

Compulink Systems Limited

(Incorporated in Pune on February 2, 1996 under the Companies Act, 1956 as Compulink Systems Private Limited. Converted into Compulink Systems Limited on April 10, 2004 and received fresh Certificate of Incorporation consequent to conversion to Compulink Systems Limited on July 15, 2004)

Registered Office: "Kshitij", Plot No. 38, Rajiv Gandhi Infotech Park, MIDC, Hinjewadi, Pune 411057.

Previous Registered Offices : On Incorporation:13, Abhikalp, Alkapuri Society, Paud Road, Pune 411029.

In February 1996 shifted to 9, Anagha, Alkapuri Society, Paud Road, Pune 411029.

In August 1998, shifted to 3, Megh Malhar, Lokmanya Society, Plot No. 30, Opp. Vanaz, Paud Road, Pune - 411038. In April 2000, shifted to Compulink House, Plot No. 16-B, Rajpath Co-operative Housing Society, Paud Road, Pune - 411038.

In May 2005, shifted to "Kshitij", Plot No. 38, Rajiv Gandhi Infotech Park, MIDC, Hinjewadi, Pune - 411057

Tel.: 91 20 56528000; **Fax :** 91 20 56528080; **e-mail :** investors@compulink.co.in; **website :** www.compulinkgroup.com

Compliance Officer : Mr. Ranjit Thakur, Director & CFO

Public Issue of 45,38,462 Equity Shares of Rs. 10/- each for cash at a premium of Rs.50/- per Equity Share aggregating Rs.27,23,07,720/- consisting of a Fresh Issue of 35,38,462 Equity Shares of Rs. 10/- each at a premium of Rs.50/- per Equity Share for cash aggregating Rs.21,23,07,720/- and an Offer for Sale of 10,00,000 Equity Shares of Rs.10/- each at a premium of Rs.50/- per Equity Share for cash aggregating Rs.6,00,00,000/- (collectively referred to as the "Issue").

THE ISSUE PRICE IS 6 TIMES OF THE FACE VALUE

ISSUE PRICE : RS.60 PER EQUITY SHARE OF RS. 10/- EACH.

RISKS IN RELATION TO THE FIRST ISSUE

This being the first issue of Equity Shares of Compulink Systems Limited (the "Company / Issuer / CSL"); there has been no formal market for Equity Shares of the Company. **The face value of the Equity Shares is Rs.10/- and the Issue Price is 6 times of the face value.** The Issue Price (as determined and justified by the Company and the Selling Shareholder in consultation with Lead Manager as stated under para "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 nor regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISK

Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this offering. For taking an investment decision, investors must rely on their own examination of the Issuer and the Issue including the risk 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 the SEBI guarantee the accuracy or adequacy of this document.



Specific attention of the investors is invited to the statement of Risk Factors on Page No. vi to xiv of the Prospectus.

ISSUER'S ABSOLUTE RESPONSIBILITY

Compulink Systems 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 respects and is not misleading in any material respect; that the opinions and intentions expressed herein are honestly held and that there are no other facts the omission of which makes this document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The Equity Shares are proposed to be listed on National Stock Exchange of India Ltd. (NSE), being the Designated Stock Exchange and Bombay Stock Exchange Limited (BSE). The in-principle approvals from these Stock Exchanges for the listing of its Equity Shares have been received pursuant to letter no. NSE/LIST/16297-D and List/sdm/sm/2005 dated August 26, 2005 and August 29, 2005 respectively.

LEAD MANAGERS	REGISTRAR TO THE ISSUE
 <p>KARVY INVESTOR SERVICES LIMITED "Karvy House", 46, Avenue 4 Street No. 1, Banjara Hills Hyderabad – 500 034 Tel: 91 40 23312454, 23320251, 23320751 Fax: 91 40 23374714 e-mail: mbd@karvy.com Website: www.karvy.com</p>	 <p>AARTHI CONSULTANTS PRIVATE LIMITED 1-2-285, Domalguda Hyderabad - 500029 Phone : (+91-40) 27634445/27638111 Fax : (+91-40) 27632184 E-Mail : info@aarthiconsultants.com Website : www.aarthiconsultants.com</p>

ISSUE PROGRAMME

ISSUE OPENS ON : FRIDAY, NOVEMBER 25, 2005

ISSUE CLOSSES ON : WEDNESDAY, NOVEMBER 30, 2005

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A. DEFINITIONS AND ABBREVIATIONS

I. CONVENTIONAL/ GENERAL TERMS

Term	Description
Articles/Articles of Association/ AoA	Articles of Association of Compulink Systems Limited
Companies Act / Act	The Companies Act, 1956 as amended from time to time
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time being NSDL and CDSL
Depositories Act	The Depositories Act, 1996, as amended from time to time
Depository Participant	A person registered as such under sub-section (1A) of Section 12 of the Securities and Exchange Board of India Act, 1992.
EOU	Export Oriented Unit
ESOP	Employee Stock Option Plan
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time, and the regulations framed thereunder
FII	Foreign Institutional Investor (as defined under FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000) registered with SEBI.
Financial Year / Fiscal / FY	Period of twelve months ended March 31 of that particular year, unless stated otherwise
Government /Gol	The Government of India
Indian GAAP	Generally Accepted Accounting Principles in India
I.T. Act	The Income-Tax Act, 1961, as amended from time to time
Memorandum of Association / MoA	Memorandum of Association of Compulink Systems Limited
MIDC	Maharashtra Industrial Development Corporation
NAV	Net Asset Value being paid up Equity Share capital plus free reserves (excluding reserves created out of revaluation) less deferred expenditure not written off (including miscellaneous expenses not written off) and debit balance of Profit & Loss account, divided by number of issued Equity Shares
NRI / Non-Resident Indian	A person resident outside India who is a citizen of India or is person of Indian origin (as defined in Foreign Exchange Management (Deposit) Regulations, 2000).
OCB	Overseas Corporate Body
QIB	Qualified Institutional Buyers as registered with SEBI under clause 2.2.2 B (v) of SEBI (DIP) Guidelines 2000.
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time.
SEBI	The Securities and Exchange Board of India, constituted under the SEBI Act, 1992
SEBI Act	Securities and Exchange Board of India Act, 1992 as amended from time to time
SEBI Guidelines	SEBI (Disclosure and Investor Protection) Guidelines, 2000, as amended, including instructions and clarifications issued by SEBI from time to time
WOS	Wholly Owned Subsidiary

II. OFFERING RELATED TERMS

Applicant	Any prospective investor who makes an application for Equity 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
Bankers / Bankers to the Issue	Bankers to the issue are HDFC Bank Limited, Honkong and Shanghai Banking Corporation Limited and Citibank NA
Designated Stock Exchange	National Stock Exchange of India Limited
Equity Shares	Equity Shares of the Company of the face value Rs. 10 each, unless otherwise specified in the context thereof
Issue / Public Issue / Offer for Sale	Public Issue of 45,38,462 Equity Shares of Rs. 10/- each for cash at a premium of Rs.50/- per Equity Share aggregating Rs.27,23,07,720 consisting of a Fresh Issue of 35,38,462 Equity Shares of Rs. 10/- each at a premium of Rs.50/- per Equity Share for cash aggregating Rs.21,23,07,720 and an Offer for Sale of 10,00,000 Equity Shares of Rs.10/- each by SIDBI Venture Capital Limited at a premium of Rs.50/- per Equity Share for cash aggregating Rs.6,00,00,000 in terms of this Prospectus
Issue Closing Date	The date on which the Issue closes for subscription
Issue Opening Date	The date on which the Issue opens for subscription
Issue Period	The period between the Issue Opening Date and Issue Closing Date and includes both these dates
Issue Price	The price of Rs. 60/- per Equity Share as decided by the Company, Selling Shareholder and the Lead Manager for which the Equity Shares shall be issued to the public under this Issue in terms of this Prospectus
Issue Size	45,38,462 Equity Shares of the Company comprising of Fresh Issue of 35,38,462 Equity Shares and Offer for Sale of 10,00,000 equity shares.
Issuer	Compulink Systems Limited
Lead Manager	Lead Manager to the Issue, in this case being Karvy Investor Services Limited
Offer / Offering / Public Offer	Comprises Fresh Issue of 35,38,462 Equity Shares and Offer for Sale of 10,00,000 Equity Shares
Offer Document / Prospectus	The Prospectus filed with the ROC containing inter alia the Issue price and the number of Equity Shares to be issued and certain other information
Offer for Sale	Offer for Sale upto 10,00,000 equity shares by the Selling Shareholder i.e. SIDBI Venture Capital Limited
Public Issue Account	In accordance with Section 73 of the Companies Act, 1956, an account opened with the Banker(s) to the Issue to receive monies for the Public issue
Registrar / Registrar to the Issue	Registrar to the Issue, in this case being Aarthi Consultants Private Limited
Selling Shareholder	SIDBI Venture Capital Limited, a company incorporated under the Companies Act, 1956 and having its registered office at 105-107, 10 th Floor, Jolly Maker Chambers II, Nariman Point, Mumbai – 400021, acting in its capacity as Investment Manager of National Venture Fund for Software and Information Technology Industry

III. COMPANY/INDUSTRY RELATED TERMS

CSL	Compulink Systems Limited
Auditors	The Statutory Auditors of the Company, Sanjiv Katkar & Associates, Chartered Accountants.
Board/ Board of Directors	Board of Directors of Compulink Systems Limited
Channel Partner	Channel partners distribute products for Compulink. The company equips the partner to provide support to the client by training, hosting demonstration and customer evaluations for the product. The channel partner markets the product, secures orders, handles enquiries and complies with all laws and regulations of the land. The channel partner provides customers and potential customers with business requirement analysis, product configuration, system integration and training, technical product support and maintenance.
The Company / CSL / Compulink / We / Us / Our Company/ The Issuer	Compulink Systems Limited, incorporated as Compulink Systems Private Limited on February 2, 1996 under the Companies Act, 1956, subsequently converted into Compulink Systems Limited on April 10, 2004 and received fresh Certificate of Incorporation on July 15, 2004
Cost Based Structure	This means that the customers pay for the products or services based on a fixed rate which is determined by the costs that go into the production and delivery or by the market or competitive forces and not by the value perceived by the customer.
Earned Value Management	EVM is a technique to control, manage and forecast projects. It is a systematic approach to the integration and measurement of cost, schedule and technical accomplishments on a project or task.
Equity Shares	Equity Shares of the Company of Rs. 10/- each unless otherwise specified in the context thereof
Equity Shareholders	Persons holding Equity Shares of the Company unless otherwise specified in the context thereof
Face Value	Value of paid up equity share capital per Equity Share, in this case being Rs. 10/- each
Project Risk Management	A programme is used to understand and manage risks in actual work situations.
IP Based Solutions	IP is Intellectual Property. The Company is in the business of making software and solutions based on the intellectual property developed and owned by it. The customers license the technology or products that Company has made by making substantial investments. The ownership of the products remains with the Company and its customers pay for its use.
IP Led	"IP Led" means the Company's products and services are based on intellectual property that is developed and owned by it.
Registered Office / Registered Office of the Company	"Kshitij", Plot No. 38, Rajiv Gandhi Infotech Park, MIDC, Hinjewadi, Pune – 411 057.
ROC	Registrar Of Companies, Maharashtra, Pune, situated in PMT Building, 3 rd Floor, Deccan Gymkhana, Pune 411 004.
Value Based Structure	This means the customers pay for products or solutions based on their perceived value, regardless of the cost of production. The value for the customer may arise from the business or competitive benefits that accrue and/or the cost savings that may result because of these products.

IV. ABBREVIATIONS

Abbreviation	Full Form
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
ASP	Active Server Pages
AY	Assessment Year
Bn	Billion
BSE	The Bombay Stock Exchange Limited
A/c	Account
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
CEL	Compulink Europe Limited
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CRPS	Cumulative Redeemable Preference Shares
CSI	Computer Society of India
CTO	Chief Technology Officer
CUSA	Compulink USA Inc.
SEI CMM Level 4	Software Engineering Institute's Capability Maturity Model
GBP	Great Britain Pound Sterling
EBITDA	Earning Before Interest Tax Depreciation and Amortisation
EGM	Extraordinary General Meeting
EPS	Earnings Per Share
ERP	Enterprise Resource Planning
FEMA	Foreign Exchange Management Act, 1999 read with rules and regulations thereunder and amendments thereto
FII(s)	Foreign Institutional Investors registered with SEBI under applicable laws
FIPB	Foreign Investment Promotion Board
FDI	Foreign Direct Investment
HUF	Hindu Undivided Family
IPO	Initial Public Offering
ISV	Independent Software Vendor
IP /IPR	Intellectual Property / Intellectual Property Right
ISO 9001: 2000	International Organisation for Standardisation (ISO)'s 9001:2000 suite. ISO 9001:2000 specifies requirements for a quality management system for any organization that needs to demonstrate its ability to consistently provide product that meets customer and applicable regulatory requirements and aims to enhance customer satisfaction. These standards are recognized internationally.

Abbreviation	Full Form
IT	Information Technology
Karvy	Karvy Investor Services Limited
MCIT	Ministry of Communications and Information Technology
Mn	Million
N.A.	Not Applicable
NOC	No Objection Certificate
NR	Non-Resident
NRE Account	Non-Resident External Account
NRI(s)	Non-Resident Indians
NRO Account	Non-Resident Ordinary Account
NFSIT	National Venture Fund for Software and Information Technology Industry
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OCCPS	Optionally Convertible Cumulative Preference Shares
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number
PSA	Professional Services Automation
QIB	Qualified Institutional Buyer
RBI	The Reserve Bank of India
RONW	Return on Net Worth
Rs. / Rupees / INR	Indian Rupees
SCO	Service Centric Organisation
SEC.	Section
SEM	Services Execution Management
SIA	Secretariat for Industrial Assistance
SIDBI	Small Industries Development Bank of India
SVCL	SIDBI Venture Capital Limited, a company incorporated under the Companies Act, 1956 and having its registered office at 105-107, 10 th Floor, Jolly Maker Chambers II, Nariman Point, Mumbai – 400021, acting in its capacity as Investment Manager of National Venture Fund for Software and Information Technology Industry
STPI	Software Technology Parks of India
UK	United Kingdom
US / USA	United States of America
USD or \$ or US \$	United States Dollar
USPTO	United States Patents and Trademarks Office
VAT	Value Added Tax

B. RISK FACTORS

I. FORWARD LOOKING STATEMENTS; MARKET DATA

The Company has included statements in this Prospectus which contain words or phrases such as “will”, “aim”, “will likely result”, “believe”, “expect”, “will continue”, “anticipate”, “estimate”, “intend”, “plan”, “contemplate”, “seek to”, “future”, “objective”, “goal”, “project”, “should”, “will pursue” and similar expressions or variations of such expressions, that are “forward-looking statements”.

Actual results may differ materially from those suggested by the forward looking statements due to risks or uncertainties associated with the expectations of the Company with respect to, but not limited to, their ability to successfully implement their strategy, their growth and expansion, technological changes, their exposure to market risks, general economic and political conditions in India which have an impact on the business activities or investments, the monetary and interest, policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic and foreign laws, regulations and taxes and changes in competition in the industry.

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

Unless stated otherwise, the financial data in this Prospectus is derived from our unconsolidated financial statements prepared in accordance with the Indian GAAP included in this Prospectus. Unless stated otherwise, references to consolidated financial information is to the consolidated financial information under Indian GAAP. At present our financial year commences on April 1 and ends on March 31. In this Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off.

Use of Market Data

Market/Industry data presented in this Prospectus was obtained from industry publications and Company reports. The information contained in those publications has been obtained from sources believed to be reliable, but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although, the Company believes that the market data presented in this Prospectus is reliable, it has not been independently verified. Similarly, data provided by the Company, while believed by the Company and the Selling Shareholder to be reliable, has not been verified by any independent sources.

II. RISK FACTORS

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

Materiality

The Risk factors have been determined on the basis of their materiality. The following factors have been considered for determining the materiality:

- a) Some events may not be material individually but may be found material collectively.
- b) Some events may have material impact qualitatively instead of quantitatively.
- c) Some events may not be material at present but may have material impacts in future.

The risk factors are as envisaged by the management along with the proposals to address the risk if any. Wherever possible, the financial impact of the risk factors has been quantified.

A. INTERNAL TO THE COMPANY

- 1) The Company is promoted by first generation entrepreneurs and the investors will be subject to all consequential risk associated with such ventures.**

Management Perception: The Promoters of the Company have more than 20 years of experience in the IT industry. The promoters are well supported by a key executive team which has diverse functional experience to manage the growth of the Company. The Company has a track record of delivering products and services to the satisfaction of the customers. The Promoters have proven their ability to evolve and manage the growth of Company's business over the years and this has been reflected in the Company's growth in the revenues and continuous investments in development of new products, markets and infrastructure.

- 2) The Company's business and profitability will suffer if it fails to anticipate developments taking place in the software industry and the IT industry in general and to develop new products and services, enhancing existing products and services in order to keep pace with rapid changes in technology and the industries on which the Company focuses its business.**

Management Preception: Compulink works closely with leaders in the industry and has been granted "Certified Partner" status by some of them. This allows Compulink an insight into their plans and a roadmap of the industry. Compulink closely works with its existing and prospective customers to formulate its response to make appropriate enhancements to its products and services.

- 3) Product sales cycles of software products are long.**

A client's decision to license enterprise class products can be strategic, involving significant capital expenditure and is influenced by its budget cycles and usually goes through a structured evaluation process. Consequently, the period between initial contact and the award of a contract is often long, typically ranging from 3 to 12 months and is subject to delays associated with the budgeting, approval and competitive evaluation processes that normally accompany a significant capital expenditure decision. Such delays could also cause the operating results to vary widely from quarter to quarter.

Management Perception: Compulink has been learning from its engagements with its existing customers to optimize the sales cycles and to ensure adequate qualified prospects to form the pipeline.

4) Risk in relation to the “Objects of the Issue”

The cost of the project has not been appraised by any agency and is based on the estimates of the Management of the Company. No potential Channel Partners have been identified as on the date of this Prospectus. For marketing the Company’s products abroad, the Company has also not taken any steps for setting up new subsidiaries abroad other than those existing as on the date of this Prospectus.

Management Perception: The Company has successfully implemented all its previous projects with the help of the knowledge and experience of its management; however this should not be taken as an indication of future success in the implementation of the growth plans.

The management has been the driving force for the success of the Company and through its knowledge and experience has taken the Company on a growth path. The Company has set ambitious plans for itself and foresees tremendous growth opportunity within its current operations. The Company has for this purpose made an “Implementation Schedule” as a roadmap for its future operations.

For the implementation schedule, please refer to the Chapter on Objects of the Issue on page 20 Further in terms of the requirement of the Companies Act/ Listing Agreement, the Company is required to disclose in its Financials as well as its periodic returns, details of the unutilized proceeds of the issue under a separate head.

5) The Company’s products are branded and have a certain brand value and brand image. It is necessary for the Company to register its Trade Marks in India and abroad. If registration of its trademarks is not allowed by the concerned Trade Mark Registry in India and abroad, the Company’s marketing efforts may get affected and new Trade Mark(s) may have to be adopted by the Company.

Management Perception: The Company has filed applications with the Trade Mark Registry, Mumbai in India to register its trade marks “Compulink” and “ProjectByNet” in June 2003. In February 2005 the Company has applied for registration of trademarks at the Trade Mark Registry in Mumbai for “WHIZ” Application Framework, “Whizable SEM”, “Whizable Talent” and “PELCON (Project Excellence Learning and Consultancy) The Company has applied for registration of its trade mark “Compulink” with the USPTO on July 27, 2004 and the same is in process. The Company has not yet filed any trade marks registration application in the United Kingdom.

The Company’s products are branded and marketed under these trademarks and it is important for the Company to receive registration of these trademarks. The Company is pursuing the matter with the respective authorities for registration of the aforesaid trademarks.

6) In the future the Government of India could decide to change their tax policies that could lead to non-availability of Tax benefit in the future to the Company.

Management Perception: Presently the Company is entitled to tax benefits under Section 10A of Income Tax Act, 1961 till the financial year ending 2009. As per the present rules and guidelines defined under the Income Tax Act, 1961, from FY 2010 onwards, the aforesaid benefits shall not be available to the Company. Non-availability of the tax benefits would impact the company’s future profitability after the financial year ending 2009 in case no new tax benefits are granted by the Government.

7) Dependence on Key Management Team

Company may lose its key management team to competitors. If one or more members of its management team are unable or unwilling to continue with the Company, it may find it difficult to replace such people and its business may be adversely affected.

Management Perception: The Company has a team of professionals who are responsible for the day-to-day operations and drive the business growth. The Company has implemented the ESOP Plan for its employees as a step towards retention of its senior and key management team members. These members are also participants of Company's ESOP scheme. Some of the Company's senior management team members have been with the Company for many years.

8) Any future equity offerings or issue of options under the Company's Employee Stock Option Plan may lead to dilution of investors' shareholding in the Company.

Management Perception: Investors in this Issue may experience dilution of their shareholding to the extent the Company makes future equity offerings and issues additional options under the Company's Employee Stock Option Plan.

However, the Company regards its Employee Stock Options Plan as an important tool for retention, motivation, high level performance which in turn leads to an increase in the share holder value in the long term.

9) Additional funds requirements

The Company may require additional capital from time to time depending on its business needs. Any fresh issue of shares or convertible securities would dilute the shareholding of the existing share holders and such issuance may be done on terms and conditions, which may not be favourable to the then existing investors.

Management Perception: The Company takes a very conservative view of its business plan and the investments needed to execute this plan. The plan has appropriate risk mitigation initiatives including the management structure, processes and other investments needed to manage the growth.

10) The Company operates in a globally competitive business environment. Growing competition may force it to reduce the price of its products which may reduce its revenues and margins, either of which could have a materially adverse effect on its business, financial condition and results. The IT business in which the Company operates, is very competitive and such competition is likely to continue, if not increase in the future.

Management Perception: The Company endeavours to increase the scope, volume and value of business in a competitive and risk prone environment. It may rationalize its product and service offerings from time to time to leverage core competency and maintain competitiveness. The Company plans to add additional sources of revenue by appropriate pricing and packaging decisions in order to respond to a competitive situation.

Since Compulink has chosen the path of being 'IP Led', its intellectual property is its main defense against any competition. Compulink's intellectual property differentiates it from other players. Its 'niche' products and focus on the Services Execution Management space along with its services based on its proprietary Whiz framework allows non-linear revenue opportunities.

In the last three years, the Company has successfully entered markets and withstood competition including that arising out of 'in-house developed' solutions, to convince its large customer base of the quality of its products. Having defined the 'Services Execution Management' space, the Company continues to be one of the leaders in the market.

To combat competition the Company has adopted certain strategies and policies set out below:

- Aligning with large multinational and technology leaders to spot the trends early and adopting the technology transition curves.
- Continuous scanning of the peer group competitive scenario by in-house 'Market Intelligence Unit' to equip the product development as well as marketing teams with intelligence for tuning the products

- Ongoing interaction with current and future customers to understand their requirements in advance and prepare the product to meet these needs.
- Rationalization of its product and service offerings from time to time to leverage core competency and maintain competitiveness.
- Appropriate pricing and packaging decisions to respond to a competition.

11) The Company could become liable to customers, suffer adverse publicity and incur substantial costs as a result of defects in its products or services, which in turn could adversely affect its results.

Management Perception: The Company has SEI CMM Level 4 and ISO 9001:2000 certified processes to ensure that the products offered by it are reasonably free of defects. The Company also works with its customers to solve any problems that arise in the event of detection of such defects on the field. Further, the agreements executed by the Company with its customers limit the Company's liability which can accrue in the unlikely event.

12) The Company relies on its intellectual property rights, which may not be adequately protected under current laws both domestic, as well as some other markets which the Company operates in. Hence any misuse of this intellectual property rights could harm the Company's competitive position.

Management Perception: The Company relies on a combination of IPR laws, license agreements, confidentiality agreements with employees, non-disclosure and other contractual confidentiality requirements imposed on its customers and third parties enter into marketing, distribution, implementation and/or support services agreements, to protect its intellectual property rights.

The Company requires its employees to enter into non-disclosure agreement and assignment of rights arrangements to limit access to and distribution of its customer's and its own proprietary / confidential information. The Company cannot give any assurance that the steps taken by it in this regard will be adequate to enforce its intellectual property rights. If its customer's proprietary rights are misappropriated by the Company's employees in violation of any applicable confidentiality agreements, the Company's Clients may hold the Company or its employees for such an act and seek damages and compensation from the Company.

Although the Company believes that its products and services do not infringe upon the intellectual property rights of others and that the Company has all the rights necessary to use the intellectual property employed in its business, there can be no assurance that infringement claims will not be asserted against the Company in the future. Assertion of such claims against the Company could result in litigation. Any such claims, regardless of their outcome, could result in substantial costs to the Company and divert management's attention from its operations and may require the Company to pay damages, develop non-infringing intellectual property or acquire licenses to the intellectual property that is the subject of the asserted infringement, which licenses, if available, could be on unreasonable terms. This could have a material adverse effect on the Company's business, financial condition and results of operations.

The laws in certain countries in which the Company operates do not protect intellectual property rights to the extent required. Therefore, Company's efforts to protect its intellectual property may not be adequate. The misappropriation or duplication of Company's intellectual property could disrupt its ongoing business, distract its management and employees, reduce the revenues and increase its expenses. The Company may need to litigate to enforce the Company's intellectual property rights or to determine the validity and scope of the proprietary rights of others. Any such litigation could be time consuming and costly. As the number of patents, copyrights and other intellectual property rights in IT industry increases, and as the coverage of these rights increase, the Company believes that companies in IT industry will face more frequent infringement claims. Defense against these claims, even if not meritorious, could be expensive and divert its attention and resources from operating the business of Company.

- 13) **The Company has loss-making subsidiaries which may adversely affect its financial result. The adverse financial performances of these subsidiaries have an adverse material effect on the Company's business, results of operations and financial condition.**

Management Perception: Compulink USA Inc was incorporated in June 2000 in United States and Compulink Europe Limited was incorporated in April 2004 in United Kingdom, for the purpose of taking forward the Company's marketing endeavours in the markets. These subsidiaries of the Company are incurring losses, details of which are given below:

Rupees in Lakhs

Name of the Company	Profit/(Loss) as on 31st March, 2003	Profit/(Loss) as on 31st March, 2004	Profit/(Loss) as on 31st March, 2005	Profit/(Loss) for 6 months ending September 30, 2005
Compulink USA Inc.	0.98	(20.55)	(21.09)	(9.59)
Compulink Europe Limited	-	-	(86.79)	(38.00)

Note: US\$ = Rs. 44/-, Great Britian Pound = Rs. 82/-

- 14) **If the Company is unable to successfully protect its computer systems from security risks, its business could suffer.**

Management Perception: The Company requires complying with certain security obligations, including maintenance of network security, back-up of data, ensuring the network is virus-free and ensuring the credentials of its employees who work with its clients. The Company has a backup system for all its operations. The network and the computer systems have the latest security system and everyone working on the network has to follow certain rules to ensure the security of the whole system.

- 15) **The Company has not commissioned an independent appraisal for the use of proceeds to be raised through the Issue.**

Management perception: The use of proceeds of the Issue has been determined based on the management's internal estimates and no bank or financial institution has appraised the use of proceeds to be raised through the Issue. However, Saraswat Cooperative Bank Limited has been appointed as a monitoring agency for utilization of funds. Further, an Audit Committee constituting Independent Directors, will also be monitoring the use of proceeds of this Issue. Progress in the use of proceeds from the Issue will be reported periodically as is statutorily required by SEBI in India.

- 16) **Increase in wages of IT professionals**

Management perception: The Company pays salaries which are as per industry standards.

- 17) **The Company had been served with a Notice dated June 15, 2005 under Section 433 and 434 of the Companies Act, 1956 by a building contractor, Millenium Engineers and Contractors Private Limited, alleging non-payment of dues of Rs. 60,33,456/- regarding construction work of the Company's development centre at Hinjewadi, Pune. Subsequently, Millenium Engineers and Contractors Private Limited have filed a Winding Up Petition against the Company under Section 433 and 434 of the Companies Act, 1956 in the High Court, Bombay alleging that the Company is unable to pay its debts due the non-payment of its claim of Rs. 1,03,76,417/- made upon the Company in connection with the construction of the development centre of the Company at Hinjewadi, Pune.**

Management Perception: The Company had replied to the said notice through its Advocate's letter dated 24th June 2005 and had denied and disputed the claim made by the contractor. The Company is in the process of filing its Reply in the High Court to the above Petition. The Company has on various occasions denied and disputed the claim of the building contractor as it failed to meet the standards laid down in the tender opened and the inordinate delay in the completion of the development centre. The Company's stand on the dispute is supported by the observations made by the independent consultant appointed to ascertain and certify the bills submitted by the contractor to the Company in relation with the construction. The Company shall appropriately present its case to the Court at the time of the hearing of the matter.

- 18) **On May 17, 2005, 3,00,000 OCCPS held by SIDBI Trustee Company Limited A/C National Venture Fund for Software and Information Technology Industry have been converted to 7,14,285 equity shares of face value of Rs. 10/- at a price of Rs. 42 per equity share which is less than the issue price of Rs.60/- per equity share.**

Management Perception: SIDBI Venture Capital Limited invested in 10,00,000 Equity Shares of the Company in September 2003. Subsequently SVCL invested in 300,000 9% Convertible Cumulative Preference shares with a face value of Rs. 100/- between September 2003 and March 2005. These OCCPs were converted into equity only in May 2005. According to the share holders cum subscription agreement signed between the Company and SVCL, the OCCPS were to be converted into equity shares at a mutually agreeable price. The equity shares were converted at this stage so that there were no outstanding convertible instruments before the Initial Public Offering.

- 19) **The Company has incurred a loss of Rs 64.13 Lakhs for six months ending September 30, 2005.**

Management Perception: For the period 6 months ended September 30, 2005, the Company has made a loss that amounts to Rs 64.13 Lakhs. This loss is due to the investment made in people, stepped up product development and marketing for our products and services. Besides for the new development center at Rajiv Gandhi Infotech Park, MIDC Pune that increased the operating costs.

- 20) **The financial statements of the subsidiaries of Compulink Systems Limited, Compulink USA Inc and Compulink Europe Limited are not audited, hence the consolidated financial statements of the Company and its subsidiaries are not audited**

Management Perception: The subsidiaries were started by the Company in order to get a foot hold in the US and European markets respectively. These subsidiaries are yet to contribute significantly to the revenues of the Company. The contribution of Compulink Europe to the sales of the company for 6 months ending September 30, 2005 was Rs. 20.24 lakhs and the contribution of Compulink USA Inc was Nil. The losses made for the period of six months ending September 30, 2005 are Rs.9.59 Lakhs by Compulink USA Inc and Rs. 38 Lakhs by Compulink Europe limited.

- 21) **The amount of tangible assets that are being created out of the total project cost is less than 40% of the size of the issue.**

Management Perception: A part of the issue proceeds is being used to repay a term loan to Saraswat Co-Operative Bank Limited. This loan was taken to create the infrastructure at "Kshitij", Hinjewadi, Pune. This amounts to 37% of the issue proceeds being used to create a tangible asset, the rest is being invested in developing and marketing the products and services of the Company. This product development and marketing exercise is to create tangible assets i.e. products. When assets that are being created are successful then the asset (product) will be of a tangible value.

B. EXTERNAL RISK FACTORS

1. Terrorist attacks and other acts of violence or war involving India, the United States and other countries could adversely affect the financial markets, result in loss of customer confidence and adversely affect our business.

2. High valuations in the software / IT sector:

The share prices of companies operating in the Software/ IT Sector are at present, enjoying high valuation in the market place, which may or may not sustain in the future. There are no standard valuation methodologies to measure or predict the valuations of the companies operating in this segment. The Company's operations and business models are not strictly comparable with any other player in the industry

3. 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.

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

4. Stability of policies & political situation: A significant change in India's economic liberalization and deregulation policies could affect the business and economic conditions in India, which in turn could have an impact on the Indian companies with a concurrent effect on the market for the Company's products and services.

Management Perception: The economic liberalization process is continuing in India and there is a reasonable consistency in the policies despite changes in the government and the Company has reason to believe that this will continue through the foreseeable future.

5. Exchange rate fluctuations may have an impact on the performance of the Company.

Part of the Company's revenues and expenses are denominated in US Dollars and other international currencies. Thus the Company faces the risk of fluctuating exchange rates.

6. After this Issue, the price of the Equity Shares may be highly volatile or there may be no active market for the Equity Shares which may be due to following reasons:

- a. Volatility in the Indian and global securities market
- b. Results of operations and performance of the Company
- c. Performance of the Indian economy and significant changes in India's fiscal laws
- d. Adverse media reports about the Company or the Indian IT industry
- e. Changes in the estimates of our performance or recommendations by financial analysts
- f. Significant developments in India's economic liberalisation and deregulation policies.

7. There has been no public market for the equity shares of the Company and its prices on listing of its equity shares may fluctuate. There can be no assurance that an active trading market for the Equity Shares will develop or be sustained after this Issue or that the prices at which the Equity Shares are sold through this Issue will correspond to the prices at which the Equity Shares will trade in the market subsequent to this Issue.

Notes to Risk Factors:

1. Investors are advised to refer to the para on "Basis for Issue Price" on Page No. 26 of this Prospectus before making any investment in this Issue
2. Investors may please note that in the event of over-subscription, allotment shall be made on a proportionate basis in accordance with the SEBI Guidelines and in consultation with National Stock Exchange of India Limited (the Designated Stock Exchange).

3. The book value per share of the Company as on March 31, 2005 is Rs.18.13/-. The book value of the shares of the Company according to the audited financials for the half year ending September 30, 2005 is Rs. 19.29.
4. The net worth of the Company as per its Financials as on March 31, 2005 is Rs.1408.60 lakhs. The net worth of the Company according to the audited financials for the half year ending September 30, 2005 is Rs 1317/- lakhs
5. Issue comprises of 45,38,462 Equity Shares of Rs. 10/- each issued for cash at a premium of Rs. 50 per share aggregating to Rs. 27,23,07,720/-
6. The average cost of acquisition of Equity Shares of the Promoter is as follows:

Name of the Promoter	Average Cost of Acquisition (in Rs.)
Mr. Vishwas Sharad Mahajan	0.90
Mr. Uday Madhukar Kothari	0.90

7. Other than as disclosed either in related party transaction or otherwise, the promoters / directors / key management personnel of the Company have no interest, other than in reimbursement of expenses incurred and normal remuneration and benefits arising out of the shareholding in the Company or out of any business relation with any of the ventures in which they are interested
8. The Promoter Group/ directors of the Company have not purchased and or sold / financed any shares of the Company during the past six months.
9. Transactions with subsidiaries in the last year and for 6 months ended September 30, 2005 are as follows:

Rs. in Lakhs

Particulars	31-Mar-05	31-Mar-05	30-Sep-05	30-Sep-05
Subsidiaries	Compulink USA INC	Compulink Europe Ltd.	Compulink USA INC	Compulink Europe Ltd.
Income	Nil	40.01	Nil	Nil
Expenses	0.17	(0.12)	0.01	2.91
Advances given /(repaid)	Nil	Nil	Nil	Nil
Investments Made	3.71	62.19	2.45	38.97
Balance:				
Investments	72.33	62.19	74.78	101.16
Other Advances	0.87	(0.12)	0.88	(0.12)
Sundry Debtors	3.53	39.49	3.53	42.40

10. The investors are free to contact the Lead Manager or the Compliance Officer for any complaint / clarification/ information pertaining to the Issue, who will be obliged to attend to the same.
11. Details of Related Party Transactions for the year ended March 31, 2005 and for 6 months ended September 30, 2005 are given on Page 78 of this Prospectus.

C. INTRODUCTION

I. SUMMARY

Industry

Services is the largest and fastest growing segment of the economy world over. The key aspect of professional services is its ability to convert the skills and knowledge of its employees into value added 'deliverables'. Globalization, Deregulation and Technological innovation has changed the way the Services Centric Organizations (SCO's) around the globe function and compete. To compete and succeed in such competitive environment, SCO need tools that enable them to make better decisions, avoid costly mistakes due to lack of information, and give their customers, partners and employees a better insight into organizational performance. These pressing needs of SCOs led to an emergence of new and powerful web-based application software called Services Execution Management (SEM). SEM aims to provide extended, integrated support for the functions involved in running a Services Delivery Organization. SEM is primarily composed of Project Management (PM) and Enterprise Resource Planning (ERP) capabilities. The focus of PSA is on resource management (or human capital) like time, knowledge, skills and business relationships, as opposed to simple task management. The software solutions are built or developed on several different aspects such as the project, resource, and business management.

Elements of Services Execution Management

Services Execution Management (SEM) is a way of automating business processes that is tailored precisely to the requirements of the services sector. These core processes typically include:

- Engagement Management
- Project Management
- Resource Management
- Knowledge Management
- Time and Expense Management
- Invoicing
- Support

Business of Compulink

Compulink is a company focused on providing IP based solutions in the Services Execution Management space. Compulink is in the business of providing solutions, both products and services, for service centric organisations. The Company uses its own priority software platform, the "WHIZ Framework" to make most of its software based on this tried and tested platform. This reduces the downtime to make the product and install it. The Company is focusing on its products and suite of productized services where the revenue is more and captive.

The portfolio of offerings include

- ✓ Whizable range of products for target verticals
- ✓ Services based on the WHIZ framework and
- ✓ Training and Consulting services.

The Company has licensed its products to over 75 well known Service Centric Organizations and has a licensed user base of over 29,000 users.

Compulink is a SEI CMM Level 4, ISO 9001: 2000 Company and a Microsoft Certified Partner. Compulink has received several industry awards and recognition for innovation.

Compulink operates currently in India and through its subsidiaries in US and UK. It operates through Channel Partners in Middle East and Hong Kong.

Management

The Company is currently managed by Board of Directors comprising of 6 directors, three of whom are Whole Time Directors. Mr. Uday Madhukar Kothari is an Executive Chairman and Mr. Vishwas Sharad Mahajan is the Managing Director. They are assisted by the CFO Mr Ranjit Thakur. Their broad area of operations is as follows:

- Mr. Uday Madhukar Kothari, Chairman and Chief Technology Officer (CTO), is responsible to the Board for product development and delivery of technology services.
- Mr. Vishwas Sharad Mahajan, Managing Director and Chief Executive Officer (CEO), is responsible for marketing, business development and strategic alliances.
- Mr. Ranjit Thakur, Wholetime Director and Chief Financial Officer (CFO) is responsible for Corporate Planning, Corporate Finance, HR, Legal and Administrative functions.

Compulink also has three independent directors on its board.

II. THE ISSUE

Equity Shares offered:	
Fresh Issue	35,38,462 Equity shares
Offer for Sale by SIDBI Venture Capital Limited (Selling Shareholder)	10,00,000 Equity Shares
Total Equity Shares offered (Issue Size/ Net Offer to Public)	45,38,462 Equity Shares
Of which: As per SEBI Guidelines, a minimum of 50% of the net offer to the public is reserved for allotment to individual investors applying Equity Shares of or for a value of not more than Rs. 1,00,000/-.	22,69,231 Equity Shares
The remaining 50% of the offer to the public is reserved for individuals applying for Equity Shares of a value more than Rs.1,00,000/- and corporate bodies / institutions etc.	22,69,231 Equity Shares
Unsubscribed portion in either of these categories shall be added to the other category interchangeably.	
Equity Shares outstanding prior to the Issue	68,28,661 Equity Shares
Equity Shares outstanding after the Issue	103,67,123 Equity Shares
Object of the Issue	The Company intends to deploy the net proceeds of the fresh issue of shares for funding its product development, international marketing, repayment of secured loans and meeting its working capital requirements. As a result of this Issue, the Company also expects to provide greater liquidity to its existing shareholders. For details, please see the section entitled "Objects of the Issue" on page 20 of this Prospectus for additional information.

Corporate Information

Compulink Systems Limited was incorporated on February 2, 1996 under the Companies Act, 1956 as Compulink Systems Private Limited. The Company was converted into a public limited company by the name Compulink Systems Limited on April 10, 2004 and received a fresh Certificate of Incorporation consequent to change of name to Compulink Systems Limited on July 15, 2004)

Registered Office: "Kshitij", Plot No. 38, Rajiv Gandhi Infotech Park, MIDC, Hinjewadi, Pune – 411 057. Tel.: 91 20 56528000, Fax: 91 20 56528080 e-mail: investors@compulink.co.in, website: www.compulinkgroup.com; Compliance Officer: Mr. Ranjit Thakur, Director & CFO

III. FINANCIAL SUMMARY

Statement of Assets & Liabilities (As Restated)

(Rs.in Lakhs)

Sr. No.	Particulars	31.03.01	31.03.02	31.03.03	31.03.04	31.03.05	As on 30.09.05
A	Assets						
(i)	Fixed Assets - Gross Block	257.18	401.64	441.59	552.17	550.24	555.08
	Less: Depreciation	69.53	127.58	193.34	256.19	192.84	236.24
	Net Block	187.65	274.06	248.25	295.98	357.40	318.84
(ii)	Capital W-I-P	94.95	-	13.78	174.35	832.00	1192.53
	Less: Revaluation Reserve	-	-	-	-	-	-
(iii)	Net Block after adjustment of revaluation reserve	282.60	274.06	262.03	470.33	1189.40	1511.37
B	Investments	32.72	32.79	71.37	72.06	138.20	179.62
C	Current Assets, Loans & Advances						
(i)	Receivables	63.85	79.8	181.74	377.18	618.98	663.28
(ii)	Cash & Bank balance	85.91	1.38	25.47	78.16	108.39	138.34
(iii)	Other current assets	0.41	0.05	0.11	0.16	0.16	0.16
(iv)	Loans & Advances	10.65	13.43	22.64	105.29	135.68	161.26
	Sub-Total	160.82	94.66	229.96	560.79	863.21	963.04
	Total Assets	476.14	401.51	563.36	1103.18	2190.81	2654.03
D	Liabilities & Provisions						
	Loan Funds						
(i)	Secured Loans	147.40	19.79	42.38	(2.26)	491.78	1066.63
(ii)	Unsecured Loans	0.01	-	-	-	-	-
	Sub-Total	147.41	19.79	42.38	(2.26)	491.78	1066.63
	Deferred Tax Liability	-	-	-	12.74	10.71	10.71
	Current Liabilities & Provisions						
(i)	Sundry Liabilities	21.82	15.25	26.12	58.99	146.86	126.83
(ii)	Provisions	0.94	8.85	35.42	96.94	132.86	132.86
	Sub-Total	22.76	24.10	61.54	155.93	279.72	259.69
	Total Liabilities	170.17	43.89	103.92	166.41	782.21	1337.03
E	Net Worth (Assets - Liabilities)	305.97	357.62	459.44	936.77	1408.60	1317.00
	Represented by:						
(i)	Share Capital						
	Equity Share Capital	127.42	127.92	128.43	576.37	611.44	682.87
	Share Application Money	-	-	-	74.77	-	-
	Preference Share Capital	-	25.00	25.00	100.00	300.00	-
(ii)	Reserve and Surplus	179.13	204.75	306.04	189.88	500.35	664.78
	Less - Revaluation reserve						
	Reserves net of revaluation reserve	179.13	204.75	306.04	189.88	500.35	664.78
		306.55	357.67	459.47	941.02	1411.79	1347.65
	Less - Miscellaneous Expenditure not Written off	0.58	0.05	0.03	4.25	3.19	30.65
	Total	305.97	357.62	459.44	936.77	1408.60	1317.00

Statements of Profits & Losses (As Restated)

(Rs.in Lakhs)

Sr. No	Particulars	2000-01	2001-02	2002-03	2003-04	2004-05	As on 30.09.05
A	Income						
1	Sales						
(i)	Export Sales						
	Products	-	-	49.01	219.47	339.88	134.39
	Services	278.78	307.29	362.41	348.53	431.44	88.81
(ii)	Domestic Sales						
	Products	-	32.50	95.90	194.35	454.45	264.30
	Services	-	-	17.54	41.51	60.63	50.31
2	Other Income	12.76	9.61	0.89	1.23	1.04	1.07
	Total Income	291.54	349.40	525.75	805.09	1287.44	538.88
B	Expenditure						
1	Personnel cost	46.75	87.14	192.37	282.03	470.94	299.15
2	Administrative cost	112.39	83.52	134.90	215.85	355.86	233.46
3	Interest	18.75	17.18	6.10	7.39	7.50	23.50
4	Depreciation	31.88	58.43	65.76	62.85	66.25	43.40
5	Misc Expenses written off	0.20	0.02	0.01	1.10	1.06	
	Total expenditure	209.97	246.29	399.14	569.22	901.61	599.51
C	Net profit before tax and extra-ordinary items	81.57	103.11	126.61	235.87	385.83	(60.63)
D	Provision for Tax						
	Current tax	0.30	6.50	6.85	7.06	28.76	3.50
	Deferred Tax	-	-	-	4.78	(3.52)	
		0.30	6.50	6.85	11.84	25.24	3.50
E	Net profit after tax before Extra-`ordinary items	81.27	96.61	119.76	224.03	360.59	(64.13)
F	Extra-ordinary Items	-	-	-	-	-	-
G	Net profit after Extra Ordinary items	81.27	96.61	119.76	224.03	360.59	(64.13)
H	Earlier year adjustments	(0.03)	-	0.02	-	-	-
I	Net profit after earlier adjustments	81.24	96.61	119.78	224.03	360.59	(64.13)
J	Net profit after earlier adjustments	81.24	96.61	119.78	224.03	360.59	(64.13)
	Add : Balance of profit brought forward	-	-	-	-	-	-
K	Profit available for appropriation	81.24	96.61	119.78	224.03	360.59	(64.13)
L	Appropriations						
(i)	Preference Dividend	-	-	0.25	5.14	12.87	-
(ii)	Proposed/ Interim Equity Dividend	6.37	63.96	16.05	59.24	61.14	-
(iii)	Dividend Tax	1.44	6.52	2.09	8.25	9.67	-
(iv)	Transfer to General Reserve	-	9.66	5.99	11.20	-	-
(v)	Balance carried to Balance Sheet	73.43	16.47	95.40	140.20	276.91	(64.13)
		81.24	96.61	119.78	224.03	360.59	(64.13)

COMPULINK SYSTEMS LIMITED

Registered Office: "Kshitij", Plot No. 38, Rajiv Gandhi Infotech Park,
 MIDC, Hinjewadi, Pune – 411 057.
 Tel.: 91 20 56528000, Tele-Fax: 91 20 56528080,
 e-mail: investors@compulink.co.in, website: www.compulinkgroup.com
 Compliance Officer: Mr. Ranjit Thakur
 Registered with Registrar of Companies, Maharashtra,
 PMT building, 3rd Floor, Deccan Gymkhana Pune – 411004.
 Registration No. 11-96866

IV. GENERAL INFORMATION

Board of Directors:

The Company is currently managed by a Board comprising of 6 directors. Mr. Uday Madhukar Kothari is the Executive Chairman and Chief Technology Officer. The day-to-day affairs of the Company are being managed by Mr. Vishwas Mahajan, Managing Director. The Company's Board of Directors comprises of the following:

Name	Designation
Mr. Uday Madhukar Kothari	Executive Chairman and Chief Technology Officer
Mr. Vishwas Sharad Mahajan	Managing Director and Chief Executive Officer
Mr. Ranjit Thakur	Director and Chief Financial officer
Mr. Anand Khandekar	Director
Mr. Mangesh Kirtane	Director
Mr. Sajit Kumar	Nominee Director, (SIDBI Venture Capital Limited)

Brief details of Chairman, Managing Director and Whole-time Director:

Mr. Uday Madhukar Kothari, 44 years, Chairman and Chief Technology Officer, has obtained a Bachelor in Physics and Advanced Electronics, Masters in Computer Management and Diploma in Business Management from the University of Pune. He is one of the founder members of Compulink Systems Limited and has been responsible for its overall operations and growth since its incorporation in February 1996. He has more than 22 years of experience in various areas of the business. He has been instrumental in the development of the Company. His role includes conceptualizing the software products and the designing and development of software products. Prior to Compulink, Mr. Uday Kothari has worked with Zenith Infotech Limited, Hinditron and Key Information Technology, Dubai in a variety of technological and managerial positions. He has also worked with TTSL, Barbados and PRT Group, USA.

Mr. Vishwas Sharad Mahajan, 43 years, Managing Director and Chief Executive Officer, is a Science Graduate and holds a Masters Degree in Business Management from Symbiosis Institute of Business Management, Pune. He is also one of the founder members of Compulink Systems Limited.. He is mainly responsible for business development functions for the Company's product and services offerings. Before founding Compulink he has worked for various organizations including PSI Data Systems Limited, Hinditron, Digital Equipments (India) Limited and Key Information Technology, Dubai. He is also the coordinator of NASSCOM's SME forum for the Western India region. He is also a Charter member of TIE (The Indus Entrepreneurs).

Mr. Ranjit Thakur, 36 years, Director and Chief Financial Officer. He is a Chartered Accountant and has over 12 years of experience in the Finance and IT industry. Prior to joining Compulink, he has worked with K & P Capital Service Ltd, Pune and Shell Securities Limited, Mumbai. He has over 10 years experience in the service industry and has inter-alia, actively interacted with several Banks, Financial Institutions, Venture Capital Investors and Merchant Bankers. He has been a Treasurer and executive committee member of the Software Exporters Association of Pune (SEAP) for 3 years. He is responsible for Corporate Planning, Corporate Finance, Legal, Human Resources and Administrative functions.

COMPANY SECRETARY

Mr. Sudhakar Vishwanath

Company Secretary

Compulink Systems Limited

"Kshitij", Plot No. 38,

Rajiv Gandhi Infotech Park,

MIDC, Hinjewadi,

Pune - 411057.

Tel.: 91 20 56528000

Fax: 91 20 56528080

e-mail: sudhakarv@compulink.co.in

LEGAL ADVISORS TO THE COMPANY

Rajani Associates

F-4, Panchsheel,

53, 'C' Road, Churchgate

Mumbai - 400020

Contact Person: Mr: Prem Rajani

Tel No: 91 22 22021010

Fax No: 91 22 22021011

E-mail: info@rajaniassociates.net

BANKERS TO THE COMPANY

CitiBank NA

Kumar Capital,

2413, East Street Branch,

Pune - 411001

Contact Person: Mr. Gaurav Gupta

Tel No: 91 20 56064200

Fax No: 91 20 26355119

E-mail: g.gupta@citigroup.com

The Saraswat Co-op Bank Limited

Hinjewadi Branch

Plot no. 9, Rajiv Gandhi Infotech Park,

MIDC, Hinjewadi

Pune - 411057

Contact Person: Mr. S. R. Mokashi

Tel No: 91 20 22933567 / 8

Fax No: 91 20 22933566

E-mail: user_hinjewadi@saraswatbank.com

ICICI Bank Limited

Shivajinagar Branch

Subhadara Bhavan,

1240 A, Apte Road,

Shivajinagar,

Pune - 411005

Contact Person: Mr. Virag Bartake

Tel No: 91 20 26128221-25

Fax No: 91 20 26128226

E-mail: virag.bartake@icicibank.com

COMPLIANCE OFFICER

Mr. Ranjit Thakur

Director & Chief Financial Officer
Compulink Systems Limited
"Kshitij", Plot No. 38,
Rajiv Gandhi Infotech Park,
MIDC,
Hinjewadi,
Pune - 411057.
Tel.: 91 20 56528000
Fax: 91 20 56528080
e-mail: investors@compulink.co.in

Investors can contact the Compliance Officer in case of any pre-offer or post-issue related problems such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary account, refund orders, etc.

