

POWERSOFT GLOBAL SOLUTIONS LIMITED

(Formerly known Bhandari Food Flavours Limited)

(Incorporated as Bhandari Food Flavours Limited on 04/11/1992 under Companies Act, 1956 at Bangalore. The name the Company was changed to Powersoft Global Solutions Limited w.e.f. 13/03/2000)

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PUBLIC ISSUE OF 54,00,000 EQUITY SHARES OF RS. 10.00 EACH (INCLUDING 3,10,000 EQUITY SHARES RESERVED ON FIRM ALLOTMENT BASIS) AT A PREMIUM OF RS. 12.00 PER SHARE (I. E. AT A PRICE OF RS. 22.00 PER SHARE) AGGREGATING TO RS. 1188.00 LACS.

THE ISSUE PRICE OF RS. 22.00 PER EQUITY SHARE IS 2.20 TIMES OF THE FACE VALUE

GENERAL RISKS

Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in this issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Issuer and the Issue including the risks involved. The securities have not been recommended or approved by the Securities and Exchange Board of India (SEBI) nor does SEBI guarantee the accuracy or the adequacy of this document.


The attention of investors is drawn to the statement of Risk Factors appearing on page nos. v- viii of this Prospectus.

ISSUER'S ABSOLUTE RESPONSIBILITY

The Issuer, having made all reasonable inquiries, accepts responsibility for, and confirms that this Prospectus contains all information with regard to the Issuer and the Issue, which is material in context of the Issue, that the information contained in this Prospectus is true and correct in all material respects and is not misleading in any material respect, that the opinions and intentions, expressed herein are honestly held and that there are no other facts, the omission of which makes this document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The Equity Shares of the Company are already listed on Bangalore Stock Exchange Ltd.(BgSE), Madras Stock Exchange Ltd.(MSE) and Ahmedabad Stock Exchange Ltd. (ASE). The new Equity Shares are proposed to be listed on Bombay Stock Exchange Limited (BSE) (The Designated Stock Exchange), Bangalore Stock Exchange Ltd.(BgSE), Madras Stock Exchange Ltd.(MSE) and The Stock Exchange, Ahmedabad (ASE). The Company has received in-principle approval from BSE vide letter no.DCS/Smd/sm/2006 dated 13/01/2006, ASE vide letter no. ASE/2005/2096 dated 05/10/2005, BgSE vide letter dated 30/09/2005 and MSE vide letter no. MSE/SEC/738/631/05 dated 08/09/2005 for listing of the Equity Shares being issued in terms of this Prospectus.

LEAD MANAGER TO THE ISSUE	REGISTRAR TO THE ISSUE
<p>KEYNOTE</p> <p>CORPORATE SERVICES LTD KEYNOTE CORPORATE SERVICES LIMITED 307, Regent Chambers, Nariman Point, Mumbai – 400 021 Tel.: (022) 2202 5230 Fax: (022) 2283 5467 E-mail: mbd@keynoteindia.net Website : www.keynoteindia.net SEBI Regn. No.: INM 000003606 AMBI Regn No: AMBI/040</p>	<div style="text-align: center;">  </div> <p>BIGSHARE SERVICES PRIVATE LIMITED E/2, Ansa Industrial Estate, Saki Vihar Road, Sakinaka, Andheri(E), Mumbai – 400 072. Tel.: (022) 2847 0652/0653 Fax: (022) 2847 5207 E-mail : ipo@bigshareonline.com SEBI Regn. No.: INR000001385</p>

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INDEX

SECTION	CONTENTS	Page Nos.
	Definitions and Abbreviations	i
I	RISK FACTORS	
	Certain Conventions; Use of Market Data	iv
	Forward Looking Statements	iv
	Risk Factors	v
	PART I	
II	INTRODUCTION	
	Summary	01
	General Information	06
	Capital Structure	10
	Objects of the Issue	17
	Basis for Issue Price	24
	Statement of Tax Benefits	26
III	ABOUT THE COMPANY	
	Industry Overview	32
	Business Overview	39
	History of the Company	49
	Management of the Company	51
	Promoters of the Company	58
	Promoter Group	59
	PART II	
IV	FINANCIAL INFORMATION	
	Auditors Report	62
	Management's Discussion and Analysis of Financial Condition and Result of Operations	70
V	LEGAL AND OTHER INFORMATION	
	Outstanding Litigations and Defaults	72
	Material Developments	73
	Government Approvals	74
VI	REGULATORY AND STATUTORY DISCLOSURES	
	Authority for the Issue	75
	Prohibition by SEBI	75
	Eligibility for the Issue	75
	Disclaimer Clause	75
	Caution Statement	77
	Filing	78
	Listing	78
	Impersonation	78
	Consents	78
	Expenses of the Issue	79
	Previous Issue Details	79
	Redressal of Investor Grievances	80
VII	OFFERING INFORMATION	
	Terms of the Issue	82
	Issue Procedure	84
VIII	OTHER INFORMATION	
	Main Provisions of Articles of Association of the Company	95
	Material Contracts and Documents for Inspections	98
	PART III	
	Declarations	100

DEFINITIONS/ABBREVIATIONS

CONVENTIONAL / GENERAL TERMS

Act	The Companies Act, 1956 and amendments thereto
AGM	Annual General Meeting
EGM	Extra Ordinary General Meeting
EPS	Earnings Per Share
FY/ Financial year or Fiscal Year	The twelve months ended 30 th September of a particular year
GDP	Gross Domestic Product
GIR Number	General Index Registry Number
Gol	Government of India
MOU	Memorandum of Understanding
NAV	Net Assets Value
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number
PAT	Profit After Tax
PBDT	Profit Before Depreciation and Tax
PBIDT	Profit Before Interest, Depreciation and Tax
PBT	Profit Before Tax
ROI	Return on Investment
RONW	Return on Network
Security Certificate	Equity Share Certificate
Security(ies)	Equity Share(s)

ISSUE RELATED TERMS

Articles	Articles of Association of Powersoft Global Solutions Limited
Board	Board of Directors of Powersoft Global Solutions Limited
BSE/ Designated Stock Exchange	Bombay Stock Exchange Limited
Centrum	Centrum Capital Ltd.
Co-Lead Manager	Centrum Capital Ltd.
Company/PGSL	Powersoft Global Solutions Limited
Equity Shares	Equity Shares of the Company of Rs.10/- each
Lead Manager/ LM	Lead Manager to the Issue i.e. Keynote Corporate Services Ltd.
Issue/ Public Issue	The issue of 54,00,000 Equity Shares of Rs.10/- each for cash at a premium of Rs.12/- (Issue Price Rs.22/-) per Equity Share aggregating to 1188.00 lacs.
Issue Closing Date	The date on which the issue closes for subscription.
Issue Opening Date	The date on which the issue opens for subscription.

Issue Period	The period between the Issue Opening Date and Issue Closing Date and includes both these dates.
Issue Price	The price at which the equity shares will be issued by the Company under this Prospectus
Issuer/ Company/ PGSL	Powersoft Global Solutions Limited
Keynote	Keynote Corporate Service Ltd.
Prospectus /Offer Document	This Prospectus dated 03/03/2006
RTA	Registrar & Transfer Agent
Retail Individual Investor	Means an investor who applies for securities for a value of not more than Rs. 1,00,000/-.
SEBI (SAST) Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.
SEBI Guidelines	Means the extant Guidelines for Disclosure and Investor Protection issued by Securities and Exchange Board of India, constituted under the Securities and Exchange Board of India Act, 1992 (as amended), called Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000.

ABBREVIATIONS

CDSL	Central Depository Services (India) Limited
CLB	Company Law Board
DCA	Department of Company Affairs
Depositories Act	The Depositories Act, 1996 as amended from time to time
Depository	A Depository registered with SEBI under the SEBI (Depositories & Participant) Regulations, 1996 as amended from time to time
DP	Depository Participant
FCNR Account	Foreign Currency Non Resident Account
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999 read with rules and regulations there under and amendments thereto
FI	Financial Institution
FII (s)	Foreign Institutional Investors registered with SEBI under applicable laws.
NA	Not Applicable
NR	Non Resident
NRE Account	Non Resident External Account
NRI(s)	Non Resident Indians
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depository Limited
RBI	The Reserve Bank of India
SEBI	Securities and Exchange Board of India

COMPANY/INDUSTRY RELATED TERMS

BFSI	Banking, Financial Services and Insurance
BI	Business Intelligence
BPO	Business Process Outsourcing
CET	Client Engagement Teams
CPG	Consumer Products Group
DEM	Digital Elevation Models
DTM	Digital Terrain Models
EAI	Enterprise Application Integration
ERDAS	Earth Resource Data Analysis System
ESRI	Environmental Systems Research Institute
GIS	Geographic Information System
GLB	Gramm Leach Bailey
ISV	Independent Software Vendor
IT	Information Technology
ITES	Information Technology Enabled Services
J2EE	Java 2 nd Generation
KPI	Key Performance Indicators
LCS	Life Cycle Services
ODC	Offshore Development Centre
OEM	Original Equipment Manufacturer
PLM	Product Lifecycle Management
RFID	Radio Frequency Identification
SG & A	Selling, General and Administrative Expenses
SLA	Service Level Agreements
USP	Unique Selling Proposition
XML	Extensible Mark-up Language

SECTION I- RISK FACTORS

CERTAIN CONVENTIONS; USE OF MARKET DATA

In this Prospectus, unless the context otherwise requires, all references to one gender also refers to another gender and the word “Lakh” or “Lac” means “one hundred thousand” and the word “million” means “ten lac” and the word “Crore” means “ten million”. In this Prospectus, any discrepancies in any table between total and the sum of the amounts listed are due to rounding-off.

Throughout this Prospectus, all figures have been expressed in Lacs. Unless otherwise stated all references to “India” contained in this Prospectus are to the Republic of India.

For additional definitions used in this Prospectus, see the section “Definitions and Abbreviations” on page i of this Prospectus. In the section entitled “Main Provisions of Articles of Association” on page 97 of this Prospectus, defined terms have the meaning given to such terms in the Articles of Association the Company. Industry data used throughout this Prospectus has been obtained from industry publications and other authenticated published data. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe industry data used in this Prospectus is reliable, it has not been independently verified. Similarly, internal Company reports, while believed by us to be reliable, have not been verified by any independent sources.

FORWARD-LOOKING STATEMENTS

This Prospectus contains certain “forward-looking statements”. These forward looking statements can generally be identified by words or phrases such as “aim”, “anticipate”, “believe”, “expect”, “estimate”, “intend”, “objective”, “plan”, “project”, “shall”, “will”, “will continue”, “will pursue” or other words or phrases of similar import. Similarly, statements that describe the objectives, plans or goals also are forward-looking statements.

All forward looking statements are subject to risks, uncertainties and assumptions about the Company that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from the expectations include, among others:

- General economic and business conditions in India;
- The ability to successfully implement the strategy, growth and expansion plans and technological changes;
- Changes in the value of the Rupee and other currencies ;
- Changes in the Indian and international interest rates;
- Changes in Laws and Regulations that apply to the customers of the Company and the Information Technology industry;
- Increasing competition
- Changes in political conditions in India and other countries.

For further discussion of factors that could cause actual results to differ, please see the section entitled “Risk Factors” beginning on page v of this Prospectus. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither the Company, the Directors, any member of the Lead Manager team nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, the Company and the Lead Manager will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchanges.

RISK FACTORS

RISK FACTORS ENVISAGED BY MANAGEMENT

An investment in Equity Shares involves a high degree of risk. One should carefully consider all of the information in this Prospectus, including the risks and uncertainties described below, before making an investment in the Equity Shares of the Company. If any of the following risks actually occur, the business, financial condition and results of operations could suffer, the trading price of the Equity Shares could decline, and all or part of the investment may be lost.

Unless specified or quantified in the relevant risk factors below, the financial or other implications of any of the risks described in this section cannot be quantified.

A. SPECIFIC TO THE PROJECT

1. *The 'Objects of the Issue' for which the funds are being raised has not been appraised by any Bank or Financial Institution*

The total cost of the project is Rs. 1188.00 lacs. The project is not appraised by any Bank or Financial Institution. Further, the total project cost comprises of an amount of Rs. 220.00 lacs towards working capital requirements, which is as per the estimates of the Company and has not been appraised by any Bank. The funds received from the issue will be deployed at the sole discretion of the Management

2. *The implementation of the proposed project is at a preliminary stage*

The Company has not deployed any funds towards the project cost except the preliminary issue expenses. It has not yet placed orders for the equipments to be purchased from the proceeds of the issue. It is yet to identify the target companies for the purpose of acquisition. Further utilization of part of the issue proceeds may not be in the productive assets which may not result in returns for the company in the short or medium term.

3. *The Company is yet to place orders for the items mentioned in the section "Objects of the Issue"*

The Company is proposing to invest Rs. 337.00 lacs (28.36% of the issue size of Rs.1188.00 lacs) in the tangible assets. It is yet to place orders for the purchase of all the items mentioned in the cost of the project. The Company has received quotations from various suppliers. However, it is yet to negotiate and place orders and the actual price may differ at the time of placing of the order. Further, any delay in placing orders may delay implementation of the Expansion Project. Such delays may also lead to increase in prices of these equipments further affecting the cost estimates of the Expansion Project. Further the company has not yet identified the premises where it proposes to set up its international offices

4. *Expansion project being substantially funded by the proceeds of the Public Issue*

The expansion is funded substantially from the funds raised through the present public issue and any delay in coming out with the public issue will adversely impact the project of the Company and in turn its profitability. Till date there has been a delay of six months in the schedule of implementation as envisaged.

5. *The Company has not identified the target companies for acquisition.*

The Company has allocated an amount of Rs. 300.00 lacs towards acquisition. Out of which PGSL has acquired CADGIS Consultants in March, 2005 for an amounts of Rs. 96.00 lacs which is 32% of the amount earmarked for the purposes of acquisition. Besides this, the Company has not yet identified any other Company for acquisition.

6. *Risks associated with potential strategic acquisition*

For the growth of the Company, the Company may undertake strategic acquisitions and for this purpose the

Company shall identify suitable investment opportunities and acquisition candidates. Any potential acquisition/alliance could involve specific risks including diversion of management's attention, higher costs, unanticipated events or circumstances, legal liabilities, failure of the business of the acquired company etc, which could have a material adverse impact on the business of the Company, financial conditions and operations of the Company. The Company would also be required to obtain prior approval of RBI and other regulators for any investment outside India and there can be no assurance that such approvals will be obtained in a timely manner or at all.

7. Part of issue proceeds (Rs. 96.00 lacs) is being paid to Mr. Sampath Kumar, Whole Time Director of the Company.

The Company is envisaging Expansion Project to the extent of Rs. 1188.00 lacs. Out of this the company has allocated Rs. 300.00 lacs for the purposes of strategic acquisitions. Towards this objective, PGSL had acquired CADGIS Consultants, a venture promoted by Mr. Sampath Kumar vide the business acquisition agreement dated 03/11/2005 and a subsequent letter dated 23/08/2005 for a consideration of Rs.96.00 lacs to be paid partly by issuing 3,00,000 equity shares of PGSL and balance of Rs.30.00 lacs by cash. The said payment is going to be made to Mr. Sampath Kumar, Whole Time Director of the Company out of the proceeds of the issue.

B. INTERNAL TO THE COMPANYY

1. Technological breakthroughs may render existing infrastructure redundant.

The Information Technology industry is a rapidly evolving sector witnessing new technological breakthroughs which may render the existing technology/infrastructure redundant. The future success of the Company would depend on its ability to anticipate these changes and develop new product and service offered.

2. Retaining skilled professional

The success and the growth of the Company depend to a great extent on its ability to attract, motivate and retain highly skilled manpower. Competition for skilled professional in the industry is intense and that could affect the operations of the Company.

3. Promises Vs Performance

There has been a significant gap in the projections as given in the prospectus dated 30/08/1996 and the actual performance of the company. The detailed break up is as given below:

(Rs. in lacs)

Particulars	Projected		Actual	
	1998	1999	1998	1999
Operating Income	1040.40	1300.50	2.00	7.34
Other Income	24.57	30.71	0.00	0.03
Total Income	1064.97	1331.21	2.00	7.37
Total Operative Expenses	814.91	1013.77	117.48	137.62
Gross Profit/(Loss)	250.06	317.44	(115.48)	(130.25)
Depreciation	42.00	42.00	0.49	0.49
Interest	81.94	89.57	0.00	0.01
Profit/(Loss) before Tax	126.12	185.87	(115.97)	(130.75)
Provision for taxation	19.11	59.04	0.00	0.00
Profit/(Loss) after Tax	107.01	126.83	(115.97)	(130.75)
Dividend Rate (%)	15.00	15.00	Nil	Nil

The company had made a public issue during 1996 for the purpose of setting up a project for the manufacture of food products and mineral water. The company did not receive amount due on calls on the shares issued and thereby the project could not be fully funded and hence the same was not implemented. In view of this fact, the financial performance of the company got a setback and the company incurred losses in the FY 1998 and 1999.

4. *No trading in the equity shares of the Company.*

The equity shares of the Company are listed Bangalore Stock Exchange Ltd.,(BgSE) Madras Stock Exchange Ltd.(MSE) and Ahmedabad Stock Exchange Ltd. (ASE). However, there is no trading in the shares of the Company since the year 2001.

5. *Conflict of Interest*

PGSL and Nirvann Corp, USA are in the similar line of business of providing IT services and solutions. Further Mr. Manish Poddar who is the Chairman and CEO of PGSL is also the sole owner of Nirvann Corp. Hence there could arise situations, which would result in conflict of interest situation.

6. *Risks relating to intellectual property infringement*

The Company relies on a combination of trade secrets, confidentiality procedures and contractual provisions to protect its intellectual property. There are currently no pending or threatened intellectual property claims against the Company. However if it becomes liable to third parties for infringing their intellectual property rights then the Company could be required to pay substantial damages and be forced to develop non – infringing technology or obtain a license.

7. *Disruptions in telecommunications and basic infrastructure could harm the service delivery model, which could result in client dissatisfaction and a reduction in the revenues of the Company.*

The services the Company provides are often critical to the clients business and any failure to provide those services on a timely manner could result in a claim for substantial damages against the Company. Any temporary or permanent loss of equipments or systems or any disruptions to basic infrastructure such as power and telecommunication would impede the Company's ability to provide services to the clients, could expose the Company to liability claims and could have a material adverse effect on the reputation, results of operation, financial conditions and cash flows

8. *There are no standard valuation methodology or accounting practices in the emerging internet related industries. The financial of the issuer are not comparable with the players in the industry.*

9. *Valuations in the software / information technology are presently high and may not be sustained in future and may also not be reflective of future valuations for the industry.*

C. EXTERNAL RISK FACTORS

1. *Lack of skilled manpower*

The IT Industry is human-resource intensive and is dependent on individual skill sets, which may or may not be readily available or replaceable. Low availability of skilled manpower and high rate of employee turn over in the industry will lead to additional cost of investing in employee's retention and training.

2. *Stiff Competition*

The Company faces competition from large established players in the industry. The industry structure is skewed with major part of the business being captured by few large players who can command a premium for the services rendered. This is opposed to the increasing competition and massive price cutting faced by the smaller players. This has rendered small businesses unviable and is responsible for a major shakeout in the industry.

3. *Exchange Rate Fluctuation*

The Company reports its financial results in Rupees, but a significant portion of income has been and will continue to be denominated in US Dollar. The appreciation of the Rupee against the US Dollar would have a material adverse effect on the results of operations

4. *Political Risk*

Political Risk is an inherent risk faced by all the businesses operating on a global scale. Bills passed by various states in the USA opposing the outsourcing of government contracts to firms of developing countries. This is a matter of concern for companies operating in the ITES segment as their profitability may be impacted.

5. *Natural calamities could have a negative impact on the Global economy and cause the business to suffer.*

India and other countries of the world have experienced natural calamities such as earthquakes, tsunami, floods and drought in the past few years. The extent and severity of these natural disasters has an impact on the Global economy. Any negative impact of natural disasters on the Global economy could adversely affect the business and the market price of the Equity Shares.

6. *Sensitivity to the economy and extraneous factors*

The Company's performance is highly correlated to the performance of the economy and the financial markets. The health of the economy and the financial markets in turn depends on the domestic economic growth, state of the global economy and business and consumer confidence, among other factors. Any event disturbing the dynamic balance of these diverse factors would directly or indirectly affect the performance of the Company.

NOTES:

1. Public Issue of 54,00,000 Equity Shares of Rs. 10 each at a price of Rs. 22.00 per equity share for cash aggregating Rs. 1188.00 lacs.
2. The net worth of the Company, as per the financial statements as at December 31, 2005 is Rs. 2012.69 lacs
3. The average cost of acquisition of Equity Shares by the Promoters is as follows:

Mr. Manish Poddar	Rs. 50.00
Mr. PRajkumar	Rs. 1.38

4. Book value of the Equity Shares of the company, as per the financial statements as at December 31, 2005, is Rs. 30.96 per Equity Share.
5. For details on Related Party Transactions refer to the chapter titled "Related Party Transactions" on page 69 of this Prospectus.
6. Investors are free to contact the Lead Managers for any complaints/ information/ clarification pertaining to this Issue.
7. All information shall be made available by the Lead Managers and the company to the public and investors at large and no selective or additional information would be available only to a section of the investors in any manner whatsoever including at road shows, presentations, in research or sales reports etc.
8. Investors are advised to refer to the paragraph on "Basis of Issue Price" on page 24 of this Prospectus before making an investment in this Issue.

PART I
SECTION II: INTRODUCTION
SUMMARY

INDUSTRY BACKGROUND

The Indian IT industry includes hardware, peripherals, networking, training, domestic and export market for software and services and BPO. The industry can be divided into three broad categories – hardware, software and services and training.

IT Services Outsourcing is increasingly a strategic, company-wide initiative and viewed less as an operational IT issue. While the biggest drivers of outsourcing historically were lowering costs and gaining efficiencies the companies today are looking for business impact such as improved quality and reduced time to market, in addition to bottom line results.

Organizations are turning to outsourcers for a wider array of IT services than in the past. Companies first started outsourcing with IT infrastructure, website hosting, and business process application development and help desk support, and have expanded the list of IT services that are outsourced to include networking and communications and data center operations.

Current dynamics of the global IT solutions and services markets

The role of IT has evolved from simply supporting business enterprises to enabling them to meet their business objectives. To succeed in today's marketplace, companies must respond rapidly to market trends, create new business models and improve productivity.

In order to improve their return on investments, IT departments of many companies have placed a greater emphasis on lowering costs and improving performance by accessing the latest technology expertise and accelerating the delivery of new systems and solutions. To accomplish these objectives, many IT departments have shifted all or a portion of their IT development, integration and maintenance requirements to outside IT vendors that provide high quality, timely and cost-effective solutions and services. This outsourcing enables companies to eliminate or reduce the large in-house IT staff otherwise required to evaluate, implement and manage IT initiatives, thereby reducing their present and future investment requirements.

Increasing trend towards leveraging offshore delivery capabilities

To attain high quality IT solutions and services at a lower cost, companies are turning to providers with a global delivery model that combines onsite client teams with offshore delivery centres. IT vendors with offshore delivery capabilities that are able to offer products and services at a lower total cost of ownership are increasingly being preferred by clients globally, for the quality of their services, their responsiveness to clients and their on-time delivery capabilities. India has been recognized as a leading destination for offshore technology services. In June 2004, the Gartner Strategic Analysis Report indicated that through 2008 India may remain a dominant offshore service provider. A NASSCOM-KPMG report published in 2004 indicated that the total Indian IT services and IT-enabled services export market was nearly \$10 billion in 2003 and is projected to grow to \$49 billion by 2009, representing a compound annual growth rate of approximately 30%. There are several key factors contributing to this growth. These include:

- High quality delivery capabilities of Indian organizations;
- Accelerated delivery through round-the-clock execution for global clients;
- Significant cost savings; and
- A large pool of skilled IT professionals.

COMPANY BACKGROUND

Powersoft Global Solutions Limited (PGSL) was originally incorporated on 4/11/1992 as Bhandari Food Flavours Limited and the name of the Company was changed to Powersoft Global Solutions Limited (PGSL) w.e.f. 13/03/2000.

PGSL is in the business of IT solutions & services. The range of specialized service offerings by the Company includes application development, application maintenance, enterprise application integration, software product development,

engineering outsourcing, GIS solutions development, RFID solutions, research and development services, and business process outsourcing. The most valuable strengths of the Company are its strong and reliable relationships with its clients and its ability to manage and provide quantifiable results that ensure client satisfactions.

COMPETITIVE STRENGTHS

- ***Domain specific service offerings***

The Company has invested in developing an understanding of its clients' domain and worked hard to adapt the latest available technologies to its customers' needs. With the wide-ranging experience in manufacturing, retail, utilities and other industries, the Company is able to precisely identify and provide best-in-breed solutions that are helpful in solving everyday business problems faced by its customers in these industries.

- ***Ability to successfully offer latest technology solutions***

The Company is one of the few Indian IT providers to offer comprehensive offerings in RFID (radio-frequency identification) space, which is one of the fastest growing industries in the world today. PGSL's investments in the RFID area have allowed the Company to offer the latest RFID implementation solutions. With the initiatives taken on RFID by large corporations like Wal-mart, and by the Department of Defense of the US, the Company believes that RFID will be a factor in its immediate growth.

- ***India based operations model***

Being based out of India provides PGSL the benefit of operating a highly professional organization at relatively lower costs than the competitors located in other countries. It also gives access to a vast pool of English speaking scientific professionals whose salaries are considerable lower than of similarly educated and experience professionals in other countries.

- ***Reliable relationships with customers***

The Company has built trustworthy partnerships with its main customers by providing predictable cost, time and resource usage. The Company works with the clients more as a partner than a vendor. The Company expects its past record with the clients to encourage its customers to keep providing it with repeat orders.

- ***Experienced management team***

Several of PGSL's senior management and employees have established reputation in the industry. The Company's core people help conceptualize, design and develop solutions and services that help solve the business challenges faced by its customers. The Company has also collected domain experts, technology services and sales and marketing teams with demonstrated record.

SUMMARY OF FINANCIAL DATA
STATEMENT OF PROFITS AND LOSSES

(Rs. in lacs)

Particulars	Period Ended 30.6.2001 (15 months)	Period Ended 30.09.2002 (15 months)	Year Ended 30.9.2003	Year Ended 30.09.2004	Year Ended 30.09.2005	First Quarter Ended 31.12.2005
INCOME						
Software Sales & services	73.66	8.14	317.48	513.46	667.45	141.73
Other Income	0.27	0.10	0.15	-	0.35	-
Total	73.93	8.24	317.63	513.46	667.80	141.73
EXPENDITURE						
Cost of Revenue	39.01	4.36	235.25	386.47	466.33	96.75
Administration & Selling Expenses	29.78	3.64	15.87	17.97	51.19	12.85
Financial Charges	0.01	0.01	-	-	-	-
Depreciation	0.13	0.13	0.54	25.11	30.01	8.66
Total	68.93	8.14	251.66	429.55	547.53	118.26
Profit before Non Operative Losses	5.00	0.10	65.97	83.91	120.28	23.47
Non Operative Losses / Bad Advances Written Off	65.85	-	-	-	-	-
Profit /(Loss) For The Period/Year	(60.85)	0.10	65.97	83.91	120.28	23.47
Provision for Taxation	-	-	-	-	-	-
Profit after Tax	(60.85)	0.10	65.97	83.91	120.28	23.47
Balance of loss B/f from previous year	264.07	324.92	324.82	258.85	174.94	54.67
Balances of loss carried over to Balance sheet	324.92	324.82	258.85	174.94	54.67	31.19
Earning Per Shares: Basic/diluted (equity shares, par value Rs.10/- each)	-	-	1	1.29	1.85	1.45

STATEMENT OF ASSETS AND LIABILITIES

(Rs. in lacs)

	Particulars	2000-01 15 months	2001-02 15 months	2002-03	2003-04	2004-05	First Quarter Ended 31.12.2005
A	Fixed Assets :						
	Gross Block	1.70	1.70	8.60	194.93	274.03	274.85
	Less Depreciation	0.70	0.83	1.38	26.48	56.49	65.15
	Net Block	1.00	0.87	7.22	168.45	217.54	209.70
	Less : Revaluation Reserve	0.00	0.00	0.00	0.00	0.00	0.00
	Net Block after adjustment for Revaluation Reserve	1.00	0.87	7.22	168.45	217.54	209.70
B	Investments	1678.87	1678.87	1678.87	1678.87	1678.87	1678.87
C	Current Assets, Loans and Advances :	39.91	40.99	116.37	96.46	157.48	186.21
D	Liabilities and Provisions :						
	Secured Loans	0.00	0.00	0.00	0.00	0.00	0.00
	Unsecured Loans	0.00	0.00	0.00	0.00	0.00	0.00
	Current Liabilities and Provisions	0.81	1.66	17.42	74.83	64.66	62.08
E	Networth Represented by						
	1. Share Capital	650.05	650.05	650.05	650.05	650.05	650.05
	2. Reserves	1,068.92	1,069.02	1,134.99	1,218.90	1284.51	1362.65
	Less Revaluation Reserve	0.00	0.00	0.00	0.00	0.00	0.00
	Reserves (Net of Revaluation Reserves)						
	Networth	1718.97	1719.07	1785.04	1868.95	1934.56	2012.69

Accounting Ratios

Particulars	2000-01 15 months	2001-02 15 months	2002-03	2003-04	2004-05	First Quarter Ended 31.12.2005
Earning per Share (EPS) (Rs.)	-	-	1	1.29	1.85	1.45
Net Asset Value (NAV) (Rs per share)	26.44	26.44	27.45	28.75	30.60	30.96
Return on Net Worth (RONW) (%)	-	0.01	3.70	4.49	6.05	4.68

THE ISSUE

Type of Issue	Type of Instrument	No. of equity shares	Face Value (Rs.)	Issue Price (Rs.)	Consideration
Public Issue	Equity Shares	54,00,000	10/-	22/-	Cash

ISSUE BREAK-UP

Equity Shares offered	54,00,000	Equity Shares
Reserved for firm allotment to Mr. Sampath Kumar	3,00,000	Equity Shares
Reserved for allotment to Employees/Directors	2,70,000	Equity Shares
Reserved for firm allotment to the Merchant Banker (Centrum Capital Limited)	10,000	Equity Shares
Reserved for allotment to NRI's/FII's	10,80,000	Equity Shares
Reserved for allotment to Banks/Mutual Funds/ Indian Financial Institution	10,80,000	Equity Shares
Net Issue to the public	26,60,000	Equity Shares
Equity shares outstanding prior to the Issue	65,00,533	Equity Shares
Equity shares outstanding after the issue	1,19,00,533	Equity Shares

Use of proceeds:

Please see section entitled "Objects of the Issue" on page no. 17 of this Prospectus

ISSUE PROGRAM

ISSUE OPENS ON	: THURSDAY, MARCH 23, 2006
ISSUE CLOSES ON	: WEDNESDAY, MARCH 29, 2006

GENERAL INFORMATION

POWERSOFT GLOBAL SOLUTIONSLIMITED

Registered Office	:	A-313, Block III, KSSIDC Complex, STPI, Electronic City. Hosur Road, Bangalore – 560100 Tel: (080) 28522179/28522702; Fax: (080) 28521147 Website:www.powersoftglobal.net E-mail: pgsi@powersoftglobal.net
Address of the Registrar of the Company	:	Registrar of Companies, 2nd Floor, E-Wing, Kendriya Sadan, Koramangala, Bangalore-560034
Registration Number	:	13673

The Board of Directors of the PGSL comprises of:

Name	Designation	Status
Mr. Manish Poddar	Chairman and Chief Executive Officer	Executive and Non-Independent
Mr. P. Rajkumar	Director	Non-Executive and Non-Independent
Mr. K.K. Prithviraj	Director	Non-Executive and Independent
Ms. Micaela Scarchilli	Director	Non-Executive and Independent
Mr. U. Sampath Kumar	Whole Time Director	Executive and Non Independent
Mr. Prakash Sharma	Director	Non-Executive and Independent

- **Mr. Manish Poddar** (32 years) is an American citizen and steers the business of Powersoft Global Solutions Ltd. He came on board of PGSL in 2001. Presently he is the Chairman and the Chief Executive Officer of the Company. He has over a decade of experience in the IT industry. He directs overall corporate strategy of PGSL and has grown the Company by establishing strong relationships with key customers. Under his leadership, PGSL's customer base has grown and includes several industry leaders and world-renowned corporations.
- **Mr. P. Rajkumar** (33 years) is a graduate in Commerce. He has over 8 years of experience in the IT industry. He is in-charge of corporate development, business development and product management in the company. He is skilled at planning and executing aggressive partnership strategies with emerging companies in niche market segments.
- **Mr. K.K. Prithviraj** (40 years) is an Engineering Graduate who has used his rich professional experiences to play a part in developing the next generation of business leaders and has contributed as a speaker at several leading universities. He has had an illustrious career in several key leadership positions with distinguished organizations like BHEL. His past experience has been at various high level positions such as a profit center head, joint managing director and others where he has contributed extensively to the operations, planning, and implementation of large-scale engineering projects.
- **Ms. Micaela Scarchilli** (34 years) is a Graduate in design and retail management from the Fashion Institute of Technology, New York. Ms. Scarchilli started her career as a celebrated designer at Tiffany's, one of the most established brands in the world. Throughout her career, Ms. Scarchilli has been bestowed with several awards and honors from leading authorities in admiration for her exemplary track record in the design industry. Ms. Scarchilli is the founder and president of Newbury Designs, a highly successful fashion design firm where she has conceptualized and established various industry-leading brands and has cemented multi-million dollar alliances with top-level retailers in Europe, Japan, and North America.
- **Mr. U. Sampath Kumar** (67 years) has over 30 years of experience in the IT Industry and has held various senior positions in software companies. Before he founded CADGIS Consultants, he was the President of Tomahawk Software India Pvt. Ltd where he was instrumental in securing millions of dollars in US government BPO projects during the nascent stages of the Indian BPO industry. He was also the Vice President of an Indo-Canadian GIS Public Limited Company for seven years. Mr. Sampath Kumar is a Graduate in Physics and Mathematics from University of Madras, is a Post Graduate in Automation and

Instrumentation from MIT, Madras and has also done his Post Graduation in Management from Bajaj Institute of Higher Management, Mumbai.

