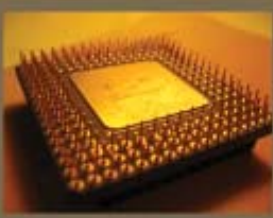


Powersoft Global Solutions Ltd.



14th Annual Report 2005 - 06



Growth happens according to **when &**
where you plant



Chairman's message

Dear Shareholders,

I welcome you to another year of significant achievements and exciting events for all of us here at PGSL, which include a highly successful IPO on the prestigious BSE, expansion of your company's operations in India and marketing reach in USA and Europe, and maturing of the vital processes in the entire organization to compete effectively in the international arena.

The past year has allowed us to focus on clearly defined objectives for establishing the essentials of a robust organization. We have smoothly transformed from a niche player to an enterprise with the ability to dream globally and to explore multiple growth trajectories. We have successfully commenced in laying the foundations of strict corporate governance, establishing internal systems on regulatory compliances, investing in world-class infrastructure, and putting together a highly experience management team to lead the company on a global level. We have also focused on enhancing our expertise in a few chosen domains as well as refining our service model to a few core services to compete effectively with the bigger industry players.

Your company has focused on a few distinct segments: Engineering & GIS services, RFID services, and Software services, which are targeted at clients in USA, Europe, Middle-East, Asia-Pac, & India. Our global delivery model has been refined to deliver better cost savings and higher technology capability with an immediate turnaround to help clients realize visible business benefits. We are also forging ahead in other service offerings like ERP implementation services with solution providers like Oracle in India and abroad, and seeking out relationships with IT consulting leaders to tap into their network and rapidly cultivate our resource augmentation initiative.

We at PGSL recognize the extraordinary role that talented people play in the success of our objectives. We believe that recruiting smart, talented, and highly driven professionals is the only way we can be assured of accomplishing our long term goals. We have put in significant efforts to implement the best-in-class HR policies and guidelines to seek out and recruit the most talented people with excellent academic qualifications and proven work expertise. Focusing on improving the core processes of HR and recruitment remains a high priority for us. With the need to satisfy the expected continued increase in our headcount, we have implemented proven people strategies to sustain our lower than industry attrition rate and keep our culture and general work environment a pleasant place to learn, work, and play.

We came to our newer shareholders with the assurance of a developing company which is able to utilize its strong marketing capabilities, deep technical expertise, and proven industry solutions to develop

strong relationships with key customers and expand its presence in key domains and geographies to deliver bottom-line growth. We have delivered worthily on our stated objectives in the prospectus and are on track on exploiting the foundations that we have laid over the past several months to acquiring our fair share in the global IT market.

In addition to growing organically, our core strategy has always included seeking out and exploiting inorganic opportunities by acquiring smaller technology enterprises in attractive domains. As part of that strategy, some time back, we acquired CadGis, a specialist in Engineering and GIS Services. Further, we have been actively interacting with several smaller niche companies in both India and abroad for potential acquisitions and believe that we will be periodically acquiring specialized companies to enhance our technical and functional competency, and to get access to their clients.

Your company has started a sophisticated development center in a central Bangalore suburb in addition to our Electronics City office to augment our growing infrastructure need in software services. We are looking at significant further expansion in India and abroad in the next several months to feed our infrastructure requirements. We are also investing in the latest hardware, expanding our software library, and other software tools and assets, and enhancing our communications bandwidth to ensure quality delivery capability. In addition, we expect to open direct marketing presence in several international cities to respond to the several marketing opportunities we currently have in pipeline.

As a young entrepreneur who has been personally involved in the 1990s growth phase of the US IT industry, I understand the importance of combining pragmatic leadership with hard driving execution in order to achieve exceptional results. I have worked hard to ingrain that mentality into the DNA of the entire organization. Further, the management team at PGSL has endeavored to create and grow an enterprise which is a pleasant place for smart people to work at, breaks the boundaries of service quality and technology leadership, and at the same time, aims at distinctive yet unrecognized markets to feed higher top-line growth while sustaining relatively high net margins to reward the faith and commitment of our shareholders.

As we carry forth on a journey of immense consequence, I must thank you all for being a loyal stakeholder in the future of our company. I am confident that the seeds of growth that we have sowed will result in making PGSL the company of choice for our customers, vendors and employees.


Manish Poddar
Chairman & CEO

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Board of Directors:

Mr. Manish Poddar	- Chairman & CEO
Mr. P. Rajkumar	- Director
Mr. U. Sampath Kumar	- Director
Mr. Prithviraj K. K.	- Director
Ms. Micaela Scarchilli	- Director
Mr. Prakash Sharma	- Director

Company Secretary:

Ms. Bhairavi Padia

Audit Committee:

Mr. Prithviraj K. K.	- Chairman
Mr. Prakash Sharma	
Mr. P. Rajkumar	

Remuneration Committee:

Mr. Prithviraj K. K.	- Chairman
Mr. P. Rajkumar	
Ms. Micaela Scarchilli	
Mr. Prakash Sharma	

Shareholders' /Investors' Grievance & Share Transfer Committee:

Mr. P. Rajkumar	- Chairman
Mr. U. Sampath Kumar	
Mr. Prithviraj K. K.	

Auditors:

Messrs H C Gulecha & Co
Chartered Accountants

Bankers:

Karnataka Bank Ltd., American Express Bank Ltd.,
UTI Bank Ltd., HDFC Bank Ltd., Union Bank of India.

Registered Office:

A-313, Block III, KSSIDC Complex,
STPI, Electronics City, Hosur Road,
Bangalore 560 100.

Development Centre:

58, 1st Floor, H M T Layout
R T Nagar (Behind Police Station)
Bangalore - 560 032

Business Office:

Rampart Centre,
16/24, Bake House, MCC Lane,
Fort, Mumbai-400 023

Registrar & Share Transfer Agent :

Bigshare Services Private Limited
E-2/3, Ansa Industrial Estate, Sakivihar Road
Sakinaka, Andheri (E), Mumbai – 400 072.

NOTICE

Notice is hereby given that the 14th Annual General Meeting of the members of **POWERSOFT GLOBAL SOLUTIONS LIMITED** will be held as under:

Day, Date & Time : Tuesday, 26th December, 2006
at 11.00 A.M.

Place : Hotel Ajantha, M G Road,
Bangalore –560 001

to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 30th September, 2006 and the Profit and Loss Account for the year ended as on that date and the reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Ms. Micaela Scarchilli, who retires by rotation and being eligible offer himself / herself for re-appointment.
3. To appoint a Director in place of Mr. Prithviraj K.K., who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Messrs. H. C. Gulecha & Co., Chartered Accountants, Bangalore as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration.

SPECIAL BUSINESS:

5. APPOINTMENT OF MR. PRAKASH SHARMA AS DIRECTOR:

To consider, and if thought fit, to pass, with or without modification(s,) the following resolution as an Ordinary Resolution :

“RESOLVED THAT Mr. Prakash Sharma, who was appointed as an Additional Director of the Company under Section 260 of the Companies Act, 1956 read with Article No. 17(a) of the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received Notice from a member signifying his intention to propose Mr. Prakash Sharma as a candidate for the office of Director, be and is hereby appointed as a Director of the Company liable to retirement by rotation”.

6. DELISTING OF SECURITIES FROM BANGALORE, MADRAS AND AHMEDABAD STOCK EXCHANGES:

To consider, and if thought fit, to pass, with or without modification(s), the following Resolution as a Special Resolution:

“RESOLVED THAT subject to the provisions of the Companies Act, 1956, Securities Contracts (Regulation) Act, 1956, and the rules framed thereunder, Listing Agreements, Securities and Exchange Board of India (Delisting of Securities) Guidelines 2003 (including any statutory modification(s) or re-enactment thereof for the time being in force and as may be enacted hereinafter) and in pursuant to the all other applicable laws, rules, regulations and guidelines and subject to all such approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as “the Board”, which term shall be deemed to include any Committee thereof for the time being exercising the powers conferred on the Board by this Resolution), consent of the Company be and is hereby accorded to the Board to delist the equity shares of the Company from the following Stock Exchanges, viz; Bangalore Stock Exchange Limited at Bangalore, Madras Stock Exchange Limited at Chennai and Ahmedabad Stock Exchange Limited at Ahmedabad.

FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution.”

