<b>538,521,542</b>	<b>592,971,395</b>
											Less Goodwill eliminated on Consolidation
											2,928,456
											535,593,086

Notes: Depreciation includes Impairment of ₹ 2,118,584/- treated as exceptional item.

	As at 31-Mar-13	As at 31-Mar-12
	₹	₹
<b>9 NON CURRENT INVESTMENTS (AT COST)</b>		
<b>Investment in Unquoted Equity Shares</b>		
In Subsidiaries		
CSWL Inc. U.S.A. (Wholly Owned).	-	-
9,662,800 ( PY 6,162,800 ) equity shares of \$1 each fully paid up	-	-
Inatech Infosolutions Pvt Ltd Banglore, India.	-	-
495,385 equity shares of ₹ 1/- each fully paid up	-	-
Aspire Communications, Mysore, India (2,000,000 equity shares of ₹ 10/- each fully paid up)	-	-
CNHC	-	41,480,000
Impelsys	27,327,500	25,925,000
<b>Investment in Unquoted Preference Shares</b>	-	-
In Subsidiaries	-	-
Inatech Infosolutions Pvt Ltd Banglore, India.	-	-
16,503,600 Preference shares of ₹ 1/- each fully paid up	-	-
<b>Other non-current investments</b>	-	-
Trust money in California Software Employees' Welfare Trust	17,500	17,500
NSC	5,500	5,500
<b>Total</b>	<b>27,350,500</b>	<b>67,428,000</b>
<b>10 LONG-TERM LOANS AND ADVANCES</b>		
(b) Security deposits		
Secured, considered good		
Unsecured, considered good	16,679,085	20,052,468
Doubtful	-	-
	-	-
Less: Provision for doubtful deposits	-	-
	16,679,085	20,052,468
(c) Loans and advances to related parties (give details @) (Refer Note 30.7)		
Secured, considered good		
Unsecured, considered good	10,931,000	60,898,815
Doubtful	-	-
	-	-
Less: Provision for doubtful loans and advances	-	-
	-	-
(i) Other loans and advances (specify nature)	21,247	-
Secured, considered good	-	-
Unsecured, considered good	-	-
Doubtful	-	-
Less: Provision for other doubtful loans and advances	-	-
	-	-
"(f) Advance income tax # (net of provisions ₹ 41519871 (As at 31 March, 2011 ₹ 41519871)		
- Unsecured, considered good"	46,825,282	48,147,166
<b>Total</b>	<b>74,456,614</b>	<b>129,098,448</b>

## CONSOLIDATED NOTES ON ACCOUNTS

	As at 31-Mar-13	As at 31-Mar-12
	₹	₹
<b>11 OTHER NON CURRENT ASSETS</b>		
Minority Interest	-	-
	-	-
<b>12 TRADE RECEIVABLES</b>		
<b>Trade receivables outstanding for a period exceeding six months from the date they were due for payment #</b>		
Unsecured Considered Good	665,482,052	213,429,718
<b>Considered Doubtful</b>	85,796,777	76,676,153
	751,278,829	290,105,871
Less: Provision for doubtful debts	85,796,777	76,676,153
<b>Sub Total</b>	665,482,052	213,429,718
<b>Other Trade receivables</b>		
Unsecured, considered good	-	-
Doubtful	-	-
	-	-
Less: Provision for doubtful trade receivables	-	-
<b>Sub Total</b>	-	-
<b>Grand Total</b>	<b>665,482,052</b>	<b>213,429,718</b>
<b>13 CASH AND CASH EQUIVALENTS</b>		
(a) Cash on hand	1,091,538	47,701
(b) Cheques, drafts on hand	-	-
(c) Balances with banks	-	-
(i) In current accounts	25,998,632	55,168,291
(ii) In EEFC accounts	8,105,021	6,615,255
(iii) In deposit accounts (Refer Note (i) below)	337,625	337,625
(iv) In earmarked accounts	-	-
- Unpaid dividend accounts	305,334	365,161
Balances held as margin money or security against borrowings, guarantees and other commitments	73,192,107	138,243,119
other earmarked accounts	-	-
(d) Others (specify nature)	-	-
<b>Total</b>	<b>109,030,257</b>	<b>200,777,152</b>
<b>14 SHORT-TERM LOANS AND ADVANCES</b>		
(c) Loans and advances to employees		
Secured, considered good		
Unsecured, considered good	10,831,006	5,036,084
Doubtful	-	-
	-	-
Less: Provision for doubtful loans and advances	-	-
	-	-
(d) Prepaid expenses - Unsecured, considered good (For e.g. Insurance premium, Annual maintenance contracts, etc.)	22,356,393	16,856,423
Calsoft , Chennai		
(e) Balances with government authorities		
Unsecured, considered good	-	-
(i) CENVAT credit receivable	-	-
(ii) VAT credit receivable	2,036,570	2,277,280
(iii) Service Tax credit receivable	452,481	9,596,106
Others	-	158,465
Calsoft	-	-
<b>Total</b>	<b>35,676,450</b>	<b>33,924,358</b>

**CONSOLIDATED NOTES ON ACCOUNTS**

	As at 31-Mar-13	As at 31-Mar-12
	₹	₹
<b>15 OTHER CURRENT ASSETS</b>		
(c) Accruals		
(i) Interest accrued on deposits	490,487	1,026,764
(ii) Interest accrued on investments	-	-
(iii) Interest accrued on trade receivables	-	-
Advance to Suppliers	-	6,214,741
(d) Others		
(i) Insurance claims	-	-
(ii) Receivables on sale of investments	-	-
(iii) Dividend Receivable	-	-
(iv) Others (specify nature)	350,885	-
Rent Receivable	56,120,434	35,967,254
Less Provisions	22,117,617	22,117,617
	34,353,702	13,849,637
Others	-	-
<b>Total</b>	<b>34,844,189</b>	<b>21,091,142</b>
<b>16 REVENUE FROM OPERATIONS</b>		
Sale of products @ (Refer Note (i) below)	131,263,863	86,425,922
Sale of services @ (Refer Note (ii) below)	302,324,831	655,325,133
Other operating revenues # (Refer Note (iii) below)		
<b>Total</b>	<b>433,588,693</b>	<b>741,751,056</b>
<b>17 OTHER INCOME</b>		
Other non-operating income comprises:		
Rental income	39,815,205	33,488,985
Interest	9,177,758	12,679,977
Exchange Gain / Loss	33,692,371	(10,125,172)
Profit on Disposal of Assets	27,381	12,737,638
Miscellaneous income	965,071	8,441,291
Total - Other non-operating income	83,677,786	57,222,719
<b>18 EMPLOYEE BENEFITS EXPENSE</b>		
Salaries & Allowances	245,386,522	338,099,926
Contribution to Provident and other funds	8,643,950	5,021,666
Staff Welfare Expenses	10,425,073	11,200,538
<b>Total</b>	<b>264,455,544</b>	<b>354,322,130</b>



## CONSOLIDATED NOTES ON ACCOUNTS

	As at 31-Mar-13	As at 31-Mar-12
	₹	₹
<b>19 OPERATION AND OTHER EXPENSES</b>		
Project Expenses - Bought outs	23,530,510	316,673,203
Electricity Charges	7,853,253	6,102,988
Rent	24,883,452	32,177,243
Rates & taxes	3,015,427	1,201,291
Insurance	4,904,733	12,512,411
Repairs & Maintenance - Buildings	4,131,404	4,315,841
Repairs & Maintenance - Plant and Machinery	1,967,715	520,534
Repairs & Maintenance - 'Others	819,616	3,414,854
Communication Expenses	7,486,800	10,060,866
Travelling Expenses	46,878,299	64,054,476
Data Circuit Expenses	2,320,076	1,821,662
Audit expenses	5,646,625	6,001,868
Other Audit expenses	-	143,755
Service Charges	101,596	614,296
Legal ,Professional and Secretarial Expenses	48,149,491	40,681,328
Exchange difference (Net)	29,158,327	970,654
Provision for doubtful debts and Advances	14,274,533	115,911,203
Provision for doubtful advances	-	-
Other Expenses	2,204,472	19,070,515
Loss on sale of assets	2,471,965	-
Profit on sale of assets	-	-
Commission	4,261,122	22,560,383
Marketing Expenses	17,765,712	433,361
Bank Charges	3,692,050	3,613,775
Printing And Stationery	640,815	1,274,811
Staff Traing and Recruitment	7,139,918	1,797,776
Hire Charges	1,756,854	1,279,281
Office Expenses	3,211,291	987,695
Security Charges	411,160	-
Consumables	427,900	822,330
<b>Total</b>	<b>269,105,117</b>	<b>669,018,402</b>
<b>20 FINANCE COSTS</b>		
Interest on Term Loan	68,569,733	79,420,999
Interest on Working Capital Loan	8,903,095	11,276,617
Interest Others	6,978,419	1,860,939
<b>Total</b>	<b>84,451,247</b>	<b>92,558,555</b>
<b>21 DEPRECIATION &amp; AMORTIZATION EXPENSES</b>		
Depreciation	22,784,409	28,624,712
Amortisation Expenses	-	23,684,688
<b>Total</b>	<b>22,784,409</b>	<b>52,309,400</b>

