



Realize Your Ideas

CALIFORNIA SOFTWARE COMPANY LIMITED

Regd. Office: Robert V Chandran Tower, Seventh Floor, # 149, Velachery Tambaram Main Road,
Pallikaranai, Chennai-600 100

NOTICE TO THE SHAREHOLDERS

Notice is hereby given that an Extraordinary General Meeting of the shareholders of the Company will be held on Wednesday, the 05th May, 2010 at 3.00 p.m. at Robert V Chandran Tower, 8th Floor, # 149, Velachery Tambaram Main Road, Pallikaranai, Chennai-600 100 to transact the following businesses:

SPECIAL BUSINESS:

1. To consider and if thought fit, to pass with or without modifications, the following resolution as an **ORDINARY RESOLUTION:**

"RESOLVED THAT subject to the approval of the Central Government under Section 269 and other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956, and subject to such other approvals and consents as may be necessary, Mr.S. Santhosh, be and is hereby re-appointed as Managing Director of the Company for a further period of 5 years with effect from 08th May 2010 on the following terms and conditions:

(i) Period of Appointment : 5 years, from 08th May 2010 to 08th May 2015

(ii) Remuneration : He will not draw any remuneration from the Company during his tenure of office as Managing Director as long as he draws Salary from the Company's Subsidiary Company, CSWL Inc, USA."

2. to consider and if thought fit, to pass with or without modifications, the following resolution as a **SPECIAL RESOLUTION:**

"RESOLVED THAT pursuant to Section 314 of the Companies Act, 1956, the consent of the Company be and is hereby accorded for the payment of remuneration to Mr.S.Santhosh by the Subsidiary, for his services as the President and Chief Executive of the subsidiary, at the rate of US \$ 22,183.33 per month with power to Board of Directors of the Company to revise his salary at a rate of not exceeding 10% of the preceding year, every year and annual bonus (performance based subject to continued employment in the company), at the discretion of Board of Directors of the Company.

3. to consider and if thought fit, to pass with or without modifications, the following resolution as an **ORDINARY RESOLUTION:**

"RESOLVED THAT subject to such approvals as may be necessary from any statutory authorities, RBI or other authorities and subject to such terms, conditions, alterations and modifications as may be specified by the authority and considered appropriate, the Board of Directors, (hereinafter the "Board" which shall include any Committee of Directors), consent be and is hereby accorded to the Board for making investment."

"RESOLVED FURTHER THAT pursuant to Section 372A and other applicable provisions, if any, of the Companies Act,1956, the Board of Directors of the Company be and is hereby authorized to invest through its Wholly Owned Subsidiary CSWL Inc, in 13,66,148 (No of shares) Series A Preferred Stock @ USD 1.464 each of ImpelSys Inc aggregating 2 Million USD/-."

"RESOLVED FURTHER THAT Mr. S. Santhosh, Managing Director and/ or Mr. Sai Satyam, CFO be and is hereby authorized to take necessary steps to give effect to this resolution and sign such documents, consent letters, subscription application and such other documents and also receive such letters of allotment, share certificates as may be necessary in order to give effect to this resolution."

4. to consider and if thought fit, to pass with or without modifications, the following resolution as an **ORDINARY RESOLUTION:**

"RESOLVED THAT M/s. Tomy & Francis, Chartered Accountants, be and are hereby appointed Auditors of the Company for Stand alone financials for the year 2009-10 to fill the vacancy caused by the resignation of M/s. Price Waterhouse, Chartered Accountants, to hold office until the conclusion of the next Annual General Meeting of the Company and their remuneration be determined by the Board of Directors."

