

California Software Company Limited

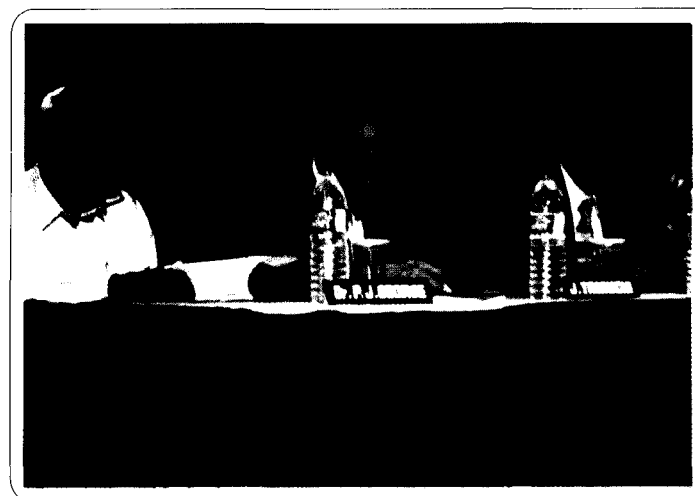
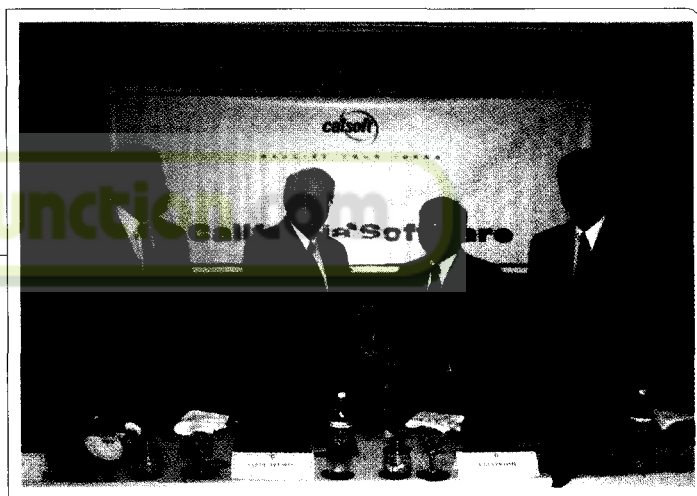
Glimpses



Achievement of SEI-CMMi Level 5

From left: Dr. J. K. Nair, COO Calsoft, receiving certificate from Mr. V. Kannan, Executive Director KPMG. (Feb 24, 2005)

American HealthNet Inc Acquisition
From left: Mr. Narasimha Nayak, CFO Calsoft, Mr. Steven Nelson, Executive Vice President AHN Inc., Mr. S. Santhosh, Managing Director Calsoft, Dr. J. K. Nair, COO Calsoft. Press conference on the acquisition (Mar 22, 2005)



Annual General Meeting 2004.

From left: Dr. P. J. George, Director Calsoft, Mr. J. Taniuchi, Director Calsoft, Mr. Robert V. Chandran, Chairman Calsoft. (Aug 20, 2004)

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Corporate information

Board of directors

Robert V. Chandran
Chairman

S. Santhosh
Managing Director

Dr. P. J. George
Director

Dr. M. R. Sreedharan Nair
Director

J. Taniuchi
Director

Masanori Toyoshima
Director

Company secretary & compliance officer

V. S. Navin Shushant

Auditors

Gouthaman & Tomy
Chartered Accountants, Trichur.

Main bankers
Canara Bank

Stock exchanges - Listed on

National Stock Exchange, India.
The Stock Exchange, Mumbai.

Contact us

Registered Office

1205, D Block, 12th Floor, Tidel Park,
Taramani, Chennai – 600113. India.

Corporate Office

5th Floor, Elnet Software City, TS 140, CPT Road,
Taramani, Chennai – 600 113. India.