LEAD MANAGER

Karvy Investor Services Limited

"Karvy House", 46 Avenue 4, Street No. 1,
Banjara Hills,
Hyderabad – 500 034
Contact Person: Mr. T. R Prashanth Kumar
Tel: 91 40 2331 2454, 2332 0251, 2332 0751
Fax: 91 40 23374714
e-mail: mbd@karvy.com
Website: www.karvy.com

REGISTRAR TO THE ISSUE

Aarthi Consultants Private Limited

1-2-285, Domalguda,
Hyderabad - 500029
Phone : 91 40 27634445/27638111
Fax : 91 40 27632184
E-Mail : info@arthiconsultants.com

BANKERS TO THE ISSUE

HDFC Bank Limited

26 A, Narayan Properties,
Chandivali Farm Road,
Saki Naka, Andheri (E)
Mumbai 400 072
Contact Person : Mr: Viral Kothari
Tel No : 91 22 28569009
Fax No : 91 22 28569272
Email : viral.kothari@hdfcbank.com

The Hongkong and Shanghai Banking Corporation Limited

52/60 MG Road,
Fort, Mumbai - 400 001.
Contact Person : Mr: Dhiraj Bajaj
Tel No : 91 22 22681673
Fax No : 91 22 22734388
Email : dhirajbajaj@hsbc.co.in

Citibank NA

Citigroup Center, 6th Floor,
C-61, Bandra Kurla Complex,
G Block,
Bandra (East)
Mumbai – 400051
Contact Person: Mr. Divyesh Dalal
Phone: 91 22 5001 5646
Fax: 91 22 2653 5824
Email: divyesh.dalal@citigroup.com

BROKERS TO THE ISSUE

All members of the recognized Stock Exchanges would be eligible to act as Brokers to the Issue

AUDITORS

Sanjiv Katkar & Associates

Raj Vihar, Plot No 38,
Sahakar Nagar No 2,
Pune - 411 009
Phone No : 91 20 24221280
Fax No : 91 20 24223519
Email : sskatkar@vsnl.com

Credit Rating

This being an issue of Equity Shares, credit rating is not required.

Trustees

This being an issue of Equity Shares, appointment of Trustees is not required.

Monitoring Agency

The Saraswat Co-operative Bank Limited has been appointed to monitor the utilisation of funds.

Underwriters to the Issue

The equity shares being offered are not being underwritten.

V. CAPITAL STRUCTURE

Share Capital as at the date of filing of Prospectus with ROC is set forth below:

(Rs. In Lakhs)

SHARE CAPITAL		Face Value	Total Value Including Premium
A.	Authorised Capital 1,50,00,000 Equity Shares of Rs. 10 each	1500.00	
B.	Issued Subscribed And Paid-Up Capital 68,28,661 Equity Shares of Rs. 10 each fully paid-up	682.87	
C.	Present Issue to the public in terms of this Prospectus 45,38,462 Equity Shares of Rs. 10 each fully paid up	453.85	2723.07
	Fresh Issue 35,38,462 Equity Shares of Rs. 10 each fully paid up	353.85	2123.07
	Offer for Sale By SIDBI Venture Capital Limited (SVCL) 10,00,000 Equity Shares of Rs. 10 each fully paid up	100.00	600.00
D.	Equity Share Capital after the Issue 103,67,123 Equity Shares of Rs. 10 each	1036.71	3069.58
E.	Share Premium Account Before the Issue After the Issue		263.64 2032.87

Details of Increase in Authorised Capital

Date of Resolution	Authorised Capital (Rs.)	No. of Shares and Face Value	Particulars
February 2, 1996	5,00,000/-	25,000 equity shares of face value of Rs. 10/- each and 2,500 equity shares of Rs. 100/- each	Incorporation
January 23, 1997	15,00,000/-	1,25,000 equity shares of face value of Rs. 10/- each and 2,500 equity shares of Rs. 100/- each	Increase
April 21, 1999	30,00,000/-	2,75,000 equity shares of face value of Rs. 10/- each and 2,500 equity shares of Rs. 100/- each	Increase
July 10, 1999	50,00,000/-	4,75,000 equity shares of face value of Rs. 10/- each and 2,500 equity shares of Rs. 100/- each	Increase
October 25, 1999	1,00,00,000/-	9,75,000 equity shares of face value of Rs. 10/- each and 2,500 equity shares of Rs. 100/- each	Increase
March 23, 2000	1,50,00,000/-	14,75,000 equity shares of face value of Rs. 10/- each and 2,500 equity shares of Rs. 100/- each	Increase
January 15, 2001	1,50,00,000/-	15,00,000 equity shares of face value of Rs. 10/- each	Unified class of shares

Date of Resolution	Authorised Capital (Rs.)	No. of Shares and Face Value	Particulars
March 29, 2002	2,00,00,000/-	15,00,000 equity shares of face value of Rs. 10/- each and 50,000 CRPS of Rs. 100/- each	Increase
June 27, 2003	6,50,00,000/-	60,00,000 equity shares of face value of Rs. 10/- each and 50,000 CRPS of Rs. 100/- each	Increase
July 30, 2003	9,50,00,000/-	65,00,000 equity shares of face value of Rs. 10/- each and 300,000 9% OCCPS of Rs. 100/- each	Increase
May 16, 2005	10,00,00,000/-	70,00,000 equity shares of face value of Rs. 10/- each and 300,000 9% OCCPS of Rs. 100/- each	Increase
May 26, 2005	15,00,00,000/-	1,50,00,000 equity shares of face value of Rs.10/- each	Increase

Note for Increase in Authorised Share Capital:

At the time of Incorporation, the Company had two types of Equity Shares A Type (face value of Rs.10/-) and B Type (face value of Rs.100/-). The Company has passed a Special Resolution at the Extra-ordinary General Meeting held on January 15, 2001 for unified class of equity shares of face value of Rs.10/- each.

Notes to Capital Structure

a) Capital History

Date of Allotment	No. of Shares	Cumulative Total Shares	Face Value (Rs.)	Issue Price (Rs.)	Consideration	Reasons for allotment (bonus, swap etc.)	Cumulative Share Premium (Rs.)
02.02.1996	20	20	10	10	Cash	Incorporation	NIL
29.02.1996	20	40	10	10	Cash	Allotted to promoter group	NIL
20-08-1996 (*)	24,000	24,040	10	10	Other than Cash	As per the agreement for takeover of business of erstwhile partnership firm, Compulink Systems	NIL
29.03.1997 (*)	75,980	1,00,020	10	10	Other than Cash	As per the agreement for takeover of business of erstwhile partnership firm, Compulink Systems	NIL
10.07.1997	500	500	100	100	Cash	Preferential allotment to the Employees	NIL
01.07.1998	20,000	1,20,020	10	10	Cash	Preferential Allotment to Promoters	NIL
04.09.1999	18,000	1,38,020	10	10	Cash	Preferential Allotment to Promoters	NIL
11.11.1999	6,21,090	7,59,110	10	10	9 Bonus Shares for every 2 Shares held	Allotment of Bonus shares to "A" type shareholders by capitalisation of reserves	NIL
15.01.2000	39,000	7,98,110	10	10	Cash	Preferential allotment to employees	NIL
15.01.2000	400	900	100	100	Cash	Preferential allotment to employees	NIL

Date of Allotment	No. of Shares	Cumulative Total Shares	Face Value (Rs.)	Issue Price (Rs.)	Consideration	Reasons for allotment (bonus, swap etc.)	Cumulative Share Premium (Rs.)
31.03.2000	3,99,055	11,97,165	10	10	1 Bonus Share for every 2 Shares held	Allotment of Bonus shares to "A" type shareholders by capitalisation of reserves	NIL
31.03.2000	14,000	12,11,165	10	10	Cash	Preferential Allotment to relatives and friends	NIL
31.03.2000	1,600	2,500	100	100	Cash	Preferential allotment to promoters	NIL
01.04.2000	25,750	12,36,915	10	175	Cash	Preferential allotment to Holden Medicals Pvt. Ltd	42,48,750
10.05.2000	8,000	12,44,915	10	150	Cash	Preferential Allotment to relatives and friends	53,68,750
12.06.2000	2,340	12,47,255	10	150	Cash	Preferential Allotment to friends	56,96,350
02.10.2000	2,000	12,49,255	10	150	Cash	Preferential Allotment to friends	59,76,350
15.01.2001 (**)	25,000	12,74,255	10	10	Shares with Face value of Rs.100/- converted into a unified Class of shares of face value of Rs.10/- of Equity Shares		59,76,350
20.08.2001	5,000	12,79,255	10	10	Cash	Preferential allotment to Mr. Anand Khandekar	59,24,834
15.04.2002	5,000	12,84,255	10	10	Cash	Preferential allotment to Friends	59,14,834
30.07.2003	25,68,510	38,52,765	10	10	2 Bonus Shares for every 1 Share held	Allotment of Bonus shares by capitalisation of reserves	NIL
30.07.2003	1,83,464	40,36,229	10	10	Cash	Rights allotment to existing shareholders in the ratio of 1: 21	NIL
30.07.2003 (***)	2,77,500	43,13,729	10	10	Cash	Conversion of 25,000 1% Convertible redeemable preference shares of Rs.100/- each	NIL
05.09.2003	10,00,000	53,13,729	10	10	Cash	Preferential allotment to SIDBI trustee Company Limited A/C National Venture Fund for Software and Information Technology Industry	NIL
14.02.2004	4,50,000	57,63,729	10	10	Cash	Shares to trustee of Employee Stock Option Trust	NIL
10.04.2004	3,50,647	61,14,376	10	20	Cash	Preferential allotment to Directors, Friends and relatives	35,06,470
17.05.2005 (****)	7,14,285	68,28,661	10	42	Cash	Conversion of 9% Optionally convertible cumulative preference shares of Rs.100/- each	2,63,63,590

Notes :

(*) : By an Agreement dated March 1, 1996 executed between Compulink Systems Private Limited and Compulink Systems, a partnership firm through its partners, Mr. Vishwas Mahajan and Mr. Uday Kothari, for transfer of entire undertaking of Compulink Systems, including its assets and liabilities, to Compulink Systems Private Limited. Pursuant to the agreement 24,000 equity shares of face value of Rs.10/- each on August 20, 1996, 75,980 equity shares of face value of Rs.10/- each on March 29, 1997 were allotted to the partners of the firm Mr. Vishwas Mahajan and Mr. Uday Kothari in equal proportion.

(**): At the time of incorporation, the Company had two types of Equity Shares A Type (face value of Rs.10/-) and B Type (face value of Rs.100/-). In order to attain uniformity in the privileges and benefits granted to both type of equity shareholders, the Company passed a Special Resolution at the Extra-ordinary General Meeting held on January 15, 2001 for unifying the two classes of equity shares to one class of equity shares of face value of Rs.10/- each. Accordingly, 2,500 equity shares of face value of Rs.100/- were converted to 25,000 equity shares of face value of Rs.10/- each.

(***): Holden Medical Private Limited were allotted 25,000 1% optionally convertible/redeemable preference shares of Rs. 100 each on March 29 2002. On July 30, 2003 the said preference shares have been converted into equity at a premium of Rs.11/- per share, amounting to 2,77,500 equity shares of face value Rs.10/-.

(****): SIDBI Trustee Company Limited A/C National Venture Fund for Software and Information Technology Industry were allotted 3,00,000 9% Optionally Convertible Cumulative Preference Shares of Rs.100/- each (1,00,000 OCCPS on September 5, 2003, 50,000 OCCPS on June 15, 2004 and 1,50,000 OCCPS on March 24, 2005). On May 17, 2005, 3,00,000 OCCPS have been converted to 7,14,285 equity shares of face value of Rs.10/- at a price of Rs.42 per equity share.

b. Details of Promoter Contribution and Lock-In

Allotment to Promoters

Promoter	Date of allotment	No. of Shares	Face Value (Rs.)	Issue Price (Rs.)	Consideration (Rs.)
Mr. Vishwas Sharad Mahajan	02.02.1996	10	10	10	Incorporation
	02.02.1996	12,000	10	10	Other than Cash
	20.08.1996	37,990	10	10	Other than Cash
	01.07.1998	10,000	10	10	100,000.00
	04.09.1999	9,000	10	10	90,000.00
	11.11.1999	3,10,500	10	NIL	Capitalisation of Reserves
	31.03.2000	1,89,750	10	NIL	Capitalisation of Reserves
	31.03.2000	4,500	10	10	45,000.00
	15.01.2001	8,000	10	10	80,000.00
	30.07.2003	11,96,750	10	NIL	Capitalisation of Reserves
	30.07.2003	85,482	10	10	854,820.00
	Total	18,63,982			
Mr. Uday Madhukar Kothari	02.02.1996	10	10	10	Incorporation
	02.02.1996	12,000	10	10	Other than Cash
	20.08.1996	37,990	10	10	Other than Cash
	01.07.1998	10,000	10	10	100,000.00
	04.09.1999	9,000	10	10	90,000.00
	11.11.1999	3,10,500	10	NIL	Capitalisation of Reserves
	31.03.2000	1,89,750	10	NIL	Capitalisation of Reserves
	31.03.2000	4,500	10	10	45,000.00
	15.01.2001	8,000	10	10	80,000.00
	30.07.2003	11,95,750	10	NIL	Capitalisation of Reserves
	30.07.2003	85,410	10	10	854,100.00
	Total	18,62,910			

Allotment to Promoters Group

Name	Date of allotment	No. of Shares	Face Value (Rs.)	Issue Price (Rs.)	Consideration (Rs.)
Mrs. Smita Mahajan	29.02.1996	10	10	10	100.00
	11.11.1996	45	10	NIL	Capitalisation of Reserves
	31.03.2000	27	10	NIL	Capitalisation of Reserves
	30.07.2003	164	10	NIL	Capitalisation of Reserves
	30.07.2003	12	10	10	120.00
Total		258			
Mrs. Manisha Kothari	29.02.1996	10	10	10	100.00
	11.11.1996	45	10	NIL	Capitalisation of Reserves
	31.03.2000	1,278	10	NIL	Capitalisation of Reserves
	15.01.2001	3,500	10	10	35000.00
	30.07.2003	10,666	10	NIL	Capitalisation of Reserves
	30.07.2003	762	10	10	7620.00
Total		16,261			
Mr. Jayant Madhukar Kothari	31.03.2000	1,000	10	10	10000.00
	30.07.2003	2,000	10	NIL	Capitalisation of Reserves
	30.07.2003	143	10	10	1430.00
Total		3,143			
Mr. Mahesh Mutalik	15.01.2000	500	10	10	5000.00
	31.03.2000	250	10	NIL	Capitalisation of Reserves
	30.07.2003	1,500	10	NIL	Capitalisation of Reserves
	30.07.2003	107	10	10	1070.00
Total		2,357			
Mr. Sharad Sathe	10.04.2004	25,000	10	20	500000.00
Total		25,000			

Final Shareholding of the Promoter

Name of Promoter	Shares Allotted as per Table above	Add: Shares acquired by way other than allotment	Less: Shares Transferred	Pre issue Shareholding
Promoters				
Mr. Vishwas Sharad Mahajan	18,63,982	38925	77,300	18,25,607
Mr. Uday Madhukar Kothari	18,62,910	38425	77,300	18,24,035
Promoters group				
Mrs. Smita Mahajan	258	0	0	258
Mrs. Manisha Kothari	16,261	500	0	16,761
Mr. Jayant Madhukar Kothari	3,143	0	0	3,143
Mr. Mahesh Mutalik	2,357	0	0	2,357
Mr. Sharad Sathe	25,000	0	0	25,000

Lock in of Minimum Promoters Contribution

Name	Date of allotment	Consideration (Rs.)	No. of Shares	Face Value (Rs.)	Issue Price (Rs.)	% of post issue	Lock in period
Mr. Vishwas Sharad Mahajan	30.07.2003	Capitalisation of Reserves	9,51,500	10	nil	9.18%	3 years
	30.07.2003	8,54,820.00	85,482	10	10	0.82%	3 years
			10,36,982			10.00%	
Mr. Uday Madhukar Kothari	30.07.2003	Capitalisation of Reserves	9,51,500	10	nil	9.18%	3 years
	30.07.2003	8,54,100.00	85,410	10	10	0.82%	3 years
			10,36,910			10.00%	
	Total		20,73,892			20.00%	

The above Promoters have vide their letter dated June 25, 2005 given their consent for lock-in as stated above. The minimum promoters' contribution shall be locked-in for a period of three years beginning from the date of allotment in the public issue. Shares issued last shall be locked in first. The balance Promoters Contribution shall be locked in as follows:

Name	No. of Shares	Face Value (Rs.)	Issue Price (Rs.)	% of post issue	lock in period
Mr. Vishwas Sharad Mahajan	7,88,625	10	Various	7.61%	1 year
Mr. Uday Madhukar Kothari	7,87,125	10	Various	7.59%	1 year
Total	15,75,750			15.20%	1 year

The entire pre-issue capital, other than that held by SIDBI Trustee Company Limited A/C National Venture Fund for Software and Information Technology Industry and that locked in as minimum promoters contribution shall be locked in for a period of one year from the date of allotment in this Issue.

Further any participation in the present issue by the promoters shall be locked in for a period of one year from the date of allotment in the Issue.

The Promoter, Promoter Group or the Directors have not purchased or sold any Equity Shares during a period of six months preceding the date on which the Prospectus is filed with ROC.

c. Pre-issue & post-issue shareholding pattern:

Category	Pre Issue		Post Issue	
	Shares	%	Shares	%
<i>Promoters</i>				
Mr. Vishwas Sharad Mahajan	18,25,607	26.73%	18,25,607	17.61%
Mr. Uday Madhukar Kothari	18,24,035	26.71%	18,24,035	17.59%
Sub-total (a)	36,49,642	53.45%	36,49,642	35.20%
Promoter Group				
Individuals				
Mrs. Smita Mahajan	258	0.00%	258	0.00%
Mrs. Manisha Kothari	16,761	0.25%	16,761	0.16%
Mr. Jayant Madhukar Kothari	3,143	0.05%	3,143	0.03%
Mr. Mahesh Mutalik	2,357	0.03%	2,357	0.02%
Mr. Sharad Sathe	25,000	0.37%	25,000	0.24%
Sub-total (b)	47,519	0.70%	47,519	0.46%

Category	Pre Issue		Post Issue	
	Shares	%	Shares	%
Promoter Group's Total Shareholding [(a)+(b)] = (A)	36,97,161	54.14%	36,97,161	35.66%
SIDBI Venture Capital Limited	17,14,285	25.10%	7,14,285	6.89%
Others	14,17,215	20.75%	14,17,215	13.67%
Public	0	0.00%	45,38,462	43.78%
Sub total (B)	31,31,500	45.86%	66,69,962	64.34%
Grand Total [(A)+(B)]	68,28,661	100.00%	1,03,67,123	100.00%

d. Buyback and Standby arrangement

There is no "buy back" or "stand by" arrangement for purchase of Equity Shares by the Company, its Promoters, Directors, or Lead Managers for the Equity Shares offered through this Prospectus.

- e. An over subscription to the extent of 10% of the net offer to the public shall be retained for the purpose of rounding off to the nearest integer of minimum allotment amount.
- f. The Company has not raised any bridge loan against the proceeds of this Issue.
- g. The Equity Shares offered through this Public Issue will be fully paid up.
- h. 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. 1,00,000/-. The remaining 50% of the offer to the public is reserved for individuals applying for Equity Shares of a value more than Rs.1,00,000/- and corporate bodies / institutions etc. Unsubscribed portion in either of these categories shall be added to the other category interchangeably.
- i. Top ten shareholders as on date of filing of the Prospectus with ROC

Name	No. of Shares
Mr. Vishwas Sharad Mahajan	18,25,607
Mr. Uday Madhukar Kothari	18,24,035
SIDBI Trustee Company Limited A/c National Venture Fund for Software and Information Technology Industry	17,14,285
Mr. Uday Madhukar Kothari *	4,50,000
Holden Medical Pvt. Limited	2,77,500
Mr. Anand Khandekar	1,15,714
Mr. Ranjit Thakur	83,571
Mr. Bharat Swatantran	64,429
Mr. Abhijit Gole	26,286
Mr. Sharad Sathe	25,000
Mr. Shreekant Bhagwantrao Joshi	25,000
Mr. S Ravi	25,000
Total	64,56,427

**Held in his capacity as a Trustee of Compulink Systems Limited ESOP Trust*

Top ten shareholders 10 days prior to the date of filing of the Prospectus with ROC.

Name	No. of Shares
Mr. Vishwas Sharad Mahajan	18,25,607
Mr. Uday Madhukar Kothari	18,24,035
SIDBI Trustee Company Limited A/c National Venture Fund for Software and Information Technology Industry	17,14,285
Mr. Uday Madhukar Kothari *	4,50,000
Holden Medical Pvt. Limited	2,77,500
Mr. Anand Khandekar	1,15,714
Mr. Ranjit Thakur	83,571
Mr. Bharat Swatantran	64,429
Mr. Abhijit Gole	26,286
Mr. Sharad Sathe	25,000
Mr. Shreekant Bhagwantrao Joshi	25,000
Mr. S Ravi	25,000
Total	64,56,427

**Held in his capacity as a Trustee of Compulink Systems Limited ESOP Trust*

Top ten shareholders as on two years prior to the date of filing of the Prospectus with ROC

Name	No. of Shares
Mr. Vishwas Sharad Mahajan	18,80,607
Mr. Uday Madhukar Kothari	18,79,035
SIDBI Trustee Company Limited A/C National Venture Fund For Software And Information Technology Industry	10,00,000
Holden Medical Pvt Limited	2,77,500
Mr. Bharat Swatantran	64,429
Mr. Ranjit Thakur	23,571
Mr. Vilas Jain	18,071
Mrs. Manisha Uday Kothari	16,761
Mr. Anand Khandekar	15,714
Mr. Pankaj Jalote	15,714
Total	51,91,402

- j. As on the date of the Prospectus, there are no outstanding financial instruments or any other right, which would entitle the existing Promoters or shareholders, or any other person any option to receive Equity Shares after the offering other than ESOPs.
- k. The Company has an **Employee Stock Option Plan**. The details are as given below

The Board of Directors at their meeting held on February 14, 2004, approved an Employee Stock Option Plan (ESOP). The Scheme was introduced to provide equity-based incentives to present and future employees and directors of the Company (excluding the Promoter Directors) and its subsidiaries. The scheme is administered through a Trust. The Trust has purchased 4,50,000 equity shares of Rs. 10/- each by utilizing a loan of Rs. 45.02 Lakhs granted by the Company. In accordance with the ESOP Scheme, the Company presently has set aside 4,50,000 stock options to the employees of the Company. Any further fresh issue of Equity Shares under ESOP Scheme by the Company shall be in conformity with the SEBI (ESOS and ESOS) Guidelines, 1999. The Company had initially granted 1,24,950 stock options. During the year 2004-2005, the Company granted a total of 53,000 stock options and 50,900 stock options had lapsed. As on date, a total of 1,22,700 stock options are outstanding.

The Particulars of Options granted under the pre-existing ESOP Scheme of the Company are as under:

Sr. No.	Particulars	Table A Position as on (FY2003-04)	Table B Position as on (FY2004-05)	Table C Position as on (FY-2005-06) Year To Date	Table D Cumulative Position as on September 30, 2005
1	Options granted to purchase Equity shares	1,24,950	53,000	12,500	1,90,450
2.	Pricing Formula	Face Value	Face Value	Face Value	Face Value
3	Option Vested	NIL	NIL	NIL	NIL
4	Options Exercised	NIL	NIL	NIL	NIL
5	The Total Number of Shares arising as a result of exercise of Option	NIL	NIL	NIL	NIL
6	Options Lapsed	NIL	50,900	16,850	67,750
7	Variation of Terms of Option	NA	NA	NA	NA
8	Money Realised by Exercise of Options	NIL	NIL	NIL	NIL
9	Total Number of Options in force	1,24,950	1,27,050	1,22,700	1,22,700
10	Employee wise details of options granted to :				
	i) Senior Managerial Personnel:				
	Mr. Alhad Shevde			10,000	1,0000
	Mr. Jai Samtani		10,000		1,0000
	Mr. Nitin Shende	1,500			1,500
	Mr. Parag Athawale	7,500			7,500
	Mr. Sambasivan S		10,000		10,000
	Mr. Satchit Sahasrabuddhe	5,000			5,000
	Mr. Sanjay Sakat		5,000		5,000
	Mr. Shekhar Parnerkar		7,500		7,500
	Ms. Shilpa Tendulkar	500			500
	Mr. Sudhakar V	2,500			2,500
	Mr. Umesh Palwankar	6,000			6,000
	Mr. Vinayak Kulkarni	6,000			6,000
	Mr. Yashodhan Jog	3,000			3,000
	ii) Employees who received grant in any one year of option amounting to 5% or more of option granted during that Year	NA	NA	NA	NA
	iii) Employees who were granted option during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	NA	NA	NA	NA
11.	Diluted Earnings Per Share pursuant to Issue of Shares on Exercise of Options Calculated in accordance with Accounting Standard (AS) 20 Earnings Per Share	NA (as the Shares have already been allotted to the ESOP Trust)	NA (as the Shares have already been allotted to the ESOP Trust)	NA (as the Shares have already been allotted to the ESOP Trust)	NA (as the Shares have already been allotted to the ESOP Trust)
12.	The disclosure pursuant to Clause 12.1(l) (m) and (n) of SEBI(ESOS and ESPS) Guidelines 1999	NA	NA	NA	NA
13.	The disclosure pursuant to Clause 15.3 (a),(b) and (c) of SEBI(ESOS and ESPS) Guidelines 1999	NA	NA	NA	NA

I. Shares Issued for consideration other than cash

On November 11, 1999, the Company issued 6,21,090 bonus shares to “A” type shareholders in the ratio of 9 bonus shares for every 2 Equity Shares held in the Company by capitalization of Rs. 62,10,900/- from the Free Reserves. On March 31, 2000, the Company issued 3,99,055 bonus shares to “A” type shareholders in the ratio of 1 bonus share for every 2 Equity Shares held in the Company by capitalization of Rs. 39,90,550/- from the Free Reserves. On July 30, 2003, the Company issued 25,68,510 bonus shares in the ratio of 2 bonus shares for every 1 Equity Share held in the Company by capitalization of Rs.2,56,85,100/- from the Free Reserves.

An agreement dated March 1, 1996 (“the Agreement”) was entered into between the Compulink Systems Private Limited (“therein the Transferee”) and Compulink Systems, a partnership firm of the Promoters, Mr. Vishwas Mahajan and Mr. Uday Kothari (“therein the Transferors”), for transfer of transferors business including but not limited to its assets, liabilities and properties to the transferors, on a going concern basis at book value. In terms of the Agreement 24,000 equity shares of face value of Rs. 10/- were allotted on August 20, 1996 and 75,980 Equity Shares with a face value of Rs. 10/- each were allotted on March 29, 1997 to the partners Mr. Vishwas Mahajan and Mr. Uday Kothari in equal proportion.

- m. The Equity Shares held by persons other than the Promoters, prior to the Issue, which are locked-in may be transferred to any other person holding Equity Shares which are locked in subject to continuation of lock-in in the hands of the transferees for the remaining period and compliance of SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997 as applicable.
- n. The Equity Shares to be held by the Promoters under lock-in period shall not be sold/hypothecated/transferred during the lock-in period. However, the Equity Shares may be transferred amongst Promoter/Promoter group or to a new Promoter or persons in control of the Company, subject to continuation of lock-in in the hands of the transferees for the remaining period and compliance of SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997 as applicable.
- o. The Company has not issued any shares out of revaluation reserves.
- p. 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.
- q. 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 Equity Shares or further issue of Equity Shares (including issue of securities convertible into 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.
- r. 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 SEBI from time to time.
- s. No single applicant can make an application for number of shares, which exceeds the number of shares offered.
- t. The Company has 91 shareholders as on the date of filing this Prospectus with the ROC.

u. Shares issued in the last one year

Name	Date	No of Shares	Issue Price (Rs.)	Reason
SIDBI Trustee Company Limited A/c National Venture Fund for Software and Information Technology Industry	May 17, 2005	7,14,285	42	Conversion of 3,00,000 9% Optionally Convertible Cumulative Preference shares of Rs.100/- each
Total		7,14,285		

VI. OBJECTS OF THE ISSUE

The Objects of the Issue are

A. to raise financial resources for

- I. Product Development
- II. International Marketing
- III. Repayment of Term Loans
- IV. Additional Working Capital
- V. Contingency

B. To get Compulink's shares listed on BSE and NSE and meet expenses of the Issue.

Compulink will not receive any proceeds of the Offer for Sale of Equity Shares made by the Selling Shareholders.

The main objects clause and objects incidental or ancillary to the main objects of the MoA of the Company enable it to undertake its existing activities and the activities for which the funds are being raised through this Issue.

REQUIREMENT OF FUNDS

The total estimated requirement of funds is as follows :

(Rs. in Lakhs)

Sr. No.	Description	Total
I.	Product Development	186.79
II.	International Marketing	986.98
III.	Repayment of Term Loans	825.00
IV.	Incremental Working Capital	250.00
V.	Contingency	200.00
VI.	Public Issue Expenses	200.00
	Total	2,648.77

FUNDING PLANS (MEANS OF FINANCE):

The above fund requirement is proposed to be met through the following funding plan:

(Rs. in Lakhs)

Sr. No.	Description		Total
I	PROCEEDS FROM THE PRESENT IPO		
	Equity Shares of Rs.10 each at issue price of Rs.60		
	Share Capital	353.84	
	Share Premium	1769.23	
			2123.07
II	INTERNAL ACCRUALS		525.70
	TOTAL		2,648.77

In case of shortfall in issue proceeds, the Issuer Company shall fund the Project through its internal accruals

Appraisal: The fund requirement has not been appraised by any external agency and as such all the future requirements are based on the management estimate.

COST OF PROJECT DETAILS

Compulink has some proprietary intellectual property that needs to be upgraded constantly in order to stay ahead. Also the products and services have immense potential and needs to be marketed properly.

(I) Product Development

The Company intends to expand its Whizable product suite by doing further Research and Development on the WHIZ framework and building solutions to address the needs of Service Centric Organisations in specific verticals.

To sustain and enhance its competitive edge, the Company has earmarked Rs 67.84 lakhs towards research and development on WHIZ Framework, which will enable the Company to upgrade its existing products and help build new applications which shall address new verticals in the Service Centric Organisations.

The Company has already designed a solution for Engineering Design Services Vertical and has envisaged an outlay of Rs 51 lakhs to develop the same and launch in the FY 2005-06.

For upgrading the current suite of products i.e. Whizable SEM and Whizable ProjectByNet, the Company shall deploy Rs 67.95 lakhs during the FY 2005-06. The said costs will be invested in developing additional modules and functionalities to cater to the needs of IT Services Vertical and Corporate IT Services Vertical.

The said funds shall be deployed for the following:

(Rs. in Lakhs)	
Particulars	Amount
Framework	67.84
New Applications Development	51.00
Existing Product Upgradation	67.95
Total	186.79

The above outlays primarily cover the following nature of expenses:

- a. Specific Hardware and Software for Development and Testing Environment
- b. Salaries, Training and incidental expenses of the Software Development team
- c. Professional fees of domain experts

(II) International Marketing

The success in selling solutions for Services Execution Management in the Indian market coupled with initial customers in select international locations have vindicated the acceptability of Whizable Suite of products.

To achieve its mission to be among leading SEC solution – providers in the market, the Company has planned to build upon initial success and execute the International Sales and Marketing efforts by adopting the following strategy:

- a) Focusing on niche verticals in Services Centric Organization Segments.
- b) Acquiring Target Clients in the chosen verticals in chosen geographies.
- c) Expanding and managing the global expansion by setting up wholly owned subsidiaries in strategic locations.
- d) Creating and strengthening the Channel Partner Network and Strategic Alliances.

The Company has earmarked an amount of Rs.986.98 lakhs for the purpose of international marketing.

Focusing on Niche Verticals in SCO's segments

The Services sector is one of the fastest growing sector of the economy world over. The manner in which professional services are getting delivered and the phenomena of Outsourcing of services is now expanding from IT and related services to other service verticals. Manufacturing companies are increasingly relying on related service offerings and compete on service differentiators.

Currently the Whizible SEM and Whizible ProjectByNet meets the requirements of Service Centric Organizations in IT Services Vertical.

Through its Scalable and Flexible Solution Architecture the Company plans to market application for the engineering services vertical in FY 2005-06 in the domestic and international markets.

Additionally, Company will seek out high potential and high growth verticals and provide solutions for them.

Acquiring Target Customers

Compulink intends to Acquire Target Customers in the chosen verticals and geographies. Compulink's strategy is to target small and mid sized global service – centric organizations. Global mid – market enterprises are generally defined as companies with revenues ranging from US\$ 20 million to US\$ 500 million or its purchasing power parity equivalent in chosen geographies.

The rationale for focusing on mid market service-centric organisations is because Whizible Suite of products provides maximum advantage to these size of organizations. These companies often lack an effective and efficient way by which to track and optimize the use of their most precious resource – their people. By providing an effective way to utilise its personnel in the context of projects, service-based enterprises can achieve higher returns in the business. Also, through Whizible Suite of products, service-centric enterprises can leverage the knowledge that is generated while executing projects. Achieving effective collaboration amongst all the stakeholders, internal and external to the organization, has been sited as providing largest benefit on account of usage of Whizible Suite of products. It has become a source of competitive advantage and differentiation.

The key to Compulink's success shall be focusing and addressing the needs of small and mid sized global service – centric organizations.

The Company targets small and medium size organizations in order to help them grow and in turn grow with them by providing them with cost effective and customized solutions. Compulink's products have already proved that they are scalable, through successfully providing solutions to its clientele.

Managing Global Expansion

Compulink already has subsidiaries in the US and UK. It further intends to manage its global expansion by setting up subsidiaries in other strategic locations. The Company has planned to address the market through setting up some more Wholly Owned Subsidiaries in strategic locations.

The objective and functions of these subsidiaries are / shall be as follows:

- Direct Selling to create initial customers in regions and supporting these customers.
- Developing and managing a network of business partners and strategic alliances in the region
- Marketing and brand building including participation in tradeshows / business events in the region.

The Company plans to execute its global sales and marketing strategy through strategic investments in wholly owned subsidiaries in Europe, US and in Singapore during FY 2005-06 and other places in the future. Presently the form of investment in subsidiaries has not been finalized.

Creating and Strengthening the Channel Partner Network and Strategic Alliances

Compulink has a channel partner network that has given the partner the right to distribute, including market, advertise, promote, implement, resell and support a product, and grant end user licenses in a particular territory.

The agreements are signed with firms generally in the business of consulting, training and development services in information technology and information technology enabled services. The partner is allowed to distribute the product under the trade name of the product and is given a personal, non-exclusive, non-transferable, and non-assignable license to use the trademarks during the term of the agreement.

In turn Compulink is obligated to enhance the product on a regular basis, provide updates, technical support, provide reasonable marketing support to the partner's marketing efforts, provide certain number of days of training, host demonstration for the product, host customer evaluations.

The partner is obligated to successfully market the product, secure orders, handle enquiries and comply with all laws and regulations and good business practices. The partner is to also provide customers and potential customers with business requirement analysis, product configuration, system integration and training.

The Company plans to strengthen Channel Partner Network and enter into strategic alliances in the area of product development, product marketing and distribution and technology. These may be managed by the Company or the subsidiaries depending upon the locations. Presently, Company is working with three Channel partners in three Countries, namely Hong Kong SAA (China), UAE and USA.

The Company envisages the total costs of international sales and marketing programs to be Rs. 986.98 Lakhs. The said funds shall be deployed as follows:

(Rs. in Lakhs)

Particulars	Amount
Subsidiaries Operations	761.98
Market Research	45.00
Branding and Positioning	45.00
Sales Packaging and Promotion	135.00
Total	986.98

(III) Repayment of Long Term Loans

The Company has been sanctioned a term loan of Rs 1001.67 Lakhs and currently the balance outstanding as on 30th September, 2005 is Rs.806.29 Lakhs. The Company shall be approaching the lender after the completion of this Issue for pre-payment of the above loan. The loan agreement provides for payment of pre-payment penalties and the Company may opt to pay such excess amount.

(IV) Additional Working Capital

The major component of the Company's working capital is Sundry Debtors. Based on the past trends, the future requirements of the net working capital have been estimated at Rs. 250.00 Lakhs. Since the total debtors days are 175 and creditor days are 60. In order to meet this gap and manage its liquidity the company needs additional working capital. Due to long sales and implementation cycles in the product business and further expansion in operations in the international market, the Company estimates the above additional working capital. As per the current estimates the net working capital requirement would be in the region of Rs. 675 lakhs. Of this 400 lakhs has already been tied up with the Saraswat Co-operative Bank, the balance will be met with the proceeds of the Public Issue.

(V) Contingencies

The Company has estimated Rs 200 lakhs towards contingencies, which would be utilized to mitigate any shortfall in estimating the outlays envisaged in Product Development and International Marketing and any other contingency.

(VI) IPO and Preliminary Expenses

The Company proposes to issue 35,38,462 fresh Equity Shares of the face value of Rs. 10/- each in the present Issue. The Selling Shareholder is making an offer for sale of 10,00,000 equity shares of face value of Rs. 10/- each. The expenses on the IPO have been estimated at Rs. 200.00 lakhs representing 7.34% of the Issue size as per the details given below:

(Rs in Lakhs)

Sr. No.	Description	Total
1	Lead Managers Fees	45
2	Registrar's Fees	4
3	Legal Fees	4
4	Advertising Expenses	35
5	Other Expenses (incl. Filing Fees, Listing Fees, Depository Charges, etc.)	102
6	Miscellaneous Expenses/ Contingencies	10
	TOTAL	200

DETAILS OF BALANCE FUND DEPLOYMENT

The Company has spent an amount of Rs. 107.21 lakhs as on September 30, 2005. The remaining amount of Rs. 2541.56 lakhs is proposed to be incurred by the Company in the fiscal 2006 and fiscal 2007. The quarter-wise break-up of the fund deployment is as follows:

(Rs. in Lakhs)

Sr No	Description	Fiscal 2006				Fiscal 2007		
		Apr -Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul - Sep	Total
I	PRODUCT DEVELOPMENT							
	Framework	6.49	6.86	20.44	34.05	-	-	67.84
	New Application Development	7.35	9.15	34.50	-	-	-	51.00
	Upgradation of Existing Products	5.00	3.50	20.40	20.40	18.65	-	67.95
	Sub-total	18.84	19.51	75.34	54.45	18.65	-	186.79
II	INTERNATIONAL MARKETING							
	Subsidiaries	28.91	12.50	139.02	158.56	170.80	252.19	761.98
	Market Research			45.00	-	-	-	45.00
	Branding & Positioning			15.00	30.00	-	-	45.00
	Product Packaging and Sales Promotion			33.25	34.25	33.25	34.25	135.00
	Sub-total	28.91	12.50	232.27	222.81	204.05	286.44	986.98
III	REPAYMENT OF TERM LOAN	-	-	825.00	-	-	-	825.00
IV	GENERAL CORPORATE EXPENSES	-	-	62.50	62.50	62.50	62.50	250.00
V	ADDITIONAL WORKING CAPITAL	-	-	66.67	66.67	66.66	-	200.00
VI	IPO EXPENSES	12.40	15.06	172.54	-	-	-	200.00
	Total	60.15	47.07	1433.72	406.43	351.86	348.94	2648.77

SCHEDULE OF IMPLEMENTATION

Activity	Start Date	End Date
PRODUCT DEVELOPMENT		
Framework	Commenced April 2005	March 2006
New Application Development	July 2005	December 2005
Upgradation of Existing Products	April 2005	June 2006
INTERNATIONAL MARKETING		
Subsidiaries	Commenced in April 2005	September 2006
Market Research	October 2005	December 2005
Branding & Positioning	July 2005	March 2006
Product Packaging and Sales Promotion	October 2005	September 2006

FUNDS DEPLOYED

The total amount spent towards the objects of the Issue upto September 30, 2005 is Rs. 107.21 lakhs as certified by M/s. Sanjiv Katkar & Associates, Chartered Accountants, Pune vide their letter dated October 25, 2005. The details of the amount spent are given below:

(Rs. in Lakhs)

Sr. No.	Description	Total
I	Investment in Subsidiaries	41.41
II	Product Development	38.34
III	Public Issue Expenses	27.46
	Total	107.21

SOURCES OF FINANCING OF FUNDS ALREADY DEPLOYED

The deployment of funds were made from own resources / internal accruals of the Company.

INTERIM USE OF FUNDS

Pending utilization of funds as stated above, the Company intends to invest the proceeds of this Issue in high quality, interest / dividend bearing short term / long term liquid instruments including deposits with banks for the necessary duration. These investments would be authorised by the Board or a duly authorised committee thereof.

MONITORING AGENCY

The Saraswat Co-operative Bank Limited has been appointed as the monitoring agency to monitor the utilisation of funds.

VII. BASIC TERMS OF ISSUE

The Equity Shares being offered are subject to the provisions of the Companies Act, 1956, the Memorandum and Articles of the Company, the terms of this Prospectus, Application Form and other terms and conditions as may be incorporated in the Allotment Advice, and other documents / certificates that may be executed with in respect of the Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, Government of India, Stock Exchanges, The Government of the State of Maharashtra, RBI, ROC and / or other authorities, as in force on the date of the Issue and to the extent applicable.

BASIS FOR ISSUE PRICE

Investors should read the following summary with the Risk Factors included from page number vi to xiv and the details about the Company and its financial statements included in this Prospectus. The trading price of the Equity Shares of the Company could decline due to these risks and you may lose all or part of your investments.

Qualitative Factors

1. The Promoters are professionals within the industry, having domain and technical expertise and wide experience in the area of business of the Company.
2. The Promoters have a long term vision and passion for the business.
3. The Company has a range of proven products in the niche areas of Services Execution Management.
4. The Company has presence in the USA and UK through wholly-owned subsidiaries.
5. The Company is further expanding its presence internationally to improve the marketing prospects of its products and services.
6. The Company has marketing arrangements with the channel partners for boosting sales.
7. Awards and certifications received by the Company reflect the Company's credentials and its track record.

Quantitative Factors

1. Earning Per Share (EPS)

Year Ended	EPS (Rs.)	Weight
31.03.2003	9.31	1
31.03.2004	3.57	2
31.03.2005	5.66	3
Weighted Average	5.57	

2. Price/Earning Ratio (P/E) in relation to Issue Price of Rs. 60/-

Based on the results of FY 2005, adjusted EPS is Rs.5.66 on Equity Share of face value of Rs. 10 each and the P/E Multiple is 10.60 times at an issue price of Rs. 60/-

3. Return on Net Worth (RONW)

Year Ended	RONW %	Weight
31.03.2003	26.07	1
31.03.2004	23.81	2
31.03.2005	25.54	3
Weighted Average	25.05	

4. **Minimum Return on Increased Net Worth required to maintain pre-issue EPS of Rs. 5.66 is 17.05%**

5. **Net Asset Value (NAV) per share**

a. NAV as on March 31, 2005	Rs. 18.13
b. NAV as on September 30, 2005	Rs. 19.29
c. Issue Price	Rs. 60.00
d. NAV after the Issue	Rs. 31.51

Note:

Net Asset Value Per Share = Equity Share Capital plus Reserves & Surplus excluding revaluation reserve less Miscellaneous Expenditure to the extent not written off /No. of Equity Shares

6. **Comparison with Peer Group**

The Company is in the business of software products and services catering mainly to the Services Execution Management space. There are no comparable listed companies and hence comparison with peer group is not given.

7. **The Face Value of the Equity Shares is Rs.10/- per Equity Share and the Issue Price is 6 times of the Face Value.**

The Lead Manager believes that the Issue Price of Rs. 60/- is justified in view of the above qualitative and quantitative parameters. The investors may want to peruse the risk factors and the financials of the Company including important profitability and return ratios, listed out in the Auditors' report in Financial Information of the Prospectus to have a more informed view of the investment proposition.

TAX BENEFITS

The Tax benefits available to the Company have been mentioned under the Annexure IX of the Auditors Report mentioned on page no. 87.

D. ABOUT THE ISSUER

Compulink is in the business of providing solutions, both products and services, for service centric organisations. The Company uses its own proprietary software platform, the “WHIZ Framework” to make most of its software based on this tried and tested platform. This reduces the downtime to make the product and install it. The Company is focusing on its products and suite of productized services where the revenue is more and captive.

Compulink is a Company focused on providing IP based solutions in the Services Execution Management space. The portfolio of offerings include

- Whizable range of products for target verticals
- Services based on the WHIZ framework and
- Training and Consulting services.

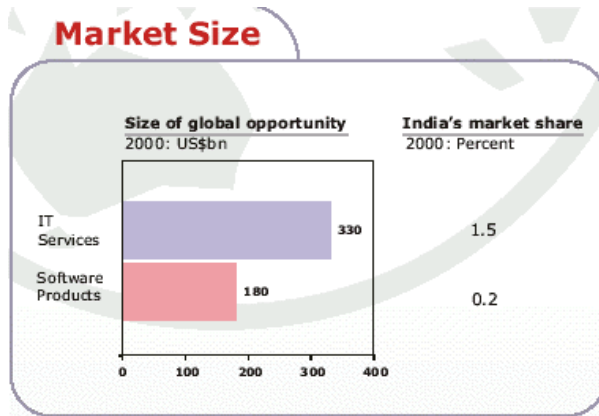
The Company has licensed its products to over 75 well known Service Centric Organizations and has a licensed user base of over 29,000 users

Compulink is a SEI CMM Level 4, ISO 9001: 2000 Company and a Microsoft Certified Partner. Compulink is also recipient of several industry awards and recognition for innovation.

Compulink operates currently in India and through its subsidiaries in UK and US. It also operates through Channel Partners in Middle East and Hong Kong.

I. ABOUT THE INDUSTRY

The Global IT Industry



The Global IT Industry consist of IT Services and Products

India as a country has been able to successfully position itself in the software market. Its market share in the software and enabled services has been on a good ramp up. While India's share in the IT and Enabled Services Market was 1.5% , its share in the Software Products space is much lower at 0.2%

Source: NASSCOM

This is an opportunity which Indian companies can leverage on global scale.

Market Size and Growth

According to IDC estimates, the worldwide market for outsourced engineering was worth USD 69.8bn in 2001 and is forecast to grow at a five year CAGR of 12.2 percent to reach USD 123.9 billion in 2006. The US engineering BPO market alone was valued at USD 35.7 billion in 2001 and is expected to grow at a CAGR of 12.3 percent to reach USD 63.7billion by 2006.

A report by Aventus (focused largely on the engineering design space), released in 2003, valued the worldwide opportunity in engineering services at USD 7 billion. The study further noted that there was a growing interest in offshoring these services and estimated that 20 percent of the value was being outsourced to third party vendors in countries such as India, Taiwan and China. While no subsequent study seems to exist in the public domain, inputs from industry sources indicate a higher figure for the market potential – with the addressable market growing with increasing offshore penetration.

However, these estimates are primarily focused on the design engineering and address only a part of the market potential for engineering services. The potential for process engineering, plant automation and enterprise asset management services lies relatively unexamined. Industry estimates peg the market potential for process engineering, asset management and industrial embedded systems at over USD 5 billion – taking the total outsourced / offshore market potential to approximately USD 12 billion.

Case for IT Product business

The global software product market unleashes a multitude of opportunities to embark on a new journey with reinvigorated sense of purpose to be bellwether of the industry. The Indian software and services industry's strong value proposition – low development costs, large development skill pool, mature quality control systems, proven offshore model and growing domain skills continue to hold India in good stead in the product development space.

As per NASSCOM-McKinsey analysis, the product and technology services opportunity is poised for rapid growth and could reach US\$8-11 billion by 2008. In the product arena, the emergence of interoperability standards and customer resistance to "bundled functionality" will open a new window for smart "component type" product development and integration for Indian companies.

Services as a Sector of Economy

The services are the largest and fastest growing segment of the economy world over. A traditionally agrarian economy like India is also no exception to this. Professional services constitute a large chunk of this. The key aspect of professional services is its ability to convert the skills and knowledge of its employees into value added 'deliverables'. These deliverables vary depending on the nature of the business. IT Service organizations delivering 'software code', EDC's (engineering

design center) delivering 'drawings', translation companies delivering 'translated documents'; can be examples of these deliverables.

Paradigm Shift in Service Execution

Globalization, Deregulation and Technological innovation fundamentally changed the way the Services- Centric Organizations (SCO's) around the globe function and compete. Phenomena such as 'Outsourcing' have created 'paradigm shift'. The ability to compete and succeed in such competitive environment, SCO need tools that enable them to make better decisions, avoid costly mistakes due to lack of information, and give their customers, partners and employees a better insight into organizational performance.

Product-oriented (Manufacturing) businesses have traditionally reaped the benefits of using software solutions designed to improve their operational effectiveness, service-oriented organizations have been forced to manage their business operations using pen & paper methods and a combination of homemade desktop solutions and spreadsheets applications that were never intended to meet their unique business needs.

Emergence of Services Execution Management space

The above pressing needs of service – oriented organizations led to an emergence of new and powerful web-based application software called Services Execution Management (SEM). It is an integrated family of applications designed for services based organizations that enable the people engaged in providing services to become more productive and profitable, by increasing on the job efficiency through increased employee utilization and integrated knowledge management. SEM aims to provide extended, integrated support for the functions involved in running a Services Delivery Organization. Services Execution Management (SEM) is primarily composed of Project Management (PM) and Enterprise Resource Planning (ERP) capabilities. The focus of SEM is on resource management (or human capital) like time, knowledge, skills and business relationships, as opposed to simple task management. As the solutions are built on several different aspects of project, resource, and business management. The global delivery phenomenon has also given rise to the need to adhere to Quality Processes and manage Metrics or quantitative data relating to performance of service delivery organization.

Growth Prospects of Classical IT Services Business

The overall pricing pressure for the IT services is definitely easing; however there won't be any significant improvement to the current blended billing rates for most of the Indian IT services' companies (IITSCs). The modest to steady rate of revenue growth, would be a function of better utilization rates, through ramping up of programmer strength, as a result the growth in revenues in the short to medium term would come through from volumes. The long term attractiveness of the sector in terms of offering quality services at low cost, earnings upside from increased outsourcing, with offshore outsourcing going main stream and consequent optimum utilization of offshore assets, would help the return ratios to sustain at the current levels.

The key strategic drivers for the Indian IT services sector are as follows:

- Providing end-to-end solutions, which effectively means increasing the breadth and width
- Proactively setting up of proximity development centres and disaster recovery centres Alliances with (or acquisition of) global technology/consulting firms are being considered
- Strike rate of winning clients has to increase and ramp up of projects discounts are critical
- Cost management by weeding out flab by cutting general and administrative expenses
- Acquisition of niche boutique product companies will facilitate to jump start operations
- Finally modus operandi of project execution will decide the earnings trajectory,

The optimism for the IT Sector is stemmed from that as "time to market" shrinks.... growth will accelerate

Most of the globally leading companies in mobile communications, computer hardware, consumer electronics, signaling equipments, avionics, semiconductors, telecom service providers, power utilities and equipment manufacturers are looking at India to outsource designing, application development, customization and maintenance requirements; to not only bring down costs structure but also to hasten the time to market for their end products at competitive prices.

Technological evolution.... lead to complexities.... trigger outsourcing. Though time to market pressures might be less at this point of time, however technologies are constantly evolving and the time gap between each stage of development is fast shrinking. As enterprises adds new layers of architecture (over the existing ones), not only does the role of existing services like integration and migration activities increase substantially, but new services are also getting concurrently added. Our finding is as the enterprise boundaries gets breached, with processes getting real time and with the number of users and access devices keeps increasing constantly, would lead to the complexity of architecture to increase. The proliferation and complexity of the network environments are forcing global corporations to outsource services like application development and network management.

As a consequence of this evolution, the demand for IT services would increase driven by the increasingly complex IT infrastructures, which have now become a necessity for corporates to compete effectively is already leading to deluge in offshore outsourcing. Visible improvement in the outsourcing environment the end customer confidence have returned on a sustained basis, which will trigger to increased outsourcing, consequently leading to an improvement in the revenue growth for IITSC's. In the interim the global corporations will test check by giving small modules of large job or by giving low-end legacy maintenance or combination of both. In the domestic market, computerization and networking of banks, insurance and utilities and government departments at various levels would drive the growth for IT services. Besides, intense global competition would also force Indian corporations across verticals to step up investments in hardware and software, which will step up the growth momentum.

