

## Chairman's message

*Dear Shareholders,*

*The previous year has been a landmark year in your company's history. We have achieved several milestones that have helped your company realize significant levels of revenue growth. Some of these are — acquiring important new customers, strengthening expertise in cutting-edge technology services, and developing stronger and more competitive value propositions that help our customers derive more bottom-line profits. Let us review the major accomplishments achieved by your company, the challenges that your company faces in the near-term, and the plan of action that has already been put in place to better understand your company's direction and growth prospects in the coming year.*

### *Industry Scenario*

*The past year witnessed a revalidation of the Indian Technology Industry. Industry performance was marked by a sustained double-digit revenue growth, steady expansion into newer service-lines and increased geographic penetration, and an unprecedented rise in investments by Multinational Corporations (MNCs). With worldwide expenditure crossing \$1.5 trillion on technology and related services, the Indian IT and ITES sector looks set to close the year at record levels of revenue and profitability growth, with the revenue aggregate growing by nearly ten times over the past 10 years.*

### *PGSL's Business Growth*

*Your company continued to grow at a healthy growth rate of 39.2% Y-O-Y in its overall revenue along with 69.9% growth on the PAJ. This growth has happened alongside our extensive investments in expanding the company's technology infrastructure and deepening the R&D expertise to deliver industry leadership in key segments of the industry. The appreciating Rupee has impacted the profitability of the entire industry along with that of your company. Although the impact has been marginal, the management remains cautious and is seeking to mitigate the currency risks by implementing the most effective risk management strategies.*

*Your company is engaged in the following segments: IT services outsourcing, Engineering Services Outsourcing, GIS Services, and R&D services. Most of the company's achievements have been due to a laser sharp focus on executing on our well defined strategy of marketing and growing our core services in the preferred target markets. It would be useful to go over the major highlights to better understand the specific achievements of the company:*

### *Major Highlights*

***IT Services Growth:*** *With significant efforts this past year, the company has realized some key customer wins in the IT services segment. We have expanded relationships with the current core*

customers and have been rewarded for our targeted sales and marketing efforts with the resultant increase in revenue growth.

**GIS & Engineering Services growth:** The Company added several new clients who have the capability to transform into large and long term engagements. PGSL also brought on board several domain experts who have been and will continue to be instrumental in providing the industry's leading GIS and Engineering services.

**R&D initiative:** Your Company has been relentless in its pursuit of excellence in R&D. Till now, we have invested significant time and resources to build up the expertise in the field, interacting with important players in the R&D industry and seeking to develop into a dominant R&D player in the Indian landscape. With this in mind PGSL has actively engaged in sourcing and analyzing other potential players in R&D for probable acquisitions.

The R&D industry as a whole has been gradually developing in distinct ways in two key regions: US and East Asia (China, Japan, & Korea). As a whole R&D is projected to continue its slow but steady growth in the near term but expected to take off after a period of 12 to 18 months with the arrival of rapid advances in hardware design and expanded chip capabilities. You can be assured that as and when the boom in R&D happens, your company will be optimally positioned to capitalize on it.

**Infrastructure Expansion:** Your Company has been investing heavily in expanding its infrastructure in India and USA. It is in the process of setting up a center of excellence in Bangalore to showcase its capabilities in high-tech solutions. It is also expanding its presence in West Coast of USA with a concentrated focus on targeting the lucrative business landscape in the Silicon Valley. Such efforts will allow PGSL to move up the value chain in its offerings and realize higher net margin from quality engagements.

**Acquisitions:** Your Company has been actively seeking potential acquisition candidates with varied business models focused on the IT industry. The past two quarters have seen a flurry of activity where several potential companies have been analyzed. With a view to finding the right niche players possessing strong management and a scalable business model, we will continue to engage in targeting and analyzing potential acquisitions. The management believes that your company will be significantly rewarded by continuing such efforts.

### **Future market trends**

Worldwide technology related spends are forecast to reach USD 2.1 trillion by 2010, growing at a CAGR of more than 7 percent over 2006-2010. Growth in global sourcing is expected to outpace growth in total spends, with up to USD 110-120 billion of the total amount spent on software and services in 2010, likely to be sourced through the global delivery model.

Rapid evolution of technologies and Internet applications, and the rise of pervasive computing are expected to drive a rapid and quantum increase in technology adoption by businesses and individuals. The proliferation of client devices and end-user or end-use devices at the network edge will result in the addition of billions of devices to the network edge, driving the need for more enterprise systems to deploy, manage, and make use of them. The effects of the internet generation entering the working-age population are expected to further accelerate technology usage and adoption.

Such industry growth rates are naturally expected to help your company achieve strong growth in all of its sectors. With the current value proposition of the company, the different segments are well positioned to handle the expected challenges that will be faced in pursuit of this growth.

### ***Emphasis on core***

Your company is focused on growing its core offerings in the target markets with the same aggressiveness of the past year. The robust growth of the past year is proof that our strategy of emphasizing on the core has been the best route toward expanding revenue and profitable opportunities.

### ***Continued investment in the future***

In terms of strategy, your company enters 2008 with a focus to enhance its infrastructure, expand the marketing reach, improve its technology offerings and refine its delivery process to help its customers realize better Returns on Investment. This aggressive organic growth will be supplemented by an inorganic drive toward acquiring businesses that are optimal for our existing technology business.

With a proven track record on excellent strategy, we are confident that our emphasis in 2008 on building new relationships and opening the doors to new technologies, emerging technology trends and best practices will only enhance the value of your company in the eyes of the industry, shareholders and employees.

As always we back our strategy with a tremendous focus on action. Our teams of experts continue to grow in quality and quantity offering the best solutions for our clients. With a determination to achieve our strategic goals of 2008 in mind, our focus on execution remains unfaltering.

We appreciate and respect the faith you have put into us for the past year and hope to instill pride in you for being willing stakeholders in this Company during this exciting time for technology industry in India.

*Best Wishes for the New Year,*



*Manish Poddar*  
Chairman & CEO

### **Board of Directors:**

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

### **Audit Committee:**

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

### **Remuneration Committee:**

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

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

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

### **Auditors:**

Messers H C Gulecha & Co  
Chartered Accountants, Bangalore

### **Bankers:**

Karnataka Bank Ltd., Union Bank of India,  
American Express Bank Ltd.,  
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:**

21700 Oxnard Street, St.345  
Woodland Hills, CA 91367, USA

1275 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.