Phone: +91 -44 -2254 1464, 2254 1853, 2254 1080

Fax: +91 - 44 - 2254 2902

Email: info@calsoft.co.in

Web Site: www.calsoft.co.in

For demat & share transfer enquiries - 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.

Phone: +91 - 44 -2814 0801 email: sureshbabu@iepindia.com

Calsoft group - key facts

California Software Company Limited (Calsoft) was founded in 1992. Established with a vision of providing leading edge technology solutions particularly in North America, the company steadily grew to spread all over the world. Alongside, to give further momentum to growth and to provide focused offerings in growing niche domains, Calsoft established a subsidiary company and took majority stakes in a few other companies.

Companies in the group

California Software Co. Ltd. - India.

The first company in the group, Calsoft India operates out of Chennai. This facility houses a state-of-the art global delivery center besides serving as the headquarters of the group. The company is listed on the NSE and BSE stock exchanges in India.

www.calsoft.com

California Software Labs (CSWL, Inc.)

CSWL was incorporated in 1995 and operates at Pleasanton (California) and Boston (Massachusetts). Based out of the technology hubs of the United States, CSWL focuses primarily on the technology product and services companies. Today, CSWL serves as an off-site facility for some of the customers. CSWL is 100% owned by Calsoft.

www.cswl.com

Health Net International Inc. (HNI)

Incorporated in 2005, HNI is a wholly owned subsidiary of CSWL. HNI was founded to focus solely on establishing and forging strategic relationships in the health care arena.

American HealthNet Inc. (AHN)

AHN (based in Omaha, Nebraska) specializes in offering products and related services in the health care segment. The company's flagship product, Clarus (integrated enterprise wide software suite), addresses the information infrastructure needs of community health care organizations such as hospitals, nursing homes, surgery centers, home health agencies, clinics and medical laboratories. Formerly known as Nelson Data Resources, the company was founded in 1980. CSWL acquired majority stake in AHN in 2005 through HNI.

www.americanhealthnet.com

Team Frontline Pvt. Ltd. (TFL)

TFL operates out of Kochi (India). The company was founded in 1996 to address the growing needs of systems integration in South India. Today, the company holds an installed base of over 20,000 systems and has business and sales partner alliances with leading global companies such as Microsoft, Cisco, Toshiba, IBM, HP and HCL. Calsoft acquired majority stake in TFL in 2004.

www.teamfrontline.com

WebSpectrum Software Pvt. Ltd. (WSPL)

Established in 1997, WSPL focuses on network management systems and networking products. Operating out of its Bangalore office, WSPL offers its customers, products, turnkey development, system integration and consulting services in networking & communications and embedded & mobile systems. Calsoft took 100% equity in WSPL in 2005.

www.wsspl.com

Quality & process standards

SEI-CMMi Level 5 - for offshore delivery Center at Chennai.

Employee strength

567 (on June 30, 2005)

Global offices

USA	Pleasanton, Boston, Omaha
Europe	London
Asia-Pacific	India (Chennai, Bangalore, Kochi), Singapore, Dubai

Select list of business products

OBIS	SCM solution for bunker procurement and sales
DeRisk	Integrated trading and risk management solution
SmartSuite	Integrated framework for procurement
Optima	Fuel Procurement Planning optimizer
Dr. DWG	View, Print and Manage AutoCAD Drawings
Remote	IT infrastructure management solutions
Clarus	Integrated enterprise wide health information solutions
OPTICS	Parent, teacher, institution information management system

Three years at a glance - selected financial data

(All figures Rs. in lakhs - unless mentioned otherwise)

