



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

## 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.com](mailto:corpserv@integratedindia.com).

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Company Secretary & Compliance Officer

**Jitendra Kumar Pal**

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Auditors

### **M/s TOMY & FRANCIS**

Chartered Accountants

## Main Bankers

Canara Bank

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## Stock Exchanges -Listed on

- I - National Stock Exchange of India Limited
- II - The Bombay Stock Exchange Limited

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## 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](mailto:investor@calsoftgroup.com)  
Website: [www.calsoftgroup.com](http://www.calsoftgroup.com)

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## 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:

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

By order of the Board

For **California Software Company Limited**

### ORDINARY BUSINESS:

- 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>USAE Equipment Private Limited</li> <li>Cartello Business Advisory Solutions Private Limited</li> <li>Ai IT Developers Private Limited</li> <li>Highsea International Forwarders Private Limited</li> <li>RT Renewable Energy India Private Limited</li> <li>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 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.
- 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.
- Shareholders are given an option to hold their securities in a depository or in the physical form. However it may be noted that for trading purposes on NSE & BSE, the Company's stock is in compulsory demat trading list.
- 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
- 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.
- 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.
- 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.
- 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.
- 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 payables 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:

	<b>2013</b> <b>(₹ in Crores)</b>	<b>2012</b> <b>(₹ in Crores)</b>
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*



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**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.