..... Loosening of discretionary spending would benefit the Indian tech companies

The cut back in discretionary spending by many of the US corporations led to the slowdown between 2001 – 2003 however with the reversal in trend and there is a strong possibility of IITSCs able to tap up demand for IT services from US, Europe and Asia Pacific. The following table will give us the size of Indian IT services' market

i. Table: 5 Size of the Indian IT services market

	Total revenues			Overseas revenues			Domestic revenues		
	US\$ bn	Rs bn	Growth	US\$ bn	Rs bn	Growth	US\$ bn	Rs bn	Growth
CAGR (2001 – 2005)	24.9%			26.2%			21.7%		
FY2005E	16.5	741.3	26.5	12.2	548.1	30.1	4.3	193.2	17.2
FY2004	12.8	586.0	22.3	9.2	421.2	22.6	3.6	164.8	21.7
FY2003	9.9	479.0	15.8	7.1	343.5	16.6	2.8	135.5	14.0
FY2002	8.7	413.5	8.8	6.2	294.7	3.4	2.5	118.8	25.1
CAGR (1997 – 2001)	43.9%			61.5%			44.3%		
FY2001	8.3	380.0	55.7	6.2	285.0	66.2	2.1	95.0	31.0
FY2000	5.6	244.0	53.6	3.9	171.5	56.8	1.7	72.5	46.5
FY1999	3.8	158.9	58.3	2.6	109.4	67.5	1.2	49.5	41.0
FY1998	2.5	100.4	59.1	1.7	65.3	67.4	0.9	35.1	45.6
FY1997	1.8	63.1	50.6	1.1	39.0	54.8	0.7	24.1	44.3
CAGR (1992 – 1996)	53.7%			55.6%			51.1%		
FY1996	1.3	41.9	60.8	0.8	25.2	64.2	0.5	16.7	56.1
FY1995	0.8	26.1	51.9	0.5	15.4	50.5	0.3	10.7	54.0
FY1994	0.5	17.2	47.2	0.3	10.2	51.1	0.2	7.0	41.8
FY1993	0.4	11.7	55.3	0.2	6.8	57.0	0.2	4.9	53.1
FY1992	0.3	7.5	57.9	0.2	4.3	72.0	0.1	3.2	42.2
CAGR (1988 – 1992)	43.9%			57.4%			32.1%		

Source NASSCOM

According to NASSCOM strategic review on the global IT spending, it is expected to grow at a 5.4%. The service wise growth prospects of IT industry till 2007 is given below.

Type of service (US\$ Million)	2002	2003	2004	2005	2006	2007	2002 – 3 Growth (%)	2002 – 7 CAGR (%)
IS Outsourcing	67357	71119	75506	80560	85979	91376	5.6	6.3
Network/Desktop Outsourcing	23311	24348	25569	27109	28851	30519	4.4	5.5
Application management	12237	13210	14267	15535	17002	18624	7.9	8.8
Infrastructure service providers	11537	13312	15572	18495	22071	26348	15.4	18.0
Application service providers	2328	2957	3780	4803	5929	7179	27.0	25.3
Sub Total — (a)	116770	124945	134695	146502	159772	174047	7.0	8.3

Project oriented services

Type of service (US\$ Million)	2002	2003	2004	2005	2006	2007	2002 – 3 Growth (%)	2002 – 7 CAGR (%)
System integration	64494	62414	63908	66711	70670	74847	(3.2)	3.0
IS Consulting	20825	20249	20466	21111	22082	23067	(2.8)	2.1
Network consulting & integration	20291	21296	22510	24097	26154	28353	5.0	6.9
Application development	18818	18421	18577	19016	19701	20389	(2.1)	1.6
Sub Total — (b)	124427	122380	125461	130935	138607	146656	(1.6)	3.3

Support & Training

Type of service (US\$ Million)	2002	2003	2004	2005	2006	2007	2002 – 3 Growth (%)	2002 – 7 CAGR (%)
Hardware & support	45156	44943	45097	46444	48231	49876	(0.5)	2.0
Software & support	44897	46791	49389	52954	57704	62754	4.2	6.9
Training & Education	18833	18524	18652	19135	20249	21479	(1.6)	2.7
Sub Total — (c)	108887	110258	113138	118533	126184	134109	1.3	4.3
Total (of a + b + c)	350084	357582	373294	395969	424562	454812	2.1	5.4

Source: (NASSCOM – Strategic Review – 2004)

According to NASSCOM, the future would see a more aggressive outsourcing and better business outlook, in software application development, which would focus on real life and high priority business problems. India has been recognized as a leading IT destination for offshore technology services. The Gartner Strategic Analysis report suggests India is going to remain a dominant offshore service provider in the foreseeable future. The NASSCOM KPMG report published in last year indicates that, Indian IT services market and IT enabled services export market are expected to grow by US\$ 49 bn by 2009, which would translate to a growth of 30% CAGR. The important factors that contribute to this growth are:

- A large pool of highly skilled English speaking engineering professionals
- High quality delivery capabilities, by having good process and project methodologies
- Accelerated delivery through round the clock execution for global corporations
- Enabling the corporations to save considerable cost on development & maintenance

Changing face of Services and opportunities :

In addition to the IT services, several areas and domains are emerging that use the same phenomena of services execution. An example of this is Engineering Design Services.

II. COMPANY'S BUSINESS

i. COMPANY'S VISION

- The Vision of the Company is to become a leading Intellectual Property (IP) led organization that provides breakthrough value proposition to its customers.
- Develop global product suite, which shall evolve to meet the growing needs of its customers and compete with the best around the globe.

ii. COMPANY'S MISSION

- Compulink intends to provide complete solutions including the product, the support, the consulting and required customization to its customers to enable them to get definite competitive advantage in their markets.

iii. COMPANY HISTORY :

Compulink Systems Limited, from 1996 to 2000, focused on providing 'Product Development Services' to small and medium sized software product companies. During this time, Compulink was involved in engineering of about 35 products meant for diverse industries. Apart from providing cash-flow in this initial stage, the most valuable benefit of this was Compulink's learning to convert a 'Concept to Design to Product to Package'. This is the experience very few companies can get.

From 2000 onwards, Compulink focused its efforts on creating and marketing its own products. Compulink chose the area of Services Execution Management, based on

- Its own experience in the domain
- Geometric growth prospects
- Ability to replicate the product in different verticals with minimal incremental effort
- Ready market of India with high growth Services Sector

In 2004, Company started taking steps to explore global markets and is now ready for global expansion.

STPI Unit: Company is registered as a 100% Export Oriented STPI Unit to enable it to avail the concessions offered by Govt.

Quality Certifications: Company has ISO 9001 Certification from TUV Sud Deutschland and is assessed at SEI CMM Level 4.

Industry Partnerships: Company is 'Microsoft Certified Partner' and 'Microsoft Project Partner'. This enables the Company to receive technical and marketing support from Industry Technology leader.

iv. MOVING UP THE VALUE CHAIN

Over the years, Compulink has grown up in the value chain from plain "services" to "products and services" and now to "products and productized services". These services can be availed only from the Company or one of its channel partners.

Its initial focus on 'Product Development Services' allowed creating of critical processes for product development and components that eventually became the building blocks of its products.

Its next phase of 'Own IP and Product Development and Marketing' allowed its customers to license its software for a fee while retaining the IP rights. The cost structure of the product licensing is based on the 'value' rather than 'cost' and this offers opportunities for non-linear growth.

The complementing Consulting Services and Development Services offer its customers a complete suite of services under one umbrella.

v. COMPETITIVE STRENGTHS OF THE COMPANY

Compulink believes that the following are its strengths that differentiate them from other companies:

1. **Intellectual Property Rights (IPR):** The Company provides products and productized services, which work on the principle of value-based structure and not on cost-plus structure.
2. **Infrastructure:** The Company has ready state of the art development centre at Rajiv Gandhi Infotech Park, Hinjewadi, Pune, which has current capacity to seat nearly 350 personnel and three other facilities which have the capacity to have total of over 150 personnel. The Company has additional land at Rajiv Gandhi Infotech Park to build premises that can accommodate over 1000 people.
3. Compulink has built its own 'WHIZ' framework consisting of components, which are reusable. It considerably reduces time to market, cost to market and optimizes the quality of the products. This also allows the Company the ability to quickly package a solution for a specific vertical.
4. Compulink offers its clients a portfolio of specialized products/ solutions addressing the needs of Service Centric Organisations which are well supplemented by focused consulting, implementation, training and support services.
5. **Strong management team:** The top management brings with them extensive and varied functional experience in the IT industry. The Key Managerial Personnel possess the requisite experience and knowledge to successfully manage global delivery model specific to IT Products business.
6. **Delivery model:** The development centre, have been assessed at SEI CMM Level 4 and received organisation-wide ISO 9001:2000 certification. Those help the Company in delivering services in a timely, consistent and accurate manner, maintain a high level of client satisfaction and focus on improvements in all aspects of delivery.
7. The Company has licensed its products to over 75 well known Service Centric Organizations and has a licensed user base of over 29,000 users. This is an important entry barrier for competition.

PRODUCTS AND SERVICES OFFERINGS

Compulink is a company focused on providing IP based solutions in the Services Execution Management space. The portfolio of offerings include

- Whizable range of products for target verticals
- Services based on the WHIZ framework; and
- Training and Consulting services

Whizable range of products for target verticals :

The current portfolio consists of

- Whizable ProjectByNet : for Mid size Service Centric Organizations in IT Services vertical
- Whizable SEM : For Large Size Service Centric Organizations in IT Services Vertical

In addition, products for additional verticals are under development / consideration. As per the Objects of the Issue, the Company plans to launch Whizable Engineering which shall be for Mid-Size Service Centric Organizations in engineering design Services vertical in FY 2005-2006.

Benefits of Using Whizable Suite of Products

Whizable Suite is an enterprise wide Services Execution Management solution with a number of key strategic benefits. It helps service centric organizations in target verticals to manage projects, processes and interactions between teams. It provides the critical information needed to take the customer's strategic goals to successful completion. It strives to execute distributed and remote projects, in compliance with quality processes and facilitates collaboration between client and project teams while fostering a structured project management discipline. It provides accurate, real-time information on the status of programs & projects, ensuring successful completion and customer satisfaction. It also ensures optimization of the key components of a knowledge organization like resource skills and knowledge database.

Some of the key strategic benefits provided by Whizible are:

- **Integrated Solution** to manage the different components of the clients operations – project management, process compliance, resource optimization and knowledge components.
- **Visibility** on the status of projects to internal stakeholders as well as your external stakeholders, the customers.
- **Productivity:** Reduces administrative overheads, leading to operational efficiency and productivity.
- **Competitive Edge:** Improved visibility and collaboration that enhance customer satisfaction.
- **Resource Optimization:** Manage your human resources – their time, skills and efforts, to achieve topline benefits.

Whizible is designed to fulfill the information needs of global services delivery organizations who are providing services and executing projects through multiple teams, which are often geographically dispersed. Some of the typical challenges before these service centric organizations are:

- Achieving collaboration between dispersed teams
- Isolated components of information systems which do not integrate seamlessly with each other
- Overcoming operational delays and overruns that affect profitability
- Critical information for business decision making has to be collated from disparate sources
- Customers expect information on the status of their projects in real time
- Providing the time and effort of human resources is not optimized
- Achieving quality process compliance and institutionalization is difficult in this complex matrix

Although there are a number of information systems in use within the organizations, the problems with most existing solutions are:

- Lack of integration across the enterprise
- Architecture does not lend itself to scalability
- Lack of real time accurate information
- Security & confidentiality issues
- High cost in enhancing the solution to keep pace with the business expansion

Whizible Suite of Products deliver a solution to all these issues. It is an enterprise wide Services Execution Management solution with a number of key strategic benefits.

Components of Whizible :

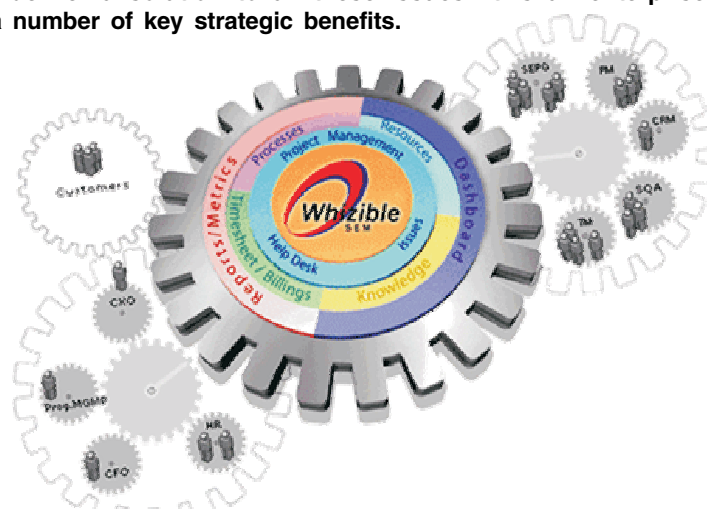


Diagram showing Components of Whizible

The various modules that are offered under Whizible Suite of Products are

e-Dashboard

eDashboards provide an integrated view of customer's work environment, up to the organisation level and down to individual contributors. Information captured at various levels is visually represented, so that critical operating parameters can be viewed as graphs or dashboards for rapid feedback. Also, alerts inform concerned resources, via email, if an event approaches critical threshold.

As the eDashboard is role based and fully configurable, it raises collaboration to another level. Identify issues, discuss problems, review progress, approve recommendations and allocate resources. with internal or external audiences.

Resources

An accurate diagnosis and assessment of the resource availability can be done promptly. Shortfalls can be overcome by reassignment of existing resources, where possible or fresh resources can be requested where appropriate. Also the productivity of resources at work can be monitored and necessary changes made to improve their output.

Maintains a database of the entire resource pool and tracks their progress on projects. Optimal Resource management is a decisive factor in organisational productivity and Whizible products help the customer make the best choices and keep its finger on the pulse of services business – people resources.

Projects

Whizible products enables project execution, monitoring, control and closure, and integrates with Microsoft Project, the widely used project scheduling program.

Whizible products can help allocate resources to projects and support tasks; enable project team collaborations, and track schedules, resource utilization and costs. And more create a Project Management plan detailing phases, modules, processes, resources, quantitative objectives, training plans, risk management plans, milestones and change management.

Adherence to plans can be monitored closely and reports generated on project progress and milestone analysis. On project closure, knowledge generated from ongoing analysis can be archived for future application.

Timesheet & Expenses

Based on the principle of 'Enter Once Report Everywhere', Whizible can track activity based as well as task based timesheets and rework related information expenses incurred on Project for budgeted cost heads. Workflows ensure that appropriate authorizations are in place

Touching most stakeholders of Services Centric Organizations, this module allows holistic and flexible way of capturing their single most source of cost and revenue.

Issues

Whizible Issues module provides the collaborative platform to report issues and conduct sustainable dialogue with both internal and external stakeholders. Considering that Issues are the top causes of project delays leading to revenue loss, this module assumes significant importance. Service Level Agreements are easily measured in this and issues also become a source of learning for organizations.

Invoicing

The business of Service Centric Organizations is to convert the professional time of its employees to invoices. Whizible's invoicing capability allows invoice generation based on authenticated timesheets for a variety of project agreements, multiple currencies and supports appropriate workflows.

Information about the invoicing is delivered to the legacy systems or customers electronically thereby cutting down the collection time.

Help Desk

The Help desk function in Whizible enables the external or internal users of a service to place requests, and the service providers to process these requests. This module is specially helpful for organizations that do product maintenance and support.

Knowledge

Because Service Centric Organizations are Knowledge organizations, ability to harness and reuse knowledge is critical.

Whizable knowledge module helps customer create a knowledge bank that records the learning gained by each member of the organisational team. Knowledge gathered from diverse experiences is archived and segmented ready to be accessed for future use. Valuable learning experiences are never lost as they can be shared and put to work for future projects. The knowledge base is progressive and constantly updated.

Configuration

Perhaps the most important feature of Whizable is its Configurability, i.e. ability of personalization of the Whizable Product to suit unique requirements of organizations.

Processes

The 'Outsourcing' and 'Global delivery Models' have necessitated the need to follow predefined quality processes in the service delivery. Models such as ISO, SEI CMM, etc have been used by organizations to optimize the quality.

Whizable enables organizations to deploy process framework in conjunction with project delivery and provides effective measurement program to allow for improvement.

Reports and Metrics

Whizable report module ensures that users are able to leverage information to effectively conduct their business, opening up completely new avenues for improving corporate performance. Whizable products deliver information in familiar formats that require very little training to use; Whizable product by default is highly flexible and the reports module is very configurable.

Services based on the WHIZ Application Framework

The Company provides customized services to create web based Business Applications, powered by WHIZ Framework.

Component driven architecture allows rapid development of applications. RAD (Rapid Application Development) tools and certain development frameworks help generate code for routinely needed functions and features. Further to that, due to WHIZ Framework, applications are developed within shorter "time to market" cycles. When Compulink develops Business Applications, the use of components that have been pre-fabricated and pre-tested translate into productivity and profitability benefits for the customer.

Web based business applications always require some common "infrastructure". The WHIZ Framework provides the platform to quickly assemble and create the application at great speeds. The Services team then focuses on the core business logic of the customer and works to develop robust, scalable and error free applications.

Consulting and Training Services

Project Excellence Learning and Consultancy Services (PELCON)

Under this Strategic business Unit, PELCON, Compulink offers training and consulting services. PELCON helps organizations adopt project management practices that will deliver better managed and more profitable projects. Compulink's understanding of Customer's processes, together with its portfolio of products and solutions, allows it to create customized training programs.

PELCON is a one-stop shop for Project Management Enabling Services. PELCON provides built-to-order, customized training products and enabling solutions in Project Management field from establishing Project Management Office in organizations, to conducting an across-the-board 'Project Management Health Check'.

PELCON - is a recognised provider registered with the PMI Registered Education Provider Program (PMI R.E.P) - Global, offering comprehensive, continuing and higher education in the field of Project Management. PELCON is committed to ongoing professional development within the Project Management profession. It accepts and adheres to all PMI R.E.P. Program policies, requirements and the rules concerning the professional education activities and materials.

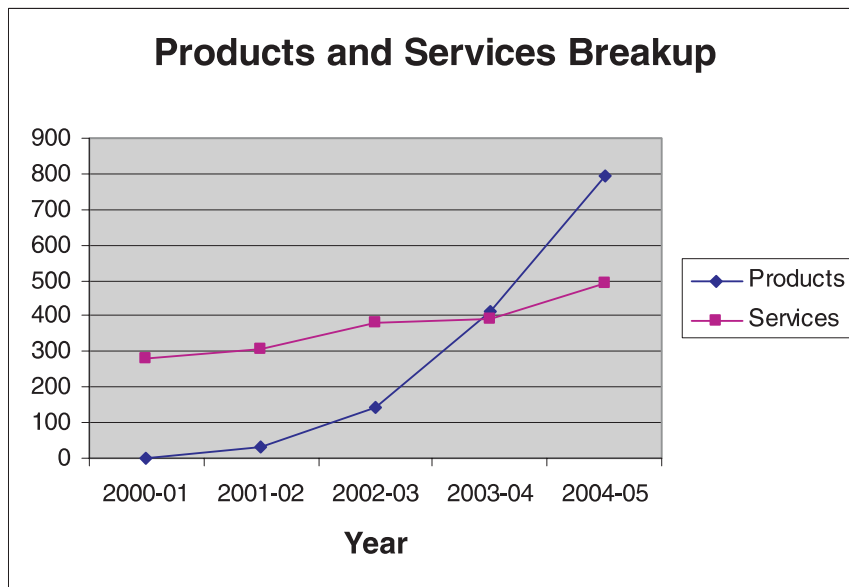
In the last past 5 years the Company has moved from being a mere services Company to a product and service company. It intends to proceed with being more of a product oriented company with productized services.

Pelcon recently announced the launch of its latest offerings in the e-learning arena – A comprehensive e-learning kit for Earned Value Management (EVM) and a learning tool to help understand and manage risk called Project Risk Management (PRM).

These offerings have been created by PELCON that will help organizations adopt project management practices. PELCON's e-learning titles EVM and PRM are meant to empower users with knowledge at their own pace and convenience.

EVM is a technique to control, manage and forecast projects. It is a systematic approach to the integration and measurement of cost, schedule and technical accomplishments on a project or task. It provides both the buyers and sellers the ability to examine detailed schedule information, critical program and technical milestones and cost data. EVM is an accurate measurement of a physical performance against a detailed plan to allow for the accurate prediction of the final costs and schedule results for a given project. EVM provides the project managers with an early warning signal that gives an alert if a plan gets derailed.

PRM on the other hand is used to understand and manage risks in actual work situations. This programme will enable its users to combat project related risks by applying various risk management strategies outlined in the course.



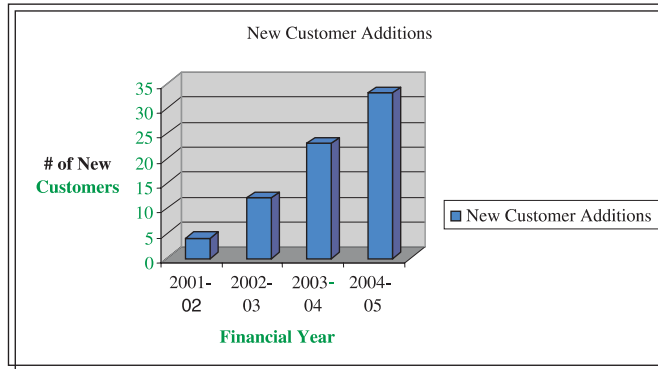
PRODUCTS AND SERVICES BREAK UP

The following is a break up of the percentage contribution of the top 10 clients for past 5 years.

Year	Percentage of sales
2000-01	97.45%
2001-02	94.08%
2002-03	83.00%
2003-04	68.82%
2004-05	59.83%

GROWTH IN CUSTOMER BASE :

Compulink has aggressively added customers for its products.



Some of the satisfied clients of Compulink Systems Limited include Sierra Atlantic, Tata Consulting Engineers Limited , Honeywell Automation India Limited, Wipro, Nucleus Software, NCS Pte Ltd., Persistent Systems Pvt Ltd, Geometric Software to name a few.

The Company is not dependent upon a single customer or a few customers the loss of any one or more of which will have a material adverse effect on the Company. Currently the top ten customers of the Company contribute to about 60% of the sales of the Company.

8. BUSINESS STRATEGY

The Company seeks to further enhance its position as a leading IP based organization with a portfolio of specialized products and services.

The key strategy of the Company is, to develop global markets for its established products, replicating the success in the Indian market.

1. Verticals Expansion

The Company’s products are in the ‘Services Execution Domain’ and this domain consists of several verticals. Company’s strategy is to identify verticals with high growth potential and create customized products for the same. The vertical products will also be complemented by the SME (subject matter expertise) to provide a complete solution to customers. Company’s framework allows Company to come up with such products with minimal incremental cost and effort. Other than IT Services, the Company plans to enter into engineering vertical and many other verticals.

2. Geographical Reach

The Company has identified India, Asia Pacific, Europe and North America as the key markets for its products and services suite. Over the last three years, the Company has established its presence in all the major cities of India like Pune, Bangalore, New Delhi, Hyderabad, Chennai, Mumbai, Trivandrum and any other new location as its clientele increases and develops. The Company has provided local sales and support in these locations. The global market expansion strategy has been initiated by incorporating Wholly Owned Subsidiary (WOS) in the United Kingdom (UK) in April 2004. The UK WOS is set with the objective to build customer base for its product offerings covering UK and the rest of European market. The Asia Pacific market is currently addressed from India and through local Channel Partners. To better address the market opportunities in this growing region, the Company plans to set up WOS in Singapore.

3. Developing Channel network and strategic alliances

To grow and strengthen the Company’s technology alliances with leading technology companies, which will assist the Company in new product development, sales and delivery. These alliances typically shall involve bundling of Company’s products as a part of overall solutions, joint product development and joint “go to market” strategies.

4. Brand Building

Brand Building through communication and promotional initiatives such as interaction with industry research organizations, participation in industry events, public relations and investor relations efforts.

The other strategies that the Company will adopt are:

1. Maintaining Company's focus on the Indian market while going global.

- a. The Company believes that India is a strategically important growth market that offers opportunities to build competencies in terms of domain expertise, leverage its assets and develop its employees for complex project execution and product deployment. The Company intends to continue its focus on growing its business in India through its brand name recognition. The Company will use its customer base in India to connect with the overseas operations of these companies and their customers.
- b. **Cross-selling to the existing customer base:** Currently, the Company services a customer base of over 100 customers in more than 7 countries. Repeat business from existing customers constitutes an important revenue opportunity for the Company. The Company will seek to increase the revenues generated from its existing customers by various additional licensing opportunities. Further, as the Company adds new offerings to its portfolio of products and services, cross-selling opportunities to its existing customer base should continue to grow.

2. Mitigating the risks by securing services revenues.

In the enterprise class applications like Whizable range, customers need other services and consulting in addition to the purchasing of licenses. The Company will complement the product license revenue with consulting and service revenues.

3. Managing the product lifecycle matrix

To offset the progression of its products into maturity/ decline lifecycle stages, the Company's strategy is to always have a strong product portfolio in the growth stage. The Company does this by:

- a. **Creation of new products:** The Company's product portfolio has grown consistently, encompassing Whizable SEM, its high end Services Execution Management solution for large IT services that the Company launched in Q4 2004-05 and Whizable Engineering, the product aimed at Engineering Services organizations, that the Company will be launching in 2005-06. The Company intends to continue investing in R&D. The Company believes that this investment in new product development and in R&D, facilitates its growth by expanding the size of the market space that the Company addresses, while mitigating business risk by reducing its dependence on the success of individual product lines. The Company will continue to invest in the creation of new intellectual property to fuel its growth.
- b. **Enhancement of 'WHIZ' Framework – powering new product development:** Compulink's state of the art Microsoft.Net based 'WHIZ' framework, which powers its application products, is under continuous upgrade. The Company intends to enhance its investment in the same. The use of framework allows the Company to reduce the time and cost, and increases the reliability and maintainability when the Company creates new products or adds features to its products or makes custom changes to meet the requirements of the customers. WHIZ is also at the heart of its services strategy.

4. Corporate Relationships for growth

- a) **Internal Relationships - Continuing to attract, train and retain employees:** The Company intends to place special emphasis on attracting and retaining highly skilled employees and will continue to invest in the career development and training of its employees, with the objective of further enhancing their technical and leadership skills.
- b) **External Relationships :** The Company shall evaluate opportunities to grow and expand its business by increasing the geographical reach and acquiring new customers, channel partners and technology based or market based strategic alliances.

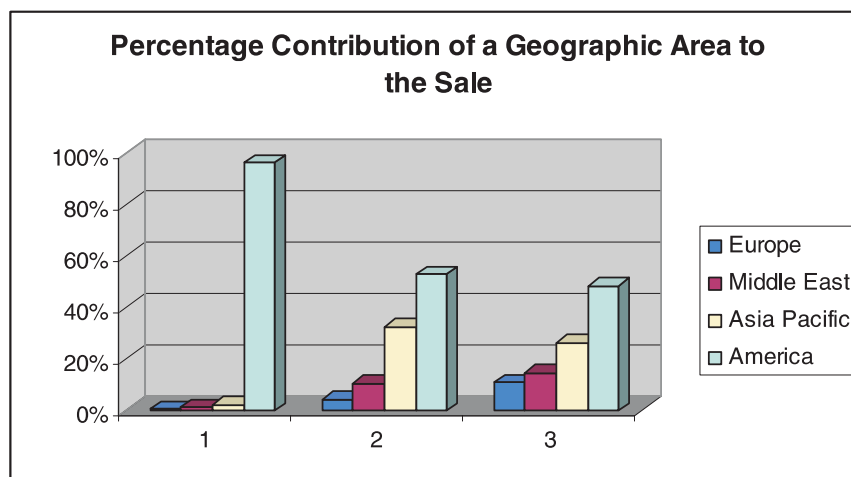
9. GEOGRAPHICAL REACH OF COMPULINK

Being in the IT business it is important for Compulink to have a presence in different markets since most large SCO are multilocational. So far Compulinks export sales are as follows.

(Rs. In Lakhs)

Geographic Region	2003	2004	2005
Europe	1.91	25.00	83.88
Middle East	4.78	58.73	112.93
Asia Pacific	9.27	184.93	201.66
America	395.46	299.34	372.85
Total Export Sales	411.42	568.00	771.32

A region wise contribution to the international sales is displayed in the chart below.



In order to increase the amount of international sales the Company has a two pronged strategy of using its own sales force as well as channel partners.

10. COMPETITION

Services Execution Management (SEM) space is an evolving one. Organizations that have been traditional players in peripheral spaces such as Project Planning, Business Intelligence, Professional Services Automation, Knowledge Management, Business Process Management, Document Management, etc. have started pithcing their solutions in this space. In addition, traditional ERP vendors have begun to add functionality to address the needs of customers.

However, it expects global competition from the 25 – 30 Independent Software Vendors (ISVs) named in the Aberdeen Report on “Services Execution and Control” published in 2004. However the survey based on analysis by leading IT research group mentioned above, indicates that no company has a dominant position in the Service Execution Management Market Segment.

Some players are:

Artemis International	Asta Development PLC
Atlantic Global PLC,	Automation Center
Autotask Group PLC	Business Engine
Changepoint Corp	Deltek Systems, Inc.
Epicore Software Corp	Exigen Group
Lawson Software Inc	Legadero Software, Inc.
Maconomy Corp (Denmark)	Metier Ltd

Niku Corp	Ibian Inc
OpenAccounts Plc	Open Air
Oracle Corp	Plan View Inc
Primavera Systems Inc	Project Arena
Quick Arrow	SharpOWL Software Intl. (UK)
Solution 6 (Australia)	Synergist Express Ltd (UK)
Systems Union (UK)	TLC - Europe Ltd (UK)
Tenrox (Canada)	Thomson Elite
Tx3 Solutions (UK)	Unanet Technologies

Domestic Market:

In India, our competition largely stems from internally developed tools in addition to project planning tools. The international players listed above have little active presence and the penetration of these is limited to the subsidiaries of international companies. Niku and Oracle have select customers. With 'first mover advantage', market relevant pricing and user base, Compulink enjoys good traction. However, Company expects direct competition from these and new players as they tune their offerings in time to come.

NASSCOM indicates that India employs about one million engineers in IT and Engineering Services Industry. Compulink's installed base of 29,000 users indicates around 3% market share of all the possible users.

11. DELIVERY MODEL

The delivery model is constructed keeping in mind the target markets and subsidiaries.

On site delivery is performed by the employees based in Compulink's subsidiary or from India and Company's channel partners.

Since the channel partner is to distribute the products, Compulink equips the partner to provide support to the client by training, hosting demonstration and customer evaluations for the product. The channel partner markets the product, secures orders, handles enquiries and complies with all laws and regulations of the land. The channel partner provides customers and potential customers with business requirement analysis, product configuration, system integration and training, technical product support and maintenance.

12. REVENUE MODEL

Based on the experience in the domestic market and the market research of other SEC applications, Compulink has crystallized the following revenue streams from the global markets:

- License fees;
- Customization fees;
- Annual Maintenance Contracts; and
- Consulting, Training and Implementation fees.

In addition, Compulink will explore additional revenue models including ASP hosting, OEM and others to generate revenue.

13. QUALITY PROCESS

The Company has a long-standing focus on processes for ensuring high quality delivery of services. The development centers have been assessed at SEI CMM Level 4 in year 2004 and received ISO 9001 certification in the year 2000.

Compulink's Quality Objectives are

- Consistently meeting or exceeding customer's expectations for product quality
- Timely delivery of products
- Correctness of the software developed
- Continuous improvement in development processes and quality systems
- Appropriate training of all employees
- Continuous upgradation of necessary infrastructure

DISASTER RECOVERY MANAGEMENT SYSTEM

Compulink endeavors to provide uninterrupted service to its customers by providing adequate back-up and minimal downtime.

The main facility of Compulink situated in its "Kshitij" campus. Compulink also maintains a backup facility at 'Compulink House situated 18 KM from "Kshitij". Compulink House has capacity to host 100 engineers and needed power, hardware and telecom infrastructure to continue support to its customers.

The main data center of Compulink is also situated at "Kshitij". Compulink also maintains a back up data center at VSNL facility at Dighi, 25 KM from 'Kshitij'. This ensures that customers are able to access the critical data in the case of a disaster. The Company also takes up daily back up from the main data center and stores the same in Compulink House.

Besides the new development center at Hinjewadi 'Kshitij' is fully equipped with facilities such as :

- Controlled Access
- Redundant Servers, Network Cabling
- Power Back up
- Fire Alarm and Sprinkler Systems

INFRASTRUCTURE DETAILS

Property

The Company has several premises, which are owned, leased in various locations in Pune

Sr No	Location and Address	Area in Square Feet (Built-up)	Total no. of seats
1	Registered office: "Kshitij", Plot No 38, Rajiv Gandhi Infotech Park, MIDC, Hinjewadi, Pune 411 057 (Phase I)	67,000	350
2	Compulink House, Plot No. 16-B, Rajpath Co-operative Housing Society, Paud Road, Pune - 411 038	4572	90
3	3 Megh Malhar, Lokmanya Colony Kothrud, Pune 411 038	992	20
4	Flat no. 3, 3 rd Floor, Mrigank Plot no. 12, Survey no. 89 and 90, Rajpath Society Paud Road, Pune 411 038.	1350	37

The development centre of the Company based at Hinjewadi, Pune is equipped with approximately 225 workstations and 7 well equipped main servers that use a variety of platforms. To address the communication needs, the Company has a floor to floor fibre optic connectivity, at each such facility with 100 megabytes per second bandwidth connectivity to each desktop. The employees have an access to state-of-the-art communication facilities including data and voice, video-conferencing, ISDN, Internet and e-mail. For Power back-up facilities, Company has UPS systems with Battery Back-up and DG Set of 500 KVA (VIBRO POWER). Networking attributes include state of the art CAT 6 cabling, server farm at Gigabit speeds, use of VLAN's for work group isolation and firewall. The facilities are networked through the EPABX system, fax, teleconferencing and video conferencing using IP or VPN access, as preferred by customer is available.

The facilities at Hinjewadi, Pune are centrally air conditioned with Access Control Systems, Fire Alarm systems, Fire hydrant systems etc.

HUMAN RESOURCES

3Rs : Compulink has designed innovative techniques on suitable time tested Human Resources (HR) Policies with respect to 3R's i.e. Recruiting, Reorientation and Retention.

Compulink is in the knowledge driven industry and the need of talented and committed human resources is critical in sustaining the success and growth of any knowledge-based Company. Hence the Company focuses on attracting and retaining its employees.

The wide range of growth opportunities, focus on long term professional development along with the challenging work, compensation (both cash and non cash) gives Compulink significant advantage in attracting and retaining highly skilled employees. Compulink has shaped its HR policies to meet the challenge of recruiting the right person for the right job, reorient/ train the employees to meet Company and client expectations and retaining them by providing stimulating work environment.

Compulink has senior executives with vast industry experience and expertise to manage each business unit. Today the combined team is over 180 people with strong technical, managerial and professional skills.

Attrition rate for the Company as a whole for the last year ending March 2005 was 26%. For the period from April 2005 to September 2005 it was 17%. Majority of this attrition is at the level of fresh hires. Currently there are 181 number of employees. The following table details the number of employees each year for the last four fiscal years and position as on 30th September 2005.

	For the year ending 31st March				For six months ending 30 th September 05
	2002	2003	2004	2005	
Number of employees	58	54	127	156	181

Employee Profile

The average age of our employees is approximately 28 years and they are from diverse educational background. Compulink believes that they have a balanced mix of experience with approximately 43%, 26% and 31% of our IT professionals with work experience of less than 3 years, 3 to 6 years and over 6 years, respectively, as of 31st March 2005.

Qualification Details

	For the year ending 31st March				For six months ending 30 th September 05
	2002	2003	2004	2005	
Graduate	5	4	12	17	29
Post Graduate	5	7	8	6	27
Graduate Engineers	28	26	61	74	69
BCS	1	4	4	7	4
Masters in IT	15	17	42	52	52
Total	54	58	127	156	181

Compulink intends to achieve its objectives through its HR Policies:

- Ensure that each person is trained and developed to his/her full potential
- Providing a work environment that enhances creativity
- Provision of latest technical infrastructure/ Use of latest technology
- Provide a fair compensation package as per industry standards
- Ensure lowest attrition rates in the industry
- Be sensitive to the needs of the employees

Compulink uses the following methods and practices for its valued employees to attain the above objectives

- Career Planning
- Organizational and Individual Setting of Goals and Objectives.
- One-to-One Meeting (Unique Appraisal Method)
- ESOP
- Culture and Ethos building
- Exit Interview
- Open Door Policy

Recruitment process

Recruitment process is based on Annual Operating Plan (AOP). At the beginning of the financial year, each SBU makes manpower plan based on revenue forecast and future plans. The AOP is then submitted to Directors for the approval. On approval, HR consolidates the manpower plan of all SBUs and prepares an overall manpower plan and recruitment budget for the organization. The outcome of overall manpower plan is logical staffing demand schedules for all the quarters which are then compared with the availability of the existing human resource and recruitment process is carried out to strike the balance. Manpower plan is reviewed on quarterly basis.

- First step in hiring process is manpower requisition, which is raised by SBUs. Details such as number of resources, qualifications, skill sets, and experience are mentioned in the requisition form.
- Requisition needs an approval from Directors.
- Based on the details mentioned in the resource requisition form, HR finalizes skills and capabilities for the given requirement. If required, interacts with initiator from concerned SBU to clarify the requirement. HR refers existing skill matrix and checks the availability of suitable resource in-house.
- If suitable resource is not available, HR initiates the hiring process, which involves various options such as search from database, referrals, and advertisements on e-portals and in print media, recruitment agencies, Walk-in drives, campus placements.

Selection process is carried out as per ISO 9001: 2000 standards under following heads.

- Identifying Candidates (shortlisting applications)
- Conducting technical tests for entry level technical resource.
- Conducting personal interview for candidates (all levels)
- Appointment of selected candidate.

At entry level, selection process typically involves the prescreening of the application, Technical test, Aptitude test, Technical interview and Final interview.

At middle and senior positions, selection process consists of pre-screening interview by HR, functional interview by hiring managers and functional heads, final discussion with HR. On successful selection, candidate is given offer letter. It is followed by reference checks and verification of testimonials. Concerned SBU is informed about the selection of the candidate and his/her date of joining.

Training

Compulink believes that its Business Objectives will be met effectively by creating a Learning Culture in the Organization. The objective of training is to improve the Company's business performance through people performing better and becoming more productive. Training responsibility is shared between HR and Project Head / Function Heads who jointly design relevant and cost-effective training and manage the process. The training needs are identified, designed and conducted in-company training programs to cater to the knowledge and skill requirements of individuals and groups. Training is directed towards developing people thereby preparing them to take higher responsibilities, while achieving personal goals.

The training programme covers technology training, software engineering training as well as life-skills training. Company conducts continuous learning programmes that address project specific, technology and soft skills learning needs of Compulink's employees.

Compulink is specifically focused on developing project management competencies amongst its employees. Some of initiatives that have helped in developing quality project managers include project manager's conferences, external certifications and portal-based systems for knowledge sharing and capability building.

Compulink organizes management development programmes for experienced employees, which focus on enhancing people management, client management and process management skills. In order to strengthen client management competencies, Compulink conducts employee workshops and personal excellence programmes on effective client communication, consulting and conversation skills, as well as negotiation skills.

Employee Insurance

The Company provides its employees with accidental death insurance, group life insurance and medical insurance coverage in line with business practice and in accordance with industry standards.

Non salary related benefits

There are no non salary related benefits given to any of the employees within period of past 2 years.

Employee Stock Option Scheme

The Company has instituted a scheme of Employee Stock Option Plan, or ESOP Scheme, to enable the employees, to participate in Company's future growth and financial success. For more information regarding our ESOP, and the option issued please see "Notes to Capital Structure: Employee Stock Option Scheme" on page 17 of this Prospectus.

Property Purchased

The Company has acquired a property at Rajiv Gandhi Infotech Park, Plot no. 38, MIDC, Hinjewadi, Pune – 411 057 on lease basis, admeasuring 10502 square metres for a period of 95 years. The Company has constructed its development centre admeasuring 67,000 square feet. The Company has recently shifted to this premise. The property has been acquired on June 22, 2004 from Maharashtra Industrial Development Corporation for a total consideration of Rs. 111.35 lakhs.

Location of the offices of Compulink

All offices are located at:

Sr No	Location and Address	Area in Square Feet	Ownership details
1	Compulink House, Plot No. 16-B, Rajpath Co-operative Housing Society, Paud Road, Pune - 411 038	4572	Ownership basis.
2	3 Megh Malhar, Lokmanya Colony, Kothrud, Pune 411 038	992	Ownership basis.
3	Flat no. 3, 3 rd Floor, Mrigank, Plot no. 12, Survey no. 89 and 90, Rajpath Society Paud Road, Pune 411 038	1350	Ownership basis.
4	"Kshitij", Plot No 38, Rajiv Gandhi Infotech Park, MIDC, Hinjewadi, Pune 411 057	67,000 built-up With land area of 1,20,000 sq feet	Plot no. 38 is leased by MIDC for a period of 95 years.

III. KEY INDUSTRY- REGULATIONS AND POLICIES

There are no Key Industry Regulations.

IV. HISTORY AND CORPORATE STRUCTURE

Incorporation:

The Company was incorporated on February 2, 1996 as Compulink Systems Private Limited. The Company was converted into a public limited company (i.e. Compulink Systems Limited) on April 10, 2004 and received a fresh certificate of incorporation consequent to change of name to Compulink Systems Limited dated July 15, 2004.

Registered Offices:

On incorporation the registered office of the Company was located at 13, Abhikalp, Alkapuri Society, Paud Road, Pune – 411029. In February 1996, it was shifted to 9, Anagha, Alkapuri Society, Paud Road, Pune – 411029. In August 1998, shifted to 3, Megh Malhar, Lokmanya Society, Plot no. 30, Opp. Vanaz, Paud Road, Pune – 411038. In April 2000, shifted to Compulink House, Plot No. 16-B, Rajpath Co-operative Housing Society, Paud Road, Pune – 411038. In May 2005, it was shifted to the new premises at “Kshiti”, Plot no. 38, Rajiv Gandhi Infotech Park, MIDC, Hinjewadi, Pune – 411 057.

Promoters Vision:

Compulink Systems Limited has been promoted by Mr. Uday Madhukar Kothari and Mr. Vishwas Sharad Mahajan. Compulink’s genesis was primarily based on promoter’s vision of creating best value in every field it endeavors. The promoters foresee the Company as an Intellectual Property (IP)-led organization and not a Cost arbitrage organization.

Compulink’s mission is to become one of the leading companies in the world to provide enterprise solutions to chosen verticals in the “Service Execution Management” domain. Compulink provides complete solutions including the product, the support, consulting and required customisation to its customers to enable them to get good Returns on Investment (ROI) and definitive competitive advantage in their markets. Compulink intends to create a ‘network effect’ by aligning with organizations that have complementary and systematic activities.

Evolution:

From 1996 to 2000, Compulink focused on providing ‘Product Development Services’ to small and medium sized software product companies. During this time, Compulink was involved in engineering of about 35 products meant for diverse industries. Apart from providing cash-flow in this initial stage, the most valuable benefit of this was Compulink’s learning to convert a ‘Concept to Design to Product to Package’. This is the experience very few companies can get.

From 2000 onwards, Compulink focused its efforts on creating and marketing its own products. Compulink chose the area of Services Execution Management, based on

- Its own experience in the domain
- Geometric Growth prospects
- Ability to replicate the product in different verticals with minimal incremental effort
- Ready market of India with high growth Services Sector

In 2004, Company started taking steps to explore global markets and is now ready for global expansion. The description of the Company's evolution has been reproduced in the following diagram:

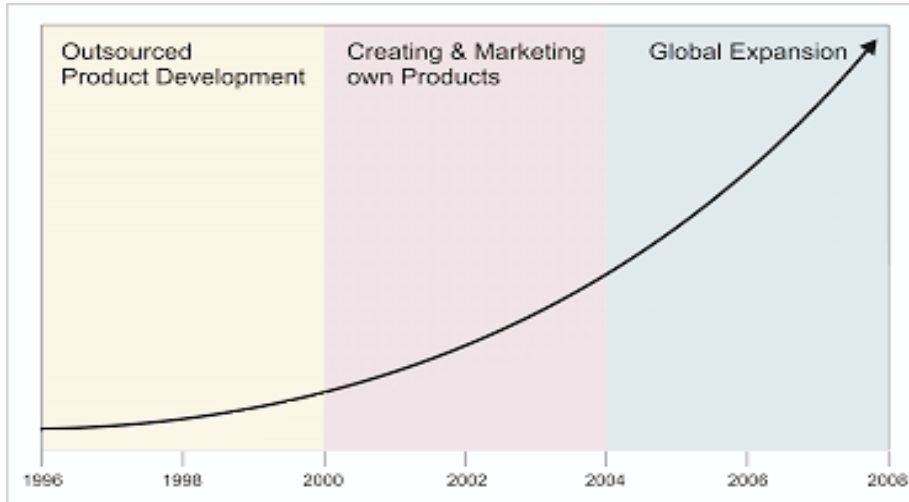


Diagram showing Compulink's evolution

Year	Milestones
1996	Compulink Systems Private Limited was incorporated on February 2, 1996
1996	Takeover of entire business from partnership firm M/s. Compulink Systems to Compulink Systems Private Limited
1997	The Government of India recognized Compulink as a Software Technology Park Unit (STP).
1998	Compulink becomes Microsoft Certified Partner
1998	MCCIA – Tata Honeywell Awards for Quality practices in Small Organizations
2000	TUV Germany awarded ISO 9001:2000 certification to Compulink
2000	Compulink sets up a subsidiary located in US, Compulink USA Inc, as part of its global expansion plans
2002	Compulink launched PELCON dedicated to Project Management and Consulting.
2002	Compulink Becomes Microsoft Project Partner.
2003	ProjectByNet™ was adjudged by CSI to be the joint winner of the annual 'CSI-Wipro Award for the Best Packaged Application'
2004	Compulink sets up a subsidiary located in UK, Compulink Europe, as part of its global expansion plans
2004	Compulink chosen by NASSCOM as one of the finalists for "IT Innovation in India 2004"
2005	The development centre was shifted to "Kshitij", Rajiv Gandhi Infotech park, MIDC, Hinjewadi, Pune

Awards and Recognitions:

The Company has been into product development in the niche market. It has won various awards over the years as given in the table given below:

Year	Award
1998	MCCIA – Tata Honeywell Awards for Quality practices in Small Organizations The award is given to a company that demonstrates good quality practices while executing projects.
2000	TUV Management Services GmbH, Germany awarded ISO 9001 certification to Compulink for establishing and applying a Quality Management System for Design, Execution of Software Projects and Manufacturing Software Products
2003	ProjectByNet™ was adjudged by Computer Society of India to be the joint winner of the annual ‘CSI-Wipro Award for the Best Packaged Application’
2004	Compulink chosen by NASSCOM as one of the finalists for “IT Innovation in India 2004”
2004	SEI CMM LEVEL 4

Main and Other Objects of the Company:

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

- To undertake turn key assignments of development and marketing of software packages usable on the personal, miniframe or main frame computers for business, general purpose and engineering applications; and to act as systems analysts, designers, software developers, software product developers, retainers, consultants, trainers in Computer software; project management training and consultancy, to market and impart training in various software packages representing Indian or foreign principals whether in India or abroad.
- To manufacture, assemble, buy, sell, market, trade, stock, retail, distribute, import, export, exchange, install, commission, supervise, service, maintain repair, recondition, renovate, upgrade, lease, hire or otherwise deal in computers, printers, disk drives, peripherals, parts, spares, accessories, components and other merchandise allied items and merchandise.

The main objects clause of the Memorandum of Association enables the Company to undertake the activities for which the funds are being raised for the issue and also the activities, which the Company has been carrying on till date.

Changes in the Memorandum and Articles of Association

Since its incorporation the following changes have been effected to the Memorandum of Association:

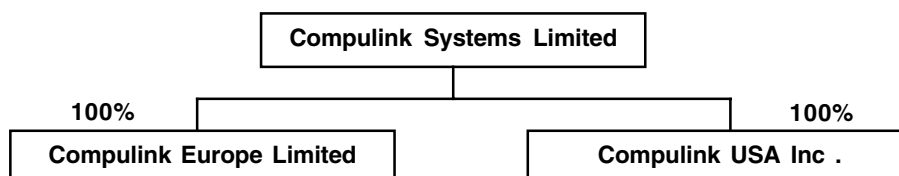
Date of Shareholder Approval	No. of Shares and Face Value
02.02.1996	25,000 equity shares of Face value of Rs. 10/- each and 2,500 equity shares of Rs. 100/- each.
23.01.1997	The authorized capital was increased from Rs. 5,00,000/- comprising of 25,000 equity shares of Face value of Rs. 10/- each and 2,500 equity shares of Rs. 100/- each to Rs.15,00,000/- comprising of 1,25,000 equity shares of Face value of Rs. 10/- each and 2,500 equity shares of Rs. 100/- each.
21.04.1999	The authorized capital was increased from Rs. 15,00,000/- comprising of 1,25,000 equity shares of Face value of Rs. 10/- each and 2,500 equity shares of Rs. 100/- each to Rs.30,00,000/- comprising of 2,75,000 equity shares of Face value of Rs. 10/- each and 2,500 equity shares of Rs. 100/- each.
10.07.1999	The authorized capital was increased from Rs. 30,00,000/- comprising of 2,75,000 equity shares of Face value of Rs. 10/- each and 2,500 equity shares of Rs. 100/- each to Rs. 50,00,000/- comprising of 4,75,000 equity shares of Face value of Rs. 10/- each and 2,500 equity shares of Rs. 100/- each.

Date of Shareholder Approval	No. of Shares and Face Value
25.10.1999	The authorized capital was increased from Rs. 50,00,000/- comprising of 4,75,000 equity shares of Face value of Rs. 10/- each and 2,500 equity shares of Rs. 100/- each to Rs. 1,00,00,000/- comprising of 9,75,000 equity shares of Face value of Rs. 10/- each and 2,500 equity shares of Rs. 100/- each.
23.03.2000	The authorized capital was increased from Rs. 1,00,00,000/- comprising of 9,75,000 equity shares of Face value of Rs. 10/- each and 2,500 equity shares of Rs. 100/- each to Rs. 1,50,00,000/- comprising of 14,75,000 equity shares of Face value of Rs. 10/- each and 2,500 equity shares of Rs. 100/- each.
15.01.2001	A Special Resolution was passed at the Extra-ordinary General Meeting for unified class of equity shares of face value of Rs.10/- each. Hence 2,500 equity shares of face value of Rs.100/- each were converted to 25,000 equity shares of face value of Rs. 10/- each. The authorised capital became Rs.1,50,00,000 comprising of 15,00,000 equity shares of face value of Rs.10/- each.
29.03.2002	The authorized capital was increased from Rs. 1,50,00,000/- comprising of 15,00,000 equity shares of Face value of Rs. 10/- each to Rs. 2,00,00,000/- comprising of 15,00,000 equity shares of Face value of Rs. 10/- each and 50,000 CRPS of Rs. 100/- each.
27.06.2003	The authorized capital was increased from Rs. 2,00,00,000/- comprising of 15,00,000 equity shares of Face value of Rs. 10/- each and 50,000 CRPS of Rs. 100/- each to Rs.6,50,00,000/- comprising of 60,00,000 equity shares of Face value of Rs. 10/- each and 50,000 CRPS of Rs. 100/- each
30.07.2003	The authorized capital was increased from Rs.6,50,00,000/- comprising of 60,00,000 equity shares of Face value of Rs. 10/- each and 50,000 CRPS of Rs. 100/- each to Rs. 9,50,00,000/- comprising of 65,00,000 equity shares of Face value of Rs. 10/- each and 300,000 9% OCCPS of Rs. 100/- each.
10.04.2004	Change in objects Clause: Following objects clause was deleted:- I. To acquire and take over a going concern the business now carried on at Block No.2, Bharadwaj Building, Paud Road, Kothrud, Pune 411 029 in partnership under the name and style of M/s Compulink Systems or any other business of the same nature and with a view thereto to enter into an agreement with the partners of the said Firm and the said Firm shall stand dissolved.
16.05.2005	The authorized capital was increased from Rs. 9,50,00,000/- comprising of 65,00,000 equity shares of Face value of Rs. 10/- each and 3,00,000 9% OCCPS of Rs. 100/- each to Rs.10,00,00,000/- comprising of 70,00,000 equity shares of Face value of Rs. 10/- each and 300,000 9% OCCPS of Rs. 100/- each.
26.05.2005	The authorized capital was increased from Rs. 10,00,00,000/- comprising of 70,00,000 equity shares of Face value of Rs. 10/- each and 3,00,000 9% OCCPS of Rs. 100/- each to Rs.15,00,00,000/- comprising of 150,00,000 equity shares of Face value of Rs. 10/- each Note: In its meeting held on May 26,2005, the members also adopted a new set of Articles of Association.