7. BORROWING & MORTGAGING POWERS:

To consider, and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of section 293 (1)(d) of the Companies Act, 1956, and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby accords its consent to the Board of Directors for borrowing any sum or sums of money from time to time from any or more of the Company's bankers and/or from any one or more other persons, firms, bodies corporate, or financial institutions whether by way of cash credit, advance or deposits, loans or bill discounting or otherwise and whether unsecured or secured by mortgage, charge, hypothecation or lien or pledge of the Company's assets and properties whether

movable or stock in trade (including raw materials, stores, spare parts and components in stock or in transit) and work in progress and all or any of the undertakings of the Company notwithstanding that the moneys to be borrowed together with monies already borrowed by Company (apart from temporary loans obtained from the Companies bankers in the ordinary course of business) will or may exceed 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 but, so however, the total amount up to which the moneys may be borrowed by the Board of Directors and outstanding at any time shall not exceed the sum of Rs.50 Crores (Rupees Fifty Crores Only) exclusive of interest, and the Directors are hereby further authorised to execute such deeds of debentures and debenture trust deeds or mortgage, charge, hypothecation, lien, promissory notes, deposit receipts and other deeds and instruments or writings as they may think fit and containing such conditions and covenants as the Directors may think fit.

FURTHER RESOLVED THAT the Company do hereby accord its consent under Section 293 (1)(a) of the Companies Act, 1956, to mortgaging and / or charging by the Board of Directors of the Company all or any of the movable or immovable properties both present and future for securing any loan obtained or as may be obtained from any financial institution, Banks, bodies corporate or firm or person or persons together with interest, costs, charges, expenses and any other money payable by the Company.”

By Order of the Board of Directors
For **Powersoft Global Solutions Limited**

Bangalore
21st November, 2006

Bhairavi Padia
Company Secretary

NOTES:

- 1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

2. The relevant explanatory statement pursuant to Section 173 of the Companies Act, 1956 is annexed hereto.
3. Proxies in order to be effective must be received by the Company at its Registered Office not later than forty-eight hours before the commencement of the meeting.
4. The Register of Members and Share Transfer Books of the Company will remain closed on 26th December, 2006.
5. Members are requested to notify the changes, if any, in their address to the Company's Share Transfer Agent, Bigshare Services Private Limited immediately, in respect of their physical shares if any, quoting their folio numbers and to their Depository Participants (DPs) in respect of their electronic share accounts.
6. Members / proxies are requested to bring their copies of Annual Report to the Annual General Meeting.
7. Members are requested to hand over the enclosed Attendance Slip, duly signed in accordance with their specimen signature registered with the Company, for attending the Annual General Meeting.
8. Members holding shares in same / identical name(s) under different folios are requested to apply for consolidation of such folio and relevant share certificate.
9. Members desiring any information as regards the accounts are requested to write to the Company at least 7 days before the date of the meeting, so as to enable the management to keep the information ready.
10. The Equity Shares of the Company are listed at Bombay Stock Exchange Limited, Bangalore Stock Exchange Limited, Madras Stock Exchange Limited and Ahmedabad Stock Exchange Limited and the Company has paid requisite annual listing fees for the year 2006-2007 to all of the above Stock Exchanges.

11. Information as required under Clause 49 (IV)(G) of the Listing Agreement in respect of Directors Being Re-Appointed

Particulars	Ms. Micaela Scarchilli	Mr. Prithviraj K. K.	Mr. Prakash Sharma
Date of birth	28/10/1972	03/12/1965	20/07/1938
Date of appointment	01/07/2004	01/12/2004	21/02/2006
Qualification	Graduate in design and retail management from the Fashion Institute of Technology, New York	B.E. Mechanical	B. Sc & M.S in Economics from Agra University, M.S. (Economics) from University of Guilch at Ontario, CA, Ph.D in Sociology from University of Georgia.
Expertise in specific functional area	Fashion Designer. She has been bestowed with several awards and honors from leading authorities in admiration for her exemplary track record in the design industry.	He has rich professional experience to play a part in developing the next generation of business leaders. He had an illustrious career in several key leadership positions with distinguished organizations like BHEL.	He is an academician with a rich background with renowned faculties at educational institutions in the U.S.A. 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.
Directorship held in other companies	None	None	None
Membership/ chairman ship of committees in other public company	One	None	None
Shareholding in the company	Nil	Nil	Nil

By Order of the Board of Directors
For **Powersoft Global Solutions Limited**

Bangalore
21st November, 2006

Bhairavi Padia
Company Secretary

ANNEXURE TO THE NOTICE

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

Item No. 5 :

Mr. Prakash Sharma was appointed as an Additional Director of the Company by the Board of Directors at its Meeting held on 21st February, 2006. He has done B.Sc & M.S. in Economics from Agra University, M.S. (Economics) from University of Guilch at Ontario, CA, Ph.D in Sociology from University of Georgia.

As per the provisions of the Companies Act, 1956 he holds office up to the date of this Annual General Meeting. Notice in pursuance of Section 257 of the Companies Act, 1956 together with necessary deposit has been received from a member of the Company proposing the candidature of Mr. Prakash Sharma as Director of the Company.

The Board considered it desirable to receive the benefits out of the experience of Mr. Prakash Sharma having regard to his qualification and rich experience.

The Directors recommend the resolution for your approval.

None of the other Directors of the Company is concerned or interested in the proposed resolution except Mr. Prakash Sharma.

Item No. 6

The Equity Shares of your Company are presently listed at the following four Stock Exchanges in India :-

- (1) Bombay Stock Exchange Limited
- (2) Bangalore Stock Exchange Limited
- (3) Madras Stock Exchange Limited
- (4) Ahmedabad Stock Exchange Limited

With the extensive networking of Bombay Stock Exchange Limited (BSE) and the extension of the BSE terminals to other cities as well, investors have access to online dealings in the Company's securities across the country. The bulk of the trading in the Company's Equity Shares in any case takes place on the BSE and the depth and liquidity of trading in the Company's securities on all other stock exchanges are almost Nil. Further the listing fees required to be paid to other stock exchanges are disproportionately higher, and the trading volume and liquidity are almost Nil compared to BSE.

Further, as per Securities and Exchange Board of India (Delisting of Securities) Guidelines 2003 issued by Securities and Exchange Board of India (SEBI), an exit opportunity need not be provided to the shareholders of the Company on delisting of its Equity Shares from other Stock Exchanges, provided the Shares of the Company continue to be listed at BSE

or NSE and the Company has obtained the approval of members through Special Resolution.

Hence, Board recommends the Special Resolution for voluntary delisting of company's equity shares from Bangalore, Madras and Ahmedabad Stock Exchanges for your approval.

The said voluntary delisting of Company's securities from three Stock Exchanges will, apart from the savings resulting from the non payment of annual listing fees, also reduced a lot of administrative work. The said delisting will not adversely affect the investors as the Company's securities will continue to be listed on BSE as the Regional Stock Exchange. The delisting will take effect after all approvals, permissions and sanctions are received.

None of the Directors of the Company is concerned or interested in the proposed resolution except to the extent of their Shareholdings, if any.

Item No. 7

Under section 293 (1)(d) of the Companies Act, 1956, the Board of Directors cannot, except with the consent of the Company in general meeting, borrow moneys apart from temporary loans obtained from the Company's bankers in the ordinary course of business in excess of the aggregate of the paid up capital and free reserves, that is to say, reserves not set apart for any specific purpose.

In future, the Company may need to borrow more money from Banks, Financial Institutions, firms or person(s) and bodies corporate(s) for its projects in the form of Term Loan (which are not temporary loans obtained in the ordinary course of business) which may exceeds aggregate of the paid up capital and free reserves of the Company and for which Company may be required to mortgage/charge/hypothecate all the movable and immovable properties of the Company present and future. Hence, it is deemed desirable, as a matter of abundant caution also, to provide a sufficient margin for such loans to be covered by the borrowing powers of the Board.

In the circumstances, sanction of the shareholders is sought to enable the Directors to borrow money to the extent of Rs.50 Crores and to create mortgage / charge on the property to cover such Borrowings.

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

By Order of the Board of Directors
For **Powersoft Global Solutions Limited**

Bangalore
21st November, 2006

Bhairavi Padia
Company Secretary

DIRECTORS' REPORT

The Members,

Your Directors have pleasure in presenting the 14th Annual Report of your Company together with the Audited Statements of Accounts for the year ended 30th September, 2006.

FINANCIAL RESULTS

(Rs. In Lacs)

Particulars	Year ended September 30, 2006	Year ended September 30, 2005
Operating Income	911.76	667.80
Total Expenditure	734.17	517.52
Profit before Depreciation	177.59	150.28
Depreciation	31.54	30.01
Profit before tax	146.05	120.28
Profit after tax	91.12	120.28
Profit transferred to General Reserve	44.33	Nil

OPERATIONS REVIEW:

Your Company's full service industry expertise is in Financial Services, Insurance, Retail, Government & High-Technology Companies. From designing GLB Act compliance solutions for financial services firms to solving RFID integration needs of pioneering retailers, we have driven hard to earn a reputation for excellence.

The Company is actively looking for acquisitions for expanding into complementing business segments, besides expanding service offerings and domain skills.

