DRAFT PROSPECTUS

SAKSOFT LIMITED

(Incorporated as Sak Infotech Ltd., on November 24, 1999 at New Delhi, the name was changed to Saksoft Ltd., on September 30, 2002 and the registered office was transferred from NCT of New Delhi to Chennai Tamil Nadu, on October 11, 2004.)

Registered Office: 'Sri Ram Nivas', 38, V.K. Iyer Road, Mandaveli, Chennai – 600 028.
Tel.: 91-44-24614501 Fax: 91-44-24614486
E-mail: complianceofficer@saksoft.co.in Website: http://www.saksoft.com

PUBLIC ISSUE OF 25,00,000 EQUITY SHARES OF RS.10/- EACH FOR CASH AT A PREMIUM OF RS.20/- EACH AGGREGATING RS. 750 LAKHS.

RISK IN RELATION TO FIRST ISSUE

This being the first issue of the Equity Shares of Saksoft Limited (the "Company"), there has been no formal market for the Equity Shares of the Company. **The face value of shares is Rs.10/- and the issue price is 3 times of the face value.** The Issue Price (as has been determined and justified by the Lead Manager and Saksoft Limited as stated herein under the paragraph on the Basis for Issue price) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares of the Company or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISK

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Company and the Issue including the risks involved. The Equity Shares offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India (SEBI), nor does SEBI guarantee the accuracy or adequacy of this Prospectus. **Specific attention of investors is drawn to the statement of Risk Factors appearing on page no. iii of the Prospectus.**

ISSUER'S ABSOLUTE RESPONSIBILITY

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

LISTING

The Equity Shares are proposed to be listed on The National Stock Exchange of India Ltd., (NSE), the Designated Stock Exchange. The in-principle approvals have been received from NSE for listing of the Equity Shares vide their letter dated _____.

LEAD MANAGER TO THE ISSUE	REGISTRAR TO THE ISSUE
CENTRUM FINANCE LIMITED **SEBI Regn. No. INM 000010445** **UIN No. 100016915** Khetan Bhawan, 5th floor, 198, J. Tata Road, Churchgate Mumbai 400 020. Tel: +91-22-22023838 Fax: +91-22-22046096 Email: saksoft@centrum.co.in Web-site: www.centrum.co.in	**CAMEO CORPORATE SERVICES LIMITED** **SEBI Regn. No. INR 000003753** **UIN No. 100009282** "Subramanian Building" No1Club House Road, Chennai 600002 Tel +91-44-28460390 Fax +91-44-28460129 E-Mail – saksoft@cameoindia.com Web-site: www.cameoindia.com

ISSUE PROGRAMME

ISSUE OPENS ON	:	_____ 2005
ISSUE CLOSES ON	:	_____ 2005

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DEFINITIONS AND ABBREVIATIONS

Act	The Companies Act, 1956
Applicant	Any prospective investor who makes an application for shares in terms of this prospectus
Application Form	The form in terms of which the investors shall apply for the Equity Shares of the company
Articles	Articles of Association of Saksoft Limited
Board	Board of Directors of Saksoft Limited
CDSL	Central Depository Services (I) Limited
CLB	Company Law Board
DCA	Department of Company Affairs
Depositories Act	The Depositories Act, 1996 as amended from time to time
Depository	A Depository registered with SEBI under the SEBI (Depositories & Participant) Regulations, 1996 as amended from time to time
Designated Stock Exchange	NSE
DP	Depository Participant
EOU	Export Oriented Unit
EPS	Earnings Per Share
FEMA	Foreign Exchange Management Act, 1999
FI	Financial Institution
FII (s)	Foreign Institutional Investor(s)
Financial Year/Fiscal Year/FY	The twelve month period ended March 31 of a particular year
Fresh Issue/Issue	The issue of 25,00,000 new Equity Shares of Rs.10/- each at a premium of Rs.20/- per share as per this Prospectus
GOI	Government Of India
HUF	Hindu Undivided Family
Issue Opening Date	The date on which the issue opens for subscription
Issue Closing Date	The date on which the issue closes for subscription
Issue Period	The period between the Issue Opening Date and Issue Closing Date and includes both these dates
Issue Price	The price at which the Equity Shares will be issued by the Company under this Prospectus
Issuer/Company/Saksoft	Saksoft Limited
IT Act	Income Tax Act, 1961
Lead Manager/LM	Lead Manager to the Issue: Centrum Finance Limited
Memorandum	Memorandum of Association of Saksoft Limited
MF	Mutual Funds
MP	Management Proposal
NAV	Net Asset Value
NRI(s)	Non-Resident Indian(s)
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Limited
PAN	Permanent Account Number
PAT	Profit After Tax
PBDT	Profit Before Depreciation and Tax
PBIDT	Profit Before Interest, Depreciation and Tax
PBT	Profit Before Tax
WOS	Wholly Owned Subsidiary
Registrars	Registrar to the Issue: Cameo Corporate Services Ltd.
ROC	The Registrar of Companies, Tamil Nadu at Chennai
SEBI	Securities and Exchange Board of India
SEBI Act	Securities and Exchange Board of India Act, 1992 as amended from time to time
SEBI Guidelines	Means the extant Guidelines for Disclosure and Investor Protection issued by SEBI, constituted under the Securities and Exchange Board of India Act, 1992 (as amended), called SEBI (DIP) GUIDELINES, 2000

FORWARD-LOOKING STATEMENTS

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

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

- General economic and business conditions in India and in the company's major markets, particularly the United States;
- Company's ability to successfully implement its strategy and growth and expansion plans;
- Changes in the value of the Indian rupee and other currencies, in particular, the U.S. Dollar;
- Changes in the laws and regulations that apply to the Indian IT services industry, including with respect to tax incentives and export benefits;
- Adverse changes in U.S. laws, including those relating to outsourcing and immigration;
- Increased competition in and the conditions of the Indian and global IT services industry;
- The prices the company is able to obtain for its services;
- Wage levels in India for IT professionals;
- Shortage of IT professionals in India with relevant skill levels;
- The loss of significant clients;
- Changes in political or social conditions in India;

For further discussion of factors that could cause the company's actual results to differ see "Risk Factors" on page no. **iii** of this Prospectus. None of Saksoft Limited, Lead Manager or any of their respective affiliates has any obligation to update or otherwise revise any statements to reflect circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. Saksoft Limited and the Lead Managers will ensure that investors in India are informed of material developments until the grant of listing and trading permission by the Stock Exchange.

RISK ENVISAGED BY MANAGEMENT AND MANAGEMENT PROPOSAL (MP) THEREOF:

Investors should consider carefully the following risk factors, together with the other information contained in this Prospectus, before they decide to buy the Company's equity shares. If any of the following risks actually occur, the Company's business, financial condition and results of operations could suffer, the trading price of the Company's equity shares could decline and you may lose all or part of your investment.

RISKS SPECIFIC TO THE FUND RAISING AND INTERNAL TO THE COMPANY:

1. The company's revenues and profitability are dependent on a number of factors and may vary significantly from quarter to quarter. Therefore, the historical financial results may not be an accurate indicator of future performance.

   MP: The Company's profile of services has a wide mix of fixed price contracts, time & material contracts, onsite /off shore services with most of them having no contractually committed revenues for future periods. Thus any change at customer end will immediately reflect on customer reducing service intake, deeply impacting immediate revenues.

   Further the hiring of people is done at least a quarter ahead of revenue expectation, and as such; the company cannot react positively all the time to quarterly demand increases. Similarly in case of fall in demand in a quarter, it will also take at least another quarter to recover from any quarterly loss of revenue by either getting new revenue streams or pruning the costs.

   Revenues and margins over the years have fluctuated given the internal and external risk factors, the revenue and margins may vary from year-to-year or quarter-to-quarter in future years as well. So historical financial performance may not be an accurate indicator of the company's future performance. Thus the company's prediction of revenues and profits are prone to significant changes.

2. The Company currently has focus on only one domain i.e. BFSI (Banking, Financial Services, Insurance) and has the necessary people and skill set only in this domain. This limits the scope of diversification in other domains going forward.

   MP: While singular focus on BFSI has been the company's best selling proposition to customers, the same may make the company vulnerable to changes in BFSI industry's outsourcing patterns. Though BFSI is known to have large spenders on IT and thus BFSI market space for Saksoft is large. These large spenders tend to consolidate their vendor base from time to time dropping several small and medium sized vendors like Saksoft from their vendor list.

   While the Company wishes to diversify into other sectors in future, it would focus on the BFSI sector where it has proven strengths in the short and medium term.

3. The Company's revenues are highly dependent on a small number of clients. The loss of any of the major clients, a decrease in the volume of work they outsource or a decrease in the price at which the company offers its services to them may adversely affect revenues and profitability.

   MP: It is true that significant portion of the company's business comes from a few customers who have been giving repeat business. While this is very welcome news that customers find Saksoft a very dependable and quality software vendor, any decrease in the volume or the pricing of the assignments will negatively impact revenues and profitability.

   Citigroup, USA, Truelink, USA, Bank Mandiri, Indonesia, Citibank Singapore and Morgan Stanley UK are the top 5 customers contributing to about 78.85% of the revenues in the first 6 months of FY 2004-05. Citigroup, USA and Truelink, USA are existing customers who have been increasing their business with the Company in the last 2-3 years while Bank Mandiri is a new customer for this year.

From time to time, the company's customers have pruned or increased their budgets for IT services on a year-on-year basis. Further within a year they have revised their budgets based on their broad performance so far in that year. They have changed the policy on out sourcing, priorities within IT spending, consolidated vendor lists, engagement models (e.g., fixed or time & material), delivery models (onsite or offshore or offsite) etc. Each such change has an impact on the revenue and profitability of the company.

4. The Company's growth depends on acquiring new customers for its services apart from increasing business from existing customers.

   MP: Growth and expansion should also come from new customers added every quarter. At present new customer business volume is rather low and this could have an impact on possible growth of Saksoft. The company has taken measures to increase the sales force strength and quality to improve new customer acquisitions, but the results are expected in the medium/long term.

5. The Company's success depends in large part upon its highly skilled software professionals and its ability to attract and retain these personnel.

   MP: Saksoft's business, like any software vendor, depends on quality professionals and their longevity with the company. Attrition of these people in the prospering phase of the software industry is typically very high and growth prospects are significantly linked to the company's ability to retain talent. Most small and medium level companies lose trained resources to large companies who at present are using lateral hiring as a prime source for resource augmentation. Attrition at Saksoft in the first and second half of FY 2003-04 was 12% and 32% respectively; it was 26% in the first half of FY 2004-05.

   The salary structure or brand image or size of the company or such factors that improve retention are not at a critical level to bring attrition at Saksoft well below industry norms. Company has been taking measures for gradually improving these hygiene factors, but the results are expected in the medium and long term.

6. The Company has not been able to sustain its previous profit margins.

   MP: On a consolidated basis, the net profit increased 75% in 2002-03 compared to 2001-02 but decreased 66.25% in 2003-04 compared to 2002-03. The net profit margin was 27.03%, 26.37%, and 8.33% in 2001-02,2002-03,2003-04 respectively. For the half-year ended September 30, 2004, net profit increased by 69.2% compared to the full year 2003-04. The net profit margin was 19.44% for the half-year ended September 30, 2004. Revenues and margins have fluctuated given the nature of business. Hence past financial performance may not be an accurate indicator of the Company's future performance.

7. The Company has receivables of Rs. 19.90 lakhs, which is outstanding for a period of more than 6 months as of September 30, 2004.

   MP: The Company is making efforts to realize the outstanding receivables and is confident of recovering the dues.

8. The Company's success depends in large part upon its senior management and key personnel and its ability to attract and retain them.

   MP: An IT service is a very competitive industry. Good people are in demand, salary expectations are growing faster than revenue growth, price differential between players is shrinking rapidly and large customers are trying to set up their outfits in India. Hence retaining key personnel and recruiting fresh talent will be the challenges the company will have to face.

9. The Company operates in a highly competitive environment and this competitive pressure on the business is likely to continue.

MP: Software industry since late '90s has changed dramatically in its competitive environment. Low entry barriers have encouraged several new comers to begin operations very quickly. Economic slowdown in the last 2-3 years has brought pricing or rate differences between large and small players down significantly. Thus the rate as a differentiating point across software vendors is vanishing in the highly competitive market. Thus, the company sees increasing competitive pressure on its business now and in the future.

10. The Company's client contracts can usually be terminated without cause and with little or no notice or penalty, which could negatively impact its revenues and profitability.

    MP: Most of the company's contracts have termination clauses whereby the customer can terminate the contract without cause. The company's revenue projections in general assume continuity of business with customer in such contracts unless otherwise foreseen by it. But it is possible for customers to terminate with limited notice (mostly period and rarely penalty) in case of any change within customer environment. Such termination will have negative impact on the company's revenues and profits. This will also make its revenue and profit projections vulnerable.

11. In order to enhance capabilities and address gaps in industry expertise, technical expertise and geographic coverage, the company may undertake strategic acquisitions, which may prove difficult to integrate and manage or may not be successful.

    MP: Any acquisition brings in new culture and challenges in integration. It must be kept in mind that global operations of Saksoft pose complex issues on management of diverse cultures/people and acquisitions may bring more complexity. Thus managing the acquisition and integration are complex and there are no assurances for success.

12. Part of the project cost will be utilized for acquisitions. Company's acquisition plans are in nascent stage and the target companies have not yet been crystallized. Failure in acquisition may adversely impact the business prospects of the Company.

    MP The Management of the Company is confident to identify potential targets for acquisitions in India and abroad. The acquisition strategy will be formulated after completion of the IPO.

13. The Company has not entered into any definitive agreements to utilize the proceeds of this IPO.

    MP: The Company intends to use the net proceeds of the IPO for expansion of facilities, certification as also acquisitions. The company has sufficient experience in the expansion of facilities and does not foresee any problems in tying up the vendors for the same. See "Objects of the Offer" on page no. –-- of this Prospectus. The company has not entered into any definitive agreements to utilize such net proceeds. Pending any use of the net proceeds of the IPO, the company will invest the funds in high quality, interest bearing liquid instruments including deposits with banks.

14. The company has spent Rs. 7.85 lakhs towards the project cost for which the funds are being raised as mentioned on page no. ____ of this Offer Document. Any delay in the implementation of these projects would result in cost overruns and would affect the financials of the Company and could also affect the proposed expansion to be funded through the IPO.

    MP: Company is confident of implementing the project for which the funds are being raised and the commencement is expected on time. In case of any cost overruns the company shall invest the funds from its internal accruals. The company has incurred an expense of Rs. 7.85 lakhs as on date.

15. As at September 30, 2004 the company has contingent liabilities as disclosed in its Audited Accounts under Indian GAAP

Sr, No.	Particulars	Amount (Rs. In Lakhs)
1	On account of capital Expenditure	NIL
2	Performance Guarantee Issued (Previous Year- 2003-04: Rs. 17,35,000)	12.55
3	Disputed Income Tax Liability under appeal (Previous Year- 2003-04: Rs. 3,79,444)	3.79

MP: The performance guarantee issued is in the normal course of business. The company is also confident of its stand on the income tax claim. Therefore, the company does not foresee any possible loss or liability on both matters.

16. The valuations in the Software/ IT industry are presently high, which may not be sustained in future and may also not be reflective of future valuations in the industry. There are no standard valuation methodology or accounting practices in the emerging internet/media and related industries. The financials of the issuer are not strictly comparable with the players in the industry.

17. Pending utilization, the proceeds of the issue will be invested in non productive assets such as Bank Deposits and/or Gilt Edged Government Securities, either directly or through Government Securities based funds and other high quality liquid instruments in short and medium term. This deployment may not result in adequate returns for the Company.

18. The company currently has a high employee turnover ratio.

MP: Company's attrition ratios have been adversely affected due to highly competitive skilled labour market.

19. Employees of the Company, its subsidiaries and the Saksoft Employees Welfare Trust have been allotted shares of the company at a price of Rs 10 per share in the preceding one-year as detailed in the notes to Capital Structure.

20. The following group/associate companies made losses for the year ended March 31, 2004 as below:

Name of Company	Loss (Rs. In Lakhs)
Sak Technologies Ltd.	4.20
Sonnet trade & Investments Pvt. Ltd.	13.25
Sak Consumer Retail Services Ltd.	42.32

MP: The above companies are subsidiaries of The Sak Industries Ltd., which is a promoter of Saksoft. But there are no direct financial or other arrangements between the above companies and Saksoft. Therefore, the losses of these companies will not affect the books of Saksoft.

21. Outstanding Litigations against us and our subsidiaries/group/associate and companies.

AGAINST SUBSIDIARY COMPANIES

There are no litigations pending against any of the subsidiaries of Saksoft Limited.

AGAINST GROUP/ASSOCIATE COMPANIES

The Sak Industries Limited

The Company has filed a case against Kedia Distilleries for dishonoring of Cheques amounting to Rs 38 lacs u/s 138 of the Negotiable Instruments Act which is pending disposal.

Sak Abrasives Limited

The Commissioner of Central Excise has passed an order confirming a differential duty of Rs. 29,59,416/- and imposed an equal amount as penalty on brazed tools supplied to Widia India Ltd. The company has filed an appeal against the order in the Customs, Excise & Service Tax Appellate Tribunal.

7 retrenched workers have filed 3 cases in the labour court for a sum of Rs.5,25,000/- of which one case has been awarded in favour of the company. The other two cases are still pending.

AGAINST SAKSOFT LIMITED

Income Tax Dispute

The Income Tax Officer, Company Ward VI (1), Chennai 34 has issued an order dated 17th March 2004 u/s 154 of the Income Tax Act, 1961, giving effect to an order of 16th March 2003 passed u/s 263 by the CIT, Chennai III, demanding a tax amount of Rs.3,79,444/- for the AY 2001-02. The ITO has allowed reduced allowance for deductions under section 10B of the Income Tax Act. Saksoft is contesting this demand and has filed an appeal with the Income Tax Appellate Tribunal, A-2, Rajaji Bhavan, Besant Nagar, Chennai 600020 on 18th May 2004.

MP: Considering the facts and nature of the case, Saksoft believes that there will be positive final outcome in favour of the company and hence no provision has been made in the accounts.

EXTERNAL RISKS BEYOND THE CONTROL OF THE COMPANY

1. The IT industry is dependent on individual skill sets which may not be readily available /replaceable. Low availability of skilled manpower & high rate of employee turnover in the industry will lead to additional cost for investing in employees' training.

   MP: Saksoft is a software development company. The Company has a committed Senior Management Team who is with the company since 2000 and has ensured that attrition did not impact the company by suitable planning, training and grooming of a second line and alternative human resource availability. Therefore employee turnover at lower levels has not affected the operations of the Company. Investment in training of people is a continuous process, irrespective of employee turnover for existing as well as new employees.

2. Employee compensation levels in India and abroad may inhibit the company's growth and reduce its profit margins.

   MP: The employee compensation levels in India are increasing at a level significantly ahead of growth rate in revenues. Further, the onsite personnel are demanding near or above market rates prevailing in those countries reducing ability of Indian Software

industry to show cost-advantages over local players. Though this reduction in margin is managed partly by improving value of services, lower cost/time overruns in projects and reduction in other costs – in the medium and long term – this factor may inhibit growth and /or reduce margins.

3. The company derives a high proportion of its revenues from clients located in the United States. Immigration restrictions could limit the company's ability to conduct and expand its operations in the United States.

   MP: Large software companies have a large number of people on work visas in the United States already, who can extend their stay, but small and medium sized companies like Saksoft have to add more people with such work visas for growth in the short term. But the ceiling in the number of H1B visas has come down from 195,000 to 65,000 for 2004-05 (October to September). Saksoft, which looks at the US market to improve its growth rate, may be adversely hit by such restrictions. Immigration and Visa restrictions in other countries change from time to time and such restrictions may limit the company's ability to grow.

4. As a significant percentage of the company's revenues are denominated in U.S. Dollars and other foreign currencies and a significant percentage of its costs are denominated in Indian Rupees, the company faces the risk of fluctuating exchange rates.

   MP: Most of the company's revenues are from exports and in foreign currency. Exchange rates have been fluctuating and in the past Indian Rupee have appreciated against US Dollar leading to the net revenue coming down as also the profit margins. The company expects more growth in revenue from US in the next 2-3 years and thus its revenue and margin will be significantly impacted by exchange fluctuations.

5. Terrorist attack and other acts of violence or war involving India, the United States, and other countries could adversely affect the financial markets and adversely affect business.

   MP: Since major part of the company's revenues are from abroad, terrorist attacks or regional conflicts and such acts of violence will significantly hurt its revenues. Such acts impose more restrictions on travel, reduces commitment of customers to grow business relationships, adversely affects the financial markets and all these in turn will adversely affect the company's business.

6. Reduction or termination of tax incentives for software exports and/or imposition of new taxes will increase tax liability and reduce profitability.

   MP: Currently we benefit from certain incentives under section 10B of the Income Tax Act for the IT services we provide from specially designated "Software Technology Parks" (STPs) and other eligible units located in free trade zones. As a result of these incentives, our operations in India have been subject to relatively low tax liabilities. Under current Laws, tax incentives available to these units terminate on the earlier of the 10 year anniversary of the commencement of operations of the unit or 31st March 2009. When our tax incentives expire or terminate, our tax expense will materially increase, reducing our profitability. Further, the Government of India could enact Laws in the future that may adversely impact the tax incentives and consequently our tax liabilities and profits.

7. Political, economic and social developments in India could affect business.

   MP: Since 1991, the Government of India has pursued policies of economic liberalization, including significantly relaxing restrictions on the private sector. Any change in the direction of economic policies as also specific policies relating to IT companies could affect the company. Significant changes in India's economic liberalization and deregulation policies could affect business and economic conditions in India and impact our business.

8. Political opposition to offshore outsourcing in the United States and other countries where the company operates could adversely affect its business.

   MP: Outsourcing is seen as a 'threat to local jobs' and this trend has been seen even in pro-market economies like USA. This could be aided by restrictions on work permits; H1B or L1 visas and policy changes that appease the anti-outsourcing lobby in many countries. This backlash will have an effect on revenues and margins of Saksoft as it does for many software firms in India.

9. Any disruption in the supply of power, IT infrastructure and telecom lines could disrupt the company's business process or subject it to additional costs.

   MP: To stand breakdowns and disturbances, the Company has built additional infrastructure facilities like UPS, Generator, Battery Backup, ISDN backup to Leased line, multiple vendor telecom lines etc. However all these are inter-related and are effective for short period disruptions. But long disruptions or disruptions at central service providers etc., can disturb the continuity of business. All backup facilities built (and to be added in future) are expensive and will add to costs.

10. After this Offer, the price of the company's equity shares may be highly volatile or an active trading market for its equity shares may not develop.

    MP: There has been no public market for the company's equity shares till date and the price of the equity shares may fluctuate after this Offer. There can be no assurance that an active trading market for the company's equity shares will develop or be sustained after this Offer, or that the price at which the equity shares are initially offered will correspond to the prices at which they will trade in the market subsequent to this Offer.

    The trading price of the equity shares may fluctuate after this Offer due to a wide variety of factors including financial performance, competitive conditions, volatility in the stock markets and perceptions about the company and about investments in the IT sector.

11. Any changes in the tax laws in India particularly income tax might lead to increased Tax Liability of the Company thereby putting pressures on profitability.

    MP: Change in tax laws, particularly income tax, can have an impact on the post-tax profits of the Company.

NOTES:

1. Pre-Issue Net worth of the Company as on September 30, 2004 is Rs. 1585.73 lakhs. The Book value on the same date is Rs 22.87.
2. The Investors are advised to refer to the Para on "Basis Of Issue Price " on page No _____ before making an investment in this issue.
3. Size of the present issue – Public Issue of 25,00,000 equity shares of Rs.10/- each for cash at premium of Rs.20/- per share aggregating Rs 750 lakhs.
4. Average cost per share of Saksoft to the promoters is Rs.5. The Book Value per share as on September 30, 2004 is Rs. 22.87.
5. Investors may please note that in the event of over-subscription, allotment shall be made on a proportionate basis in consultation with the National Stock Exchange of India Limited, the Designated Stock Exchange.
6. For any complaint/clarification/information pertaining to the Issue, the investors may contact the Lead Manager or the Compliance Officer who will be obliged to attend to the same.
7. Since inception, the Company has issued 34,00,070 bonus shares by capitalization of free reserves.
8. Diminution in value of quoted investments: The book value of quoted investments is Rs. 4,72,71,376 lakhs whereas the market value of the quoted investments as on September

30, 2004 is Rs. 4,73,50,213 lakhs. There is no diminution in the value of Investments as on that date.

9. All information shall be made available by the Lead Manager and the Company to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever.

10. Related party transactions are given below:

RELATED PARTY DISCLOSURE DETAILS			
Nature of transaction	**Subsidiaries**	**Associates**	**Key management personnel**
	Rs. In lakhs		
Transactions during the six months ended September 30, 2004			
Sales income	715.41	-	-
	715.41		
Professional fees	309.36	-	-
Rent	-	21.95	-
Affiliate services	403.36	-	-
Remuneration	-	-	50.56
	712.72	**21.95**	**50.56**
Balance as at September 30, 2004			
Debtors	444.51	-	-
Investments	118.29	-	-
Loans and advances	57.07	-	-
	619.88	**0.00**	**0.00**

11. The Company has issued 34,00,070 equity shares of Rs.10/- each as Bonus Shares by capitalization of free reserves vide resolution passed at the Annual General Meeting on 19th August, 2004 and Board Meeting on the same date as detailed below:

Date of Allotment	**No. of Shares**	**Ratio**
19/8/2004	34,00,070	1:1
Total	**34,00,070**	

HIGHLIGHTS:

- Profit making company since inception.
- Company has obtained ISO 9001:2000 Certificate of Registration for Design, Development and Support of software applications.
- The Company has a committed professional management team.
- Company has paid dividend of 5%, 10% and 15% for the years 2001-02, 2002-03, and 2003-04.

PART I

1. GENERAL INFORMATION:

SAKSOFT LIMITED

(Incorporated as Sak Infotech Ltd., on November 24, 1999 at New Delhi, the name was changed to Saksoft Ltd., on September 30, 2002 and the registered office was transferred from NCT of New Delhi to Chennai, Tamil Nadu, on October 11, 2004.)

Registered Office: 'Sri Ram Nivas', 38, V.K. Iyer Road, Mandaveli, Chennai – 600 028
Tel.: 91-44-24614501 Fax: 91-44-24614486
E-mail: complianceofficer@saksoft.co.in Website: http://www.saksoft.com

AUTHORITY FOR THE PRESENT ISSUE:

Pursuant to Section 81(1A) of the Companies Act 1956, the present issue of Equity Shares has been authorized vide Special Resolution passed at the Extra-Ordinary General Meeting of the Company held on 24th November 2004 and a Resolution passed by the Board of Directors on 14th October 2004.

GOVERNMENT APPROVALS:

The Company can undertake all the present and proposed activities in view of the present approvals mentioned hereinafter and no further approvals from any government authorities are required by the Company to undertake the present and proposed activities except those approvals that may be required to be taken in the normal course of business from time to time.

It must be specifically understood that in giving the above approvals, the Central Government / RBI does not take any responsibility for the financial soundness of any scheme or for correctness of any of the statements made or opinions expressed with regard thereto.

The Company has received the following Government Approvals/Licenses/Permissions:

Letter No. STPIC /G319/99/2000 dated 14th March 2000 from Software Technology Parks of India approving the setting up of a 100% Export Oriented Unit under the STPI Scheme.

STATUTORY APPROVALS:

The Company can undertake all the present and proposed activities in view of the present approvals mentioned hereinbefore and no further approvals from any government authorities are required by the Company to undertake the present and proposed activities.

PROHIBITION BY SEBI:

The Company, its directors, any of the Company's Associates or Group Companies, and companies with which the directors of issuer are associated, as directors or promoters, have not been prohibited from assessing the capital market under any order or directions passed by SEBI. The listing of any securities of the issuer has never been refused at anytime by any of the stock exchanges in India.

ELIGIBILITY FOR THE ISSUE:

The Company fulfills the criteria of eligibility Norms for Public issue by Unlisted Company as specified in Clause 2.2.1 of SEBI (Disclosure and Investor Protection) Guidelines, 2000 in the following manner:

1. The Company, both on a consolidated and individual basis, has a Pre-issue net worth of at least Rs.1 crore in each of the preceding 3 full years (of 12 months each).

CONSOLIDATED:

Rs. In lakhs

Financial Year	**2001-2002**	**2002-2003**	**2003-2004**	**2004-2005 (Half year)**
Share Capital	340.00	340.00	340.00	691.75
Reserves & Surplus	343.95	834.33	958.79	926.34
Net worth	**683.95**	**1174.33**	**1298.79**	**1618.09**

INDIVIDUAL:

Rs. In lakhs

Financial Year	**2001-2002**	**2002-2003**	**2003-2004**	**2004-2005 (Half year)**
Share Capital	340.00	340.00	340.00	691.75
Reserves & Surplus	396.70	822.30	850.47	894.18
Net worth	**736.70**	**1162.30**	**1190.47**	**1585.73**

2. The Company, both on a consolidated and individual basis, has a track record of distributable profits as per Section 205 of Companies Act, for at least three (3) out of immediately preceding five (5) years.

CONSOLIDATED:

Rs. In lakhs

Financial Year	**2001-2002**	**2002-2003**	**2003-2004**	**2004-2005 (Half year)**
Profit After Tax	310.24	538.33	181.67	307.41
Dividend (%)	5.00	10.00	15.00	N.A.
Dividend Paid (including Tax)	18.74	38.35	57.53	N.A.

INDIVIDUAL:

Rs. In lakhs

Financial Year	**2001-2002**	**2002-2003**	**2003-2004**	**2004-2005 (Half year)**
Profit After Tax	347.03	463.64	85.38	383.36
Dividend (%)	5.00	10.00	15.00	N.A.
Dividend Paid (including Tax)	18.74	38.35	57.53	N.A.

3. The Company, both on a consolidated and individual basis, has a Net Tangible Assets of at least 3 crores in each of the preceding 3 full years (of 12 months each) and the monetary assets of the company in the last 3 years are less than 50% of the net tangible assets.

CONSOLIDATED:

Rs. In lakhs

Financial year	**2001-2002**	**2002-2003**	**2003-2004**	**2004-2005 (Half year)**
Fixed Assets (net)	204.26	238.35	280.02	254.96
Current Assets, Loans and Advances	531.83	1140.40	898.80	1168.15
Investments	44.76	50.01	397.13	472.71
Less: Miscellaneous Exp not written off.	3.27	0.65	0.32	0.16
Less: Current Liabilities and Provisions	93.69	227.42	243.88	241.71
Net Tangible Assets	**683.89**	**1200.69**	**1331.75**	**1653.95**
Monetary Assets	**134.32**	**166.15**	**597.29**	**755.39**

INDIVIDUAL:

Rs. In lakhs

Financial Year	**2001-2002**	**2002-2003**	**2003-2004**	**2004-2005 (Half year)**
Fixed Assets (net)	173.30	206.02	256.66	231.78
Current Assets, Loans and Advances	469.99	988.38	630.83	915.12
Investments	147.12	169.27	516.39	591.98
Less: Current Liabilities and Provisions	50.50	174.37	179.94	116.92
Less: Miscellaneous Exp not written off	0.97	0.65	0.32	0.16
Net Tangible Assets	**738.94**	**1188.65**	**1223.62**	**1621.80**
Monetary Assets	**113.96**	**113.41**	**483.41**	**633.31**

Net Tangible Assets are defined as the sum of fixed assets (including capital work in progress and excluding revaluation reserves, if any), trade investments, current assets (excluding deferred tax assets) less current liabilities (excluding deferred tax liabilities, secured and unsecured long term liabilities) and miscellaneous expenditure not written off.

Monetary assets are defined as the sum total of cash and bank balances and liquid investments.

4. The issue size (i.e. offer through offer document + firm allotment + promoters' contribution through the offer document) does not exceed five (5) times its pre-issue net worth as per last available audited accounts, either at the time of filing Prospectus with SEBI or at the time of opening of the issue.

DISCLAIMERS

SEBI DISCLAIMER CLAUSE

"IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF OFFER DOCUMENTS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR FOR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE, OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE OFFER DOCUMENT. THE LEAD MANAGER, CENTRUM FINANCE LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (DISCLOSURES AND INVESTOR PROTECTION) GUIDELINES IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT, WHILE THE ISSUER COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE OFFER DOCUMENT, THE LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGER CENTRUM FINANCE LIMITED, HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED 10th DECEMBER 2004 IN ACCORDANCE WITH SEBI (MERCHANT BANKERS) REGULATIONS, 1992, WHICH READS AS FOLLOWS:

1. **WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC., AND OTHER MATERIALS MORE PARTICULARLY REFERRED TO IN THE ANNEXURE HERETO IN CONNECTION WITH THE FINALIZATION OF THE DRAFT PROSPECTUS PERTAINING TO THE SAID ISSUE;**

2. **ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY;**

WE CONFIRM THAT:

a. **THE OFFER DOCUMENT FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**
b. **ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE AND ALSO THE GUIDELINES, INSTRUCTIONS ETC., ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
c. **THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL-INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE;**
d. **WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATION IS VALID;**

THE FILING OF OFFER DOCUMENT DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OR 68 OF THE COMPANIES ACT, 1956 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED

ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MERCHANT BANKER(S) ANY REGULARITIES OR LAPSES IN OFFER DOCUMENT.

DISCLAIMER CLAUSE OF THE NATIONAL STOCK EXCHANGE (NSE)

As required, a copy of this Prospectus has been submitted to The National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given, vide its letter dated __ __ 2004, its permission to the Company to use the Exchange's name in this Draft Prospectus as the Stock Exchange on which the Company's securities are proposed to be listed subject to, the Company fulfilling the various criteria for listing including the one related to paid-up capital (i.e. the paid-up capital shall not be less than Rs.10 crores and market capitalization shall not be less than Rs.25 crores at the time of listing). The Exchange has scrutinized this Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to the Company. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the Prospectus has been cleared or approved by NSE; nor does it warrant, certify or endorse the correctness or completeness of any of the contents of this Prospectus; nor does it warrant that the Company's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of the Company, its promoter, its management or any scheme or project of the Company.

Every person who desires to apply for or otherwise acquire any securities of the Company may do so pursuant to an independent inquiry, investigation and analysis and shall not have any claim against the NSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription or acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

JURISDICTION

This offer is made in India to persons resident in India (including Indian nationals resident in India who are majors, Hindu Undivided Families, companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), trust registered under the Societies Registration Act, 1860, or any other trust law and who are authorized by their constitution to hold and invest in shares) and to NRIs and FIIs as defined under Indian laws. This prospectus does not, however, constitute an offer to sell or an invitation to subscribe to shares issued hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this offer document comes is required to inform himself about and to observe any such restrictions. Any disputes arising out of this offer will be subject to the jurisdiction of the appropriate courts in India. No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this prospectus has been filed with SEBI for its observations and SEBI has given its observations and the final document has been filed with ROC as per the provisions of Companies Act. Accordingly, the equity shares represented thereby may not be offered or sold, directly or indirectly, and this prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this prospectus nor any sale hereunder shall under any circumstances create any implication that there has been no change in the affairs of Saksoft Limited since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

DISCLAIMER STATEMENT FROM THE ISSUER

Investors may note that Saksoft Limited accepts no responsibility for statements made other than in this prospectus or in the advertisement or any other material issued by or at the instance of the issuer company or lead manager and that any one placing reliance on any other source of information would do so at their own risk.

FILING

1) Copy of this Prospectus, along with the documents required to be filed under Section 60 of the Act having attached thereto, has been delivered for registration to the Registrar of Companies, Tamil Nadu at Chennai.

2) Copy of the Prospectus has been filed with SEBI, Chennai.

LISTING

An initial listing application has been made to The National Stock Exchange (Designated Stock Exchange) for permission to list the Equity Shares and for an official quotation of the equity shares of the Company.

In case the permission for listing of the equity shares is not granted by the above mentioned Stock Exchange, the Company shall forthwith repay, without interest all monies received from the applicants in pursuance of this Prospectus. If such money is not repaid within 8 days after the day from which the Issuer becomes liable to pay it, then the Company and every director of the Company who is an officer in default shall, on and from expiry of 8 days, be jointly and severally liable to repay that money with interest as prescribed under Section 73 of the Companies Act, 1956.

UNDERTAKING FROM PROMOTERS AND DIRECTORS

THE ISSUER ACCEPTS FULL RESPONSIBILITY FOR THE ACCURACY OF THE INFORMATION GIVEN IN THIS PROSPECTUS AND CONFIRMS THAT TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, THERE ARE NO OTHER FACTS, THE OMISSION OF WHICH MAKE ANY STATEMENT IN THIS OFFER DOCUMENT MISLEADING AND THEY FURTHER CONFIRM THAT THEY HAVE MADE ALL REASONABLE INQUIRIES TO ASCERTAIN SUCH FACTS. THE ISSUER FURTHER DECLARES THAT THE STOCK EXCHANGE TO WHICH AN APPLICATION FOR OFFICIAL QUOTATION IS PROPOSED TO BE MADE DO NOT TAKE ANY RESPONSIBILITY FOR THE FINANCIAL SOUNDNESS OF THIS OFFER OR FOR THE PRICE AT WHICH THE EQUITY SHARES ARE OFFERED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS OFFER DOCUMENT.

THE PROMOTERS/DIRECTORS DECLARE AND CONFIRM THAT NO INFORMATION/MATERIAL LIKELY TO HAVE A BEARING ON THE DECISION OF INVESTORS IN RESPECT OF THE SHARES OFFERED IN TERMS OF THIS PROSPECTUS HAS BEEN SUPRESSED, WITHHELD AND/OR INCORPORATED IN THE MANNER THAT WOULD AMOUNT TO MIS-STATEMENT/MISREPRESENTATION AND IN THE EVENT OF ITS TRANSPIRING AT ANY POINT OF TIME TILL ALLOTMENT/REFUND, AS THE CASE BE, THAT ANY INFORMATION/MATERIAL HAS BEEN SUPRESSED/WITHHELD AND/OR AMOUNTS TO A MIS-STATEMENT/MIS-REPRESENTATION, THE PROMOTERS/DIRECTORS UNDERTAKE TO REFUND THE ENTIRE APPLICATION MONIES TO ALL THE SUBSCRIBERS WITHIN 7 DAYS THEREAFTER WITHOUT PREJUDICE TO THE PROVISIONS OF SECTION 63 OF THE COMPANIES ACT.

CORPORATE GOVERNANCE

The SEBI Guidelines in respect of Corporate Governance shall be applicable to the Company immediately upon Listing of its Shares on the stock exchange. The Company undertakes that it shall take necessary steps to comply with all the requirements of the guidelines on Corporate Governance as would be applicable to it upon listing of shares. In this regards, the Company has already set up the Audit Committee and Shareholders & Investor Grievance Committee.

IMPERSONATION

As a matter of abundant caution attention of applicants is specifically drawn to the provisions of Sub-Section (1) of Section 68A of the Act, which is reproduced below:

"Any person who:

(a) Makes in a fictitious name an application to a Company for acquiring, or subscribing for, any shares therein, or
(b) Otherwise induces a Company to allot or register any transfer of Shares therein to him or any other person in a fictitious name,

shall be punishable with imprisonment for a term which may extend to five years."