The details of the capital raised by the Company are given in the section entitled "Capital Structure" on page 11 of this Prospectus.

Subsidiaries of the Company

The Company has two subsidiaries, the details of which are as follows :



Compulink Europe Limited

Compulink Europe Limited ("CEL") was incorporated on April 28, 2004 in United Kingdom, with its registered office at CBX-II, West Wing, 382-390 Midsummer Boulevard, MK9 2RG, Milton Keynes, England – UK. The Company was incorporated with an objective of providing and marketing IP related services and products opportunities in the European market. CEL is a 100% subsidiary of the Company.

Board of Directors

The Board of Directors of CEL comprises of Mr. Ranjit Thakur and Mr. Michael Song as directors.

Shareholding Pattern

As on 30th September 2005, CEL has a paid-up Equity Share capital of 122,014 Shares of GBP1 per share fully paid up. The Company, legally and beneficially, together with its nominees, owns and holds the entire issued and paid-up share capital of the Company.

Financials

The operating results of CEL are set forth below:

Rs. in Lakhs

Particulars	As at and for the period ended March 31, 2005	As at and for the period ended September 30, 2005
Sales	45.96	20.24
Other Income	2.03	0.04
PBT	(86.79)	(38.00)
PAT	(86.79)	(38.00)
Capital	60.49	100.05
Net Worth	(26.30)	(24.73)

Compulink USA Inc.

Compulink USA Inc. ("CUSA") was incorporated in State of California on June 9, 2000 under the laws of Delaware, USA, with its registered office at 1201, Orange Street, Suite 600, Wilmington, New Castle County, Delaware 19801. The Company was incorporated to carry out marketing activities for Offshore Software Development services and Products. CUSA is a 100% subsidiary of the Company.

Board of Directors

The Board of Directors of CUSA comprises of Mr. Vishwas Mahajan and Mr. Uday Kothari as directors.

Shareholding Pattern

CUSA has 159,921 Common Stock at U.S. \$1 each fully paid up. The Company, legally and beneficially, together with its nominees, owns and holds the entire issued and paid-up share capital of the Company.

Financials

The operating results of CUSA for the past three years ended on March 31, 2005 and six months ended September 30, 2005 are set forth below:

Particulars	Rs. in Lakhs			
	As at and for the period ended March 31, 2003	As at and for the period ended March 31, 2004	As at and for the period ended March 31, 2005	As at and for the six months period ended Sept. 30, 2005
Sales	29.84	-	-	-
Other Income	-	-	0.19	-
PBT	0.97	(20.55)	(21.09)	(9.59)
PAT	0.97	(20.55)	(21.09)	(9.59)
Capital	63.69	64.38	67.90	70.37
Net Worth	49.16	29.30	11.73	4.60

Shareholders Agreement

Compulink has entered into a Subscription-cum-Shareholders Agreement dated May 13, 2005 with SIDBI Venture Capital Limited for conversion of 3,00,000 9% Optionally Convertible Cumulative Preference Shares of Rs. 100/- each into fully paid equity shares of Rs. 10/- each at a premium of Rs. 32 per share.

Other Agreements

Agreement with Channel Partners/Distributors

Compulink has entered into Channel Partner/Distributorship Agreements with various software marketing companies and consultants to provide marketing support for sale of its products in territories around the world viz. South China, Hongkong, Dubai, USA, and also in India. These consultants provide leads and assistance in procuring and executing orders from potential buyers of the products of the Company. These consultants are paid commissions on the sale of products in the form of referral fees and commission fees on a case-to-case basis.

Source Code Escrow Agreements

Compulink has entered into a Master Preferred Escrow Agreement dated October 12, 2001 with Iron Mountain Intellectual Property Management, Inc. USA (IMIPM). Under this arrangement, the Company has deposited source code of the customised version of its product "ProjectByNet" with IMIPM. The Agreement entails the preferred beneficiaries to the Escrow Services access to the Source Code in the event the Compulink fails to carry out obligations imposed on it pursuant to the software licensing agreement.

Software License Agreements

Compulink enters into Software License Agreement (SLA) with its client for licensing its products and protecting its intellectual property. Under the SLA the Company grants a perpetual license to its clients for use of its software and receives a license fee for the same. The intellectual property rights stay with the Company. After the warranty period agreed in the SLA, the Customer usually enters into an Annual Support and Maintenance Contract (AMC) with the Company for back office support and version upgrades to the product, if any.

License Agreement with US subsidiary for WHIZ framework

Compulink has granted a License of its WHIZ framework to its US subsidiary Compulink USA, Inc. (CUSA) by a License Agreement dated October 15, 2002 allowing joint development and marketing of Jointly Developed Product (JDP) which is a specialised software to be developed by CUSA alone or jointly with the Channel Partner after modifying the WHIZ framework for the purpose of application in the construction and engineering industry. The JDP developed product is called ManageByNet.

License Agreement with subsidiaries

Compulink has entered into Software License Agreement with its US and UK based subsidiaries dated October 15, 2002 and September 30, 2004 respectively, whereby it has authorised them to distribute and market the software in those territories. The Agreement with US subsidiary also enables the subsidiary to jointly develop software with Channel Partners and market the same in the USA.

Extended Software Development Team Agreement (ESDT)

Normally, a client engaging Compulink for its software services enters into an ESDT with the Company for software development. By way of this Agreement, the Company dedicates a team of off-shore developers to the client for developing the software. This team works solely for the client and is not utilized for any other project. Compulink periodically upgrades the skills of the team to meet the requirements of the client or the project. Compulink charges the client at a per person monthly rate on a case-to-case basis.

Strategic Partners

The Company does not have any strategic partners.

Financial Partners

The Company does not have any financial partners.

V. MANAGEMENT

As per the Articles of Association, the Company must have a minimum of three (3) and a maximum of twelve (12) Directors. As of March 2005, the Company has six (6) Directors of which the Company has three full time directors. The three full time directors have been allocated the following designations and responsibilities:

- Mr. Uday Madhukar Kothari, Chairman and Chief Technology Officer (CTO), is responsible for product development and delivery of technology services.
- Mr. Vishwas Sharad Mahajan, Managing Director and Chief Executive Officer (CEO), is responsible for marketing, business development and strategic alliances
- Mr. Ranjit Thakur, Wholetime Director and Chief Financial Officer (CFO), is responsible for Corporate Planning, Corporate Finance, Human Resources, Legal and Administrative function.

Board of Directors

The following table sets forth details regarding the Board of Directors:

Name , Age, Designation, Address and Occupation	Date of Appointment	Qualifications	Other Directorships
Mr. Vishwas Mahajan 42 Years Managing Director & CEO 3C/A1/4, New Ajantha Avenue Near Krishna Hospital Paud Road, Kothrud Pune 411 029 Business	25 th October, 2004	B.Sc and MBA	Compulink USA Inc
Mr. Uday Kothari 44 Years Chairman & CTO Flat # 7, Meghmalhar, Lokmanya Colony, Kothrud, Pune 411038. Business	25 th October, 2004	PG in Advanced Electronics, MCM and DCA	Compulink USA Inc
Mr. Ranjit Thakur 36 Years Director & CFO L/13 Suyog Nagar, Near Shivaji Housing Society Off Senapati Bapat Road Shivajinagar Pune 411016. Service	25 th October, 2004	B.Com, CA	Compulink Europe Limited
Mr. Anand Khandekar 65 Years S/o Prof R K Khandekar Suneet 773-7B, Near Kamala Nehru Park Shivajinagar, Pune 411004 Business	4 th January, 2001	BE (Electrical) and FIETE	1. Pace Soft Silicon Pvt Ltd 2. KPIT Cummins Infosystems Limited 3. Mithi.com Pvt Ltd 4. Panta Systems Pvt Ltd

Name , Age, Designation, Address and Occupation	Date of Appointment	Qualifications	Other Directorships
Mr. Mangesh Kirtane 42 Years 10, Silver Breeze, Bhonde colony, Off Prabhat Road, Pune 411004 Business	5 th September, 2003	BE – Mechanical and Production, Electives Ind.Engg. & Mgmt.Science.	1. Pegasus West HRD Pvt.Ltd 2. Alchemy Management Consultancy Pvt. Ltd.
Mr. Sajit Kumar 39 Years, Director (SVCL Nominee) Flat No. 203, SIDBI Officers Apts. 25, Veera Desai Road, Private Limited Andheri, Mumbai 400053 Service	5 th September, 2003	MSc (Maths), MCA	a) Eisodus Networks Private Limited b) iSmart Business Solutions Pvt Ltd c) India Ideas.com Limited d) Winfoware Technologies Limited e) Manthan Software Services

Brief Profile of the Directors (Promoters)

Mr. Uday Madhukar Kothari and Mr. Vishwas Sharad Mahajan being the Promoter Directors of the Company, their profiles are mentioned under the head 'Promoters'. Please refer to page 66 of this Prospectus for further details.

Brief Profile of the other Directors

- Mr. Ranjit Thakur**, 36 years, Director and Chief Financial Officer. He is a Chartered Accountant and having over 12 years of experience in the Finance and IT industry. Prior to joining Compulink, he has worked with K&P Capital Services Ltd and Shell Securities. He has over 10 Years experience in the Service Industry and has inter-alia, actively interacted with several Banks, Financial Institutions, Venture Capital Investors, Merchant Bankers, during his tenure of employment with Shell Securities Limited, Mumbai and K & P Capital Service Ltd, Pune. He has held the office of the Treasurer and Executive Committee member of the Software Exporters Association of Pune (SEAP) for over 3 years. He is responsible for Corporate Planning, Corporate Finance, Legal, HR, Administrative and Control functions.
- Mr. Mangesh Kirtane**, 42 years, is a non-executive independent director. He is a Mechanical Engineer from VJTI College. He has worked with Siemens Limited and later with JV Siemens informations Systems Limited as Head HRD and Industrial Relations. He has worked with Texas Instruments as Director Human Resources. He represented Texas Instruments where in 1998 won the National Award for Innovative HRD practices. He has also worked with Cisco as Director HR to support all businesses namely R&D, Global Partner Engg, IT, Sales, CA in India and SAARC geography. He has now over 20 years of experience in a variety of HR functions. Mangesh is currently the CEO of Alchemy Management Consultancy Pvt. Ltd. which engages itself in Strategic HR Partnerships. He is also Faculty & Managing Director of Pegasus Institute for Excellence, an Out-Bound Learning Institution. He is also a specialist in organizational training using Outbound Learning methodology.
- Mr. Anand Khandekar**, 65 years, Director is a non-executive independent director. He is an Electrical Engineer from university of Pune. He has over 40 years of experience at "C Level" positions in variety of organizations including Indian Navy, Meltron, Motorola India, Cirrus Logic. He was Chairman of the Software Sub-Committee of the Maharashtra Chamber of Commerce and Industries during 1996-99. He has been awarded the American Medal of Honor for his contribution to Information Technology from the ABI (American Biographical Institute) for 2002.
- Mr. Sajit Kumar**, 39 years, Independent Nominee Director of SIDBI Venture Capital Limited. He is M.Sc. (Maths) and Masters in Computer Applications.

Details of borrowing powers:

The Board of Directors is authorised to raise or borrow from time to time at its discretion either from the Company's bankers or from elsewhere on such terms and conditions as to repayment, interest or otherwise as it thinks fit and at such sums as may be necessary for the purposes of the Company up to a limit of not exceeding twice the amount of the aggregate of paid up capital of the Company and free reserves of the Company.

Terms of Appointment & Compensation of Managing Directors/ Whole time Directors

The shareholders in the Extraordinary General meeting held on October 25, 2004 approved a 5 year term for the Chairman and CTO, Managing Director and CEO, and Director and CFO under the following terms:

Mr. Uday Kothari, as a Chairman and Chief Technology Officer

- A. Salary :** Rs. 1.66 lakhs per month i.e. Rs.20 lakhs per annum (Consolidated salary inclusive of all the perquisites as mentioned in clause 'B' hereinafter)

Sr. No	Revenue Target for Financial Year 2004-05 (Rs In Crores)	Incentive % of Net Profit
1.	12.50 to 15.00	3%
2.	15.00 to 17.50	4%
3.	17.50 and above	5%

Note : To qualify for Incentive, Profit after Tax shall be at least 20%. The incentive entitlement for all the Appointees, Mr.Vishwas Mahajan, Mr.Uday Kothari and Mr.Ranjit Thakur shall not collectively exceed Rs.20 Lakhs in all cases and shall be shared in the same ratios as the Annual Remuneration.

For subsequent financial years, the board and the remuneration committee of the Company, be and is hereby authorised to alter, vary and modify the said terms including salary, allowances and perquisites in such a manner as may be agreed to between the Company and Mr. Uday Kothari in accordance with and subject to limits prescribed in Schedule XIII to the Companies Act, 1956, and if necessary as may be stipulated by the Central Government and as may be agreed to accordingly between the board.

B. Perquisites

The Gross remuneration can be disbursed to the Chairman & CTO in a most tax effective manner as per the then prevailing Income Tax Act, 1961 and the rules thereunder. The Chairman & CTO will be entitled for the various perquisites and as set out herein under and the same with exception of clause (f) below, shall form part of the Gross Remuneration.

(a) Housing:

- (i) The expenditure incurred by the Company on hiring furnished accommodation for Chairman & CTO subject to a ceiling of sixty per cent of the salary, over and above ten per cent payable by Chairman & CTO ; or
- (ii) Furnished accommodation owned by the Company may be provided to Chairman & CTO. The expenditure on gas, electricity, water and furnishings shall be subject to a ceiling of ten percent of his monthly salary valued as per the Income-tax Rules, 1961; or
- (iii) In case no accommodation is provided by the Company, he shall be entitled to house rent allowance, subject to the ceiling laid down in Clause (i) herein above.

- (b) Medical Reimbursement:** Expenses incurred for self and his family within reasonable limits as decided by the Management.

- (c) Leave Travel Concession:** Leave travel concession for self and his family once in a year to and from any place in India or outside India but to the extent of the limit prescribed by the Company for travel within India.

- (d) **Club Fees:** Fees in respect of two Clubs to be borne by the Company including admission or life membership fees.
- (e) **Directors and Officers Liability :** The Company will at all times indemnify the Chairman & CTO of any proceedings instituted against the Company or any Director and shall at the cost of the Company remove necessary Directors and Officers Liability world wide cover during the term of this Agreement and any extended period therefrom.
- (f) **Provident Fund:** The Company's contribution to Provident Fund, as per Rules of the Company will not be included in the computation of the Gross Remuneration.
- (g) **Gratuity:** If applicable Gratuity not exceeding one-half month's salary for each completed year of service or as per the then prevailing enactment and rules thereunder.
- (h) **Superannuation Fund:** Superannuation Fund or Annuity Fund benefit in accordance with the scheme of the Company.
- (i) **Motor Car :** Free use of car with Chauffeur for the Company's business and all the expenditure in connection therewith being borne by the Company
- (j) **Telephone and Computer:** Free Mobile Phone, Telephone at residence and computer /Laptop for official purpose.

C. Termination

The agreement shall be terminable by the Company by giving notice of 6 (Six) months of such termination or on payment of 6 (Six) months' salary in lieu thereof. This Agreement can be terminated by the Director and CTO with a notice period of three months to the Company.

Mr. Vishwas Mahajan, as a Managing Director and Chief Executive Officer

- A. **Salary :** Rs. 1.66 lakhs per month *i.e.* Rs. 20 lakhs per annum (Consolidated salary inclusive of all the perquisites as mentioned in clause 'B' hereinafter)

Fr. No	Revenue Target for Financial Year 2004-05 (Rs In Crores)	Incentive % of Net Profit
1.	12.50 to 15.00	3%
2.	15.00 to 17.50	4%
3.	17.50 and above	5%

Note: To qualify for Incentive, Profit after Tax shall be at least 20%. The incentive entitlement for all the Appointees, Mr.Vishwas Mahajan, Mr.Uday Kothari and Mr.Ranjit Thakur shall not collectively exceed Rs.20 Lakhs in all cases and shall be shared in the same ratios as the Annual Remuneration.

For subsequent financial years, the board and the remuneration committee of the Company, be and is hereby authorised to alter, vary and modify the said terms including salary, allowances and perquisites in such a manner as may be agreed to between the Company and Mr. Vishwas Mahajan in accordance with and subject to limits prescribed in Schedule XIII to the Companies Act, 1956, and, if necessary as may be stipulated by the Central Government and as may be agreed to accordingly between the board.

B. Perquisites

The Gross remuneration can be disbursed to the Managing Director & CEO in a most tax effective manner as per the then prevailing Income Tax Act, 1961 and the rules thereunder. The Managing Director & CEO will be entitled for the various perquisites and as set out herein under and the same with exception of clause (f) below, shall form part of the Gross Remuneration.

(a) Housing:

- (i) The expenditure incurred by the Company on hiring furnished accommodation for Managing Director & CEO subject to a ceiling of sixty per cent of the salary, over and above ten per cent payable by Managing Director & CEO; or
- (ii) Furnished accommodation owned by the Company may be provided to Managing Director & CEO. The expenditure on gas, electricity, water and furnishings shall be subject to a ceiling of ten percent of his monthly salary valued as per the Income-tax Rules, 1961; or
- (iii) In case no accommodation is provided by the Company, he shall be entitled to house rent allowance, subject to the ceiling laid down in Clause (i) herein above.

(b) Medical Reimbursement : Expenses incurred for self and his family within reasonable limits as decided by the Management.

(c) Leave Travel Concession : Leave travel concession for self and his family once in a year to and from any place in India or outside India but to the extent of the limit prescribed by the Company for travel within India.

(d) Club Fees : Fees in respect of two Clubs to be borne by the Company including admission or life membership fees.

(e) Directors and Officers Liability : The Company will at all times indemnify the Managing Director & CEO of any proceedings instituted against the Company or any Director and shall at the cost of the Company remove necessary Directors and Officers Liability world wide cover during the term of this Agreement and any extended period therefrom.

(f) Provident Fund : The Company's contribution to Provident Fund, as per Rules of the Company will not be included in the computation of the Gross Remuneration.

(g) Gratuity : If applicable Gratuity not exceeding one-half month's salary for each completed year of service or as per the then prevailing enactment and rules thereunder.

(h) Superannuation Fund : Superannuation Fund or Annuity Fund benefit in accordance with the scheme of the Company.

(i) Motor Car : Free use of car with Chauffeur for the Company's business and all the expenditure in connection therewith being borne by the Company.

(j) Telephone and Computer : Free Mobile Phone, Telephone at residence and computer /Laptop for official purpose.

C. Termination

The agreement shall be terminable by the Company by giving notice of 6 (Six) months of such termination or on payment of 6 (Six) months' salary in lieu thereof. This Agreement can be terminated by the Director and CEO with a notice period of three months to the Company.

Mr. Ranjit Thakur, as a Wholetime Director and Chief Financial Officer

A. Salary : Rs. 1.50 lakhs i.e. Rs. 18 lakhs per annum (Consolidated salary inclusive of all the perquisites as mentioned in clause 'B' hereinafter)

Sr. No	Revenue Target for Financial Year 2004-05 (Rs In Crores)	Incentive % of Net Profit
1.	12.50 to 15.00	3%
2.	15.00 to 17.50	4%
3.	17.50 and above	5%

Note: To qualify for Incentive, Profit after Tax shall be at least 20%. The incentive entitlement for all the Appointees, Vishwas Mahajan, Uday Kothari and Ranjit Thakur shall not collectively exceed Rs.20 Lakhs in all cases and shall be shared in the same ratios as the Annual Remuneration.

For subsequent financial years, the board and the remuneration committee of the Company, be and is hereby authorised to alter, vary and modify the said terms including salary, allowances and perquisites in such a manner as may be agreed to between the Company and Mr. Ranjit Thakur in accordance with and subject to limits prescribed in Schedule XIII to the Companies Act, 1956, and, if necessary as may be stipulated by the Central Government and as may be agreed to accordingly between the board.

B. Perquisites

The Gross remuneration can be disbursed to the Director & CFO in a most tax effective manner as per the then prevailing Income Tax Act, 1961 and the rules thereunder. The Director & CFO will be entitled for the various perquisites and as set out herein under and the same, with exception of clause (f) below, shall form part of the **Gross Remuneration**.

(a) Housing :

- (i) The expenditure incurred by the Company on hiring furnished accommodation for Director & CFO subject to a ceiling of sixty per cent of the salary, over and above ten per cent payable by Director & CFO ; or
- (ii) Furnished accommodation owned by the Company may be provided to Director & CFO. The expenditure on gas, electricity, water and furnishings shall be subject to a ceiling of ten percent of his monthly salary valued as per the Income-tax Rules, 1961; or
- (iii) In case no accommodation is provided by the Company, he shall be entitled to house rent allowance, subject to the ceiling laid down in Clause (i) herein above.

(b) Medical Reimbursement: Expenses incurred for self and his family within reasonable limits as decided by the Management

(c) Leave Travel Concession: Leave travel concession for self and his family once in a year to and from any place in India or outside India but to the extent of the limit prescribed by the Company for travel within India.

(d) Club Fees: Fees in respect of two Clubs to be borne by the Company including admission or life membership fees.

(e) Directors and Officers Liability : The Company will at all times indemnify the Director & CFO of any proceedings instituted against the Company or any Director and shall at the cost of the Company remove necessary Directors and Officers Liability world wide cover during the term of this Agreement and any extended period therefrom.

(f) Provident Fund: The Company's contribution to Provident Fund, as per Rules of the Company will not be included in the computation of the Gross Remuneration.

(g) Gratuity: If applicable Gratuity not exceeding one-half month's salary for each completed year of service or as per the then prevailing enactment and rules thereunder.

(h) Superannuation Fund: Superannuation Fund or Annuity Fund benefit in accordance with the scheme of the Company.

(i) Motor Car : Free use of car with Chauffeur for the Company's business and all the expenditure in connection therewith being borne by the Company

(j) Telephone and Computer: Free Mobile Phone, Telephone at residence and computer /Laptop for official purpose.

C. Termination

The agreement shall be terminable by the Company by giving notice of 6 (Six) months of such termination or on payment of 6(Six) months' salary in lieu thereof. This Agreement can be terminated by the Director and CFO with a notice period of three months to the Company

Corporate Governance

The Company stands committed to the principles of Corporate Governance – transparency, disclosure and independent supervision to increase the value of its stakeholders. The Guidelines issued by SEBI in respect of the Corporate Governance will be applicable to the Company immediately upon applying for the in-principle approval for listing of the Equity Shares on the stock exchange. Accordingly, the Company has undertaken steps to comply with the SEBI Guidelines on Corporate Governance. The Corporate Governance framework is based on an effective independent Board, separation of the Board's supervisory role from the executive management and the constitution of the Board Committees, majority of them comprising of independent directors. Committees of the Board have been constituted in order to look into the matters in respect of compensation, shareholding, audit, etc, details of which are as follows:

Board Composition:

Mr. Uday Kothari	Executive, Chairman & CTO
Mr. Vishwas Mahajan	Executive, Managing Director & CEO
Mr. Ranjit Thakur	Executive, Wholetime Director & CFO
Mr. Anand Khandekar	Non-Executive Independent Director
Mr. Mangesh Kirtane	Non-Executive Independent Director
Mr. Sajit Kumar	Non-Executive Independent Director (SVCL Nominee)

Audit Committee:

The Audit Committee was constituted on October 5, 2004. The Audit Committee consists of three non-executive directors and one Executive Director. The terms of the Audit Committee comply with the requirements of Clause 49 of the listing agreement to be entered into with the Stock Exchange.

The Committee currently comprises of four members namely Mr. Anand Khandekar as its Chairman, Mr. Mangesh Kirtane, Mr. Sajit Kumar and Mr. Ranjit Thakur as its members.

The scope of Audit Committee shall include but shall not be restricted to the following:

1. It shall have authority to investigate into any matter in relation to the items specified in Section 292A of the Companies Act, 1956 or referred to it by the Board and for this purpose, shall have full access to information contained in the records of the Company and may also seek external professional advice, if necessary.
2. To investigate any activity within its terms of reference.
3. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
4. Reviewing with management the annual financial statements.
5. Reviewing with the management, external and internal auditors, and the adequacy of internal control systems.
6. Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
7. It shall have discussion with the auditors periodically about internal control systems, the scope of audit including the observations of the auditors and review the quarterly, half-yearly, and annual financial statements before submissions to the Board.
8. To seek information from any employee.
9. To obtain outside legal or other professional advice.
10. To secure attendance of outsiders with relevant expertise, if it considers necessary.

Remuneration Committee

The Remuneration Committee was constituted on October 5, 2004. The Remuneration Committee consists of non-executive directors, with the Chairman being an independent director.

The Committee currently comprises of three members namely Mr. Anand Khandekar (Chairman), Mr. Mangesh Kirtane and Mr. Sajit Kumar as its members. The Committee has been formed to decide and approve the terms and conditions for

appointment of executive directors of the Company and remuneration payable to other directors and executives of the Company and other matters related thereto.

Shareholders / Investor Grievances

As part of its Corporate Governance initiative, the Company constituted the Shareholders/Investors Grievance Committee on May 17, 2005. The Shareholders Committee consists of Mr. Anand Khandekar (Chairman), Mr. Mangesh Kirtane, Mr. Ranjit Thakur and Mr. Sajit Kumar as its members. The Committee is formed to specifically look into matters relating to shareholders grievances such as approval of transfer / transmission / demat / remat of shares, issue of duplicate, split-up, consolidation, renewal of share certificate, non-receipt of Annual Report, non- receipt of declared dividends and such other issues.

Shareholding of Directors in the Company

The Articles of Association of the Company do not require the Directors to hold any equity shares in the Company as qualification shares. The following table sets out the shareholding of the Directors who hold shares either in their personal capacity or as joint holder, as at the date of this Prospectus.

Sr. No.	Name of the Directors	Number of Equity Shares
1	Mr. Uday Kothari	18,24,035
2	Mr. Vishwas Mahajan	18,25,607
3	Mr. Ranjit Thakur	83,571
4	Mr. Anand Khandekar	1,15,714
	TOTAL	38,48,927

Interest of Directors (Other than promoter directors)

Except as stated in "Related Party Transactions" on page 78 of this Prospectus, and to the extent of shareholding in the Company, the Directors do not have any other interest in the business. The Directors are interested to the extent of shares allotted to them. Except to the extent of their compensation as mentioned on page 56 of this Prospectus, and their shareholding or shareholding of companies they represent, the Directors, other than the Promoters who are also Directors, do not have any other interest in the Company

All Directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by the Company with any Company in which they hold Directorships or any partnership firm in which they are partners as declared in their respective declarations.

Except as stated otherwise, in this Prospectus, the Company has not entered into any contract, agreements or arrangements during the preceding two years from the date of the Prospectus in which the directors are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangements or are proposed to be made to them.

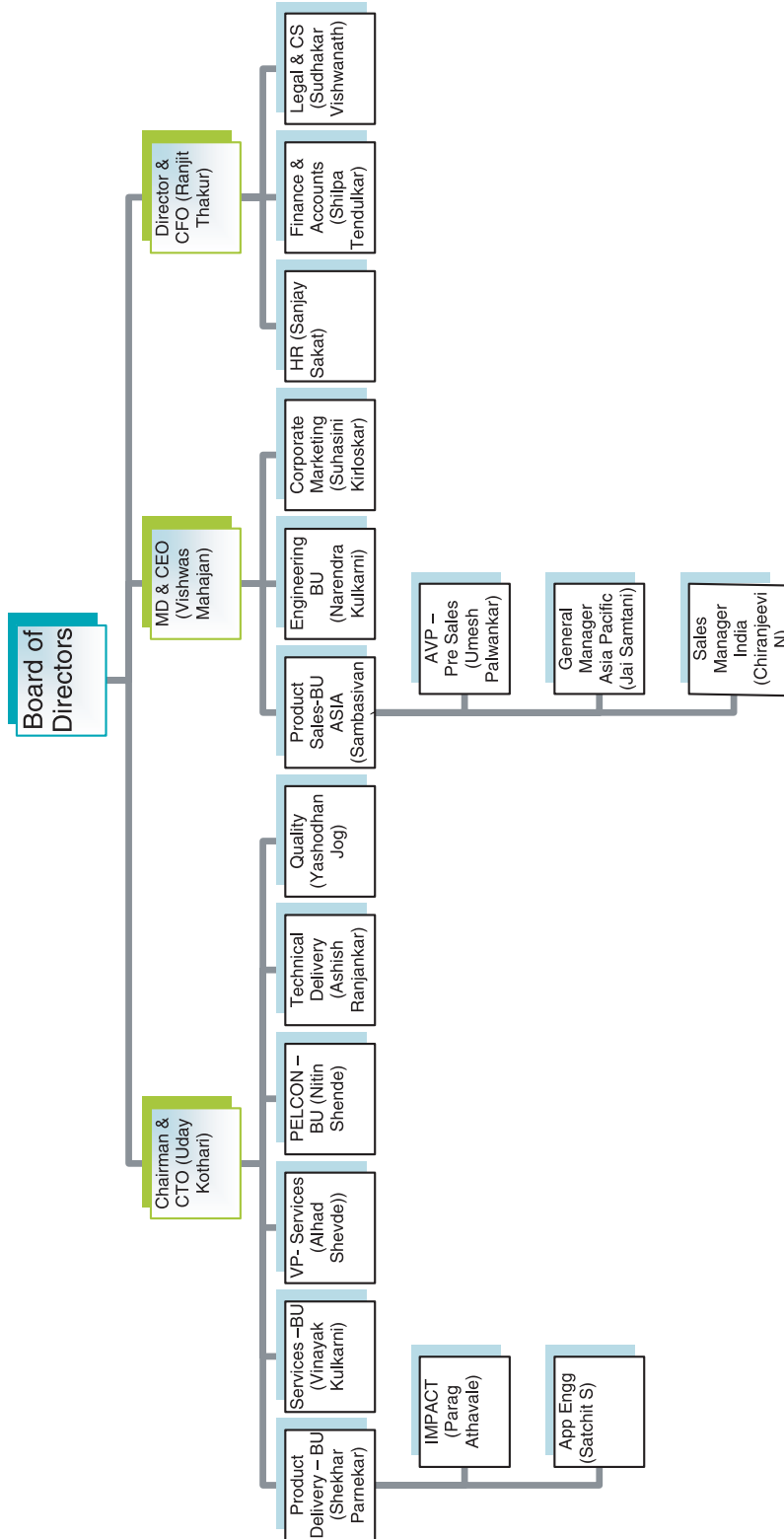
The Articles of Association provide that the Directors and officers shall be indemnified by the Company against loss in defending any proceeding brought against Directors and officers in their capacity as such, if the indemnified Director or officer receives judgment in his favour or is acquitted in such proceeding.

Changes in the Directors

The following changes have taken place in the Board of Directors of the Company during the last three years.

Name of Director	Date of Appointment/ Resignation	Date of Appointment/ Resignation	Reason for Change
Mr. Vishwas Mahajan	25/10/2004	NA	Appointed as Managing Director &CEO
Mr. Uday Kothari	25/10/2004	NA	Re-Designated as Chairman & CTO
Mr. Ranjit Thakur	25/10/2004	NA	Re-Designated as Director and CFO
Mr. Mangesh Kirtane	05/09/2003	NA	Appointed as Additional Director
Mr. Sajit Kumar	05/09/2003	NA	Appointed as Additional Director

ORGANISATION STRUCTURE



Key Management Personnel

At present, the Company has a total strength of 181 employees who are the permanent employees of the Company.

The details of the key managerial personnel of the Company are as follows:

Mr. Sambasivam S., 41 years, is Vice President – Sales (Asia Pacific) and Pre-Sales. He has a Post Graduate Degree in Mathematics from Madras University. Besides being a Project Management Professional (PMP) certified by Project Management Institute, USA, he is a Certified Software Quality Analyst (CSQA) and a Certified Lotus Notes Application Developer. He was one of the 12 selected for the prestigious British Chevening Scholarship for young Indian IT Managers 2001, advanced management Program at Manchester Business School, Manchester. He has work experience of over 19 years in Information Technology and Consulting. Before joining Compulink Systems Limited, he has worked for Blueshift India Pvt Ltd. as Vice President Technology. He also worked with Value Software Technologies Ltd, as General Manager, with PRT Group Inc as Project Director and with Citicorp Overseas Software Limited as Consultant. He joined the Company on August 2, 2004. He is in-charge of Sales, Pre Sales and consulting (Whizible / PBN) function. He is part of the senior management team and is involved in product strategic decision making. (Annual Cost to Company is Rs. 22 Lakhs p.a.)

Mr. Shekhar Parnerkar, 43 years, is Vice President – Global Product Delivery, handling the Impact and Application Engineering Team. He has completed his Bachelors BE – Electrical & Electronics Engineering (Hons) from BITS Pilani. He has work experience of over 20 years. He has worked for Mphasis BFL Limited as an Associate General Manager, Kale Consultants Limited, as Vice President Projects and Project Manager in Air New Zealand, Auckland. He joined the Company on December 6, 2004 and currently looks after handling the Impact and Application Engineering Team. (Annual Cost to Company is Rs. 16 Lakhs p.a.)

Mr. Alhad Shevde, 43 years, is Vice President Services and reports to the Director & CEO. Mr. Shevde holds a Bachelors Degree in Science, from Vivekananda College, Bombay University and also holds a Post Graduate Degree in Electronics Engineering and Computer Technology from Mumbai University. He has over 20 years of Experience in Software Industry, including variety of roles in Software Development, Project Management, Off Shore Projects Marketing, Large Account Management, operations, recruitment, resourcing, Sales and Marketing in USA, Middle East and Far East Before joining Compulink Systems Limited, he has worked as Head Professional Services and Global Resourcing in ISG Novasoft Technologies Limited, and in other senior positions in Ness Technologies(India) Limited , UBICs, Inc, Pittsburgh, USA, Software Research Group Inc, NJ , USA, Computer Generated Solutions, Inc, NJ, USA, Mastech Application Services, Pittsburgh, USA etc. (Annual Cost to Company is Rs.20 Lakhs p.a.)

Mr. Narendra Kulkarni, 40 years, is Head – Whizible Engineering. He has completed Bachelors in Electronics Engineering and Masters in Management Studies from Pune University. He has also completed a 6 month Certificate Course in Embedded Systems from Pune University. He has over 17 years of Experience in Engineering Industry. Prior to joining Compulink Systems Limited, he has worked in TATA Honeywell Limited (now known as Honeywell Automation India Limited) in the following positions: Engineer – Projects (Industrial Automation), Lead Engineer – Projects (Industrial Automation), Project Manager (Industrial Automation) and Engineering Head (Building Controls), Head – Operations and Technical Support group (Building Controls). He joined the Company on December 6, 2004 and currently is heading the Team involved in Developing, Selling and Supporting Customers from the Engineering Vertical. (Annual Cost to Company is Rs. 8 Lakhs p.a.)

Mr. Vinayak Kulkarni, 32 years, is Head Software Development Services Unit. He has completed his Bachelors in Computer Engineering from University of Pune and Diploma in Computer Technology from BTE, Maharashtra. He has work experience of over 10 years in the field of Web Development, utilizing Microsoft framework and Technologies, RDBMS, databases like MS SQL Server and Sybase. He has handled multiple projects and Customers, both in offshore and onsite projects. He was previously employed with Standard Chartered Bank, as a Systems Analyst. He joined the Company on February 1, 2000 and currently looks after Services Business Unit. (Annual Cost to Company is Rs.12 Lakhs p.a.)

Mr. Umesh Palwankar, 39 years, is Associate Vice President (Consulting). He is a Science Graduate from the University of Pune and holds an Advanced Diploma in Computer Applications from Bombay Technical Board. He has had an extensive work experience of 20 years in the field of project management. His experience comprises of working in the domain of Project and Process Management, CRM, Stock Market and Registrars, Finance and Accounting and ERP applications. He joined the Company on January 6, 1998. He is responsible Coordination and management of Pre-sales function and consulting to Strategic Accounts. He is also responsible for providing inputs for strategizing the product

roadmap. Prior to joining the Company, he worked in his proprietary concern DG Sons. (Annual Cost to Company is Rs.10 Lakhs p.a.)

Mr. Satchit Sahasrabuddhe, 34 years, is an Associate Vice President handling Customisation and Application Engineering division. He has completed his Bachelors in Electronics from Nagpur University and Masters in Computer Management from University of Pune. He has work experience of over 12 years in the field of project management. He has handled multiple projects and Customers, both in offshore and onsite projects. He was previously employed with M/s Pro Softnet Corp as a Project Manager. He joined the Company on July 17, 2002. (Annual Cost to Company is Rs.10 Lakhs p.a.)

Mr. Parag Athawale, 35 years, is Associate Vice President handling product Implementation, Consulting and Training. He has completed his Bachelors in Production Engineering from Shivaji University, Kolhapur. Besides he is a qualified Oracle 7.3 (SQL) with Forms 4.5 (1998) and SAP R/3 (PP, QM+ ABAP/4) (1998) He has a overall experience of over 10 year in Quality processes and ERP Implementation. He was previously employed with Genesis Software Systems India. He joined the Company on December 13, 1999 and currently looks after product Implementation, Consulting and Training. (Annual Cost to Company is Rs.9.25 Lakhs p.a.)

Mr. Nitin Shende, 41 years, Associate Vice President (Pelcon) is an Electronics and Telecommunication Engineer and Diploma in Business Management from ICS (UK). He is also a Qualified Project Management Professional. He has rich experience in working with various industrial electronics organizations in India and National Semiconductor Manufacturing Ltd. Singapore. He has received recognition and awards from MCCIA and National semicon management for completing power electronics and CSP package related projects. He has been with the Company for 3 years and conducts individual and corporate training related to Project Management. Mr Shende reports to the Chairman and CTO for conceptualizing the E Learning initiatives of the Company. (Annual Cost to Company is Rs.8 Lakhs p.a.)

Mr. Ashish Ranjankar, 32 years, is Head of Core Development Business Unit. He has completed his Masters in Computer Management from University of Pune. He has work experience of over 11 years in the field of Product Architecture, Web Development, utilizing Microsoft .NET framework and technologies, RDBMS, databases like MS SQL Server, Sybase and Oracle. He has previously worked with Theta Controls Systems and Techni Graphics Systems. He joined the Company on April 4th, 2000. (Annual Cost to company is Rs. 10 lakhs p.a.)

Mr. Jai Samtani, 36 years, is General Manager – International Sales and Marketing. He has completed his Bachelors in Electrical Engineering from University of Pune. He has work experience of over 10 years in the field of Marketing and Sales Function. He was previously employed Head of South Asia Operations in Seacom Solutions India Limited. He joined the Company on May 15, 2004 and currently looks after International sales and Marketing. (Annual Cost to Company is Rs.8.5 Lakhs p.a.)

Mr. Yashodhan A. Jog, 34 years, is Head – SEPG. He has completed his Bachelors in Computer Engineering from University of Pune and Diploma in Industrial Electronics from BTE, Maharashtra. He has work experience of over 8 years in the field of Information Technology. He has worked as an Software Quality Assurance on various projects and has experience in all phases of the project life cycle. He has handled multiple projects and Customers, both in offshore and onsite projects. He was previously employed with Accurate Gauging and Instruments Pvt. Limited as a Software Engineer. He joined the Company on January 12, 1998. (Annual Cost to Company is Rs.9 Lakhs p.a.)

Ms. Suhasini Kirloskar, 38 years, is Marketing Manager, involved in Marketing, Sales Training, Corporate Communications and Event Management activities. She has completed her Bachelors in Chemistry and Management from Narsee Monjee Institute of Management Studies. She has work experience of over 15 years. She has worked as a Business Manager for Seacom Solutions Limited, as National Business Manager in India Properties.Com Pvt Ltd. and as Head Operations in Davinci Engineering Services. She joined the Company on March 1, 2004 and currently is involved in Marketing, Sales Training, Corporate Communications and Event Management activities (Annual Cost to Company is Rs.7.5 lac p.a.)

Mr. Sanjay Sakat, 31 years, is Manager Human Resources. He has completed his Post Graduate Degree in Personnel Management & Industrial Relations from Tata Institute of Social Sciences (TISS), Deemed University. Prior to his post graduation, he has done BE in Mechanical from VJTI, Mumbai. He has a overall experience of over 6 years in Human Resources. He was previously employed with Videsh Sanchar Nigam Limited. He joined the Company on December 7, 2004. (Annual Cost to Company is Rs.6.25 lac p.a.)

Mr. Sudhakar Vishwanath, 32 years, Company Secretary of the Company. He is a Bachelor in Commerce and has the membership of Institute of Company Secretaries of India and also holds a Bachelors of Laws degree. He has overall

experience of over 9 years in Legal and Secretarial functions and four years experience as a Company Secretary. He has worked in various areas relating to Company Law and other related matters. He was previously employed with M/s. K & P Capital Services Limited, Pune. He joined the Company on October 9, 2000. Presently, he is handling the legal and Secretarial functions. (Annual Cost to Company is Rs. 5.94 Lakhs p.a.)

Ms. Shilpa Tendulkar, 28 years, is a Finance Controller. She has completed Bachelors Degree in Commerce, from Brihan Maharashtra College of Commerce, Pune. She is an Associate Member of the Institute of Chartered Accountants of India, New Delhi and a Certified Information Systems Auditor. She has overall experience of 5 years in Finance and Accounting Function. Before joining Compulink Systems Limited, she has worked with Challenger Systems India (Pvt) Ltd as Executive Finance. At Compulink she reports to the Director and CFO. She joined the Company on September 15, 2003. (Annual Cost to Company is Rs. 7 Lakhs p.a.)

All the key management personnel are on the payrolls of the Company as permanent employees.

Shareholding of Key Managerial Personnel

The Equity shareholding of the key employees of the Company as on the date of the Prospectus is as given below:

Name	Shares
Mr. Parag Athawale	1,886
Mr. Sudhakar Vishwanath	157
Mr. Satchit Sahasrabuddhe	943
Mr. Umesh Palwankar	7,071
Mr. Vinayak Kulkarni	1,571
Mr. Yashodhan Jog	7,857
Total	19,485

Bonus or Profit Sharing Plan for the Key Managerial Personnel

There is no Profit Sharing Plan for the Key Managerial Personnel. The Company makes bonus payments to the employees based on their performances, which is as per their terms of appointment.

Changes in Key Managerial personnel

Following have been the changes in the key managerial personnel during the last three years

Name	Date of joining	Date of resignation	Designation	Reason
Mr. Bharat Swatantran	12-Jan-98	27-Dec-04	Associate Vice President	Resigned
Mr. Satchit Sahasrabuddhe	17-Jul-02	-	Associate Vice President	Appointed
Mr. Dhananjay Gokhale	27-Jul-02	30-Jun-05	VP Pelcon	Resigned
Mr. Vijay Pujari	8-May-03	31-Oct-04	VP Services	Resigned
Mr. Ramesh Adavi	1-Jul-03	16-Dec-04	VP Sales & Marketing	Resigned
Ms. Shilpa Tendulkar	15-Sep-03	-	Asst. Manager - Finance	Appointed
Ms. Suhasini Kirloskar	1-Mar-04	-	Marketing Manager	Appointed
Mr. Jai Samtani	15-May-04	-	Head – SEPG	Appointed
Mr. Sambasivam S.	2-Aug-04	-	Vice President – Sales (Asia Pacific) and Pre-Sales	Appointed
Mr. Narendra Kulkarni	6-Dec-04	-	Head – Whizible Engineering	Appointed
Mr. Shekhar Parnerkar	6-Dec-04	-	Vice President – Global Product Delivery	Appointed
Mr Sanjay Sakat	7-Dec-04	-	HR Manager	Appointed
Mr. Alhad Shevde	15-June-05	-	Vice President - Services	Appointed

Employee Stock Option Scheme

At the Board Meeting of the Company held on February 14, 2004, the Company approved a scheme of Employee Stock Option Plan (ESOP). The ESOP plan was introduced to provide equity-based incentives at any given time to present and future employees and Directors of the Company (excluding the Promoter Directors) and its existing and future subsidiaries. The scheme is administered through a Trust.

The purpose of this Scheme is to:

- Create a culture of ownership and high-performance.
- Attract reward and retain talented employees with critical skills
- Ensure sustained commitment and motivation of the highest order from employees.
- Create substantial wealth for the employee through participation in the growth in the value of the Company.

The Trust purchases the shares of the Company using the proceeds of the loans obtained from the Company. According to the ESOP scheme, the Company had granted initially 1,24,950 stock options. During the year 2004-2005, the Company granted a total of 53,000 stock options and 50,900 stock options lapsed. As on date, a total of 1,22,700 stock options are outstanding.

Payment or Benefit to Officers of the Company (non salary related)

There has been no such payment or benefit to the Officers of the Company. There has been no benefit paid or given within the two proceeding years or intended to be paid or given to any officer and no consideration shall be made for payment of giving of the benefit.

PROMOTERS

Mr. Uday Madhukar Kothari and Mr. Vishwas Sharad Mahajan have promoted Compulink Systems Limited. A brief profile of the promoters is given below:

Mr. Uday Madhukar Kothari



Mr. Uday Madhukar Kothari, 44 years, Chairman and Chief Technology Officer, is Bachelor in Physics and Advanced Electronics, Masters in Computer Management and Diploma in Business Management from University of Pune. He is the founder member of Compulink Systems Limited and has been responsible for its overall operations and growth since inception in February 1996. He has more than 22 years of experience in various facets of the business. He has been instrumental in the development of the Company. At Compulink his role has been primarily to do with the conceptualise, architect the product development and delivery of technology services. Prior to Compulink, Uday has worked with Zenith, Hinditron and Key Information Systems, Dubai in a variety of technology and management positions. He has also worked with TTSL Barbados and PRT Group, USA.

His driving licence no. is 88-820-PK and Passport No. is Z1456837. Voter ID is not available.

Mr. Vishwas Sharad Mahajan



Mr. Vishwas Sharad Mahajan, 43, Managing Director and Chief Executive Officer, is a Science Graduate and holds a Masters Degree in Management Studies from Symbiosis Institute of Business Management. He is the founder member of Compulink Systems Limited. He is the external interface of Compulink. He is mainly responsible for Business Development function for its services and product offerings. Before founding Compulink, he has worked for various organizations including PSI Data systems, Hinditron, Digital Equipments (India) Limited and Key Information Technology (Dubai). He is Coordinator for NASSCOM SME forum and also a Charter member of TIE (The Indus Entrepreneurs).

His driving licence no. is MH12/04/523403 Passport No. E0511886 and Voter ID no. is MT/0042/0247/141831.

The Lead Manager and the Issuer Company confirm that Permanent Account Number, Bank Account Number and Passport Number of the Promoters have been submitted to NSE and BSE at the time of filing the Prospectus with them.

Common Pursuits

There are no common pursuits in the business of the Company and its subsidiaries as described in the Prospectus. There are no other group companies.

Interest of the Promoters

The Promoters may be deemed to be interested to the extent of shares held by them, their friends or relatives, and benefits arriving from their holding directorship in the Company.

The Promoters are not interested in any property acquired by Compulink within two years from the date of the Prospectus.

The Promoters are not interested in any loan or advance given by the Company, neither are they beneficiary of any such loans or advances.

Except as disclosed above and Related party transaction on Page 78, the Promoters of the Company have no interest other than reimbursement of expenses incurred or normal remuneration or benefits, if any.

Payment or benefit to Promoters of the Company

Except as stated otherwise in this Prospectus, no amount or benefit has been paid or given within two years or is intended to be paid or given to any of our promoters or officers except the normal remuneration for services rendered as directors, officers or employees.

Related Party Transactions

The details of related party transactions please refer to Annexure III of the Auditors Report on page 78.

Currency of Presentation

In this Prospectus, all references to "Rupees" and "Rs." and "Indian Rupees" are to the legal currency of the Republic of India.

Dividend Policy

The declaration and payment of dividends will be recommended by our Board of Directors and our shareholders, in their discretion, and will depend on a number of factors, including but not limited to our earnings, capital requirements and overall financial condition. The details of dividend paid by the Company are as follows:

Year/ Period ended	Dividend %	Dividend Amount (Rs. In lakhs)
March 31, 2001 Interim (prorata)	5%	6.37
March 31, 2002 Interim	25%	31.98
Interim	25%	31.98
March 31, 2003 Final	12.5%	16.05
March 31, 2004 Final (prorata)	15%	59.24
March 31, 2005 Final	10%	61.14

E. FINANCIAL STATEMENTS

Lead Manager confirms that all the notes to the accounts, significant accounting policies have been incorporated. There is no auditors' qualification.

I. AUDITORS REPORT

To

The Board of Directors,
Compulink Systems Ltd.
'Kshitij', Plot No. 38,
Rajiv Gandhi Infotech Park,
Hinjewadi, Pune 411 057

Dear Sir,

We have examined the summarized financial statements of Compulink Systems Ltd. for the year / period ended March 31, 2001, 2002, 2003, 2004 and 2005 and September 30, 2005. These statements have been extracted from the books of accounts for the year ended on March 31, 2001 audited by the other auditor and for the years/periods ended March 31, 2002, 2003, 2004, 2005 and September 30, 2005 being the last date upto which the accounts have been made up and audited by us.

We state that the above financial statements have been drawn up by the Company in compliance with Securities Exchange Board of India, DIP Guidelines, 2000 as amended and in accordance with the requirements of Clause 24 of Part II Schedule II of Companies Act, 1956 as amended from time to time, we report that the profits, assets and liabilities and dividends of the company subject to our reports thereon are set out below.

For **Sanjiv Katkar & Associates**
Chartered Accountants

Sd/-

Sanjiv Katkar
Proprietor

Membership no.: 41371

Date : October 25, 2005

AUDITORS' REPORT**Indian GAAP Unconsolidated Financial Statement of Compulink Systems Limited (Formerly Compulink Systems Private Limited)**

To

The Board of Directors,
Compulink Systems Ltd.
(Formerly Compulink Systems Private Ltd)
'Kshitij', Plot No. 38,
Rajiv Gandhi Infotech Park
Hinjewadi, Pune-411 057

Subject : Your Proposed Public Issue

Dear Sirs,

We have examined the financial information of Compulink Systems Limited (formerly Compulink System Private Limited) ("the company"), as attached to this report stamped and initialed by us for identification and as approved by the Board of Directors which has been prepared in accordance with Part II of schedule II of the Companies Act, 1956 ("the Act") and the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines 2000 as amended from time to time ("the Guidelines") issued by the Securities and Exchange Board of India ("SEBI") on January 19, 2000, in pursuance to Section 11 of the Securities and Exchange Board of India Act, 1992 and related clarifications, and in accordance with your instructions dated May 02, 2005 & October 3, 2005 requesting us to carry out work in connection with the Offer Document to be issued by the Company in connection with its proposed Initial Public Offering of Equity Shares ("the Issue").