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**NOTICE**

Notice is hereby given that the 15<sup>th</sup> Annual General Meeting of the members of **POWERSOFT GLOBAL SOLUTIONS LIMITED** will be held on **Monday, 17<sup>th</sup> December, 2007 at 4.00 pm, Hotel Ajantha, M G Road, Bangalore-560 001**, to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at 30<sup>th</sup> September, 2007 and the Profit and Loss Account for the year ended as on that date and the reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. P. Rajkumar, who retires by rotation and being eligible offer herself for re-appointment.
4. To appoint a Director in place of Mr. Prakash Sharma, who retires by rotation and being eligible offer himself for re-appointment.
5. To appoint Messrs. H. C. Gulecha & Co., Chartered Accountants, Bangalore as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration

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

Bangalore  
15<sup>th</sup> November, 2007

**U Sampath Kumar**  
Whole Time Director

**NOTES:**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. Proxies in order to be effective must be received by the Company at its Registered Office not later than forty-eight hours before the commencement of the meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed on 17-12- 2007.
4. Members are requested to notify the changes, if any, in their address to the Company's Share Transfer Agent, Bigshare Services Private Limited immediately, in respect of their physical shares if any, quoting their folio numbers and to their Depository Participants (DPs) in respect of their electronic share accounts.
5. Members / proxies are requested to bring their copies of Annual Report at the annual general meeting.
6. Members are requested to hand over the enclosed Attendance Slip, duly signed in accordance with their specimen signature registered with the Company, for attending the Annual General Meeting.
7. Members holding shares in same / identical name(s) under different folios are requested to apply for consolidation of such folio and relevant share certificate.
8. Members desiring any information as regards the accounts are requested to write to the Company at least 7 days before the date of the meeting, so as to enable the management to keep the information ready.
9. The Equity Shares of the Company are listed at Bombay Stock Exchange Limited.
10. Information as required under Clause 49 (IV)(G) of the Listing Agreement in respect of Directors being re-appointed:

**Attendance record of Directors seeking Re-appointment (1.10.2006 to 30.09.2007)**

1. Name	Mr. P. Rajkumar
Age	35 Years
Education	Commerce Graduate
Experience	12 Years
Other Directorships	Powersoft Geospatial Technologies Ltd.
Membership Status in Committee	N/A
No. Board Meeting held	6
No. Board Meeting attended	6
2. Name	Mr. Prakash Sharma
Age	69 Years
Education	B. Sc & M.S in Economics from Agra University, Economics from Agra University, M.S. (Economics) from University of Guilch at Ontario CA, Ph.D in Sociology from University of Georgia.
Experience	30 years
Other Directorships	None
Membership Status in Committee	None
No. Board Meeting held	6
No. Board Meeting attended	0

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

Bangalore  
15<sup>th</sup> November, 2007

**U Sampath Kumar**  
Whole Time Director

## DIRECTORS' REPORT

The Members,

Your Directors have pleasure in presenting the 15<sup>th</sup> Annual Report of your Company together with the Audited Statements of Accounts for the year ended 30<sup>th</sup> September, 2007.

### FINANCIAL RESULTS

(Rs. In Lacs)

Particulars	Year ended September 30, 2007	Year ended September 30, 2006
Operating Income	1269.89	911.76
Total Expenditure	1009.57	734.17
Profit before Depreciation	260.32	177.59
Depreciation	60.00	31.54
Profit before tax	200.32	146.05
Profit after tax	154.79	91.12
Profit transferred to General Reserve	154.79	91.12

### Management Discussion and Analysis

#### Operations review

With a clearly defined strategy of expanding our core offerings, your company delivered on consistent growth in all segments and across all the targeted geographies. The numbers speak for themselves.

Total income stood at Rs. 1269.89 Lakhs compared to Rs. 911.76 Lakhs for the previous year, delivering a growth of 39.2%. Operating profits increased to Rs.200.32 Lakhs for the year as compared to an operating profit of Rs. 146.05 Lakhs for the previous year. Profit after tax during the year improved to Rs. 154.79 Lakhs as against Rs. 91.12 Lakhs during the previous year.

In terms of execution PGSL has focused on developing itself as an essential participant in the burgeoning high-tech industry from India, ensuring its clients realize tangible benefits and actual results in pursuit of their business objectives.

PGSL has deepened its expertise and capabilities in GIS and Engineering Services and used this refined expertise to the benefit of critical needs of the clients. This apart, the Company has also invested heavily in RFID experts and expertise on a global scale.

Overall PGSL has built up a robust set of offering in its IT Services division which has delivered excellence for

its customers, employees and the Company's stakeholders as a whole.

#### Opportunities and threats

##### Opportunities

Indian technology industry has proven itself as a leading provider of innovative solutions across the world. Indian expertise is being recognized and rewarded and the reputation of Indians and the acceptance of Indian companies have created a highly favourable climate for PGSL in the technology world.

The strong technical competence draws from the sustained investment in key competency areas and positions PGSL as a reliable provider of various services to the global customers. Combined with a unique delivery model, and a deep understanding of the clients' business, PGSL is well positioned to exploit all profitable opportunities in its path.

Your Company has invested significant energy and resources in developing its capabilities in areas such as RFID, GIS and Engineering services. Such unique positioning allows the Company to approach new business development from a position of strength.

##### Threats

Due to the current economic and socio-political climate, global markets are in a state of continued flux. Companies today have to face enormous competitive pressures, all the while seeking to lower operative cost. Such demands require that your Company be constantly vigilant towards its business priorities.

A shortage of technical professionals in India has been created by the rising demand for talent everywhere. Your Company's success depends on successfully recruiting and retaining the very best professionals in India. PGSL has created a strong and aggressive HR perspective keeping in mind this threat to procure some of the best talent the country has to offer.

Infrastructure costs in India continue to rise with record levels of GDP growth. This in turn has led to rapidly rising living and business infrastructure costs, including increased communications, business services, and real estate costs. Your company depends on its ability to continuously improve its business model as well as climbing up the value chain to offset such costs.

##### Subsidiary companies

This past year saw PGSL set up a subsidiary company Concentric RF Systems Pvt. Ltd. to represent the RFID

initiatives. This subsidiary is expected to be the vehicle for delivering all the RFID related services globally and locally.

### **Technology and quality focus**

Best in class process methodologies and excellent project management skills create successful business for PGSL every day. Your company's software solution offerings create exceptional business benefits for clients globally along with our domain specific GIS and Engineering services.

Each of PGSL's service offerings is strategized and executed by separate and specialized business divisions which use market perspective, strategy and creativity to offer the best practices and deliver the toughest solutions with speed, flexibility and excellent execution skills. Tactile issues are solved with aggressive focus and a broad understanding of our clients industries and market scenarios as well as reputable skill in technology. PGSL has positioned itself as a recognized force with its proven technology and quality capabilities.

### **Growth strategy**

Your Company's growth strategy drives toward the goals of creating strong long-term relationships and superior innovative technologies. This PGSL aims to do by concentrating on the core offerings, with a sharp focus on execution of the right strategy. PGSL's superior services are enhanced by building up the niche offerings like RFID and engineering services and staying on a persistent path of innovation and skill development.

