

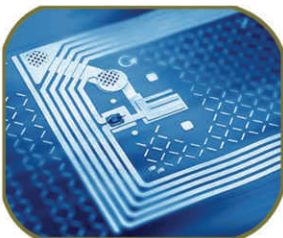


**Powersoft Global**  
*Innovative IT Solutions*

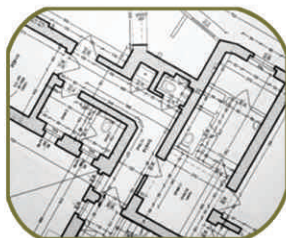
**Powersoft Global Solutions Ltd.**



**16th Annual Report 2007-08**



RFID services



Engineering services



GIS services



Software services

**Board of Directors**

<b>Mr. Manish Poddar</b>	- Chairman & CEO
<b>Mr. P. Rajkumar</b>	- Director
<b>Mr. U. Sampath Kumar</b>	- Whole time Director
<b>Mr. Prithviraj K. K.</b>	- Director
<b>Ms. Micaela Scarchilli</b>	- Director
<b>Mr. Prakash Sharma</b>	- Director (Ceased)
<b>Dr. Y. Lingaraju</b>	- Director

**Audit Committee**

<b>Mr. Prithviraj K. K.</b>	- Chairman
<b>Dr. Y. Lingaraju</b>	
<b>Mr. P. Rajkumar</b>	

**Remuneration Committee**

<b>Mr. Prithviraj K. K.</b>	- Chairman
<b>Mr. P. Rajkumar</b>	
<b>Ms. Micaela Scarchilli</b>	

**Shareholders' / Investors' Grievance & Share Transfer Committee**

<b>Mr. P. Rajkumar</b>	- Chairman
<b>Mr. U. Sampath Kumar</b>	
<b>Mr. Prithviraj K. K.</b>	

**Auditors**

**Messers H C Gulecha & Co**  
Chartered Accountants, Bangalore

**Bankers**

Karnataka Bank Ltd., Union Bank of India, UTI Bank Ltd., & HDFC Bank Ltd.

**Registered Office and Development Centre**

# 58, 1st Floor, H M T Layout  
R T Nagar, Bangalore - 560 032

**Overseas Offices**

1245 S. Winchester Blvd., Suite 222  
San Jose, CA 95128, USA

**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 to the members that the 16th Annual General Meeting of the company will be held on Monday, the 16th day of March, 2009 at 9.30 A.M. at Ramanashree California Resort, Ananthapura Gate, Doddaballapur Road, Yelahanka, Bangalore – 560 064 India to transact the following business:-

### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Accounts for the period ended 31-12-2008 along with Directors' and Auditors' Reports thereon.
2. To appoint a Director in the place of Mr. U. Sampath Kumar, who retires by rotation at this Annual General Meeting and being eligible offers himself for re-appointment.
3. To appoint a Director in the place of Ms. Micaela Scarchilli, who retires by rotation at this Annual General Meeting and being eligible offers herself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

M/s H.C.Gulecha & Co., Chartered Accountants, Bangalore retire at this meeting and they are eligible for re-appointment.

### **SPECIAL BUSINESS:**

5. To Consider and if thought fit, to pass with or without modification, the following as an ordinary resolution.

"Resolved that a notice having been received from a member U/s. 257(1) read with Sec.190 of the Companies Act,1956, Dr. Y. Lingaraju be and is hereby appointed as the Director of the Company, whose period of Office shall be subject to retirement by rotation."

6. To Consider and if thought fit, to pass with or without modification, the following as an ordinary resolution.

"Resolved that pursuant to Sec. 269 read with Sec. 309, 198 and other applicable provisions if any of the Companies Act 1956 and subject to the approval of Central Govt. if necessary and modifications as may be directed by Central Govt. which the Board of Directors are authorised to accept, Mr. Manish Poddar be and is hereby reappointed as Chairman & CEO of the Company for a period of 5 years with effect from 01.01.2009 on a monthly remuneration of Rs. 30,000/- and on the same terms and conditions of his earlier appointment."

7. To Consider and if thought fit, to pass with or without modification, the following as an ordinary resolution.

"Resolved that pursuant to section 198,269,309,310,311 and schedule XIII of the Companies Act, 1956 and any other applicable provisions if any, or any re-enactments or modifications thereof, subject to the approval of the shareholders and any other authorities as may be applicable and pursuant to the approval of the remuneration committee, Mr. U. Sampath Kumar, be and is hereby re appointed as

the Whole time director of the company with effect from 1<sup>st</sup> July, 2008 for a period of three years on the terms and conditions mentioned hereunder:-

Salary of Rs. 50,000/- (Rs. Fifty thousand only) per month

**RESOLVED FURTHER THAT** notwithstanding anything hereinabove stated, where in any financial year closing after 1<sup>st</sup> October, 2007, the company incurs loss or its profits are inadequate, the company may pay to Mr. Sampath Kumar, remuneration by way of salary, perquisites, and other allowances not exceeding the limits specified under Section II of Part II of Schedule XIII of the Companies Act, 1956.

**RESOLVED FURTHER THAT** the Board of Directors be and are hereby authorised to take all such steps as may be necessary for the purpose of giving effect to this resolution and matters incidental thereto."

For and on behalf of the Board

Date: 12-02-2009  
Place: Bangalore

**Manish Poddar**  
Chairman & CEO

### **NOTE:**

1. A member who is entitled to attend and vote at the meeting is entitled to appoint a proxy and that proxy need not be a member. A proxy to be effective shall reach the Registered office of the Company not less than 48 hours before the Meeting. A blank proxy form is annexed hereto.
2. Members/Proxies should bring the attendance slip duly filled in for attending the meeting.
3. The Registers of members and share transfer will remain closed on 16.03.2009
4. Members are requested to inform the Company/Registrar of the change of address if any, immediately.  
Bigshare Services Private Ltd.,  
E-2/3, Ansa Industrial Estate,  
Sakhivihar Road, Sakinaka,  
Andheri (E), Mumbai-400072
5. Members desirous of obtaining any clarification or information on Annual Accounts are requested to write to the Company at least seven days before the meeting to facilitate compilation of information.
6. Information as per clause 49(IV)(G) of the listing agreement in respect of directors being re appointed is as follows:-

**Details of Directors seeking re-appointment**

1.	Name	Mr. Manish Poddar
	Experience	More than a decade of experience in IT Industry. He directs overall corporate strategy of PGSL and has grown the company by establishing strong relationships with key customers.
	Other Directorship	PGSL USA, Inc., PGSL Holdings Pvt. Ltd., RFID Global Solutions Pvt. Ltd., Exclusive Luxury Group (India) Pvt. Ltd., Youngstars Media Pvt. Ltd.
	Membership Status in Committee	NIL
2.	Name	Mr. U. Sampath Kumar
	Education	MBA & PG in Automobiles and instrumentation from MIT
	Experience	More than 40years experience in the field of IT industry
	Other Directorship	PGSL Holdings Pvt. Ltd., RFID Global Solutions Pvt. Ltd. Exclusive Luxury Group (India) Pvt. Ltd., Youngstars Media Pvt. Ltd.
	Membership Status in Committee	NIL
3.	Name	Ms. Micaela Scarchilli
	Education	Graduate in design and retail management
	Experience	13 years experience as a celebrated designer for different companies in developing new brands
	Other Directorship	NIL
	Membership Status in Committee	NIL
4.	Name	Dr. Y Lingaraju
	Education	M.Sc., and Phd
	Experience	39 years experience in different capacities including Director in Geometrics Centre Water Resource Development Organization, professor in Research Lead Global Academy and Member of Geological Survey of India
	Other Directorship	NIL
	Membership Status in Committee	NIL

**ATTENDANCE RECORD OF DIRECTORS SEEKING RE-APPOINTMENT (1.10.2007 TO 31.12.2008)**

Name of the Director	No. of Board Meetings held	No. of Board Meetings attended in person
Mr. Manish Poddar	11	11
Mr. U. Sampath Kumar	11	11
Ms. Micaela Scarchilli	11	7
Dr. Y Lingaraju	3	3

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

Date: 12-02-2009  
Place: Bangalore

**Manish Poddar**  
Chairman & CEO

## **EXPLANATORY STATEMENT AS PER SEC.173(2) OF THE COMPANYS' ACT 1956.**

### Agenda 5

Dr. Y Lingaraju was co-opted to the board as an Additional Director, considering his qualification, expertise and experience as stated in para 6 of notes forming part of Agenda. As such he vacates office at this AGM. Considering his immense contribution to the progress of the company and a notice having been received from a member for his appointment as a Director, it is proposed to appoint him as a regular Director. Excepting him, none of the other Directors are interested in this item of business.

### Agenda 6

Mr. Manish Poddar's tenure as Chairman & CEO, for which we had Central Government's permission, ended on 31.12.2008. Considering his qualification, experience and immense contribution made to the progress of the Company, The Board of Directors

have reappointed him as Chairman & CEO for a further period of 5 years effective from 01.01.2009 on the terms as stated in the resolution, subject to the approval of members and Central Government. Excepting him, none of the other Directors are interested in this item of business. Hence this resolution is recommended for Members Approval.

### Agenda 7

Mr. U Sampath Kumar's tenure as Whole Time Director ended on 30.06.2008. Considering his qualification, experience and immense contribution made to the progress of the Company, The Board of Directors have reappointed him as Whole Time Director for a further period of 3 years effective from 01.07.2008 on the terms as stated in the resolution, subject to the approval of members. Excepting him, none of the other Directors are interested in this item of business. Hence this resolution is recommended for Members Approval.

## DIRECTOR'S REPORT

Dear Shareholders,

Your Directors are pleased to present their sixteenth Annual Report on the business and operations of your Company and its working results for the period ended December 31, 2008.

### FINANCIAL RESULTS

(Rs. In Lakhs)

Particulars	15 Months Period ended December 31, 2008	Year ended September 30, 2007
Operating Income	1974.55	1269.89
Total Expenditure	1437.74	1009.57
Profit before Depreciation	536.81	260.32
Depreciation	120.08	60.00
Profit before tax	416.73	200.32
Profit after tax	284.65	154.79
Profit transferred to P & L Account credit	284.65	154.79

### Management Discussion and analysis

#### Operations Review

Total revenues of the Company grew to Rs.1974.55 lakhs for 15 months period ended December 31, 2008 as compared to Rs.1269.89 lakhs for 12 month period ended September 30, 2007, an exceptional growth of 56% considering the adverse economic conditions that have affected the revenues and profits of companies worldwide. This growth was achieved in an increasingly competitive market environment. During this year, your Company invested in new hires, facilities, and technology to meet the growing needs of its customers. However tight control over operations, better utilization of resources and the rationalization of facilities ensured that the bottom line impact was limited.

Coming to the primary business lines, the Engineering Services Business has shown faster growth in business originating from Europe and the RFID and GIS Services Business has shown a better than expected growth on account of business from Asia and Middle East.

Our RFID Services business works with companies to help build innovative solutions and our Engineering Services business provides a range of services to Engineering managers across a variety of industry segments. The diversified focus in the Engineering Services Business into various verticals such as Industrial Automation, Automotive, Manufacturing, Industrial Valves, and Office Furniture has shown above expected results.

Constant attention to customer needs, quality of delivery, knowledge re-use, competency development and developing relevant industry expertise have been traditionally the area of focus for the Company.

We expect 2009 to be a year where the continued investments in competence building, vertical focus, building the Powersoft brand, training, recruitment and augmentation of the global sales force to pay larger dividends.

#### Opportunities

According to Nasscom, India continues to be the "nerve center" for global sourcing with over two-third of the Fortune 500 and majority of Global 2000 firms leveraging global sourcing delivery. Positive market indicators and strong track record supports the industry

optimism in achieving its aspired target of USD 73-75 bn in overall software and services revenues by FY 2010. The global regional spending patterns are also showing an increased importance of Europe and Asia Pacific regions in growth contribution while the share of US reflecting marginal decline.

Within the overall industry environment as it unfolds, Powersoft Global is strategically geared to steer its growth. It has successfully identified newer markets, verticals and services to drive its business growth. The domain focused approach of the Company has yielded rich dividends strengthening the vertical strategy. The successes in its approach in these verticals would be replicated in other micro verticals and geographies also. Powersoft Global has differentiated itself in the market place in being first to market its unique offerings.

The resilience of Indian IT industry has been proved in facing challenging times faced last year and that emanated primarily from a slowing US economy coupled with developments like the sub-prime crisis, elections in US, appreciating Indian Rupee against US Dollar, high inflation rate in India and a challenging business environment.

#### Threats

Countries like China, Poland, Brazil, Philippines etc are fast catching up with India in offering significant cost advantages to customers through offshore options. However, India still remains a preferred offshore destination. Potential threat for the Company comes from the leading Indian IT vendors, Global IT Services companies having bases in India.

The industry is also becoming increasingly converging in terms of players having wider portfolio of service offerings as well as varied business models with similar set of value propositions to be offered to customers. This entails a more challenging environment with increased competition and customer demands for value creation.

The evolving dynamics in the market place necessitates that players continue to differentiate themselves in being able to offer superior value by maximizing the client's Return on Investments (ROI) on outsourcing while retaining cost competitiveness. The portfolio of service mix has to be constantly reviewed in line with the evolving business needs of the clients. This necessitates that players should be able to continuously anticipate the future technological trends and make suitable investments in R&D, Intellectual Property based products & tools as also investment in HR Assets i.e. training initiatives etc. in acquiring, developing & re-skilling the human resources

#### Subsidiary Companies

The past year, your company has expanded its investments in the wholly owned subsidiary – RFID Global Solutions Pvt. Ltd. (formerly Concentric RF Systems Pvt. Ltd.) It has also established PGSL Holdings Pvt. Ltd. as a wholly owned subsidiary, and Exclusive Luxury Group (India) Pvt. Ltd., and Youngstars Media Pvt. Ltd. as step-down subsidiaries.