1. Financial Information as per the audited financial statements

- 1.1 We have examined the attached restated assets & liabilities of the company for the financial periods / years ended September 30, 2005, March 31, 2005, March 31, 2004, March 31, 2003, March 31, 2002 and March 31, 2001 (Annexure I) and the attached statement of restated Profit and Loss Account for each of these periods / years ended on those dates (Annexure II), together referred to as 'summarized statement'. These summarized statements have been extracted from the financial statements for the periods / years ended September 30, 2005, March 31, 2005, March 31, 2004, March 31, 2003, March 31, 2002, audited by us and for the year ended on March 31, 2001 audited by the other auditor and for all these years have been adopted by the Board of Directors and members except for the period ended September 30, 2005 which is approved by the board of directors in their meeting held on October 25, 2005.
- 1.2 Also attached are summarized unaudited financial statements of Subsidiaries of the company for the five years/period as set out in Appendix A to B to this report as adopted by the Board of directors of the respective subsidiary companies. We have reviewed the relevant summarized financial statements in respect of these entities listed in Appendix A to B to this report relating to the subsidiaries of the Company for five financial years ended March 31, 2005 and for the period ended September 30, 2005 in case of Compulink U.S.A. Inc & Compulink Europe Limited which were certified by the management. The financial statements of the Company's subsidiaries have not been consolidated into the attached summary statements of the Company. In case of all the subsidiaries of the Company as at September 30, 2005, the entire beneficial ownership vests with the Company and accordingly, the assets and liabilities and profit/loss as applicable, of such subsidiaries in the aforementioned financial statements entirely concern the members of the company.
- 1.3 Based on our examination of the above summary statements and on the basis of information and explanations given to us, we report as under:
 - a. There are no material/significant adjustments relating to previous years and material /significant changes in the accounting policies, which need to be adjusted in summary statement in the year to which they relate. (Annexure I & II)
 - b. There are no qualifications in the Auditors' Report, which require adjustment to the summary statements.

2. Other financial information

- 2.1 We have examined the following financial information proposed to be included in the Offer Document/prospectus of your company, as approved by you and annexed to this report:
- a. Statement of Significant Accounting Policies and notes to summarized financial statements is enclosed as Annexure III.
 - b. Statement of accounting ratios based on the profits relating per share, net asset value and return on net worth is enclosed as Annexure IV.
 - c. Capitalization statement of the Company is enclosed as Annexure V.
 - d. Statement of changes in Share Capital is enclosed as Annexure VI.
 - e. Statement of Secured/Unsecured Loans and related terms of the loans and assets charged is enclosed as Annexure VII.
 - f. Statement of Tax Shelters as Annexure VIII.
 - g. Statement of Direct Tax Benefits available to the Company and its shareholders is enclosed as Annexure IX
 - h. Details of dividends paid by the Company are enclosed in Annexure X.
 - i. Details of Investments is enclosed in Annexure XI
 - j. Details of Working Capital Enjoyed is enclosed in Annexure XII
 - k. Statement of Cash Flows of the Company for the five years ended March 31, 2005 and first half of the year 2005-06 is enclosed in Annexure XIII.

In our opinion, the financial information of the Company, as attached to this report as mentioned in paragraphs 1 and 2 above, read with respective significant accounting policies as stated in notes to accounts have been prepared in accordance with Part II of Schedule II of the act and the Guidelines issued by SEBI.

This report is intended solely for use for your information and for inclusion in the Offer Document in connection with the issue of the company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For **Sanjiv Katkar & Associates**
Chartered Accountants

Sd/-
(Sanjiv Katkar)
Proprietor

Membership no.: 41371
Date : October 25, 2005

Annexure I - Statement of Assets and Liabilities (As Restated)

(Rs.in Lakhs)

Sr. No.	Particulars	31.03.01	31.03.02	31.03.03	31.03.04	31.03.05	As on 30.09.05
A	Assets						
(i)	Fixed Assets - Gross Block	257.18	401.64	441.59	552.17	550.24	555.08
	Less : Depreciation	69.53	127.58	193.34	256.19	192.84	236.24
	Net Block	187.65	274.06	248.25	295.98	357.40	318.84
(ii)	Capital W-I-P	94.95	-	13.78	174.35	832.00	1192.53
	Less : Revaluation Reserve	-	-	-	-	-	-
(iii)	Net Block after adjustment of revaluation reserve	282.60	274.06	262.03	470.33	1189.40	1511.37
B	Investments	32.72	32.79	71.37	72.06	138.20	179.62
C	Current Assets, Loans & Advances						
(i)	Receivables	63.85	79.80	181.74	377.18	618.98	663.28
(ii)	Cash & Bank balance	85.91	1.38	25.47	78.16	108.39	138.34
(iii)	Other current assets	0.41	0.05	0.11	0.16	0.16	0.16
(iv)	Loans & Advances	10.65	13.43	22.64	105.29	135.68	161.26
	Sub-Total	160.82	94.66	229.96	560.79	863.21	963.04
	Total Assets	476.14	401.51	563.36	1103.18	2190.81	2654.03
D	Liabilities & Provisions						
	Loan Funds						
(i)	Secured Loans	147.40	19.79	42.38	(2.26)	491.78	1066.63
(ii)	Unsecured Loans	0.01	-	-	-	-	-
	Sub-Total	147.41	19.79	42.38	(2.26)	491.78	1066.63
	Deferred Tax Liability	-	-	-	12.74	10.71	10.71
	Current Liabilities & Provisions						
(i)	Sundry Liabilities	21.82	15.25	26.12	58.99	146.86	126.83
(ii)	Provisions	0.94	8.85	35.42	96.94	132.86	132.86
	Sub-Total	22.76	24.10	61.54	155.93	279.72	259.69
	Total Liabilities	170.17	43.89	103.92	166.41	782.21	1337.03
E	Net Worth	305.97	357.62	459.44	936.77	1408.60	1317.00
	(Assets - Liabilities)						
	Represented by:						
(i)	Share Capital						
	Equity Share Capital	127.42	127.92	128.43	576.37	611.44	682.87
	Share Application Money	-	-	-	74.77	-	-
	Preference Share Capital	-	25.00	25.00	100.00	300.00	-
(ii)	Reserve and Surplus	179.13	204.75	306.04	189.88	500.35	664.78
	Less - Revaluation reserve	-	-	-	-	-	-
	Reserves net of revaluation reserve	179.13	204.75	306.04	189.88	500.35	664.78
		306.55	357.67	459.47	941.02	1411.79	1347.65
	Less - Miscellaneous Expenditure not Written off	0.58	0.05	0.03	4.25	3.19	30.65
	Total	305.97	357.62	459.44	936.77	1408.60	1317.00

Annexure II - Statement of Profit and Loss As Restated

(Rs.in Lakhs)

Sr. No.	Particulars	2000-01	2001-02	2002-03	2003-04	2004-05	As on 30.09.05
A.	Income						
1	Sales						
(i)	Export Sales						
	Products	-	-	49.01	219.47	339.88	134.39
	Services	278.78	307.29	362.41	348.53	431.44	88.81
(ii)	Domestic Sales						
	Products	-	32.50	95.90	194.35	454.45	264.30
	Services	-	-	17.54	41.51	60.63	50.31
2	Other Income	12.76	9.61	0.89	1.23	1.04	1.07
	Total Income	291.54	349.40	525.75	805.09	1287.44	538.88
B	Expenditure						
1	Personnel cost	46.75	87.14	192.37	282.03	470.94	299.15
2	Administrative cost	112.39	83.52	134.90	215.85	355.86	233.46
3	Interest	18.75	17.18	6.10	7.39	7.50	23.50
4	Depreciation	31.88	58.43	65.76	62.85	66.25	43.40
5	Misc Expenses written off	0.20	0.02	0.01	1.10	1.06	-
	Total expenditure	209.97	246.29	399.14	569.22	901.61	599.51
C	Net profit before tax and extra-ordinary items	81.57	103.11	126.61	235.87	385.83	(60.63)
D	Provision for Tax						
	Current tax	0.30	6.50	6.85	7.06	28.76	3.50
	Deferred Tax	-	-	-	4.78	(3.52)	-
		0.30	6.50	6.85	11.84	25.24	3.50
E	Net profit after tax before Extra-ordinary items	81.27	96.61	119.76	224.03	360.59	(64.13)
F	Extra-ordinary Items	-	-	-	-	-	-
G	Net profit after Extra Ordinary items	81.27	96.61	119.76	224.03	360.59	(64.13)
H	Earlier year adjustments	(0.03)	-	0.02	-	-	-
I	Net profit after earlier adjustments	81.24	96.61	119.78	224.03	360.59	(64.13)

Statement of Profit and Loss As Restated

(Rs.in Lakhs)

Sr. No.	Particulars	2000-01	2001-02	2002-03	2003-04	2004-05	As on 30.09.05
J	Net profit after earlier adjustments	81.24	96.61	119.78	224.03	360.59	(64.13)
	Add Balance of profit brought forward	-	-	-	-	-	-
K	Profit available for appropriation	81.24	96.61	119.78	224.03	360.59	(64.13)
L	Appropriations						
(i)	Preference Dividend	-	-	0.25	5.14	12.87	-
(ii)	Proposed/ Interim Equity Dividend	6.37	63.96	16.05	59.24	61.14	-
(iii)	Dividend Tax	1.44	6.52	2.09	8.25	9.67	-
(iv)	Transfer to General Reserve	-	9.66	5.99	11.20	-	-
(v)	Balance carried to Balance Sheet	73.43	16.47	95.40	140.20	276.91	(64.13)
		81.24	96.61	119.78	224.03	360.59	(64.13)

Notes
Other Income -

As the amount of other income never exceeded 20% of the PBT or Profit Before Tax, during any of the financial years beginning from 2000-01 to 2004-05, the necessary break up is not furnished.

ANNEXURE III

1. SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Presentation

The financial statements are prepared under the historical cost convention, on accrual basis of accounting, in conformity with accounting principles generally accepted in India and in accordance with the Accounting Standards referred to in section 211(3C) of the Companies Act, 1956 ('the Act').

The significant accounting policies adopted by the Company, in respect of the financial statements are set out below.

b. Use of Estimates

The preparation of the financial statements in conformity with Indian GAAP requires management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent assets and liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include provisions for doubtful debts, future obligations under employee retirement benefit plans, income taxes, the useful lives of fixed assets and intangible assets. Contingencies are recorded when it is probable that a liability will be incurred, and the amount can be reasonably estimated. Actual results could differ from those estimates.

c. Revenue Recognition

Revenues are recognised as follows –

i. Product Licenses and related revenues –

- License fees, on delivery and subsequent milestone schedule as per the terms of the contract with the end user.
- Product maintenance revenues, over the period of the maintenance contract.
- Implementation / Enhancement services are recognized as services are provided when arrangements are on a time and material basis. Revenues from fixed price contracts are recognized using the proportionate completion method to the extent of achievement of customer certified milestones. Proportionate completion is measured based upon the efforts incurred to date in relation to the estimated efforts to complete the contract.

ii. Software development services and Project Management Training and Consultancy services are recognised upon the percentage of completion method based on the proportion of efforts spent to total efforts to complete or on the basis of contractually determined milestones and as the services are provided for time and material contracts.

d. Expenditure

Expenses are accounted on the accrual basis and provisions are made for all known losses and liabilities.

e. Fixed Assets and Depreciation:

Fixed Assets are stated at cost less accumulated depreciation. The Company capitalises all direct costs relating to the acquisition and installation of fixed assets.

The cost of development, maintenance of infrastructure, communication and other attributable overheads incurred on the development of trademark / copyright products developed for retail distribution are accumulated and amortised over a period of the estimated marketable life of the product. The management reviews the estimated marketable life of the product every year.

Depreciation is provided pro-rata to the period of use, on the written down value method, at the rates specified in schedule XIV to the Act or based on the useful life of the asset. Individual assets acquired for less than Rs.5,000 are entirely depreciated in the year of acquisition.

Advances paid towards the acquisition of fixed assets outstanding at each balance sheet date and the cost of fixed assets under construction, completion and installation are disclosed under the 'Capital work-in-progress'.

The Management confirms that the project closure formalities / clearances from various agencies are in progress and hence the company is not able to quantify accurately the capitalization amount as on September 30, 2005. As a result, the depreciation for the new facility could not be quantified, though the new facility has been operational partially.

f. **Borrowing Costs:**

Borrowing costs directly attributable to the acquisition or construction of fixed assets are capitalised for the period until the asset is ready for its intended use. Other borrowing costs are recognized as an expense in the period in which they are incurred.

g. **Investments:**

Investments are classified under Long term and Current Investments. The Long term investments including investments in Subsidiary are carried at Cost less provision made to recognize any decline, other than temporary, in value of such investments, being in the nature of strategic investments. Overseas investments are carried out at Original rupee cost.

Current investments intended to be held for less than one year are stated at the lower of cost and market value.

h. **Foreign exchange transactions:**

i Realised gains and losses on foreign currency revenue transactions are recognised in the Profit and Loss Account.

ii Current assets, current liabilities and advances paid towards acquisition of fixed assets denominated in foreign currency at the year-end are translated at the year-end exchange rates, and the resulting exchange difference is recognised in the Profit and Loss Account.

iii Investments in overseas subsidiaries are recognised at the relevant exchange rates prevailing on the dates of allotment of the investments.

i. **Retirement benefits:**

The Company has schemes of retirement benefits of provident fund, gratuity fund in respect of which the Company's contribution to the funds are charged to the statement of profit and loss.

Gratuity :

The Company has initiated the Group Gratuity Scheme of the Life Insurance Corporation of India (LIC) during the financial year 2004 – 05. The trust formed through the Group Gratuity Scheme of LIC administers gratuity fund benefits of the company.. In respect of this fund, the adequacy of the accumulated funds available with the LIC has been confirmed on the basis of an actuarial valuation made at the year-end and the provision has been made for the shortfall, if any.

Provident Fund:

All employees receive benefits under provident fund (PF) scheme, which is equal to 12% of covered employee's basic salary. The Company makes the payment of PF contribution to the Government's provident fund.

j. **Preliminary Expenses :**

The preliminary expenses are written off over a period of five years in accordance with the provisions of Section 35D of the Income-tax Act, 1961.

As per the Company's policy, preliminary expenses are written off at the end of the financial period.

k. **Income Tax**

i. **Current Tax**

Provision for current income tax is made and retained in the Accounts on the basis of estimated tax liability as per the applicable provisions of the Income Tax Act, 1961. As per the policy of the Company, provision for Current tax is made after the close of the year.

ii. **Deferred Tax**

The Company accounts for taxes on income to include the effect of timing differences in the tax expenses in the Profit and Loss Account and deferred tax asset / liability in the Balance Sheet in accordance with the Accounting Standard (AS – 22) on “Accounting for Taxes on Income” issued by the Institute of Chartered Accountants of India.

Tax Holiday under Section 10A of the Income Tax Act, 1961, is available to the Company. In view of this, the deferred tax asset / liability in respect of timing differences that originate and reverse during the tax holiday period is ignored and deferred tax liability in respect of timing difference that originate during the tax holiday period but reverse after the tax holiday period is recognized.

The Company recognizes deferred tax asset / liability at the end of the financial year.

2. Notes to Summarized Financial Statements

2.1 Contingent liabilities not provided for in respect of:

(Rs. in Lakhs)

Particulars	31-Mar-01	31-Mar-02	31-Mar-03	31-Mar-04	31-Mar-05	30-Sep-05
Guarantees Given by bank	2.40	2.40	3.00	3.00	Nil	Nil

2.2 Estimated amount of contracts remaining to be executed on capital account and not provided for (net off advances)

(Rs. in Lakhs)

Particulars	31-Mar-01	31-Mar-02	31-Mar-03	31-Mar-04	31-Mar-05	30-Sep-05
Capital Commitments	40.60	Nil	Nil	Nil	448.89	150.00

2.3 Employee Stock Option Plan ('ESOP')

On February 14, 2004, the Company introduced its Inaugural Employee Stock Option Plan ('the Scheme'). The Scheme was introduced to provide equity-based incentives at any given time to present and future employees and Directors of the Company (excluding Promoter Directors) and its existing and future subsidiaries.

The Scheme is administered through a Trust. The Trust purchases the shares of the Company using the proceeds of the loans obtained from the Company. Pursuant to the above resolution the Board of Directors at their meeting held on February 14, 2004 approved the Scheme for issue of 4,50,000 options to the employees and Directors (excluding Promoter Directors) of the Company and its subsidiaries.

Particulars	31-Mar-01	31-Mar-02	31-Mar-03	31-Mar-04	31-Mar-05	30-Sep-05
Outstanding at the beginning of the year	Nil	Nil	Nil	Nil	124950	127050
Add : Granted During the year	Nil	Nil	Nil	124950	53000	12500
Less : Exercised During the year	Nil	Nil	Nil	Nil	Nil	Nil
Less : Forfeited During the year	Nil	Nil	Nil	Nil	50900	16850
Outstanding At the end of the year	Nil	Nil	Nil	124950	127050	122700

2.4 Earnings Per Share:

Particulars	31-Mar-01	31-Mar-02	31-Mar-03	31-Mar-04	31-Mar-05	30-Sep-05
Earning per Share (EPS)	6.38	7.55	9.31	3.57	5.66	(0.94)

2.5 Deferred taxation in respect of timing difference arising on account of:

(Rs. in Lakhs)

Particulars	31-Mar-01	31-Mar-02	31-Mar-03	31-Mar-04	31-Mar-05
Deferred Tax Assets					
Gratuity Allowable on payment basis	Nil	Nil	Nil	0.12	0.12
Assets Written Off	Nil	Nil	Nil	Nil	12.78
				0.12	12.90
Less : Deferred Tax Liability					
Depreciation on Fixed assets	Nil	Nil	Nil	4.90	14.11
Previous year adjustments	-	-	-	7.96	7.96
Gratuity	-	-	-	-	1.49
Adjustments for Rate Diff	-	-	-	-	0.06
	-	-	-	12.86	23.62
Net Deferred Tax Liability /(Asset)	-	-	-	12.74	10.71

2.6 Amount of exchange difference (net) (Credited)/debited to Profit & Loss Account during the year / period ended:

(Rs. in Lakhs)

Particulars	31-Mar-01	31-Mar-02	31-Mar-03	31-Mar-04	31-Mar-05	30-Sep-05
Foreign Exchange (Gain) / Loss	(6.25)	(3.36)	4.00	19.52	(0.13)	(1.71)

2.7 The age wise analysis of Sundry Debtors is as under:

(Rs. in Lakhs)

Particulars	31.03.01	31.03.02	31.03.03	31.03.04	31.03.05	30.09.05
Outstanding for a period exceeding six months	28.44	15.95	36.69	65.00	187.24	328.47
Other	35.41	63.85	145.05	312.18	431.74	334.81
Total	63.85	79.80	181.74	377.18	618.98	663.28

2.8 Transactions with Related Parties :
Subsidiaries :

(Rs. in Lakhs)

Particulars	31-Mar-01	31-Mar-02	31-Mar-03	31-Mar-04	31-Mar-05	30-Sep-05
Income						
Compulink USA INC	Nil	Nil	55.78	Nil	Nil	Nil
Compulink Europe Ltd	Nil	Nil	Nil	Nil	40.01	Nil
Expenses						
Compulink USA INC	0.20	Nil	Nil	0.50	0.17	0.01
Compulink Europe Ltd	Nil	Nil	Nil	Nil	(0.12)	2.91
During The year :						
Advances given /(repaid)						
Compulink USA INC	Nil	Nil	Nil	Nil	Nil	Nil
Compulink Europe Ltd	Nil	Nil	Nil	Nil	Nil	Nil
Investments Made						
Compulink USA INC	29.35	-	38.59	0.68	3.71	2.45
Compulink Europe Ltd	Nil	Nil	Nil	Nil	62.19	38.97
Balance :						
Investments						
Compulink USA INC	29.35	29.35	67.94	68.62	72.33	74.78
Compulink Europe Ltd	Nil	Nil	Nil	Nil	62.19	101.16
Other Advances						
Compulink USA INC	0.20	0.20	0.20	0.70	0.87	0.88
Compulink Europe Ltd	Nil	Nil	Nil	Nil	(0.12)	(0.12)
Sundry Debtors						
Compulink USA INC	Nil	Nil	3.81	3.53	3.53	3.53
Compulink Europe Ltd	Nil	Nil	Nil	Nil	39.49	42.40

Associates :
(Rs. in Lakhs)

Particulars	31-Mar-01	31-Mar-02	31-Mar-03	31-Mar-04	31-Mar-05	30-Sep-05
Income						
Compulink Technologies Pvt Ltd.	Nil	Nil	4.27	Nil	Nil	Nil
Expenses						
Mr. Mangesh Kirtane	Nil	Nil	Nil	4.86	2.16	Nil
Pegasus West HRD Pvt Ltd	Nil	Nil	Nil	0.81	0.61	0.55
Compulink Technologies Pvt Ltd.	0.05	0.03	0.08	(0.39)	Nil	Nil
Bad Debts written off -						
Compulink Technologies Pvt Ltd.	Nil	Nil	Nil	3.15	Nil	Nil
Advances written off -						
Compulink Technologies Pvt Ltd.	Nil	Nil	Nil	0.46	Nil	Nil
Balance :						
Sundry Debtors						
Compulink Technologies Pvt Ltd.	Nil	Nil	3.15	Nil	Nil	Nil
Other Advances						
Compulink Technologies Pvt Ltd.	0.73	0.76	0.84	Nil	Nil	Nil

Directors / key Management personnel & their relatives :
(Rs. in Lakhs)

Particulars		31-Mar-01	31-Mar-02	31-Mar-03	31-Mar-04	31-Mar-05
Remuneration & Fees						
Mr. Vishwas Mahajan	Managing Director & CEO	4.09	4.24	10.38	14.99	20.68
Mr. Uday Kothari	Chairman & CTO	4.09	4.24	13.12	14.99	20.68
Mr. Ranjit Thakur (Since Oct 19, 2002)	Director & CFO	-	-	2.11	11.64	18.60
Advances given (repaid)		Nil	Nil	Nil	Nil	Nil
Mr. Vishwas Mahajan	Managing Director & CEO					
Mr. Uday Kothari	Chairman & CTO					
Mr. Ranjit Thakur	Director & CFO					
Balance :						
Other Advances		Nil	Nil	Nil	Nil	Nil
Mr. Vishwas Mahajan	Managing Director & CEO					
Mr. Uday Kothari	Chairman & CTO					
Mr. Ranjit Thakur	Director & CFO					

2.9 In the opinion of the management team, all the Current Assets, Loans and Advances including receivables, other current assets, loans and advances and deposits have a value on realization in the ordinary course of the company's business which is atleast equal to the amount at which they are stated in the Balance Sheet. As per the Company's policy, debtors are confirmed at the end of the financial year.

2.10 Export Obligation

While extending all the facilities and privileges administrable under the STP Scheme for the Company's unit located at Compulink House, 16B, Rajpath Co-op Housing Society, Paud Road, Pune 411 038, company is required to export a minimum of USD 0.25 million or 3 times of the CIF value of goods imported duty free, whichever is higher. The export performance of the company is in excess of the minimum export requirement.

Export performance of the Company is as follows –

(Rs. in Lakhs)	
Financial Year	Export Turnover
2000 - 01	278.78
2001 - 02	307.29
2002 - 03	411.42
2003 - 04	568.00
2004 - 05	771.32

Annexure IV

Accounting Ratios

Particulars	31.03.01	31.03.02	31.03.03	31.03.04	31.03.05	30.09.05
Earning per Share (EPS) (Rs)	6.38	7.55	9.31	3.57	5.66	(0.94)
Cash earning Per share (Rs)	11.30	14.02	14.72	4.76	7.36	(0.30)
Return on net worth (%)	26.50	27.01	26.07	23.81	25.54	(4.76)
Return on Equity (%)	26.56	29.05	27.51	26.16	31.37	(4.87)
Net Asset Value per Equity Share (Rs)	24.01	26.00	33.83	13.69	18.13	19.29
Other Ratios						
Return on Assets(%)	17.06	24.06	21.26	20.31	16.46	(2.42)
Return on average net worth (%)	32.78	29.12	29.32	32.09	30.75	(4.71)

Notes :

1. EPS represents basic earnings per share calculated as Net Profit after Tax before extraordinary items (PAT) LESS Pref dividend + tax divided by number of equity shares at the end of the fiscal year
2. Cash EPS represents PAT for the year plus non-cash charges divided by the number of equity shares at the end of the fiscal year. Non-cash charges comprise depreciation, amortization of business development expenses, loss on sale of fixed assets and bad debts written off.
3. Return on Net Worth is arrived at by dividing PAT by total shareholder's funds (Net Worth) at the end of the year
4. Net Assets value per share, computed as per net equity method, is arrived at as Equity networth at the end of the year less miscellaneous expenses not written off and divided by the number of equity shares at the end of the fiscal year.

Annexure V : Capitalisation Statement

(Rs. in Lakhs)

Sr. No.	Particulars	Pre Issue as at September 30, 2005	Adjusted for Public Issue
A	Borrowings		
(i)	Short term debt	-	-
(ii)	Long term debt	812.79	812.79
	Total debt	812.79	812.79
B	Shareholder's Fund		
	Share Capital (Paid-up)		
(i)	Equity Capital less calls in arrears	682.87	1,036.71
(ii)	Preference capital	-	-
(iii)	Share premium	263.64	2,032.87
(iv)	Reserves & Surplus	401.14	401.14
		1,347.65	3,470.72
	Less : Miscellaneous expenditure not w/off	30.65	203.19
	Total Shareholders Fund	1,317.00	3,267.53
C	Long term debt-equity ratio	0.62	0.25

Annexure VI - STATEMENT OF CHANGES IN SHARE CAPITAL

(Rs. in Lakhs)

Sr No	Particulars	Balance Sheet As At		
		March 31, 2004	March 31, 2005	September 30, 2005
	SHARE CAPITAL			
A.	Authorised Share Capital :			
	Equity Shares of Rs. 10 each	650.00	650.00	1500.00
	9% Optionally Convertible Cumulative Preference Shares (3,00,000 shares of Rs. 100 each)	300.00	300.00	-
B.	Issued, Subscribed and Paid Up			
	Equity Shares of Rs. 10 each	576.37	611.44	682.87
	9% Optionally Convertible Cumulative Preference Shares of Rs. 100 each	100.00	300.00	-
	Share Application Money	74.77	-	-
	Total B	751.14	911.44	682.87

ANNEXURE VII : A : SECURED LOANS
A STATEMENT OF SECURED / UNSECURED LOANS & RELATED TERMS OF LOANS & ASSETS CHARGED

(Rs. in Lakhs)

S. N.	Description	Amount Sanctioned	Amount outstanding As on 30.09.2005	Tenure (Years)	Year of Maturity (FY)	Prevailing Interest Rate (Per Annum)	Repayment Schedule	Put / Call Option	Security Offered
SECURED LOANS :									
A SHORT TERM :									
	The Saraswat Co-op Bank Ltd (Cash Credit Facility)	400.00	253.84	1 Year subject to Renewal	N.A.	For Domestic Receivables- 1% below Bank's PLR per annum on monthly rest For Export Receivables - 8% p.a.	On Demand	None	Primary Receivables Collateral - Equitable mortgage charge on all the existing properties of the company
B LONG TERM :									
i)	The Saraswat Co-op Bank Ltd (Term Loan Facility)	776.67	776.67	60 Months inclusive of 9 months moratorium period	2009 - 10	Rupee Term Loan - 1% below Bank's PLR per annum on monthly rest Foreign Currency Term Loan - 3.5% pa over six months LIBOR for USD prevailing on the date of disbursement with a minimum of 5.75% p.a. Interest is payable every six months end	50 monthly instalments of Rs.16 Lacs each and one instalment of Rs.25 Lacs each	None	Primary-Equitable mortgage charge on the proposed land and building and other fixed assets at Hinjewadi site Collateral - Equitable mortgage charge on all the existing properties of the company
	The Saraswat Co-op Bank Ltd (Additional Term Loan Facility)	225.00	29.62	60 Months	2010 - 11	Rupee Term Loan - 1% below Bank's PLR per annum on monthly rest	50 monthly instalments of Rs.3.75 Lacs each		
ii)	ICICI Bank Ltd (Car Loan)	9.62	6.50	36 Months	2007 - 08	3.3% pa on reducing balance	36 monthly instalments of Rs.0.28 lacs each	None	Hypothecation of Vehicle
C. TOTAL SECURED LOANS			1,066.63						
D UNSECURED LOANS			NIL	NIL		NIL	NIL		NIL
E SUMMARY									
	Total Short Term loans		253.84						
	Total Long Term Loans		812.79						
	Total Unsecured Loans		-						
	Total Loans		1,066.63						

ANNEXURE VII : B : SECURED LOANS

(Rs. in Lakhs)

Particulars	31.03.01	31.03.02	31.03.03	31.03.04	31.03.05	30.09.05
Secured Loans						
Term Loan with Cosmos Co-operative Bank, Pune	92.04	-	-	-	-	-
Term Loan with The Saraswat Co-operative Bank, Pune	-	-	-	-	525.93	806.29
Cash Credit with Cosmos Co-operative Bank, Pune	52.11	19.79	38.63	(2.26)	-	-
Cash Credit with The Saraswat Co-operative Bank, Pune	-	-	-	-	(42.21)	253.84
Car Loan from Saitomo Financial Services Ltd, Pune	0.34	-	-	-	-	-
Car Loan from Standard Chartered Bank, Pune	2.91	-	-	-	-	-
Car Loan from ICICI Bank, Pune	-	-	3.75	-	8.06	6.50
Total	147.40	19.79	42.38	(2.26)	491.78	1,066.63

Annexure VIII : Tax Shelter Statement

(Rs. in Lakhs)

Particulars	31.03.01	31.03.02	31.03.03	31.03.04	31.03.05
Tax at Notional Rate (Rate = 35%)	28.55	36.09	44.31	82.55	135.04
Adjustments:					
Export Profits	61.55	87.07	91.38	203.80	312.99
Difference Between Tax depreciation and book depreciation	7.63	3.87	(4.24)	13.65	25.16
	-	-	-	-	-
Other adjustments					
Dividend from Indian Co.	0.41	0.51	0.51	0.51	0.51
Grant Received	-	0.75	-	-	-
Gratuity Provision	(0.30)	(0.86)	(1.77)	(0.33)	3.90
Software Expenditure W/off	6.78	-	-	-	-
Assets W/off Disallowed	-	(0.37)	-	-	(35.12)
Expenses Disallowed	(0.23)	(0.06)	(4.09)	(0.41)	-
Tax Exemptions / Deductions	0.09	-	-	-	-
Net adjustments	75.93	90.91	81.79	217.22	307.44
Tax saving thereon	26.58	31.82	28.63	76.03	107.60
Total taxation (As per IT return)	1.97	4.27	15.69	6.53	27.44
Taxation on extraordinary items					
Less : Adjustments due to (excess) / Short provision	1.67	(2.23)	8.84	(0.53)	(1.32)
Tax on profits before extraordinary items	0.30	6.50	6.85	7.06	28.76
Tax rate (%) (incl. Surcharge & Cess)	39.55	35.70	36.75	35.88	36.60
Tax at actual rate	32.26	36.81	46.53	84.62	141.21
Adjustments : Less					
Permanent Differences:					
i) Export Profits	61.55	87.07	91.38	203.80	312.99
ii) Dividend From Indian Cos	0.41	0.51	0.51	0.51	0.51
iii) Grant Recd	-	0.75	-	-	-
iv) Expenses Disallowed	(0.23)	(0.06)	(4.09)	(0.41)	-
v) Tax Exemptions / Deductions	0.09				
Timing Differences:					
i) Depreciation	7.63	3.87	(4.24)	13.65	25.16
ii) Gratuity	(0.30)	(0.86)	(1.77)	(0.33)	3.90
III) Assets W/off	6.78	(0.37)	-	-	(34.93)
Net Adjustments	75.93	90.91	81.79	217.22	307.63
Tax saving thereon	30.03	32.45	30.06	77.93	112.59
Tax after savings	2.23	4.36	16.47	6.69	28.62
Add : Deferred Tax Liability	-	-	-	4.78	(3.52)
Less : Deferred Tax Adjustment Charged to Reserves & Surplus	-	-	-	-	1.49
Total Taxation	2.23	4.36	16.47	11.47	25.11
Less : Adjustments due to (excess) / Short provision	1.93	(2.14)	9.62	(0.37)	(0.13)
Total Taxation as per Books	0.30	6.50	6.85	11.84	25.24

ANNEXURE IX**STATEMENT OF POSSIBLE DIRECT TAX BENEFITS TO THE COMPANY AND ITS SHAREHOLDERS**

We certify that under the current provisions of the Income Tax Act, 1961 and the existing laws for the time being in force, the following benefits, *inter-alia*, will be available to the Company and the members.

A. To the Company

The Company will be entitled for the following tax benefits in computing the Taxable Income under the Provisions of the Income Tax Act, 1961 (The Act).

1. Tax holiday under Section 10A of the Income Tax Act

As per the provisions of Section 10A of the Income Tax Act, the Company is eligible to claim a benefit with respect to profits derived by its undertaking/s from the export of articles or things or computer software for a period of ten consecutive assessment years, beginning with the assessment year relevant to the previous year in which the undertaking/s begin to manufacture or produce such articles or things or computer software. However, the benefit is available subject to fulfillment of conditions prescribed by the Section and no benefit under this Section shall be allowed with respect to any such undertaking after the year ending on March 31, 2009.

2. Under Section 32 of the Income Tax Act, the Company is entitled to claim depreciation on tangible and intangible assets as explained in the said section.
3. Subject to compliance of certain conditions laid down in section 35 (1) (iv) of the Income Tax Act, in respect of any capital expenditure incurred other than the expenditure incurred on the acquisition of any land, on scientific research related to the business of the Company, to the extent of expenditure incurred.
4. The Company is eligible for amortization of preliminary expenses being the expenditure on public issue of share under Section 35D (2) (c) (iv) of the Income Tax Act, subject to limits specified in sub section (3).
5. Dividends received by the Company from other domestic companies are exempt in the hands of Company as per the provisions of Section 10(34) of the Income Tax Act.

B. To the resident shareholders**1. Dividends exempt under Section 10(34)**

Dividends (whether interim or final) declared, distributed or paid by the Company are exempt in the hands of shareholders as per the provisions of Section 10(34) of the Income Tax Act.

2. Computation of capital gains

- i. Capital assets may be categorized into short term capital assets and long term capital assets based on the period of holding. All capital assets (except shares held in a Company or any other listed securities or units of UTI or specified Mutual Fund units) are considered to be long-term capital assets if they are held for a period in excess of 36 months. Shares held in a Company, any other listed securities, units of UTI and specified Mutual Fund units are considered as long term capital assets if these are held for a period exceeding 12 months. Consequently, capital gains arising on sale of Shares held in a Company or any other listed securities or units of UTI or specified Mutual Fund units held for more than 12 months are considered as "long term capital gains".
- ii. Section 48 of the Income Tax Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition / improvement and expenses incurred in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, in respect of long term capital gains, it offers a benefit by permitting substitution of cost of acquisition / improvement with the indexed cost of acquisition / improvement, which adjusts the cost of acquisition / improvement by a cost inflation index as prescribed from time to time.

Under section 10(38) of the Income Tax Act, long term capital gains arising on sale of shares where the transaction of sale is entered into on a recognized Stock Exchange in India, on or after 1st October, 2004 shall be exempt from tax.

- iii. Under section 54EC of the Income Tax Act and subject to the conditions and to the extent specified therein, long term capital gains arising on the transfer of shares of the Company that are not exempt under section 10(38) of the Income Tax Act, shall not be chargeable to tax if the whole or any part of the capital gains is invested in certain notified bonds within a period of six months after the date of such transfer. However if the said bonds are transferred or converted into money within three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the bonds are transferred or converted into money. Investment in new asset for the purpose of claiming exemption under section 54EC will not include that investment in respect of which taxpayer has claimed a deduction under the new section 80C.
- iv. Under section 54ED of the Income Tax Act and subject to the conditions and to the extent specified therein, long term capital gains arising on the transfer of shares of the Company that are not exempt under section 10(38) of the Income Tax Act, shall not be chargeable to tax if the whole or any part of the capital gains is invested in acquiring equity shares of Indian Company forming part of an “eligible issue of share capital” within a period of six months after the date of such transfer. However if the said shares are transferred within a period of one year from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the shares are transferred. Eligible issue of share capital has been defined as an issue of equity shares which satisfies the following conditions:

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

Investment in new asset for the purpose of claiming exemption under section 54 ED will not include that investment in respect of which taxpayer has claimed a deduction under the new section 80C.

- v. Under section 54F of the Income Tax Act, long term capital gains arising to an individual or Hindu Undivided Family (HUF) on transfer of shares of the company, will be exempt from tax subject to other conditions specified therein, if the sale proceeds from such shares are used for the purpose of purchase of residential house property within a period of one year before and two years after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer.
- vi. Under section 111A of the Income Tax Act, short-term capital gains arising on sale of shares where the transaction of sale is entered into on a recognized stock exchange in India, on or after 1st October 2004 shall be subject to tax at a rate of 10% (plus applicable surcharge and education cess).
- vii. Under section 112 and other relevant provisions of the Income Tax Act, long term capital gains arising on transfer of shares of the company not covered by section 10(38) of the Income Tax Act, shall be subject to tax at a rate of 20% (plus applicable surcharge and education cess) after indexation as provided in the second proviso to section 48 or at 10% (plus applicable surcharge and education cess) without indexation, at the option of the shareholder. However, as per the proviso to section 112(1) of the Income Tax Act, if the tax on long term capital gains resulting on transfer of listed securities or units, calculated at the rate of 20% with indexation benefit exceeds the tax on long term capital gains computed at the rate of 10% without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10% (plus applicable surcharge and education cess).

C. Additional Benefits available to Foreign Institutional Investors (FII)

Under Section 115AD of the Income Tax Act, income received by Foreign Institutional Investor in respect of securities shall be taxed @ 20%. Income by way of Long Term Capital Gains arising from the transfer of such securities shall be taxed @ 10%. With effect from A.Y. 2005-06, Income by way of any other Short Term Capital Gains not covered by section 111A, arising from the transfer of such securities shall be taxed @ 30%.

D. Additional Benefits Available to non-resident Indians

1. Where shares have been subscribed to in convertible foreign exchange option of taxation under Chapter XII-A of the Act :

Non-Resident Indians [as defined in section 115C(e) of the Act], being shareholders of an Indian Company, have the option of being governed by the provisions of Chapter XII-A of the Act, which inter alia entitles them to the following benefits in respect of income from shares of an Indian company acquired, purchased or subscribed to in convertible foreign exchange. Long term capital gains that are not exempt under section 10(38) would be taxed as under :

1. As per the provisions of section 115D read with section 115E of the Act, and subject to the conditions specified therein, long term capital gains arising on transfer of an Indian Company's shares, will be subject to tax at the rate of 10 percent (plus applicable surcharge and education cess) without indexation benefit.
2. As per the provisions of section 115F of the Act and subject to the conditions specified therein, gains arising on transfer of a long term capital asset being shares in an Indian company shall not be chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period of six months in any specified asset or savings certificate referred to in section 10(4B) of the Act. If part of such net consideration is invested within the prescribed period of six months in any specified asset or savings certificate referred to in section 10(4B) of the Act then such gains would not be chargeable to tax on a proportionate basis. For this purpose, net consideration means full value of the consideration received or accruing as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly & exclusively in connection with such transfer.
3. Further, if the specified asset or savings certificates in which the investment has been made is transferred within a period of three years from the date of investment, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such specified asset or saving certificates are transferred.
4. Under Section 115G of the Income Tax Act, it shall not be necessary for the Non-resident Indians to furnish their return of Income, under section 139(1) of the Act, if their source of income is only investment income or income by way of long term capital gains or both, provided income tax deductible at source under the provisions of chapter XVII B has been deducted from such income.
5. The benefit conferred on a Non-resident Indian assessee will be available even after the assessee becomes a resident if declaration in writing is filed along with the return of income under Section 139(1) of the Income Tax Act, to the effect that the provisions of Chapter XII A shall continue to apply to him in respect of investment income derived from foreign exchange asset vide Section 115H of the Income Tax Act, until the Transfer or conversion (otherwise than by transfer) into money of such assets.
6. Under Section 115I of the Income Tax Act, a Non-resident Indian, if he elects by so declaring in the return of his income for that assessment year, not be governed by the above mentioned special provisions of chapter XII-A, then he will be entitled to tax benefits available to resident individuals.
7. Shareholders who are tax residents of countries with which India has entered into Double Tax Avoidance Agreements ("DTAA") may choose to pay tax in accordance with such applicable DTAA, instead of the tax regime discussed above, if the same is considered beneficial by them.

E. Benefits available to Mutual Funds

Under section 10(23D) of the Income Tax Act, all Mutual Funds set up by Public Sector Banks or Public Financial Institutions or Mutual Funds registered under the Securities and Exchange Board of India or authorized by the Reserve Bank of India, subject to the conditions specified therein are eligible for exemption from income-tax on all their income, including income from investment in the equity shares of a company.

F. Benefits available to Venture Capital Companies / Funds

Under section 10(23FB) of the Income Tax Act, all venture capital companies / funds registered with the Securities

and Exchange Board of India, subject to the conditions specified, are eligible for exemption from income-tax on all their income, including income from investment in the equity shares of a company.

G. Benefits available to resident shareholders under the Wealth Tax Act, 1957

Shares of the Company held by the shareholders will not be treated as an asset within the meaning of section 2(ea) of the Wealth Tax Act, 1957 and hence Wealth Tax will not be applicable.

H. Benefits available to resident shareholders under the Gift Tax Act, 1958

Gift tax is not liable in respect of any gifts made on or after October 1, 1998. Therefore, any gift of shares will not attract gift tax.

The above statement of Possible Direct Tax Benefits sets out the provisions of law in a summary manner only and is not a complete analysis of listing of all potential tax consequences of the purchase, ownership and disposal of ordinary shares. The statements made above are based on the tax laws in force and as interpreted by the relevant taxation authorities as of date. Investors are advised to consult their tax advisors with respect to the tax consequences of their holdings based on their residential status and the relevant double taxation conventions.

ANNEXURE X : STATEMENT OF DIVIDEND PAID FOR THE LAST 5 YEARS

Sr	Particulars	31.03.01	31.03.02	31.03.03	31.03.04	31.03.05
1	Dividend on equity shares (Rs. in Lakhs)	6.37	63.96	16.05	59.24	61.14
2	Rate of equity dividend (%)	5	25	12.5	15	10
3	Dividend on preference shares (Rs. in Lakhs)	-	-	0.25	5.14	12.87
4	Rate of preference dividend (%)	-	-	1	9	9

Annexure XI : A : Statement of Investments as at the end of the years 2001 to 2005.

(Rs. in Lakhs)

Sr. No.	Particulars	31.03.01	31.03.02	31.03.03	31.03.04	31.03.05	30.09.05
A	Unquoted, Non Trade Investments Held for long term, valued at cost						
(i)	The Cosmos Co-operative Bank Ltd	3.37	3.37	3.37	3.37	3.37	3.37
	Number of Shares	16,842	16,842	16,842	16,842	16,842	16,842
	Face Value per share	Rs. 20/-	Rs. 20/-	Rs. 20/-	Rs. 20/-	Rs. 20/-	Rs. 20/-
(ii)	The Sarswat Co-operative Bank Ltd.	-	-	-	-	0.25	0.25
	Number of Shares	-	-	-	-	2,500	2,500
	Face Value per share	-	-	-	-	Rs. 10/-	Rs. 10/-
(iii)	ByNet Software Incorporation	-	0.06	0.06	0.06	0.06	0.06
	Number of Shares	-	13,556	13,556	13,556	13,556	13,556
	Face Value per share	-	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.01
	Total of (i), (ii) and (iii)	3.37	3.43	3.43	3.43	3.68	3.68
	Investment in Wholly owned Subsidiaries.						
(iv)	Compulink USA Inc (Incorporated in U.S.A.)	29.35	29.35	67.94	68.62	72.33	74.78
	Number of Shares	63,250	63,250	144,750	146,321	154,321	159,921
	Face Value per share	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00
(v)	Compulink Europe Ltd (Incorporated in U.K.)	-	-	-	-	62.19	101.16
	Number of Shares	-	-	-	-	73,764	122,014
	Face Value per share	-	-	-	-	GBP 1 .00	GBP 1 .00
	Total of (iv) and (v)	29.35	29.35	67.94	68.62	134.52	175.94
	Grand Total	32.72	32.78	71.36	72.05	138.20	179.62

(Rs. in Lakhs)

Annexure XI: B : Statement of Investments made as on 30.09.2005

Sr. No	Particulars	No. of Shares	Face Value per share	Cost
A	Unquoted, Non Trade Investments Held for long term, valued at cost			
(i)	The Cosmos Co-operative Bank Ltd	16842	Rs. 20/- (fully paid)	3.37
(ii)	The Saraswat Co-operative Bank Ltd	2500	Rs. 10/- (fully paid)	0.25
(iii)	ByNet Software Incorporation	13,556	\$ 0.01 (fully paid)	0.06
	Investment in wholly owned Subsidiaries.			3.68
(iv)	Compulink Europe Ltd (Incorporated in U.K.)	122,014	GBP 1.00 (fully paid)	101.16
(v)	Compulink USA Ltd (Incorporated in U.S.A)	159,921	\$1.00 (fully paid)	74.78
				175.94
	Total			179.62

Annexure XII

Statement on working capital facility enjoyed as on 30th September, 2005.

Sr		Particulars
1	Name of the Lender	The Sarswat Co-operative Bank Ltd., Hinjewadi Branch, Pune
2	Limit Sanctioned	Rs. 4,00,00,000/- (Rs. Four crores)
3	Main Security	Hypothecation of Debtors below 180 days.
4	Additional Security	Equitable mortgage on the premises of the company and hypothecation over the movable assets. Personal Guarantees of the Promoter Directors of the company
5	Rate of Interest	For Domestic Receivables - 1% below Bank's PLR per annum on monthly rest
		For Export Receivables – 8% p.a.

Annexure XIII : CASH FLOW STATEMENT

(Rs. in Lakhs)

S. No.	Particulars	For the year ended					
		31-03-01	31-03-02	31-03-03	31-03-04	31-03-05	30-09-05
A.	CASH FLOWS FROM OPERATING ACTIVITIES						
	Profit Before Taxation & Exceptional items	81.57	103.12	126.63	235.87	385.83	(60.63)
	Adjustments For						
	Depreciation / Amortisation	31.88	58.43	65.76	62.85	66.25	43.40
	Foreign Exchange (Gain) / Loss	(6.25)	(3.36)	4.00	19.52	(0.13)	1.71
	(Profit)/ Loss on sale of Fixed Assets	-	0.37	-	-	0.60	-
	Dividend & Interest Income	(0.41)	(0.51)	(0.51)	(0.51)	(0.51)	(0.59)
	Interest Paid on Borrowings	18.75	17.18	6.10	7.39	7.50	23.50
	Loans & Advances W/Off	-	-	-	0.46	-	-
	Bad debts w/off / Provided	-	24.28	3.75	3.55	4.76	-
	Fixed assets W/off	-	-	-	-	35.11	-
	Preliminary Exp W/off	0.02	0.02	0.02	1.10	1.06	-
	Expenditure on increase authorised Capital W/off	0.19	-	-	-	-	-
	R& D and Product Launching Exp W/off	30.69	-	-	-	-	-
	Interest on Unclaimed dividend	-	-	0.11	-	-	-
	Extra ordinary items						
	Insurance Claim Received	-	(0.13)	-	(0.37)	-	-
	Grant from Ministry of Small Scale Industries	-	(0.75)	-	-	-	-
	(Excess) \ Short Provision Written Back	-	(0.61)	(0.26)	-	-	-
	Interest on Bank Deposits	(5.71)	(3.09)	(0.12)	(0.08)	(0.41)	
	Interest on Credit Cards	-	-	(0.22)	-	-	-
	Interest on Security Deposit with MSEB	-	-	-	-	-	(0.07)
	Operating profit Before Working Capital Changes	150.72	194.94	205.26	329.78	500.07	7.46
	Trade & Other Receivables	(3.23)	(36.25)	(109.70)	(218.51)	(246.43)	(45.98)
	Interest Accrued But not due	(0.15)	0.36	(0.06)	(0.05)		
	Loans, advances & Deposits	(1.58)	(0.82)	(0.89)	(9.35)	(5.26)	(14.62)
	Trade Payables & Other Liabilities	10.92	(5.99)	10.86	30.87	60.34	(15.18)
	Gratuity Payable	0.30	0.86	1.77	0.33	(3.90)	1.84
	Income Taxes Paid	(2.26)	(1.95)	(8.61)	(28.75)	(25.12)	(13.71)
	Extraordinary Items						
	Insurance Claim Received	-	0.13	-	0.37	-	-
	Grant from Ministry of Small Scale Industries	-	0.75	-	-	-	-
	Interest on Credit Cards	-	-	0.22	-	-	-
	Interest on Security Deposit with MSEB	-	-	-	-	-	0.07
	Net Cash From Operating Activities - A	154.71	152.03	98.86	104.68	279.70	(80.26)

(Rs. in Lakhs)

S. No.	Particulars	For the year ended					
		31-03-01	31-03-02	31-03-03	31-03-04	31-03-05	30-09-05
B	CASH FLOW FROM INVESTING ACTIVITIES						
	Purchase of Fixes Assets (Including capital Work In Progress)	(144.64)	(50.49)	(53.72)	(269.15)	(803.00)	(373.73)
	Sale of fixed Assets	-	0.21	-	-	9.50	-
	Investments in Subsidiaries/Associates	(29.35)	(0.07)	(38.58)	(0.69)	(66.15)	(41.41)
	Dividend Received	0.41	0.51	0.51	0.51	0.51	0.52
	Interest on Bank Deposits	5.71	3.09	0.12	0.08	0.41	0.07
	Net Cash From Investing Activities - B	(167.88)	(46.75)	(91.68)	(269.25)	(858.73)	(414.55)
C	CASH FLOW FROM FINANCING ACTIVITIES						
	Proceeds from Equity Share Capital	11.01	0.50	0.50	163.35	-	-
	Proceeds from Preference Share Capital	-	25.00	-	100.00	200.00	-
	Share Application Money Received / (Refunded)	-	-	-	74.77	(4.64)	-
	Issue Expenses (Equity Capital)	0.90	-	(0.10)	(5.31)	-	(27.46)
	Equity Dividends Paid	(6.37)	(63.96)	-	(16.05)	(59.24)	-
	Preference Dividends Paid	-	-	-	(0.25)	(5.14)	-
	Tax on Equity Dividends	(1.44)	(6.52)	-	(0.03)	(7.59)	-
	Tax on Preference Dividends	-	-	-	(2.06)	(0.66)	-
	Interest Paid	(18.75)	(17.18)	(6.10)	(7.39)	(7.50)	(23.50)
	Proceeds from Borrowings	44.09	-	22.60	-	536.25	592.42
	Repayment of Borrowings	(14.68)	(127.63)	-	(44.64)	(42.22)	(17.56)
	Interest on Unclaimed Dividend	-	-	-	(0.11)	-	-
	Loans to ESOP Trust	-	-	-	(45.02)	-	-
	Repayment of loan by ESOP Trust	-	-	-	-	-	0.86
	Net Cash Used in Financing Activities - C	14.76	(189.80)	16.90	217.25	609.26	524.76
D	Net increase in Cash & Cash Equivalents (A+B+C)	1.60	(84.52)	24.09	52.69	30.23	29.95
E	Cash & Cash Equivalents as at beginning	84.31	85.91	1.39	25.47	78.16	108.39
F	Cash & Cash Equivalents as at end	85.91	1.39	25.47	78.16	108.39	138.34

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

To

**The Board of Directors,
Compulink Systems Limited**
(Formerly Compulink Systems Private Limited)
'Kshitij', Plot No. 38,
Rajiv Gandhi Infotech Park
Hinjewadi
Pune-411 057

Dear Sirs,

1. I have reviewed the attached consolidated Balance Sheet of Compulink System Ltd. and its subsidiaries (the group) as at March 31, 2005 and September 30, 2005 and also the consolidated profit and losses account for the year ended on that date. The consolidated financial statements are the responsibility of the Compulink System Ltd's management and have been prepared by the management on the basis of separate financial statement and other financial information regarding components. My responsibility is to express an opinion on these financial statements based on my review.
2. I conducted my review in accordance with the auditing standards generally accepted in India. Those Standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examine, on a test basis evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.
3. I did not audit the financial statements of the Subsidiary Companies, Compulink, USA, INC & Compulink Europe Ltd whose financial statement reflect the group's share of total assets of Rs 2,230.64 lakhs as at September 30, 2005 and the Group's share of total revenues of Rs. 557.06 lakhs for the six months ended on that date.
4. I report that the consolidated financial statements have been prepared by the Compulink System Ltd's management in accordance with the requirements of Accounting standard 21, Consolidated financial statements, issued by the Institute of Chartered Accountants of India.
5. Based on my audit and on consideration of the separate financial statements and on the other financial information of the components, of subsidiaries as stated in Para 3 a) above, in my opinion and to the best of my information and according to the explanations given to me, the attached consolidated financial statements, read in notes to accounts to the consolidated financial statements, give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of the consolidated Balance Sheet, of the state of affairs of Compulink System Ltd as at 31 March, 2005 and as at September 30, 2005; and
 - b) in the case of the consolidated Profit and Loss Account, of the profit for the year / period ended on March 31, 2005 and loss for the period ended September 30, 2005.
6. This report is solely for your information and as required by the Securities and Exchange Board of India from you, for inclusion in the offer document being issued by Compulink System Ltd in connection with the public issue of share and is not to be used for any other purpose without my consent.