A recent PGSL acquisition, 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 has extensive experience with core GIS technologies including Arc GIS, Arc View, Auto CAD, Map objects, LT4X, Delta 3D and ERDAS.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

INDUSTRY STRUCTURE AND DEVELOPMENT:

Indian IT Industry continues to sustain the growth on the back of a major surge in the growth of off-shoring

during the last 24 months. Across the industry, confidence remains strong and is expected to continue in the next fiscal also. Software and other services in India grew by 33% in the fiscal year 2006 according to a recent report; Engineering and GIS Services, Software Services is believed to have growth on similar lines.

Total revenue from Software development and other services by Indian IT industry is expected to be in the range of around \$3.9 Billion for the fiscal year 2006-07.

Over time, the demonstrated success of India based Software development and other services in delivering not only on cost, but on quality and technological superiority have attracted an increasing level of interest in offshore software and other services in India.

According to a study IT outsourcing, India still remains the preferred destination considering various factors relating to people skills and availability, business environment, financial structure, etc.

India is expected to maintain its stronghold as on offshore destination for Worldwide firms.

Strong growth trends witnessed in FY 05-06 is expected to continue and growth in FY 06-07 is expected to be around between 24% - 25%.

OPPORTUNITIES AND THREATS:

Software, GIS and Engineering services are being increasingly sourced from India by most of the companies and it is our belief that companies with a strong focus on these services will continue their growth in the ensuing year also.

PGSL is well positioned to meet this demand for Software development, GIS and Engineering services as evidenced by its past growth trends.

Company profile:

At PGSL, the engineers have been contributing believing in one common thing Technologies can change but Innovative IT solutions will last & grow, whether it is IT consulting, Software service, and Engineering Solution or GIS solutions.

The belief of working as an extended enterprise for our clients, rather than only a service & development provider has been the reason for PGSL's growth across the globe with offices being situated in India, USA & Singapore.

In less than 6 years, your Company has challenged norms because of the immensely experienced talent pool of expert engineers & internationally experienced management team.

PGSL is a public limited company with listing on Bombay Stock Exchange Limited (BSE) and other Regional Stock Exchanges.

Services offered:

Services:

- Software Design and Development
- Custom Product Development
- ERP Implementation and Solutions
- Application Re-engineering and Maintenance
- RFID integration
- GIS application development
- GIS data development
- Photogrammetry
- Application Development (Oracle, Microsoft and Java / J2EE) and Maintenance
- E-commerce and E-governance
- Managed Services Support

Domains targeted:

Target Industry / Domain:

- Financial services
- Life sciences and healthcare
- Banking
- Insurance
- Manufacturing
- Retail and consumer goods
- Government
- Telecom
- Transportation
- Energy and utilities
- Media and entertainment
- Aerospace and Defense
- Airline
- Communication
- Construction

The Client profile of your Company includes majority from overseas countries and quite a few established ones within the country.

Growth strategy:

PGSL understands verticals. We have invested enormous time and resources fine tuning our industry solutions to solve specific domain problems and manage the rapidly evolving industry environments of our clients.

Our Corporate heads, domain specialists, and business managers stay in close contact with our clients to respond immediately and effectively to the evolving industry issues.

Our full service industry expertise is in Financial Services, Insurance, Retail, Government & High-Technology Companies. From designing GLB Act compliance solutions for financial services firms to solving RFID integration needs of pioneering retailers, we have driven hard to earn a reputation for excellence

Future outlook:

The Software Development, GIS and Engineering Services market segment continues to be robust and is in line with predictions from various bodies. The outsourced Project market is predicted to be worth \$8-10 billion by 2010. Nasscom predicts the Services market will generate revenues of US\$ 8-11 billion by 2008-10 from the current levels of \$2-3 billion annually.

This market has three segments.

- Software Services
- GIS Services
- Engineering Solutions

Your Company is focused on above segment and is the dominant force in this space. By virtue of its track record and success in this segment, it is now working to add value to clients such as providing value-added services.

Your Company has also commenced building for the next phase of growth, expanded its management team to help it grow further. Your Company continues to make investments in several new technologies based services.

PGSL mission is to build deep relationship with our clients on a long-term basis to enable us to be a strategic partner for software life cycle services.

The Company remains optimistic about the long-term opportunities while at the same time meeting the short-term challenges.

Your Company is closely monitoring the market situation, and believes that its unique business model and prudent risk management practices, coupled with deep client relationships, give it a sustainable long-term advantage.

The Company will aggressively pursue new opportunities and will ensure adequate internal preparedness to take maximum advantage of such opportunities going forward.

We are confident that our focus on technology, very high levels of expertise in all the major technology platforms that matter to software & other services companies, enhanced service offerings to our customers and aggressive growth plans will make PGSL an exciting company for our employees, customers, investors and other stake holders.

Acquisitions:

The Company is actively looking for acquisitions for expanding into complementing business segments, besides expanding service offerings and domain skills.

The Company is continuing to actively pursue opportunities for acquisitions in complementing business segments.

A recent PGSL acquisition, 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 has extensive experience with core GIS technologies including Arc GIS, Arc View, Auto CAD, Map objects, LT4X, Delta 3D and ERDAS.

Since its beginning, CADGIS has helped hundreds of state & local government units, non-profit & private organizations to implement their GIS systems. We have a team of 50 dedicated engineers and professionals with specific domain expertise to handle all sorts of projects within our purview and to ensure quality in all our deliverables.

CADGIS 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.

We have handled aerial photographs, satellite imageries, and Topographic maps of various scales

RISKS AND CONCERNS:

The Management cautions readers that the risks

outlined below are not exhaustive, are for information purposes only and may contain forward looking statements the results of which may differ materially from those reflected. Investors are requested to exercise their own judgment in assessing various risks associated with the Company.

The essence of risk management lies in maximizing areas of control over outcome and minimizing areas where the Company has no control over outcome. Risk Management is a dynamic process which should constantly be able to identify all the emerging risks and propose solutions to manage these.

The risk perception also constantly varies depending on the size of the business, business segment, location, scale of business.

In these challenging business conditions, the Company constantly strives to identify areas of potential risks, understand the risks, devise mitigates and manage the risks.

The Board is responsible for monitoring risk levels on various parameters and suggests measures to address the same. Formal reporting and control mechanisms ensure timely information availability and facilitate proactive risk management.

The following risks are identified by the Company and it monitors parameters corresponding to them on a regular basis.

A. Business

- Client risks
- Client concentration
- Business Segment Concentration
- Geographical concentration
- Competition
- Acquisitions
- Integration

B. Delivery

- Execution
- Disaster prevention and recovery
- Technological obsolescence
- Fixed price contracts
- Talent acquisition & retention

C. Financial

- Foreign currency rate fluctuations
- Interest rate fluctuations
- Potential liability to customers, risk exceeding insurance coverage

D. Legal and Statutory

- Contractual liabilities
- Statutory compliance
- Directors' & Officers' liability risks-

E. Political

- Visa regulations/restrictions

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The Company maintains an ideal internal control system in every area of its operation.

The Company has in place adequate systems of internal control. These have been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable statutes, safeguarding assets from unauthorized use or losses, executing transactions with proper authorization and ensuring compliance of corporate policies.

The Company has a well defined delegation of power with authority limits for approving revenue as well as capital expenditure. Processes for formulating and reviewing annual and long-term business plans have been laid down.

In line with international practice, the planning and conduct of the internal audit is oriented towards the review of controls in the management of risks and opportunities in the Company's activities.

The Internal Audit reviews the adequacy of internal controls and checks in the system and covers all significant areas of the Company's operations such as software delivery, accounting and finance, procurement, employee engagement and management, travel, insurance.

IT processes and select domestic and foreign branches. Safeguarding of assets and their protection against unauthorized use are also a part of these exercises.

The Audit Committee reviews the Audit Reports submitted by the Internal Auditors. Suggestions for improvement are considered and the Audit Committee follows up on the implementation of corrective actions.

The Committee also meets the Company's Statutory Auditors to ascertain, inter alia, their views on the adequacy of internal control systems in the Company and keeps the Board of Directors informed of its major observations from time to time.

HUMAN RESOURCES AND INDUSTRIAL RELATION:

The Company has considered its human resources as the most valuable ingredient of the functioning of the Company and utmost endeavor is made to maintain good relation with the employees at all levels.

The Company's scalable HR processes have proved to attract and retain the best of talent. The Company's performance oriented culture and work environment enables it to attract the best talent in the industry.

The Company's manpower will increase to 100 at the end of the current year. The Company's sales force predominantly consists of people that have proven experience of selling IT services to large enterprises as well as early stage companies.

Cautionary Statement:

Certain statements made in the Management Discussion and Analysis Report relating to the Company's business aspects may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may differ from such expectations, projections, etc., whether express or implied. Several factors could make a significant difference to the Company's operations.

These include climatic conditions, economic conditions affecting demand and supply, Government regulations and taxation, natural calamities etc. over which the Company does not have any direct control.