- **Mr. Prakash Sharma**, (68 years) is an academican with a rich background with renowned faculties at educational institutions in the USA. Throughout his life, he has been an advisor to international aid organizations and has been actively involved in various initiatives that have strived to aid the developing economies around the world. He has done B.Sc. and M.S. in Economics from Agra University and also holds a degree in M.S. (Economics) from University of Guilch at Ontario, CA. He has done his Ph.D. in Sociology from University of Georgia.

ISSUE MANAGEMENT TEAM

Company Secretary and Compliance Officer

Mr. J V Shivprakash

Company Secretary

A-313, Block III, KSSIDC Complex,
STPI, Electronic City, Hosur Road,
Bangalore - 560100

Tel: (080) 28522179 / 28522702

Fax: (080) 28521147

E-mail: pgs1@powersoftglobal.net

Investors can contact the Compliance Officer or the Registrar in case of any post-issue related problems such as non-receipt of letter of allotment / refund orders / demat credits etc.

Banker to the Company

Karnataka Bank Ltd

Kasturbha Road

Tel: 2220142, 2270617

Fax: 2270617

Lead Manager To The Issue

KEYNOTE

CORPORATE SERVICES LTD

KEYNOTE CORPORATE SERVICES LIMITED

307, Regent Chambers,

Nariman Point,

Mumbai – 400 021

Tel: (022) 22025230, Fax: (022) 22835467

E-mail: mbd@keynoteindia.net

Sebi Regn No: INM 000003606

Contact Person: Ms. Kavita Nachnani

Co-Lead Manager To The Issue

CENTRUM

CENTRUM CAPITAL LTD.

Khetan Bhawan, 5th floor

198, J. Tata Road, Churchgate

Mumbai 400 020

Tel : (022) 22023838

Fax : (022) 22046096

Email : powersoft@centrum.co.in

Sebi Regn No. INM 000010445

Contact Person: Mr. Mayank Dalal

Registrars to the Issue



Bigshare Services Private Limited

E/2, Ansa Industrial Estate, Saki Vihar Road,
Sakinaka, Andheri(E), Mumbai – 400 072.

Tel.:(022) 2847 0652/0653

Fax: (022) 2847 5207

E-mail : ipo@bigshareonline.com

Contact Person: Mr. Mallah

Bankers to the Issue

UTI Bank Ltd.

Universal Insurance Bldg.

Ground Floor,

Sir. P. M. Road, Fort

Mumbai.

Tel : (022) 2283 5782/ 84 /86

Fax : (022) 2283 5785

ICICI Bank Limited

Capital Markets Division

30, Mumbai Samachar Marg,

Fort, Mumbai – 400 001.

Tel : (022) 2265 5285

Fax : (022) 2261 1138

Brokers to the Issue

All the brokers registered with SEBI will be brokers to the said issue of Equity Shares.

Auditors to the Company

H C Gulecha & Co.

Chartered Accountants

35, Annapporna Complex,

II Floor, Southend Road

Basavangudi,

Bagalore – 560004

Tel: (080) 51312289

Fax: (080) 26342193

CREDIT RATING/DEBENTURE TRUSTEE

This being a Public Issue of Equity Shares, no Credit Rating or appointment of Debenture Trustee is required.

UNDERWRITING/ STANDBY SUPPORT

The present Public Issue is not underwritten

INTER-SE ALLOCATION OF RESPONSIBILITY

The responsibilities and co-ordination for various activities in this Issue to be carried out by the Lead Managers is given below:-

Sr. No.	Activity	Responsibility	Coordinator
A.	i) Capital Structuring with relative components and formalities such as composition of debt equity, type of instruments, etc.	Keynote & Centrum	Keynote
	ii) Structuring of the issue instrument	Centrum	
B.	i) Offer document – draft and design of offer document, due diligence and completion of formalities with Stock Exchange, SEBI and Registrar of Companies.	Keynote	Keynote
	ii) Selection of Ad agencies, design of statutory advertisement and press releases		
C.	i) Marketing of the Issue, which will cover, interalia formulating of marketing strategies, preparation of publicity budget, arrangement for Ad Media Centres of holding conferences of Brokers, Investors etc, and Bankers to the Issue.	Centrum	Centrum
	ii) Running the book, coordinating the pricing strategy and deciding the allocation, tying up underwriting arrangement, distribution of publicity and issue material including application form, prospectus and brochure, and deciding on the quantum of issue material.	Not Applicable	Not Applicable
D.	Selection of various agencies connected with the issue such as Registrars to the Issue, Printers and Brokers.	Keynote & Centrum	Keynote
E.	Selection of Bankers to the Issue, collection centres	Centrum & Keynote	Centrum
F.	Follow up with Bankers to the issue on collections and advising the issuer about closure of the issue based on correct figures	Centrum	Centrum
G.	Post issue activities will involve submission of statutory reports, essential follow up steps including finalization of basis of allotment, listing of instrument and dispatch of certificates and refunds, coordination with various agencies connected with the work such as registrars to the issue, bankers to the issue and the bank handling the refund business. Even if many of these activities will be handled by other intermediaries, the designated Lead Manager shall be responsible for ensuring that these agencies fulfill their functions and enable to discharge this responsibility through suitable agreement with the issue company.	Centrum	Centrum

CAPITAL STRUCTURE

Particulars		Nominal Value (Rs.)	Premium (Rs.)	Total Amount (Rs.)
A	AUTHORISED 1,20,00,000 equity shares of Rs. 10/- each	12,00,00,000	-	12,00,00,000
B	ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL 65,00,533 equity shares of Rs. 10/- each	6,50,05,330	13,40,34,534	19,90,39,864
C	PRESENT PUBLIC ISSUE 54,00,000 equity shares of Rs. 10/- each being offered at a premium of Rs. 12/- per share aggregating to Rs. 1188.00 lacs	5,40,00,000	6,48,00,000	11,88,00,000
D	OUT OF THE PRESENT ISSUE i. 3,00,000 equity shares of Rs. 10/- each at a premium of Rs. 12/- per share are reserved on firm allotment basis to Mr. Sampath Kumar, CADGIS Consultants. ii. 10,000 equity shares of Rs. 10/- each at a premium of Rs. 12/- per share are reserved on firm allotment basis for allotment to the Merchant Banker (Centrum Capital Limtied)	30,00,000 1,00,000	36,00,000 1,20,000	66,00,000 2,20,000
E	RESERVATION ON COMPETITIVE BASIS i. 2,70,000 equity shares of Rs. 10/- each at a premium of Rs. 12/- per share are reserved for allotment to Employees/Whole Time Director on competitive basis ⁽¹⁾ ii. 10,80,000 equity shares of Rs. 10/- each at a premium of Rs. 12/- per share are reserved for NRIs/FIIs on competitive basis. iii. 10,80,000 equity shares of Rs. 10/- each at a premium of Rs. 12/- per share are reserved for Banks, Mutual Funds & Indian Financial Institutions on competitive basis.	27,00,000 1,08,00,000 1,08,00,000	32,40,000 1,29,60,000 1,29,60,000	59,40,000 2,37,60,000 2,37,60,000
E	NET OFFER TO PUBLIC 26,60,000 equity shares of Rs. 10/- each at a premium of Rs. 12/- per share in terms of the Prospectus	2,66,00,000	3,19,20,000	5,85,20,000
F	TOTAL PAID UP CAPITAL AFTER THE PUBLIC ISSUE 1,19,00,533 equity shares of Rs. 10/- each	11,90,05,330	19,88,34,534	31,78,39,864
G	SHARE PREMIUM ACCOUNT Before the Public Issue After the Public Issue	-	13,40,34,534 19,88,34,534	-

⁽¹⁾ The employee reservation of 2,70,000 equity shares reserved for allotment to employees/directors includes the promoter director.

Note:

- i. Undersubscribed portion in any reserved category may be added to any other reserved category
- ii. The unsubscribed portion, if any, after such inter se adjustments amongst the reserved category shall be added back to the net offer to the public.
- iii. In case of undersubscription in the net offer to the public portion, spillover to the extent of undersubscription shall be permitted from the reserved category to the net offer to the public.
- iv. Changes in the authorized capital since inception are as follows:

Date of resolution	Authorised Capital Increased From	Authorised Capital Increased to
At Incorporation	-	1,00,000 equity shares of Rs. 10/- each aggregating to Rs. 10.00 Lacs
16/08/1995	1,00,000 equity shares of Rs. 10/- each aggregating to Rs. 10.00 Lacs	32,50,000 equity shares of Rs. 10/- each aggregating to Rs. 325.00 Lacs
19/02/1996	32,50,000 equity shares of Rs. 10/- each aggregating to Rs. 325.00 Lacs	60,00,000 equity shares of Rs. 10/- each aggregating to Rs. 600.00 Lacs
20/02/2001	60,00,000 equity shares of Rs. 10/- each aggregating to Rs. 600.00 Lacs	70,00,000 equity shares of Rs. 10/- each aggregating to Rs. 700.00 Lacs
25/06/2005	70,00,000 equity shares of Rs. 10/- each aggregating to Rs. 700.00 Lacs	1,20,00,000 equity shares of Rs. 10/- each aggregating to Rs. 1200.00 Lacs

Notes to the Capital Structure:

1. Details of present Equity Share Capital of the Company are as follows:

Date of Allotment/ Forfeiture	Face Value (Rs.)	Issue Price (Rs.)	No. of Shares	Cumulative No. of shares	Nature of allotment	Consideration	Percentage to Post Issue Capital (%)
04/11/1992	10.00	10.00	700	700	Allotment to promoters, directors, their friends, relatives and associates	Cash	0.01
25/04/1994	10.00	10.00	5,300	6,000		Cash	0.04
18/10/1995	10.00	10.00	1,95,500	2,01,500		Cash	1.64
20/11/1995	10.00	10.00	2,30,200	4,31,700		Cash	1.93
15/12/1995	10.00	10.00	1,73,900	6,05,660		Cash	1.46
31/01/1996	10.00	10.00	2,19,400	8,25,000	Cash	1.84	
10/07/1996	10.00	10.00	12,75,000	21,00,000	Cash	10.71	
10/07/1996	10.00	10.00	30,15,400	51,15,400	Public issue	Cash	25.34
30/10/1999	10.00	-	(20,22,600)	30,92,800	Forfeiture of shares		(17.00)
30/06/2001	10.00	50.00	50,000	31,42,800	Allotment to Nirvann Corp. U.S.A. on preferential basis*	Cash	0.42
30/06/2001	10.00	50.00	33,57,733	65,00,533	Allotment to Nirvann Corp. U.S.A. on preferential basis*	Stock Swap	28.21
TOTAL			65,00,533			1,19,00,533	54.62

*Note: M/s Ishwar and Gopal, Chartered Accountant the then Statutory Auditors of the Company have vide their letter dated 24/04/2001 certified that the issue price is not lower than the price arrived at as per the guidelines for pricing of issues, issued by SEBI in respect to preferential allotment as on the relevant date which is January 19, 2001

2. Promoters holding and Lock-in Provisions

Promoters holding

Name of Promoter	Date of allotment & Fully Paid-up/ Acquisition / Sale	Consideration	No. of shares	Face Value (Rs.)	Issue Price (Rs.)	% to post issue capital	
P. Rajkumar	11/09/2000	Cash	1250000	10.00	1.00	10.50	
	08/04/2000	Cash	440600	10.00	1.00	3.70	
	11/09/2000	Cash	576400	10.00	2.50	4.84	
	23/12/2002	Cash	(900000)	10.00	14.97	(7.56)	
	Sub total			13,67,000			11.48
Manish Poddar	30/06/2001	Cash	50000	10.00	50.00	0.42	
		Stock Swap	3357733	10.00	50.00	28.22	
	Sub total			34,07,733			28.64
	Total			47,74,733			40.12

Lock-in of Promoter holding

Name of Promoter	Date of allotment & Fully Paid-up	Consideration	No. of shares	Face Value (Rs.)	Issue Price (Rs.)	% to post issue capital	Lock –in Upto
Manish Poddar	30/06/2001	Stock Swap	14,50,000	10.00	50.00	12.18	3 years
P. Rajkumar	11/09/2000	Cash	3,53,707	10.00	1.00	2.98	3 years
P. Rajkumar	08/04/2000	Cash	5,76,400	10.00	2.50	4.84	3 years
TOTAL			23,80,107			20.00	

A specific written consent has been obtained from the respective shareholders for inclusion of their subscription in the minimum promoter's contribution subject to lock-in. Lock-in period will commence from date of allotment in this issue. The company has reserved 3,00,000 equity shares of Rs.10/- for Mr. Sampath Kumar, the Whole Time Director of the Company and 10,000 equity shares out of the present issue for the Merchant Banker (Centrum Capital Limited). The shares to be allotted to Mr. Sampath Kumar and to the Merchant Banker would be locked in for a period of one year from the date of allotment. The subscription from all the firm allottees should be received one day before the opening of the issue. The persons (excepting shareholders and employees of the company) to whom firm allotment have been made in the present issue cannot make applications in the public offer category.

Note:

Shares held by promoter(s) which are locked in, may be transferred to and amongst promoter/promoter group or to a new promoter or persons in control of the Company, subject to continuation of lock-in in the hands of transferees for the remaining period and compliance of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations 1997, as applicable.

Equity Shares of promoters, locked in may be pledged only with banks or financial institution as collateral security for loans granted by such banks or FIs provided the pledge of shares is one of the terms of sanction of loan.

The securities which are subject to lock-in shall carry inscription 'non transferable' alongwith the duration of specified non-transferable period mentioned in the face of the security certificate.

3. The promoters' contribution has been brought in to the extent of not less than the specified minimum and from persons defined as promoters under the Guidelines.
4. No payment, direct or indirect in the nature of discount, commission allowance or otherwise shall be made by the Issuer Company or the promoter to the persons who receive firm allotment in the issue.
5. The Company has not issued any warrant, option, convertible loan, debenture or any other securities convertible at a later date into equity, which would entitle the holders to acquire further equity shares of the Company.
6. The Company/Promoters/Directors/Lead Merchant Bankers have not entered into buyback or similar arrangements for purchase of securities issued by the Company.
7. An oversubscription to the extent of 10% of the Issue can be retained for the purpose of rounding off while finalizing the basis of allotment.
8. Allotment shall be on a proportionate basis rounded off to the nearest integer subject to the minimum allotment being equal to the minimum application size. In case of over-subscription the proportionate allotment will be subject to the reservation for Retail Individual Investors as below:-
 - a) A minimum of 50% of the net offer to the public will initially be made available for allotment to retail individual investors.
 - b) The balance net offer to the public shall be made available for allotment to applicants other than retail individual investors.
9. The ten largest shareholders as on the date of filing of the Prospectus with ROC are as follows:

Sr. No.	Name of the Shareholder	Number of Shares	% of issued Capital
1	Manish Poddar	3407733	52.42%
2	P. Rajkumar	1367000	21.03%
3	Ravi G	50800	0.78%
4	Krishna Singh	50000	0.77%
5	Samir R. Shah	50000	0.77%
6	Ajit Padamkumar Vasa	50000	0.77%
7	Vipul Ramesh	50000	0.77%
8	Heena Vipul Vora	50000	0.77%
9	Hemanth Kumar	49100	0.76%
10	Jony Jose	49000	0.75%
	TOTAL	51,26,433	78.85%

10. The ten largest shareholders 10 days prior to the date of filing of the Prospectus with ROC are as follows:

Sr. No.	Name of the Shareholder	Number of Shares	% of issued Capital
1	Manish Poddar	3407733	52.42%
2	PRajkumar	1367000	21.03%
3	Ravi G	50800	0.78%
4	Krishna Singh	50000	0.77%
5	Samir.R.Shah	50000	0.77%
6	Ajit Padamkumar Vasa	50000	0.77%
8	Heena Vipul Vora	50000	0.77%
7	Vipul Ramesh	50000	0.77%
9	Hemanth Kumar	49100	0.76%
10	Jony Jose	49000	0.75%
	TOTAL	51,26,433	78.85%

11. The ten largest shareholders two years prior to the date of filing of this Prospectus with ROC are as follows:

Sr. No.	Name of the Shareholder	Number of Shares	% of issued Capital
1	Manish Poddar	3407733	52.42%
2	PRajkumar	1367000	21.03%
3	Ravi G	50800	0.78%
4	Krishna Singh	50000	0.77%
5	Samir.R.Shah	50000	0.77%
6	Ajit Padamkumar Vasa	50000	0.77%
8	Heena Vipul Vora	50000	0.77%
7	Vipul Ramesh	50000	0.77%
9	Hemanth Kumar	49100	0.76%
10	Jony Jose	49000	0.75%
	TOTAL	51,26,433	78.85%

12. Total number of shareholders as on date is 350.

13. The shareholding pattern of the promoter group is as detailed below:

Particulars	Present		Post Issue*	
	No. of Equity Shares of Rs. 10/- each	% of Present Capital	No. of Equity Shares of Rs. 10/-each	% of post Issue capital
a) Promoters/Directors	47,74,733	73.45	50,74,733*	42.64
b) Immediate relatives of promoter/ Director (Spouse, parent, child, brother, sister)	Nil	Nil	Nil	Nil
c) Company in which 10% or more of the share capital is held by the promoter his immediate relative firm or HUF in which the promoter or his immediate relative is a member	Nil	Nil	Nil	Nil
d) Company in which the Company mentioned in (c) above holds 10% or more of the share capital	Nil	Nil	Nil	Nil
e) HUF in which aggregate share of the promoter and his immediate relatives is equal or more than 10% of the total	Nil	Nil	Nil	Nil
TOTAL	47,74,733	73.45	50,74,733	42.64

*Includes 3,00,000 Equity Shares of Rs.10/- each allotted to Mr. Sampath Kumar, Whole Time Director

Note: The post-issue shareholding of promoter director and director does not include Equity Shares that may be allotted to them under the Employee Reservation Portion of the Issue, which can be determined only after the allotment of Equity Shares pursuant to this Issue.

14. The pre and post offer shareholding pattern of the Company is given below:-

Particulars	Pre Issue		Post Issue	
	No. of equity shares	% to present share capital	No. of equity shares	% to Post Issue share capital
Promoter/directors & other persons in promoter group				
● Indian Promoters/Directors	13,67,000	21.03	16,67,000*	14.00
● Foreign Promoter	34,07,733	53.42	34,07,733	28.64
Sub-Total	47,74,733	73.45	50,74,733	42.64
Financial Institutions/ Banks/ Mutual funds	Nil	Nil	} 68,25,800	57.36
Private Corporate Bodies	17,300	0.26		
Indian Public	17,08,500	26.29		
NRIs	Nil	Nil		
Total	65,00,533	100.00	1,19,00,533	100.00

*Includes 3,00,000 Equity Shares of Rs.10/- each allotted to Mr. Sampath Kumar, Whole Time Director

Note: The post-Issue shareholding of promoter director and director does not include Equity Shares that may be allotted to them under the Employee Reservation Portion of the Issue, which can be determined only after the allotment of Equity Shares pursuant to this Issue.

15. There are no transactions in the securities of the Company during preceding 6 months which were financed directly or indirectly by the promoters, their relatives, their group companies or associates or by the above entities directly or indirectly through other persons.
16. The Equity Shares will be issued and traded on the stock exchange only in dematerialised form. Hence the market lot of the equity shares is 1 (One share).
17. At any given time there shall be only one denomination for the shares of the Company and the disclosures and accounting norms specified by SEBI from time to time shall be complied with.
18. The company shall not make any further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or public issue or in any other manner during the period commencing from the submission of the Prospectus to SEBI for the Public Issue till the securities referred in the aforesaid have been listed.
19. The company does not propose to alter the capital structure by way of split or consolidation of the denomination of the shares or the issue of shares on a preferential basis or issue of bonus or rights or further public issue of shares or any other securities within a period of six months from the date of opening of the present issue. However, if business needs of the company so require, the company may alter the capital structure by way of split/ consolidation of the denomination of the shares/ issue of shares on a preferential basis or issue of bonus or rights or public issue of shares or any other securities whether in India or abroad during the period of six months from the date of listing of the Equity Shares issued under this Prospectus or from the date the application moneys are refunded on account of failure of the Issue, after seeking and obtaining all the approvals which may be required for such alteration.

OBJECTS OF THE ISSUE

The objects of the issue includes:

- Upgradation of existing infrastructure facilities
- To set-up a R&D center
- To meet the expenses of Overseas Marketing
- To meet the costs of strategic acquisitions
- To meet the Working Capital requirement
- To meet the public issue expenses.

The main objects and objects incidental or ancillary to the main objects set out in the Memorandum of Association enable the Company to undertake the existing activities and the activities for which funds are being raised by them through this Issue. In view of the highly competitive and dynamic nature of the industry segments the company operates in, the company may have to revise the business plans from time to time and consequently the fund requirements may also change. In case of any variations in the actual utilization of funds earmarked for the above activities, increased fund deployment for a particular activity will be met from internal accruals of the company. The balance proceeds, if any, will be used for growth opportunities and general corporate purposes.

FUNDS REQUIREMENT/COST OF PROJECT

The Company plans to extend its marketing efforts by investing in new offices abroad and upgrade its present infrastructure. The Company also intends to set-up an R&D center to develop innovative solutions for the domains that it has experience in. This will enable the Company to create & sell new service to existing clients. The Company has also recently acquired CADGIS Consultants and is in the process of identifying other synergistic acquisitions that fits its strategic game plan.

(Rs. in lacs)

Particulars	Funds requirements
Upgradation of existing infrastructure facilities	262.00
Set-up Research and Development Center	80.00
International Marketing activities	251.00
Investments and acquisitions	300.00
Working capital requirement	220.00
Public issue expenses	75.00
Total	1188.00

MEANS OF FINANCE

(Rs in Lacs)

Sr. No.	Particulars	Funds requirements
1	Proceeds of Public Issue of 54,00,000 equity shares at a price of Rs. 22/- per share.	1188.00
	Total	1188.00

DEPLOYMENT OF FUNDS

The Company has received the Sources and Deployment Funds Certificate dated February 21, 2006 from H.C. Gulecha & Co. Chartered Accountants and Statutory Auditors of the Company. The certificate states that the Company has as at February 21, 2006, deployed amounts aggregating Rs. 10,37,097. Details of the sources and deployment of funds as per the certificate are as follows:

Sl.No.	Particulars	Amount (Rs.)
1.	Consultancy Charges	46,000
2.	Legal Fees	11,250
3.	Professional Fees	10,000
4.	Directors Traveling Expenses	1,69,847
5.	Advance Paid to Lead Managers	5,50,000
6.	Amount paid to ROC for increase in Authorised Capital	2,50,000
	TOTAL	10,37,097

The total issue expense for the issue will be borne out of the issue proceeds. However, the Company has spent an amount of Rs. 10,37,097 till date towards Issue Expenses which is funded through internal accruals for the time being.

SCHEDULE OF IMPLEMENTATION / UTILIZATION OF ISSUE PROCEEDS

Since the entire issue proceeds will be deployed in the FY 2006-2007 year wise break up of the expenditure of to be incurred on the project cannot be ascertained. The schedule of implementation is given below:

Sr. No.	Particulars	Start date	End Date
1	Infrastructure Upgradation	May 2006	July 2006
2	Research and Development Center	June 2006	August 2006
3	International Marketing activities	May 2006	May 2007
4	Investments and acquisitions	Already commenced	On going process

DETAILED BREAK UP OF FUNDS REQUIREMENTS

- **Upgradation of Infrastructure facilities**

The Company proposes to expand its present activities and for that purpose, upgrade its infrastructure facilities. The Company would be taking on lease premises admeasuring around 20,000 sq ft for its operations wherein around 200 personnel will be employed. The Company has estimated an amount of Rs. 70 lacs towards interest free deposit for the said premises. The other cost for upgradation would be around Rs. 192 lacs which is detailed herein below.

ITEM	Number	Cost (Rs. In lacs)	Name Address of the supplier and the date of the quotation*
Computers and Software <ul style="list-style-type: none"> • Computer • Software • Peripherals 	200	70.00 20.00 5.00	Auro Business Systems No.15, 1 st Floor, 1 st Cross, Next to Food World, R.T. Nagar, Bangalore - 560 032. Date of the quotation: 21/06/2005 and 22/06/2005

ITEM	Number	Cost (Rs. In lacs)	Name Address of the supplier and the date of the quotation*
Furniture and Fixtures			
<ul style="list-style-type: none"> Work Stations Cabins, Training rooms, Conference rooms etc 	200 -	35.00 15.00	JCM Furnishing & Electrical Contractors No.38, 4 th Cross, 3 rd Block Jayanagar, Bangalore – 560011 Date of the quotation: 25/06/2005
Networking and Electrical			
<ul style="list-style-type: none"> Networking of Computers Electrical fittings Generator 		13.00 26.00 8.00	JCM Furnishing & Electrical Contractors No.38, 4 th Cross, 3 rd Block Jayanagar, Bangalore – 560011 Date of the quotation: 25/06/2005
TOTAL		192.00	

* The company has relied on these quotations to ascertain the cost of the project. However, the suppliers will be decided at the appropriate time.

- Set-up Research and Development Centre**

The Company plans to set up a separate Research and Development center in order to improve their services in the chosen areas. Though R & D on going activity, the Company proposes to set up the R&D activity as a separate cost center. The estimated expense towards setting up the department is as detailed below:

Particulars	Amount Rs. in Lacs
Servers	8.00
Communication Link (Lease Lines)	5.00
Software Licenses	15.00
Researchers' salaries (For 4 people)	32.00
Operating Expense	14.00
Contingencies / Miscellaneous expenses	6.00
Total	80.00

- International Marketing activities**

The Company intends to set up dedicated overseas marketing offices to look after the marketing activities and other functions. The Company plans to have two offices in USA and one in Europe to oversee the complete global market operations. The Management is of the belief that these offices would be self sufficient in the market operations after one year of their operations. Hence, part of the expenses relating to these offices has been taken into the present project. The major benefit of these offices is that the Company will be able to extensively target, acquire, & service new customers for its existing services as well as creating opportunities for diversifying into newer domains. With the addition of these marketing offices, the Company expects to acquire and build long-term relationships with the customers who will feed into the continuous growth of the Company.

The details of the expenses are given below:

Rs. in Lakhs

Costs	USA Office I	USA Office II	Europe Office	Total
Salaries	64.50	-	-	64.50
Office Rent	15.48	15.50	10.35	41.35
Admin Expenses	31.90	10.40	23.30	65.60
Infrastructure	8.60	8.60	4.30	21.50
Legal Expenses	6.45	6.45	6.45	19.35
Contingencies	15.05	15.05	8.60	38.70
Total				251.00

- **Salaries** : The Company intends to add sales & marketing staff to increase its ability to target and acquire more customers. The Company has plans to hire Executive Marketing Manager at an annual cost of Rs. 34.50 lacs and two sales associates at Rs. 15 lacs each.
- **Office Rent** : The Company has plans to open office in Dallas - Texas, Chicago- Illinois & Middlesex -UK and accordingly have computed the rentals.
- **Administrative Expenses**: The Company expects to incur administrative expenses at an average of Rs. 85,000 per month per office and salary to administrative manager at 21 lacs per annum.
- **Infrastructure**: The Company has estimated minimum infrastructure needs at Rs. 8 lacs per office. This includes office furniture, filing cabinets and the like.
- **Legal Expenses**: The estimated legal expenses for setting up each office has been at Rs. 6.45 lacs by the legal counsel according to the historical requirements & expenditure on such issues.
- **Contingencies**: Such contingencies include travel expenses, over budget marketing expenses, additional infrastructure like furniture, computers & other equipments.
- **Acquisitions**

The Company seeks to enhance its position in the IT industry. In addition to investment in additional infrastructure facilities, the Company intends to enhance its capabilities and address gaps in industry expertise, technical expertise and geographical coverage through strategic acquisition of business.

The benefits of the acquisitions:

- Immediate expansion of client base in the industry domain of the target company.
- Cross selling existing services to the newly acquired client base thereby rapidly expanding top line growth.
- Synergy in sharing their existing resources of man power and infrastructure for the benefit of the Company.
- Immediate access to existing profits of the target company.

Strategy for Acquisition

The Company is looking at companies with strong service capabilities in the following areas: RFID implementation services, Semiconductor design, PLM solutions and CAD GIS. Its optimum target company will have a deep understanding of their offerings, broad experience in their clients business, strong relationships with their clients.