MINIMUM SUBSCRIPTION

If the company does not receive the minimum subscription of 90% of the issued amount on the date of closure of the issue, or if the subscription level falls below 90% after the closure of the issue on account of cheques having being returned unpaid or withdrawal of applications, the company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after the company becomes liable to pay the amount, the company shall pay interest as per Section 73 of the Companies Act, 1956.

ISSUE OF ALLOTMENT LETTERS/REFUND ORDERS

The company shall give credit to the Beneficiary Account with Depository Participants within two (2) working days of finalization of the basis of allotment of Equity Shares. The refund orders shall be dispatched within a period of 10 weeks from the closure of issue and in case of any delay in refund, interest shall be paid at the prescribed rate under Section 73(2)/73(2A) of the Companies Act. The Company shall dispatch refund orders, if any, of value up to Rs.1500/- under Certificate of Posting, and will dispatch refund orders above Rs.1500/- if any, by registered post or speed post at the sole or first applicant's sole risk.

In accordance with the Companies Act, the requirements of the Stock Exchange and the SEBI Guidelines, the Company further undertakes that:

- Allotment and transfer of Equity Shares will be made only in the dematerialized form within 30 days from the issue closing date.
- Dispatch of refund orders will be done within 30 days from the issue closing date.
- The Company shall pay interest at 15% per annum for delay beyond 30 days (as mentioned above), if transfer is not made, refund orders are not dispatched and/or demat credits are not made to investors within the 30 days prescribed above.

The company will provide to the Registrar to the Issue adequate funds required for dispatch of refund orders or allotment advice.

Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by the Company, as refund banker(s) and payable at par at places where applications are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centers will be payable by the applicants.

DESPATCH OF REFUND ORDERS

The Company shall ensure dispatch of refund Orders of value up to Rs. 1500/- Under Certificate of Posting and refund orders over the value of Rs. 1500/- by Registered Post only. The Company would also make adequate funds available to the Registrars to the Issue for this purpose.

ISSUE SCHEDULE

The subscription list will open at the commencement of banking hours and will close at the close of banking hours on the dates as mentioned below:

Issue Opens on	:	__ __ 2005
Issue Closes on	:	__ __ 2005

ISSUE MANAGEMENT TEAM

REGISTERED OFFICE OF THE ISSUER

Saksoft Limited
'Sri Ram Nivas',
38, V.K. Iyer Road,
Mandaveli,
Chennai – 600 028.
Tel: 91-44-24614501
Fax: 91-44-24614486
Website: http://www.saksoft.com

COMPLIANCE OFFICER/COMPANY SECRETARY

Mr. S. Sankaran
Company Secretary
Saksoft Limited
'Sri Ram Nivas'
38, V.K. Iyer Road, Mandaveli
Chennai – 600 028.
Tel: 91-44-24614501
Fax: 91-44-24614486
Email: complianceofficer@saksoft.co.in

LEAD MANAGER TO THE ISSUE

Centrum Finance Limited
SEBI Regn. No. INM000010445
UIN No. 100016915
Khetan Bhawan, 5th floor,
198, J. Tata Road, Churchgate
Mumbai 400 020.
Tel: +91-22-22023838
Fax: +91-22-22046096
Email: saksoft@centrum.co.in

REGISTRARS TO THE ISSUE

Cameo Corporate Services Limited
SEBI Regn. No. INR 000003753
UIN No. 100009282
"Subramanian Building" No.1.Club House Road,
Chennai 600002
Tel +91-44-28460390
Fax +91-44-28460129
E-Mail – saksoft@cameoindia.com

LEGAL ADVISOR TO THE ISSUE

Dua Associates
Advocates
Palani Center, Ground and Third Floor
32, Venkatanarayana Road, T Nagar
Chennai-600017
Tel: +91 44 4314304-07
Fax: +91 44 4314308
Email: senthil@duaassociates.com

AUDITORS TO THE COMPANY

Suri & Co.
Chartered Accountants
70, Kodambakkam High Road
Chennai – 600 034.
Tel: +91 44 28277082
Fax: +91 44 28223282
Email: suriche@rediffmail.com

BANKERS TO THE COMPANY

Citibank NA
Mount Road
Chennai 600002
Tel 044-28521771
Fax 044 – 28524175

ICICI Bank Ltd
1, Cenotaph Road
Chennai 600028
Tel 044-24364702
Fax 044 – 24344710

HDFC Bank Limited
R A Puram,
Opp Kaliappa Hospital
Chennai 600028
Tel: 044-24315611
Fax 044 – 24315612

BANKERS TO THE ISSUE

ICICI Bank Ltd
Capital Markets Division
30, Mumbai Samachar Marg,
Mumbai 400001

Investors are requested to contact the Compliance Officer in case of any pre-issue/post-issue related problems such as non-receipt of letter of allotment/share certificate/refund orders, non demat account credit, etc.

CREDIT RATING/DEBENTURE TRUSTEE

This being an equity issue, no credit rating or appointment of Debenture Trustee is required

UNDERWRITERS TO THE ISSUE

Underwriting being optional, the Company does not propose to underwrite the issue.

2. CAPITAL STRUCTURE OF THE COMPANY:

No. Of Shares	Nominal Value (Rs.)	Aggregate Value (Rs.)
A. AUTHORISED CAPITAL 1,20,00,000 Equity Shares of Rs.10/- each	12,00,00,000	12,00,00,000
B. ISSUED, SUBSCRIBED AND PAID UP CAPITAL 75,00,000 Equity Shares of Rs.10/- each fully Paid-up	7,50,00,000	7,50,00,000
C. PRESENT ISSUE 25,00,000 Equity Shares of Rs.10/- each at a premium Of Rs.20/- per share	2,50,00,000	7,50,00,000
D. PAID UP CAPITAL AFTER THE PRESENT ISSUE 1,00,00,000 Equity Shares of Rs.10/- each fully paid-up	10,00,00,000	
E. SHARE PREMIUM ACCOUNT **Before the Issue** **After the Issue**		Nil 5,00,00,000

NOTES FORMING PART OF CAPITAL STRUCTURE

(A) Details of increase in Authorized Capital are as under:

Sr. No.	Particulars of increase	Date of Meeting	AGM/EGM
1	Rs.500 lakhs	Incorporation	
2	Rs.500 lakhs to Rs.1200 lakhs	19th August 2004	AGM

(B) Equity Share Capital History of the Company:

Date of Allotment/ Fully paid-up	No. of Shares	Face Value Rs.	Issue Price Rs.	Value Rs.	Cumulative Paid-up Capital Rs.	Consideration (Cash, Bonus, kind etc.)	Remarks
MOA	70	10	10	700	700	Cash	MOA
28/03/2000	5,10,000	10	10	51,00,000	51,00,700	Cash	Allotted to Promoters
16/10/2000	14,25,000	10	10	1,42,50,000	1,93,50,700	Cash	Allotted to Promoters
11/06/2001	14,65,000	10	10	1,46,50,000	3,40,00,700	Cash	Allotted to Promoters
19/08/2004	34,00,070	10	10	N.A.	6,80,01,400	Bonus	1:1 Bonus
16/09/2004	1,17,400	10	10	11,74,000	6,91,75,400	Cash	Allotted to Employees
29/11/2004	5,82,460	10	10	58,24,600	7,50,00,000	Cash	Allotted to Saksoft Employees Welfare Trust
Total	**75,00,000**	**10**			**7,50,00,000**		

(C) Shares issued for consideration other than cash:

All the shares have been allotted for cash except 34,00,070 Equity Shares issued as bonus shares, which are issued out of free reserves.

(D) Promoter's contribution and Lock in period:

The following shares shall be locked in for a period of three years being part of the promoter's contribution.

Name of the Promoter	Date of Allotment/Fully paid-up	Consideration (cash, bonus, kind etc.)	No. of shares	Face Value Rs.	Issue Price Rs.	% of Post Issue Paid-up Capital	Lock-in Period*
Mr. Autar Krishna	19/08/2004	Bonus	70,000	10	Bonus	0.70	3 years
Mr. Aditya Krishna	19/08/2004	Bonus	10,50,000	10	Bonus	10.50	3 years
SAK Industries Ltd.	19/08/2004	Bonus	8,80,000	10	Bonus	8.80	3 years
	Total		**20,00,000**			**20.00%**	

The lock in period shall commence from the date of allotment of shares in the proposed public issue and the last date of the lock in shall be reckoned as three years from the date of allotment in the public issue.

** Incase the number of shares allotted in the Public Issue exceed 25,00,000 shares due to rounding off to the nearest multiple of 100 the number of shares to be locked in for three years will increase to make it to 20% of the post issue capital

Other than the above, the entire pre-issue capital of the Company shall be locked in for a period of one year from the date of allotment of shares in the public issue.

(E) Shareholding and lock-in of Promoters:

The following Equity Shares would be locked-in in respect of promoters whose names appear /figure in the Prospectus as Promoters in the paragraph on "Promoters and their Background"

Mr. Autar Krishna

Sr. No.	Date of Allotment/ Transfer	Consideration	No. of shares Allotted/ Transferred	Face Value Rs.	Issue/ Transfer Price Rs.	% of Post Issue Paid-up Capital	Lock-in * Years
1.	24/11/1999	Cash	10	10	10	0.00	1
2.	11/06/2001	Cash	1,00,000	10	10	1.00	1
3.	19/08/2004	Bonus	30,010	10	Bonus	0.30	1
4.	19/08/2004	Bonus	70,000	10	Bonus	0.70	3
5.	16/09/2004	Cash	100	10	10	0.00	1
	Total		**2,00,120**			**2.00**	

The lock-in period shall commence from the date of allotment of shares in the proposed public issue

Mr. Aditya Krishna

Sr. No.	Date of Allotment/ Transfer	Consideration	No. of shares Allotted/ Transferred	Face Value Rs.	Issue/ Transfer Price Rs.	% of Post Issue Paid-up Capital	Lock-in* (Years)
1.	24/11/1999	Cash	10	10	10	0.00	1
2.	28/03/2000	Cash	1,50,000	10	10	1.50	1
3.	16/10/2000	Cash	8,35,000	10	10	8.35	1
4.	11/06/2001	Cash	8,15,000	10	10	8.15	1
5.	19/08/2004	Bonus	7,50,010	10	Bonus	7.50	1
6.	19/08/2004	Bonus	10,50,000	10	Bonus	10.50	3
	Total		**36,00,020**			**36.00**	

The lock-in period shall commence from the date of allotment of shares in the proposed public issue

The Sak Industries Limited

Sr. No.	Date of Allotment/ Transfer	Consideration	No. of shares Allotted/ Transferred	Face Value Rs.	Issue/ Transfer Price Rs.	% of Post Issue Paid-up Capital	Lock-in* (Years)
1.	28/03/2000	Cash	3,60,000	10	10	3.60	1
2.	16/10/2000	Cash	5,90,000	10	10	5.90	1
3.	11/06/2001	Cash	5,50,000	10	10	5.50	1
4.	19/08/2004	Bonus	6,20,000	10	Bonus	6.20	1
5.	19/08/2004	Bonus	8,80,000	10	Bonus	8.80	3
	Total		**30,00,000**			**30.00**	

The lock-in period shall commence from the date of allotment of shares in the proposed public issue.

Shareholding of Directors of Promoters where promoter is a Company

Details of the holding of Directors of the Promoting Companies

The Sak Industries Limited

Director	No. Of Shares
Mr. Autar Krishna	5,189
Mr. Aditya Krishna	1,200

(F) The equity shares held by persons other than Promoters prior to IPO which are locked in may be transferred to any other person holding shares which are locked in subject to the continuation of lock in with transferees for the remaining period and in compliance with the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as applicable.

The equity shares held by the promoters under lock in period shall not be sold/hypothecated/transferred during the lock in period. However, the equity shares held by promoters, which are locked in, may be transferred to/ and among promoter/promoter group or to a new promoter or persons in control of the Company, subject to the continuation of lock in with the transferees for the remaining period and in compliance with the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as applicable. The Promoters may pledge their Equity Shares with banks or financial institutions, as collateral security for loans whenever availed by them from banks or financial institutions provided pledge of shares is one of the terms of sanction of loan.

(G) The Company has issued 34,00,070 equity shares of Rs.10/- each as Bonus Shares by capitalization of free reserves as detailed below:

Date of allotment	No. of shares	Ratio
19/8/2004	34,00,070	1:1
Total	**34,00,070**	

(H) Particulars of top 10 shareholders as on __ __ 2004, the date of filing of the Prospectus with the Registrar of Companies:

Sr. No.	Name	No. of shares	% of the paid-up capital
1	Mr. Aditya Krishna	36,00,020	48.01
2	The Sak Industries Limited	30,00,000	40.00
3	Saksoft Employees Welfare Trust	5,82,460	7.77
4	Mr. Autar Krishna	2,00,120	2.67
5	Mr. Ramanathan V	80,000	1.06
6	Mr. Nallasenapathi	8,700	0.11
7	Mr. Sreelal Ramachandran	8,700	0.11
8	Mr. Vivek Agarwal	3,200	0.04
9	Mr. Anand K	3,100	0.04
10	Mr. Sankaran S	3,100	0.04
	Total	**74,89,400**	**99.85**

(I) Particulars of top ten shareholders as on __ __ __ 10 days prior to the date of filing of the Prospectus with the Registrar of Companies:

Sr. No.	Name	No. of shares	% of the paid-up capital
1	Mr. Aditya Krishna	36,00,020	48.01
2	The Sak Industries Limited	30,00,000	40.00
3	Saksoft Employees Welfare Trust	5,82,460	7.77
4	Mr. Autar Krishna	2,00.120	2.67
5	Mr. Ramanathan V	80,000	1.06
6	Mr. Nallasenapathi	8,700	0.11
7	Mr. Sreelal Ramachandran	8,700	0.11
8	Mr. Vivek Agarwal	3,200	0.04
9	Mr. Anand K	3,100	0.04
10	Mr.Sankaran S	3,100	0.04
	Total	74,89,400	99.85

(J) Particulars of top ten shareholders as on 10/12//2002 two years prior to the date of filing of the Prospectus with ROC:

Sr. No.	Name	No. of shares	% of the paid-up capital
1.	Mr. Aditya Krishna	18,00,010	52.9404
2.	The Sak Industries Limited	15,00,000	44.1167
3.	Mr. Autar Krishna	1,00,010	2.9414
4.	Mrs. Kusum Krishna	10	0.0003
5.	Mrs. Malini Krishna	10	0.0003
6.	Mrs. Anuradha Krishna	10	0.0003
7.	Mr. S.C. Agarwal	10	0.0003
8.	Mrs. Anoop Agarwal	10	0.0003
	Total	**34,00,070**	**100.00**

(K) Pre and post issue shareholding pattern is as follows:

Particulars	Pre-issue (No. of shares)	%	Post-issue (No. of shares)	%
Promoters and Promoter Group	68,00,140	90.67	68,00,140	68.01
Directors and their Associates	-	-	-	-
Employees and Saksoft Employees Welfare Trust	6,99,860	9.33	6,99,860	6.99
Public	-	-	25,00,000	25.00
Total	**75,00,000**	**100.00**	**1,00,00,000**	**100.00**

(L) Details of sale/purchase/financing of shares by Promoters/Directors:

The Promoters Group/Directors have not purchased and/or sold/financed any shares of the Company during the past 6 months except as below:

Date of Transaction	Purchased by	Sold by	No. of Shares	Price (Rs./Share)
16/9/2004	Mr. Autar Krishna	Mrs. Kusum Krishna	20	10
		Mrs. Malini Krishna	20	10
		Mrs. Anuradha Krishna	20	10
		Mr. S.C. Agarwal	20	10
		Mrs. Anoop Agarwal	20	10
		Total	**100**	

(M) The Company/Promoters/Directors/Lead Managers have not entered into buyback/standby or similar arrangements for purchase of securities issued by the Company.

(N) The Promoters contribution has been brought in not less than the specified minimum lot of Rs.25000/- per application from each Individual and Rs.1,00,000/- from Companies.

(O) The Shareholders of the Company do not hold any warrant, options, convertible loan or any debenture, which would entitle them to acquire further shares of the Company.

(P) As per SEBI Guidelines, a minimum of 50% of the net offer to the public is reserved for allotment to individual investors applying for equity shares of or for a value of not more than Rs.50,000/-. The remaining 50% of the offer to the public is reserved to individuals applying for equity shares of or for a value more than Rs.50,000/- and corporate bodies/institutions etc.; unsubscribed portion in either of these categories shall be added to the other category interchangeably.

(Q) In the event of over-subscription, allotment will be made on proportionate basis (subject to minimum allotment being equal to the minimum application size) as detailed under 'Basis of Allotment'.

(R) An over subscription to the extent of 10% of the net offer to the public can be retained for the purpose of rounding off to the nearest integer during finalization of allotment.

(S) No single applicant can make an application for number of securities which exceeds the net offer to the public.

(T) The Company has not revalued its assets since inception.

(U) The Company has not issued any shares out of revaluation reserves or for consideration other than cash, except for the bonus shares, which have been issued out of free reserves.

(V) There are no 'bridge loans' from any bank taken by the Company against the proceeds of the issue.

(W) There would be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing

from submission of the Prospectus with SEBI until the Equity Shares offered through this Prospectus have been listed.

(X) There shall be only one denomination of the Equity Shares of the Company, unless otherwise permitted by law. The Company shall comply with disclosure and accounting norms as may be specified by the SEBI from time to time.

(Y) The Company presently does not have any intention or proposal to alter its capital structure for a period of six months from the date of opening of the Issue, by way of split/consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether preferential or otherwise, or if the Company goes in for acquisitions and joint ventures, the Company might consider raising additional capital to fund such activity or use shares as currency for acquisition and/or participation in such joint venture.

(Z) No payment, direct or indirect in the nature of discount, commission allowance or otherwise shall be made either by the Issuer Company or the promoters to any persons who receive firm allotments in the public issue.

(AA) The Company has 24 shareholder members as on the date of filing the Offer document with ROC.

(BB)A trust was registered on October 8, 2004 under the name and style of Saksoft Employees Welfare Trust and 5,82,460 shares were allotted at par on November 29, 2004.

3. TERMS OF THE PRESENT ISSUE

PRINCIPAL TERMS AND CONDITIONS OF THE ISSUE:

The Equity Shares now being offered are subject to the terms of this Prospectus, the Application Form and Memorandum and Articles of Association of the Company, the Guidelines for listing of Securities issued by Government of India and Guidelines issued by the Securities and Exchange Board of India (SEBI) from time to time, the Depositories Act, 1996 and the provisions of the Companies Act, 1956.

In addition, the equity shares shall also be subject to such other terms and conditions as may be incorporated in the Letter of Allotment, Share Certificates, as per Guidelines, Notifications and other Regulations for the issue of the capital and listing of securities laid down from time to time by the Government of India and/or other authorities and other documents that may be executed in respect of equity shares.

TERMS OF PAYMENT:

The Applications should be for a minimum of 200 equity shares and in multiples of 200 equity shares thereafter.

The amount payable is as under:

	Share Capital (Rs.)	**Share Premium (Rs.)**	**Total in Rs.**
On Application	10.00	20.00	30.00

Where an applicant is allotted lesser number of equity shares than he/she has applied for, the excess amount paid on application shall be refunded to applicant.

INTEREST IN CASE OF DELAY IN DISPATCH OF ALLOTMENT LETTERS/REFUND ORDERS:

Saksoft Limited agrees that as far as possible allotment of securities offered to the public shall be made within 30 days of the closure of public issue. Saksoft Limited further agrees that it shall pay interest @ 15% per annum if the allotment letters/refund orders have not been dispatched to the applicants within 30 days from the date of the closure of the issue.

ARRANGEMENTS FOR DISPOSAL OF ODD LOTS:

The Company's shares will be traded in dematerialized form only and therefore the marketable lot is 1 share.

RIGHTS OF THE EQUITY SHAREHOLDERS:

1. Right to receive dividend if declared.
2. Right to attend general meeting and exercise voting rights unless prohibited by law.
3. Right to vote either personally or by proxy.
4. Right to receive offer for rights shares and the allotted bonus shares.
5. Right to receive surplus on liquidation.
6. Such other rights as may be available to a shareholder of a Public Limited Company under the Companies Act, 1956.

RANKING OF EQUITY SHARES:

The Equity Shares to be issued shall, subject to the Memorandum and Articles of Association of the Company, rank pari passu in all respects to the existing Equity Shares of the Company.

MARKETABLE LOT:

The Equity Shares of the Company shall be allotted only in dematerialized form. In terms of existing SEBI Guidelines, the trading in the Equity Shares of the Company shall only be in dematerialized form for all investors.

Since trading of our Equity Shares is in dematerialized mode, the tradable lot is one equity share.

HOW TO APPLY:

GENERAL INSTRUCTIONS

a. Availability of Application Forms and Prospectus

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

b. Who can apply?

Applications may be made by:

1. Indian nationals resident in India who are not minor, in single or joint names (not more than three);
2. Hindu Undivided Families through the Karta of the HUF;
3. Companies, Corporate bodies and Societies registered under the applicable law in India and authorized to invest in the shares;
4. Scientific and/or Industrial Research Organizations, which are authorized to invest in shares;
5. Indian Mutual Funds registered with SEBI, Indian Financial Institution, Commercial Banks and Regional Rural Banks, Co-operative Banks may also apply subject to permission from RBI;
6. Indian Financial Institutions and Banks;
7. Trusts or Societies registered under the Societies Registration Act, 1860 or any other applicable Trust Law and which are authorized under their constitution to hold and invest in equity shares of a Company;
8. Non Resident Indians (NRIs) on a non-repatriation basis.
9. Foreign Institutional Investors

Application not to be made by:

- Minors
- Foreign Nationals
- Partnership firms or their nominees
- Trusts (except as stated above)
- HUFs (except as stated above)
- NRIs (except as stated above)
- OCBs

A single application can be made only for the number of equity shares that are being offered to each respective category.

c. Procedure for Application

Application by Resident Indian Public

Application must be:

1) Made only in the prescribed application form accompanying the memorandum.
2) Completed in full in block letters in English except signatures in accordance with the instructions contained herein and in the application form. Applications not so made are liable to be rejected.
3) For a minimum of 200 equity shares and in multiples of 200 thereafter.
4) In the name of Resident Indian Individuals, Limited Companies, Statutory Corporations/ Institutions Incorporated in India, Indian Mutual Funds registered with SEBI and Banks. Applications in the name of minors, foreign nationals, Trusts not registered under the

Societies Registration Act, 1860, or any other Trust laws, partnership firms or their nominees, OCBs, NRIs on repatriation basis will be treated as invalid.

HUF should specify that the application is being made in the name of the HUF in the application form as **"Name of the sole or first applicant : XYZ HUF applying through XYZ, where XYZ is the name of the Karta".** Application by HUFs would be considered at par with those from individuals.

5) Applicants residing at places where no collection centers have been opened may submit / mail their applications at their sole risk along with application money due there unto by Demand Draft to the Registrar to the Issue, Cameo Corporate Services Limited superscribing the envelope " Saksoft- Public Issue" so as to reach the Registrar on or before the closure of the Subscription List. Such demand drafts should be payable at Chennai only. The charges, if any, for purchase of the demand draft will have to be borne by the applicant.

6) **Application by Mutual Funds:** A separate application can be made in respect of each scheme of an Indian Mutual Fund registered with SEBI and such applications will not be treated as multiple applications provided the applications made by the Mutual Funds / Trustees / the Custodians clearly indicate their intention as to each Scheme concerned for which application has been made.

7) **Subscription by NRIs/FIIs registered with SEBI**

As per the extant policy of the Government of India, OCBs cannot participate in this Issue. Investments made by NRIs/ FIIs are governed by the regulations contained in FEMA 20/2000-RB dated May 3, 2000 read with AP (DIR Series) Circular No.38 dated December 2, 2003 shall be applicable. It is to be distinctly understood that there is no reservation for NRIs and FIIs registered with SEBI and all NRI and FII registered with SEBI applicants will be treated on the same basis with other categories for the purpose of allotment.

8) All cheques / bank drafts accompanying the application should be crossed " A/c payee only" and made payable to the Bankers to the Issue and lodged at any of their nominated branches and should bear the words **" Saksoft – Public Issue".**

Applicants should indicate the application numbers on the reverse of the instrument through which the payment is made.

All application forms duly completed together with cash / cheques / demand draft drawn on any of the Bankers to the issue mentioned on the prescribed application form for the amount payable on application at the rate of Rs. 30/- per equity share, should be lodged with the bankers to the issue mentioned in the prescribed application form.

d. **Instructions for payment:** Payments should be made in cash or cheque or demand draft drawn on any Bank (including a Co-operative Bank), which is situated at, and is a member or a sub-member of the Bankers' "Clearing House" located at the Centers (indicated in the Application Form) where the Application is accepted. A separate cheque / demand draft should accompany each Application.

Money orders, postal orders, outstation cheques or demand drafts, cheques / draft drawn on banks not participating in the "clearing" will not be accepted and applications accompanied with such instruments may be rejected.

In case payment is effected in contravention of the conditions mentioned herein, the application money will be refunded and no interest will be paid thereon.

Investors will not have facility of applying through stock invest instrument as RBI has withdrawn the stock invest scheme vide notification no.DBOD.NO.FSC.BC.42/24.47.001/2003-04 dated 5/11/2003.

APPLICATION(S) WILL NOT BE ACCEPTED BY THE LEAD MANAGERS OR REGISTRAR TO THE ISSUE EXCEPT AS MENTIONED:

GROUNDS FOR TECHNICAL REJECTIONS

Applicants are advised to note that applications are liable to be rejected on technical grounds, including the following:-

a. Bank account details are not provided

b. Age is not mentioned

c. Application by Minors

d. PAN or GIR number is not given if the value of the application is for Rs.50,000/- or more.

e. Multiple applications

f. In case of applications under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted.

g. Applications accompanied by Stock invests

h. Application by OCBs

i. Applications not duly signed by the sole/joint applicants

j. Application forms do not have the applicant's depository account details.

k. Application not for a minimum of 200 shares or multiples of 200 thereafter.

Particulars of Bank Account

All the applicants should mention particulars relating to Savings Bank/Current Account number and the name of the bank and branch with whom such account is held in the appropriate place in the application form to enable the Registrar to print the said details in the refund orders after the name of the payee.

Please note that it is mandatory to provide the afore-mentioned details. Applications without these details would be treated as incomplete and applications are liable to be rejected.

Note

Applicants are requested to write their names and application serial number on the reverse of the instruments by which the payments are being made to avoid misuse of instruments submitted along with the applications for equity shares. For further instructions, please read the Application Form carefully.

Disposal of Application and Application Money:

No receipt will be issued for application money. However, the Bankers to the issue receiving the application will acknowledge the receipt of the application by stamping and returning the detachable acknowledgment slip appended to each application.

The sum received in respect of the issue will be kept in separate bank accounts and the Company will not have any access to the funds unless approval of the National Stock Exchange, Mumbai is obtained for the basis of allotment and listing approval from the Stock Exchanges where listing is proposed.

The Company reserves the full unqualified and absolute right to accept or reject any application in whole or part and in either case without assigning any reason thereof.

Basis of Allotment

In the event of the public Issue being oversubscribed, the allotment will be on a proportionate basis subject to market lots as explained below:

a. A minimum 50% of the net Issue to the Indian public will be made available for allotment in favour of those retail individual applicants who have applied for Equity Shares of or for a value not more than Rs. 50,000/-. This percentage may be increased in consultation with the Designated Stock Exchange depending on the extent of response to the Issue from investors in this category. In case allotments are made to a lesser extent than 50% because of lower subscription in the above category, the balance Equity Shares would be added to the higher category and allotment made on a proportionate basis as per relevant SEBI Guidelines.

   The Executive Director / Managing Director of the National Stock Exchange along with the post issue Lead Manager and the Registrars to the issue shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner in accordance with the guidelines.

b. The balance of Net Issue to Indian Public shall be made available to investors including corporate bodies/ institutions and individual applicants who have applied for Equity Shares for a value more than Rs.50,000/-.

c. The Unsubscribed portion of the net issue to any of the categories specified in (a) or (b) shall be made available for allotment to applicants in the other category, if so required.

d. Applicants will be categorized according to the number of equity shares applied for.

e. The total number of equity shares to be allotted to each category as a whole shall be arrived at on a proportionate basis i.e. the total number of shares applied for in that category (number of applications in the category multiplied by the number of equity shares applied for) multiplied by the inverse of the over subscription ratio.

f. Number of equity shares to be allotted to the successful allottees will be arrived at on a proportionate basis i.e. total number of equity shares applied for by each applicant in that category multiplied by the inverse of the over subscription ratio.

g. In all the applications where the proportionate allotment works out to less than 100 equity shares per applicant, the allotment shall be made as follows:

   i) Each successful applicant shall be allotted a minimum of 100 equity shares, and

   ii) The successful applicants out of the total applicants of that category shall be determined by drawal of lots in such a manner that the total number of equity shares allotted in that category is equal to the number of equity shares worked out as per (b) above.

h. If the proportionate allotment to an applicant works out to a number that is more than 100 but is not a multiple of 100(which is the marketable lot for the purpose of allotment) the number in excess of the multiple of 100 would be rounded off to the higher multiple of 100 if that number is 50 or higher. If that number is lower than 50, it would be rounded off to the lower multiple of 100. All applicants in such categories would be allotted equity shares arrived at after such rounding off.

If the equity shares allocated on a proportionate basis to any category is more than the equity shares allotted to the applicants in the category, the balance available equity shares for allotment shall be first adjusted against any other category where the allotted equity shares are not sufficient for proportionate allotment to the successful applicants in that category. The

balance equity shares if any, remaining after such adjustment will be added to the category comprising of applicants applying for minimum number of equity shares.

In the event of over subscription, in the process of rounding off to ensure allotment in marketable lots, the Company may make such adjustments in the basis of allotment, as may be necessary, in consultation with SEBI/Stock Exchanges. As the basis of allotment is on proportionate basis, in the process of rounding off to the nearest multiple of 100, the issue size may increase by a maximum of 10% of the net offer to Indian Public.

Issue of Certificates

In terms of Sec 68B of the Companies Act, 1956, the company will not issue any share certificates. Instead, the Company shall give credit to the beneficiary account with Depository participant within 2 working days of finalization of allotment of shares.

Allotment Letters & Refunds

In accordance with The Companies Act, 1956 and the requirement of stock exchanges, the Company shall pay interest @ 15% per annum on the entire amount if the allotment of the Equity Shares has not been made within 30 days from the date of closure of the Issue. This interest will be paid from the 31st day from the closure of the Issue until the actual date of allotment. Alternatively, in case of any delay in the dispatch of refund order's beyond 30 days from the closure of the Issue, interest @ 15% per annum, will be paid on the refund amount from the 31st day from the closure of the Issue until the date of dispatch of the refund orders.

The Company shall ensure dispatch of refund orders of value up to Rs. 1,500/- under certificate of posting / Allotment advice and/ or regret letters together with refund orders over Rs.1,500/- by Registered Post only.

The Company has undertaken to make available necessary funds to the Registrar for the purpose of dispatch of Allotment Letters/ Refund Orders as stated above.

Interest on Excess Application Money

Payment of interest @15% per annum on excess application money (after adjusting the amount due on allotment) will be made to the applicants, if refunds are not dispatched within 30 days from the date of the closure of the Issue as per the Guidelines issued by the Government of India, Ministry of Finance vide their letter no. F-8/6/SE/79 dated July 21, 1983, as amended vide their letter no. F/14/SE/85 dated September 27, 1985 addressed to the Stock Exchanges, and as further modified by SEBI's circular MD/RCG/33/1819/96 dated May 15, 1996.

Interest in case of delay on allotment & dispatch

a. As far as possible, allotment of securities offered to the public shall be made within 30 days of the closure of this Issue.

b. The issuers shall pay interest @ 15% per annum for the period of delay beyond 30 days if the allotment has not been made and / or refunds have not been dispatched to the investors within 30 days from the date of closure of the Issue.

Scope of activities of the Registrars to the Issue

The Registrars to the Issue shall also be the Share Transfer Agent and would also be responsible for all the post issue activities pertaining to this issue.

GENERAL INFORMATION

i) Joint Applications

An application may be made in single or joint names (not more than three) as mentioned elsewhere in the prospectus. In case of a joint application, refund pay order (if any) and dividend / warrants, etc. will be made out in favour of the first applicant. All communications will be addressed to the applicant whose name appears first and will be dispatched to the first applicant's address stated in the application form.

ii) Multiple Applications

An applicant should submit only one application (and not more than one) for the total number of equity shares required. Applications may be made in single or joint names (not more than three). Two or more applications, in single and / or in joint names will be deemed to be multiple applications if the sole and / or first applicant is one and the same.

iii) Application under Power of Attorney

In case of applications under a Power of Attorney or by limited companies or bodies corporate or societies, the relevant Power of Attorney or the relevant resolution or authority to make the application, as the case may be, together with a certified true copy thereof along with a copy of Memorandum and Articles of Association and /or bye-laws must be attached to the Application Form at the time of making the application or lodged for scrutiny separately indicating the Serial No. of the Application Form with the Registrar to the Issue at their address, within 10 days from the closure of the Issue, failing which, the Issuer reserves the full, unqualified and absolute right to accept or reject any application in whole or in part and in either case without assigning any reason thereof.

iv) Thumb impression or signature in language other than English, Hindi or any other language specified in the 8th Schedule of the Constitution of India must be attested by Magistrate or Notary Public or a special Executive Magistrate under his official seal.

v) All communications should be addressed to the Registrar to the Issue.

vi) The applicant should mention the Application Form number on the reverse of the instrument through which payment is made.

vii) Applicants are advised that it is mandatory for them to indicate in the space provided in the application form, details regarding their Savings Bank / Current Account Numbers and the name of the branch of the bank to which they want the proceeds of refund to be credited. Applications not containing such details are liable to be rejected.

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

ix) Having regard to provisions of Section 269SS of the Income Tax Act, 1961, the application for subscription to the equity shares for an amount of Rs. 20,000 or more should not be effected in cash and must be offered only by an A/c. payee cheque / bank draft. In case payment is effected in contravention of the provisions, the application is liable to be rejected and application money will be refunded without interest.

x) A separate cheque / bank draft must accompany each application form.

xi) Depository option to Investors

The equity shares in this Issue shall be allotted only in dematerialized form, (i .e. not in the form of physical certificates but be fungible and be represented by the statement issued through electronic mode).

Tripartite agreements have been signed between the Company, the registrar and CDSL and NSDL. The ISIN No. allotted to the Company is INE 667G01015

Application from any investor without the following details of his or her depository account is liable to be rejected.

1. An applicant applying for equity shares must have at least one beneficiary account either of the depository participants of NSDL or CDSL prior to making the Application.
2. The applicant must necessarily fill in the details (including the beneficiary account number and depository participants identification number) appearing in the application form.
3. Equity shares allotted to applicant will be credited in electronic form directly to the beneficiary account (with the depository participant) of the applicant.
4. Names in the application form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the Depository account of the applicants(s).
5. If incomplete or incorrect details are given under the heading applicant Depository account details in the application form it is liable to be rejected.
6. The applicant is responsible for the correctness of his or her demographic details given in the application form vis-à-vis those with his or her Depository participant.
7. It may be noted that equity shares in electronic form can be traded only on the Stock exchanges having electronic connectivity with NSDL or CDSL. The stock exchange where our equity shares are proposed to be listed is connected to NSDL and CDSL.
8. The trading of equity shares would be in dematerialized form only for all investors.

MARKETABLE LOT

The Company shall allot the Equity Shares in dematerialized form only. The trading in the Equity Shares of the company shall only be in dematerialized form for all investors., where the tradable lot is one equity share.

The marketable lot for the purpose of allotment is 100 shares.

ARRANGEMENT FOR DISPOSAL OF ODD LOTS

The Company has not made any arrangements for disposal of odd lot of shares arising out of this Issue as the tradable lot is ONE.

NOMINATION FACILITY TO INVESTORS

In accordance with Section 109A of the Act, applicants, may nominate any one person in whom, in the event of the death of the applicants, as the case may be, the equity shares allotted if any, shall vest. A person being a nominee, entitled to the equity shares by reason of death of the original holders (s), shall in accordance with Section 109A of the Act be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the equity shares. Where the nominee is a minor, the holder may make a

nomination to appoint, in the prescribed manner, any person to become entitled to equity shares in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale of equity shares by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made on a prescribed form available on request at the registered office of the Company or to the Registrar and Transfer Agents of the company. In accordance with Section 109B of the Act, any person who becomes nominee by virtue of 109A of the Act shall upon production of such evidence as may be required by the Court, elect either:

a. To register himself or herself as holder of Equity Shares or

b. To make such transfer of the Equity Shares, as the deceased holder could have made.

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

In case of allotment in demat form; the nominations registered with the respective depository participants of the applicant would prevail.

FOR FURTHER INSTRUCTIONS REGARDING APPLICATIONS FOR THE EQUITY SHARES, INVESTORS ARE REQUESTED TO READ THE APPLICATION FORM CAREFULLY.

Undertaking by the Company in terms of SEBI Clause 6.5.6. of SEBI Guidelines

The Company hereby undertakes –

a. That the complaints received in respect of the Issue shall be attended to expeditiously and satisfactorily;

b. That all steps for completion of the necessary formalities for listing and commencement of trading at all Stock Exchanges where the securities are to be listed shall be taken within 7 working days of finalization of basis of allotment.

c. That the funds required for dispatch of refund orders/allotment letters by registered post shall be made available to the Registrar to the Issue by the issuer company;

d. That share certificates/refund orders to the non-resident Indians shall be dispatched within specified time;

e. That no further issue of securities shall be made till the securities offered through this Prospectus are listed or till the application moneys are refunded on account of non-listing, undersubscription, etc.

f. The Company, its promoters, any of the company's associates or group companies, and other Companies with which directors of the company are associated as directors or promoters have neither been suspended by SEBI or been prohibited from accessing the capital market or any disciplinary action taken by any order or direction passed by SEBI."

UTILISATION OF ISSUE PROCEEDS

The Board of Directors of the Company certifies that:

a. all monies received out of this issue of shares to public shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of section 73; of the Companies Act 1956;

b. details of all monies utilized out of the issue referred to in sub-item(a) shall be disclosed under an appropriate separate head in the balance-sheet of the company indicating the purpose for which such monies had been utilized; and

c. details of all unutilized monies out of the issue of shares, if any, referred to in sub-item(a) shall be disclosed under an appropriate separate head in the balance-sheet of the company indicating the form in which such unutilized monies have been invested.

BENEFITS AVAILABLE UNDER THE INCOME TAX ACT AND OTHER LAWS TO THE COMPANY AND ITS SHAREHOLDERS, (INDIAN RESIDENTS):

The company has been advised by M/s Suri & Co. Chartered Accountants, Auditors of the Company vide their certificate dated 29th November, 2004 under the Income Tax Act, 1961 and other laws, the following tax benefits inter-alia will be available to the company and shareholders of the Company.

TO THE COMPANY

1. As per the provisions of Sec 32 of the Income Tax Act, the Company is entitled to claim depreciation on tangible and specified intangible assets as explained in the said section and the relevant I T Rules made there under.
2. As per the provisions of Sec 10-B of the Income Tax Act, in respect of 100% of the profits and gains derived by the company from the export of computer software shall be exempted from the total income of the company up to AY 2009-2010. However, profits in respect of domestic turnover and other income are taxable as per the Income Tax Act in force.
3. The company may be liable to pay income tax on Book Profits arrived at under Sec 115JB in respect of domestic turnover and other income only.
4. The company is liable to pay income tax u/s 115 (0) of the Income Tax Act in respect of dividend declared, distributed or paid on or after 1.1.2003 @ 12.5 % and surcharge @ 2.5 % on income tax and education cess @ 2% on income tax & surcharge.