**CONSOLIDATED NOTES ON ACCOUNTS**

	As at 31-Mar-13	As at 31-Mar-12
	₹	₹
<b>22 EXCEPTIONAL ITEMS</b>		
Goodwill in Investment Write off	-	475,912,563
Profit on Sale of Investment	-	(303,955,509)
Investment Impirement	-	25,354,062
Income from settlement of Calsoft labs	(19,239,922)	
Service Tax to Prior years reversed to Consultancy	5,865,130	(669,562)
Profit on Deconsolidation	-	(128,877,438)
Provision for Alten receivables	-	167,147,322
Restatement of payables	(87,037,844)	
Profit on Sale Transfer of Business assets	(17,381,527)	
Fixed Asset Impirement	21,218,585	166,986,533
<b>Total</b>	<b>(96,575,578)</b>	<b>401,897,972</b>

	(in ₹)	
	March 31, 2013	March 31, 2012
<b>23 Contingent Liabilities</b>		
<b>California Software company Limited</b>		
a. Guarantees given on behalf of other companies	Nil	Nil
b. Claims against the company not acknowledged as debt in respect of certain tax matters which are subjudice		
a) Income Tax	5,98,59,792	5,24,73,482
b) Sales Tax / VAT	6,48,228	6,48,228
c) Service Tax	8,52,310	8,52,310

<b>Inatech Infosolutions P Ltd</b>		
a. Outstanding counter guarantees to Bankers - Rs 1,75,000 (Rs.1,75,000).		
b. 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 ₹ 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 Company has received a demand of ₹ 1,614,710/- 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.		

<b>24 Other Financial Information</b>		
<b>California Software company Limited</b>		
a) Outstanding Bank Guarantees	6,50,000	6,50,000
b) Reimbursement of travel expenses to Directors	1344,303	266,107
c) Sitting fees paid / payable to Directors	67,500	33,000

## CONSOLIDATED NOTES ON ACCOUNTS

- d) Taking into consideration the post sale scenario of its OPD division and considering the past performance of the subsidiaries company in the year 2011-12 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, Sri Lanka. It was also decided to write off excess carrying value over the book value of its Indian subsidiaries. The year under report also the management has decided to Impair the investment in its overseas subsidiary CSWL Inc (The Company has stopped all its operations) by writing off excess value over its book value and to impair the Investment in Preference shares of Inatech Info solutions P Ltd by writing off excess carrying value over the face value. Total Investment write off included in exceptional items is as given below:

Years	2012-13	2011-12
Inatech Info Solutions P Ltd	₹ 68,132,886	338,754,000
Aspire Communications Ltd	₹ NIL	37,266,697 *
East Point Solutions Ltd	₹ NIL	500,000
Calspence, Sri Lanka	₹ NIL	794,062
CSWL Inc	₹ 105,923,963	-
<b>Total</b>	<b>₹ 174,056,849</b>	<b>377,314,759</b>

- \* 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

- e) Impairment of Fixed Assets:

- Land and Building was written down by \$ 21,218,585/- (PY ₹ 34,671,062/-) based on the realizable value of the land and building (As valued by Valuer)
- Furniture & fittings write off: Current year NIL. Previous year: ₹ 85,029,837/-
- Product Solutions write off: Current year NIL. Previous year ₹ 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.

- Trade receivable ageing more than 270 days is fully provided for over the years. As on 31.03.2013 entire debts over 180 days stands provided for and balance. Excess provision is netted against balance trade receivables. Total provision as on date is ₹ 85,796,777/-.
- Rent receivable amounting to ₹ 56120434/- against which a provision of ₹ 22,117,617/- has been made.
- The company has been unable to reconcile its schedule for expenses payables with the general ledger.

### Inatech Infosolutions P Ltd

- Loans and advances include refund claim of Service tax amounting to ₹ 66.84 lakhs (PY ₹ 95.98 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 Company has also written off ₹ 58.65 lakhs of Service Tax credit receivable during the year and this treated as an exceptional item in Statement of Profit and Loss.

- The preference shares held by the holding company is redeemable on or before 6th November 2012

### Aspire Communications Ltd

All the dues to Calsoft Labs P Ltd was transferred to California Software co Ltd as part of the group settlement.

### CSWL Inc

Company is proposed to be liquidated and as a part of which

- Receivables other than from Related parties for ₹ 8,752,651/- was written off against current year profit and ₹ 45,683,225/- against opening provision.
- Entire Fixed Asset was written off amounting to ₹ 5,988,984/-
- Payables amounting to ₹ 90,018,253/- was written back to profit and loss account and is shown as exceptional item.
- 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.

- CSWL has given a note for ₹ 68,318,750/- (\$1.25 Million) to Calsoft Labs LLC payable in monthly instalments till January 1, 2018 with an interest of 7.25%.

### 25 Intangible asset

Entire proprietary software belonging to the group has been considered as impaired and has been written off in the previous year.

### 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 ₹ 683,527/-

### 28. Acquisitions & Disinvestment

#### California Software Company Ltd

- Settlement of dispute arising out of 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,

## CONSOLIDATED NOTES ON ACCOUNTS

SARL, France to sell its entire OPD business. There were disputes at the group level regarding earn outs. These disputes were settled among all the companies involved by way of an agreement entered on 10-06-2013. As a result of this agreement certain paybles due to Calsoft India labs P Ltd was settled. The income arising out of settlement of these payables ₹ 19,232,922/- was taken to the profit and loss account as an extraordinary item of the year under report.

- b) As a part of group strategy Calsoft India has transferred its remaining Indian operations including entire employees and contracts to its wholly owned subsidiary Inatech Infosolutions Private Limited. As part of this following Fixed Assets were transferred to Inatech.

Computers & Licence fee at Written Down value ₹ 635,634/-  
Product Solutions as per valuation ₹ 375,000/-

Transfer of Business Assets has resulted in a profit of ₹ 3,422,968/- and was taken to the profit and loss account as an extraordinary item of the year under report. Over the years the company has made a provision for gratuity ₹ 11,030,102/-. As the entire employees were

transferred this liability was taken to profit and loss account as extraordinary income.

### 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 single segment ( ES ) had transactions during the year.

#### Primary Segment

Particulars		TS	ES	IMS	SI	Inter Segment	Un allocated	Total
1. Segment Revenue	CY	0	4335.88	0	0	0	0	4335.88
	PY	0	6928.62	0	488.89	0	0	7417.51
Less: Inter Segment Revenue		0	0	0	0	0	0	Nil
		0	0	0	0	0	0	(Nil)
Net Sales/ Income from Operations	CY	0	4335.88	0	0	0	0	4335.88
	PY	0	6928.62	0	488.89	0	0	7417.51
2. Segment Results	CY	0	-999.72	0	-0	0.00		-999.72
	PY	0	-2332.08	0	-1006.90	0.00		-3338.98
Less: 1. Interest & Finance Charges	CY	0	0	0	0	0	844.51	844.51
	PY	0	0	0	0	0	925.59	925.59
2. Other Unallocable Expenditure, Net of Un-allocable Income	CY	0	0	0	0	0	-608.93	-608.93
	PY	0	0	0	0	0	-572.23	-572.23
Profit before Tax	CY	0	-999.72	0	-0	0.00	--235.58	-1235.30
	PY	0	-2332.08	0	-1006.90	0.00	-353.36	-3692.34

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.

## CONSOLIDATED NOTES ON ACCOUNTS

	2012-13	2011-12
	₹	₹
<b>31 Disclosure under AS 15 revised on Employee benefits</b>		
<b>A) California Software co Ltd</b>		
The Company has only one employee as at the year end of 2012-13. As such no actuarial valuation of employee benefits was done.		
Gratuity		
a) Changes in present value of benefit obligation		
Present value obligation as at beginning of the year	NIL	34,89,604
Current service cost	NIL	882,434
Interest cost	NIL	279,168
Actuarial loss/(gain)	NIL	(438,209)
Benefits paid	NIL	(1,828,733)
Present value of obligation as at end of the year	NIL	2,384,264
b) Changes in fair value of Plan Assets		
Fair value of the plan assets	NIL	4,770,136
Expected return on plan assets	NIL	328,339
Contributions	NIL	NIL
Benefits paid	NIL	(1,828,733)
Actuarial gain on plan assets	NIL	NIL
Fair value of plan assets at the end of the year	NIL	3,269,742
c) Cost for the year		
Current service cost	NIL	882,434
Interest cost	NIL	279,168
Expected return on plan assets	NIL	(328,339)
Net actuarial (gain) / loss recognised in the year	NIL	(438,209)
d) Principal actuarial assumptions		
Discount rate	NA	8%
Expected rate of salary increases	NA	5%
<b>Leave Encashment:</b>		
Obligations at period beginning	NIL	1,778,923
Service Cost	NIL	2,078,157
Interest on Defined benefit obligation	NIL	30,211
Benefits settled	NIL	(2,610,046)
Actuarial (gain)/loss	NIL	(272,628)
Past Service Cost	NIL	0
Obligations at period end	NIL	1,549,873
Long Term - PBO - Actuarial	NIL	1,427,711
Short Term - Compensated absence - Actual	NIL	122,162
	NIL	1,549,873
<b>Principal actuarial assumptions</b>		
Discount rate	-	8%
Expected rate of salary increases	-	5%
Attrition rate	-	1-3%