Any specific acquisition opportunity will be considered based on actual value estimates at the time. The proceeds of the issue may not be the total value of the acquisition and would provide the Company with enough leverage to contract.

In pursuance to attain these objective the Company has already acquired an existing and profit earning entity in Engineering and

Geospatial domain namely CADGIS Consultants, through a Business Acquisition Agreement dated March 11, 2005 and subsequent letter dated 23/08/2005, at a consideration of Rs. 96 lacs to be payable partly by issuing 3,00,000 shares of PGSL and balance of Rs. 30.00 lacs by cash. No amount of consideration has been paid till date.

The main terms and conditions of the business acquisition agreement dated 11/03/2005 are listed below:

1. PGSL (The Acquirer) hereby agree to purchase and CADGIS Consultants represented by Mr. Sampath Kumar (the Vendor) hereby agrees to sell, transfer, assign and convey the business as a going concern basis together with goodwill with effect from the Transfer Date (01/10/2004) free and clear of all charges, liens and encumbrances and free from any liabilities.
2. The employees of CADGIS would be taken over by PGSL.
3. The term 'Business' for the purpose of this agreement shall mean Business of development of GIS, CAD conversion, Modeling and other value added served in the related areas.
4. The transfer date is the date determined by the parties to be the date on and from which the proposed business assets are deemed to be transferred to the Acquirer subject to obtaining necessary approvals and permissions.
5. The sale of the proposed business assets and business by the vendor to the acquirer shall be subject to obtaining all relevant and requisite consents and approvals by the parties.
6. In consideration of the sale of the proposed business assets by the vendor to the acquirer, the acquirer shall pay to the vendor a sum of Rs. 30,00,000/- (Rupees Thirty Lacs Only) as lumpsum amount in cash and shall issue/arrange to vest with the vendor 3,00,000 equity shares of Rs.10/- each as fully paid-up in the Acquirer (i.e. Acquirer Company) to the vendor or his nominees as consideration other than cash which shall be total as purchase price or consideration (hereinafter referred to as the "Purchase Price").

CADGIS Consultants was promoted by Mr. Sampath Kumar and has been carrying on the business related to GIS, CAD Conversion, Modeling and other Value Added Services in the related areas. For the year ended 31/03/04, the entity has posted a turnover of Rs. 20.83 lacs with a net profit of Rs. 2.03 lacs.

Overview of CADGIS Consultants

CADGIS Consultants, is a full service geospatial enterprise with expertise in geography, cartography, landscape architecture, urban and regional planning, forestry, biology, and remote sensing and computer science. CADGIS Consultants has extensive experience with core GIS technologies including Arc GIS, Arc View, Auto CAD, Map Objects, LT4X, Delta3D, and ERDAS.

CADGIS Consultants specializes in powerful geospatial solutions including small-scale geographic data covering the entire state as well as large-scale geographic data focused on a specific local issue. Since its beginning, CADGIS Consultants has helped state & local government units, nonprofit & private organizations implement their GIS systems. This company has a team of 50+ dedicated engineers and professionals with specific domain expertise to handle all sorts of projects and to ensure quality in all the deliverables.

Business Model of CADGIS Consultants

CADGIS Consultants has a unique project model where the team works with internationally renowned experts in different industry domains to ensure that the business processes are suitably understood and successfully implemented. The Company combines the power of GIS technology with domain knowledge to develop powerful spatial technology solutions that integrate seamlessly with the information technology framework of the organization.

Service Offerings of CADGIS Consultants

CADGIS Consultants builds custom applications based on specific needs and complexity of requirements. The Company invests time in understanding client requirements, and then tailors complete solutions that deliver tangible value to the enterprise. Consideration is given to every aspect of the problem - from the underlying business processes to the importance of change management to the merits of various technologies. The Company then develops spatial information systems that move client businesses forward and yield a measurable return on investment.

- ***GIS Application development & Migration***

CADGIS offers end-to-end customization and application development solutions on ESRI platforms for data conversion,

application development, web application development to data standard development, data mining and data migration from existing legacy GIS systems.

- *GIS Data Development & Management*

CADGIS Consultants has extensive experience in dealing with issues associated with land base facility database conversion and has assisted utility companies, municipalities, consulting firms, facility managers, town planners, architects and engineers.

The projects typically involve:

- Survey & data collection
- Digitization / Drafting
- Georeferencing / geocoding
- Data attribution
- Image processing
- DEM/DTM generation
- Data format conversion
- Photogrammetry

The Company leverages its domain experience in photogrammetry to offer services covering feature collection, stereo imaging, digital ortho-photogrammetry, digital elevation models (DEM), digital terrain models (DTM) and digital map generation.

Specific services include:

- Digital Terrain and Elevation Modeling
- Digital Topographic, Planimetric and Cadastre Mapping
- Digital Orthorectification, Precision Mosaicking and Radiometric Balancing
- GIS Data Structuring
- Digital Map Finishing and Publishing
- Customized Digital Mapping and Imaging Software
- Map Conversion & Data Translation Services
- Project Management
- Quality Assurance Services

Industry Practices

Backed by domain knowledge and technology proficiency, skilled management and engineering teams and process approach in all industry practices, CADGIS Consultants offer a range of services that enable end-users to use GIS effectively for diverse applications.

These services cover the entire GIS project lifecycle and include consulting, pilot projects, database design and development, application design and development, enterprise systems integration, Internet GIS and implementation. CADGIS provides expertise in developing GIS-integrated enterprise systems that provide data security, consistency and non-redundancy of data.

CADGIS Consultants has domain experts in various different industries including:

- Telecommunications
- Logistics
- Manufacturing
- Utilities
- Transportation

- **Government**

To enhance the service offerings, technology competence, domain expertise, customer base, and widening the geographical presence, the Company proposes to prudently pursue a strategy comprising acquisitions, joint venture partnerships, and setting up overseas subsidiaries or branch offices. All such initiatives will allow the Company to offer increasing beneficial services, target and obtain profitable customers, and expand its presence in other geographies.

- **Working Capital**

The long term base working capital requirement of the company for implementation of the project has been estimated at Rs. 220.00 lacs. The working capital requirements are basically in the form of cost of amortization to various projects based on employees' time spent and other direct cost. Based on the industry norms and the services which the Company offers the component of the working capital has been provided for 3 months expenses.

Particulars	Present Working Capital (Rs. in lacs)	Estimated Working Capital (Rs. in lacs)
Operating and development cost	77.73	142.02
Administrative, Marketing & Other Expenses	8.53	77.98
Total	86.26	220.00
Funded by internal accruals	86.26	-
Funded by issue proceeds	-	220.00

- **Public Issue Expenses**

The expenses for this issue include intermediary fees, brokerage, printing and distribution expenses, fees to various advisors, listing fees payable to the stock exchanges, and advertisement expenses among others. The break-up these expenses is given below:

Expenses	Amount (Rs. in lacs)
Fees to the intermediaries	20.00
Advertising and marketing expenses	18.25
Printing, Stationary, Dispatch	12.50
Brokerage (1.5% of issue size)	17.82
Miscellaneous Expenses	6.43
	75.00

Interim Use of Proceeds

The Management, in accordance with the policies established by the Board, will have flexibility in deploying the proceeds received from the Issue. Pending utilization of the proceeds out of the Issue for the purposes described above, the Company intends to temporarily invest the funds in high quality interest bearing liquid instruments including deposits with banks. Such investments would be in accordance with the investment policies approved by the Board of Directors from time to time.

BASIS FOR ISSUE PRICE

QUALITATIVE FACTORS

- Domain specific service offerings
- Ability to offer latest technology solutions
- India based operations model
- Reliable relationships with customers
- Experienced management team

QUANTITATIVE FACTORS

Information presented in this section is derived from the audited financial statements.

i) Earnings per Share (on Rs. 10/- per share)

Year	EPS (Rs)	Wts
2002-03	1.00	1
2003-04	1.29	2
2004-05	1.85	3
Weighted Average EPS	1.52	

ii) P/E Ratio

Price per share	Rs. 22.00
P/E (based on pre-issue EPS of FY 2004-05)	11.89

iii) Return on Networth

Year	RONW (%)	Wts
2002-03	3.70	1
2003-04	4.49	2
2004-05	6.05	3
Weighted Average RONW	5.14	

iv) Minimum RONW required for maintaining preissue weighted Average EPS of 1.52 (%) **5.76**

v) Book Value (Rs.)

Book Value (pre issue) (As on 31/12/2005)	30.96
Book Value (post Issue)	26.45
Issue Price (Rs.)	22.00

vi) Industry P/E Ratio

Highest (Financial Tech)	125.40
Lowest (Seam Beam Info)	0.90
Industry Composite	23.80

Source: Capital Market – Feb 27- Mar 12, 2006; Segment – Computers – Software- Medium/Small Industry

Comparison with other companies

Name of the company	Equity (Rs in Crore)	Sales (Rs in Crore)	PAT (Rs in Crore)	EPS (Rs.)	BV (Rs.)	P/E
Geodesic Information Systems	11.61	40.20	19.00	3.20	24.60	32.00
Logix Microsystems	7.07	12.20	2.10	3.03	14.50	52.20
Onward Technologies	12.49	19.30	3.60	3.80	39.30	18.20

Source: Capital Market Feb 27- Mar 12, 2006; Segment – Computers – Software- Medium/Small Industry

Conclusion

The equity shares are being issued at a price of Rs. 22/- per share. The issue price is 2.20 times the face value of the shares. The pre issue book value of the shares as on 31/12/2005 is Rs. 30.96 per share. The average PE multiple of the industry sector is 23.80. The present issue of equity shares is at a PE multiple of 11.89 times which is lower than the average PE multiple in the industry. The minimum return on networth required to be earned to maintain the pre-issue weighted average EPS of Rs. 1.52 is 5.96% whereas the Company has already earned a RONW of 6.05 % for the twelve months period ended 30/09/2005.

Taking into account the above qualitative and quantitative factors, the issue price of Rs. 22/- per share is justified.

STATEMENT OF TAX BENEFITS

H.C.Gulecha & Co., Statutory Auditors of the Company have vide their letter dated 23/06/2005, enumerated the following tax benefits:

(A) Benefits to the company under Income – Tax Act, 1961 (the Act)

1. Under the provisions of Section 10A of the Act, a company which is engaged in the business of export of articles or things or computer software and which satisfies the prescribed conditions is eligible to claim a benefit with respect to profits derived by its undertaking/s from the export of articles or things or computer software for a period of ten consecutive assessment years, beginning with the assessment year relevant to the previous year in which the undertaking/s being to manufacture or produce such articles or things or computer software. The eligible deduction would be the amount which bears to the profits of the undertaking/s the same proportion as the export turnover of the undertaking/s bears to the total turnover of the undertaking/s. Profits on domestic turnover would get taxed. The corporate tax rate for the Assessment Year 2005-06 is 36.59% (including a surcharge of 2.5% and education cess of 2% on the overall tax). The corporate tax rate for the Assessment Year 2006-07 as per the Finance Act, 2005 is 33.66% (including a surcharge of 10% and education cess of 2% on the overall tax). However, for the Assessment Year 2003-04, the tax holiday under section 10A of the Act was limited to 90 per cent of the eligible profits instead of 100 per cent of such profits. As a consequence, 10 per cent of the eligible profits of the undertakings would be taxable at the normal corporate tax rate of 36.75 per cent (including surcharge of 5 per cent) for Assessment Year 2003-04. The 10 per cent restriction has been removed thereafter. The benefit is available subject to fulfillment of conditions prescribed by the Section and no benefit under this Section shall be allowed to any assessee with respect to any such undertaking for the assessment year beginning on the 1st day of April 2010 and subsequent years.
2. In terms of section 10(34) of the Act, any income by way of dividends referred to in Section 115-O (i.e. dividends declared, distributed or paid on or after 1 April 2003 by domestic companies) received on the shares of any company is exempted from the tax.
3. In terms of section 10(38) of the Act, any long-term capital gains to a shareholder from transfer of long-term capital asset being an equity shares in a company would not be liable to tax in the hands of the shareholder if the following conditions are satisfied:
 - a) The transaction of sale of such equity share is entered into on or after 1st October, 2004.
 - b) The transaction is chargeable to such securities transaction tax as explained below.
4. In terms of Securities Transaction Tax as enacted by Chapter VII of the Finance (No.2) Act, 2004, transactions for purchase and sale of the securities in the recognized stock exchange by the shareholder, shall be chargeable to securities transaction tax. As per the said provisions, any delivery based purchase and sale of equity share in a company through the recognized stock exchange is liable to securities transaction tax @ 0.075% of the value payable by both buyer and seller (0.1% with effect from 1st June, 2005 as per the Finance Act, 2005). The non-delivery based sale transaction are liable to tax @ 0.015% of the value payable by the seller (0.02% with effect from 1st June, 2005 as per the Finance Act, 2005).
5. Under section 48 of the Act, if the investments in shares are sold after being held for not less than twelve months, the gains (in cases not covered under section 10(38) of the Act), if any, will be treated as long-term capital gains and the gains shall be calculated by deducting from the gross consideration, the indexed cost of acquisition.
6. Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of a long-term capital asset will be exempt from capital gains tax if the capital gain are invested in certain notified bonds within a period of 6 months after the date of such transfer for a period of at least 3 years. However, if the assessee transfers or converts the notified bonds into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the bonds are transferred or converted into money.
7. Under section 54ED of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under section 10(38) of the Act) on the transfer of investment in shares will be exempt from capital gains tax if the capital gains are invested in shares of an Indian Company forming part of an eligible public issue, within a period

of 6 months after the date of such transfer and held for a period of at least one year. Eligible public issue means issue of equity shares which satisfies the following conditions, namely –

- a) the issue is made by a public company formed and registered in India:
- b) the shares forming part of the issue are offered for subscription to the public.

There is a legal uncertainty over whether the benefit under this Section can be extended to shares forming part of the offer for sale by the selling shareholders.

8. Under section 112 of the Act and other relevant provisions of the Act, long-term capital gains, (i.e., if the shares are held for a period exceeding 12 months) (in cases not covered under section 10(38) of the Act), arising on transfer of investment in shares, shall be taxed at a rate of 20% (plus applicable surcharge & cess) after indexation as provided in the second proviso to section 48. The amount of such tax should, however, be limited to 10% (plus applicable surcharge & cess) without indexation, at the option of the shareholder.
9. Under section 111A of the Act and other relevant provisions of the Act, short-term capital gains (i.e., if the shares are held for a period not exceeding 12 months), arising on transfer of investment in shares listed on a recognized stock exchange, shall be taxed at a rate of 10% (plus applicable surcharge & cess) in cases where securities transaction tax has been paid.
10. Under Chapter XII-H of the Act (as introduced by the Finance Act, 2005) in addition to the Income-tax charged under the Act, the Company shall be charged for every assessment year commencing on or after the 1st day of April, 2006 (financial year 2005-06), additional income-tax (referred to as "fringe benefit tax") in respect of fringe benefits provided or deemed to have been provided by an employer to its employees during the previous year at the rate of 33.66% (inclusive of surcharge at the rate of 10% and education cess at the rate of 2%) on the value of such fringe benefits. Fringe benefits shall be deemed to have been provided if the employer has, in the course of his business or profession, incurred any expense on or made any payment for purposes such as entertainment, festival celebrations gifts, use of club facilities, conference, employee welfare, conveyance, tour and travel (including foreign travel), hotel, boarding and lodging, repair running and maintenance of motor cars, use of telephone etc. In case of a company which is in the business of manufacture of computer software, the value of fringe benefit relating to expenditure incurred on conveyance, tour and travel (including foreign travel expenses) and the use of hotel, boarding and lodging facilities will be deemed to be 5% of the total expenditure instead of 20% applicable to other employers.
11. An assessee who manufactures/develops computer software in a backward State as specified in the Eighth Schedule to the Income tax Act, 1961 and who commences operations on or before 31 March 2004 is, subject to fulfillment of conditions specified in Section 80 IB is entitled to deduction @ 100% of its profits and gains of business carried out in the backward State.

Service Tax

12. A company which renders services in relation to computer software is eligible for exemption available to "Consulting Engineer" from levy of service tax on services rendered.

B. Benefits to the Shareholders of the company under the Income-Tax Act, 1961:

Resident Shareholders

13. In terms of section 10(32) of the Income-tax Act, any income of minor children, included in the total income of the parent under Section 64(1A) of the IT Act will be exempt from tax to the extent of Rs. 1,500 per minor child.
14. In terms of section 10(34) of the Act, any income by way of dividends referred to in Section 115-O (i.e dividends declared, distributed or paid on or after 1st April 2003) received on the shares of the company is exempted from the tax.
15. In terms of section 10(38) of the Act, any long term capital gains arising to a shareholder from transfer of long term capital asset being any equity share in a company would not be liable to tax in the hands of the shareholder if the following conditions are satisfied:
 - a) The transaction of sale of such equity share is entered into on or after 1st October 2004.
 - b) The transaction is chargeable to such securities transaction tax as explained below.

16. In terms of Securities Transaction Tax as enacted by Chapter VII of the Finance (No.2) Act, 2004, transactions for purchase and sale of securities in the recognized stock exchange by the shareholder, shall be chargeable to securities transaction tax. As per the said provisions, any delivery based purchase and sale of equity share in a company through the recognized stock exchange is liable to securities transaction tax @ 0.075% of the value payable by both buyer and seller (0.1% with effect from 1st June, 2005 as per the Finance Act 2005). The non-delivery based sale transactions are liable to tax @ 0.015% of the value payable by the seller (0.02% with effect from 1st June, 2005 as per the Finance Act 2005).
17. In terms of section 88E of the Act, the securities transaction tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business would be eligible for rebate from the amount of income-tax on the income chargeable under the head "Profit and gains of business or profession" arising from taxable securities transactions. As such, no deduction in respect of amount paid on account of securities transaction tax will be allowed in computing the income chargeable to tax as capital gains.
18. Under section 48 of the Act, if the company's shares are sold after being held for not less than twelve months, the gains (if cases not covered under section 10(38) of the Act), if any, will be treated as long term capital gains and the gains shall be calculated by deducting from the gross considerations, on indexed cost of acquisition.
19. Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of investment in shares will be exempt from capital gains tax if the capital gain are invested in certain notified bonds within a period of 6 months after the date of such transfer for a period of at least 3 years. However, if the assessee transfers or converts the notified bonds into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the bonds are transferred or converted into money.
20. Under section 54ED of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under section 10(38) of the Act) on the transfer of listed shares of the Company will be exempt from capital gains tax if the capital gains are invested in shares forming part of an eligible public issue of an Indian Company within a period of 6 months after the date of such transfer and such are held for a period of at least one year. Eligible public issue means issue of equity shares which satisfies the following conditions, namely
 - a) the issue is made by a public company formed and registered in India:
 - b) the shares forming part of the issue are offered for subscription to the public:There is a legal uncertainty over whether the benefit under this Section can be extended to shares forming part of the offer for sale by the selling shareholders.
21. Under section 54F of the Act, long-term capital gains (in cases not covered under section 10(38) of the Act) arising to an individual or Hindu Undivided Family (HUF) on transfer of shares of the company will be exempt from capital gain tax subject to certain conditions, if the net consideration from such shares are used for purchase of residential house property within a period of one year before and two years after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer.
22. Under section 112 of the Act and other relevant provisions of the Act, long-term capital gains, (i.e., if shares are held for a period exceeding 12 months) (in cases not covered under section 10(38) of the Act), arising on transfer of shares in the Company, shall be taxed at a rate of 20% (plus applicable surcharge & cess) after indexation as provided in the second proviso to section 48. The amount of such tax should however be limited to 10% (plus applicable surcharge & cess) without indexation, at the option of the shareholders, if the transfer is made after listing of shares.
23. Under section 111A of the Act and other relevant provisions of the Act, short-term capital gains (i.e., if shares are held for a period not exceeding 12 months), arising on transfer of shares listed on a recognized stock exchange, shall be taxed at a rate of 10% (plus applicable surcharge & cess) in cases where securities transaction tax has been paid.

C. Benefits to the Non-Resident Indians/Non Residents Shareholders (Other than FIIs and Foreign venture capital investors).

24. In terms of section 10(32) of the Income Tax Act, any income of minor children, included in the total income of the parent under Section 64(1A) of the IT Act will be exempt from tax to the extent of Rs. 1,500 per minor child.

25. In terms of section 10(34) of the Act, any income by way of dividends referred to in section 115-O (i.e., dividends declared, distributed or paid on or after 1st April 2003) received by a non-resident Indian shareholder (i.e. an individual being a citizen of India or person of Indian origin who is not a 'resident') on the shares of the company is exempted from the tax.
26. In terms of section 10(38) of the Act, any long term capital gains arising to a shareholder from transfer of long term capital asset being an equity shares in a company would not be liable to tax in the hands of the shareholder if the following conditions are satisfied:
- The transaction of sale of such equity share is entered into on or after 1st October 2004.
 - The transaction is chargeable to such securities transaction tax.
27. In terms of section 88E of the Act, the securities transaction tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business would be eligible for rebate from the amount of income-tax on the income chargeable under the head "Profit and gains of business or profession" arising from taxable securities transactions. As such, no deduction will be allowed in computing the income chargeable to tax as capital gains, such amount paid on account of securities transaction tax.
28. In terms of Securities Transaction Tax as enacted by Chapter VII of the Finance (No. 2) Act, 2004, transactions for purchase and sale of the securities in the recognized stock exchange by the shareholder, shall be chargeable to securities transaction tax. As per the said provisions, any delivery based purchase and sale of equity share in a company through the recognized stock exchange is liable to securities transaction tax @ 0.075% of the value payable by both buyer and seller (0.1% with effect from 1st June, 2005 as per the Finance Act 2005). The non-delivery based sale transactions are liable to tax @ 0.015% of the value payable by the seller (0.02% with effect from 1st June, 2005 as per the Finance Act 2005).
29. Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of investment in shares will be exempt from capital gains tax if the capital gain are invested in certain notified bonds within a period of 6 months after the date of such transfer for a period of at least 3 years. However, if the assessee transfers or converts the notified bonds into money within a period of three years from the date of their acquisition., the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the bonds are transferred or converted into money.
30. Under section 54ED of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under section 10(38) of the Act) on the transfer of listed shares of the Company will be exempt from capital gains tax if the capital gains are invested in shares forming part of an eligible public issue of an Indian Company within a period of 6 months after the date of such transfer and such are held for a period of at least one year. Eligible public issue means issue of equity shares which satisfies the following conditions, namely
- the issue is made by a public company formed and registered in India;
 - the shares forming part of the issue are offered for subscription to the public;
- There is a legal uncertainty over whether the benefit under this Section can be extended to shares forming part of the offer for sale by the selling shareholders.
31. Under section 54F of the Act, long-term capital gains (in cases not covered under section 10(38) of the Act) arising to an individual or Hindu Undivided Family (HUF) on transfer of shares of the company will be exempt from capital gain tax subject to certain conditions, if the net consideration from such shares are used for purchase of residential house property within a period of one year before and two year after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer.
32. Under Section 112 of the Act and other relevant provisions of the Act, long-term capital gains (i.e. if shares are held for a period exceeding 12 months) (in cases not covered under section 10(38) of the Act), arising on transfer of shares in the company, shall be taxed at a rate of 20% (plus applicable surcharge & cess) after indexation as provided in the second proviso to section 48. The amount of such tax should however, be limited to 10% (plus applicable surcharge & cess) without indexation, at the option of the shareholder, if the transfer is made after listing of shares.
33. Under section 115-I of the Act, the non-resident Indian shareholder has an option to be governed by the provisions of Chapter XIA of the Income Tax Act, 1961 viz. "Special Provisions Relating to Certain Incomes of Non-Residents" which are

as follows:

- a) Under section 115E of the Act, where shares in the company are acquired or subscribed to in convertible Foreign Exchange by a Non-Resident Indian, capital gains arising to the non-resident on transfer of shares held for a period exceeding 12 months, shall (in cases not covered under section 10(38) of the Act) be concessionaly taxed at the flat rate of 10% (plus applicable surcharge & cess) (without indexation benefit but with protection against foreign exchange fluctuation).
 - b) Under provisions of section 115F of the Act, long-term capital gains (in cases not covered under section 10(38) of the Act) arising to a non-resident Indian from the transfer of shares of the company subscribed to in convertible Foreign Exchange shall be exempt from Income tax, if the net consideration is reinvested in specified assets within six months of the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted into money within three years from the date of their acquisition.
 - c) Under provisions of Section 115G of the Act, Non-Resident Indians are not required to file a return of income under Section 139(1) of the Act, if their only income from forex asset investments or long-term capital gains in respect of those assets or both, provided tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Act.
 - d) Under Section 115H of the Act, where the Non-Resident Indian becomes assessable as a resident in India, he may furnish a declaration in writing to the Assessing Officer, along with his return of income for that year under Section 139 of the Act to the effect that the provisions of the Chapter XIII A shall continue to apply to him in relation to such investment income derived from the specified assets for that year and subsequent assessment years until such assets are converted into money.
34. Provisions of the Act vis-à-vis provisions of the tax treaty: In terms of Section 90(2) of the Act would prevail over the provisions of the tax treaty to the extent they are more beneficial to non-resident.

D. Benefits to the Foreign Institutional Investors (FIIs)

35. In terms of section 10(34) of the Act, any income by way of dividends referred to in section 115-O (i.e. dividends declared, distributed or paid on or after 1st April 2003) received on the shares of the company is exempted from the tax.
36. In terms of section 10(38) of the Act, any long term capital gains arising to an investor from transfer of long-term capital asset being an equity shares in a company would not be liable to tax in the hands of the investor if the following conditions are satisfied:
- a) The transaction of sale of such equity share is entered into on or after 1st October, 2004.
 - b) The transaction is chargeable to such securities transaction tax as explained below.
37. In terms of Securities Transaction Tax as enacted by Chapter VII of the Finance (No.2) Act, 2004, transactions for purchase and sale of the securities in the recognized stock exchange by the investor, shall be chargeable to securities transaction tax. As per the said provisions, any delivery based purchase and sale of equity share in a company through the recognized stock exchange is liable to securities transaction tax @ 0.075% of the value payable by both buyer and seller. (0.1% with effect from 1st June, 2005 as per the Finance Act, 2005). The non-delivery based sale transactions are liable to tax @ 0.015% of the value payable by the seller (0.02% with effect from 1st June, 2005 as per the Finance Act, 2005).
38. In terms of section 88E of the Act, the securities transaction tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business would be eligible for rebate from the amount of income-tax on the income chargeable under the head "Profit and gains of business or profession" arising from taxable securities transactions. As such, no deduction in respect of amount paid on account of securities transaction tax will be allowed in computing the income chargeable to tax as capital gains.
39. The income by way of short-term capital gains or long-term capital gains (in cases not covered under section 10(38) of the Act) realized by FIIs on sale of shares in the company would be taxed @ 10% as per section 115AD of the Act. However, in case of such long-term capital gains, the tax is levied on the capital gains computed without considering the cost indexation and protection against foreign exchange fluctuation).

40. Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gain (in cases not covered under section 10(38) of the Act) arising on the transfer of investment in shares will be exempt from capital gains tax if the capital gain are invested in certain notified bonds within a period of 6 months after the date of such transfer for a period of at least 3 years. However, if the assessee transfers or converts the notified bonds into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the bonds are transferred or converted into money.
41. Under section 54ED of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under section 10(38) of the Act) on the transfer of listed shares of the Company will be exempt from capital gains tax if the capital gains are invested in shares forming part of an eligible public issue of an Indian Company within a period of 6 months after the date of such transfer and such are held for a period of at least one year. Eligible public issue means issue of equity shares which satisfies the following conditions, namely
- a) the issue is made by a public company formed and registered in India;
 - b) the shares forming part of the issue are offered for subscription to the public;
- There is a legal uncertainty over whether the benefit under this Section can be extended to shares forming part of the offer for sale by the selling shareholders.
42. Provisions of the Act vis-à-vis provisions of the tax treaty: In terms of Section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the tax treaty to the extent they are more beneficial to FII.

E. Benefits to the Venture Capital Companies/Funds

43. In terms of section 10(23FB) of the Act, all Venture capital companies/funds registered with Securities and Exchange Board of India, subject to the conditions specified, are eligible for exemption from income tax on all their income, including dividend from and income from sale of shares of the company.

F. Benefits to the Mutual funds

44. In terms of section 10(23D) of the Act, all Mutual Funds set up by Public Sector Banks or public Financial Institutions or Mutual Funds registered under the Securities and Exchange Board of India Act/ regulation thereunder or Mutual Funds authorized by the Reserve Bank of India, subject to the conditions specified, are eligible for exemption from income tax on all their income, including income from investment in the shares of the company.

G. Benefits to shareholders of the Company under the Wealth Tax Act, 1957

45. Shares of company held by the shareholder will not be treated as an asset within the meaning of section 2(ea) of Wealth Tax Act 1957. Hence shares are not liable to Wealth Tax.

H. Benefits to shareholders of the Company under the Gift Tax Act, 1958.

46. Gift made after 1st October 1998 is not liable for any gift tax, and hence, gift of shares of the company would not be liable for any gift tax.

Notes:

- All the above benefits are as per current tax law as amended by the Finance Act, 2005.
- The stated benefits will be available only to the sole/first named holder in case the share are held by joint holders.
- In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreements, if any, between India and the country in which the non-resident has fiscal domicile.
- In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her participation in the scheme.

SECTION III: ABOUT THE ISSUER COMPANY

INDUSTRY OVERVIEW

The following information has been obtained from the public sources specifically mentioned where applicable and has not been independently verified. (Source of information for this section : Nasscom, Gartner)

The Indian IT industry includes hardware, peripherals, networking, training, domestic and export market for software and services and BPO. The industry can be divided into three broad categories – hardware, software and services and training.

THE GLOBAL ITES-BPO INDUSTRY

Over the last few years, the worldwide business process outsourcing (ITES-BPO) industry has undergone rapid transformation. Continuing pressure on cost bases at a time of growing competitiveness is driving companies to look at offshore outsourcing as a strategic alternative. Companies such as GE and American Express that led the offshoring wave and others that shortly followed are demonstrating the benefits brought by business process outsourcing. Access to global talent, economies of scale, process engineering and enhancements, wage arbitrage, increased profit margins and improvements in quality are some of the gains that companies have realized.

Maturity of the marketplace, precedent, rapid developments in telecommunications and infrastructure, new offshoring destinations etc. have catalyzed the growth of the ITES-BPO industry. BPO has become synonymous with corporate strategy and companies are realizing the strategic role it can play in maintaining global competitiveness.

Worldwide ITES-BPO spending by region 2002-2006

(Figures in \$ million)

Region	2002	2006	2002-2006 CAGR (%)
America	4,84,732	6,47,427	7.5
EMEA*	1,71,303	2,37,390	8.5
Asia/Pacific	1,17,622	1,94,228	13
Worldwide	7,73,657	10,79,054	8.6

Source: NASSCOM

(* Europe, Middle East and Africa)

OVERVIEW OF THE GLOBAL ITES-BPO INDUSTRY

In 2002, the global Business Process Outsourcing (ITES-BPO) market was approximately US\$ 773 billion. By 2006, the potential ITES-BPO market may increase to US \$ 1 trillion.