#### Technology and Quality Focus

Your Company applies excellent program management and proven processes and methodologies while providing comprehensive RFID and engineering services to help companies succeed.

With its record of accomplishment of executing successful projects, your Company provides predictable cost, time, and resource usage

and builds partnerships with satisfied and loyal clients. Your Company has earned a reputation as a superior and reliable provider of engineering services. Your Company has dedicated business units with market focus and these units have the speed and flexibility to operate independently and have the vision and leadership to excel in their focus areas.

### **Growth Strategy**

This year your company has focused on key major initiatives. Flawless execution of RFID focused strategy and high end Engineering Services to world's top companies. Continued specialization in sub-verticals of Engineering and GIS services. Expanding the Company's footprint in chosen key accounts and winning key new customers in core domains.

This focused strategy is expected to guide your company's near-term growth in not only top-line and bottom-line expansion, but also establish Powersoft Global as a leading player for enterprises in need of RFID, Engineering, and GIS services.

### **Future outlook**

While the outsourcing trend analysis by Gartner shows a healthy trend in both the number of deals and the mix of large/medium size deals, they also predict that the use of multiple vendors is on the rise. They claim that large global players will consider and select smaller or regional providers for focused parts of their mega scope deals to engage with focused specialists, expand the scope of services of services that are globally delivered or introduce a new provider in to the mix.

Our proven abilities in delivering mission-critical Engineering and GIS services in a timely and cost-effective manner would enable Powersoft Global to maintain its growth momentum. With a healthy order back-log/pipeline at the beginning of the year, strategic positioning in various market segments, strong partnership focus and a clear road-map for the future, Powersoft Global will be able to exploit the opportunities in the market place.

### **Human resource development**

Your Company's HR practices and great work environment have made it relatively easy to hire and retain talent. We have in place a robust scalable recruitment and human resources management system. Attrition continues to be under control, in line with industry norms. The endeavor of your Company's human resources function has been to align employees to the business goals and at the same time foster employees interest. This creates a favorable environment and promotes innovation and merit.

The synergy of employees technical domain interest and business interest, has led the organization to achieve its objectives and thus create value for employees- in terms of growth, investors, return on investments and customers with quality deliverables. Employees continue to build new skills and competencies and this promotes knowledge sharing building, effective teams, cross training, rotation across projects, functions and locations.

### **Research and Development**

In the RFID and Engineering services industry, new and wide-ranging technologies are rapidly emerging. Your Company has successfully deployed a growing and diverse team of R & D specialists drawn from various divisions with expertise in Chip-level, RF systems, System software, and Engineering related technologies.

Your Company's professionals are continuously developing new methodologies, processes, etc., that will help the Company in

delivering best-of-breed solutions and services to customers with productivity and service levels comparable to the best in the industry. This involves a strong emphasis on the absorption and thorough understanding of the technologies acquired from its partners; selective and careful evaluation of emerging technologies; identification of the gaps between indigenous requirements and the technology available from the partners; and finally developing innovative bridging solutions to meet customers' requirements.

### **DIVIDEND**

Considering the need for conservation of resources for expansion and the need for maintaining liquidity, your Directors do not recommend any dividend for the period under consideration.

### **FIXED DEPOSITS**

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

### **DIRECTORS**

During the year 2006-07, Mr. Prakash Sharma has resigned from the Board of your Company. Your Company expresses its sincere appreciation and gratitude to Mr. Prakash Sharma for his valuable contribution and advice rendered by him during the tenure of his association with the Board and the Company.

Mr. U Sampath Kumar & Ms. Micaela Scarchilli, Directors retire at this AGM and being eligible offer themselves for reappointment. Dr. Y Lingaraju was co-opted as an Additional Director and as such he vacates office at this AGM. A notice having been received from a member and also considering his qualification and experience as stated in the notice of AGM, it is proposed to appoint him as a Regular Director.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

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

That in the preparation of the annual accounts for the financial period ended 31st December, 2008, the applicable accounting standards had been followed along with proper explanation relating to material departures, except AS 15 relating to provision of Gratuity,

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 period and of the profit of the company for the period under review;

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;

That the Directors had prepared the accounts for the financial period ended 31<sup>st</sup> December, 2008 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.

**DISCLOSURE OF PARTICULARS OF BOARD OF DIRECTORS RULES, 1988****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.

**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.

**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 30.09.07 on EDIFAR website namely [www.sebidifar.nic.in](http://www.sebidifar.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 for the excellent cooperation extended by the Company's Bankers, Financial institutions, Shareholders and Customers. Your Directors also wish to place on record their appreciation for 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

Place: Bangalore  
Date: 12<sup>th</sup> February, 2009

**Manish Poddar**  
Chairman & CEO

**ADDENDUM TO DIRECTORS' REPORT**

Regarding clause (vi) of Auditor's Report, as per Management's policy, the company pays Gratuity liability to the Employees as and when the liability arises. However the Management is considering insurance cover for Gratuity liability.

Regarding clause (vii) of Auditor's Report, Note 14 of Schedule M is self explanatory.

Regarding clause (vii) of Annexure to Auditor's Report, we have formal internal audit system and efforts are on to improve the system.

## ANNEXURE REPORT ON CORPORATE GOVERNANCE

### I. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

The Board represents the stake holder'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 with vast and varied corporate experience and the composition of the board is as under:

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" criteria. As on today the Board comprised of six 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 2007 –08 (October'07 to December'08)

Name of the Director	Category	Attendance Particulars		No. of other Directorships and Committee Membership/Chairmanship in other Indian Company as on 31.12.2008		
		Board Meeting	Last AGM	Other Directorship	Committee Memberships	Committee Chairmanships
Mr. Manish Poddar	C & ED	11	Y	4	NIL	NIL
Mr. P. Rajkumar	NE	11	Y	2	NIL	NIL
Mr. U Sampath Kumar	ED	11	Y	4	NIL	NIL
Mr. Prithviraj K. K.	NE & ID	11	Y	NIL	NIL	NIL
Ms. Micaela Scarchilli	NE & ID	11	N	NIL	NIL	NIL
Dr.Y Lingaraju	NE & ID	3	N	NIL	NIL	NIL

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

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 period 2007-08, Eleven (11) Board Meetings were held on the following dates:

19<sup>th</sup> October 2007, 15<sup>th</sup> November 2007, 30<sup>th</sup> January 2008, 8<sup>th</sup> February 2008, 30<sup>th</sup> April 2008, 15<sup>th</sup> May 2008, 31<sup>st</sup> May 2008, 16<sup>th</sup> June 2008, 24<sup>th</sup> July 2008, 30<sup>th</sup> July 2008, 30<sup>th</sup> October 2008.

#### 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.

#### 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
Dr. Y Lingaraju	Director	Non-Executive and Independent

The total number of Non-Executive Directors is 4 out of 6 that is 2/3<sup>rd</sup> 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.

### III. AUDIT COMMITTEE:

At present the Committee comprises of Mr. Prithviraj K. K. - Chairman, Dr. Y Lingaraju and 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.	5	5	Nil
Mr. P. Rajkumar	5	5	Nil
Dr. Y Lingaraju	2	2	Nil

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

#### IV. REMUNERATION COMMITTEE:

At present the Committee comprises of Mr. Prithviraj K. K. - Chairman, Ms. Micaela Scarchilli, Dr. Y Lingaraju 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 are decided by the Board of Directors.

#### Remuneration Policy:

Remuneration to the CEO and the Executive Director is fixed 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.

The Remuneration Committee met for review of Whole Time Director's Remuneration. All the committee members attended the meeting.

Details of remuneration paid/payable to all Directors during the period ended 31.12.2008 are given below :

(Amount in Rs.)

Name of Directors	Salary	Perquisites & Allowances	Commission	Professional fees	Sitting Fees	Total Rs.
Mr. Manish Poddar Chairman & CEO	30,000	NIL	NIL	NIL	NIL	4,50,000
Mr. U Sampath Kumar Whole Time Director	50,000	NIL	NIL	NIL	NIL	6,00,000

#### Details of Service Contract:

Names	Current Tenure	From	To
Mr. Manish Poddar	3 Years	01.01.2006	31.12.2008
Mr. U Sampath Kumar	3 Years	01.07.2008	30.06.2011

There is no provision for notice period by either side as per terms of appointment.

#### 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 investor's complaints etc.

Name and designation of Compliance Officer:  
Mr. M R Jagadeesh Babu, Accounts Officer has been appointed as Compliance Officer.

#### Status of Investor's Grievances / Share Transfers as on 31.12.2008

1. Number of Grievances Received – 21
2. Number of Grievances Redressed – 21
3. Number of Grievances Pending – Nil
4. Number of Share Transfers Pending – Nil

The Committee met 6 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 / Period	AGM / EGM	Day, Date & Time	Venue
2004-2005	13 <sup>th</sup> AGM	Friday, 30 <sup>th</sup> December 2005 at 11.00 a.m.	Registered Office: A 313, Block III, KSSIDC Complex, STPI, Electronics City, Hosur Road, Bangalore – 560 100
2005-2006	14 <sup>th</sup> AGM	Tuesday, 26 <sup>th</sup> December 2006 at 11.00 a.m.	Hotel Ajanta, M.G. Raod, Bangalore 560001.
2006-2007	15 <sup>th</sup> AGM	Monday, 17 <sup>th</sup> December 2007 at 04.00 p.m.	Hotel Ajanta, M.G. Raod, Bangalore 560001.

## VII. DISCLOSURES:

- There are no materially significant related party transactions 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 period ended December 31, 2008 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 needs to be appointed/re-appointed at the ensuing Annual General Meeting is 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 Exchange Limited where 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:

<b>AGM</b> : Date and Time Venue	<b>16<sup>th</sup> March, 2009 9.30 a.m</b> Ramanashree California Resort, Ananthapura Gate, Doddaballapur Road, Yelahanka, Bangalore – 560 064
<b>Financial Year 2009 (Tentative)</b> Financial Year ending - Result for First Quarter ending 31.03.09 - Result for Second Quarter ending 30.06.09 - Result for Third Quarter ending 30.09.09 - Audited Result for the year 31.12.09	31st December, 2009 Last week of April, 2009 Last week of July, 2009 Last week of October, 2009 Last week of February, 2010
Date of Book Closure	16.03.2009
Divident Payout date	N.A.
Listing on Stock Exchange	Bombay Stock Exchange Ltd.
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 period 2007-2008	See Table No. 1 below
Performance in comparison to broad-based indices such as BSE Sensex, CRISIL index etc	NA.

Registrar and Share Transfer Agents	<b>Bigshare Services Private Limited</b> 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 return 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
De-materialisation of shares and liquidity	As on 31st December, 2008, 95.49% of the Company's total Equity Shares representing 1,13,64,374 Shares were held in dematerialized form and balance 4.51% representing 5,36,925 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 31st December, 2008
Development Centre	# 58, 1st Floor, H M T Layout R T Nagar Bangalore - 560 032
Address for correspondence	Regd. Off. # 58, 1st Floor, H M T Layout R T Nagar Bangalore - 560 032 <b>OR</b> 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 period 2007-08.

Month	BSE	
	High	Low
Oct -2007	40.65	27.05
Nov - 2007	35.75	24.75
Dec - 2007	32.90	26.60
Jan - 2008	41.40	22.05
Feb - 2008	25.35	17.90
Mar - 2008	19.85	11.40
April -2008	19.00	12.74
May - 2008	20.15	15.30
June - 2008	16.20	12.60
July - 2008	23.00	14.05
August - 2008	22.35	16.60
September - 2008	19.50	12.50
Oct -2008	13.95	7.26
Nov - 2008	14.08	8.35
Dec - 2008	11.35	9.37

**Table 2 - Distribution of shareholding as on 31st December, 2008**

No. of Equity Shares	No. of Shares holders	% of Shareholders	No. of Shares	% of shareholding
upto 5000	4,443	72.06	10,49,651	8.82
5001 to 10000	973	15.78	8,20,707	6.90
10001 to 20000	385	6.24	6,25,555	5.25
20001 to 30000	95	1.54	2,50,898	2.11
30001 to 40000	47	0.76	1,71,322	1.44
40001 to 50000	49	0.80	2,36,386	1.99
50001 to 100000	81	1.31	6,16,371	5.18
100001 and above	93	1.51	81,30,409	68.31
<b>Total</b>	<b>6,166</b>	<b>100.00</b>	<b>1,19,01,299</b>	<b>100.00</b>

**Table 3 - Distribution of Shareholding as on 31<sup>st</sup> December, 2008**

Category	No. of Shares held	% of total shares
<b>Promoters</b>		
- Indian Promoter	13,67,000	11.49
- Foreign Promoter	34,07,733	28.63
<b>Public Shareholdings</b>		
<b>1) Institutions</b>		
- Foreign Institutional Investors	1,55,119	1.30
<b>2) Non Institutions</b>		
<b>a) Bodies Corporate</b>	8,42,246	7.08
<b>b) Individual</b>		
- Individual holding nominal share capital upto Rs.1 lakh.	35,27,950	29.64
- Individual holding nominal share capital in Excess of Rs.1 lakh	19,30,416	16.22
<b>c) Any Other</b>		
- Clearing Member	3,561	0.03
- NRI	3,67,274	3.09
- Non Independent Executive Director	3,00,000	2.52
<b>Total</b>	<b>1,19,01,299</b>	<b>100.00</b>

## CERTIFICATION BY THE CHIEF EXECUTIVE OFFICER

I Manish Poddar , Chairman and CEO of the Company, hereby certify that for the financial period ending 31<sup>st</sup> December, 2008 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 period 2007-08 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 period;
- b) There have been no significant changes in the accounting policies during this period;
- 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.