**CONSOLIDATED NOTES ON ACCOUNTS**

<b>B) Inatech InfoSolutions P Ltd</b>				
(a) Contribution to Defined Contribution Plan				
<b>Particulars</b>	<b>Current year</b>		<b>Previous year</b>	
	₹		₹	
Contribution to Provident Fund	4,661,457		4,253,353	
(b) The details of defined benefit plans are as under:				
The amounts recognized in the income statement are determined as follows				
<b>Particulars</b>	<b>Gratuity (Funded)</b>		<b>Leave (unfunded)</b>	
	<b>Current year</b>	<b>Previous year</b>	<b>Current year</b>	<b>Previous year</b>
Current Service Cost	970,159	769,825	3,560,527	134,056
Interest Cost	177,518	164,978	34,286	92,843
Expected return on plan assets	189,094	154,434	Nil	Nil
Actuarial (gain) / loss	2,566,762	(109,255)	560,583	(180,832)
Actual return on plan assets - Gain / (Loss)	189,094	154,434	Nil	Nil
Present value of defined obligations funded by plan assets				
<b>Particulars</b>	<b>Gratuity</b>		<b>Gratuity</b>	
	<b>Current year</b>		<b>Previous year</b>	
Defined benefit gratuity obligations	5,011,266		2,218,981	
Fair value of plan assets	2,884,297		1,547,349	
Unrecognized actuarial (gains) / losses	-		-	
Unrecognized past service cost	-		-	
Net defined benefit gratuity plan assets / (liability)	(2,126,969)		(671,632)	
Movement in the present value of the defined benefit Gratuity and Leave obligations.				
<b>Particulars</b>	<b>Gratuity (Funded)</b>		<b>Leave (unfunded)</b>	
	<b>Current year</b>	<b>Previous year</b>	<b>Current year</b>	<b>Previous year</b>
Obligations at period beginning	2,218,981	2,062,231	1,138,335	1,092,268
Service Cost	970,159	769,825	3,560,527	134,056
Interest Cost	177,518	164,978	34,286	92,843
Benefits settled	Nil	Nil	(1445500)	Nil
Actuarial (gain)/loss	2,566,762	(109,255)	560,583	(180,832)
Settlements	(922,154)	(668,798)	Nil	Nil
Obligations at period end	5,011,266	2,218,981	3,847,731	1,138,335
The movement in fair value of plan assets during the financial year				
<b>Particulars</b>	<b>Gratuity</b>		<b>Gratuity</b>	
	<b>Current year</b>		<b>Previous year</b>	
Beginning of the financial year	1,547,349		1,812,802	
Balance correction - actual return	Nil		NIL	
Expected return on plan assets (estimated)	189,094		154,434	
Actuarial (gain) / Loss	2,566,762		(109,255)	
Administration Cost	NIL		NIL	
Contributions	2,070,008		248,911	
Equitable Interest Transfer	Nil		NIL	
Settlements	(922,154)		(668,798)	
End of the financial year	2,884,297		1,547,349	
Actual Return on Plan Assets	189,094		154,434	

## CONSOLIDATED NOTES ON ACCOUNTS

The principal actuarial assumptions used are as follows.

Particulars	Gratuity (%)		Leave (%)	
	Current year	Previous year	Current year	Previous year
Weighted average discount rate	8	8	8	8
Expected return on plan assets	8	8	8	8
Salary escalation rate	6	6	6	6

30) Provision Movement for the year	Balance brought forward	Additions during the year	Withdrawn payment made	Balance forward
Provision for Bonus	7,890,040	1,994,082	2,142,671	7,731,451
	(3,603,912)	(10,281,115)	(5,994,987)	(7,890,040)

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 company has renewable operating leases for office facilities that are cancelable at its option.

Rental expenses thereof charged to the profit and loss account is ₹ 12,649,252/- (₹ 12,656,250/-).

Future Obligations of lease rentals for the non cancellable period under respective lease agreement aggregate to year is ₹ 15,197,258/- (Previous Year ₹ 14,980,000/-).

Period	Current Year	Previous Year
Not later than one year	6,758,797	12,824,000
Later than one year and not later than five years	8,438,461	2,156,000
Later than five years	Nil	Nil

### 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

Kemoil Limited, Hong Kong

Interest

Chemoil Energy Limited, Hong Kong

b) Key management personnel

Mr. Frederik Ivor Bendle (Part of the period)

Mr. Bhavesh Rameshlal Chauhan

c) List of related parties where no control Exists

Fellow Subsidiaries of Kemoil Limited

Chemoil corporation USA \*

Chemoil International Pte. Ltd., Singapore \*

Chemoil Energy Limited - Singapore\*

Chemoil Europe B.V., The Netherlands \*

GPS Chemoil LLC (FZC) U.A.E

Subsidiaries of the abovementioned fellow subsidiaries

Chemoil Advanced Management Services Pvt. Ltd., India \*

Inatech InfoSolutions Limited

Chemoil Corporation

CSWL Inc and its subsidiaries Chemoil Corporation

**CONSOLIDATED NOTES ON ACCOUNTS**

- 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	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
TRANSACTIONS DURING THE YEAR						
Sales of services			0	0	0	11,944,461
Reimbursement of Expenses and Others			0	1,995,552	-	-
Loan Taken					55,000,000	
BALANCE AT YEAR END						
Investments						
Sundry Debtors			50,282		302,278	2,648,283
Sundry Creditors			2134919	1,995,552	4,294,276	-
Advance From Customers						
Unsecured loans					55,000,000	

- C) Related Party Transactions of subsidiaries:

SI No.	Name	Nature of Transaction	Value of Transaction	Balance Outstanding
			₹	₹
1.	CSWL Inc and its subsidiaries			NIL
2.	Inatech Info Solutions Limited			NIL
3.	Chemoil Corporation	Unbilled Revenue	30,060,250	30,060,250

**34 Earnings per share**

Basic Earnings Per Share	March 31, 2013	March 31, 2012
	₹	₹
Weighted average - No. of shares	12,365,006	12,365,006
Profit after Tax	(27,535,164)	(775,490,605)
Basic Earnings per Share	(2.23)	(62.72)

**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**

	March 31, 2013	March 31, 2012
	(in ₹)	
<b>CASH FLOW FROM OPERATIONS</b>		
Net profit before tax and extraordinary and prior period items	(26,954,259)	(771,132,685)
Adjustment for:		
Loss on disposal of asset	2,471,965	-
Profit on sale of asset	(27,381)	(12,737,638)
Depreciation and Impairments	44,002,993	695,207,617
Deferred expenses written off	-	880
Interest Income	(9,177,758)	(12,679,977)
Interest expense	84,451,247	92,558,555
Investment Write off	-	25,354,062
Transfer to reserves	-	-
Minority Interest changes	-	(247,100,171)
	94,766,808	(8,139,203)
Adjustment for:		
Current Assets, Loans and Advances	(412,915,639)	377,643,483
Current Liabilities & Provisions	<b>333,371,404</b>	<b>(157,732,703)</b>
Increase / Decrease in net current asset	(79,544,235)	219,910,780
Cash generated from operations	15,222,573	211,771,577
Current Taxation	-	(3,587,347)
Deferred Taxation	-	23,939,444
Other Items to be adjusted	-	-
<b>NET CASH FROM OPERATIONS</b>	<b>15,222,572</b>	<b>232,123,673</b>
<b>CASH FLOW FROM INVESTING</b>		
Purchase of fixed Assets net	(17,944,638)	(8,092,260)
Cash generated from sale of asset	28,875,369	108,575,362
Deferred tax Asset	-	66,921,709
Change in Investments	40,077,500	(51,425,447)
Interest Income	9,177,758	12,679,977
<b>NET CASH USED FOR INVESTING</b>	<b>60,185,988</b>	<b>128,659,342</b>
<b>CASH FLOW FROM FINANCING</b>		
Loans borrowed ( Net of repayment)	(93,763,314)	(276,598,756)
Deferred tax liability	580,905	(71,936,591)
Increase in unsecured Loans	39,378,424	-
Increase in capital	-	-
Increase in Share premium	-	-
Increase / (Decrease) in other reserves	(28,900,224)	49,887,571
Minority Interest changes	-	22,598,993
Dividend Tax	-	-
Interest Expense	(84,451,247)	(92,558,555)
Dividend	-	-
<b>NET CASH FROM FINANCING</b>	<b>(167,155,455)</b>	<b>(368,607,337)</b>
<b>Net increase / decrease in cash or cash equivalents</b>	<b>(91,746,896)</b>	<b>(7,824,322)</b>
Cash & Cash equivalents at the beginning of the year	200,777,153	208,601,475
<b>Cash &amp; Cash equivalents at the close of the year</b>	<b>109,030,257</b>	<b>200,777,153</b>

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

As per our report of even date

For TOMY & FRANCIS  
Chartered Accountants

BHAVESH RAMESHLAL CHAUHAN  
Managing Director & CEO

Dr. P.J. GEORGE  
Director

JITENDRA KUMAR PAL  
Company Secretary

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

K. CHANDRA PRATAP  
Director

Chennai  
13th August, 2013

## 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
  - International Innovations Inc, USA (100% Equity held by CSWL Inc.,)
  - 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.