NOTES:

- 1) The explanatory statement as required under Section 173(2) of the Companies Act, 1956 is annexed.
- 2) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL TO VOTE INSTEAD OF HIMSELF. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A BLANK PROXY FORM IS ENCLOSED .The proxy form duly stamped and executed, should be deposited at the office of the Share Transfer Agents, Integrated Enterprises (India) Limited, II Floor, Kences Towers, No.1 Ramakrishna Street, North Usman Road, T.Nagar, Chennai - 600 017. at least forty eight hours before the time fixed for the commencement of the meeting.
- 3) Members are requested to notify change in address, if any, in case of shares held in Electronic form to the concerned Depository Participant quoting their ID No. and in case of physical shares to the Share Transfer Agents quoting their Folio Numbers.
- 4) Members / Proxy holders are requested to produce at the entrance, the attached admission slip for admission to the meeting hall. Duplicate admission slips will not be provided at the hall.

By Order of the Board
for CALIFORNIA SOFTWARE COMPANY LIMITED

Chennai
Date: 31st Mar 2010

Jitendra Kumara Pal
Company Secretary

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956

Item No.1:

Mr.S. Santhosh, Managing Director, was re-appointed by the shareholders of the Company in the Extraordinary General Meeting held on 18th April, 2005 for a period of five years with effect from 08th May 2005. His term of office is getting expired on 08th May 2010. The Board of Directors, at their meeting held on 31st March 2010 approved the re-appointment of Mr.S. Santhosh, Managing Director for a further period of five years with effect from 08th May 2010, subject to your approval and also that of the Central Government (since he is a Non-resident) on the terms and conditions set out in the notice. This notice and explanatory statement shall be deemed as an intimation under Section 302 of the Companies Act, 1956.

A copy of the contract entered into by the Company with Mr.S.Santhosh is available for inspection at the registered office of the Company between 11 a.m. and 1 p.m. on all working days of the Company up to the date of the meeting and also during the meeting.

The Directors recommend the resolution for the approval of the shareholders.

None of the Directors except Mr.S. Santhosh is concerned or interested in this resolution.

Item No.2.

Mr.S.Santhosh, Managing Director has been drawing his salary from the Subsidiary Company since 1996 as approved by the shareholders in the Annual General Meeting held on 20th September, 1997. The shareholders had approved the revision of his remuneration at the Annual General Meeting held on 25th August, 2006, to US \$ 16,666.56 per month with power to increase not more than 10% every year. It is now proposed to revise his remuneration to US \$ 22183.33 per month (including payroll tax and workman compensation) annual bonus (performance based subject to continued employment in the company), at the discretion of Board of Directors of the Company. The Board recommends the proposal.

None of the Directors except Mr.S.Santhosh and is concerned or interested in this resolution

Item No.3:

ImpelSys is a US-based company with offices in New York and Bangalore with over 150 employees. The company has a proven business model that supports the global book publishing market with electronic content delivery products and services. It has in existence for 5 years. Its main product line is called iPublish Central and other major products are called VirtualPages and iDAMS. Company had 2009 Revenues of US\$ 3.25 Million with EBITDA of US\$ 532,540. The company has 3 main Product-related Service divisions in Product Enabled Services, Media Services and Content Conversion Services. iPublishCentral is the company's core Intellectual Property which serves as the basic infrastructure for the delivery of publishers' content to the end customer.

The delivery system allows the publishers to

- ❖ Store and access their content from a central digital warehouse
- ❖ Distribute the content to all outlets
- ❖ Market the content online using tools such as Widgets and ViewInside
- ❖ Create rich online portals to directly sell to the end consumer

Impelsys has invested US\$ 2.0 Million in developing this delivery system over the last 3 years.

Company's clients include over 60 publishers including leading educational & professional publishers: Elsevier, Wolters Kluwer, McGraw Hill, Cengage, Wiley, Houghton Mifflin, BBC, World Bank, American Medical Association, MIT Press, SeS.e Street

Company has a good team in place except for couple of key positions which needs to be hired for after the investment.

Company is at the cusp of a big leap given that the ePublishing market is showing signs of major take off and may become bigger than traditional publishing in 5-10 years. Considering huge potential in ePublishing it is proposed to invest 2 Million USD in Preferred Stock of ImpelSys Inc.