■ Overview of the US ITES-BPO Market

Market Size, Growth and Trends

North America will remain the dominant market for ITES-BPO services, accounting for nearly 60 percent of the total ITES-BPO market in 2006. Offshoring by US companies will continue over the next few years, driven by margin pressures and the need to remain globally competitive. Among Fortune 1000 companies, about 55 percent were offshoring one or more business processes in 2002.

The main verticals in the North American ITES-BPO market are telecommunications, financial services, health care and energy. Commonly outsourced processes include internal auditing, payroll, human resources, benefits management, contact centers/customer care, payments/claims processing, real estate management, and supply chain management.

Opportunities for Indian Vendors

Cost reduction will continue to be the key driver for offshoring by North American companies. Domain-specific offerings and end-to-end BPO solutions from Indian service providers will lead to an increase in the value and duration of BPO contracts.

Financial services and healthcare are expected to witness the strongest growth. Offshore contact centers will be the fastest growing segment and high-end services such as equity research support, insurance claims processing and technology research and development will see rapid expansion over the next few years.

■ Overview of the European ITES-BPO Market

Market Size, Growth and Trends

The Western Europe ITES-BPO market is expected to account for 22 percent of the market by 2006. The fragmented nature of the market has made it difficult for vendors to target the entire European region. Most vendors have adopted a country-by-country strategy to provide specific services in different regions. Average outsourcing spending, as a percentage of budgets, has almost doubled from 16 percent in 1998 to 31 percent at the end of 2002.

The financial services sector is the largest consumer of BPO-ITES services in Europe, followed by utilities and telecommunications. Human resources, finance and accounting are expected to be the fastest growing service lines.

■ Opportunities for Indian Vendors

High-end technology areas such as biotechnology, bio-informatics, genomics research and nanotechnology will be the key growth areas for Indian BPO companies.

European companies typically outsource process areas rather than functional areas. Highlighting process expertise will, therefore, be important for Indian BPO providers looking to enter the European market.

■ Overview of the Asia Pacific ITES-BPO Market

Market Size, Growth and Trends

The Asia Pacific ITES-BPO market is expected to account for 18 percent of the total ITESBPO market in 2006. Companies in the Asia-Pacific region have traditionally outsourced only manufacturing activities. Given the relative infancy of the ITES-BPO market, this region is expected to experience rapid growth over the next few years. Growth will primarily be driven by cost-reduction and the need to focus on core competencies. HR, finance and accounting are expected to be the key growth areas in the Asia-Pacific region in the years ahead.

Opportunities for Indian Vendors

Growth in the Asia-Pacific ITES-BPO market will offer a significant opportunity for Indian vendors. Process expertise, existing presence in Asian markets and domain expertise, especially in the financial services area, will help Indian vendors leverage this opportunity.

Rapid growth is expected in outsourced support functions such as HR and accounting, and these will be growing opportunity areas for Indian service providers.

CHALLENGES FACING THE GLOBAL ITES-BPO MARKET

- **Relative Immaturity of Suppliers:** Given the relative infancy of the ITES-BPO industry, vendors have not yet reached levels of maturity displayed by IT services vendors. This has resulted in higher risk levels and consequently a higher need for due-diligence.
- **High Level Customer Control Requirements:** Vendors have succeeded in providing adequate infrastructures and high quality, cost efficient resources. However, most still lack the process expertise, systems and practices that need to be acquired from the customer organization. This often demands much higher levels of operational control by the customer, thereby requiring continued management focus on the outsourced process, thereby diluting the achievable cost savings.
- **Mediocre Support Infrastructures:** Several offshore locations are still struggling to achieve adequate levels of support infrastructure such as telecommunications, power, roads, airports etc. Lack of adequate infrastructure is causing bottlenecks in expansion of capacity etc.

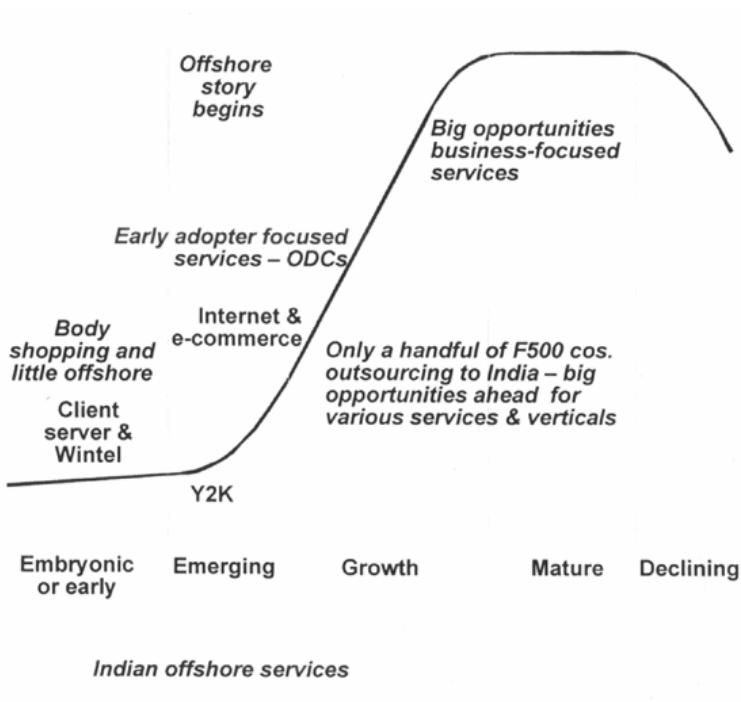
- **Management Practices:** For both customers and vendors, offshore relationships challenge the staffing, style, and formal and informal information systems. It is therefore, important for management to create policies and practices to incorporate flexibility in business process and labor allocation. Regulatory and legal issues also become important as countries deal with the political issues that offshore outsourcing can raise. Thus it is imperative that customer organizations support relationships with offshore vendors and assure that objectives, contracts, delivery models, and measurements are aligned.

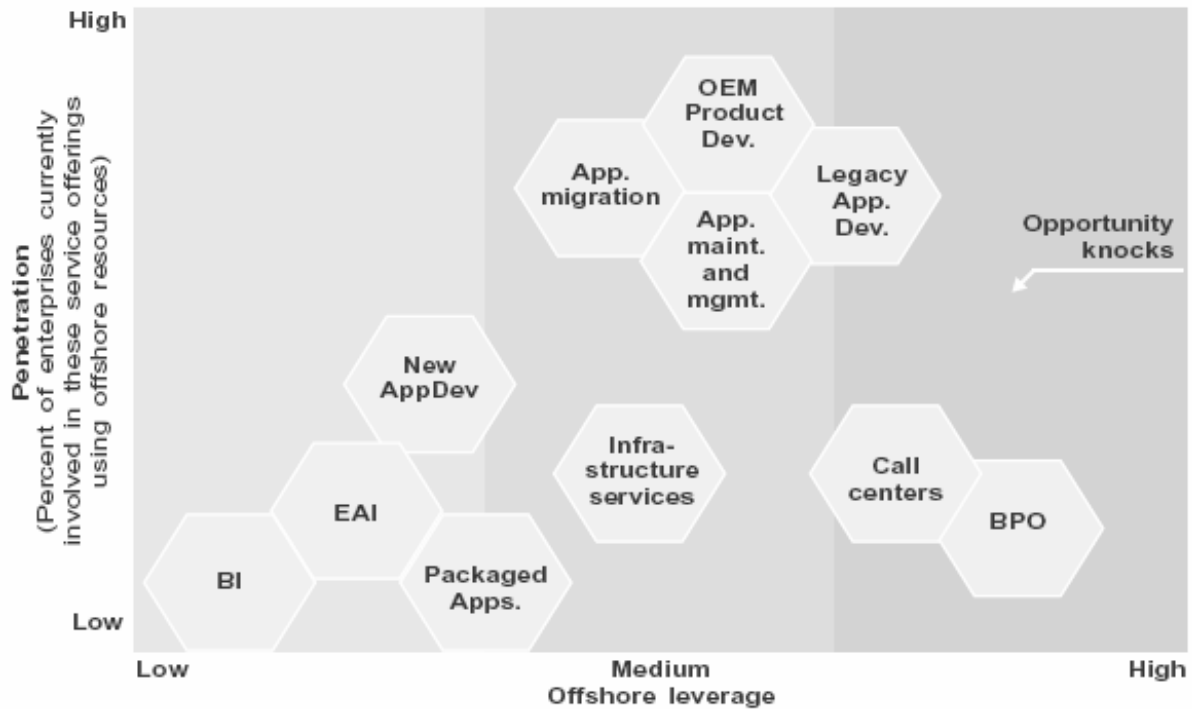
THE INDIAN ITES-BPO INDUSTRY

Some of the key drivers of the Indian ITES-BPO industry include:

- ✓ Improved efficiency and higher service levels due to streamlined processes
- ✓ Quality improvements due to a better educated workforce
- ✓ Cost savings between 40-50 percent
- ✓ Increase in offshoring by existing customers
- ✓ Superior project management skills
- ✓ Availability of a highly skilled, educated and English speaking labor pool

INDIAN OFFSHORE SERVICES





Source: Gartner

FAST GROWING NICHES

Segments	Reasons for higher profitability and growth
Embedded Systems (Telecom/ OEM/ Consumer Electronics)	Significant price upside. Strong volume growth.
BPO	Substantial SG & A leverage, Strong volume traction.
Products	Non-employee intensive model. Relatively less impacted by offshore salary inflation.
CAD/CAM and Product lifecycle Management	Long learning curve

While IT services topline growth is likely to be about 30%; a few segments such as embedded systems, BPO and product companies may deliver higher growth.

INDIA'S VALUE PROPOSITION

Key drivers of global offshoring, along with India's strengths are continuing to stoke the Indian ITES-BPO growth engine. Some of these drivers include:

- Focus on Margins and Cost Pressures:** Outsourcing to India has helped companies achieve 40-50% cost savings. Companies are also able to generate higher free cash flows due to reduced investments in physical infrastructures, telecom and equipment. Wage arbitrage has also led to increased cost savings.
- Growing Demand for High Quality, Skilled Workforce:** India has a large pool of educated, highly skilled, English speaking manpower. This has placed India favorably over other offshore locations, since other than wage arbitrage, companies benefit from improved quality and higher productivity rates.

- **Increasing Focus on Core Competencies:** The need to focus on core competencies to remain competitive is driving more companies to offshore outsourcing. Offshoring helps free up resources and help higher management focus on core business requirements. Offshoring also allows for access to new technologies and talent to help strengthen business offerings.
- **Customer Demand for Quality:** In an increasingly competitive economy, customers demand and expect highest levels of quality. Most developed countries face high attrition rates as well as poor execution quality, since most ITES-BPO activities are manned by undergraduates, part-time employees etc. The Indian ITES-BPO industry on the other hand attracts a highly educated and talented workforce. Additionally, Indian vendors are quality centric and have adopted several industry standards such as SEI-CMM, ISO, TQM, '6 Sigma Quality' and 'COPC'.

DRIVERS OF THE ITES-BPO INDUSTRY

- **Competitive Pressures:** Companies, faced with competitive and cost pressures, are being compelled to focus on their core competencies and look for external help in non-critical business areas. Cost savings continue to range between 40% -50%.
- **Extension of Existing Vendor Relationships:** Many of the large traditional outsourcing suppliers (IBM, EDS, Infosys, Wipro, TCS) have invested heavily in expanding their global delivery models. Customers with existing relationships with these companies are increasingly leveraging and expanding their relationships into offshore ITES-BPO services.
- **Extension of Traditional IT Outsourcing:** As companies become more comfortable with their offshore IT models and experience, ITES-BPO serves as the logical next step.
- **Technological Advances and Infrastructure Maturity:** Advances in communication technology for Data and Voice, telecommunications and other elements of infrastructure, as well as investments in training and language development are allowing more complex processes to be offshored.
- **Precedent:** Offshore outsourcing is becoming a strategic business decision for most organizations. Precedents set by pioneers of offshore outsourcing has set the ball rolling for other companies to follow suit. This has also helped reduce perceptions of risk associated with offshore outsourcing.
- **Resource Flexibility:** Companies are benefiting from the ability to free up their resources and re-deploy them to core business and processes.
- **Speed of Operation:** The differences in time zones across multiple offshore locations allows companies to significantly speed up operations, and provide 24x7 customer services
- **Access to Skills and Technology:** Companies continue to leverage highly skilled labor pools at relatively lower costs.

SECTOR OUTLOOK – VOLUME GROWTH WITH MARGIN PRESSURE

Revenue growth momentum will continue on account of the following:

Revenue drivers	Outlook	Reason
Volume growth	+ ve	Strong volume growth driven by offshore rush
Pricing	+ ve	Strong demand pushing up pricing (3-5% in FY 06)
INR/USD rate movement	- ve	INR likely to appreciate due to current account surplus in India and weak US economy

Margins of IT companies remain under pressure because of following:

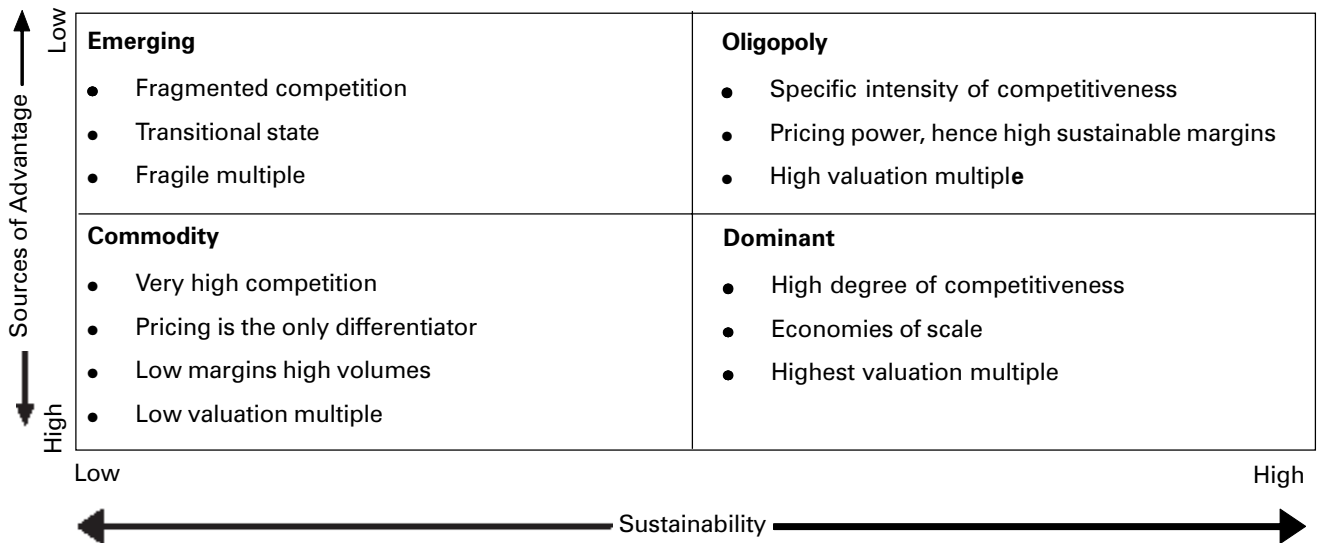
Revenue drivers	Outlook	Reason
INR appreciation vs USD	- ve	Every 1% INR appreciation results in margin erosion by ~ 35 b.p. at EBITDA level
Salary Inflation	- ve	High offshore wage inflation at 15% plus. Scarcity of middle management professionals

Revenue drivers	Outlook	Reason
Utilisation	~	Operating at optimum utilization level. Significant improvement unlikely.
Pricing	+ ve	Strong demand pushing up pricing (3-5% in FY 06)
Offshore – Onsite mix	+ ve	Possibility of higher offshore percentage
Visa costs etc	- ve	Tightening visa norms may lead to increased costs for onsite assignments.

SHORT-TERM VALUATIONS

POSITIVE TRIGGERS	VALUATION DAMPENERS
<ul style="list-style-type: none"> * Global funds adding Indian Tech names * ADR listing of local stocks/conversion of local to ADS * Large deals & news flow * M&A activities 	<ul style="list-style-type: none"> * Rupee appreciation vis-a-vis USD * Super high wage inflation at middle levels and increasing attrition rates * Anti outsourcing backlash * ESOP selling * Exit of strategic investors- VCs & private equity funds

POSITIONING TODAY & LONG TERM SUCCESS IMPERATIVE



The chart describes the various scenarios faced by Indian IT companies in their pursuit of their primary business objectives of consistent high-growth and high-margins. The two sections on the left side describe companies in a low sustainable position. With companies having low sources of advantage, this scenario describes the companies as vulnerable owing to their low differentiating factors and apparent lack of influence in controlling their markets.

The right side has two sections describing the situation faced by strong companies having a high level influence in their markets by virtue of focusing on their biggest strengths. By building up on areas like economies of scale, targeting focused market niches, and responding effectively to market demands, such companies are better positioned to have sustainable growth and profitability.

The most desirable section for an Indian IT company to be is of course the Dominant Area where they are able to fend off competition, justify and earn higher margins, clearly project a stable trajectory to growth, and consequently command the highest valuation multiples by consistently providing the highest returns to their shareholders and thereby further strengthening their ability to become an even stronger force in the marketplace.

BUSINESS OVERVIEW

PGSL is a focused IT services company providing innovative domain specific solutions to clients in manufacturing, logistics, CPG, retail, consumer electronics, pharmaceuticals, BFSI, aerospace, defense and utilities industries in North America, Europe and the Asia-Pacific. The Company's primary business model is providing specialized solutions using its offshore resources based out of Bangalore combined with sales and marketing expertise in the North American region.

The Company's range of specialized service offerings includes application development, application maintenance, enterprise application integration, software product development, engineering outsourcing, GIS solutions development, RFID solutions, research and development services, and business process outsourcing. Its most valuable strengths are its strong and reliable relationships with its clients, its ability to manage and provide quantifiable results that ensure client satisfactions and understanding of the important issues faced by its clients.

The Company is one of the few Indian IT providers to offer comprehensive offerings in RFID (Radio-Frequency Identification) space, which is one of the fastest growing industries in the world today. Since the last few years, it has invested significant resources in developing industry specific RFID solutions that can be implemented using its offshore delivery model. Additionally, by partnering with several niche product companies and investing in long-term RFID research, the Company has acquired a deep understanding of RFID related issues including current and future trends that will likely influence customer perceptions and behavior regarding their RFID purchasing decisions. With such strong participation in creating new RFID applications, the Company believes that RFID will contribute significantly to its future growth thereby giving it the ability to become an influential player in RFID technology offerings. According to IDC, RFID market will grow from \$65 million in 2004 to \$750 million by 2008. The Company's RFID solutions include RFID implementations, RFID data management, and RFID systems monitoring and maintenance.

PGSL's senior management team has spent decades in their respective fields and are respected by industry players and customers around the world for their integrity and commitment to excellence. The Company has recruited industry veterans in logistics, retail, CPG, and utilities industries to help it deliver far-reaching solutions to its clients. PGSL's solutions are delivered using highly mature delivery processes, scalable infrastructure, and a professionally skilled team of technical specialists. The Company uses a combination of local delivery centers placed near client geography and its offshore facilities in Bangalore to ensure high margins and optimum utilization rates.

PGSL has invested into research and development activities in the past and have even larger plans for its R&D related program. To further ensure PGSL's emergence as a key player in the chosen domains, the Company has placed special emphasis on tracking and contributing to the evolving standards in those domains. By being directly involved in standards development for a chosen selection of emerging technologies and by participating in some of domain specific technology working groups, the Company is able to strengthen its technology capability and its ability to influence the standards with the company's own research and development initiatives.

Currently the Company is witnessing a growth in its order pipeline as well as number of new clients added. As a result of investment in developing difficult yet highly lucrative industry solutions, the Company achieved a turnover of Rs. 667.45 lacs and the profit after tax of Rs. 120.28 lacs for the year ended 30/09/2005. This was in comparison to a turnover of Rs. 513.46 lacs profit after tax of Rs. 83.91 lacs for the year ended 30/09/2004.

LOCATION

The registered office of the Company was initially situated at No. 7, Shanti Complex, II Floor, 895, Nagarthepet, Bangalore-560002. This address was changed to 25/3, Serpentine Road, II Floor, Kumarapark West, Bangalore – 560020 w.e.f. 03/08/1993. This was further changed to A-313, STPI, KSSIDC Complex, Hosur Road, Electric City, Bangalore – 560100 w.e.f. 16/10/2000. The Company has entered into a lease agreement dated 24/05/2000 with Software Technology Parks of India for the premise admeasuring 1653.60 sq fts area in Block III, KSSIDC Complex, Hosur Road, Electric City, Bangalore – 561 229, on lease for a period of 11 months which is renewed from time to time.

PGSL has been granted 100% EOU status by STPI (Software Technology Park of India) vide their approval No: EIG/Powersoft/Gen/12565 dated 22/03/2000. PGSL is therefore entitled to various benefits and facilities available to such units.

Locational Advantages

- Bangalore is the acknowledged IT Services hub of India.
- Bangalore offers continuous access to a pool of highly qualified professional.
- Scalable infrastructure suited to providing unobstructed service delivery capabilities.
- All Imports are duty free.
- Access to Domestic Market
- High Speed Data- Communication facilities.
- Centralized computing facilities.
- Corporate tax holiday upto 2009.
- Simplified export obligation formula and no value addition requirements.
- Single point contact with STPI for all government regulatory functions.

The Company is headquartered in Bangalore, India, and its marketing initiatives are employed from multiple locations in North America, Europe, and the Asia Pacific

HUMAN RESOURCE

PGSL has on its roll 70 people drawn from the industry, with relevant skill sets. The average employee turnover in the company stands at 13% p.a.

PGSL ACTIVITIES

PGSL broadly provides two types of solutions:

- A. Software Solutions
- B. RFID Solutions

A. Software Solutions

PGSL is a "One-Stop" software development company offering a complete set of services from legacy application reengineering to advanced internet application development.

Within each given service model and based on client specific needs, PGSL delivers a comprehensive set of service offerings:

- * Software Design and Development Services
- * Custom Product Development
- * ERP Solutions
- * Application Reengineering and maintenance
- * Enterprise Integration Services
- * Migration
- * Testing

Software Design and Development Services: The Company has successfully delivered its software design services to businesses worldwide facing the ever-changing technological challenges of its clients and providing them with scalable technology solutions. The Company's proven strategy and attention to details applied to its technical expertise ensures its customers robust and cost-effective solutions. The Company provides following services in software design and development:

- Object-Oriented Analysis and Design
- Architectural and Graphical User Interface (GUI) Design
- Methodology Implementation

- Business Analysis & Functional and Technical Specifications Assessment
- Framework Adoption
- Data Modeling
- Advanced Programming

Custom Product Development: PGSL offers end-to-end solutions to product development customers.

The Company helps its customers with the following

- Product Planning
- Architecture
- Iterative Development
- Product Evolution
- Automated & Manual testing
- Functionality, Compatibility, and Performance Testing.

ERP Solutions: The Company's ERP services encompass:

- Gap Analysis and Business Process Re-engineering
- Implementation
- Post-implementation support
- Application value management
- Functional and technical consulting
- Version upgrades
- Integration with legacy applications.
- Business Intelligence
- Web enabling

Application Reengineering: PGSL offers a full range of reengineering services for legacy systems including platforms porting, language migration, and end-to-end system redevelopment. The Company's reengineering methods can provide migration from one environment to another; reverse engineering, or application re-hosting. Expansion challenges are fully addressed while preserving long-established business practices that are built into the old system. PGSL's software development specialists have a profound knowledge of all types of operating systems and technologies, from those released decades earlier up to the latest tools and programming languages.

Application Maintenance: The Company's application maintenance services include optimizing performance and modifying its clients' systems; product and system support; preventive maintenance; and migration to newer technologies and platforms. The Company performs diagnostics to assess offshore outsourcing potential and prepares a customized offshore road map. The Company shares the benefits of its continuous improvement initiatives to reduce recurring maintenance cost for its clients. Its application maintenance projects are typically long-term in nature. The Company performs most of its maintenance and re-engineering assignments at its offshore delivery center located in India.

Enterprise Integration Services: The Company provides seamless information sharing to enable business optimization, and total information visibility through the integration of processes, applications and data. These services help its clients increase revenues by enabling new distribution channels and electronic service delivery, reducing transaction costs and maximizing the return on IT investments. The Company's integration architects and consultants have proven experience in leading integration tools and platforms. The Company's vast knowledge, coupled with its strong industry and technology expertise, helps its clients mitigate the risks involved in integrating new technologies.

B. RFID Solutions

Radio frequency identification, or RFID, is a generic term for technologies that use radio waves to automatically identify people or objects. There are several methods of identification, but the most common is to store a serial number that identifies a person or object, and perhaps other information, on a microchip that is attached to an antenna (the chip and the antenna together are called an RFID transponder or an RFID tag). The antenna enables the chip to transmit the identification information to a reader. The reader converts the radio waves reflected back from the RFID tag into digital information that can then be passed on to computers that can make use of it.

Overview

The Company's RFID solutions team is one of the most experienced providers of RFID solutions in the industry. The Company has invested extensively in developing solutions that help its customers at all points along the supply chain, from manufacturing to distribution to retail.

The Company delivers proven solutions for businesses at all stages of RFID adoption. Its capabilities are built on the Company's premier RFID Suite which incorporates the best practices learned from implementing RFID solutions for several companies in the manufacturing, logistics, CPG, retail, consumer electronics, pharmaceuticals, BFSI, aerospace, defense and utilities industries.

Whether a client is a manufacturer looking to deploy RFID in a single site, or a multi-national retailer looking to deploy RFID across multiple locations worldwide, the Company delivers industrial-strength solutions while implementing best practices to capture RFID data, add operational context to make the data actionable, develop an enterprise-level view of goods movement and inventory, and centrally monitor the reader network across multiple sites within an enterprise's supply chain.

PGSL RFID implementation methodology

The Company has perfected its implementation methodology in RFID Solutions to include four key project phases: Scope and Plan, Design and Configure, Integrate and Test, and Deploy

1. Scope and Plan

The Company's RFID experts formally initiate the implementation project with a series of discussions with the client to understand the business environment and requirements from the perspectives of operations, information technology, and the client's customers and suppliers. Business requirements are analyzed and mapped to the proprietary software solutions. Key performance indicators (KPI) are defined to measure project success, improvement goals of client customer/supplier KPIs, and the expected value from deploying RFID within the client's logistics operations.

A detailed project plan and resource plan is tailored to the client's business requirements and presented to the client for review and approval. A project team is formally identified and gathered for a project kickoff meeting where the key milestones, deliverables, and project governance are presented.

2. Design and Configure

A PGSL solution architect works with client personnel to develop detailed use cases that document the business process, production/logistics environment, product flow, integration messages, exception handling and user notification. Use cases are reviewed and approved by the client before implementation work begins. The solution architect develops test scripts and criteria to test the system configuration with the client project team.

Information technology personnel are engaged to determine server, storage, and network requirements. PGSL consultants assist the client in developing a hardware plan and network topology to support the RFID process.

Operations and facility personnel are engaged to plan the location of RFID hardware (e.g. readers and antennas). Solution architects plan appropriate integration with process line controls for seamless integration into the client's logistics process.

Its systems engineers establish a development environment and configure the RFID suite based on the approved use cases. Systems engineers under the direction of the solution architect conduct unit testing to ensure the system is performing as expected. Results of the unit tests are presented and reviewed with the client project team.

3. Integrate and Test

Achieving the appropriate level of integration between the RFID process and client ERP, WMS, and planning systems is an important aspect of a successful RFID implementation. Integration requirements are defined within the set of use cases. During this phase, client infrastructure is established to transport integration messages and data between systems. Its systems engineers create test integration messages that are sent to client systems, and receive test messages that impact the RFID environment from these systems. End-to-end test scripts are executed, with the results documented and reviewed by the project team.

4. Deploy

The tested system is deployed at the client site. The RFID deployment team works with the client to install software, RFID hardware, and appropriate process triggers. Complete end-to-end testing of the systems is conducted on the system with client project team members. Users are trained on the system, how to interpret user notifications, and exception handling.

The implementation project is closed with client approval of deliverables completed.

Project Management and Governance : The PGSL RFID project manager will provide overall project leadership and will manage a cross-functional team consisted of PGSL and client business, operational, and information technology resources. Overall responsibilities include development and maintenance of overall project and resource plan, ongoing issues log, weekly status reports, project plan updates and facilitation of key project-related meetings.

BUSINESS MODEL

Overview

The primary objective of the Company's business model is to deliver high-quality, cost-effective services to its clients along with maintaining high margins and optimum utilization rates. The Company has evolved a proven approach of solving difficult business problems faced by its customers using a mix of high value offshore services and applied domain expertise. From the beginning, PGSL's leadership has deliberately set about to continuously refine the Company's delivery capabilities by systematically making substantial investments in its processes, infrastructure and systems to effectively integrate its onsite domain expertise with its offshore service capabilities. The Company has taken the time to create a client-centric environment by investing in an effective training program for its people and providing them with state-of-the art facilities to deliver exceptional quality and successful execution. All of these critical initiatives help the people at PGSL in delivering services in a timely, consistent and accurate manner, maintain a high level of client satisfaction and focus on improvements in all aspects of delivery.

Delivery Model

The Company has fully integrated global delivery model allowing it to deliver its services using an optimum mix of onsite and offsite resources. In the initial stages of the project, PGSL uses a combination of onsite personnel and temporary onsite technical teams to supply immediate delivery capabilities. The temporary teams are relocated from the offshore center in Bangalore depending on the specific requirement. Such flexibility in using its offshore resources permits PGSL to maintain maximum productivity rates and high margins. To advance the client relationship further, the Company proceeds to execute the majority of the engagement using its offshore resources. By moving the work offshore, the Company provides its clients with cost-effective services that are delivered and performed in an efficient and timely manner.

PGSL's extensive experience in working with mid-to-large sized, multi-site projects has allowed the Company to considerably improve its project management skills and focus on accurately fulfilling its client requirements. PGSL has a specialized delivery tracking system, which allows its senior managers to utilize, allocate, and manage the Company's resources efficiently for various projects.

The most common type of engagements are Fixed Price Engagements (FPE) or Time and Material (T&M) depending on the SLA entered with the client. The agreements with the clients specify the Company's commitments and deliverables clearly and range from a period of six months to twelve months.

The Company's onsite and offshore execution capabilities deliver high-quality scalable services in reduced timeframes enabling the Company's clients to achieve significant operating efficiencies and realize valuable cost savings.

Customer Relationship Framework

PGSL's customer relationship framework is a methodology that guides a customer and software development outsourcer to achieving a successful relationship. This framework contains rules, processes, methodologies and other components that, if left undefined, could easily cause trouble during the engagement. Effective models also contain special parameters that allow the tailoring of rules, processes, and methodologies to suit each client's unique requirements. This flexibility becomes a key element in reducing engagement risks.

The Company employs a three step process for defining each relationship.

Step 1 – Identifying the most appropriate relationship framework

PGSL's engagement approach takes into account three dimensions.

1. *Offshore Maturity* - The level of previous or current experience a client has with software development outsourcing.
2. *Competitive Strategy* - Creating a relationship model that aligns with the client's competitive strategy:
 - Cost leadership
 - Differentiation
 - Focus
 - A combination of the above
3. *Client Specific Considerations* – Relationship Methodology design considerations take into account many factors such as a client's:
 - Process maturity
 - Reasons for outsourcing
 - Outsourcing strategy
 - IT infrastructure and security requirements
 - Domain, application, and technology expertise
 - Human factors, such as control, trust, authority, communication style, etc.