TO THE RESIDENT MEMBERS OF THE COMPANY

1. As per the new sub-section 38 inserted under section 10 by the Finance Act 2004, the whole of the long term capital gains arising from the transfer of eligible equity shares by the assessee is fully exempt from tax if the transaction is subject to Securities Transaction Tax.
2. As per the new section 111A introduced by the Finance Act 2004, the short term capital gain arising on the transfer of eligible equity shares held for less than 12 months shall be taxed at the rate of 10% if the transaction is subject to Securities Transaction Tax.
3. As per the sub-section 34 inserted in Section 10 by the Finance Act 2003, all dividends referred to in Section 115 O, distributed by the company shall be exempt from tax in the hands of the shareholder.
4. Shares of the company held by the shareholder will not be treated as an asset within the meaning of Sec 2(ea) of Wealth Tax Act, 1957 and hence Wealth Tax will not be applicable.

Notes: In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her participation in the scheme.

4. PARTICULARS OF THE ISSUE:

OBJECTS OF THE ISSUE

(a) To finance expansion of facilities and equipments.

(b) For strategic initiatives including acquisitions.

(c) To meet the expenses of process certification

(d) To meet the expenses of the issue

(e) To list the Equity Shares of the Company on the Stock Exchange.

The net proceeds of the issue after deducting management fees, broking commissions and all other Offer related expenses, is estimated at Rs. 690 lakhs.

The main objects clause and objects incidental or ancillary to the main objects clause of our Memorandum of Association enable us to undertake our existing activities and the activities for which funds are being raised by us through this Offer.

COST OF PROJECT AND MEANS OF FINANCE

The cost of the Project and means of finance as per the appraisal report dated 7th December 2004 **of Centrum Finance Limited a Category I Merchant Banker is as under:**

Cost of Project

The breakdown of the cost of the project as described above, is given below:

Item	Cost (Rs. Lakhs)
Expansion of Facilities / Equipment	
• Rent	25.00
• Furnishing (Interiors)	259.00
• Computers & Base software	312.00
• Servers & Extended software	208.00
• Communication facility	52.00
• Other infrastructure	26.00
Sub-total	**882.00**
Process Certification	20.00
Acquisitions	500.00
IPO & Preliminary Expenses	60.00
TOTAL	**1,462.00**

Total cost of the project, including expenses on IPO, has been estimated at Rs.1, 462 lakhs. No separate calculation of working capital component of the cost of project has been made. Cost components of project already include working capital components and the funding is towards expansion of the continuing operations. Besides, Saksoft has no plans for availing of working capital funding from banks.

MEANS OF FINANCE

Item	Sources (Rs. Lakhs)
Internal Accruals	712.00
IPO – Equity shares	750.00
TOTAL	**1,462.00**

Firm arrangements of finance have been made through verifiable means towards 75% of the above Means of Finance, excluding the amount to be raised through the proposed issue.

DEPLOYMENT OF FUNDS IN THE PROJECT AS ON 26th November 2004

The company has already incurred an expenditure of Rs 7,85,120 towards the cost of the project and its means of Finance as certified by the Auditors of the Company Ms/ Suri & Co , Chartered Accountants, Chennai vide their letter dated 29th November 2004

The Details of Expenses are as Follows:

Sr. No	Particulars	Rs. In Lakhs
1.	Share Issue Expenses	4.57
2.	IPO Expenses	3.28
	Total	**7.85**

Means of Finance

Sr. No	Particulars	Rs. In Lakhs
1.	Internal Accruals	**7.85**

PROPOSED DEPLOYMENT OF FUNDS

The year wise break up of the proposed deployment of funds is as under:

Rs in Lakhs

Project Activities	Q2 FY 2004 Jul-Sep.04	Q3 FY 2004 Oct-Dec.04	Q4 FY 2004 Jan-Mar.05	Q1 FY 2005 Apr-Jun.05	Q2 FY 2005 Jul-Sept.05	Q3 FY 2005 Oct-Dec.05	Q4 FY 2005 Jan-Mar.06	Q1 FY 2006 Apr-Jun.06	Q2 FY 2006 Jul-Sep.06	Q3 FY 2006 Oct-Dec.06	Q4 FY 2006 Jan-Mar.07	TOTAL
Expansion of Facilities												
• Rent Deposit									25.00			**25.00**
• Furnishing / Interiors					56.00			173.00	30.00			**259.00**
• Computers & Base Software					46.00	46.00	46.00	39.00	59.00	38.00	38.00	**312.00**
• Servers & Extended Software					30.00	30.00	32.00	25.00	41.00	25.00	25.00	**208.00**
• Communication Facility					23.00			24.00	5.00			**52.00**

• Other Infrastructure					11.50			9.50	5.00			**26.00**
Sub Total					**166.50**	**76.00**	**78.00**	**270.50**	**165.00**	**63.00**	**63.00**	**882.00**
Process Certification			6.00	2.00	5.00	2.00	5.00					20.00
Acquisitions				250.00		250.00						500.00*
IPO & Preliminary Expenses	5.00	5.00	50.00									60.00
Total	**5.00**	**5.00**	**56.00**	**252.00**	**171.5**	**328.00**	**83.00**	**270.50**	**165.00**	**63.00**	**63.00**	**1462.00**

* The form of deployment in acquisitions is not finalized.

Pending utilization the proceeds of the issue will be invested in Bank Deposits and /or Gilt Edged Government Securities, either directly or through Government Security based funds and other high quality liquid instruments. In case of shortfall in the issue proceeds, there will be adequate internal cash accruals as a source to meet the project expenses.

APPRAISAL

The project appraisal has been carried out by Centrum Finance Limited (Category I Merchant Banker) vide their appraisal report dated 7th December 2004, for the purpose of the IPO.

5. DETAILS ABOUT THE COMPANY:

History and Background:

Saksoft Limited was incorporated on November 24, 1999 as 'Saksoft Infotech Ltd.' under the Companies Act, 1956. The name was changed to Saksoft Limited on September 30, 2002 and fresh certificate of Incorporation was received consequent to the change in name.

The Registered Office of the Company, was transferred from NCT of New Delhi to Chennai, Tamil Nadu, on October 11, 2004, vide a fresh certificate of registration from the Order of the Company Law Board under Section 16(3) of the Companies Act, 1956, and is situated at 'Sri Ram Nivas', 38, V.K. Iyer Road, Mandaveli, Chennai – 600 028.

The company was promoted with the objective of providing IT solutions for business problems in the banking, financial and insurance sectors. The company has its corporate office and main development center at Chennai ('Sri Ram Nivas', #38 VK Iyer Road, Mandaveli, Chennai 600028, India).

Though there are several software vendors, some of whom provide IT services to the banking industry, the company felt that a focus on domain knowledge and understanding business problems was lacking. Most software vendors were focused on IT solutions from the technology perspective. The company planned to set up a group of people with banking operations knowledge who would guide and help the technical team to build IT solutions for business problems from an end user perspective. This group of people would comprise the "Business Consulting Group" or BCG and this was considered a differentiator in the market. The company set its vision to be a significant player in the financial services IT outsourcing market with a portfolio of services, tools and products.

The company took on lease rental a space of 16000 sq.ft across 3 floors in Sri Ram Nivas, 38 V.K Iyer Rd., Mandaveli, Chennai 600028. It began operations in April 2000 by building the complete interiors on the 3rd floor (6000 sq.ft.). In the year 2001 it built interiors for the 2nd floor and partly for the mezzanine floor. By the year 2004, the entire space plus additionally lease rented space (2000 sq.ft) in the same premises were completely furnished.

The company established its second development center at NOIDA in March 2004. The NOIDA software development center, located at B 35-36, sector 80, Phase 2, NOIDA 201305

(U.P.) was taken on lease in January 2004. The floor area of the building taken on lease is 33,000 sq. ft. comprising ground floor and two upper floors of which the ground floor of 11,000 sq. ft. area was furnished in March 2004. The objective of establishing a second development center in NOIDA was to take advantage of the relatively easier availability of trained personnel in NOIDA and also to provide a continuity of business plan for the company's major customers from a second location. The NOIDA facility will provide the company with the necessary contiguous space to grow its manpower and infrastructure in the coming years.

After building the initial development team and doing international business development the company began providing services on a regular basis by October 2000. Slowly the company made inroads and began offering services to several customers in Singapore. The first large-scale order was from Morgan Stanley, UK for a credit card MIS application.

The company started its Singapore Subsidiary (Sak Software Pte) in August 2000 to manage operations in Singapore and Asia Pacific. It opened a branch office in London in June 2001 to manage business from the U K market and established a subsidiary in Germany in January 2003. The company acquired the business and assets of Synertech Inc., based at Boulder, USA in January 2001 and renamed it as Saksoft, Inc. The acquisition of Synertech gave the company a foothold in USA and a business base to leverage. The company shifted its US headquarters to New York and closed the Boulder office permanently in January 2003 for operational ease and logistical simplicity. From slightly different names (Sak Infotech in India, Sak Software Pte in Singapore and Saksoft Inc in USA) used between the company and its subsidiaries, '**Saksoft'** was adopted as the uniform name and identity across all operations in September 2002.

In September 2002, the company acquired the business assets of NeemTree Technologies Private Limited (NeemTree Technologies), Chennai along with all personnel associated with the business. NeemTree had a product suite (NeemTree EBT suite) for the corporate banking space that included treasury and money market operations. This acquisition enabled the company to acquire a customer base, which included State Bank of India, Central Bank of India, Oman International Bank, and Andhra Bank among others. Using the business credentials and product suite, the company acquired Punjab National Bank as a customer and sold several upgrades and enhancements to the existing customer base. This acquisition helped the company, understand the complexities of managing and integrating operations in an M&A scenario.

Main objects of the Company:

The main objects of the Company as stated in the Memorandum of Association of the Company are:

1. To carry on the business of system study, analysis, design, development and implementation of software system, for usage of computer systems, communication system for use in Government, Industry, Business or other fields of activities.
2. To carry on the business of trading, manufacturing, importing & exporting and to act as consultant in software usages of computer systems, communication systems or combination of both systems and hardware of computer systems, communication systems and providing consultancy related to commercial and non-commercial usage.
3. To carry on the business of computer bureau and of computer consultant and to provide education, personnel training and any other kind of service or facility relating to computers, computer programming, information retrieval, data preparation and processing equipments and electronic and electronic equipments and devices.
4. To carry on the business as manufacturers, consultants, designers, fabricators, assemblers, processors and dealers of all kind of computers, accounting and business machine, receivers, conductors magnetic components, microwave components, video games, tape, discs, fittings and all hardware and software and peripherals thereto.

5. To carry on the business as manufacturers, consultants, designers, fabricators, assemblers, processors and dealers in all kind of computers connected with entertainment industry including multimedia and all hardware software and peripherals thereto.

Present Business of the Company

Saksoft offers services to Customers through the following 5 programs:

- Custom Development of applications under SakC2C Program
- Third party testing services under SakAssure Program
- Resource augmentation services under SakXtend Program
- Business Intelligence (BI) products and applications
- Operations and maintenance support services under SakSupport Program.

Sak-C2C Concept to Completion

SakC2C is the company's development services offering. The typical engagement begins with the identification of a business problem. The business-consulting group then specs a possible solution to the problem. After customer signoff to the specs, the specs are converted to code; and the application is tested and delivered to the customer. The focus here is to build the application from a user definition perspective. SakC2C brings together a combination of consulting and IT services. The company has been successful in differentiating this approach from the typical "specification to code" role.

SakAssure Right Product, Works Right

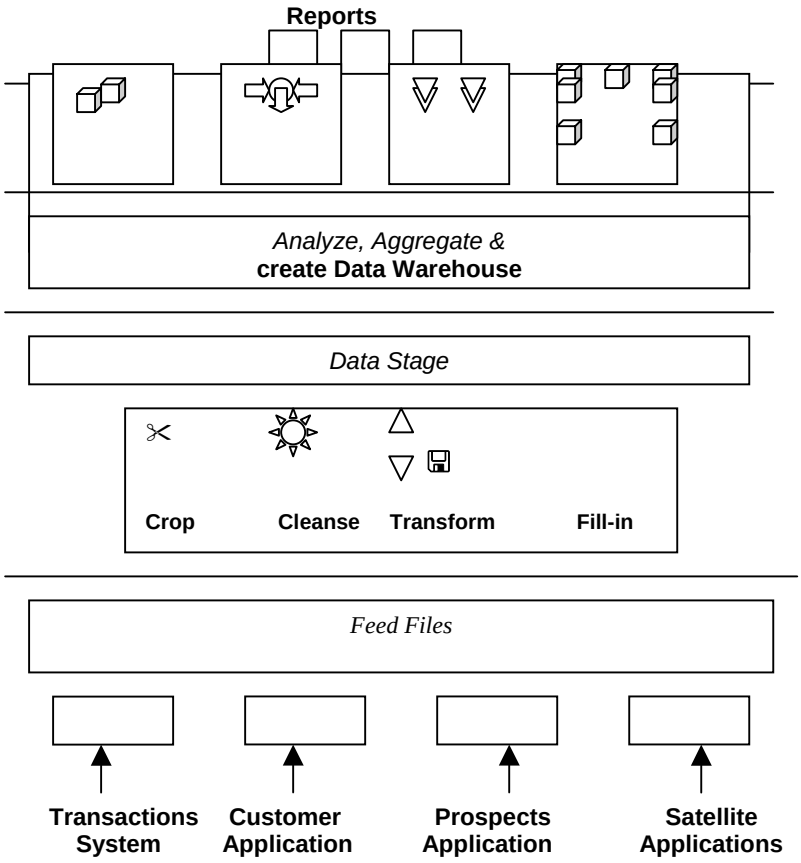
SakAssure is the company's verification and validation service providing third part testing services of software applications. The growing demand within the financial services industry is to ensure that the application is fit for use. 'User acceptance testing' practiced in most customer locations is done under tremendous stress due to a) reduced availability of business users and b) lack of software application testing expertise among the business users. The company with its domain knowledge and expertise in manual and automated testing techniques is able to provide a value-added service to complement the business users in this UAT process. The engagement can be for any testing phase during the software development life cycle like review of requirements, review of specifications, gap analysis, unit testing, system integration, application integration testing, user acceptance testing, operational acceptance testing or performance testing. The engagement can also be for just planning/strategizing, script development and/or execution

Sak-Xtend Extend Your Resources

The SakXtend program allows customers to augment their IT resources either onsite or offshore. The company typically begins a new customer relationship under this engagement and slowly converts the customer to other service offerings. Here again the focus is to provide resources, who understand and have experience in the BFSI segment. In this manner the customer does not have to invest his time in explaining his business to these resources.

Veri-sens

Veri-sens is the company's product offering in the business intelligence (BI) space. It uses frameworks and reusable components to reduce the time to market and cost of large MIS applications. It enables effective and quick deployment of dashboards and BI applications helping customers better manage their business. A summary pictorial representation is given below:



The process-oriented framework shown above makes the development of business intelligence applications effective and cost efficient.

SakSupport
Continual Improvement

Saksoft also offers support services including 24x7 operational support for application systems used by customers. Revenues from this service tend to be more predictive.

Technology / Skill sets

Saksoft has worked on several projects that require the integration of multiple operating systems and platforms. Our teams have skills covering the following areas:

Java Practice	:	JSP, EJBs, Servlets, JDBC, etc.
Microsoft Practice	:	VB, PB, VC++, COM/DCOM, IIS, MTS, ASP, .NET etc.
Mainframe Practice	:	MVS, CICS,Cobol, VSAM, DB2, CoolGen, MQ Messaging
Database Group	:	Oracle, MS SQL server etc.
Middleware Group	:	IBM Web sphere, Apache, Oracle 9i, BEA Web Logic, Cold Fusion, etc.
OS Group	:	Windows XP or 2000, Unix flavors like Solaris, Linux & Macintosh

The company has created focus groups (called **Technology Labs**) by combining domain and technology knowledge to help build core competencies and nurture them. These

groups aid in providing ready-to-use knowledge packs to the rest of Saksoft's professionals who in turn use these competences to provide quality deliverables to their customers.

The Saksoft **BI Lab** consolidates and enhances its core competency in the Business Intelligence area. The BI Lab helps in building expertise on tools like **Microstrategy, Business Objects, SAS and Informatica**. It also serves as a rich knowledge base for teams working on development and implementation of Veri-sens, its business intelligence product.

The Saksoft **Test Lab** builds core strength in Verification & Validation services. The Test Lab helps Saksoft enhance its Testing processes and skills. With the growing use of automation, the Test Lab has helped in developing competencies in tools such as **WinRunner, LoadRunner, QTP, Silk Test, Rational Suite Teststudio** etc.

Brief details about major customers:

1. **Citibank N.A., USA**

   Citibank, headquartered in the U.S.A., delivers a wide array of banking, lending and investment services in more than 100 countries worldwide. It offers a full range of financial services and products to serve the needs of small and large corporations, governments and institutional as well as individual customers.

2. **Bank Mandiri, Indonesia**

   Bank Mandiri, Indonesia was established in October 1998 in the aftermath of the Southeast Asian financial crisis of 1997. It is now Indonesia's largest bank in terms of assets, loans and deposits. It is also the most profitable bank in Indonesia. Bank Mandiri offers various services like electronic banking, consumer banking, commercial banking and corporate banking. The bank currently has a total of 642 branches. Its 1,184 ATM's further enhance the Bank's distribution, which is part of a 3,000 plus LINK network.

3. **Morgan Stanley Card Services Limited, U.K.**

   Morgan Stanley is an investment bank based at New York. It was established in New York in 1935 and has now developed into a global financial services provider.
   Morgan Stanley is well known for financial advice and market execution.

4. **True Link, USA**

   Truelink, established in 1995, develops and markets credit-based products and services that deliver value to both consumers and financial institutions. Clients use its product and services to acquire customers and improve long-term customer value.

5. **Standard Chartered Bank**

   Standard Chartered is an international bank operating in about 50 countries. It serves both Consumer and Wholesale Banking customers. Consumer banking provides credit cards, personal loans, mortgages, deposit taking and wealth management services to individuals and small to medium sized enterprises. Wholesale Banking provides corporate and institutional clients with services in trade finance, cash management, lending, custody, foreign exchange, debt capital markets and corporate finance.

6. **DBS Bank**

   DBS Bank, Singapore is a full service bank, having diversified since its establishment in 1968 as a development financing institution. It is the largest bank in Singapore and operates in consumer banking, treasury and markets, asset management, securities brokerage, equity and debt fund raising.

7. ICICI Bank Limited

ICICI Bank is India's second-largest bank and was established in 1994. It offers a wide range of banking products and financial services to corporate and retail customers through a variety of delivery channels and through its specialized subsidiaries and affiliates in the areas of investment banking, life and non-life insurance, venture capital and asset management.

8. HDFC Bank Limited

HDFC Bank was established in August 1994 by HDFC, India's premier home mortgage finance company with an impeccable track record in India and international markets. HDFC Bank caters to a wide range of banking services covering both commercial and investment banking on the wholesale side and transactional / branch banking on the retail side.

Competition

Saksoft, being a mid-sized company, does not face direct competition as it is not in the software product business. Further Saksoft has not so far chosen the path of responding to tenders or 'open request for proposals'. In most occasions it has made direct contact with business/ IT users to present credentials and obtain assignments. However, there are numerous companies which are operating in the same BFSI domain like Saksoft and hence considered competitors in development projects. Similarly there are many competitors in the validation & verification service business.

Large software companies who also have significant BFSI practices are not considered in the competition matrix as they do not compete with small/ mid-sized companies like Saksoft, operating with order sizes below a million US dollars. Software companies in the BFSI domain but predominantly in the product business are also not considered as competition as Saksoft is not a product software company.

Financial Performance of Saksoft Limited

Rs In Lakhs

	Year Ended					
Particulars	**March 2000**	**March 2001**	**March 2002**	**March 2003**	**March 2004**	**Sept 2004 (6 Months)**
Total Income	3.92	364.88	936.80	1414.08	1229.63	1008.19
PAT	3.03	66.35	347.03	463.64	85.38	383.36
Equity Capital	51.00	193.50	340.00	340.00	340.00	691.75
Share Application Money	5.00	127.00	0.00	0.00	0.00	0.00
Reserves	3.04	69.37	397.67	822.95	850.79	894.14
Dividend (%)	Nil	Nil	5%	10%	15%	-
EPS (Rs.)	0.54	2.07	10.21	13.64	2.51	5.54
Book Value (Rs./share.)	8.49	12.12	21.67	34.18	35.01	22.87

EPS and Book Value for the period 1-1-04 to 30-09-04 have not been annualized.

Saksoft Limited is not a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1955 or is under winding up.

SUBSIDIARIES & AFFILIATES

All the subsidiaries are formed to support the activity of the Company i.e. to market the services and provide support to the implementation of the projects in their respective regions.

1. Saksoft GmbH (Germany)

Saksoft GmbH having its registered office Lyoner Street, 14, 60528 Frankfurt, Germany was incorporated on 23RD January 2003.

The company's brief financials are as under:

(Figures in Euro)

Year Ended	**31.03.2004**	**31.03.2003**
Total Income	136,121.71	56.00
Profit After Tax	16,272.01	(1,411.00)
Share Capital	25,000.00	25,000.00
Reserves & Surplus	14,861.13	(1,411.00)

There are no pending litigations, defaults etc against this Company, promoters and its directors.

2. Saksoft Pte Ltd (Singapore)

Saksoft Pte Ltd having its Registered Office at 3, Shenton Way, #15-06, Shenton House, Singapore, was incorporated on 30th August 2000.

The company's brief financials are as under:

(Figures in S$)

Year Ended	**31.03.2004**	**31.03.2003**	**31.03.2002**
Total Income	19,49,660.00	23,05,554.00	10,37,350.00
Profit After Tax	31,361.00	63,145.00	(2,458.00)
Share Capital	55,002.00	55,002.00	55,002.00
Reserves & Surplus	67,268.00	34,872. 00	(28,273.00)

There are no pending litigations, defaults etc against this Company, promoters and its directors

3. Saksoft Inc (USA)

Saksoft Inc having its registered office at 441, Lexington AVENUE, Suite 602,New York –USA was incorporated on 22nd of September 2000 in Colorado, USA.

The company's brief financials are as under:

(Figures in USD)

Year Ended	**31.12.2003**	**31.12.2002**	**31.12.2001**
Total Income	16,81,394.00	908,872.00	286,634.00
Profit After Tax	9,272.00	57,306.00	(70,186.00)
Share Capital	1,95,000.00	1,95,000.00	90,000.00
Reserves & Surplus	(3,607.00)	(12,879.00)	(70,186.00)

There are no pending litigations, defaults etc against this Company, promoters and its directors.

Consolidated Financials:

The consolidated financials of Saksoft Limited and its subsidiaries is as under:

Rs In Lakhs

Particulars	March 2000	March 2001	March 2002	March 2003	March 2004	Sept 2004 (6 Months)
Total Income	3.92	412.56	1137.65	2041.37	2179.68	1580.85
PAT	3.03	41.20	310.24	538.33	181.67	307.41
Equity Capital	51.00	193.51	340.00	340.00	340.00	691.75
Share Application Money	5.00	127.00	0.00	0.00	0.00	0.00
Reserves	3.04	44.24	347.22	834.98	959.11	926.50
Dividend (%)	Nil	Nil	5%	10%	15%	-
EPS (Rs)	0.54	1.29	9.12	15.82	5.34	4.44
Book Value (Rs/share.)	8.49	11.27	20.11	34.54	38.20	23.35

GROUP/ASSOCIATE COMPANIES AND OTHER VENTURES OF THE PROMOTERS:

None of the Group/Associate Companies mentioned herein after have become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1955 or is under winding up.

1. The Sak Industries Limited

The company was incorporated as a private limited company on January 17,1962 and converted to a public limited company on 14th April 1995. The company and its Chairman & Managing Director, Mr. Autar Krishna promoted Widia (India) Limited in 1963. Mr. Autar Krishna was the Chairman of Widia from 1986 to 2002. From its inception till 2002 Widia issued 47 shares as bonus shares on the original 1 share and the paid up capital increased from Rs.45.78 lakhs to Rs.21.97 Crores. The company exited from Widia (India) Limited on May 3, 2002. Currently the main business activity of the company is investments. As on March 31, 2004, the company had a net worth of Rs. 143.42 Crores.

The authorized share capital of the company is Rs. 50,00,000/- comprising 40,000 equity shares of face value Rs.100/- each and 10,000 preference shares of Rs.100/- each and the paid up share capital is Rs.11,02,500/- of which Rs.11,00,000/- comprising 11,000 shares is equity share capital and Rs. 2500/- comprising 25 shares is redeemable preference share capital.

The current shareholding pattern in the company is as follows:

Name of shareholders	No. of equity shares	% holding
Autar Krishna incl. HUF	5189	47.17
Kusum Krishna	2200	20.00
Aditya Krishna	1200	10.91
Relatives	1911	17.37
Others	500	4.55
Total	**11,000**	**100.00**

The Board of Directors comprises:

1.	Mr. Autar Krishna	Chairman & Managing Director
2.	Mr. Aditya Krishna	Director
3.	Mrs. Usha Narain	Director
4.	Mrs. Kusum Krishna	Director
5.	Mrs. Anuradha Krishna	Director
6.	Mr. S.C. Agarwal	Executive Director

The brief financials are given below:

Rs In Lakhs

Particulars	For the year ended March 31		
	2004	2003	2002
Total Income	1,581.90	3,284.32	524.86
Profit After Tax	580.80	2,582.84	234.66
Equity Share Capital	11.00	11.00	11.00
Net Worth	14,342.07	13,549.16	4,354.28
NAV per share of face value Rs. 100/- each (Rs.)	1,30,382.49	1,23,174.22	39,584.34
EPS per share of face value Rs. 100/- each (Rs.)	5280.00	23,480.34	2133.27
Dividend (%)	300	350	200

The company has the following bank facilities:

Nature of facility/loan availed	Name of financial institution/bank	Amount availed (Rs. In Lakhs)
Car Loan	Citibank NA	15.65
Car Loan	Associates Finance	1.96
Car Loan	ICICI Bank	20.27
Mortgage Loan	Citibank NA	23.89

The company has not defaulted in the repayment of the bank facilities or in the payment of interest.

Details of Pending Litigations

The Company has filed a case against Kedia Distilleries for dishonoring of Cheques amounting to Rs 38 lacs u/s 138 of the Negotiable Instruments Act, which is pending disposal.

There are no pending litigations, disputes or suits against the company other than the litigations as mentioned in "outstanding litigations or defaults" and there are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against it and it is not a sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985.

2. Sak Abrasives Limited

The company was incorporated as Ghaziabad Tools Private Limited on March 18, 1977 and subsequently became a deemed public company. The name of the company was changed to Rasta (India) Limited on May 28, 1997 and to Tyrolit Sak Limited on January 3, 2001. Subsequently, the name of the company was changed to Sak Abrasives Limited on March 23, 2004. The company is a subsidiary of The Sak Industries Limited. The main business of the company is manufacture of bonded abrasive products.

The authorized share capital of the company is Rs. 6,00,00,00/- comprising 60,00,000 equity shares of face value Rs.10/- each and the paid up share capital is Rs.6,00,00,000/-

The current shareholding pattern in the company is as follows:

Name of shareholders	**No. of equity shares**	**% holding**
The Sak Industries Ltd.	59,99,860	99.99767
Mr. Autar Krishna	20	0.00033
Mr. Aditya Krishna	30	0.00050
Mrs. Usha Narain	20	0.00033
Others	70	0.00117
Total	**60,00,000**	**100.00**

The Board of Directors comprises:

1.	Mr. Autar Krishna	Chairman
2.	Mr. Aditya Krishna	Managing Director
3.	Mrs. Usha Narain	Director
4.	Mr. G.S. Prasad	Executive Director

The brief financials are given below:

Rs. In Lakhs

Particulars	**For the year ended March 31**		
	2004	**2003**	**2002**
Total Income	926.05	605.64	489.74
Profit/(Loss) After Tax	6.69	3.37	(30.15)
Equity Share Capital	600.00	600.00	200.00
Net Worth	540.10	533.41	153.04
NAV per share of face value Rs. 10/- each (Rs.)	9.00	8.89	7.65
EPS per share of face value Rs. 10/- each (Rs.)	0.11	0.06	Negative

The company has the following bank facilities:

Nature of facility/loan availed	Name of financial institution/bank	Amount availed (Rs. In Lakhs)
Working Capital	HDFC Bank	107.85
Car Loan	Citibank NA	8.06

The company has not defaulted in the repayment of the bank facilities or in the payment of interest.

Details of Pending Litigations

i) The Commissioner of Central Excise has passed an order confirming a differential duty of Rs. 29,59,416/- and imposed an equal amount as penalty on brazed tools supplied to Widia India Ltd. The company has filed an appeal against the order in the Customs, Excise & Service Tax Appellate Tribunal.

ii) 7 retrenched workers have filed 3 cases in the labour court for a sum of Rs.5,25,000/- of which one case has been awarded in favour of the company. The other two cases are still pending.

Except for the above there are no pending litigations, disputes or suits against this company other than the litigations as mentioned in "outstanding litigations or defaults" and there are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against it and it is not a sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985.

3. Sak Technologies Limited

The company was incorporated on May 8th 2000. The company is a subsidiary of The Sak Industries Limited. The main business of the company is marketing of consumer durables through the Internet and acting as advisor for mutual fund investments.

The authorized share capital of the company is Rs. 2,50,00,00/- comprising 25,00,000 equity shares of face value Rs.10/- each and the paid up share capital is Rs.1,02,50,700/-

The current shareholding pattern in the company is as follows:

Name of shareholders	No. of equity shares	% holding
The Sak Industries Ltd.	10,25,000	99.9931
Others	70	0.0069
Total	**10,25,070**	**100.00**

The Board of Directors comprises:

1.	Mr. Autar Krishna	Director
2.	Mr. Aditya Krishna	Director
3.	Ms. Kusum Krishna	Director
4.	Ms. Usha Narain	Director

The brief financials are given below:

Rs. In Lakhs

Particulars	**For the year ended March 31**		
	2004	**2003**	**2002**
Total Income	22.03	25.22	83.89
Profit/(Loss) After Tax	(4.21)	(6.14)	(50.83)
Equity Share Capital	102.51	102.51	102.51
Net Worth	21.11	25.31	31.45
NAV per share of face value Rs. 10/- each (Rs.)	2.06	2.47	3.07
EPS per share of face value Rs. 10/- each (Rs.)	Negative	Negative	Negative

The company has not availed of any bank facilities.

There are no pending litigations, disputes or suits against the company other than the litigations as mentioned in "Outstanding litigations or defaults" and there are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against it and it is not a sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985.

4. Sonnet Trade & Investments Private Limited

The company was incorporated on June 25th 1985 and was acquired by The Sak Industries Limited on 28th December 2002. The company is a subsidiary of The Sak Industries Limited. The company is not pursuing any activity as of now.

The authorized share capital of the company is Rs. 2,00,000/- comprising 15,000 equity shares of face value Rs.10/- each and 5000 preference shares of face value Rs.10/- each and the paid up equity share capital is Rs.1,10,000/-.

The current shareholding pattern in the company is as follows:

Name of shareholders	**No. of equity shares**	**% holding**
The Sak Industries Ltd.	10,980	99.81
Mr. Autar Krishna jointly with The Sak Industries Ltd.	20	0.19
Total	**11,000**	**100.00**

The Board of Directors comprises:

1.	Mr. Autar Krishna	Chairman & Managing Director
2.	Ms. Kusum Krishna	Director

The brief financials are given below:

(Rs. In Lakhs)

Particulars	**For the year ended March 31**	
	2004	**2003**
Total Income	1.80	11.46
Profit/(Loss) After Tax	(13.25)	(5.44)
Equity Share Capital	1.10	1.10
Net Worth	920.53	933.83
NAV per share of face value Rs. 10/- each (Rs.)	8368.44	8489.39
EPS per share of face value Rs. 10/- each (Rs.)	Negative	Negative

The company has not availed of any bank facilities.

There are no pending litigations, disputes or suits against the company other than the litigations as mentioned in "Outstanding litigations or defaults" and there are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against it and it is not a sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985.

5. Sak Consumer Retail Services Ltd.

The company was incorporated on February 17, 2003. The company is a subsidiary of The Sak Industries Limited. The main business of the company is consumer retailing through its departmental stores.

The authorized share capital of the company is Rs. 2,00,00,000/- comprising 20,00,000 equity shares of face value Rs.10/- each and the paid up share capital is Rs.2,00,00,000/-

The current shareholding pattern in the company is as follows:

Name of shareholders	**No. of equity shares**	**% holding**
The Sak Industries Ltd.	18,99,300	94.96
Mr. Autar Krishna	1,00,100	5.03
Others	600	0.01
Total	**20,00,000**	**100.00**

The Board of Directors comprises:

1.	Mr. Autar Krishna	Director
2.	Mr. Aditya Krishna	Director
3.	Ms. Kusum Krishna	Director
4.	Mr. Rahul Chadha	Managing Director

The brief financials are given below:

Rs. In Lakhs

Particulars	**For the year ended March 31**
	2004
Total Income	124.12
Profit/(Loss) After Tax	(42.33)
Equity Share Capital	200.00
Net Worth	157.67
NAV per share of face value Rs. 10/- each (Rs.)	7.88
EPS per share of face value Rs. 10/- each (Rs.)	Negative

The company has the following bank /loan facilities:

Nature of facility/loan availed	**Name of financial institution/bank**	**Amount availed (Rs. In Lakhs)**
Vehicle Loan	Bank Of Punjab	2.52

There are no pending litigations, disputes or suits against the company other than the litigations as mentioned in "outstanding litigations or defaults" and there are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against it and it is not a sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985.

6. Sakserve Private Limited

The company was incorporated on October 23, 2002 and it is in the business of investments. The authorized share capital of the company is Rs. 10,00,000/- comprising 100,000 equity shares of face value Rs.10/- each and the paid up share capital is Rs.1,00,000/-.

The current shareholding pattern in the company is as follows:

Name of shareholders	**No. of equity shares**	**% holding**
Aditya Krishna	9,999	99.99
Malini Krishna	1	00.01
Total	**10,000**	**100.00**

The Board of Directors comprises:

1.	Mr. Aditya Krishna	Director
2.	Mrs. Malini Krishna	Director

The brief financials are given below:

Rs. In Lakhs

Particulars	For the year ended March 31	
	2004	**2003**
Total Income	1,368.67	1.71
Profit/(Loss) After Tax	1.11	0.71
Equity Share Capital	1.00	1.00
Net Worth	2.82	1.71
NAV per share of face value Rs. 10/- each (Rs.)	28.20	17.10
EPS per share of face value Rs. 10/- each (Rs.)	11.10	7.10

The company has not availed of any loans/ facilities from banks.

There are no pending litigations, disputes or suits against the company other than the litigations as mentioned in "Outstanding litigations or defaults" and there are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against it and it is not a sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985.

DETAILS ABOUT THE COMPANIES/FIRMS FROM WHICH PROMOTERS HAVE DISASSOCIATED DURING LAST 3 YEARS:

The promoters of Saksoft were the Indian promoters of **Widia (India) Limited**, now known as **Kennametal Widia (India) Limited**. The foreign collaborator was Meturit A.G., Switzerland, a subsidiary of Friedrich Krupp GmbH. Meturit A.G. was taken over by Cincinnati Milacron, USA.. In May, 2002 Cincinnati Milacron and the Indian promoters disinvested their shareholding to Kennametal, USA. The reason for the disinvestments by the Indian promoters was because of the change in International Partner.

The promoters of Saksoft also promoted **Nation Wide Finance Limited**, now known as **Citifinancial Consumer Finance India Limited** which specializes in small ticket lending and has made a niche for itself in this segment. In the year 2000, the promoters sold 74% of their shareholding to Citigroup, Inc and managed a transition to a Citigroup management team for 12 months. The balance 26% shareholding was sold to Citigroup in 2003.It is part of the global Citifinancial finance arm of Citigroup. The reason for the disinvestments was that it was commercially attractive and also would ensure faster growth for the company.

6. THE PROMOTERS & THEIR BACKGROUND:

1. Mr. Autar Krishna, Chairman



Driving License Number	**P 03022003352061**
Passport Number	**Z 1396381**
PAN Number	**AAAPK9025B**
Voters ID Number	**DL/02/009/165189**

Mr. Autar Krishna is the founder promoter of Saksoft Ltd. and its present Chairman.

Mr. Autar Krishna, aged 73 years, completed his B.Sc. from St. Stephens College, New Delhi and G.M.Mech.(E) in London. He has over 35 years experience in the steel and engineering industry He worked as Executive Engineer (Construction) for 4 years from 1958 to 1962. He promoted The Sak Industries Limited(TSIL) in 1962. Mr. Autar Krishna and TSIL promoted Widia (India) Limited(Widia) a joint venture with Meturit A.G., Switzerland, a subsidiary of Friedrich Krupp GmbH, and was the Executive Chairman of the company from 1986 to 2002.

Meturit A.G. was taken over by Cincinnati Milacron,USA and subsequently Mr. Autar Krishna and TSIL along with Cincinnati Milacron disinvested their stake in Widia to Kennametal, USA. Widia is a pioneer in the field of cutting tools in India. It is presently known as Kennametal Widia (India) Limited.

He is closely associated with his family trust, Banarsidas Chandiwala Sewa Smarak Trust Society. He is the Chairman of the Managing Committee of the Trust which has established Janki Devi Mahavidyalaya(Delhi University), Banarsidas Chandiwala Institute of Information & Technology, Banarsidas Chandiwala Institute of Hotel Management, Banarsidas Chandiwala Institute of Physiotherapy.

The trust runs the Banarsidas Chandiwala Institute of Medical Sciences which consists of an Eye Hospital, General Hospital and a Center for Diabetes & Lifestyle Diseases. Mr.Autar Krishna is also the Chairman of the Banarsidas Chandiwala Institute of Medical Sciences and a trustee of Ramjas Foundation. He is the Chairman of the Managing Committee of Ramjas School, Pusa Road, New Delhi

2. Mr. Aditya Krishna, Managing Director



Driving License Number	**R/TN/007/001000/2001**
Passport Number	**E 6559171**
PAN Number	**AAPPK1806M**
Voters ID Number	**N.A.**

Mr. Aditya Krishna is the founder promoter of Saksoft Ltd, which was incorporated in 2000 and at present its Managing Director. Mr. Aditya Krishna, aged 44 years, did his M.A.(Economics) from St. Stephens College, New Delhi and MBA (Finance & Marketing) from Northeastern University, Boston, USA.

Saksoft is a specialized provider of software services and solutions to the financial services industry. He established a global marketing network with offices in Singapore, London, Frankfurt and New York and development centers in Chennai and Noida in India.

He worked with Chase Manhattan Bank N.A, New York, USA from 1985 to 1987 responsible for cash management products including pricing decisions, institutional sales and sales to large corporate customers.