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

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

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

### 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. CSWL Inc, Aspire Communications P ltd and its subsidiary Aspire peripherals P ltd and Inatech Solutions, Egypt is not having any fixed 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 2013, 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.

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

All the employees of the company's Indian operations were transferred to its subsidiary during the year under report. Till then company was adopting the following:

#### 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 administered 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. However during the financial year the Company had closed down its operations.

### 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 PURSUANT TO SECTION 212 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 Subsidiary	Total Revenues - period ended March 31, 2013	Profit / (loss) before taxation	Provision for taxation	Profit/(loss) after taxation	Proposed Dividend
1	CSWL Inc & its subsidiaries	USA	US Dollar	₹ 54.65 B/S ₹ 54.82 P&L	38.55	(10.57)	46.89	46.89	2.73	1.24	1.24	Nil	1.24	NIL
2	Inatech Infosolutions Pvt Ltd & its subsidiaries	India	Indian Rupee	NA	1.70	5.47	21.86	21.86	NIL	34.56	2.48	0.06	2.42	NIL
3	Aspire communication Pvt Ltd & its subsidiaries	India	Indian Rupee	NA	2.00	1.52	5.59	5.59	0.0005	0.01	(0.05)	Nil	(0.05)	NIL

\* NA: Not applicable. Figures in bracket indicate losses. All Balance Sheet items reported are as at march 31, 2013

Profit and Loss account items are for the year/period ended March 31, 2013 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, 2013 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.
- As per approval referred above, 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 31 2013 for balance Sheet items and average rate during the year 2012-13 for profits & Loss account items
- CSWL Inc for the year and previous year profit/loss 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.

**Bhavesh Rameshlal Chauhan**  
Managing Director and CEO

**Dr. P.J.George**  
Director

**K. Chandra Pratap**  
Director

Chennai  
13th August 2013

**Jitendra Kumar Pal**  
Company Secretary

---

## Standalone Financial Statements

---

1. Auditors' Report
  2. Balance Sheet
  3. Profit and Loss Account
  4. Notes
  5. Cashflow Statement
  6. Significant Accounting Policies
  7. 212 Statement
-

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

## Report On the Financial Statements

We have audited the accompanying financial statements of **California Software Company Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the basis for qualified opinion paragraph, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- b) in the case of the Statement of Profit and Loss, of the Loss for the year ended on that date

### Emphasis of Matter

We draw attention to the following:

- (i) Note No.26 to the financial statement regarding Impairment of Investments in subsidiaries amounting to Rs. 174,056,849/-
- (ii) Note No. 27 to the financial statement regarding Impairment of land & building amounting to Rs. 21,218,585/-
- (iii) Note No. 44 to the financial statement regarding settlement of payables to Calsoft Labs India P Limited
- (iv) Note No. 45 to the financial statement regarding transfer of entire business assets relating to its Indian operations to wholly owned subsidiary Inatech Infosolutions P Ltd and
- (v) Note No. 46 to the financial statement regarding non reconciliation of Schedules for expenses Payables with the General ledger.

### Report On Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books .
  - c) the Balance Sheet, Statement of Profit and Loss dealt with by this Report are in agreement with the books of account.
  - d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
  - e) on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.
  - f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

**CA K J Tomy BSc FCA**  
Partner

Membership No: 0 22768  
For and on behalf of

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

Chennai  
August 13, 2013



## 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 31,2013)

---

- 1 (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its 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. Company has transferred its business assets and related fixed assets of its Indian operations its wholly owned subsidiary. According to the information given by the Management this will not affect the going concern status of the company .
- 2 (a) The Company had granted an interest free unsecured loan to its 100% subsidiary Inatech Infosolutions Private Limited) and during the year entire loan was settled by the subsidiary. The maximum amount involved during the year Rs.413.31lakhs  
(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) Since the loan stands fully settled comment regarding reasonable steps have been taken by the Company for the recovery of the principal amount and interest is not applicable.  
(d) The Company has taken a unsecured loan , from an associate company amounting to covered in the register maintained under Section 301 of the Act amounting to Rs.55,000,000/-.. In our opinion the terms and conditions .are not prima facie prejudicial to the interest of the company.
- 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 exists 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 has not accepted any deposit from Public hence the provisions of Sections 58A and 58AA of the Act and the rules framed there under, do not apply to the Company.
- 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 Rs. 783,836,242/- as at March 31, 2013 Accumulated loss is more than 50% of the networth of the company. Company has incurred cash losses during the year ended on that date and in the immediately preceding two financial years.
- 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.
- 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  
August 13, 2013

**CA K J 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 2013**

Particulars	Note No.	31.03.2013	31.03.2012
		₹	₹
<b>I. EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' funds</b>			
(a) Share capital	1	123,650,060	123,650,060
(b) Reserve and surplus	2	(84,680,808)	155,922,708
(c) Money received against share warrants		-	-
<b>Total</b>		<b>38,969,252</b>	<b>279,572,768</b>
<b>2. Share application money pending allotment</b>		-	-
<b>3. Non-Current liabilities</b>			
(a) Long-term borrowings	3	432,656,000	496,027,883
(b) Deferred tax liabilities (Net)		-	-
(c) Other Long term liabilities		-	-
(d) Long-term provisions		-	-
<b>Total</b>		<b>432,656,000</b>	<b>496,027,883</b>
<b>4. Current liabilities</b>			
(a) Short-term borrowings	4	124,500,000	90,139,557
(b) Trade payables	5	471,467,982	364,051,631
(c) Other Current Liabilities	6	140,993,120	209,286,235
(d) Short-term provisions	7	-	1,549,873
<b>Total</b>		<b>736,961,102</b>	<b>665,027,296</b>
<b>TOTAL</b>		<b>1,208,586,355</b>	<b>1,440,627,947</b>
<b>II. ASSETS</b>			
<b>1. Non-current assets</b>			
(a) Fixed Assets			
(i) Tangible assets	8	517,888,022	553,167,193
(ii) Intangible assets		-	-
(iii) Capital work-in-progress		-	-
(iv) Intangible assets under development		-	-
(b) Non-current investments	9	355,357,297	529,414,146
(c) Deferred tax assets (net)	10	-	-
(d) Long-term loans and advances	11	49,087,799	87,038,562
(e) Other non-current assets		-	-
<b>Total</b>		<b>922,333,118</b>	<b>1,169,619,901</b>
<b>2. Current assets</b>			
(a) Current investments	12	-	-
(b) Inventories		-	-
(c) Trade receivable	13	159,803,979	91,977,147
(d) Cash and cash equivalents	14	84,722,407	160,628,875
(e) Short-term loans and advances	15	6,959,425	3,580,005
(f) Other current assets	16	34,767,426	14,822,020
<b>Total</b>		<b>286,253,238</b>	<b>271,008,046</b>
<b>TOTAL</b>		<b>1,208,586,355</b>	<b>1,440,627,947</b>

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

For TOMY & FRANCIS  
Chartered Accountants

BHAVESH RAMESHLAL CHAUHAN  
Managing Director & CEO

Dr. P.J. GEORGE  
Director

JITENDRA KUMAR PAL  
Company Secretary

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

K. CHANDRA PRATAP  
Director

Chennai  
13th August, 2013

**STANDALONE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2013**

Particulars	Note No.	31.03.2013	31.03.2012
		₹	₹
I. Revenue from operations	17	152,905,015	163,148,552
II. Other Income	18	74,876,199	50,783,925
<b>III. Total Revenue (I+II)</b>		<b>227,781,214</b>	<b>213,932,477</b>
<b>IV. Expenses:</b>			
Employee benefits expense	19	72,409,488	77,597,402
Operation and Other Expenses	20	133,074,060	176,666,248
Finance Costs	21	84,286,931	89,186,241
Depreciation and amortization Expenses		14,051,401	42,334,001
<b>Total Expenses</b>		<b>303,821,880</b>	<b>385,783,892</b>
V Profit before exceptional and extraordinary items and tax (III-IV)		(76,040,666)	(171,851,415)
VI Exceptional Items	22	164,562,850	463,377,137
VII Profit before extraordinary items and Tax (V-VI)		(240,603,516)	(635,228,552)
VIII Extraordinary items		-	-
IX Profit before Tax (VII-VIII)		<b>(240,603,516)</b>	<b>(635,228,552)</b>
X Tax expense:			
(1) Current tax		-	-
(2) Deferred tax		-	16,946,648
(3) Current tax expense relating to prior years		-	-
<b>Total</b>		<b>-</b>	<b>16,946,648</b>
XI Profit / (Loss) for the period from continuing Operations (IX-X)		(240,603,516)	(652,175,200)
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)		(240,603,516)	(652,175,200)
XVI Earnings per equity share:			
(1) Basic		(19.46)	(52.74)
(2) Diluted		(19.46)	(52.74)