Possible relationship frameworks include:

- **ODC (Offshore Development Center)**, which is best thought of as an extension of a client's own development team
 - *Staff* – An ODC where client assigns tasks to individual engineers and manages their workload
 - *Project* – An ODC where the client focuses on the business requirements and PGSL manages the software development team
 - *Hybrid* – An ODC combining properties from both the Staff and Project subtypes
- **ODC – BOT (Build, Operate, and Transfer)** – PGSL builds a complete ODC that is eventually transferred in full to the client

Step 2 – CRT (Customer Relationship Team) helps to customize the relationship strategy

Determining the specifics of an relationship strategy requires experience and knowledge. For this reason PGSL has established the Customer Relationship Team (CRT) – a group of experts that fine-tunes an optimal relationship model. The CRT works with each client to define the following:

- **Strategy**
 - Definition of core competencies
- **Contractual stipulations**
 - Pricing
 - Service specifications (including SLA)
 - Definitions for Coordination, Operation, and IT issues
- **Coordination**
 - Governance
 - Measurements
- **Operation**
 - Handling of day-to-day processes
 - Defining processes and interfaces
- **IT**
 - Applications
 - Infrastructure
 - Interfaces

Step 3 – Create and maintain the Relationship Workbook

The resulting engagement strategy is recorded in an Relationship Workbook (RW). Relationship is never set in stone and evolves with the growing maturity of a relationship, technology, headcount, nature and number of projects, etc. CRT regularly reviews the Relationship model with the client, and records the resulting improvements in the RW.

BUSINESS STRATEGY

1) GROWING THE BUSINESS THROUGH STRATEGIC ACQUISITIONS

The Company has acquired CADGIS Consultants, a company in the Engineering and GIS space. With this acquisition, the Company has added valuable industry experts, and a team of management professionals who have deep expertise in working in their respective fields along with expanding the client base.

2) ESTABLISH LOCAL MARKETING PRESENCE

At present PGSL services its target market out of its office in the west coast of the US and India. With the disparate locations of several of the lucrative current and target customers, PGSL aims to establish local marketing centers to enable the Company to swiftly capitalize on any profitable opportunities.

3) DEVELOP PARTNERSHIPS WITH PRODUCT VENDORS IN EMERGING TECHNOLOGIES

The Company has identified that one of the fastest ways to expand the customer base is to invest in and apply emerging technologies to the everyday business challenges faced by its customers. By partnering with niche product players in emerging technologies, the Company is able to expand its portfolio of service offerings, access their client base, and make the most of their technical environments. The Company believes such relationships are important for it to remain competitive.

4) EXPAND SERVICE OFFERINGS

The Company aims to keep on building its competencies in various domains and offer solutions that address various parts of the supply chain for the benefit of logistics and distribution businesses. The Company plans to introduce further offerings to customers in BFSI and utilities industries. The Company is also working hard to introduce newer offerings to its existing client base of manufacturing, retail and CPG companies.

5) MARKETING AND SALES TIE-UPS

The Company has entered into the agreement with Nirvann Inc an entity in North America owned by Mr. Manish Poddar, to market and promote the services and solutions developed by PGSL. Nirvann with its strong presence in several key domains has the necessary thrust to promote PGSL's services to niche customers in focus industries and contribute to the long-term growth prospects of the Company.

MARKETING STRATEGIES

PGSL has positioned itself in core areas of technology oriented business solutions. The Company has a proven marketing approach of developing and offering domain specific solutions that solve the day-to-day business problems of its customers. To achieve strong marketing growth, the Company is focusing on the following:

- ❖ Develop purpose-built total solutions for its chosen domains
- ❖ Target Local Markets in high-growth markets such as the USA
- ❖ Invest in R&D to offer the best technical expertise to its customers
- ❖ Extend long-term relationships with software vendors to utilize tie-in opportunities.

COLLABORATIONS, ANY PERFORMANCE GUARANTEE OR ASSISTANCE IN MARKETING BY THE COLLABORATORS

The Company has entered into a Master Service Agreement dated May 16, 2001 with Nirvann Corporation, USA. The main terms and condition of the Agreement is as follows

1. NIRVANN hereby engages the services of the Software Developer to develop software as per NIRVANN's specifications and to return the software to NIRVANN along with the specifications once the required software has been developed.
2. The Software Developer, having represented that it has the necessary skill to undertake software development for NIRVANN, covenants to develop software for NIRVANN in strict compliance with NIRVANN's requirements and specifications as detailed in Scope of Works, and hereby warrants that the software developed by it shall of the highest quality and shall be developed maintaining the highest global industry standards. The Software Developer further undertakes to return the software as well as all other materials of NIRVANN once the software has been developed by it.
3. NIRVANN shall from time to time, subject to the performance of all its obligations by the Software Developer, issue individual scope of works pursuant to this agreement. All Scope of Works shall be subject to all the terms and conditions stipulated in this agreement.
4. Scope of Works shall define the nature and manner for a particular project to be undertaken, including all procedures thereunder. The Scope of Works shall be subject without any limitation to all the terms and conditions stipulated in this agreement. Notwithstanding the above, the Scope of Work may impose any additional terms or conditions for specific projects including but not restricted to:
 - a. Description and/or specifications of the services to be performed and the deliverables to be delivered to NIRVANN.
 - b. The amount, schedule and method of payment.
 - c. The time schedule for performance and for delivery of the Deliverables.
 - d. Completion and acceptance criteria for the Deliverables.
5. The Software Developer hereby agrees to be bound, without any restriction to all such terms and conditions as may be additionally imposed in the scope of works.

Further to this Master Service Agreement, the company has amended certain terms of the agreement vide a letter dated 19/12/2005 and presently Nirvann undertakes to pass on all its business and orders to PGSL.

For further details on Nirvann Corporation refer page no.59 of this prospectus.

INDIAN CLIENTS

- Karnataka State Council for Science & Technology, Bangalore.
- Magnasoft Consulting, Bangalore.
- Chemtex Consulting, Bangalore.
- Macmet India, Bangalore.
- Patni Computer Systems, Bangalore.
- Cadworld Info Systems, Bangalore etc.

INTERNATIONAL CLIENTS

- Land info Worldwide Mapping, LLC-USA
- Intec Americas Corp-USA
- NTT-ME-TOKAI-Japan
- ABB
- Tomahawk Inc- Texas, USA
- Mahi Trading LLC-Oman
- OES Online
- Ohrion Consultants - Canada
- Information Integration and Imaging LLC - Colorado, USA etc.

COMPETITORS

PGSL faces competition from the following companies:

- ***3i Infotech Ltd.***

3i Infotech Ltd. is in the business of providing a range of information technology, or IT, solutions to companies worldwide, primarily companies in the banking, insurance and financial services industries. It was incorporated in 1993 as a wholly-owned subsidiary of ICICI Limited, which was merged with ICICI Bank with effect from March 29, 2002. The company offers a comprehensive range of software and IT solutions, including packaged applications for the banking, insurance and financial services industries (encompassing consumer banking, commercial banking, insurance policy sourcing and claims processing, investor servicing and Internet delivery of financial services, as well as business intelligence and analytical applications), an enterprise resource planning suite of applications, custom application software development, deployment, maintenance and support services (both onsite and offshore), and IT consulting services.

- ***Geodesic Information Systems Ltd.***

Geodesic Information Systems is a Private Limited technology company founded in April 1999 Geodesic is in the business of software development and provides RDBMS (Relational Database Management System), Networking Applications, Web Technologies (including Interface designing and Interactivity) and Security protocols to its customers.

- ***Hinduja TMT Ltd.***

HTMT provides varied services like application development & maintenance, system integration, legacy migration, web & multimedia based services, ERP implementation, IT consulting and engineering design services. In ITES, it has a presence in both non-voice (back office processing) and voice (call center) services.

- ***iGate Global Solutions Ltd.***

iGATE Global Solutions is a fully integrated technology and operations firm with a global services model. iGATE Global Solutions services include consulting, IT Services, Data Analytics, Enterprise Systems, BPO/BSP, Contact Center and Infrastructure Management Services.

- ***Infotech Enterprises Europe Ltd.***

Founded in 1991, Infotech is a software services company with core competencies in geographic information systems (GIS), engineering design and IT services. They specialize in software services and solutions in these areas for the utilities, telecommunications, manufacturing, transportation, government and retail markets.

- **Logix Microsystems Ltd.**

Logix Microsystems Ltd. is a Software Development Company providing Business and Technology Solutions to blue-chip companies. It is one of the earliest SAP and Siebel implementation companies with a track-record dating back to 1997 and with a valid SAP license for internal training. It provide Business Solutions like: ERP Solutions, CRM Solutions, e-business Solutions, Custom Software Development and Offshore Development Services from India, Web and Rich media Solutions like: izmo OM, izmo Rainmaker, izmoweb Platform, izmomail, izmo Toolkit, izmotrak, izmocompare and izmo eBrochure & Enterprise Products like: Hummingbird, UNIX Connectivity, NFS & FTP, Mainframe Connectivity, Secure Connectivity, Secure Computing, Content Keeper and Related Products

- **Nucleus Software Exports Ltd.**

Nucleus Software Exports Ltd. provides innovative and pioneering products and software solutions since 1986. Its core competence is wholly focused in banking and financial services spanning across solutions in the areas of Core Banking, Retail & Corporate Banking, Credit Cards, Cash Management, Relationship Banking, Financial CRM, Credit Risk & Appraisal, Trade Finance, EAI, Internet Banking, FX, Basel II, Data warehousing and Analytics.

- **Onward Technologies Ltd.**

Onward Technologies Ltd. is an engineering design service provider. It is a service partner to the worldwide manufacturing industry, with a range of engineering services. It supports manufacturing companies in engineering to create innovative products, reduce costs, shorten development cycles and bring products to the market faster.

Source: Respective Company's website

Relative positioning of the company vis-à-vis the competitors in the Industry

PGSL's primary business model is providing specialized solutions using its offshore resources based out of Bangalore combined with very strong sales and marketing expertise in the North American region. In addition, the Company is one of the few Indian IT providers to offer comprehensive offerings in RFID (radio-frequency identification) space, which is one of the fastest growing industries in the world today. Since the last few years, it has invested significant resources in developing industry specific RFID solutions that can be implemented using its offshore delivery model. By building solutions in such lucrative yet niche areas, the Company has prevented the emergence of a large number of direct competitors for its targeted customers. The Company is comfortable in the competition it expects from the full service technology firms for its business in the North American region.

Company's USP/Core Competence

PGSL has over the years committed itself in advancing its capabilities in the key competencies which result in consistent top line growth. Utilizing its relatively lower cost yet highly professional organization which is based out of India, the Company has invested in developing an understanding of its clients' domain and worked hard to adapt the latest available technologies to its customers' needs. It has built trustworthy partnerships with its main customers by providing predictable cost, time and resource usage. In addition, several of PGSL's senior management and employees have established reputation in the industry and have delivered numerous exceptional achievements.

PGSL's USP is its RFID service offerings. The Company is one of the few Indian IT providers to offer comprehensive offerings in RFID (Radio-Frequency Identification) space, which is one of the fastest growing industries in the world today. PGSL's investments in the RFID area have allowed the Company to offer the latest RFID implementation solutions, and with the burgeoning demand for the unclouded visibility offered by such solutions by enterprises around the world, the Company believes that RFID will be a major contributing factor in its immediate growth.

EXPORT OBLIGATION

The government has stipulated that the unit must earn Foreign Exchange by exporting 100% of the production of export product, namely computer software for a period of five years, counting from the prescribed date. Exports to Bhutan, will not qualify for redemption export obligation as also export to Afghanistan and Nepal if made other wise than against payment in free foreign exchange. This export obligation shall be in addition to and over and above any other export obligation that might have been or may be imposed on the unit any other ground.

HISTORY OF THE COMPANY

Powersoft Global Solutions Limited (PGSL) was originally incorporated on 4/11/1992 as Bhandari Food Flavours Limited and the name of the Company was changed to Powersoft Global Solutions Limited (PGSL) w.e.f. 13/03/2000

Bhandari Food Flavours Limited was promoted by Mr.G.Ashok Bhandari with the object of setting up of a project for the manufacture of food products including coconut based food products and mineral water. To part finance the cost of the project, the company had come out with a public issue in the year 1996. However, the company did not receive amount due on calls on the shares issued and thereby the project could not be fully funded and hence the same was not implemented. The shares of the company are listed on the Stock Exchanges at Bangalore, Madras and Ahmedabad.

Subsequently the main objects of the Company were changed through a special resolution, altering the provisions of its memorandum of association with respect to its objects at an Extra-ordinary General Meeting held on 29/6/1998. The Registrar of Companies has given effect to the alteration of the objects, with the main object being inter-alia to carry out software development business.

Consequent to the changes in the object clause of the Company, the company was taken over by the present promoter Mr. Rajkumar Gulecha by acquiring shares from the original promoters. The necessary formalities relating to the SEBI (SAST) Guidelines were complied with. Mr. Rajkumar Gulecha was co-opted as director of the Company on 15/3/2000.

PGSL entered into an alliance with Nirvann Corp of USA in November 2000 and Nirvann was issued 34,07,733 equity shares of PGSL on a stock swap basis whereby PGSL was allotted 8% of the common stock in Nirvann Corp whose valuation as per independent CPA in the USA is about US Dollars 50 Million. Consequently, PGSL has become a subsidiary of Nirvann Corp & Manish Poddar, CEO of Nirvann was inducted in to the Board of PGSL.

Main Object of the Company

The main objects of the Company are as follows:

(As set out in the Memorandum and Articles of Association of the Company)

1. To establish, promote, start, acquire, improve, equip, develop, collaborate, run and manage units and carry on the business of manufacturing, processing, producing, buying, selling, importing, exporting and to act as traders, dealers, agents and to market food concentrates, dehydrated vegetables, food products, food mixes, jellies, jams, ketchup, pickles, vegetables products, fast foods, papad ready to serve foods, of every kind and taste.
2. To provide technical, commercial, managerial, financial, marketing, quality control, consultancy services to any person, firm, institution, body corporate, whether incorporated or unincorporated and whether in India or elsewhere, in any form or manner whatsoever, in advisory or in any other capacity, either by itself solely or in association with other units, so as to render services emanating from above referred activity either directly or in directly.
3. *To carry on in India/ Elsewhere with/without collaboration the business as designers, engineers, dealers and consultants in all fields of software and hardware, software development, hardware and software maintenance including any operating systems, computer, languages, packages, compilers, linkers, loaders, software debugging techniques and application packages, systems languages, peripherals and instruments data communication equipments, image processing and data acquisition equipments for all computers-related applications and in the business of consultant, developers, formulators, turnkey project executors, and to render and impart all kinds of software services.

* Amended the main objects by way of adding this clause at the EGM held on 29/06/1998.

SUBSIDIARIES OF PGSL

The Company does not have any subsidiaries

SHAREHOLDER'S AGREEMENTS

There is no Shareholders' Agreement existing as on date.

STRATEGIC & FINANCIAL PARTNERS

The Company does not have any strategic/ financial partner, other than Nirvann Corp, USA the details of which are furnished on page no.59 of this prospectus.

OTHER AGREEMENTS

Except the contracts/agreements entered in the ordinary course of the business carried on or intended to be carried on by the Company, the Company has not entered into any other Agreement/Contract.

MANAGEMENT OF THE COMPANY

Sr. No.	Name, Designation, Age, Address and Occupation	Other Directorships	No. of equity shares of Rs. 10 each of PGSL
1	Mr. Manish Poddar Chairman and Chief Executive Officer Age: 32 years 22425 Ventura blvd St. # 343 Woodland hills CA 91364 Occupation : Business	Nirvann Corp, USA-Proprietor	34,07,733
2	Mr. Rajkumar P. Gulecha Director Age: 33 years 98/4 1 st Floor, 1 st Main Nagappa Street SesadriPuram, Bangalore- 560 020 Occupation : Business	Powersoft Geospatial Technologies Limited	13,67,000
3	Mr. U Sampath Kumar Whole Time Director Age: 67 years 303,Santoj cottage, 107, Surveyor St., Basavanagudi, Bangalore 560004 Occupation : Business	Tomahawk Software India Pvt. Ltd.	Nil
4	Mr. Prithviraj K.K. Director Age 40 years 1169, 3 rd A Main, Rammaiah Layout, Kammanhalli, Bangalore – 560 084 Occupation : Consultant	Nil	Nil
5	Ms. Micaela Scarchilli Director Age 34 years 31 Marc Drive Dayton, NJ 08502 Occupation : Business	Nil	Nil
6	Mr. Prakash Sharma Director Age 68 years POB #170 Pennington, NJ 08534, USA Occupation : Professional	Nil	Nil

Term of the directorship

Mr. Sampath Kumar - 3 years from 01/07/2005

Mr. Manish Poddar - 5 years from 01/01/2006

All the directors are liable to retire by rotation

BORROWING POWERS

Vide a resolution passed at the Extraordinary General Meeting of the Company held on 19/02/1996, consent of the members of the Company was accorded to the Board of Directors of the Company pursuant to section 293 (1) (d) of the Companies Act, 1956 for borrowing any sum or sums of money in any manner from time to time or without securities and upon such terms and conditions as they may deem fit notwithstanding that monies already borrowed by the Company (apart from temporary loans obtained from the company's bankers in the ordinary course of business) may exceed the aggregate of the paid-up capital and free reserves of the Company subject however to the condition that such borrowings at any point of time shall not exceed Rs.20.00crores.

COMPENSATION OF WHOLE TIME DIRECTORS

Mr. Manish Poddar

Mr. Manish Poddar has been appointed as Chairman and Chief Executive Officer (CEO) of the Company subject to Central Government approval w.e.f 01/01/2006 for a period of 5 years and at a remuneration of Rs.30,000/- per month excluding the following:

1. Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
2. Gratuity payable at a rate not exceeding half a month's salary for each completed year of service and
3. Encashment of leave at the end of the tenure.

Mr. Sampath Kumar

Mr. Sampath Kumar has been appointed as Whole Time Director from 01/07/2005 for a period of three years and that the terms and conditions as mentioned below:

Salary of Rs.50000/- (Rupees Fifty Thousand only) per month.

In addition to salary and commission, the following shall be allowed to Mr. Sampath Kumar:

- ✓ Reimbursement of medical expenses for self and family as per Company rules.
- ✓ Leave Travel Concession for self and family as per Company rules.
- ✓ Fees of clubs subject to maximum of two clubs.
- ✓ Personal Accidental Insurance, as per Company rules.
- ✓ Provision of car for business and personal purposes.
- ✓ Telephone at the residence.
- ✓ Internet at the residence.

Mr. Sampath Kumar will be paid the following perquisites which shall not be included in the computation of the ceiling on the remuneration in the event the Company has no profits or its profits are inadequate in any financial year during the aforesaid period:

Contribution to Provident Fund, Superannuation Fund or Annuity Fund as per Company Schemes to the extent these either singly or put together are not taxable under the Income Tax Act, 1961

Gratuity payable at the rate of half a month's salary for each completed year of Service.

The directors do not have any service contract with the Company.

CORPORATE GOVERNANCE

The extract of the Corporate Governance Report from the Annual Report of PGSL for the year ended 30/09/2005 is as follows:

PHILOSOPHY ON CORPORATE GOVERNANCE

The Board represents the stakeholder's interests in terms of safety and return on their investments. It is further responsible to the various constituents of business viz. Employees, Customers, and Vendors and to the society where it operates. Customer satisfaction has been the chief motto of the Company.

The Company has a well-constituted Board comprising of five Directors, who possess rich corporate experience, the composition being as follows:

The Board is primarily responsible for the overall management of the Company's affairs. All the Directors have good understanding of important business aspects, both generic and specific to Powersoft Global Solutions Ltd.

Category	Names of Directors
Promoter Director	Mr. Manish Poddar Mr. P. Rajkumar
Independent & Non Executive Directors	Mr. Prithviraj KK Ms. Micaela Scarchilli
Non- Independent Executive Directors	Mr. Sampath Kumar

REMUNERATION PAID TO INDEPENDENT DIRECTORS

No remuneration was paid to any Independent Directors.

None of the Non-Executive Independent Directors of the company has any pecuniary relationships or transactions with the company

AUDIT COMMITTEE

The Audit Committee comprises of two Non-Executive Independent Directors and a Chairman who is also an Independent Director

The Key functions of the Committee are:

1. Reviewing with the management the annual financial statements before submission to the Board and reviewing any activity coming under its reference.
2. Overseeing the Company's financial reporting and public disclosure processes to ensure that financial statements are correct, sufficient, and credible.
3. Recommending the appointment and termination of services of external and internal auditors, making recommendations on fee levels and determining the fees payable for any other services.

The independent members of the Committee are senior professionals in the fields of finance, engineering, and administration with significant business expertise. Auditors are invitees to the Meeting hereof.

The Committee met four times during the financial year 2004-2005: on 30.10.2004, 31.01.2005, 18.04.2005, 30.07.2005. Attendance details are set out below:

Members	No. of Meetings	No. of Meetings attended in person	No. of meetings participated through teleconference/video conference
Mr. P. Rajkumar	4	4	Nil
Mr. U.Sampath Kumar	4	1	Nil
Mr. Manish Poddar	4	2	2
Mr. Prithviraj K.K.	4	4	Nil

The Audit Committee invites such additional persons including the Auditors, as may be desired necessary from time to time, to its meetings.

COMPENSATION COMMITTEE

The Compensation Committee comprises two Non-Executive Directors, including its Chairman, and another independent Director.

The Committee performs the following key functions

1. Periodically reviewing the compensation and benefits for Executive Directors and senior management.
2. Reviewing the Employee Stock Option Plan of the Company and related issues.

The primary objective of the Committee is to attract and retain the best talent and to ensure continuous generation of enthusiasm and motivation in them.

SHAREHOLDERS GRIEVANCES COMMITTEE

The Committee comprises of one Non-Executive Independent Director and the Chairman and Executive Director, who are Promoter Directors.

The Committee reviews the redressal of demat issues and grievances such as transfer of shares, non-receipt of shares, non-receipt of Annual Reports, and the like.

The committee met four times during the financial year 2004-2005: on 30.10.2004, 31.01.2005, 18.04.2005, 30.07.2005. Attendance details are set out below:

Members	No. of Meetings	No. of Meetings attended in person	No. of meetings participated through teleconference/video conference
Mr. P. Rajkumar	4	4	Nil
Mr. U.Sampathkumar	4	1	Nil
Mr. Prithviraj K.K.	4	4	Nil

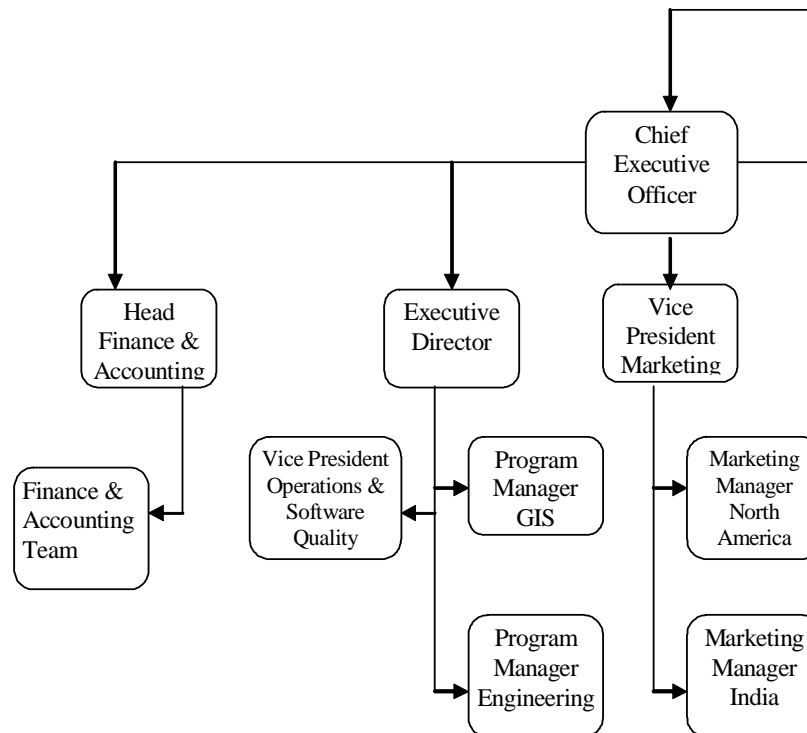
INTEREST OF PROMOTERS/DIRECTORS

All the Promoters and directors may be deemed to be interested to the extent of reimbursement of expenses, if any, payable to them under the Articles of Association. They may also be deemed to be interested to the extent of the shares, if any, held by them or by the relatives or by firms or companies of which any of them is a partner and a Director/ Member respectively and the shares if any, out of the present Offer that may be subscribed for and allotted to them or their relatives or any Company in which they are Directors / members of firms in which they are partners. The promoter of the company – Mr. Manish Poddar who is also the Chairman and the CEO and the whole time director Mr. Sampath Kumar are receiving remuneration from the Company and are therefore interested to that extent in the Company.

Changes in the directors during the last three years and reasons thereof:

Sr. No.	Name	Date of Appointment/ Resignation	Reason for change
1.	Mrs. Elsy Francis	01.12.2004	Appointed as Additional Director
2.	Mr. Prithviraj KK	01.12.2004	Appointed as Additional Director
3.	Mrs. Elsy Francis	01.07.2005	Resigned as Director
4.	Mr. Ashok Bhandari	01.07.2005	Resigned as Director
5.	Ms. Micaela Scarchilli, Italy	01.07.2004	Appointed as Director
6.	Mr. U Sampath Kumar	01.07.2005	Appointed as Director and Wholetime Director
7.	Mr. Prakash Sharma	21.02.2006	Appointed as Director

ORGANISATION STRUCTURE



MANAGERIAL COMPETENCE & KEY MANAGERIAL PERSONNEL

The Company is managed by its Board of Directors, assisted by qualified professionals, with vast experience. The brief detail of the key managerial personnel is given below:

<i>Name, and Designation</i>	<i>Age (years)</i>	<i>Qualification</i>	<i>Experience in the Company</i>	<i>Total No. of years of Experience and the nature of experience</i>	<i>Compensation (p.a. basis)</i>
Mr. Andy Duke* Vice President - Marketing	47	MBA	3 years	20 years IT Industry	USD 60,000
Ms. Megan Bell* Global Delivery Manager - RFID	42	MSEE	3 years	10 years Wireless industry strategist	USD 55,000
Mr. Rick Lahm* Marketing Manager-Asia Pacific	38	Master's Degree in Business Administration	3 years	10 years Selling complex IT Solutions	USD 35,000
Mr. P. Mahadevan * Vice President Technology	43	Master in Science in Electrical Engineering	3 years	17 years Developing IT Solutions for blue chip multinationals	USD 45,000
Mr. Jagadish Manager Finance	32	MBA	3 years	8 years Finance and Accounts	Rs. 2.40 lacs
Mr. Rajan Vice President Operations	51	BE, ME	<1 yr	25 years Software operations	Rs. 4.20 lacs
Mr. Marian Joseph Program Manager Engineering	38	DME	3 yrs	17 years IT Industry	Rs. 3.00 lacs
Mr. Gopal Krishnan Program Manager GIS	35	MCA	3 yrs	13 years GIS Domain	Rs. 3.00 lacs
Mr. Sukumar K Project Manager	34	BE	3 Yrs	13 years IT Industry	Rs. 2.40 lacs
Mr. J.V. Shiv Prakash Company Secretary	46	B.Com, A.C.S.	<1 yr	17 years Financial Head and Company Secretary	Rs. 3.00 lacs

* Deputed by Nirvann Corp., USA.

The above persons are on the rolls of the Company as permanent employees.

Changes in the key managerial personnel in the last three year.

Sr. No.	Name	Designation	Date of appointment	Date of resignation
1.	Mr. Rajan	Vice President Operations	01/05/2005	Not Applicable
2.	Mr. Marian Joseph	Program Manager Engineering	01/10/2004	Not Applicable
3.	Mr. Gopal Krishnan	Program Manager GIS	01/10/2004	Not Applicable
4.	Mr. Sukumar K	Project Manager	01/10/2004	Not Applicable
5.	Mr. J.V. Shiv Prakash	Company Secretary	16/08/2005	Not Applicable

Remuneration

The remuneration of each of key managerial personnel includes salary, bonus, Company's contribution to Provident Fund, Leave Travel Concession, Medical Expenses and value of other facilities inclusive of accommodation as may be applicable in such case. The Company has not offered any profit sharing plan to its Key Managerial Personnel

SHAREHOLDING OF THE KEY MANAGERIAL PERSONNEL

The key managerial personnel do not hold any shares of the Company

EMPLOYEE STOCK OPTION SCHEMES

Till date, the Company has not introduced any Employees Stock Option Scheme/Employee Stock Purchase Scheme.

INTEREST OF KEY MANAGERIAL PERSONNEL

No amount or benefit has been paid or given within the two preceding years or are intended to be given to any of the Directors or key managerial personnel except the normal remuneration for services rendered as directors, officers or employees.

PROMOTERS OF THE COMPANY



Mr. Manish Poddar (32 years) is an American citizen and steers the business of PGSL. He came on board of PGSL in 2001. Presently he is the Chairman and the Chief Executive Officer of the Company. He has over a decade of experience in the IT industry. He directs overall corporate strategy for PGSL and has grown the Company by establishing strong relationships with key customers. Under his leadership, PGSL's customer base has grown and includes several industry leaders and world-renowned corporations.

The passport no. of Mr. Manish Poddar is 095165276 (U.S.A.)



Mr. P. Rajkumar (33 years) is a graduate in commerce. He has over 8 years of experience in the IT industry. He is in-charge of corporate development, business development, and product management in the company. He is skilled at planning and executing aggressive partnership strategies with emerging companies in niche market segments.

The driving license no. of Mr. P. Rajkumar is A9182868

It is confirmed that the Permanent Account Number, Bank Account Numbers, Passport Number have been submitted to the Stock Exchanges at the time of filing of the Draft Prospectus. Further, the Promoters have not been detained as a willful defaulter by the Reserve Bank of India or any other Government authority and there are no violations of securities laws committed by the Promoters in the past or any such proceedings are pending against the Promoters.

RELATED PARTY TRANSACTIONS

For related party transactions, please refer to the section entitled "Related Party Transactions" beginning on page no. 69 of this Prospectus.

CURRENCY OF PRESENTATION

In this Prospectus, all references to "Rupees" and "Rs." are to the legal currency of India, all references to "USD" or "US\$" refer to the United States Dollar, the lawful currency of the United States of America

DIVIDEND POLICY

PGSL's management believes that by re-investing its profits into the company, it is able to maximize value for its stake-holders.