He was with Citibank N.A, New York, USA from 1987 to 1990 as a member of the business analysis department of the Credit Card Business and specifically handled the Insurance Products area. From 1990 to 1995 he was Vice President – Credit Director & Financial Controller, Citibank N.A, India responsible for managing Citibank India's credit card portfolio . This included all aspects of credit initiation like account booking, charge authorizations, merchant loans and collection activities on overdue accounts and ensuring portfolio loss rates remained within acceptable loss norms as per product profit models/programs. Responsible for all Financial Control and Business Planning and Analysis activities for Citibank India's credit card business. Activities included finalization of annual operating plans, 5 years

strategic plans, monthly monitoring and analysis of variances, unit costing, monthly rolling forecasts, cost benefit studies, lease/buy decisions etc. He was also responsible for the business internal control/audit function to ensure business wide compliance to set policies and procedures and highlight/risk exposure areas.

Mr. Aditya Krishna was the founder promoter of Nation Wide Finance Ltd. and was the Managing Director of the company from 1995 to 2001. He built the company to a balance sheet size of Rs.25 crores (US $ 6.25 million) and profits of Rs.3 crores (US $ 0.75 million). The company specializes in small ticket lending and has made a niche for itself in this segment. A national distribution with a trained workforce was established and program lending with tight controls and strong processes was implemented with fully automated operations including credit processing, account management and collections. In year 2000, Mr. Aditya Krishna sold 74% of the company to Citigroup, Inc and managed a transition to a Citigroup management team for 12 months and sold the balance 26% to Citigroup in 2003.The company is now called Citifinancial Consumer Finance India Ltd and is the market leader in small ticket, sub prime lending and is part of the global Citifinancial finance arm of Citigroup.

He was a Director in Widia (India) Ltd from 1991 to 2002 as a member of the promoter group. He is also Managing Director, since 1997, of Sak Abrasives Ltd., which is in the business of manufacture and marketing of bonded abrasives.

3. The Sak Industries Limited

Permanent Account Number	**:**	**AAGCS 3326 Q**
Company Registration No	**:**	**3626 of 1961-62**
Nature of Business	**:**	**Investment Company**

The company was incorporated as a private limited company on January 17,1962 and converted to a public limited company on 14th April 1995.. The company was the Indian promoter and joint venture partner of Widia (India) Limited. It exited from Widia (India) Limited on May 3, 2002. Currently the main business activity of the company is investments. As on March 31, 2004, the company had a net worth of Rs. 143.42 Crores.

The authorized share capital of the company is Rs. 50,00,000/- comprising 40,000 equity shares of face value Rs.100/- each and 10,000 preference shares of Rs.100/- each and the paid up share capital is Rs.11,02,500/- of which Rs.11,00,000/- comprising 11,000 shares is equity share capital and Rs. 2500/- comprising 25 shares is redeemable preference share capital.

The current shareholding pattern in the company is as follows:

Name of shareholders	**No. of equity shares**	**% Holding**
Autar Krishna incl. HUF	5,189	47.17
Kusum Krishna	2,200	20.00
Aditya Krishna	1,200	10.91
Relatives	1,911	17.37
Others	500	4.55
Total	**11,000**	**100.00**

The Board of Directors comprises:

1.	Mr. Autar Krishna	Chairman & Managing Director
2.	Mr. Aditya Krishna	Director
3.	Mrs. Usha Narain	Director
4.	Mrs. Kusum Krishna	Director
5.	Mrs. Anuradha Krishna	Director
6.	Mr. S.C. Agarwal	Executive Director

The brief financials are given below:

Rs. In Lakhs

Particulars	**For the year ended March 31**		
	2004	**2003**	**2002**
Total Income	1,581.90	3,284.32	524.86
Profit After Tax	580.80	2,582.84	234.66
Equity Share Capital	11.00	11.00	11.00
Net Worth	14,342.07	13,549.16	4,354.28
NAV per share of face value Rs. 100/- each (Rs.)	1,30,382.49	1,23,174.22	39,584.34
EPS per share of face value Rs. 100/- each (Rs.)	5,280.00	23,480.34	2,133.27
Dividend (%)	300	350	200

We confirm that the Permanent Account Number, Bank Account Number and the Passport Number of the above mentioned Promoters have been submitted to NSE.

BOARD OF DIRECTORS:

The Board of Directors of Saksoft is:

Name, Age Father's Name, Address, Designation and Occupation of Director	**Other Directorships**	**Date Of Appointment**	**Shares held in the Company**
Mr. Autar Krishna, Age 73 yrs., S/O Late Mr. Sri Krishna 7, Golf Links New Delhi 110 003 Chairman Business	• The Sak Industries Ltd. (Managing Director) • Sak Technologies Ltd. • Sak Abrasives Ltd. • Sak Consumer Retail Services Ltd. • India Glycols Ltd. • Panasonic AVC Networks India Company Ltd. • Sonnet Trade & Investments Pvt. Ltd. • General Talkies Ltd.	24.11.1999	2,00,120

Mr. Aditya Krishna, Age 44 yrs, S/O Mr. Autar Krishna 27 F, Ranjith Road Kotturpuram Chennai 600 085 Managing Director Business	• Sak Abrasives Ltd. (Managing Director) • The Sak Industries Ltd. • Sak Technologies Ltd. • Sak Consumer Retail Services Ltd. • Sakserve Pvt. Ltd. • Saksoft Inc. • Saksoft Pte. Ltd. • Saksoft GmbH	24.11.1999	36,00,020
Mr. S.C. Agarwal, Age 62 yrs, S/O Late Mr.N.K.Agarwal SFS Flat No.133 Hauz Khas, New Delhi 110 016 Director Professional	• The Sak Industries Ltd. (Executive Director) • Sak Consumer Retail Services Ltd.	27-12-2003	Nil
Mr. Amitava Mukherjee, Age 51 yrs., S/O Mr. Sanat Mukherjee 52 Panchsheel Park 64 Pali Hill Rd., Bandra (West), Mumbai 400050 Director Professional	• 3M Ltd. • Aquatar Securities Pvt. Ltd.	03-07-2003	Nil
Mr. R. Rajagopalan, Age 66 yrs., S/O Mr. Ranganathan 148, 13th. Cross, I Block R.T. Nagar, Bangalore 560 032 Director Professional	• MRO-TEK Ltd. • GTN Textiles Ltd. • Karnavati Engineering Ltd.	14-10-2004	Nil
Mr. V. Ramanathan, Age 46 yrs., S/O Mr. P. Venkatraman 1B, Vishaal Apartments, 7 Gandhinagar 2nd Main Road, Adyar Chennai – 600 020. Executive Director Professional		11-06-2001	80,000

The brief profile of the Board members, other than promoters, is given below:

1. Mr. S.C. Agarwal Director

Mr. S.C. Agarwal, aged 62 years, completed his Bachelor of Commerce in 1960 and qualified as a Chartered Accountant in 1964. He obtained his F.C.A. in 1970. He has been working with The Sak Industries Ltd. since 1965 and is currently the Executive Director of the company. He is also the Company Secretary of Sak Abrasives Ltd..

With an experience of more than 29 years in finance and accounting, Mr.Agarwal is an expert in all facets of finance.

2. Mr. Amitava (Amit) Mukherjee, Director

Mr. Amitava Mukherjee, aged 51 years, is a postgraduate in Business Economics from Delhi University and a MBA from the Asian Institute of Management, Manila.

He had been with Lazard India Ltd. and was the Managing Director of the firm. During his tenure with Lazard's, he advised several multinational companies on their entry strategies into India as well as advised them on mergers & acquisitions. He has rich and varied experience in investment banking having been involved with several transactions on behalf of large Indian corporate houses and multinationals.

Since August 1, 2003, Mr. Amitava Mukherjee has joined Ambit Corporate Finance as a shareholder and partner. Prior to Lazard, he was with L&T Ltd., a well-known engineering company.

Mr. Mukherjee is on the board of 3M Ltd. and Aquatar Securities Pvt. Ltd. and was also a member of the Management Committee of Assocham, a leading industry association. He has widely traveled and has participated in the World Economic Forum at Davos, Switzerland and business delegations to USA. He was also a member of the British Business Group.

3. Mr. R. Rajagopalan, Director

Mr. Rajagopalan, aged 66 years, is a B.Com, FCA,FCS by qualification. He retired from the position of Managing Director-Commercial and Secretary of Widia (India) Ltd. in September, 2001. He was the National President of the Institute of Company Secretaries of India(ICSI) in 1979-80 and the President of the Employer's Federation of Southern India(EFSI) in 1992-93.He was the Chairman of the North Bangalore Industries Association in 1992-93.

Mr. Rajagopalan authored a book titled 'Directors and Corporate Governance'. He is presently on the board of MRO-TEK Ltd., GTN Textiles Ltd. and Karnavati Engineering Ltd. He has widely traveled to U.K., Europe, USA, China, Japan etc.

4. Mr. V. Ramanathan, Executive Director

Mr. Ramanathan completed his under graduate course in Production Engineering from Guindy Engineering College with a First Rank from Madras University. He did his MBA from IIM, Ahmedabad in 1982 with specialization in Production and Information Systems. He was an I-School at IIMA.

He started his career in Wipro Infotech as a MRP specialist and moved through various positions and became the Sales & Marketing Manager-Mainframe Division where he obtained the largest order for Tandem mainframe computers from Stock Exchange, Mumbai. He was with Wipro for 11 years.

He joined Ramco Systems in 1993 as Divisional Manager-Marketing and helped in establishing it as an ERP player. He supported the U.S. and Swiss operations. He then became the Head- Development with concurrent charge of Global Marketing and developed

Ramco Marshal 3.0 with a 200-person team. Subsequently he became General Manager-Global Marketing & Pre-sales which gave him wide exposure to U.S., Swiss, German and Singapore markets.

In 1998, Mr. Ramanathan joined SIP Technologies Ltd. as Head-Operations and then became Executive Director. From a 10 member team when he joined SIP Tech grew to a 150 member in 2 years.

In 2000, he joined Saksoft Ltd. as Executive Director. This was an opportunity yet again to build a team and a business. He has built a team of business analysts, project managers and software professionals comprising nearly 200 people in the last 4 years. He has contributed to Saksoft being profitable in every year of its operations with an excellent reputation for software development and testing services with multinational banks.

7. KEY MANAGERIAL PERSONNEL:

The Company's management team is made up of qualified professionals with experience in management in their respective fields of expertise. The Managing Director and Executive Director are assisted in their day-to-day responsibilities by a team of professionals as under:

Name & Age	Designation	Area of Specialization	Qualification	Overall Experience & Date of Joining	Remuneration (2003-2004) Rs. Lakhs
P.Nallasenapathy, 34 yrs.	Project Director	In charge of Delivery, Systems, Quality with special focus on BI Practice of Saksoft. Holds additional responsibility for Saksoft Quality Management System	BSc. (Computer Science), MBA (HR & Marketing)	12 yrs. 09/10/2000	18.50
Sreelal Ramachandran, 37 yrs.	Project Director	In charge of Delivery, Systems, Quality with special focus on 3rd Party testing Practice (SakAssure Program) of Saksoft.	BE (Computer Science)	14 yrs. 11/10/2000	18.01
D.Ravi Thilagan, 40 yrs.	Head – HR	Heads HR function including Recruitment, training, retention, salary administration, culture building, performance management and HR development.	BBA, MBA	18 yrs. 15/09/2004	11.50

Raghu Ramachandran, 41 yrs.	Director – Sales	Heads the Sales function and overall manages all sales process from prospect building, sales cycle, negotiations, account management and provides overall strategic inputs and direction to sales efforts	MA, MBA	18 yrs. 27/05/2004	14.00
S. Sankaran, 40 yrs.	Company Secretary & DGM (Fin. & Accts.)	Heads accounting, finance and company secretary functions. Manages and directs compliance of all country accounts to local, Indian and US standards.	B.Com, FCA, ACS	15 yrs. 09/10/2000	12.00
Mark Chapman 34 yrs.	Business Development Manager	In charge of business development for Europe and manages sales process including sales cycle, negotiations and account management	BSc (Electronics), MSc (Micro-electronics)	14 yrs. 05/01/2004	37.22
Vinay Advani, 28 yrs.	Sr. Business Analyst	In charge of business consulting and ensures domain knowledge inputs are given to all projects, all deliverables meet customer expectations and manages domain knowledge centric projects.	B.Com, MBA	6 yrs. 06/05/2004	7.25
Jui Srivastava, 30 yrs.	Sr. Business Analyst	In charge of business consulting and ensures domain knowledge inputs are given to all	BSc (Maths), MBA (Marketing)	6 yrs. 23/07/2001	7.50

		projects, all deliverables meet customer expectations and manages domain knowledge centric projects			
R.C.Sasikumar, 30 yrs.	Sr. Project Manager	Manages key accounts from project management perspective apart from managing projects.	BSc (Computer Science), MBA	7 yrs. 06/05/2000	33.75
Sumathi Paul, 34 yrs.	Project Manager	Manages multiple projects with special focus on support and sustenance projects	MSc (Computer Science)	10 yrs. 11/10/2000	6.51
Venu Badrinath, 32 yrs.	Project Manager	Manages large projects with technology focus.	BSc (Physics), BE	6 yrs. 13/06/2001	8.50
S.Rengamani, 37 yrs.	Project Manager	Manages key accounts from project management perspective apart from managing projects.	BSc (Computer Science)	11 yrs. 18/12/2002	12.00
S.Bharathi Mohan, 35 yrs.	Project Manager	Manages large projects with technology focus.	BSc (Physics), MSc	15 yrs. 25/02/2002	8.50
Sridharan Kannan, 31 yrs.	Sr. Business Analyst	In charge of business consulting and ensures domain knowledge inputs are given to all projects, all deliverables meet customer expectations and manages domain knowledge centric projects	BSc (Physics), PGD	9 yrs. 07/02/2003	8.25
Anand Krishnan, 37 yrs.	Vice President – Business Development (USA)	In charge of business development for US and manages sales process including sales cycle, negotiations and	B.Com., ACA, ACWA	13 yrs. 12/02/2001	37.06

		account management. Directs sales efforts in Americas.			
Vivek Agarwal, 31 yrs.	Director – Asia Pacific	In charge of business development for Asia Pacific and manages sales process including sales cycle, negotiations and account management. Directs sales efforts in Asia Pacific Region.	BE, PG (Operations Management)	10 yrs. 20/02/2002	25.98

Brief profile of Key Managerial Personnel:

In addition to the profile of Mr. Autar Krishna and, Mr. Aditya Krishna as provided earlier, as also of Mr. Ramanathan – Executive director, following is the profile of the other key management professionals at Saksoft Limited and its subsidiaries:

1. **Mr.Nallasenapathy (Sena)** serves as a Project Director in Saksoft and has over 12 years of total experience. He joined Saksoft in its first year of operation and currently holds responsibilities for Service Delivery, Pre-sales support and System Administration.
   Prior to Saksoft he worked with companies such as Global Trust Bank and Citi Group Asset Management (merged entity of Solomon Smith Barney).

   He has completed his MBA with specialization in Systems and Marketing at Bharathiyar School of Management and Entrepreneurship. He has also qualified as a Certified Information System Auditor (CISA).

2. **Mr.Sreelal Ramachandran** has over 14 years of software project experience in Banking and Financial services and currently serves as a Project Director in Saksoft. His prime responsibilities are finalizing, planning, designing, implementing and delivering the projects to the clients successfully. He also spearheads the third party testing practice.

   He has worked with Nucleus Software, HCL America (USA) and has around 10 years of work experience in USA. He has extensive work experience in Oracle Financials. He is a BE (Computer Science) graduate from Karnataka University.

3. **Mr.Ravi Thilagan** is an MBA from Madurai Kamaraj University having over 18years of experience in Human Resources (HR). He comes with rich experience, having worked with IDEA (an Engineering consulting firm), Satyam Computer Services and Rane TRW before joining Saksoft. He has work experience in various industries like Manufacturing, Engineering and Software.

   He is the Head HR and leads the HR team with the primary responsibility of providing Strategic direction for the effective functioning of HR with major focus on recruitment and retention of the employees.

4. **Mr.Raghu Ramachandran** is a Project Director with over 18 years of experience in Sales and Marketing. He started his career with Hindustan Lever Ltd and then worked with

companies like Visual Soft Technologies heading the offshore sales and Mascon Global as a Regional Manager for Malaysia and Singapore.

He has done his MA (economics) from Madras University and MBA specializing in Marketing from AM Jain Institute of Management

5. **Mr. S Sankaran** is the Company Secretary and DGM (Finance and Accounts) and is with Saksoft since its incorporation. He has over 15 years of hands – on experience in Accounting Systems Development, Financial Management and Financial Reporting. Prior to Saksoft he worked with Citifinancial Retail Services India Pvt Ltd.

   He is a qualified Chartered Accountant and Company Secretary and completed his B.Com from Madurai Kamaraj University.

6. **Mr.Vinay Advani** has a total experience of 6years with hands-on experience in Operations and Operations Development in the Banking industry. He works as a Business Analyst in Saksoft.

   His primary responsibility is understanding client's requirements and effective delivery of projects with in the stipulated time. He has worked with Netfinex in operations area and with ANZ Grindlays Bank in the Business Process Implementation Group prior to joining Saksoft.
   He has completed B.Com from Loyola College and PGDBA from Loyola Institute of Business Administration.

7. **Mrs.Jui Srivastava** is a Senior Business Analyst and is with Saksoft for 3years. She has core competency in credit card business with over 5 years of experience in that area. Her functional responsibilities include Business Requirement Analysis, Functionality Testing, Client Interface and User Acceptance testing along with the client. Prior to Saksoft she worked with HSBC, a well-known Multinational Bank. She has done BSC (Maths) from Jadavpur University and MBA specializing in Marketing from IISWBM.

8. **Mr.Sasikumar** is a Senior Project Manager and is with Saksoft for 4 years with over 7years of total experience. He has experience in Technical Development and was involved in many projects in various major technologies .He has been involved in projects in financial domain for clients like CitiGroup, True Link and Standard Charted Bank. He is a BSc.(Computer Science) graduate and an MBA from from Madurai Kamaraj University. He is a Microsoft Certified professional .

9. **Mrs.Sumathi Paul**, with an MSc Computer Science degree from Bharathidasan University is a Project Manager in Saksoft .She has over 4years of experience at Saksoft with a total of 9 years of experience with companies like Bank of Madura, ICICI Bank prior to joining Saksoft.

10. **Mr.Badri,** currently serving as Project Manager in Saksoft has work experience of over 5 years in various domain such as pharmacy, E-Com, Banking and Financials .His prime responsibilities comprises of marketing for prospective projects, project estimation and monitoring as well as project delivery. He holds a B.Tech from Anna University, Chennai.

11. **Mr.Rengamani** joined Saksoft as a Project Manager and is primarily involved in testing of projects for Citibank in USA. He has over 15 years of experience with core competency in project testing. Prior to Saksoft he worked with ReLQ Software heading the Chennai Operations.

    He is a BSc.(Maths) graduate from Madurai Kamaraj University.

12. **Mr.Bharathi,** a project manager with RDBMS competency has over 11 years of experience in this field and was with TechNet India Pvt ltd. He is a MSc.(Computer Science) post-graduate from Bharathidasan University.

13. **Mr.Sridharan Kannan** is a Business Analyst in Saksoft . with expert knowledge in Card Pac and VisionPLUS software. With a work experience of over 9 years, he worked with Scope International and Standard Chartered Bank prior to joining Saksoft. He is a BSc.(Physics) graduate from Loyola College with a PG Diploma in Systems Development.

14. **Mr. Mark Chapman**, Business Development Manager (Europe), has a total experience of 14 years. He has rich experience in IT and Financial Market services. His prime responsibilities are Business Development and Account Management of large accounts in Europe.

    He received the Top Revenue Earner award for three consecutive years for his extraordinary contribution for revenue generation in his previous employment. He has done his BSc (Electrical and Electronics) and MSc (Microelectronics and VLSI Design) from Brunel University, UK.

15. **Mr.Anand Krishnan,** Vice President – Business Development USA is with Saksoft for the last 3 years. His functional responsibilities include identifying new prospects and recognizing their needs, submitting proposals and closing the sale. Prior to Saksoft he has worked with reputed companies like Ashok Leyland and CitiFinancials.
    He is a B.Com. from Madras University and has qualified as a Cost Accountant(ACWA) and a Chartered Accountant(ACA).

16. **Mr.Vivek Agarwal** has over 10 years experience in Business Development and Operations in different industries with proven track record. He is the Director – Asia Pacific and key responsibilities include formulating and implementing Sales and Marketing strategies, Business Development and General Administration in the Asia Pacific Region. He worked with Citibank, India prior to joining Saksoft.
    He is a B.E.(Mechanical Engineering) from Dayalbagh Educational Institute, Agra has done his Post Graduation in Operations Management from NITIE, Mumbai.

The persons whose names appear as key management personnel are on the rolls of the Company/its subsidiaries as permanent employees.

The total organizational size of Saksoft is 208 people. The Company has concrete and aggressive recruitment plans and staff strength is expected to increase to 480 people by 2005-2006.

The average employee turnover of Saksoft has been 12% for the first half year FY 2003-2004, 32% for the second half of FY 2003-2004 and 26% for the six month ending on 30th September 2004. The attrition ratios have been negatively affected due to highly competitive skilled labour market.

Changes in Key Managerial Personnel during the last 3 years:

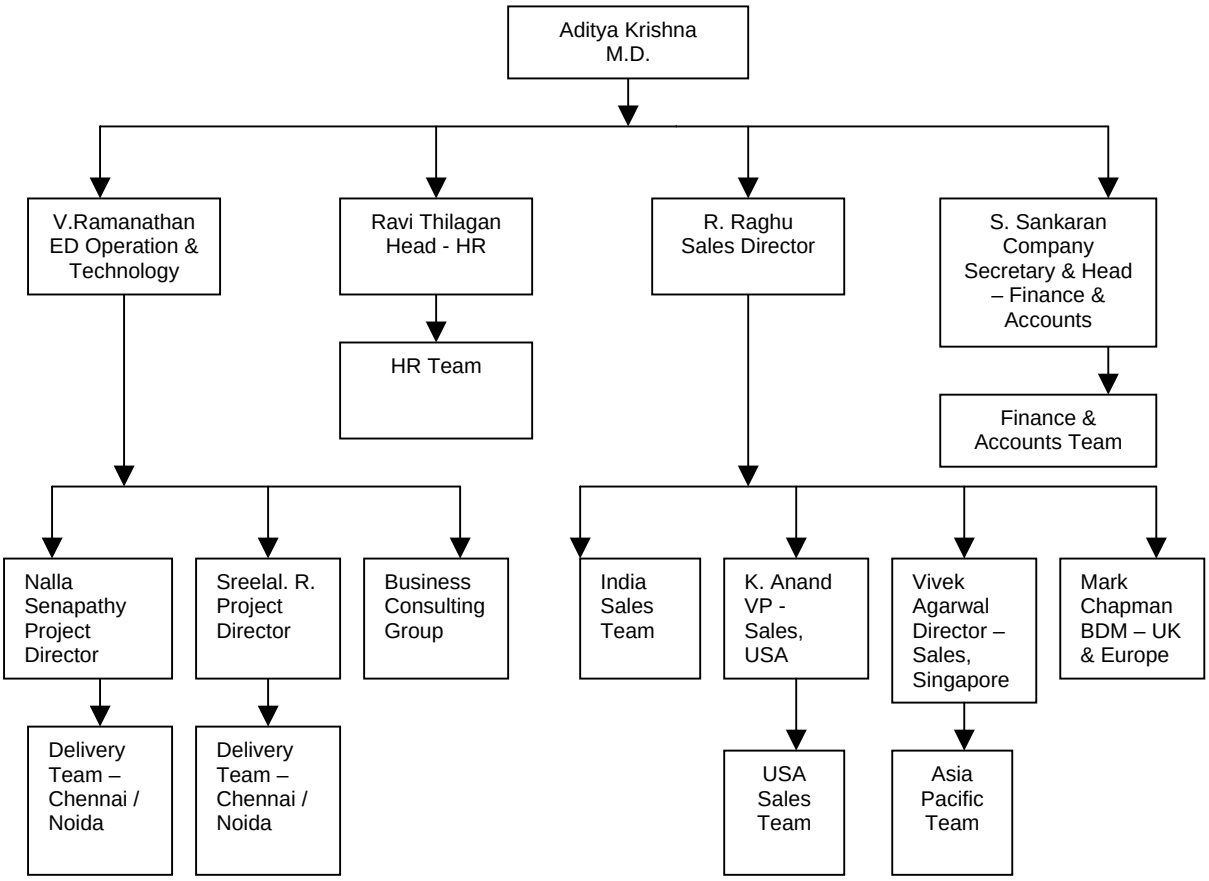
Name	Date of Joining	Designation	Date of Cessation	Reason
D.Ravi Thilagan	15/09/2004	Head-HR	-	Appointment
Raghu Ramachandran	27/05/2004	Director-Sales	-	Appointment
Vinay Advani	06/05/2004	Sr. Business Analyst	-	Appointment
Mark Chapman	05/01/2004	Business Development Manager	-	Appointment

Sridharan Kannan	07/02/2003	Sr. Business Analyst	-	Appointment
S.Rengamani	18/12/2002	Project Manager	-	Appointment
S.Bharathi Mohan	25/02/2002	Project Manager	-	Appointment
Vivek Agarwal	20/02/2002	Director-Asia Pacific	-	Appointment
Manish Shah	12/09/2000	Vice President	20/02/2002	Resignation
T.R. Sivasankar Babu	01/09/2002	Project Manager	10/01/2003	Resignation
Rod Murillo	01/01/2001	President	30/06/2003	Resignation
Michael H. Ruden	01/05/2003	Vice President – Sales	24/10/2003	Resignation
V. Shridhar	01/09/2002	Head – Business Consulting	31/10/2003	Resignation
R. Jagajanani	10/07/2003	Manager – HR	31/10/2003	Resignation
Rajesh Aiyar	15/03/2001	Project Manager	30/01/2004	Resignation
Sameer Padmanabhan	03/03/2003	Business Analyst	03/03/2004	Resignation
S. Rajan	01/09/2002	Business Development Manager	26/03/2004	Resignation
S. Muthukumar	23/10/2000	Project Manager	23/07/2004	Resignation

Shareholding of Directors and Key Managerial Personnel

Name	**No. Of Shares**
Mr. Autar Krishna	2,00,120
Mr. Aditya Krishna	36,00,020
Mr. V. Ramanathan	80,000
Mr. P. Nallasenapathi	8,700
Mr. Sreelal Ramachandran	8,700
Mr. S. Sankaran	3,100
Mr. Vinay Advani	300
Ms. Jui Srivastava	300
Mr. R.C. Sasikumar	2,200
Mr. Badrinath Venu	400
Ms. Sumathi Paul	1,000
Mr. K. Anand	3,100
Mr. Vivek Agarwal	3,200

Organization Chart:



CORPORATE GOVERNANCE

The SEBI Guidelines in respect of Corporate Governance shall be applicable to the Company immediately upon listing of its shares on the Stock Exchanges. The Company undertakes that it shall take necessary steps to comply with all the requirements of the Guidelines on Corporate Governance as would be applicable upon listing of its shares. In this regards the Company has already set up an Audit committee and other committees as per the requirements of the Guidelines.

Audit Committee

The terms of reference of audit committee comply with the requirements of Clause 49 of the listing agreement to be entered in to with the Stock Exchanges. The audit committee consists of two independent directors including the chairman:

1. Mr.R.Rajagopalan, Chairman
2. Mr.Amitava Mukherjee
3. Mr.S.C.Agarwal

The Audit committee monitors and provides effective supervision of financial reporting, for timely and proper disclosures and to maintain transparency.

Shareholders and Investors Grievance Committee

The present shareholders and investors grievances committee consists of two independent directors including the chairman:

1. Mr.R.Rajagopalan, Chairman
2. Mr.Amitava Mukherjee
3. Mr.S.C.Agarwal

The committee shall perform the function of handling shareholders and investor's grievances and expeditiously dispose off their grievances.

8. FOREIGN COLLABORATION

The Company does not have any technical/financial collaboration for the existing business.

9. BRIEF DETAILS ABOUT THE PROJECT

Saksoft has chalked out expansion plans comprising:

i. Expansion of Facilities

ii. Process Certification

iii. Acquisitions

i. EXPANSION OF FACILITIES

Rationale:
Saksoft has grown in operations over the past four years. Presently Saksoft, with nearly 200 professionals on its rolls, operates out of 18,000 sq.ft rented space at Mandaveli, Chennai. The company has grown rapidly from a turnover of Rs.3.64 crores for the year ended March 31, 2001, which was its first full year of operations to a consolidated turnover of Rs.21.80

crores for the year ended March 31, 2004. The company has achieved a consolidated turnover of Rs.15.80 crores for the half-year ended September 30, 2004.

Saksoft therefore expects significant business growth in the next few years, which will entail a substantial increase in its employee strength. The company will therefore require additional facilities to handle this growth in business.

Location & Site:

The company had leased out an additional 33,000 sq.ft., of office space at B 35-36, Sector 80, Phase II, Noida-201 305, U.P. in January, 2004 and about 10,000 sq.ft., of this space was furnished in March, 2004.

Noida, which has now almost become an extension of New Delhi is well provided with facilities and infrastructure for the software business. The premises taken on lease by Saksoft is an independent building with ground plus upper two floors and has all the required infrastructure facilities for the setting up of the software development center.

Cost of expansion of facilities:

The break-up of cost estimates for expansion of office facilities and purchase of computers and equipment are given below:

Expansion of facilities / equipment	**Rs. Lakhs**
• Rent Deposit	25.00
• Furnishing / interiors	259.00
• Computers and base software	312.00
• Servers and extended software	208.00
• Communication facility	52.00
• Other infrastructure	26.00
TOTAL	**882.00**

- **Rent Deposit (Rs.25.00 lakhs)**

Saksoft is currently housed in 18,000 sq.ft., of space across 3 floors in 'Sri Ram Nivas', 38, V.K. Iyer Road, Mandaveli, Chennai – 600 028, Tamil Nadu. This office space has been taken on lease rental. This space is fully furnished for software development and can accommodate about 250 persons.

The company established its second development center at B 35-36, Sector 80, Phase II, Noida – 201 305, U.P. It is an independent building covering an area of 33,000 sq.ft. comprising the ground and 2 upper floors.

The company has about 200 professionals now, which would go up to 250 nos., by March 31, 2005. It plans to recruit an additional 230 persons in 2006-2007 and 290 persons in 2006-2007 taking the total professional strength to 770 by end March 31, 2007. Currently, Saksoft has a total leased space of 51,000 sq.ft. which can accommodate 728 (51000/70) persons. Therefore, it will need additional space of 2940 (42 x 70) sq.ft. for 42 persons in 2006-2007. Since minimum floor plates these days is 10,000 sq.ft. and since the company will be requiring additional manpower also therefore it will rent out a minimum space of 10,000 sq.ft. in 2006-2007.

The current rental in Chennai is Rs.17/- per sq.ft. and it is expected that by 2006-2007 the rental will increase to Rs.25/- per sq.ft. on a conservative basis. Since 10 months rent deposit has to be paid, therefore the amount required would be Rs.25 (25x10x10000) lakhs.

- **Furnishing/Interiors (Rs. 259.00 Lakhs)**

Saksoft has already furnished 18,000 sq.ft. of office space at its Chennai Development Center and 10,000 sq.ft. of office space at its Noida Development Center. Furnishing / interiors cost comprises of cost of partitions, furniture, carpeting, interior painting, lighting, air-conditioning, UPS and back up power generation facility. The cost per person for furnishing / interiors is Rs.70,000/-.

The projected increase in employee strength is 230 in 2005-2006 and 290 in 2006-2007. Since furnished space for 150 persons is already available in Noida and Chennai therefore in 2005-2006 additional furnishing / interiors is to be done only for 80 (230-150) persons. Therefore the expenditure in 2005-2006 would be Rs.56/- (80 x 0.70) lakhs. The expenditure in 2006-2007 would be Rs.203/- (290 x 0.70) lakhs.

Therefore the total expenditure on furnishing / interiors is projected at Rs.259/- (56+203) lakhs.

- **Computers & Base Software (Rs. 312.00 lakhs)**

The cost of providing computer with color monitor and base licensed software is Rs.50,000/- per employee. Therefore the expenditure on this item would be Rs.138/- (230x0.60) lakhs in 2005-2006 and Rs.174/- (290x0.60) lakhs in 2006-2007.

Therefore the total cost for computers and base software is Rs.312.00 (138+174) lakhs.

- **Servers & Extended Software (Rs. 208.00 lakhs)**

The cost of servers and extended software like database, network software, firewall, various software tools is Rs.2.00 lakhs for every group of 5 employees. Therefore the cost of this item would be Rs.92/- (230x2/5) lakhs in 2006-2006 and Rs.116/- (290x2/5) lakhs in 2006-2007.

Therefore the total cost of servers and extended software would be Rs.208/- (92+116) lakhs.

- **Communication Facility (Rs. 52.00 lakhs)**

This comprises Internet leased line, VOIP telephone, Landline telephone and phone conferencing facilities. The cost of this facility is Rs.10/- lakhs per 100 employees. Therefore the expenditure would be Rs.23/- (230x10/100) lakhs in 2005-206 and Rs.29/- (290x10/100) lakhs in 2006-2007.

Therefore the total cost of communication facility would be Rs.52/- (23+29) lakhs.

- **Other Infrastructure (Rs. 26.00 lakhs)**

Other infrastructure includes items like Copier, Fax, Printer, Laptops, OverHead Projector etc. The cost of this facility is Rs.5/- lakhs per 100 employees. Therefore the expenditure would be Rs.11.50 (230x5/100) lakhs in 2005-2006 and Rs.14.50 (290x5/100) lakhs in 2006-2007.

Therefore the total cost of other infrastructure would be Rs.26.00 lakhs.

Thus, the expansion of facilities would entail a total cost of Rs.882 lakhs.

Schedule of Implementation & Status

The expansion of facilities is for the years 2005-2006 and 2006-2007.The first phase of expansion is expected to commence in July 2005 and get completed in March 2006. The company has already taken space on lease for this expansion. Also facilities are already complete for part of the expansion and the program above is only for the balance expansion planned for 2005-2007.

The second phase of the expansion is expected to commence in April 2006 and get completed in March 2007. Based on previous experience of the company, it takes about 6 weeks for delivery and installation of computer hardware and software from the date of purchase order and it takes about 4 weeks for setting up the furniture and furnishings.

Saksoft does not envisage any problem in setting up the facilities, installation of computers and equipment, as these are fairly standard procedures and does not require any highly specialized personnel to be hired. As per the normal practice, main equipment like servers, networking equipment and UPS will be set up and installed by vendors. Besides, Saksoft has sufficient experience in setting up its own previous expansion projects to supervise the proposed expansion.

ii. PROCESS CERTIFICATION (Rs. 20.00 lakhs)

As part of its constant drive to achieve international standards for its processes, Saksoft obtained the ISO 9001:2000 certification for design, development and support of software applications in December, 2002. To enhance its quality image in the market, Saksoft intends to obtain the SEI CMMi Level 4 certification for its software processes.

Cost of certification includes professional charges of a certification consultant and the certification fees. An experienced consultant will be recruited for advising the company on necessary process improvements and benchmarks to be achieved. The certification fee is towards the fees payable to the Certifying Authority. Total cost towards certification has been estimated at Rs.20 lakhs, (Rs.15 lakhs towards fees and Rs.5 lakhs towards professional charges).

Schedule of Implementation and Status

Process development and quality improvement is a continuous process and the improvements required depend on industry demand, competition and internal goals for achieving excellence. The company expects to commence the certification process in April 2005 and complete it by March 2006.

iii. ACQUISITIONS (Rs.500 lakhs)

Saksoft plans to acquire a company or a business, which has synergy with its current business anywhere in India, Asia-Pacific, Europe or U.S. Saksoft is yet to commence the process of acquisition, including short listing the target companies. However, it has chalked out various criteria for the target companies. They are:

- Operating in the same domain as Saksoft, i.e. business consulting allied with software services for banking, financial services and insurance industry.
- Profit making operations.
- Attractive customer base and good market image.
- Privately / closely held, in case of company acquisition.

Acquisitions Strategy

Saksoft plans to invest about Rs.500 lakhs for acquisition of a company or a business. Acquisitions will be for a 100% shareholding and management control with considerations that could be met with a combination of cash and shares as also on generation of future profits by the acquired companies.

Benefits

The potential benefits to Saksoft from these acquisitions would be:

- Positive contribution to cash flow of Saksoft as the acquired companies will be profit making companies or businesses.
- Acquisition of customers directly.
- Saksoft would attempt to sell more of its services to acquired customers thereby increasing business from the acquired customers.
- Reduce operating expenses if the acquired companies / businesses are outside India by replacing their manpower by deputation of Indian employees.

Saksoft is yet to finalize its acquisition plans.

IPO & Preliminary Expenses

Saksoft proposes to issue equity shares through an Initial Public Offer (IPO) for an amount of Rs.750 lakhs. The expenses on the IPO have been estimated at Rs.60 lakhs, which works out to 8% of the IPO, which appears to be reasonable. Main components of IPO related expenses are fees to the Lead Managers, printing, publicity expenses and various statutory charges and fees.

The estimated Offer expenses are as follows:

Particulars	**Expenses (In Rs. Lakhs)**
Lead Management and selling commission	17.25
Advertising and Marketing expenses	15.00
Printing and Stationery	20.00
Others (Registrars fee, Legal fee, Listing fee etc.)	07.75
Total estimated issue expenses	**60.00**

Net proceeds of IPO

Particulars	**Amount (In Rs. Lakhs)**
(a). IPO – Equity Shares	750.00
(b). Issue Expense	60.00
Net proceeds of IPO (a-b)	690.00

The total monetary assets of the Company and its subsidiaries, on a consolidated basis, as on September 30, 2004 was Rs 755.38 lakhs. This provides sufficient funds for current operational and expansion needs of the Company. However, the company is looking for

synergistic acquisitions, in which case, the current internal accruals and the net proceeds of the issue may be utilized. The listing of the equity shares will also enable the use of the shares as a currency for such acquisitions. However, the Company does not have any acquisition plans under consideration as on date of the Prospectus.

Schedule of Implementation of the Project

Sr. No	Particulars	Start Date	End Date
1.	Expansion of Facilities and Equipment		
	• Phase I	July 2005	March 2006
	• Phase II	April 2006	March 2007
2.	Process Certification	April 2005	March 2006
3.	Acquisition	April 2005	December 2005

10. DESCRIPTION OF INDUSTRY AND BUSINESS:

Global IT Market

According to the Strategic Review of 2004 by NASSCOM, IT spending in the global market, after a decline in 2002 and having been flat in 2003, shows a moderate growth possibility of 5%. It further predicts that 2004 and the future will see more aggressive out sourcing and more business outlook in software application development that focuses on real-life and high priority business problems. In other words, IT spending will be driven by CEO-level business priorities and business oriented applications. This is a mixed bag for a company like Saksoft. With its domain focus and critical value-add in business knowledge, it is poised to get attention from customer, but aggression from customer may favor large players and price competition.