Yours faithfully,  
For **POWERSOFT GLOBAL SOLUTIONS LIMITED**

Place: Bangalore  
Date: 12<sup>th</sup> February, 2009

**MANISH PODDAR**  
CHAIRMAN & CEO

## COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

Auditor's certificate on compliance of the conditions of Corporate Governance for the period ended 31<sup>st</sup> December, 2008, under Clause 49 of the Listing Agreement.

**The Members of  
Powersoft Global Solutions Limited**  
Bangalore

We have examined the compliance of conditions of Corporate Governance by **Powersoft Global Solutions Limited**, for the period ended on 31<sup>st</sup> December, 2008, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange(s).

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the condition of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representation made by the

Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in 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 Shareholders/Investors' Grievance Committee.

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

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

**(H.C. Gulecha)**  
Proprietor  
M.No. 26034

Place: Bangalore  
Date: 12<sup>th</sup> February 2009

## AUDITORS' REPORT

To the Members of Powersoft Global Solutions Limited

We have audited the attached balance sheet of Powersoft Global Solutions Limited ("the Company") as at 31 December 2008, the profit and loss account and the cash flow statement of the Company for the period 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.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003, as amended, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 ('the Act'), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

- (i) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
- (ii) 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 those books;
- (iii) the Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;

(iv) in our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;

(v) on the basis of the written representations received from the directors, as on 31 December 2008 and taken on record by the Board of Directors, we report that none of the director is disqualified in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;

(vi) *the Company has not made provision for Gratuity as required by Accounting Standard (AS) – 15 "Employee Benefits";*

(vii) *we are not able to express our opinion in respect of diminution in value of investments, if any as referred to in Note 14 of schedule M – "Significant Accounting Policies and Notes to the Accounts".*

(viii) in our opinion and to the best of our information and according to the explanations given to us, subject to the effect on the financial statements of the matter referred to above, the financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 December 2008;
- (b) in the case of the Profit and Loss Account, of the profit for the period ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the period ended on that date.

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

**(H.C. Gulecha)**  
Proprietor  
M.No. 26034

Place: Bangalore  
Date: 12<sup>th</sup> February 2009

## ANNEXURE TO THE AUDITORS' REPORT

Annexure referred to in our report to the members of Powersoft Global Solutions Limited ("the Company") for the period ended 31 December 2008. We report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, fixed assets have not been physically verified by the Management this period and no material discrepancy between book records and physical inventory has been noticed.
- (c) During the period, the Company has not disposed of substantial part of the assets. According to the information and explanations given to us, we are of the opinion that no transactions has been effected involving disposal of assets so as to affect the going concern status of the Company.
- (ii) As explained to us, the Company does not hold any inventories and, hence, the question of physical verification, procedures followed for verifications and discrepancies thereof does not arise.
- (iii) The Company has neither granted nor taken any loans, secured or unsecured, to or from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 ('the Act').
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures which commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets and for the sale of goods and services. The accounting infrastructure needs to be strengthened. We are informed that the Management is taking steps to correct such weaknesses in internal control procedures after the period end.
- (v) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that Section.
- (vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India and the provisions of Sections 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 framed thereunder apply.
- (vii) The Company does not have an adequate internal audit system. In our opinion, the Company needs to strengthen the internal audit system with regards to the size and nature of its business.
- (viii) The maintenance of cost records under section 209(1) (d) of the Companies Act, 1956, is not applicable to the Company.
- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted or accrued in the books of accounts in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance and other material statutory dues have been regularly deposited by the Company with the appropriate authorities. As explained to us, the company did not have any dues on account of Wealth Tax, Customs Duty, Excise Duty, Cess and Investor Education and Protection Fund.

*According to the information and explanations given to us, there were undisputed amounts payable in respect of Sales tax and Service tax as at 31 December 2008 for a period of more than six months from the date they became payable. The company is not registered under the Sales tax laws.*

*The Company is yet to file its Income-tax return for the Assessment Year 2008-2009.*

- (b) According to the information and explanations given to us, there are no dues in respect of Sales tax, Service tax, Customs duty and Excise duty which have not been deposited on account of any dispute.
- (x) The Company does not have any accumulated losses at the end of the financial period and has not incurred cash losses in the financial period and in the immediately preceding financial year.
- (xi) As per the records of the Company and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
- (xii) The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is not a chit fund / nidhi / mutual benefit fund / society.
- (xiv) According to the information and explanation given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
- (xv) According to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) In our opinion, during the period, the Company has not taken any fresh term loans.
- (xvii) Based on the information and explanation given to us and on an overall examination of the Balance Sheet as at 31 December 2008 of the Company, in our opinion, the Company has not raised any fund on short term basis during the period.
- (xviii) The Company has not made any preferential allotment of shares to companies or firms or parties covered in the register maintained under Section 301 of the Act.
- (xix) The Company did not issue any debentures during the period.
- (xx) The Company has not raised any money by public issues.
- (xxi) According to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the course of the audit.

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

**(H.C. Gulecha)**  
Proprietor  
M.No. 26034

Place: Bangalore  
Date: 12<sup>th</sup> February 2009

**BALANCE SHEET AS AT 31 DECEMBER 2008**

Amount in Rs.

PARTICULARS	Sch.	As at	
		31 December 2008	30 September 2007
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Fund</b>			
Share Capital	A	119,012,990	119,012,990
Share Warrant Application Money		8,400,000	—
Reserves & Surplus	B	252,572,477	224,106,990
<b>Loan funds</b>			
Secured Loans	C	249,826	407,393
<b>Deferred Tax Liability</b>		4,043,221	1,721,000
<b>Total</b>		<b>384,278,514</b>	<b>345,248,373</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	D	99,219,025	66,878,972
Less: Depreciation		26,811,275	14,802,970
Net Block		72,407,751	52,076,002
<b>Investments</b>			
	E	230,086,630	235,890,169
<b>Current Assets, Loans &amp; Advances</b>			
Sundry Debtors	F	137,386,598	97,635,070
Cash & Bank Balances	G	1,178,078	3,797,011
Loans & Advances	H	3,830,872	6,119,352
		142,395,547	107,551,433
<b>Less:</b>			
<b>Current Liabilities &amp; Provisions</b>			
Current Liabilities	I	51,534,130	51,586,241
Provisions	J	12,225,612	4,080,129
<b>Net Current Assets</b>		<b>78,635,805</b>	<b>51,885,064</b>
<b>Misc. Expenditure</b> (to the extent not written off or adjusted)			
Public Issue Expenditure		3,148,328	5,397,138
<b>Total</b>		<b>384,278,514</b>	<b>345,248,373</b>
<b>Significant Accounting Policies &amp; Notes to the Accounts</b>	M		

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

Place: Bangalore  
Date : 12 February 2009

Place: Bangalore  
Date : 12 February 2009

Place: Bangalore  
Date : 12 February 2009

**PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 31 DECEMBER 2008**

Amount in Rs.

PARTICULARS	Sch.	Period ended 31 December 2008	Year ended 30 September 2007
<b>INCOME</b>			
Software Sales and Services	<b>K</b>	193,965,546	120,963,235
Other Income		3,489,466	6,026,318
		<b>197,455,012</b>	<b>126,989,553</b>
<b>EXPENDITURE</b>			
Cost of sales	<b>L</b>	110,159,538	71,134,426
Administrative & Selling Expenses		31,365,451	28,023,326
Public issue expenditure		2,248,810	1,799,046
Depreciation		12,008,305	6,000,315
		<b>155,782,104</b>	<b>106,957,112</b>
<b>Profit before taxation</b>		<b>41,672,908</b>	<b>20,032,440</b>
- Provision for Income Tax		10,487,240	3,955,732
- Provision for Fringe Benefit Tax		397,960	198,769
- Deferred Tax Liability		2,322,221	398,000
<b>Profit after taxation carried to Balance Sheet</b>		<b>28,465,487</b>	<b>15,479,939</b>
<b>Significant Accounting Policies &amp; Notes to the Accounts</b>	<b>M</b>		

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

Place: Bangalore  
Date : 12 February 2009

Place: Bangalore  
Date : 12 February 2009

Place: Bangalore  
Date : 12 February 2009

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31 DECEMBER 2008**

Amount in Rs.

PARTICULARS	As at 31 December 2008		As at 30 September 2007	
	<b>Schedule A: Share Capital</b>			
<b>Authorised Capital</b> 16,000,000 Equity Shares of Rs. 10/- each		160,000,000		120,000,000
<b>Issued, Subscribed &amp; Paid-up Capital</b> 11,901,299 Equity Shares of Rs.10/- each (Of the above, 33,57,733 Equity shares of Rs. 10/- each have been allotted pursuant to Joint Venture with Nirvann Corporation, USA on Stock Swap basis and 3,00,000 Equity Shares of Rs.10/- each have been allotted to Mr. U. Sampath Kumar without payment being received in cash)		119,012,990		119,012,990
		<b>119,012,990</b>		<b>119,012,990</b>
<b>Schedule B: Reserves &amp; surplus</b>				
<b>Capital Reserve</b> Profit on reissue of forfeited Shares (As per Last Balance Sheet)		5,349,866		5,349,866
<b>Security Premium Account</b> (As per Last Balance Sheet)		198,843,726		198,843,726
<b>Profit and Loss Account</b> B/f profit of previous year	19,913,398		4,433,458	–
Profit for Current Period	28,465,487	48,378,885	15,479,940	19,913,398
		<b>252,572,477</b>		<b>224,106,990</b>
<b>Schedule C: Secured Loan</b>				
ICICI Bank Ltd - Loan		249,826		407,393
		<b>249,826</b>		<b>407,393</b>

**Schedule D - Fixed Assets**

PARTICULARS	Gross Block			Depreciation			Net Block	
	As at 1 October 2007	Additions during the period	As at 31 December 2008	As at 1 October 2007	Depreciation for the period	As at 31 December 2008	As at 31 December 2008	As at 30 September 2007
Computers & Peripherals	6,282,755	5,381,906	11,664,661	1,861,827	2,067,511	3,929,338	7,735,323	4,420,928
Furniture & Fixtures	1,642,874	2,484,412	4,127,286	190,739	320,985	511,724	3,615,562	1,452,135
Electrical Installations	840,818	592,604	1,433,422	134,325	85,249	219,574	1,213,848	706,493
Office Equipments	670,654	805,761	1,476,415	70,514	82,162	152,676	1,323,739	600,140
Computer Software	49,428,468	19,848,069	69,276,537	12,540,423	9,317,341	21,857,763	47,418,774	36,888,045
Goodwill	7,376,099	–	7,376,099	–	–	–	7,376,099	7,376,099
Vehicles	637,304	–	637,304	5,142	75,804	80,946	556,358	632,162
Buildings	–	3,227,301	3,227,301	–	59,253	59,253	3,168,048	–
<b>Total</b>	<b>66,878,972</b>	<b>32,340,053</b>	<b>99,219,025</b>	<b>14,802,970</b>	<b>12,008,305</b>	<b>26,811,275</b>	<b>72,407,751</b>	<b>52,076,002</b>
Previous Year	35,008,137	31,870,835	66,878,972	8,802,655	6,000,315	14,802,970	52,076,002	

## SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31 DECEMBER 2008

Amount in Rs.

PARTICULARS	As at 31 December 2008		As at 30 September 2007	
<b>Schedule E: Investments</b>				
<b>A) LongTerm Investments</b> (Trade, Unquoted) Nirvann Corporation, State of Delaware, USA (870 Common Stock of USD 10 each)				
		167,886,650		167,886,650
<b>B) Current Investments</b>				
<b>Mutual Funds</b>				
1. ICICI Prudential Fixed Maturity Plan Series 38 (Previous Year Holding 20,00,000 units @ Face Value Rs. 10.4017 per unit)	-		20,803,400	
2. NLFID Canliquid Fund - Daily Dividend (Previous Year Holding 35,00,754.27 units @ Face Value Rs. 10.041 per unit)	-		35,151,074	
3. Templeton India Liquid Plus- Daily Dividend (Previous Year Holding 1,26,463.657 units @ Face Value Rs. 14.0716 per unit)	-		1,779,546	
4. Lotus India FMP 13 Month Series III - Daily Dividend (Previous Year Holding 10,00,000 units @ Face Value Rs. 10.2695 per unit)	-		10,269,500	
<b>Investment in wholly owned subsidiary</b>				
RFID Global Solutions Pvt. Ltd. (formerly Concentric RF Systems Private Limited)	62,099,990		-	
PGSL Holdings Private Limited	99,990	62,199,980	-	68,003,519
		<b>230,086,630</b>		<b>235,890,169</b>
<b>Schedule F: Sundry Debtors</b>				
(Unsecured, Considered Good)				
Outstanding for a period of more than six months		70,164,338		31,844,445
Others		67,222,260		65,790,625
		<b>137,386,598</b>		<b>97,635,070</b>
<b>Schedule G: Cash &amp; Bank Balances</b>				
Cash In Hand		36,254		618,216
Balance With Scheduled Banks in current account		1,141,824		3,178,795
		<b>1,178,078</b>		<b>3,797,011</b>
<b>Schedule H: Loans &amp; Advances</b>				
Deposits	2,493,500		2,493,500	
Staff Advances		13,000		3,000
TDS Receivable		166,928		115,639
Advances		1,157,444		3,507,213
		<b>3,830,872</b>		<b>6,119,352</b>
<b>Schedule I: Current Liabilities</b>				
Sundry Creditors				
- Due to Small Undertakings		-		-
- Others		28,835,400		48,821,108
Expenses Payable		1,961,536		2,253,046
Subsidiary companies		20,166,839		-
Advance payments		210,000		-
Other Liabilities		360,355		512,086
		<b>51,534,130</b>		<b>51,586,241</b>

## SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31 DECEMBER 2008

Amount in Rs.