FOLLOWON PUBLIC OFFER:

In March, 2006, your Company completed its Followon Public Offer (FPO) and in April 2006 listed its Shares on the Bombay Stock Exchange Limited (BSE) in addition to the listings at Bangalore Stock Exchange Limited, Madras Stock Exchange Limited and Ahmedabad Stock Exchange Limited. It was a Fixed price issue and consisted of a fresh issue of 54,00,000 Equity Shares of Rs.10/- each at a premium of Rs.12/- per share (i.e. at a price of Rs.22/- per share) aggregating to Rs.1188 Lacs. The FPO received good response from the investors.

The Company allotted 54,00,766 on 21-04-2006 in consultation with BSE, subsequent to which the Company's paid up share capital increased from Rs.65005330 to Rs.119012990 and share premium account is increased to Rs.64809192.

FIXED DEPOSITS:

The Company has not accepted any fixed deposits from the public during the year under review.

DIRECTORS:

Ms. Micaela Scarchilli and Mr. Prithviraj K.K., Directors of the Company retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Mr. Prakash Sharma was appointed as an Additional Director by the Board of Directors in their meeting held on 21st February, 2006. Pursuant to the provisions of Section 260 of the Companies Act, 1956, he shall hold office up to the date of this Annual General Meeting. Resolution for his appointment as Director is placed before the members for approval based on a valid proposal received from a member.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956 with respect to the Directors' Responsibilities Statement, it is hereby confirmed:

- (i) That in the preparation of the annual accounts for the financial year ended 30th September, 2006, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the company for the year under review;
- (iii) That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (iv) That the Directors had prepared the accounts for the financial year ended 30th September, 2006 on a 'going concern' basis.

PARTICULARS OF EMPLOYEES:

There was no employee drawing remuneration falling within the limits prescribed under Section 217(2A) of

the Companies Act, 1956, and hence the question of furnishing information hereunder does not arise.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

The particulars as prescribed under Section 217 (1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars of Board of Directors) Rules, 1988, have been set out in Annexure 'A' and form an integral part of this Report.

CORPORATE GOVERNANCE:

Pursuant to Clause 49 of the Listing Agreement with Stock Exchange, a Management Discussion and Analysis Report, Corporate Governance Report and Auditor's & CEO's Certificates regarding compliance of the conditions of Corporate Governance are annexed hereto and forms part of the Annual Report.

AVAILABILITY OF INFORMATION ON THE EDIFAR SYSTEM :

By virtue of Clause 51 of the Listing Agreement with the Stock Exchanges, the Company has uploaded its Financial Results & Shareholding Pattern with effect from 30.09.06 on EDIFAR website namely www.sebidifار.nic.in maintained by SEBI in-line with such manner and format as specified by SEBI. A statement of your Company can be accessed at this website.

AUDITORS:

Messrs. H. C. Gulecha & Co., Chartered Accountants, Bangalore Statutory Auditors of the Company will retire at the ensuing Annual general Meeting and are eligible for reappointment.

ACKNOWLEDGEMENT:

Your Directors wish to place on record their appreciation of banks and other financial institutions, shareholders and other for their continued support. Yours Directors also wish to place on record their appreciation of the contribution made by employees at all levels to the continued growth and prosperity of the Company.

By Order of the Board of Directors
For Powersoft Global Solutions Limited

Bangalore
21st November, 2006

Manish Poddar
Chairman & CEO

**ANNEXURE “A” TO THE DIRECTORS’ REPORT
PARTICULARS REQUIRED UNDER THE COMPANIES
(DISCLOSURE OF PARTICULARS IN THE REPORT
OF BOARD OF DIRECTORS) RULES, 1988**

A. Conservation of Energy

Your Company’s operations do not warrant consumption of energy intensively. Energy is used only for office equipments and for human usage. Adequate measures are in place to conserve and optimize the usage of energy in all respects.

B. Technology Absorption and Research & Development (R&D)

The Company uses the latest technology available in modern technology applications. Indigenous

technology available is continuously being upgraded to improve overall performance. The Company has a dedicated team of technically competent personnel who relentlessly work on technology up gradation and development related fields.

C. Foreign Exchange:

The Company has Foreign Exchange Earnings of Rs.730.10 Lakhs during the year (previous year- Rs. 487 lakhs) and Outgo was Rs.23.27 Lakhs.

REPORT ON CORPORATE GOVERNANCE

I. Company's 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 six 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.

II. Board of Directors :

The Company has a broad-based Board and meets the "Composition" criterion. As on today, the Board comprised of Six Directors.

a) Composition of the Board of Directors is as follows :

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

The total number of Non-Executive Directors is 4 out of 6 that is 2/3rd of the total strength of Board of Directors are non-executive. Similarly number of Independent Directors is 3 out of 6 i.e. half of the Board of Directors comprises of Independent Directors.

The names and categories of the Directors on the Board, their attendance at Board Meetings during the year and at last Annual General Meeting and also the number of Directorship and Committee membership held by them in other Companies are given below:

FY 2005-06 (October 2005 to September 2006)

Name of the Director	Category Particulars	Attendance		No. of other Directorships and Committee Membership/Chairmanship in other Indian Public Limited Company as on 30.09.06		
		Board Meeting	Last AGM	Other Directorship	Committee Memberships	Committee Chairmanships
Mr. Manish Poddar	C & ED	9	Y	No	No	No
Mr. P. Rajkumar	NE	9	Y	1	No	No
Mr. U Sampath Kumar	E	9	Y	No	No	No
Mr. Prithviraj K. K.	NE & ID	8	Y	No	No	No
Ms. Micaela Scarchilli	NE & ID	1	N	No	No	No
Mr. Prakash Sharma*	NE & ID	2	N	No	No	No

C & ED – Chairman & Executive Director , NED – Non Executive Director , NE & ID – Non Executive & Independent Director, E-Executive Director

* Mr. Prakash Sharma was appointed as an Additional Director w.e.f. 21st February, 2006

Three Committees viz. Audit Committee, Shareholders'/Investors' Grievance/Share Transfer Committee and Remuneration Committee have been constituted.

b) Meetings of the Board of Directors :

During the Financial year 2005-06, Nine (9) Board Meetings were held on the following dates :

26th November 2005, 30th January 2006, 21st February 2006, 3rd March 2006, 21st April 2006, 29th April 2006, 30th April 2006, 26th June 2006, and 31st July 2006

c) Code of Conduct :

The Company has formulated and implemented a Code of Conduct for all Board Members and Senior Management of the Company in compliance with Clause 49 (1) (D) of the Listing Agreement.

II. AUDIT COMMITTEE :

The Audit Committee was reconstituted on 29th April, 2006 by the Board by appointing Mr. Prakash Sharma as member of the Committee as Mr. Manish Poddar and Mr. U Sampath Kumar shown their inability to continue as members of the Committee.

At present the Committee comprises of Mr. Prithviraj K.K.- Chairman, Mr. Prakash Sharma and Mr. P. Rajkumar. All of them are Non Executive

Directors and majority of them are Independent Directors. All have knowledge of finance, accounts, company law etc. The quorum for Audit Committee meeting is two members.

The broad terms of reference of Audit Committee are in accordance with the prescribed guidelines as set out in clause 49 of the Listing Agreement with the Stock Exchanges.

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.

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

* Cease to be members of the Committee w.e.f. 29th April, 2006

** Appointed as member of the Committee w.e.f. 29th April, 2006

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

III. REMUNERATION COMMITTEE:

The Remuneration Committee was reconstituted on 29th April, 2006 by the Board by appointing Mr. Prakash Sharma and Mr. P. Rajkumar as members of the Committee.

At present the Committee comprises of Mr. Prithviraj K. K.- Chairman, Ms. Micaela Scarchilli, Mr. Prakash Sharma and Mr. P. Rajkumar. The quorum for Remuneration Committee meeting is minimum of two members.

The Remuneration Committee is responsible for the appointment of and determining the remuneration payable to Executive Directors. Remuneration to Non-Executive Directors is decided by the Board of Directors.

One meeting of the Committee was held during the financial year 2005-06. 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. Prithviraj K.K.	1	1	NIL
*Mr. U.Sampath Kumar	1	1	NIL
Ms. Micaela Scarchilli	1	NIL	1
**Mr. Prakash Sharma	1	NIL	NIL
**Mr. P. Rajkumar	1	NIL	NIL

* Cease to be members of the Committee w.e.f.29th April, 2006

** Appointed as member of the Committee w.e.f. 29th April, 2006

Remuneration Policy :

Remuneration to the CEO and the Executive Director is paid in accordance with the provisions of the Companies Act, 1956 and the terms and conditions thereof were approved by the Board and the Shareholders. The remuneration structure comprises of salary, perquisites and allowances, contributions to provident fund, and gratuity funds. The Committee recommends the remuneration payable to Managing Director and Whole Time Director or any Executive Directors based on their contribution to the growth and

development of the Company, keeping in mind the remuneration package of the industry.