Worldwide IT services spending by Foundation Market, 2002-2007 (US$M)

	2002	2003	2004	2005	2006	2007	2002-2003 Growth (%)	2002-2007 CAGR (%)
Outsourcing								
Application Management	12237	13210	14267	15535	***17002***	18624	7.9	8.8
IS Outsourcing	67357	71119	75506	80560	***85979***	91376	5.6	6.3
Network and Desktop Outsourcing	23311	24348	25569	27109	28851	30519	4.4	5.5
Application Service Providers	2328	2957	3780	4803	5929	7179	27	25.3
System Infrastructure Service Providers	11537	13312	15572	18495	22071	26348	15.4	18
Sub Total	**116770**	**124945**	**134695**	**146502**	**159772**	**174047**	**7**	**8.3**
Support and Training								
Hardware deploy and support	45156	44943	45097	46444	48231	49876	-0.5	2

Software deploy and support	44897	46791	49389	52954	***57704***	62754	4.2	6.9
IT Education and Training	18833	18524	18652	19135	20249	21479	-1.6	2.7
Sub Total	**108887**	**110258**	**113138**	**118533**	**126184**	**134109**	**1.3**	**4.3**
Project-oriented Services								
IS Consulting	20825	20249	20466	21111	***22082***	23067	-2.8	2.1
Systems Integration	64494	62414	63908	66711	70670	74847	-3.2	3
Network Consulting and Integration	20291	21296	22510	24097	26154	28353	5	6.9
Custom Application Development	18818	18421	18577	19016	***19701***	20389	-2.1	1.6
Sub Total	**124427**	**122380**	**125461**	**130935**	**138607**	**146656**	**-1.6**	**3.3**
Total	**350084**	**357582**	**373294**	**395969**	**424562**	**454812**	**2.1**	**5.4**

(Note: * marked figures in above table denote areas of focus of Saksoft at present)

Banking and Financial Services industry is the most sought after and most revenue-producing vertical in the global IT market as can be seen in the following statistics. The IT spending as shown in the table is spending by banks, insurance companies and securities firms. According to survey done by IDC in 2003, IT spending by banks is driven by initiatives to meet regulatory requirements, manage customer relationships, manage risks, reduce costs and to attract new customers. Saksoft believes such a trend will continue for a few more years, as projects in these areas are not small initiatives. They require considerable effort and a large time window.

Indian IT Software Services and BPO (ITES) Revenues:
Vertical (2002-2003)

	2001-2002	**2002-2003**
Banking, Financial Services and Insurance (BFSI)	35%	39%
Manufacturing	12%	12%
Telecom Equipment	12%	9%
Government	1%	1%
Retail	4%	5%
Utilities	2%	3%
Transportation	1%	1%
Telecom Service Providers	3%	4%
Healthcare	3%	5%
Others	27%	21%
Total	100%	100%

The above classification of software exports by vertical is tentative.

MARKETING STRATEGY

MARKETING & SALES

Overview:

Saksoft is a specialized provider of software solutions and offshore IT outsourcing services to the banking & financial services and technology companies across the globe. The company's solutions are a combination of domain knowledge and technical expertise with a focus on the Business Intelligence (BI) and Data Warehouse (DW) space. Over the years Saksoft has gained considerable experience in developing applications in Retail Banking, Credit Card Applications (Scoring, Collections & Campaign management), Trading, Clearing & Settlement systems – In short applications in Personal, Corporate and Investment Banking arena. Saksoft is working successfully with leading global banks & financial institutions and technology companies and the customers have continued to work with them. Since inception Saksoft has been advocating and successfully executing projects based on the offshore delivery model with flexibility built in allowing customers to choose what will best suit them. Saksoft's software solutions have helped its customers maximize profitability and manage risks better.

Services:

Custom Application Development (SakC2C)

The SakC2C program is a portfolio of Consulting, Development and Testing services for complete custom development of application software. With the business-consulting group that has depth of experience within the different industry sectors, the SakC2C program makes creation of the Business Requirements (and thus high quality specifications for the software product) an effective activity with more commitment from business users but with less effort.

QA & Testing (SakAssure)

The SakAssure program is a portfolio of consulting and testing services focusing on 'Validation and Verification'. This is a third party "Verification & Validation" service that ensures Software Quality, confirming Performability, Stability, Reliability, Scalability and Maintainability.

Maintenance Support (SakSupport)

Saksoft offers remote application maintenance support, for custom applications developed by clients' internal groups, by Saksoft or a third party vendor, or COTS (Commercial Off The Shelf) applications. Our application support deals with fixing software problems as well as implementing and managing changes, improvements, and enhancements to the system.

Extend Teams (SakXtend)

The SakXtend program provides software development services to large Banks and Financial Services companies to augment their own IT resources and ensuring that their IT teams meet business users' expectations. This has proved to be a cost-effective, success-assured, flexible and mixed mode service program for IT staffing and Offshore Development Services (ODC).

Technology focus:

Saksoft adopts new and emerging technologies to deliver innovative solutions to its customers. The company has worked on several projects that require integration of multiple operating systems and platforms. The company has created focus groups called Technology Labs that act as its R & D center. These labs combine domain and technology knowledge to help build core competencies and nurture them. This group continually explores, advocates

and applies new tools, technologies and methodologies to provide both clients and in-house development teams with technology directions and cutting edge solutions. These groups aid in providing ready-to-use knowledge packs to the rest of Saksoft's professionals who in turn use these to provide quality deliverables to its customers. Since these groups are 'early adapters' of new technologies they act as 'test beds' for these technologies before they are deployed in the solutions for customers. This ensures that the Saksoft customers have access to the latest, yet tested, technologies at all times.

Saksoft works with the technology majors closely. Such closeness has helped Saksoft come out with solutions using the technologies ahead of the competition. Saksoft Technology labs act as the R&D center of Saksoft working on the new technologies by developing proof-of-concept projects, delivering technical white papers, and build components. This enables Saksoft customers reap the benefits of the R&D and reduced time-to-market. The Company works closely with the technology majors such as Microsoft, Oracle, Business Objects, IBM and Informatica

Geographical spread:

Saksoft has it's own sales offices in New York, London, Frankfurt, Singapore and India. These offices are centrally located in the respective cities with access to transportation and other facilities in close proximity. Saksoft approach to sales is through their own sales force and through partners. Saksoft is in the process of identifying suitable partners in non-represented areas and in the places where the combined strength of the partner would add more value to its customers.

Engagement model:

Saksoft's engagement model is simple and flexible. Saksoft tailor's its engagement process to suit its customers, be it strategic partnerships or Offshore Development Centers. Saksoft believes in partnership led, full service engagements rather than project based ones as such engagements provide clients with incremental ROI for their IT budgets. In such partnership models Saksoft acts as a virtual extension to clients' IT organizations. This model also helps Saksoft in understanding the clients' processes, work ethics and culture.

Pricing model:

Saksoft works with a range of pricing models that could include Time and Material based pricing, Managed Time and Material (where customer onsite personnel are managed by a Saksoft project manager), Fixed Price projects and complete Turnkey projects as well.

Differentiators:

Saksoft is a company totally focused on the BFSI domain providing BI / Data warehouse solutions and building new satellite applications around the core systems. Saksoft also provides re-engineering of legacy systems in addition to applications integration, testing and QA Services, support and maintenance services and staff augmentation.

Innovation—Saksoft's understanding of the BFSI domain allows it to be creative in the solutions that it brings forward.

Expertise—Saksoft blends its strong understanding of Information Technology with a firm grasp of the complexity of the business and the diversity of the players.

Team—Saksoft believes that skilled managers, with a strong blend of both technical and leadership skills, are critical to any successful endeavor. Saksoft has a large pool of technically trained resources available with the requisite skill set and can ramp-up resources for its customers in a short period of time.

Track Record—Saksoft has a proven track record of successfully delivering a wide range of solutions to a large No. of customers, globally.

Commitment—Saksoft is totally committed to a long-term relationship with its financial industry clients, meaning that each and every project is unequivocally delivered to client satisfaction.

Discipline—Saksoft brings a structured approach to the assignments based on years of successful project delivery; it has a matured process and methodology to offshore work thereby reducing costs.

Quality—. Saksoft has an established, credible reputation for successfully completing projects on time and within budget. A significant portion of Saksoft's business is a result of strong customer references. Saksoft is an ISO 9001:2000 company certified by KPMG and is soon going for CMMi assessment.

The Company's unit at Chennai is registered under Software Technology Park Scheme of Government of India. The Company has fulfilled its export obligations till date.

GROWTH OF THE COMPANY

Saksoft has positioned itself as a full-service provider, offering products, custom solutions, testing services and resource augmentation services to clients. The Company began working successfully with leading global banks and financial institutions such as Citibank, Morgan Stanley, Standard Chartered Bank, DBS Bank, ABN AMRO Bank, Deutsche Bank, Compucredit, TransUnion and Franklin Templeton and they continue to be its customers. Saksoft solutions are a combination of domain knowledge and technical expertise, spanning all areas of banking and financial services. Saksoft formed the **Business-Consulting Group (BCG)** in 2001 to provide focus to domain consulting services and ability to add value to the project being executed for the customer.

The progress of Saksoft was continuous and sustained in spite of the fact that in 2001-2003 the software industry in India went through a difficult phase. Revenue was Rs. 4.12 Crores and Rs. 11.37 Crores in 2000-2001 and 2001-02 respectively and was Rs. 20.41 Crores in 2002-03. FY 2001-02 was an achievement given tough market conditions prevailing after the bursting of dot.com bubble. It continued the successful growth in FY 2002-03 also considering effects of 9/11 and slow down of US economy.

Most customers, post 9/11 episode and slow down in economy, worked on consolidating their IT outsourcing and this process favored large vendors and mid-sized companies had a tough time retaining business. Thus FY 2003-04 was a tough year for medium sized software vendors in India like Saksoft though the global economy showed signs of recovery. The Company's revenues grew marginally from Rs. 20.43 Crores in 2002-03 to Rs. 21.79 Crores in 2003-04. The Company could not maintain the high growth rate in FY 2003-04. But business prospects in FY 2004-05 are better and revenue for the half-year ended September 30, 2004 was Rs. 15.80 Crores.

The Company has a 208 strong team of professionals, 2 development centers (Chennai and NOIDA) and 5 offices at New York, Singapore, Frankfurt, London and Chennai.

11. STOCK MARKET DATA:

The Company's Equity Shares are not quoted on any stock exchange.

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS:

A summary of financial results for the past three financial years and for the period ended September 30, 2004 are given below:

Individual

Rs. In Lakhs

Particulars	2002	2003	2004	6 months ending 30/9/2004
INCOME				
Export	833.65	1221.83	1011.49	889.95
Domestic	92.58	173.52	185.13	108.62
Other Income	10.57	18.73	33.01	9.62
TOTAL	**936.80**	**1414.08**	**1229.63**	**1008.19**
EXPENDITURE				
Software development expenses	416.13	711.64	893.91	432.02
Administrative & other Expenses	112.39	110.59	149.80	105.48
TOTAL	**528.52**	**822.23**	**1043.71**	**537.50**
PBDIT	**408.28**	**591.85**	**185.92**	**470.69**
Depreciation	46.60	68.55	87.60	53.68
PBIT	**361.68**	**523.30**	**98.32**	**417.01**
Interest	1.65	2.14	2.51	1.10
PBT	360.03	521.16	95.81	415.91
Tax (Incl. Deferred tax)	13.00	57.52	10.43	32.55
PAT	**347.03**	**463.64**	**85.38**	**383.36**

Consolidated

Rs. In Lakhs

Particulars	2002	2003	2004	6 months ending 30/9/2004
INCOME				
Export	1124.62	2023.19	2146.61	1571.23
Domestic	0.00	0.00	0.00	0.00
Other Income	13.03	18.18	33.07	9.62
TOTAL	**1137.65**	**2041.37**	**2179.68**	**1580.85**
EXPENDITURE				
Software development expenses	624.76	1228.88	1686.42	1028.38
Administrative & other Expenses	140.08	150.85	193.03	137.32
TOTAL	**764.84**	**1379.73**	**1879.45**	**1165.70**
PBDIT	**372.81**	**661.64**	**300.23**	**415.15**
Depreciation	49.87	69.56	88.44	55.30
PBIT	**322.94**	**592.10**	**211.79**	**359.85**
Interest	1.65	2.14	2.51	1.10
PBT	321.29	589.96	209.28	358.75
Tax (Incl. Deferred tax)	11.05	51.63	27.61	51.34
PAT	**310.24**	**538.33**	**181.67**	**307.41**

COMPARISON OF HALF YEAR ENDED SEPTEMBER 30, 2004 OVER FY 2004

Total Income

The company achieved a total income of Rs. 1008.19 lakhs for the half year ended September 30, 2004 against Rs. 1229.63 lakhs for full year FY 2004. Thus, the total income during the half-year to September 30, 2004 is 82% of the total income for FY 2004 showing a 64% growth, on an annualized basis, over the previous year.

On a consolidated basis, the total income for the half-year ended September 30, 2004 is Rs.1 1580.85 lakhs against Rs. 2179.68 lakhs for the full year FY 2004. Thus, the total income for the half-year to September 30, 2004 is 72.50% of the total income for FY 2004, on a consolidated basis, showing a 45% growth, on an annualized basis, over FY2004.

Other Income

Other income primarily consists of:

(a). Income from interest and dividend / profit from investment in mutual funds.

(b). Financial gains from exchange fluctuations.

(c). Surplus on foreclosure of lease and sundry receipts.

The other income for the half-year ended September 30, 2004 has decreased toRs.10 lakhs from Rs.33 lakhs for the full year FY 2004.

Expenditure

The software development expenses for the half-year ended September 30, 2004 was Rs 432.02 lakhs, which is at nearly the same level as FY 2004 but with increased revenues. The administrative and other expenses increased proportionately to Rs. 105.48 lakhs in the half-year ended September 30, 2004 compared to Rs. 149.80 lakhs for FY 2004.

On a consolidated basis, the software development expenses for the half year ended September 30, 2004 was Rs. 1028.38 lakhs as compared to Rs. 1686.42 lakhs for full year FY 2004. The software development expenses for the half-year ended September 30, 2004 was 61% to the expenses incurred in FY 2004. The cost increase on account of increased number of employees is relatively lower than the commensurate increase in business proportion and other expenses. The administrative and other expenses for the half year ended September 30, 2004 was Rs. 137.32 lakhs, which is 71.14% of the expenses of Rs. 193.03 lakhs incurred in FY 2004, on a consolidated basis. Similarly this increase is also lower than increase in business proportion and is on account of increase in space, rentals and allied expenses.

PBDIT & PBIT / PBT

The PBDIT has increased by 2.2 times in the half year ended September 30, 2004 as against the last financial year.

On a consolidated basis, the PBIDT for the half-year ended September 30, 2004 has increased by 38.3% in comparison to t FY 2004. Depreciation cost for the half year ended September 30, 2004 has increased 12.5% on a pro rata basis over FY 2004. As regards the PBIT for the half-year ended September 30, 2004 it is about 170% of the figures for FY 2004.

The PBIT / PBT for the company both on individual and consolidated basis is nearly the same because the company pays very low interest .

FINANCIAL YEAR 2004

Total Income

The total income in FY 2004 decreased by 13% over FY 2003 due to longer sales cycles and changes in customer's vendor policy or deferment of planned projects. For example Citibank Singapore moved part of their IT work to their newly formed Indian operations which slowed down business with Saksoft. The other income increased in FY 2004 due to substantial increase in dividends from mutual funds.

On a consolidated basis, the total income in FY 2004 increased by 6.8% over FY 2003. On a consolidated basis, the other income increased in FY 2004 due to substantial increase in other income i.e. dividends from mutual funds.

Total Expenditure

Since the plan for FY 2004 was to grow at 35-40%, the company began hiring in FY 2004 and also increased compensation levels to ensure staff retention. Thus there was about 25% increase in software development expenses in FY 2004 over FY 2003. The administrative and other expenses increased by about 35% in FY 2004 over FY 2003 due to increase on expenditure on rent, rates &taxes as well as repairs & maintenance. However on realizing that the revenue growth is not occurring at the desired pace, the company began a cost reduction exercise from the middle of FY 2004 and could manage to curtail cost increases to some extent.

On a consolidated basis, there was about 37% increase in software development expenses in FY 2004 over FY 2003 due to recruitment of manpower in India and abroad and also due to the upward revision of pay structure. The administrative and other expenses increased by

about 28% in FY 2004 over FY 2003, on a consolidated basis, due to increase on expenditure on rent, rates &taxes as well as repairs & maintenance.

PBDIT & PBIT / PBT

The PBDIT in FY 2004 decreased by nearly 69% over FY 2003 due to increase in expenditure, which was caused by the necessity to build up capacity to manage growth that did not materialize as expected. The PBIT / PBT also decreased by about 81% as depreciation also increased by nearly 27% due to investments in capacity augmentation.

On a consolidated basis, the PBDIT in FY 2004 decreased by nearly 54% over FY 2003 due to increase in expenditure, which was necessary for the company and its subsidiaries to build up capacity. The PBIT / PBT in FY 2004 decreased by 64% over FY 2003 due to increase in depreciation by 27%, on a consolidated basis, due to investments in capacity augmentation.

The PBIT / PBT for the company both on individual and consolidated basis is nearly same because the company t pays very low interest .

FINANCIAL YEAR 2003

Total Income

The company achieved a turnover of Rs. 1414.08 lakhs in 2003 against a turnover of Rs. 936.80 lakhs in 2002. There is a 51% growth in revenues from software services for FY 2003 over FY 2002. This is due to the focused marketing and quality delivery of projects to clients.

On a consolidated basis, the company achieved a turnover of Rs. 2041.37 lakhs in 2003 against a turnover of Rs. 1137.65akhs in 2002. This represents a 79% growth in revenue in FY 2003 over FY 2002. The company has been well accepted in the software services market resulting in increased business from clients.

Total Expenditure

The total expenditure was Rs 822.23 lakhs in FY 2003 against an expenditure of Rs. 528.52 lakhs in FY 2002 representing a 55% increase of expenses in FY 2003 over FY 2002, due to increase in employee and related costs as the company ramped up its human power strength.

On a consolidated basis, the total expenditure in FY 2003 was Rs. 1379.73 lakhs as against Rs. 764.84 lakhs in FY 2002 representing a 80% increase in expenses in FY 2003 over FY 2002. This was due to the recruitment of manpower overseas also, which resulted in increased business from the subsidiaries.

PBDIT & PBIT / PBT

The PBDIT in FY 2003 increased to Rs. 591.85 lakhs compared to Rs. 408.28 lakhs in FY 2002 representing a growth of 45% in FY 2003 over FY 2002. The depreciation also increased to Rs. 68.55 lakhs in FY 2003 from Rs. 46.60 lakhs in FY 2002 due to increased investment in fixed assets. The PBIT / PBT for FY 2003 was Rs. 523.30/521.16 lakhs compared to Rs. 361.68/Rs. 360.03 lakhs in FY 2002 showing a growth of 45%/44% in FY 2003 over FY 2002.

On a consolidated basis, the PBIT in FY 2003 increased to Rs. 661.64 lakhs compared to Rs. 372.81 lakhs in FY 2002 showing a consolidated growth of 77%. The PBIT / PBT in FY 2003 was Rs. 592.10/589.94 lakhs as compared to Rs. 322.94/321.29 lakhs in FY 2002 representing a growth of 83%/84% in FY 2003 over FY 2002.

The PBIT / PBT for the company, on individual and consolidated basis is nearly same because the company pays very low interest .

FINANCIAL YEAR 2002

Total Income

The company achieved a turnover of Rs. 936.80 lakhs and a net profit of Rs. 347.03 lakhs in FY 2002. On a consolidated basis, the company achieved a turnover of Rs. 1137.65 lakhs and a net profit of Rs. 310.24 lakhs in FY 2002. The company was incorporated on November 24, 1999 and obtained certificate of commencement of business with effect from January 17, 2000. FY 2001 was therefore the first year of business and involved a lot of organization building activities and is therefore not strictly comparable to FY 2002.

Unusual or infrequent events or transactions and significant economic changes that materially affected or are likely to affect the company's operations

Unusual events like war, natural calamities or breakdown of world economic order and disasters like flood, water shortage, disease etc., can affect the company's operations temporarily, However, the application is hosted at the customer site with back up for disaster recovery. Our own development centers have a back up and recovery plan. As they may be hosted and managed through the Internet, the company's operations can be re-established in a week through remote management. The economic changes that can affect the company are changes in tax laws.

SIGNIFICANT ECONOMIC CHANGES THAT MATERIALLY AFFECTED OR ARE LIKELY TO AFFECT INCOME FROM CONTINUING OPERATION

The major part of the company's business is in the banking and financial services domain. There is no unusual or infrequent event or transaction that can materially affect these transactions. Our business is unlikely to witness wild fluctuations or to be materially affected by economic changes. They do not affect income from continuing operations in a significant manner. The economic changes that can affect the company are only changes in tax laws.

KNOWN TRENDS OR UNCERTAINTIES THAT HAVE HAD OR ARE EXPECTED TO HAVE A MATERIAL ADVERSE IMPACT ON SALES, REVENUE OR INCOME FROM CONTINUING OPERATIONS

At present, the trend with many large customers in the banking and financial services domain is towards vendor rationalization and consolidation. This has not affected the company presently because sub-million orders are not taken up by the large software companies and therefore come to medium sized organizations like Saksoft. Also, since the company offers domain expertise along with IT specialization, it is well insulated from this trend. But it is expected that the pendulum may swing the other way and the large customers would put primary focus into capability of the vendor rather than size of the vendor in which case, medium sized company like Saksoft will benefit even more.

EXTENT TO WHICH MATERIAL INCREASES IN NET SALES OR REVENUE IS DUE TO INCREASED SALES VOLUME, INTRODUCTION OF NEW PRODUCTS OR SERVICES OR INCREASED SALES PRICE

Increase in sales is through a combination of three things –

a) Execution of existing contracts and additional revenue from existing customers

b) New customers

c) Increase in billing rates

In FY 2004, 8 % of sales is from ('a' category) and 11 % sales is from the ('b' category).

TOTAL TURNOVER OF EACH MAJOR INDUSTRY SEGMENT IN WHICH THE COMPANY OPERATED

The company presently focuses on only one industry segment Banking, Financial Services and Insurance (BFSI). The BFSI segment is the most sought after and most revenue-producing vertical in the global IT market and the total business potential in the served market of the company is projected to be US$188 billion in 2005 growing to US$201 billion in 2007 as per Nasscom estimates.

The BFSI segment has the largest share of exports for the Indian IT software and BPO companies representing 35% and 39% of the total software exports in 2001-02 and 2002-03 respectively, as per Nasscom. According to a survey done by IDC in 2003, IT spending by banks is driven by initiatives to meet regulatory requirements, manage customer relationships, manage risks, reduce costs and to attract new customers. Saksoft believes such a trend will continue for a few more years, as projects in these areas are not small initiatives.

STATUS OF PUBLICLY ANNOUNCED NEW PRODUCTS OR BUSINESS SEGMENT

Saksoft is presently focused only on the BFSI segment and is not in the software products business. At present, it has no plans to change its business focus but certain additional business segments could be looked into if it is attractive and the company has the capability to enter those businesses.

EXTENT TO WHICH BUSINESS IS SEASONAL

The business is not seasonal and it is not impacted by the seasonal nature of our customers business either.

ANY SIGNIFICANT DEPENDENCE ON A SINGLE OR FEW SUPPLIERS OR CUSTOMERS

Since the company works on various software platforms, there is no dependency on any supplier. The company currently has 15 customers and the current revenue is dependent on these 15 customers. However, the process of broadening the customer base by adding new customers is already in process.

COMPETITIVE CONDITIONS

Saksoft, being a mid-sized company, does not face direct competition, as it is not in the software product business. Further Saksoft has not so far chosen the path of responding to tenders or 'open request for proposals'. In most occasions it has made direct contact with business/ IT users to present credentials and obtain assignments. However, there are numerous companies, which are operating in the same BFSI domain like Saksoft and hence considered competitors in development projects. Similarly there are many competitors in the validation & verification services business.

Large software companies who also have significant BFSI practices are not considered in the competition matrix, as they do not compete with small/ mid-sized companies like Saksoft, operating with order sizes below a million US dollars. Software companies in the BFSI domain but predominantly in the product business are also not considered as competition as Saksoft is not a product software company, but a domain consulting and software development company

DETAILS OF ANY ENCUMBRANCES OVER THE PROPERTY OF THE COMPANY AND GUARANTEES GIVEN BY THE COMPANY TO ANY OTHER PARTY:

There are no encumbrances over the property of the company and the company has not given any guarantees to any party except the performance guarantee issued in the normal course of business amounting to Rs. 12.55 lakhs as on 30th September 2004.

DETAILS OF MATERIAL DEVELOPMENTS AFTER THE DATE OF LAST BALANCE SHEET:

There are no material developments after the date of last balance sheet for the six month period ended 30th September 2004 except as mentioned in the Auditor's Report and as below:

(a). 5,82,460 equity shares were allotted at par for cash to the Saksoft Employees Welfare Trust on 29th November 2004 increasing the total paid up capital of the company to Rs. 750 lakhs comprising 75 lakh equity shares of Rs. 10/- each.

13. FINANCIAL INFORMATION OF GROUP COMPANIES:

The financial information for the last 3 years based on the audited statements in respect of all the companies, firms, ventures, etc., promoted by the promoters irrespective of whether these are covered under Section 370 (1) (B) of the Companies Act, 1956 are given elsewhere in the Offer Document under the Heading "Other Group Companies/Ventures of Promoters' on page No. ----

There are no transactions of Sales or Purchases between Promoters-Group in the last 3 years except the related party transactions as disclosed in the Auditor's report:

RELATED PARTY DISCLOSURE DETAILS			
Nature of transaction	**Subsidiaries**	**Associates**	**Key management personnel**
	Rs. In lakhs		
Transactions during the six months ended September 30, 2004			
Sales income	715.41	-	-
	715.41		
Professional fees	309.36	-	-
Rent	-	21.95	-
Affiliate services	403.36	-	-
Remuneration	-	-	50.56
	712.72	**21.95**	**50.56**
Balance as at September 30, 2004			
Debtors	444.51	-	-
Investments	118.29	-	-
Loans and advances	57.07	-	-
	619.88	**0.00**	**0.00**

14. PARTICULARS IN REGARD TO THE COMPANY AND OTHER LISTED COMPANIES UNDER THE SAME MANAGEMENT WITHIN THE MEANING SECTION 370 (1) (B) OF THE COMPANIES ACT, 1956, WHICH MADE ANY CAPITAL ISSUE DURING THE LAST THREE YEARS:

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

PROMISE VIS-À-VIS PREFORMANCE

Saksoft has not made any public issue of shares since its incorporation. There is no group company, which has made any public issues.

LISTED VENTURES OF PROMOTERS (IF ANY) – PROMISE VIS-À-VIS PREFORMANCE

There are no listed ventures of Promoters.

15. BASIS FOR ISSUE PRICE:

Qualitative Factors

- Existing, profit making company since inception and dividend paying since 2001-02.
- Company has obtained ISO 9001:2000 Certificate of Registration for Design, Development and Support of software applications.
- Offices in Singapore, Frankfurt, London and New York.
- Operating through 100% subsidiaries in Singapore, Germany and U.S.A.
- Software development centers in Chennai and NOIDA, Delhi.
- Customer profiles include well-known international banks and financial services organizations.
- Company has a committed professional management team.

Quantitative Factors

1. Adjusted earning per share (EPS) weighted

Year	EPS		Weightage
	INDIVIDUAL	CONSOLIDATED	
2001-2002	10.21	9.12	1
2002-2003	13.64	15.82	2
2003-2004	2.51	5.34	3
Weighted average	**7.50**	**9.46**	

2. Price Earning ratio (P/E ratio) in relation to the Issue Price of Rs 30 per share

	Issue Price of Rs.30/- per share	
	INDIVIDUAL	CONSOLIDATED
(a). Based on 2003-2004 EPS	11.95	5.61
(b). Based on weighted average (EPS)	4.00	3.17
(c). PE Multiple Software Industry		
• Highest		181.8
• Lowest		0.6
• Average		15.3

Source: Capital Market Volume XIX/18, dated Nov 8 –21, 2004; Category: Computer Software-Medium/Small

The Company is in software services business. The accounting ratios of companies in the Industry Group (Computer Software- Small/Medium) are as follows:

Company	EPS (Rs.)	P/E Ratio	RONW (%)	NAV (Rs.)
Saksoft(Consolidated – 31.03.2004)	5.34	5.61	16.09	38.20
Blue Star Info@	16.70	11.50	43.20	49.40
Nucleus Software@	5.60	24.70	15.00	41.30

@ Source: Capital Market Volume XIX/18, dated Nov 8 –21, 2004; Category: Computer Software-Medium/Small

3. Return on Net worth:

Consolidated

Year	RONW (%)	Weightage
2001-2002	46.93	1
2002-2003	50.24	2
2003-2004	16.11	3
Weighted Average	**32.62**	

Minimum return on total Net worth after issue needed to maintain pre-issue EPS of Rs 5.34 is 22.58%

4. Net Asset Value (NAV) per share (Rs.)

Consolidated

a) As on September 30, 2004	23.34
a) As on March 31, 2004	38.20
b) After Issue	23.64
c) Issue Price	30.00

Saksoft achieved an EPS of Rs.5.54 per share and return on networth of 26.23%, not annualized, for the half-year ending September 30, 2004, on a stand alone basis. On a consolidated basis, the EPS was Rs.4.44 per share and return on networth was 22.12%, not annualized, for the half-year ending September 30, 2004.

The Face value of shares is Rs.10/- and the Issue price is 3 times of the Face value.

16. OUTSTANDING LITIGATIONS OR DEFAULTS

No proceedings have been initiated for economic offences against Saksoft and it is not a sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985.

1. Litigation involving the Company – Income Tax Dispute

The Income Tax Officer, Company Ward VI (1), Chennai 34 has issued an order dated 17th March 2004 u/s 154 of the Income Tax Act, 1961, giving effect to an order of 16th March 2003 passed u/s 263 by the CIT, Chennai III, demanding a tax amount of Rs.3,79,444/- for the AY 2001-02. The ITO has allowed reduced allowance of deductions under section 10B of the Income Tax Act. Saksoft is contesting this and has filed an appeal with the Income Tax Appellate Tribunal, A-2, Rajaji Bhavan, Besant Nagar, Chennai 600020 on 18th May 2004.

Considering the facts and nature of the case, Saksoft believes that there will be positive final outcome in favour of the company and hence no provision has been made in the accounts.

There are no other pending litigations against the company.

There are no outstanding litigations, defaults etc pertaining to matter likely to affect operations and finances of the company including prosecution under any enactment in respect of Schedule XIII of the Companies Act 1956 (1 of 1956).

There are no such cases of pending litigations, defaults etc in respect of Companies/firms/ventures with which the promoters were associated in the past but are no longer associated, and their names continue to be associated with particular litigation.

No disciplinary action / investigation has been taken by Securities and Exchange Board of India(SEBI)/ Stock Exchanges against the Company, its directors , promoters and their other business ventures (irrespective of the fact whether or not they fall under the purview of section 370(1B) of the Companies Act 1956.
There are no cases against the Company or its Promoters of economic offences in which penalties were imposed on promoters.

The Company , Saksoft Limited confirms that there are no pending litigations, defaults, non payment of Statutory dues, proceedings initiated for economic offences/civil offences, any disciplinary action taken by the Board /Stock Exchanges against the Company/Promoters and their business ventures/Directors other than those mentioned in this Offer Document and that no litigations have arisen after the issue of SEBI's Observation letter and the Company and its Directors take full responsibility of the information mentioned in the Offer Document.

There are no major creditors having an outstanding balance for more than six months as at 30th September 2004.

2. Litigations against the Promoters/Directors

There are no outstanding litigations, disputes, defaults non-payment of statutory dues, over dues to banks/FIs, defaults against banks/FIs, proceedings initiated for economic/civil/any other offences (including past cases where penalties may /may not have been awarded and irrespective of whether they are specified under paragraph (1) of Part (1) of schedule XIII of Companies Act 1956 against Promoters/ Directors of Saksoft Limited.

3. Litigations against Group Companies / Associate Concerns

There are no outstanding litigations, disputes, penalties including tax liabilities economic offence, criminal/civil prosecutions for any offence irrespective of whether specified under any enactment in paragraph (1) of Part (1) of schedule XIII of Companies Act 1956 against the

Group companies / Associate Concerns promoted by the Promoters except as mentioned hereunder:

There are no litigations pending against any of the subsidiaries of Saksoft Limited

Against Group/Associate Companies

The Sak Industries Limited

The Company has filed a case against Kedia Distilleries for dishonoring of Cheques amounting to Rs 38 lacs u/s 138 of the Negotiable Instruments Act which pending disposal.

Sak Abrasives Limited

The Commissioner of Central Excise has passed an order confirming a differential duty of Rs. 29,59,416/- and imposed an equal amount as penalty on brazed tools supplied to Widia India Ltd. The company has filed an appeal against the order in the Customs, Excise & Service Tax Appellate Tribunal.

7 retrenched workers have filed 3 cases in the labour court for a sum of Rs. 5,25,000/- of which one case has been awarded in favour of the company. The other two cases are still pending.

There are no outstanding litigations, defaults, etc., pertaining to matters likely to affect operations and finances of the Company including disputed tax liabilities, prosecution under any enactment in respect of Schedule XIII to the Companies Act, 1956 (1 of 1956) except as stated above. No new litigations have arisen against the Company after the SEBI observation letter.

17. RISK ENVISAGED BY MANAGEMENT AND MANAGEMENT PROPOSAL (MP) THEREOF: Final cut/paste will be done later from earlier section .

A. RISKS SPECIFIC TO THE FUND RAISING AND INTERNAL TO THE COMPANY:

1. The company's revenues and profitability are dependent on a number of factors and may vary significantly from quarter to quarter. Therefore, the historical financial results may not be an accurate indicator of future performance.

MP: The Company's profile of services has a wide mix of fixed price contracts, time & material contracts, onsite /off shore services with most of them having no contractually committed revenues for future periods. Thus any change at customer end will immediately reflect on customer reducing service intake, deeply impacting immediate revenues.

Further the hiring of people is done at least a quarter ahead of revenue expectation, and as such, the company cannot react positively all the time to quarterly demand increases. Similarly in case of fall in demand in a quarter, it will also take at least another quarter to recover from any quarterly loss of revenue by either getting new revenue streams or pruning the costs.

Revenues and margins over the years have fluctuated given the internal and external risk factors, the revenue and margins may vary from year-to-year or quarter-to-quarter in future years as well. So historical financial performance may not be an accurate indicator of the company's future performance. Thus the company's prediction of revenues and profits are prone to significant changes.

2. The Company currently has focus on only one domain i.e. BFSI (Banking, Financial Services, Insurance) and has the necessary people and skill set only in this domain. This limits the scope of diversification in other domains going forward.

MP: While singular focus on BFSI has been the company's best selling proposition to customers, the same may make the company vulnerable to changes in BFSI industry's outsourcing patterns. Though BFSI is known to have large spenders on IT and thus BFSI market space for Saksoft is large. These large spenders tend to consolidate their vendor base from time to time dropping several small and medium sized vendors like Saksoft from their vendor list.

While the Company wishes to diversify into other sectors in future, it would focus on the BFSI sector where it has proven strengths in the short and medium term.

3. The Company's revenues are highly dependent on a small number of clients. The loss of any of the major clients, a decrease in the volume of work they outsource or a decrease in the price at which the company offers its services to them may adversely affect revenues and profitability.

MP: It is true that significant portion of the company's business comes from a few customers who have been giving repeat business. While this is very welcome news that customers find Saksoft a very dependable and quality software vendor, any decrease in the volume or the pricing of the assignments will negatively impact revenues and profitability.

Citigroup, USA, Truelink, USA, Bank Mandiri, Indonesia, Citibank Singapore and Morgan Stanley UK are the top 5 customers contributing to about 78.85% of the revenues in the first 6 months of FY 2004-05. Citigroup, USA and Truelink, USA are existing customers who have been increasing their business with the Company in the last 2-3 years while Bank Mandiri is a new customer for this year.

From time to time, the company's customers have pruned or increased their budgets for IT services on a year-on-year basis. Further within a year they have revised their budgets based on their broad performance so far in that year. They have changed the policy on out sourcing, priorities within IT spending, consolidated vendor lists, engagement models (e.g., fixed or time & material), delivery models (onsite or offshore or offsite) etc. Each such change has an impact on the revenue and profitability of the company.

4. The Company's growth depends on acquiring new customers for its services apart from increasing business from existing customers.

MP: Growth and expansion should also come from new customers added every quarter. At present new customer business volume is rather low and this could have an impact on possible growth of Saksoft. The company has taken measures to increase the sales force strength and quality to improve new customer acquisitions, but the results are expected in the medium/long term.

5. The Company's success depends in large part upon its highly skilled software professionals and its ability to attract and retain these personnel.

MP: Saksoft's business, like any software vendor, depends on quality professionals and their longevity with the company. Attrition of these people in the prospering phase of the software industry is typically very high and growth prospects are significantly linked to the company's ability to retain talent. Most small and medium level companies lose trained resources to large companies who at present are using lateral hiring as a prime source for resource augmentation. Attrition at Saksoft in the first and second half of FY 2003-04 was 12% and 32% respectively, it was 26% in the first half of FY 2004-05.

The salary structure or brand image or size of the company or such factors that improve retention are not at a critical level to bring attrition at Saksoft well below industry norms. Company has been taking measures for gradually improving these hygiene factors, but the results are expected in the medium and long term.

6. The Company has not been able to sustain its previous profit margins.

MP: On a consolidated basis, the net profit increased 75% in 2002-03 compared to 2001-02 but decreased 66.25% in 2003-04 compared to 2002-03. The net profit margin was 27.03%, 26.37%, 8.33% in 2001-02,2002-03,2003-04 respectively. For the half-year ended September 30, 2004, net profit increased by 69.2% compared to the full year 2003-04. The net profit margin was 19.44% for the half-year ended September 30, 2004 . Revenues and margins have fluctuated given the nature of business. Hence past financial performance may not be an accurate indicator of the Company's future performance.

7. The Company has receivables of Rs. 19.90 lakhs which is outstanding for a period of more than 6 months as of September 30, 2004.

MP: The company is making efforts to realize the outstanding receivables and is confident of recovering the dues.

8. The Company's success depends in large part upon its senior management and key personnel and its ability to attract and retain them.

MP: IT services is a very competitive industry. Good people are in demand, salary expectations are growing faster than revenue growth, price differential between players is shrinking rapidly and large customers are trying to set up their outfits in India. Hence retaining key personnel and recruiting fresh talent will be the challenges the company will have to face.

9. The Company operates in a highly competitive environment and this competitive pressure on the business is likely to continue.

MP: Software industry since late '90s has changed dramatically in its competitive environment. Low entry barriers have encouraged several new comers to begin operations very quickly. Economic slowdown in the last 2-3 years has brought pricing or rate differences between large and small players down significantly. Thus the rate as a differentiating point across software vendors is vanishing in the highly competitive market. Thus, the company sees increasing competitive pressure on its business now and in the future.

10. The Company's client contracts can usually be terminated without cause and with little or no notice or penalty, which could negatively impact its revenues and profitability.

MP: Most of the company's contracts have termination clauses whereby the customer can terminate the contract without cause. The company's revenue projections in general assume continuity of business with customer in such contracts unless otherwise foreseen by it. But it is possible for customers to terminate with limited notice (mostly period and rarely penalty) in case of any change within customer environment. Such termination will have negative impact on the company's revenues and profits. This will also make its revenue and profit projections vulnerable.