This persistence is sure to pay off, presenting PGSL as a dominant player in its chosen markets and allowing it to build strong and unassailable momentum in revenue and customer acquisitions growth.

### **Future outlook**

The future continues to look extremely promising as PGSL identifies and underlines the core competencies with aggressive marketing and excellent service and continue to rise above the ranks of ordinary IT service providers.

For the future the Company has begun setting in a strong infrastructure ready to meet the demands of companies that grow alongside the Company globally. This will enable PGSL to be ready for challenges of technology, economy and talent with the signature promise of excellence and strong technical capabilities.

### **Risks and concerns**

The current currency fluctuations provide a window for continued uncertainty in the Rupee value which can have a continued impact on your company's profitability. Strategy and market awareness help us recognize this and temper the eventual impact to our profitability.

The Indian economy's blistering pace of growth and rising levels of prosperity also affect the costs of living and doing business in India. Your Company plans to rely on aggressive innovations and continued process improvements to counter rising cost resulting from such an economic climate.

### **Human resources**

A strong recruitment team in place aids in acquiring the best talent swiftly and effectively in-house at PGSL. PGSL's focus on skilled and highly specialized professionals continues to reap benefits. The continuous influx of these professionals is kept in place by a determined people centric HR team that has an intense awareness of the industry scenario at all turns.

The HR team also focuses on driving creativity and creating conducive work environments for all employees. Employee meets and internal events boost morale, heightening productivity and team spirit. From constantly improving hiring procedures to continually advancing employee benefits PGSL continues to create less room for attrition and more room for achievement, on a personal and business level for all employees.

### **Research and Development**

Creating new avenues for growth means an investment of time and money in research. At PGSL people put their faith and investment in highly skilled researchers and state of the art research facilities. With a focus on developing our RFID skills in readiness for the boom, PGSL has created a solid research and development strategy for the same. Other PGSL service offerings are continuously refined in order to offer the best solutions at the most competitive market rates.

### **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:**

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

The Company has in place adequate systems of internal control commensurate with its size and the nature of its operations. These have been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable statutes, safeguarding

assets from unauthorized use or losses, executing transactions with proper authorization and ensuring compliance of corporate policies.

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

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

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

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

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

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

#### **WARRANTS ISSUE**

During October/November 2007, your Company allotted 30 lakh Warrants to Promoter Directors and strategic investors. The issue price was fixed at Rs. 28 including premium of Rs. 18 per warrant. During the year, due to nil trading, PGSL got the shares delisted from Bangalore Stock Exchange Limited, Madras Stock Exchange Limited and Ahmedabad Stock Exchange Limited.

#### **FIXED DEPOSITS:**

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

#### **DIRECTORS:**

Mr. P Rajkumar and Mr. Prakash Sharma retire by rotation and are eligible for re-appointment.

#### **DIRECTORS' RESPONSIBILITY STATEMENT:**

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

- (i) That in the preparation of the annual accounts for the financial year ended 30<sup>th</sup> September, 2007, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the company for the year under review;
- (iii) That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (iv) That the Directors had prepared the accounts for the financial year ended 30<sup>th</sup> September, 2007 on a 'going concern' basis.

#### **PARTICULARS OF EMPLOYEES:**

There was no employee drawing remuneration falling within the limits prescribed under Section 217(2A) of the Companies Act, 1956, and hence the question of furnishing information hereunder does not arise.

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

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

#### **CORPORATE GOVERNANCE:**

Pursuant to Clause 49 of the Listing Agreement with Stock Exchange, a Management Discussion and Analysis Report, Corporate Governance Report and

Auditor's & CEO's Certificates regarding compliance of the conditions of Corporate Governance are annexed hereto and forms part of the Annual Report.

**AVAILABILITY OF INFORMATION ON THE EDIFAR SYSTEM:**

By virtue of Clause 51 of the Listing Agreement with the Stock Exchanges, the Company has uploaded its Financial Results & Shareholding Pattern with effect from 30.09.07 on EDIFAR website namely [www.sebiedifar.nic.in](http://www.sebiedifar.nic.in) maintained by SEBI in-line with such manner and format as specified by SEBI. A statement of your Company can be accessed at this website.

**AUDITORS:**

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

**ACKNOWLEDGEMENT:**

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

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

**P. Rajkumar**  
Director  
Bangalore

**Manish Poddar**  
Chairman & CEO  
Los Angeles, USA

15<sup>th</sup> November, 2007

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

**A. Conservation of Energy**

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

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

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

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## REPORT ON CORPORATE GOVERNANCE

### I. Company's philosophy on corporate governance:

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

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

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

### II. Board of Directors :

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

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

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

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

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 2006-07 (October'06 to September'07)

Name of the Director	Category Particulars	Attendance		No. of other Directorships and Committee Membership/Chairmanship in other Indian Public Limited Company as on 30.09.07		
		Board Meeting	Last AGM	Other Directorship	Committee Memberships	Committee Chairmanships
Mr. Manish Poddar	C & ED	6	Y	Nil	Nil	Nil
Mr. P. Rajkumar	NE	6	Y	1	Nil	Nil
Mr. U Sampath Kumar	E	6	Y	Nil	Nil	Nil
Mr. Prithviraj K. K.	NE & ID	2	Y	Nil	Nil	Nil
Ms. Micaela Scarchilli	NE & ID	0	N	Nil	Nil	Nil
Mr. Prakash Sharma*	NE & ID	0	N	Nil	Nil	Nil

C & ED – Chairman & Executive Director, NED – Non Executive Director, NE & ID – Non Executive & Independent Director, E-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 year 2006-07, Six (6) Board Meetings were held on the following dates :**

30<sup>th</sup> October 2006, 21<sup>st</sup> November 2006, 30<sup>th</sup> January 2007, 30<sup>th</sup> April 2007, 4<sup>th</sup> June 2007, 30<sup>th</sup> July 2007.

**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.

**III. AUDIT COMMITTEE :**

At present the Committee comprises of Mr. Prithviraj K.K.- Chairman, Mr. Prakash Sharma and Mr. P. Rajkumar. All of them are Non Executive Directors and majority of them are Independent Directors. All have knowledge of finance, accounts, company law etc. The quorum for Audit Committee meeting is two members.

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

**The Key functions of the Committee are:**

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

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

Members	No. of Meetings	No. of Meetings attended in person	No. of Meetings participated through teleconference/video conference
Mr. Prithviraj K.K.	4	4	NIL
Mr. P. Rajkumar	4	4	NIL
Mr. Prakash Sharma	4	0	2

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, Mr. Prakash Sharma and

Mr. P. Rajkumar. The quorum for Remuneration Committee meeting is minimum of two members.

