



Realize Your Ideas

California Software Company Limited

Annual Report 2007 - 2008



Corporate Information

Board of Directors

| | |
|----------------------------|-------------------|
| Clyde Michael Bandy | Chairman |
| S. (Sam) Santhosh | Managing Director |
| Dr. P. J. George | Director |
| Prof. T.T.Narendran | Director |
| Dan George Peterson | Director |

Company Secretary & Compliance Officer

V. S. Navin Shushant

Auditors

Consolidated

Tomy & Francis
Chartered Accountants

Standalone

Price Waterhouse
Chartered Accountants

Main Bankers

Canara Bank

Stock Exchanges listed on

National Stock Exchange of India
Limited
The Bombay Stock Exchange
Limited

Contact Us

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Fax: + 91- 44 - 4282 9012
Email: investor@calsoftgroup.com
Website: www.calsoftgroup.com

For demat & share transfer enquiries - Registrars and share transfer agent

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(Unit: California Software Co Ltd)
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Tribute to Late Mr. Robert V Chandran (Bob)



Robert V Chandran
1950 - 2008

Calsoftians know him as a kind human being, an astute business man, a self driven achiever, a reliable mentor- these were the different faces of Bob, the person.

Bob has been the Calsoft Chairman since its inception in 1992.

Bob was not just our Company's Chairman - he was our friend, philosopher and guide.

In 1981 at the age of 29, Bob started his own Company - Chemoil. He moved from being a supplier of chemicals and marine fuel to focusing more on the marine oil business. Chemoil carved a niche for itself in the bunkering business and by 1991 was on the Forbes list of the biggest private companies in the USA. From its humble beginnings, Chemoil today is a public listed company with over \$ 5 Billion in revenue - thanks to the vision and never say die attitude of its founder and CEO - Bob Chandran.



Calsoft and Bob

Calsoft and Chemoil have always had a very special relationship.



The association with Bob started in 1991 when Chemoil contracted S (Sam) Santhosh to take care of its MIS needs. From being our first customer to becoming our partner, it has been a relationship that has grown and matured over the years. As both the companies worked hard to keep pace with the growing demands on each side, Sam, the CEO of Calsoft and Bob moved from being business associates to partners to friends.

His legacy is impossible to step into.

Indeed it was Bob's yeoman help which has uplifted Calsoft to its present heights.

We pledge ourselves to carry on his ideals and vision.

Company Profile

California Software Company Ltd. (Calsoft) is a global solutions company that offers product engineering services and product based business solutions in carefully chosen domains. Our approach is to deliver total solutions to customers leveraging our deep industry, technology and product expertise, along with our strategic global partnerships and alliances.

Committed to delivering enduring stakeholder value, Calsoft collaborates with its customers and partners to facilitate them to become high performance businesses. We are specialists in value innovation and are focused on delivering services and solutions that enable organizations to improve effectiveness and reduce costs.

Our Offerings

Product Engineering Services

Calsoft offers concept-to-market R&D and engineering services to its customers across verticals. Our expertise area include

- Next Generation Data Center Products
- Mobile, Multimedia & Consumer Electronics
- Vertical ISV

In each of these segments, we provide product conceptualization & design, development, testing & automation and L3 product support services. In addition, our services include product lifecycle management, hardware design, embedded services, L2 support and offshore R&D lab/Engineering Development Center. Over the years, we have tested and developed over 1000 products for our customers.

Enterprise Solutions

Calsoft Enterprise Solutions is racing ahead to become the leaders in Enterprise solutions space world over. We are passionate about technology and its potential to transform business.

Our mission and values are to assist our customers realize their full potential by turning data into information, harnessing information, and transforming ideas into action. Our customer-centric approach enables us to offer comprehensive services that ensure successful business outcomes.

Our solutions can be broadly classified into enterprise resource planning, customer relationship management and enterprise information management. Our solutions portfolio leverages products, tools and technologies developed by Oracle, Microsoft, Siebel, iLOG and K2. We make our customers successful in the enterprise and mid market space by delivering result-oriented solutions that give them a competitive edge in the market.