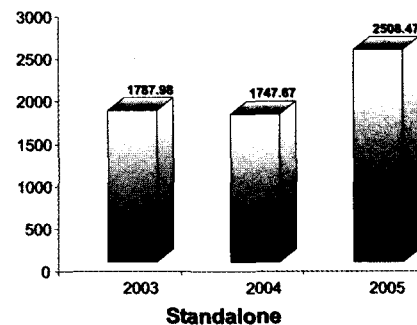
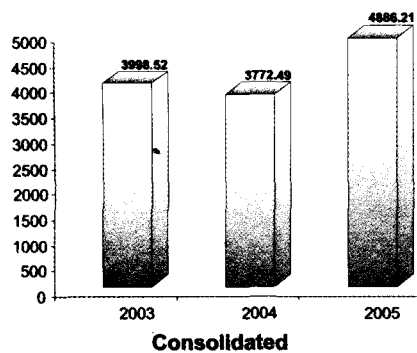
	Consolidated Basis			Standalone Basis		
	March 31, 2005	March 31, 2004	March 31, 2003	March 31, 2005	March 31, 2004	March 31, 2003
FOR THE YEAR ENDED						
Total revenues	4886.21	3772.49	3998.52	2508.47	1747.67	1787.98
Operating profit	641.25	592.32	335.77	419.98	198.87	296.31
Operating profit as a % of total revenues	13.12 %	15.70 %	8.40 %	16.74 %	11.38 %	16.57 %
Profit before taxes	338.37	331.69	3.67	292.89	81.78	128.94
Net Profit / (Loss) after taxes and adjustments	335.44	304.84	(33.40)	286.35	81.32	82.01
Net profit as % of revenues	6.87 %	8.08 %	NA	11.42 %	4.65 %	4.59 %
AS AT END OF THE YEAR						
Fixed assets (Net)	2752.44	613.73	615.47	561.03	548.54	518.17
Cash & bank balances	807.11	194.41	392.44	300.55	119.42	252.43
Total assets	5467.04	2307.71	2035.90	2975.00	2681.51	2616.65
Share capital	476.11	476.11	476.11	476.11	476.11	476.11
Total shareholder fund	2493.60	2212.66	1907.83	2828.43	2598.20	2516.88
Total loan funds	2400.37	58.85	92.35	111.11	47.12	64.04
SHARE RELATED DATA						
Earning per share						
Basic	(Rs.) 7.05	6.40	-(0.70)	6.01	1.72	1.72
Diluted	(Rs.) 6.99	NA	NA	5.96	NA	NA
Dividend per Equity Share	(Rs.) NA	NA	NA	1.00	Nil	1.00
Dividend %	NA	NA	NA	10%	Nil	10%
Book value per Share	(Rs.) 52.37	46.47	40.07	59.41	54.57	52.86
Market capitalization - Rs. Lakhs	NA	NA	NA	2240.09	1023.63	486.00
(Based on Share Price - NSE - March 31, 2005)						

NA = Not Applicable

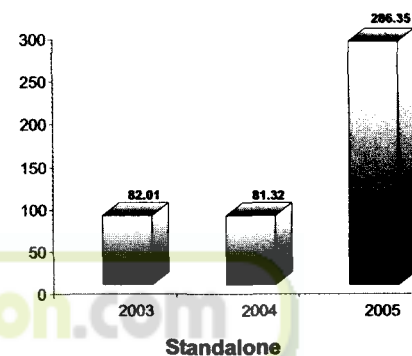
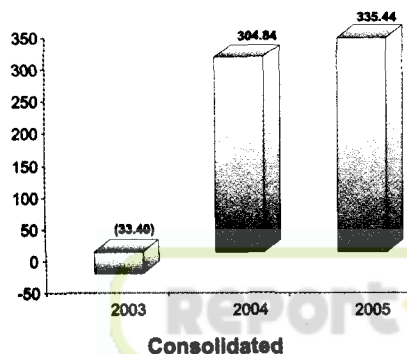
Previous Year figures have been reclassified wherever applicable to match current year classification