PARTICULARS	As at	
	31 December 2008	30 September 2007
<b>Schedule J: Provisions</b>		
Income Tax	11,649,170	3,565,618
Fringe Benefit	576,442	514,511
	<b>12,225,612</b>	<b>4,080,129</b>

## SCHEDULES FORMING PART OF THE PROFIT &amp; LOSS ACCOUNT FOR THE PERIOD ENDING 31 DECEMBER 2008

Amount in Rs.

PARTICULARS	Period ended	Year ended
	31 December 2008	30 September 2007
<b>Schedule K: Other Income</b>		
Profit on sale of Investments	2,219,804	803,400
Foreign Exchange Gain	39,292	–
Dividend received	1,230,370	5,019,998
Miscellaneous Income	–	202,920
	<b>3,489,466</b>	<b>6,026,318</b>
<b>Schedule L: Administrative &amp; Selling Expenses</b>		
Salaries	13,359,259	11,110,150
Staff Welfare	553,247	228,860
PF & ESI Employer Contribution	252,696	207,598
Office Expenses	300,625	400,890
Rent	968,958	1,374,006
Printing & Stationery	295,802	285,659
Electricity Charges	347,030	367,604
Communication Charges	625,996	602,707
Auditors Remuneration	101,124	89,888
Repairs & Maintenance	148,368	135,735
Demat Handling Charges	165,578	106,316
Professional Charges	1,648,009	4,226,693
Postage & Courier Charges	28,356	48,438
Directors Remuneration	1,830,000	600,000
Rates & Taxes	88,180	84,389
Training & Recruitment Expenses	209,416	262,037
Overseas Medclaim insurance Premium	30,777	11,858
Legal Fees	44,000	9,000
Security Service Charges	232,289	170,363
Statutory Compliance Expenses	466,241	156,694
Generator Maintenance	134,654	51,613
Foreign Exchange Loss	–	982,387
Website expenses	750	16,000
Travel & Conveyance	1,290,191	1,626,180
Marketing Expenses	7,626,644	4,575,309
Guest House / Lodging Expenses	756	214,038
Bad debts written off	251,596	21,431
Bank Charges	71,078	51,257
Interest on Car Loan	49,914	6,225
Guest House maintenance	91,133	–
Vehicle Maintenance	113,868	–
Meeting & Seminar	38,918	–
	<b>31,365,451</b>	<b>28,023,326</b>

## SCHEDULE FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

### Schedule M – Significant Accounting Policies and Notes to the Accounts

#### Company Overview

Powersoft Global Solutions Limited (the 'Company') was incorporated as a Public Limited Company under the Companies Act, 1956 ('the Act'). The Company is a provider for Business Technology Software, GIS and Engineering solutions and aims to develop technology to address customized requirements of global corporations.

#### 1. Significant accounting policies

##### a. Basis of preparation

The financial statements are prepared in accordance with Indian Generally Accepted Accounting Standards (GAAP) under the historical cost convention on the accrual basis. GAAP comprises accounting standards notified by the Central Government of India under Section 211(3C) of the Companies Act, 1956, other pronouncements of the Institute of Chartered Accountants of India, the provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India.

##### b. Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities on the date of the financial statements and reported amounts of revenues and expenses during the period reported. Actual results could differ from those estimates.

##### c. Fixed Assets

Fixed Assets are stated at the cost of acquisition less accumulated depreciation. All costs incurred in bringing the assets to its working condition for intended use have been capitalized.

##### d. Intangible Assets

Intangible assets are recognized only if it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. The intangible assets are recorded at cost and are carried at cost less accumulated amortization.

##### e. Depreciation and amortization

- i) Depreciation on fixed assets excepting software has been provided on straight line method as per the rates specified in schedule XIV to the Companies Act, 1956
- ii) Pro-rata depreciation is provided from the date of purchase of assets purchased during the period.
- iii) Softwares are being amortized on straight line basis over a period of 7 years, considering its useful life.

##### f. Employee Benefits

##### i. Provident Fund

Eligible employees receive benefits from provident fund, which is a defined contribution plan. Both the employees and the Company make monthly contributions to the provident fund plan equal to a specified percentage of the covered employees' salary. The contributions are made to government administered provident fund.

##### ii. Employee State Insurance

Eligible employees receive benefits from the Employees' State Insurance, which is a defined contribution scheme. Both the employees and the Company make monthly contributions to this scheme. The employees contribute 1.75% of the covered employees' salary and the Company has to contribute 4.75% of the covered employees' salary. The contributions are made to government administered Employees' State Insurance Fund.

##### iii. Gratuity

The Company recognizes and pays gratuity liability to the employees as and when it occurs.

##### g. Revenue Recognition

Revenues from software related services are accounted for on the basis of services rendered on cost plus method, as per the terms of the contract.

Revenues from engagement services are based on the number of engagements performed. Revenues from time period services are recognized based on the time incurred in providing services at contracted rates.

##### h. Impairment of Assets

The Company periodically assesses whether there is any indication that an asset or a group of assets comprising a cash generating unit may be impaired. If any such indication exists, the Company estimates the recoverable amount of asset. For an asset or group of assets that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Profit and Loss account. If at the Balance Sheet date, there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost. An impairment loss is reversed only to the extent that the carrying amount of asset does not exceed the net book value that would have been determined; if no impairment loss has been recognized.

##### i. Leases

For operating leases, lease payments (including cost for services, such as maintenance) are recognized as an expense in the statement of profit and loss on a straight line basis over the lease term. The lease term is the non-cancelable period for which the lessee has agreed to take on lease the asset together with any further periods for which the lessee has the option to continue the lease of the asset, with or without further payment, which option at the inception of the lease it is reasonably certain that the lessee will exercise.

##### j. Income-tax

Income-tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period). The deferred tax charge or

## SCHEDULE FORMING PART OF THE BALANCE SHEET AND PROFIT &amp; LOSS ACCOUNT

## Schedule M – Significant Accounting Policies and Notes to the Accounts (Continued)

credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carry-forward losses, deferred tax assets are recognized only if there is virtual certainty of realization of such assets. Deferred tax assets are reviewed as at each balance sheet date and written down value or written up to reflect the amount that is reasonably or virtually certain (as the case may be) to be realized.

k. *Fringe Benefit Tax*

Consequent to the introduction of Fringe Benefit Tax ("FBT") effective 1 April 2005, the Company provides for and discloses FBT in accordance with the provisions of Section 115WC of Income-tax Act, 1961 and the guidance note on FBT issued by the Institute of Chartered Accountants of India respectively.

l. *Foreign Currency Transaction*

Transactions in foreign currency are recorded at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currency are translated at the rates of exchange at the Balance Sheet date and resultant gain or loss is recognized in the Profit & Loss Account.

m. *Investments*

Long term investments are stated at cost less provision for diminution in the value of such investments. Diminution in value is provided for where management is of the opinion that the diminution is of other than temporary nature. Short term investments are valued at lower of cost and net realizable value.

n. *Earning Per Share*

Basic earnings per share are calculated by dividing the net profit / loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit / loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares, if any.

o. *Provisions and Contingent Liabilities*

The Company creates a provision when there is a present obligation as a result of an obligating event that probably require an outflow of resources and a reliable estimate can be made of the amounts of the outflow.

A disclosure for a contingent liability is made when there is a possible obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

p. *Miscellaneous Expenditure*

The Company has a policy of amortizing public issue expenses over a period of 5 years, i.e. one-fifth of the expenditure per year.

q. *Cash Flow Statement*

The cash flow statement has been prepared under the indirect method as set out in the Accounting Standard (AS) – 3 "Cash Flow Statement" issued by the Institute of Chartered Accountants of India.

2. **Notes to Accounts**

- As per the Board Resolution, the Company has extended its accounting period to 15 months ended 31 December 2008 as compared to 12 months in the earlier year. The Company has received approval from Registrar of Companies for holding the Annual General Meeting on or before 16 March 2009.

2. **Expenditure in foreign currency (on cash basis)**

Particulars	(Rs.)	
	Period ended 31 December 2008	Year ended 30 September 2007
Marketing Expenses including		
Salaries	98,36,141	69,02,607
Purchase of Software	6,38,100	–
<b>Total</b>	<b>1,04,74,241</b>	<b>69,02,607</b>

3. **Deferred tax liability, net**

The components of deferred tax liability are as under:

	(Rs.)	
	As at 31 December 2008	As at 30 September 2007
<b>Deferred tax liability</b>		
Depreciation	45,71,319	17,21,000
Disallowance under chapter XVII-B for non deduction of TDS on provisions	( 5,28,098)	–
<b>Total</b>	<b>40,43,221</b>	<b>17,21,000</b>

4. **Share Warrant Application Money**

During the period, the Company allotted 30,00,000 share warrants at Rs. 28/- each to be converted into equivalent number of equity shares of Rs.10 each and received 10% application money. The warrants are convertible at the sole option of warrant holders at any time within a period of 18 months from the date of allotment of warrants.

5. **Related Party Transactions**

- Names of the related parties

**Subsidiaries**

RFID Global Solutions Private Limited, India  
(formerly known as *Concentric RF Systems Private Limited*)  
PGSL Holdings Private Limited  
Exclusive Luxury Group (India) Private Limited  
Youngstars Media Private Limited.

**Key Management Personnel**

Manish Poddar (Chairman & C.E.O)  
U Sampath Kumar (Whole Time Director)

**SCHEDULE FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT**

Schedule M – Significant Accounting Policies and Notes to the Accounts (Continued)

***Enterprises owned or significantly influenced by Key Management Personnel***

Nirvann Corporation, U.S.A. (Joint Venture)

PGSL USA, Inc.

- 2) Remuneration paid to directors is disclosed in note no. 7 in the notes to accounts.
- 3) The nature and volume of transactions carried out with the above related parties in the ordinary course of business are as follows:

Name of related party	Particulars	(Rs.)	
		Period ended 31 December 2008	Year ended 30 September 2007
<b>Subsidiaries</b>			
RFID Global Solutions Private Limited, India	Advances	Nil	2,48,128
	Investments	6,20,99,990	Nil
	Sundry Creditors	2,01,66,839	Nil
PGSL Holdings Private Limited	Investments	99,990	Nil
Exclusive Luxury Group (India) Private Limited	Advances	25,524	Nil
Youngstars Media Private Limited	Advances	10,590	Nil
<b>Key Management Personnel</b>			
Manish Poddar	Creditors	26,62,495	26,56,831
<b>Enterprises owned or Significantly influenced by Key Management Personnel</b>			
PGSL USA, Inc.	Purchase of Computer Software & Hardware	6,38,100	Nil
	Marketing expenses	39,75,930	Nil

**6. Leases**

The Company has taken office facilities under non-cancelable operating lease agreements. The Company intends to renew such lease in the normal course of its business. Total rental expenses under such leases during the period ended 31 December 2008 amounted to Rs. 9,68,958 and the corresponding figure for the year ended 30 September 2007 amounted to Rs. 13,74,006.

**7. Managerial remuneration**

Salaries and allowances in Schedule K include remuneration for director which is set out below:

Particulars	(Rs.)	
	Period ended 31 December 2008	Year ended 30 September 2007
<b>Salaries and allowances</b>		
U Sampath Kumar	7,50,000	6,00,000
Manish Poddar *	10,80,000	-
<b>Total</b>	<b>18,30,000</b>	<b>6,00,000</b>

\* As per the approval letter no. 12/277/2007 – CL.VII dated 24 September 2008 issued by the Ministry of Corporate Affairs, the appointment of Mr. Manish Poddar as Chairman and Chief Executive Officer of the Company is approved for a period of 3 years with effect from 1 January 2006 at a remuneration of Rs. 3,60,000/- per annum.

**8. Auditors Remuneration (excluding service tax)**

Particulars	(Rs.)	
	Period ended 31 December 2008	Year ended 30 September 2007
Statutory Audit fees	65,000	60,000
Tax audit fees	25,000	20,000
<b>Total</b>	<b>90,000</b>	<b>80,000</b>

**9. Segment Reporting**

The Company is primarily engaged in the business of Information Technology enabled services and development and customization of software. Hence, in the opinion of the management, disclosure regarding segment reporting is not applicable for the period under review.

10. In the opinion of the Board, the realizable value of current assets, loans and advances in the ordinary course of business, would not be less than the amount at which these are stated in the balance sheet.

11. The company is in the business of software development and related services. The sale and production of such software cannot be expressed in any generic unit. Hence, it is not possible to give the quantitative details of sales and certain information as required under paragraphs 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956.