PROMOTER GROUP COMPANIES

COMPANIES UNDER THE SAME MANAGEMENT

There are no companies under the same management within the meaning of section 370(1) (B) of the Companies Act, 1956

VENTURES PROMOTED BY THE PROMOTERS

Brief details of the ventures promoted by the promoters of the Company are given below:

- * Nirvann Corporation, USA
- * Powersoft Geospatial Technologies Ltd

Brief details of the group companies are given below:

1. NIRVANN CORPORATION

Date of Incorporation	May 1, 1996
Registered Office	3, Christiana Centre, 201N. Walnut Street, DE, 19801
Name of the promoter	Mr. Manish Poddar

Nirvann is a single source technology solutions firm based in USA promoted by Mr. Manish Poddar. Nirvann, a diversified IT solutions and service provider, offers customers project management capabilities for a broad range of technology solutions including custom application development, data warehousing, ERP package implementation, systems integration, software engineering, application support and training and internet and web-enabled applications. Nirvann’s flexible delivery of value-added services are provided through a combination of geographic presence, industry focus and specialized technology practices.

Nirvann’s customer relationships have been established after years of research and development efforts as well as on the goodwill and reputation of Nirvann’s research scientists and the value that they have contributed to the RFID industry participants and customers. Nirvann is exclusively committed to the growth of PGSL by passing on all its business and orders to PGSL to safeguard the interests of PGSL. The Company has entered into a Master Service Agreement dated May 16, 2001 (further amended vide a letter dated 19/12/2005) with Nirvann Corporation, USA whereby Nirvann undertakes to pass on all its business and orders to PGSL.

Expertise

Nirvann has helped businesses of all sizes and across a wide range of industries plan, prioritize and implement dynamic & effective strategies. The expertise of Nirvann lies in the following areas:

- **Research & Analysis:** Detailed situation analysis including comprehensive reviews of the organization, competitors and marketplace, to fully understand the challenges.
- **Planning & Development:** Strategic blueprints identifying the right Nirvann strategy that meets the challenges, including an analysis of specific initiatives as well as the overall program.
- **Implementation:** It is ensured that all projects, plans, resources and project management requirements are in place to achieve the desired Nirvann strategy and outcome.
- **Database Design & Architecture:** Nirvann designs and builds customized data warehouses and data marts, including data mobilization, systems architecture and design.
- **Database Management & Warehousing:** Nirvann can manage the databases, maintaining and updating them with feeds from all other operations on an outsourcing basis. Alternatively, it can create a custom solution for the technical team to manage and operate. Or can combine approaches, to provide the client with maximum flexibility.
- **Data Enhancement:** Data overlays, segmentation and profiling services increase the clients ability to target the right customers.

Clients

Most of Nirvann's clients are large and mid-sized companies, system integrators or other significant users of IT. The following is a partial list of clients to which Nirvann has provided, or is providing, services:

Sears, General Electric, JC penny, National Geographic, National Semiconductor, Cisco Systems, Fidelity Investments, EPresence.com, Priceline.com, Bank of America, The Hartford, State Farm Insurance, American Express, Dow Jones & Company, Covance, Sony, Ford among others.

Brief financials of the Company are as follows:

(USD in lacs)

Particulars	November 2005 (11 months)	December 2004 (12 months)	December 2003 (12 months)	December 2002 (12 months)
Operating Income	90.12	0.59	2.09	5.12
Other Income	0.03	0.00	0.00	0.00
Total Income	90.15	0.59	2.09	5.12
Total Expenses	78.89	0.65	1.89	4.70
Net Profit	11.26	0.06	0.20	0.42
Equity Capital	1.18	0.71	1.09	1.09
Reserves	16.47	1.13	1.19	0.99
Networth	17.65	1.84	2.28	2.08

Nirvann has realized total income of USD 90.12 lacs and net profit of USD 11.26 lacs for the eleven months period ended November 30, 2005. Out of this, Newco Solutions Inc. whose business was absorbed by Nirvann as on September 01, 2005 has contributed USD 34.53 lacs in income and net profit of USD 3.20 lacs

There are no litigations/disputes against Nirvann Corp.

2. POWERSOFT GEOSPATIAL TECHNOLOGIES LTD

Date of Incorporation	:	28/01/1999
Registered Office	:	F-104, Adarsh Garden, 8 th Block, Jayanagar, Bangalore.
Board of Directors	:	Mr. Rajkumar P. Gulecha, Mr. P. Mukesh and Mr. S. Mohanchand
Nature of Business	:	Provides IT Infrastructure Support, Ready to use office space support

Brief audited financials of the Company are as follows:

(Rs. in lacs)

Particulars	31/03/2005	31/03/2004	31/03/2003
Operating Income	32.85	33.10	21.70
Other Income	0.00	0.00	0.00
Total Income	32.85	33.10	21.70
Total Expenses	32.79	33.04	21.64
Net Profit	0.05	0.06	0.05
Equity Capital	5.00	5.00	5.00
Reserves	4.88	4.83	4.77
Networth	9.88	9.83	9.77

There are no litigations/disputes against Powersoft Geospatial Technologies Ltd.

None of the Promoters or Promoter Group Companies have been restrained or prohibited by SEBI or any other regulatory authority from accessing the capital markets for any reason.

COMMON PURSUITS

Nirvann Corp and PGSL are in the similar line of business. Nirvann is exclusively committed to the growth of PGSL by passing on all its business and orders to PGSL to safeguard the interests of PGSL. Hence there is no conflict of interest situation

COMPANIES OF THE PROMOTER/PROMOTER GROUP REFERRED TO BIFR/ UNDER WINDING UP/HAVING NEGATIVE NET WORTH

Except as stated below none of the companies promoted by the Promoters have been referred to BIFR or are under winding up or have negative network

Newco Solutions Inc

Newco Solutions Inc. was the entity that was promoted by Mr. Manish Poddar in the United States in the year 2002. This Company was in the business of IT Solutions and Services.

To ensure that there are no multiple entities engaged in the similar line of business and to ensure the smooth flow of revenues to PGSL, the business of Newco Solutions Inc. has been absorbed by Nirvann Corp. w.e.f. September 01, 2005. Consequently to avoid a conflict of interest with the business of PGSL, the Company's management has initiated steps to wind-up Newco Solutions Inc. in the United States.

PART II
SECTION IV: FINANCIAL INFORMATION
AUDITORS REPORT

The Board of Directors
Powersoft Global Solutions Ltd
A-313, Block III, KSSIDC Complex
STPI, Keonics Electronics City
Hosur Road, Bangalore – 560 100

Dear Sirs,

We have examined the Books of Accounts of M/s **Powersoft Global Solutions Ltd.**, for the period 30th June, 2001 (15Months), 30th September, 2002 (15Months), 30th September, 2003, 30th September, 2004, 30th September, 2005 and for the first quarter ended 31st December, 2005 which is the last date to which the accounts of the Company have been made up and we confirm that the financial statements for the period 2000-01(15Months), 2001-02(15Months), for the year 2002-03, 2003-04, 2004-05 and for the first quarter ended 31st December, 2005 have been made in accordance with Schedule VI of the Companies Act, 1956 and as per accounting standards of the Institute of Chartered Accountants of India.

As required by Part II of Schedule II to the Companies Act, 1956 and as per guidelines issued by the Securities and Exchange Board of India ('SEBI') in pursuance of subsection (1) of Section 11 of the Securities and Exchange Board of India Act, 1992, we have examined the financial information contained in Annexures to this report which is proposed to be incorporated in the Offer Document of M/s **Powersoft Global Solutions Ltd.**, in connection with the public issue of equity shares of Rs. 10/- each, at a price of Rs.22/- per equity shares aggregating to Rs.1188.00 Lacs.

Based on our examination of the above financial statements, we confirm that the relevant extracts of Balance Sheet and Profit & Loss Account as enclosed in **Annexure I** and this report has been made after giving effect to the following:

- The impact of qualification in the auditor's report where applicable has been adjusted.
- The impact of extra ordinary items has been disclosed separately in the financial statements.

The significant Accounting Policies and Notes to Accounts are enclosed in **Annexure II** to this report.

Other Financial Information

- Accounting ratios relating to Earnings Per Share, Net Asset Value per share and Return on Net Worth are given in **Annexure III**.
- The capitalisation statement of the Company as at 31st December, 2005 is enclosed as **Annexure IV**.
- The taxation statement for the preceding financial years of the company are enclosed as **Annexure V**.
- The transactions with companies in the promoter group and details and transaction with Group Company / promoters including Outstanding Loans taken by the company are enclosed in **Annexure VI**.

In our view the 'financial information as per audited financial statements' and 'other financial information' mentioned above is in accordance with the relevant requirements of Part II of Schedule II of the Company's Act, 1956 and as per guidelines issued by the Securities and Exchange Board of India.

Bangalore
February 17, 2006

For H C GULECHA & CO
Chartered Accountant

Sd/-
H C GULECHA
Proprietor
M No. 26034

ANNEXURE I

The Financial highlights for M/s Powersoft Global Solutions Ltd., for the five financial period / year ended 30.06.2001(15 Months), 30.09.2002 (15 Months), 30.09.2003, 30.09.2004, 30.09.2005 and first quarter ended 31.12.2005.

STATEMENT OF PROFITS AND LOSSES

(Rs. in lacs)

Particulars	Period Ended 30.6.2001 (15 months)	Period Ended 30.09.2002 (15 months)	Year Ended 30.9.2003	Year Ended 30.09.2004	Year Ended 30.09.2005	First Quarter Ended 31.12.2005
INCOME						
Software Sales & services	73.66	8.14	317.48	513.46	667.45	141.73
Other Income	0.27	0.10	0.15	-	0.35	-
Total	73.93	8.24	317.63	513.46	667.80	141.73
EXPENDITURE						
Cost of Revenue	39.01	4.36	235.25	386.47	466.33	96.75
Administration & Selling Expenses	29.78	3.64	15.87	17.97	51.19	12.85
Financial Charges	0.01	0.01	-	-	-	-
Depreciation	0.13	0.13	0.54	25.11	30.01	8.66
Total	68.93	8.14	251.66	429.55	547.53	118.26
Profit before Non Operative Losses	5.00	0.10	65.97	83.91	120.28	23.47
Non Operative Losses / Bad Advances Written Off	65.85	-	-	-	--	
Profit /(Loss) For The Period/Year	(60.85)	0.10	65.97	83.91	120.28	23.47
Provision for Taxation	-	-	-	-	-	-
Profit after Tax	(60.85)	0.10	65.97	83.91	120.28	23.47
Balance of loss B/f from previous year	264.07	324.92	324.82	258.85	174.94	54.67
Balances of loss carried over to Balance sheet	324.92	324.82	258.85	174.94	54.67	31.19
Earning Per Shares: Basic/diluted (equity shares, par value Rs.10/- each)	-	-	1	1.29	1.85	1.45

STATEMENT OF ASSETS AND LIABILITIES

	Particulars	2000-01 15 months	2001-02 15 months	2002-03	2003-04	2004-05	(Rs. in lacs) First Quarter Ended 31.12.2005
A.	Fixed Assets :						
	Gross Block	1.70	1.70	8.60	194.93	274.03	274.85
	Less Depreciation	0.70	0.83	1.38	26.48	56.49	65.15
	Net Block	1.00	0.87	7.22	168.45	217.54	209.70
	Less : Revaluation Reserve	0.00	0.00	0.00	0.00	0.00	0.00
	Net Block after adjustment for Revaluation Reserve	1.00	0.87	7.22	168.45	217.54	209.70
B.	Investments	1,678.87	1,678.87	1,678.87	1,678.87	1,678.87	1,678.87
C.	Current Assets, Loans and Advances :	39.91	40.99	116.37	96.46	157.48	186.21
D.	Liabilities and Provisions :						
	Secured Loans	0.00	0.00	0.00	0.00	0.00	0.00
	Unsecured Loans	0.00	0.00	0.00	0.00	0.00	0.00
	Current Liabilities and Provisions	0.81	1.66	17.42	74.83	64.66	62.08
E.	Networth Represented by						
	1. Share Capital	650.05	650.05	650.05	650.05	650.05	650.05
	2. Reserves	1,068.92	1,069.02	1,134.99	1,218.90	1,284.51	1,362.65
	Less Revaluation Reserve	0.00	0.00	0.00	0.00	0.00	0.00
	Reserves (Net of Revaluation Reserves)	1,068.92	1,069.02	1,134.99	1,218.90	1,284.51	1,362.65
	Networth	1,718.97	1,719.07	1,785.04	1,868.95	1,934.56	2,012.69

ANNEXURE II

Significant Accounting Policies and Notes on Accounts

A. Significant Accounting Policies:

- a. System of Accounting: The financial statements are prepared under the historical cost convention in accordance with applicable accounting standards. The Company adopts accrual basis of accounting in the presentation of its financial statements.
- b. Fixed Assets: Fixed Assets are stated at cost of acquisition. Expenditure which are of capital nature are capitalized at cost which comprises of net purchase price, import duties, levies and directly attributable cost of bringing the asset to its working condition for its intended use.
- c. Depreciation: Depreciation on fixed assets are provided at the rates and in the manner provided in Schedule XIV to the Companies Act, 1956, under straight-line method, except Software license. Software License is depreciated under WDV method on the basis of its expected usage. In case of addition to fixed assets, the rate is applied on pro-rata basis.
- d. Investments: Long-term investments are stated at cost.
- e. All known liabilities are provided in the accounts except liabilities of a contingent nature which have been adequately disclosed in the accounts.

B. Notes on Accounts

1. Confirmation of balances under Sundry Debtors and Sundry Creditors are not obtained. In the Opinion of the management, Sundry Debtors are stated at the Value realizable in the ordinary course of business.
2. As per the approval obtained from the shareholders in the Extra Ordinary General Meeting held on 20.02.2001 and after obtaining statutory approvals, the company has acquired 870 Common Stocks of Nirvana Corporation, USA at a cost of Rs. 1678.87 Lakhs, in lieu of allotting 34,07,733 equity shares of Rs.10 each of the Company at a premium of Rs.40 per share and receipt of Rs.25,00,000 in cash.
3. Sundry Creditors do not include dues from any small scale industrial undertaking to the extent such firms have confirmed as small scale industrial undertaking.
4. The Company is engaged in the development of computer software. The production and sale of such software cannot be expressed in any generic unit. Hence it is not possible to furnish quantitative details of sales and information as required under para3, 4C and 4D of part II of Schedule VI to the Companies Act 1956.
5. Segment Reporting : The Company is primarily engaged in the business of development and customisation of software and software related service only . Hence, in the opinion of management, disclosure regarding segment reporting is not applicable to the Company for the year under review.
6. Provision for Current taxation: In the opinion of management, no tax provision is required for the year under review due to availability of carry forward losses & unabsorbed depreciation and hence no provision for taxation has been made in the accounts.
7. Deferred tax : In view of the uncertainty regarding availability of future taxable income against which deferred taxes can be realized, no deferred tax assets is recognized even though the company has carry forward losses and unabsorbed depreciation.
8. Disclosure of Related Party Transactions: Related Party Disclosure as required under accounting standard on Related Party disclosures (AS - 18) issued by the Institute of Chartered accountants of India are given below : (As identified by the Management and relied upon by the Auditors)

A. Relationship :

- a) Key Management Personnel (KMP)
P. Rajkumar, Manish Poddar
- b) Companies where control exists
Nirvann Corporation, USA (Joint venture)
- c) Enterprise in which key management personnel (KMP) have significant influence
Powersoft Geospatial Technologies Ltd
Nirvann Corporation

B. Transactions with Related Parties during the First Quarter Ended 31st December, 2005.

(Rs. In '000)

Nature of Transactions	Company's Where control Exists	Enterprise in which KMP have significant Influence	Key Management Personnel
NIL	NIL	NIL	NIL

9. In terms of Business Acquisition Agreement dated 11 March 2005, Powersoft Global Solutions Limited has acquired with effect from 01 October 2004 the running business of CADGIS Consultants, Bangalore who has been carrying on the business related to GIS, CAD Conversion, Modelling and other value added services in the related areas.

2.1 Contingent Liabilities

a) Income Tax	-	NIL
b) Sales Tax	-	NIL
c) Excise Duty	-	NIL
d) Bill Discounting	-	NIL
e) Letter of Credit	-	NIL
f) Bank Guarantee	-	NIL

2.2 A. Auditors Remuneration

(Rs. in lacs)

Particulars	2000-01 15 months	2001-02 15 months	2002-03	2003-04	2004-05	First Quarter Ended 31.12.2005
Audit Fees	0.22	0.08	0.08	0.08	0.19	To be Provided at year end
Legal & Professional Fees	0	0	0	0	0	0.39
Out of Pocket Expenses	0	0	0	0	0	To be Provided at year end
Other Services	0	0	0	0	0	To be Provided at year end

2.2 B. Director's Remuneration

Particulars	2000-01 15 months	2001-02 15 months	2002-03	2003-04	2004-05	First Quarter Ended 31.12.2005
Remuneration paid to Executive Director	0	0	0	0	2.00	0.90

2.3 Secured Loans - NIL

A. Term Loans - NIL

B. Working Capital Facilities - NIL

2.4 Sundry Debtors & Creditors Aging

SUNDRY DEBTORS (UNSECURED)

(Rs. in lacs)

Particulars	Period Ended 30/06/2001 (15 months)	Period Ended 30/09/2002 (15 months)	Year Ended 30/09/2003	Year Ended 30/09/2004	Year Ended 30/09/2005	First Quarter Ended 31.12.2005
Over six months	36.83	36.98	43.00	12.16	16.56	16.68
Other Debts	0	3.99	73.31	84.15	115.50	134.86
Total	36.83	40.97	116.31	96.31	132.06	151.54

SUNDRY CREDITORS (UNSECURED)

(Rs. in lacs)

Particulars	Period Ended 30/06/2001 (15 months)	Period Ended 30/09/2002 (15 months)	Year Ended 30/09/2003	Year Ended 30/09/2004	Year Ended 30/09/2005	First Quarter Ended 31/12/2005
Sundry Creditors	0.81	1.66	17.42	74.83	64.66	62.08
Total	0.81	1.66	17.42	74.83	64.66	62.08

2.6 Statement of Dividend Paid

(Rs. in lacs)

Particulars	Period Ended 30/06/2001 (15 months)	Period Ended 30/09/2002 (15 months)	Year Ended 30/09/2003	Year Ended 30/09/2004	Year Ended 30/09/2005	First Quarter Ended 31/12/2005
Dividend on Equity Shares	NIL	NIL	NIL	NIL	NIL	N.A.

- 2.7 Installed Capacity and Actual Production** - Not Applicable
- 2.8 Opening and Closing Stocks** - Not Applicable
- 2.9 Raw Materials Consumed** - Being Company in Software Business - Consumption of Raw Materials Not Applicable
- 2.10 Value of Imports on C.I.F. Basis** - NIL
- 2.12 Foreign Exchange Earnings** -
- | | |
|--------------------------|-----------------|
| 2002-03 | Rs. NIL |
| 2003-04 | Rs. 331.43 Lacs |
| 2004-05 | Rs. 487.00 Lacs |
| Quarter Ended 31.12.2005 | Rs. 107.85 Lacs |
- 2.13 Small Scale Industrial Undertaking** - NIL

ANNEXURE III

1. Accounting Ratios

Particulars	2000-01 15 months	2001-02 15 months	2002-03	2003-04	2004-05	First Quarter Ended 31.12.2005
Earning per Share (EPS) (Rs.)	-	-	1	1.29	1.85	1.45
Net Asset Value (NAV) (Rs per share)	26.44	26.44	27.45	28.75	30.60	30.96
Return on Net Worth (RONW) (%)	-	0.01	3.70	4.49	6.05	4.68

Formula for the above ratio :

$$\text{Earning per Share} = \frac{\text{Net Profit}}{\text{Number of Shares}}$$

$$\text{Net Asset Value} = \frac{\text{Net Worth}}{\text{Number of Shares}}$$

$$\text{Return on Net Worth} = \frac{\text{Net Profit after tax} * 100}{\text{Networth}}$$

ANNEXURE IV

CAPITALISATION STATEMENT

Capitalisation statement as per letter dated February 17, 2006 received from H.C.Gulecha & Co., Chartered Accountants and Statutory Auditors of the Company is as follows:

(Rs. in lacs)

Particulars	Pre-issue as at December 31, 2005	Post-issue as adjusted for the issue
A. Short Term Debts	Nil	Nil
B. Long Term Debts	Nil	Nil
Total Debts	Nil	Nil
Shareholders Fund		
a. Equity Share Capital	650.05	1,190.05
b. Reserves & Surplus (Incl. Share Premium)	1,362.65	1,957.39
Total	2,012.70	3,147.44
Long Term Debts / Equity	NIL	NIL

ANNEXURE V

TAXATION STATEMENT

As per certificate dated February 17, 2006 given by H C Gulecha & Co, Chartered Accountants and Statutory Auditors of the Company the taxation statement is as follows;

		(Rs. in lacs)					
	Assessment year	2000-01	2001-02	2002-03	2003-04	2004-05	31.12.2005
A.	Tax at specified rate as applicable on book profits	38.50%	39.55%	35.70%	36.75%	35.86%	N.A.
B.	Adjustments						
	1. Difference between tax depreciation and book depreciation.	0.01	0	0	0.01	213.31	N.A.
	2. Other adjustments.	4.57	(59.34)	0.76	0	0	N.A.
	Total adjustments	4.58	(59.34)	0.76	0.01	213.31	N.A.
C.	Tax savings on adjustments	0	0	0	0	0	N.A.
D.	Tax as per MAT	0	0	0	0	0	N.A.
E.	Tax provided in the books	0	0	0	0	0	N.A.

ANNEXURE VI

RELATED PARTY DISCLOSURES

List of related parties with whom transactions have taken place

- Key Managerial Personnel (KMP)**
Mr. P Rajkumar
Mr. Manish Poddar
- Companies where control exists** – Nirvann Corporation, USA (Joint Venture)
- Enterprise in which Key Management Personnel (KMP) have significant influence:**
Powersoft Geospatial Technologies Limited.
Nirvann Corporation.

		(Rs. in lacs)					
Particulars	Period Ended 30/6/2001 (15 months)	Period Ended 30/09/2002 (15 months)	Year Ended 30/09/2003	Year Ended 30/09/2004	Year Ended 30/09/2005	First Quarter Ended 31/12/2005	
1) Key Management Personnel and their relatives	NIL	NIL	NIL	NIL	NIL	NIL	
2) Companies where Control exists	NIL	NIL	NIL	NIL	NIL	NIL	
3) Enterprises in which KMP have significant influence	NIL	NIL	12.20	25.74	NIL	NIL	

Bangalore
February 17, 2006

For H C GULECHA & CO
Chartered Accountant
Sd/-
H C GULECHA
Proprietor
M No. 26034

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULT OF OPERATIONS

Overview of the Business

Powersoft Global Solutions Ltd. (PGSL) is the IT solutions & services provider company. The range of specialized service offerings by the Company includes application development, application maintenance, enterprise application integration, software product development, engineering outsourcing, GIS solutions development, RFID solutions, research and development services, and business process outsourcing. The most valuable strengths of the Company are its strong and reliable relationships with its clients and its ability to manage and provide quantifiable results that ensure the highest levels of client satisfactions. Using its unique and innovative delivery model, the Company has acquired and developed several mid-size and large clients in a range of domains.

Significant developments subsequent to the last financial year

In the opinion of the directors there are no material developments after the date of last audited balance sheet which will have any adverse impact on the Company.

Factors that may affect Results of the Operations

- General economic and business conditions in India;
- The ability to successfully implement the strategy, growth and expansion plans and technological changes;
- Changes in the value of the Rupee and other currency changes;
- Changes in the Indian and international interest rates;
- Changes in Laws and Regulations that apply to the customers of the Company and the Information Technology industry;
- Increasing competition
- Changes in political conditions in India and other countries.

Comparison of significant items of income and expenditure of Powersoft Global Solutions Ltd. for the past three years is as follows:

(Rs. in lacs)

Particulars	Period Ended 30/09/2002 (15 months)	Period Ended 30/09/2003 (15 months)	Year Ended 30/09/2004 (12 months)	Year Ended 30/09/2005 (12 months)
INCOME				
Software Sales & services	8.14	317.48	513.46	667.45
Other Income	0.10	0.15	-	0.35
Total	8.24	317.63	513.46	667.80
EXPENDITURE				
Cost of Revenue	4.36	235.25	386.47	466.33
Administration & Selling Expenses	3.64	15.87	17.97	51.19
Depreciation	0.13	0.54	25.11	30.01
Total	8.14	251.66	429.55	547.53
Profit before tax	0.10	65.97	83.91	120.28
Provision for Taxation	-	-	-	-
Profit after Tax	0.10	65.97	83.91	120.28

Comparison of Fiscal 2003 with Fiscal 2002

Due to impact of several unpredictable external factors, the Company experienced a significant slowdown in business in FY 2002. Owing to the diligent efforts of the marketing team, PGSL managed to increase its consolidated income for fiscal 2003, which was Rs. 317.48 lacs. The profit after tax stood at Rs. 65.97 lacs i.e. the profit margin of 21%.

Comparison of Fiscal 2004 with Fiscal 2003

During the fiscal 2004, PGSL earned an operating income of Rs. 513.46 lacs, which was 62% increase from the previous year. The growth came as a result of aggressive marketing efforts, investment in refining the service capabilities catering to specific domains. PGSL incurred cost of revenues of Rs. 386.47 lacs. The profits came to Rs. 83.91, which was an outcome of the purposeful cost containment efforts by instituting training programs the previous year to ensure availability of low cost internally groomed IT professionals.

Comparison of Fiscal 2005 with Fiscal 2004

The operating income for twelve months ended September 30, 2005 was Rs. 667.80 lacs. The income includes revenues of CADGIS Consultants, an acquisition which became effective 01/10/2004. With this acquisition, PGSL is able to offer a full suite of domain specific solutions to its clients thus allowing the company to grow at above industry growth rates. More than 60 percent of the revenue came from established clients who have been with the Company for at least one year. The operating expenditure amounted to Rs. 466.33 lacs, and Profit after Tax for the period was Rs. 120.28 lacs which is an increase of 43.34% over the previous year.

INFORMATION REQUIRED AS PER CLAUSE 6.10.5.5 (A) OF SEBI DIP GUIDELINES

- **Unusual or infrequent events or transactions**

PGSL has acquired CADGIS Consultants, a professionally guided Engineering & GIS company, during the year 2004. There are no other infrequent transactions.

- **Significant economic changes**

PGSL's leadership has seen an upsurge in demand for the kind of quality IT services offered by the Company. Over the last three years, global need for outsourced IT services has grown considerably.

- **Known trends or uncertainties that have had or are expected to have a material adverse impact on income from operations**

There are several external factors like 9/11 attacks, terrorism concerns, Iraq war, that tend to have a wide impact on business sentiments and affects the industry as a whole.

- **Changes in relationship between costs and revenues**

Since the Company is in a high-value services industry, any changes in labor or infrastructure costs will have an insignificant impact on its financial performance.

- **Extent to which material increases in revenues are due to increased volumes, introduction of new projects.**

The Company has not introduced any new segments of business.

- **Total revenue of the industry segment in the which the Company operates.**

IT Services - \$100 Billion

RFID - \$600 Million

(Source: NASSCOM and various other sources)

- **Seasonality of business**

The Company is involved in the IT & IT related industries which are not influenced by seasonal changes.

- **Dependence on single or few suppliers/customers**

From the very beginning PGSL's leadership has carefully targeted a diverse range of clients to ensure that the Company is not dependent on any particular customer with the result that the Company now offer its services across several domains including manufacturing, logistics, CPG, retail, consumer electronics, pharmaceuticals, BFSI, aerospace, defense and utilities industries.

- **Competitive Conditions**

Even though the IT industry is dominated by a few key players, the essential growth of the market depends on innovation & creativity of its service providers. Clients across the world not only expect low cost and high quality IT services, they also demand that companies be creative in solving their complex day to day requirements. At this stage, PGSL's growth is being fueled by services & solutions which have their own appeal to its customers, and as such the Company remain fairly insulated from effective competition from other companies.

SECTION V: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATIONS, DEFAULTS, MATERIAL DEVELOPMENTS AND ADVERSE EVENTS

There are no overdues, defaults to the Financial Institutions/Banks, Re-schedulement of loans to Banks/Financial Institutions by the Company. There are no pending offences of non-payment of statutory dues by the promoters of the Company.

There are no cases of litigation pending against the Company or against any other Company whose outcome could have a materially adverse effect on the position of the Company. There are no pending litigation against the promoters/directors in their personal capacities and also involving violation of statutory regulations or criminal offences. There are no pending proceedings initiated for economic offences against the Directors, Promoters, Companies and firms promoted by the promoters.

There are no outstanding litigation, defaults etc., pertaining to matters likely to affect the operations and finances of the Company including disputed tax liability, prosecution under any enactment in respect of Schedule XIII of the Companies Act, 1956.

There are no litigation outstanding against the promoters/Directors in their personal capacity. The Company, its promoters and other companies with which promoters are associated have neither been suspended by SEBI nor any disciplinary action has been taken by SEBI.

MATERIAL DEVELOPMENTS

- **Material developments after the date of the last balance sheet**

There are no material developments after the date of last audited balance sheet which will have any adverse impact on the Company.

- **Adverse events**

There are no adverse events affecting the operations of the Company occurring within one year prior to the date of filing of the Prospectus with the Registrar of Companies.

GOVERNMENT APPROVALS

The Company has received all the necessary consents, licenses, permissions and approvals from the government and various government agencies required for their present business. The important licenses and approvals procured by the Company are as follows: -

- 1) The company has received the permission vide letter no. EIG/POWERSOFT/GEN/12565 dated 22/03/2000 for setting up of the 100% Export Oriented Unit in the Software Technology Park under Software Export Scheme of Ministry of Information Technology for development of Computer Software
- 2) The company has received approval from RBI vide their approval no. BGJRN20010143 dated 19/05/2001 for setting up a Joint Venture in USA by acquiring 8% equity capital of Nirvann Corporation(NC) USA and issuing 33,57,733 equity shares of PGSL at a price of Rs.50/- per share

No further approvals from any Government Authority are required by the Company to undertake the activities save and except those approvals, which may be required to be taken in the normal course of business from time to time. The company can undertake the activities proposed by it in view of the present approvals and no further approvals from any Government Authorities are required by the Company to undertake the proposed activities.

It must be understood that in granting the above approvals the Government of India and Reserve Bank of India does not undertake any responsibility for the financial soundness of the undertaking or for the correctness of any of the statements made or opinions expressed in this regard.

SECTION VI: REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The shareholders of the Company, vide a special resolution passed under section 81 and 81(1A) of the Companies Act, 1956 at the Extraordinary General Meeting held on 25th June, 2005, have authorized the issue of equity shares.

Prohibition by SEBI

The Company, its Promoters, Directors or any of the Company's associates or group companies with which the Directors of the Company are associated as Directors or Promoters have not been prohibited from accessing the capital market under any order or direction passed by SEBI.

Eligibility

In terms of clause 2.3 of the SEBI (Disclosure and Investor Protection) Guidelines, 2000 and amendments thereof, POWERSOFT GLOBAL SOLUTIONS LTD. is eligible to make a Public Issue of equity shares as explained below:

- The proposed Offer size (Rs.1188.00 lacs) does not exceed five times the pre-offer networth as per the audited accounts for the year ended on 30/09/2005. The networth as on 30/09/2005 is Rs.1934.56 lacs
- There has been no change in the name of the issuer company within the last one year.