11. In order to enhance capabilities and address gaps in industry expertise, technical expertise and geographic coverage, the company may undertake strategic acquisitions, which may prove difficult to integrate and manage or may not be successful.

MP: Any acquisition brings in new culture and challenges in integration. It must be kept in mind that global operations of Saksoft pose complex issues on management of diverse

cultures/people and acquisitions may bring more complexity. Thus managing the acquisition and integration are complex and there are no assurances for success.

12. Part of the project cost will be utilized for acquisitions. Company's acquisition plans are in nascent stage and the target companies have not yet been crystallized. Failure in acquisition may adversely impact the business prospects of the Company.

MP The Management of the Company is confident to identify potential targets for acquisitions in India and abroad. The acquisition strategy will be formulated after completion of the IPO.

13. The Company has not entered into any definitive agreements to utilize the proceeds of this IPO.

MP: The company intends to use the net proceeds of the IPO for expansion of facilities, certification as also acquisitions. The company has sufficient experience in the expansion of facilities and does not foresee any problems in tying up the vendors for the same. See "Objects of the Offer" on page – of this Prospectus. The company has not entered into any definitive agreements to utilize such net proceeds. Pending any use of the net proceeds of the IPO, the company will invest the funds in high quality, interest bearing liquid instruments including deposits with banks.

14. The company has spent Rs. 7.85 lakhs towards the project cost for which the funds are being raised as mentioned on page No ____ of this Offer Document. Any delay in the implementation of these projects would result in cost overruns and would affect the financials of the Company and could also affect the proposed expansion to be funded through the IPO.

MP: Company is confident of implementing the project for which the funds are being raised and the commencement is expected on time. In case of any cost overruns the company shall invest the funds from its internal accruals. The company has incurred an expense of Rs. 7.85 lakhs as on date.

15. As at September 30, 2004 the company has contingent liabilities as disclosed in its Audited Accounts under Indian GAAP

Sr, No.	Particulars	Amount (Rs. In Lakhs)
1	On account of capital Expenditure	NIL
2	Performance Guarantee Issued (Previous Year- 2003-04: Rs. 17,35,000)	12.55
3	Disputed Income Tax Liability under appeal (Previous Year- 2003-04: Rs. 3,79,444)	3.79

MP: The performance guarantee issued is in the normal course of business. The company is also confident of its stand on the income tax claim. Therefore, the company does not foresee any possible loss or liability on both matters.

16. The valuations in the Software/ IT industry are presently high, which may not be sustained in future and may also not be reflective of future valuations in the industry. There are no standard valuation methodology or accounting practices in the emerging internet/media and related industries. The financials of the issuer are not strictly comparable with the players in the industry.

17. Pending utilization, the proceeds of the issue will be invested in non productive assets such as Bank Deposits and/or Gilt Edged Government Securities, either directly or through Government Securities based funds and other high quality liquid instruments in short and medium term. This deployment may not result in adequate returns for the Company.

18. The company currently has a high employee turnover ratio.

MP: Company's attrition ratios have been adversely affected due to highly competitive skilled labour market.

19. Employees of the Company, its subsidiaries and the Saksoft Employees Welfare Trust have been allotted shares of the company at a price of Rs 10 per share in the preceding one-year as detailed in the notes to Capital Structure.

20. The following group/associate companies made losses for the year ended March 31, 2004 as below:

Name of Company	Loss (Rs. In Lakhs)
Sak Technologies Ltd.	4.20
Sonnet trade & Investments Pvt. Ltd.	13.25
Sak Consumer Retail Services Ltd.	42.32

MP: The above companies are subsidiaries of The Sak Industries Ltd., which is a promoter of Saksoft. But there are no direct financial or other arrangements between the above companies and Saksoft. Therefore, the losses of these companies will not affect the books of Saksoft.

21. Outstanding Litigations against us and our subsidiaries/group/associate and companies.

AGAINST SUBSIDIARY COMPANIES

There are no litigations pending against any of the subsidiaries of Saksoft Limited.

AGAINST GROUP/ASSOCIATE COMPANIES

The Sak Industries Limited

The Company has filed a case against Kedia Distilleries for dishonoring of Cheques amounting to Rs 38 lacs u/s 138 of the Negotiable Instruments Act which is pending disposal.

Sak Abrasives Limited

The Commissioner of Central Excise has passed an order confirming a differential duty of Rs. 29,59,416/- and imposed an equal amount as penalty on brazed tools supplied to Widia India Ltd. The company has filed an appeal against the order in the Customs, Excise & Service Tax Appellate Tribunal.

7 retrenched workers have filed 3 cases in the labour court for a sum of Rs.5,25,000/- of which one case has been awarded in favour of the company. The other two cases are still pending.

AGAINST SAKSOFT LIMITED

Income Tax Dispute

The Income Tax Officer, Company Ward VI (1), Chennai 34 has issued an order dated 17th March 2004 u/s 154 of the Income Tax Act, 1961, giving effect to an order of 16th March 2003 passed u/s 263 by the CIT, Chennai III, demanding a tax amount of Rs.3,79,444/- for the AY 2001-02. The ITO has allowed reduced allowance for deductions under section 10B of the Income Tax Act. Saksoft is contesting this demand and has filed an appeal with the Income Tax Appellate Tribunal, A-2, Rajaji Bhavan, Besant Nagar, Chennai 600020 on 18th May 2004.

MP: Considering the facts and nature of the case, Saksoft believes that there will be positive final outcome in favour of the company and hence no provision has been made in the accounts.

EXTERNAL RISKS BEYOND THE CONTROL OF THE COMPANY

1. The IT industry is dependent on individual skill sets which may not be readily available /replaceable. Low availability of skilled manpower & high rate of employee turnover in the industry will lead to additional cost for investing in employees' training.

MP: Saksoft is a software development company. The Company has a committed Senior Management Team who are with the company since 2000 and have ensured that attrition did not impact the company by suitable planning, training and grooming of a second line and alternative human resource availability. Therefore employee turnover at lower levels has not affected the operations of the Company. Investment in training of people is a continuous process, irrespective of employee turnover for existing as well as new employees.

2. Employee compensation levels in India and abroad may inhibit the company's growth and reduce its profit margins.

MP: The employee compensation levels in India are increasing at a level significantly ahead of growth rate in revenues. Further, the onsite personnel are demanding near or above market rates prevailing in those countries reducing ability of Indian Software industry to show cost-advantages over local players. Though this reduction in margin is managed partly by improving value of services, lower cost/time overruns in projects and reduction in other costs – in the medium and long term – this factor may inhibit growth and /or reduce margins.

3. The company derives a high proportion of its revenues from clients located in the United States. Immigration restrictions could limit the company's ability to conduct and expand its operations in the United States.

MP: Large software companies have a large number of people on work visas in the United States already, who can extend their stay, but small and medium sized companies like Saksoft have to add more people with such work visas for growth in the short term. But the ceiling in the number of H1B visas has come down from 195,000 to 65,000 for 2004-05 (October to September). Saksoft, which looks at the US market to improve its growth rate, may be adversely hit by such restrictions. Immigration and Visa restrictions in other countries change from time to time and such restrictions may limit the company's ability to grow.

4. As a significant percentage of the company's revenues is denominated in U.S. Dollars and other foreign currencies and a significant percentage of its costs are denominated in Indian Rupees, the company faces the risk of fluctuating exchange rates.

MP: Most of the company's revenues are from exports and in foreign currency. Exchange rates have been fluctuating and in the past Indian Rupee has appreciated against US Dollar leading to the net revenue coming down as also the profit margins. The company expects more growth in revenue from US in the next 2-3 years and thus its revenue and margin will be significantly impacted by exchange fluctuations.

5. Terrorist attack and other acts of violence or war involving India, the United States, and other countries could adversely affect the financial markets and adversely affect business.

MP: Since major part of the company's revenues are from abroad, terrorist attacks or regional conflicts and such acts of violence will significantly hurt its revenues. Such acts impose more restrictions on travel, reduces commitment of customers to grow business relationships, adversely affects the financial markets and all these in turn will adversely affect the company's business.

6. Reduction or termination of tax incentives for software exports and/or imposition of new taxes will increase tax liability and reduce profitability.

MP: Currently we benefit from certain incentives under section 10B of the Income Tax Act for the IT services we provide from specially designated "Software Technology Parks" (STPs) and other eligible units located in free trade zones. As a result of these incentives, our operations in India have been subject to relatively low tax liabilities. Under current Laws, tax incentives available to these units terminate on the earlier of the 10 year anniversary of the commencement of operations of the unit or 31st March 2009. When our tax incentives expire or terminate, our tax expense will materially increase, reducing our profitability. Further, the Government of India could enact Laws in the future that may adversely impact the tax incentives and consequently our tax liabilities and profits.

7. Political, economic and social developments in India could affect business.

MP: Since 1991, the Government of India has pursued policies of economic liberalization, including significantly relaxing restrictions on the private sector. Any change in the direction of economic policies as also specific policies relating to IT companies could affect the company. Significant changes in India's economic liberalization and deregulation policies could affect business and economic conditions in India and impact our business .

8. Political opposition to offshore outsourcing in the United States and other countries where the company operates could adversely affect its business.

MP: Outsourcing is seen as a 'threat to local jobs' and this trend has been seen even in pro-market economies like USA. This could be aided by restrictions on work permits; H1B or L1 visas and policy changes that appease the anti-outsourcing lobby in many countries. This backlash will have an effect on revenues and margins of Saksoft as it does for many software firms in India.

9. Any disruption in the supply of power, IT infrastructure and telecom lines could disrupt the company's business process or subject it to additional costs.

MP: To stand breakdowns and disturbances, the Company has built additional infrastructure facilities like UPS, Generator, Battery Backup, ISDN backup to Leased line, multiple vendor telecom lines etc. However all these are inter-related and are effective for short period disruptions. But long disruptions or disruptions at central service providers etc., can disturb the continuity of business. All backup facilities built (and to be added in future) are expensive and will add to costs.

10. After this Offer, the price of the company's equity shares may be highly volatile or an active trading market for its equity shares may not develop.

MP: There has been no public market for the company's equity shares till date and the price of the equity shares may fluctuate after this Offer. There can be no assurance that an active trading market for the company's equity shares will develop or be sustained after this Offer, or that the price at which the equity shares are initially offered will correspond to the prices at which they will trade in the market subsequent to this Offer.

The trading price of the equity shares may fluctuate after this Offer due to a wide variety of factors including financial performance, competitive conditions, volatility in the stock markets and perceptions about the company and about investments in the IT sector.

11. Any changes in the tax laws in India particularly income tax might lead to increased Tax Liability of the Company thereby putting pressures on profitability.

MP: Change in tax laws, particularly income tax, can have an impact on the post-tax profits of the Company.

NOTES:

1. Pre-Issue Net worth of the Company as on September 30, 2004 is Rs. 1585.73 lakhs. The Book value on the same date is Rs 22.87.
2. The Investors are advised to refer to the Para on "Basis Of Issue Price " on page No _____ before making an investment in this issue.
3. Size of the present issue – Public Issue of 25,00,000 equity shares of Rs.10/- each for cash at premium of Rs.20/- per share aggregating Rs 750 lakhs.
4. Average cost per share of Saksoft to the promoters is Rs.5. The Book Value per share as on September 30, 2004 is Rs. 22.87.
5. Investors may please note that in the event of over-subscription, allotment shall be made on a proportionate basis in consultation with the National Stock Exchange of India Limited, the Designated Stock Exchange.
6. For any complaint/clarification/information pertaining to the Issue, the investors may contact the Lead Manager or the Compliance Officer who will be obliged to attend to the same.
7. Since inception, the Company has issued 34,00,070 bonus shares by capitalization of free reserves.
8. Diminution in value of quoted investments: The book value of quoted investments is Rs. 4,72,71,376 lakhs whereas the market value of the quoted investments as on September 30, 2004 is Rs. 4,73,50,213 lakhs. There is no diminution in the value of Investments as on that date.
9. All information shall be made available by the Lead Manager and the Company to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever.

10. Related party transactions are given below:

RELATED PARTY DISCLOSURE DETAILS			
Nature of transaction	**Subsidiaries**	**Associates**	**Key management personnel**
	Rs. In lakhs		
Transactions during the six months ended September 30, 2004			
Sales income	715.41	-	-
	715.41		
Professional fees	309.36	-	-
Rent	-	21.95	-
Affiliate services	403.36	-	-
Remuneration	-	-	50.56
	712.72	**21.95**	**50.56**
Balance as at September 30, 2004			
Debtors	444.51	-	-
Investments	118.29	-	-
Loans and advances	57.07	-	-
	619.88	**0.00**	**0.00**

11. The Company has issued 34,00,070 equity shares of Rs.10/- each as Bonus Shares by capitalization of free reserves vide resolution passed at the Annual General Meeting on 19th August, 2004 and Board Meeting on the same date as detailed below:

Date of Allotment	**No. of Shares**	**Ratio**
19/8/2004	34,00,070	1:1
Total	**34,00,070**	

HIGHLIGHTS:

- Profit making company since inception.
- Company has obtained ISO 9001:2000 Certificate of Registration for Design, Development and Support of software applications.
- The Company has a committed professional management team.
- Company has paid dividend of 5%, 10% and 15% for the years 2001-02, 2002-03, and 2003-04.

18. DISCLOSURE ON INVESTOR GRIEVANCES AND REDRESSAL SYSTEM:

The Company has appointed, the Registrar to the Issue, to handle the investor grievances in co-ordination with the Compliance Officer of the Company. All grievances relating to the present Issue may be addressed to the Registrar with a copy to the Compliance Officer, giving full details such as name, address of the applicant, number of equity shares applied for, amount paid on application and bank and branch. The Company would monitor the work of the Registrar to ensure that the investor grievances are settled expeditiously and satisfactorily.

Investors' grievances redressal mechanism

The Registrar to the Issue namely Cameo Corporate Services limited will handle investors' grievances pertaining to this issue. A fortnightly status report of the complaints received and redressed by them would be forwarded to the Company. The Company would also be coordinating with the Registrars to the Issue in attending to the grievances of the investors. The Company assures that the Board of Directors, in respect of the complaints, if any, to be received, shall adhere to the following schedules:

Sr. No	Nature of the Complaint	Time Taken
1	Non-receipt of refund	Within 7 days of receipt of complaint, subject to production of satisfactory evidence.
2	Change of Address notification	Within 7 days of receipt of information.
3	Any other complaint in relation to Public Issue	Within 7 days of receipt of complaint with all relevant details.

The Company has appointed Mr. S. Sankaran, Company Secretary as Compliance Officer who would directly deal with SEBI with respect to implementation/compliance of various laws, rules, regulations and other directives issued by SEBI on matters related to investor compliance. The investors may contact the Compliance Officer in case of any pre-issue/post-issue related problems. The Compliance Officer will be available at the Corporate Office of the Company.

PART – II

A. GENERAL INFORMATION:

CONSENTS:

Consents in writing of the Directors, Auditors, Lead Managers to the Issue, Banker to the issue, Company Secretary, Compliance Officer, Legal Advisor and Registrars to the Issue to act in their respective capacities have been obtained and filed along with copy of Prospectus with the Registrar of Companies, Chennai Tamil Nadu as required under Section 60 of the Act, and none of them have withdrawn the said consents up to the time of delivery of a copy of this Prospectus for registration with the said Registrar of Companies, .

M/s. Suri & Co., Chartered Accountants, Auditors of the Company have also given their consent to the inclusion of their report as appearing hereinafter in the form and context in which it appears in this Prospectus and also of the tax-benefits accruing to the Company and to the members of the Company and such consent and report have not been withdrawn up to the time of delivery of a copy of this Prospectus for registration with the Registrar of Companies, Chennai, Tamil Nadu

EXPERT OPINION:

Except for the various tax benefits available to the Company and its members expressed by the Auditors of the Company given elsewhere in this Draft Prospectus, the Company has not obtained any other expert opinion.

CHANGES IN BOARD OF DIRECTORS DURING THE LAST THREE YEARS:

Sr. No.	Name	Date of Appointment	Date of Resignation	Reason
1.	V.Ramanathan	11.06.2001		Appointment
2.	Amitava Mukherjee	03.07.2003		Appointment
3.	S.C. Agarwal	27.12.2003		Appointment
4.	R. Rajagopalan	14.10.2004		Appointment
5.	S.Ganesh	26.11.2002	31.12.2003	Resignation
6.	Usha Narain	24.11.1999	14.10.2004	Resignation
7.	Kusum Krishna	24.11.1999	14.10.2004	Resignation

Except for the above there is no other change in the Directors during the last 3 years.

CHANGES IN AUDITORS DURING THE LAST THREE YEARS AND REASONS THEREOF.

There has been no change in Statutory Auditors, M/s. Suri & Co., Chartered Accountants since inception.

AUTHORITY FOR THE PRESENT ISSUE:

Pursuant to Section 81(1A) of the Companies Act, 1956, the present issue of Equity Shares has been authorized vide Special Resolution passed at the Extra-ordinary General Meeting of the Company held on 24th November 2004 and a Resolution passed by the Board of Directors on 14th October 2004

INTEREST ON EXCESS APPLICATION MONEY:

Payment of interest at the rate of 15% per annum on the excess application money, after adjusting the amount due on allotment and unpaid calls will be made to the applicants, if the refund orders are not dispatched within 30 days from the date of closure of the subscription list as per the Guidelines issued by the Government of India, Ministry of Finance vide their letter No.F-8/6/SE/79 dated July 21, 1983 and as amended vide their letter No. F/14/SE/85 dated September 27, 1985 addressed to the Stock Exchanges and as further modified by SEBI's circular SMD/RCG/33/1819/96 dated May 15, 1996.

APPLICATION OF SECTION 269SS OF THE INCOME TAX ACT, 1961:

In respect of the provisions of Section 269SS of the Income Tax Act, 1961, the subscription against the equity shares should be effected only by an account payee cheque or an account payee draft/stock invest, if the amount payable is Rs.20,000/- or more. In case the payment is made in contravention of this provision, the application money will be refunded and no interest will be paid.

DENOMINATION OF SHARE CERTIFICATES

As the trading of the Company's shares will be undertaken in dematerialized form only, the Company shall issue the shares to all applicants who provide their demat account details in dematerialized form only. In case the details of the demat account are not mentioned, the Registrar to the Issue will issue to the said allottee a single certificate for all the shares allotted to the said applicant. This will save dematerialization costs for the applicant.

DISCLOSURE ON INVESTOR GRIEVANCES AND REDRESSAL SYSTEM

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The Company has appointed Mr. S. Sankaran, Company Secretary as Compliance Officer who would directly deal with SEBI with respect to implementation/compliance of various laws, rules, regulations and other directives issued by SEBI on matters related to investor compliance. The investors may contact the Compliance Officer in case of any pre-issue/post-issue related problems. The Compliance Officer will be available at the Corporate Office of the Company.

ISSUE MANAGEMENT TEAM:

REGISTERED OFFICE

Saksoft Limited
'Sri Ram Nivas',
38, V.K. Iyer Road,
Mandaveli,
Chennai – 600 028.
Tel: 91-44-24614501
Fax: 91-44-24614486
Website: http://www.saksoft.com

COMPLIANCE OFFICER/COMPANY SECRETARTY

Mr. S. Sankaran
Company Secretary
Saksoft Limited
'Sri Ram Nivas'
38, V.K. Iyer Road, Mandaveli
Chennai – 600 028.
Tel: 91-44-24614501
Fax: 91-44-24614486
Email: complianceofficer@saksoft.co.in

LEAD MANAGER TO THE ISSUE

CENTRUM FINANCE LIMITED
SEBI Regn. No. INM000010445
UIN No. 100016915
Khetan Bhawan, 5th floor,
198, J. Tata Road, Churchgate
Mumbai 400 020.
Tel: +91-22-22023838
Fax: +91-22-22046096
Email: saksoft@centrum.co.in

REGISTRARS TO THE ISSUE

Cameo Corporate Services Limited
SEBI Regn. No. INR 000003753
UIN No. 100009282
"Subramanian Building" No 1 Club House Road,
Chennai 600002
Tel +91-44-28460390
Fax +91-44-28460129
E-Mail – saksoft@cameoindia.com

LEGAL ADVISOR TO THE ISSUE

Dua Associates
Advocates
Palani Center, Ground and Third Floor
32, Venkatanarayana Road, T Nagar
Chennai-600017
Tel : +91 44 4314304-07
Fax: +91 44 4314308
Email: senthil@duaassociates.com

AUDITORS TO THE COMPANY

Suri & Co.
Chartered Accountants
70, Kodambakkam High Road
Chennai – 600 034.
Tel: +91 44 28277082
Fax:+91 44 28223282
Email: suriche@rediffmail.com

BANKERS TO THE COMPANY

Citibank NA
Mount Road
Chennai 600002
Tel 044-28521771
Fax 044 – 28524175

ICICI Bank Ltd
1, Cenotaph Road
Chennai 600028
Tel 044-24364702
Fax 044 – 24344710

HDFC Bank Limited
R A Puram,
Opp Kaliappa Hospital
Chennai 600028
Tel : 044-24315611
Fax 044 – 24315612

BANKERS TO THE ISSUE

ICICI Bank Ltd
Capital Markets Division
30, Mumbai Samachar Marg,
Mumbai 400001

Investors are requested to contact the Compliance Officer in case of any pre-issue/post-issue related problems such as non-receipt of letter of allotment/share certificate/refund orders, non demat account credit, etc.

Brokers to the Issue

All members of the recognized stock exchange would be eligible to act as Brokers to the Issue.

B. FINANCIAL INFORMATION:

Auditors Report

CONSOLIDATED STATEMENTS OF ASSETS AND LIABILITIES AND PROFITS AND LOSSES, AS RESTATED, UNDER INDIAN GAAP (INCLUDING SUBSIDIARIES) FOR THE PERIOD ENDED MARCH 31, 2000, YEARS ENDED MARCH 31, 2001, 2002, 2003, 2004 AND SIX MONTHS ENDED SEPTEMBER 30, 2004

SURI & CO
70, Kodambakkam high road
Nungambakkam
Chennai - 600 034.

Auditor's Report

To The Board of Directors
Saksoft Limited
Sriram Nivas, 38, V.K.Iyer Road
Mandaveli
Chennai - 600 028.

Dear Sirs,

We have examined the accounts of Saksoft Limited ('the Company') for the period ended March 31, 2000, and four financial years ended 2001, 2002, 2003, 2004, being the last date to which the accounts of the Company have been made up and audited by us for presentation to the members of the Company. We have also examined the accounts of the Company for the six months ended September 30, 2004 prepared and approved by the Board of Directors of the Company for the purpose of disclosure in the Offering Memorandum being issued by the Company in connection with the proposed public issue.

The company has 3 subsidiary companies, namely Saksoft, Inc, in USA, Saksoft Pte Limited in Singapore and Saksoft GmbH in Germany. The accounts of these were consolidated with the parent company's accounts as stated below.

Since the financial statements of Saksoft Inc USA, were maintained and audited as per calendar year, we have considered the relevant unaudited accounts of the above 100% subsidiary Company, for the period ended March 31,2001,years ended 2002,2003,2004 and the financials of 30 September 2004 approved by its Board of Directors, and Independent Auditors' Review Report issued by, Srinivasan Sridharan LLC, the auditors of Saksoft, Inc, USA in the preparation of the consolidated accounts.

We have considered the relevant audited accounts in respect of Saksoft Pte Ltd, Singapore, a 100 % subsidiary of the Company for the period ended March 31,2001and years ended March 31,2002, 2003 & 2004 being the last date up to which the accounts of Saksoft Pte Ltd have been prepared and approved by its Board of Directors, and the audited accounts of six months ended 30 September 2004 reported by MGI N Rajan Associates, the auditors of Saksoft Pte Ltd in the preparation of the consolidated accounts. We have also considered the relevant accounts in respect of Saksoft GmbH, Germany, a 100% subsidiary of the Company for the period ended March 31,2003 and year ended March 31, 2004, being the last date to which the accounts of Saksoft GmbH have been prepared and approved by its Board of Directors, reported by Mr. Ashok Verma, CPA and the unaudited accounts of six months ended September 30, 2004 in the preparation of the consolidated accounts.

In accordance with the requirements of Paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 (the Act), the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 (SEBI Guidelines) and our terms of reference

with the Company dated October 14, 2004, requesting us to make this report for the purpose of the Offering Memorandum as aforesaid,

We report that:

(a) The consolidated profits of the Company for the period ended March 31, 2000, financial years ended March 31, 2001, 2002, 2003, and 2004 and six months ended September 30, 2004 are as set out in Annexure I to this report. These profits have been arrived at after charging all expenses including depreciation.

(b) The restated consolidated assets and liabilities of the Company as at March 31, 2000, 2001, 2002, 2003, 2004 and September 30, 2004 are as set out in Annexure II.

(c) The rates of dividends paid by the Company in respect of the financial years ended March 31, 2002, 2003 and 2004 are as shown in Annexure IV to this report.

(d) We have examined the following financial information relating to the Company and as approved by the Board of Directors for the
purpose of inclusion in the Offering Memorandum:
(i) Details of loans as appearing in Annexure V to this report.
(ii) Details of other income as appearing in Annexure VI to this report.
(iii) Accounting ratios as appearing in Annexure VII to this report.
(iv) Capitalisation statement as at September 30, 2004 as appearing in Annexure VIII to this report.

In our opinion, the above financial information of the Company read with significant accounting policies attached in Annexure III to this report, after making adjustments and re-grouping as considered appropriate, has been prepared in accordance with Part II of Schedule II of the Companies Act, 1956 and the SEBI Guidelines.

(e) In accordance with Para 6.18.3 of the SEBI Guidelines, we have attached the financial statements and the relevant annexure of the parent Company in Annexure X to this report.

(f) Since the company has not identified any specific prospective business for acquisition, we are unable to report on the same as required by Para 6.18.4 of SEBI Guidelines.

This report is intended solely for your information and for inclusion in the Offering Memorandum in connection with the specific Public Offer of the Company and is not to be used, referred to or distributed for any other purpose without our written consent.

Yours faithfully
For Suri & Co.
Chartered Accountants

S.Ganesan

Partner
Membership No. 018525
Chennai
Date: 29th November, 2004

ANNEXURE 1

STATEMENT OF PROFITS AND LOSSES AS RESTATED

(Rs in lakhs)

Particulars	Period ended 31.3.2000	Year ended				Period ended 30.9.2004
		31.3.2001	31.3.2002	31.3.2003	31.3.2004	
INCOME						
Software development income	3.92	412.56	1,124.62	2,023.19	2,146.61	1,571.23
Other income	0.00	0.00	13.03	18.18	33.07	9.62
	3.92	**412.56**	**1,137.65**	**2,041.37**	**2,179.68**	**1,580.85**
EXPENDITURE						
Software development expenses	0.75	274.18	624.76	1,228.88	1,686.42	1,028.38
Administration & other expenses	0.14	56.94	140.08	150.85	193.03	137.32
Interest	0.00	0.00	1.65	2.14	2.51	1.10
	0.89	**331.12**	**766.49**	**1,381.87**	**1,881.96**	**1,166.80**
Operating profit	3.03	81.44	371.16	659.50	297.72	414.05
Depreciation for the year	0.00	29.02	49.87	69.56	88.44	55.30
Profit before taxation	3.03	52.42	321.29	589.94	209.28	358.75
Provision for taxation	0.00	11.22	13.00	59.49	15.57	46.28
Excess tax provision written back	0.00	0.00	0.00	0.00	-0.42	-0.31
Defered taxation	0.00	0.00	0.00	-4.98	5.92	0.86
Exchange rate fluctuation	0.00	0.00	-1.95	-2.90	6.54	4.51
	0.00	11.22	11.05	51.61	27.61	51.34
Profit after taxation	3.03	41.20	310.24	538.33	181.67	307.41
Surplus brought forward	0.00	3.03	55.72	335.00	835.00	949.11
	3.03	44.23	365.96	873.33	1,016.67	1,256.52
Appropiations						
Transfer to general reserve	0.00	0.00	0.00	0.00	10.00	0.00
Dividend	0.00	0.00	17.00	34.00	51.00	0.00
Dividend tax	0.00	0.00	1.74	4.35	6.53	0.00
	0.00	0.00	18.74	38.35	67.53	0.00
Surplus carried to Balance Sheet	3.03	44.23	347.22	834.98	949.14	1,256.52
Total	3.03	44.23	365.96	873.33	1,016.67	1,256.52

ANNEXURE 2`

STATEMENT OF ASSETS AND LIABILITIES AS RESTATED

(Rs in lakhs)

	As at	31.3.2000	31.3.2001	31.3.2002	31.3.2003	31.3.2004	30.9.2004
	Assets						
(A)	**Fixed assets**						
	a) Gross block	47.43	253.06	281.85	385.14	515.77	544.39
	b) Less: Depreciation	0.00	29.01	77.59	146.79	235.75	289.43

	c) Net block	47.43	224.05	204.26	238.35	280.02	254.96
(B)	**Investments**	0.00	0.00	44.76	50.01	397.13	472.71
(C)	**Current assets loans and advances**						
	a) Sundry debtors	3.92	150.58	210.05	645.89	569.96	790.99
	b) Cash and Bank balance	1.50	27.86	89.56	116.14	200.16	282.68
	c) Loans and Advances	21.34	48.61	193.35	321.65	98.42	75.73
	d) Other current assets	0.00	25.06	38.87	56.72	30.26	18.75
	Total	26.76	252.11	531.83	1,140.40	898.80	1,168.15
(D)	**Liabilities and Provisions**						
	a) Current liability	26.63	114.90	80.69	117.23	125.05	181.40
	b) Provisions	0.00	0.00	13.00	110.19	118.83	60.31
	c) Deferred tax	0.00	0.00	0.00	13.53	19.18	20.04
	d) Secured loans	0.00	0.00	3.21	13.48	14.10	15.98
	Total	26.63	114.90	96.90	254.43	277.16	277.73
	Net assets	0.13	137.21	434.93	885.97	621.64	890.42
	Miscellaneous expenditure	11.48	3.49	3.27	0.65	0.32	0.16
	Total	59.04	364.75	687.22	1,174.98	1,299.11	1,618.25
(E)	**Net worth (net of misc.exp)**	47.56	361.26	683.95	1,174.33	1,298.79	1,618.09
(F)	**Shareholders funds**						
	a) Share capital	51.00	193.51	340.00	340.00	340.00	691.75
	b) Share application money pending allotment	5.00	127.00	0.00	0.00	0.00	0.00
	b) Reserves and surplus	3.04	44.24	347.22	834.98	959.11	926.50
	Total	**59.04**	**364.75**	**687.22**	**1,174.98**	**1,299.11**	**1,618.25**

ANNEXURE III

SIGNIFICANT ACCOUNTING POLICIES

1. Company overview

Saksoft Limited (Saksoft) is a mid-sized Information Technology Company, primarily in the BFSI (Banking and Financial Services and Insurance) segment. Saksoft provides end-to-end business solutions that leverages technology and enables its clients to enhance business performance. The company provides the entire gamut of software solutions including consulting and placement, design, development, re-engineering, systems integration, implementation, testing services.

The company has a big state-of-the-art offshore software development facilities located at its Registered Office in Chennai, India. As part of Continuity of Business Plan, the company has set up a second state-of-the art, modern offshore development centre at Noida, near New Delhi, with about 10,000 square feet of space. The company also maintains a representative office in London. This enables it to provide high quality, cost-effective services to clients in a resource-constrained environment.

The company has three wholly owned subsidiary companies, namely, Saksoft Pte Limited, in Singapore, Saksoft, Inc in the United States of America and Saksoft GmbH, Germany.

2. Basis of preparation of consolidated financial statements

The accompanying consolidated financial statements are prepared in accordance with Generally Accepted Accounting Principles. All amounts are stated in Indian Rupees (INR) except as otherwise specified.

3. Principles of consolidation

Saksoft Pte Ltd, Singapore and Saksoft, Inc, USA were incorporated during the fiscal year ended 31st March 2001 and Saksoft GmbH, Germany during the fiscal year ended 31st March, 2003.

The financial statements of the holding company and its Singapore and Germany subsidiaries were audited for the fiscal year ended 31st March 2004 whereas the financial statements of the US subsidiary are maintained as per Calendar Year. However, the unaudited financial statements of the US subsidiary for the year up to 31st March 2004 were drawn up and fully consolidated with the holding company's accounts.

Inter-company transactions within the group have been duly eliminated in terms of AS-21-Accounting Standard on Consolidated Financial Statements.

4. Use of estimates

The preparation of financial statements in conformity with GAAP requires the 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 the reported amounts of revenues and expenses during the year. Examples of estimates include accounting for contract costs expected to be incurred to complete software development, allowance for uncollectible accounts receivable, future obligations under employee benefit plans and the useful lives of property, plant and equipment. Actual results could differ from those estimates.

5. Revenue recognition

The company derives its revenue primarily from software development services and also from software related consultancy services. Revenue from time-and-material contracts is recognized based on the time / efforts spent and billed to clients as per the terms of specific contracts. In case of fixed-price contracts, revenue is recognized based on the milestones achieved as specified in the contracts/on percentage of completion basis. Provisions for estimated losses on uncompleted contracts are recorded in the period in which such losses become probable based on the current contract estimates.

When the company receives advances for software products, such amounts are reported as client deposits/advances until all conditions for revenue recognition are met.

6. Fixed Assets and Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation. The company depreciates the assets over their estimated useful lives using the straight-line method. The estimated useful lives of assets are as follows:

Furniture and fixtures	5 years
Computer equipment	5 years
Plant and equipment	5 years
Vehicles	5 years
Intellectual Property Rights	3 years

In case of vehicles under financial lease, the depreciation is provided in line with the respective lease agreements in accordance with Accounting Standard-19. The tenure of such lease agreement varies between 3 and 5 years.

The cost of software purchased for use in software development and services is charged to the cost of revenues at the time of acquisition.

7. Foreign currency translation

The accompanying financial statements are reported in Indian Rupees. The functional currency of the company is also the Indian rupee ("Rs.").

The foreign currencies have been converted into Indian Currencies as per the following rates:

All Assets and liabilities have been converted at the rates prevalent on the balance sheet date.

Revenue items are converted at the average rates in terms of Para 19 of AS-11.

Exchange differences are recognised in the income statement.

8. Income taxes

Income taxes are accounted for based on the prevailing provisions in the respective countries taking into consideration the audited financial statements of its Singapore and Germany subsidiaries and the un-audited accounts furnished by its US subsidiary. Deferred tax liability for the timing difference between accounting income and tax income has been provided for in the accounts.

9. Retirement benefits to employees

Gratuity

The Company has plans to adopt Group Gratuity Scheme administered by the Life Insurance Corporation of India in due course of time. The subsidiary companies follow the regulations of the respective countries.

Provident Fund

In accordance with the provisions of the Employees Provident Funds and Miscellaneous Provisions Act, 1952, both the employees and the company make monthly contributions to the provident fund plan equal to a specified percentage of the employee's salary. The monthly contributions are remitted to the Regional Provident Fund Commissioner, Chennai who administers the fund. The company has no further obligations under the provident fund plan other than its monthly contributions. Similarly, the Company follows

the requirements in the respective subsidiary companies according to the regulations of the respective countries.

Leave Encashment

The Company does not permit encashment of leave by its employees. The unutilised leave shall lapse after two years.

10. Goodwill:

The value of goodwill represents the excess of purchase price over the fair values of the net assets acquired in the US subsidiary company. It is tested for impairment on a periodic basis and written off if found impaired.

11. Investments:

Long Term Investments are stated at cost. Decline in long-term investments, other than temporary in nature, is provided for in the books of accounts. Current investments are stated at lower of cost or net realizable value.

ANNEXURE IV

Details of dividend paid by the company

(Rs in lakhs)

Financial year ended	No of shares on which dividend is paid	Amount of share capital	Rate of dividend	Amount of dividend
31.03.2004	34.00	340.01	15%	51.00
31.03.2003	34.00	340.01	10%	34.00
31.03.2002	34.00	340.01	5%	17.00
31.03.2001	NIL	193.50	0%	NIL
31.03.2000	NIL	51.00	0%	NIL

ANNEXURE V

DETAILS TO SECURED LOANS

(Rs in lakhs)

As at	31.3.2000	31.3.2001	31.3.2002	31.3.2003	31.3.2004	30.9.2004
Finance lease liability	0.00	0.00	4.32	16.06	16.07	18.23
(Secured under hypothecation of specific assets on lease)						
Less: Unmatured Finance charges	0.00	0.00	1.11	2.58	1.97	2.25
	0.00	**0.00**	**3.21**	**13.48**	**14.10**	**15.98**

ANNEXURE VI						
DETAILS TO OTHER INCOME						
						(Rs in lakhs)
Particulars	**Period ended 31.3.2000**	**Year ended**				**Period ended 30.9.2004**
		31.3.2001	**31.3.2002**	**31.3.2003**	**31.3.2004**	
Dividend from mutual funds	0.00	0.00	1.12	4.50	20.64	9.55
Interest	0.00	0.00	1.20	11.28	9.90	0.02
Other income	0.00	0.00	0.26	0.02	0.06	0.00
Profit on sale of assets	0.00	0.00	0.07	0.00	0.00	0.00
Surplus on forclosure of lease	0.00	0.00	0.12	0.37	0.27	0.00
Profit on redemption of mutual funds	0.00	0.00	0.00	0.00	1.02	0.05
Exchange gains			10.26	2.01	1.18	
	0.00	**0.00**	**13.03**	**18.18**	**33.07**	**9.62**

ANNEXURE VII						
ACCOUNTING RATIOS						
	Period ended 31.3.2000	**Year ended**				**Period ended 30.9.2004**
		31.3.2001	**31.3.2002**	**31.3.2003**	**31.3.2004**	
Earnings per share	0.54	1.29	9.12	15.82	5.34	4.44
Return on net worth (in %)	6.31	14.39	46.93	50.24	16.11	22.12
Net asset value per equity share	8.49	11.27	20.12	34.54	38.20	23.34
Earnings per share	Net profit after tax / No of shares outstanding as on year end					
Return on net worth	Net profit before tax x 100 / Net worth					
Net worth (in lakhs) as per Balance Sheet	47.55	361.26	683.96	1174.34	1298.8	1618.09
Less disputed tax liability	0	0	0	0	0	3.79
	47.55	**361.26**	**683.96**	**1174.34**	**1298.8**	**1614.3**
Net asset value per equity share	Net worth / No of equity shares outstanding as on year end					

ANNEXURE VIII		
CAPITALISATION AS AT SEPTEMBER 30 2004		
		(Rs in lakhs)
	Pre issue	**Post issue**
Short term debt	0.00	0.00
Long term debt	15.98	15.98
Total Debt	**15.98**	**15.98**
Share holders fund		
Share capital	750.00	1000.00
Reserves	926.51	1426.51
Total shareholders funds	1676.51	2426.51
Total debt / Equity	**0.0095**	**0.0066**

Since 30.9.2004 (which is the last date as of which financial information has been given) Share capital was increased from Rs.691.75/- to Rs.750.00/- by the allotment of shares to Saksoft Employees Welfare Trust under the employees stock purchase scheme.