**12. Earning per share**

Particulars	(Rs)	
	Period ended 31 December 2008	Year ended 30 September 2007
Net profit / (loss) as per Profit and Loss Account	4,16,72,908	2,00,32,441
Less: Provision for Tax	1,32,07,421	45,52,501
Profit/(loss) attributable to the equity shareholders	2,84,65,487	1,54,79,940
Weighted average number of equity shares	1,19,01,299	1,19,01,299
Nominal Value of shares	10.00	10.00
Basic/Diluted Earning per share	2.39	1.30

## SCHEDULE FORMING PART OF THE BALANCE SHEET AND PROFIT &amp; LOSS ACCOUNT

## Schedule M – Significant Accounting Policies and Notes to the Accounts (Continued)

13. 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 Nirvann Corporation, USA at a cost of Rs1678.87Lakhs, 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. In the absence of latest financial Statements and other relevant documents of Nirvann Corporation, USA, the present market value of the investments is not ascertainable and no provision has been made for the diminution in the value of investments, if any.
14. Some of the balances in respect of Accounts Receivable from and payable to certain parties are subject to confirmation and reconciliation thereof from the respective parties.
15. Sundry creditors do not include dues to any small-scale industrial undertaking to the extent such firms have confirmed as small-scale industrial undertakings.
16. Figures have been rounded off to the nearest rupee.
17. Previous year's figures have been re-grouped or re-classified, wherever necessary, to conform to the current period presentation.

For and on behalf of the Board

**Manish Poddar**  
Chairman & CEO

**P. Rajkumar**  
Director

Place: Bangalore  
Date : 12 February 2009

Place: Bangalore  
Date : 12 February 2009

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

### I. Registration Details

Registration No.       State Code

Balance Sheet Date

Date      Month      Year

### II. Capital raised during the year (Amount in Rs. Thousand)

Public Issue       Rights Issue

Bonus Issue       Private Placement

### III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousand)

Total liabilities       Total Assets

#### Sources of Funds

Paid-up capital       Reserves & Surplus

Secured Loans       Unsecured Loans

Deferred Tax

#### Application of Funds

Net Fixed Assets       Investments

Net Current Assets       Misc. Expenditure

Accumulated Losses

### IV. Performance of Company (Amount in Rs. Thousand)

Turnover       Total Expenditure

Profit/(Loss) before Tax       Profit/(Loss) after Tax

Earning per share       Dividend rate

### V. Generic Names of Three Principal Products/Services of Company (as per monetary terms)

Item Code No.

Product Description SOFTWARE PRODUCT & SERVICES

**CASH FLOW STATEMENT FOR THE PERIOD 01 OCTOBER 2007 TO 31 DECEMBER 2008**

Amount in Rs.

PARTICULARS	Period ended 31 December 2008		Year ended 30 September 2007	
<b>Cash Flow from Operating Activities</b>				
Net Profit before Tax and Extraordinary items	41,672,908		20,032,441	
<b>Add: Adjustments</b>				
Profit from Sale of Investments	(2,219,804)		–	
Dividend received	(1,230,370)		–	
Public issue expenses written off	2,248,810		1,799,046	
Depreciation / Amortisation	12,008,305		6,000,315	
<b>Operating profit before working capital changes</b>	52,479,849		27,831,801	
<b>Increase/Decrease:</b>				
Trade & Other Receivables	(37,463,048)		(63,287,667)	
Current Liabilities & Provisions	8,093,373		44,444,306	
<b>Cash flow before extraordinary items</b>	23,110,174		8,988,440	
Extraordinary items	–		–	
<b>Cash Income/Outflow from operations before Tax</b>	23,110,174		8,988,440	
Income Tax	10,885,200		4,552,500	
<b>Net Cash used in Operations</b>		12,224,974		4,435,940
<b>Cash Flow from Investing Activities</b>				
Purchase of Fixed Assets	(32,340,053)		(31,870,835)	
Investment in Subsidiaries	(62,199,980)		–	
Purchase of other Investments	(32,000,000)		–	
Sale of Other Investments	102,223,324		29,217,576	
Dividend received	1,230,370		–	
<b>Net Cash used in Investing Activities</b>		(23,086,340)		(2,653,259)
<b>Cash Flow from Financial Activities</b>				
Increase in Capital	8,400,000		–	
Term Loans from Banks	–		407,393	
Repayment of Term Loans	(157,567)		–	
<b>Cash Flow from Financial Activities</b>		8,242,433		407,393
<b>Net Increase/Decrease in Cash &amp; Cash Equivalents</b>	(2,618,933)		2,190,074	
<b>Cash and Cash equivalents at the beginning of the period</b>		3,797,011		1,606,937
<b>Cash and Cash equivalents at the end of the period</b>		<b>1,178,078</b>		<b>3,797,011</b>
<b>Components of cash and cash equivalents</b>				
Cash in hand		36,254		618,216
With Banks		1,141,824		3,178,795
		<b>1,178,078</b>		<b>3,797,011</b>

**Note:**

- 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 to the Accounts (Schedule M) form an intergral part of the Cash Flow Statement.

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

Place: Bangalore  
Date: 12 February 2009

**H.C. Gulecha**  
Proprietor  
**M.No. 26034**

## REPORT OF THE AUDITORS ON CASH FLOW STATEMENT

We have examined the attached Cash Flow statement of Powersoft Global Solutions Limited, Bangalore, for the period ended 31 December 2008. The Statement has been prepared by the Company in accordance with the requirements of listing agreement Clause 32 with the Bombay Stock Exchange and is based on and in agreement with corresponding Balance Sheet and Profit and Loss Account of the Company covered by our report of even date to the Members of the Company.

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

Place: Bangalore  
Date : 12 February 2009

**H.C. Gulecha**  
Proprietor  
**M.No. 26034**

**RFID GLOBAL SOLUTIONS PRIVATE LIMITED**  
(formerly known as Concentric RF Systems Private Limited)

**AUDITORS' REPORT**

To the Members of RFID Global Solutions Private Limited

We have audited the attached balance sheet of RFID Global Solutions Private Limited ("the Company") (formerly known as Concentric RF Systems Private Limited) as at 31 December 2008, the profit and loss account and the cash flow statement of the Company for the period 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.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003, as amended, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 ('the Act'), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

- (i) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
- (ii) 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 those books;

- (iii) the Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
- (iv) in our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
- (v) on the basis of the written representations received from the directors, as on 31 December 2008 and taken on record by the Board of Directors, we report that none of the director is disqualified in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- (vi) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 December 2008;
  - (b) in the case of the Profit and Loss Account, of the profit for the period ended on that date; and
  - (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the period ended on that date.

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

Place: Bangalore  
Date: 12 February 2009

**H. C. Gulecha**  
Proprietor  
**M. No.: 026034**

**RFID GLOBAL SOLUTIONS PRIVATE LIMITED**  
(formerly known as Concentric RF Systems Private Limited)

**ANNEXURE TO THE AUDITORS' REPORT**

Annexure referred to in our report to the members of RFID Global Solutions Private Limited ("the Company") for the period ended 31 December 2008. We report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, fixed assets have not been physically verified by the Management this period and no material discrepancy between book records and physical inventory has been noticed.
- (c) During the period, the Company has not disposed of substantial part of the assets. According to the information and explanations given to us, we are of the opinion that no transactions has been effected involving disposal of assets so as to affect the going concern status of the Company.
- (ii) As explained to us, the Company does not hold any inventories and, hence, the question of physical verification, procedures followed for verifications and discrepancies thereof does not arise.
- (iii) The Company has neither granted nor taken any loans, secured or unsecured, to or from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 ('the Act').
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures which commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets and for the sale of goods and services. The accounting infrastructure needs to be strengthened. We are informed that the Management is taking steps to correct such weaknesses in internal control procedures after the period end.
- (v) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that Section.
- (vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India and the provisions of Sections 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 framed there under apply.
- (vii) The Company does not have an adequate internal audit system. In our opinion, the Company needs to strengthen the internal audit system with regards to the size and nature of its business.
- (viii) The maintenance of cost records under section 209(1)(d) of the Companies Act, 1956, is not applicable to the Company.
- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the provisions of Provident Fund Scheme and Employees' State Insurance Act are not applicable to the Company.

*According to the information and explanations given to us, there were undisputed amounts payable in respect of Sales tax as at 31 December 2008 for a period of*

*more than six months from the date they became payable.*

*The Company is yet to file its Income-tax return for the Assessment Year 2008-2009.*

*The Company is not yet registered under the Service Tax Act and the corresponding dues have not been paid.*

- (b) According to the information and explanations given to us, there are no dues in respect of Sales tax, Service tax, Customs duty and Excise duty which have not been deposited on account of any dispute.
- (x) The Company has been registered for a period of less than five years and hence, we are not required to comment on whether or not the accumulated losses at the end of financial period is fifty percent or more of its net worth and whether it has incurred cash losses in such financial period.
- (xi) As per the records of the Company and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
- (xii) The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is not a chit fund / nidhi / mutual benefit fund / society.
- (xiv) According to the information and explanation given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
- (xv) According to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) In our opinion, during the period, the Company has not taken any fresh term loans.
- (xvii) Based on the information and explanation given to us and on an overall examination of the Balance Sheet as at 31 December 2008 of the Company, in our opinion, the Company has not raised any fund on short term basis during the period.
- (xviii) The Company has made allotment of equity shares to its holding company and a party covered in the register maintained under Section 301 of the Act.
- (xix) The Company did not issue any debentures during the period.
- (xx) The Company has not raised any money by public issues.

According to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the course of the audit.

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

Place: Bangalore  
Date: 12 February 2009

**H. C. Gulecha**  
Proprietor  
Membership No.: 026034

**RFID GLOBAL SOLUTIONS PRIVATE LIMITED**  
(formerly known as Concentric RF Systems Private Limited)

**BALANCE SHEET AS AT 31 DECEMBER 2008**

Amount in Rs.

PARTICULARS	Sch.		As at 31 December 2008
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Fund</b>			
Share Capital	A		62,100,000
Reserves & Surplus	B		4,115,932
<b>Deferred Tax Liability</b>			2,981,899
<b>Total</b>			<b>69,197,831</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	C	33,835,390	
Less : Depreciation		1,068,299	
Net Block			32,767,091
<b>Current Assets, Loans &amp; Advances</b>			
Sundry Debtors	D	16,346,245	
Cash & Bank Balances	E	22,453,579	
Loans & Advances	F	21,085,358	
		59,885,182	
<b>Less:</b>			
<b>Current Liabilities &amp; Provisions</b>			
Current Liabilities	G	23,388,022	
Provisions	H	66,420	
<b>Net Current Assets</b>			<b>36,430,740</b>
<b>Total</b>			<b>69,197,831</b>
<b>Significant Accounting Policies &amp; Notes to the Accounts</b>	J		

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**  
Director

**P. Rajkumar**  
Director

Place: Bangalore  
Date : 12 February 2009

Place: Bangalore  
Date : 12 February 2009

Place: Bangalore  
Date : 12 February 2009

**RFID GLOBAL SOLUTIONS PRIVATE LIMITED**  
 (formerly known as Concentric RF Systems Private Limited)

**PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 31 DECEMBER 2008**

Amount in Rs.

PARTICULARS	Sch.	Period ended 31 December 2008
<b>INCOME</b>		
Software Sales and Services		38,071,995
Other Income		475,766
		<b>38,547,761</b>
<b>EXPENDITURE</b>		
Cost of sales		22,215,675
Administrative & Selling Expenses	I	8,099,536
Depreciation		1,068,299
		<b>31,383,510</b>
<b>Profit before taxation</b>		<b>7,164,251</b>
- Provision for Income Tax		-
- Provision for Fringe Benefit Tax		66,420
- Deferred Tax Liability		2,981,899
<b>Profit after taxation carried to Balance Sheet</b>		<b>4,115,932</b>
<b>Significant Accounting Policies &amp; Notes to the Accounts</b>	J	

 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**  
 Director

**P. Rajkumar**  
 Director

 Place: Bangalore  
 Date : 12 February 2009

 Place: Bangalore  
 Date : 12 February 2009

 Place: Bangalore  
 Date : 12 February 2009

**RFID GLOBAL SOLUTIONS PRIVATE LIMITED**  
(formerly known as Concentric RF Systems Private Limited)

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31 DECEMBER 2008**

Amount in Rs.

PARTICULARS	As at 31 December 2008
<b>Schedule A: Share Capital</b>	
<b>Authorised Capital</b> 1,00,10,000 Equity Shares of Rs.10/- each	100,100,000
<b>Issued, Subscribed &amp; Paid-up Capital</b> 62,10,000 Equity Shares of Rs.10/- each	62,100,000
	62,100,000
<b>Schedule B: Reserves &amp; Surplus</b>	
<b>Profit and Loss</b> Profit for Current Period	4,115,932

**Schedule C - Fixed Assets**

PARTICULARS	Gross Block		Depreciation		Net Block
	Additions during the period	As at 31 December 2008	Depreciation for the period	As at 31 December 2008	As at 31 December 2008
Furniture & Fixtures	266,350	266,350	5,618	5,618	260,732
Office Equipments	1,079,999	1,079,999	21,117	21,117	1,058,882
Computer & Peripherals	4,349,741	4,349,741	230,091	230,091	4,119,650
Computer software	28,139,300	28,139,300	811,474	811,474	27,327,826
<b>Total</b>	<b>33,835,390</b>	<b>33,835,390</b>	<b>1,068,299</b>	<b>1,068,299</b>	<b>32,767,091</b>

Amount in Rs.

PARTICULARS	As at 31 December 2008
<b>Schedule D: Sundry Debtors</b>	
(Unsecured, Considered Good)	-
Outstanding for a period of more than six months	16,346,245
Others	16,346,245
	<b>16,346,245</b>
<b>Schedule E: Cash &amp; Bank Balances</b>	
Cash In Hand	32,477
Balance With Scheduled Bank in Current Account	22,421,102
	<b>22,453,579</b>
<b>Schedule F: Loans &amp; Advances</b>	
Deposits	230,000
Advances	20,855,358
	<b>21,085,358</b>
<b>Schedule G: Current Liabilities</b>	
<b>Current Liabilities</b>	
Sundry Creditors for services & expenses	-
- Due to Small Undertakings	22,389,564
- Others	937,969
Expenses payable	60,489
Other Liabilities	23,388,022
	<b>23,388,022</b>
<b>Schedule H: Provisions</b>	
Provision for FBT	66,420
	<b>66,420</b>

**RFID GLOBAL SOLUTIONS PRIVATE LIMITED**  
(formerly known as Concentric RF Systems Private Limited)

**SCHEDULES TO THE PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 31 DECEMBER 2008**

Amount in Rs.