For **Sanjiv Katkar & Associates**
Chartered Accountant

Sd/-
Sanjiv Katkar
Proprietor

Pune
October 25, 2005

Consolidated Balance Sheet (Unaudited)

(Rs. in Lakhs)

	As at 31st March, 2005	As at 30th September, 2005
SOURCES OF FUNDS :		
Shareholders' funds		
Share Capital	911.44	682.87
Reserves and Surplus	351.50	470.43
	1,262.94	1,153.29
Loan funds		
Secured loans	491.78	1,066.64
Unsecured loans		
	491.78	1,066.64
Deferred Tax Liability	10.72	10.72
Total	1,765.43	2,230.64
APPLICATION OF FUNDS :		
Fixed assets		
Gross block	605.05	610.13
Less : Depreciation	229.59	281.97
Net block	375.46	328.16
Capital work-in-progress	832.01	1,192.53
	1,207.46	1,520.69
Investments	3.68	3.68
Current assets, loans and advances		
Sundry debtors	619.06	641.40
Cash and bank balances	108.67	143.31
Loans and advances	135.15	160.65
	862.88	945.35
Current liabilities and provisions		
Current liabilities	178.92	136.88
Provisions	132.86	132.86
	311.78	269.73
Net current assets	551.10	675.62
Miscellaneous expenditure	3.19	30.65
Total	1,765.43	2,230.64

Consolidated Profit and Loss Account for the year ended 31st March, 2005 (Unaudited)

(Rs. in Lakhs)

	For the year ended 31st March 2005	For the period ended 30th September 2005
INCOME :		
Income from Operations & Other Income	1,294.91	557.06
	1,294.91	557.06
EXPENDITURE :		
Personnel	538.20	332.17
Finance Cost	11.89	28.18
Administrative Expenses.	382.77	251.96
Depreciation	83.74	52.19
	1,016.59	664.49
PROFIT/(LOSS) BEFORE TAXATION	278.31	(106.27)
Less : Provision for taxation	25.24	3.50
PROFIT/(LOSS) AFTER TAXATION	253.07	(109.77)
Profit available for appropriation	253.07	(109.77)
APPROPRIATIONS :		
Preference Dividend	12.87	
Tax on Preference Dividend	1.68	
Proposed Equity Dividend	61.14	
Tax on proposed Equity Dividend	7.99	
Transferred to General Reserve	-	
Balance carried to the Balance Sheet	169.38	(109.77)
	253.07	(109.77)

COMPULINK SYSTEMS LIMITED (CONSOLIDATED AND UNAUDITED)

SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements, as restated represents consolidation of accounts of Compulink Systems Limited, India with its 100% subsidiaries, Compulink USA INC, USA and Compulink Europe Ltd, UK.

Significant Accounting Policies are as set out in the Financial Statements of Compulink Systems Limited, India, Compulink USA INC, USA and Compulink Europe Ltd, UK.

As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.

ANNEXURE A - COMPULINK USA, INC
Statement of Assets and Liabilities (Unaudited)

(Rs. in Lakhs)

S. No.	Particulars	31-03-01	31-03-02	31-03-03	31-03-04	31-03-05	30-09-05
A	Assets						
	(i) Fixed Assets - Gross Block	1.64	2.45	53.96	53.96	53.96	53.96
	Less Depreciation	0.82	1.64	2.03	19.38	36.67	45.32
	Net Block	0.82	0.81	51.93	34.59	17.29	8.64
	(ii) Capital W-I-P	-	-	-	-	-	-
	Less Revaluation Reserve	-	-	-	-	-	-
	(iii) Net Block after adjustment of revaluation reserve	0.82	0.81	51.93	34.59	17.29	8.64
B	Investments						
C	Current Assets, Loans & Advances						
	(i) Receivables	7.61	7.38	-	-	-	-
	(ii) Cash & Bank balance	6.66	14.52	0.96	0.09	0.28	0.89
	(iii) Other current assets	0.30	-	-	-	-	-
	(iv) Loans & Advances	-	-	-	-	-	-
	Sub-Total	14.57	21.91	0.96	0.09	0.28	0.89
	Total Assets	15.39	22.72	52.89	34.68	17.57	9.53
D	Liabilities & Provisions						
	Loan Funds						
	(i) Secured Loans	-	-	-	-	-	-
	(ii) Unsecured Loans	-	-	-	-	1.19	1.20
	Sub-Total	-	-	-	-	1.19	1.20
	Deferred Tax Liability						
	Current Liabilities & Provisions						
	(i) Sundry Liabilities	2.04	10.41	3.73	5.38	4.66	3.74
	(ii) Provisions	-	-	-	-	-	-
	Sub-Total	2.04	10.41	3.73	5.38	4.66	3.74
	Total Liabilities	2.04	10.41	3.73	5.38	5.85	4.93

Note : US\$1 = Rs. 44

COMPULINK USA, INC
Statement of Assets and Liabilities (Unaudited)

(Rs. in Lakhs)

S. No.	Particulars	31-03-01	31-03-02	31-03-03	31-03-04	31-03-05	30-09-05
E	Net Worth (Assets - Liabilities)	13.35	12.32	49.16	29.30	11.73	4.60
	Represented by:						
(i)	Share Capital						
	Equity Share Capital	27.83	27.83	63.69	64.38	67.90	70.37
	Preference Share Capital						
(ii)	Reserve and Surplus						
	Less - Revaluation reserve	-	-	-	-	-	-
	Reserves net of revaluation reserve	(14.48)	(15.51)	(14.53)	(35.09)	(56.18)	(65.77)
		13.35	12.32	49.16	29.30	11.73	4.60
	Less - Miscellaneous Expenditure not Written off						
	Total	13.35	12.32	49.16	29.30	11.73	4.60

Note : US\$1 = Rs. 44

COMPULINK USA, INC
Statement of Profit and Loss (Unaudited)

(Rs. in Lakhs)

S. No.	Particulars	31-03-01	31-03-02	31-03-03	31-03-04	31-03-05	30-09-05
A	Income						
1	Sales	7.61	71.62	29.84	-	-	-
(i)	Export Sales						
	Products	-	-	-	-	-	-
	Services	-	-	-	-	-	-
(ii)	Domestic Sales						
	Products	-	-	-	-	-	-
	Services	-	-	-	-	-	-
2	Other Income	-	-	-	-	0.19	-
	Total Income	7.61	71.62	29.84	-	0.19	-
B	Expenditure						
1	Personnel cost	9.70	48.27	20.28	-	-	-
2	Administrative cost	11.56	23.57	8.18	3.21	3.99	0.90
3	Interest	-	-	-	-	-	0.05
4	Depreciation	0.82	0.81	0.40	17.34	17.29	8.65
5	Misc Expenses written off	-	-	-	-	-	-
	Total expenditure	22.09	72.65	28.86	20.55	21.28	9.59
C	Net profit before tax and extra-ordinary items	(14.48)	(1.03)	0.97	(20.55)	(21.09)	(9.59)
D	Provision for Tax						
	Current tax	-	-	-	-	-	-
	Deferred Tax	-	-	-	-	-	-
E	Net profit after tax before Extra-ordinary items	(14.48)	(1.03)	0.97	(20.55)	(21.09)	(9.59)
F	Extra-ordinary Items	-	-	(0.01)	-	-	-
G	Net profit after Extra-ordinary items	(14.48)	(1.03)	0.98	(20.55)	(21.09)	(9.59)
H	Earlier year adjustments	-	-	-	-	-	-
I	Net profit after earlier adjustments	(14.48)	(1.03)	0.98	(20.55)	(21.09)	(9.59)
J	Net profit after earlier adjustments	(14.48)	(1.03)	0.98	(20.55)	(21.09)	(9.59)
	Add Balance of profit brought forward	-	-	-	-	-	-
K	Profit available for appropriation	(14.48)	(1.03)	0.98	(20.55)	(21.09)	(9.59)
L	Appropriations						
	(i) Preference Dividend	-	-	-	-	-	-
	(ii) Proposed/ Interim Equity Dividend	-	-	-	-	-	-
	(iii) Dividend Tax	-	-	-	-	-	-
	(iv) Transfer to General Reserve	-	-	-	-	-	-
	(v) Balance carried to Balance Sheet	(14.48)	(1.03)	0.98	(20.55)	(21.09)	(9.59)
		(14.48)	(1.03)	0.98	(20.55)	(21.09)	(9.59)

Note : US\$1 = Rs. 44

Compulink USA INC

Notes Annexed to and forming part of the Accounts

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

1. GENERAL

Company Overview

Compulink USA Inc has been incorporated on June 9, 2000 under the laws of State of Delaware, USA. The company is a Wholly Owned Subsidiary of Compulink Systems Ltd ("the Parent Company") which has its registered office in Pune, Maharashtra.

2. SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Presentation

The financial statements are prepared under the historical cost convention, on accrual basis of accounting. Assets and liabilities are stated at face value unless indicated otherwise.

b. Expenditure

Expenses are accounted on the accrual basis and provisions are made for all known losses and liabilities.

c. Fixed Assets and Depreciation:

Fixed Assets are stated at cost, less accumulated depreciation. The Company capitalises all direct costs relating to the acquisition and installation of fixed assets. Depreciation is computed using the straight line method over the estimated useful life of the assets.

d. Accounts receivable:

Accounts receivable are stated at face value.

e. Other assets and liabilities :

All other assets and liabilities are stated at the amounts at which they were acquired or incurred.

f. Income Tax

No income taxes have been recorded as the Company is in a net loss position.

ANNEXURE B - COMPULINK EUROPE LTD

Statement of Assets and Liabilities (Unaudited)

(Rs. in Lakhs)

Sr. No	Particulars	2004-05	Sep 30, 2005
A	Assets		
	(i) Fixed Assets - Gross Block	1.15	1.15
	Less Depreciation	0.29	0.43
	Net Block	0.86	0.72
	(ii) Capital W-I-P		
	Less Revaluation Reserve	-	-
	(iii) Net Block after adjustment of revaluation reserve	0.86	0.72
B	Investments	-	-
C	Current Assets, Loans & Advances		
	(i) Receivables	43.05	25.34
	(ii) Cash & Bank balance	(2.12)	4.29
	(iii) Other current assets		-
	(iv) Loans & Advances	0.15	0.15
	Sub-Total	41.07	29.78
	Total Assets	41.93	30.49
D	Liabilities & Provisions		
	Loan Funds		
	(i) Secured Loans	-	-
	(ii) Unsecured Loans	-	-
	Sub-Total	-	-
	Deferred Tax Liability	-	-
	Current Liabilities & Provisions		
	(i) Sundry Liabilities	68.23	55.23
	(ii) Provisions		
	Sub-Total	68.23	55.23
	Total Liabilities	68.23	55.23
E	Net Worth	(26.30)	(24.73)
	(Assets - Liabilities)		
	Represented by:		
	(i) Share Capital		
	Equity Share Capital	60.49	100.05
	Preference Share Capital	-	
	(ii) Reserve and Surplus	(86.79)	(124.78)
	Less - Revaluation reserve		
	Reserves net of revaluation reserve	(26.30)	(24.73)
	Less - Miscellaneous Expenditure not Written off		
	Total	(26.30)	(24.73)

Note : GBP 1 = Rs. 82

COMPULINK EUROPE LTD.
Statement of Profit and Loss (Unaudited)

(Rs. in Lakhs)

Sr. No	Particulars	2004-05	Sep 30, 2005
A	Income		
1	Sales	45.96	20.24
(i)	Export Sales		
	Products	-	-
	Services	-	-
(ii)	Domestic Sales		
	Products	-	-
	Services	-	-
2	Other Income	2.03	0.04
	Total Income	47.99	20.28
B	Expenditure		
1	Cost of Sales	39.45	
2	Personnel cost	67.18	34.63
3	Administrative cost	27.86	23.34
4	Interest	-	0.17
5	Depreciation	0.29	0.14
	Total expenditure	134.78	58.28
C	Net profit before tax and extra-ordinary items	(86.79)	(38.00)
D	Provision for Tax		
	Current tax	-	-
	Deferred Tax	-	-
E	Net profit after tax before Extra-ordinary items	(86.79)	(38.00)
F	Extra-ordinary Items	-	-
G	Net profit after Extra Ordinary items	(86.79)	(38.00)
H	Earlier year adjustments	-	-
I	Net profit after earlier adjustments	(86.79)	(38.00)
J	Net profit after earlier adjustments	(86.79)	(38.00)
	Add : Balance of profit brought forward	-	-
K	Profit available for appropriation	(86.79)	(38.00)
L	Appropriations		
(i)	Preference Dividend	-	-
(ii)	Proposed/ Interim Equity Dividend	-	-
(iii)	Dividend Tax	-	-
(iv)	Transfer to General Reserve	-	-
(v)	Balance carried to Balance Sheet	(86.79)	(38.00)
		(86.79)	(38.00)

Note : GBP 1 = Rs. 82

Compulink Europe Ltd

Notes Annexed to and forming part of the Accounts

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

1. GENERAL

a. Company Overview

Compulink Europe Limited has been incorporated on April 20, 2004 under the Corporate laws of England and Wales, UK. The company is a Wholly Owned Subsidiary of Compulink Systems Ltd ("the Parent Company") which has its registered office in Pune, Maharashtra.

The Company is principally engaged in the business of Software Development Services, Product Development, Project Management Training and Consultancy thereon.

b. Related Party Transactions

All products and (consulting) services sold by the Company to third parties are purchased from the Parent Company. For the year ended March 31, 2005 the Company has purchased for an amount of £ 48105 of the abovementioned services from the Parent Company.

2. SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Presentation

The financial statements are prepared under the historical cost convention, on accrual basis of accounting. Assets and liabilities are stated at face value unless indicated otherwise.

b. Revenue Recognition

Revenues are recognised as follows –

- i Product Licenses and related revenues –
 - License fees, on delivery and subsequent milestone schedule as per the terms of the contract with the end user.
 - Product maintenance revenues, over the period of the maintenance contract.
 - Implementation / Enhancement services are recognized as services are provided when arrangements are on a time and material basis. Revenues from fixed price contracts are recognized using the proportionate completion method to the extent of achievement of customer certified milestones. Proportionate completion is measured based upon the efforts incurred to date in relation to the estimated efforts to complete the contract.
- ii Software development services and Consultancy services are recognised upon the percentage of completion method based on the proportion of efforts spent to total efforts to complete or on the basis of contractually determined milestones and as the services are provided for time and material contracts.

c. Expenditure

Expenses are accounted on the accrual basis and provisions are made for all known losses and liabilities.

d. Fixed Assets and Depreciation:

Fixed Assets are stated at cost, less accumulated depreciation. The Company capitalises all direct costs relating to the acquisition and installation of fixed assets. Depreciation is computed using the straight line method over the estimated useful life of the assets.

e. Accounts receivable:

Accounts receivable are stated at face value.

f. Foreign exchange transactions:

Assets and liabilities denominated in foreign currency are translated into Great Britain Pounds at the rates of exchange prevailing at yearend. Transactions in foreign currencies are translated at the rates of exchange prevailing at the date of the transaction.

g. Other assets and liabilities :

All other assets and liabilities are stated at the amounts at which they were acquired or incurred.

h. Income Tax

No income taxes have been recorded as the Company is in a net loss position

Schedule - XV

Notes Annexed to and forming part of the Accounts for the year ended 31st March, 2005.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

COMPANY OVERVIEW

Compulink Systems Limited (Compulink or the Company), was incorporated in India as a Private Limited Company on 2nd February 1996. The name of the Company was changed to Compulink Systems Limited, by virtue of a Special Resolution passed by the members of Compulink at its Extra Ordinary General Meeting held on 10th April 2004. Mr.Uday Kothari and Mr.Vishwas Mahajan are the principal shareholders of the Company with venture capital participation by SIDBI Trustee Company Limited A/C National Venture Fund For Software And Information Technology Industry.

The Company has unilateral control on the following entities :

- a) Compulink USA Inc, a Wholly Owned Subsidiary Company, incorporated in June 2000 under the laws of State of Delaware, USA.
- b) Compulink Europe Limited, a Wholly Owned Subsidiary, incorporated in April 2004 under the Corporate laws of England and Wales, UK.

The Company is principally engaged in the business of Software Development Services, Product Development, Project Management Training and Consultancy thereon.

SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Presentation

The financial statements are prepared under the historical cost convention, on accrual basis of accounting, in conformity with accounting principles generally accepted in India and in accordance with the Accounting Standards referred to in section 211(3C) of the Companies Act, 1956 ('the Act').

The significant accounting policies adopted by the Company, in respect of the financial statements are set out below.

b. Use of Estimates

The preparation of the financial statements in conformity with Indian GAAP requires management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent assets and liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include provisions for doubtful debts, future obligations under employee retirement benefit plans, income taxes, the useful lives of fixed assets and intangible assets. Contingencies are recorded when it is probable that a liability will be incurred, and the amount can be reasonably estimated. Actual results could differ from those estimates.

c. Revenue Recognition

I. Revenues are recognised as follows –

i Product Licenses and related revenues –

- License fees, on delivery and subsequent milestone schedule as per the terms of the contract with the end user.
- Product maintenance revenues, over the period of the maintenance contract.
- Implementation / Enhancement services are recognized as services are provided when arrangements are on a time and material basis. Revenues from fixed price contracts are recognized using the proportionate completion method to the extent of achievement of customer certified milestones. Proportionate completion is measured based upon the efforts incurred to date in relation to the estimated efforts to complete the contract.

ii Software development services and Project Management Training and Consultancy services are recognised upon the percentage of completion method based on the proportion of efforts spent to total efforts to complete or on the basis of contractually determined milestones and as the services are provided for time and material contracts.

d. Expenditure

Expenses are accounted on the accrual basis and provisions are made for all known losses and liabilities.

e. Fixed Assets and Depreciation:

Fixed Assets are stated at cost less accumulated depreciation. The Company capitalises all direct costs relating to the acquisition and installation of fixed assets.

The cost of development, maintenance of infrastructure, communication and other attributable overheads incurred on the development of trademark / copyright products developed for retail distribution are accumulated and amortised over a period of the estimated marketable life of the product .The management reviews the estimated marketable life of the product every year .

Depreciation is provided pro-rata to the period of use, on the written down value method, at the rates specified in schedule XIV to the Act or based on the useful life of the asset. Individual assets acquired for less than Rs.5,000 are entirely depreciated in the year of acquisition.

The rates of depreciation / estimated useful lives for various fixed assets are as follows –

Class of Asset	%
Office Premises	5
Furniture and Fixtures	18.10
Office Equipments	13.91
Electrical Installations	13.91
Computer Equipments	40
Vehicles	25.89
Software	33.33
Patents and Copyrights	33.33
Leasehold Land	Estimated useful life 95 years

Advances paid towards the acquisition of fixed assets outstanding at each balance sheet date and the cost of fixed assets not put to use before such date are disclosed under the 'Capital work-in-progress'. Capital Work in Progress includes building under construction for Hinjewadi Project of the Company and has been valued at the cost of construction till the date of Balance Sheet.

f. Borrowing Costs:

Borrowing costs directly attributable to the acquisition or construction of fixed assets are capitalised for the period until the asset is ready for its intended use. Other borrowing costs are recognized as an expense in the period in which they are incurred.

g. Investments:

Investments are classified under Long term and Current Investments. The Long term investments including investments in Subsidiary are carried at Cost less provision made to recognize any decline, other than temporary, in value of such investments, being in the nature of strategic investments. Overseas investments are carried out at Original rupee cost.

Current investments intended to be held for less than one year are stated at the lower of cost and market value.

h. Foreign exchange transactions:

- i Realised gains and losses on foreign currency revenue transactions are recognised in the Profit and Loss Account.
- ii Current assets, current liabilities and advances paid towards acquisition of fixed assets denominated in foreign currency at the year-end are translated at the year-end exchange rates, and the resulting exchange difference is recognised in the Profit and Loss Account.
- iii Investments in overseas subsidiaries are recognised at the relevant exchange rates prevailing on the dates of allotment of the investments.

i. Retirement benefits:

The Company has schemes of retirement benefits of provident fund, gratuity fund in respect of which the Company's contribution to the funds are charged to the statement of profit and loss.

Gratuity :

The gratuity fund benefits of the Company are administered by a trust formed for this purpose through the Group Gratuity Scheme of the Life Insurance Corporation of India (LIC). In respect of this fund, the adequacy of the accumulated funds available with the LIC has been confirmed on the basis of an actuarial valuation made at the year-end and the provision has been made for the shortfall, if any.

Provident Fund:

All employees receive benefits under provident fund (PF) scheme, which is equal to 12 % of covered employee's basic salary. The Company makes the payment of PF contribution to the Government's provident fund.

j. Preliminary Expenses :

The preliminary expenses are written off over a period of Five years in accordance with the provisions of Section 35D of the Income-tax Act, 1961.

k. Income Tax

Provision for current income tax is made on the assessable income at the tax rates applicable to the relevant assessment year. Deferred income taxes are recognized for the future tax consequences attributable to timing differences between the financial statement determination of income and their recognition for tax purposes.

l. Commitments

Contracts remaining to be executed on capital account and not provided for (net of advances) aggregates to Rs 448.89 lakhs as at March 31, 2005 (March 31, 2004 – Rs Nil)

2. (a) On the basis of the information available with the Company, there are no amounts payable, to small scale & ancillary industrial undertakings, as defined by the interest on delayed payments as per Small & Ancillary Industrial Undertaking Act, 1992, which were overdue and outstanding at the close of the year, nor are there any delays in payments to the said Industrial Undertakings during the relevant year.
- (b) According to the information available with the Company, there are no amounts outstanding and due for more than thirty days in any Small Scale Undertakings.

3. Employee Stock Option Plan ('ESOP')

On February 14, 2004, the Company introduced its Inaugural Employee Stock Option Plan ('the Scheme'). The Scheme was introduced to provide equity-based incentives at any given time to present and future employees and Directors of the Company (excluding Promoter Directors) and its existing and future subsidiaries.

The Scheme is administered through a Trust. The Trust purchases the shares of the Company using the proceeds of the loans obtained from the Company. Pursuant to the above resolution the Board of Directors at their meeting held on February 14, 2004 approved the Scheme for issue of 4,50,000 options to the employees and Directors (excluding Promoter Directors) of the Company and its subsidiaries.

According to the ESOP, the Company has granted 1,27,050 stock options to the eligible employees at an exercise price of Rs.10 per share.

The details of the on going ESOP activity is as follows –

Outstanding at the beginning of the year	1,24,950
Granted during the year	53,000
Exercised during the year	NIL
Forfeited during the year	50,900
Outstanding at the end of the year	1,27,050

4. Taxation

i Current Tax

Provision for current income tax is made and retained in the Accounts on the basis of estimated tax liability as per the applicable provisions of the Income Tax Act, 1961.

ii Deferred Tax

The Company accounts for taxes on income to include the effect of timing differences in the tax expenses in the Profit and Loss Account and deferred tax asset / liability in the Balance Sheet in accordance with the Accounting Standard (AS – 22) on “Accounting for Taxes on Income” issued by the Institute of Chartered Accountants of India.

Tax Holiday under Section 10A of the Income Tax Act, 1961, is available to the Company. In view of this, the deferred tax asset / liability in respect of timing differences that originate and reverse during the tax holiday period is ignored and deferred tax liability in respect of timing difference that originate during the tax holiday period but reverse after the tax holiday period is recognized.

5. Related Party Disclosure :

The Company has entered into the following related party transactions –

Particulars	Compulink USA INC	Compulink Europe Ltd	Pegasus West HRD Pvt Ltd
Capital Contribution	8,000 common stock of US\$1 each	73,764 shares of GBP 1 each	
Sale of Services - Software Services & Products	NIL	40,01,296	
Reimbursement of Expenses	17,332	(11,972)	
Expenses			61,479

Managerial Remuneration –

S.N	Name	Designation	Compensation (Rs in Lakhs)	Provident Fund (Rs in Lakhs)	Total (Rs in Lakhs)
1	Mr. Vishwas Mahajan	CEO	20.00	0.68	20.68
2	Mr. Uday Kothari	CTO	20.00	0.68	20.68
3	Mr. Ranjit Thakur	CFO	18.00	0.60	18.60
	TOTAL				59.96

6. Auditor's Remuneration:

(Amount in Rs.)

Particulars	31 st March, 2005	31 st March, 2004
Audit Fees	2,50,000	1,50,000
Audit under the Income-tax Act, 1961	50,000	50,000
Reimbursement of out of pocket expenses	3,098	8,594
TOTAL	3,03,412	2,08,594

7. Earnings in Foreign Exchange: (On accrual basis)

(Amount in Rs.)

Particulars	31 st March, 2005	31 st March, 2004
FOB Values of Exports	7,71,32,136	5,68,00,840

8. Expenditure in foreign exchange: (On accrual basis and net off reimbursements)

(Amount in Rs.)

Particulars	31 st March, 2005	31 st March, 2004
Foreign Travel Expenses	42,98,823	17,70,524
Bank Charges	23,330	37,879
Marketing and sales promotion	2,24,441	5,76,861
Consultancy Charges	3,86,729	5,46,525
Legal Charges	39,057	38,250
Newspapers & Periodicals	23,381	NIL
Membership & Subscription	6,40,965	64,710
Communication Expenses	52,635	21,051
Training & Development	8,867	NIL
Workshop Expenses	NIL	12,359
Other Expenses	1,26,095	12,513
TOTAL	58,24,323	30,80,672

9. Quantitative details :

The Company is engaged in software development work for various clients based in different geographies. The production and sale of such software cannot be expressed in generic unit. Therefore it is not possible to give the quantitative details of sales and certain information as required under Paragraph 3 and 4D of Part II of schedule VI to the Companies Act, 1956.

10. The previous year's figures have been regrouped, rearranged wherever necessary.

Signatures to Schedule I to XIII

As per our report on even date.

For Sanjiv Katkar & Associates
Chartered Accountants
For and on behalf of the Board of Directors
Sudhakar V
 Company Secretary

Vishwas Mahajan
 Director

Uday Kothari
 Director

Sanjiv Katkar
 Proprietor

Ranjit Thakur
 Director and CFO

Pune

Age wise Debtors
(Rs in Lakhs)

Sr No	Particulars	31.03.05	30.09.05
A	Sundry Debtors (All considered good)		
a)	Outstanding for a period exceeding Six months	187.24	328.47
	Subsidiaries	33.08	43.02
	Others	154.16	285.45
b)	Other	431.74	334.81
	Subsidiaries	9.94	2.91
	Others	421.80	331.90
	Total	618.98	663.28

Certificate

Subsequent to the signing of our Statement of Accounts of Compulink Systems Ltd., Registered Office : Kshitij, Plot No 38, Rajiv Gandhi Infotech Park, MIDC, Hinjewadi, Pune 411 057 as at 31-03-2005, the following significant developments have taken place.

The Authorised Share Capital of the Company of Rs. 9,50,00,000/- (Rupees Nine Crores Fifty Lakhs) divided into 65,00,000 equity shares of Rs 10/- each and 3,00,000 9% Optionally Convertible Cumulative Preference Shares of Rs 100/- each has been increased:

- I. to Rs. 10,00,00,000/- (Rupees 10 crores) divided into 70,00,000 equity of Rs. 10/- each and 3,00,000 9% Optionally Convertible Cumulative Preference shares of Rs 100 each and further increased
- II. to Rs. 15,00,00,000/- (Rupees 15 crores) divided into 1,50,00,000 equity shares of Rs. 10/- each.

The resolution for authorizing the company for increase of the Authorised Share Capital and consequent changes in the Memorandum and Articles of association of the company at (I) and (II) above have been approved by the shareholders of the company in its Extra Ordinary General Meetings held on Monday, the 16th May 2005 and Thursday, the 26th May 2005.

Furthermore in the meeting of Board of Directors held on 17th May, 2005 the Board of Directors have on conversion of 3,00,000 9% Optionally Convertible Cumulative Preference shares (OCCPS) allotted 714285 Equity Shares of Compulink Systems Limited at a price of Rs 42/- per share.

Post conversion of the said OCCP's the share premium account consists of Rs. 2,63,63,590/- (Rupees Two Crores Sixty Three Lakhs Sixty Three Thousand Five Hundred and Ninety only).

For **Sanjiv Katkar & Associates**
Chartered Accountants

Sd/-

Sanjiv Katkar

Proprietor

Membership no.: 41371

Date June 25, 2005

II. FINANCIAL INFORMATION OF GROUP COMPANIES

There are no group companies or firms promoted by the Company or its promoters.

Disassociation from Compulink Technologies Private Limited

Compulink Technologies Private Limited had been incorporated on May 26, 1998 by Mr. Vishwas Mahajan and Mr. Uday Kothari, with the object to carry on the business of manufacturing computers and peripherals. The company was in-operative from inception. Mr. Vishwas Mahajan and Mr. Uday Kothari resigned from the directorship of the company w.e.f. April 8, 2002. Thereafter, by an application dated December 31, 2003 was made to the Registrar of Companies, Pune under the Simplified Exit Scheme and Section 560 of Companies Act, 1956 for striking off the name of the company from the register.

There is no pending litigation, default etc with respect to this company.

Related party transaction with Group Concerns

For details of transactions with Group Concerns please refer to Annexure III of the “Financial Information” on page no. 78.

Changes in Accounting Policies

There are no changes in accounting policies.

III. Management Discussion and Analysis of the Financial Condition and Results of the Operations as Reflected in the Financial Statements

Overview of the business of the Company

Compulink is an IP-Led organization that has focus in the Services Execution Management space. Compulink has suite of products which offer solutions that address the needs of Global Service Centric Organisations. These solutions include the products, customized IT services based on the WHIZ framework and Training and Consulting services. Compulink provides customization of its products based on WHIZ framework for specific verticals.

The Company is an export-oriented unit. Compulink is a 'Microsoft Certified Partner'. It is a SEI CMM Level 4, ISO 9001: 2000 Company.

Significant developments subsequent to the last financial year

Since the last financial year, 3,00,000 9% OCCPS of Rs.100/- each held by SIDBI Trustee Company Limited A/C National Venture Fund for Software and Information Technology Industry have been converted to 714,285 equity shares of face value of Rs 10/- at a price of Rs. 42 per equity share on May 17, 2005.

Factors that may affect results of the Operations

- Competition to the products developed by the Company
- Non-availability of Tax benefits in the future
- Adverse publicity and incur substantial costs in case of defects arising in our products or services
- The Company relies on its intellectual property rights, which may not be adequately protected under current laws, and thus any misappropriation of the intellectual property rights could harm the competitive position.
- The Company's business and profitability will suffer if it fails to anticipate developments taking place in the software industry and the industry.
- Long Sales cycles and Implementations impact the revenue realizations on quarterly basis.

Discussion on Results of Operations:

A summary of past financial results for based on the restated accounts are given below:

Annexure II - Statement of Profit and Loss As Restated

(Rs. in Lakhs)

Sr. No	Particulars	For the year ending 31 st March					For six Months ending
		2000-01	2001-02	2002-03	2003-04	2004-05	Sept 30,05
A	Income						
1	Sales						
(i)	Export Sales						
	Products			49.01	219.47	339.88	134.39
	Services	278.78	307.29	362.41	348.53	431.44	88.81
(ii)	Domestic Sales						
	Products		32.50	95.90	194.35	454.45	264.30
	Services			17.54	41.51	60.63	50.31
2	Other Income	12.76	9.61	0.89	1.23	1.04	1.07
	Total Income	291.54	349.40	525.75	805.09	1287.44	538.88
B	Expenditure						
1	Personnel cost	46.75	87.14	192.37	282.03	470.94	299.15
2	Administrative cost	112.39	83.52	134.90	215.85	355.86	233.46
3	Interest	18.75	17.18	6.10	7.39	7.50	23.50
4	Depreciation	31.88	58.43	65.76	62.85	66.25	43.40
5	Misc Expenses written off	0.20	0.02	0.01	1.10	1.06	-
	Total expenditure	209.97	246.29	399.14	569.22	901.61	599.51
C	Net profit before tax and extra-ordinary items	81.57	103.11	126.61	235.87	385.83	(60.63)
D	Provision for Tax						
	Current tax	0.30	6.50	6.85	7.06	28.76	3.50
	Deferred Tax	-	-	-	4.78	(3.52)	-
		0.30	6.50	6.85	11.84	25.24	3.50
E	Net profit after tax before Extra-ordinary items	81.27	96.61	119.76	224.03	360.59	(64.13)
F	Extra-ordinary Items	-	-	-	-	-	-
G	Net profit after Extra Ordinary items	81.27	96.61	119.76	224.03	360.59	(64.13)
H	Earlier year adjustments	(0.03)	-	0.02	-	-	-
I	Net profit after earlier adjustments	81.24	96.61	119.78	224.03	360.59	(64.13)

Analysis for 6 months ending September 30, 2005

The nature of product business and revenue recognition policies adopted by the Company has impacted the revenues for the Q1 and Q2 of the financial year 2006. The increase in the depreciation for Q1 and Q2 for the FY 2006 is the result of investments made in product development which were capitalized in the FY 2005. Increase in the finance cost has been in the 2nd quarter 2006 which is on account of the term loan availed for setting up the new development center and utilization of cash credit.

For the period 6 months ended September 2005, the Company has made a loss that amounts to Rs 64.13 Lakhs. This loss is due to the investment made by the Company in people, product development and marketing for its products and

services besides for the new development center at Rajiv Gandhi Infotech Park, MIDC Pune. On Quarterly basis, for the FY 2006 for Q1 the loss was Rs 153.31 Lakhs on account of increase in people costs, the number of personnel, investments in marketing activities viz. domestic as well as international costs and increase in the operating expenses due to relocation to new development center. Besides, the nature of product business and revenue recognition policies do not allow the Company to consider unbilled revenue earned through its professional services provided to its clients. However the Company has PAT of Rs 89.17 Lakhs for Q2 of FY 2006. The PAT of Q2 has reduced the losses incurred in Q1 and the cumulative loss is Rs 64.13 Lakhs.

Quarterly Analysis for 2 quarters for the FY 2005-06

(Rs. in Lakhs)

Particulars	FY 2005 - 06		
	Q1	Q2	Total
Revenues	143.50	394.32	537.82
Total Expenses	271.23	255.85	527.08
Operating Profit	(127.73)	138.47	10.74
Finance Cost	2.33	25.65	27.98
Depreciation	21.39	22.01	43.40
PBT	(151.45)	90.81	(60.64)
Tax	1.86	1.64	3.50
PAT	(153.31)	89.17	(64.14)

Quarterly Analysis for the past 2 financial years

(Rs. in Lakhs)

Particulars	FY 2003 - 04					FY 2004 - 05				
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
Revenues	103.69	147.88	185.24	367.06	803.87	181.87	252.93	213.40	638.20	1,286.40
Total Expenses	86.66	121.65	129.97	157.46	495.74	181.39	184.89	207.56	248.72	822.56
Operating Profit	17.03	26.23	55.27	209.60	308.13	0.48	68.04	5.84	389.49	463.85
Finance Cost	1.97	2.04	2.63	2.77	9.41	1.74	1.89	4.68	3.45	11.76
Depreciation	13.29	14.71	16.00	18.85	62.85	16.56	15.24	18.12	16.34	66.26
PBT	1.77	9.48	36.64	187.98	235.87	(17.82)	50.91	(16.96)	369.70	385.83
Tax	-	-	-	11.84	11.84	-	-	-	25.24	25.24
PAT	1.77	9.48	36.64	176.14	224.03	(17.82)	50.91	(16.96)	344.46	360.59

Revenues

As seen in the last 2 years the total revenues for Q1 and Q2 of the FY 2004 were Rs 251.57 Lakhs representing 31.29% of the total revenues of Rs 803.87 Lakhs for that year. Similarly revenues for Q1 and Q2 of the FY 2005 were Rs 434.80 Lakhs representing 33.79% of the total revenues of Rs 1286.40 Lakhs. The nature of product business and revenue recognition policies adopted by the Company impact the revenues for the each of Q1 and Q2.

Total Expenses

The increase in total expenses on quarter-on-quarter basis is on account of increase in the personnel cost, traveling and marketing.

Profit after Tax (PAT)

The cumulative PAT for Q1 and Q2 in FY 2004 was Rs 11.25 Lakhs representing 5.02% of the total PAT of Rs 224.03 Lakhs and for Q3 and Q4 was Rs 212.78 Lakhs representing 94.98% of the total PAT of Rs 224.03 Lakhs and cumulative

PAT for Q1 and Q2 in FY 2005 was Rs 33.09 Lakhs representing 9.18% of the total PAT of Rs 360.59 Lakhs and for Q3 and Q4 was Rs 327.50 Lakhs representing 90.82% of the total PAT of Rs 360.59 Lakhs .

Comparison of FY March 2005 with FY March 2004

Sales

a) Total Sales

Sales for the year FY 2005 was Rs. 1286.40 lakhs, as against sales of Rs. 803.86 lakhs for the year FY 2004. The growth has been 60.03% on yoy basis.

b) Business Mix –SBU wise

The revenue share from Products has increased from 51.40% of total income for the FY 2004 to 61.69% of total income for the FY 2005 mainly on account of increase in number of customers in the Domestic market due to appropriate investments in Sales and Marketing Infrastructure in major IT cities in India starting from 3rd Quarter of the FY 2004. Also the sustained marketing efforts in Asia Pacific region have resulted in few customers from Singapore.

The revenue share from Services has decreased from 48.45% of the total income for the FY 2004 to 38.22% for the FY 2005.

c) Business Mix – Geography wise

Out of the total sales Rs. 1286.40 lakhs sales of Rs. 771.32 lakhs have come from the Export business. The Domestic Business contributed Rs. 515.08 Lakhs which account for 118.38 % increase over previous period. The high growth in Domestic Sales has resulted mainly on account of appropriate investments in Sales and Marketing Infrastructure in major IT cities in India starting from 3rd Quarter of the FY 2004.

The Export sales also showed an increase of 35.8% on account of acquisition of clients for our products in Asia Pacific.

Personnel Cost

Personnel Cost was Rs. 470.94 lakhs as in FY March 05 as compared to Rs. 282.03 lakhs period ended March 31, 2004. This represents an increase of 66.98% over the previous year. The rise can be attributed to increase in the staff strength and also due to lateral recruitment at Key Personnel levels.

Administrative Cost

The Administrative Cost includes Sales & Marketing and General Administrative expenses. There was an increase in the Administrative Expenses from Rs 215.85 lakhs to Rs. 355.86 lakhs i.e. an increase of 64.86%. Sales and Marketing include Travelling , Sales Promotion Expenses etc. The increase is the result of overall expansion of operations in the Company.

Net profit after Extra Ordinary item

During the period under review PAT increased to Rs. 360.59 lakhs from Rs. 224.03 lakhs. There was an increase in PAT by 60.96% This has been on account of increase in sales on both domestic and export business and optimum utilization of assets.

Increase in liabilities

There was a significant rise in the liabilities from the previous year for the financial year ending 31st March 2005. This can be attributed to following reasons:

- Term loan availed to the tune of Rs.526 Lakhs during the FY 2004 - 05 for the new infrastructure project at Rajiv Gandhi Infotech Park, Pune
- Increase of Rs. 22.17 Lakhs in the statutory dues outstanding as on March 31st
- Increase in expenses outstanding to the tune of Rs.37.43 Lakhs

- Increase of Rs. 27.10 Lakhs in Sundry Creditors for Assets as on March 31 due to the infrastructure project at Rajiv Gandhi Infotech Park, Pune

Comparison of FY 2004 with FY 2003

Sales

a) Total Sales

Sales for the year FY 2004 was Rs. 803.86 lakhs, as against sales of Rs. 524.86 lakhs for the year FY 2003. The growth has been 53.16% on yoy basis

b) Business Mix –SBU wise

The revenue share from Products has increased from 27.56% of total income for the FY 2003 to 51.40% of total income for the FY 2004. The increase has been primarily due to setting up sales representative in Chennai, Delhi and Hyderabad and ramping up of sales team in the Company. The other significant events being export sales in Middle East and Asia Pacific. The revenue share from Services has decreased from 72.27% of total income for the FY 2003 to 48.45% for the FY 2004.

c) Business Mix – Geography wise

Out of the total sales Rs. 803.86 lakhs sales of Rs. 568.00 lakhs have come from the Export business. The Domestic sales contributed Rs. 235.86 Lakhs which accounts for a 107.92% increase over the previous period.. The export sales also showed an increase of 38.06%.

Personnel Cost

Personnel Cost was Rs. 282.03 lakhs as in FY 2004 as compared to Rs. 192.37 lakhs in FY 2003. This represents an increase of 46.61% over the previous year. This increase is lower than the increase in sales and indicates better utilization of resources deployed for execution of product and services sales.

Administrative Cost

Administrative expense stood at Rs. 215.85 lakhs as on FY 2004 as compared to Rs. 134.9 lakhs for the FY 2003 ie increase of 60.01% over previous year. The Company has able to manage the infrastructure resources optimally and efficiently.

Net profit after Extra Ordinary items

During the period under review PAT increased from Rs. 119.76 lakhs to Rs. 224.03 lakhs. There was an increase in PAT by 87.07%. This has been on account of increase in sales on both domestic and export business and also effective control on the expenses.

Comparison of FY 2003 with FY 2002

Sales

a) Total Sales

Sales for the year FY 2003 was Rs. 524.86 lakhs, as against sales of Rs. 339.79 lakhs for the year FY 2002 . The growth has been 54.47% on yoy basis

b) Business Mix –SBU wise

The revenue share from Products has increased from 9.30% of total income for the FY 2002 to 27.56% of total income for the FY 2003. The increase has been due to 1st year of full operations of the Product business. The revenue share from Services has decreased from 87.95% of total income for the FY 2002 to 72.27% for the FY 2003.

c) Business Mix – Geography wise

Out of the total sales Rs. 524.86 lakhs sales of Rs. 411.42 lakhs have come from the Export business. The Domestic Business contributed Rs. 113.44 Lakhs which account for 249.05% increase over the previous year. The export sales also showed an increase of 33.89%.

Personnel Expenses

In line with the growth in sales income and development of Export Market there was an increase in Personnel Expenses by 120.76%, from Rs. 87.14 lakhs in FY2002 to Rs. 192.37 in FY2003.

Administrative Expenses

The Administrative Expenses increased from Rs. 83.52 lakhs to 134.90 lakhs, an increase of 61.52% due to increase in Sales and Marketing costs expended on products business for its 1st full year of operations.

Net profit after Extra Ordinary items

PAT increased from Rs. 96.61 lakhs in FY2002 to Rs. 119.76 lakhs in FY 03, an increase of 23.96%.

Unusual or infrequent events or transactions

There are no unusual or infrequent events or transactions taken place in past three years

Significant economic changes that materially affected or likely to affect the income from continuing operations

There are no significant economic changes that materially affected or likely to affect the income from continuing operations.

Known trends or uncertainties that have had or expected to have material adverse impact on sales, revenue or income from continuing operations

There are no such known trends.

Future changes in the relationship between costs and revenues

The Company believes that as seen in the past, the revenue mix shall be more from the products business and shall be contributed majorly through license revenues to the Company's Topline.

Status of any publicly announced new products or business segment

Introducing new products in the new geographies is an ongoing activity as part of Company's regular business initiative. As per the Objects of the Issue, Compulink is launching Whizible Engineering in FY2006. Compulink has also registered trademark by name Whizible Talent. The Company plans to launch this product in future but presently the timeframe has not been decided.

Whizible Talent allows the users to control unnecessary cost incurred in the whole recruitment process in an efficient way. Besides job posting it allows testing and interviewing the candidates online. Facilities like Generating Online Tests, Detailed Test Reviews and creating a template-based questionnaire that is unique to each organization and recruiting style provide a platform for online interview.

Seasonal character of Company's business

The Company's business is not seasonal.

Level of dependence on a single or few suppliers or customers

The Company's revenues are not dependent on a fewer number of customers. For the FY 2004 – 2005 the top ten customers contributed 59.83% of the total revenues. The contribution of the top ten customers as percentage of sales for past five years is as follows

Year	Percentage of sales
2000-01	97.45%
2001-02	94.08%
2002-03	83.00%
2003-04	68.82%
2004-05	59.83%

Competitive conditions

For details on Competition please refer page no. 41 of the prospectus

F. LEGAL AND OTHER INFORMATION

I. OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS

Save as stated herein under, based on records available, there are no outstanding / pending litigations, suits, criminal/ civil prosecutions, proceedings initiated for offences (including past cases, economic offences etc) irrespective of whether specified in paragraph (1) of part 1 of Schedule XIII of the Companies Act and litigations for tax liabilities against Compulink, its subsidiaries, Promoters and its directors and there are no defaults/non payment/overdues of statutory dues, institutional / bank dues and dues towards holders of debentures, bonds and fixed deposits and arrears of Preference Shares etc, other than unclaimed liabilities of Compulink and its subsidiaries.

CONTINGENT LIABILITY AGAINST THE COMPANY

There are no contingent liabilities as on March 31, 2005.

LITIGATIONS:

LITIGATIONS AGAINST THE COMPANY

Other than stated below, there are no litigations filed against the Company.

The Company has been served with a Notice dated June 15, 2005 by a construction contractor, Millenium Engineers and Contractors Private Limited, alleging non-payment of dues of Rs. 60,33,456/- for the construction work of the Company's development centre at Hinjewadi, Pune. The Company had replied to the above notice through its Advocate's letter dated 24th June 2005 and had denied and disputed the claim made by the contractor.

Subsequently, Millenium Engineers and Contractors Private Limited, has filed a Winding Up Petition (Company Petition No.611 of 2005) under Section 433 and 434 of the Companies Act, 1956 in the High Court, Bombay alleging that the Company is unable to pay its debts due to the default made by the Company in the payment of its dues of Rs. 1,03,76,417/- in connection with the construction work carried out by it for the Company's development centre at Hinjewadi, Pune. The Company is in the process of filing in the Court its Reply to the Winding up Petition denying and disputing the claim made by the construction contractor. The Company's stand on the dispute is supported by the observations made by the independent consultant appointed to ascertain and certify the bills submitted by the contractor to the Company in relation with the construction. The Company shall appropriately present its case to the Court at the time of the hearing of the matter.

LITIGATIONS BY THE COMPANY

There are no litigations / suits / cases filed by the Company against any party.

ACTION TAKEN BY SEBI AGAINST DIRECTORS

There is no action taken by SEBI against any of the Directors of the Company

OUTSTANDING AMOUNT TO SSI UNDERTAKING OR OTHER CREDITORS

As on March 31, 2005, there are no amounts payable, to small scale & ancillary industrial undertakings, as defined by the interest on delayed payments as per Small & Ancillary Undertaking Act, 1992, which were overdue and outstanding at the close of the year, for are there any delays in payments to the said Industrial Undertakings during the relevant year.

There are no amounts outstanding and due for more than thirty days in any Small Scale Undertakings or any Creditor.

LITIGATIONS FILED BY/ AGAINST SUBSIDIARIES

There are no litigations filed by and against the subsidiaries.

Material Developments

In the opinion of the Board of Directors, there have not arisen, since the date of the last financial statements disclosed in this Prospectus, any circumstance that materially or adversely affect or are likely to affect the profitability of the Company and its subsidiaries taken as a whole or the value of their consolidated assets or their ability to pay their material liabilities within the next twelve months other than as disclosed in the Prospectus.

Following material developments have taken place after the last date of Financial Year.

On May 17, 2005, 3,00,000 OCCPS held by SIDBI Trustee Company Limited A/C National Venture Fund for Software and Information Technology Industry have been converted to 714,285 equity shares of face value of Rs 10/- at a price of Rs. 42 per equity share.

II. GOVERNMENT APPROVALS /LICENSING ARRANGEMENTS

The Company has received all the necessary licenses, permissions and approvals from the Central and State Governments and other government agencies/certification bodies required for its business and no further approvals are required for carrying on the present as well as proposed business activities of the Company. It must, however, be distinctly understood that in granting the above approvals, the Government and other authorities do not take any responsibility for the financial soundness of the Company or for the correctness of any of the statements or any commitments made or opinions expressed.

In view of the approvals listed below, the Company can undertake this Issue and its current business activities and no further major approvals from any statutory authority are required to continue those activities.

The following statement sets out the details of licenses, permissions and approvals taken by the Company under various Central and State Laws for carrying out its business.

Sr. No.	Issuing Authority	Registration /License No.	Nature of Registration/ License	Validity
1.	Registrar of Companies	11-96866	Certificate of Incorporation	-
2.	Superintendent Central Excise and Customs, Service Tax Cell	STC No. AAACC6940N-ST-01 MGC/STC/081/Pune/2002	Service Tax – Management Consultant	-
3.	Commissioner of Income Tax, Pune	AAACC6940N	PAN	-
4.	Commissioner of Income Tax, Pune	PNE C00865 E	TAN	-
5.	Ministry of Commerce, Government of India Ministry of Information Technology	Import Export Code – 5196000631 Dated December 31, 1996, amended on February 1, 2005	Import Export Code	-
6.	Sales Tax Department, Maharashtra	411038/S/859 dated 15 th August 2000.	Local Sales Tax	-
7.	Sales Tax Department, Maharashtra	411038/C/734 dated August 15, 2000	Central Sales Tax	-
8.	Sales Tax Department, Maharashtra	411057/V/0010 dated June 4, 2005	Local Sales Tax	-
9.	Sales Tax Department, Maharashtra	411057/C/162 dated June 4, 2005	Central Sales Tax	-
10.	Regional Provident Fund Commissioner, Pune	MH/PNE/33701	Provident Fund	-
11.	Software Technology Parks of India, Hinjewadi, Pune 411 027	STP/P/VIII(A)(135)/96/9694 dated October 16, 1996 extended vide Letter STP/P/VIII(A)(135)/97/2141 dated February 6, 2003	100% EOU Letter of Permission for Unit-I at Compulink House, 16B, Rajpath Society, Paud Road, Pune 411038	October 28, 2007
12.	Software Technology Parks of India, Hinjewadi, Pune 411 027	STP/P/VIII(A)(980)/2005/6351 dated January 17, 2005	100%EQU Letter of Permission for Unit-II at “Kshitij”, Plot. No. 38, Rajiv Gandhi Infotech Park, MIDC, Hinjewadi, Pune, 411057	

Sr. No.	Issuing Authority	Registration /License No.	Nature of Registration/ License	Validity
13.	Software Technology Parks of India, Hinjewadi, Pune 411 027	MIT/STPI-P/2004/586 dated May 17, 2004/ No. 5101	Green Card (Unit-I)	May 16, 2006
14.	Software Technology Parks of India, Hinjewadi, Pune 411 027	MIT/STPI-P/2005/097 dated January 31, 2005 No. 5825	Green Card (Unit- II)	January 23, 2010
15.	Government of India, Ministry of Commerce and Industries, Secretariat for Industrial Assistance	1917/SIA/IMO/2004 dated May 31, 2004	Industrial Entrepreneurs Memorandum (IEM)	-
16.	Office of the Deputy Commissioner, Central Excise, Pune Div IV, Excise Bhavan, Akurdi, Pune 411 044	License No. P IV/CUS-STP/ 24A/2004-05 dated January 28, 2005	License for Customs Bonded Warehouse Unit II	January 27, 2009
17.	Deputy Registrar of Copyrights, Government of India, Ministry of Human Resources Development, New Delhi	SW-1026/2002 Dated 15/11/2002	Copyright for ProjectByNet Software	-
18.	United States Patent and Trademark Office	No 2,664,636 dated December 17, 2002	Certificate of Registration of TradeMark, ProjectByNet	December 16, 2012
19.	Project Management Institute, USA	-	As Global Registered Education Provider.	31.08.2006
20.	Maharashtra State Electricity Board, Pune	Agreement dated February 28, 2005.	Sanction of Power upto 615 KW / 550 KVA	-
21.	Maharashtra Industrial Development Corporation (MIDC)	Agreement dated April 26, 2005	Water Supply	-
22.	Office of the Asst Commissioner, Central Excise, Pune Div VI, Pune 411 001	License No PN VI/CUS-STPU/ 33/ 99 2004-05 dated 6 TH October 1999	License for Customs Bonded Warehouse Unit I	Valid upto 8.10.2006.