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

**Remuneration Policy :**

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

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

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

**Details of remuneration paid/payable to all Directors during the year ended 30.09.2007 are given below :**

(Amount in Rs.)

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

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

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

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

Name and designation of Compliance Officer:

Subsequent to the resignation of the Company Secretary, the Company is in the process of recruiting suitable candidate in the vacancy, who will be designated as Compliance Officer.

The total number of complaints received and replied to the satisfaction of shareholders during the year under review was 25. There was no outstanding complaint as on today.

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	AGM/EGM	Day, Date & Time	Venue
2003-2004	12 <sup>th</sup> AGM	Friday, 31 <sup>st</sup> December, 2004 at 10.00 a.m.	<b>Registered Office :</b> A-313, Block III, KSSIDC Complex, STPI, Electronics City, Hosur Road, Bangalore 560 100.
2004-2005	13 <sup>th</sup> AGM	Friday, 30 <sup>th</sup> December, 2005 at 11.00 a.m.	<b>Registered Office :</b> 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 Ajantha, M.G. Road, Bangalore - 560 001.

During the Financial year 2006-2007, the Company has passed Resolution through postal ballot, seeking shareholders approval for the following matters.

1. Increasing authorised capital from Rs.12 Crores to Rs.16 Crores
2. Altering Memorandum and Articles of Association
3. Issuing warrants to Promoters and Strategic Investors
4. Introducing ESOP

#### **VII. DISCLOSURES :**

- a) There are no materially significant related party transaction made by the Company with its Promoters, Directors or Management, their relatives, its subsidiaries etc. that may have potential conflict with the interests of the Company at large. Transactions with related parties during the period are disclosed in the Annual Report, in accordance with the requirements of Accounting Standard AS-18.
- b) 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.
- c) 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.
- d) All the mandatory items of Clause 49 have been complied with and covered in this report. In respect of Non Mandatory requirement of Clause 49 , the

Company has complied with appointment of all three Non Executive Directors as members of Remuneration Committee. The composition of this Committee has been detailed earlier in this report. Mr. Prithviraj K. K., the Chairman of this Committee is an Independent Director.

#### **CEO Certification:**

The CEO Certification of the financial statements and the cash flow statements for the financial year ended September 30, 2007 issued to the Board of Directors is enclosed at the end of this Report and forms part of this Annual Report.

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

Particulars of Directors to be appointed/re-appointed at the ensuing Annual General Meeting 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 Exchanges 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 Hosadigantha (Kannada). The results are not sent individually to the shareholders.

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

**X. GENERAL SHAREHOLDERS' INFORMATION :**

<b>AGM :</b> Date and Time Venue	<b>17<sup>th</sup> December, 2007; 4 pm</b> <b>Hotel Ajantha, MG Road, Bangalore-560 001</b>
<b>Financial Year 2007-08 (Tentative)</b> Financial Year ending - Result for First Quarter ending 31.12.07 - Result for Second Quarter ending 31.03.08 - Result for Third Quarter ending 30.06.08 - Audited Result for the year 30.09.08	30 <sup>th</sup> September, 2008 Last week of January, 2008 Last week of April, 2008 Last week of July, 2008 On or before 31 <sup>st</sup> December, 2008
Date of Book Closure	17.12.2007
Dividend 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 year 2006-2007	See Table No. 1 below
Performance in comparison to broad-based indices such as BSE Sensex, CRISIL index etc	N.A.
Registrar and Share Transfer Agents	<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	Physical Share Transfers are registered and returned within a period of 30 days from the date of receipt, if the documents are clear in all respects.
Distribution of shareholding & Category-wise distribution	See Table no. 2 & 3 below
De-materialisation of shares and liquidity	As on 30 <sup>th</sup> September, 2007, 66.76% of the Company's total Equity Shares representing 79,45,966 Shares were held in dematerialized form and balance 33.24% representing 39,55,333 Shares were held in physical form.
Outstanding GDRS/ADRS/Warrants or any convertible instruments, conversion date and likely impact on equity	There were no such outstanding instruments as on 30 <sup>th</sup> September, 2007
Development Centre	# 58, 1st Floor, H M T Layoyt, R T Nagar, Bangalore - 560 032.
Address for correspondence	<b>Regd. Off.</b> # 58, 1st Floor, H M T Layout, R T Nagar, Bangalore - 560 032.  OR <b>Bigshare Services Private Limited</b> E-2/3, Ansa Industrial Estate, Sakivihar Road, Sakinaka, Andheri (E), Mumbai – 400 072

**Table 1 – Market Price Data**

High and Low of market price of the Company's shares traded on Bombay Stock Exchange Limited during the Financial year 2006-07.

Month	BSE	
	High	Low
October – 2006	14.25	11.60
November – 2006	13.40	10.50
December – 2006	15.99	10.28
January – 2007	20.90	12.05
February – 2007	18.80	12.05
March – 2007	12.80	10.00
April – 2007	12.40	10.20
May – 2007	17.38	11.55
June – 2007	20.85	15.00
July – 2007	21.90	16.50
August – 2007	29.40	16.50
September – 2007	43.45	24.40

**Table 2 - Distribution of shareholding as on 30<sup>th</sup> September, 2007**

No. of Equity Shares	No. of Shareholders	% of Shareholders	No. of Shares	% of Shareholding
upto 5000	4,228	72.04	10,25,158	8.61
5001 to 10000	958	16.32	7,88,753	6.63
10001 to 20000	349	5.95	5,66,178	4.76
20001 to 30000	100	1.70	2,63,643	2.22
30001 to 40000	25	0.43	90,540	0.76
40001 to 50000	60	1.02	2,88,390	2.42
50001 to 100000	58	0.99	4,69,534	3.95
100001 and above	91	1.55	84,09,103	70.65
<b>Total</b>	<b>5,869</b>	<b>100.00</b>	<b>1,19,01,299</b>	<b>100.00</b>

**Table 3 - Distribution of Shareholding as on 30<sup>th</sup> September, 2007**

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	3,63,808	3.06
<b>2) Non Institutions</b>		
<b>a) Bodies Corporate</b>	16,55,375	13.91
<b>b) Individual</b>		
- Individual holding nominal share capital upto Rs.1 lakh	30,58,832	25.70
- Individual holding nominal share capital in Excess of Rs.1 lakh	14,27,003	11.99
<b>c) Any Other</b>		
- Clearing Member	1,05,830	0.89
- NRI	2,15,718	1.81
- 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 year ended 30<sup>th</sup> September, 2007 on the basis of the review of the financial statements and the cash flow statement and to the best of my knowledge and belief that:-

- 1) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
- 2) These statements together present a true and a fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations
- 3) There are, to the best of my knowledge and belief, no transactions entered into by the Company during the year 2006-07 which are fraudulent, illegal or violative of the Company's Code of Conduct.
- 4) I accept responsibility for establishing and maintaining internal controls. I have evaluated the effectiveness of the internal control systems of the Company and I further certify that, there are no deficiencies of which I am aware in the design or the operation of the Internal Control Systems.
- 5) I further certify that:
  - a) There have been no significant changes in the internal control during this year;
  - b) There have been no significant changes in the accounting policies during this year;
  - c) There have been no instances of significant fraud of which I have become aware and the involvement therein, of the management or an employee having significant role in the Company's Internal control System over financial reporting.