PARTICULARS	As at 31 December 2008
<b>Schedule I: Administrative &amp; Selling Expenses</b>	
Salaries	3,625,951
Staff welfare	134,871
Office Expenses	132,263
Rent	1,016,130
Printing & Stationery	16,332
Electricity Charges	342,398
Communication Charges	522,214
Business Promotion	73,329
Auditors Remuneration	22,472
Professional Charges	71,524
Foreign Exchange loss	9,128
Fire & Burglary Insurance	4,160
Postage & Courier Charges	2,152
Freight charges	310,482
Repairs & Maintenance	39,751
Statutory Compliance Expenses	678,639
Security Service Charges	20,898
Generator maintenance	6,866
Website expenses	500
Travel & Conveyance	934,174
Lodging Expenses	56,414
Bank Charges	38,838
Guest House maintenance	9,650
Vehicle Maintenance	400
Meeting & Seminar	30,000
	<b>8,099,536</b>

**RFID GLOBAL SOLUTIONS PRIVATE LIMITED**

(formerly known as Concentric RF Systems Private Limited)

## SCHEDULE FORMING PART OF THE BALANCE SHEET AND PROFIT &amp; LOSS ACCOUNT

**Schedule J – Significant Accounting Policies and Notes to the Accounts****Company Overview**

RFID Global Solutions Private Limited was formerly known as Concentric RF Systems Private Limited. The Company was incorporated on 30 July 2007, as a Private Limited Company under the Companies Act, 1956 ('the Act'). It is a wholly owned subsidiary of Powersoft Global Solutions Limited.

**1. Significant accounting policies***a. Basis of preparation*

The financial statements are prepared in accordance with Indian Generally Accepted Accounting Standards (GAAP) under the historical cost convention on the accrual basis. GAAP comprises accounting standards notified by the Central Government of India under Section 211(3C) of the Companies Act, 1956, other pronouncements of the Institute of Chartered Accountants of India, the provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India.

*b. Use of Estimates*

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities on the date of the financial statements and reported amounts of revenues and expenses during the period reported. Actual results could differ from those estimates.

*c. Fixed Assets*

Fixed Assets are stated at the cost of acquisition less accumulated depreciation. All costs incurred in bringing the assets to its working condition for intended use have been capitalized.

*d. Intangible Assets*

Intangible assets are recognized only if it is probable that the future economic benefits that are attributable to the asset will flow to the enterprises and the cost of the asset can be measured reliably. The intangible assets are recorded at cost and are carried at cost less accumulated amortization.

*e. Depreciation and amortization*

- i) Depreciation on fixed assets excepting for software has been provided on straight line method as per the rates specified in schedule XIV to the Companies Act, 1956
- ii) Pro-rata depreciation is provided from the date of purchase of assets purchased during the period.
- iii) Softwares are being amortized on straight line basis over a period of 7 years, considering its useful life.

*f. Revenue Recognition*

Revenues from software related services are accounted for on the basis of services rendered on cost plus method, as per the terms of the contract.

Revenues from engagement services based on the number of engagements performed. Revenues from time period services are recognized based on the time incurred in providing services at contracted rates.

*g. Impairment of Assets*

The Company periodically assesses whether there is any indication that an asset or a group of assets comprising a cash generating unit may be impaired. If any such indication exists, the Company estimates the recoverable amount of asset. For an asset or group of assets that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Profit and Loss account. If at the Balance Sheet date, there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost. An impairment loss is reversed only to the extent that the carrying amount of asset does not exceed the net book value that would have been determined; if no impairment loss has been recognized.

*h. Leases*

For operating leases, lease payments (including cost for services, such as maintenance) are recognized as an expense in the statement of profit and loss on a straight line basis over the lease term. The lease term is the non-cancelable period for which the lessee has agreed to take on lease the asset together with any further periods for which the lessee has the option to continue the lease of the asset, with or without further payment, which option at the inception of the lease it is reasonably certain that the lessee will exercise.

*i. Income-tax*

Income-tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carry-forward losses, deferred tax assets are recognized only if there is virtual certainty of realization of such assets. Deferred tax assets are reviewed as at each balance sheet date and written down value or written up to reflect the amount that is reasonably or virtually certain (as the case may be) to be realized.

*j. Fringe Benefit Tax*

Consequent to the introduction of Fringe Benefit Tax ("FBT") effective 1 April 2005, the Company provides for and discloses FBT in accordance with the provisions of Section 115WC of Income-tax Act, 1961 and the guidance note on FBT issued by the Institute of Chartered Accountants of India respectively.

*k. Foreign Currency Transaction*

Transactions in foreign currency are recorded at the exchange rate prevailing on the date of transaction. Monetary

**RFID GLOBAL SOLUTIONS PRIVATE LIMITED**  
 (formerly known as Concentric RF Systems Private Limited)

**SCHEDULE FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT**

assets and liabilities denominated in foreign currency are translated at the rates of exchange at the Balance Sheet date and resultant gain or loss is recognized in the Profit & Loss Account.

**i. Earning Per Share**

Basic earnings per share are calculated by dividing the net profit / loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit / loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares, if any.

**m. Provisions and Contingent liabilities**

The Company creates a provision when there is a present obligation as a result of an obligating event that probably require an outflow of resources and a reliable estimate can be made of the amounts of the outflow.

A disclosure for a contingent liability is made when there is a possible obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

**n. Cash Flow Statement**

The cash flow statement has been prepared under the indirect method as set out in the Accounting Standard (AS) – 3 “Cash Flow Statement” issued by the Institute of Chartered Accountants of India.

**2. Notes to Accounts**
**1. Expenditure in foreign currency (on cash basis)**

Particulars	(Rs.) Period ended 31 December 2008
Software Purchase	72,29,428

**2. Earning in foreign exchange**

Particulars	(Rs.) Period ended 31 December 2008
Sale of software and services	1,63,46,245

**3. Deferred tax liability, net**

The components of deferred tax liability are as under:

	(Rs.) As at 31 December 2008
<b>Deferred tax liability</b>	
Depreciation	29,81,899
<b>Total</b>	<b>29,81,899</b>

**4. Related Party Transactions**
**i. Names of the related parties**
**Holding Company**

Powersoft Global Solutions Limited

**Fellow Subsidiaries**

PGSL Holdings Private Limited  
 Exclusive Luxury Group (India) Private Limited  
 Youngstars Media Private Limited

**Key Management Personnel**

Manish Poddar (Director)  
 U Sampath Kumar (Director)

**Enterprises owned or significantly influenced by Key Management Personnel**

Nirvann Corporation, U.S.A.  
 PGSL USA, Inc.

**ii. The nature and volume of transactions carried out with the above related parties in the ordinary course of business are as follows**

Name of the related party	Particulars	(Rs.) Period ended 31 December 2008
<b><u>Holding Company</u></b> Powersoft Global Solutions Limited	Advances	2,01,66,839
<b><u>Enterprises owned or Significantly influenced by Key Management Personnel</u></b> PGSL USA, Inc.	Purchase of Computer Software	64,13,550

**5. Lease**

The Company has taken office facilities under non-cancelable operating lease agreements. The Company intends to renew such lease in the normal course of its business. Total rental expenses under such leases during the period ended 31 December 2008 amounted to Rs. 10,16,130.

**6. Auditors Remuneration (excluding service tax)**

Particulars	(Rs.) Period ended 31 December 2008
Statutory audit fees	15,000
Tax audit fees	5,000
<b>Total</b>	<b>20,000</b>

**7. In the opinion of the Board, the realizable value of current assets, loans and advances in the ordinary course of business, would not be less than the amount at which these are stated in the balance sheet.**
**8. The company is in the business of software development and related services. The sale and production of such software cannot be expressed in any generic unit. Hence, it is not possible to give the quantitative details sales and certain**

**RFID GLOBAL SOLUTIONS PRIVATE LIMITED**  
(formerly known as Concentric RF Systems Private Limited)

SCHEDULE FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

information as required under paragraphs 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956.

**9. Earning per share**

<b>Particulars</b>	<b>(Rs.)</b>
	<b>Period ended</b>
	<b>31 December 2008</b>
Net profit / (loss) as per Profit and Loss Account	71,64,251
Less: Provision for Tax	<u>30,48,318</u>
Profit / (loss) attributable to the equity shareholders	<u>41,15,932</u>
Weighted average number of equity shares	62,10,000
Nominal value of shares	10.00
Basic / Diluted Earning per share	0.66

- 10.** Some of the balances in respect of Accounts Receivable from and payable to certain parties are subject to confirmation and reconciliation thereof from the respective parties.

- 11.** Sundry creditors do not include dues to any small-scale industrial undertaking to the extent such firms have confirmed as small-scale industrial undertakings.

- 12.** Figures have been rounded off to the nearest rupee.

- 13.** The financial statements for the company are prepared for the first time after its incorporation on 30 July 2007. Hence previous year's figures are not available.

For and on behalf of the Board

**Manish Poddar**  
Director

**P. Rajkumar**  
Director

Place: Bangalore  
Date : 12 February 2009

Place: Bangalore  
Date : 12 February 2009

**RFID GLOBAL SOLUTIONS PRIVATE LIMITED**  
(formerly known as Concentric RF Systems Private Limited)

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

**I. Registration Details**

Registration No.      State Code

Balance Sheet Date        
Date Month Year

**II. Capital raised during the year (Amount in Rs. Thousand)**

Public Issue     N I L Rights Issue     N I L

Bonus Issue     N I L Private Placement     N I L

**III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousand)**

Total liabilities      Total Assets

**Sources of Funds**

Paid-up capital      Reserves & Surplus

Secured Loans     N I L Unsecured Loans     N I L

Deferred Tax

**Application of Funds**

Net Fixed Assets      Investments     N I L

Net Current Assets      Misc. Expenditure     N I L

Accumulated Losses     N I L

**IV. Performance of Company (Amount in Rs. Thousand)**

Turnover      Total Expenditure

Profit/(Loss) before Tax       Profit/(Loss) after Tax

Earning per share     N I L Dividend rate     N I L

**V. Generic Names of Three Principal Products/Services of Company (as per monetary terms)**

Item Code No.      N A

Product Description SOFTWARE PRODUCT & SERVICES

**RFID GLOBAL SOLUTIONS PRIVATE LIMITED**  
(formerly known as Concentric RF Systems Private Limited)

**CASH FLOW STATEMENT FOR THE PERIOD 30 JULY 2007 TO 31 DECEMBER 2008**

Amount in Rs.

PARTICULARS	Year ended 30 December 2008	
<b>Cash Flow from Operating Activities</b>		
Net Profit before Tax and Extraordinary items	7,164,251	
<b>Adjustments</b>		
Dividend received	(475,766)	
Depreciation	1,068,299	
<b>Operating profit before working capital changes</b>	7,756,784	
<b>Increase/Decrease:</b>		
Trade & Other Receivables	(37,431,603)	
Current Liabilities & Provisions	23,454,442	
<b>Cash flow before extraordinary items</b>	(6,220,377)	
Extraordinary items	-	
<b>Cash Income/Outflow from operations before Tax</b>	(6,220,377)	
Income Tax	66,420	
<b>Net Cash used in Operations</b>		(6,286,797)
<b>Cash Flow from Investing Activities</b>		
Sale of Investments	25,000,000	
Purchase of Investments	(25,000,000)	
Purchase of Fixed Assets	(33,835,390)	
Dividend received	475,766	
<b>Net Cash used in Investing Activities</b>		(33,359,624)
<b>Cash Flow from Financial Activities</b>		
Issue of Share Capital	62,100,000	
<b>Net Cash flow from Financial Activities</b>		62,100,000
<b>Net Increase/Decrease in Cash &amp; Cash Equivalents</b>		22,453,579
<b>Cash and Cash equivalents at the beginning of the period</b>		-
<b>Cash and Cash equivalents at the end of the period</b>		<b>22,453,579</b>
<b>Components of cash and cash equivalents</b>		
Cash in hand		32,477
With Banks		22,421,102
		<b>22,453,579</b>

**Note:**

- 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 to the Accounts (Schedule J) form an integral part of the Cash Flow Statement.

Place: Bangalore  
Date: 12 February 2009

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

**H.C. Gulecha**  
Proprietor  
**M.No. 26034**

**REPORT OF THE AUDITORS ON CASH FLOW STATEMENT**

We have examined the attached Cash Flow statement of RFID Global Solutions Private Limited, Bangalore, for the year ended 31 December 2008. The Statement has been prepared by the Company in accordance with the requirements of listing agreement Clause 32 with the Bombay Stock Exchange and is based on and in agreement with corresponding Balance Sheet and Profit and Loss Account of the Company covered by our report of even date to the Members of the Company.