The remuneration paid to the Executive and Non Executive Directors during the year under review is within the overall limit prescribed in Schedule XIII to the Companies Act, 1956 and as per relevant provisions of the said Act. The Non Wholetime Directors have waived off their sitting fees entitlements.

Details of remuneration paid/payable to all Directors during the year ended 30.09.2006 are given below :

(Amount in Rs.)

Name of Directors	Salary	Perquisites & Allowances	Commission	Professional Fees	Sitting fees	Total Rs.
Mr. Manish Poddar Chairman & CEO	NIL	NIL	NIL	NIL	NIL	NIL
Mr. U Smpath Kumar Whole Time Director	50,000	NIL	NIL	NIL	NIL	6,00,000

Service Contract, Notice Period and severance fees

Mr. Manish Poddar was appointed as Chairman & CEO of the Company for a period of five years with effect from 1st January, 2006 subject to the approval of the Central Government.

Mr.U Sampath Kumar was appointed as Whole Time Director of the Company for a period of three years with effect from 1st July, 2006,

Their appointments can be terminated either by the Company or by them by giving to the other three months notice in writing without any severance fees.

Stock Options

Presently the Company does not have any plan of stock options. None of the non Executive Directors hold any

Equity Shares in the Company except Mr. P. Rajkumar who is a promoter of the Company and holding 13,67,000 Equity Shares of Rs.10/-each i.e. 11.49% of total Paid-up share capital of the Company.

V. SHAREHOLDERS'/INVESTORS' GRIEVANCE & SHARE TRANSFER COMMITTEE :

At present, the Committee consists of Mr. P. Rajkumar-Chairman, Mr. U Sampath Kumar, and Mr. Prithviraj K. K. The quorum for the meetings is two members.

The Committee would specifically look into the redressal of the shareholders' complaints in respect of all matters including transfer of shares, non-receipt of Annual Report, non-receipt of declared dividends, dematerialization of shares and investors complaints etc.

Name and designation of Compliance Officer:
Ms. Bhairavi Padia-Company Secretary of the Company.

The total number of complaints received and replied to the satisfaction of shareholders during the year under review

was 59. There was no outstanding complaint as on today.

The Committee met 12 times during the year under review and all the Committees members were present at all the meetings.

VI. GENERAL BODY MEETINGS :

Details of the last three Annual General Meetings of the Company were held as under :

Financial Year	AGM/EGM	Day, Date & Time	Venue
2002-2003	11 th AGM	<u>Wednesday</u> , 31 st December, 2003 at 10.00 a.m	Registered Office : A-313, Block III, KSSIDC Complex, STPI, Electronics City, Hosur Road, Bangalore 560 100.
2003-2004	12 th AGM	Friday ,31 st December, 2004 at 10.00 a.m.	Registered Office : A-313, Block III, KSSIDC Complex, STPI, Electronics City, Hosur Road, Bangalore 560 100.
2004-2005	13 th AGM	Friday, 30 th December, 2005 at 11.00 a.m.	Registered Office : A-313, Block III, KSSIDC Complex, STPI, Electronics City, Hosur Road, Bangalore 560 100.

During the Financial year 2005-2006, the Company has not passed any Resolution through postal ballot.

VII. DISCLOSURES :

- There are no materially significant related party transaction made by the Company with its Promoters, Directors or Management, their relatives, its subsidiaries etc. that may have potential conflict with the interests of the Company at large. Transactions with related parties during the period are disclosed in the Annual Report, in accordance with the requirements of Accounting Standard AS-18.
- During the last three years/period, there were no strictures or penalties imposed by either SEBI or the Stock Exchanges or any statutory authority for non-compliance of any matter related to the capital markets.
- Though the Company does not have a Whistle Blower Policy in place, the Company encourages the employees to freely express their views on various issues faced by them and the HR head follow up the same for necessary resolution of it. The employees have free access to the audit committee.
- All the mandatory items of Clause 49 have been complied with and covered in this report. In respect of Non Mandatory requirement of Clause 49 , the Company has complied with appointment of all three Non Executive Directors as members of Remuneration Committee. The composition of this Committee has been detailed earlier in this report.

Mr. Prithviraj K. K., the Chairman of this Committee is an Independent Director.

CEO Certification:

The CEO Certification of the financial statements and the cash flow statements for the financial year ended September 30, 2006 issued to the Board of Directors is enclosed at the end of this Report and forms part of this Annual Report.

VIII. Note on appointment or re-appointment of Directors :

Particulars of Directors to be appointed/re-appointed at the ensuing Annual General Meeting are given under the heading Note No. 11 of the Notice convening the meeting.

IX. MEANS OF COMMUNICATION:

The quarterly, half yearly and annual results were communicated to the Bombay Stock Exchanges, Bangalore Stock Exchange Limited, Madras Stock Exchange Limited, and Ahmedabad Stock Exchange Limited whereby the Company's shares are listed, as soon as the same are approved and taken on record by the Board of Directors of the Company. Further, the results are published in Business Standard (English) and Sanjevani (Kannada). The results are not sent individually to the shareholders.

The Management Discussion and Analysis Report forms part of the Director's Report.

X. GENERAL SHAREHOLDERS' INFORMATION :

AGM : Date and Time Venue	26th December, 2006; 11 am Hotel Ajantha, MG Road, Bangalore-560 001
Financial Year 2006-07 (Tentative) Financial Year ending - Result for First Quarter ending 31.12.06 - Result for Second Quarter ending 31.03.07 - Result for Third Quarter ending 30.06.07 - Audited Result for the year 30.09.07	30 th September, 2007 Last week of January, 2007 Last week of April, 2007 Last week of July, 2007 On or before 31 st December, 2007
Date of Book Closure	26.12.2006
Divident Payout date	N.A.
Listing on Stock Exchange	Bombay, Bangalore, Madras and Ahmedabad Stock Exchanges
Stock Code	Bombay - 532736
Demat ISIN Numbers in NSDL & CDSL for Equity Shares	ISIN : INE979C01013
Market price Data : High , Low during each month in the financial year 2005-2006	See Table No. 1 below
Performance in comparison to broad-based indices such as BSE Sensex, CRISIL index etc	N.A.
Registrar and Share Transfer Agents	Bigshare Services Private Limited E-2/3, Ansa Industrial Estate, Sakivihar Road Sakinaka, Andheri (E), Mumbai – 400 072 Phone Nos.: 022- 28470652/0653
Share Transfer System	Share Transfers are registered and returned within a period of 30 days from the date of receipt, if the documents are clear in all respects.
Distribution of shareholding & Category-wise distribution	See Table no. 2 & 3 below
De-materialisation of shares and liquidity	As on 30 th September, 2006, 66.62% of the Company's total Equity Shares representing 79,28,766 Shares were held in dematerialized form and balance 33.38% representing 39,72,533 shares were held in physical form.
Outstanding GDRS/ADRS/Warrants or any convertible instruments, conversion date and likely impact on equity	There were no such outstanding instruments as on 30 th September, 2006
Development Centre	# 58, 1st Floor, H M T Layout R T Nagar (Behind Police Station) Bangalore - 560 032
Address for correspondence	Regd. Off. A-313, Block III, KSSIDC Complex, STPI, Electronics City, Hosur Road, Bangalore 560 100 OR Bigshare Services Private Limited E-2/3, Ansa Industrial Estate, Sakivihar Road Sakinaka, Andheri (E), Mumbai – 400 072

Table 1 – Market Price Data

High and Low of market price of the Company's shares traded on Bombay Stock Exchange Limited during the Financial year 2005-06.

Month	BSE	
	High	Low
April –2006	26.70	20.25
May – 2006	22.80	12.40
June – 2006	15.00	8.40
July – 2006	10.88	7.60
August – 2006	12.40	8.80
September – 2006	16.80	11.12

The Company's shares got listed at BSE on 28th April, 2006. There was no trading in the other Stock Exchanges where the Company's Shares are listed. Therefore, the above data as available from April, 2006 onwards are furnished.