Notes referred to above from an integral part of the accounts

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

For TOMY & FRANCIS  
Chartered Accountants

BHAVESH RAMESHLAL CHAUHAN  
Managing Director & CEO

Dr. P.J. GEORGE  
Director

JITENDRA KUMAR PAL  
Company Secretary

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

K. CHANDRA PRATAP  
Director

Chennai  
13th August, 2013

## NOTES ON ACCOUNTS

	As at 31-Mar-13	As at 31-Mar-12		
	₹	₹		
<b>1 SHARE CAPITAL</b>				
<b>A AUTHORISED CAPITAL</b>				
15,000,000 Equity Shares of ₹ 10/- each with equal voting rights	150,000,000	150,000,000		
<b>ISSUED CAPITAL</b>				
123,65,006 Equity Shares of ₹ 10/- each with equal voting rights	123,650,060	123,650,060		
<b>SUBSCRIBED, CALLED UP AND PAID UP CAPITAL</b>				
123,65,006 Equity Shares of ₹ 10/- each with equal voting rights Fully Called up and paid up.	123,650,060	123,650,060		
<b>(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>				
<b>B Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:</b>				
	<b>No of Shares</b>	<b>No of Shares</b>		
<b>Opening Balance</b>	12,365,606	12,365,606		
Changes During the year	-	-		
<b>Closing Balance</b>	12,365,606	12,365,606		
<b>C Shareholders holding more than 5% of total shares</b>				
	No of Shares	%	No of Shares	%
<b>1 KEMOIL LTD</b>	8416208	68.06	8166208	66.04
	<b>8416208</b>	<b>68.06</b>	<b>8166208</b>	<b>66.04</b>
<b>2 RESERVE AND SURPLUS</b>				
(A) Capital reserve				
Opening balance	206,250		206,250	
Add: Additions during the year (give details)				
Less: Utilised / transferred during the year (give details)				
Closing balance	206,250		206,250	
(B) Securities premium account				
Opening balance	633,084,932		633,084,932	
Add : Premium on shares issued during the year				
Less : Utilised during the year for:				
Closing balance	633,084,932		633,084,932	
(C) General reserve				
Opening balance	65,864,252		65,864,252	
Add: Transferred from surplus in Statement of Profit and Loss				
Less: Utilised / transferred during the year for:				
Closing balance	65,864,252		65,864,252	
(D) Surplus / (Deficit) in Statement of Profit and Loss				
Opening balance	(543,232,726)		108,942,474	
Add: Profit / (Loss) for the year	(240,603,516)		(652,175,200)	
Amounts transferred from:				
Less: Amount Transferred to				
Closing balance	(783,836,242)		(543,232,726)	
<b>Total</b>	<b>(84,680,808)</b>		<b>155,922,708</b>	

**NOTES ON ACCOUNTS**

	As at 31-Mar-13	As at 31-Mar-12
	₹	₹
<b>3 LONG-TERM BORROWINGS</b>		
<b>Term loans</b>		
<b>From banks</b>		
Secured		
Canara Bank Building Term Loan	432,656,000	496,027,883
<b>Total</b>	<b>432,656,000</b>	<b>496,027,883</b>
(Canara Bank term loan are secured by exclusive charge over the building, machinery and equipment and Fixed Deposit of Rs 13.50 Crores)		
<b>4 SHORT-TERM BORROWINGS</b>		
<b>Loans repayable on demand</b>		
<b>From banks</b>		
Secured		
Canara Bank PCFC Loan	69,500,000	90,139,557
(Bank PCFC Loan are secured by exclusive charge over the building, machinery and equipment and bills. )		
Chemoil AMS Loan Account	55,000,000	-
<b>Total</b>	<b>124,500,000</b>	<b>90,139,557</b>
<b>5 TRADE PAYABLES</b>	471,467,982	364,051,631
<b>6 OTHER CURRENT LIABILITIES</b>		
Current maturities of long-term debt (Refer Note (i) below)	60,000,000	60,000,000
Interest accrued but not due on borrowings	-	6,021,813
Interest accrued and due on borrowings		
Income received in advance (Unearned revenue)	749,604	2,841,772
Unpaid dividends	306,901	365,527
Rent Deposits	27,979,740	24,979,740
"Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax, etc.) "		
TDS Payable	284,053	554,940
CST&VAT	-	246,621
EPF&ESI Payable	11,583	307,729
TNLWF Payable	1,400	973
Professional Tax Payable	152,194	56,047
Calsoft Labs payables	-	18,347,497
Aspire communications P Ltd Payable	43,229,437	48,115,684
Consideration Payable to Aspire Communications Share Holders	(48,247)	1,149,674
Other expenses Payable	8,326,456	14,783,088
Advances from customers	-	31,515,130
Gratuity Payable	-	-
<b>Total</b>	<b>140,993,120</b>	<b>209,286,235</b>
<b>7 SHORT-TERM PROVISIONS</b>		
Leave Salary Provision	-	1,549,873
<b>Total</b>	<b>-</b>	<b>1,549,873</b>

**NOTES ON ACCOUNTS**  
**Tangible Assets**

Note 8

Description	Gross Block			Depreciation / Amortisation			Net Block			
	as at 31.03.2012	Additions	Deletions / Transfer	as at 31.03.2013	Upto 31.03.2012	For the year	Deletions / Transfer	Upto 31.03.2013	as at 31.03.2013	as at 31.03.2012
<b>TANGIBLE</b>										
Land & Buildings	556,546,398	-	-	556,546,398	68,256,108	30,290,291	-	98,546,399	458,000,000	488,290,290
Plant and machinery	48,348,505	-	-	48,348,505	8,467,455	2,296,554	-	10,764,009	37,584,496	39,881,050
Office equipment	694,201	-	-	694,201	374,312	28,491	-	402,803	291,399	319,890
Furniture and fittings	133,812,455	-	-	133,812,455	116,389,837	1,449,379	-	117,839,216	15,973,238	17,422,618
Electrical Fittings	7,856,199	-	-	7,856,199	1,702,538	496,341	-	2,198,879	5,657,320	6,153,661
Fixture & Fittings	-	-	-	-	-	-	-	-	-	-
Computers and accessories	117,811,787	105,839	6,836,852	111,080,774	117,192,366	555,722	6,736,833	111,011,254	69,520	619,421
License Fees	12,824,440	-	4,990,524.00	7,833,916	12,738,707	70,724	4,975,515	7,833,916	-	85,733
Vehicles	870,634	-	-	870,634	476,101	82,484	-	558,586	312,049	394,533
<b>(A)</b>	<b>878,764,619</b>	<b>105,839</b>	<b>11,827,376</b>	<b>867,043,082</b>	<b>325,597,424</b>	<b>35,269,986</b>	<b>11,712,348</b>	<b>349,155,062</b>	<b>517,888,022</b>	<b>553,167,194</b>

**Note:** Depreciation on land and building includes impairment of ₹ 21,218,585/- and its shown as an exceptional item.

**NOTES ON ACCOUNTS**

	As at 31-Mar-13	As at 31-Mar-12
	₹	₹
<b>9 NON CURRENT INVESTMENTS (AT COST)</b>		
<b>Investment in Unquoted Equity Shares</b>		
<b>In Subsidiaries</b>		
CSWL Inc.U.S.A.(Wholly Owned). 9,662,800 ( PY 6,162,800 ) equity shares of \$1 each fully paid up	307,202,843	413,126,806
East Point Solutions Ltd Chennai,India. (Wholly Owned) 50,000 equity shares of Rs 10/- each fully paid up	-	-
Inatech Infosolutions Pvt Ltd Banglore,India. 495,385 equity shares of Re 1/- each fully paid up	495,385	495,385
Aspire Communications, Mysore, India 2,000,000 equity shares of Rs 10/- each fully paid up	31,137,969	31,137,969
<b>In joint venture companies</b>		
Investment in Calspence 188,753 equity shares of Srilankan Rs 10/- each fully paid up	-	-
<b>Investment in Unquoted Preference Shares</b>		
<b>In Subsidiaries</b>		
Inatech Infosolutions Pvt Ltd Banglore,India. 16,503,600 Preference shares of Re 1/- each fully paid up	16,503,600	84,636,486
<b>Other non-current investments</b>		
Trust money in California Software Employees' Welfare Trust	17,500	17,500
<b>Total</b>	<b>355,357,297</b>	<b>529,414,146</b>
<b>10 DEFERRED INCOME TAX ASSET</b>		
Carry Firward Loss	-	-
Depreciation	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>11 LONG-TERM LOANS AND ADVANCES</b>		
<b>Security deposits</b>		
Secured, considered good		
Unsecured, considered good	4,410,269	4,859,518
Doubtful		
Less: Provision for doubtful deposits	-	-
	<b>4,410,269</b>	<b>4,859,518</b>
Loans and advances to related parties		
Secured, considered good		
Unsecured, considered good	-	41,331,400
Doubtful		
Less: Provision for doubtful loans and advances	-	-
	-	<b>41,331,400</b>
"Advance income tax # (net of provisions ` 41519871 (As at 31 March, 2011 ` 41519871) - Unsecured, considered good"	44,677,529	40,847,644
<b>Total</b>	<b>49,087,799</b>	<b>87,038,562</b>
<b>A. Details of Loans &amp; Advances to Related Parties</b>		
Inatech Infosolutions P Ltd	-	41,331,400

