

CHAIRMAN'S SPEECH

Dear Shareholders,

I welcome you to the 17th Annual General Meeting of your company. Your presence here is an indication of the goodwill and trust that you have placed in us. I would want to take this opportunity to briefly touch upon the key highlights of the year gone by as well as share with you our plans for the coming year.

2008-09 - The Year gone by

Last year has been a very challenging year for all businesses and more so for the IT industry. With the recession in the western economies, the IT industry saw its primary markets being hit badly. The slowdown in the US, in particular, has affected technology spending by established corporations across industries. Growth rates for many companies in the US have slackened and, consequently, their appetite for new IT initiatives has diminished.

Clearly, these are challenging times for the IT services sector. Nevertheless, while short-term considerations continue to evoke concern, technology will remain a key driver of business practices across the globe.

Financials

In 2008-09, our revenue rose to Rs 268.68 Crores, an increase of 14 % over the previous year; however, even though the top-line increased, the bottom-line took a beating and we booked a net loss of Rs.22.74 Crores. The global recession did affect our performance and was a significant factor that contributed to our losses; other key factors that contributed to this loss are provision for doubtful receivables, increase in interest payments due to the loan on our office building and increase in depreciation overheads.

Let me now briefly share with you, the steps your company has taken to address these challenges and get back to profitability. We have worked on reducing the corporate overheads; augmented revenues by sub-letting our excess office space; and focused on getting more orders from existing customers and winning new customers by creating innovative partnership models.

All these steps have started yielding results. During the first quarter of the current fiscal year, your company has started on a positive note. On a consolidated basis, it achieved revenues of Rs.72.93 Crores with a Net Loss of only Rs.0.68 Crores as compared to revenues of Rs 58.38 Crores and profit of Rs 2.48 Crores in the first quarter of the previous year.

Growth strategy

The Indian IT Industry continues to consolidate and our belief that smaller companies will need to specialize in order to provide value, has been strengthened. Accordingly your company's business divisions; Calsoft Labs and Enterprise Solutions continue to focus and grow in their specialized areas.

On the Strategic Investments side, we have streamlined our investments by divesting in companies that were not adding value to our business divisions. We have completely integrated three other acquisitions into the related business division; thereby strengthening our capabilities and offerings for the market. That now leaves only two units - Informed Decisions Corp (IDC) in Alameda, CA and Aspire Communications in Mysore, India, in the Strategic Investments Division.



Realize Your Ideas

Consistent with our growth vision of leveraging acquisitions, partnerships and joint ventures to generate value, your company has formed a Joint Venture (JV) Company - Calspence Technologies Private Limited based in Sri Lanka. This joint venture is between Aitken Spence and Calsoft. Aitken Spence, a publicly listed company headquartered in Colombo, and has a highly diversified business portfolio including Hospitality, Logistics, Power Generation, Plantations and Garments Manufacturing.

Employees

The key asset in our business is people and Calsoft continues to be committed to its employees. We are focusing on introducing new policies, practices and systems in the area of performance management, recognition and talent management.

In memory of our late Chairman Robert V Chandran, we have set up the Bob Chandran Memorial Trust. The trust will work towards contributing to the welfare of Calsoft employees and their families.

Customers

A critical factor in winning the customer's confidence is to deliver on time, within budget and maintain the highest quality. More than ever, the margin for error for our clients and, therefore, for us has diminished. In these times, companies tend to opt for technology solutions from companies with whom they have had a history of satisfied experiences. Consequently, your company continues to focus on building strong relationships with existing customers by maintaining a record of satisfaction. This is reflected in our repeat business rate of 80%.

Calsoft has acquired some new marquee customers like Radware, Bank of Dubai, Motability, Interoute, Aitken Spence and Healthland.

Outlook

We intend take advantage of any promising opportunities that may arise during this fiscal. To this end, Calsoft has all the key ingredients of growth in place – infrastructure, people, processes and systems. The outlook for the current fiscal looks positive as one sees a slow revival in the global economy. Calsoft is adequately equipped to take advantage of this revival.

Calsoft has witnessed a consistent increase in revenues since inception. We will endeavor to keep up this tradition.

Closing remarks

On behalf of our company, I would like to express my sincere appreciation to our employees, management team, customers, partners and stakeholders for the confidence reposed in us and look forward to your continued encouragement in the years to come.

I would like to thank our Board of Directors, especially our Independent Directors, for their support and inputs.

Thank you once again for your time and your continued patronage to Calsoft. I would now like us to proceed with the items on the agenda for this meeting.

Chennai
August 28, 2009

Clyde Michael Bandy
Chairman