Yours Faithfully,  
For **Powersoft Global Solutions Limited**

**Manish Poddar**  
Chairman & CEO  
Los Angeles, USA

15<sup>th</sup> November, 2007

**COMPLIANCE CERTIFICATE ON  
CORPORATE GOVERNANCE**

To,

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

We have examined the compliance of conditions of Corporate Governance by **Powersoft Global Solutions Limited** for the year ended 30<sup>th</sup> September, 2007 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange(s).

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

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

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

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

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

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

15<sup>th</sup> November, 2007

## AUDITORS' REPORT TO THE MEMBERS OF POWERSOFT GLOBAL SOLUTIONS LIMITED

We have audited the attached Balance Sheet of M/s. Powersoft Global Solutions Limited, Bangalore as at 30<sup>th</sup> September, 2007 and the Profit and Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those standards require that we plan and perform audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining on a test basis, evidence supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements' presentation. We believe that our audit provides a reasonable basis for our opinion.
2. We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit.
3. In our opinion, proper books of account as required by law have been kept by the company, so far as appears from our examination of the books of accounts.
4. The company's Balance Sheet and Profit & Loss account dealt with by our report are in agreement with the books of account.
5. In our opinion, and to the best of our information and according to the explanation given to us, the Balance Sheet and Profit & Loss Account together with the Notes thereon attached thereto comply with the Accounting Standards referred to in Section 211(3C) of Companies Act, 1956;
6. On the basis of the written representations from the Directors, taken on record by the Board of Directors, none of the Directors are disqualified as on 30<sup>th</sup> September 2007 from being appointed as a director under section 274(1)(g) of Companies Act, 1956.
7. We report that, in our opinion and to the best of our knowledge and according to the information

given to us, the said accounts read with our Notes and Schedules appearing thereon give the information as required by the Companies Act, 1956 in the manner so required, give a true and fair view:

- (i) in case of Balance Sheet, of the state of affairs of the company as at 30<sup>th</sup> September, 2007, and
  - (ii) in case of Profit and Loss Account, of the Profit of the Company for the year ended on that date.
  - (iii) In the case of Cash Flow Statement, of the Cash flows for the year ended on that date.
8. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of section 227 (4A) of the Companies Act, 1956 and on the basis of such checks as we considered necessary and according to the information and explanations given to us, we report on the matters specified in paragraphs 4 & 5 of the said order to the extent they are applicable to the company that
- i) The Company has maintained records showing full particulars including quantitative details and situation of fixed assets. According to the information and explanation given to us, the management during the year has physically verified the fixed assets and no discrepancies were noticed on such verification
  - ii) The fixed assets of the company have not been revalued during the year.
  - iii) As informed to us, there was no inventory during the year-end and hence the question of valuation does not arise.
  - iv) In our opinion and according to the information and explanations given to us, there are no transactions of purchase of goods and materials and sale of goods, materials and services rendered in pursuance of contracts or arrangements entered in the registers maintained under section 301 of the Companies Act, 1956.
  - v) According to the information given to us, the Company has not taken any loans, secured or unsecured, from Companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956 and / or from the Companies under the same management as defined under sub-section (1B) of section 370 of the Companies Act,

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

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

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

Bangalore  
15.11.2007

**BALANCE SHEET AS AT 30th SEPTEMBER, 2007**

Amount in Rs.

Particulars	Schedule	As at 30.09.2007		As at 30.09.2006	
		Rs.	Rs.	Rs.	Rs.
<b>SOURCES OF FUNDS</b>					
Share Capital	1		<b>119,012,990</b>		119,012,990
Reserves & Surplus	2		<b>224,106,990</b>		208,627,050
Secured Loans	3		<b>407,393</b>		-
<b>Total</b>			<b><u>343,527,373</u></b>		<b><u>327,640,040</u></b>
<b>APPLICATION OF FUNDS</b>					
Fixed Assets	4				
Gross Block			<b>66,878,972</b>	35,008,137	
Less : Depreciation			<b><u>14,802,970</u></b>	<u>8,802,654</u>	
Net Block			<b>52,076,002</b>		26,205,483
Investments	5		<b>236,138,297</b>		265,355,873
Current Assets, Loans & Advances :					
Sundry Debtors	6	<b>97,635,070</b>		35,000,008	
Cash & Bank Balances	7	<b>3,797,011</b>		1,606,938	
Loans & Advances	8	<b><u>5,557,675</u></b>		<u>4,905,070</u>	
			<b>106,989,756</b>	41,512,016	
Less : Current Liabilities & Provisions	9	<b><u>57,073,820</u></b>		<u>12,629,516</u>	
Net Current Assets			<b>49,915,936</b>		28,882,500
Miscellaneous Expenditure (to the extent not written off or adjusted)					
Public Issue Expenditure			<b><u>5,397,138</u></b>		<u>7,196,184</u>
<b>Total</b>			<b><u>343,527,373</u></b>		<b><u>327,640,040</u></b>

Significant Accounting Policies

11

Notes on Accounts

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

For and on behalf of the Board

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

**Manish Poddar**  
 Chairman & CEO  
 Los Angeles, USA

**P Rajkumar**  
 Director  
 Bangalore

Date: 15.11.2007

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 30th SEPTEMBER, 2007**

Amount in Rs.

Particulars	Schedule	As at 30.09.2007 Rs.	As at 30.09.2006 Rs.
<b>INCOME</b>			
Software Sales and Services		120,963,235	89,036,540
Other Income		6,026,318	2,138,573
<b>Total</b>		<b>126,989,553</b>	<b>91,175,113</b>
<b>EXPENDITURE</b>			
Cost of sales		71,134,426	62,102,250
Administrative & Selling Expenses	10	28,023,326	9,527,082
Public issue expenses		1,799,046	1,799,046
Depreciation		6,000,315	3,153,508
<b>Total</b>		<b>106,957,112</b>	<b>76,581,886</b>
Profit for the year		20,032,441	14,593,227
Provision for Current taxation			-
- Income Tax		3,955,732	3,004,060
- Fringe Benefit Tax		198,769	55,771
- Defferred Tax Liability		398,000	1,633,341
		<b>4,552,501</b>	4,693,172
Profit after Tax		15,479,940	9,900,055
Balance of Loss b/f from previous year		4,433,458	(5,466,597)
Balance of profit (loss) carried over to Balance Sheet		19,913,398	4,433,458

Significant Accounting Policies	11
Notes on Accounts	12

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

For and on behalf of the Board

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

**Manish Poddar**  
Chairman & CEO  
Los Angeles, USA

**P Rajkumar**  
Director  
Bangalore

Date: 15.11.2007

**SCHEDULES TO THE BALANCE SHEET AS AT 30th SEPTEMBER, 2007.**

Amount in Rs.