As per Regulation 23 of SEBI (Substantial Acquisition of shares and Takeovers) Regulation 1997, unless the approval of the general body of shareholders is obtained after the date of the public announcement of offer, the Board of directors of the target company shall not, during the offer period:-

- (a) sell, transfer, encumber or otherwise dispose of or enter into an agreement for sale, transfer, encumbrance or for disposal of assets or otherwise, not being sale or disposal of assets in the ordinary course of business, of the Company or its subsidiaries; or
- (b) issue or allot any authorized but unissued securities carrying voting rights during the offer period: or
- (c) enter into any material contracts.

Since the company is proposing to invest through its wholly owned subsidiary CSWL Inc, which is a material contract, shareholders approval is being sought.

The Directors recommend the resolution for the approval of the shareholders.

None of the Directors is concerned or interested in this resolution.

Item No.4

M/s. Price Waterhouse (PWC), who are Statutory Auditors of the Company have expressed their inability to continue the audit unless they audit all the major subsidiaries of Calsoft and the Consolidated Financial Statements. The subsidiaries of Calsoft are currently audited by three different Independent auditors and considering the short time frame, it would be difficult to consider appointment of M/s. Price Waterhouse globally. PWC cited a technical opinion towards this requirement and consequent to this, expressed their desire to resign as Statutory Auditor.

As per Section 224(6) where vacancy is caused by the resignation of an auditor, the vacancy shall only be filled by the Company in general meeting.

The Directors recommend the resolution for the approval of the shareholders.

None of the Directors is concerned or interested in this resolution.

By Order of the Board
for CALIFORNIA SOFTWARE COMPANY LIMITED

Chennai
Date: 31st Mar 2010

Jitendra Kumara Pal
Company Secretary



Realize Your Ideas

CALIFORNIA SOFTWARE COMPANY LIMITED

Regd. Office: Robert V Chandran Tower, Seventh Floor, # 149, Velachery Tambaram Main Road, Pallikaranai, Chennai-600 100

Attendance Slip

(To be handed over at the entrance of the Meeting Hall)

I/We hereby record my/our presence at the Extraordinary General Meeting of the Company to be held at Robert V Chandran Tower, "8th Floor", # 149, Velachery Tambaram Main Road, Pallikaranai, Chennai-600100 at 3.00 p.m. on wednesday, the 05th May, 2010.

Full name of the Member (in Block Letters

Regd. Folio No / I.D. No

No. of Shares held

I Full Name of the Proxy (in Block Letters

Signature of the Member(s) or Proxy present

Please complete and sign this attendance slip and handover at the entrance of the meeting hall. Only member(s) or his/her/ I their proxy with this attendance slip will be allowed entry to the meeting. Duplicate slips will not be issued at the entrance.

----- (TEAR HERE) -----

CALIFORNIA SOFTWARE COMPANY LIMITED

Regd. Office: Robert V Chandran Tower, Seventh Floor, # 149, Velachery Tambaram Main Road, Pallikaranai, Chennai-600100

PROXY FORM

Regd. Folio No. / I.D. No.

No. of Shares held.....

I/We residing at

.....being a member/members of CALIFORNIA SOFTWARE COMPANY LIMITED hereby

appoint.....of or failing him/her

.....of..... as my/our Proxy to attend and vote for me/us on my/our behalf at the Extraordinary General Meeting of the Company to be held at Robert V Chandran Tower, "8th Floor", # 149, Velachery Tambaram Main Road, Pallikaranai, Chennai-600100 at 3-00 p.m. on wednesday, the 5th May, 2010 and at any adjournment thereof.

Affix
Revenue
Stamp

Signed.....day of..... 2010

- Notes:
- a) The form should be signed across the stamp as per specimen signature registered with the Company.
 - b) The Proxy Form duly completed must be deposited at the office of the Share Transfer Agents of the Company not less than 48 hours before the time fixed for holding the aforesaid meeting.
 - c) The proxy need not be a member of the Company.

Book Post



Realize Your Ideas

If undelivered, please return to :

CALIFORNIA SOFTWARE COMPANY LIMITED

Regd. Office: Robert V Chandran Tower, Seventh Floor, # 149, Velachery Tambaram Main Road,
Palikaranai, Chennai-600 100