Table 2 - Distribution of shareholding as on 30th September, 2006

No. of Equity Shares	No. of Shareholders	% of Shareholders	No. of Shares	% of Shareholding
upto 5000	5284	67.88	14,94,275	12.56
5001 to 10000	1673	21.49	12,78,234	10.74
10001 to 20000	568	7.30	8,87,536	7.46
20001 to 30000	87	1.12	2,21,473	1.86
30001 to 40000	32	0.41	1,14,559	0.96
40001 to 50000	36	0.46	1,67,151	1.40
50001 to 100000	42	0.54	3,01,716	2.54
100001 and above	62	0.80	74,36,355	62.48
Total	7784	100.00	1,19,01,299	100.00

Table 3 - Distribution of Shareholding as on 30th September, 2006

Category	No. of Shares held	% of Total Shares
Promoters		
- Indian Promoter	13,67,000	11.49
- Foreign Promoter	34,07,733	28.63
Public Shareholdings		
1) Institutions		
- Foreign Institutional Investors	6,74,920	5.67
2) Non Institutions		
a) Bodies Corporate	4,28,255	3.60
b) Individual		
- Individual holding nominal share capital upto Rs.1 lakh	41,96,954	35.26
- Individual holding nominal share capital in Excess of Rs.1 lakh	12,59,734	10.58
c) Any Other		
- Clearing Member	60,469	0.51
- NRI	2,06,234	1.73
- Non Independent Executive Director	3,00,000	2.52
Total	1,19,01,299	100.00

**CERTIFICATION BY
THE CHIEF EXECUTIVE OFFICER**

I hereby certify that for the financial year ended 30th September, 2006 on the basis of the review of the financial statements and the cash flow statement and to the best of my knowledge and belief that:-

- 1) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
- 2) These statements together present a true and a fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations
- 3) There are, to the best of my knowledge and belief, no transactions entered into by the Company during the year 2005-06 which are fraudulent, illegal or violative of the Company's Code of Conduct.
- 4) I accept responsibility for establishing and maintaining internal controls. I have evaluated the effectiveness of the internal control systems of the Company and I further certify that, there are no deficiencies of which I am aware in the design or the operation of the Internal Control Systems.
- 5) I further certify that:
 - a) There have been no significant changes in the internal control during this year;
 - b) There have been no significant changes in the accounting policies during this year;
 - c) There have been no instances of significant fraud of which I have become aware and the involvement therein, of the management or an employee having significant role in the Company's Internal control System over financial reporting.

For **Powersoft Global Solutions Limited**

Manish Poddar
Chairman & CEO

Bangalore
21st November, 2006

**AUDITORS' CERTIFICATE ON
CORPORATE GOVERNANCE**

To
The Members
Powersoft Global Solutions Limited
Bangalore

We have examined the compliance of conditions of Corporate Governance by **Powersoft Global Solutions Limited** for the year ended 30th September, 2006 as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementations thereof adopted by the Company for ensuring Compliance with the conditions of the Corporate Governance as stipulated in the said clause. It is neither an audit nor expression of the opinion on the Financial Statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated by Clause 49 of the above mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India we have to state that no investor grievances were pending for a period of one month against the Company as per the records maintained by the Shareholders/Investors' Grievances Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For H C Gulecha & Co.
Chartered Accountants

(H C Gulecha)
Proprietor
M No. 26034

Bangalore
21st November, 2006

AUDITORS' REPORT TO THE MEMBERS OF POWERSOFT GLOBAL SOLUTIONS LIMITED

We have audited the attached Balance Sheet of M/s. Powersoft Global Solutions Limited, Bangalore as at 30th September, 2006 and the Profit and Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those standards require that we plan and perform audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining on a test basis, evidence supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements' presentation. We believe that our audit provides a reasonable basis for our opinion.
2. We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit.
3. In our opinion, proper books of account as required by law have been kept by the company, so far as appears from our examination of the books of accounts.
4. The company's Balance Sheet and Profit & Loss account dealt with by our report are in agreement with the books of account.
5. In our opinion, and to the best of our information and according to the explanation given to us, the Balance Sheet and Profit & Loss Account together with the Notes thereon attached thereto comply with the Accounting Standards referred to in Section 211(3C) of Companies Act, 1956.
6. On the basis of the written representations from the Directors, taken on record by the Board of Directors, none of the Directors are disqualified as on 30th September 2006 from being appointed as a director under section 274(1)(g) of Companies Act, 1956.
7. We report that, in our opinion and to the best of our knowledge and according to the information given to us, the said accounts read with our Notes and Schedules appearing thereon give the information as required by the Companies Act, 1956 in the manner so required, give a true and fair view:
 - (i) in case of Balance Sheet, of the state of affairs of the company as at 30th September, 2006 , and
 - (ii) in case of Profit and Loss Account, of the Profit of the Company for the year ended on that date.
 - (iii) In the case of Cash Flow Statement, of the Cash flows for the year ended on that date.
8. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of section 227 (4A) of the Companies Act, 1956 and on the basis of such checks as we considered necessary and according to the information and explanations given to us, we report on the matters specified in paragraphs 4 & 5 of the said order to the extent they are applicable to the company that
 - i) The Company has maintained records showing full particulars including quantitative details and situation of fixed assets. According to the information and explanation given to us, the management during the year has physically verified the fixed assets and no discrepancies were noticed on such verification
 - ii) The fixed assets of the company have not been revalued during the year.
 - iii) The Inventory of the Company includes only software rights and semi-finished software packages and hence the question of physical verification does not arise.
 - iv) As informed to us, there was no inventory during the year-end and hence the question of valuation does not arise.
 - v) In our opinion and according to the information and explanations given to us, there are no transactions of purchase of goods and materials and sale of goods, materials and services rendered in pursuance of contracts or arrangements entered in the registers maintained under section 301 of the Companies Act, 1956.
 - vi) According to the information given to us, the Company has not taken any loans, secured or unsecured, from Companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956 and / or from the Companies under the same

- management as defined under sub- section (1B) of section 370 of the Companies Act, 1956 wherein the rate of interest and other terms and conditions are prima facie prejudicial to the interest of the company.
- vii) According to the information given to us, the Company has not granted any loans, secured or unsecured, to Companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956 and / or to the Companies under the same management as defined under sub- section (1B) of section 370 of the Companies Act, 1956
- viii) According to the information and explanation given to us, the company has not given any loans or advances in the nature of loans.
- ix) In our opinion and according to the information and explanations given to us, the internal control procedures need to be strengthened to make it commensurate with the size of the Company and the nature of its business with regard to the purchase of software and for the sale of software packages and services.
- x) According to the information and explanation given to us, the Company has not accepted any deposits during the year under review.
- xi) According to the information and explanation given to us the Company does not have an internal audit system commensurate with the size of the Company and nature of the business.
- xii) At the last day of the financial year, there were no amounts outstanding in respect of undisputed income tax, sales tax, wealth tax, custom duty and excise duty, which were due for more than six months from the date they became payable.
- xiii) According to information and explanations given to us, no personal expenses of employees or Directors have been charged to revenue account other than those payable under contractual obligations or in accordance with generally accepted business practice.
- xiv) According to the information furnished to us, the Company is in process to comply with provisions of Employees Provident Fund Act and Employees State Insurance Act.
- xv) In our opinion and as per the information and explanation given to us, the nature of activities undertaken by the company do not involve consumption of materials and stores and allocation of man hours consumed to the relative jobs commensurate with its size and nature of its business.
- xvi) As explained to us, the Central Government has not prescribed maintenance of cost records under section 209 (1)(d) of the Companies Act, 1956 for any of the products of the Company.
- xvii) In our opinion and as per the information and explanation given to us, the Company has not defaulted in repayment and dues to the Financial Institutions, Bank or Debenture holders,
- xviii) In our opinion the Company is not a Chit Fund or Nidhi Mutual Benefit Fund or Society. Therefore the provisions of Clause 4 (xiii), of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xix) In our Opinion, the Company is not dealing in or trading in Shares, Securities, Debentures and other Investments. Accordingly the provisions of Clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xx) On the basis of overall examination of the Balance Sheet of the Company, in our opinion and as per the information and explanations given to us there are no Funds raised on a short - term basis, which have been used for long-term investment and vice-versa.
- xxi) The Company has issued Shares by bringing out a followon public offer.
- xxii) During the course of our examination of the Books and Records of the Company, carried out in accordance with generally accepted Auditing Practices in India, and according to the information and explanation given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor we have been informed of such case by the Management.
- xxiii) The Company is not a sick industrial company within the meaning of clause (O) of subsection (1) of section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.

For **H C Gulecha & Co.**
Chartered Accountants

Bangalore
21.11.2006

(H C Gulecha)
Proprietor
M No. 26034

BALANCE SHEET AS AT 30th SEPTEMBER, 2006

Amount in Rs.

Particulars	Schedule	As at 30.09.2006	As at 30.09.2005
SOURCES OF FUNDS			
Share Capital	1	119,012,990	65,005,330
Reserves & Surplus	2	208,627,050	139,384,400
Total		327,640,040	204,389,730
APPLICATION OF FUNDS			
Fixed Assets	3		
Gross Block		35,008,137	27,402,773
Less : Depreciation		8,802,654	5,649,145
Net Block		26,205,483	21,753,628
Investments	4	265,355,873	167,886,650
Current Assets, Loans & Advances :			
Sundry Debtors	5	35,000,008	13,205,717
Cash & Bank Balances	6	1,606,938	1,415,329
Loans & Advances	7	4,905,070	1,127,689
		41,512,016	15,748,735
Less : Current Liabilities & Provisions	8	12,629,516	6,465,880
Net Current Assets		28,882,500	9,282,855
Miscellaneous Expenditure			
Public Issue Expenditure		7,196,184	
Profit and Loss Account		—	5,466,597
Total		327,640,040	204,389,730

Significant Accounting Policies & Notes on Accounts 10

 As per our report attached
for H.C. GULECHA & CO
 Chartered Accountants,

For and on behalf of the Board

H.C. Gulecha
 Proprietor
 M.No. 26034

Manish Poddar
 Chairman & CEO

P Rajkumar
 Director

Bhairavi Padia
 Company Secretary

 Bangalore
 21.11.2006

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 30th SEPTEMBER, 2006

Amount in Rs.