Three years at a glance - selected financial charts

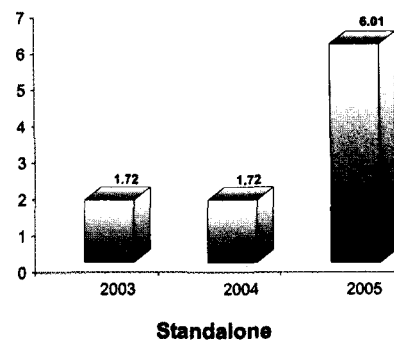
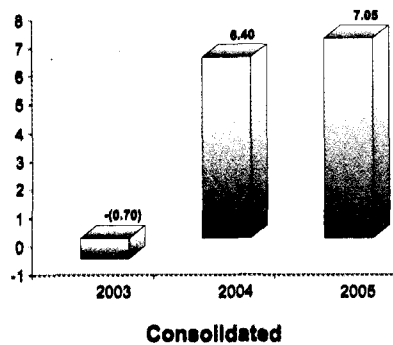
Total Revenue (Rs. in lakhs)



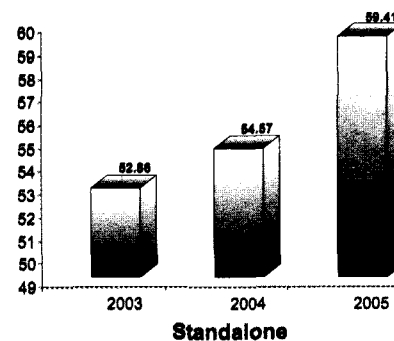
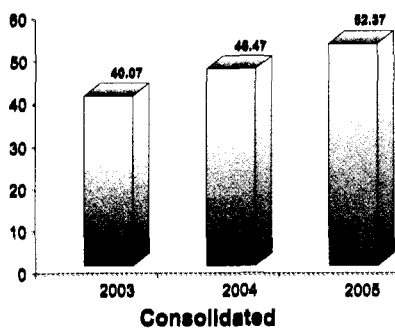
Net Profit / (Loss) (Rs. in lakhs)



Earnings Per Share (Rs.)



Book Value (Rs.)



Letter to the shareholder

From the CEO's Desk



Dear Shareholder,

Greetings!

2004-05 was a very significant year for Calsoft in many ways.

Consistent with our growth strategy, we initiated three synergistic acquisitions:

- Team Frontline Pvt. Ltd. (TFL), a Kochi based System Integrator – Calsoft took 51% equity in the company. With over 70 employees and annual sales of about Rs.10 crores, TFL's customer base and market reach in South India would assist Calsoft's Sales and Operations in India.
- WebSpectrum Software Pvt. Ltd. (WSPL), a Bangalore based Technology Company – Calsoft signed an MOU to acquire 100% equity of the company. WSPL's expertise, focus and intellectual property in the Networking & Communications segment is expected to add substantial value to Calsoft's Technology initiatives.
- American HealthNet Inc.(AHN), a US based Healthcare software product company – Calsoft, through its subsidiary CSWL Inc. completed the acquisition of 51% equity of AHN. Founded in 1980, AHN has over 200 customers in North America. In a rapidly growing global healthcare market, AHN's Clarus suite of applications provides an excellent setting for Calsoft to strengthen its Healthcare Practice.

Improving the quality and capability of the delivery mechanism is an ongoing process. Some of the major achievements are:

- Calsoft's successful assessment at SEI - CMMi Level 5. For our customers this would mean lower total cost of ownership.
- Reorganization of delivery teams into three clear focus groups - Commodities Solutions, Enterprise Solutions & Technology solutions – with multiple domain specific Practices underneath each of them.
- Increase in group employee team strength from 261 at start of year to 536 by the year end.

Sales and marketing activities were strengthened by:

- Setting up a full-fledged sales team in Chennai to oversee opportunities in India & Far East.
- Opening an office in Dubai to provide closer attention to Middle East customers.