Particulars	As at 30.09.2007	As at 30.09.2006
<b>Schedule - 1</b>		
<b>SHARE CAPITAL :</b>		
<b>Authorised Capital:</b> 12,000,000 Equity Shares of Rs.10/- each	<b>120,000,000</b>	120,000,000
<b>Issued, Subscribed &amp; Paid up Capital:</b> 11,901,299 Equity Shares of Rs.10/- each	119,012,990	119,012,990
(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 300,000 Equity Shares of Rs.10/- each have been allotted to Mr. Sampath Kumar without payment being received in cash)	<b>119,012,990</b>	<b>119,012,990</b>
<b>Schedule - 2</b>		
<b>RESERVE &amp; SURPLUS :</b>		
<b>Capital Reserve</b>		
<b>Profit on reissue of forfeited Shares :</b> As per Last Balance Sheet	5,349,866	5,349,866
<b>Security Premium Account :</b> (Including premium on current issue)	198,843,726	198,843,726
<b>Profit and Loss</b>		
B/f Loss of previous year	4,433,458	(5,466,597)
Profit for Current Year	15,479,940	19,913,398
	<b>224,106,990</b>	<b>208,627,050</b>
<b>Schedule - 3</b>		
<b>Secure Loans:</b>		
ICICI Bank Ltd - Logan Car Loan (Secured against Car)	407,393	-
	<b>407,393</b>	<b>-</b>

Amount in Rs.

**SCHEDULE - 4 FIXED ASSETS AS AT 30th SEPTEMBER, 2007**

Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	Balance as at 01.10.2006	Additions	Balance as at 30.09.2007	Balance as at 01.10.2006	For the year	Balance as at 30.09.2007	As at 30.09.2007	As at 30.09.2006
Furniture & Fixtures	216,862	1,426,012	1,642,874	126,630	64,109	190,739	1,452,135	90,232
Electrical Installations	637,500	203,318	840,818	97,640	36,685	134,325	706,493	539,860
Office Equipments	225,000	297,454	522,454	44,867	19,654	64,521	457,933	180,133
Computers	2,633,147	2,855,875	5,489,022	1,116,522	562,257	1,678,779	3,810,243	1,516,625
Computer Accessories	307,000	486,733	793,733	119,268	63,780	183,048	610,685	187,732
Computer Software	23,612,529	25,815,939	49,428,468	7,297,728	5,242,695	12,540,423	36,888,045	16,314,801
Goodwill	7,376,099	-	7,376,099	-	-	-	7,376,099	7,376,099
UPS & Batteries	-	148,200	148,200	-	5,993	5,993	142,207	-
Vehicles	-	637,304	637,304	-	5,142	5,142	632,162	-
<b>Gran Total</b>	<b>35,008,137</b>	<b>31,870,835</b>	<b>66,878,972</b>	<b>8,802,655</b>	<b>6,000,315</b>	<b>14,802,970</b>	<b>52,076,002</b>	<b>26,205,482</b>
Previous Year	<b>27,402,773</b>	<b>7,605,364</b>	<b>35,008,137</b>	<b>5,649,146</b>	<b>3,153,508</b>	<b>8,802,654</b>	<b>26,205,483</b>	<b>21,753,628</b>

**SCHEDULES TO THE BALANCE SHEET AS AT 30th SEPTEMBER, 2007**

Amount in Rs.

Particulars	As at 30.09.2007	As at 30.09.2006
<b>Schedule - 5</b>		
<b>INVESTMENTS:</b>		
<b>A) Long Term Investments</b>		
Trade Un quoted In Nirvann Corporation, State of Delaware, USA 870 Common Stock of USD 10 each	167,886,650	167,886,650
<b>B) Current Investments</b>		
i) ICICI Prudential Fixed Maturity Plan Series 38 - Holding 2000000 Units @ Face Value Rs.10.4017 per unit	20,803,400	
ii) NLFID Canliquid Fund - Daily Dividend - Holding 3500754.27 Units @ Face Value Rs.10.041 per unit (Previous year Holding 4070392.162 Units @ Face Value Rs.10.041 per unit)	35,151,074	40,870,808
iii) Templeton India Liquid Plus - Daily Dividend - Holding Units 126463.657 @ Face Value Rs.14.0716 per unit (Previous Year Holding Units 143477.642 @ Face Value Rs.12.907 per unit)	1,779,546	1,851,866
iv) Lotus India FMP 13 Month Series III - Daily Dividend - Holding Units 1000000.00 @ Face Value Rs.10.2695 per unit	10,269,500	
v) Franklin Mutual Fund - Daily Dividend - Holding 20249.707 Units @ Face Value Rs.1512.34 per unit		30,624,442
vi) DSP Merrill Lynch Liquidity Fund - Daily Dividend - Holding Units 2402361.02 @ Face Value Rs.10.041 per unit		24,122,107
Investment in wolly owned subsidiary company Concentric RF Systems Private Limited	248,128	
	<u>68,251,647</u>	<u>97,469,223</u>
	<u><b>236,138,297</b></u>	<u><b>265,355,873</b></u>
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>		
<b>Schedule - 6</b>		
<b>Sundry Debtors</b> (Unsecured, Considered Good)		
Outstanding for a period of more than six months	31,844,445	425,401
Others	<u>65,790,625</u>	<u>34,574,607</u>
	<b>97,635,070</b>	35,000,008
<b>Schedule - 7</b>		
<b>Cash &amp; Bank Balances</b>		
Cash In Hand	618,216	20,595
Balance With Scheduled Banks	<u>3,178,795</u>	<u>1,586,343</u>
	<b>3,797,011</b>	1,606,938
<b>Schedule - 8</b>		
<b>Loans and Advances</b>		
Unsesecured, Considered Good	<u>5,557,675</u>	<u>4,905,070</u>
	<u><b>106,989,756</b></u>	<u><b>41,512,016</b></u>

**SCHEDULES TO THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30th SEPTEMBER, 2007**

Amount in Rs.