Particulars	Schedule	As at 30.09.2006	As at 30.09.2005
INCOME			
Software Sales and Services		89,036,540	66,745,399
Other Income		2,138,573	35,234
Total		<u>91,175,113</u>	<u>66,780,632</u>
EXPENDITURE			
Cost of sales		62,102,250	46,633,500
Administrative & Selling Expenses	9	9,527,082	5,118,709
Public issue expenses		1,799,046	
Depreciation		3,153,508	3,000,748
Total		<u>76,581,886</u>	<u>54,752,957</u>
Profit for the year		14,593,227	12,027,676
Provision for Current taxation			-
- Income Tax		3,004,060	
- Fringe Benefit Tax		55,771	
- Defferred Tax Liability		1,633,341	
		<u>4,693,172</u>	
Profit after Tax		9,900,055	12,027,676
Balance of Loss b/f from previous year		5,466,597	17,494,273
Balance of profit (loss) carried over to Balance Sheet		4,433,458	(5,466,597)

Significant Accounting Policies & Notes on Accounts 10

As per our report attached
for **H.C. GULECHA & CO**
Chartered Accountants,

For and on behalf of the Board

H.C. Gulecha
Proprietor
M.No. 26034

Manish Poddar
Chairman & CEO

P Rajkumar
Director

Bhairavi Padia
Company Secretary

Bangalore
21.11.2006

SCHEDULES TO THE BALANCE SHEET AS AT 30th SEPTEMBER, 2006.

Amount in Rs.

Particulars	As at 30.09.2006	As at 30.09.2005
Schedule - 1		
SHARE CAPITAL :		
Authorised Capital: 12,000,000 Equity Shares of Rs.10/- each (Previous year 7,000,000 Equity Shares of Rs.10/- each)	120,000,000	70,000,000
Issued, Subscribed & Paid up Capital: 11,901,299 Equity Shares of Rs.10/- each (Previous year 6,500,533 Equity Shares of Rs.10/- each)	119,012,990	65,005,330
(Of the above 3,357,733 Equity Shares of Rs.10/- each have been allotted pursuant to Joint Venture with Nirvan Corporation, USA on Stock Swap basis and 300,000 Equity Shares of Rs.10/- each have been allotted as part of consideration towards acquisition of CADGIS without payment being received in cash)	119,012,990	65,005,330
Schedule - 2		
RESERVE & SURPLUS :		
Capital Reserve		
Profit on reissue of forfeited Shares : As per Last Balance Sheet	5,349,866	5,349,866
Security Premium Account : (Including premium on current issue)	198,843,726	134,034,534
Profit and Loss B/f Loss of previous year (5,466,597) Profit for Current Year 9,900,055	4,433,458	
	208,627,050	139,384,400
Schedule - 4		
INVESTMENTS:		
A) Long Term Investments		
Trade Unquoted In Nirvann Corporation, State of Delaware, USA 870 Common Stock of USD 10 each	167,886,650	167,886,650
B) Current Investments		
i) Franklin Mutual Fund - Daily Dividend - Holding 20249.707 Units @ Face Value Rs.1512.34 per unit	30,624,442	
ii) NLFID Canliquid Fund - Daily Dividend - Holding 4070392.162 Units @ Face Value Rs.10.041 per unit	40,870,808	
iii) Templeton India Liquid Plus - Daily Dividend - Holding Units 143477.642 @ Face Value Rs.12.907 per unit	1,851,866	
iv) DSP Merrill Lynch Liquidity Fund - Daily Dividend - Holding Units 2402361.02 @ Face Value Rs.10.041 per unit	24,122,107	
	97,469,223	
	265,355,873	167,886,650

SCHEDULE - 3 FIXED ASSETS AS AT 30th SEPTEMBER, 2006

Amount in Rs.

Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	Balance as at 01.10.2005	Additions	Balance as at 30.09.2006	Balance as at 01.10.2005	For the year	Balance as at 30.09.2006	As at 30.09.2006	As at 30.09.2005
Furniture & Fixtures	170,274	46,588	216,862	115,852	10,778	126,630	90,232	54,422
Electrical Installations	637,500	-	637,500	67,359	30,281	97,640	539,860	570,141
Office Equipments	225,000	-	225,000	34,179	10,688	44,867	180,134	190,822
Computers	2,455,116	178,031	2,633,147	700,280	416,242	1,116,522	1,516,625	1,754,836
Computer Accessories	307,000	-	307,000	69,503	49,765	119,268	187,732	237,497
Computer Software	23,607,883	4,646	23,612,529	4,661,973	2,635,755	7,297,728	16,314,801	18,945,910
Goodwill		7,376,099	7,376,099	-	-	-	7,376,099	-
Gran Total	27,402,773	7,605,364	35,008,137	5,649,146	3,153,508	8,802,654	26,205,483	21,753,628
Previous Year	19,493,840	7,908,933	27,402,773	2,648,397	3,000,748	5,649,145	21,753,628	

SCHEDULES TO THE BALANCE SHEET AS AT 30th SEPTEMBER, 2006

Amount in Rs.

Particulars	As at 30.09.2006	As at 30.09.2005
CURRENT ASSETS, LOANS & ADVANCES		
Schedule - 5		
Sundry Debtors		
(Unsecured, Considered Good)		
Outstanding for a period of more than six months	425,401	1,655,668
Others	<u>34,574,607</u>	<u>11,550,049</u>
	35,000,008	13,205,717
Schedule - 6		
Cash & Bank Balances		
Cash In Hand	20,595	7800
Balance With Scheduled Banks	<u>1,586,343</u>	<u>1,407,529</u>
	1,606,938	1,415,329
Schedule - 7		
Loans and Advances		
Unsesecured, Considered Good	<u>4,905,070</u>	1127689
	<u>41,512,016</u>	<u>15,748,735</u>
Schedule - 8		
Current Liabilities & Provisions		
Sundry Creditors	7,936,344	6,465,880
(There are no dues to Small Scale Industries as per the information available with the Company)		
Provision for Taxation	<u>4,693,172</u>	<u>6,465,880</u>
	<u>12,629,516</u>	<u>6,465,880</u>

SCHEDULES TO THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30th SEPTEMBER, 2006

Amount in Rs.

Particulars	As at 30.09.2006	As at 30.09.2005
Schedule - 9		
ADMINISTRATIVE & SELLING EXPENSES		
Bank Charges	224,583	24,858
Rent	797,025	834,162
Printing & Stationery	55,146	141,205
Electricity Charges	157,694	124,053
Salaries	2,704,279	2,277,097
Staff Welfare	193,484	84,520
Office Expenses	427,924	52,283
Communication Charges	260,507	200,009
Repairs & Maintenance - Computers & Others	139,515	115,754
Demat Handling Charges	50,751	67,518
Professional Charges	177,920	39,517
Consultancy Charges	5,500	2,774
Postage & Courier Charges	22,369	4,200
Director Remuneration	600,000	200,000
Advertisement	46,354	28,174
Rates & Taxes	126,088	529,872
Training & Recruitment Expenses	477,852	20,622
Auditors Remuneration		
Statutory Audit Fees	30,000	5,000
Tax Audit Fees	10,000	12,500
Service Tax	4,896	1,275
	44,896	18,775
Travel & Conveyance	354,997	161,210
Sales Promotion	137,519	38,556
Vehicle Maintenance	195,429	144,820
Water charges		8,730
Marketing Expenses	2,327,250	
Total	9,527,082	5,118,709

SCHEDULES TO ACCOUNT

Schedule 10

Significant Accounting Policies and Notes on Accounts

1. 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 preparation 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. In case of addition to fixed assets, the rate is applied on pro-rate 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.

f. The public issue expenditure would be written off over a period of 5 years beginning with accounting year 2005-06.

2. 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. Sundry Creditors do not include dues from any small scale industrial undertaking to the extent such firms have confirmed as small scale industrial undertaking.

3. The Company is engaged in the business of

information technology enabled services including development of computer software. The production and sale of such services cannot be expressed in any generic unit. Hence it is not possible to furnish quantitative details of sales and information as required under para 3, 4C and 4D of part II of Schedule VI to the Companies Act 1956.

4. On April 21, 2006 the Company issued and allotted 54,00,766 equity shares of Rs.10 each at a premium of Rs.12 per share pursuant to the followon public issue in March 2006, of which 3,00,000 shares have been allotted to one of the Directors in consideration of the acquisition of the business. The proceeds of the issue have been utilized for general business purposes.