Calsoft Group

Key Companies in the Group

California Software Co. Ltd. (Calsoft) - India.

The parent 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 in India on the NSE and BSE.

www.calsoftgroup.com

California Software Labs (CSWL Inc.)

CSWL was incorporated in 1995 and operates at Fremont (California) and Boston (Massachusetts). Based out of the technology hub 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.calsoftlabs.com

Informed Decisions Corporation (IDC)

Incorporated in 1984, IDC is based in Alameda, California and focuses on payment processing products for universities and centers of higher learning in North America. IDC's flagship product CASHNet provides cashing, bill presentment and collection solutions to leading colleges and universities.

Today IDC's solution enables its customers to manage the payment and collection process from over a million enrolled students. They have to their credit, an illustrious list of customers that span over 120 campuses at nearly 100 public and private institutions across the USA. Spanning a divergent student profile of size and background, CASHNet customers represent blue chip clients such as Stanford University and Syracuse University, as also schools such as California Institute of Technology and the California State University System that has over a million students.

Calsoft Labs has majority stake in IDC.

www.cashnet.com

Aspire Communications, India

In July 2007, Calsoft acquired majority stake in Aspire Communications with a view to augment its product engineering services. The company has offices in Mysore, Bangalore and San Jose. Aspire focuses in providing Hardware Design services to technology companies.

www.aspirecommunication.com

International Innovations, US

Calsoft acquired 100% stake in Innovations with a view to deliver Business Intelligence, Business Rules Management, and Enterprise Search capabilities that help clients improve their decision making processes, across all business functions.

www.international-innovations.com

Inatech Solutions

Calsoft acquired majority stake of 51% in Inatech Info Solutions Pvt. Ltd., Bangalore on Nov 1st 2006 and the remaining 49% in January 2008. Inatech has a wholly owned UK based subsidiary Inatech Solutions Ltd. UK. Inatech is a specialized Oracle solution provider with a major focus in construction, high tech, manufacturing, distribution and Govt sector. The company enjoys the highest level of Oracle partnership - Certified Advantage Partner in the EMEA region. This elite status allows it to service the full range of Oracle products worldwide. For the FY ended March 2008, Inatech, on a consolidated basis, reported revenues of Rs.64.32 Crores and net profit of Rs.4.30 Crores. Inatech's unrivalled expertise covers the entire Oracle product suite including the Oracle Application Software E-Business Suite, Oracle Database, Oracle's Application Server, and Collaboration Suite. Inatech has over 150 experienced Oracle professionals (about 50 in UK & 100 in India).

www.inatech.com

Board Of Directors



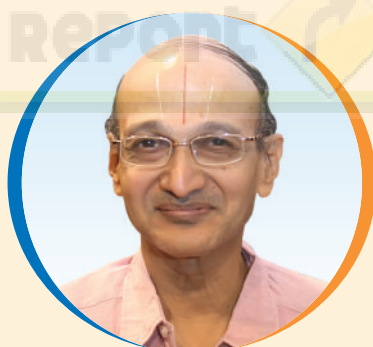
Clyde Michael Bandy
Chairman
(Non-Executive Chairman & CEO,
Chemoil Energy Ltd)



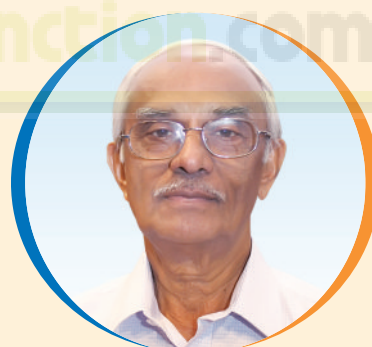
S. (Sam) Santhosh
Managing Director



Dan George Peterson
Non-Executive Director
(President & CEO
Informed Decisions Corporation)



Prof. T. T. Narendran
Independent Director
(Professor and Dean IC & SR,
Indian Institute of Technology, Chennai)