Disclaimer Clause

AS REQUIRED A COPY OF THIS PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE SUBMISSION OF THIS PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE, OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE PROSPECTUS. LEAD MANAGER M/S. KEYNOTE CORPORATE SERVICES LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI GUIDELINES FOR DISCLOSURES AND INVESTOR PROTECTION IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY AND THE OFFEROR IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE PROSPECTUS, THE LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGER, M/S. KEYNOTE CORPORATE SERVICES LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED 24/08/2005 IN ACCORDANCE WITH SEBI (MERCHANT BANKERS) REGULATION 1992 WHICH READS AS FOLLOWS:

- WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIALS IN CONNECTION WITH THE FINALISATION OF THE PROSPECTUS PERTAINING TO THE SAID PUBLIC ISSUE.**
- ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE PUBLIC ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY.**

WE CONFIRM THAT:

- THE PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE PUBLIC ISSUE;**
- ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID PUBLIC ISSUE, AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, THE GOVERNMENT AND ANOTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**

(c) **THE DISCLOSURES MADE IN THE PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED PUBLIC ISSUE.**

(d) **BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE PROSPECTUS ARE REGISTERED WITH SEBI AND TILL DATE SUCH REGISTRATION IS VALID.**

THE FILING OF THE PROSPECTUS DOES NOT, HOWEVER ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OR SECTION 68 OF THE COMPANIES ACT, 1956, OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED PUBLIC ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP AT ANY POINT OF TIME, WITH THE LEAD MANAGER FOR ANY IRREGULARITIES OR LAPSES IN THE PROSPECTUS.

DISCLAIMER IN RESPECT OF JURISDICTION

This Offer is being made in India to persons resident in India (including Indian nationals resident in India who are majors, Hindu Undivided Families, companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), Trusts registered under the Societies Registration Act, 1860, or any other Trust law and who are authorized under their constitution to hold and invest in shares) and to NRIs and FIIs as defined under the Indian laws. This Prospectus does not, however, constitute an offer to sell or an invitation to subscribe to securities issued hereby in any other jurisdiction. Any person into whose possession this Prospectus comes is required to inform himself about and to observe any such restrictions. Any dispute arising out of this Offer will be subject to the jurisdiction of appropriate court(s) in India only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Prospectus has been submitted to the SEBI. Accordingly, the equity shares represented thereby may not be offered or sold, directly or indirectly, and this Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of Powersoft Global Solutions Ltd. since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

DISCLAIMER CLAUSE OF THE BOMBAY STOCK EXCHANGE LIMITED (BSE) (DESIGNATED STOCK EXCHANGE)

Bombay Stock Exchange Limited ("the Exchange") has given vide its letter dated January 13, 2006 permission to this Company to use the Exchange's name in this offer document as one of the stock exchanges on which this company's securities are proposed to be listed. The Exchange has scrutinized this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this company. The Exchange does not in any manner:-

- a. warrant, certify or endorse the correctness or completeness of any of the contents of this offer document or
- b. warrant that this Company's securities will be listed or will continue to be listed on the Exchange, or
- c. take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company.

and it should not for any reason be deemed or construed that this offer document has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to an independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/ acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

DISCLAIMER CLAUSE OF THE BANGALORE STOCK EXCHANGE LIMITED, (BGSE)

The Stock Exchange Bangalore ("BgSE") has vide its letter dated September 30, 2005 given permission to the Company to use the name of the Exchange in this offer document as one of the stock exchanges on which the Company's securities are listed. BgSE has scrutinized this offer document for their limited internal purpose of deciding on the matter of granting the aforesaid permission to this company. BgSE does not in any manner:

- a. warrant, certify or endorse the correctness or completeness of any of the contents of this offer document
- b. warrant that this Company's securities will be listed or will continue to be listed on BgSE,
- c. take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company.

And it should not, for any reason be deemed or construed that this offer document has been cleared or approved by BgSE. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to an independent inquiry, investigation and analysis and shall not have any claim against the BgSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/ acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

DISCLAIMER CLAUSE OF THE MADRAS STOCK EXCHANGE LIMITED (MSE)

The Madras Stock Exchange Limited, Chennai ("the Exchange") has given vide its letter dated September 08, 2005 permission to this Company to use the Exchange's name in this offer document as one of the stock exchanges on which this company's aforesaid securities are proposed to be listed. The Exchange has scrutinized this offer document for their limited internal purpose of deciding on the matter of granting the aforesaid permission to this company. The Exchange does not in any manner:

- a. warrant, certify or endorse the correctness of any of the contents of this offer document or
- b. warrant that this Company's securities will be listed or will continue to be listed on the Exchange, or
- c. take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company.

it should not, for any reason be deemed or construed that this offer document has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this issuer may do so pursuant to an independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/ acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

DISCLAIMER CLAUSE OF THE STOCK EXCHANGE, AHMEDABAD (ASE)

The Stock Exchange, Ahmedabad has vide its letter dated October 05, 2005 given permission to this Company to use the Exchange's name in this offer document as one of the stock exchanges on which this company's securities are proposed to be listed. The Exchange has scrutinized this offer document for their limited internal purpose of deciding on the matter of granting the aforesaid permission to this company. The Exchange does not in any manner:

- a. warrant, certify or endorse the correctness or completeness of any of the contents of this offer document or
- b. warrant that this Company's securities will be listed or will continue to be listed on the Exchange, or
- c. take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company and it should not, for any reason be deemed or construed that this offer document has been cleared or approved by this exchange. Every person who desires to apply for or otherwise acquires any securities of this company may do so pursuant to an independent inquiry, investigation and analysis and shall not have any claim against the exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/ acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

CAUTION STATEMENT/COMPANY STATEMENT

The Issuer Company and the Lead Manager accepts no responsibility for statements made otherwise than in this Prospectus or in the advertisement or in any other material issued by or at the instance of the issuer and the Lead Manager and any one placing reliance on any other source of information would be doing so at his/her/their own risk.

FILING

A copy of this Prospectus has been filed with SEBI, Chennai D'Monte Building, T.T.K. Road, Alwarpet, Chennai – 600018. A copy has also been filed with SEBI Mumbai at Mittal Court, "A" Wing, Nariman Point, Mumbai – 400 021 Mumbai, Registrar of Companies, 2nd Floor, E-Wing, Kendriya Sadan, Koramangala, Bangalore-560034, Bombay Stock Exchange Limited (BSE), P.J Towers, Dalal Street, Mumbai 400 001, Bangalore Stock Exchange Ltd., P.B. No. 27024, No.51, Stock Exchange Towers, 1st Cross, J.C. Road, Bangalore – 560 027, Madras Stock Exchange Ltd. Exchange building Post Box No. 183 11, Second Line Beach Chennai – 600 001, The Stock Exchange, Ahmedabad Kamadhenu Complex, Opp. Sahajanand College, Panjarapole, Ambawadi, Ahmedabad – 380 001, where the equity shares of the Company issued in terms of this prospectus are proposed to be listed

LISTING

The Equity Shares of the Company are already listed on Bangalore Stock Exchange Ltd.(BgSE), The Madras Stock Exchange Ltd.(MSE) and Ahmedabad Stock Exchange Ltd. (ASE). The new Equity Shares are proposed to be listed on The Bombay Stock Exchange Ltd. (BSE) (The Designated Stock Exchange), Bangalore Stock Exchange Ltd.(BgSE), The Madras Stock Exchange Ltd. (MSE) and Ahmedabad Stock Exchange Ltd. (ASE). The Company has received in-principle approval from BSE vide the letter no.DCS/Smd/sm/2006 dated 13/01/2006, ASE vide the letter no. ASE/2005/2096 dated 05/10/2005, BgSE vide the letter dated 30/09/2005 and MSE vide the letter no. MSE/SEC/738/631/05 dated 08/09/2005 for listing of the Equity Share being issued in terms of this Prospectus.

If the permissions to deal in and for an official quotation of the equity shares is not granted by the stock exchange, the Company shall forthwith repay, without interest, all monies received from the applicants. In case of delay interest shall be paid in accordance with the provisions of Section 73 of the Act.

IMPERSONATION

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, which is reproduced below: "Any person who:

- (a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or**
- (b) otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years."**

CONSENTS

Consents in writing of the Directors, the Auditors, Bankers to the Company and Bankers to this Issue, Lead Managers to this Issue and Registrar to this Issue to act in their respective capacities, have been obtained and filed along with a copy of the Prospectus with the Registrar of Companies, Karnataka as required under Sections 60 of the Companies Act and such consents have not been withdrawn up to the time of delivery of this Prospectus for registration with the Registrar of Companies, Maharashtra.

M/s H.C. Gulecha & Co., the statutory auditors have given their written consent to the inclusion of their report in the form and context in which it appears in this Prospectus and such consent and report has not been withdrawn up to the time of delivery of this Prospectus for registration with the Registrar of Companies, Karnataka.

EXPERT OPINION

H C Gulecha & Co., have given their written consent to the tax benefits accruing to the Company and its members in the form and context in which it appears in this Prospectus and has not withdrawn such consent up to the time of delivery of this Prospectus for registration with the Registrar of Companies, Karnataka. Besides this, the company has not obtained any expert opinion.

EXPENSES OF THE ISSUE

The total expenses of the issue are estimated to be around 6.31 % of the issue size. All expenses with respect to the issue would be met out of the proceeds of the issue. The split of issue expenses is as under: -

Expenses	Amount (Rs. in lacs)	Amount as a % of total issue expenses	Amount as a % of total issue size
Fees to the intermediaries	20.00	26.67	1.68
Advertising and marketing expenses	18.25	24.33	1.54
Printing, Stationary, Dispatch	12.50	16.67	1.05
Brokerage (1.5% of issue size)	17.82	23.76	1.50
Miscellaneous Expenses	6.43	8.57	0.54
	75.00	100.00	6.31

Fees payable to Lead Manager

The total fees payable to the Lead Manager will be as per the Memorandum of Understanding signed between the Company and the Lead Manager, a copy of which is available for inspection at the registered office of Powersoft Global Solutions Ltd.

Fees payable To Registrar To The Public Issue

The total fees payable to the Registrar to the Public Issue will be as per the Memorandum of Understanding signed between the Company and the Registrar to the Public Issue, a copy of which is available for inspection at the registered office of Powersoft Global Solutions Ltd.

Fees payable To Bankers To The Public Issue

The total fees payable to the Bankers to the Public Issue will be as per the understanding of the Company with the Bankers to the Issue

UNDERWRITING COMMISSION

The present Public Issue is not being underwritten and hence no underwriting commission is payable.

BROKERAGE

Brokerage will be paid by the Company at the rate of 1.5% on the offer price of Equity Shares offered to the Public on the basis of allocation made against applications bearing the stamp of the members of any recognized Stock Exchanges in India in the brokers column. Brokerage at the same rate will also be payable to the Bankers to the Public Issue in respect of allotments made against applications procured by them provided the relevant forms of applications bear their respective stamps in the Broker's column.

PREVIOUS ISSUE DETAILS

There are no public or rights issue made by the company during the last five years.

Commission on previous issues

No sum has been paid or is payable as commission for subscribing to or procuring or agreeing to procure subscription for any of the equity shares since its inception.

Promise v/s Performance

The company had come out with an issue during the year 1996 vide its prospectus dated 30/08/1996 with the object to part finance the setting up of a project for the manufacture of food products including coconut based food products and mineral water.

There has been a significant gap in the projections as given in the prospectus dated 30/08/1996 and the actual performance of the company. The detailed break up is as given herein under

(Rs. in lacs)

Particulars	Projected		Actual	
	1998	1999	1998	1999
Operating Income	1040.40	1300.50	2.00	7.34
Other Income	24.57	30.71	0.00	0.03
Total Income	1064.97	1331.21	2.00	7.37
Total Operative Expenses	814.91	1013.77	117.48	137.62
Gross Profit/(Loss)	250.06	317.44	(115.48)	(130.25)
Depreciation	42.00	42.00	0.49	0.49
Interest	81.94	89.57	0.00	0.01
Profit/(Loss) before Tax	126.12	185.87	(115.97)	(130.75)
Provision for taxation	19.11	59.04	0.00	0.00
Profit/(Loss) after Tax	107.01	126.83	(115.97)	(130.75)
Dividend Rate (%)	15.00	15.00	Nil	Nil

The object for which the public issue was raised could be achieved since the company did not receive amount due on calls and hence the project was not implemented. In view of this fact, the financial performance of the company got a setback and the company incurred losses in the FY 1998 and 1999.

ISSUE OTHERWISE THAN FOR CASH

PGSL entered into an alliance with Nirvann Corp of USA in November 2000 and Nirvann was issued 33,57,733 equity shares of PGSL on a stock swap basis whereby PGSL was allotted 8% of the common stock in Nirvann Corp whose valuation as per independent CPA in the USA is about US Dollars 50 Million. Beside this, the Company has not issued any Equity Shares for a consideration otherwise than for cash.

COMPANIES UNDER THE SAME MANAGEMENT

There are no listed companies under the same management within the meaning of Section 370(1B) of the Act.

OUTSTANDING DEBENTURES, BONDS AND PREFERENCE SHARES

As of date, the Company does not have any outstanding Debentures, Bonds or Preference shares.

STOCK MARKET DATA FOR SHARES OF THE COMPANY

There has been no trading in the equity shares of the company in the Bangalore Stock Exchange Ltd.(BgSE), The Madras Stock Exchange Ltd.(MSE) and Ahmedabad Stock Exchange Ltd. (ASE) since the year 2001. The last traded price is Rs.30 as on 24/12/2001 at Bangalore Stock Exchange Ltd. (BgSE).

REDRESSAL OF INVESTOR GRIEVANCES

The investor grievances against the Company will be handled by the Registrars and Transfer Agent in consultation with the secretarial department of the Company. To handle the grievances received, the Company has appointed Mr. J V Shivprakash, as the Compliance Officer. He will supervise redressal of complaints received from the investors at the office of the Company as well as the Registrars to the Public Issue and ensure timely settlement.

All grievances related to the offer may be addressed to the Registrar to the Public Issue quoting the application No. (Including prefix), Number of equity shares applied for, amount paid on application, date, Bank and branch/ Collection center where application was submitted.

CHANGE IN AUDITORS

The change in the auditors of the Company in the last 3 years is given below:

Old Auditor	New Auditor	Year of appointment
Ishwar & Gopal	Gulecha & Co.,	FY 200-2003

CAPITALISATION OF RESERVES OR PROFITS

The company has not capitalized its reserves or profits at any time.

REVALUATION OF ASSETS

The Company has not revalued its asset since the last five years.

SECTION VII: OFFERING INFORMATION

TERMS OF THE ISSUE

The equity shares being issued are subject to terms of this Prospectus, the terms and conditions contained in the application form, the Memorandum and Articles of Association of the Company, provisions of the Act and letters of allotment/ Equity Share Certificates or other documents and the guidelines issued from time to time by the Government of India and Securities & Exchange Board of India.

RANKING OF EQUITY SHARES

The equity shares being offered shall be subject to the Memorandum and Articles of Association of the Company and shall rank pari-passu with the other equity shares of the Company in all respect.

MODE OF PAYMENT OF DIVIDEND

The company shall pay dividend to its shareholders as per the provisions of the Companies Act, 1956.

FACE VALUE AND ISSUE PRICE

The Equity Shares with a face value of Rs.10/- each are being offered in terms of this Prospectus at a price of Rs. 22.00 per share. At any point of time, there shall be only one denomination for the Equity Shares of the Company, subject to applicable laws.

RIGHTS OF THE EQUITY SHAREHOLDERS

Subject to the applicable laws, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meeting and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation; and
- Such other rights, as may be available to a shareholder of a listed company under the Companies Act and Memorandum and Articles of Association of the Company.

For further details on the main provisions of the Company's Articles of Association dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and/or consolidation/ splitting, see " Main Provisions of Articles of Association of the Company".

MARKET LOT

In terms of existing SEBI Guidelines, the trading in the Equity Shares of the Company shall only be in dematerialised form for all investors. Since trading of the Equity Shares is in dematerialised form/mode, the tradable lot shall be one equity share.

NOMINATION FACILITY TO THE INVESTOR

In accordance with Section 109A of the Companies Act, the sole or first applicant, alongwith other joint applicants, may nominate any one person in whom, in the event of the death of sole applicant or in case of joint applicants, death of all the applicants, as the case may be, the Equity Shares transferred/allotted, if any, shall vest. A person being a nominee, entitled to the equity shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the equity share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to equity share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/transfer/alienation of equity share(s) by the person nominating.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

- a. to register himself or herself as the holder of the equity shares ; or
- b. to make such transfer of the equity shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the equity shares, and if the notice is not complied with within a period of 90 days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the equity shares, until the requirements of the notice have been complied with.

MINIMUM SUBSCRIPTION

If the Company does not receive the minimum subscription of 90% of the issued amount on the date of closure of the issue, or if the subscription level falls below 90% after the closure of issue on account of cheques having being returned unpaid or withdrawal of applications, the Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after the Company becomes liable to pay the amount, the Company shall pay interest as per Section 73 of the Companies Act.

ARRANGEMENTS FOR DISPOSAL OF ODD LOTS

The equity shares of the Company will be listed/traded in compulsory demat mode. The market lot of the share will be 1 (One). The Company has not made any arrangements for the disposal of odd lot shares arising out of the issue.

ISSUE PROCEDURE

OPTION TO SUBSCRIBE

In terms of section 68B of the Companies Act, 1956, the equity shares in this offer shall be allotted only in dematerialised form (i.e. not in the form of physical certificates but the fungible and be represented by the statement issued through electronic mode). The trading of securities upon listing shall only be in dematerialised form. However, the existing shareholders of the Company have an option to hold shares in the physical or demat form.

HOW TO APPLY

AVAILABILITY OF APPLICATION FORMS AND PROSPECTUS.

Application forms with Memorandum containing salient features of the Prospectus and copies of the Prospectus under Section 56(3) of the Act may be obtained from the Registered Office of the Company, the Lead Managers to the Public Issue, Brokers to the Public Issue and the Bankers to the Public Issue named herein or from their branches as stated on the reverse of the application form.

TERMS OF PAYMENT

a) For Indian Resident Public

The application (**WHITE in colour**) must be for a minimum of 250 equity shares and thereafter in multiples of 250 shares. The entire amount of Rs. 22/- per share is payable on application.

b) For permanent employees of PGSL

The application (**BLUE in colour**) must be for a minimum of 250 equity shares and thereafter in multiples of 250 shares. The entire amount of Rs. 22/- per share is payable on application.

c) For Non-Resident Indians (NRI's) / Foreign Financial Institutions (FII's)

The application (**PINK in colour**) must be for a minimum of 250 equity shares and thereafter in multiples of 250 shares. The entire amount of Rs. 22/- per share is payable on application.

d) For Mutual Funds/Banks/Financial Institution (FI's)

The application (**GREEN in colour**) must be for a minimum of 4750 equity shares and thereafter in multiples of 250 equity shares. The entire amount of Rs. 22/- per share is payable on application.

NOTE ON CASH PAYMENT (SECTION 269 SS)

Having regard to the provisions of Section 269 (SS) of the Income Tax Act, 1961, subscriptions against applications for securities should not be effected in cash and must be effected only by 'Account Payee' cheques or 'Account Payee' bank drafts, if the amount payable is Rs. 20,000/- or more. In case payment is effected in contravention of this provision, the application is liable to be rejected.

WHO CAN APPLY

1. Indian National Resident of India.
2. Hindu Undivided Families (HUF) through the Karta of the HUF. (Applications by HUF would be given the same treatment as that to applications by individuals)
3. Companies, Bodies Corporate and Societies registered under the applicable laws in India and authorised to invest in the shares.
4. Scientific and/or Industrial Research Organizations, which are authorised to invest in the equity shares.
5. Indian Mutual Funds registered with SEBI.
6. Indian Financial Institutions & Banks.
7. Trusts who are registered under the Societies Registration Act, 1860 or any other Trust Law and are authorised under their constitution to hold and invest in shares subject to provisions of Section 3A of the Bank Nationalisation Act.

8. Commercial Banks and Regional Rural Banks. Co-operative Banks may also apply subject to permission from Reserve Bank of India.
9. Venture Capital Funds registered with SEBI.
10. Foreign Venture Capital Investors registered with SEBI.
11. State Industrial Development Corporation.
12. Provident Funds with minimum corpus of Rs. 25 crore and who are authorised under their constitution to hold and invest in equity shares.
13. Pension Funds with minimum corpus of Rs. 25 crore and who are authorised under their constitution to hold and invest in equity shares.
14. Multilateral and bilateral development financial institutions.
15. Permanent and Regular employees/Working Directors of the Bank.
16. Non Resident Indians (NRIs)/FII's on repatriation basis.

Pursuant to the existing regulations, OCBs are not eligible to participate in the issue.

PROCEDURE FOR APPLICATION

APPLICATION BY RESIDENT INDIAN PUBLIC

1. Application must be made only:
 - a. On the prescribed Application Form (**WHITE** in colour) accompanying this Prospectus and completed in full in BLOCK LETTERS in English, except signature(s) in accordance with the instructions contained herein and in the application form and is liable to be rejected if not so made.
 - b. For a minimum of 250 Equity Shares and in multiples of 250 thereafter.
 - c. In single name or joint names (not more than three);
 - d. By Indian Nationals resident in India, and
 - e. In the names of individuals, limited companies or statutory corporations/institutions and NOT in the names of Minors, Foreign Nationals, Non-Residents, trusts, (unless the Trust is registered under the Societies Registration Act, 1860 or any other applicable Trust laws and is authorised under its constitution to hold shares and debentures in a Company), Hindu Undivided Families, partnership firms or their nominees. In case of HUF's application shall be made by the Karta of the HUF.
2. An applicant in the net public category cannot make an application for that number of securities exceeding the number of securities offered to the public. Payment should be made in cash or by cheque/Bank Draft drawn on any bank (including a Co-operative Bank) which is situated at and is a Member or Sub-member of the Banker's Clearing House located at the place where the application is submitted.
3. A separate cheque or Bank draft should accompany each application form. Applicants should write the Share Application Number on the back of the Cheque /draft. Outstation Cheques will not be accepted and applications accompanied by such cheques drawn on outstation banks are liable for rejection. Money Orders/Postal Orders will not be accepted.
4. All Cheques or Bank Drafts must be payable to any of the Bankers to the Public Issue with whom the application is lodged and marked "Name of the Bank A/c- PGSL – Public Issue" and crossed "Account Payee Only" (e.g. **UTI Bank Ltd - A/c PGSL – Public Issue**).
5. All application Forms duly completed together with cash/ cheque/bank draft for the amount payable on application must be delivered before the closing of the subscription list to any of the Bankers to the Public Issue named herein or to any of their branches mentioned on the reverse of Application Form, and NOT to the Company or to the Lead Managers to the Public Issue or to the Registrars to the Public Issue.
6. No receipt will be issued for the application money. However, Bankers to the Public Issue and/or their branches receiving the applications will acknowledge receipt by stamping and returning acknowledgment slip at the bottom of each application form.

7. When an application for Equity Shares is for a total value of Rs.50,000/- or more, the applicant or in the case of application in joint names each applicant should mention his/her Permanent Account Number(PAN) allotted under the Income Tax Act, 1961 or where the same has not been allotted, the GIR Number and the IT Circle, Ward, District. In case neither PAN, GIR Number has been allotted mention of "Not Allotted" must be made in the place provided. Application Form without this information will be considered incomplete and is liable to be rejected.
8. All Cheques/Bank Drafts accompanying the application form should contain the Application Form Number on the reverse of the instrument.
9. The applicant should fill in the details of his/her bank account in the space provided in the application form failing which the application is liable to be rejected.
10. Having regard to the provisions of Section 269 (SS) of the Income Tax Act, 1961, subscriptions against applications for securities should not be effected in cash and must be effected only by 'Account Payee' cheques or 'Account Payee' bank drafts, if the amount payable is Rs. 20,000/- or more. In case payment is effected in contravention of this provision, the application is liable to be rejected.
11. Applicants residing at places where the designated branches of the Banker to the Issue are not located may submit/mail their applications at a their sole risk alongwith Demand Draft payable at Mumbai only payable to "**PGSL - Public Issue**"

For further instructions please read Application Form carefully.

APPLICATION BY PERMANENT EMPLOYEES

Reservation on competitive basis has been made in the public issue to the permanent employees including working directors and promoter director of the Company. Reservation on competitive basis shall mean reservation wherein allotment of shares made in proportion to the shares applied for.

1. Application must be made only :
 - a. On the prescribed Application Form (**BLUE** in colour) accompanying this Prospectus and completed in full in BLOCK LETTERS in English, except signature(s) in accordance with the instructions contained herein and in the application form and is liable to be rejected if not so made.
 - b. For a minimum of 250 Equity Shares and in multiples of 250 thereafter.
 - c. In single name or joint names (not more than three);
2. A single applicant in the reserved category can make an application for a number of shares that are being issued to employees in terms of this issue. Payment should be made in cash or by cheque/Bank Draft drawn on any bank (including a Co-operative Bank) which is situated at and is a Member or Sub-member of the Banker's Clearing House located at the place where the application is submitted.
3. A separate cheque or Bank draft shall accompany each application form. Applicants should write the Share Application Number on the back of the Cheque /draft. Outstation Cheques will not be accepted and applications accompanied by such cheques drawn on outstation banks are liable for rejection. Money Orders/Postal Orders will not be accepted.
4. All Cheques or Bank Drafts must be payable to any of the Bankers to the Issue with whom the application is lodged and marked "Name of the Bank A/c- PGSL – Public Issue - Employees" and crossed "Account Payee Only" (**e.g. UTI Bank Ltd - A/c PGSL - Public Issue - Employees**).
5. All application Forms duly completed together with cash/ cheque/bank draft for the amount payable on application must be delivered before the closing of the subscription list to any of the Bankers to the Issue named herein or to any of their branches mentioned on the reverse of Application Form, and NOT to the Company or to the Lead Managers to the Issue or to the Registrars to the Issue.
6. No receipt will be issued for the application money. However, Bankers to the Issue and/or their branches receiving the applications will acknowledge receipt by stamping and returning acknowledgment slip at the bottom of each application form.
7. When an application for Equity Shares is for a total value of Rs.50,000/- or more, the applicant or in the case of application

in joint names each applicant should mention his/her Permanent Account Number(PAN) allotted under the Income Tax Act, 1961 or where the same has not been allotted, the GIR Number and the IT Circle, Ward, District. In case neither PAN, GIR Number has been allotted mention of "Not Allotted" must be made in the place provided. Application Form without this information will be considered incomplete and is liable to be rejected.

8. All Cheques/Bank Drafts accompanying the application form should contain the Application Form Number on the reverse of the instrument.
9. The applicant should fill in the details of his/her bank account in the space provided in the application form failing which the application is liable to be rejected.
10. Having regard to the provisions of Section 269 (SS) of the Income Tax Act, 1961, subscriptions against applications for securities should not be effected in cash and must be effected only by 'Account Payee' cheques or 'Account Payee' bank drafts, if the amount payable is Rs. 20,000/- or more. In case payment is effected in contravention of this provision, the application is liable to be rejected.
11. Applicants residing at places where designated branches of the Banker to the Issue are not located may submit/mail their applications at a their sole risk alongwith Demand Draft payable at Mumbai only payable to "PGSL - Public Issue - Employees"

For further instructions please read Application Form carefully.

APPLICATION BY NON RESIDENT INDIANS (NRIs)/FOREIGN INSTITUTIONAL INVESTOR (FIIs)

1. Applications by Non-Resident Indians/FIIs must be made only:
 - a. In the prescribed Application Form (**PINK** in colour) and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained herein and in the Application Form. Applications not so made are liable to be rejected.
 - b. For a minimum of 250 Shares and in multiples of 250 thereof.
 - c. In single or joint names (not more than three).
 - d. In the names of individuals, (not in the names of minors or their nominees) of Indian nationality/origin.
2. Under the Foreign Exchange Management Act, 1999 (FEMA) general permission is granted to the companies vide notification no. FEMA/20/2000-RB dated 03/05/2000 to issue and export securities to NRI's/OCB's subject to the terms and conditions stipulated therein. The Companies are required to file the declaration in the prescribed form to the concerned Regional Office of RBI within 30 days from the date of issue of shares for allotment to NRIs with repatriation basis.
3. Application forms properly completed together with cheques/bank drafts for the amount payable on application at the rate of Indian Rs. 22/- or equivalent of Indian Rs.22/- remitted through normal banking channels or funds held in Non-Resident External (NRE) Accounts/Foreign Currency Non-Resident (FCNR) Accounts maintained with banks authorised to deal in foreign exchange in India along with documentary evidence in support of the remittance, must be delivered before the close of the subscription list to those branches of the Bankers to the Public Issue at places mentioned against their names in the application forms.
4. NRIs wishing to pay through NR (O) Accounts shall not use the form meant for NRIs and must apply only in the form meant for Resident Indian Public.
5. All cheques/bank drafts should be made payable to the Bankers to the Issue with whom the application forms are lodged. All cheques or bank drafts should be crossed "A/c Payee Only". All cheques/bank drafts should be marked "**Name of the Bank A/c - PGSL - Public Issue - NRIs/FIIs**". (e.g. "**UTI Bank Ltd - A/c PGSL - Public Issue - NRIs/FIIs**") A separate cheque/bank draft must accompany each application form. NRI application forms can be obtained, on request, from the Registered Office of the Company and the Lead Managers to the Issue.
6. Allotment of Equity Shares to Non-Resident Indians shall be subject to the prior approval of the Reserve Bank of India.
7. Applicants are requested to mention the number of application form on the reverse of the instrument to avoid misuse of instrument submitted along with the application for shares. Applicants are advised in their own interest, to indicate the name of the bank and the savings or current a/c no in the application form. In case of refund, the refund order will indicate these details after the name of the payee. The refund order will be sent directly to the payee's address.

For further instructions please read the Application Form carefully.

APPLICATION BY INDIAN FINANCIAL INSTITUTIONS (IFIs) /MUTUAL FUNDS/ BANKS

1. Application by Indian Financial Institutions, Banks & Mutual Funds must be made only :
 - (i) In the prescribed application form (**GREEN** in colour) completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained herein and in the Application Form.
 - (ii) For a minimum of 4750 equity shares and in multiples of 250 thereafter.
 - (iii) Allotment will be made on competitive basis.
 - (iv) Application made otherwise are liable to be rejected.
2. Payment shall be made in cash or by cheque or by bank draft. Cheques or bank drafts should be drawn on any bank (including a Co-operative Bank) which is situated at and is member or sub-member of the Banker's Clearing House located at the centre where the Application Form is submitted. Outstation cheques or bank drafts will not be accepted and application form accompanied by such cheques or bank drafts will be rejected. Money orders/Postal orders will not be accepted.
3. Cheques/bank drafts should be crossed "Account Payee Only" and should be made payable to any of the Bankers to the issue with whom the application is to be lodged and marked "**Name of the Bank A/c - PGSL - Public Issue – IFI's/Banks/MF's**" (e.g. "**UTI Bank Ltd - A/c PGSL - Public Issue - IFIs/ Banks/MFs - whichever is applicable**). A separate cheque or bank draft should accompany each Application Form.
4. All application forms duly completed together with cash/cheque/Bank Draft (Money orders/ Postal orders will NOT be accepted) for the amount payable on application at the rate of Rs.22/- per equity share must be delivered before the close of the Subscription List to any of Bankers to the issue named herein or to any of their branches mentioned in the Application Form and NOT to the Company or Registrars or Lead Managers to the Public Issue.
5. No receipt will be issued for the application money. However, the Bankers to the Public Issue or their branches receiving the applications will acknowledge receipt by stamping and returning to the applicants, the acknowledgment slip at the bottom of each application form.
6. The application form number should be mentioned on the reverse of the instrument through which the payment is made. Applicants are advised, in their own interest, to indicate the name of their bank and the savings / current account number in the application form. In case of refund, the refund order will indicate these details after the name of the payee. The refund order will be sent directly to the payee's address.