5. Segment Reporting:

The Company is primarily engaged in the business of information technology enabled services including development and customization of software. Hence, in the opinion of management, disclosure regarding segment reporting is not applicable to the Company for the year under review.

6. The Company is in the process of discharging statutory compliances.

7. As per the terms of the agreement for acquisition of the business of CADGIS Consultants, the liability of purchase consideration is discharged. The excess of amount over net assets valued is considered as Goodwill which will be written off over a period of five year beginning with accounting year 2006-07.

8. Managerial Remuneration: (Rs. In lacs)

	<u>Current Year</u>	<u>Previous Year</u>
(i) Salary	6.00	2.00

9. Sundry Creditors includes amount due to Directors Rs.27.79 Lacs (Previous Year Rs. 15.92 Lacs)

10. Auditors Remuneration: (Rs. In lacs)

	<u>Current Year</u>	<u>Previous Year</u>
Statutory Audit Fee	0.30	0.05
Tax Audit Fee	0.10	0.13
Service Tax	0.05	0.01
Total	0.45	0.19

11. Provision for Current Taxation:

The provision made for income-tax in the accounts comprises both, the current tax and deferred tax. The deferred tax assets and liabilities for the year, arising on account of timing differences, are recognized in the Profit and Loss Account and the cumulative effect thereof is reflected in the Balance Sheet.

12. 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 : Key Management Personnel (KMP)

Mr. Manish Poddar

Companies where control exists

Nirvan Corporation, USA (Joint venture)

13. Earning Per Share (EPS)

(Rs. In lacs)

	Current Year	Previous Year
Net Profit before Tax	145.93	120.27
Less : Provision for Tax	46.93	-
Profit/(Loss) attributable to the equity Shareholders	99.00	120.27
Basic/Weighted average no. of Equity Shares	11901299	6500533
Outstanding during the year (Nos.)		
Nominal value of shares	10.00	10.00
Basic/diluted Earning per share Rs.	0.83	1.85

14. Figures of the previous period have been regrouped/ rearranged wherever necessary in conformity with the presentation of the current year.

As per our report attached.

For H.C Gulecha & Co.
Chartered Accountants

For and on behalf of the Board

H.C. Gulecha
Proprietor
M.No. 26034

Manish Poddar
Chairman & CEO

P Rajkumar
Director

Bhairavi Padia
Company Secretary

Bangalore
21.11.2006

BALANCE SHEET ABSTRACT

(AS PER PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956)

1. Registration details		State code	8
CIN	U15136KA1992PLC013673		
Balance Sheet date	30.09.2006		
2. Capital raised during the year (Amount in Lacs)			
Public issue	1188.17	Rights issue	Nil
Bonus Issue	Nil	Private Placement	Nil
Total	1188.17		
3. Particulars of Mobilisation and Deployment of Funds (Amount in Lacs)			
Source of Funds		Application of Funds	
Share capital	1190.13	Net fixed assets	262.05
Reserves and surplus	2086.27	Investments	2653.56
Secured Loans		Net Current Assets	288.83
Unsecured Loans		Miscellaneous Expenditure	71.96
Total	3276.40	Total	3276.40
4. Performance of the Company (Amount in Lacs)			
Turnover	911.75	Profit after tax	99.00
Total Expenditure	765.82	Earnings per share in Rs.	0.83
Profit before tax	145.93	Dividend Rate (%)	Nil
5. Generic Names of Three Principal Products (As per monetary terms)			
Item code no. (ITC Code)		Product description	
NA		Software Products & Services	

For and on behalf of the Board

Manish Poddar
Chairman & CEO

P. Rajkumar
Director

Bhairavi Padia
Company Secretary

Bangalore
21.11.2006

CASHFLOW STATEMENT FOR THE YEAR ENDED 30th SEPTEMBER, 2006

Amount in Rs.

Particulars	Year ended 30.09.2006	Year ended 30.09.2005
CASHFLOW FROM OPERATIONS		
Profit before tax	14,593,227	12,027,676
Adjustment for Depreciation	3,153,508	3,000,748
Operating Profit before working capital changes	17,746,735	15,028,424
Adjustments for changes in		
Trade & Other Receivables	(25,571,672)	(4,702,106)
Trade Payables	1,470,463	(1,017,055)
	(24,101,209)	(5,719,161)
Cash Generated from Operations	(6,354,474)	9,309,263
Income Tax Paid	-	-
NET CASHFLOW FROM OPERATIONS (A)	(6,354,474)	9,309,263
CASHFLOW FROM INVESTING ACTIVITIES		
Adjustments for cash consideration in excess of Net Assets of Business Purchased	(776,099)	
Purchase of Fixed Assets	(229,265)	
Purchase of Investments	(97,469,223)	(7,908,933)
NET CASHFLOW FROM INVESTING ACTIVITIES (B)	(105,074,587)	(7,908,933)
CASHFLOW FROM FINANCING ACTIVITIES		
Decrease in long term borrowings		
Increase in Capital	51,007,660	
Increase in Securities Premium	61,209,193	
Public Issue Expenses	(7,196,184)	-
CASHFLOW FROM FINANCING ACTIVITIES (C)	111,620,669	-
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	191,608	1,400,330
CASH AND CASH EQUIVALENTS		
OPENING BALANCE (E)	1,415,329	14,999
CLOSING BALANCE (F)	1,606,938	1,415,329
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (F-E)	191,608	1,400,330

The figures in cash flow statement are based/ have been derived from the annual financial statements of the Company Cash and Cash Equivalents consist of cash and bank balances

Significant Accounting Policies and Notes on Accounts (Schedule 10) form an intergral part of the Cash Flow Statement.

As per our report attached.

For H.C Gulecha & Co.
Chartered Accountants

For and on behalf of the Board

H.C. Gulecha
Proprietor
M.No. 26034
Bangalore
21.11.2006

Manish Poddar
Chairman & CEO

P Rajkumar
Director

Bhairavi Padia
Company Secretary

REPORT OF THE AUDITORS ON CASH FLOW STATEMENT

We have examined the attached Cash Flow statement of Powersoft Global Solutions Limited, Bangalore, for the year ended 30th September, 2006. The Statement has been prepared by the Company in accordance with the requirements of listing agreement Clause 32 with the Bangalore Stock Exchange and is based on and in agreement with corresponding Profit and Loss Account and Balance Sheet of the Company covered by our report of even date to the Members of the Company.

for H.C. GULECHA & CO

Chartered Accountants,

H.C. Gulecha

Proprietor

M.No. 26034

Bangalore

21.11.2006

POWERSOFT GLOBAL SOLUTIONS LIMITED
Regd. Office: A-313, Block III, STPI, KSSIDC Complex
Electronics City, Hosur Road, Bangalore – 560 100

ATTENDANCE SLIP

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE HALL

I / We hereby record my / our presence at the 14th Annual General Meeting of the Company held on Tuesday, the 26th December 2006 at 11 A.M at Hotel Ajantha, M G Road, Bangalore – 560 001

Name(s) of the Member(s) in Block Letters.....

Registered Folio No.....

DP. ID No.

Client ID No.

Jointly with.....Signature.....



POWERSOFT GLOBAL SOLUTIONS LIMITED
Regd. Office: A-313, Block III, STPI, KSSIDC Complex
Electronics City, Hosur Road, Bangalore – 560 100

PROXY FORM

FOLIO NO.....

No. of Shares.....

DP. ID No.

Client ID No.

I / We.....of.....being a Member/s
of Powersoft Global Solutions Limited hereby appoint..... ofor failing
him.....of.....as my / our proxy to vote for me / us
on my / our behalf at the 14th Annual General Meeting of the Company held on Tuesday, 26th December 2006
at 11 a.m. at Hotel Ajantha, M G Road, Bangalore – 560 001

Signed thisday of2006

Note : This form duly completed and signed must be deposited at the Registered Office of the Company not less than 48 hours before the Meeting.

Rs. 1/-
Revenue
Stamp

USA - Headquarters

5736 Las Virgenes Road,
Calabasas, CA 91302, 818-880-0736
25 Cotters Lane,
East Brunswick, NJ 08816
11210 Waightstill Way,
Charlotte, NC 28277

Asia-Pacific

Sophia Road, #6-22, Peace Center,
Singapore

INDIA

A-313 Block III, KSSIDC Complex, STPI
Electronic City, Hosur Road,
Bangalore 560 100
91-80-4110 3139

INDIA

#58 1st Floor, HMT Layout
R T Nagar
Bangalore - 560 032
91-80-4169 7236, 7237

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Powersoft Global Solutions Ltd.
A-313, Block III, KSSIDC Complex,
STPI, Electronics City, Hosur Road,
Bangalore - 560 100.



Powersoft Global
Innovative IT Solutions