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

Place: Bangalore  
Date : 12 February 2009

**H.C. Gulecha**  
Proprietor  
**M.No. 26034**

**Statement pursuant to Section 212 of the Companies Act, 1956, relating to subsidiary companies**

	Name of the Subsidiary	RFID Global Solutions Private Limited	PGSL Holdings Private Limited	Exclusive Luxury Group (India) Private Limited	Youngstars Media Private Limited
1	Financial period ended	31 December 2008	N.A.	N.A.	N.A.
2	Holding Companies interest	100%	100%	100%	100%
3	Shares held by the holding company in the subsidiary	6,209,999	9,999	49,999	9,999
4	Net aggregate of profits or losses of the subsidiary for the current period so far as it concerns the members of the holding company				
	a. Dealt with or provided for in the accounts of the holding company	Nil	-	-	-
	b. Not dealt with or not provided for in the accounts of the holding company	4,115,932	-	-	-
5	The net aggregate of profits or losses for previous financial years of the subsidiary so far as it concerns the member of the holding company				
	a. Dealt with or provided for in the accounts of the holding company	Nil	-	-	-
	b. Not dealt with or not provided for in the accounts of the holding company	Nil	-	-	-

for and on behalf of the Board

**Manish Poddar**  
Chairman & CEO

**P. Rajkumar**  
Director

Place: Bangalore  
Date : 12 February 2009

**U. Sampath Kumar**  
Wholetime Director

## CONSOLIDATED AUDITORS' REPORT

### To the Board of Directors on the Consolidated Financial Statements of Powersoft Global Solutions Limited and its Subsidiaries

We have audited the attached consolidated balance sheet of Powersoft Global Solutions Limited ("the Company") and its subsidiaries as at 31 December 2008, the consolidated profit and loss account and the consolidated cash flow statement for the period 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.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the 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 disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial

Statements, issued by the Institute of Chartered Accountants of India.

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- in the case of the consolidated balance sheet, of the state of affairs of Powersoft Global Solutions Limited and its subsidiaries as at 31 December 2008;
- in the case of the consolidated profit and loss account, of the profit of Powersoft Global Solutions Limited and its subsidiaries for the period ended on that date; and
- in the case of the consolidated cash flow statement, of the cash flows of Powersoft Global Solutions Limited and its subsidiaries for the period ended on that date.

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

Place: Bangalore  
Date: 12 February 2009

**H. C. Gulecha**  
Proprietor  
**M. No.: 026034**

**POWERSOFT GLOBAL SOLUTIONS LIMITED AND ITS SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2008**

Amount in Rs.

PARTICULARS	Sch.		As at 31 December 2008
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Fund</b>			
Share Capital	A		119,012,990
Share Warrant Application Money			8,400,000
Reserves & Surplus	B		256,688,408
Minority interest			10
<b>Loan Funds</b>			
Secured Loans	C		249,826
Deferred Tax Liability			7,025,120
<b>Total</b>			<b>391,376,354</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	D	133,054,415	
Less : Depreciation		27,879,574	
Net Block		105,174,841	
<b>Investments</b>			
	E		167,986,640
<b>Current Assets, Loans &amp; Advances</b>			
Sundry Debtors	F	153,732,843	
Cash & Bank Balances	G	23,631,657	
Loans & Advances	H	4,749,391	
		182,113,890	
<b>Less:</b>			
<b>Current Liabilities &amp; Provisions</b>			
Current Liabilities	I	54,755,313	
Provisions	J	12,292,032	
<b>Net Current Assets</b>			<b>115,066,545</b>
<b>Misc. Expenditure</b>			
(to the extent not written off or adjusted)			
Public Issue Expenditure			3,148,328
<b>Total</b>			<b>391,376,354</b>
<b>Significant Accounting Policies &amp; Notes to the Accounts</b>	<b>M</b>		

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

Place: Bangalore  
Date : 12 February 2009

Place: Bangalore  
Date : 12 February 2009

Place: Bangalore  
Date : 12 February 2009

**POWERSOFT GLOBAL SOLUTIONS LIMITED AND ITS SUBSIDIARIES**
**CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 31 DECEMBER 2008**

Amount in Rs.

PARTICULARS	Sch.	Period ended 31 December 2008
<b>INCOME</b>		
Software Sales and Services	K	232,037,541
Other Income		3,956,104
		<b>235,993,645</b>
<b>EXPENDITURE</b>		
Cost of sales	L	132,375,213
Administrative & Selling Expenses		39,455,859
Public issue expenditure		2,248,810
Depreciation		13,076,604
		<b>187,156,487</b>
<b>Profit before taxation</b>		<b>48,837,158</b>
- Provision for Income Tax		10,487,240
- Provision for Fringe Benefit Tax		464,380
- Deferred Tax Liability		5,304,120
<b>Profit after taxation carried to Balance Sheet</b>		<b>32,581,418</b>
<b>Significant Accounting Policies &amp; Notes to the Accounts</b>	M	

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

Place: Bangalore  
Date : 12 February 2009

Place: Bangalore  
Date : 12 February 2009

Place: Bangalore  
Date : 12 February 2009

## POWERSOFT GLOBAL SOLUTIONS LIMITED AND ITS SUBSIDIARIES

## SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31 DECEMBER 2008

Amount in Rs.

PARTICULARS	As at 31 December 2008	
<b>Schedule A: Share Capital</b>		
<b>Authorised Capital</b> 16,000,000 Equity Shares of Rs. 10/- each		160,000,000
<b>Issued, Subscribed &amp; Paid-up Capital</b> 11,901,299 Equity Shares of Rs.10/- each (Of the above, 33,57,733 Equity shares of Rs. 10/- each have been allotted pursuant to Joint Venture with Nirvan Corporation, USA on Stock Swap basis and 3,00,000 Equity Shares of Rs.10/- each have been allotted to Mr. Sampath Kumar without payment being received in cash)		119,012,990
		<b>119,012,990</b>
<b>Schedule B: Reserves &amp; surplus</b>		
<b>Capital Reserve</b> Profit on reissue of forfeited Shares (As per Last Balance Sheet of Powersoft Global Solutions Limited)		5,349,866
<b>Security Premium Account :</b> (As per Last Balance Sheet of Powersoft Global Solutions Limited)		198,843,726
<b>Profit and Loss</b> Balance b/f from previous year (from Powersoft Global Solutions Limited)	19,913,398	
For the Current Period	32,581,419	52,494,817
		<b>256,688,409</b>
<b>Schedule C: Secured Loan</b> ICICI Bank Ltd - Loan		249,826
		<b>249,826</b>

## Schedule D - Fixed Assets

PARTICULARS	Gross Block			Depreciation			Net Block
	As at 1 October 2007	Additions during the period	As at 31 December 2008	As at 1 October 2007	Depreciation for the period	As at 31 December 2008	As at 31 December 2008
	<i>(from Powersoft Global Solutions Limited)</i>			<i>(from Powersoft Global Solutions Limited)</i>			
Computers & Peripherals	6,282,755	9,731,647	16,014,402	1,861,827	2,297,602	4,159,429	11,854,973
Furniture & Fixtures	1,642,874	2,750,762	4,393,636	190,739	326,603	517,342	3,876,294
Electrical Installations	840,818	592,604	1,433,422	134,325	85,249	219,574	1,213,848
Office Equipments	670,654	1,885,760	2,556,414	70,514	103,278	173,792	2,382,622
Computer Software	49,428,468	47,987,369	97,415,837	12,540,423	10,128,814	22,669,237	74,746,600
Goodwill	7,376,099	–	7,376,099	–	–	–	7,376,099
Vehicles	637,304	–	637,304	5,142	75,804	80,946	556,358
Buildings	–	3,227,301	3,227,301	–	59,253	59,253	3,168,048
<b>Total</b>	<b>66,878,972</b>	<b>66,175,443</b>	<b>133,054,415</b>	<b>14,802,970</b>	<b>13,076,604</b>	<b>27,879,574</b>	<b>105,174,841</b>

**POWERSOFT GLOBAL SOLUTIONS LIMITED AND ITS SUBSIDIARIES**

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31 DECEMBER 2008

Amount in Rs.

PARTICULARS	As at 31 December 2008
<b>Schedule E: Investments</b>	
<b>A) LongTerm Investments</b> (Trade Unquoted) Nirvann Corporation, State of Delaware,USA (870 Common Stock of USD 10 each)	167,886,650
<b>B) Current Investments</b> <b>Investment in wholly owned subsidiary</b> PGSL Holdings Private Limited	99,990
	<b>167,986,640</b>
<b>Schedule F: Sundry Debtors</b> (Unsecured, Considered Good) Outstanding for a period of more than six months Others	70,164,338 83,568,505
	<b>153,732,843</b>
<b>Schedule G: Cash &amp; Bank Balances</b> Cash In Hand Balance With Scheduled Banks in current account	68,731 23,562,926
	<b>23,631,657</b>
<b>Schedule H: Loans &amp; Advances</b> Deposits Staff Advances TDS Receivable Advances	2,723,500 13,000 166,928 1,845,963
	<b>4,749,391</b>
<b>Schedule I: Current Liabilities</b> Sundry Creditors for services & expenses - Due to Small Undertakings - Others Expenses Payable Advance payments Other Liabilities	— 51,224,964 2,899,505 210,000 420,844
	<b>54,755,313</b>
<b>Schedule J: Provisions</b> Income Tax Fringe Benefit	11,649,170 642,862
	<b>12,292,032</b>
	<b>67,047,345</b>

**POWERSOFT GLOBAL SOLUTIONS LIMITED AND ITS SUBSIDIARIES**

SCHEDULES FORMING PART OF THE PROFIT &amp; LOSS ACCOUNT FOR THE PERIOD ENDING 31 DECEMBER 2008

Amount in Rs.

PARTICULARS	Period ending 31 December 2008
<b>Schedule K: Other Income</b>	
Profit from Sale of Investments	2,219,804
Dividend received	1,706,136
Foreign Exchange Gain	30,164
	<b>3,956,104</b>
<b>Schedule L: Administrative &amp; Selling Expenses</b>	
Salaries	16,985,210
Staff Welfare	688,118
PF & ESI Employer Contribution	252,696
Office Expenses	432,888
Rent	1,985,088
Printing & Stationery	312,134
Electricity Charges	689,428
Communication Charges	1,148,210
Auditors Remuneration	123,596
Repairs & Maintenance - Computers & Others	188,119
Demat Handling Charges	165,578
Professional Charges	1,719,533
Postage & Courier Charges	30,508
Directors Remuneration	1,830,000
Rates & taxes	88,180
Training & Recruitment Expenses	209,416
Insurance	34,937
Freight charges	310,482
Legal Fees	44,000
Security Service Charges	253,187
Statutory Compliance Expenses	1,144,880
Generator Maintenance	141,520
Website expenses	1,250
Travel & Conveyance	2,224,365
Marketing Expenses	7,699,973
Lodging Expenses	57,170
Bad debts	251,596
Bank Charges	109,916
Interest on Car Loan	49,914
Guest House maintenance	100,783
Vehicle Maintenance	114,268
Meeting & Seminar	68,918
	<b>39,455,859</b>

**POWERSOFT GLOBAL SOLUTIONS LIMITED AND ITS SUBSIDIARIES**

**SCHEDULE FORMING PART OF THE CONSOLIDATED BALANCE SHEET AND CONSOLIDATED PROFIT & LOSS ACCOUNT**

**Schedule M – Significant Accounting Policies and Notes to the Accounts**

*Company Overview*

Powersoft Global Solutions Limited, together with its subsidiaries (collectively, the Company or the group) is a provider of Business Technology Software, GIS and Engineering solutions and aims to develop technology to address customized requirements of global corporations.

**1. Significant Accounting Policies**

*a. Basis of preparation of financial statements*

The financial statements are prepared in accordance with Indian Generally Accepted Accounting Standards (GAAP) under the historical cost convention on the accrual basis. GAAP comprises accounting standards notified by the Central Government of India under Section 211(3C) of the Companies Act, 1956, other pronouncements of the Institute of Chartered Accountants of India, the provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India.

*b. Principles of consolidation*

The consolidated financial statements include the financial statements of Powersoft Global Solutions Limited and its subsidiaries, which are more than 50% owned or controlled.

The financial statements of the parent company and its majority owned/controlled subsidiaries have been combined on a line by line basis by adding together the book values of all items of assets, liabilities, incomes and expenses after eliminating all inter-company balances/transactions and resulting unrealized gain or loss.

The consolidated financial statements are prepared using uniform accounting policies for similar transactions and other events in similar circumstances.

*c. Use of estimates*

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities on the date of the financial statements and reported amounts of revenues and expenses during the period reported. Actual results could differ from those estimates.

*d. Fixed Assets*

Fixed Assets are stated at the cost of acquisition less accumulated depreciation. All costs incurred in bringing the assets to its working condition for intended use have been capitalized.

*e. Intangible assets*

Intangible assets are recognized only if it is probable that the future economic benefits that are attributable to the asset will flow to the enterprises and the cost of the asset can be measured reliably. The intangible assets are recorded at cost and are carried at cost less accumulated amortization.

*f. Depreciation and amortization*

- i) Depreciation on fixed assets excepting for software has been provided on straight line method as per the rates specified in schedule XIV to the Companies Act, 1956

- ii) Pro-rata depreciation is provided from the date of purchase of assets purchased during the period.
- iii) Softwares are being amortized on straight line basis over a period of 7 years, considering its useful life.

*g. Employee Benefits*

*i) Provident Fund*

Eligible employees receive benefits from a provident fund, which is a defined contribution plan. Both the employee and the Company make monthly contributions to the provident fund plan equal to a specified percentage of the covered employees' salary. The contributions are made to government administered provident fund.

*ii) Employees' State Insurance*

Eligible employees receive benefits from the Employees' State Insurance, which is a defined contribution scheme. Both the employee and the Company make monthly contributions to this scheme. The employee contributes 1.75% of the covered employees' salary and the Company has to contribute 4.75% of the covered employees' salary. The contributions are made to government administered Employees' State Insurance Fund.

*iii) Gratuity*

The Company recognizes and pays gratuity liability to the employees as and when it occurs.

*h. Revenue recognition*

Revenues from software related services are accounted for on the basis of services rendered on cost plus method, as per the terms of the contract.