Particulars	As at 30.09.2007	As at 30.09.2006
<b>Schedule - 9</b>		
Current Liabilities & Provisions		
Sundry Creditors	51,471,460	7,936,344
(There are no dues to Small Scale Industries as per the information available with the Company )		
Provision for Taxation	<u>5,602,360</u>	<u>4,693,172</u>
	<u><b>57,073,820</b></u>	<u><b>12,629,516</b></u>
<b>Schedule - 10</b>		
<b>ADMINISTRATIVE &amp; SELLING EXPENSES</b>		
Salaries	11,110,150	2,704,279
Staff Welfare	228,860	193,484
PF & ESI Employer Contribution	207,598	-
Office Expenses	400,890	427,924
Rent	1,374,006	797,025
Printing & Stationery	285,659	55,146
Electricity Charges	367,604	157,694
Communication Charges	602,707	260,507
Auditors Remuneration		
Statutory Audit Fees	60,000	30,000
Tax Audit Fees	20,000	10,000
Service Tax	<u>9,888</u>	<u>4,896</u>
Repairs & Maintenance - Computers & Others	135,735	139,515
Demat Handling Charges	106,316	50,751
Professional Charges	4,226,693	183,420
Postage & Courier Charges	48,438	22,369
Director Remuneration	600,000	600,000
Rates & Taxes	56,060	52,588
Training & Recruitment Expenses	262,037	477,852
Overseas Insurance	11,858	-
Legal Fees	9,000	-
Security Service Charges	170,363	-
Statutory Compliance Expenses	185,023	73,500
Generator Maintenance	51,613	-
Foreign Exchange Loss	982,387	-
Advertisement	16,000	46,354
Travel & Conveyance	1,626,180	550,426
Marketing Expenses	4,575,309	2,464,769
Lodging Expenses	214,038	-
Bad debts	21,431	-
Bank Charges	51,257	224,583
Interest on Car Loan	6,225	-
Total	<u><b>28,023,326</b></u>	<u><b>9,527,082</b></u>

## SCHEDULES TO ACCOUNT

### Schedule 11

#### Significant Accounting Policies:

1. Basis of preparation of Financial Statements.
  - a) The financial statements have been prepared under the historical cost convention on accrual basis in accordance with applicable accounting standards and the provisions of the companies Act.1956.
2. Use of Estimates  
 The preparation of financial statements in conformity with GAAP requires that the management makes estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent liabilities as at the date of the financial statements, and the reported amount of revenues and expenses during the reported year. Actual results could differ from those estimates.
3. Revenue Recognition  
 Revenue from
  - (i) Fixed price software contracts are recognized principally on the completed milestones as specified in the contracts.
  - (ii) Software development and services are recognized on time basis as per terms of specified contracts.
  - (iii) Dividend income is recognized when the right to receive payment is established.
4. Fixed Assets.  
 Fixed Assets are stated at cost less accumulated depreciation. Expenditure which are of capital nature are capitalized at cost which comprises of net purchase price, import duties, levies and directly attributable cost of bringing the asset to its working condition for its intended use.
5. Depreciation:  
 Depreciation on fixed assets is provided at the rates and in the manner provided in Schedule XIV to the Companies Act, 1956, under straight-line method. In case of addition to fixed assets, the rate is applied on pro-rata basis.
6. Impairment of Assets  
 The company evaluates impairment losses on fixed assets whenever events or changes in circumstances indicate that their carrying amount may not be recoverable.
7. Investments:  
 Long-term investments are stated at cost. Any decline other than temporary, in the value of such investments is charged to the profit and loss account. Current investments are stated at the lower of cost and fair value.
8. Foreign Currency Transactions.

Foreign currency transactions are recorded at a rate, which approximates the exchange rate prevailing on the date of the transaction. Current assets and liabilities denominated in foreign currencies are translated at the rate of exchange as at the balance sheet date. Any income or loss on account of exchange difference is recognized in the profit and loss account.

9. Taxation.  
 Income tax is accounted for in accordance with Accounting Standard 22 "Accounting for Taxes on Income" issued by the Institute of the Chartered Accountants of India. Tax expenses comprise both current and deferred Tax. Current tax is measured at the amount expected to be paid by using the applicable tax rates. Deferred tax asset and liabilities are recognized for future tax consequences attributable to timing differences between taxable income and Accounting income that are capable of reversing in one or more subsequent periods and are measured using the relevant enacted tax rates.
10. Contingent Liabilities  
 All known liabilities are provided in the accounts except liabilities of a contingent nature which have been adequately disclosed in the accounts.
11. Retirement Benefits.  
 The expenditure towards retirement benefits payable to employees is booked as and when the same is paid.
12. Miscellaneous Expenditure.  
 One Fifth of the Public issue expenditure incurred at the time of FPO during the year 2005-06 has been written off.
13. Earning Per Share.  
 The company reports basic and diluted earning per share (EPS) in accordance with Accounting Standard 20 on earning per share. Basic EPS is computed by dividing net profit or loss for the year by the weighted average number of equity shares outstanding during the year.
14. Cash Flow Statement.  
 The cash flow statement has been prepared under the indirect method as set out in the (AS-3), "Cash Flow Statement" issued by the Institute of Chartered Accountants of India.

#### Schedule - 12

##### Notes on Accounts:

1. Confirmation of balances under Sundry Debtors and Sundry Creditors are not obtained. In the Opinion of the management Sundry Debtors are stated at the Value realizable in the ordinary course of business.
2. Sundry Creditors do not include dues from any small scale industrial undertaking to the extent such firms have confirmed as small scale industrial undertaking.
3. The Company is engaged in the business of

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

4. Segment Reporting:

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

5. During the year, the Company has got covered under the Employees Provident fund and Employees State Insurance Scheme.

6. Managerial Remuneration:

	(Rs. In lakhs)	
	Current Year	Previous Year
Salary	6.00	6.00

7. Calculation of the maximum managerial remuneration is as under

Net profit as per Profit and Loss account	Rs	200.32	Lakhs
Less: C/F losses of the previous years	Rs	0	
Net Profit for the purpose of remuneration	Rs	200.32	Lakhs
Eleven percent of the above	Rs	22.00	Lakhs
Remuneration paid during the year	Rs	6.00	Lakhs

Hence the remuneration paid is within the limits allowable as per the companies Act, 1956

8. Sundry Creditors includes amount due to Directors Rs.26.56 Lacs (Previous Year Rs. 27.79 Lacs)

9. Auditors Remuneration:

	(Rs. In lakhs)	
	Current Year	Previous Year
Statutory Audit Fee	0.60	0.30
Tax Audit Fee	0.20	0.10
Service Tax	0.09	0.04
	0.89	0.44

10. During the year, the Company has invested Rs. 248,128.00 in wholly owned subsidiary of the company namely Concentric RF Systems Private limited was incorporated in July 2007 to initiate RFID business.