Details of Applications made, registration awaited :

Sr. No	Authority	Application Number and Date	Status	Nature of Application
1.	Trade Marks Registry, Mumbai	1208221 dated June 20, 2003	Applied For	For the trademark "ProjectByNet"
2.	Trade Marks Registry, Mumbai	1208223 dated June 20, 2003	Applied For	For trademark "Compulink"
3.	Trade Marks Registry, Mumbai	1335532 dated February 15, 2005	Applied For	For the trademark "PELCON (Project Excellence Learning and Consultancy)"
4.	Trade Marks Registry, Mumbai	1335533 dated February 15, 2005	Applied For	For the trademark "WHIZ Application Framework"
5.	Trade Marks Registry, Mumbai	1335534 dated February 15, 2005	Applied For	For the trademark "Whizable Talent"
6.	Trade Marks Registry, Mumbai	1335535 dated February 15, 2005	Applied For	For the trademark "Whizable SEM"
7.	Deputy Registrar of Copyrights, Government of India, Ministry of Human Resources Development, New Delhi	236/04/CSW	Granted vide registration no. SW-2194/2005 Dated 12 th May 2005	For Copyright Registration of the "E- Learning Software: Facilitating Preparation for PMP Examination."
8.	United States Patent and Trademark Office	78457058 dated July 27, 2004	Applied For	For the trademark "Compulink"

The Company is also required to take a No Objection from the Gram Panchayat Hinjewadi for its new facility. The Company has made application for the same and expecting to receive it in the normal course of business.

OTHER REGULATORY AND STATUTORY DISCLOSURES

AUTHORITY FOR THE PRESENT ISSUE

The Issue has been authorized pursuant to a resolution of the Board of Directors of the Company adopted at its meeting held on 17th May, 2005 and by a special resolution adopted pursuant to Section 81(1A) of the Companies Act, 1956, at the Extra Ordinary General Meeting of the Company held on 26th May, 2005.

The Offer for Sale by SIDBI Venture Capital Limited, has been authorized pursuant to a resolution passed at the meeting of Committee of Directors for divestment held on May 4, 2005 for sale of 10,00,000 equity shares as offer for sale, through the Public Issue of the Company.

PROHIBITION BY SEBI

The Company, its directors, its Promoters, its Subsidiary, other companies/ ventures promoted by Companies Promoters and companies with which the Company's Directors are associated as directors or promoters have not been prohibited from accessing the capital markets or restrained from buying, selling or dealing in securities under any direction or order passed by SEBI.

PROHIBITION BY RBI OR OTHER GOVERNMENT AUTHORITIES

The promoter, their relatives (as per The Companies Act 1956), issuer, group companies, associate companies, are not detained as willful defaulters by the Reserve Bank of India/government authorities, and there are no violation of securities laws committed by them in the past or pending against them.

ELIGIBILITY FOR THE ISSUE

In terms of the Clause 2.2.1 of the SEBI (DIP) Guidelines, 2000 an unlisted company may make an initial public offering (IPO) of equity shares or any other securities which may be converted into or exchanges with equity shares at a later date, only if it meets all the following conditions:

- (a) The company has net tangible assets of at least Rs. 3 crores in each of the preceding 3 full years (of 12 months each), of which not more than 50% is held in monetary assets:
Provided that if more than 50% of the net tangible assets are held in monetary assets, the company has made firm commitments to deploy such excess monetary assets in its business/project;
- (b) The company has a track record of distributable profits in terms of Section 205 of the Companies Act, 1956, for at least three (3) out of immediately preceding five (5) years;
Provided further that extraordinary items shall not be considered for calculating distributable profits in terms of Section 205 of Companies Act, 1956;
- (c) The company has a net worth of at least Rs. 1 crore in each of the preceding 3 full years (of 12 months each);
- (d) In case the company has changed its name within the last one year, atleast 50% of the revenue for the preceding 1 full year is earned by the company from the activity suggested by the new name; and
- (e) The aggregate of the proposed issue and all previous issues made in the same financial year in terms of size (i.e. offer through offer document + firm allotment + promoters' contribution through the offer document), does not exceed five (5) times its pre-issue networth as per the audited balance sheet of the last financial year.)

In terms of the certificate issued by M/s. Sanjiv Katkar & Associates, Chartered Accountants, dated June 4, 2005, the Company satisfies the above eligibility criteria to bring out the issue as follows:

Rs. in lakhs

Financial Year	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005
Net Tangible Assets	358.43	280.24	437.04	841.94	1779.69
Monetary Assets	85.91	1.38	25.47	78.16	108.39
Distributable Profit After Tax	81.27	96.61	119.76	224.03	360.59
Networth	305.98	332.63	434.44	836.4	1108.61

Net tangible assets are defined as the sum of all the net assets of the company, excluding intangible assets as defined in accounting standard (AS 26) issued by Institute of Chartered Accountants of India.

Monetary Assets are defined as the sum of Cash on Hand, Liquid Investments, Balance with Scheduled Bank in Current accounts and Fixed Deposits and balance with Post Office Savings account.

The Company undertakes that the number of allottees, i.e. persons receiving Allotment in the Offer shall be at least 1000, otherwise, the entire application money will be refunded forthwith. In case of delay, if any, in refund, the Company and the Selling Shareholder shall pay interest on the application money at the rate of 15% per annum for the period of delay.

DISCLAIMER CLAUSE

AS REQUIRED, A COPY OF THIS PROSPECTUS HAS BEEN SUBMITTED TO SEBI.

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

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER COMPANY AND SELLING SHAREHOLDER ARE 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, KARVY INVESTOR SERVICES LIMITED HAS FURNISHED TO THE SEBI, A DUE DILIGENCE CERTIFICATE DATED JULY 7, 2005 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992 WHICH READS AS FOLLOWS:

- I. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC., AND OTHER MATERIALS IN CONNECTION WITH THE FINALIZATION OF THE OFFER DOCUMENT PERTAINING TO THE SAID ISSUE.**
- II. 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 PROSPECTUS FORWARDED TO THE SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**
- b ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE, AS 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 INVESTMENT IN THE PROPOSED ISSUE.**
- d **WE CONFIRM THAT BESIDE OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE PROSPECTUS ARE REGISTERED WITH SEBI AND TILL DATE SUCH REGISTRATION IS VALID.**
- e **ALL LEGAL REQUIREMENTS PERTAINING TO THE ISSUE WILL BE COMPLIED WITH AT THE TIME OF FILING OF THE PROSPECTUS WITH THE REGISTRAR OF COMPANIES, MAHARASHTRA PUNE, IN TERMS OF SECTION 56, SECTION 60 AND SECTION 60B OF THE COMPANIES ACT.**

THE FILING OF OFFER DOCUMENT DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 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 MANAGER (S) (MERCHANT BANKERS) ANY IRREGULARITIES OR LAPSES IN THE OFFER DOCUMENT.

DISCLAIMER BY THE SELLING SHAREHOLDERS

The Selling Shareholder takes responsibility only for only those statements with respect to itself as a Selling Shareholder. The Selling Shareholder assumes no responsibility for any of the statements made by the Company in this Prospectus including, without limitation, all information clauses relating to the Company, its businesses, its affairs and its disclosures.

GENERAL DISCLAIMER

Investors may note that the Company, the Selling Shareholder and the Lead Manager accept no responsibility for statements made otherwise than in this Prospectus or in the advertisements or any other material issued by or at the instance of the Company and that anyone placing reliance on any other source of information would be doing so at his/her own risk.

The Lead Manager accepts no responsibility, save to the limited extent as provided in the Memorandum of Understanding entered into between the Lead Manager, Selling Shareholder and the Company.

All information shall be made available by the Company, the Selling Shareholder and the Lead Manager to the investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including in research or sales reports.

JURISDICTION

This Issue 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 and regional rural banks, co-operative banks (subject to RBI permission), Trusts (registered under Societies Registration Act, 1860, or any other Trust law and are authorized under their constitution to hold and invest in shares), permitted insurance companies and to NRIs and FIIs as defined under the Indian Laws. This Prospectus does not, however, constitute an offer to sell or an invitation to subscribe to Equity Shares offered 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 Prospectus comes is required to inform himself about and to observe any such restrictions. Any disputes arising out of this Issue will be subject to the jurisdiction of courts in Pune only.

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

A copy of the Draft Prospectus, had been filed with the Corporate Finance Department of SEBI, at B Wing, First Floor, Mittal Court, Nariman Point, Mumbai - 400 021 and SEBI vide its letter no. CFD/DIL/NB/JAK/50649/2005 dated September 29, 2005 has given its comments.

A copy of the Prospectus, along with documents required to be filed under Section 60 of the Act, has been delivered for registration to the Registrar of Companies, Maharashtra at Pune PMT Building, 3rd Floor, Deccan Gymkhana, Pune – 411004.

Investors may please note that Central Government / RBI does not take any responsibility for the financial soundness or correctness of the statements disclosed in this Prospectus.

DISCLAIMER CLAUSE OF NATIONAL STOCK EXCHANGE OF INDIA LIMITED (NSE)

As required, a copy of this Prospectus has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter no. NSE/LIST/16297-D dated August 26, 2005, granted permission to the Company. to use the Exchange's name in this Prospectus as one of the Stock Exchanges 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 10 crores and market capitalisation shall not be less than Rs. 25 crores at the time of listing). NSE has scrutinised 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 not in any manner 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.

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

As required, a copy of this Prospectus has been submitted to the BSE. BSE has given vide its letter no. List/ sdm/sm/-2005 dated August 29, 2005, permission to this Company to use the Exchange's name in this offer document as one of the Stock Exchange on which the Company's securities are proposed to be listed. The Exchange has scrutinised this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner-

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

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

UNDERTAKING FROM PROMOTERS AND DIRECTORS

The Company accepts full responsibility for the accuracy of the information given in the Prospectus and confirms that to the best of their knowledge and belief, there are no other facts, their omission of which makes any statement in the Prospectus misleading and they further confirm that they have made all reasonable inquiries to ascertain such facts. The Company further declares that the Stock Exchanges 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 statement 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 suppressed, 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 may be, that any information/material has been suppressed / 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.

FILING

A copy of this Prospectus, has been filed with the Corporate Finance Department of SEBI, at B Wing, First Floor, Mittal Court, Nariman Point, Mumbai - 400 021.

A copy of the Prospectus, along with documents required to be filed under Section 60 of the Act, has been delivered for registration to the Registrar of Companies, Pune, PMT building, 3rd Floor, Deccan Gymkhana Pune – 411004 .

LISTING

Initial listing applications have been made to NSE and BSE for permission to list the Equity Shares and for an official quotation of the Equity Shares of the Company. NSE will be the Designated Stock Exchange for the Issue.

If the permission to deal in and for an official quotation of the Equity Shares are not granted by any of the above mentioned Stock Exchanges, the Company and the Selling Shareholder shall forthwith repay, without interest, all moneys 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 and the Selling Shareholder becomes liable to repay it (i.e. from the date of refusal or within 70 days from the date of Issue Closing Date, whichever is earlier), then the Selling Shareholder, Company and every director of the Company who is an officer in default shall, on and from expiry of 8 days, will be jointly and severally liable to repay the money, with interest as prescribed under Section 73 of the Companies Act, 1956.

The Company and the Selling Shareholder with the assistance of the Lead Manager shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges mentioned above are taken within seven working days of finalisation of basis of allotment for the Issue

CONSENTS

The written consents of Promoters, Directors, Compliance Officer, Company Secretary, Auditors, Legal Advisors, Lead Manager to the Issue, Registrars to the Issue, Bankers to the Company and Bankers to the Issue to act in their respective capacities, have been obtained and filed along with a copy of the Prospectus with the Registrar of Companies, Maharashtra, Pune as required under Section 60 of the Act and such consents have not been withdrawn up to the time of delivery of the Prospectus for registration.

EXPERT OPINION

The Company has not obtained any expert opinion apart from whatever is already mentioned in this Prospectus.

EXPENSES OF THE ISSUE

The expenses of the Issue payable by the Company inclusive of brokerage, fees payable to the Lead Manager to the Issue, Registrar to the Issue, Legal Advisors, stamp duty, printing, publication, advertising and distribution expenses, bank charges, listing fees and other miscellaneous expenses will not exceed Rs. 200 Lakhs, and will be met out of the proceeds of the present issue.

DETAILS OF FEES PAYABLE

Particulars	Amount (Rs. Lakhs)	% of total issue expenses	% of total issue size
Lead Managers	45	22.50%	1.65%
Registrars	4	2.00%	0.15%
Advertising and Marketing Expenses	35	17.50%	1.29%
Legal Advisors	4	2.00%	0.15%
Others	102	51.00%	3.75%
Misc / Contingency expenses	10	5.00%	0.37%
Total	200	100.00%	7.34%

UNDERWRITING COMMISSION

The Issue is not proposed to be underwritten. Hence, no underwriting commission is payable.

BROKERAGE

Brokerage will be paid by the Company at the rate upto 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.

In case of tampering or over-stamping of Brokers / Agent's Codes on the application form, the company's decision to pay brokerage in this respect will be final and no further correspondence will be entertained in this matter.

PREVIOUS PUBLIC OR RIGHTS ISSUES

This is the first public issue of the Company. The Company has not made any public issue previously.

PREVIOUS ISSUE OF SHARES OTHERWISE THAN FOR CASH

On November 11, 1999, the Company has issued 6,21,090 bonus shares to "A" type shareholders in the ratio of 9 bonus shares for every 2 shares held in the Company by capitalization of Rs. 62,10,900/- from the free Reserves. On March 31, 2000, the Company has issued 3,99,055 bonus shares to "A" type shareholders in the ratio of 1 bonus share for every 2 shares held in the Company by capitalization of Rs. 39,90,550/- from the Free Reserves. On July 30, 2003, the Company has issued 25,68,510 bonus shares in the ratio of 2 bonus shares for every 1 share held in the Company by capitalization of Rs.2,56,85,100/- from the Free Reserves

An agreement was entered into between Compulink Systems Private Limited and Compulink Systems, a partnership firm through its partners, Mr. Vishwas Mahajan and Mr. Uday Kothari, on March 1, 1996 for transfer of entire business of Compulink Systems alongwith its assets and liabilities to Compulink Systems Private Limited. The partners were sharing the profits in the ratio of 1:1. Accordingly, pursuant to the agreement 24,000 equity Shares of face value of Rs. 10/- were allotted on August 20, 1996 and 75,980 equity shares of face value of Rs. 10/- each were allotted on March 29, 1997 to the partners Mr. Vishwas Mahajan and Mr. Uday Kothari in equal proportion.

COMMISSION OR BROKERAGE ON PREVIOUS ISSUES

The Company has not made any public or rights Issue since its inception and has not paid any commission or brokerage.

PARTICULARS IN REGARD TO THE COMPANY AND OTHER LISTED COMPANIES UNDER THE SAME MANAGEMENT WITHIN THE MEANING OF 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 that made any capital issue during the last three years.

PROMISES VS PERFORMANCE

The Company has not made any public issue of shares since its incorporation. There are no group companies, which has made any public issues.

OUTSTANDING BONDS/ DEBENTURES

There are no outstanding debentures or bonds or redeemable preference shares or any other instruments issued by the issuer Company outstanding as on the date of Prospectus.

STOCK MARKET DATA

This being the first public issue by the Company, no stock market data is available.

DISCLOSURE ON INVESTOR GRIEVANCES AND REDRESSAL SYSTEM

The Company will settle investor grievances expeditiously and satisfactorily. The agreement between the Company and the Registrar will provide for retention of records with the Registrar for a period of one year from the last date of dispatch

of Letters of Allotment / Share Certificates / Refund Orders to enable the investors to approach the Registrar for redressal of their grievances.

All grievances relating to the Issue may be addressed to the Registrar to the Issue Aarhi Consultants Pvt Ltd, Hyderabad, giving full details such as name, address of the applicant, number of Shares applied for, amount paid on application and the bank branch / collection center where the application was submitted.

Disposal of Investor Grievances

The average time required by the Company / Registrar for the redressal of routine investor grievances shall be seven working days from the date of receipt of the complaint. In case of non-routine complaints and where external agencies are involved, the Company/Registrar would strive to redress these complaints as expeditiously as possible.

Investors can also contact the Compliance Officer for any investor grievances.

COMPLIANCE OFFICER

Mr. Ranjit Thakur

Director & Chief Financial Officer

Compulink Systems Limited

"Kshitij", Plot No. 38,

Rajiv Gandhi Infotech Park,

MIDC, Hinjewadi,

Pune 411057.

Tel. No.: 91 20 56528000

Fax: 91 20 56528080

e-mail: investors@compulink.co.in

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

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

There have been no changes in the auditors of the Company during the past three years.

CAPITALISATION OF RESERVES OR PROFITS DURING THE LAST FIVE YEARS

On November 11, 1999, the Company has issued 6,21,090 bonus shares to "A" type shareholders in the ratio of 9 bonus shares for every 2 shares held in the Company by capitalization of Rs. 62,10,900/- from the free Reserves. On March 31, 2000, the Company has issued 3,99,055 bonus shares "A" type shareholders in the ratio of 1 bonus share for every 2 shares held in the Company by capitalization of Rs. 39,90,550/- from the Free Reserves. On July 30, 2003, the Company has issued 25,68,510 bonus shares in the ratio of 2 bonus shares for every 1 share held in the Company by capitalization of Rs.2,56,85,100/- from the Free Reserves

REVALUATION OF ASSETS DURING THE LAST FIVE YEARS

The Company has not revalued its assets during the last five years

OFFERING INFORMATION

Terms Of The Issue

The Equity Shares being issued are subject to the provisions of the Companies Act, our Memorandum and Articles, the terms of this Prospectus, Application Form and other terms and conditions as may be incorporated in the allotment advice and other documents/ certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws, as applicable, guidelines, notifications and regulations relating to the issue of capital and listing of securities issued from time to time by SEBI, Government of India, Stock Exchanges, RBI, Registrar of Companies and/or other authorities, as in force on the date of the Issue and to the extent applicable.

Authority for the Issue

The Issue has been authorized pursuant to a resolution of the Board of Directors of the Company adopted at its meeting held on 17th May, 2005 and by a special resolution adopted pursuant to Section 81(1A) of the Companies Act, 1956, at the Extra Ordinary General Meeting of the Company held on 26th May, 2005.

The offer for sale by SIDBI Venture Capital Limited, has been authorized pursuant to a resolution passed at the meeting of committee of directors for divestment held on May 4, 2005 for sale of 10,00,000 equity shares of Compulink Systems Limited as Offer for Sale.

Ranking of Equity Shares

The Equity Shares being offered shall be subject to the provisions of the Companies Memorandum and Articles and shall rank pari passu in all respects with the other existing Equity Shares of the Company including rights in respect of dividend. The Allottees will be entitled to dividend or any other corporate benefits (including dividend), if any, declared by the Company after the date of Allotment.

Mode of payment of dividend

The declaration and payment of dividends will be recommended by our Board of Directors and our shareholders, in their discretion, and will depend on a number of factors, including but not limited to our earnings, capital requirements and overall financial condition.

Face Value and Price

The Equity Shares with a face value of Rs.10/- each are being offered in terms of this Prospectus and the Issue Price is 6 times of the Face Value. The Price is Rs. 60/- per Equity Share of Rs. 10/- each. At any given point of time, there shall be only one denomination for the Equity Shares of the Company, subject to applicable laws.

Compliance with SEBI Guidelines

The Company shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

Rights of the Equity Shareholder

Subject to applicable laws, the Equity Shareholders shall have the following rights:

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

For a detailed description of the main provisions of the Company's Articles of Association relating to voting rights, dividend, forfeiture and lien, transfer and transmission and/or consolidation/splitting, see "Description of Equity Shares and Terms of Articles of Association" on Page 142 in this Prospectus.

Market Lot

In terms of Section 68B of the Companies Act, the Equity Shares of the Company shall be allotted only in dematerialised form. In terms of existing SEBI Guidelines, the trading in the Equity Shares of the Company shall only be in dematerialised form for all investors.

Since trading of our Equity Shares will be dematerialised mode, the tradable lot is one Equity Share. Allotment of Equity Shares through this Offer will be done only in electronic form in multiples of 1 Equity Share subject to a minimum allotment of 100 Equity Shares to the successful applicants. For details of allotment, see “Other Regulatory and Statutory Disclosure – Basis of Allotment”.

Jurisdiction

Exclusive jurisdiction for the purpose of this Issue is with competent courts/authorities in Pune, India.

Nomination Facility to the Investor

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

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

- to register himself or herself as the holder of the Equity Shares; or
- 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 ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the allotment of Equity Shares in the Issue will be made only in dematerialized mode, there is no need to make a separate nomination with us. Nominations registered with respective depository participant of the applicant would prevail. If the investors require changing the nomination, they are requested to inform their respective depository participant.

Impersonation

Attention of the 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 issue 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 delay beyond 8 days after the Company becomes liable to pay the amount, the Company shall pay interest prescribed under Section 73 of the Act.”

If the number of allottees in the proposed Offer is less than 1,000, the Company shall forthwith refund the entire

subscription amount received. If there is a delay beyond 15 days after the Company becomes liable to pay the amount, the Company shall pay interest at the rate of 15% per annum for the delayed period.

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. Therefore there is no possibility of odd lots.

Letters of Allotment or Refund Orders

The Company and Selling Shareholder shall give credit to the Beneficiary Account with DPs within two (2) working days of finalisation of the basis of allotment of Equity Shares. The Refund Orders shall be dispatched within a period of 10 weeks and in Case of any delay in refund, interest shall be paid at the prescribed rate under section 73(2) / 73(2A) of the Act. The Company and Selling Shareholder shall dispatch Refund Orders, if any, of value up to Rs.1,500/- by "Under Certificate of Posting", and will dispatch Refund Orders above Rs.1,500/- if any, by registered post or speed post at the sole or first applicant's sole risk.

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

- Allotment of Equity Shares will be made only in dematerialized form within 30 days from the Issue Closing Date;
- Despatch of refund orders will be done within 30 days from the Issue Closing Date;
- The Company shall pay interest at 15% per annum (for any delay beyond the 30 day time period as mentioned above), if allotment is not made, refund orders are not dispatched and/or demat credits are not made to investors within 30 day prescribed time period above.

The Company will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrar to the Issue. Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by Company, as an Escrow Collection Bank 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.

Restriction On Transfer And Transmission Of Shares

Nothing contained in the Articles of Association of the Company shall prejudice any power of the Company to refuse to register the transfer of any share.

No fee shall be charged for sub-division and consolidation of share certificates (physical form), debenture certificates and detachable warrants and for sub-division of letters of allotment and split, consideration, renewal and pucca transfer receipts into denomination corresponding to the market units of trading.

ISSUE PROCEDURE

PROCEDURE FOR APPLICATION AND MODE OF PAYMENT

Fixed price issue procedure as may be applicable, including details regarding application form, who can apply, maximum and minimum application size, process, etc.

Availability of Prospectus and Application Forms

The Memorandum, Form 2A containing the salient features of the Prospectus together with Application Forms and copies of the Prospectus may be obtained from the Registered Office of the Company, Lead Managers to the Issue, Registrar to the Issue and at the collection centres of the Bankers to the Issue, as mentioned on the Application Form.

Application may be made by

- (a) Indian nationals resident of India who are adult individuals in single name or joint names (not more than three)
- (b) Hindu Undivided Families through the Karta of the Hindu Undivided Family
- (c) Companies, Bodies Corporate and Societies registered under the applicable laws in India and authorised to invest in the Shares
- (d) Indian Mutual Funds registered with SEBI

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- (e) Indian Financial Institutions and Banks
 - (f) Venture Capital Funds / Foreign Venture Capital investors registered with SEBI
 - (g) State Industrial Development Corporation
 - (h) Insurance Companies registered with Insurance Regulatory and Development Authority;
 - (i) Provident Funds with minimum corpus of Rs.25 Crore;
 - (j) Pension Funds with minimum corpus of Rs.25 Crore;
 - (k) Trusts who are registered under the Societies Registration Act, 1860 or any other trust law and are authorised under its constitution to hold and invest in shares
 - (l) Commercial Banks and Regional Rural Banks. Co-operative Banks may also apply subject to permission from the Reserve Bank of India
 - (m) Permanent and regular employees of the Company
 - (n) Non-Resident Indians (NRIs) on a repatriable/ non-repatriable basis
 - (o) Foreign Institutional Investors (FIIs) on a repatriable/non repatriable basis

Applications cannot be made by

- a) Minors
- b) Foreign Nationals (except NRIs)
- c) Overseas Corporate Bodies (OCBs)
- d) Partnership firms or their nominees

Application by NRIs/FIIs/Foreign Venture Capital Funds/Multilateral and Bilateral Development Financial Institutions

As per the current provisions of the Foreign Exchange Management (transfer or issue of security by a person resident outside India) regulations, 2000, there exists a general permission for the NRIs/ FII's/ Foreign Venture Capital Fund registered with SEBI/ Multinational And Bilateral Development Financial Institutions to invest in shares of an Indian company by way of subscription in a public issue. However, such investments would be subject to other investment restrictions under RBI and/or SEBI regulations as may be applicable to such investors. Based on the above provisions, it will not be necessary for the investors to seek separate permission from the RBI for this specific purpose. However, it is to be distinctly understood that there is no reservation for FIPBI, NRIs, FIIs and Foreign Venture Capital Funds registered with SEBI/ Multinational and Bilateral Development Financial Institutions and all Non Residents, NRI, FII, Foreign Venture Capital Fund registered with SEBI and Multinational And Bilateral Development Financial Institutions applicants will be treated on the same basis with other categories for the purpose of allocation.

As per the policy of the RBI, Overseas Corporate Bodies cannot participate in this Issue.

The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account of benefit of, "U.S. Persons" (as defined in the Regulation S of the Securities Act), except pursuant to any exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

SEBI MAPIN

In terms of SEBI (Central Database of Market Participants) Regulations, 2003 and amendments thereto (MAPIN Regulations), every specified intermediaries, other entity, specified listed companies and specified investors who are required to obtain a Unique Identification Number (UIN) under the MAPIN Regulations for buying, selling or dealing in securities.

It is reiterated that the applicants/ investors are solely responsible to ascertain whether they are required to obtain UIN and quote the same for their securities transaction. Neither the Issuer nor any of the intermediaries associated with the issue have an obligation to verify the same.

In terms of the Regulation 15A (1) of the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, the Foreign Institutional Investor or sub-account ("FIIs) may issue, deal in or hold, off-shore derivative instruments such as Participatory Notes, Equity Linked Notes or any other similar instruments against underlying securities being allocated to such FIIs.

Applicants are advised to ensure that any single Application from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under the relevant regulations or statutory guidelines.

As per the current regulations, the following restrictions are applicable for investments by mutual funds:

- No mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds
- No mutual fund under its scheme should own more than 10% of any company's paid-up capital carrying voting rights

As per current regulations, the following restrictions are applicable for investment by FIIs:

- No single FII can hold more than 10% of the post-issue paid-up capital of the Company (i.e. 10% of 10,36,712 Equity Shares of Rs. 10 each). In respect of an FII investing in the Equity Shares of the Company on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total issued capital or 5% of the total issued capital of the Company in case such sub-account is a foreign corporate or an individual

As of now, the aggregate FII holding in our Company cannot exceed 24% of the total issued capital of the Company. With the approval of the Board of Directors and the shareholders by way of a special resolution, the aggregate FII holding can go up to 100%.

As per the current regulations, the following restrictions are applicable for SEBI registered Venture Capital Funds and Foreign Venture Capital Investors:

The SEBI (Venture Capital Funds) Regulations, 1996 and the SEBI (Foreign Venture Capital Investors) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI. Accordingly, the holding by any individual venture capital fund or foreign venture capital investor registered with SEBI should not exceed 25% of our Company's paid-up capital. The aggregate holdings of venture capital funds and foreign venture capital investors registered with SEBI could, however, go up to 100 % of our Company's paid-up equity capital.

The above information is given for the benefit of the applicants. The Issuer Company and the Lead Manager are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen after the date of this Prospectus. Applicants are advised to make their independent investigations and ensure that the number of Equity Shares applied for do not exceed the applicable limits under laws or regulations.

A. GENERAL INSTRUCTIONS

1. Application must be made in the prescribed Application Form and completed in Full in BLOCK LETTERS in English as per the instructions contained herein and in the Application Form and are liable to be rejected if not so made.
2. **The application for Equity Shares should be for a minimum of 100 Equity Shares and in multiples of 100 shares thereafter.** An applicant in the public category can make an application only for a maximum of Equity Shares that are offered to the public.
3. Thumb impressions and signatures other than in English/ Hindi or any other language specified in the 8th Schedule to the Constitution of India, must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under his/ her official seal.

4. Bank Account Details of Applicant:

The name of the Applicant, Depository Participant's name, Depository Participant's Identification (DPID) number and the Beneficiary number provided by the Depository participant must be correctly mentioned in the Application Form at the appropriate place. The Registrars will obtain the Demographic details such as Address, Bank account details and occupation from the depository participants. The refunds, if any, will be printed with the Bank details as given by the Depository participant.

5. Applications under Power of Attorney:

In Case of applications under Powers of Attorney or by Companies, Bodies Corporate, Societies registered under the applicable laws, trustees of Trusts, Provident Funds, Superannuation Funds, Gratuity Funds, a certified copy of the Power of Attorney or the relevant authority, as the Case may be, must be lodged separately at the office of the Registrars to the Issue simultaneously with the submission of the Application Form, indicating the serial number of the Application Form and the name of the Bank and the branch office where the application is submitted.

The Company in its absolute discretion reserves the right to relax the above condition of simultaneous lodging of

the Power of Attorney along with the Application Form subject to such terms and conditions as it may deem fit.

6. PAN/ GIR Number

Where application(s) is/are for Rs.50,000 or more, the applicant or in the case of a application in joint names, each of the applicant, should mention his/her Permanent Account Number (PAN) allotted under the I.T.Act. The copy of the PAN card or PAN allotment letter is required to be submitted with the application form. Applications without this information and documents will be considered incomplete and are liable to be rejected. It is to be specifically noted that Applicant should not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground. In case the Sole/First Applicant and Joint Applicant(s) is/are not required to obtain PAN, each of the Applicant(s) shall mention "Not Applicable" and in the event that the sole Applicant and/or the joint Applicant(s) have applied for PAN which has not yet been allotted each of the Applicant(s) should mention "Applied for" in the Application Form. Further, where the Applicant(s) has mentioned "Applied for" or "Not Applicable", the Sole/First Applicant and each of the Joint Applicant(s), as the case may be, would be required to submit Form 60(Form of declaration to be filed by a person who does not have a permanent account number and who enters into any transaction specified in rule 114B), or, Form 61 (form of declaration to be filed by a person who has agricultural income and is not in receipt of any other income chargeable to income tax in respect of transactions specified in rule 114B), as may be applicable, duly filled along with a copy of any one of the following documents in support of the address: (a)Ration Card (b) Passport (c) Driving License (d) Identity Card issued by any institution (e) Copy of the electricity bill or telephone bill showing residential address (f) Any document or communication issued by any authority of the Central Government, State Government or local bodies showing residential address (g)Any other documentary evidence in support of address given in the declaration. It may be noted that Form 60 and Form 61 have been amended vide a notification issued on December 1, 2004 by the Ministry of Finance, Department of Revenue, Central Board of Direct Taxes. All Bidders are requested to furnish, where applicable, the revised Form 60 or 61 as the case may be.

7. Joint Applications in the case of individuals

Applications can be in single or joint names (not more than three). In the case of joint applications, all payments will be made out in favour of the first applicant. All communications will be addressed to the first named Applicant whose name appears in the Application Form at the address mentioned therein.

8. Applications may be made by Hindu Undivided Families (HUF) through the Karta of the HUF and will be treated at par with individual applications.

9. Multiple Applications

An Applicant should submit only one Application Form (and not more than one) for the total number of Equity Shares applied for. Two or more applications in single or joint names will be deemed to be multiple applications if the sole and/ or first Applicant is one and the same.

In case of 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 that the application made by the Asset Management Company/ Trustees/ Custodian clearly indicate their intention as to the scheme for which the application has been made.

The Company reserves the right to accept or reject, in its absolute discretion, any or all multiple applications. A separate single cheque/draft must accompany each Application Form.

10. Stockinvest

Investors will not have the facility of applying through Stockinvest instrument, as RBI has withdrawn the Stockinvest scheme vide notification No.DBOD.NO.FSC.BC.42/24.47.001/2033-04 dated 5.11.2003.

Note:

- Applicants are requested to write their names and the serial number of the Application Form, 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.
- Applications by NRIs on non-repatriation basis can be made using the Form meant for Public out of the funds held in Non Resident (Ordinary) Account (NRO). The relevant Bank Certificate must accompany such forms. Such Applications will be treated on par with the applications made by the public.

For further instructions, please read the Application Form carefully.

B. PAYMENT INSTRUCTIONS (For Resident investors)

1. Payment shall be made only by way of cash or cheque/ demand draft (money/ postal orders will not be accepted) drawn on any Bank, including a Co-operative Bank which is situated at and is a member or sub-member of the Banker's clearing-house located at the place where the Application Form is submitted, i.e. at designated collection centres.
2. Outstation cheques/demand drafts drawn on Banks not participating in the clearing process will not be accepted.
3. All cheques/ demand drafts accompanying the Application Form should be payable to "Name of the Bank A/c Compulink –Public Issue" and crossed "A/C payee only".
4. If the amount payable on application is Rs. 20,000 or more, such payment must be effected only by way of an account payee cheque/ or Bank Draft in terms of section 269SS of the Income-Tax Act, 1961. Otherwise the applications may be rejected and application money refunded without any interest.

PAYMENT INSTRUCTIONS (For NRIs/FIIs on a repatriable basis)

Application made by NRIs

1. Application should be made only
 - a. In the names of individuals or in the names of FIIs but not in the names of minors, firms, partnerships, OCBs, foreign nationals or their nominees.
 - b. With remittances from abroad for the amount payable on application per share through approved banking channels or out of funds held in Non-Resident External (NRE) / Foreign Currency Non Resident (FCNR) accounts maintained with Banks authorised to deal in foreign exchange in India, along with the Certificate from the Bank issuing the draft confirming that the draft has been issued by debit to NRE / FCNR account.
2. Applications for the NRI category can be obtained from the Registered Office of the Company at Kshitij, Plot no 38, Rajiv Gandhi Infotech Park, MIDC, Hinjewadi, Pune – 411057, or from the Lead Manager or Registrar to the Issue.
3. The allotment of Equity Shares to NRIs shall be subject to RBI approval or any other requisite authority as may be necessary under the existing Exchange Control Regulation. The sale proceeds of such investment in Equity Shares by NRIs will be allowed to be repatriated along with the income thereon, subject to instructions from RBI then in force and subject to Indian Tax Laws, provided that the investments are made by inward remittance from abroad through approved banking channels or out of funds held in NRE / FCNR accounts maintained with a Bank in India.
4. Refunds/dividends and other distributions, if any, will be payable (net of Bank charges/commission) in Indian Rupees. In case of applicants who remit their application money from funds held in NRE / FCNR accounts, such payments shall be credited to their respective NRE / FCNR accounts (details of which shall be furnished in the space provided for this purpose in the Application Form), under intimation to them. In case of applicants who remit their money through Indian Rupee Drafts from abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by RBI at the exchange rate prevailing at the time of remittance and will be dispatched by registered post, or if the applicants so desire, will be credited to their NRE / FCNR accounts, details of which are to be furnished in the space provided for this purpose in the application Form. The Company will not be responsible for loss, if any, incurred by the applicant on account of conversion of Foreign Currency into Indian Rupees and vice versa.
5. All cheques / Bank drafts accompanying the Application Form must be made payable to the **"Name of the Bank A/c Compulink - Public Issue- NRI"** and crossed **"Account Payee only"**.

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

Submission of completed Application Forms

All applications duly completed and accompanied by cash/ cheques/ demand drafts/ shall be submitted at any of the branches of the Bankers to the Issue (listed in the Application Form) before the closure of the Issue. Applications should NOT be sent to the office of the Company, the Lead Managers to the Issue.

Application Forms along with Bank drafts payable at Mumbai can also be sent by registered post with acknowledgement due to the Registrars to the Issue, Aarathi Consultants Private Limited so that the same can be received before the closure of the subscription list. **The envelopes should be superscribed with the word "Compulink" and marked to "the Head - IPO"**.

No separate receipts will be issued for the application money. However, the Bankers to the Issue or their approved collecting branches receiving the duly completed Application Form will acknowledge receipt of the application by stamping and returning to the applicant the acknowledgement slip at the bottom of each Application Form.

Applications shall be deemed to have been received by the Company only when submitted to the Bankers to the Issue at their designated branches or on receipt by the Registrars as detailed above and not otherwise.

For further instructions, please read the Application Form carefully.

ACCEPTANCE OF APPLICATIONS

The Company reserves the right to accept or reject, any application, in whole or in part, without assigning any reason thereof. If the application is rejected in full, the whole of the application money received will be refunded by Registered Post to the applicant. If the Application Form is accepted in part, the excess application money will be refunded to the Applicant. Such refund, if any, will carry interest @ 15% p.a. after 30 days from the closure of the Issue for the period of delay beyond 30 days.

BASIS OF ALLOTMENT:

In the event of public Issue of Equity Shares being over-subscribed, the allotment will be on a proportionate basis subject to minimum allotment being equal to the minimum application size, i.e. 100 equity shares as explained below:

1. A minimum 50% of the net Issue to the Indian public will be made available for allotment in favour of those individual applicants who have applied for Equity Shares of or for a value of not more than Rs.100,000/-. 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 Designated Stock Exchange along with the Lead Manager and the Registrars to the Issue shall be responsible to ensure that the basis of allotment is finalised in a fair and proper manner in accordance with the SEBI Guidelines.
2. The balance of the net Issue to Indian public shall be made available to investors including Corporate Bodies/ Institutions and individual Applicants who have applied for allotment of Equity Shares for a value of more than Rs.100,000/-.
3. The Unsubscribed portion of the net Issue to any of the categories specified in (1) or (2) shall be made available for allotment to Applicants in the other category, if so required.
4. Applicants will be categorized according to the number of Equity Shares applied for.
5. The total number of 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 applicants in the category multiplied by the number of shares applied for) multiplied by the inverse of the over subscription ratio.
6. Number of the shares to be allotted to the successful allottees shall be arrived at on a proportionate basis i.e. total number of shares applied for by each Applicant in that category multiplied by the inverse of the over subscription ratio.
7. All the Application Forms where the proportionate allotment works out to less than 100 shares per Applicant, the allotment shall be made as follows:
 - i. Each successful Applicant shall be allotted a minimum of 100 shares; and
 - ii. The successful Applicants out of the total Applicants for that category shall be determined by draw of lots in such a manner that the total number of shares allotted in that category is equal to the number of shares worked out as per (6) above.
8. If the proportionate allotment to an Applicant works out to a number that is more than 100 but is a fraction, then the fraction equal to or higher than 0.50 shall be rounded off to the next integer and if that fraction is lower than 0.50, the fraction shall be ignored.
9. All Applicants in such categories shall be allotted shares arrived at after such rounding off.
10. If the shares allocated on a proportionate basis to any category is more than the shares allotted to the Applicants in that category, the balance available shares for allotment shall be first adjusted against any other category, where the allocated shares are not sufficient for proportionate allotment to the successful Applicants in that category.

11. The balance shares, if any, remaining after such adjustment shall be added to the category comprising applicants applying for minimum number of shares.
12. The process of rounding off to the nearest integer subject to a minimum allotment being equal to 100, which is the minimum application size in this Issue, may result in the actual allotment being higher than the shares offered. However, it shall not exceed 10% of the net offer to public.

Despatch of Refund Orders

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

Option to Subscribe

Equity Shares being issued through this Prospectus can be applied for in the dematerialized form only. Applicants **will not have** the option of getting Allotment in physical form. The Equity Shares, on Allotment, shall be traded only in the dematerialised segment of the Stock Exchanges.

Interest in case of delay in Despatch of Allotment Letters/Refund Orders in case of Public Issues

The Selling Shareholder and Company agrees that as far as possible allotment of securities offered to the public shall be made within 30 days of the closure of the public issue. The Company and Selling Shareholder further agrees that it shall pay interest at rate of 15% per annum if the allotment letters/refund orders have not been dispatched to the applicants within 30 days from the date of closure of the Issue. However applications received after the closure of issue in fulfillment of underwriting obligations to meet the minimum subscription requirement shall not be entitled for the said interest.

EQUITY SHARES IN DEMATERIALIZED FORM WITH NSDL OR CDSL

As per the provisions of Section 68B of the Companies Act, the Equity Share of the Company can be held in a dematerialised form, (i.e. not in the form of physical certificates but be fungible and be represented by the Statement issued through electronic mode).

Successful allottees in this Issue will be compulsorily allotted Equity Shares in dematerialised form. In this context, two Tripartite agreements have been signed between the Company, the Registrar to the Issue and the Depositories:

1. Tripartite agreement dated October 25, 2005 between the Company, Aarathi Consultants Pvt. Ltd. and NSDL, for offering depository services.
2. Tripartite agreement dated October 3, 2005, between the Company, Aarathi Consultants Pvt. Ltd. and CDSL, for offering depository services.

All investors can seek allotment only in dematerialised mode. However, an investor will have an option to hold the shares in physical form or demat form. After the allotment in the proposed Issue, allottees may request their respective DPs for rematerialization of shares if they wish to hold shares in physical form. Applications without relevant details of his or her depository account are liable to be rejected.

1. An applicant applying for shares must have at least one beneficiary account with any of the Depository Participants (DPs) of NSDL or of CDSL, registered with SEBI, prior to making the application.
2. The Applicant must necessarily fill in the details (including the Beneficiary Account no. and DP ID no.) in the Application Form.
3. Equity Shares allotted to an applicant in the electronic mode will be credited directly to the respective Beneficiary Accounts (with the DP)
4. Name(s) in the share 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 account details in the Depository.
5. The Registrar to this Issue will directly send non-transferable Allotment Letters/ Refund Orders to the Applicant.
6. Application will be liable to be rejected if incomplete or incorrect details are given under the heading 'Request for shares in electronic form' in the Application Form.
7. The applicant is responsible for the correctness of the Applicant's demographic details given in the Application Form vis-à-vis those with his/ her DP.

8. It may be noted that Equity Shares in electronic form can be traded only on the Stock Exchanges having electronic connectivity with NSDL and CDSL. Both the Stock Exchanges where the Equity Shares of the Company are proposed to be listed are connected to NSDL and CDSL.
9. Trading in the Equity Shares of the Company would be in only dematerialised form for all investors.

Undertaking by the Company

The Company undertakes as follows:

- that the complaints received in respect of this Issue shall be attended to expeditiously and satisfactorily;
- that all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the stock exchanges where the Equity Shares are proposed to be listed within seven working days of finalisation of the basis of allotment;
- that the funds required for despatch of refund orders or allotment advice by registered post or speed post shall be made available to the Registrar to the Issue;
- that the refund orders or allotment advice to the NRIs or FIIs shall be dispatched within specified time; and
- that no further issue of Equity Shares shall be made till the Equity Shares issued through this Prospectus are listed or until the application monies are refunded on account of non-listing, under-subscription etc.

Utilization of Issue proceeds

The Board of Directors of the Company Certify that:

- all monies received out of the Fresh Issue shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;
- details of all monies utilized out of Fresh Issue referred above shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the purpose for which such monies have been utilised; and
- details of all unutilised monies out of the Fresh Issue, if any shall be disclosed under the appropriate separate head in the balance sheet of the Company indicating the form in which such unutilized monies have been invested.

The Company shall not have recourse to the Issue proceeds until approval for trading of Equity Shares from all the stock exchanges where listing is sought is received.

Pending utilisation of net proceeds of the Fresh Issue as specified under the section "Objects of the Issue" the net proceeds will be invested by the Company in high quality interest bearing liquid instruments including but not limited to deposits with banks for the necessary duration.

Restrictions on Foreign Ownership of Indian Securities

Foreign investment in Indian securities is regulated through the industrial policy of Government of India, or the Industrial Policy and FEMA. While the Industrial Policy prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. The government bodies responsible for granting foreign investment approvals are the Foreign Investment Promotion Board of the Government of India ("FIPB") and the RBI. Under present regulations, the maximum permissible FII investment in our Company is restricted to 24% of our total issued capital. This can be raised to 100% by adoption of a Board resolution and special resolution by our shareholders; however, as of the date hereof, no such resolution has been recommended to Board or our shareholders for adoption.

By way of Circular No. 53 dated December 17, 2003, the RBI has permitted FIIs to subscribe to shares of an Indian company in a public Issue without prior RBI approval, so long as the price of Equity Shares to be issued is not less than the price at which Equity Shares are issued to residents.

The transfer of Equity Shares of NRIs, FIIs, Foreign Venture Capital Investors registered with SEBI and Multilateral and Bilateral Development Financial institutions shall be subject to the conditions as may be prescribed by the government of India or RBI while granting such approvals.

DESCRIPTION OF EQUITY SHARES AND TERMS OF ARTICLES OF ASSOCIATION

MAIN PROVISIONS OF ARTICLES OF ASSOCIATION

Capitalised terms used in this section have the meaning given to such terms in the Articles of the Company.

Pursuant to Schedule II of the Companies Act, 1956 and the SEBI (DIP) Guidelines, the main provisions of the Articles of Association of the Company relating to voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of Equity Shares and or their consolidation/splitting are detailed below.

No regulations contained in Table 'A' of Schedule I of the Companies Act, 1956, shall apply to this Company, but the regulations for the management of the Company and for the observance of the Members thereof and their representatives shall, subject to any exercise of the statutory powers of the Company with reference to the repeal or alteration of, or addition to, its regulation by Special Resolution, as prescribed by the said Companies Act, be such as are contained in the Articles of Association.

SHARE CAPITAL

Article 3 provides as follows

- A. The Authorised Share Capital of the Company is Rs. 15,00,00,000 (Rupees Fifteen Crores only) divided into 1,50,00,000 (One Crore Fifty Lakhs) Equity Shares of Rs. 10/- (Rupees Ten Only) each.

The authorized share capital of the Company shall be the Capital as specified in Clause V of the Memorandum of Association, with power to increase or reduce the share capital of the Company and to divide the shares in the capital for the time being into several classes as permissible in law and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify, amalgamate or abrogate any of such rights, privileges or conditions in such manner as may for the time being be provided in the Articles of Association.

Increase in Capital

Article 5 provides as follows

The Company in General Meeting may from time to time by Ordinary Resolution increase the capital by the creation of new shares, the increases to be of such aggregate amount and to be divided into Shares of such respective amounts as the Resolution shall prescribe, subject to the provisions of the Act, any shares of the original or increased capital shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the General Meeting resolving upon the creation thereof, shall direct, and if no direction be given, as the Directors shall determine, and in particular, such shares may be issued with a preferential or a qualified right to dividends, and in the distribution of the assets of the Company in conformity with Section 87 and 88 of the Act. Whenever the capital of the Company has been increased under the provisions of this Article, the Directors shall comply with the provisions of Section 97 of the Act.

Reduction of Capital

Article 10 provide as follows

The Company may from time to time by Special Resolution, subject to the provisions of Section 78, 80, 100 to 104 inclusive of the Act, reduce its Share Capital and any Capital Redemption Reserve Account or Securities Premium Account in any manner for the time being authorised by law, and in particular without prejudice to the generality of the foregoing power may:

- a) extinguish or reduce the liability on any of its shares in respect of share capital not paid up;
- b) either with or without extinguishing or reducing liability on any of its shares, cancel any paid up share capital which is lost or is unrepresented by available assets; or
- c) either with or without extinguishing or reducing liability on any of its shares, pay off any paid-up share capital which is in excess of the wants of the Company;

and may, if and so far as is necessary, alter its Memorandum, by reducing the amount of its share capital and of its shares accordingly.

Sub-division, consolidation and cancellation of shares

Article 11 provides as follows

- A. The Company in general meeting may subject to the provisions of Section 94 of the Act by Ordinary Resolution alter the capital clause condition of its Memorandum as follows, that is to say, it may:
- a) Consolidate and divide any of its Share Capital into Shares of larger amounts than its existing shares;
 - b) Sub-divide its shares or any of them into shares of smaller amount than originally fixed by the Memorandum, so however, that in the sub-division the proportion between the amount paid-up 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 and so that as between the holders of the shares resulting from such sub-division one or more of such shares may, subject to the provisions of the Act, be given any preference or advantage or otherwise over the others or any other such share.
 - c) Convert all or any of its fully paid-up shares in to stock and reconvert that stock into fully paid-up shares of any denomination.
 - d) Cancel shares which, on the date of such General Meeting have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of shares so cancelled;
- B. The cancellation of shares in pursuance of this Article shall not be deemed to be reduction of Share Capital.

MODIFICATION OF RIGHTS

Article 12 provides for

- A. Whenever the capital, by reason of the issue of Preference Shares or otherwise, is divided into different classes of shares, all or any of the rights and privileges attached to each calls may subject to the provisions of Sections 106 and 107 of the Act be modified, commuted, affected or abrogated, or dealt with by agreement between the Company and any person purporting to contract on behalf of that class, provided such agreement is ratified in writing by holders of at least three-fourths in nominal value of the issued shares of the class or is confirmed by a Special Resolution passed at separate general meeting of the holders of shares of that class. The provision of these Articles relating to General Meetings shall mutatis mutandis apply to every such separate meeting. This Article shall not derogate from any power, which the Company would have if this Article were omitted.
- B. Subject to and in accordance with the applicable provisions of the Companies Act, 1956 and all other applicable provisions of law (including any statutory modification or re-enactment thereof for the time being in force or as may be enacted from time to time) and subject to such other approvals/permissions or sanctions as may be required, the Company shall have power to acquire, purchase, sell, dispose off, provide finance for the purchase of any of its own fully/ partly paid shares whether or no they are redeemable and to make the payment out of Capital Reserves or otherwise in respect of such acquisition, purchase, financing.

SHARES AND CERTIFICATES

Register and Index of Members

Article 14 provides as follows

The Company shall cause to be kept a Register and Index of Members in accordance with all applicable provisions of the Act and the Depositories Act, 1996 with details of shares held in material and dematerialized forms in any medias may be permitted by law including in any form of electronic media. The Company shall be entitled to keep in any State or Country outside India a branch Register of Members for members resident in the State or country.