Revenues from engagement services based on the number of engagements performed. Revenues from time period services are recognized based on the time incurred in providing services at contracted rates.

*i. Impairment of Assets*

The Company periodically assesses whether there is any indication that an asset or a group of assets comprising a cash generating unit may be impaired. If any such indication exists, the Company estimates the recoverable amount of asset. For an asset or group of assets that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Profit and Loss account. If at the Balance Sheet date, there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost. An impairment loss is reversed only to the extent that the carrying amount of asset does not exceed the net book value that would have been determined; if no impairment loss has been recognized.

*j. Leases*

For operating leases, lease payments (including cost for services, such as maintenance) are recognized as an expense

**POWERSOFT GLOBAL SOLUTIONS LIMITED AND ITS SUBSIDIARIES**

Schedule forming part of the Consolidated Balance Sheet and Consolidated Profit &amp; Loss Account (continued)

in the statement of profit and loss on a straight line basis over the lease term. The lease term is the non-cancelable period for which the lessee has agreed to take on lease the asset together with any further periods for which the lessee has the option to continue the lease of the asset, with or without further payment, which option at the inception of the lease it is reasonably certain that the lessee will exercise.

**k. Income-tax**

Income-tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carry-forward losses, deferred tax assets are recognized only if there is virtual certainty of realization of such assets. Deferred tax assets are reviewed as at each balance sheet date and written down value or written up to reflect the amount that is reasonably or virtually certain (as the case may be) to be realized.

**l. Fringe Benefit Tax**

Consequent to the introduction of Fringe Benefit Tax ("FBT") effective 1 April 2005, the Company provides for and discloses FBT in accordance with the provisions of Section 115WC of Income-tax Act, 1961 and the guidance note on FBT issued by the Institute of Chartered Accountants of India respectively.

**m. Foreign Currency transaction**

Transactions in foreign currency are recorded at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currency are translated at the rates of exchange at the Balance Sheet date and resultant gain or loss is recognized in the Profit & Loss Account.

**n. Investments**

Long term investments are stated at cost less provision for diminution in the value of such investments. Diminution in value is provided for where management is of the opinion that the diminution is of other than temporary nature. Short term investments are valued at lower of cost and net realizable value.

**o. Earning per share**

Basic earnings per share are calculated by dividing the net profit / loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit / loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares, if any.

**p. Provisions and contingent liabilities**

The Company creates a provision when there is a present obligation as a result of an obligating event that probably require

an outflow of resources and a reliable estimate can be made of the amounts of the outflow.

A disclosure for a contingent liability is made when there is a possible obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

**q. Miscellaneous Expenditure**

The Company has a policy of amortizing public issue expenses over a period of 5 years, i.e. one-fifth of the expenditure per year.

**r. Cash Flow Statement**

The cash flow statement has been prepared under the indirect method as set out in the Accounting Standard (AS) – 3 "Cash Flow Statement" issued by the Institute of Chartered Accountants of India.

**2. Notes to the Accounts**

- The Consolidated Financial Statements have been prepared in accordance with Accounting Standard 21 (AS 21)- "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India. As this is the first time of adoption of AS 21, figures for the previous year has not been presented.

The subsidiary (which along with Powersoft Global Solutions Limited, the parent, constitute the group) considered in the preparation of these consolidated financial statements is RFID Global Solutions Private Limited (formerly known as Concentric RF Systems private Limited), India. The Company is having 100% voting powers as at 31 December 2008.

These consolidated financial statements are based in so far as they relate to amounts included in respect of subsidiaries, on the audited financial statements prepared for consolidation in accordance with the requirements of AS 21 by the subsidiary.

Further, in accordance with AS 21, the subsidiaries not considered in the preparation of these Consolidated Financial Statements are:

PGSL Holdings Private Limited (a wholly owned subsidiary of Powersoft Global Solutions Limited) and its subsidiaries:

- Exclusive Luxury Group (India) Private Limited
- Youngstars Media Private Limited

**2. Expenditure in Foreign currency (in cash basis)**

Particulars	(Rs.) Period ended 31 December 2008
Marketing Expenses including salaries	98,36,141
Software Purchase	78,67,528
<b>Total</b>	<b>1,77,03,669</b>

**3. Employee Benefits**

The contributions made by the Company and the employees in respect of Provident Fund and Employees' State Insurance are made to the appropriate authorities. However, the Company has neither determined the liability for Gratuity as per the actuarial valuation nor it has provided for the same.

**POWERSOFT GLOBAL SOLUTIONS LIMITED AND ITS SUBSIDIARIES**

Schedule forming part of the Consolidated Balance Sheet and Consolidated Profit &amp; Loss Account (continued)

**4. Share Warrant Application Money**

During the period, the Company allotted 30,00,000 share warrants at Rs. 28/- each to be converted into equivalent number of equity shares of Rs. 10 each and received 10% application money. The warrants are convertible at the sole option of warrant holders at any time within a period of 18 months from the date of allotment of warrants.

**5. Directors' Remuneration**

Salaries and allowances in Schedule K include remuneration for director which is set out below:

Particulars	(Rs.) Period ended 31 December 2008
<b>Salaries and allowances</b>	
U Sampath Kumar	7,50,000
Manish Poddar *	10,80,000
<b>Total</b>	<b>18,30,000</b>

\* As per the approval letter no. 12/277/2007 – CL.VII dated 24 September 2008 issued by the Ministry of Corporate Affairs, the appointment of Mr. Manish Poddar as Chairman and Chief Executive Officer of the Company is approved for a period of 3 years with effect from 1 January 2006 at a remuneration of Rs. 3,60,000/- per annum.

**6. Segment Reporting**

The Company is primarily engaged in the business of Information Technology enabled services and development and customization of software. Hence, in the opinion of the management, disclosure regarding segment reporting is not applicable for the period under review.

**7. Deferred tax liability**

The components of deferred tax liability are as under:

Particulars	(Rs.) As at 31 December 2008
Depreciation	75,53,218
Disallowance under chapter XVII-B for non- deduction of TDS on provisions	( 5,28,098)
<b>Total</b>	<b>70,25,120</b>

**8. Related Party Disclosures**

- a. Name of the Related Party  
**Key Management Personnel**  
 Manish Poddar (Chairman & C.E.O)  
 U Sampath Kumar (Whole Time Director)  
**Enterprises owned or significantly influenced by Key Management Personnel**  
 Nirvann Corporation, U.S.A. (Joint Venture)  
 PGSL USA, Inc.
- b. Remuneration paid to directors is disclosed in note no. 3 in the Notes to the Accounts.
- c. The nature and volume of transactions carried out with the above related parties in the ordinary course of the business are as follows:

Name of related party	Particulars	(Rs.) Period ended 31 December 2008
<b>Key Management Personnel</b>		
Manish Poddar	Creditors	26,62,495
<b>Enterprises owned or significantly influenced by Key Management Personnel</b>		
PGSL USA, Inc	Purchases of Computer	70,51,650
	Software & Hardware	70,51,650
	Marketing Expenses	39,75,930

**9. Auditor's Remuneration (excluding service tax)**

Particulars	(Rs.) Period ended 31 December 2008
Statutory audit fees	80,000
Tax audit fees	30,000
<b>Total</b>	<b>1,10,000</b>

**10. Lease**

The Company has taken office facilities under non-cancellable operating lease agreements. The Company intends to renew such lease in the normal course of its business. Total rental expenses under such leases during the period 31 December 2008 amounted to 19,85,088.

11. In the opinion of the Board, realizable value of current assets, loans and advances, in the ordinary course of the business, would not be less than the amount at which these are stated in the balance sheet.
12. The Company is in the business of software development and related services. The sale and production of such software cannot be expressed in any generic unit. Hence, it is not possible to give the quantitative details like sales and certain information as required under paragraph 3, 4C and 4D of Part II of schedule VI to the Companies Act, 1956.

**13. Earning per share**

Particulars	(Rs.) Period ended 31 December 2008
Net profit / (loss) as per Profit and Loss Account	4,88,37,158
Less: Provision for Tax	<u>1,62,55,740</u>
Profit/(loss) attributable to the equity shareholders	<u>3,25,81,418</u>
Weighted average number of equity shares	1,19,01,299
Nominal Value of shares	2.74
Basic/Diluted Earning per share	2.74

14. 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 Nirvann Corporation, USA at a cost of

**POWERSOFT GLOBAL SOLUTIONS LIMITED AND ITS SUBSIDIARIES**

Schedule forming part of the Consolidated Balance Sheet and Consolidated Profit &amp; Loss Account (continued)

Rs1678.87 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. In the absence of latest financial Statements and other relevant documents of Nirvann Corporation, USA, the present market value of the investments is not ascertainable and no provision has been made for the diminution in the value of investments, if any.

15. Some of the balances in respect of Accounts Receivable from and payable to certain parties are subject to confirmation and reconciliation thereof from the parties.
16. Sundry creditors do not include dues to any small-scale industrial undertakings to the extent such firms have confirmed as small-scale industries.

17. Figures have been rounded off to the nearest rupee.

For and on behalf of the Board

**Manish Poddar**  
Chairman & CEO

**P. Rajkumar**  
Director

Place: Bangalore  
Date : 12 February 2009

Place: Bangalore  
Date : 12 February 2009

**POWERSOFT GLOBAL SOLUTIONS LIMITED AND ITS SUBSIDIARIES**
**CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD 01 OCTOBER 2007 TO 31 DECEMBER 2008**

Amount in Rs.

PARTICULARS	Period ended 31 December 2008	
<b>Cash Flow from Operating Activities</b>		
Net Profit before Tax and Extraordinary items	48,837,158	
<b>Add: Adjustments</b>		
Profit from Sale of Investments	(2,219,804)	
Dividend received	(1,706,136)	
Public issue expenses written off	2,248,810	
Depreciation / Amortisation	13,076,604	
<b>Operating profit before working capital changes</b>	60,236,633	
<b>Increase/Decrease:</b>		
Trade & Other Receivables	(74,894,651)	
Current Liabilities & Provisions	31,547,815	
<b>Cash flow before extraordinary items</b>	16,889,796	
Extraordinary items	-	
<b>Cash Income/Outflow from operations before Tax</b>	16,889,796	
Income Tax	10,951,620	
<b>Net Cash used in Operations</b>		5,938,176
<b>Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	(66,175,443)	
Investment in Subsidiaries	(99,990)	
Purchase of other Investments	(57,000,000)	
Sale of Other Investments	127,223,324	
Dividend received	1,706,136	
<b>Net Cash used in Investing Activities</b>		5,654,026
<b>Cash Flow from Financial Activities</b>		
Increase in Capital	8,400,010	
Repayment of Term Loans	(157,566)	
<b>Cash Flow from Financial Activities</b>		8,242,444
<b>Net Increase/Decrease in Cash &amp; Cash Equivalents</b>		19,834,646
<b>Cash and Cash equivalents at the beginning of the period</b> <i>(from Powersoft Global Solutions Limited)</i>		3,797,011
<b>Cash and Cash equivalents at the end of the period</b>		<b>23,631,657</b>
<b>Components of cash and cash equivalents</b>		
Cash in hand	68,731	
With Banks	23,562,926	
		<b>23,631,657</b>

**Note:**

- 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 to the Accounts (Schedule M) form an intergral part of the Cash Flow Statement.

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

 Place: Bangalore  
 Date: 12 February 2009

 H.C. Gulecha  
 Proprietor  
 M.No. 26034

**REPORT OF THE AUDITORS ON CASH FLOW STATEMENT**

We have examined the attached Cash Flow statement of Powersoft Global Solutions Limited and its subsidiaries for the year ended 31 December 2008. The Statement has been prepared by the Company in accordance with the requirements of listing agreement Clause 32 with the Bombay Stock Exchange and is based on and in agreement with corresponding Balance Sheet and Profit and Loss Account of the Company covered by our report of even date to the Members of the Company.

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

Place: Bangalore  
Date : 12 February 2009

**H.C. Gulecha**  
Proprietor  
M.No. 26034

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**POWERSOFT GLOBAL SOLUTIONS LIMITED**

Regd. Office: # 58, 1<sup>st</sup> Floor, HMT Layout,  
R T Nagar, Bangalore – 560 032

**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 Annual General Meeting of the Company held on Monday the 16<sup>th</sup> March 2009 at 9.30 A.M at Ramanashree California Resort, Ananthapura Gate, Doddaballapur Road, Yelahanka, Bangalore – 560 064

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

Registered Folio No.....

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



**POWERSOFT GLOBAL SOLUTIONS LIMITED**

Regd. Office: # 58, 1<sup>st</sup> Floor, HMT Layout,  
R T Nagar, Bangalore – 560 032

**PROXY FORM**

FOLIO NO.....

No. of Shares.....

I / We.....of.....being a Member/s of Powersoft Global Solutions Limited hereby appoint .....or failing him.....of.....as my / our proxy to vote for me / us on my / our behalf at the 16<sup>th</sup> Annual General Meeting of the Company held on Monday the 16<sup>th</sup> March 2009 at 9.30 A.M at Ramanashree California Resort, Ananthapura Gate, Doddaballapur Road, Yelahanka, Bangalore – 560 064

Affix Rs. 1-00 Revenue Stamp

Signed this .....Day of .....2009

Affix  
Rs. 1-00  
Revenue  
Stamp

**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.



# BOOK POST

## Powersoft Global Solutions Ltd.

Regd. Office: # 58, First Floor, HMT Layout,  
RT Nagar, Bangalore - 560 032 India

Tel: +91 80 4013 9900, Fax: +91 80 4169 7239

[www.powersoftglobal.net](http://www.powersoftglobal.net)