## NOTES ON ACCOUNTS

	As at 31-Mar-13	As at 31-Mar-12
	₹	₹
<b>12 CURRENT INVESTMENTS (AT COST)</b>		
Investment in Unquoted Equity Shares	-	-
	-	-
<b>13 TRADE RECEIVABLES</b>		
Trade receivables outstanding for a period exceeding six months from the date they were due for payment #		
Unsecured Considered Good	159,803,979	17,935,078
Considered Doubtful	85,796,777	80,613,723
	245,600,756	98,548,802
Less: Provision for doubtful debts	85,796,777	80,613,723
<b>Sub Total</b>	<b>159,803,979</b>	<b>17,935,078</b>
<b>Other Trade receivables</b>		
Unsecured, considered good		74,042,068
Doubtful	-	74,042,068
Less: Provision for doubtful trade receivables		
<b>Sub Total</b>	<b>159,803,979</b>	<b>74,042,068</b>
<b>Grand Total</b>	<b>159,803,979</b>	<b>91,977,147</b>
<b>A. Details of Trade receivables from Related Parties</b>		
Aspire Communication Pvy Ltd.	17,952,923	17,952,923
Inatech Solutions Limited	21,459,311	48,777,081
Inatech Solutions Egypt S.A.E	2,602,870	2,602,870
Inatech InfoSolutions P Ltd		61,063,460
Chemoil Corporation		47,701
Chemoil Advanced Management Services Private Limited		2,177,515
<b>Total</b>	<b>42,015,104</b>	<b>132,621,550</b>
<b>14 CASH AND CASH EQUIVALENTS</b>		
(a) Cash on hand	26,729	25,103
(b) Cheques, drafts on hand	-	-
(c) Balances with banks		
(i) In current accounts	3,214,176	20,198,307
(ii) In EEFC accounts	7,984,062	1,797,185
(iii) In deposit accounts (Refer Note (i) below)	-	-
(iv) In earmarked accounts		
- Unpaid dividend accounts	305,334	365,161
Balances held as margin money or security against borrowings, guarantees and other commitments other earmarked accounts	73,192,107	138,243,119
<b>Total</b>	<b>84,722,407</b>	<b>160,628,875</b>

**NOTES ON ACCOUNTS**

	As at 31-Mar-13	As at 31-Mar-12
	₹	₹
<b>15 SHORT-TERM LOANS AND ADVANCES</b>		
Loans and advances to employees		
Secured, considered good		
Unsecured, considered good	(72,835)	881,483
Doubtful		
Less: Provision for doubtful loans and advances		
Prepaid expenses - Unsecured, considered good (For e.g. Insurance premium, Annual maintenance contracts, etc.)	6,309,807	2,127,771
Balances with government authorities		
Unsecured, considered good		
(i) CENVAT credit receivable		
(ii) VAT credit receivable	306,718	573,026
(iii) Service Tax credit receivable	415,736	(2,275)
<b>Total</b>	<b>6,959,425</b>	<b>3,580,005</b>
<b>16 OTHER CURRENT ASSETS</b>		
<b>Accruals</b>		
(i) Interest accrued on deposits	413,724	970,733
(ii) Interest accrued on investments		
(iii) Interest accrued on trade receivables		
<b>Others</b>		
(i) Insurance claims		
(ii) Other Receivables	350,885	
(iii) Dividend Receivable		1650
(iv) Others (specify nature)		
Rent Receivable	56,120,434	35,967,254
Less Provisions	22,117,617	22,117,617
	34,002,817	13,849,637
<b>Total</b>	<b>34,767,426</b>	<b>14,822,020</b>
<b>17 REVENUE FROM OPERATIONS</b>		
Sale of products	131,263,863	86,425,922
Sale of services	21,641,153	76,722,629
Other operating revenues		
<b>Total</b>	<b>152,905,015</b>	<b>163,148,552</b>
<b>18 OTHER INCOME</b>		
Other non-operating income comprises:		
Rental income	38,937,400	30,461,752
Interest On FD	8,770,242	12,453,940
Exchange Gain / Loss	26,227,502	
Miscellaneous income	941,055	7,868,233
<b>Total</b>	<b>74,876,199</b>	<b>50,783,925</b>
<b>19 Employee benefits expense</b>		
Salaries & Allowances	67,888,030	74,295,530
Contribution to Provident and other funds	1,469,379	768,313
Staff Welfare Expenses	3,052,080	2,533,559
<b>Total</b>	<b>72,409,488</b>	<b>77,597,402</b>



## NOTES ON ACCOUNTS

	As at 31-Mar-13	As at 31-Mar-12
	₹	₹
<b>20 OPERATION AND OTHER EXPENSES</b>		
Purchase of Software Licenses	52,857,661	7,872,092
Project Expenses - Bought outs	13,256,287	60,706,535
Electricity Charges	2,755,569	3,595,877
Rent	7,194,060	9,317,977
Rates & taxes	2,259,567	322,078
Insurance	2,026,688	653,286
Repairs & Maintenance - Buildings	3,098,363	3,625,133
Repairs & Maintenance - Plant and Machinery	1,030,865	520,534
Repairs & Maintenance - 'Others	790,565	2,698,078
Communication Expenses	1,530,141	1,393,179
Travelling Expenses	9,850,584	16,645,987
Data Circuit Expenses	177,906	670,179
Statutory audit	2,385,394	2,874,591
Other Audit expenses		
Service Charges	101,596	614,296
Legal ,Professional and Secretarial Expenses	24,729,260	10,088,723
Exchange difference (Net)		23,121,200
Provision for doubtful debts & advances	3,470,445	23,113,196
Bad debts written off		
Other Expenses	643,500	5,435,671
Loss on sale of assets	-	-
Profit on sale of assets		
Commission	4,024,592	2,154,781
Business Promotion	-	7,411
Bank Charges	891,017	1,235,443
<b>Total</b>	<b>133,074,060</b>	<b>176,666,248</b>
<b>21 FINANCE COSTS</b>		
Interest on Term Loan	68,569,733	76,113,359
Interest on Working Capital Loan	8,903,095	11,276,617
Interest on Income Tax	-	-
Interest on HP- Loan	-	-
Interest Others	6,814,103	1,796,265
<b>Total</b>	<b>84,286,931</b>	<b>89,186,241</b>
<b>22 EXCEPTIONAL ITEMS</b>		
Investment Write off	174,056,849	377,314,759
Income from settlement of Calsoft labs	(19,239,922)	
Profit on Sale of Investment		(68,665,262)
Restatement of payables	2,980,409	
Profit on Sale Transfer of Business assets	(14,453,071)	
Fixed Asset Impirement	21,218,585	154,727,640
<b>Total</b>	<b>164,562,850</b>	<b>463,377,137</b>
<b>23 CAPITAL COMMITMENTS</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances)	-	-

**NOTES ON ACCOUNTS**

	As at 31-Mar-13	As at 31-Mar-12
	₹	₹
<b>24 CONTINGENT LIABILITIES</b>		
24.1 Guarantees given on behalf of other companies	Nil	NIL
24.2 Claims against the company not acknowledged as debt in respect of certain tax matters which are subjudice		
a) Income Tax ( net of deposit)	59,859,792	52,473,482
b) Sales Tax / VAT	6,48,228	6,48,228
c) Service Tax	8,52,310	8,52,310
	<b>31.03.2013</b>	<b>31.03.2012</b>
	₹	₹
<b>25 OTHER FINANCIAL INFORMATION</b>		
25.1 Outstanding Bank Guarantees	650,000	650,000
25.2 Reimbursement of travel expenses to Directors	1,344,303	266,107
25.3 Sitting fees paid / payable to Directors	67,500	33,000
<b>26.</b>		
Taking into consideration the post sale scenario of its OPD division and considering the past performance of the subsidiaries company in the year 2011-12 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. The year under report also the management has decided to Impair the investment in its overseas subsidiary CSWL Inc ( The company has stopped all its operations) by writing off excess value over its book value and to impair the Investment in Preference shares of Inatech Info solutions P Ltd by writing off excess carrying value over the face value. Total Investment write off included in exceptional items is as given below:		
<b>Years</b>	<b>2012-13</b>	<b>2011-12</b>
Inatech Info Solutions P Ltd	68,132,886	338,754,000
Aspire Communications Ltd	NIL	37,266,697 *
East Point Solutions Ltd	NIL	500,000
Calspence, Srilanka	NIL	794,062
CSWL Inc	105,923,963	
<b>Total</b>	<b>174,056,849</b>	<b>377,314,759</b>
* 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.		
<b>27 IMPAIRMENT OF FIXED ASSETS</b>		
a) Land and and Building was written down by ₹ 21,218,585/- (Previous year ₹ 34,671,062/-) based on the realizable value of the land and building ( As valued by Valuer)		
b) Furniture & fittings write off : Current year NIL. Previous year ₹ 85,029,837/-		
c) Product Solutions write: off Current year NIL. Previous year ₹ 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.		
<b>28 TRADE RECEIVABLES</b>		
Trade receivable ageing more than 270 days is fully provided for over the years As on 31.03.2013 entire debts over 180 days stands provided for and balance . Excess provision is netted against balance trade receivables. Total provision as on date is ₹ 85,796,777. Included in trade Receivables is amount due from subsidiaries & associates ₹ 112,609,603/- .		
<b>29</b>	Rent receivable is amounting to ₹ 56120434/- against which a provision of ₹ 22,117,617/- has been made.	
<b>30 TRANSFER PRICING</b>	The study of international transactions entered into by the Company with its overseas associates regarding the extent of compliance to the transfer pricing regulations of the Income Tax Act, 1961 is yet to be completed and the impact, if any, arising out of such study has not been recognized in these accounts pending completion of the study.	
<b>31 QUANTITATIVE DETAILS</b>	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.	