ANNEXURE IX						
STATEMENT SHOWING MOVEMENT IN SHARE CAPITAL						
PARTICULARS	**FINANCIAL YEARS**					
	1999-2000	**2000-2001**	**2001-2002**	**2002-2003**	**2003-2004**	**30.09.2004**
	(Rs. in lakhs)					
Authorised share capital	500.00	500.00	500.00	500.00	500.00	1200.00
Issued, Subscribed and paid up share capital	51.00	193.51	340.01	340.01	340.01	691.75
(Shares of Rs. 10/- each)						

NOTE:
As on 29.11.04 the issued, subscribed and paid up share capital of Saksoft Limited has been increased from Rs. 692/- lakhs to Rs. 750/- Lakhs by allotment of shares to Saksoft Employees Welfare Trust.

ANNEXURE X						
SAKSOFT LIMITED, CHENNAI						
STATEMENT OF ASSETS AND LIABILITIES			**(Rs in lakhs)**			
As at	**31.3.2000**	**31.3.2001**	**31.3.2002**	**31.3.2003**	**31.3.2004**	**30.9.2004**
Assets						
Fixed assets						
a) Gross block	47.43	218.33	247.62	347.14	483.24	510.43
b) Less: Depreciation	0.00	28.30	74.32	141.12	226.58	278.65
c) Net block (A)	**47.43**	**190.03**	**173.30**	**206.02**	**256.66**	**231.78**
Investments (B)	0.00	49.73	147.12	169.27	516.39	591.98
Current assets loans and advances						
a) Sundry debtors	3.92	130.98	208.67	582.18	360.69	576.82
b) Cash and Bank balance	1.50	14.62	69.20	63.40	86.28	160.60
c) Loans and Advances	21.34	33.71	189.18	339.37	158.45	159.89
d) Other current assets	0.00	25.06	2.94	3.43	25.41	17.81
Total (C)	**26.76**	**204.37**	**469.99**	**988.38**	**630.83**	**915.12**
Liabilities and provisions						
a) Current liability	26.63	55.56	37.50	79.02	73.41	79.92
b) Provisions	0.00	0.00	13.00	95.35	106.53	37.00
c) Deferred tax	0.00	0.00	0.00	13.52	19.38	20.25
d) Secured loans	0.00	0.00	3.21	13.48	14.09	15.98
Total (D)	**26.63**	**55.56**	**53.71**	**201.37**	**213.41**	**153.15**
Net assets	**0.13**	**148.81**	**416.28**	**787.01**	**417.42**	**761.97**
Miscellaneous expenditure	**11.48**	**1.30**	**0.97**	**0.65**	**0.32**	**0.16**
Total	**59.04**	**389.87**	**737.67**	**1,162.95**	**1,190.79**	**1,585.89**
Net worth (net of misc exp)	**47.56**	**388.57**	**736.70**	**1,162.30**	**1,190.47**	**1,585.73**
Shareholders funds						
a) Share capital	51.00	193.50	340.00	340.00	340.00	691.75
b) Share application money pending allotment	5.00	127.00	0.00	0.00	0.00	0.00
b) Reserves and surplus	3.04	69.37	397.67	822.95	850.79	894.14
Total	**59.04**	**389.87**	**737.67**	**1,162.95**	**1,190.79**	**1,585.89**

ANNEXURE X

SAKSOFT LIMITED, CHENNAI

STATEMENT OF PROFITS AND LOSSES

(Rs in lakhs)

Particulars	**Period ended**	**Year ended**				**Period ended**
	31.3.2000	**31.3.2001**	**31.3.2002**	**31.3.2003**	**31.3.2004**	**30.9.2004**
INCOME						
Software development income						
- Export	3.92	286.87	833.65	1221.83	1011.49	889.95
- Domestic	0.00	78.01	92.58	173.52	185.13	108.62
Other income	0.00	0.00	10.57	18.73	33.01	9.62
	3.92	**364.88**	**936.80**	**1414.08**	**1229.63**	**1008.19**
EXPENDITURE						
Software development expenses	0.75	221.83	416.13	711.64	893.91	432.02
Administration & other expenses	0.14	48.40	112.39	110.59	149.80	105.48
Interest	0.00	0.00	1.65	2.14	2.51	1.10
	0.89	**270.23**	**530.17**	**824.37**	**1046.22**	**538.60**
Operating profit	3.03	94.65	406.63	589.71	183.41	469.59
Depreciation for the year	0.00	28.30	46.60	68.55	87.60	53.68
Profit before taxation	3.03	66.35	360.03	521.16	95.81	415.91
Provision for taxation	0.00	0.00	13.00	44.00	5.00	32.00
Excess tax provision written back	0.00	0.00	0.00	0.00	-0.43	-0.31
Deferred taxation	0.00	0.00	0.00	13.52	5.86	0.86
Profit after taxation	3.03	66.35	347.03	463.64	85.38	383.36
Surplus brought forward	0.00	3.03	69.38	397.68	822.97	840.82
	3.03	**69.38**	**416.41**	**861.32**	**908.35**	**1224.18**
Appropriations						
Transfer to general reserve	0.00	0.00	0.00	0.00	10.00	0.00
Dividend	0.00	0.00	17.00	34.00	51.00	0.00
Dividend tax	0.00	0.00	1.73	4.35	6.53	0.00
	0.00	**0.00**	**18.73**	**38.35**	**67.53**	**0.00**
Surplus carried to Balance Sheet	3.03	69.38	397.68	822.97	840.82	1224.18

SAKSOFT LIMITED

Schedule 16
NOTES FORMING PART OF ACCOUNTS

I. Overview:

Saksoft Limited (saksoft) is a mid-sized Information Technology Company, primarily in the BFS (Banking and Financial Services) segment. Saksoft provides end-to-end business solutions that leverages technology and enables its clients to enhance business performance. The company provides the entire gamut of software solutions including consulting and placement, design, development, re-engineering, systems integration, implementation, testing services.

II. Significant Accounting Policies:

1. Basis of preparation of financial statements:

The accompanying financial statements are prepared under the historical cost convention in accordance with the Indian Generally Accepted Accounting Principles ("GAAP") comprising the mandatory accounting standards issued by the Institute of Chartered Accountants Of India and the provisions of the Companies Act 1956,on accrual basis. These accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted by the company.

The preparation of the financial statements in conformity with GAAP requires the management of the company to make estimates and assumptions that affect the reported amounts of revenues and expenses of the year, reported balances of assets and liabilities and disclosures relating to the contingent assets and liabilities as on the date of the financial statements. Examples of such estimates include post-sales customer support and the useful lives of fixed assets. Actual results could differ from these estimates.

2. Revenue recognition:

i) Revenue from time-and-material contracts is recognized based on the time / efforts spent and billed to clients as per terms of specific contracts.
ii) In case of fixed-price contracts, revenue is recognized based on the milestones achieved as specified in the contracts/on percentage of completion basis.
iii) Revenue from annual maintenance contracts are recognized proportionately over the period in which services are rendered.
iv) Dividend income is recognized when the company's right to receive dividend is established.

3. Expenditure:

The cost of software purchased for the use of software development and services is charged to revenue in the year of such acquisition. Preliminary and pre-operative expenses are amortized over a period of 5 years. Provisions are made for all known losses and liabilities. All other expenses are accounted for on accrual basis.

4. Fixed Assets

i) Fixed assets including intellectual property rights are stated at cost less depreciation thereon. Cost includes inward freight; duties, taxes and expenses incidental to acquisition and installation up to the point the asset is ready for its intended use.

The assets on lease are capitalized as per the terms of the respective lease agreements in accordance with the Accounting Standard 19 of ICAI.

ii) Depreciation:

a) Fixed Assets:

Depreciation on fixed assets (excluding assets costing less than Rs. 5,000) is provided using straight-line method at the following rates:

Plant and machinery	20 %
Computer equipments	20 %
Furniture and Fixtures (Including temporary structures)	20 %
Vehicles/other assets	20 %

Assets taken on Lease: As per the tenure of the lease agreements, the usual period of tenure being 3 to 5 years and is in accordance with AS 19.

Individual assets acquired at costs not exceeding Rs. 5,000 are entirely depreciated in the year of acquisition.

b) Intangibles:

Intellectual Property Rights:

The entire cost of Intellectual Property Rights as per the agreement is being amortized over a period of 36 months in equal installments in line with the provisions of Accounting Standard 26 of the ICAI.

5. Retirement benefits to employees:

a) Provident Fund: In accordance with the provisions of the Employees Provident Funds and Miscellaneous Provisions Act, 1952, both the employees and the company make monthly contributions to the provident fund plan equal to a specified percentage of the employee's salary. The monthly contributions are remitted to the Regional Provident Fund Commissioner, Chennai who administers the fund. The company has no further obligations under the provident fund plan other than its monthly contributions.

b) Gratuity: The Company plans to adopt Group Gratuity Scheme administered by the Life Insurance Corporation of India in due course of time as and when the provisions of Payment of Gratuity Act, 1972 become applicable.

c) Leave Encashment: The Company does not permit encashment of leave by its employees. The unutilized leave will automatically lapse after two years.

6. Foreign Currency transactions:

Sales made to overseas clients and collections deposited in foreign currency bank accounts are recorded at the exchange rate as of the date of respective transactions. Expenditure in foreign currency is accounted at the rates prevalent when such expenditure is incurred. Disbursements made out of foreign currency bank accounts are reported at the appropriate rate prevalent on the date of the transaction. Exchange differences are recorded when the amount actually received on sales or actually paid when expenditure is incurred is converted into Indian Rupees. The exchange differences arising on foreign currency transactions are recognized as income or expense in the year in which they arise in accordance with Accounting Standard 11 of ICAI.

7. Investments

Long Term Investments are stated at cost. Decline in long-term investments, other than temporary in nature, is provided for in the books of accounts. Current investments are stated at lower of cost or net realizable value.

III. Other Notes:

1. The Company has three subsidiaries in the United States of America, Singapore and Germany and the details of the Investments made are as follows:

(a) Saksoft Inc, USA, incorporated on 1st January 2001. An Investment of United States Dollar 195000/-, for 195000 shares of USD 1/- each, has been made till the end of the financial year. Out of the above, one share is held in the name of Mrs. Malini Krishna, wife of the Managing Director, to comply with the legal requirements of U S A.

(b) Saksoft Pte Ltd, Singapore, incorporated on 30th August 2000. An investment of Singapore Dollars 55002/- has been made for 55002 shares of SGD 1/- each. Out of the above, one share is held in the name of Mr. Aditya Krishna, Director of the company to comply with the legal requirements of Singapore.

(c) Saksoft GmbH, Germany incorporated on 23rd January 2003. An investment of Euros 25,000/- has been made for 25000 shares of Euro 1 each.

2. Employees Welfare Trust. The main objective of the trust is to manage in future the Employee Stock Purchase Scheme for the welfare and benefit of its/its subsidiaries' employees. The Trust Deed was subsequently registered on 8th October 2004.

3. Figures of the previous year have been regrouped and reclassified wherever necessary. Previous years figures of twelve months are not strictly comparable with the figures of the current period of six months.

4. The company has, during the period under review, allotted 1,17,400 equity shares of Rs. 10 each at par to the employees under its employees stock option scheme and the scheme was subsequently terminated.

5. Income Tax: Provision is made for Income Tax annually based on the tax liability computed after considering exemptions available under the Income Tax Act, 1961. Deferred Tax is calculated as per the Accounting Standard 22 of the ICAI.

6. Contingent Liability:

a) Estimated liability on capital expenditure to be incurred, not provided for: Nil.
b) Performance Guarantee issued: Rs. 12,55,240/-
c) Disputed income tax liability, under appeal: Rs. 3,79,444/-

7. Leases:

The present book value, after foreclosure of leases, as on 30th September 2004 is:

Cost	:	Rs.26,62,541/-.
Depreciation	:	Rs.11,47,464/-
W D V	:	Rs.15,15,077/-

The minimum balance payable:

PARTICULARS	MINIMUM BALANCE PAYABLE
	(Rs.in lakhs)
In less than One year	7.30
In more than one year but less than 5 years	3.87
More than 5 years	-
	11.16

ANNEXURE X-A

Details of dividend paid by the company

(Rs in lakhs)

Financial year ended	No of shares on which dividend is paid	Amount of share capital	Rate of dividend	Amount of dividend
31.03.2004	34.00	340.01	15%	51.00
31.03.2003	34.00	340.01	10%	34.00
31.03.2002	34.00	340.01	5%	17.00
31.03.2001	NIL	193.51	0%	NIL
31.03.2000	NIL	51.00	0%	NIL

ANNEXURE X-B

ACCOUNTING RATIOS

	Period ended	Year ended				Period ended
	31.3.2000	**31.3.2001**	**31.3.2002**	**31.3.2003**	**31.3.2004**	**30.9.2004**
Earnings per share	0.54	2.07	10.21	13.64	2.51	5.54
Return on net worth (in %)	6.37	16.98	48.87	44.82	8.06	26.23
Net asset value per equity Share	8.49	12.12	21.67	34.18	35.01	22.87
Earnings per share	Net profit after tax / No of shares outstanding as on year end					
Return on net worth	Net profit before tax / Net worth x100					
Net worth as per Balance Sheet	47.55	388.58	736.69	1162.31	1190.47	1585.73
Less: disputed tax liability	0	0	0	0	0	3.79
Net worth for calculation	**47.55**	**388.58**	**736.69**	**1162.31**	**1190.47**	**1581.94**
Net asset value per equity Share	Net worth / No of equity shares outstanding at the year end					

ANNEXURE X-C						
DETAILS TO SECURED LOANS						
						(Rs in lakhs)
As at	**31.3.2000**	**31.3.2001**	**31.3.2002**	**31.3.2003**	**31.3.2004**	**30.9.2004**
Finance lease liability	0.00	0.00	4.32	16.06	16.07	18.23
(Secured under hypothecation of specific assets on lease)						
Less: Unmatured Finance Charges	0.00	0.00	1.11	2.58	1.97	2.25
	0.00	**0.00**	**3.21**	**13.48**	**14.10**	**15.98**

ANNEXURE X-D						
DETAILS TO OTHER INCOME						**(Rs in lakhs)**
Particulars	**Period ended**	**year ended**	**Year ended**	**year ended**	**Year ended**	**Period ended**
	31.3.2000	**31.3.2001**	**31.3.2002**	**31.3.2003**	**31.3.2004**	**30.9.2004**
Dividend from mutual funds	0.00	0.00	1.12	4.50	20.64	9.55
Interest	0.00	0.00	1.20	11.25	9.90	0.03
Other income	0.00	0.00	0.26	0.02	1.18	0.00
Profit on sale of assets	0.00	0.00	0.07	0.00	0.00	0.00
Surplus on forclosure of lease	0.00	0.00	0.12	0.37	0.27	0.00
Profit on redemption of mutual funds	0.00	0.00	0.00	0.00	1.02	0.04
Exchange rate fluctuation	0.00	0.00	7.80	2.59	0.00	0.00
	0.00	**0.00**	**10.57**	**18.73**	**33.01**	**9.62**

ANNEXURE X E		
CAPITALISATION AS AT SEPTEMBER 30 2004		
		(Rs in lakhs)
	Pre issue	**Post issue**
Short term debt	0.00	0.00
Long term debt	15.98	15.98
Total Debt	**15.98**	**15.98**
Share holders fund		
Share capital	750.00	1000.00
Reserves	894.14	1394.14
Total shareholders funds	**1644.14**	**2394.14**
Total debt / Equity	**0.0097**	**0.0067**

Since 30.9.2004 (which is the last date as of which financial information has been given) Share capital was increased from Rs.691.75/- to Rs.750.00/- by the allotment of shares to Saksoft Employees Welfare Trust

ANNEXURE X-F

STATEMENT OF TAX SHELTER

(Rs in lakhs)

Particulars	**Period ended**	**Year ended**			
	31.3.2000	**31.3.2001**	**31.3.2002**	**31.3.2003**	**31.3.2004**
PROFIT BEFORE TAXES	**3.03**	**66.35**	**360.03**	**521.16**	**95.81**
Tax on net profits as per					
applicable rates:	1.17	26.24	128.53	191.53	34.37
ADJUSTMENTS					
Export profits	3.03	27.38	307.77	415.58	63.10
Difference between tax depn and book depn	0.00	31.43	15.97	-13.88	-12.60
NET ADJUSTMENTS	3.03	58.81	323.74	401.70	50.50
Tax saving thereon	1.17	23.26	115.58	147.62	18.12
Total Taxation	0.00	2.98	14.00	42.90	16.25

RELATED PARTY DISCLOSURE DETAILS

Nature of transaction	**Subsidiaries**	**Associates**	**Key management personnel**
	Rs. In lakhs		
Transactions during the six months ended September 30, 2004			
Sales income	715.41	-	-
	715.41		
Professional fees	309.36	-	-
Rent	-	21.95	-
Affiliate services	403.36	-	-
Remuneration	-	-	50.56
	712.72	**21.95**	**50.56**
Balance as at September 30, 2004			
Debtors	444.51	-	-
Investments	118.29	-	-
Loans and advances	57.07	-	-
	619.88	**0.00**	**0.00**

Since the turnover was not more than Rs.50 crores, nor was the company listed, related party transactions were not reported for the previous financial years.

C. STATUTORY AND OTHER INFORMATION:

MINIMUM SUBSCRIPTION:

If the Company does not receive the minimum subscription of 90% of the issued amount, on the date of closure of the issue or if the subscription level falls below 90% after the closure of the issue on account of cheques having been returned unpaid or withdrawal of applications, the Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after the Company becomes liable to pay the amount, the Company shall pay interest as per Section 73 of the Companies Act, 1956.

EXPENSES OF THE ISSUE:

The expenses of the Issue payable by the Company inclusive of fees payable to the Lead Manager, Fees of Legal Advisors, Stamp Duty, Printing, Publication, Advertising and Distribution expenses, Bank charges, Fees payable to the Registrars to the Issue, Listing Fees, Brokerage and other Miscellaneous Expenses which are estimated to be approximately 8.00% of the Issue size, and will be met out of the proceeds of the Issue.

FEES PAYABLE TO THE LEAD MANAGER TO THE ISSUE:

The total fees payable to the Lead Manager will be as per the Memorandum of Understanding signed with the Lead Manager, a copy of which is available for inspection at the Corporate Office of the Company.

FEES PAYABLE TO THE REGISTRAR TO THE ISSUE:

The fees payable to the Registrar to the Issue will be as per the Memorandum of Understanding signed with the Company, a copy of which is available for inspection at the Corporate Office of the Company.

BROKERAGE & SELLING COMMISSION:

Brokerage will be paid by the Company at the rate of 1.50% on the issue price of Equity Shares offered to the public on the basis of allotment made against applications bearing the stamp of the members of any recognized Stock Exchanges in India in the broker's column. Brokerage at the same rate will also be payable to the Bankers to the Issue in respect of allotments made against applications procured by them provided the relevant forms of applications bear their respective stamps in the Broker's column.

PREVIOUS ISSUE OF CAPITAL DURING LAST FIVE YEARS:

The Company has not made any public issue of equity / debentures what so ever prior to this issue. The details of issue of capital have been outlined in the paragraph on the build up of the share capital under the capital structure.

ISSUE OTHERWISE THAN FOR CASH

The Company has issued 34,00,070 equity shares by way of Bonus by capitalization of free reserves. Except for the above no further shares are issued for consideration other than cash.

OUTSTANDING REDEEMABLE PREFERENCE SHARES AND DEBENTURES

The Company since its incorporation has not issued any redeemable preference shares and Debentures.

OPTIONS TO SUBSCRIBE

Except as otherwise stated in this Offer Document, the Company has not entered into, nor does it at present propose to enter into any contract or arrangements whereby any option or preferential right of any kind has been, or is proposed to be, given to any person to subscribe for any shares of the Company.

PURCHASE OF PROPERTY:

Except as stated in "Objects of the Issue" in this Prospectus and save in respect of the property purchased or acquired or to be purchased or acquired in connection with the business or activities contemplated by the objects of the Issue, there is no property which the Company has purchased or acquired or proposes to purchase or acquire which is to be paid for wholly or partly out of the proceeds of the present Issue or the purchase or acquisition of which has not been completed on the date of this Prospectus, other than property in respect of which:

- The contracts for the purchase or acquisition, if any, were entered into in the ordinary course of the business, and the contracts were not entered into in contemplation of the Issue nor is the Issue contemplated in consequence of the contracts; or
- The amount of the purchase, if any, is not material.

Except as elsewhere stated in this Prospectus, the Company has not purchased any property in which any of its promoters and / or Directors, have any direct or indirect interest in any payment made thereof.

CLASSES OF SHARES:

The authorized share capital of the Company is Rs.12,00,00,000/- (Rupees Twelve hundred lakhs only) divided into 120,00,000 (One hundred and twenty lakhs) Equity shares of Rs.10/- each (Rupees 10 each).

INTEREST OF PROMOTERS AND DIRECTORS:

All the Directors may be deemed to be interested to the extent of the sitting fees and other remuneration for the services rendered and the reimbursement of expenses, if any, payable to them under the Articles. The Directors may also be deemed to be interested to the extent of:

A. The shares, if any, held by them or by the relatives or by firms or companies of which any of them is a Partner and a Director / Member respectively.

B. The shares, if any, out of the present issue that may be subscribed for and allotted to them or their relatives or any company in which they are Directors / Members of to firms in which they are Partners.

C. **Transactions with entities in which Directors are interested have been disclosed as Related Party transactions in the Auditors Report.**

The Managing Director is interested to the extent of the remuneration paid to him for services rendered to the Company. Further the Managing Director is interested to the extent of equity shares held by him and also to the extent of any dividends payable to him and other distributions in respect of the said Equity Shares.

The Executive Director is interested to the extent of the remuneration paid to him for services rendered to the Company. Further the Executive Director is interested to the extent of equity shares held by him and also to the extent of any dividends payable to him and other distributions in respect of the said Equity Shares.

A trust was registered on October 8, 2004 under the name and style of Saksoft Employees Welfare Trust and 5,82,460 shares were allotted at par on 29th November, 2004.

Except as stated above and elsewhere in this Document, the Company has not entered into any contracts, agreements or arrangement in which the Directors are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangement or are proposed to be made.

PAYMENT OF BENEFIT TO PROMOTERS AND OFFICERS OF THE COMPANY:

Save as stated elsewhere in this Prospectus, no amount or benefit has been paid or given to the Company's Promoters or Officers since the incorporation of the Company nor is intended to be paid or given to any Promoter or any Officer of the Company except their normal remuneration and / or reimbursement for services as Directors, Officers or Employees of the Company or otherwise in accordance with law.

APPOINTMENT AND REMUNERATION OF MANAGING DIRECTOR AND EXECUTIVE DIRECTOR:

1. Mr. Aditya Krishna – Managing Director

Mr. Aditya Krishna was appointed as Managing Director of the Company with effect from 1st April 2001 and payment of remuneration to Mr. Aditya Krishna was confirmed by the share holders at the General Body Meeting held on 25th September 2001.

Details of Remuneration:

The Basic salary is of Rs.1, 00,000/- per month.

Perquisites and allowances:

In addition to salary, the Managing Director shall be entitled to the following perquisites/benefits, which shall be evaluated as per the Income Tax Rules wherever applicable. In the absence of any such rule, perquisite shall be evaluated at actual cost.

1. Actual Medical expenses incurred for self and family towards domiciliary and hospitalization expenses.
2. Rent free residential accommodation or HRA in lieu thereof.
3. Contribution to P F as per rules of the company.
4. Contribution to Superannuation Fund as per rules of the company.
5. Gratuity payable as per the rules of the company.
6. Club fees for two-clubs including admission and other fees.
7. Leave Travel Concession once in a year for self and family to any place in India by Air/Rail/Road.
8. Company maintained car with driver.
9. Telephone facility at residence.

Minimum remuneration:

Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the Managing Director's tenure, the company has no profits or the profits are inadequate, the company shall pay remuneration by way of salary, allowances and

perquisites, subject to the provisions of section 198, 269 & 310 of the Companies Act, 1956 read with the provisions of Schedule XIII to the Companies Act, 1956.

Sitting Fees:

He shall not be paid any sitting fees for attending the meeting of the Board of Directors of any committee thereof from the date of his appointment.

2. Mr. V Ramanathan – Executive Director

Details of Remuneration :

Basic salary of Rs.1,40,000/- per month.

Perquisites and allowances:

In addition to salary, he shall be entitled to the following perquisites/benefits, which shall be evaluated as per the Income Tax Rules wherever applicable. In the absence of any such rule, perquisite shall be evaluated at actual cost.

1. Actual Medical expenses incurred for self and family towards domiciliary and hospitalization expenses.
2. Rent free residential accommodation or HRA in lieu thereof @ Rs. 70,000 per month.
3. Contribution to P F as per rules of the company.
4. Contribution to Superannuation Fund as per rules of the company.
5. Gratuity payable as per the rules of the company.
6. Club fees for two-clubs including admission and other fees.
7. Leave Travel Concession once in a year for self and family to any place in India by Air/Rail/Road.
8. Company maintained car with driver.
9. Telephone facility at residence.

Minimum remuneration:

Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of his tenure, the company has no profits or the profits are inadequate, the company shall subject to the provisions of section 198, 269 & 310 read with Schedule XIII to the Companies Act, 1956 pay basic salary, perquisites and allowances as specified above.

Sitting Fees:

He shall not be paid any sitting fees for attending the meeting of the Board of Directors of any committee thereof from the date of his appointment.

EXPORT OBLIGATION:

The Company has fulfilled its export obligations.

REVALUATION OF ASSETS:

The Company has not revalued any of its assets since its incorporation.

D. MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION OF THE COMPANY:

The main provisions of the Articles of Association of the Company are given below:

SHARE CAPITAL

Article 3 provides that "The authorized share capital of the company is Rs.12, 00,00,000/- (Rupees Twelve Crores) divided into 1,20,00,000 (One Crores twenty lacs) Equity Shares of Re.10/- (Rupees Ten only) each".

Article 4 provides that "Subject to the provisions of these Articles and of the Act, the shares shall be under the control of the Board of Directors, who may allot or otherwise dispose off the same to such persons, on such terms and conditions and at such time as they think fit and with full power to give any person the option to call or be allotted shares of the Company of any class, either at a premium or at par or at a discount and for such time and for such consideration as the Board of Directors think fit (subject to the provisions of Sections 78 and 79 of the Act), provided that option or right to call of shares shall not be given to any person except with the sanction of the Company in General Meeting, The Board shall cause to be made the returns as to allotment provided for in Section 75 of the Act".

Article 5 provides that, "Any application signed by or on behalf of an applicant for shares in the Company, followed by allotment of any shares therein, shall be an acceptance of shares within the meaning of these Articles; and every person who thus or otherwise accepts any shares and whose name is on the register shall, for the purposes of the Articles, be a member.

Article 6 provides that,

(1) If at any time the share capital is divided into (Afferent classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of Sections 106 and 107 of the Act and whether or not the company is being wound up be varied with the consent in writing of the holders of three fourths of the issued shares of that class or with a sanction of a resolution passed at a separate meeting of the holders of the shares of that class.

(2) Subject to the provisions of Sections 170 (2) (a) and (b) of the Act, to every such separate meeting, the provisions of these regulations relating to meetings shall mutatis mutandis apply, but so that the necessary quorum shall be five persons at least holding or representing by proxy or one-third of the issued shares of the class in question.

Article 6A provides that, "The Company shall have the power to issue shares with differential voting rights".

Article 7 provides that, "The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not unless otherwise provided by the terms of issue of the shares of that class be deemed to be varied by the creation or issue of further shares ranking paripassu therewith".

Article 8 provides that,

(1) The company may exercise the powers of paying commissions conferred by Sections 76 of the Act, provided that the rate per cent or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by the Section.

(2) The rate of commission shall not exceed the rate of 5% (five percent) of the price at which the shares in respect whereof the same is paid are issued or an amount equal to 5% (five percent) of such price, as the case may be and in the case of debentures in respect whereof the same is paid are issued or an amount equal to 2.5% (two and a half percent) of such price, as the case may be.

(3) The commission may be satisfied by payment in cash or by allotment of fully or partly paid shares or partly in one way and partly in the other.

(4) The Company may also, on any Issue of shares, pay such brokerage as may be lawful.

Article 9 provides that, "Subject to section 187-C of the Act, no person shall be recognized by the Company as holding any share upon any trust and the Company shall not be bound by or be compelled in any way to recognized (even when having notice thereof) any equitable, contingent future or partial interest in any share or any interest in any fractional part of a share or any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder".

Article 10 provides that

(1) Every person whose name is entered as a member in the register of members shall be entitled to receive within three months after allotment (or within such other period as the conditions of issue shall provide) or within one month after the application for the transfer of registration is received by the Company.

  (a) one certificate for all his shares without payment, or

  (b) several certificates, each for one or more of his shares, provided that any subdivision, consolidation or splitting of certificates required in marketable lots shall be done by the Company free of any charges.

(2) Every certificate shall be under the seal and shall specify the shares to which it relates and the amount paid up thereon.

(3) In respect of any share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all such holders.

Article 11 provides that "The Company agrees, that it will not charge any fees exceeding those which may be agreed upon with the Stock Exchange.

i. for issue of new certificate in replacement of those that are torn, defaced, lost or destroyed.

ii. for subdivision and consolidation of shares and debenture certificates and for subdivision of Letters of Allotment and Split, Consolidation, Renewal and Pucca Transfer Receipts into denominations other than those fixed for the market units of trading".

Article 12 provides that, "The Company may issue such fractional certificates as the Board may approve in respect of any of the shares of the Company on such terms as the board thinks fit as to the period within which the fractional certificate are to be converted into share certificates.

1. If any share stands in the names of two or more persons, the person first named in the register of members shall, as regards receipt of dividends, the service of notices and subject to the provisions of these Articles, all or any other matter connected with the Company except the issue of share certificates, voting at meeting and the transfer of the share, be deemed the sole holder thereof.

Article 13A provides that, "Dematerialization of securities

For the purpose of this article:

Beneficial owner means a persons or persons whose name is recorded as such with a depository.

Depository means a company formed and registered under the Companies Act, 1956 and which has been granted a certificate of registration to act as a depository under the Securities and Exchange Board of India Act, 1992.

SEBI means Securities and Exchange Board of India.

Security means such security as may be specified by SEBI from time to time.

1. Dematerialization of Securities: Notwithstanding anything contained in these Articles, the company shall be entitled to dematerialize /rematerialize its securities and to offer the securities in the dematerialized form pursuant to Depositories Act,1996 and the rules framed there under.
2. Option for Investors: Every person subscribing to the securities offered by the company shall have the option to receive security certificate or to hold securities with a depository. Such a person who is the beneficial owner of the securities can, at any time, opt out of a depository, if permitted by Law, in respect of any security in the manner provided by the Depositories Act and the company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificate of securities.
3. If a person opts to hold his security with a depository, the company shall intimate such depository the details of allotment of the security and the depository, on receipt of the information, shall enter in its record the name of the allottee as the beneficial owner of the security.
4. Securities to be in Fungible Form: All securities held by a depository shall be dematerialized and be in a fungible form. Nothing contained in sections 153,153A,153B, 187A,187B, 187C and 372 of the Act shall apply to a depository in respect securities held by it on behalf of the beneficial owners.
5. Rights of Depositories and Beneficial Owners: Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of securities on behalf of the beneficial owner.
6. Save as otherwise provided above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of securities held by it.
7. Every Person holding securities of the company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the company. The beneficial owner of the securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of these securities which are held by a depository.
8. Service of Documents: Notwithstanding anything to the contrary contained in the Act or these Articles, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the company by means of electronic mode or by delivery of floppies or discs.
9. Transfer of Securities: Nothing contained in section 108 of the Act or these Articles shall apply to a transfer of securities effected by a transferor or transferee both of whom are entered as beneficial owners in the records of the depository.

10. Allotment of Securities dealt with in a Depository: Notwithstanding anything contained in the Act or these Articles, where securities are dealt with by a depository, the company shall intimate the details thereof to the depository immediately on allotment of securities.
11. Distinctive number of Securities held in a Depository: Notwithstanding anything contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the company shall apply to the securities held with a depository.
12. Register and Index of Beneficial Owner: The register and index of beneficial owners maintained by a depository under the Depositories Act,1956,shall be deemed to be the Register and Index of members and Security holders for the purpose of these Articles

LIEN

Article 14 provides that

(1) The Company shall have a first and paramount lien upon every share (not being a fully paid up share), for all money (whether presently payable or not) called or payable at a fixed time in respect of that share. Unless otherwise agreed the registration of a transfer of a share shall operate as a waiver of the Company's lien if any, on such shares. The Board of Directors may at any time declare any shares to be wholly or in part to be exempt from the provisions of this article.

(2) The Company's lien, if any, on a share shall extend to all dividends payable thereon, subject to section 205A of the Act.

Article 15 provides that "The Company may sell, in such manner as the Board thinks fit, any share on which the Company has a lien provided that no sale shall be made

(a) unless a sum in respect of which the lien exists Is presently payable; or

(b) until the expiration of thirty days after a notice in writing demanding payment of such part of the amount, in respect of which the lien exists as is presently payable, have been given to the registered holder for the time being of the share or the person entitled thereto by reason of his death or insolvency and stating that amount so demanded if not paid within the period specified at the Registered Office of the Company, the said shares shall be sold.

Article 16 provides that

(1) To give effect to any such sale, the Board may authorized some person to transfer the shares sold to the purchaser thereof.

(2) The purchaser shall be registered as the shareholder of the shares comprised in any such transfer.

(3) The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the sale.

Article 17 provides that

(1) The proceeds of the sale shall be received by the Company and applied in payment of the whole or a part of the amount in respect of which the lien exist as is presently payable.

(2) The residue, if any, shall, subject to a like lien for sums not presently payable as existed upon the shares at the date of sale, be paid to the person entitled to the shares at the date of the sale.

(3) The fully paid shares shall be free from all lien and that in case of partly paid shares the issuer's lien shall be restricted to moneys called payable at a fixed time in respect of such shares;

CALLS OF SHARES

Article 18 provides that

(1) The Board of Directors may, from time to time, make calls upon the members in respect of money unpaid on their shares (whether on account of the nominal value of the shares or by way of premium) and not by the condition of allotment thereof made payable at fixed times.

(2) Each member shall, subject to receiving at least thirty days notice specifying the time or times and place of payment of the call money pay to the Company at the time or times and place so specified, the amount called on his shares.

(3) A call may be revoked or postponed at the discretion of the Board.

Article 19 provides that A call shall be deemed to have been made at the time when the resolution of the Board authorizing the call was passed. Call money may be required to be paid by installments.

Article 20 provides that The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

Article 21 provides that

(1) If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest thereon from the day appointed for payment thereof to the time of actual payment at such rate of interest as the Board may determine.

(2) The Board shall be at liberty to waive payment of any such interest wholly or in part.

Article 22 provides that

(1) Any sum which by the terms of issue of a share become payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall for purposes of these regulations, be deemed to be a call duly made and payable on the date on which the terms of issue such sum becomes payable.

(2) In case of non-payment of such sum, all the relevant provisions of these regulations as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

Article 23 provides that Subject to the provisions of Section 92 and 292 of the Act, the Board :-

(a) may, if it thinks fit, receive from any member willing to advance all or any part of the money uncalled and unpaid upon any shares held by him; and

(b) if it thinks fit, may pay interest upon all or any of the moneys advanced on uncalled and unpaid shares (until the same would but for such advance become presently payable) at such rate not exceeding, unless the Company in general meeting shall otherwise direct, 9% (nine percent) per annum as may be agreed upon between the Board and the members paying the sums or advances. Money so paid in advance shall not confer a right to dividend or to participate in profits.

Article 24 provides that On the trial or hearing of any suit or proceedings brought by the Company against any member or his representative to recover any debt or money claimed to be due to the Company in respect of his share, it shall be sufficient to prove that the name of

the defendant is or was, when the claim arose, on the Register of members of the Company as a holder or one of the holders of the number of shares in respect of which such claim is made and that the amount claimed is not entered as paid in the books of the Company and it shall not be necessary to prove the appointment of Directors who resolved to make any call, not that a quorum of Directors was present at the Board Meeting at which any call was resolved to be made, nor that the meeting at which any call was resolved to be made was duly convened or constituted nor any other matter, but the proof of the matters aforesaid shall be conclusive evidence of the debt.

Article 25 provides that Neither the receipt by the Company of a portion of any money which shall, from time to time, be due from any member to the Company in respect of his shares, either by way of principal or interest, nor any indulgence granted by the Company in respect of the payment of any such money, shall, preclude the Company from thereafter proceeding to enforce a forfeiture of such shares as hereinafter provided.

TRANSFER AND TRANSMISSION OF SHARES

Article 26 provides that The company shall keep a "Register of Transfers", and therein shall fairly and distinctly enter particulars of every transfer or transmission of any share.

Article 27 provides that

(1) the instrument of transfer of any share in the Company shall be executed by or on behalf of both the transferor and the transferee.

(2) The transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of members in respect thereof.

Article 28 provides that The instrument of transfer shall be in writing and all the provisions of Section 108 of the Companies Act, 1956 and of any modification thereof for the time being shall be complied with in respect of all transfers of shares and registration thereof.

Article 29 provides that Unless the Directors decide otherwise, when an instrument of transfer is tendered by the transferee, before registering any such transfer, the, Directors shall give notice by letter sent by registered acknowledgment due post to the registered holder that such transfer has been lodged and that unless objection is taken the transfer will be registered. If such registered holder fails to lodge an objection in writing at the office within ten days from the posting of such notice of him, he shall be deemed to have admitted the validity of the said transfer. Where no notice is received by the registered holder, the Directors shall be deemed to have decided not to give notice and in any event the non-receipt by the registered holder of any notice shall not entitle him to make any claim of any kind against the Company or the Directors in respect of such non-receipt.

Article 29A provides that The Company shall use a common form for share transfer;

TRANSFER OF SHARES

Article 30 provides that The Board of Directors may, subject to the right of appeal conferred by Section 111 of the Companies Act, 1956, decline to register:-

(a) the transfer of a share not being a fully paid up share, to a person of whom they do not approve; or

(b) any transfer of the share on which the Company has a lien, provided that the registration of transfer shall not be refused on the ground of transferor being either alone or jointly with any person or persons indebted to the Company on any account except a lien.

(c) Notice of refusal to transfer shares to transferor or transferee shall be sent within 30 days.

Article 31 provides that The Board may also decline to recognized any instrument of transfer unless:

(a) the instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and

(b) the instrument is in respect of only one class of shares.

Article 32 provides that All instruments of transfer which shall be registered shall be retained by the Company, but may be destroyed upon the expiration of such period as the Board may from time to time determine.

Any instrument of transfer which the Board declines to register shall (except in any case of fraud) be returned to the person depositing the same.

Article 33 provides that

(a) the registration of transfers may be suspended at such times and for such periods as the Board may, from time to time, determine:

provided that such registration shall not be suspended for more than forty-five days in the aggregate in any year or for more than thirty days at any one time.

(b) There shall be no charge for :

(a) registration of shares or debentures;

(b) sub-division and /or consolidation of shares and debenture certificates and subdivision on Letters of Allotment and split consolidation, renewal and pucca transfer receipts into denominations corresponding to the market unit of trading;

(c) sub-division of renouncible Letters of Right;

(d) issue of new certificates in replacement of those which are decrepit or worn out or where the cages on the reverse for recording transfers have been fully utilized;

(e) registration of any Powers of Attorney, Letter or Administration and similar other documents.

(c) No transfer shall be made to a minor or a person of unsound mind.