Further issue of capital

Article 17 provides as follows

- a) Where at any time after the expiry of two years from the formation of the Company or at any time after the expiry of one year from the allotment of shares in that Company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the Company by allotment of further shares, whether out of unissued share capital or out of increased share capital, then such further shares shall be offered to the persons who at the date of the offer, are holders of the equity shares of the Company, in proportion, as nearly as circumstance admit, to the capital paid up on these shares at that date. Such offer

shall be made by notice specifying the number of shares offered and limiting a time not being less than fifteen days from the date of offer within which the offer, if not accepted, will be deemed to have been declined. After the expiry of the time specified in the notice aforesaid or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board may dispose of them in such manner as they think most beneficial to the Company.

- b) Notwithstanding anything contained in the preceding sub clause, the Company may:-
- i) By a special resolution; or
 - ii) Where no such special resolution is passed, if the vote cast (whether on a show of hands or on a poll, as the case may be) in favour of the proposal contained in the resolution moved in the General Meeting (including the casting vote, if any of the Chairman) by Members who, being entitled so to do, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by Members so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf, that the proposal is most beneficial to the Company.

Offer further shares to any person or persons, and such person or persons may or may not include the persons who at the date of the offer are the holders of the equity shares of the Company.

- c) Notwithstanding any thing contained in sub-clause (a) above, but subject, however, to Section 81(3) of the Act, the Company may increase its subscribed capital on exercise of an option attached to the debentures issued or loans raised by the Company to convert such debentures or loans into shares, or to subscribe for shares in the Company.

Power also to Company in General Meeting to issue shares

Article 20 provides as follows

In addition to and without derogating from the powers for that purpose conferred on the Board under Articles 17, 18 and 19 the Company in general meeting may, subject to the provisions of Section 81 of the Act determine that any shares (whether forming part of the original capital or of any increased capital of the Company) shall be offered to such person (whether a Member or not), in such proportion and on such terms and conditions and either (subject to compliance with the provisions of Section 78 and 79 of the Act) at a premium or at par or at a discount, as the general meeting shall determine and with full power to give any person (whether a Member or not) the option to call for or be allotted shares of any class of the Company either (subject to compliance with the provisions of Section 78 and 79 of the Act) at a premium or at par or at a discount, such option being exercisable at such times and for such consideration as may be directed by such General Meeting or Company in general meeting may make any other provision whatsoever for the issue, allotment or disposal of any shares.

Issue of Shares for consideration other than Cash

Article 21 provides as follows

Subject to these Articles and the provisions of the Act, the Board may issue and allot share in the Capital of the Company as payment, or in consideration, or as part payment, or in part consideration of the purchase or acquisition of any property or for services, rendered to the Company in the conduct of its business and shares which may be so issued or allotted shall be credited or deemed to be credited as fully paid-up or partly paid-up shares.

Liability of Members

Article 24 provides as follows

Every Member, or his heirs, executors or administrators, shall pay to the Company the portion of the capital represented by his share or shares which may for the time being, remain unpaid thereon, in such amounts at such time or times in such manner as the Board shall from time to time in accordance with the Company's regulations, require or fix for the payment thereof

Share Certificate

Article 25 provides as follows

- a) Every Member or allottee of shares shall be entitled without payment, to receive one certificate specifying the name of the person in whose favour it is issued, the shares to which it relates and the amount paid-up

thereon. Such certificate shall be issued only in pursuance of a resolution passed by the board and on surrender to the company of the letter of allotment or the fractional coupons of requisite value, save in case of issue against letters of acceptance or of renunciation or in cases of issue of bonus shares. Every such certificate shall be issued under the seal of the Company, which shall be affixed in the presence of two Directors or persons acting on behalf of the Directors under a duly registered power of attorney and the Secretary, or some other person appointed by the Board for the purpose and the two Directors or their attorney and the Secretary or other person shall sign the share certificate provided that if the composition of the Board permits of it, at least one of the aforesaid two Directors shall be a person other than a Managing or a Whole time Director. Particulars of every share certificate issued shall be entered in the Register of Members against the name of the person, to whom it has been issued, indicating the date of issue. For any further certificate the Board shall be entitled, but shall not be bound to prescribe a charge not exceeding Rupee One, Provided that the Company shall not be bound to register more than four persons as joint holders of any share except in the face of executors or trustees or a deceased member and in respect of a share held jointly by several persons the Company shall not be bound to issue more than one certificate. The Company shall comply with provisions of Section 113 of the Act.

Provided however, that no share certificate (s) shall be issued in respect of the shares held in Depository.

- b) The issue of Certificates of Shares or of duplicate or renewal of Certificates of Shares shall be governed by the provisions of Section 84 and other applicable provisions of the Act and by the rules or notifications or orders, if any, which may be prescribed or made by competent authority under the Act, the Directors shall also comply with the provisions of such rules or regulations of any stock exchange where the shares of the company may be listed for the time being and also the requirements of the Securities Contracts (Regulation) Act, 1956 as may be applicable.
- c) Every Certificate of Shares shall specify the date of issue, the numbers and distinctive numbers of the shares in respect of which it is issued and the amount paid-up thereon and shall be in such form as the Directors shall prescribe or approve.
- d) Any two or more joint allottees of a share shall, for the purpose of this Article, be treated as a single Member, and the certificate of any share, which may be subject of joint ownership, may be delivered to any one of such joint owners on behalf of all of them.
- e) The Company shall complete and have ready for delivery, the share certificates within the time provided by Section 113 of the Act, unless the conditions of issue thereof otherwise provide.
- f) If any Certificate be worn out, torn, defaced or otherwise mutilated or rendered useless, or if there be no further space on the back thereof for endorsement of transfers, then, upon production thereof to the Directors, they may order the same to be cancelled, and may issue a new Certificate in lieu thereof, without charging any fee in respect thereof. If any Certificate be lost or destroyed, then, upon proof thereof to the satisfaction of the Directors, and on such indemnity as the Directors deem adequate being given, a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed Certificate on payment of such fee as may be decided by the Board of Directors from time to time on that behalf. Out of pocket expenses incurred by the Company in investigation the evidence as to the loss or destruction shall be paid to the Company if demanded.
- g) Where any shares under the power in that behalf in those Articles herein contained are sold by the Directors and the Certificate thereof has not been delivered to the Company by the former holder of the said shares, the Directors may issue a new certificate for such shares distinguishing it in such manner as they may think fit from the certificate not so delivered.

Provided that notwithstanding what is stated above the Directors shall comply with such rules or regulations or requirements of any Stock Exchange or the rules made under Securities Contracts (Regulation) Act, 1956 or any other Act, or rules applicable in this behalf.

- h) The Company shall not be bound to register more than four persons as the joint holder of any shares, except in the case of executors or trustees of a deceased member in respect of a share held jointly by several persons, the Company shall not be bound to issue more than one Certificate and the delivery of a Certificate

for a share to any one of several joint holders shall be sufficient delivery to all such holders.

- i) The Company may issue such fractional coupons 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 coupons are to be converted into Share Certificates.
- j) A Director may sign a share certificate by affixing his signature thereon by means of any machine, equipment or other mechanical means, such as engraving in metal or lithography, but not by means of rubber stamp, provided that the Director shall be responsible for the safe custody of such machine, equipment or other material used for the purpose.

Declaration by person not holding beneficial interest in any shares

Article 31 provides as follows

- a) Notwithstanding anything herein contained a person whose name is at any time entered in the register of members of the Company as a holder of a share in the Company, but who does not hold the beneficial interest in such share, shall, if so required by the Act, within such time and in such forms as may be prescribed make a declaration to the Company specifying the name and other particulars of the person or persons who hold the beneficial interest in such share in such manner as may be provided in Section 187 C of the Act.
- b) A person who holds a beneficial interest in a share a class of shares of the Company shall, if so required by the Act, within the time prescribed, after his becoming such beneficial owner, make a declaration to the Company specifying the nature of his interest, particulars of the person in whose name the shares stand in the Register of Members of the Company and such other particulars as may be prescribed as provided in Section 187 C of the Act.
- c) Whenever there is a change in the beneficial interest in a share referred to above, the beneficial owner shall, if so required by the Act, within the time prescribed from the date of such change, make a declaration to the Company in such form and containing such particulars as may be prescribed as provided in Section 187 C of the Act.
- d) Notwithstanding anything contained in Section 153 of the Act and Article 30 hereof, where any declaration referred to above is made to the Company, the Company shall, if so required by the Act, make a note of such declaration in the Register of Members and file within the time prescribed from the date of receipt of the declaration a return in the prescribed form with the Registrar with regard to such declaration.

Funds of Company may not be applied in purchase of the shares of the Company

Article 32 provides as follows

Except as provided in these Articles, none of the funds of the Company shall be applied in the purchase of Shares of the Company and the Company shall not, except as permitted by Section 77 of the Act, give any financial assistance for the purpose of or in connection with any purchase of shares in the Company.

Nothing in this Article shall affect the right of the Company to redeem any shares issued under Section 80 of the Act.

Dealing in its own shares

Article 33 provides as follows

Subject to and in accordance with the applicable provisions of the Companies Act, 1956 and all other applicable provisions of law (including any statutory modifications or re-enactment thereof for the time being in force or as may be enacted from time to time) and subject to such other approvals/permissions or sanctions as may be required, the Company shall have power to acquire, purchase, sell, dispose off, provide finance for the purchase of any of its own fully/partly paid shares whether or not they are redeemable and to make the payment out of Capital Reserves or otherwise in respect of such acquisition, purchase, financing.

DEMATERIALISATION OF SECURITIES**Article 34 provides as follows****Definitions**

- a) For the purpose of this Article :-

‘Beneficial Owner’ means a person or persons whose name is recorded as such with a depository ;

‘SEBI’ means the Securities & Exchange Board of India;

‘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 & Exchange Board of India Act, 1992; and

‘Security’ means such security as may be specified by SEBI from time to time.

Dematerialisation of Securities

- b) Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its securities and to offer securities in a Company in a dematerialised form pursuant to the Depositories Act, 1996.

Option for Investors

- c) Every person subscribing to securities offered by the Company shall have the option to receive security certificate or to hold the 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 the 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.

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 on receipt of the information, the depository shall enter in its record the name of the allottees as the beneficial owner of the security.

Securities to be in Fungible Form

- d) All securities held by a depository shall be dematerialised and be in fungible form. Nothing contained in Section 153, 153A, 153B, 187B and 187C of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.

Rights of the Depositories and the Beneficial Owners

- e) (a) Notwithstanding anything to the contrary contained in the Act or these Articles , a depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of security on behalf of the beneficial owner.
- (b) Save as otherwise provided in (a) above , the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.
- (c) 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 securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities, which are held by a depository.

Service of Documents

- f) Notwithstanding anything in the Act or these Articles to the contrary, 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 electronics mode or by delivery of floppies or discs.

Transfer of Securities

- g) Nothing contained in section 108 of the Act or these Articles shall apply to a transfer of securities effected by

a transferor and transferee both of whom are entered as beneficial owners in the records of a depository.

Allotment of Securities dealt with a Depository

- h) Notwithstanding anything in the Act or these Articles, where securities dealt with by a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities.

Distinctive No. of Securities held with a Depository

- i) Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held with a depository.

Register and Index of Beneficial Owners

- j) The Register and Index of beneficial owners maintained by a depository under the Depositories Act, 1996 shall be deemed to be the Register and Index of Members and Security holders for the purposes of these Articles.”

Issue of Shares without Voting Rights

Article 35 provides as follows

Subject to provisions of Section 86(a)(ii) and the notified rules thereunder, the Directors may issue such share upon such terms and conditions and with such rights and privileges annexed thereto as thought fit and as may be permitted by law.

Buy-Back of Shares and Securities

Article 36 provides as follows

Notwithstanding anything contained in these articles, the Board of Directors may, if thought fit, buy back, such of the Company's own shares or securities as it may think necessary, subject to such limits under Section 77A and such other applicable provisions of the Act and the rules thereunder.

Employees Stock Options Scheme/Plan

Article 37 provides as follows

The Directors shall have the power to offer, issue and allot Equity Shares in or Debentures (Whether fully/ partly convertible or not into Equity Shares) of the Company with or without Equity Warrants to such of the Officers, Employees, Workers of the Company or of its Subsidiary and / or Associate Companies or Managing and Whole Time Directors of the Company (hereinafter in this Article collectively referred to as “the Employees”) as may be selected by them or by the trustees of such trust as may be set up for the benefit of the Employees in accordance with the terms and conditions of the Scheme, trust, plan or proposal that may be formulated, created, instituted or set up by the Board of Directors or the Committee thereof in that behalf on such terms and conditions as the Board may in its discretion deem fit.

Sweat Equity

Article 38 provides as follows

Subject to the provisions of the Section 79A of the Act (including any statutory modification or re-enactment thereof, for the time being in force) and applicable guidelines issued by SEBI, shares of the Company may be issued at a discount or for consideration other than cash to Directors or employees who provide know-how to the Company or create an intellectual property right or other value addition.

Postal Ballot

Article 39 provides as follows

The Company may pass such resolution by postal ballot in the manner prescribed by Section 192A of the Act and such other applicable provisions of the Act and any future amendments or re-enactment thereof. Notwithstanding anything contained in the provisions of the Act, the Company shall in the case of a resolution relating to such business, as the Central Government may, by notification, declare to be conducted only by postal ballot, get such resolution passed by means of postal ballot instead of transacting such business in a general meeting of the Company.

INTEREST OUT OF CAPITAL

Interest may be paid out of capital Article 42 provides as follows

Where any shares are issued for the purpose of raising money to defray the expenses of the construction of any work or building, or the provision of any plant, which cannot be made profitable for a lengthy period, the Company may pay interest on so much of that share capital as is for the time being paid up, for the period, at the rate and subject to the conditions and restrictions provided by Section 208 of the Act and may charge the same to capital as part of the cost of construction of the work or building, or the provisions of plant.

LIEN

Company to have lien on shares Article 55 provides as follows

The Company shall have a first and paramount lien upon all the shares (other than fully paid up shares) registered in the name of each Member (whether solely or jointly with others) and upon the proceeds of sale thereof, for all moneys (Whether presently payable or not) called or payable at a fixed time in respect of such shares, and no equitable interest in any shares shall be created except upon the footing and upon the condition that Article 30 hereof is to have full effect. In the case of partly paid shares the Issuer's lien shall be restricted to moneys called or payable at a fixed time in respect of such shares. Any such lien shall extend to all dividends from time to time declared in respect of such shares. Unless otherwise agreed the registration of a transfer of shares shall operate as a waiver of the Company's lien, if any, on such shares. Provided that the Board Directors may at any time declare any shares wholly or in part to be exempt from the provisions of this clause.

Outsider's claim not to affect company's lien Article 56 provides as follows

The company shall be entitled to treat the registered holder of any share or debenture as the absolute owner thereof and accordingly shall not (except as order by a Court of Competent Jurisdiction or by statute required) be bound to recognize equitable or other claim to, or interest in, such shares or debentures on the part of any other person. The company's lien shall prevail notwithstanding that it has received notice of any such claims.

As to enforcing lien by sale Article 57 provides as follows

For the purpose of enforcing such lien the Board may sell the shares subject hereto in such manner as they shall think fit, and for that purpose may cause to be issued a duplicate certificate in respect of such shares and may authorize one of their members to execute a transfer thereof on behalf of and in the name of such Member. No sale shall be made until such period as aforesaid shall have arrived, and until notice in writing of the intention to sell shall have been served on such Member or his representatives and default shall have been made by him or them in payment, fulfillment, or discharge of such debts, liabilities or engagements for fourteen days after such notice.

Transfer of share sold under lien Article 58 provides as follows

- (a) To give effect to any such sale, the Board may authorize some person to transfer the shares sold to the purchase thereof.
- (b) The purchaser shall be registered as the holder of the shares comprised in any such transfer.
- (c) The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the same

Application of proceeds of sales Article 59 provides as follows

The net proceeds of any such sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and the residue, if any, shall (subject to a like for sums not presently payable as existed upon the shares before the sale) be paid to person entitled to the shares at the date of the sale.

FORFEITURE AND SURRENDER OF SHARE**If money payable on shares not paid notice to be given to member
Article 60 provides as follows**

If any Member fails to pay the whole or any part of any call or installments or any money due in respect of any shares either by way of principal or interest on or before the day appointed for the payment of the same or any such extension thereof as aforesaid, the Directors may at any time thereafter, during such time as the call or installment or any part thereof or the other moneys remain unpaid or a judgment or decree in respect thereof remains unsatisfied in whole or in part, send a notice on such Member or on the person (if any) entitled to the share by transmission, requiring him to pay such call or installment or such part thereof or other moneys as remain unpaid together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.

Form of Notice**Article 61 provides as follows**

The notice shall name a day (not being less than fourteen days from the date of the notice) and a place or places on and at which such calls or installments and such interest thereon at such rate not exceeding 18 percent per annum as the Directors shall determine from the day on which such call or installment ought to have been paid and expenses as aforesaid are to be paid. The notice shall also state that, in the event of the non-payment at or before the time and at the place appointed, the shares in respect of which the calls was made or installment is payable, will be liable to be forfeited.

Default in payment, shares to be forfeited**Article 62 provides as follows**

If the requirements of any such notice as aforesaid shall not be complied with, every or any share in respect of which, such notice has been given, may at any time thereafter before payment of all calls or installments, interest and expenses due in respect thereof be forfeited by an ordinary resolution of the Board to that effect. Such forfeiture shall include all dividends declared or any other moneys payable in respect of the forfeited shares and not actually paid before the date of forfeiture which shall be the date on which the ordinary resolution of the Directors is passed forfeiting the shares.

Notice of Forfeiture to Member**Article 63 provides as follows**

When any share shall have been so forfeited notice of the forfeiture shall be given to the Member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register of Members, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make any such entry as aforesaid.

Forfeited share to be property of the company and may be sold etc.**Article 64 provides as follows**

Any share so forfeited shall be deemed to be the property of the Company, and may be sold, re-allotted, or otherwise disposed of, either to the original holder thereof or to any other person, upon such terms and in such manner as the Board shall think fit and at any time before a sale or disposal as aforesaid the board may cancel the forfeiture on such terms as it thinks fit.

Surrender of forfeited shares**Article 65 provides as follows**

Upon forfeiture of shares, the member shall forthwith forfeit the shares to the Company.

Liability on forfeiture**Article 66 provides as follows**

Any member whose shares have been forfeited shall cease to be a member in respect of those shares but shall notwithstanding the forfeiture be liable to pay and shall forthwith pay to the Company, on demand all calls, installments, interest and expenses owing upon or in respect of such shares at the time of the forfeiture together with

interest thereon from the time of the forfeiture until payment, at such rate not exceeding eighteen percent per annum or as the Board may determine and the Board may enforce the payment thereof, if it thinks fit.

Effect of forfeiture

Article 67 provides as follows

The forfeiture of a share shall involve extinction, at the time of the forfeiture, of all interest in and all claims and demand against the Company, in respect of the share and all other rights incidental to the share, except only such of those rights as by these Articles are expressly saved.

Evidence of forfeiture

Article 68 provides as follows

A declaration in writing that the declarant is a Director or Secretary of the Company and that a share in the Company has been duly forfeited in accordance with these Articles on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares.

Validity of Sale under these Articles

Article 69 provides as follows

Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers therein 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 proceedings, 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.

Cancellation of share certificate in respect of forfeited shares

Article 70 provides as follows

Upon any sale, re-allotment or other disposal under the provisions of the preceding Articles, 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, and the Directors shall be entitled to issue a duplicate certificate or certificates in respect of the said shares to the person or persons entitled thereto distinguishing it on them in such manner as they think fit from the certificates not so delivered.

Power to annul forfeiture

Article 71 provides as follows

The Board may at any time before any share so forfeited shall have been sold, re-allotted or otherwise disposed of, annul the forfeiture thereof upon such conditions as it thinks fit.

Surrender of shares

Article 72 provides as follows

The Directors may subject to the provisions of the Act, accept a surrender of any share or by any member desirous of surrendering on such terms as the Directors may think fit.

Provisions to apply to debentures also

Article 73 provides as follows

The provisions of the Articles under this chapter to the extent applicable, shall mutatis mutandis apply to debentures of the Company.

TRANSFER AND TRANSMISSION OF SHARES

Register of Transfer

Article 74 provides as follows

The Company shall keep a book to be called "Register of Transfer", and therein shall be fairly and distinctly entered particulars of every transfer or transmission of any share held in material form.

Shares in the company may be transferred by instrument in writing in such form and by such procedure as may

from time to time be prescribed by law. Subject thereto the directors may prescribe a common form of for instruments of transfer which may from time to time be altered by the Directors.

Transfer by Joint Holders

Article 76 provides as follows

In the case of transfer of shares/debentures held by joint holders, the transfer will be effective only if it is made by all the joint holders.

Transfer form to be completed and presented to the Company

Article 77 provides as follows

The Instrument of Transfer duly stamped and executed by the transferor and the transferee shall be delivered to the Company in accordance with the provisions of the Act. The instrument of transfer shall be accompanied by such evidence as the Board may require to prove the title of transferor and his right to transfer the shares and every registered Instrument of Transfer shall remain in the custody of the Company until destroyed by order of the Board, The Transferor shall be deemed to be the holder of such shares until the name of the Transferee shall have been entered in the Register of Members in respect thereof. Before the registration of the transfer, the certificate or certificates of the shares must be delivered to the Company.

Transfer Books and Register of Members when closed

Article 78 provides as follows

The Board shall have power on giving not less than 'seven days' previous notice by advertisement in some newspaper circulation in the district in which the Office of the Company is situated to close the Transfer Books, the Register of Members or Register of Debenture holders at such time or times and for such period or periods, not exceeding thirty days at a time and not exceeding in the aggregate forty-five days in a year.

Directors may refuse to register Transfers

Article 79 provides as follows

- a) Subject to the provisions of Section 111 of the Act and Section 22 A of the Securities Contracts (Regulation) Act, 1956, the Board may, at its own absolute and uncontrolled discretion and by giving reasons decline to register or acknowledge any transfer of shares, debentures, debenture warrants, whether fully paid or not (notwithstanding that the proposed transferee be already a Member) but in such cases it shall within two months from the date on which the instrument of transfer was lodged with the Company send to the transferee and the transferor notice of the refusal to register such transfer. The Board shall not refuse the registration of transfer on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever.
- b) Without prejudice to the generality of provisions of Articles 79 (a), the Board may refuse to register transfer of shares, debentures or debenture warrants, listed on any of the registered Stock Exchanges, in the name of the transferee on any one or more of the following grounds, namely:-
 - i) That the instrument of transfer is not proper or has not been duly stamped and executed or that the certificate relating to the share/s, debenture/s, debenture warrant/s, has not been delivered to the company, or that any other requirement under the law relating to registration of such transfer has not been complied with;
 - ii) That the transfer of shares, debentures or debenture warrants is in contravention of any law;
 - iii) That the transfer of shares, debentures or debenture warrants is likely to result in such a change in the composition of the Board of Directors as would be prejudicial to the interest of the company or to Articles 172;
 - iv) That the transfer of shares, debentures or debenture warrants is prohibited by any order of any Court, Tribunal or other Authority under any law for the time being in force;
- c) i) The Board shall before the expiry of two months from the date on which the instrument of transfer is lodged with the company for the purposes of such transfer, form its opinion as to whether such registration ought not to be refused on any of the grounds mentioned in Articles 79 (b);

- ii) If the Board has formed the opinion that such registration ought to be refused on the grounds, mentioned in Clause (i) of Article 79 (b), it shall intimate the transferor and transferee by notice;
 - iii) If the Board forms an opinion that such registration ought to be refused on any of the grounds mentioned in Clause (i) of Article 79 (b), it shall intimate the transferor and transferee by notice.
 - iv) If the Board forms an opinion that such registration ought to be refused on any of the grounds mentioned in Clause (ii) to (iv) of Article 79 (b), it shall make a reference to the Tribunal, if required, under the Law.
- d) The Board shall not issue debenture/bonds with the right to allotment or conversion into shares without sanction of the company in the general meeting.

80. Transfer of shares

- i) An application of registration of the transfer of shares may be made either by the transferor or the transferee provided that where such application is made by the transferor, no registration shall in the case of partly paid shares be effected unless the company gives notice of the application to the transferee and subject to the provisions of Clause (d) of this Article, the company shall unless objection is made by the of Members the name of the transferee in the same manner and subject to same conditions as if the application for registration was made by the transferee.
- ii) For the purpose of Clause (i) above notice to the transferee shall be deemed to have been duly given if sent by prepaid registered post to the transferee at the address given in the instrument of transfer and shall be deemed to have been duly delivered at the time at which it would have been delivered to him in the ordinary course of post.
- iii) It shall be not be lawful for the company to register a transfer of any shares unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor and by or on behalf of the transferee and specifying the name, address and occupation if any, of the transferee has been delivered to the company along with the Certificate relating to the Shares and if no such Certificate is in existence, along with the letter of allotment of shares. The Directors may also call for such other evidence as may reasonably be required to show the right of the transferor to make the transfer, provided that where it is proved to the satisfaction of the Directors of the Company that an instrument of transfer signed by the transferor and the transferee has been lost, the company may, if the Directors think fit, on an application in writing made by the transferee and bearing he stamp required by an instrument of transfer register the transfer on such terms as to indemnity as the Directors may think fit.
- iv) Nothing in Clause 80 (iii) above shall prejudice any power of the company to register as shareholder any person to whom the right to any share has been transmitted by operation of law.
- v) Nothing in this Article shall prejudice any power of the company to refuse to register the transfer of any share.

Fee on registration of transfer probate etc.

Article 91 provides for

- a) No fee shall be charged for:
 - i) Registration of transfer of the Company's shares, debentures and Detachable warrants;
 - ii) Sub-division and consolidation of share certificates, debenture certificates and detachable warrants and for sub-division of letters of allotment and split, consideration, renewal and pucca transfer receipts into denomination corresponding to the market units of trading;
 - iii) sub-division of renounceable letters of right;
 - iv) issue of new certificates in replacement of those which are old, decrepit or worn out or where the pages on the reverse for recording transfer have been fully utilized;
 - v) registration of any power of attorney, probate, letters of administration or similar other documents.
- b) Fees as agreed upon with the Stock Exchanges will be charged for :
 - i) issue of new certificate in replacement of those that are torn, defaced, lost or destroyed;
 - ii) sub-division and consolidation of shares and debenture certificates and for sub-division of letters of allotment and split, consolidation renewal and pucca transfer receipts into denominations other than those fixed for the market unit of trading.

Fee on transfer or transmission
Article 92 provides for

The company may charge such fees (as may be decided by the Directors from time to time and for any period of time) in respect of transfer or transmission of the shares, subject to the stipulations, rules, regulations of stock exchange or the statute concerned in this regard.

Company not liable for disregard of a notice, prohibiting registration of a transfer
Article 93 provides for

The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of shares 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 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 whatsoever 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 shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto if the Board shall so think fit.

Transfer of shares in Dematerialised form
Article 95 provides as follows

In the case of transfer or transmission of shares or other marketable securities where the company has not issued any certificates and where such shares or securities are being held in an electronic and fungible form in a Depository, the provisions of the Depositories Act, 1996 shall apply.

BORROWING POWER

Powers to borrow
Article 98 provides as follows

Subject to the provisions of Section 58A, 292 and 293 of the Act and of the Companies (Acceptance of Deposits) Rules, 1975 and of these Articles or any statutory modification thereof for the time being in force the Board may, from time to time at its discretion by a resolution passed at a meeting of the Board, accept deposits from Members either in advance of calls or otherwise and generally raise or borrow or secure the payment of any sum or sums of money for the purpose of the company. Provided the payment of any sum or sums of money for the purpose of the Company. Provided however where the moneys to be borrowed together with the moneys already borrowed (apart from temporary loans to be obtained from the Company's bankers in the ordinary course of business) exceed the aggregate of the paid up capital of the Company and its, free reserves (not being reserves set apart for any specific purpose) the Board of Directors shall not borrow such money without the sanction of the Company in General Meeting. No Debt incurred by the Company in excess of the limit imposed by these Articles shall be valid or effectual unless the lender proves that he advances the loan in good faith and without knowledge that the limit imposed by this Article had been exceeded.

Payment or repayment of moneys borrowed
Article 99 provides as follows

Subject to the provisions of Article 98 hereof, 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 by the issue of debentures or debenture-stock of the Company, charged upon all or any part of the property of the Company (both present and future), including its uncalled capital for the time being and debentures, debentures-stock and other securities may be made assignable free from any equities between the Company and person to whom the same may be issued.

Register of Charges etc. to be kept
Article 103 provides as follows

The Board shall cause a proper Register to be kept in accordance with the provisions of Section 143 of the Act of all mortgages, debentures and charges specifically affecting the property of the Company and shall cause the

requirements of Section 118, 125 and 127 to 144 of the Act in that behalf to be duly complied with, (within the time prescribed by the said section or such extension thereof as may be permitted by the Company Law Board or the Court or the Registrar of Companies as the case may be) so far as they feel to be complied with by the Board.

Indemnity may be given

Article 105 provides as follows

The Directors or any of them may guarantee the whole or any part of the loans or debts raised or incurred by or on behalf of the Company or any interest payable thereon, and shall be entitled to receive such payment as consideration for the giving of any such guarantee as may be determined by the Directors with power to them to indemnify the guarantors from or against liability under their guarantees by means of a mortgage or charge on the undertaking of the company or upon any of its property or assets or otherwise. If the Directors or any of them or any other persons, shall become personally liable for the payment of any sum primarily due from the company, the Directors may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the company by way of indemnity to secure the Directors or persons so becoming liable as aforesaid from any loss in respect of such liability.

MEETING OF MEMBERS

Annual General Meeting

Article 116 provides as follows

The Company shall in each year hold a General Meeting as its Annual General Meeting in addition to any other meetings in that year. All General Meetings other than Annual General Meeting and the Statutory Meeting shall be called Extraordinary General Meetings. The First Annual General Meeting shall be held within eighteen months from the date of incorporation of the Company and the next Annual General Meeting shall be held within six months after the expiry of the financial year in which the first Annual General Meeting was held and thereafter an Annual General Meeting of the Company shall be held within six months after the expiry of each financial year, provided that not more than fifteen months shall elapse between the date of one Annual General Meeting and that of the next. Nothing contained in the foregoing provisions shall be taken as affecting the right conferred upon the Registrar under the provisions of Section 166(1) of the Act to extend the time within which any Annual General Meeting may be held. Every Annual General Meeting shall be called for a time during business hours, on a day that is not a public holiday, and shall be held at the Registered Office of the Company. The Company may in any one Annual General Meeting fix the time for its subsequent Annual General Meeting. Every Member of the Company shall be entitled to attend either in person or by proxy and the Auditor of the Company shall have the right to attend and to be heard at any General Meeting, which he attends on any part of the business which concerns him as Auditor. At every Annual General Meeting of the Company there shall be kept on the table the Director's Report and Audited Statement of Accounts, Auditor's Report (if not already incorporated in the Audited Statement of Accounts) the Proxy Register shall remain open and accessible during the continuance of the meeting. The Board shall cause to be prepared the Annual List of Members, Summary of Share Capital, Balance Sheet and Profit and Loss Account and forward the same to the Registrar in accordance with Section 159, 161 and 220 of the Act.

Section 171 to 186 of the Act shall apply to Meeting

Article 117 provides as follows

- a) Section 171 to 175 and Sections 177 to 186 of the Act with such adaptations and modifications, if any, as may be prescribed shall apply with respect to meetings of any class of members or of debenture holders or any class of debenture holders of the company in like manner as they apply with respect to General Meeting of the company.
- b) Section 176 of the Act with such adaptations and modifications if any, as may be prescribed shall apply with respect to meetings of any class of members or of debenture holders of the company in like manner as it applies with respect to General Meeting.

Special Business

Article 118 provides as follows

- a) In the case of an Annual General Meeting, all business to be transacted at the meeting shall be deemed special with the exception of business relating to:

- i) The consideration of the Accounts, Balance Sheet and Profit and Loss account and Report of the Board of Directors and of the Auditors;
 - ii) The declaration of dividend;
 - iii) The appointment of Directors in the place of those retiring;
 - iv) The appointment of and fixing of the remuneration of the Auditors.
- b) In the case of any other meeting all business shall be deemed special.
- c) Where any items of business to be transacted at the meeting are deemed to be special as aforesaid, there shall be annexed to the notice of the meeting a statement setting out all material facts concerning each such item of business including in particular the nature of the concern or interest, if any, therein of every Director.
- d) Where any item of business to be transacted at the meeting or the Company consists of according to the approval of the meeting to any document, the time and place where the document can be inspected shall be specified in the explanatory statement referred to in sub-clause (c) of this Article.

Quorum at General Meeting

Article 137 provides as follows

Five Members present in person shall be the quorum for a General Meeting.

Questions at General Meeting how decided

Article 143 provides as follows

At any General Meeting a resolution including a special resolution put to the vote of the meeting shall be decided on a show of hands, unless before or on the declaration of the result of the voting on any resolution on a show of hands a poll is ordered to be taken by the chairman of the meeting of his own motion or on a demand made in that behalf by any member or members present in person or by proxy and holding shares in the company which confer a power to vote on the resolution not being less than one tenth of the total voting power in respect of the resolution or on which an aggregate sum of not less than fifty thousand rupees has been paid-up. Unless a poll be so demanded, and ordered to be taken a declaration by the Chairman that a resolution has on a show of hands, been carried or carried unanimously, or by a particular majority or lost, and an entry to that effect in the Minute Book of the Company, shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of or against such resolution.

VOTES OF MEMBERS

Restrictions on Voting

Article 149 provides as follows

No Member shall be entitled in respect of any shares registered in his name to be present or to exercise any voting right on any question at any General Meeting or be reckoned in a quorum whilst any call or other sum presently payable to the Company in respect of such shares, shall remain unpaid or in regard to which the Company has exercised any right of lien; and no member shall be entitled to be present or to vote in respect of any shares that he has acquired by transfer at any meeting unless his name has been entered as the registered holder of such share in respect of which he claims to vote.

Equal Rights of Shareholders

Article 150 provides as follows

Any shareholder whose name is entered in the Register of Members of the company shall enjoy the same rights and be subject to the same liabilities as all other shareholders of the same class.

Number of votes to which a member is entitled

Article 151 provides as follows

Subject to the provisions of these Articles and without prejudice to any special privileges or restrictions as to voting for the time being attached to any class of shares for the time being forming part of the capital of the Company, every member, not disqualified by the last preceding Article shall be entitled to be present and to speak and vote

at such meeting, and on a show of hands every Member present in person or by proxy shall have one vote and upon a poll the voting right of every Member present in person or by proxy shall be in proportion to his share of the paid-up equity share capital of the Company. Provided, however if any preference Shareholder be present at any meeting of the Company, save as provided in clause (b) of sub-section (2) of Section 87, he shall have a right to vote only on resolutions placed before the meeting which directly affect the rights attached to his preference shares.

Votes of joint members

Article 154 provides as follows

If there be joint registered holders of any shares, any one of such persons may vote at any meeting either personally or may appoint another person (whether a Member or not) as his proxy in respect of such shares, as if he were solely entitled thereto but the proxy so appointed shall not have any right to speak at the meeting that one of the said person so present whose name stands higher on the register shall alone be entitled to speak and to vote in respect of such shares, but the other or others of the joint holders shall be entitled to be present at the meeting. Several executors or administrators of a deceased Member in whose names shares stand for the purpose of these Articles be deemed as joint holders thereof.

Voting in person or by proxy

Article 155 provides as follows

Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint any other person (whether a member or not) as his proxy to attend and vote instead of himself. A member (and in case of joint holders all holders) shall not appoint more than one person as proxy.

Proxy to vote only on a poll

Article 160 provides as follows

A Member present by proxy shall be entitled to vote only on a poll.

Dividends

Division of profits

Article 238 provides as follows

Subject to the provision of Section 205 of the act and the rules made there under, the profits of the Company, subject to any special rights relating thereto created or authorized to be created by these Articles and subject to the provision of these Articles, shall be divisible among Members in proportion to the amount of capital paid-up or credited as paid-up on the shares held by them respectively.

The Company in General Meeting may declare a dividend

Article 239 provides as follows

The Company in General Meeting may declare dividends to be paid to Members according to their respective rights but no dividends shall exceed the amount recommended by the Board, but the Company in General Meeting may declare a smaller dividend.

Dividends only not to be paid out of profit

Article 240 provides as follows

No dividend shall be declared or paid except in accordance with Section 205 and Section 205 A of the Act and no dividend shall carry interest as against the Company. The declaration of the Board as the amount of profits of the Company shall be conclusive. Where a dividend has been declared, either the dividend shall be paid or the warrant in respect thereof shall be posted to the shareholder entitled to the payment of the dividend within time prescribed under Section 207 of the Act.

Dividend payable to Registered holders

Article 241 provides as follows

No dividend shall be paid by the Company in respect of any share except to the registered holder of such share or to his order or to his banker.

Interim Dividend**Article 242 provides as follows**

Subject to the provision of the Act, the Board may, from time to time pay to the Members such interim dividend as in their judgment the position of the Company justifies.

Capital paid-up in advance at interest, not to earn dividend**Article 243 provides as follows**

Where Capital is paid in advance of calls, such capital may carry interest but shall not in respect thereof confer a right to dividend or participate in profits.

Dividends in proportion to amount paid up**Article 244 provides as follows**

All dividends can be apportioned and paid proportionately to 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 dividends as from a particular date, such share rank for dividend accordingly.

Right to dividend rights / Bonus shares to be held in abeyance pending registration of transfer**Article 245 provides as follows**

Subject to the provisions of the Act, where any instrument of transfer of shares has been delivered to the Company for registration and the transfer of such shares has not been registered by the company, notwithstanding anything contained in any other provisions of the Act, the company shall: (a) transfer the dividend in relation to such shares to the special account referred to an Section 205-A unless the Company is authorized by the registered holder of such shares in writing to pay such dividend to the transferee specified in such instruments of transfer, and (b) keep in abeyance in relation to such shares any offer of rights shares under section 81 (1) (a) and any issue of fully paid bonus shares in pursuance of section 205 (3) of the Act.

Transfer of shares must be registered**Article 246 provides as follows**

A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer.

Dividend etc. to joint holders**Article 247 provides as follows**

Any one of several persons who are registered as the joint-holders of any share may give effectual receipts for all dividends or bonus and payments on account of dividends or bonus or other moneys payable in respect of such shares.

No member to receive dividend whilst indebted to the Company and Company's right of reimbursement there out**Article 248 provides as follows**

No member shall be entitled to receive payment of any interest or dividend in respect of his share or shares, whilst any money may be due or owing from him to the Company in respect of such share or shares or otherwise on any other account whatsoever, either alone or jointly with any other person or persons, and the Board may deduct from the interest or dividend payable to any Member all sums of money so due from him to the Company.

Dividend how Remitted**Article 249 provides as follows**

Unless otherwise directed any dividend may be paid by cheques or warrant or by a pay slip or receipt having the force of a cheque or warrant sent through the post of the registered address of the Member or person entitled or in case of joint-holders to that one of them first named in the Register in respect of the joint-holding. Every such cheques or warrant or pay-slip shall be made payable to the order of the person to whom it is sent. The Company shall not be liable or responsible for any cheque or warrant or pay slip or receipt lost in transmission, or for any dividend lost to the Member or person entitled thereto by the forged endorsement of any cheque or warrant or the forged signature of any pay slip or receipt or the fraudulent recovery of the dividend by any other means. When a

dividend cheque, warrant, pay slip or receipt is so posted the Company shall be deemed to have paid the dividend to the person entitled to it.

Unclaimed dividend

Article 250 provides as follows

The Company shall not forfeit any unpaid or unclaimed dividend and such dividends shall be dealt with according to the provisions of Section 205A, 205B and 205C of the Companies Act, 1956.

Penalty for failure to distribute dividends

Article 252 provides as follows

The Company shall pay interest at such rate stipulated under Section 207 of the Companies Act, 1956 for failure to distribute dividends within 30 days.

Unpaid dividend

Article 253 provides as follows

Where a dividend has been declared by a company but has not been paid, or the warrant in respect thereof has not been posted, within 30 days from the date of the declaration to any shareholder entitled to the payment of the dividend, the Company shall, within 7 days from the date of expiry of the said period of 30 days transfer the total amount of dividend which remains unpaid or in relation to which no dividend warrant has been posted within the said period of 30 days, to special account to be opened by the Company in that behalf in any scheduled Bank to be called "Unpaid dividend account of COMPULINK SYSTEMS LIMITED".

Dividend to be payable in cash

Article 254 provides as follows

Save as stated in Article 255, no dividend shall be payable except in cash. Provided that nothing in this Article shall be deemed to prohibit the capitalization of profits or reserves of the Company for the purpose of issuing fully paid up bonus shares or paying up any amount for the time being unpaid on any shares held by the members of the Company.

Special provisions in respect of dividend

Article 255 provides as follows

Subject to the provisions of Section 205 of the Act and if and in so far as may not be prohibited by that Section or any of the Provisions of the Act, any General Meeting sanctioning or declaring a dividend in terms of these Articles may direct payment of such dividend, wholly or in part, by the distribution of partly or fully paid up, shares and the Directors shall give effect to such direction and where any difficulty arises in regard to the distribution, they may settle the same as they think expedient, and in particular may issue fractional certificates or that fractions of less value than Rupee one may be disregarded, in order to adjust the right of the parties and may vest any such shares, in trustees upon such trusts for the person entitled to the dividend as may seem expedient to the Directors. When required the Directors shall comply with Section 75 of the Act and the Directors may appoint any person to sign any contract thereby requires on behalf of the persons entitled to the dividend and such appointment shall be effective.

Capitalisation of profits and reserves

Article 256 provides as follows

- a) The Company in General meeting may, upon recommendation of the Board resolve that it is desirable to capitalize any undivided profits of the Company not required for paying the fixed dividends on any Preference shares (including profits carried and standing to the credit of any reserve or reserves or other special account and profit arising from the realization of any capital assets or the issue of shares at a premium) and accordingly that the Directors be authorised to the member who would have been entitled to receive the same had such sums been distributed by way of dividends in accordance with their rights, and to apply such profits on their behalf on the footing that they become entitled thereto as capital either in or towards paying up the amount, if any, for the time being unpaid on any shares by such members respectively, or in paying up in full un-issued shares, debentures or securities of the Company of a nominal amount equal to such profits, such shares, debentures or securities to be allotted and distributed, credited, as fully paid-up, to and amongst such

members in the proportion aforesaid, or partly in one way and partly in other. Whenever such resolution as aforesaid shall have been passed, the Directors shall make all appropriations and applications of the undivided profits resolved to be capitalized thereby, and all the allotments and issues of fully paid shares, debentures or securities, if any, and generally shall do all acts and things required to give effect thereto with full power to the Directors to make such provisions by the issue of fractional certificates or by payment in cash or otherwise as they think fit for the case of shares, debentures or securities becoming distributable in fraction and also to authorise any person to enter on behalf of all the members in to an agreement with the Company providing for the allotment to them respectively, credited as fully paid up, of any further shares to which they may be entitled upon such capitalisation, or (as they case may require) for the payment by the Company on their behalf by the application thereto of their respective proportions of the profits resolved to be capitalized of the amounts or any parts of the amounts remaining unpaid on their existing shares, and any agreement made under such authority shall be effective and binding on all such members.

- b) If the Company shall have redeemed any redeemable preference shares, all or any part of any capital redemption fund arising from the redemption of such shares may by resolution of the Company be applied in paying up in full or in part any new shares or any shares then remaining un-issued to be issued such members of the Company or other persons as the Directors may resolve up to an amount equal to the nominal amount of the shares so issued.

INTEREST OUT OF CAPITAL

Interest may be paid out of capital Article 257 provides as follows

Where any shares in the Company are issued for the purpose of raising money to defray the expenses of construction of any work or building, or the provisions of any plant, which can not be made profitable for a lengthy period, the Company may pay interest on so much of that Share Capital as is for the time being paid up, for the period and at the rate and subject to the conditions and restrictions provided by Section 208 of the Act, and may charge the same to capital as part of the cost of construction of the work or building, or the provisions of plant.

Indemnity and Responsibility Director's and other's right of indemnity Article 279 provides as follows

- a) Subject to the provisions of Section 201 of the Act, every Director, Manager, Auditor and other Officer or Servant of the Company shall be indemnified by the Company against, and it shall be the duty of the Directors out of the Funds of the Company to pay all costs, losses and expenses which any such Director, Manager, Auditor or other Officer of Servant may incur or become liable to by reason of any contract entered into, or act or thing done by him as such Director, Manager, Auditor or other Officer or servant or in any way in the discharge of his duties including travelling, expenses and in particular and so as not to limit the generality of the forgoing provisions against all liabilities incurred by him as such Director, Manager, Auditor or other Officer in defending any proceedings, whether civil or criminal, in which judgment is given in his favor or he is acquitted, or in connection with any application under Section 633 of the Act in which relief is provided shall immediately attach as a lien on the property of the Company and have priority as between the members over all other claims.
- b) Subject to the provision of Section 201 of the Act, no Director, Manager, or other Officer of the Company shall be liable for the acts, receipts neglects or defaults of any other Director or Officer or for joining in any receipt or other Act for conformity or for any loss or for joining in any receipt or other Act for conformity or for any loss or expenses happening to the Company through the insufficiency or deficiency of title to any property acquired by order of the Directors for and on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested or for any loss or damage arising from the bankruptcy, insolvency or tortuous act of any person with whom any moneys, securities or effect shall be deposited or for any loss occasioned by an error of judgment or oversight on his part, or for any other loss, damage or misfortune whatever which shall happen in the execution of the duties of his office or in relation thereto unless the same happen through his own dishonest.

LIST OF MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business 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 material have been entered or to be entered into by the Company. These contracts, copies of which have been attached to the copy of this Prospectus have been delivered to the Registrar of Companies, Pune for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered office of Compulink Systems Limited at "Kshitij", Plot No. 38, Rajiv Gandhi Infotech Park, MIDC, Hinjewadi, Pune 411057 between 11:00 am to 5:00 p.m on working days from the date of this Prospectus until the date of closure of the Issue.

MATERIAL CONTRACTS

1. Memorandum of Understanding dated July 5, 2005 entered into by the Issuer Company and Selling Shareholder with Karvy Investor Services Limited to act as the Lead Managers to the Issue
2. Memorandum of Understanding dated July 5, 2005 entered into with Aarhi Consultants Pvt Limited, to act as the Registrar to the Issue
3. Mandate letter from letter dated April 5, 2005 appointing Karvy Investor Services Limited as the Lead Managers, and their acceptance thereto
4. Letter dated July 4, 2005 appointing Aarhi Consultants Pvt Limited as the Registrars to the Issue.

DOCUMENTS FOR INSPECTION

1. Memorandum and Articles of Association of the Company as amended from time to time
2. Certificate of incorporation of the Company dated February 2, 1996
3. Fresh Certificate of Incorporation consequent to change of name dated July 15, 2004
4. Certificate of Registration of Special Resolution passed for Alteration of Objects dated July 15, 2004
5. Resolution of the Members of the Company passed at the Extra Ordinary General Meeting held on October 25, 2004, appointing Mr. Uday Kothari as Chairman and Mr. Vishwas Mahajan as Managing Director for a period of 5 years with effect from October 5, 2004 and approving the remuneration payable to them.
6. Resolution of the members of the Company passed at their Extra Ordinary General Meeting held on October 25, 2004, appointing the whole time director and approving the remuneration payable.
7. Copy of the resolution passed at the meeting of the Board of Directors held on May 17, 2005 and a Special Resolution passed at the Extra Ordinary General Meeting of the Company held on on May 26, 2005 pursuant to Section 81(1A) of the Companies Act.
8. Copy of the resolution dated May 4, 2005 passed by the Selling Shareholder authorising the sale of Equity Shares in the Offer for Sale.
9. Consents of the Directors, Company Secretary, Lead Manager to the Issue, Legal Advisors, Bankers to the Company, Bankers to the Issue, Compliance Officer and Registrars to the Issue, to include their names in the Prospectus to act in their respective capacities
10. Consent dated on October 25, 2005, from M/s. Sanjiv Katkar and Associates, Chartered Accountant for inclusion of their reports on accounts in the form and context in which they appear in the Prospectus
11. The report of the statutory auditors, M/s. Sanjiv Katkar and Associates, Chartered Accountant dated October 25, 2005 prepared as per Indian GAAP and mentioned in the Prospectus and copies of balance sheet and profit and loss account of the Company referred to therein
12. Resolution of the Members of the Company passed at the Annual General Meeting held on on September 30, 2005, appointing M/s. Sanjiv Katkar and Associates, Chartered Accountants as statutory auditors

13. Resolution of the Meeting of the Board of Directors held on October 25, 2004 for the formation of the Company's Audit Committee and Remuneration Committee and Investor Grievance Committee on May 17, 2005
14. Annual Reports of the Company and its subsidiaries for the last 5 financial years.
15. Letter from The Saraswat Co-operative Bank Limited giving the outstanding statement as on September 30, 2005
16. Due Diligence Certificate dated on July 7, 2005, from Lead Manager, Karvy Investor Services Limited
17. Tripartite agreement dated October 25, 2005 between the Company, Aarathi Consultants Pvt Limited and NSDL, for offering depository services.
18. Tripartite agreement dated October 3, 2005, between the Company, Aarathi Consultants Pvt Limited and CDSL, for offering depository services.
19. SEBI Observation letters dated September 29, 2005 and Company's reply dated November 2, 2005.
20. Listing application dated July 7, 2005 and In-principle listing approval dated August 29, 2005 from BSE
21. Listing application dated July 7, 2005 and In-principle listing approval dated August 26, 2005 from NSE
22. Power of Attorney dated June 28, 2005 executed by the Selling Shareholder in favour of the Company for signing and making necessary changes to this Prospectus.
23. General Power of Attorney dated May 5, 2005, executed by the Managing Director in favour of Mr. Ranjit Thakur, Director and Chief Financial Officer, for signing and making necessary changes to the Prospectus.
24. Copy of the Agreements entered into with the Managing Director and Wholetime Directors
25. Power of Attorneys dated October 28, 2005 executed by Directors, Mr. Mangesh Kirtane, Mr. Anand Khandekar, Mr. Uday Kothari and Mr. Sajit Kumar, in favour of Mr. Ranjit Thakur, Director and Chief Financial Officer, for signing and making necessary changes to this Prospectus.

Any of the contracts or documents mentioned in this Prospectus may be amended or modified at any time, if so required, in the interest of the Company or if required by the other parties, without reference to the shareholders, subject to compliance of the provisions contained in The Companies Act and other relevant statutes.

DECLARATION

All the relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the guidelines issued by Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act 1992, as the case may be, have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or the rules made thereunder or guidelines issued, as the case may be. All the said legal requirements connected with this said issue as also the guidelines, instructions etc. issued by SEBI, the Government and any other competent authority in this behalf have been duly complied with.

We, the directors of Compulink Systems Limited, hereby declare and confirm that no information / material likely to have a bearing on the decision of the investors in respect of the Equity Shares issued in terms of the Prospectus has been suppressed / withheld and / or incorporated in the manner that would amount to misstatement / misrepresentation. The Company further certifies that all the statements in this Prospectus are true and correct.

The Selling Shareholder assumes no responsibility for any of the statements made by the Company in this Prospectus relating to the Company, its business and related disclosures, except statements in relation to Selling Shareholder.

SIGNED BY ALL THE DIRECTORS OF COMPULINK SYSTEMS LIMITED

Mr. Uday Kothari *

Executive Chairman and Chief Technology Officer

Mr. Vishwas Mahajan *

Managing Director and Chief Executive Officer

Mr. Ranjit Thakur

Whole time Director and Chief Financial Officer

Mr. Anand Khandekar *

Director

Mr. Mangesh Kirtane *

Director

Mr. Sajit Kumar *

Director (Nominee Director)

SIGNED BY SIDBI VENTURE CAPITAL LIMITED

THE SELLING SHAREHOLDER

Mr. Ajay Kumar Kapur

Chief Executive Officer

* Through their constituted attorney Mr. Ranjit Thakur

Place: Pune

Date: November 11, 2005

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