## NOTES ON ACCOUNTS

	31.03.2013	31.03.2012
	₹	₹
<b>32 AUDITORS' REMUNERATION</b>		
Payments to Auditors comprise the following:		
Statutory Audit	5,00,000	5,00,000
Tax Audit	150,000	150,000
Limited Review and Consolidation	1,250,000	1,250,000
Internal Audit fee, Certification & other expenses	485,394	974,591
<b>Total</b>	<b>2,385,394</b>	<b>2,874,591</b>
<b>33 VALUE OF IMPORTS ON CIF BASIS</b>		
Capital Goods	NIL	NIL
<b>34. EXPENDITURE IN FOREIGN CURRENCY</b>		
Travelling Expenses	4,143,705	2,897,601
Salaries and Allowances	36,219,861	25,347,138
License Fees	51,599,837	1,673,812
Commission	3,463,126	2,154,782
Rent	7,021,461	1,717,367
Royalty	-	-
Other Expenses	185,532,486	70,269,379
<b>Total</b>	<b>287,980,476</b>	<b>104,060,079</b>
<b>35 EARNINGS IN FOREIGN CURRENCY</b>		
Sales	149,938,046	96,968,825
Other Income	Nil	Nil
<b>36 DIVIDEND REMITTED IN FOREIGN CURRENCY</b>		
Number of Non resident shareholders	Nil	NIL
Dividend remitted during the year ₹	Nil	Nil
Number of shares	Nil	Nil

**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)

						In ₹
<b>37.2 Primary Segment</b>						
Particulars	TS	ES	IMS	Unallocated	Total	
1. Segment Revenue	Nil (Nil)	152,905,015 (163,148,552)	Nil (Nil)	Nil (Nil)	152,905,015 (163,148,552)	
Less: Inter Segment Revenue	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	
Net Sales / Income from Operations	Nil (Nil)	152,905,015 (163,148,552)	Nil (Nil)	Nil (Nil)	152,905,015 (163,148,552)	
2. Segment Results	Nil (Nil)	(52,578,532) (91,115,098)	Nil (Nil)	Nil (Nil)	(52,578,532) (91,115,098)	
Less: 1. Interest & Finance Charges	Nil (Nil)	Nil (Nil)	Nil (Nil)	84,286,931 (89,186,241)	84,286,931 (89,186,241)	
2. Other Unallocable Expenditure, Net of Un-allocable Income	Nil (Nil)	Nil (Nil)	Nil (Nil)	(60,824,798) (8,449,924)	(60,824,798) (8,449,924)	
Profit / (Loss) before exceptional and extraordinary items and Tax	Nil (Nil)	(52,578,532) (91,115,098)	Nil (Nil)	(23,462,133) (80,736,317)	(76,040,665) (171,851,415)	

Figures in brackets relate to the year ended March 2012

## NOTES ON ACCOUNTS

	As at 31-Mar-13	As at 31-Mar-12
	₹	₹
<b>37.3 Secondary Segment Information</b>		
Secondary segmental reporting is performed on the basis of geographical locations of customers. Revenue from external customers based on the location of customers is as below.		
USA	11,961,102	10,574,373
Europe	2,671,899	9,496,661
India and other countries	138,272,014	143,077,524
<b>Total</b>	<b>152,905,015</b>	<b>163,148,558</b>

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**

The company has only one employee as at the year end of 2012-13. As such no actuarial valuation of employee benefits was done.

38.1 Gratuity	Figures in ₹	
a) Changes in present value of benefit obligation	2012-13	2011-12
<b>Present value obligation as at beginning of the year</b>	NIL	34,89,604
Current service cost	NIL	882,434
Interest cost	NIL	279,168
Actuarial loss/(gain)	NIL	(438,209)
Benefits paid	NIL	(1,828,733)
Present value of obligation as at end of the year	NIL	2,384,264
<b>b) Changes in fair value of Plan Assets</b>		
Fair value of the plan assets	NIL	4,770,136
Expected return on plan assets	NIL	328,339
Contributions	NIL	NIL
Benefits paid	NIL	(1,828,733)
Actuarial gain on plan assets	NIL	NIL
Fair value of plan assets at the end of the year	NIL	3,269,742
<b>c) Cost for the year</b>		
Current service cost	NIL	882,434
Interest cost	NIL	279,168
Expected return on plan assets	NIL	(328,339)
Net actuarial (gain) / loss recognised in the year	NIL	(438,209)
<b>e) Principal actuarial assumptions</b>		
Discount rate	NA	8%
Expected rate of salary increases	NA	5%
<b>38.2 Leave Encashment</b>		
Obligations at period beginning	NIL	1,778,923
Service Cost	NIL	2,078,157
Interest on Defined benefit obligation	NIL	30,211
Benefits settled	NIL	(2,610,046)
Actuarial (gain) / loss	NIL	(272,628)
Past Service Cost	NIL	0
Obligations at period end	NIL	1,549,873
Long Term - PBO - Actuarial	NIL	1,427,711
Short Term - Compensated absence - Actual	NIL	122,162
	NIL	1,549,873
<b>Principal actuarial assumptions</b>		
Discount rate	-	8%
Expected rate of salary increases	-	5%
Attrition rate	-	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

<b>Companies Having Substantial Interest</b>	Kemoil Limited, Hong Kong
<b>Subsidiaries</b>	Chemoil Energy Limited, Hong Kong
	California Software Laboratories Inc., USA (CSWL) *
	Aspire Communications Private Limited, Mysore *
	Inatech InfoSolutions Private Limited, Bangalore *
<b>Subsidiary of California Software Laboratories Inc.</b>	Healthnet International Inc., USA
	Waldron Limited, Japan
	Informed Decision corporation, USA
	Aspiresoft Corporation, USA
<b>Subsidiary of Inatech InfoSolutions Private Limited</b>	Inatech Solutions Ltd, UK *
	Inatech Solutions Egypt, SAE
<b>Subsidiary of Waldron Limited</b>	Codex Co Ltd, Japan
<b>Subsidiary of Aspire Communications Private Limited</b>	Aspire Peripherals P Ltd, Mysore
<b>Subsidiary of Healthnet International Inc</b>	International Innovations Inc., USA

b) **Key management personnel** Mr.Frederik Ivor Bendle (Part of the period) Mr.Bhavesh Rameshlal Chauhan

##### c) List of related parties where no control Exists

<b>Fellow Subsidiaries of Kemoil Limited</b>	Chemoil corporation USA *
	Chemoil International Pte. Ltd., Singapore *
	Chemoil Energy Limited - Singapore*
	Chemoil Europe B.V., The Netherlands *
	GPS Chemoil LLC (FZC) U.A.E
<b>Subsidiaries of the abovementioned fellow subsidiaries</b>	Chemoil Advanced Management Services Pvt. Ltd., India *

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, 2013**

Description	Companies having Substantial interest		CSWL Inc.		Other Subsidiaries		Fellow subsidiaries of Kemoil Corp	
	2012-2013	2011-2012	2012-2013	2011-2012	2012-2013	2011-2012	2012-2013	2011-2012
<b>TRANSACTION DURING YEAR</b>								
Sales of services	0	0			18,452,020	61,067,448	0	11,944,461
Reimbursement of Expenses and Others	0	1,995,552					-	-
Interest received								
Dividend Paid	0	0						
Purchase of Services					47,481,068			
Commission Paid								
Purchase of Fixed Assets								
Purchase of Investments						6,819,000		
Sale/Impair of Investments			105,923,963		68,132,886	54,853,561		
Issue of shares								
Transfer Assets						1,600,000		
Advances made								
Loans Repaid								
Loan Taken								55,000,000
<b>BALANCE AT YEAR END</b>								
<b>Investments</b>			307,202,843	413,126,806	48,136,954	493,084,599		
<b>Sundry Debtors</b>	50,282			112,257,043	130,396,334	302,278		2,648,283
<b>Loans and Advances</b>				0		41,331,400		
<b>Interest Receivable</b>								
<b>Unsecured Loans</b>								
<b>Other Liabilities</b>						48,115,684		
<b>Sundry Creditors</b>	213,4919	1,995,552	335,181,626	252,480,796	179,515,793	108,947,182	4,294,276	-
Advance From Customers				(31515130)				
Unsecured loans								55,000,000

## NOTES ON ACCOUNTS

	March 31, 2013	March 31, 2012
	₹	₹
<b>40 EARNINGS PER SHARE</b>		
Weighted average - No. of shares	12,365,006	12,365,006
Profit after Tax - ₹	(240,603,516)	(652,175,200)
Basic Earnings per Share - ₹	(19.46)	(52.74)

41 As at March 31, 2013 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 ₹	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)	1,5,24,090	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 2007-08)	29,028,093	DRP
10.	Income Tax Act, 1961	Income Tax ( A.yr 2008-09)	4,966,000	
11.	Income Tax Act, 1961	Income Tax ( A.yr 2011-12)	48,187	
12.	Income Tax Act, 1961	Income Tax ( A.yr 2011-12)	7,386,310	Commissioner of IT
		Total IT demand	598,59,792	
	Sales Tax , VAT	Sales Tax 2004-05	6,48,228	Appellate Tribunal
	Service Tax	Service Tax 2010-11	8,52,310	Addl Commissioner

**44 Settlement of dispute arising out of 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. There were disputes at the group level regarding earn outs. These disputes were settled among all the companies involved by way of an agreement entered on 10-06-2013. As a result of this agreement certain paybles due to Calsoft India labs P Ltd was settled. The income arising out of settlement of these payables ₹ 19,232,922/-was taken to the profit and loss account as an extraordinary item of the year under report.