These initiatives have enabled Calsoft to deliver improved performance. The years ahead present plenty of opportunities and challenges. The learning and rewards of the year are sure to stand us in good stead in our onward journey.

Thank you for your support.

Sincerely,

S. (Sam) Santhosh
Managing Director

Directors' report

To
The Members,

Your Directors are pleased to present their annual report on the business and operations for the year ended March 31, 2005.

Financial results - Highlights

	Consolidated Basis		Standalone Basis	
	Year ended March 31, 2005	Year ended March 31, 2004	Year ended March 31, 2005	Year ended March 31, 2004
Total revenues	4886.21	3772.49	2508.47	1747.67
Operating profit	641.25	592.32	419.98	198.87
Finance charges	46.43	14.57	16.05	8.81
Depreciation	135.00	123.48	98.48	88.06
Miscellaneous & deferred expenses amortised	125.10	122.58	12.56	20.22
Profit before adjustments and minority interest	334.72	331.69	292.89	81.78
Adjustment for minority interests in profits/ (losses) of subsidiaries	(3.65)	Nil	NA	NA
Profit before tax	338.37	331.69	292.89	81.78
Provision for tax	3.91	1.42	7.27	Nil
Provision for deferred tax	(0.97)	25.43	(0.73)	0.46
Net profit after tax	335.44	304.84	286.35	81.32
Profit/(Loss) balance brought forward from previous year	60.32	(229.52)	445.86	379.54
Surplus available for appropriation	395.76	75.32	732.21	460.86
APPROPRIATIONS				
Dividend proposed	49.21	Nil	49.21	Nil
Dividend distribution tax	6.90	Nil	6.90	Nil
Tax	-	-	-	-
Transferred to general reserve	20.00	15.00	20.00	15.00
Balance carried to balance sheet	319.65	60.32	656.10	445.86
EARNINGS PER SHARE DATA				
Basic (Rs.)	7.05	6.40	6.01	1.72
Diluted (Rs.)	6.99	NA	5.96	NA

Dividend

Keeping in view the profits earned by the company in the current year, and also taking into account the future expansion plans, your Directors are pleased to recommend a dividend of 10% for the financial year ended March 31, 2005. This will amount to Rs. 1.00 per equity share and dividend amount provided in accounts is Rs. 49.21 Lakhs. The company will also need to pay a dividend distribution tax and surcharge/cess thereon and has provided for a sum of Rs. 6.90 Lakhs for this purpose. The total outflow on account of dividend and distribution tax provided for in the accounts is Rs. 56.11 lakhs.

Dividend, if approved by the shareholders at the forthcoming Annual General Meeting, will be paid to those shareholders whose names appear in the Shareholders Register as on the record date of September 26, 2005.

Results of operations

i-Consolidated Results

During the year, your company on a consolidated basis with all its subsidiaries earned total revenue of Rs. 4886.21 lakhs as against

Rs. 3772.49 lakhs earned during the previous year - an increase of Rs. 1113.72 Lakhs. The operating profit during the year is Rs. 641.25 lakhs as against Rs. 592.32 lakhs of the previous year. After taking into account the tax provisions and adjustments for minority interest, prior period adjustments and extraordinary items if any, the profit after tax for the year is Rs. 335.44 lakhs as against Rs. 304.84 lakhs of the previous year. The results of operations of newly acquired subsidiaries have been consolidated into the accounts from the date on which the subsidiary relationship came into existence.

ii-Standalone Results

During the year, your company on a standalone basis earned total revenue of Rs. 2508.47 lakhs as against Rs. 1747.67 lakhs earned during the previous year - an increase of Rs. 760.80 Lakhs. The operating profit during the year is Rs. 419.98 lakhs as against Rs. 198.87 lakhs of the previous year. After taking into account the tax provisions and adjustments if any, the profit after tax for the year is Rs. 286.35 lakhs as against Rs. 81.32 lakhs of the previous year - an increase of Rs. 205.03 Lakhs.