



REALIZE YOUR IDEAS

CALIFORNIA SOFTWARE COMPANY LIMITED

Fifteenth Annual General Meeting of Shareholders

Venue: Tidel Park Auditorium, Chennai 600113

Date: August 22, 2007

CHAIRMAN'S SPEECH

Dear Shareholders,

I have great pleasure in welcoming you to the fifteenth Annual General Meeting of your company.

The directors' report and the audited accounts of the company for the year ended 31st March, 2007 have been with you for sometime and, with your permission, I shall take them as read.

Your company's focus on scalability, strategic alliances, domain expertise and non-organic growth options has begun to yield results. In 2006-07, the revenue rose to Rs.16894.49 lakhs, an increase of 46 % over the previous year. The net profits also grew by 69% reaching Rs.796.77 lakhs.

The Board has recommended 7.5% dividend payable on the share capital for approval by the shareholders at this meeting.

During the first quarter of the current fiscal year, your Company continued its growth momentum and on consolidated basis achieved revenue of Rs.5394.58 lakhs with net profit of Rs.218.10 lakhs.

Consistent with its growth vision, your company made two significant synergistic

acquisitions during the year. Your company acquired majority stake in Codex Co. Ltd, Tokyo and Inatech Infosolutions Pvt. Ltd, Bangalore. Inatech has a significant presence in the UK in the Oracle solution provider space. Codex services the commodities trading companies in Japan. Besides extending the market reach of your company, these acquisitions give a good boost to our capabilities to deliver in these markets. In addition, your company made a small but significant move into the Chinese market winning a couple of new orders.

Your company's subsidiary, American Healthnet Inc, had not turned around as anticipated. As it was felt that more financial support and longer time frames would be needed before it could turn profitable, your company divested part of its majority stake in equity in American Healthnet Inc. with effect from Jan 01, 2007 and it is no longer a subsidiary.

Our delivery centers were expanded in capacity both at Bangalore as well as at Chennai. The Bangalore operations were moved into a new, independent campus. In the months to come, efforts are on to convert most of the infrastructure expenses into assets.

Kemoil Limited, Hongkong, a subsidiary and investment arm of Chemoil Energy Limited, and a major shareholder of your company, has recently subscribed to additional shares in the company. The funds generated from the subscription of the equity shares would support part of your company's long term working capital requirements and also assist it to part finance future expansion plans.

The Indian IT scene has been on an ascendancy over the last 10 years. During 2006-07, the industry achieved collective revenue of approximately \$ 48 Billion. Of this, exports alone fetched nearly \$ 32 Billion. Globally, IT industry is poised for substantial growth in the coming years. But the road here on is likely to be little different. While size becomes a pre-requisite to play on, differentiation brought in through specialization is likely to be the key to enduring success. In such a setting, growth demands continued generation of superior value offering besides our total commitment. Further, it is imperative to continue focusing on scalability, strategic alliances, domain expertise and non-organic growth options.

There are no shortcuts in the journey of building a company of substance. Growth brings in its own share of opportunities and challenges. By focusing on its strengths, I think there is a tremendous opportunity for your company to covert every challenge into an advantage and build on a great enterprise.

Acknowledgement

On behalf of the Board of Directors and on my own behalf I thank every shareholder of the company for their patronage and support and look forward to their continued support during the coming years. I thank all our customers, business and technology partners and suppliers for their valued support. I also take this opportunity to express my gratitude to the STPI, RBI, our bankers, stock exchanges, auditors and the regulatory and government agencies in all countries of our operation for their continued guidance and support. I place on record my appreciation of the valuable services and contribution of the employees in Calsoft group at all levels.

Conclusion

The year gone by gives a great deal of satisfaction. The future trajectory looks good. Our collective commitment to stay on course and travel the full length is sure to deliver enduring all round value.

I seek your continued patronage and support.

Chennai
August 22, 2007

Robert V Chandran
Chairman

Note:

These excerpts do not purport to be a record of the proceedings of the Annual General Meeting. Please also note that discussion on the company's future prospects and projections are forward looking statements and based on assumptions and factors that are inherently subject to change and not under the control of the company.

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