45 As a part of group strategy Company has transferred its remaining Indian operations including entire employees and contracts to its wholly owned subsidiary Inatech Infosolutions Private Limited. As part of this following Fixed Assets were transferred to Inatech Computers & Licence fee at Written Down value ₹ 635,634/- Product Solutions as per valuation ₹ 375,000/- Transfer of Business Assets has resulted in a profit of ₹ 3,422,968/- and was taken to the profit and loss account as an extraordinary item of the year under report. Over the years the company has made a provision for gratuity ₹ 11,030,102/-. As the entire employees were transferred this liability was taken to profit and loss account as extraordinary income.

46 The company has been unable to reconcile its schedule for expenses payables with the general ledger

47 Regrouping and rearranging of figures

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

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

	March 31, 2013		March 31, 2012	
	₹	₹	₹	₹
<b>A. Cash Flow from Operating Activities</b>				
<b>Profit before Tax</b>		(240,603,516)		(635,228,552)
Adjustment for :				
Depreciation and Fixed Asset Impirement	35,269,986		197,061,642	
Investment Impirement	174,056,849		377,314,759	
Loss on Sale of Assets				
<b>Profit on Sale of BTA, Settlement</b>	(30,712,584)			
Profit on Sale of Investments	-		<b>(68,665,262)</b>	
<b>Interest Income</b>	(8,770,242)		(12,453,940)	
<b>Interest Expense</b>	84,286,931		89,186,241	
		<b>254,130,940</b>		<b>582,443,440</b>
<b>Operating profit before working capital changes</b>		13,527,424		(52,785,112)
Inventories		-		-
Sundry Debtors	(67,826,832)		75,754,583	
Loans and Advances	14,625,937		(13,563,441)	
Current Liabilities	37,573,359	(15,627,536)	118,970,645	181,161,788
<b>Cash Generated from Operating Activities</b>		<b>(2,100,112)</b>		<b>128,376,675</b>
Taxes Paid				
<b>Net Cash from Operating Activities</b>		<b>(2,100,112)</b>		<b>128,376,675</b>
<b>B. Cash flow from Investing Activities</b>				
<b>Purchase of Investments</b>				
Purchase of Fixed Assets		(105,839)		(297,574)
Profit on settlement of liabilities		30,712,584		
Sale proceeds of Fixed Assets		115,028		
Sale proceeds of Investments		-		116,699,823
Interest Received		8,770,242		12,453,940
<b>Net Cash from Investing Activities</b>		<b>39,492,015</b>		<b>128,856,189</b>
<b>C. Cash flow from Financing Activities</b>				
Long term loan received				
Long term loan repaid		(63,371,883)		(43,953,162)
Net Increase in packing credit		(20,639,557)		(8,136,828)
Unsecured Loan from CAMS		55,000,000		-
Proceeds from Issue of Share Capital				
Share Premium received				
Interest paid		(84,286,931)		(89,186,241)
Dividend paid				
Dividend Tax paid				
<b>Net Cash from Financing Activities</b>		<b>(113,298,371)</b>		<b>(141,276,231)</b>
Net Increase / (decrease) in Cash and Cash Equivalents ( A+B+C)		(75,906,468)		115,956,634
Cash and cash equivalents at the beginning of the year		160,628,875		44,672,245
		-		-
Cash and cash equivalents at the end of the year		84,722,407		160,628,875

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

For and on behalf of  
TOMY & FRANCIS  
Chartered Accountants

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

Chennai  
13th August, 2013



## 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 ₹ 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

The Company has transferred its entire employees except one in the administrative office before the end of this year. However till the date of such transfer following employee benefits were provided.

#### 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 administered 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. As the company has been incurring losses for several years now entire deferred tax asset has been written back in the previous year.

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

(₹ 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 Profit/Losses in so far as it concerns the members of the holding company	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 2013		For the Previous Financial years of the Subsidiary				
						For the year ended 31 March 2013		For the Previous Financial years of the Subsidiary				
1	CSWL Inc	USA	9662800	US \$1	100%	US Dollars	31st March 2013	1.24	(12.51)	NIL	NIL	a
2	Inatech Infosolutions Pvt Ltd	India	490385	₹ 1	100%	Indian Rupee	31st March 2013	2.42	1.35	NIL	NIL	b
3	Aspire communication Pvt Ltd	India	2000000	₹ 10	100%	Indian Rupee	31st March 2013	(0.05)	0.45	NIL	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.

**Bhavesh Rameshial Chauhan**  
Managing Director and CEO

**Dr. P.J.George**  
Director

**K. Chandra Pratap**  
Director

Chennai  
13th August 2013

**Jitendra Kumar Pal**  
Company Secretary

## SHAREHOLDER INFORMATION

1. Date and venue of the Annual General Meeting  
10-00 a.m. on Monday, 30th September 2013  
Robert V Chandran Tower, # 149, Velachery  
Tambaram Main Road, Pallikaranai, Chennai-600100
2. Dates of book closure  
25th September, 2013 to 30th September 2013 (both days inclusive)
3. Financial year  
2012-13
4. Dividend payment date  
No dividend for the financial year 2012-13
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. BSE 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 2013-14
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 : corpserv@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 Dematerialization 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 2012 - 13 are:

Month	NSE			BSE		
	High ₹	Low ₹	Volume	High ₹	Low ₹	Volume
<b>2012</b>						
April	19.40	16.30	6892	18.90	16.05	8755
May	18.40	16.25	5645	19.35	16.10	4696
June	18.25	15.50	5081	17.6	15.50	3737
July	17.35	14.60	9019	17.6	14.85	12953
August	15.60	13.50	15280	16.40	13.60	3115
September	14.55	13.50	13994	15.09	14.26	1384
October	14.50	12.75	17047	15.20	12.07	9457
November	13.35	12.05	14193	13.65	12.05	5062
December	14.00	10.95	60002	13.75	11.05	11887
<b>2013</b>						
January	13.30	11	32319	13.10	11.00	23484
February	12.00	8.15	13457	11.50	8.33	15350
March	8.15	6.50	22027	8.25	6.42	8474

9. Investor services - complaints received during the year  
The details of investor complaints during the year 2012-13 are

Complaints received	Resolved	Not solved to the satisfaction of shareholders	Pending
2	2	Nil	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, 2013

No of Shares held	No of Shareholders	% of Shareholders	Total No. of shares	% of Equity Shareholding
Upto 500	2803	84.10	348633	2.82
501-1000	245	7.35	193504	1.56
1001-2000	129	3.87	195188	1.58
2001-3000	49	1.47	122589	0.99
3001-4000	13	0.39	46554	0.38
4001-5000	16	0.48	76829	0.62
5001-10000	41	1.23	297018	2.40
10000 and above	37	1.11	11084691	89.65
<b>TOTAL</b>	<b>3333</b>	<b>100.00</b>	<b>12365006</b>	<b>100.00</b>

### 12. Categories of Shareholders as on March 31, 2013

Category	No of Shareholders	No of Shares held	% of Holding
<b>A Promoter group:</b>			
Foreign Bodies corporate	2	8743911	70.71
<b>Promoter group subtotal</b>	<b>2</b>	<b>8743911</b>	<b>70.71</b>
<b>B Public shareholding</b>			
Financial Institutions-Indian			
Foreign Institutional investors			
Bodies Corporate	73	587808	4.75
Individual shareholders-holding nominal capital upto ₹ 1 lakh each	3205	1185903	9.59
Individual shareholders-holding nominal capital in excess of ₹ 1 lakh each	30	1807475	14.62
Others(Clearing Members, Trusts, Mutual Fund & UTI)	23	39909	0.32
Public shareholding sub-total	3331	3621095	29.29
<b>Total</b>	<b>3333</b>	<b>12365006</b>	<b>100.00</b>

### 13. Financial calendar (tentative and subject to change)

Financial Reporting for the first quarter ending June 30, 2013	By August 14, 2013
Financial Reporting for the second quarter ending September 30, 2013	By November 14, 2013
Financial Reporting for the third quarter ending December 31, 2013	By February 14, 2014
Financial Reporting for the year ending March 31, 2014	By May 30, 2014
Annual General Meeting for the year ending March 31, 2014	By September 30, 2014

### 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, 2013, 1,22,31,956 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](http://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.

## 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 Twentyfirst 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 Monday, September 30, 2013.

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 FOPRM

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

No. of Shares held .....

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

..... being

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

of ..... or failing him/her ..... of .....

as my/our Proxy to attend and vote for me/us on my/our behalf at the Twentyfirst 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 Monday, September  
30, 2013 and at any adjournment thereof.

Signed at ..... this ..... day of ..... 2013



### 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.

**California Software Co. Ltd.**

Registered Office & Corporate Office

7th Floor, Robert V Chandran Tower

No. 149, Velachery Tambaram Main Road,

Pallikaranai, Chennai - 600 100

Tel. : +91-44-42829000

Fax : +91-44-42829012

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