Dr. P.J George
Independent Director
(Former Director
Technical Education, Kerala)

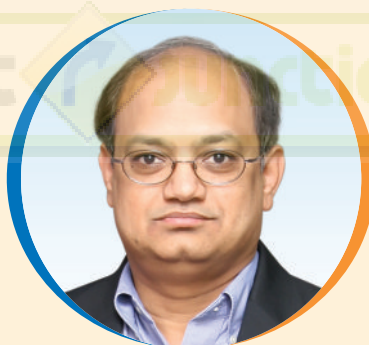
Leadership Team



S. (Sam) Santhosh
Managing Director & CEO



Dr. J.K. Nair
Executive Vice President & COO



Sai Satyam
Chief Financial Officer



Mohan Ramanujam
Vice-President-Corporate Finance



Dan George Peterson
President & CEO
Informed Decisions Corporation



Vedante Srihari
Managing Director, Inatech Solutions



Ramandeep Singh
Chief Technology Officer

Letter to the Shareholder



From the CEO's Desk

Dear Shareholder,

Greetings!

It gives me immense pleasure to present the achievements of your Company for the financial year 2007-08.

I am very happy to report that we posted a 40% growth in revenues this year. Our revenue came in at Rs.236 Crores, versus last year's revenue of Rs.169 Crores. Our operating profit increased by 45% year-on-year to reach Rs.25.20 Crores versus last year's figure of Rs.17.40 Crores. Profit after tax increased by a phenomenal 94% year-on-year to touch Rs.15.47 Crores, versus last year's figure of Rs.7.97 Crores.

Acknowledging our significant profits, the Board of Directors have recommended a dividend of 10% for the financial year ended March 31, 2008. This is marginally higher by 2.5% as compared to the previous year. The total outflow on account of dividend and allied distribution tax is Rs.1.45 Crores.

We managed to clock a higher margin despite the challenging currency environment.

This is testimony to the durability of our business model. Although the impact of global economic uncertainties may constrain our growth in the near term, we see significant growth opportunities in the medium and long term.

Streamlining our Business Units

In order to map our specialized offerings better with the market opportunities, we have streamlined our business units into Three pillars viz Calsoft labs (Product Engineering and technology solutions), Enterprise solutions and Strategic investments. Our subsidiary companies where we do not have 100% holding have been moved under Strategic Investments.

There are several noteworthy things about our growth that we should be proud of:

Key Strategic Acquisitions:

i) Aspire Communications: In July 2007, we acquired majority stake in Aspire Communication Pvt. Ltd, India and its subsidiary Aspire Peripherals Pvt. Ltd and acquired majority stake in Aspire Soft, USA. The acquisition would help us further augment our Product Engineering Services in the Embedded space.

ii) International Innovations Inc.: In February 2008 we acquired 100% equity stake in International Innovations Inc. USA. International Innovations is a technology consulting company specializing in Enterprise Information Management Solutions. The acquisition would help us augment our Enterprise Solutions Division.

iii) Acquisition of balance 49% stake in Inatech Infosolutions Pvt. Ltd: We acquired the balance 49 % in Inatech Infosolutions Private Limited, and made it a wholly owned subsidiary of Calsoft.

New Accounts

In 2007-08, we added 25 marquee customers including Juniper Networks, Texas Instruments, Motorola/Symbol, Plastic Logic, Domino, Hugh Symons Group and Phones4U. Our existing high profile customers such as Nortel Networks, EMC, Kronos and AP Moller Maersk continue to increase the quantum of repeat business.

Human Resources

In 2007-08, we added 158 new members to the Calsoft family to take our total strength to 973. This figure is set to grow in the coming year.

Our competitive edge as a company draws upon the skills and confidence of these bright people. We are confident that our wealth of talented people will enable us to compete better and deliver the best to our customers, despite the challenging times.

Business Outlook

Today we address an enormous market that offers us the opportunity to extend our business to new geographies and industry verticals.

Our key growth engines are Next Generation Data Centre [NGDC] products for Calsoft Labs and Oracle