In case of Mutual Funds a separate application can be made in respect of each scheme of the Fund registered with SEBI and such application will not be treated as multiple applications provided the applications made by the AMCS/Trustees/ Custodian clearly indicate their intention as to each scheme concerned to which application has been made.

APPLICATIONS WHICH ARE NOT COMPLETE IN EVERY RESPECT OR ARE IN CONTRAVENTION OF ANY PROVISIONS/ INSTRUCTIONS CONTAINED IN THIS PROSPECTUS OR IN THE MEMORANDUM CONTAINING SALIENT FEATURES OF PROSPECTUS ARE LIABLE TO BE REJECTED.

GENERAL INFORMATION

- The applicant seeking allocation of shares in the electronic form must necessarily fill in the details (including the Beneficiary Account Number and Depository Participant's ID Number) appearing under the heading "Request for shares in electronic form".
- An applicant who wishes to apply for shares in the electronic form must have atleast one Beneficiary Account with any of the Depository Participant (DP) of NSDL/CDSL registered with SEBI, prior to the application.
- Shares allotted to an applicant in the electronic form will be credited directly to the respective Beneficiary Account (with a DP).
- For subscription in electronic form, names in the share application form should be identical to those appearing in the account details in the Depository. In case of joint holders, the name should necessarily be in the same sequence as they appear in the account details in the Depository.

- Non-transferable allotment letters/ refund orders will be directly sent to the applicant by the Registrar to the present Public Issue,
- The applicant is responsible for the correctness of the applicant demographic details given in the share application form vis-à-vis those with his/her DP.
- It may be noted that electronic shares can be traded only on the stock exchanges having electronic connectivity with NSDL/CDSL.
- The applicant should note that on the basis of the name of the Applicant, Depository Participant's name, Depository Participants identification number and beneficiary account number provided by them in the Application Form, the Registrar to the Offer may obtain applicant's correspondence address from the said Depository Account of the Applicant. The applicants are advised to update the correct correspondence address in their respective DP A/cs.

INVESTORS SHOULD NOTE THAT TRADING IN SECURITIES OF THE COMPANY SHALL BE IN DEMATERIALISED FORM ONLY.

JOINT APPLICATIONS:

An application may be made in single or in joint names (not more than three). In the case of joint application, refund/pay order (if any), dividend/interest warrants etc., will be made out in the name of the first applicant and all communications will be addressed to the applicant whose name appears first and at his/her address stated in the Application.

MULTIPLE APPLICATIONS:

An applicant should submit only one application (and not more than one) for the total number of Equity shares required. Two or more applications in single and/or joint names will be deemed to be multiple applications if the sole and/or first applicant is one and the same. The Board of Directors reserves the right to reject in its absolute discretion all or any multiple applications without assigning any reason. However employees may apply in the public offer.

In case of applications by Mutual Funds, a separate application must be made in respect of each scheme of an Indian Mutual Fund registered with SEBI and such applications will not be treated as multiple applications, provided that the applications made by the Asset Management Company/Trustees/Custodian clearly indicate their intention as to the scheme for which the application has been made.

Application made by permanent/regular employees of the Company both under the reserved category for employees as well as in the net public offer shall not be treated as multiple applications. A separate single cheque/draft must accompany each application form.

APPLICATION UNDER POWER OF ATTORNEY

In the case of applications under Power of Attorney or by Limited Companies or Corporate Bodies, the relevant power of attorney or the relevant authority as the case may be, or a duly certified copy thereof must be attached to the application form or must be lodged separately at the office of the Registrars to the Issue, simultaneously with the submission of the application form mentioning the serial number of the application form and the bank branch where the application has been submitted, failing which the application is liable to be rejected.

The Company in their absolute discretion, reserves the right to relax the condition of lodging of the Power of Attorney along with the application form subject to such terms and conditions that the Company/Lead Manager may deem fit.

Thumb impression or signature in languages other than the languages specified in the eighth schedule must be attested by Magistrate or Notary Public or a special Executive Magistrate under his official seal.

APPLICATION (S) WILL NOT BE ACCEPTED BY THE LEAD MANAGERS OR REGISTRARS TO THE PUBLIC ISSUE

SECTION 269 SS OF INCOME TAX, 1961

In respect of all the categories eligible to apply in this issue, having regard to the provisions of Sec 269SS of the Income Tax Act, 1961 the subscriptions against these applications should not be effected in cash and must be effected by an Account Payee Cheques/Draft, if the amount payable is Rs. 20000/- or more. In case the payment is effected in contravention of this provision, the applications are liable to be rejected.

DISCLOSURE OF P.A.N. / G.I.R. NUMBER:

Where an application for allotment of securities is for a total value of Rs.50,000/- or more i.e., the total number of securities applied for multiplied by the issue price is Rs.50,000/- or more the applicant or in case of application in joint names, each of the applicants, should mention his / her permanent account number allotted under the Income Tax Act, 1961 or where the same has not been allotted, the GIR Number and the Income Tax Circle / Ward / District. In case where neither the permanent account number nor GIR Number has been allotted, the fact of non-allotment should be mentioned in the application form. Application forms without this information will be considered incomplete and will be liable to be rejected.

PARTICULARS RELATING TO SAVING BANK / CURRENT ACCOUNT NUMBER:

The applicant shall have to mention particulars relating to his saving bank / current account number and the name of the bank with whom such account is held in the respective spaces provided in the application form, to enable the registrars to print the said details in the refund orders after the names of the payee to prevent fraudulent encashment of refund order(s). Application forms without this information will be considered incomplete and will be liable to be rejected.

The Applicant should note that on the basis of the name of the Applicant, Depository Participant's(DP) name ,Depository Participants identification number and beneficiary account number provided by them in the Application Form, the Registrar to the Offer will obtain from the Applicant's DP A/c, the Applicant's book account details .The investors are advised to ensure that bank account details are updated in their respective DP A/cs as these bank account details would be printed on the refund order(s),if any.

Note

Applicants are requested to write their names and application serial number on the reverse of the instruments by which the payments are being made to avoid misuse of instruments submitted along with the applications for equity shares.

RIGHTS TO REJECT

Grounds for Technical Rejections

Applicants are advised to note that Applications are liable to be rejected on among others on the following technical grounds:

1. Amount paid doesn't tally with the amount payable for the Equity Shares applied for;
2. Bank account details (for refund) are not given;
3. Age of First Applicant not given;
4. Application by minors;
5. PAN or GIR Number not given if application is for Rs. 50,000 or more;
6. Application for lower number of Equity Shares than specified for that category of investors;
7. Application at a price less than the offer price;
8. Application at a price higher than the stated price;
9. Application for number of Equity Shares, which are not in multiples of 250.
10. Category not ticked;

11. Multiple applications
12. In case of application under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
13. Application Form does not have Applicant's depository account details;
14. Application Forms are not delivered by the applicant within the time prescribed as per the Application Form, Issue Opening Date advertisement and this Prospectus and as per the instructions in this Prospectus and Application Form; or
15. Applications for amounts greater than the maximum permissible amounts prescribed by the regulations.
16. Applications not duly signed by the sole/joint Applicants;
17. Applications by OCBs; or
18. In case no corresponding record is available with the Depositories that matches three parameters namely, names of the applicant (including the sequence of names of joint holders), the depository participant's identity (DP ID) and the beneficiary's identity.

DEMATERIALISATION

As per the provisions of the Depositories Act, 1996, the shares of a body corporate may be held in dematerialized form i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through electronic mode. The Company has entered into a tripartite agreement dated 11/09/2001 with the National Depository Services Ltd. (NSDL) and Bigshare Services Private Ltd. (Registrar and Transfer Agent) for dematerialisation of the equity shares of the Company. The Company has also entered into a tripartite agreement dated 08/02/2001 with the Central Depository Services Limited (CDSL) and Bigshare Services Pvt. Ltd. for dematerialisation of the equity shares of the Company. The ISIN No. granted to the equity shares of the Company is INE979C01013

COMMUNICATION

All future communications in connection with Application made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Applicant, Application Form number, number of Equity Shares applied for, date, bank and branch where the application was submitted and cheque/draft number and issuing bank thereof.

DISPOSAL OF APPLICATIONS AND APPLICATION MONEY

No receipt will be issued for the application money. However, the bankers/collection centre to the issue and/or their branches receiving the applications will acknowledge the receipt of the applications by stamping and returning to the applicant the acknowledgment receipt at the bottom portion of each application form. The Company will inform the applicants in respect of allotments made or applications rejected by despatch of allotment letter or regret letter and/or pay orders of value over Rs.1500/-, if any, by Registered Post within 10 weeks of the date of closure of the subscription list. Refunds of value not over Rs.1500/- will be dispatched under Certificate of Posting. Such Cheques or Demand Drafts will be payable at par at all centers where the applications were received. Bank Charges, if any, for en-cashing refund pay orders/cheques at any other place will be payable by the applicant.

The Board of Directors reserves, at its sole, absolute and unqualified discretion, the right to reject any application in full or in part without assigning any reason. If an application is rejected in full, the whole of the application money will be refunded to the applicant and in case of Joint applications, to the first named applicant. Where an application is rejected in part, the excess application money will be refunded to the applicant in accordance with the provisions of Section 73 of the Act. In case of any delay in sending the refund orders by more than eight days beyond 10 weeks from the date of closing of the subscription list, interest will be paid at the rates prescribed under Section 73 of the Act, to such applicants. However the Company shall as far as possible despatch the Share Certificates & Refund Orders within 30 days.

The Company undertakes to make available to the Registrars to the issue, adequate funds for allotment letters/share certificates to be sent by registered post.

The sums received in respect of the Public Issue will be kept in separate Bank account(s) and the issuer will not appropriate the funds unless approval of the Designated Stock Exchange i.e. BSE is obtained for allotment and no utilisation shall be made till

listing and trading approval is obtained from BSE where the shares are proposed to be listed.

BASIS OF ALLOTMENT

Allotment will be made in consultation with BSE (The Designated Stock Exchange). In the event of oversubscription, the allotment will be made on a proportionate basis in marketable lots as given below:

- a. Applicants will be categorised according to the number of Shares applied for.
- b. The total number of Shares to be allocated to each category as a whole shall be arrived at on a proportionate basis i.e. the total number of Shares applied for in that category multiplied by the inverse of the oversubscription ratio (number of applicants in the category x number of Shares applied for).
- c. The number of Shares to be allocated to the successful applicants will be arrived at on a proportionate basis (i.e. Total number of Shares applied for into the inverse of the oversubscription ratio).
- d. For applications where the proportionate allotment works out to less than 250 Shares the allotment will be made as follows:
 - (i) each successful applicant shall be allotted 250 Shares; and
 - (ii) the successful applicants out of the total applicants for that category shall be determined by the drawal of lots in such a manner that the total number of Shares allotted in that category is equal to the number of Shares worked out as per (b) above.
- e. If the proportionate allotment to an applicant works out to a number that is not a multiple of 250, the applicant would be allotted Shares by rounding off to the nearest integer subject to a minimum allotment of 250 equity shares.
- f. If the Shares allotted on a proportionate basis to any category is more than the Shares allotted to the applicants in that category, the balance available Shares for allocation shall be first adjusted against any category, where the allotted Shares are not sufficient for proportionate allotment to the successful applicants in that category. The balance Shares, if any, remaining after such adjustment will be added to the category comprising of applicants applying for the minimum number of Shares
- g. If as a result of the process of rounding off to the nearest integer results in the actual allotment being higher than the shares offered, the final allotment may be higher at the sole discretion of the Board of Directors, upto 110% of the size of the offer specified under Para C to the Capital Structure mentioned in the Prospectus.
- h. The above proportionate allotment of shares in an issue that is oversubscribed shall be subject to the reservation for small individual applicants as described below:
 - i) A minimum of 50% of the net offer of shares to the Public shall initially be made available for allotment to retail individual investors as the case may be.
 - ii) The balance net offer of shares to the public shall be made available for allotment to a) individual applicants other than retails individual investors and b) other investors, including Corporate Bodies/ Institutions irrespective of number of shares applied for.
 - iii) The unsubscribed portion of the net offer to any one of the categories specified in (i) or (ii) shall/may be made available for allocation to applicants in the other category, if so required.

'Retail individual investor' means an investor who applies for shares of value of not more than Rs. 1,00,000/-

Investors may note that in case of over - subscription allotment shall be on proportionate basis and will be finalized in consultation with BSE. The drawal of lots (where required) to finalize the basis of allotment shall be done in the presence of a public representative on the governing board of the BSE.

The Executive Director / Managing Director of the Designated Stock Exchange in addition to Lead Merchant Banker and Registrar to the Public Issue shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner in accordance with the SEBI Guidelines.

ALLOTMENT / REFUNDS

Refunds, if any, will be made alongwith Allotment Letters / Share Certificates and / or regret letters by Refund Orders drawn on the Bank nominated for this purpose by the Company and will be dispatched within 10 weeks from the date of closure of Issue, by Registered Post. The Company shall ensure dispatch of refund orders of value over Rs.1500/- by Registered Post only and adequate funds for the purpose shall be made available to the Registrar by the issuer company.

Such refund orders will be payable at par during their validity period at all centres where the applications are received or such places from where the applications were collected. In case of joint applications, Refund Orders, if any, will be made out in the First applicant's name and all communication will be addressed to the person whose name appears on the Application form.

INTEREST IN CASE OF DELAY IN DESPATCH OF ALLOTMENT LETTERS /REFUND ORDERS

The Company agrees that -

- a. As far as possible allotment of securities offered to the public shall be made within 30 days of the closure of the Public Issue.
- b. The Company further agrees that it shall pay interest @ 15% per annum if the allotment letters/refund orders have not been despatched to the applicants within 30 days from the date of the closure of the issue.

ACCESS TO THE FUNDS

Subscription received against this issue would be kept in a separate bank account and the Company will not have access to these funds so collected until it has received approval for allotment from BSE (Designated Stock Exchange) and listing and trading permission is received from BSE, ASE, MSE and BgSE where listing is proposed in terms of this Prospectus.

UNDERTAKINGS BY THE ISSUER COMPANY

The Board of Directors of Powersoft Global Solutions Ltd state that: -

- i) All the complaints in respect of the Public Issue shall be attended to by the Company expeditiously and satisfactorily.
- ii) That the Company shall take necessary steps for completion of the necessary formalities for listing and commencement of trading on BSE within 7 working days of finalisation of basis of allotment.
- iii) That the Company shall apply in advance for the listing of equity shares.
- iv) That the funds required for despatch of refund orders/ allotment letters/ certificates by registered post shall be made available to the Registrar to the Issue by the Company.
- v) That the certificates of the securities/ refund orders to the non-resident Indians shall be despatched within specified time.
- vi) That no further issue of securities shall be made till the securities offered through this Prospectus are listed or till the application money is refunded on account of non-listing, undersubscription etc.

UTILISATION OF ISSUE PROCEEDS

The Board of Directors of Powersoft Global Solutions Ltd states that:

- i. All monies received against this Public Issue shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act, 1956.
- ii. Details of all monies utilised out of Public Issue referred to in sub-item(i) shall be disclosed under an appropriate separate head in the Balance Sheet of the Company indicating the purpose for which such monies had been utilised; and
- iii. Details of all unutilised monies out of the present Public Issue, if any, referred to in sub-item(i), shall be disclosed under an appropriate separate head in the Balance Sheet of the Company indicating the form in which such unutilised monies have been invested.

The Board of Directors of the Company further certify that:

- i. the utilization of monies received from firm reservations shall be disclosed under an appropriate head in the balance sheet of the Company indicating the purpose for which such monies have been utilized;
- ii. the details of all unutilized monies out of the funds received from reservations shall be disclosed under a separate head in the balance sheet of the Company indicating the form in which such unutilized monies have been invested.

The Company shall not have any recourse to the Issue proceeds until the approval for trading the Equity Shares is received from all the Stock Exchanges where listing is sought is received. Pending utilisation of the proceeds of the Issue as specified under the heading "Objects of the Issue", the net proceeds from the Issue may be invested by the Company in high quality interest bearing liquid instruments including but not limited to deposits with banks for the necessary duration.

SECTION VIII: OTHER INFORMATION

MAIN PROVISIONS OF ARTICLES OF ASSOCIATION

ALLOTMENT OR DISPOSAL OF SHARES

3. The Authority to allot or dispose of shares shall vest with the Board which may allot or otherwise dispose off the same to such persons whether at part or premium discount on such terms and conditions as it may think fit, subject to the provisions of the Act, provided that the option or right to call for shares shall not be given to any other person except with the sanction of the Company in general meeting.

TRANSFER AND TRANSMISSION OF SHARES

5. a) No fee shall be charged for transmission of shares, or for registration on any power of attorney, probate, Letter of Administration or other similar documents. No fee shall also be charged for registration of transfers, consolidation or sub-division of Share Certificates or for issue of New Certificates in replacement of those which are old, defaced, worn out or where the boxes on the reverse for recording transfers have been fully utilized. The Board may, subject to the rights of appeal conferred by Section 111 of the Act, at any time in its absolute discretion and without assigning any reason, decline to register any proposed transfer of shares.
- b) The Board, may also, subject to the right of appeal conferred by Section 111 of the Act, at any time in its absolute discretion decline to register any proposed transfer of shares, whether fully paid-up or not, either directly or indirectly in favour of any person or persons whose motive is/are to gain control over the affairs of the Company and when it is felt that the transferee is not a desirable person from the larger point of view of the interest of the Company as a whole. In particular and without prejudice to the generality of the above powers, the Board may subject to the provisions of Section 111 of the Companies Act, 1956, also decline to register in exceptional circumstances when it is felt that the transferee is not a desirable person from the larger point of view of the interest of the Company as a whole, subject to the provisions of the Clause (c) of Sub- Section (4) of Section 22A of the Securities contracts (Regulation) Act, 1956.

CALL

6. The provision to Regulation No.13(1) of Table 'A' shall not apply to this company. The Board of Directors may, at its absolute discretion, fix the amount payable on each share either in one lumpsum with the application or in instalments, like application or in instalments like application money, allotment money, call monies etc., in any manner the Board may deem fit.

LIEN

8. The Company shall have a first and paramount lien upon all the shares (other than fully paid-up shares) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all monies (whether presently payable or not) called or payable at a fixed time in respect of such shares and upon the proceeds of sale thereof for his debts, liabilities and engagements, solely or jointly with any other person, to or with the Company whether the period for the payment, fulfillment or discharge thereof shall have actually arrived or not. Unless otherwise agreed, the registration of transfer of shares shall operate as waiver of the Company's lien, if any, on such shares. Such lien shall also be extended to all dividends or bonuses from time to time issued or declared in respect of such shares.

BORROWING POWERS OF THE BOARD

- 11 a) The Board may, from time to time, at its discretion borrow and secure the payment of any sum of money for the purpose of the Company, provided that the Board shall not, except with the consent of the Company in General Meeting, borrow monies where the monies to be borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the Ordinary Course of business) will exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose of the Company.
- b) Subject to the Provisions of Clause (a) above, the Board may raise or secure the repayment of such sum or sums in such manner and upon such terms and conditions in all respects as it thinks fit by the issue of bonds, perpetual or redeemable, debentures or debenture stock or mortgage or charges or other security on the whole of the undertaking or any part thereof or any property of the Company (both present and future) including its uncalled capital for the time

being. Any bonds, debentures, debenture stock or other securities issued or to be issued by the Company shall be under the authority of the Board which may issue them on such terms and conditions and in such manner, for such consideration, it considers to be most beneficial to the Company.

NUMBER OF DIRECTORS

12. The Company shall have not less than three and not more than twelve, including all kinds of Directors.

FIRST DIRECTORS

13. The First Directors of the Company shall be:

- 1) Shri. G.ASHOK BHANDARI- Chairman
- 2) Shri. PRADEEP GUPTA - Director
- 3) Shri. J.R. JAIN - Director

NON – RETIRING DIRECTORS

15. One-third of the total number of Directors, for the time being shall be Directors, whose office shall not be liable to retire by rotation. The Chairman will not be liable to retire by rotation.

ADDITIONAL DIRECTOR/ DIRECTORS APPOINTED IN CASUAL VACANCIES

17. a) The Board shall have powers to appoint one or more individuals to be Additional Directors provided that the total number of Directors including Additional Directors so appointed shall not, at any time, exceed the maximum stated in the Articles.
- b) The Board shall have power to fill up the casual vacancy on the Board caused by the death or resignation of any Director and the Directors so appointed shall hold office only upto the date on which Director in whose place he is appointed, would have held had he not vacated office as aforesaid.

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

21. The business of the Company shall be managed by the Board who may exercise all such powers of the Company as are not, by the Act on any statutory modification thereof for the time being in force or by these Articles, required to be exercised by the Company in General Meeting subject, nevertheless, to any regulations of the Articles or to the provisions of the said Act and to such regulations being not inconsistent with the aforesaid regulations to provisions as may be prescribed by the Company in General meetings, shall invalidate any prior act of the Board which would have been valid if that regulation had not been made.

MANAGING DIRECTOR/ CHIEF EXECUTIVE

22. Subject to the provisions of the Act and the approval of the Central Government, wherever necessary, the Directors may from time to time, appoint one or more of their body to be Managing Director(s) of the Company for a fixed term not exceeding five years at a time for which he or they, is as are to hold office and may from time to time (subject to the provisions of any contract between him or them and the Company) remove him from office and appoint another in his/her place. The Managing Director shall not while he continue to hold that office be subject to retirement by rotation and will not be reckoned in considering Directors liable to retire by rotation under Section 255 of the Act. But he shall also ipso facto cease to be Managing Director if he ceases to hold the office of the director for any cause whatsoever.

POWERS AND DUTIES OF THE MANAGING DIRECTOR

23. Subject to the provisions of the Act, the Board may from time to time entrust upon the Managing Director for the time being such of the powers exercisable under these presents by it as it may think fit and may confer such powers for such time and to be exercised for such objects and purposes and upon such terms and conditions and with such restrictions as it may think expedient and confer such powers either collaterally with such restriction or to the exclusion of and in substitution of all or any of its powers in that behalf and may from time to time revoke, withdraw, alter or vary all or any of the powers of the Managing Director may exercise all the powers entrusted to them by the Board of Directors jointly or severally in any manner as they deem fit.

WHOLE TIME DIRECTOR

25. Subject to the provisions of the Act, the Board may, from time to time appoint one or more of its body, to the office of Whole-Time Director with any designation for such terms and conditions including remuneration payable to him/them as it may deem fit.

SECRECY

28. No member shall be entitled to inspect the Company's books without the permission of the Board or require discovery of any matter which is or which may be in the nature of trade secret, mystery or trade or secret process which may relate to the conduct of the business of the Company and which, in the opinion of the Board, will not be expedient in the interests of the Member of the Company to communicate to the Public.

33. COMPANY TO RECOGNISE INTEREST IN DEMATERIALISED SECURITIES UNDER DEPOSITORIES ACT

Either the company or in the investor may exercise an option to issue, deal in, to hold the securities (including shares) with a Depository in electronic form and the certificate in respect thereof shall be dematerialized, in which event the rights and obligations of the parties concerned and matters connected therewith or incidental thereto, shall be governed by the provisions of the Depository Act, as amended from time to time or any statutory modification(s) thereto or re-enactment thereof.

DEMATERIALISATION/ REMATERIALISATION OF SECURITIES

Notwithstanding anything to the contrary or inconsistent contained in these Articles, the company shall be entitled to dematerialize its existing securities, dematerialize its securities held in depositories and/ or offer its fresh securities in the dematerialized form pursuant to Depository Act and the rules framed there under, if any.

OPTION TO RECEIVE SECURITY CERTIFICATES OR HOLD SECURITIES WITH DEPOSITORY

Every person subscribing to or holding securities of the company shall have the option to receive the security certificates and holds securities with a Depository. Where the person opts to hold a security with a Depository, the company shall intimate such Depository the details of allotment of the security, and on receipt of such information the Depository shall enter in its record the name of the allottee as the beneficial owner of the security.

SECURITIES IN FUNGIBLE FORM

All securities held by a Depository shall be dematerialized and be in fungible form. No certificates shall be issued for the securities held by the Depository. Nothing contained in Section 153, 153A, 153B, 187B, 187C and 372 of the Act shall apply to a Depository in respect of the securities held by it on behalf of the beneficial owners.

BENEFICIAL OWNER DEEMED AS ABSOLUTE OWNER

Except as ordered by a Court of competent jurisdiction or by law required, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share or whose name appears as the beneficial owner of shares in the records of the Depository, as the absolute owner thereof and accordingly shall not be bound to recognise any benami, trust equity, equitable contingent, future, partial interest, other claim to or interest in respect of such share or (except only as by these Articles otherwise expressly provide) any right in respect of a share other than an absolute right thereto in accordance with these Articles, on the part of any other person whether or not is has express or implied notice thereof, but the Board shall be at their sole discretion to register any share in the joint names of any tow or more persons of the survivor or survivors of them.

RIGHTS OF DEPOSITORIES AND BENEFICIAL OWNERS

Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the Beneficial Owner. Save as otherwise provided above, the Depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the security held by it. Every person holding securities of the Company and whose name is entered as a Beneficial Owner in the records of the Depository shall be deemed to be a member of the Company. The Beneficial Owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities, which are held by a Depository.

MATERIAL CONTRACTS AND DOCUMENTS

The Contracts referred to in para (A) below which are or may be deemed material, have been entered into by the Company.

The contracts together with the documents referred to in paragraph (B) below, copies of all of which have been attached to the copy of this Prospectus may be inspected at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on any working day from the date of this Prospectus until the closing of the subscription list.

A. MATERIAL CONTRACTS

1. Copy of Memorandum of Understanding dated 06/08/2005 between Powersoft Global Solutions Ltd. and Keynote Corporate Services Limited, Lead Manager to the Issue.
2. Copy of Memorandum of Understanding dated 08/08/2005 between Powersoft Global Solutions Ltd. and Centrum Capital Ltd., Co-Lead Manager to the Issue.
3. Copy of Memorandum of Understanding dated 18/08/2005 between Bigshare Services Private Ltd., Registrar to the Issue and Powersoft Global Solutions Ltd. and the Company.
4. Copy of tripartite agreement dated 11/09/2001 between the Company, National Depository Services Ltd. (NSDL) and Bigshare Services Private Ltd. (Registrar and Transfer Agent).
5. Copy of tripartite agreement dated 08/02/2001 between the Company, Central Depository Services Limited (CDSL) and Bigshare Services Private Ltd. (Registrar and Transfer Agent).
6. Copy of lease agreement dated 24/05/2000 between Software Technology Parks of India and PGSL.
7. Copy of agreement date 24/03/2000 between PGSL and the Government for STP.
8. Copy of letter no. AAG/GEN/002/Sheds/A313 date 01/07/2005 regarding extension of the lease agreement in respect of Flat No. A313 in Block III, KSSIDC Complex, Electronic City, Bangalore.
9. Copy of business acquisition agreement dated 11/03/2005 and subsequent letter dated 23/08/2005 relating to the same.
10. Copy of Master Service Agreement dated May 16, 2001 between PGSL with Nirvann Corporation, USA and amendment to Master Service Agreement vide the letter dated 19/12/2005.

B. DOCUMENTS FOR INSPECTION

1. Copy of Memorandum of Articles and Articles of Association of Powersoft Global Solutions Ltd.
2. Copies of Annual report of Powersoft Global Solutions Ltd. for the year ended 30/09/2001, 30/09/2002, 30/09/2003, 30/09/2004, 30/09/2005 and audited accounts for three months period ended 31/12/2005.
3. Copy of Special Resolution under section 81, 81(1A) and other relevant provisions of Companies Act, 1956 dated 25/06/2005 passed at the Extra Ordinary General Meeting of the Company authorizing present issue of equity shares.
4. Copy of letter dated 06/08/2005 regarding inter-se allocation of responsibilities between Keynote Corporate Services Ltd. and Centrum Capital Ltd.
5. Copy of certificate dated 17/02/2006 issued by H C Gulecha & Co., Chartered Accountant & Statutory Auditors of the Company reporting financials of Powersoft Global Solutions Ltd. in terms of part II schedule II of the Companies Act, 1956 and including capitalization statement, taxation statement, accounting ratios.
6. Copy of sources and deployment certificate dated 21/02/2006 received from H C Gulecha & Co., Chartered Accountant & Statutory Auditors of the Company.
7. Copy of letter dated 23/06/2005 received from H C Gulecha & Co., Chartered Accountant & Statutory Auditors of the Company regarding tax benefits accruing to the Company and its shareholders.
8. Copies of Annual report of Nirvann Corporation for the year ended 31/12/2002, 31/12/2003 and 31/12/2004 and eleven months period ended 30/11/2005.
9. Copies of Annual report of Newco Solutions Inc. for the year ended 31/12/2002, 31/12/2003 and 31/12/2004 and eight months period ended 31/08/2005.

10. Copy of Memorandum of Articles and Articles of Association of Powersoft Geospatial Technologies Ltd. and the annual report for the year ended 31/03/2003, 31/03/2004 and 31/03/2005.
11. Copy of the annual report of CADGIS for the year ended 31/03/2004.
12. Copy of Power of Attorney in favour of Mr. Manish Poddar.
13. Copy of Special Resolution dated 01/03/2003 passed at the Extra Ordinary General Meeting of the Company authorizing for change in auditors.
14. Copy of prospectus dated 11/05/1996 and letter of offer dated 28/06/2000 in respect of the open offer given by Rajkumar Gulecha.
15. Copy of in-principle listing permission obtained from BSE, BgSE, MSE and ASE.
16. Copies of licenses and approvals.
17. Copies of undertakings from Powersoft Global Solutions Ltd.
18. Copies of Consents from the Directors of the Company, Registrar to the Issue, Lead Mangers to the Issue, auditors, Banker to the Company and Bankers to the Issue.
19. Copy of SEBI Observation letter no. SRO/PMD/IMID/EIF/2005/9/6630 dated 09/02/2006 and pursuant reply to SEBI by Keynote Corporate Services, the Lead Manager vide their letter dated 27/02/2006.

PART III
DECLARATION

All the relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the guidelines issued by the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made there under or guidelines issued, as the case may be. The Directors of the Company further certify that all the disclosures made in this Prospectus are true and correct.

Yours Faithfully,

By the order of Board of Directors

POWERSOFT GLOBAL SOLUTIONS LTD.

Sd/-

Manish Poddar
Chairman and CEO

Sd/-

P. Rajkumar
Director

Sd/-

U Sampath Kumar
Whole Time Director

Sd/-

Prithviraj K.K.
Director

Sd/-

Micaela Scarchilli*
Director

Sd/-

Prakash Sharma*
Director

* Through their Constituted Attorney Mr. Manish Poddar

PLACE: Bangalore

DATE: 03/03/2006