11. Disclosure of Related Party Transactions:

Related Party Disclosure as required under accounting standard on 'Related Party disclosures' (AS-18) issued by the Institute of Chartered Accountants of India are given below: (As identified by the Management and relied upon by the Auditors)

A Relationship : Key Management Personnel ( KMP)

**Mr. Manish Poddar**

Companies where control exists

Nirvan Corporation, USA (Joint venture)

During the year there is no transactions with related parties.

12. (Rs. In lakhs)

Earning Per Share (EPS)	Current Year	Previous Year
Net Profit before Tax	200.32	145.93
Less : Provision for Tax	45.52	46.93
Profit/ (Loss) attributable to the equity Shareholders	154.79	99.00
Basic/Weighted average no. of Equity Shares	11901299	11901299
Outstanding during the year (Nos.)		
Nominal value of shares	10.00	10.00
Basic/diluted Earning per share Rs.	1.30	0.83

13. Previous years figures have been regrouped / rearranged wherever considered necessary to correspond with current year figures.

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

For and on behalf of the Board

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

**Manish Poddar**  
Chairman & CEO  
Los Angeles, USA

**P Rajkumar**  
Director  
Bangalore

Date: 15.11.2007

## BALANCE SHEET ABSTRACT

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

<b>1. Registration details</b>		State code	8
CIN	U15136KA1992PLC013673		
Balance Sheet date	30.09.2007		
<b>2. Capital raised during the year (Amount in Lacs)</b>			
Public issue	Nil	Rights issue	Nil
Bonus Issue	Nil	Private Placement	Nil
<b>3. Particulars of Mobilisation and Deployment of Funds (Amount in Lacs)</b>			
<b>Source of Funds</b>		<b>Application of Funds</b>	
Share capital	1190.13	Net fixed assets	520.76
Reserves and surplus	2241.06	Investments	2361.38
Secured Loans	4.07	Net Current Assets	499.15
Unsecured Loans		Miscellaneous Expenditure	53.97
<b>Total</b>	<b>3435.27</b>	<b>Total</b>	<b>3435.27</b>
<b>4. Performance of the Company (Amount in Lacs)</b>			
Turnover	1269.89	Profit after tax	154.79
Total Expenditure	1069.57	Earnings per share in Rs.	1.30
Profit before tax	200.32	Dividend Rate (%)	Nil
<b>5. Generic Names of Three Principal Products (As per monetary terms )</b>			
<b>Item code no. (ITC Code)</b>		<b>Product description</b>	
NA		Software Products & Services	

For and on behalf of the Board

**Manish Poddar**  
 Chairman & CEO,  
 Los Angeles, USA

**P. Rajkumar**  
 Director  
 Bangalore

Date: 15.11.2007

**CASHFLOW STATEMENT FOR THE YEAR ENDED 30th SEPTEMBER, 2007**

Amount in Rs.

Particulars	Year ended 30.09.2007	Year ended 30.09.2006
<b>CASHFLOW FROM OPERATIONS</b>		
Profit before tax	20,032,441	14,593,227
Addjstment for Public issue expenses written off	1,799,046	
Adjustment for Depreciation	6,000,315	3,153,508
	<u>-</u>	<u>-</u>
Operating Profit before working capital changes	27,831,801	17,746,735
Adjustments for changes in Trade & Other Receivables	(63,287,667)	(25,571,672)
Trade Payables	44,444,306	1,470,463
	(18,843,361)	(24,101,209)
Cash Generated from Operations	8,988,440	(6,354,474)
Income Tax Paid	4,552,500	-
<b>NET CASHFLOW FROM OPERATIONS (A)</b>	4,435,940	(6,354,474)
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>		
Adjustments for consideration in excess of Net Assets of Business Purchased	-	(776,099)
Purchase of Fixed Assets	(31,870,835)	(229,265)
Purchase of Investments	29,217,576	(97,469,223)
<b>NET CASHFLOW FROM INVESTING ACTIVITIES (B)</b>	(2,653,259)	(98,474,587)
<b>CASHFLOW FROM FINANCING ACTIVITIES</b>		
Decrease in long term borrowings	407,392	
Increase in Capital	-	51,007,660
Increase in Securities Premium	-	61,209,193
Public Issue Expenses	-	(7,196,184)
<b>CASHFLOW FROM FINANCING ACTIVITIES (C)</b>	407,393	105,020,669
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	2,190,074	191,608
<b>CASH AND CASH EQUIVALENTS</b>		
<b>OPENING BALANCE</b>	1,606,938	1,415,329
<b>CLOSING BALANCE</b>	3,797,011	1,606,938
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (E-F)</b>	<b>2,190,074</b>	<b>191,608</b>

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

Significant Accounting Policies and Notes on Accounts ( Schedule 11 & 12 ) form an intergral part of the Cash Flow Statement.

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

For and on behalf of the Board

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

**Manish Poddar**  
Chairman & CEO  
Los Angeles, USA

**P Rajkumar**  
Director  
Bangalore

Date: 15.11.2007

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

We have examined the attached Cash Flow statement of Powersoft Global Solutions Limited, Bangalore, for the year ended 30th September, 2007. The Statement has been prepared by the Company in accordance with the requirements of listing agreement with the Stock Exchange, Mumbai (BSE) and is based on and in agreement with corresponding Profit and Loss Account and Balance Sheet of the Company covered by our report of even date to the Members of the Company.

**for H.C. GULECHA & CO**

Chartered Accountants

**H.C. Gulecha**

Proprietor

M.No. 26034

Bangalore

15.11.2007

**POWERSOFT GLOBAL SOLUTIONS LIMITED**  
Regd. Office: # 58, 1st 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 15th Annual General Meeting of the Company held on Monday, the 17th December, 2007 at 4.00 p.m. at Hotel Ajantha, M G Road, Bangalore-560 001, and at any adjournments thereof.

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

Registered Folio No.....

DP. ID No. ....

Client ID No. ....

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



**POWERSOFT GLOBAL SOLUTIONS LIMITED**  
Regd. Office: # 58, 1st Floor, HMT Layout, R.T.Nagar  
Bangalore – 560 032

**PROXY FORM**

FOLIO NO.....

No. of Shares.....

DP. ID No. ....

Client ID No. ....

I / We.....of.....being a Member/s  
of Powersoft Global Solutions Limited hereby appoint..... of .....or failing  
him.....of.....as my / our proxy to vote for me / us  
on my / our behalf at the 15th Annual General Meeting of the Company held on Monday, 17th December, 2007  
at 4.00 p.m. at Hotel Ajantha, M G Road, Bangalore-560 001, and at any adjournments thereof.

Signed this .....day of .....2007

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

Rs. 1/-  
Revenue  
Stamp