(d) Notwithstanding anything in the Articles elsewhere, every holder of shares in, or holder of the debentures of, the company may, at any time, nominate, in the manner prescribed by section 109A & 109B of the Companies Act,1956 as amended, a person to whom his shares in ,or debentures of, the company shall vest in the event of his death.

(e) The registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person indebted to the issuer on any account whatsoever;

TRANSMISSION OF SHARES

Article 34 provides that

1. On the death of a member, the survivor or survivors where the member was a joint holder and his legal representative where he was a sole holder shall be the only person recognized by the Company as having any title to his interest in the shares.
2. Nothing in clause (1) shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.

Article 35 provides that

1. Any person becoming entitled to a share in consequence of the death or insolvency of a member may, upon such evidence being produced as may from time to time properly be required by the Board and subject as hereinafter provided, elect, either:
   (a) to be registered himself as holder of the share; or
   (b) to make such transfer of the shares as the deceased or insolvent member could have made.
2. The Board shall, in either case, have the same right to decline or suspend registration as it would have had, if the deceased or insolvent member had himself transferred the share before his death or insolvency.

Article 36 provides that

1. If the person so becoming entitled, shall elect to be registered as holder of the share himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects.
2. If the person aforesaid shall elect to transfer the share, he shall testify his election by executing a transfer of the share.
3. All the limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfers of share shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the member had not occurred and the notice of transfer were a transfer signed by that member.

Article 37 provides that

On the transfer of the share being registered in his name a person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he was the registered holder of the share and that he shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company;

Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share and if the notice is not complied with within 90 (ninety) days, the Board may thereafter withhold payment of all dividends, bonus or other moneys payable in respect of the share, until the requirements of the notice have been complied with.

Article 38 provides that Where the Company has knowledge through any of its principal officers within the meaning of Section 2 of the Estate Duty Act. 1953 of the death of any member of or debenture holder in the Company, it shall furnish to the Controller within the meaning of such section, the prescribed particulars in accordance with that Act and the rules made there under and it shall not be lawful for the Company to register the transfer of any shares or debentures standing in the name of the deceased, unless the transferor has acquired such shares for valuable consideration or a certificate from the Controller is produced before the Company to the effect that the Estate Duty in respect of such shares or debentures has been paid or will be paid or that none is due, as the case may be.

Article 39 provides that The Company shall incur liability whatever in consequence of its registering or giving effect, to any transfer of share made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the register of members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the said shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer and may have entered such notice or referred thereto, in any book of the Company, and the Company shall not be bound or required to regard or attend or give effect to any. Notice which may be given to it of any

equitable right, title or interest or be under any liability for refusing or neglecting so to do, though it may have been entered or referred to in some book of the Company but the Company though not bound so to do, shall be at liberty to regard and attend to any such notice and give effect thereto if the Board shall so think fit.

FORFEITURE OF SHARES

Article 40 provides that If a member fails to pay any call or installment of a call, on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or installment remains unpaid, serve a notice on him requiring payment of so much of the call or installment as is unpaid together with any interest which may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.

Article 41 provides that The notice aforesaid shall:-

(a) name a further day not earlier than the expiry of 30 (thirty) days from the date of service of notice) on or before which the payment required by the notice is to be made; and

(b) state that, in the event of non-payment on or before the day so named, the shares in respect of which the call was made, will liable to be forfeited.

Article 42 provides that If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may, at any time, thereafter before the payment required by the notice has been made, be forfeited by a resolution of the Board of that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the date of forfeiture, which shall be the date on which the resolution of the Board is passed forfeiting the shares.

Article 43 provides that

(1) A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Board thinks fit.

(2) At any time before a sale OF disposal, as aforesaid, the Board may annul the forfeiture on such terms as it thinks fit.

Article 44 provides that

(1) A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding the forfeiture, remain liable to pay to the Company all moneys which, at date of forfeiture, were presently payable by him to the Company in respect of the shares together with interest thereon from the time of forfeiture until payment at the rate of 9% (nine percent) per annum.

(2) The liability of such person shall cease if and when the Company shall have received payments in full of all such money in respect of the shares.

Article 45 provides that

(1) A duly verified declaration in writing that the declarant is a director or the secretary of the Company and that a share in the company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts stated therein stated as against all persons claiming to be entitled to the share.

(2) The Company may receive the consideration, if any, given for the share on any sale or disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of.

(3) The transferee shall thereupon be registered as the holder of the share.

(4) Transferee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.

Article 46 provides that The provisions of these regulations as to forfeiture shall apply, in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

Article 47 provides that The forfeiture of a share shall involve the extinction of all interest in and also of all claims and demands against the Company in respect of the share, and all other rights incidental thereto except only such of those rights as by these Articles are expressly saved.

Article 48 provides that Upon any sale, after forfeiture or for enforcing a lien in purported exercise of powers herein before given, the Board may appoint some person to execute an instrument of transfer of the shares sold and cause the purchaser's name to be entered in the Register in respect of the shares sold and the purchaser shall not be bound to see to the regularity of the proceeding or to the application of the purchase money and after his name has been entered in the Register in respect of such shares, the validity, of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.

Article 49 provides that Upon any sale, re-allotment or other disposal under the provisions of these Articles relating to lien or to forfeiture, the certificate or certificates originally issued in respect of the relative shares shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting member) stand cancelled and become null and void and of no effect. When any shares, under the powers in that behalf herein contained are sold by the Board and the certificate in respect thereof has not been delivered up to the Company by the former holder of such shares, the Board may issue a new certificate for such shares distinguishing it in such manner as it may think fit, from the certificate not so delivered.

Article 50 provides that The directors may, subject to the provisions of the Act, accept from any member on such terms and conditions as shall be agreed, a surrender of his shares or stock or any part thereof.

CONVERSION OF SHARES INTO STOCK

Article 51 provides that The company may, by an ordinary resolution:

(a) convert any paid-up shares into stock; and

(b) reconvert any stock into paid-up shares of any denomination authorized by these regulations.

Article 52 provides that The holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same regulations under which, the shares from which the stock arose might before the conversion have been transferred or as near thereto as circumstances admit:

Provided the Board may, from time to time, fix the minimum amount to Stock transferable, so, however, that such minimum shall not exceed the nominal amount of the shares from which the stock arose.

Article 53 provides that The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regard dividends voting and meeting of the Company, and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.

Article 54 provides that Such of the regulations of the Company (other than those relating to share warrants), as are applicable to paid-up shares shall apply to stock and the words 'share' and 'shareholders' in those regulations shall include 'stock' and 'stockholders' respectively.

SHAREWARRANTS

Article 55 provides that The Company may issue share warrant, subject to and in accordance with, the provisions of Sections 114 and 115 of the Act and accordingly the Board may in its discretion, with respect to any share which is fully paid up, on application in writing signed by the person registered as holder of the share and authenticated by such evidence (if any) as the Board may, from time to time, require as to the identity of the person signing the application and on receiving the certificate (if any) of the share: and the amount of the stamp duty on the warrant and such fee as the Board may, from time to time, require, Issue a share warrant.

Article 56 provides that

(1) The bear or of a share warrant may at any time deposit the warrant at the office of the Company and so long as the warrant remains so deposited, the depositor shall have the same right of signing a requisition for calling a meeting of the Company and of attending and voting and exercising, the other privileges of a member at any meeting held after the expiry of two clear days from the time of deposit, as if his name were inserted in the register of members as the holder of the shares included in the deposited warrant.

(2) Not more than one person shall be recognized as depositor of the share warrant.

(3) The company shall, on two days written notice, return the deposited share warrant to the depositor.

Article 57 provides that

(1) Subject as herein otherwise expressly provided, no person shall, as bearer of a share warrant, sign a requisition for calling meeting of the Company or attend or vote or exercise any oilier privilege of a member at a meeting of the Company or be entitled to receive any notice from the Company.

(2) The bearer of a share warrant shall be entitled in all other respects to the same privileges and advantages as if he was named in the register of member as the holder of the shares included in the warrant and he shall be deemed to be a member of the Company in respect thereof.

Article 58 provides that The Board may, from time to time, make rules as to the terms on which ('if it shall think fit) a new share warrant or coupon may be issued by way of renewal in case defacement, loss or destruction of the original.

ALTERATION OF CAPITAL

Article 59 provides that The Company may, from time to time, by ordinary resolution increase its share capital by such sum, to be divided into shares of such amount, as the resolution shall specify

Article 60 provides that The Company may. By ordinary resolution in general meeting

(a) consolidate and divide all or any of its capital into shares of larger amounts than its existing shares:

(b) sub-divide its shares or any of them, into shares of smaller amounts than is fixed by the Memorandum of Association, so however, than in the sub-division the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived:

(c) cancel any share which, at the date of the passing of the resolution in that behalf, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

Article 61 provides that The Company may, from time to time, by special resolution and on compliance with the provisions of Section 100 to 105 of the Act, reduce its share capital and any capital reserve fund or share premium account.

Article 62 provides that The Company shall have power to establish Branch Offices, subject to the provisions of Section 8 of the Act or any statutory modifications thereof.

Article 63 provides that The Company shall have power to pay interest out of its capital on so much of shares which were issued for the purpose of raising money to defray the expenses of the construction of any work or building or the provisions of any plant for the Company in accordance with the provisions of Section 208 of the Act.

Article 64 provides that The Company, if authorized by a special resolution passed at a General Meeting may amalgamate or cause itself to be amalgamated with any other person, or body corporate, subject however, to the provisions of Section 391 to 394 of the Act.

Article 64A provides that Notwithstanding anything contained in the Articles of Association, the company shall have the power to buy back its shares or other securities in accordance with the provisions of section 77A,77AA and 77B and other provisions of the Companies Act,1956 from its existing shareholders or the holders of other securities on a proportionate basis or by purchase of the shares or securities issued to the employees of the company pursuant to a scheme of stock options or sweat equity.

GENERAL MEETINGS

Article 65 provides that All General Meetings other than the Annual General Meetings of the Company shall be called Extraordinary General Meetings.

Article 66 provides that

(1) The Board may, whenever it think fit call an Extra ordinary General Meeting.

(2) If at any time there are not within India Directors capable of acting who are sufficient in number to form a quorum, any Director or any two members of the Company may call an extraordinary general meeting in the same manners, as nearly as possible, to that in which such a meeting may be called by the Board.

CONDUCT OF GENERAL MEETINGS

Article 67 provides that No general meeting, annual or extraordinary, shall be competent to enter upon, discuss or transact any business which has not been stated in the notice by which it was convened or called.

Article 68 provides that

(1) No business shall be transacted at any general meeting, unless a quorum of members is present at the time when the meeting proceeds to business.

(2) Save as otherwise provided in Section 174 of the Act, a minimum of five members present in person shall be the quorum. A body corporate, being a member, shall be deemed to be personally present if it is represented in accordance with Section 187 of the Act.

CONDUCT OF MEETINGS

Article 69 provides that The Chairman, if any, of the Board shall preside as Chairman at every general meeting of the Company.

Article 70 provides that If there is no such Chairman or If he Is not present within fifteen minutes of the time appointed for holding the meeting or is unwilling to act as Chairman of the meeting, the Directors present shall elect one of their members to be the Chairman of the meeting.

Article 71 provides that If at any meeting no Director is willing to act as Chairman or if no Director is present within 15 (fifteen) minutes of the time appointed for holding the meeting, the members present shall choose one of their members to be the Chairman of the meeting.

Article 72 provides that No business shall be discussed at any general meeting except the election of a Chairman, whilst the chair is vacant.

Article 72A provides that If no quorum is present, the meeting shall stand adjourned to the same day in the next week at the same time and place.

Article 73 provides that

(1) The Chairman may with the consent of any meeting at which a quorum is present and shall, if so directed by the meeting, adjourn the meeting, from time to time and place to place.

(2) No business shall be transacted at any adjourned meeting, other than the business left unfinished at the meeting from which the adjournment took place.

(3) When a meeting ‘is adjourned for thirty days or more, fresh notice of the adjourned meeting shall be given as in the case of an original meeting.

(4) Save as aforesaid, it shall not be necessary to give any notice of any adjournment or of the business to be transacted at an adjourned meeting.

Article 74 provides that I n the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes places or at which the poll is demanded, shall be entitled to a second or casting vote.

Article 75 provides that Any business other than that upon which a poll has been demanded, may be proceeded with, pending the taking of the poll.

VOTE OF MEMBERS

Article 76 provides that Subject to any rights or restrictions for the time being attached to any class or classes of shares

(a) on a show of hands, every member present in person shall have one vote: and

(b) on a poll, the voting rights of members shall be as laid down in Section 87 of the Act.

Article 77 provides that In the case of joint holders, the vote of the senior who tenders a vote whether in person or by proxy, shall be accepted to the exclusion of the votes of the other Joint holders. For this purpose, seniority shall be determined by the order in which the names of joint holders stand in the Register of members.

Article 78 provides that A member of unsound mind or in respect of whom an order has been made by any Court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll by his committee or other legal guardian, and any such committee or guardian may on a poll, vote by proxy, provided that such evidence as the Board may require of the authority of the person claiming to vote shall have been deposited at the office no less than 24 hours before the time of holding the meeting or adjourned meeting at which such person claims to vote on poll.

Article 79 provides that No member shall be entitled to vote at any general meeting unless all calls, and other sums presently payable by him in respect of shares in the Company or in respect of shares on which the Company has exercised and right of lien, have been paid.

Article 80 provides that

(1) No objection shall be raised to the qualification of any voter, except at the meeting or adjourned meeting at which the vote objected to is given or tendered and every vote not disallowed at such meeting shall be valid for all purposes.

(2) Any such objection made in due time shall be referred to the Chairman of the meeting, whose decision thereon shall be final and conclusive.

Article 81 provides that The instrument appointing a proxy and the power of attorney or other authority, it any under which it is signed or a naturally certified copy of that power or authority shall be deposited at the registered office of the Company, not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll and in default the instrument of proxy shall not be treated valid.

Article 82 provides that An instrument appointing a proxy shall be in either of the forms in Schedule IX to the Act or in a form as near thereto as circumstances admit.

Article 83 provides that A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or the authority under which the proxy was executed or the transfer of the shares in respect of which the proxy is given, if no intimation in writing of such death, insanity, revocation or transfer shall have been received by the Company at its office before the commencement of the meeting or adjourned meeting at which the proxy is used.

BOARD OF DIRECTORS

Article 84 provides that The number of Directors of the Company shall not be less than three and not more than twelve.

Article 85 provides that The following shall be the first directors of the Company.

1. Autar Krishna
2. Kusum Krishna
3. Usha Narain
4. Aditya Krishna

Article 86 provides that At every Annual General Meeting of the Company one third of such of the Directors for the time being as are liable to retire by rotation in accordance with the provisions of Section 255 of the Act or if their number is not three or a multiple of three, then the number nearest to one third shall retire from office in accordance with the provisions of Section 256 of the Act.

Article 87 provides that

(1) Subject to the provisions of the Companies Act, 1956 and Rules made there under, each Director including a Managing Director shall be paid sitting fees for each meeting of the Board or a committee thereof, attended by him.

(2) Subject to the provisions of Sections 309,310 and 314 of the Act, the Directors shall be paid such further remuneration, whether in the form of monthly payment or by a percentage of profit or otherwise, as the Company in General meeting may, from time to time, determine and such further remuneration shall be divided among the Directors in such proportion and in such manner as the Board may, from time to time, determine and in default of such determination, shall be divided among the Directors equality or if so determined paid on a monthly basis.

(3) The remuneration of the Directors shall, in so far as it consists of a monthly payment, be deemed to accrue from day to day.

(4) Subject to the provisions of Sections 198,309,310 and 314 Act, if any Director be called upon to perform any extra services or make special exertions or efforts (which expression shall include work done by a Director as a member of any committee formed by the Directors) the Board may pay such Director special remuneration for such extra services or special exertions or efforts either by way of a fixed sum or by percentage of profit or otherwise and may allow such Director at the cost and expense of the Company such facilities or amenities (such as rent free house, tree medical aid and free conveyance) as the Board may determine from time to time.

(5) In addition to the remuneration payable to them in pursuance of the Act, the Directors may be paid in accordance with Company's rules to be made by the Board all traveling, hotel and other expenses properly incurred by them:

   (a) In attending and returning from meetings or adjourned meeting of the Board of Directors or any committee thereof: or

   (b) In connection with the business of the Company.

Article 88 provides that The Directors shall not be required to hold any qualification shares in the company.

Article 89 provides that The Board of Directors shall have power to appoint additional Directors in accordance with the provisions of Section 260 of the Act.

Article 90 provides that If it is provided by any trust deed securing or otherwise in connection with any issue of debentures of the Company that any person or persons shall

have power to nominate a Director of the Company then in the case of any every such issue of debentures, the persons having such power may exercise such power, from time to time and appoint a Director accordingly. Any Director so appointed is herein referred to as a Debenture Director. A Debenture Director may be removed from office at any time by the person or persons in whom for the time being is vested the power under which he was appointed and another Director may be appointed in his place. A Debenture Director shall not be liable to retire by rotation, but he shall be counted in determining the number of retiring Directors.

Article 91 provides that In the course of its business and for its benefit the Company shall, subject to the provisions of the Act, be entitled to agree with any person, firm corporation, government, financing institution or other authority that he or it shall have the right to appoint his or its nominee on the Board of Directors of the Company upon such terms and conditions as the Directors may deem fit. Such nominees and their successors in office appointed under this Article shall be called Special Directors. Special Directors shall be entitled to hold office until requested to retire by the government, authority, person, firm, institution or corporation who may have appointed them and will not be bound to retire by rotation. As and whenever a Special Director vacates office whether upon request as aforesaid or by death, resignation or otherwise the government, authority, person, firm, institution or corporation who appointed such Special Director may if the agreement so provide, appoint another Director in his place. But he shall be counted in determining the number of retiring Directors.

Article 92 provides that Subject to the provisions of Section 313 of the Act, the Board of Directors shall have power to appoint an alternate Director to act for a Director during his absence for a period of not less than three months from the State in which meetings of the Board are ordinarily held.

Article 93 provides that A Director may be or become a director of any company promoted by the company or in which it may be interested as a vendor, shareholder or otherwise and no such Director shall be accountable for any benefits received as director or shareholder of such company. Such Director before receiving or enjoying such benefits in cases in which the provisions of Section 314 of the Act are attracted will ensure that the same have been complied with.

Article 94 provides that Every nomination, appointment or removal of a Special Director shall be in writing and accordance with the rules and regulations of the government, corporation or any other institution.

A Special Director shall be entitled to the same rights and privileges and be subject to same obligations as any other Director of the Company.

Article 95 provides that The office of a Director shall become vacant:

(i). On the happening of any of the events provided for in Section 283 of the Act:

(ii). On contravention of the provisions of Section 314 of the Act, or any statutory modifications, thereof;

(iii). If a person is a Director of more than twenty Companies at a time.

(iv). In the case of alternate Director on return of the original Director to the State, in terms of Section 313 of the Act; or

(v). On resignation of his office by notice in writing and is accepted by the Board.

Article 96 provides that Every Director present at any meeting of the Board or a committee thereof shall sign his name in a book to be kept for that purpose, to show his attendance thereat.

POWERS OF BOARD OF DIRECTORS

Article 97 provides that The Board of directors may pay all expenses incurred in the formation, promotion and registration of the Company.

Article 98 provides that The Company may exercise the powers conferred by Section 50 of the Act, with regard to having an official seat for use abroad and such powers shall be vested in the Board.

Article 99 provides that The Company may exercise the powers conferred on it by Section 157 and 158 of the Act with regard to the keeping of a foreign register; and the Board may (subject the provisions of those Sections) make and very such regulations as it may think fit with respect to the keeping of any such register.

Article 100 provides that The Directors may enter into contracts or arrangements on behalf of the Company subject to the necessary disclosures required by the Act being made whenever any Director is in any way, whether directly or indirectly concerned or interested in the contract or arrangement.

BORROWING POWER

Article 101 provides that Subject to the provisions of sections 58 A, 292 and 293 of the Act, and Regulations made there under and directions issued by the R.B.I, the Directors may exercise all the powers of the Company to borrow money and to mortgage or charge 'its undertaking, property (both present and future) and uncalled capital, or any part thereof and to issue debentures, debenture-stock and other securities whether outright or a security for any debt, liability or obligation of the Company or of any third party.

Article 102 provides that The payment or repayment of moneys borrowed as aforesaid may be secured in such manner and upon such terms and conditions in all respects as the Board may think fit and in particular by a resolution passed at a meeting of the Board (and not by circulation) by the issue of debenture or debenture stock of the Company, charged upon all or any of the property of the Company (both present and future) including its uncalled capital for the time being.

Article 103 provides that Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise, may be made assignable free from any equities between the Company and person to whom the same may be 'issued and may be issued on the condition that they shall be convertible into shares of any authorized denomination, and with privileges and conditions as to redemption, surrender, drawings, allotment of shares, attending (but not voting) at general meetings, appointment of Directors and otherwise, provided that debentures with the right to allotment of or conversion into shares shall not be issued except with the sanction of the Company in General Meeting.

Article 104 provides that All cheques, promissory notes, drafts, hundies, bills of exchange and other negotiable instrument and all receipts for moneys paid to the Company, shall be signed, drawn, accepted, endorsed or otherwise executed, as the case may be, by such person and in such manner as the Board may, from time to time, by resolution determine.

PROCEEDINGS OF THE BOARD

Article 105 provides that Subject to Section 287 of the Act, the quorum for a meeting of the Board of Directors shall be one third of its total strength (any fraction contained in that one third being rounded off as one) or two Directors, whichever is higher; provided that where at any time the number of interested Directors exceeds or is equal to two thirds of the total strength, the number of the remaining Directors, that is to say, the number of Directors, who are not interested, present at the meeting, being not less than two, shall be the quorum during such time.

Article 106 provides that If a meeting of the Board could not be held for want of quorum, whatever number of Directors, not being less than two, shall be present at the adjourned meeting, notice whereof shall be given to all the Directors, shall form a quorum.

Article 107 provides that

(1) Save as otherwise expressly provided in the Act, questions arising at any meeting of the Board shall be decided by a majority of vote.

(2) In case of an equality of votes, the Chairman of the meeting shall have a second or casting vote.

Article 108 provides that The continuing Directors may act notwithstanding any vacancy in the Board, but if and so long as their number is reduced below the quorum fixed by the Act for a meeting of the Board, the continuing Directors or Director may act for the purpose of increasing the number of Directors to that fixed for the quorum or for summoning a General Meeting of the Company, but for no other purpose.

Article 109 provides that

(1) Save as provided in Article 93, the Board may elect one of its members as Chairman of its meetings and determine the period for which he is to hold office as such.

(2) If no such Chairman is elected or if at any meeting the Chairman is not present within fifteen minutes after the time appointed for holding the meeting, the Directors present may choose one of their members to be Chairman of the meeting.

Article 110 provides that Subject to the restrictions contained in Section 292 and 293 of the Act, the Board may delegate any of its powers to committees of the Board consisting of such member or members of its body as it thinks fit and it may, from time to time, revoke such delegation and discharge any such committee of the Board either wholly or in part, and either as to persons or purposes, but every committee of the Board so formed shall in the exercise of the powers so delegated conform to any regulations that may from time to time be imposed on it by the Board. All acts done by any such Committee of the Board in conformity with such regulations and in fulfillment of the purposes of their appointment but not otherwise, shall have the like force and effect as if done by the Board.

Article 111 provides that The meetings and proceedings of any such committee of the Board consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Directors so for as the same are applicable thereto and are not superseded by any regulations made by the Directors under the last proceedings Article.

Article 112 provides that

(1) A committee may elect a chairman of its meetings.

(2) If no such chairman is elected or if at any meeting the chairman is not present within five minutes of the time appointed for holding the meeting, the members present may choose one of their members to be chairman of the meeting.

Article 113 provides that

(1) A committee may meet and adjourn as it thinks proper.

(2) Questions arising at any meeting of a committee shall be determined by a majority of votes of the members, present and in case of an equality of votes, the-Chairman shall have a second or casting vote.

Article 114 provides that All acts done by any meeting of the Board or by a committee thereof or by any person acting as a Director shall, notwithstanding that it shall afterwards be discovered that there was some defect in the appointment or continuance in office of any such Director or persons acting as aforesaid; or that they or any of them were disqualified or had vacated office or were not entitled to act as such, or that the appointment of any of them had been terminated by virtue of any provisions contained in the Act or in these Articles, be as valid as if every such person had been duly appointed, had duly continued in office, was qualified, had continued to be a Director, his appointment had not been terminated and he had been entitled to be a Director provided that nothing in this Article shall be deemed to give validity to any act done by a Director after his appointment has been shown to the Company to be invalid or to have terminated.

Article 115 provides that Subject to Section 289 of the Act and except a resolution which the Act requires specifically to be passed in any board meeting, a resolution in writing signed by the majority members of the Board or of a committee thereof, for the time being entitled to receive notice of a meeting of the Board or committee, shall be as valid and effectual as if it had been passed at a meeting of the Board or committee, duly convened and held.

MANAGING DIRECTOR (S) AND WHOLE TIME DIRECTOR (S)

Article 116 provides that Subject to provisions of Sections 197 A, 269,198 and 309 of the Act, the Board of Directors may, from time to time, appoint one or more of their body to the office of Managing Director/s or whole time Director/s for a period not exceeding 5 (five) years at a time and on such terms and conditions as the Board may think fit and subject to the terms of any agreement entered into with him, may revoke such appointment, and in making such appointments the Board shall ensure compliance with the requirements of the Companies Act, 1956 and shall seek and obtain such approvals as are prescribed by the Act, provided that a Director so appointed, shall not be whilst holding such office, be subject to retirement by rotation but his appointment shall be automatically determined if he ceases to be a Director. However, he shall be counted in determining the number of retiring Directors.

Article 117 provides that The Board may entrust and confer upon Managing Director/s or Whole Time Director/s any of the powers of management which would not otherwise be exercisable by him upon such terms and conditions and with such restrictions as the Board, may think fit, subject always to the superintendence, control and direction of the Board and the Board may, from time to time, revoke, withdraw, alter or vary all or any of such powers.

SECRETARY

Article 118 provides that

(1) Subject to section 383 A of the Act, a Secretary of the Company may be appointed by the Board on such terms, at such remuneration and upon such conditions as K may think fit, and any Secretary so appointed may be removed by the Board.

(2) A Director may be appointed as a Secretary.

Article 119 provides that Any provision in the Act or these regulations requiring or authorizing a thing to be done by or to a Director and the Secretary shall not be satisfied by its being done by or to the same person acting both as Director and as, or in place of the Secretary.

THE SEAL

Article 120 provides that

(1) The Board shall provide a common seal for the purposes of the Company and shall have power, from time to time, to vary or cancel the same and substitute a new seal in lieu thereof. The Board shall provide for the safe custody of the seal for the time being.

(2) Subject to any statutory requirements as to Share Certificates or otherwise, the seal of the Company shall not be affixed to any instrument except by authority of a resolution of the Board or of a Committee of the Board authorized by Kin that behalf and except in the presence of at least one Director and of the Secretary or of two Directors who shall sign every instrument to which the seal of the Company to so affixed in their presence. This is, however, subject to Rule 6 of the Companies (Issue of Share Certificates) Rules, 1960.

(3) The Board shall also be at liberty to have an official seal in accordance with Section 50 of the Act, for use in any territory, district or place outside India. The Company shall, however, comply with Rule 6 of the Companies (Issue of Share Certificates) Rules, 1960.

DIVIDENDS AND RESERVES

Article 121 provides that The Company in General meeting may declare dividends but no dividend shall exceed the amount recommended by the Board.

Article 122 provides that The Board may, from time to time, pay to the members such interim dividends as appear it to be justified by the profits earned by the Company.

Article 123 provides that

(1) The Board may, before recommending any dividend, set aside out of the profits of the Company, such sums, as it may think proper, as reserve or reserves which shall at the discretion of the Board, be applicable for any of the purposes to which the profits of the Company may be properly applied, including provision for meeting contingencies or for equalizing dividends and pending such applications may at the like discretion either be employed in the business of the Company or be invested in such investments (other than shares of the Company) as the Board may, from time to time, think fit.

(2) The Board may also carry forward and profits which ‘it may think prudent not to divide, without setting them aside as a reserve.

Article 124 provides that

(1) Subject to the rights of the persons, if any, holding shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid.

(2) No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this regulation as having been paid on the share.

(3) All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid, but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.

Article 125 provides that The Board may deduct from any dividend payable to any member all sums of money, if any, presently payable by him to the Company on account of calls or otherwise in relation to the shares of the Company subject to section 205A of the Act.

Article 126 provides that

(1) Any dividend, interest or other moneys payable in cash in respect of shares may be paid by cheque or warrant sent through the post direct to the registered address of the holders or, in case of joint holders, to the registered address of that one of the joint holder who is first named on the register of members, or to such person and to such address as the first named holder or joint holders may it writing direct.

(2) Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.

Article 127 provides that Any one of two or more joint holders of a share may give effectual receipts for any dividends, bonus or other moneys payable in respect of such share.

Article 128 provides that Notice of any dividend that may have been declared shall be given to the persons entitled to share therein in the manner mentioned in the Act.

Article 129 provides that No dividend shall bear interest against the Company, irrespective of the reason for which it has remained unpaid.

Article 129A provides that The unclaimed dividends, if any, shall not be forfeited unless barred by Law and such forfeiture, if effected, shall be annulled in appropriate cases.

ACCOUNTS

Article 130 provides that

(1) The Board shall cause proper books of accounts to be maintained under section 209 of the Act.

(2) The Board shall, from time to time, determine whether and to what extent and at what times and places and under what conditions or regulations, the accounts and books of the Company or any or them, shall be open to the inspection of members not being Directors.

(3) Subject to provisions of section 209 A of the Act, no member (not being a Director) shall have any right of inspection any account or book or document of the Company, except as conferred by law or authorized by the Board or by the Company in General Meeting.

BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

Article 131 provides that Balance sheet and Profit and Loss Account of the Company will be audited once in a year by a qualified auditor for Correctness as per provisions of the Act.

AUDIT

Article 132 provides that

(1) The first auditor of the Company shall be appointed by the Board of Directors within one month after its incorporation who shall hold office till the conclusion of the First Annual General Meeting.

(2) The Board of Directors may fill up any Casual Vacancy in the office of the Auditors.

(3) The remuneration of the auditors shall be fixed by the Company in the annual general meeting except that remuneration of the first or any auditors appointed by the directors may be fixed by the directors.

CAPITALISATION OF PROFITS

Article 133 provides that

(1) The Company in General Meeting may, upon the recommendation of the Board resolve:

(a) that it Is desirable to capitalize any part of the amount for the time being standing to the credit of any of the Company's reserve accounts or to the credit of the Profit and Loss Account, or otherwise available for distribution: and

(b) that such sum be accordingly set free for distribution in the manner specified, in clause (2) among the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.

(2) The sum aforesaid shall not be paid-in cash, but shall be applied, subject to the provisions contained in clause (3), either in or towards:

(i). Paying up any amounts for the time being unpaid on any shares held by such members respectively;

(ii). Paying up in full, unissued shares of the Company to be allotted and distributed, credited as fully paid up, to and amongst such members In the proportions aforesaid; or

(iii). Partly in the way specified in sub-clause (i) and partly in that is specified in sub-clause (ii).

(3) Any share premium account and any capital redemption reserve fund may, for the purpose of this regulation, only be applied in the paying up of unissued share to be issued to members of the Company as fully paid bonus shares.

(4) The Board shall give effect to the resolution passed by the Company in pursuance of this regulation.

Article 134 provides that

(1) Whenever such a resolution as aforesaid shall have been passed, the Board shall:

(a) make all appropriations and applications of the undivided profits resolved to be capitalized thereby and allotment and issue of fully paid shares, if any; and

(b) do all acts and things required to give effect thereto.

(2) The Board shall have full power;

(a) to make such provision, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit in the case of shares becoming distributable in fractions; and also

(b) to authorize any person to enter, on behalf of all the members entitled thereto, into an agreement with the Company providing for the allotment to him respectively, credited as fully paid up, of any further shares to which that may be entitled upon such capitalization or (as the case may require) for the payment by the company on their behalf, by the application thereto of their respective proportions of the profit resolved to be capitalized, of the amounts or any part of the amounts remaining unpaid on their existing shares.

(3) Any agreement made under such authority shall be effective and binding on all such members.

SECRECY

Article 135 provides that Subject to the provisions of law of land and the Act, no member or other person (not being a Director) shall be entitled to visit or inspect the Company's works without the permission of the Board of Directors or the Managing Director to require discovery of any information respecting any details of the Company's business, trading or customers of any matter which is or may be in the nature of a trade secret, mystery of trade or secret process or any other matter which may relate to the conduct of the business of the Company or which in the opinion of the Directors, it will be inexpedient in the interest of the Company to disclose.

WINDING UP

Article 136 provides that

(1) If the company shall be wound up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the Company, whether they shall consist of property of the same kind or not.

(2) For the purpose aforesaid, the liquidator may set such values as the deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.

(3) The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories as the liquidator, with the like sanction, shall think fit but so that no member shall be competed to accept any shares or other securities whereon there is any liability.

INDEMNITY

Article 136 provides that Subject to the provisions of Section 201 of the Act, every Director, auditor, secretary and other officer or servant of the Company (all of whom are hereinafter referred to as officer or servant) shall be Indemnified by the Company and it shall be duty of the Directors out of the funds of the Company to pay, alt bonafide costs, losses and expenses which any such officer or servant may incur or become liable to by reason of any contract entered into or act or thing done or omitted by him as such officer or servant or in any way in the discharge of his duties: and in particular and so as not to limit the generality of the foregoing provisions, against any liability incurred by such officer or servant in defending any

bonafide proceedings whether civil or criminal in which a judgement is given in his favour or in which he is acquitted or discharged or in connection with any application under Section 633 of the Act in which relief is granted to him by the Court. The amount for which such indemnity is provided shall immediately attach as a charge on the property of the Company.

E. MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION:

The following contracts and agreements referred to under 'Material Contracts" below (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Company or contracts entered into more than two years before the date of this Prospectus) which are / or may be deemed to be material have been entered into by or on behalf of the Company. Copies of these contracts together with copies of documents referred to under " Material Documents" below all of which have been attached to the copy of this Prospectus and which have been delivered to the Registrar of Companies, for registration and may be inspected at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m., on any working day from the date of this Prospectus until the date of closing of subscription list.

MATERIAL CONTRACTS:

1. Memorandum of Understanding dated 13th October 2004 between the Company and the Lead Manager to the Issue Ms. Centrum Finance Limited
2. Memorandum of Understanding dated 16th Nov 2004 between the Company and the Registrar to the Issue.
3. Copy of Tri-partite agreement entered among NSDL, the Company and the Registrar to the Issue dated 28th Oct 2004.
4. Copy of Tri-partite agreement entered among CDSL, the Company and the Registrar to the Issue dated _____.
5. Letter of Appointment of M/s. Dua Associates dated 19th Nov 2004 as Legal Advisor to the Issue.
6. Copies of Lease Agreements and supplementary agreements for Chennai and Noida Premises.
7. Copy of Asset Purchase Agreement with NeemTree Technologies dated 1st September 2002.
8. Copy of Microsoft Certified Partnership Programme dated 22nd Dec 2002.
9. Copy of Oracle Partnership Agreement dated 29th April 2004.
10. Copy of Performance Guarantee dated 6th Aug 2004 issued by Citibank NA, Chennai

MATERIAL DOCUMENTS:

1. Memorandum of Association and Articles of Association of the Company.
2. Certificate of Incorporation dated 24.11.1999 issued by the Registrar of NCT of New Delhi & Haryana.
3. Fresh certificate of incorporation dated 30th Sep 2002 consequent upon change of name from Sak Infotech Limited to Saksoft Limited.
4. Fresh Certificate of Registration of the Order of the Company Law Board confirming transfer of Registered office to Chennai Tamil Nadu dated 11th October 2004.

5. Copy of special resolution passed at EGM dated 24th November 2004 u/s 81(1A) authorizing the Issue of Equity Shares and resolution dated 19th August 2004 for issue of Bonus Shares at the AGM.
6. Copy of trust deed under the name and style of Saksoft Employees Welfare Trust registered on October 10th 2004.
7. In-principle approval from NSE dated _____.
8. Copies of Auditors Reports issued by Statutory Auditors of the Company M/s. Suri & Co., Chartered Accountants dated 29th November 2004.
9. Copy of Tax Benefits Certificate issued by M/s. Suri & Co., Chartered Accountants dated 29th November 2004.
10. Certificate from the Chartered Accountant dated 29th November 2004 regarding the sources and deployment of funds.
11. Copy of letter dated December 4, 2004 from Dua Associates for the vetting and approval of draft prospectus.
12. Consent letters from Directors, Lead Managers, Bankers to the Issue, Bankers to the Company, Auditors, Legal Advisers to the Issue, Registrar to the Issue, Company Secretary and Compliance Officer to act in their respective capacities and for inclusion of their names in the Prospectus
13. Copy of Share holder's Resolution dated 25th September 2001confirming the appointment and remuneration of Mr. Aditya Krishna as Managing Director and Mr. V Ramanathan as Executive Director.
14. Power of Attorney(s) executed by the Directors for signing and making correction in the Prospectus on their behalf.
15. Copies of Annual Reports for the last 5 accounting periods i.e. FY 2000, FY 2001, FY 2002, FY2003 and FY 2004 and for the half year ended September 30, 2004 including the consolidated financial statements of the Company and its subsidiaries as mentioned.
16. Copies of Annual Reports of all Associate/Group Ventures of the Promoters for FY 2002, FY 2003 and FY 2004.
17. Letter No. STPIC /G319/99/2000 dated 14th March 2000 from Software Technology Parks of India approving the setting up a 100% Export Oriented Unit under the STPI Scheme.
18. A copy of the SEBI observation letter No. _____ dated ____ and reply dated _____
19. Project Appraisal report by Centrum Finance Limited dated 7th December 2004..

PART – III

DECLARATION:

All the relevant provisions of the Companies Act, 1956 and the guidelines issued by the Government have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, 1956 and Rules made there under.

We, the Directors of Saksoft Limited declare and confirm that no information /material likely to have a bearing on the decision of the investors in respect of the Equity Shares offered in terms of the prospectus has been suppressed/withheld and/or incorporated in a manner that would amount to misstatement/mis-representation and in the event of it transpiring at any point of time till allotment/refund, as the case may be, that any information/material has been suppressed/withheld and/or amounts to misstatement/ mis-representation, we undertake to refund the entire application monies to all the subscribers within seven days thereafter, without prejudice to the provisions of Section 63 of the Act.

The Company accepts no responsibility for statements made otherwise than in the Prospectus or in the advertisement or any other material issued by or at the instance of the company and that any one placing reliance on any other source of information would be doing so at their own risk.

Signed by the Directors:

1. **Mr. Autar Krishna – Chairman**
   (through Power of Attorney Holder, Mr.Aditya Krishna)

2. **Mr. Aditya Krishna – Managing Director**

3. **Mr. V. Ramanathan**
   (through Power of Attorney Holder, Mr.Aditya Krishna)

4. **Mr. Amitava Mukherjee**
   (through Power of Attorney Holder, Mr.Aditya Krishna)

5. **Mr. R. Rajagopalan**
   (through Power of Attorney Holder, Mr.Aditya Krishna)

6. **Mr.S.C.Agarwal**
   (through Power of Attorney Holder, Mr.Aditya Krishna)

Place: Chennai
Date: