

**DRAFT RED HERRING PROSPECTUS**

Dated: May 6, 2008

Please read Section 60B of the Companies Act, 1956

(This Draft Red Herring Prospectus will be updated upon filing with RoC)

100 % Book Built Issue

**INFINITE COMPUTER SOLUTIONS (INDIA) LIMITED**

(Our Company was originally incorporated as Infinite Computer Solutions (India) Private Limited on 6<sup>th</sup> September, 1999 under the Companies Act, 1956 at Mumbai. Subsequently our Company was converted into a public limited company and received fresh Certificate of Incorporation dated 14<sup>th</sup> February, 2008 in the name of Infinite Computer Solutions (India) Limited from the Registrar of Companies of Delhi and Haryana. For details of changes in Registered Office of our Company, please see the Section "History and Certain Corporate Matters" on page [●] of this Draft Red Herring Prospectus)

**Registered Office:** 201, Mohta Building, 4, Bhikaji Cama Place, New Delhi – 110 066. Tel: +91-11-4293 0000, Fax: +91-11-4293 0001

**Corporate Office:** Plot no. 157, EPIP Zone, 2<sup>nd</sup> Phase, Whitefield, Bangalore – 560 066. Tel: +91-80-4193 0000, Fax: +91-80-4193 0009

Email : [ipo@infics.com](mailto:ipo@infics.com) ; Website : [www.infinite.com](http://www.infinite.com) **Compliance Officer:** Mr. Sanjeev Gulati

**PUBLIC ISSUE OF 1,15,03,000 EQUITY SHARES OF Rs.10 EACH OF INFINITE COMPUTER SOLUTIONS (INDIA) LIMITED ("INFINITE" OR THE "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF Rs.[●] PER EQUITY SHARE CONSISTING OF A FRESH ISSUE OF 57,33,600 EQUITY SHARES BY THE COMPANY AND AN OFFER FOR SALE OF 57,69,400 EQUITY SHARES BY WHITEROCK INVESTMENTS (MAURITIUS) LIMITED, MR. VIABHAV BHATNAGAR AND MR. SANJAY GOVIL (THE "SELLING SHAREHOLDERS") AGGREGATING TO RS. [●] MILLION (THE "ISSUE"). THE ISSUE WILL CONSTITUTE 26.17 % OF THE FULLY DILUTED POST ISSUE PAID-UP CAPITAL OF THE COMPANY.**

**PRICE BAND: RS. [●] TO RS. [●] PER EQUITY SHARE OF FACE VALUE RS.10 EACH**

**THE ISSUE PRICE IS [●] TIMES OF THE FACE VALUE AT THE LOWER END OF THE PRICE BAND AND [●] TIMES OF THE FACE VALUE AT THE HIGHER END OF THE PRICE BAND**

In case of revision in the Price Band, the Bidding / Issue Period shall be extended for three additional days after such revision, subject to the Bidding / Issue Period not exceeding ten working days. Any revision in the Price Band, and the revised Bidding / Offer Period, if applicable, shall be widely disseminated by notification to the Bombay Stock Exchange Limited ("BSE") and the National Stock Exchange of India Limited ("NSE"), by issuing a press release and also by indicating the change on the websites of the Book Running Lead Managers and the terminals of the Syndicate.

The Issue is being made through a 100% Book Building Process wherein upto 50% of the Net Issue shall be allocated on a proportionate basis to Qualified Institutional Buyers, out of which 5% of QIB Portion shall be available for allocation on a proportionate basis to mutual funds only and the remaining QIB portion shall be available for allocation on a proportionate basis to all Qualified Institutional Buyers, including mutual funds, subject to valid bids being received at or above issue price. Further upto 15% of the Net Issue shall be available for allocation on proportionate basis to Non-Institutional Bidders and upto 35% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders subject to valid bids being received from them at or above the Issue Price.

**RISK IN RELATION TO FIRST ISSUE**

This being the first issue of Equity Shares of the Company, there has been no formal market for the Equity Shares of the Company. The face value of the Equity Shares is Rs.10/- per Equity Share and the Issue Price is [●] times of the face value at the lower end of the Price Band and [●] times of face value at the higher end of Price Band. The Issue Price (as determined by the Company and the Selling Shareholders, in consultation with the Book Running Lead Managers, on the basis of assessment of market demand for the Equity Shares offered by way of book building) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares of the Company or regarding the price at which the Equity Shares will be traded after listing.

**GENERAL RISKS**

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 Issue. For taking an investment decision, investors must rely on their own examination of the Issuer and the Issue including the risks involved. The Equity Shares offered in this Issue have not been recommended or approved by the Securities and Exchange Board of India ("SEBI") nor does SEBI guarantee the accuracy or adequacy of this offer document.

**Specific attention of investors is invited to the section titled "Risk Factors" beginning on Page [●] of this Draft Red Herring Prospectus.**

**ISSUER & SELLING SHAREHOLDER'S ABSOLUTE RESPONSIBILITY**

Issuer and the Selling Shareholders having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Red Herring Prospectus contains all information with regard to our Company and the Issue, which is material in context of the Issue, that the information contained in the Draft Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omissions of which makes this offer 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 offered through this Draft Red Herring Prospectus are proposed to be listed on the Bombay Stock Exchange Limited ("BSE") and the National Stock Exchange of India Limited ("NSE"). In-principle approvals for listing of Equity shares of our Company from BSE and NSE has been received vide their letters dated [●] and [●] respectively. For the purpose of this Issue, BSE shall be the Designated Stock Exchange.

**IPO GRADING**

This Issue has been graded by [●] as [●], indicating [●]. For details, see the section titled "General Information" beginning on page [●] of this Draft Red Herring Prospectus.



**SPA MERCHANT BANKERS LIMITED**  
101-A, 10<sup>th</sup> Floor, Mittal Court,  
Nariman Point, Mumbai 400 021.  
SEBI Reg. No.: INM 000010825  
Tel. +91-22-2280 1240 - 49 Fax +91-22-2284 6318  
Email: [infiniteipo@spacapital.com](mailto:infiniteipo@spacapital.com)  
Website: [www.spacapital.com](http://www.spacapital.com)  
Contact Person: Mr. Ashwin M. Patel.



**INDIA INFOLINE LIMITED**  
84, 8<sup>th</sup> Floor, Nariman Bhavan,  
Nariman Point, Mumbai 400 021.  
SEBI Reg. No.: INM 000010940  
Tel.: +91-22-6669 32 83 Fax: +91-22-2280 1263  
Email: [infiniteipo@iiflcap.com](mailto:infiniteipo@iiflcap.com)  
Website: [www.indiaonline.com](http://www.indiaonline.com)  
Contact Person: Mr. Abhishek Bordia



**BIGSHARE SERVICES PVT. LTD.**  
E-2, Ansa Industrial Estate, Sakivihar Road,  
Saki Naka, Andheri (East), Mumbai 400 072  
SEBI Reg. No.: INR \_\_\_\_\_  
Tel. +91-22-4043 02 00 Fax: +91-22-2847 5207  
Email : [bss@bigshareonline.com](mailto:bss@bigshareonline.com)  
Website: [www.bigshareonline.com](http://www.bigshareonline.com)  
Contact Person: Mr. Ashok Shetty

**BID/ISSUE PROGRAMME**

**BID / ISSUE OPENS ON**

[●]

**BID / ISSUE CLOSURES ON**

[●]

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## SECTION I - GENERAL DEFINITIONS AND ABBREVIATIONS

### Company Related Terms

Term	Description
"Infinite Computer Solutions (India) Limited", "the Company", "our Company" and "Issuer"	Unless the context otherwise requires, refers to, Infinite Computer Solutions (India) Limited, a public limited company incorporated under the Companies Act, 1956
"we", "us" and "our"	Unless the context otherwise indicates or implies, refers to Infinite Computer Solutions (India) Limited together with its Subsidiaries
Articles / Articles of Association	The Articles of Association of our Company, as amended from time to time
Auditors	The statutory auditors of our Company, M/s. Amit Ray & Co. Chartered Accountants
Board of Directors / the Board / our Board	The Board of Directors of Infinite Computer Solutions (India) Limited or a committee thereof
Directors / our Directors	The Director(s) of Infinite Computer Solutions (India) Limited, unless otherwise specified
Memorandum / Memorandum of Association	The Memorandum of Association of our Company, as amended from time to time
Registered Office / Our Registered Office	Registered Office of our Company is situated at 201, Mohta Building, 4, Bhikaji Cama Place, New Delhi – 110 066
Subsidiaries	<ol style="list-style-type: none"> <li>1. Infinite Computer Solution Inc.</li> <li>2. Infinite Computer Solutions Pte. Ltd.</li> <li>3. Infinite Computer Solutions Sdn, Bhd, Malaysia</li> <li>4. Infinite Computer Solutions (Shanghai) Co. Ltd.</li> <li>5. Infinite Computer Solution Ltd.</li> <li>6. Infinite Australia Pte. Ltd</li> <li>7. Comnet International Co. US</li> <li>8. India Comnet International Private Limited</li> </ol>
WhiteRock	WhiteRock Investments (Mauritius) Ltd

### Issue Related Terms

Term	Description
Allotment/Allot	Unless the context otherwise requires, the allotment and transfer of Equity Shares, pursuant to the issue
Allottee	The successful Bidder to whom the Equity Shares are allotted.
Banker(s) to the Issue	[•]
Bid	An indication to make an offer during the Bidding / Issue Period by a prospective investor to subscribe to or purchase the Company's Equity Shares at a price within the Price Band, including all revisions and modifications thereto
Bid / Issue Closing Date	The date after which the Syndicate will not accept any Bids for the Issue, which shall be notified in a widely circulated English national newspaper and a Hindi national newspaper
Bid / Issue Opening Date	The date on which the Syndicate shall start accepting Bids for the Issue, which shall be the date notified in a widely circulated English national newspaper and a Hindi national newspaper
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder on submission of the Bid in the Issue

<b>Term</b>	<b>Description</b>
Bid cum Application Form	The form in terms of which the Bidder shall make an offer to purchase Equity Shares of the Company in terms of this Red Herring Prospectus
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form
Bidding / Issue Period	The period between the Bid / Issue Opening Date and the Bid / Issue Closing Date inclusive of both days and during which prospective Bidders can submit their Bids
Book Building Process / Method	Book building process as provided in Chapter XI of the SEBI DIP Guidelines, in terms of which this Issue is being made.
BRLMs / Book Running Lead Managers	Book Running Lead Managers to the Issue, in this case being SPA Merchant Banker Limited and India Infoline Limited.
CAN / Confirmation of Allocation Note	The note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares after discovery of the Issue Price in accordance with the Book Building Process.
Cap Price	The higher end of the Price band, above which the issue price will not be finalized and above no Bids will be accepted.
Cut-off Price	Any price within the price band finalized by the Company and the Selling Shareholders in consultation with the BRLMs. A bid submitted at the Cut-off Price is a valid Bid at all price levels within the Price Band.
Designated Date	The date on which the Escrow Collection Banks transfers the funds from the Escrow Account to the Public Issue Account, after the Prospectus is filed with the Registrar of Companies, NCT of Delhi & Haryana, following which the Board of Directors shall allot Equity Shares and the Selling Shareholder shall give delivery instructions for transfer of Equity Shares constituting Offer for Sale to successful Bidders.
Designated Stock Exchange	The Bombay Stock Exchange Limited (BSE)
Director(s)	The directors of Infinite, unless otherwise specified.
Draft Red Herring Prospectus	This Draft Red Herring Prospectus issued in accordance with Section 60B of the Companies Act, 1956, and the SEBI Guidelines which does not contain, inter alia, complete particulars on the price at which the Equity Shares are offered, the size (in terms of value) of the Issue.
ECS	Electronic Clearing Service
Eligible NRI	NRI from such jurisdiction outside India where it is not unlawful to make an offer or invitation under the Issue and in relation to whom the Red Herring Prospectus constitutes an offer to sell and an invitation to subscribe to the Issue
Equity Shares	Equity Shares of our Company of Rs.10/- each, unless otherwise specified in the context thereof.
Escrow Account	An account opened with Escrow Collection Bank(s) for the issue and in whose favor the bidder will issue cheques or drafts in respect of the Bid Amount when submitting a Bid
Escrow Agreement	Agreement to be entered into between the Company, the Selling Shareholder(s), the Registrar, BRLMs, Syndicate Members and the Escrow Collection Bank(s) for collection of the Bid Amounts and for remitting refunds, if any, of the amount collected, to the Bidders

<b>Term</b>	<b>Description</b>
Escrow Collection Bank(s)	The banks, which are clearing members and registered with SEBI as Banker to the Issue at which the Escrow Account will be opened, in this issue being [•]
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or Revision Form
Floor Price	The lower end of the Price Band, below which the Issue Price will not be finalized and below which no bids will be accepted.
Fresh Issue	Issue of 57,33,600 Equity Shares of Rs.10/- each by the Company
IIFL	India Infoline Limited, a Company registered under the Companies Act and having its corporate office at 84, 8 <sup>th</sup> Floor, Nariman Bhavan, Nariman Point, Mumbai 400 021.
Issue	The public issue of 1,15,03,000 Equity Shares of Rs.10 each for cash at a price of Rs.[•] each comprising of fresh issue of 57,33,600 Equity Shares by the company and an offer for sale of 57,69,400 Equity Shares by the Selling Shareholder(s)
Issue Price	The price at which Equity Shares will be issued and allotted in terms of RHP and the Prospectus.
Margin Amount	The amount paid by the Bidder at the time of submission of the Bid, which may be 10% or 100% as applicable.
Mutual Fund	Mutual Funds registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996.
Mutual Fund Portion	5% of the QIB portion or 2,87,575 Equity Shares available for allocation to Mutual Funds only, out of the QIB portion.
Net Proceeds	The proceeds of the Fresh Issue, after deducting the Issue related expenses attributable to the Company
Non-Institutional Bidders	All Bidders who are not Qualified Institutional Buyers or Retail Individual Bidders and who have Bid for Equity shares for an amount more than Rs.1,00,000 (but not including NRIs other than eligible NRIs)
Non-Institutional Portion	The portion of the Issue being up to 17,25,450 Equity Shares available for allocation to Non-Institutional Bidders
Offer for Sale	Offer for sale of 57,69,400 Equity Shares by the Selling Shareholder(s) in this Issue.
Pay-in Date	The Bid / Issue Closing Date or the last date specified in the CAN sent to Bidders, as applicable.
Pay-in-Period	This term means a) With respect to Bidders whose Margin Amount is 100% of the Bid Amount, the period commencing on the Bid/Issue Opening Date and extending until the Bid/Issue Closing Date, and b) With respect to Bidders whose Margin Amount is 10% of the Bid amount, the period commencing on the Bid Opening Date and extending until the closure of the Pay-in-Date.
Price Band	The price band with a minimum price (Floor Price) of Rs.[•] per Equity Shares and the maximum price of Rs.[•] per Equity Share (Cap Price) and includes any revision thereof.
Pricing Date	The date on which the Company and the Selling Shareholder in consultation with the BRLMs finalizes the Issue Price
Promoter / Our Promoter	Mr. Sanjay Govil
Prospectus	The Prospectus, to be filed with the ROC in terms of Section 60 of the Companies Act, 1956, containing, inter alia, the Issue Price that is determined at the end of the Book Building process, the size of the Issue and certain other information.

<b>Term</b>	<b>Description</b>
Public Issue Account	Account opened with the Bankers to the Issue to receive money from the Escrow Account for the issue on the Designated Date
QIB Margin Amount	An amount representing 10% of the Bid Amount, that QIBs are required to pay at the time of submitting their Bid.
QIB Portion	That portion of the net Issue being at least 50 % of the Net Issue, i.e.57,51,500 Equity Shares, available for allocation to QIB's
Qualified Institutional Buyers / QIBs	Public financial institutions as specified in Section 4A of the Companies Act, FII's registered with SEBI, scheduled commercial banks, mutual funds registered with SEBI, multilateral and bilateral development financial institutions, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with minimum corpus of Rs.250 million and pension funds with minimum corpus of Rs.250 million.
Refund Banker(s)	[•]
Refund through electronic transfer of funds	Refunds through ECS, Direct Credit or RTGS, as applicable
Registrar	Registrar to the Issue, in this case being Bigshare Services Pvt. Ltd. having its registered office as indicated on the cover page
Retail Individual Bidder(s)	Individual Bidders (including HUFs and eligible NRIs) who have Bid for Equity Shares of an amount less than or equal to Rs.100,000.
Retail Portion	The portion of the Issue being upto 35% of the Issue i.e. 40,26,050 Equity Shares available for allocation to Retail Bidder(s)
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Price in any of their Bid cum Application Forms or any previous Revision Form(s)
RHP / Red Herring Prospectus	The Red Herring Prospectus which will be filed with ROC in terms of Section 60B of the Companies Act, which does not have complete particulars of the price at which the Equity Shares are issued and the size of the issue. The Red herring Prospectus will be filed with the ROC at least three days before the Bid / Issue Opening Date and will become a prospectus upon filing with the Roc after the Pricing Date.
RTGS	Real Time Gross Settlement
Selling Shareholders	WhiteRock Investments (Mauritius) Ltd., Mr. Vaibhav Bhatnagar and Mr. Sanjay Govil
SPA	SPA Merchant Bankers Limited
Stock Exchanges	National Stock Exchange of India Limited & Bombay Stock Exchange Limited
Syndicate Agreement	Agreement to be entered into among the Company, the Selling Shareholder(s) and the Syndicate Members, in relation to the collection of bids in this Issue
Syndicate Members or Syndicates or Members of the Syndicate	[•]
TRS/ Transaction Registration Slip	The slip or document issued by the Syndicate to the Bidder as proof of registration of the Bid
Underwriters	The BRMLs and the Syndicate Members.
Underwriting Agreement	The Agreement between the Underwriters, the Company and the Selling Shareholder(s) to be entered into on or after the Pricing Date

<b>Term</b>	<b>Description</b>
Venture Capital Funds / VCF	Venture Capital Funds as defined and registered with SEBI under the SEBI (Venture Capital Fund) Regulations, 1996, as amended from time to time
WhiteRock	WhiteRock Investments (Mauritius) Ltd.

### **Conventional and General Terms / Abbreviations**

<b>Term</b>	<b>Description</b>
Act or Companies Act	The Companies Act, 1956, as amended from time to time
AGM	Annual General Meeting
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India
BIFR	Board for Industrial and Financial Reconstruction
BSE	The Bombay Stock Exchange Ltd.
CDSL	Central Depository Services (India) Limited
Depositories Act	The Depositories Act, 1996, as amended from time to time
Depository / Depositories	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time, in this case being NSDL and CDSL
Depository Participant / DP	A depository participant as defined under the Depositories Act
ECS	Electronic Clearing System
EGM	Extraordinary General Meeting
EPS	Earnings per Equity Share
Equity Shares or Shares	Equity shares of the Company of face value of Rs.10/- each unless otherwise specified in the context thereof
FCNR Account	Foreign Currency Non Resident Account
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time, and the regulations framed hereunder
FII/ Foreign Institutional Investor	Foreign institutional investor (as defined under SEBI (Foreign Institutional Investors) Regulations, 1995) registered with SEBI under applicable laws in India
Financial Year / Fiscal Year / FY	Twelve months ending on March 31 of a particular year
FIPB	Foreign Investment Promotion Board
FIs	Financial Institutions
FVCI	Foreign Venture Capital Investor, registered with SEBI under the SEBI (foreign venture Capital Investor) Regulations, 2000
GIR Number	General Index Registry Number
HUF	Hindu Undivided Family
I.T. Act	The Income Tax Act, 1961, as amended from time to time
Indian GAAP	Generally Accepted Accounting Principles in India
IPO	Initial public issue/ offering
IRR	Internal rate of return
NAV	Net Asset Value
Non Residents	All Bidders who are not NRIs or FIIs and are not persons resident in India
NRE Account	Non Resident External Account
NRI / Non Resident Indian	A person resident outside India, as defined in FEMA and who is a citizen of India or a Person of Indian Origin, and as defined under FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000

<b>Term</b>	<b>Description</b>
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Limited
PAN	Permanent Account Number
RBI	Reserve Bank of India
ROC	Registrar of Companies
RONW	Return on Net Worth
SCRR	Securities Contracts (Regulations) Rules, 1957 as amended from time to time
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended from time to time
SEBI DIP Guidelines	SEBI (Guidelines for Disclosure and Investor Protection) 2000 issued by SEBI effective from January 27, 2000, as amended, including instructions and clarifications issued by SEBI from time to time
SEBI MAPIN Regulations	The SEBI (Central Database of Market Participants) Regulations, 2003, as amended from time to time.
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997, as amended

#### **Industry related terms / Abbreviations**

<b>Term</b>	<b>Description</b>
AMC	Annual Maintenance Contract
ASP	Application Service Provider
AMO	Application Management Outsourcing
APAC	Asia Pacific Australian Continents (excluding India)
BSS	Business Support System
CDMA	Code division Multiple Access
Comnet	Comnet International Co. US.
DDC	Dedicated Development Centre
DG sets	Diesel Generators
DOT	Department of Telecommunication
DSLAM	Digital Subscriber Line Access Module
DQ	Data Quest
Digital	Describes any system based on discontinuous data or events
EOL	End of Life
ER	Employees Relationship
EPIP	Export Promotion Industrial Park
FP	Fixed Price
GSM	Global System for Mobile Communication
GDM	Global Delivery Model
IDC	International Data Corporation
IIMS	IT Infrastructure Management Services
IMS	Infrastructure Management Services
IP	Intellectual Property
IPTV	Internet Protocol TV
ISVs	Independent Software Vendors
ITV	Internet TV
ITSG	Information Technology Service Group
IV&V	Independent Verification & Validation
LAG	Line Access Gateways



<b>Term</b>	<b>Description</b>
MSA	Master Service Agreement
NOC	Network Operating Centre
O&M SERVICES	Operational Maintenance Services
ODC	Offshore Development Centre
OEMs	Original Equipment Manufacturers
OSS - Operation Support System	A suite of programs that enable an enterprise to monitor, analyze and manage a network system
Operators	Enterprises that provide mobile communication services to consumers through owned or leased networks
PDS	Product Development and Support
PMC	Planning and Maintenance Service
QMS	Quality Management Services
RDC	Remote Development Centre
RS	Revenue Share
SLA's	Service Legal Agreement
SoW	Statement of Work
TIMS	Telecom Infrastructure Management Services
TMN	Telecommunications Management Network
UMTS	Universal Mobile Telecommunication Sstems
VOIP	Voice over Internet Protocol



## **CURRENCY OF FINANCIAL PRESENTATION**

In this Draft Red Herring Prospectus, the terms “we”, “us”, “our”, the “Company”, “our Company”, “Infinite Computer Solutions (India) Limited”, unless the context otherwise indicates or implies, refers to Infinite Computer Solutions (India) Limited. In this Draft Red Herring Prospectus, unless the context otherwise requires, all references to one gender also refers to another gender and the word “Lac / Lakh” means “one hundred thousand”, the word “million (million)” means “ten lac / lakh”, the word “Crore” means “ten million” and the word “billion (bn)” means “one hundred crore”. In this Draft Red Herring Prospectus, any discrepancies in any table between total and the sum of the amounts listed are due to rounding-off.

Throughout this Draft Red Herring Prospectus, all figures have been expressed in Rs.Million. Unless indicated otherwise, the financial data in this Draft Red Herring Prospectus is derived from our restated consolidated financial statements prepared in accordance with Indian GAAP and included in this Draft Red Herring Prospectus. Unless indicated otherwise, the operational data in this Draft Red Herring Prospectus is presented on an unconsolidated basis and refers to the operations of our Company. In this Draft Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off.

There are significant differences between Indian GAAP and U.S GAAP; accordingly, the degree to which the Indian GAAP financial statements included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian accounting practice and Indian GAAP. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Draft Red Herring Prospectus should accordingly be limited. We have not attempted to explain those differences or quantify their impact on the financial data included herein, and we urge you to consult your own advisors regarding such differences and their impact on our financial data.

For additional definitions used in this Draft Red Herring Prospectus, see the section titled “Definitions and Abbreviations” on page 1 of this Draft Red Herring Prospectus. In the section entitled “Main Provisions of Articles of Association”, defined terms have the meaning given to such terms in the Articles of Association of our Company.

## **USE OF MARKET DATA**

Unless stated otherwise, market data used throughout this Draft Red Herring Prospectus was obtained from internal Company reports, data, websites and industry publications. Industry publication data and website data generally state that the information contained therein has been obtained from sources believed to be reliable, but that their accuracy and completeness and underlying assumptions are not guaranteed and their reliability cannot be assured.

Although, we believe market data used in this Draft Red Herring Prospectus is reliable, it has not been independently verified. Similarly, internal Company reports and data, while believed by us to be reliable, have not been verified by any independent source.

## FORWARD LOOKING STATEMENT

We have included statements in this Draft Red Herring Prospectus which contain words or phrases such as “will”, “aim”, “is likely to 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”.

All forward looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our expectations include but are not limited to:

- General economic and business conditions in the markets in which we operate and in the local, regional and national economies;
- Changes in laws and regulations relating to the industries in which we operate;
- Increased competition in these industries;
- Our ability to successfully implement our growth strategy and expansion plans, and to successfully launch and implement various projects and business plans for which funds are being raised through this Issue;
- Our ability to meet our capital expenditure requirements;
- Fluctuations in operating costs;
- Our ability to attract and retain qualified personnel;
- Changes in technology;
- Changes in political and social conditions in India or in countries that we may enter, the monetary and interest rate policies of India and other countries, inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices;
- The performance of the financial markets in India and globally; and
- Any adverse outcome in the legal proceedings in which we are involved.

For a further discussion of factors that could cause our actual results to differ, please refer to the sections titled “Risk Factors”, “Our Business” and “Management’s Discussion and Analysis of Financial Condition and Results of the Operations as Reflected in the Financial Statements” beginning on pages [●], [●] and [●] of this Draft Red Herring Prospectus respectively. 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 we, the Selling Shareholder(s), our Directors nor the members of the Syndicate, 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(s) and the BRLMs 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.

## SECTION II - RISK FACTORS

*An investment in equity shares involves a high degree of risk. You should carefully consider all of the information in this Draft Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in our Equity Shares. To obtain a complete understanding you should read this section in conjunction with the sections titled “Our Business” beginning on page [●] and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on page [●]. If any of the following risks actually occur, our business, financial condition and results of operations could suffer, the trading price of our Equity Shares could decline, and you may lose all or part of your investment. Unless otherwise stated in the relevant risk factors set below, we are not in a position to specify or quantify the financial or other implications of any risk mentioned herein. The numbering of the Risk Factors has been done to facilitate ease of reading and reference and does not in any manner indicate the importance of one risk factor over another.*

*Prospective investors should pay particular attention to the fact that our Company is incorporated under the laws of India and is subject to a legal and regulatory environment, which may differ in certain material respects from that of other countries. Prior to making an investment decision, prospective investors and purchasers should carefully consider all of the information contained in this Draft Red Herring Prospectus (including the consolidated financial statements on page [●]).*

### INTERNAL RISK FACTORS

#### **Risks relating to Our Business**

- 1. We are party to certain legal proceedings that, if decided against us, could have an adverse effect on our financial condition and results of operations.**

Nature of Litigations	Number of cases
Civil Proceedings	3

#### **Cases filed against the Company**

- A plaint has been filed before the court of city civil judge Bangalore seeking permanent injunction to restrain us from causing interference in the peaceful possession of the property at Plot No. 157, measuring 1.00 acre at Sy No. 18 at Kundalahalli, Bangalore on which the plaintiff claims his ownership. We have denied averments made by the plaintiff as the said sy 18 was divided in Sy 18/1 and Sy 18/2 and the plaintiff is owner of 18/2 and Sy 18/1 has been transferred to us as Plot No. 157 by Karnataka Industrial Area Development Board (KIADB). The matter is listed for hearing 5<sup>th</sup> June, 2008.
- A writ petition has been filed by the petitioner in 2007 in the Hon’ble high court of Karnataka challenging against the notification dated May 14, 2004 issued by KIADB declaring the land measuring acre survey no. 18/1 as an industrial area for the benefit of respondent that is our company. The petitioner has alleged that the respondent does not derive any right, title, interest or possession in respect of the land in question.

We have denied the averments made by the petitioner. The Hon’ble high court has stayed the notification of KIADB. The matter is next listed for 5<sup>th</sup> June, 2008.

#### **Cases preferred by the Company**

We have filed a civil suit against HSBC seeking relief for a debit of Rs 43,03,911 /- from our current account with the Bank in April 2006. As the bank encashed 4 cheques not signed by the

our duly authorized signatory resulting in loss of above mentioned amount. We are asking for the said amount that is Rs 43,03,911 /- with interest at the rate of 18% from the defendant bank.

The Bank has denied our above claim that the said cheques were signed by the duly authorised signatory of the company and they have honoured the cheques in the normal course of business. Matter is next listed on May 27, 2008 for hearing.

For further details on the legal proceedings / notice mentioned above, please refer to section titled "Outstanding Litigation and Material Developments" on page [•] of this Draft Red Herring Prospectus.

**2. Significant portion of our revenues are derived from a limited number of clients. Any slump in business volume from them, loss of any one of them or pricing pressures on our services on engagements with them could have an adverse impact on our financial performance.**

We derive a significant portion of our revenues from a limited number of clients. Our top 5 clients accounted for 76.6%, 75.3% & 77.9% of total revenues in FY 06, FY 07 & 9 months ended Dec 31<sup>st</sup> 2007. The loss of any of these clients could adversely affect our business and future growth. If we do not reduce our reliance on our top clients, our results of operations would be adversely affected in the event we lose any of these clients. Further, as a result of our reliance on limited number of clients we may face pricing pressure from them. Our clients may also decide to reduce spending on IT services due to challenging business environment and other factors related to their businesses.

**3. Our inability to maintain Key Relationship or to enter into new ones can materially effect our business**

We have long relationships with some of our top clients and we are constantly seeking to enter into newer ones. This is an important aspect to our growth strategy and failure on our part to build upon these further, can impact our future business prospects. We constantly enter into alliances and various kinds of partnerships with other companies. These are to accomplish a diverse set of business needs including jointly engage in software development or offer services to clients. We consider such relationships crucial to our research and development efforts. This strategy is an important aspect to our business expansion. If we were to lose any of our key relationships, our marketing and research and development capabilities could be restricted. Such a loss could cause us to lose future business volume or fall behind in technological developments. This can effect business and adversely affect financial results.

**4. A significant portion of our business is derived from telecom industry and any downturn in this industry would be adverse to our financial performance.**

Our revenues from Telecom & Media vertical accounted for 51.6%, 40.9% & 50.3% of total revenues in FY 06, FY 07 & 9 months ended Dec 31<sup>st</sup> 2007. As we provide solutions to customers across the entire telecom value chain ranging from telecom carriers to telecom equipment manufacturers and independent software vendors in this domain, we may be affected by the slowdown in spending by the telecom carriers and OEMs. The ability to spend on new initiatives drives the fate of all other players in the overall eco-system. This makes us vulnerable to any sudden downturn in the global telecom industry. This can have consequential impact on our revenues and profits.

**5. We are currently dependent for business on customers that are predominantly based out of North America. Economic slowdown and other factors that affect the economic health of North America may affect our business.**

A significant proportion of our revenues are derived from clients located in North America. In fiscal 2006, 2007 and 9 months ended Dec 31<sup>st</sup> 2007, 78.1%, 81.3% and 83.1% of our revenues



respectively were derived from such clients. In the event of any economic slowdown in North America, our clients may reduce or postpone their spending significantly on the services offered by us.

To reduce our dependence on North America, we have already started generating business volume from clients in Europe and Asia Pacific region apart from India.

**6. Major events such as bankruptcies affecting our clients could have an adverse impact on our revenues and profitability**

Major events affecting our clients, such as bankruptcy could adversely impact our business. The Telecom industry has experienced a number of major bankruptcies and corporate restructurings in the last decade. We face the risk that such events could affect our clients. If any of our major client(s) becomes bankrupt or insolvent, we may lose some or all of our business from that client impacting our revenues and financial condition. Certain client(s) may be part of bankruptcy proceedings and as a result may have transferred their business and/or assets to new entities, in such cases we continue to do business with such new entity and work towards recovering losses, if any, incurred as a result of the bankruptcy

**7. *We need to continuously keep pace with the changes in the industries we serve especially the telecom, technology, healthcare and others***

We are in the business of providing technology related solutions to our customers in telecoms industry and IT services solutions to clients in the technology and healthcare space. The pace of change in these business segments has been quite rapid in the past decade and the ability of the provider to quickly adapt and keep abreast of latest developments is a key differentiator in the marketplace. If we fail to keep pace with the rapid changes in telecom technologies and in other service areas that we serve, we could lose market share or incur substantial costs in trying to maintain market share. These industries use numerous, varied and sometimes incompatible technologies. The industry also demands frequent and, at times, significant technology upgrades. We do not have the resources to invest in all of these existing and potential technologies, and whatever we do make may not achieve substantial customer acceptance or may ultimately prove to be unviable. If we fail to anticipate and respond to these trends, we could lose clients and market share to competitors, which would have a material adverse effect on our business and prospects.

**8. *We need to continuously develop new service offerings, products and revenue models to sustain our business***

Our revenue models have been evolving with time to meet the changing needs of the market and our customers. These are increasingly being fine tuned to adapt to diverse nature of our current engagements. Our future success would depend on our ability to innovate in our engagement models and on our ability to deliver solutions to our customers in competitive & cost effective manner. We cannot be certain that we will be able to attract existing and new customers for such new offerings or effectively meet our customers' needs. Larger projects may involve multiple engagements or phases, and there is a risk that a customer may choose not to retain us for additional phases or may cancel or delay additional planned engagements. These terminations, cancellations or delays may result from the business or financial condition of our customers or the then prevailing economic situation. Such cancellations or delays make it difficult to plan for project resource requirements, which may have a negative impact on our profitability.

**9. *Our business environment is highly competitive with several large Indian and global players that can prevail over us based on size and resources.***

The current business environment is highly competitive with a number of strong players operating out of India and overseas. If we fail to effectively compete against these global players, our financial performance will be adversely impacted. We expect the competition at the marketplace to intensify going forward. Our competitors could include:

- a. large global companies
- b. local US companies
- c. large offshore Indian companies and others midsize Indian vendors
- d. Telecom companies which are developing their own IT capabilities in-house both organically and through acquisitions;
- e. Offshore service providers in other countries with lower wage costs, such as China, the Philippines and certain countries in Eastern Europe.

Further, several International competitors are setting up operations in India and many of our international competitors, with existing operations in India, are expanding Indian operations, which have become an important element of their delivery strategy.

Several large players have the ability to arrange for greater resources and generate higher revenues than us. We might find it difficult to succeed against these large players as it will depend upon a number of factors that are beyond our control. If we lose clients as a result of competition, our growth prospects will be affected.

***10. Our financial performance will significantly depend on our ability to manage growth without disrupting our current operations***

To succeed in this competitive environment, size and scale of operations is the key. To increase our size, we plan to pursue aggressive growth plans. This will significantly depend on our ability to manage the new initiatives for scaling up while managing to keep the current operations under control. It will call for sizable investments from our side in enhancing our capabilities and infrastructure which might eventually not yield desired results and thereby have a detrimental effect on our financial performance.

In anticipation of future growth, we plan to invest in additional staff, equipment, systems and infrastructure to expand our Delivery centers. Furthermore, we expect this growth to place significant demands on improving our operational, financial and internal controls.

We would need to take significant initiatives in motivating existing employees and hiring good new talent, building excellent sales team and support, account management, delivery, culture, human resources, facilities, internal systems, etc. Any inability to manage growth may have an adverse effect on our business, results of operation and financial condition

***11. We are investing in enhancing and creating products which may not provide adequate returns in future.***

We have been making investments in enhancing and creating newer products in the telecom domain. Based on our management's perception of the market potential, we propose to make further investments in this segment. We may not be able to make suitable levels of investments as may be required by the business and cannot assure you that any such investments, which are made will provide adequate returns. This may affect our business results and operations. One of the business models we have is to take over products and all associated expenses, liabilities etc. Then we have a revenue share with the customer. It is very possible that this strategy for various reasons will not work causing adverse effects on the business and financial results.

***12. We place significant reliance on our proprietary intellectual property to develop our products and services. We will lose our competitive edge if any of our competitors appropriate such intellectual property.***

Our competitors may independently develop proprietary methodologies similar to ours or duplicate our solutions or services. Unauthorized parties may infringe upon or misappropriate our services or proprietary information. We may need to litigate to enforce the infringed 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 and the outcome cannot be guaranteed.

While we have limited ability to protect our intellectual property rights and unauthorized parties may infringe upon or misappropriate our intellectual property. We rely as needed on a combination of copyright, trademark and design laws, confidentiality procedures and contractual provisions to protect our intellectual property, including our brand identity. However, the laws of India may not allow for the effective protection of intellectual property rights to the same extent as laws in other jurisdictions such as the United States, the United Kingdom or the European Union. Therefore, efforts to protect our intellectual property may not be adequate and we may not be able to detect unauthorized use or take appropriate and timely steps to enforce intellectual property rights either owned by us or those that we have the right to use.

We can give no assurance that these protections will adequately protect our proprietary rights or that our competitors will not independently develop products that are equivalent to ours.

### **13 Our business may suffer if we fail to complete Projects or engagements; develop new service offerings and products**

We typically perform projects either on a fixed price, fixed time or on a time and materials basis. Fixed price projects are those projects where the amount to be billed is specified in the relevant work order. We derive a significant portion of our revenues from fixed price contracts. If we fail to estimate accurately the resources and the time required for a fixed price project, future wage inflation rates or currency exchange rates, or if we fail to complete our contractual obligations within the contracted time frame, our profitability may suffer. Our failure to complete fixed price projects within budget and on time will negatively affect our profitability.

Our inability to complete engagements can also adversely affect our financial results. In certain cases, we have to provide warranties and backfills in the case of fixed time and T&M basis. Our inability to deliver can cause us to have adverse results. We have been expanding the nature and scope of our engagements. The success of these new offerings is dependent, in part, upon continued demand for such products or services by our existing and new customers and in our ability to meet this demand in a competitive and cost effective manner. We cannot be certain that we will be able to attract existing and new customers for such new offerings or meet all our customers' needs. Larger projects may involve multiple engagements or stages, and there is a risk that a customer may choose not to retain us for additional stages or may cancel or delay additional planned engagements. These terminations, cancellations or delays may result from the business or financial condition of our customers or the then prevailing economic situation. Such cancellations or delays make it difficult to plan for project resource requirements, which may have a negative impact on our profitability.

### **14. *For the development of certain products, we may be using certain essential intellectual property for which we may not have obtained prior permission.***

We need to comply with certain worldwide industry standards as we go about creating new products and solutions for our customers. In our endeavor of creating new solutions for our customers, we may end up using certain essential intellectual property for which we may not have the requisite licenses or permission. While we believe that this is accepted industry practice, we cannot assure you that persons who own such intellectual property will not initiate any action against us for such use. Any such action(s) initiated against us would adversely affect our business operations and financial results.



**15. We could become liable to customers, suffer adverse publicity and incur substantial costs as a result of defects in our products or services, which in turn could adversely impact our results of operations. Our client's proprietary rights may be misappropriated by our employees in violation of applicable confidentiality agreements.**

Many of our contracts involve providing products and services that are critical to the operations of our customers business. Any failure or defect in our software or in our customers' products could result in a claim against us for substantial damages, regardless of our responsibility for such a failure or defect. Any claim by our customers for breach of contract may result in financial losses to us and will have a material adverse effect on our results of operations, financial condition and cash flows.

Although we attempt to limit our contractual liability for all damages, including consequential damages, in rendering our services, we cannot be assured that the limitations on liability we provide for in our service contracts will be enforceable in all cases, or that they will otherwise be sufficient to protect us from liability for damages. The engagements that we perform for our clients are often critical to the operations of our clients' businesses and any failure in our clients' systems could subject us to legal liability, including substantial damages, regardless of our responsibility for such failure. Such liability may not be fully covered by our professional liability insurance. If the software solutions we implement for our clients experience failures or if we are unable to meet our contractual obligations, we may face legal liabilities and damage to our professional reputation. In addition, if our clients' proprietary rights are breached by any of our employees in violation of any applicable confidentiality agreements, our clients may consider us liable for such breach and seek damages and compensation from us. Assertion of one or more legal claims against us could have a material adverse effect on our business and our professional reputation.

**16. Difficulties may exist and problems may arise in acquisition / initiatives resulting in materially adverse impact on our financial results.**

As part of our business operations, we continue to evaluate potential acquisition, joint venture and/or divestment opportunities on an ongoing basis. We have in the past and we may in the future, acquire or make investments in complementary businesses, technology, services or products or enter into strategic partnerships with parties who can provide access to those assets, if appropriate opportunities arise. These strategic initiatives are instrumental in enhancing our capabilities, technical expertise or geographic coverage.

However, we may face risks associated with potential acquisitions, investments, strategic partnerships or other ventures. We have in the past had unsuccessful discussions and negotiations to identify suitable targets. We may not be able to identify potential acquisitions, investments, strategic partnerships, other ventures or if we do identify suitable targets, we may not complete those transactions on commercially acceptable terms or at all. We may encounter difficulties in integrating various aspects not limited to the personnel, operations, technology and software assets of the companies we acquire. These difficulties could disrupt our ongoing business, distract our management and employees or increase our expenses, all of which could have an adverse effect on our results of operations.

Our ability to acquire companies organized outside of India is subject to regulatory constraints. As part of our strategy to pursue inorganic growth, some of these acquisitions might be outside of India.

**17 Valuations in the software / information technology industry may not be sustained in future and current valuations may not be reflective of future valuations for the industry.**

We are engaged in providing services and products in the telecom software industry and other industries and. The valuations in the Software/ IT industry have been varying substantially in the

recent past and hence current valuation may not be reflective of future valuations in the industry. There is no standard valuation methodology or accounting practices in the IT related industries. The financials of the issuer are not strictly comparable with the players in the industry. These evaluations in the software/information technology industry may not be sustained in future and current valuations may not be reflective of future valuations for the industry

**18 *We could face currency exchange risks as a significant percentage of our revenues are denominated in U.S. Dollars and other currencies.***

The exchange rate between the Rupee and the U.S. Dollar has changed substantially in recent years and may continue to fluctuate significantly in the future. We derived a significant portion of our revenues from North America which are denominated in U.S. Dollars. Accordingly, our operating results have been and will continue to be impacted by fluctuations in the exchange rate between the Indian Rupee and the U.S. Dollar and other currency fluctuations.

**19 *We are dependent on the expertise of top management and key personnel and the results of our operations may be adversely affected by the departure of our top management and key personnel.***

We are dependent on our top management team for setting our strategic direction and managing our business, both of which are crucial to our success. In view of the vast experience of our top management team, in the event any of them leave or are unable to continue to work with us, it may be difficult to find suitable replacements in a timely manner. Our ability to retain experienced key personnel will also in part depend on us maintaining appropriate compensation and incentives. We cannot be sure that the compensation and incentives we have in place will be sufficient to retain the services of our key management personnel.

**20 *We may not succeed to retain and attract highly skilled software professionals as competition for such personnel is intense and we experience significant attrition rates.***

We operate in an industry which requires skilled software professionals and our success depends in large part upon our ability to attract, hire, train and retain qualified employees, including our ability to attract employees in the geographic areas in which we operate. In the event we are not be able to attract a high degree of talented employees, or experience high attrition levels which are beyond our control or are unable to motivate and retain our existing employees, the future of our business and operations may be affected.

We have taken measures to control the attrition. However, we cannot assure that we shall be successful in reducing attrition rate or ensuring that the attrition rate does not rise further in the future. Given the present scenario, high attrition rate being an industry phenomenon, we have taken recourse by training the new recruits. This has helped us to have duly trained manpower to fill in the vacancy on an immediate basis.

**21 *We need to maintain workforce based on projected and current anticipated projects. If these awards were to get delayed or not happen, we may have significant material adverse impact on our financial result.***

In order to service our clients, we maintain a workforce based upon current and anticipated workloads and if we do not receive anticipated contract awards, or if these awards are delayed, we could incur significant costs. Our estimates of future performance depend upon, among other things, whether and when we will receive certain new contract awards. While our estimates are based upon our best judgment based upon past experience, these estimates may frequently change based on newly available information. In the case of large-scale projects where timing is often uncertain, it is particularly difficult to predict whether or when we will receive a contract award. The uncertainty of contract awards and timing can present difficulties in matching our



workforce size with our contract needs. If an expected contract award is delayed or not received, we could incur costs due to maintaining underutilized staff and facilities, which in turn would have the effect of reducing our profits.

**22 *A significant part of our management team and a significant proportion of our technical personnel are based at a single facility located in Bangalore and if this centre were damaged, our operations could be materially adversely affected.***

A significant part of our management team and technical personnel at present are based in the campus located in Bangalore. Because of the concentration of our employees and other resources at this facility, our results of operations could be materially adversely affected if the facility is damaged as a result of a natural disaster, including an earthquake, flood, fire or other event that disrupts our business or causes material damage to our property.

Although we have back-up facilities for some of our operations, it could be difficult for us to maintain or resume quickly our operations in the aftermath of such a disaster. We do not have business interruption insurance, and we cannot assure you that our property insurance would cover any loss or damage to our assets. If we are unable to successfully protect our computer systems from security risks, our business could suffer. Our MSAs with our customers typically require us to comply with certain security obligations, including maintenance of network security, back-up of data, ensuring our network is virus-free and ensuring the credentials of those employees who work with our customers. We cannot assure you that we will be able to comply with all those obligations and not incur any liability.

**23 *Our client contracts can typically be terminated without cause and with little or no notice or penalty, which could negatively impact our revenues and profitability.***

Our clients typically retain us through master service agreements which are non exclusive and signed with other companies also on a non-exclusive service agreements basis. Our MSAs, including those with some of our largest customers, typically can be terminated without cause and with minimal notice. Most of our MSAs and individual projects under such MSAs can be terminated by the client with or without cause and without termination-related penalties. Additionally, our service agreements with clients are typically without any commitment to a specific volume of business or future work. Our business is dependent on the decisions and actions of our clients, and there are a number of factors relating to our clients that are outside our control that might result in the termination of a project or the loss of a client. Our clients may demand price reductions, change their outsourcing strategy by moving more work in-house or to our competitors or replace their existing software with packaged software supported by licensors. Any of these factors could adversely affect our revenues and profitability. If any of our key clients were to take any of these courses of action, we would have no legal recourse, and could suffer a reduction in revenues

**24 *We may not be fully insured for all losses we may incur.***

Our insurance coverage may not adequately protect us against certain operating hazards and this may have a material adverse effect on our business. Our insurance coverage is likely to cover all normal risks associated with our operations but there can be no assurance that any claim under the insurance policies maintained by us will be honored fully, in part or on time. To the extent that we suffer loss or damage that is not covered by insurance or exceeds our insurance coverage, our results of operations and cash flow may be adversely affected.

For further details, see the paragraph titled “Insurance” under chapter “Our Business” on page [●] of this DRHP.

**25 *Any disruption in our telecommunication systems, system failures, virus attacks, failure in communications and other utilities could harm our ability to provide our services.***

To serve our clients, we must maintain continuous voice and data communications links between our delivery centers, our headquarters in Bangalore and our clients' offices. Any significant disruption in these links, any major system failure or major virus attack could compromise our ability to complete projects for our clients on a timely basis. We do not maintain business interruption insurance and may not be covered for any claims or damages if any of the foregoing events actually occurs. Any significant interruption to our operations which results in the break down of our communication links, computer systems and other technology infrastructure will effect our ability to meet our contractual commitments and result in loss of our customers, damage to our reputation and weaken our competitive position.

**26 If we are unable to obtain required approvals and licenses in a timely manner, our business and operations may be adversely affected.**

We require certain approvals, licenses, registrations and permissions for operating our business, some of which may have expired and for which we may have either made or are in the process of making an application for obtaining the approval or its renewal. If we fail to obtain any of these approvals or licenses, or renewals thereof, in a timely manner, or at all, our business could be adversely affected.

**27 Delays or defaults in client payments could result in a reduction of our profits.**

Because of the nature of our contracts, we sometimes commit resources to projects prior to receiving advances, progress or other payments from clients in amounts sufficient to cover expenditures on projects as they are incurred. Delays in client payments may subject us to working capital shortages. If a client defaults in making its payments on a project to which we have devoted significant resources or if a project in which we have invested significant resources is delayed, cancelled or does not proceed to completion, it could have a material adverse effect on our operating results.

**28 We have several wholly owned subsidiaries abroad that utilize our services to provide solutions to their end clients and vice versa. These transactions between the subsidiaries are subject to transfer pricing regulations. Changes in these regulations can result in higher taxes and adversely impact our earnings.**

We share a significant portion of our assets between our subsidiaries including the facilities at our campus and our intellectual property assets developed jointly by our various wholly owned subsidiaries. The transactions between these entities are governed, at arm's length, by a transfer pricing agreement that treats each entity at par with an external entity. While we make best efforts to ensure compliance in these laws / regulations, any challenges to these agreements by tax authorities could have a materially adverse impact on our past as well as future financial performance. Any changes to these agreements due to changes in regulations, in each such jurisdiction, could have a materially adverse impact on our taxes and hence our profitability.

**29 Our funding requirements and the deployment of the proceeds of the Issue are based on management estimates and have not been independently appraised.**

Our funding requirements and the deployment of the proceeds of the Issue are based on management estimates and have not been appraised by any bank or financial institution. Further, such estimates are based on market conditions and management expectations as of the date they were made. In view of the highly competitive nature of the industry in which we operate, we may have to revise our management estimates from time to time and consequently our funding requirements may also change. Significant revisions to our funding requirements or the deployment of Issue proceeds may result in the rescheduling of our project expenditure programs and an increase or decrease in our proposed expenditure for a particular project.

**30 We have not entered into any definitive agreements to utilize the proceeds of the Issue.**



We intend to use the net proceeds of the Issue for capital expenditure, acquisitions, pre payment of debt and general corporate purposes.

Of the net proceeds of the Issue, we propose to use Rs.350 Mn for acquisitions. We have not finalized any target acquisitions as of date. However, we are in the process of evaluating targets and investment options in such regard. Pending use of the funds for these purposes, we intend to invest the funds in high quality, interest/dividend bearing liquid instruments, including deposits with banks.

We have estimated capital expenditures for expansion and infrastructure development to the extent of Rs.239.68 Mn in our objects of the issue. However, we have not placed any orders for the same as on the date of filing this DRHP. This estimate is based on the quotations obtained. With increase in costs, our actual capital expenditures may exceed our estimates and may cause us an additional burden on our finance plans. For further details please refer section titled "Objects of the Issue" on page [●] of this DRHP.

**31 *We have a number of contingent liabilities, and our profitability could be adversely affected if any of these contingent liabilities materializes.***

Our contingent liability of Rs.133.37 Mn as of December 31, 2007 includes performance bank guarantees to customers for Rs.13.37 Mn and Rs.120.0 Mn in corporate guarantee on behalf of the subsidiary. In the event of invocation of some or all of the bank guarantees, given by us, may affect our financial position, which may in turn impact our business. Further, if any other contingent liabilities materializes, our results of operations and financial condition may be adversely affected.

For more details of our contingent liabilities for the fiscals ended March 31, 2003, 2004, 2005, 2006, 2007 and nine months period ended December 31, 2007, refer to the section titled "Financial Statements" beginning on page [●] of this DRHP.

**32 *We may be subject to restrictive covenants under working capital facilities provided to us by our lender(s).***

We have availed certain working capital facilities from our bankers. As per the agreements executed with the banker, there are certain restrictions imposed on us. As per these restrictions; neither sale of any kind nor mortgage, charge, lien or encumbrance, other than the existing charges shall be made or allowed to be made over the currency of the facility without the banker's prior written consent during the currency of the said working capital facility. Our Bankers HSBC has given consent for this issue.

**33 *Our revenues and expenses vary significantly from period to period, which could cause our share price to decline.***

Our revenues may vary significantly in the future. Therefore, we believe that period-to-period comparisons of our results of operations may not be necessarily meaningful and may not be relied upon as an indication of our future performance. It is possible that in the future some of our results of operations may be below the expectations of market analysts and our investors, which could cause the share price of our Equity Shares to decline significantly.

Some of the factors which may affect the fluctuation of our operating results include:

- the size, timing and profitability of our significant projects;
- business mix
- the ability to modify and enhance our suite of offerings based on customer needs and evolving technologies;
- changes in our pricing policies or those of our competitors;

- the effect of wage pressures, seasonal hiring patterns and the time required to train and productively utilize new employees;
- unanticipated cancellations, contract terminations or deferrals of projects; and
- unanticipated variations in the duration, size and scope of our projects.

In addition, a significant portion of our revenues is dependent upon the timely completion of various project milestones; any delay may cause cost overruns and adversely affect our working capital.

### ***Risks related to our company***

#### ***34 Our registered office and certain other premises from which we operate are not owned by us.***

Apart from our campus at Whitefield, Bangalore, our company currently operates out of several leased premises at locations across Delhi (Registered Office), Bangalore and Hyderabad. Further all the offices of our subsidiaries in USA, UK, China, Malaysia, Singapore and Chennai are on lease properties. We currently abide by terms of the lease agreement at all these locations. The lease agreements for facilities are renewable on mutual consent upon payment of such rates as stated in these agreements. If any of the owners of these premises do not renew the agreements under which we occupy the premises or renew such agreements on terms and conditions that are unfavorable to us, we may suffer a disruption in our operations which could have an adverse effect on our business, financial condition and results of operations. Since our company does not own the premises that it operates out of in these cities, we run the risk of eviction in the case of dispute or any other issues which we are not aware of.

#### ***35 Certain premises being used by the Company for the purpose of its business are taken on lease from our Promoter and Director.***

The premises which we use as transit house in Bangalore are taken on lease from Mr. Sanjay Govil (Promoter) and Mr. Upinder Zutshi (Managing Director). Our Promoter and Managing Director are thus further interested in our company to the extent of monthly compensation rent payable to them. For further details please refer to section titled "Interest of Promoters / Directors" on page [●] of this DRHP.

#### ***36 Our restated financial statements contain auditor's qualifications for certain years.***

In the opinion of the statutory auditors for the year FY 2005-06, we were generally regular with depositing undisputed statutory dues except for delays in respect of professional tax, wealth tax, fringe benefit tax, tax deducted at source and service tax. There were arrears of tax deducted at source aggregating to Rs.2.27 lakhs and Rs.3.4 lakhs for sales tax, wealth tax & professional tax as of March 31<sup>st</sup>, 2006 which was due for more than six months from the date they became payable. Further arrears of fringe benefit tax aggregating Rs.18.5 lakhs as on March 31<sup>st</sup> 2006 were not deposited. However the company has deposited all the dues subsequent to March 31<sup>st</sup> 2006.

The Board of Directors of the company approved an Employee Stock Purchase Scheme whereby equity shares representing up to 4.5 % of the outstanding equity share capital of the Company as on March 31, 2006 would be reserved for issuance to eligible employees of the company. The equity shares of the company were offered to employees as decided by the compensation committee constituted for the purpose at a price of Rs.15 each [ie. at a premium of Rs. 5/- each]. The Company has not debited the Employee Compensation cost to the Profit & Loss Account as required in accordance with guidance note 18 issued by Institute of Chartered Accountant of India.



The qualifications, including certain other qualifications under the Companies (Auditor's Report) Order, appear in the notes to the restated financial statements included in this Draft Red Herring Prospectus. For details, see the section titled "Financial Statements" beginning on page [●].

**37 The registration of our logo is pending. We have limited protection of our trademark.**

Our Corporate logo "Infinite Computer Solutions (India) Limited" is not registered and we do not enjoy the statutory protections accorded to a registered trademark and are subject to the various risks arising out of the same, including but not limited to infringement or passing off our name and logo by a third party.

We are in the process of filing the application for registration of our logo and corporate name under Trademarks Act, with competent authority.

**Risks relating to our Shareholders and Equity Shares**

**38 We have entered into a Stock Purchase Agreement, Investor's Rights Agreement and Co-sale agreement with strategic investor-WhiteRock Investment (Mauritius)Ltd., which contains certain restrictive covenants that may restrict our ability to raise funds.**

Our ability to raise funds may be restricted if we are not able to obtain suitable consents from the strategic investor in the manner required by us or at all. However, we have received consent from WhiteRock for this Issue. For details on these agreement(s), please see the chapter titled "History and Certain Corporate Matters" beginning on page [●] of this DRHP.

**39 The Offer for Sale proceeds will not be available to us.**

This issue includes an offer for sale of 57,69,400 equity shares aggregating to Rs. [●] by WhiteRock Investments (Mauritius) Ltd., Mr. Sanjay Govil and Mr. Vaibhav Bhatnagar existing shareholder of the Company. Therefore the proceeds to the offer for sale shall be remitted to the selling shareholders and we will not benefit from such proceeds.

**40 Our promoter group companies have objects conflicting with our business**

Our promoter group companies viz. M. C. Data Systems Pvt. Ltd., N. C. Data Systems Pvt. Ltd., IT Thinkers LLC and International Computer Solutions USA., which have objects similar to our company and are of conflicting nature. However, we have entered into Non-Compete Agreements with all these entities whereby they have agreed not to execute any of the services offered by us. For details on these Non-Compete Agreements, please see the chapter titled "History and Certain Corporate Matters" beginning on page [●] of this DRHP.

**41 Some of our promoter group companies and subsidiaries have incurred losses during recent fiscal years.**

Following Promoter Group entities and subsidiaries have incurred losses in recent fiscal years, details of which are provided on page [\*] of this DRHP.

Sr. No.	Name of the Company
1	M. C. Data Systems Pvt. Ltd.
2	N. C. Data Systems Pvt. Ltd.
3	Mumal Mining Pvt. Ltd.
4	Gagan Resources Pvt. Ltd
5	IT Thinkers LLC (in USD)



6	Infinite Computer Solutions (Shanghai) Co. Ltd.
7	Infinite Computer Solutions Ltd. - UK

**42 We have in the past entered into related party transactions and may continue to do so in the future.**

We have entered into transactions with our promoters, certain subsidiaries and affiliates. While we believe that all such transactions have been conducted on an arm's length basis, there can be no assurance that we could not have achieved more favorable terms had such transactions not been entered into with related parties. Furthermore, it is likely that we may enter into related party transactions in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operations.

For further details, see the section titled "Financial Information" beginning on page [●] of this DHRP.

**43 In the past 12 months, we have issued Equity Shares, which may be at a price less than the lower end of the price band for the Equity Shares being offered in the Issue.**

We have, in the past 12 months issued shares to our employees under our ESPS 2006 at various prices which could be lower than the issue price. For further details regarding such issuance of equity shares, refer to the section titled "Capital structure" on page [●] of this DHRP.

**44 We shall continue to be controlled by our Promoters and other principal shareholders following this Issue and our other shareholders may not be able to affect the outcome of shareholder voting. As our controlling shareholders, the promoter group has the ability to exert significant influence over us, and their interests may conflict with those of other holders of the Equity Shares.**

After the completion of the Issue, our Promoters and their relatives/group companies will collectively hold approximately 63.1% of the fully diluted post Issue equity capital. Consequently, our Promoters, their relatives/group companies and other principal shareholders, if acting jointly, may exercise substantial control over us and *inter alia* may have the power to elect and remove a majority of our Directors and/or determine the outcome of proposals for corporate action requiring approval of our Board of Directors or shareholders, such as lending and investment policies, revenue budgets, capital expenditure, dividend policy and strategic acquisitions/joint ventures. This controlling stake will allow them to exert significant influence over certain actions requiring shareholder approval, including, but not limited to, matters relating to any sale of all or substantially all of our assets, the increase of decrease of our authorized share capital, the declaration of dividends, the appointment of management and other policy decisions. The interest of our promoters may conflict with the investors' interests as shareholders.

**45 No prior performance indicator**

This is an initial public offering of our equity shares and, thus, there is no other performance indicator besides our financial performance. We may not be able to assure similar performance on stock exchanges where we propose to list our equity shares.

**46 Our Company is promoted by first generation entrepreneurs.**

The promoters of our Company are first generation entrepreneurs and in spite of having a professional management team, our business may suffer due to various challenges and competition.

**47 Any future equity offerings or issue of options under future employee stock option scheme may lead to dilution of investor's shareholding in our company.**





Purchasers of Equity Shares in this Issue may experience dilution of their shareholding to the extent we make future equity offerings and to the extent we decide to grant options to be issued under an employee stock option scheme. We do not have any ESOP scheme currently.

**48 *Our ability to pay dividends in the future will depend upon future earnings, financial condition, cash flows, working capital requirements and capital expenditures.***

The amount of our future dividend payments, if any, will depend upon our future earnings, financial condition, cash flows, working capital requirements and capital expenditures. There can be no assurance that we will be able to pay dividends.

**49 *Post issue, the trading in equity shares could be unpredictable and active trading market might not develop for them.***

The price of our equity share, post listing on Indian stock exchanges, could vary substantially as the future course of it is driven by multitude of factors including forces that impact global securities market, India's economic policy, our future financial performance, the Indian IT industry, rupee movement, media reports on infinite, recommendations by financial intermediaries, etc.

As historically there has been no public market for our equity shares, we are not sure how the market would develop for our shares post listing and subsequent stock price movements going forward.

## **EXTERNAL RISK FACTORS**

**1. *Tightening immigration policies across the western world especially in the United States during the election year and Europe's preference for EU origin workforce could hamper our future efforts to grow in these key markets.***

A significant portion of our revenue is generated out of the United States and we expect our future growth efforts to focus on Europe. As majority of our work, for our clients, need our employees and consultants to be located at client place or to engage in outsourcing work to India, we believe these could pose challenges in execution of our growth plans.

Outsourcing is a politically sensitive topic in the US & Europe and hence often perceived as loss of jobs for the locals. Prevailing laws in these countries could change to create restrictions on free travel of required workforce or transfer of work to outsourcing locations, thereby limiting our ability to effectively compete in the marketplace. There have been instances in the past where the clients have dropped or slowed down on proposals for outsourcing due to political and other pressures. These restrictive practices could leave us to face significant liabilities or we could lose revenues, both of which would have a materially adverse effect on our results of operations.

In addition, Immigration laws and restriction on H1B is a constant happening in the United States and other countries. It is difficult to predict the political and economic events that could affect immigration laws, or the restrictive impact they could have on obtaining or monitoring work visas for our software professionals. Since Infinite does onsite work and we have a reliance on work visas for software professionals, we have a high degree of risks to successfully execute projects for the lack of staffing when laws restricting immigrations laws and restrictive quotas for foreign workers are enacted. The resulting laws may not allow us to obtain a sufficient number of visas for our software professionals or may encounter delays or additional costs in obtaining or maintaining the condition of such visas. Any inability to obtain such visas in the future could have an impact on our business, financial condition and results of operations.

**2. *Rising wages in India could have a negative effect on our results of operations.***

In India, the wage costs have historically been lower than wage costs in the countries we do business in including the United States and Europe. This is generally true for all skill sets. This is one of the reasons we are doing work in India and a competitive advantage. However the wages in India are on the rise and such increases may negatively affect the Company's profit margins. As a percentage, the salary in India are increasing at a faster rate than in the United States and other countries which results in increased costs for our software engineers. To keep these professionals and remain competitive in the marketplace, we will have to give increased wage hikes and incentives to our professionals. This may result in a material adverse effect on the Company's business including our margins to decrease, which would have a material adverse effect on our results of operations.

### **3. Reduction or withdrawal of tax incentives will increase our tax liability and reduce our profitability.**

Currently, we benefit from certain tax incentives under Section 10A of the Income Tax Act for the IT services that we provide from specially designated "Software Technology Parks," or STPs. As a result of these incentives, our operations in India have been subject to relatively low tax liabilities. We incurred minimal income tax expense in fiscal 2007 as a result of the tax holiday, compared to the tax expense that we would have incurred if the tax holiday had not been available for that period. Under current laws, the tax incentives available to these units terminate on the earlier of the ten year anniversary of the commencement of operations of the unit or March 31, 2010. We intend to set up units in SEZs, which under current tax laws would also provide us with tax benefits. We cannot assure you that the Indian government will not enact laws in the future that would adversely impact our tax incentives and consequently, our tax liabilities and profits. When our tax incentives expire or terminate, our tax expense will materially increase, reducing our profitability.

Besides the above, there are certain taxes and other levies imposed by the Government of India and/or the appropriate State governments in which we do business that may affect the software industry include but not restricted to: customs duties; excise duty; central and state sales tax and other levies; income tax; value added tax; entry tax; turnover tax; service tax; and other new or special taxes and surcharges introduced on a permanent or temporary basis from time to time.

We currently take advantage of various income tax exemptions and deductions, which are applicable to companies engaged in export activities, some of which are only for a specified duration. The loss or unavailability of these benefits would increase our income tax obligations and have a materially adverse effect on financial results. Furthermore, any increased taxes of any form which we cannot predict will also result in impacts on the financial results

### **4. Change in labour laws could adversely impact our profitability in future**

The IT industry has been, to some extent, spared from stringent Indian labour laws. The legislations in India are in favor of protecting the interests of workers related to dispute resolution and employee removal with significant financial repercussions on the employer in case of retrenchment. At the moment, our employees are not part of any union but we cannot assure that it will remain the same in future too. The regulations might change in future thereby making our ability to flexibly manage employee strength, based on business needs, more difficult. This could make managing short term profitability much more challenging. As a significant number of our employees work abroad including at onsite client locations, the local regulations of those places apply to them too. We cannot assure any adverse changes in these labour legislations will not adversely impact our business going forward

### **5. Risk of Force Majeure, Political and Economic risks involving India**

Certain events that are beyond our control such as earthquake, fire, floods and similar natural calamities may cause interruption in the services provided by us. A significant number of our

facilities are located in India and most of our officers are residents in India. Our operations and financial results and the market price and liquidity of our equity shares may be affected by changes in Indian Government policy or taxation or social, ethnic, political, economic or other adverse developments in or affecting India.

**6. Regional or International hostilities, terrorist attack or other acts of violence of war could have a adverse impact on international or Indian financial markets or economic conditions or on Government Policy. Such incidents could also create a greater perception that investment in Indian Companies involves a higher degree of risk and could have an adverse impact on our business and on the market price of our company's equity shares.**

**7. Valuations in the information technology industry may not be sustained in future and current valuations may not be reflective of future valuations for the industry.**

We are engaged in providing services and products in the telecom, media, information technology and related industries. The valuations in these industries have been varying substantially in the recent past and hence current valuation may not be reflective of future valuations. There is no standard valuation methodology or accounting practices in these industries. The financials of the issuer are not strictly comparable with the players in the industry. These valuations in the industry may not be sustained in future and current valuations may not be reflective of future valuations for the industry

**8 An active market for the Equity shares may not develop which may cause the price of the equity shares to fall and may limit investor's ability to sell the Equity Shares.**

The Equity Shares are new issues of securities for which there is currently no trading market. Applications have been made to the BSE and NSE for the Equity Shares to be admitted to trading on the BSE and NSE. No assurance can be given that an active trading market for the equity shares will develop or as to the liquidity or sustainability of any such market, the ability of the holders of the Equity Shares to sell their Equity Shares or the price at which share holders will be able to sell their Equity Shares if an active market for the Equity Shares fail to develop or be sustain, the Trading price of the Equity Shares could fall. If an active trading market were to develop, the Equity Shares could trade at price that could be lower than the original Equity price of the issue.

**9 The market value of the Equity Shares may fluctuate due to the volatility of the securities markets.**

The securities markets are volatile and stock exchanges have in the past, experienced substantial fluctuations in the prices of listed securities. The stock exchanges have experienced problems, which, if these were to continue or recur, could affect the market price and liquidity of the securities of Indian Companies, including the Equity Shares. The governing bodies of the various Indian stock exchanges have from time to time imposed restrictions on trading in certain securities, limitations on price movements and margin requirements. Furthermore, time to time disputes have occurred between listed companies and stock exchanges and other regulatory bodies, which in some cases may have had a negative effect on the market sentiment.

#### **NOTES TO RISK FACTORS:**

1. Public Issue of 11,503,000 Equity Shares of Rs.10/- for cash at a price of Rs.[•] per Equity Share including a Share Premium of Rs.[•] per Equity Share aggregating Rs.[•] Mn. The Issue comprises a Fresh Issue of 5,733,600 Equity Shares by our Company and an Offer for Sale of 5,769,400 Equity shares by the Selling Shareholders. In absence of Employee Reservation Portion, the entire issue is offered to the public. The Issue would constitute 26.17% of the post issue paid-up capital of the Company.

2. Under subscription, if any, in any category would be met with spill-over from other categories or a combination of categories. Investors may note that in case of over-subscription in the Issue, allotment to QIB Bidders, Non-Institutional Bidders and Retail Bidders shall be on a proportionate basis.
3. The Average Cost of Acquisition of our Equity Shares by our Promoter, Mr. Sanjay Govil Rs. 0.13 per Equity Share, respectively. For more information, see the section titled “Capital Structure” beginning on page [●]. The average cost of acquisition of Equity Shares by our Promoters has been calculated by taking the average of the amounts paid by them to acquire the Equity Shares currently held by them.
4. The Net Worth of our Company, on a consolidated basis, is Rs.1,034.34 million, as at December 31, 2007, as per the restated consolidated financial statements of our Company under Indian GAAP in the section titled “ Financial Statements” beginning on page [●] of this DRHP.
5. The Net Asset Value/ Book Value per Equity Share was Rs.27.19 as at December 31, 2007 as per the restated consolidated financial statements of our Company under Indian GAAP in the section titled “Financial Statements” beginning on page [●] of this DRHP.
6. The Paid up capital of our company was increased after Dec 31<sup>ST</sup> 2007 (after the last audited accounts) as a result of allotment to employees under ESPS 2006. For further details, see the chapter titled “Capital Structure” beginning on page [●] of this DHRP.
7. No part of the issue proceeds will be paid as consideration to our Promoters, our Directors, our key managerial employees or our promoter group companies or ventures except the proceeds of Offer for Sale by our promoter Mr Sanjay Govil and as mentioned in section “Interest of Promoters / Directors” on page [●] of this DRHP or in normal course of business.
8. For details on related party transactions, please refer to the section titled “Related Party Disclosures” beginning on page no. [●] of this Draft Red Herring Prospectus.
9. For details of transactions in the securities of the Company by our Promoters in the last six months, refer to the section titled “Capital Structure” beginning on page [●] of this DRHP.
10. Other than as stated in the section titled “Capital Structure” on page [●] of this DRHP, our Company has not issued any Equity Shares for consideration other than cash.
11. The Investors are advised to refer to the paragraph on “Basis for Issue Price” on page no. [●] of this Draft Red Herring Prospectus before making any investment in this Issue and “Basis of Allotment” on page no. [●] of this Draft Red Herring Prospectus.
12. Trading in the Equity Shares of our Company for all investors shall be in dematerialised form only, after the Equity Shares are fully paid-up. For further details, see the section titled “Issue Procedure” beginning on page [●] of this DRHP.
13. Our Company and the BRLMs will update the offer document in accordance with the Companies Act and the SEBI DIP Guidelines and our company and the BRLMs will keep the public informed of any material changes relating to our company till the listing of our shares on the Stock Exchanges. No selective or additional information would be made available to a section of investors in any manner whatsoever.
14. Any clarification or information relating to the Issue shall be made available by the BRLMs and Compliance Officer of our Company to the investors at large and no selective or additional information would be available for a section of investors in any manner whatsoever. Investors may contact the BRLMs and Compliance Officer for any complaints pertaining to the Issue.



15. The name of our Company was changed from “Infinite Computer Solutions (India) Private Limited” to “Infinite Computer Solutions (India) Limited” on February 14, 2008. The name of the Company was changed pursuant to the conversion of our Company from private to public limited company.



## SECTION III – INTRODUCTION

### SUMMARY OF OUR BUSINESS, STRENGTHS AND STRATEGIES

This is only a summary and does not contain all the information that you should consider before investing in our Equity Shares. You should read the following summary with the risk factors beginning on page [•] of this Draft Red Herring Prospectus and the more detailed information about Infinite Computer Solutions (India) Limited and the financial statements included in this Draft Red Herring Prospectus.

#### OVERVIEW

We are a global service provider of Infrastructure Management, Intellectual Property (IP) leveraged solutions and IT services, focused on the Telecom, Media, Technology, Manufacturing, and Healthcare industries. Our services span from Application Management Outsourcing, packaged application services, Independent Validation & Verification, product development & support, to higher value-added offerings, including, managed platform and product engineering services. Our telecommunication-specific services and solutions to telecom Original Equipment Manufacturers (OEMs) and Independent software vendors (ISVs) include product engineering and lifecycle management services relating to telecom equipment used in areas such as transmission, switching, access and Operational Support Systems (OSS), in both legacy and next generation networks (NGNs). Our solutions for Telecom Service Providers range from consulting on business and operating processes to the development of their BSS and OSS systems, as well as, the integration of those systems with the underlying network technologies.

With our experience in executing several large mission-critical IT and Infrastructure projects for our clients in the telecom domain, and our acquisition in 2007 of a telecom-focused company, Comnet International Co, USA; we are now one of the leading providers of telecom-specific offerings to service providers, OEMs and ISVs in the Telecom vertical, globally. For fiscal year 2006-07, the telecom vertical contributed to 40.9% of our total revenues. For the nine month period ending December 31<sup>st</sup> this fiscal, the corresponding proportion is 50.3 %.

We were successfully assessed for CMMi L5 in April, 2004. We have initiated to upgrade to the next version of CMMi L5 in Q1 2008-2009 in keeping with the journey of continuous improvement and continued focus on quality to deliver enhanced value to our customers. We are a Software Technology Parks of India (STPI) registered entity and provide technology services to client specific requirements. These services are performed onsite / onshore and off-shore through our various offices and 100% subsidiaries spread over several countries across 4 continents. Our integrated network of delivery facilities across India and the US is complemented by onsite, offsite and near-shore capabilities in major international markets. We have 12 offices across the globe, including offices in multiple locations in the US, UK, India, China, Malaysia and Singapore. Our world-class development environment of over 145,000 sq. ft. effectively meets the needs of our global customers. We currently have three delivery centers in India – our company-owned facility in Bangalore, and leased facilities in Hyderabad and Chennai.

Our current clientele includes leading names such as Verizon communication, IBM, ACS and AOL (America online) amongst others.

We have achieved sustained growth in revenues in recent years. Our consolidated revenues grew from Rs.1,934 million in Fiscal 2002-03 to Rs.3,489 million in Fiscal 2006-07. For the nine month period ending Dec 31<sup>st</sup> for the fiscal 2007-08, our revenues are Rs.2,463 million with PAT of Rs.101.3 million. Our top five customers accounted for approximately 78% of our total revenues for the 9 month period ending Dec. 31<sup>st</sup> 2007.



## **Our Competitive Strengths**

We believe that the key competitive strengths which enable us to differentiate ourselves from some of our competitors are the following:

- *Optimum sized company with proven track record*
- *Focus on the telecommunication industry*
- *Domain knowledge*
- *Long term marquee client relationships*
- *Differentiated Business Model*
- *Global delivery model with excellent infrastructure*
- *Commitment to quality and process execution*
- *Experienced Executive Management team*

## **Our Business Strategy**

The key elements of our business strategy include:

- Telecom Industry Focus
- Business Model Based on Multiple Revenue Streams
- Business growth leveraging existing global clients
- Increased Focus on European Markets; harnessing global client-base
- Strengthening and harmonization of core capabilities through acquisitions
- Continuing to attract, build and develop employee excellence

## **Geographies**

We have a global presence and have been increasing our geographical footprint in an aggressive manner. We have established our presence in most of the large Telecom & IT Services markets of the world with offices in the U.S. in multiple locations, as well as in the U.K., India, Singapore, Malaysia and China. We have also been growing our development centers in India as well as abroad. We currently have three development centers in India - in Bangalore, Chennai & Hyderabad. Our main campus in India is housed in Whitefield, Bangalore in an area of approx. 4.48 acres. We have also been allocated 4.85 acres of land in the Special Economic Zone (SEZ) in Hyderabad and plan to build an alternative campus there.

## **INDUSTRY OVERVIEW**

For details refer to "Industry Overview" chapter beginning on page [●].

## SUMMARY OF FINANCIAL STATEMENTS

The following summary of financial and operating information is derived from the financial statements of the Company as of and for the years ended March 31, 2003, 2004, 2005, 2006, 2007 and for the nine months period ended December 31, 2007 as described in the Auditors Report of M/s Amit Ray & Co, Chartered Accountants dated [•] in the section titled “Financial Statements”. These financial statements are prepared in accordance with Indian GAAP, Companies Act and SEBI guidelines.

You should read this financial data in conjunction with our financial statements including the Notes thereto and the Reports thereon, which appears on page [•] under the paragraph on “Auditors’ Report” in this Draft Red Herring Prospectus and “Management’s Discussion and Analysis of Financial Condition and Results of Operations as Reflected in the Restated Financial Statements” on page [•] of this Draft Red Herring Prospectus.

### Annexure I

#### CONSOLIDATED SUMMARY STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

*(In Rupees Millions)*

PARTICULARS	For the Financial Year as on					
	31.12.07	31.03.07	31.03.06	31.03.05	31.03.04	31.03.03
<b>A. FIXED ASSETS:</b>						
Gross Block	524.58	444.07	430.05	359.35	90.10	38.37
Less: Depreciation	161.55	96.05	66.30	34.36	19.58	12.57
<b>Net Block</b>	<b>363.03</b>	<b>348.02</b>	<b>363.75</b>	<b>324.99</b>	<b>70.52</b>	<b>25.80</b>
Capital Advances	34.88	33.02	22.90	3.29	3.11	20.86
Capital Work in Progress	25.18	28.04	0.75	0.05	12.57	-
Software development under Progress	42.82	-	-	-	-	-
	<b>465.91</b>	<b>409.08</b>	<b>387.40</b>	<b>328.33</b>	<b>86.20</b>	<b>46.66</b>
<b>B. INVESTMENTS</b>	-	-	-	<b>120.46</b>	<b>138.24</b>	<b>131.32</b>
<b>C. GOODWILL</b>	<b>383.13</b>	<b>3.47</b>	<b>3.47</b>	-	-	-
<b>D. CURRENT ASSETS, LOANS AND ADVANCES</b>						
Sundry Debtors	901.55	1,219.02	1,246.95	500.90	459.08	574.58
Cash and Bank Balances	315.35	193.46	64.96	229.24	154.42	71.59
Other Current Assets	192.28	121.91	137.46	150.21	70.67	26.00
Loans and Advances	413.61	172.52	167.05	164.35	117.49	(27.31)
<b>Total</b>	<b>1,822.79</b>	<b>1,706.91</b>	<b>1,616.42</b>	<b>1,044.70</b>	<b>801.66</b>	<b>644.86</b>
<b>E. LIABILITIES &amp; PROVISIONS</b>						
Secured Loans	162.11	67.00	-	-	-	0.07
Unsecured Loans	138.13	0.04	0.57	-	0.05	0.05
Deferred Tax Liability / (Asset)	(44.65)	(36.85)	(33.17)	(36.51)	(7.20)	(5.75)
Minority Interest	0.81	0.68	1.28	-	-	-
Current Liabilities	1,377.88	1,129.54	1,197.16	686.44	423.79	415.01
Provisions	3.25	5.97	1.88	6.37	4.27	20.33
<b>Total</b>	<b>1,637.53</b>	<b>1,166.38</b>	<b>1,167.72</b>	<b>656.30</b>	<b>420.91</b>	<b>429.71</b>
<b>F. Preliminary Expenses (not written off)</b>	0.04	0.06	0.15	0.13	0.16	0.19



<b>NET WORTH (A+B+C+D-E+F)</b>	<b>1,034.34</b>	<b>953.14</b>	<b>839.72</b>	<b>837.32</b>	<b>605.35</b>	<b>393.32</b>
<b>REPRESENTED BY</b>						
<b>G. SHARE CAPITAL</b>						
Equity Share Capital	380.38	379.56	369.89	3.97	4.34	4.34
Preference Share Capital	-	-	-	0.43	-	-
Share Appln. Money pending allotment	2.72	0.77	-	-	0.20	-
<b>Total</b>	<b>383.10</b>	<b>380.33</b>	<b>369.89</b>	<b>4.40</b>	<b>4.54</b>	<b>4.34</b>
<b>H. RESERVES AND SURPLUS</b>						
Profit and Loss Account	642.79	550.63	451.38	554.51	585.01	382.86
Share Premium Account	5.53	5.12	0.29	262.26		
General Reserve	35.62	29.13	29.13	29.13	29.13	11.12
Forex Translation Reserve	(35.23)	(13.51)	(12.22)	(13.60)	(13.33)	(5.00)
Investment Subsidy	0.39	0.39	0.20	-	-	-
Capital Redemption Reserve	2.14	1.05	1.05	0.62	-	-
<b>Total</b>	<b>651.24</b>	<b>572.81</b>	<b>469.83</b>	<b>832.92</b>	<b>600.81</b>	<b>388.98</b>
<b>NET WORTH (G+H)</b>	<b>1,034.34</b>	<b>953.14</b>	<b>839.72</b>	<b>837.32</b>	<b>605.35</b>	<b>393.32</b>

**Annexure II**
**CONSOLIDATED SUMMARY STATEMENT OF PROFIT & LOSS ACCOUNT, AS RESTATED**
*(In Rupees Millions)*

PARTICULARS	For the Financial Year / Period ended on					
	31.12.07	31.03.07	31.03.06	31.03.05	31.03.04	31.03.03
<b>A. INCOME</b>						
Income from Operations	2,447.07	3,477.37	3,405.44	3,018.28	2,405.97	1,937.49
Other Income	16.30	11.95	17.74	17.35	18.37	(3.36)
<b>Total</b>	<b>2,463.37</b>	<b>3,489.32</b>	<b>3,423.18</b>	<b>3,035.63</b>	<b>2,424.34</b>	<b>1,934.13</b>
<b>B. EXPENDITURE</b>						
Employee Costs	1,454.93	2,097.68	1,864.14	1,452.60	914.79	755.88
Administration, Selling and Other Expenses	835.73	1,228.84	1,512.29	1,494.63	1,160.83	937.39
<b>Total</b>	<b>2,290.66</b>	<b>3,326.52</b>	<b>3,376.43</b>	<b>2,947.23</b>	<b>2,075.62</b>	<b>1,693.27</b>
<b>Profits Before Depreciation, Interest &amp; Tax (A-B)</b>	<b>172.71</b>	<b>162.80</b>	<b>46.75</b>	<b>88.40</b>	<b>348.72</b>	<b>240.86</b>
Interest & Financial Charges	20.35	4.93	1.10	0.31	0.58	0.94
<b>Profits Before Depreciation &amp; Tax</b>	<b>152.36</b>	<b>157.87</b>	<b>45.65</b>	<b>88.09</b>	<b>348.14</b>	<b>239.92</b>
Depreciation	24.64	31.88	31.43	14.87	7.03	4.63
<b>Profits Before Tax</b>	<b>127.72</b>	<b>125.99</b>	<b>14.22</b>	<b>73.22</b>	<b>341.11</b>	<b>235.29</b>
<b>Less:</b>						
Current Year's Tax	30.88	24.40	11.01	37.27	65.31	56.70
Wealth Tax	-	0.16	-	-	-	-
Deferred Tax Liability / (Asset)	(7.79)	(3.68)	3.25	(29.31)	(1.44)	(3.81)
Fringe Benefit Tax	3.29	4.27	4.89	-	-	-
<b>Profits After Tax</b>	<b>101.34</b>	<b>101.00</b>	<b>(4.93)</b>	<b>65.26</b>	<b>277.24</b>	<b>182.40</b>
<b>Less:</b>						
Profit Transfer to Capital	-	-	0.43	0.62	-	-
Redemption Reserve	-	-	-	-	-	-
Profit Transfer to Gen. Reserve	-	-	-	-	18.01	11.12
Proposed Dividend	-	1.13	-	-	-	15.18
Interim Dividend	-	-	-	-	52.03	-
Tax on Dividend	-	-	-	-	6.67	1.94
<b>Balance Carried to Balance Sheet</b>	<b>101.34</b>	<b>99.87</b>	<b>(5.36)</b>	<b>64.64</b>	<b>200.53</b>	<b>154.16</b>



## GENERAL INFORMATION

Our Company was originally incorporated as Infinite Computer Solutions ((India) Private Limited on 6<sup>th</sup> September, 1999 under the Companies Act, 1956 at Mumbai. Subsequently our Company was converted into a public limited company and received fresh Certificate of Incorporation dated February 14, 2008 in the name of Infinite Computer Solutions (India) Limited from the Registrar of Companies, Delhi and Haryana.

<b>Registered Office</b>	<b>Corporate Office</b>
Infinite Computer Solutions (India) Limited 201, Mohta Building, 4, Bhikaji Cama Place, New Delhi – 110 066. Tel: +91-11-4293 0000 Fax: +91-11-4293 0001 Email : <a href="mailto:ipo@infics.com">ipo@infics.com</a> Website : <a href="http://www.infinite.com">www.infinite.com</a>	Infinite Computer Solutions (India) Limited Plot no. 157, EPIP Zone, 2 <sup>nd</sup> Phase, Whitefield, Bangalore – 560 066. Tel: +91-80-4193 0000 Fax: +91-80-4193 0009 Email : <a href="mailto:ipo@infics.com">ipo@infics.com</a> Website : <a href="http://www.infinite.com">www.infinite.com</a>

Corporate Identification Number (CIN): U72200MH1999PTC121607

### Registrar of Companies

Registrar of Companies, NCT of Delhi & Haryana,  
Paryavaran Bhavan, CGO Complex, New Delhi

### Board of Directors of the Company

<b>Sr. No.</b>	<b>Name</b>	<b>Designation</b>	<b>Status</b>
1	Mr. Sanjay Govil	Director	Non-Executive / Non-Independent
2	Mr. Upinder Zutshi	Managing Director	Executive
3	Mr. Navin Chandra	Director	Executive
4	Mr. Neeraj Tewari	Director	Non-Executive / Non-Independent
5	Mr. Sikander Mohan Dewan	Director	Non-Executive / Independent
6	Mr. Ravindra R Turaga	Additional Director	Non-Executive / Independent
7	Mr. N. K. Agrawal	Additional Director	Non-Executive / Independent
8	Mr. Ajai Agrawal	Additional Director	Non-Executive / Independent

**For brief profile of the Chairman, Managing Director and Whole-time Directors, please refer page [•]**

### Company Secretary

Mr. Rajat Kalra  
Company Secretary  
Infinite Computer Solutions (India) Ltd.  
Plot no. 157, EPIP Zone,  
2<sup>nd</sup> Phase, Whitefield,  
Bangalore – 560 066.  
Tel: +91-80-4193 0000,  
Fax: +91-80-4193 0009  
Email: [rajatk@infics.com](mailto:rajatk@infics.com)

### Compliance Officer

Mr. Sanjeev Gulati  
Sr. Vice President  
Infinite Computer Solutions (India) Ltd.  
Plot no. 157, EPIP Zone,



2<sup>nd</sup> Phase, Whitefield,  
Bangalore – 560 066.  
Tel: +91-80-4193 0000,  
Fax: +91-80-4193 0009  
Email: [sanjeevg@infics.com](mailto:sanjeevg@infics.com)

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

#### **BOOK RUNNING LEAD MANAGERS**

##### **SPA Merchant Bankers Limited**

101-A, 10<sup>th</sup> Floor, Mittal Court,  
Nariman Point, Mumbai 400 021.  
Tel. +91-22-2280 1240 - 49  
Fax +91-22-2284 6318  
Email : [infiniteipo@spacapital.com](mailto:infiniteipo@spacapital.com)  
Contact Person : Mr. Ashwin M. Patel

##### **India Infoline Limited**

84, 8<sup>th</sup> Floor, Nariman Bhavan,  
Nariman Point, Mumbai 400 021.  
Tel.: +91-22-6669 32 83  
Fax: +91-22-2280 1263  
Email : [infiniteipo@iiflcap.com](mailto:infiniteipo@iiflcap.com)  
Contact Person: Mr. Abhishek Bordia

#### **ADVISOR TO THE ISSUE**

##### **Atherstone Capital Markets Limited**

121, 12<sup>th</sup> Floor, Maker Chambers IV,  
Nariman Point, Mumbai 400 021.  
Tel. +91-22-6619 1919  
Fax +91-22-6615 2989  
Email : [infiniteipo@atherstone.in](mailto:infiniteipo@atherstone.in)  
Contact Person : Mr. Ajay Puri

#### **REGISTRAR TO THE ISSUE**

##### **Bigshare Services Pvt. Ltd.**

E-2, Ansa Industrial Estate,  
Sakivihar Road, Saki Naka,  
Andheri (East), Mumbai 400 072  
Tel.: +91-22-4043 0200  
Fax: +91-22-2847 5207  
Email : [bss@bigshareonline.com](mailto:bss@bigshareonline.com)  
Contact Person: Mr. Ashok Shetty

#### **LEGAL ADVISORS TO THE ISSUE**

##### **JurisPrudent Consulting Partners**

1<sup>st</sup> Floor, Paramount Tower,  
C - 17, Community Centre,  
Janak Puri, New Delhi - 110 058  
Tel.: +91-11- 4158 8441  
Fax: +91-11-2553 7779  
Email : [corporate@jurisprudentconsulting.in](mailto:corporate@jurisprudentconsulting.in)  
Contact Person : Mr. Ajay K. Jain



#### **SYNDICATE MEMBERS**

[•]

#### **BANKERS TO THE ISSUE**

[•]

#### **BANKERS TO THE COMPANY**

Hongkong & Shanghai Banking Corporation  
No.7, M.G. Road, Bangalore  
Tel: +91-80-2500 2148  
Fax: +91-80-2559 1383

#### **AUDITORS TO THE COMPANY**

M/s Amit Ray & Co., Chartered Accountants  
“MERU”, 102/103, Third Cross,  
Silver Oak Garden, J. P. Nagar 7<sup>th</sup> Phase,  
Puttenahalli East, Bangalore – 560 078.  
Tel.: +91-80-2649 3140  
Fax: +91-80-2649 3168  
Email : [savitrao@gmail.com](mailto:savitrao@gmail.com)  
Contact Person: Mr. C.V Savit Rao.

#### **MONITORING AGENCY**

The Audit Committee of the Company has been authorized with the responsibilities of monitoring the utilization of Issue proceeds. We will disclose the utilization of net proceeds of the Issue under a separate head in our audited financial statements for the 2008-09, clearly specifying the purpose for which such proceeds have been utilized and also indicating investments, if any, of such unutilized proceeds of the fresh Issue.

#### **APPRIISING AGENCY**

The issue has not been appraised.

#### **IPO GRADING**

This issue being has been graded by [•] as [•], indicating [•]. Pursuant to the SEBI Guidelines, the rationale furnished by the credit rating agency for its grading will be updated at the time of filing the Red Herring Prospectus with the Registrar of Companies.

#### **CREDIT RATING**

This being an issue of Equity Shares, there is no requirement of credit rating of the issue.

#### **TRUSTEES**

As the issue is of Equity Shares, the appointment of Trustees is not required.

**Inter se allocation of responsibilities between the BRLMs and co-ordination for various activities for the Issue –**

<b>Activities</b>	<b>Responsibility</b>	<b>Co-ordinator</b>
Capital structuring with the relative components and formalities, etc.	SPA, IIL	SPA
Due diligence of the Company's operations / management / business plans / legal etc. Drafting and design of Offer Document and of statutory advertisement including memorandum containing salient features of the Prospectus. Ensure compliance with stipulated requirements and completion of prescribed formalities with SEBI, Stock Exchanges and RoC.	SPA, IIL	SPA
Primary co-ordination with SEBI, Stock Exchanges and RoC upto bidding and co-ordination interface with lawyers for agreements	SPA, IIL	SPA
Appointment of Registrar, Printers and Advertising Agency	SPA, IIL	IIL
Appointment of Escrow Collection Bankers / Bankers to the Issue.		IIL
Company positioning, pre-marketing exercise, finalize media and Public Relation strategy, preparation of road show presentation	SPA, IIL	IIL
Drafting and approval of all publicity material other than statutory advertisement as mentioned above including corporate advertisements, brochure, etc.	SPA, IIL	IIL
Qualified Institutional Buyers ('QIBs'): finalizing the list and division of investors for one to one meetings and co-ordinating institutional investors meetings.	SPA, IIL	IIL
Non-Institutional and Retail Marketing of the Issue, which will cover inter-alia, <ul style="list-style-type: none"> <li>• Formulating marketing strategies</li> <li>• Preparation of publicity budgets</li> <li>• Finalizing centers for holding conferences for brokers, etc.</li> <li>• Finalizing bidding and collection centers</li> <li>• Follow-up on distribution of publicity and Issue material including forms, prospectus and deciding on the quantum of the Issue material</li> </ul>	SPA, IIL	IIL
Managing the Book, interaction / co-ordination with Stock Exchanges for book building software, bidding terminals and mock trading	SPA, IIL	IIL
- Appointment of Syndicate Members / Brokers to the Issue - Finalize Underwriters and the Underwriting Arrangements	SPA, IIL	IIL
Finalizing pricing, QIB allocation and intimation in consultation with the Company	SPA, IIL	IIL
Finalization of Prospectus and RoC filings, etc.	SPA, IIL	SPA
Post bidding activities including management of Escrow Accounts, co-ordination with Registrar and Banks, Refund to Bidders, invoking the Underwriting obligations and ensuring the underwriters pay the amount of devolvement, etc.	SPA, IIL	SPA
The post Issue activities of the Issue will involve essential follow up steps, which include finalization of basis of allotment / weeding out the multiple applications, listing of instruments and dispatch of non-institutional allotment advice and related orders, with the various agencies connected with the work such as Registrar to the Issue, Bankers to the Issue and the bank handling refund business.	SPA, IIL	SPA

## BOOK BUILDING PROCESS IN BRIEF

Book Building refers to the process of collection of Bids, on the basis of the Draft Red Herring Prospectus. The Issue Price is fixed after the Bid/Issue Closing Date.

The principal parties involved in the Book Building Process are:

- Our Company and the Selling shareholders
- Book Running Lead Managers
- Syndicate Member(s) who are intermediaries registered with SEBI or registered as brokers with BSE/NSE and eligible to act as underwriters
- Registrar to the Issue and
- Escrow collection Banks

The primary responsibility of building the book shall be that of the Lead Book Runner.

The Equity Shares are being offered to the public through the 100% Book Building Process in accordance with the SEBI Guidelines wherein: (i) upto 50% of the net Issue shall be allocated on a proportionate basis to QIBs, including up to 5% of the QIB Portion that shall be available for allocation on a proportionate basis to Mutual Funds only and the remaining QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders, including Mutual Funds; (ii) upto 15% of the Net Issue shall be available for allocation on a proportionate basis to the Non-Institutional Bidders and (iii) upto 35% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

In accordance with SEBI Guidelines, QIBs are not allowed to withdraw their Bid(s) after the Bid / Issue Closing Date. In addition, as per the recent amendments to the SEBI Guidelines, QIBs are required to pay 10% Margin Amount upon submission of the Bid cum Application Form during the Bidding Period and allocation to QIBs will be on a proportionate basis. For further details see section titled “Issue Structure” on page [•] of this Draft Red Herring Prospectus.

Our Company shall comply with the SEBI Guidelines and any other ancillary directions issued by SEBI for this Issue. In this regard, our Company has appointed SPA Merchant Bankers Limited as the Book Running Lead Manager to manage the Issue and to procure the subscriptions to the Issue.

The process of Book Building under the SEBI Guidelines is relatively new and is subject to change, from time to time. Accordingly, investors are advised to make their own judgment about investment through this process of Book Building prior to making a Bid.

Investors should note that Equity Shares would be allotted to all successful Bidders only in dematerialised form. Bidders will not have the option of getting allotment of Equity Shares in physical form. The Equity Shares on allotment shall be traded only in the dematerialised segment of the Stock Exchanges.

### Illustration of Book Building and Price Discovery Process

(Investors should note that the following is solely for the purpose of illustration and is not specific to the Issue)

The Bidders can bid at any price within the Price Band. For instance, assume a Price Band of Rs.60/- to Rs.72/- per Equity Share, Issue size of 5,400 Equity Shares and receipt of five Bids from the Bidders. A graphical representation of the consolidated demand and price would be made available at the website of the BSE ([www.bseindia.com](http://www.bseindia.com)) and NSE ([www.nseindia.com](http://www.nseindia.com)) during the bidding period. The illustrative book as set forth below shows the demand for the Equity Shares of our Company at various prices and is collated from Bids from various investors.

Bid Quantity	Bid Price (Rs.)	Cumulative Quantity	Subscription
1,500	72	1,500	27.78%
3,000	69	4,500	83.33%
4,500	66	9,000	166.67%



6,000	63	15,000	277.78%
7,500	60	22,500	416.67%

The price discovery is a function of demand at various prices. The highest price at which our Company is able to issue the desired quantity of Equity Shares is the price at which the book cuts off, i.e., Rs.66 in the above example. Our Company, in consultation with the BRLMs will finalize the Issue Price at or below such cut off price, i.e., at or below Rs.66. All Bids at or above this Issue Price and cut-off Bids are valid Bids and are considered for allocation in the respective categories.

Steps to be taken for bidding:

1. Check eligibility for bidding (see the section titled "Issue procedure - Who can bid" appearing on page [●] of this Draft Red Herring Prospectus);
2. Ensure that the Bidder has a demat account and the demat account details are correctly mentioned in the Bid-cum-Application Form;
3. If your Bid is for Rs.50,000/- or more, ensure that you have mentioned your PAN and attach copies of your PAN card or PAN allotment letter to the Bid-cum-Application Form (see the section titled "Issue Procedure" appearing on page [●] of this Draft Red Herring Prospectus);
4. Ensure that the Bid-cum-Application Form is duly completed as per instructions given in this Draft Red Herring Prospectus and in the Bid-cum-Application Form.
5. The Bidder should ensure the correctness of his or her Demographic Details (as defined in the section Issue Procedure-Bidder's Depository Account Details" on page [●] given in the Bid cum Application Form vis-à-vis those with his or her Depository Participant.

#### **WITHDRAWAL OF THE ISSUE**

Our Company and the selling shareholders in consultation with the BRLMs reserves the right not to proceed with the issue any time after the Bid / Issue opening date but before the Board meeting for allotment of Equity shares, without assigning any reason thereof.

#### **BID/ISSUE PROGRAMME**

BID/ISSUE OPENS ON	[●]
BID/ISSUE CLOSES ON	[●]

Bids and any revision in Bids shall be accepted **only between 10 a.m. and 3 p.m.** (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centers mentioned on the Bid-cum-Application Form except that on the Bid / Issue Closing Date, the Bids shall be accepted only between **10 a.m. and 1 p.m.** (Indian Standard Time) and uploaded till such time as permitted by the BSE and the NSE on the Bid / Issue Closing Date. Bidding will not take place on Saturdays, Sundays and Public Holidays.

We will decide the Price Band in consultation with the BRLMs. The announcement on the Price Band shall also be made available on the websites of the BRLMs and at the terminals of the Syndicate.

We reserve the right to revise the Price Band during the Bidding Period in accordance with SEBI Guidelines. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of the Price band can move up or down to the extent of 20% of the floor of the price band.

In case of revision in the Price Band, the Bidding/Issue Period will be extended for three working days after revision of Price Band subject to the Bidding/Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding/Issue Period, if applicable, will be widely disseminated



by notification to the BSE and the NSE, by issuing a press release, and also by indicating the change on the web sites of the BRLMs and at the terminals of the Syndicate.

### Underwriters to the Issue

After the determination of the Issue Price and allocation of the Equity Shares but prior to filing of the Prospectus with the ROC, the Company and the Selling shareholders will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through this Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLMs shall be responsible for bringing in the amount devolved in the event that their respective Syndicate Members do not fulfill their underwriting obligations.

The Underwriters have indicated their intention to underwrite the following number of Equity Shares:  
(This portion has been intentionally left blank and will be filled in before filing of the Prospectus with the ROC)

Details of Underwriters	Indicative Number of Equity Shares to be Underwritten	Amount Underwritten (Rs. in Million)
[•]	[•]	[•]
[•]	[•]	[•]

The above-mentioned amount is indicative underwriting and this would be finalized after pricing and actual allocation. The above Underwriting Agreement is dated [•].

In the opinion of the Board of Directors (based on a certificate given by the Underwriters), the resources of all the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. All the above-mentioned Underwriters are registered with SEBI or registered as brokers with the Stock Exchange(s). Allocation among Underwriters may not necessarily be in proportion to their underwriting commitments.

Notwithstanding the above table, the Underwriters shall be severally responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them. In the event of any default, the respective Underwriter in addition to other obligations to be defined in the Underwriting Agreement will also be required to procure / subscribe to the extent of the defaulted amount.

### THE ISSUE

Particulars	No. of Equity Shares
Public Issue of Equity Shares	1,15,03,000 Equity Shares of face value of Rs.10/- each for cash at a premium of Rs. [●].
Comprising of	
Fresh Issue by the Company	57,33,600 Equity Shares of Rs.10/- each for cash at a premium of Rs. [●].
Offer for Sale by the Selling Shareholders	57,69,400 Equity Shares of Rs.10/- each for cash at a premium of Rs. [●]
Of which	
Qualified Institutional Buyers Portion	Upto 57,51,500 Equity Shares of Rs.10/- each for cash at a premium of Rs.[●] (allocation on proportionate basis), out of which upto 5% i.e. 2,87,575 Equity Shares shall be available for allocation on a proportionate basis to Mutual Funds only and the balance 54,63,925 Equity shares shall be available for allocation to all QIBs, including Mutual Funds.
Non Institutional Portion	Upto 17,25,450 Equity Shares of Rs.10/- each for cash at a premium of Rs.[●] (Allocation on a proportionate basis)
Retail Portion	Upto 40,26,050 Equity Shares of Rs.10/- each for cash at a premium of Rs.[●] (Allocation on a proportionate basis)
Equity Shares outstanding prior to the Issue	3,82,24,043 Equity Shares of face value of Rs.10/- each
Equity Shares outstanding after the Issue	4,39,57,643 Equity Shares of face value of Rs.10/- each
Use of net proceeds	Please see the section entitled "Objects of the Issue" on page [●] of this Draft Red Herring Prospectus.

## CAPITAL STRUCTURE

The Share Capital of our Company as of the date of this Draft Red Herring Prospectus is set forth below

Particulars	Aggregate Value at Nominal Price	Aggregate Value at Issue Price
<i>In Rupees Millions (except share data)</i>		
<b>(A) Authorized Share Capital</b>		
4,65,00,000 Equity Shares of Rs.10/- each	465.00	
35,00,000 Convertible Redeemable Preference Shares of Rs.10/- each	35.00	
<b>(B) Issued, Subscribed and Paid-up Equity Share Capital before the Issue</b>		
3,82,24,043 Equity Shares of Rs.10/- each	382.24	
<b>(C) Present Issue in terms of this DRHP</b>		[•]
1,15,03,000 Equity Shares of Rs.10/- each, comprising of:	115.03	
<b>a. Fresh Issue of</b>		[•]
57,33,600 Equity Shares of Rs.10/- each	57.33	
<b>b. Offer for sale of</b>		[•]
57,69,400 Equity Shares of Rs.10/- each	57.69	
<b>Net issue to the Public</b>		[•]
1,15,03,000 Equity Shares of Rs.10/- each	115.03	
<b>(D) Paid-up Equity Share Capital after the Issue</b>		[•]
4,39,57,643 Equity Shares of Rs.10/- each	439.57	
<b>(E) Share Premium Account</b>		
Before the Issue	6.46	
After the Issue	[•]	

The fresh Issue of 57,33,600 Equity Shares in terms of this Draft Red Herring Prospectus has been authorized pursuant to a resolution of our Board dated 30/04/2008 and by Special resolution passed under Section 81 (1A) of the Companies Act, 1956 at an Extra-ordinary General Meeting held on 03/05/2008.

The Offer for Sale of 36,99,756 Equity Shares by WhiteRock Investment (Mauritius) Limited one of the Selling Shareholder has been authorized vide resolution passed in their Board Meeting dated 2<sup>nd</sup> April, 2008. The other Selling Shareholders Mr. Vaibhav Bhatnagar & Mr. Sanjay Govil has given their consent for the Offer for sale of 3,06,000 & 17,63,644 Equity shares respectively vide their letters dated 25/04/2008. The Offer for Sale of 57,69,400 Equity Shares by the above mentioned shareholders has been approved in our Extra-ordinary General Meeting held on 03/05/2008.

The aggregate value of 57,69,400 Equity Shares offered by the Selling shareholders at issue price is valued at Rs. [•] Million

Notes to the Capital Structure:

### 1. Authorised Share Capital History

Details of change in authorised share capital of our company since Incorporation are as follows:

Date of Meeting	Nature of Change	Particulars	Cumulative No. of Equity Shares	Face Value (Rs.)	Cumulative no. of Preference Shares	Face Value (Rs.)	Authorised Share Capital (in Rs.)
06/09/1999	Incorporation	Rs10,00,000 (1,00,000 shares of Rs.10 /- each)	1,00,000	10	-	-	10,00,000
14/11/1999	Increase	From Rs10,00,000 to 5,00,00,000 (50,00,000 shares of Rs.10/- each)	50,00,000	10	-	-	5,00,00,000
02/03/2004	Reclassification	-	(*)45,00,000	10	(*) 5,00,000	10	5,00,00,000
20/07/2005	Increase	From Rs.5,00,00,000 to 50,00,00,000 (4,65,00,000 equity shares of Rs.10/- each and 35,00,000 preference shares of Rs.10/- each)	4,65,00,000	10	35,00,000	10	50,00,00,000

(\*) In the meeting of the Board of Directors of the Company held on 02/03/2004 the Authorised Shares capital of the company consisting of 50,00,000 Equity shares of Rs.10/- each was reclassified into 45,00,000 Equity shares of Rs.10/- each and 5,00,000 Preference Shares of Rs.10/- each. The same was approved by the Members in AGM / EGM held on 09/03/2004

#### • Preference Share Capital History

Date of Allotment	No. of Preference Shares	Cumulative No. of Pref. Shares	Face Value (Rs.)	Issue Price (Rs.)	Nature of payment / consideration	Reasons for Allotment	Cumulative paid-up Pref. Capital (Rs.)	Cumulative Share Premium (Rs.)
20/04/2004	43,360	43,360	10	5453.50	Cash	Allotment to WhiteRock Investment (Mautitius) Ltd.	4,33,600	23,60,30,160

Note:

The company allotted 43,360 0% Convertible Preference Shares having a face value of Rs.10/- each at a Premium of Rs.5,443.50, on 20-04-2004. Subsequently on 16/11/2005 the said Preference shares were converted into 40,858 Equity Shares of Rs.10/- each.

The total premium received by the Company on 40,858 Equity Shares issued pursuant to conversion of Preference Shares is as under:

Particulars	Amount
At the time of Issue of Preference Shares	23,60,30,160
Upon conversion of Preference Shares into Equity Shares	24,923
Total Premium collected	23,60,55,083
Premium per Equity Share	5,777.45

• **Equity Share Capital History**

Date of Allotment of Equity Shares	No. of Equity Shares	Cumulative No. of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Nature of payment / consideration	Reasons for Allotment	Cumulative Issued Capital (Rs.)	Cumulative Share Premium (Rs.)
07/09/1999	300	300	10	10	Cash	Subscription to MoA	3,000	-
25/03/2000	4,33,300	4,33,600	10	10	Cash	Further Allotment	43,36,000	-
13/04/2004	20,538	4,54,138	10	10	Cash	Allotment under ESOP	45,41,380	-
20/04/2004	4,818	4,58,956	10	5453.50	Cash	Allotment to WhiteRock	45,89,560	26,22,56,943
04/03/2005	(61,620)	3,97,336	10	1496	Cash	Buy-back	39,73,360	26,22,56,943
16/11/2005	40,858	4,38,194	10	10.61	Conversion	CRPS Conversion (ref. note 3)	43,81,940	26,22,81,866
16/11/2005	6,000	4,44,194	10	10	Cash	Further Allotment	44,41,940	26,22,81,866
16/11/2005	12,457	4,56,651	10	10	Cash	Allotment under ESPS	45,66,510	26,22,81,866
11/01/2006	3,65,32,080	3,69,88,731	10	NA	Bonus	Bonus (80 :1)	36,98,87,310	2,81,866
29/12/2006	8,75,624	3,78,64,355	10	15	Cash	Allotment under ESPS	37,86,43,550	46,59,986
30/03/2007	91,667	3,79,56,022	10	15	Cash	Allotment under ESPS	37,95,60,220	51,18,321
05/06/2007	38,304	3,79,94,326	10	15	Cash	Allotment under ESPS	37,99,43,260	53,09,841
21/11/2007	43,957	3,80,38,283	10	15	Cash	Allotment under ESPS	38,03,82,830	55,29,626
18/01/2008	32,500	3,80,70,783	10	15	Cash	Allotment under ESPS	38,07,07,830	56,92,126
26/03/2008	27,500	3,80,98,283	10	15	Cash	Allotment under ESPS	38,09,82,830	58,29,626
30/04/2008	1,25,760	3,82,24,043	10	15	Cash	Allotment under ESPS	38,22,40,430	64,58,426

**Notes:**

- The Subscribers to the Memorandum of Association are Mr. Sanjay Govil, Mr. Hanumanth Rao and Mrs.Sarla Rao each of them subscribing for 100 Equity share in the company.
- Our company has issued Bonus Shares in the ratio of 80:1 on 11<sup>th</sup> January, 2006 for which the Company has utilized Rs.26,20,00,000 lying in its Share Premium account and the balance Rs.10,33,20,800 was utilized from Profit & Loss account.
- We have issued 4818 Equity Shares of Rs.10/- and 43360 convertible preference shares of Rs.10/- each to WhiteRock Investments (Mauritius) Ltd. consequent to Stock Purchase Agreement. We also entered into Investor's Right Agreement and Co-sale agreement with the investor on March 2, 2004. For details of agreements, please refer Chapter History and Certain Corporate matters on page no. [•] of this DRHP.

• **Capital build up of Promoter Shareholding**

Name of Promoter	Date of Acquisition / Transfer of shares (#)	No. of Equity Shares	Cumulative nos. of Shares	Issue / Acquisition Price (Rs.)	Consideration
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Mr. Sanjay Govil	07/09/1999	100	100	10	Cash
	25/03/2000	4,33,300	4,33,400	10	Cash
	26/03/2001	(1,30,080)	3,03,320	10	Cash
	03/10/2002 (#)	43,360	3,46,680	10	Cash
	11/01/2006	2,77,34,400	2,80,81,080	Nil	Bonus
	22/01/2007	(4,86,000)	2,75,95,080	15	Cash
<b>Total</b>			<b>2,75,95,080</b>		

Note:

- a) Equity shares in the bracket represents the shares transferred by Mr. Sanjay Govil to others.

#### Promoters' Contribution and Lock-in –

All Equity Shares, which are being locked in are eligible for computation of promoters' contribution as per Clause 4.6 of the SEBI Guidelines and are being locked in under Clause 4.11 of the SEBI Guidelines.

Name of Promoter	Date of Allotment / Transfer	No. of Equity Shares	Issue / Acquisition Price (Rs.)	% of Pre Issue Paid up Capital	% of Post Issue Paid up Capital	Lock-in Period
Mr. Sanjay Govil	11/01/2006	88,15,000	Nil (Bonus)	23.06	20.05	3 years
<b>Total</b>		<b>88,15,000</b>		<b>23.06</b>	<b>20.05</b>	

Our promoter Mr. Sanjay Govil have, by a written undertaking, consented to have 88,15,000 Equity shares held by them to be locked in as promoters' contribution for a period of three years from the date of allotment in this Issue and will not be disposed / sold / transferred by the promoter during the period starting from the date of filing the Draft Red Herring Prospectus with the Board till the date of commencement of lock-in period as stated in the Draft Red Herring Prospectus. The Equity shares under the promoters' contribution will constitute 20.05% of our post-issue Equity share capital. Equity Shares issued last have been locked-in first. The entire pre-issue shareholding of the promoter, other than the promoters' contribution as above which is locked in for three years, shall be locked in for a period of one year from the date of allotment in this Issue.

#### Details of share capital locked in for one year:

In terms of clause 4.14.1 of the SEBI Guidelines, in addition to the promoters' contribution which is locked in for three years, the entire pre-issue equity share capital, other than 57,69,400 Equity shares offered through Offer for Sale and 12,47,769 Equity Shares allotted to employees under ESPS [which is exempt from lock-in in terms of clause 4.14.2 (iii)] shall be locked in for a period of one year from the date of allotment of Equity shares in this Issue.

#### Other requirements in respect of lock-in:

- a) In terms of Clause 4.15 of the SEBI Guidelines, the locked in Equity Shares held by the Promoter, as specified above, can be pledged with banks or financial institutions as collateral security for loans granted by such banks or financial institutions provided that the pledge of the Equity Shares is one of the terms of the sanction of the loan.  
Provided that securities locked in as minimum promoters' contribution may be pledged only if, in addition to fulfilling the above requirements, the loan has been granted by such bank or financial institutions, for the purpose of financing one or more of the objects of the Issue.
- b) In terms of Clause 4.16.1(a) of the SEBI Guidelines, the Equity Shares held by persons other than the Promoters prior to the Issue may be transferred to any other person holding the Equity Shares which are locked in as per Clause 4.14 of the SEBI Guidelines, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as applicable.
- c) In terms of Clause 4.16.1(b) of the SEBI Guidelines, the Equity Shares held by the Promoters may be transferred to and amongst the Promoter Group or to new promoters or persons in control of the Company subject to continuation of the lock-in in the hands of the transferees for the remaining

period and compliance with SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as applicable.

- d) In terms of Clause 4.14.2 (iii) the pre-IPO shares held by the employees other than Promoters, which were issued under employee stock option or employee stock purchase scheme of the issuer company before the IPO are exempted from lock-in for a period of one year from the date of allotment.

#### • Our Shareholding Pattern

The table below presents our shareholding pattern before the proposed Issue and as adjusted for the Issue and Offer for sale by the selling shareholders.

Category of Shareholders	Pre-Issue Holding		Post-Issue Holding	
	No. of shares	% of holding	No. of shares	% of holding
<b>Promoter</b>				
Sanjay Govil	2,75,95,080	72.19	2,58,31,436	58.76
<b>Sub-total (A)</b>	<b>2,75,95,080</b>	<b>72.19</b>	<b>2,58,31,436</b>	<b>58.76</b>
<b>Promoter Group</b>				
IT Thinkers LLC	17,36,159	4.54	17,36,159	3.95
MC Data Systems Pvt. Ltd.	4,86,000	1.27	4,86,000	1.11
<b>Sub-total (B)</b>	<b>22,22,159</b>	<b>5.81</b>	<b>22,22,159</b>	<b>5.06</b>
<b>Non-Promoter</b>				
White Rock Investments	36,99,756	9.68	0	0
Individuals & Body Corporate	47,07,048	12.31	44,01,048	10.01
<b>Sub-total (C)</b>	<b>84,06,804</b>	<b>21.99</b>	<b>44,01,048</b>	<b>10.01</b>
<b>Net Offer to Public (D)</b>	-	-	<b>1,15,03,000</b>	<b>26.17</b>
<b>Total (A)+(B)+(C)+(D)</b>	<b>3,82,24,043</b>	<b>100.00</b>	<b>4,39,57,643</b>	<b>100.00</b>

#### • Equity Shares held by Top Ten Shareholders

- (a) Our top ten shareholders and the number of Equity Shares of Rs.10/- each held by them as on the date of filing this Draft Red Herring Prospectus with SEBI is as follows:

Sr. No	Name of the Shareholders	No. of Equity Shares	% of total Shareholding
1	Sanjay Govil	2,75,95,080	72.19
2	White Rock Investments (Mauritius) Ltd.	36,99,756	9.68
3	IT Thinkers	17,36,159	4.54
4	Upinder Zutshi	16,62,039	4.35
5	Neeraj Tewari	7,62,239	1.99
6	Vaibhav Bhatnagar	7,39,368	1.93
7	MC Data Systems Pvt. Ltd.	4,86,000	1.27
8	Rohan F Rodrigues	3,02,858	0.79
9	Navin Chandra	2,79,251	0.73
10	Ashoka Tankala	1,96,409	0.51

- (b) Our top ten shareholders and the number of Equity Shares of Rs.10/- each held by them as 10 days prior to date of filing this Draft Red Herring Prospectus with SEBI is as follows:

Sr. No	Name of the Shareholders	No. of Equity Shares	% of total Shareholding
1	Sanjay Govil	2,75,95,080	72.43
2	White Rock Investments (Mauritius) Ltd.	36,99,756	9.71
3	IT Thinkers	20,33,100	5.34
4	Upinder Zutshi	16,62,039	4.36
5	Vaibhav Bhatnagar	7,39,368	1.94
6	Neeraj Tewari	7,62,239	1.99
7	MC Data Systems Pvt. Ltd.	4,86,000	1.28
8	Rohan F Rodrigues	3,02,858	0.79
9	Navin Chandra	2,79,251	0.73
10	Ashoka Tankala	81,497	0.21

- (c) Our top shareholders and the number of equity shares of Rs.10/- each held by them two years prior to date of filing of this Draft Red Herring Prospectus with SEBI is as follows:

Sr. No	Name of the Shareholders	No. of Equity Shares	% of total Shareholding
1	Sanjay Govil	2,80,81,080	75.92
2	White Rock Investments (Mauritius) Ltd.	36,99,756	10.00
3	IT Thinkers	20,33,100	5.50
4	Upinder Zutshi	16,62,039	4.49
5	Vaibhav Bhatnagar	7,39,368	2.00
6	MC Data Systems Pvt. Ltd.	4,86,000	1.31
7	Navin Chandra	2,71,188	0.73
8	Hanumanth Rao	8,100	0.02
9	Sarala Rao	8,100	0.02

- The details of share transferred by our promoter group during the period of six months preceding the date on which this Draft Red Herring Prospectus is filed with SEBI is given herein below:

Date of Transfer	Name of Transferor	Name of Transferee	Nos. of shares transferred	Consideration / Amount in Rs.
25/04/2008	IT Thinkers LLC	Vamsee Chepur	38,304	5,74,560
25/04/2008	IT Thinkers LLC	Ashok Reddy Chevuru	19,152	2,87,280
25/04/2008	IT Thinkers LLC	Neeraj Tewari	84,269	12,64,035
25/04/2008	IT Thinkers LLC	Ramesh Subbaraja	1,000	15,000
25/04/2008	IT Thinkers LLC	Pauravi Mehuil Desai	1,000	15,000
25/04/2008	IT Thinkers LLC	Ramana Rao Devulapally	38,304	5,74,560
25/04/2008	IT Thinkers LLC	Ashoka Tankala	1,14,912	17,23,680



- As on the date of filing of this Draft Red herring Prospectus, there are no outstanding warrants, options or rights to convert debentures, loans or other instruments which would entitle Promoters or shareholders or any other person any option to acquire our Equity Shares after the Initial Public Offer.
- As on the date of filing of this Draft Red Herring Prospectus with SEBI, the issued capital of our Company is fully paid up.
- The Equity Shares held by the Promoter are not subject to any pledge.
- Neither we, nor our Directors, our Promoters, our Promoter Group Companies and BRLMs to the Issue have entered into any buyback and/or standby arrangements and/or similar arrangements for the purchase of our Equity Shares from any person.
- This issue is being made through 100% Book Building process wherein atleast 50% of the net Issue i.e. 57,51,500 Equity Shares shall be allotted on a proportionate basis to QIBs, out of which 5%, i.e., 2,87,575 Equity Shares shall be available for allocation on a proportionate basis to Mutual Funds only. The remaining QIB portion shall be available for allocation on a proportionate basis to QIBs including Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. Further, upto 15% of the net Issue, i.e. 17,25,450 Equity Shares shall be available for allocation on a proportionate basis to Non-Institutional Bidders and upto 35% of the Net issue, i.e. 40,26,050 Equity Shares shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.
- Under subscription, if any, in any Category would be met with spill-over from other categories or a combination of categories. Investors may note that in case of over-subscription in the Issue, allotment to QIB Bidders, Non-Institutional Bidders and Retail Bidders shall be on a proportionate basis.
- A Bidder cannot make a Bid for more than the number of Equity Shares offered through the Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.
- Our Company has not raised any bridge loan against the proceeds of the Issue.
- There will 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 this Draft Red Herring Prospectus with SEBI until the Equity Shares offered through this Draft Red Herring Prospectus have been listed.
- Our Company does not presently intend or propose to alter its capital structure for a period of six months from the Bid/Issue opening date, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether preferential or otherwise. This is except if we enter into acquisition or joint ventures or make investments, in which case we may consider raising additional capital to fund such activity or use Equity Shares as a currency for acquisition or participation in such joint ventures or investments.
- We have not issued any Equity Shares out of revaluation reserves. We have not issued any Equity shares for consideration other than cash, except the bonus shares issued on 11<sup>th</sup> January, 2006.
- An over-subscription to the extent of 10% of the Net Offer to Public shall be retained for purpose of rounding off to the nearer multiple of minimum allotment lot while finalizing the basis of allotment.
- Since the entire issue price per share is being called up on application, all the successful applicants will be allotted fully paid-up shares.



- At any given point of time there shall be only one denomination of the Equity Shares, unless otherwise permitted by law. Our company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.
- As on date of filing this Draft Red Herring Prospectus with SEBI, there are no outstanding options granted under Employees Stock Option Scheme, which is pending.
- Our Promoter will not participate in this Issue.
- We have 78 shareholders as on date of filing of this Draft Red Herring Prospectus with the SEBI.
- **Details of Selling Shareholder(s) are as under:**

**A** Name of Selling Shareholder: WhiteRock Investments (Mauritius) Ltd., a British Virgin Island Company –

Registered Office: C/o, International Management (Mauritius) Ltd., 4<sup>th</sup> Floor, Les Cascades Building, Edith Cavell Street, Port Louis, Republic of Mauritius.

Board of Directors of WhiteRock Investments (Mauritius) Ltd. consist of:

- Ashraf Ramtoola,
- Goh Boon Seong,
- Seah Kok Khong,
- Tay Eng Hean and
- Patricia Sin Mew Cheung.

Business Activities: The Company is into Investment holding

Shareholding pattern of selling shareholder is as follows:

Name of the Shareholder	Shares held	% to total
WhiteRock Investments I Ltd	250	25.00
WhiteRock Investments III Ltd	750	75.00
Total	1,000	100.00

**B** Name of the Selling Shareholder : Mr. Vaibhav Bhatnagar

Address: 954 Laguna Drive, Coppell, Texas – 75019, USA

Occupation: Business

Indian Passport No. :X1187961

Permanent Account No: AAYPB 7042 F

**C.** Name of Selling Shareholder: Mr. Sanjay Govil (He is our Promoter)

Address: 9919, Potomac Manors Drive, Potomac, MD – 20854, USA

Occupation: Business.

Passport No.: 207256314 issued in USA

Permanent Account No: AJKPG 5294P

- The Selling Shareholder(s) are holding the shares offered under Offer for Sale for a period of more than one year on the date of filing of DRHP.

## OBJECTS OF THE ISSUE

The objects of the Fresh Issue are:

- Capital Expenditure;
- Acquisitions;
- Repayment of Debt;
- General Corporate Purposes;
- Issue Related Expenses

We believe that listing will enhance our brand name, provide liquidity to our existing shareholders including our employees who hold Equity Shares of the Company and create a public market for our Equity Shares in India. We shall not receive any proceeds from the sale of Equity Shares by the Selling Shareholders.

The main object clause of our Memorandum of Association and objects incidental to the main objects enable us to undertake our existing activities and the activities for which funds are being raised by us through this Issue. The fund requirement below is based on our current business plan. In view of the dynamic nature of the industry in which we operate, we may have to revise our business plan from time to time and consequently our fund requirement and consequent utilization of proceeds from the Fresh Issue may also change. In case of any variations in the actual utilization of funds earmarked for the above activities, any increased fund deployment for a particular activity will be met from our internal accruals/borrowings.

The Net Proceeds, which are the proceeds of the fresh Issue after deducting all issue expenses [after deducting the proceeds out of offer for sale of 57,69,400 Equity Shares by the Selling Shareholder(s)], are estimated to be Rs.[•] Millions. The Issue consists of a Fresh Issue of 57,33,600 Equity Shares.

Expenses related to the Issue, including underwriting and management fees, selling commission and other expenses will be borne by us and the Selling Shareholder(s) in proportion to the equity shares offer through this issue.

### Requirement of funds:

The total estimated funds requirement is given below:

Particulars	Rs. in Million
Capital Expenditure	239.68
Acquisition(s)	350.00
Repayment of Debt	84.97
General Corporate Purposes	[•]
Expenses related to Fresh Issue	[•]
<b>Total</b>	<b>[•]</b>

The fund requirement and deployment is based on current internal management estimates and has not been appraised by any bank and/or financial institution. These are based on current conditions and are subject to change in light of changes in external circumstances or costs, or in other financial condition, business or strategy.

### Means of finance:

The details of means of finance are given below:

Particulars	Rs. in Million
Proceeds of fresh issue #	[•]
Internal accruals #	[•]
<b>Total</b>	<b>[•]</b>

# will be incorporated at the time of filing of Prospectus

In the event of a shortfall in raising the requisite funds from the proceeds of the fresh Issue, towards meeting the objects of the Issue, the extent of the shortfall will be met by internal accruals/borrowings. In case of any surplus of monies received in relation to the fresh issue, we may use such surplus towards further expansion and general corporate purposes.

In case of variations in the actual utilization of funds earmarked for the purposes mentioned above, increased fund requirements for a particular purpose may be financed by surplus funds, if any, available in respect of the other purposes for which funds are being raised in this fresh Issue.

#### Details of Use of Net Proceeds:

##### Capital Expenditure

Currently, we have three development centers located in India. We propose to expand our IT infrastructure at our existing campus at Bangalore and also propose to setup facilities at SEZ in National Capital Region (NCR).

As part of the expansion plan, we intend to upgrade / augment our IT infrastructure facilities in our existing premises at our campus located in Whitefield, Bangalore. The said premises are owned by us. In addition to existing facilities, we intend to increase our capacities and are in discussions with SEZ's in NCR region for setting up a state of the art development centre to cater to the growing needs of our clientele. Upon finalization of the location of the development centre, we would be entering into a Memorandum of Understanding "MOU" with the said SEZ for a long term lease and there after initiate action for obtaining necessary licenses / approvals from the competent authorities for setting up the center.

The details for the entire capital expenditure requirements are as shown below.

(Amount in Rs. Million)

Particulars	At Existing Facility	At Proposed Facility	Total
Lease deposit <sup>1</sup>	-	19.44	<b>19.44</b>
Hardware & Software	34.69	78.62	<b>113.31</b>
Office Equipments	1.80	20.16	<b>21.96</b>
Furniture & Fixtures	-	84.98	<b>84.98</b>
<b>Total</b>	<b>36.49</b>	<b>203.20</b>	<b>239.68</b>

*Note:*

<sup>1</sup> Lease deposit is based on the management estimates, based on our initial round of discussions with various SEZ's in NCR region

The above estimates of Capital Expenditure are based on the quotations received from various vendor for items like desktops, laptops, Hardware, PC software, Server hardware & software, equipment for setting up & furnishing new facilities, etc.

No second hand equipment is intended to be purchased from the net proceeds of the fresh issue.

The below mentioned table lists the estimates for expansion of our Bangalore Campus:

#	Description	Model / Brand	Vendor Name	Quotation date	UM	Units	Amount (in Million Rs)	Total Amt * (in Million Rs.)
<b>A</b>	<b>Hardware &amp; Software Cost</b>							
1	Desktops	IBM Thinkcenter M55e	Caddons	5-May-08	Nos	200	3.800	3.952
2	15" TFT Monitors	Lenovo	Caddons	5-May-08	Nos	200	1.650	1.716
3	Additional 1 GB RAM	DDR2 Transcend	Caddons	5-May-08	Nos	400	0.360	0.374
4	Laptops	IBM Thinkpad R61	Caddons	5-May-08	Nos	50	2.700	2.808

5	Additional 1 GB RAM	DDR2 Transcend	Caddons	5-May-08	Nos	50	0.175	0.182
6	Catalyst 3750 Multilayer switch	Cisco	Shree solutions	29-Apr-08	Nos	2	0.950	0.988
7	Catalyst 2960 switch	Cisco	Shree solutions	29-Apr-08	Nos	3	0.534	0.555
8	MS Exchange Mail Server	IBM 7975PAT	Caddons	5-May-08	Nos	1	0.308	0.320
9	MS Windows 2003 Server	IBM 7975IMA	Caddons	5-May-08	Nos	7	1.723	1.792
<b>Total (A)</b>							<b>12.200</b>	<b>12.688</b>
<b>B Software</b>								
1	Microsoft Licenses (MS Office, Windows Vista Business, Exchange CALs, Client Management CAL's)	Microsoft	Wipro	39573.00	Nos	250	16.310	16.963
2	MS Project	Microsoft	Wipro	5-May-08	Nos	50	0.859	0.894
3	MS Visio	Microsoft	Wipro	5-May-08	Nos	20	0.146	0.152
4	Vsource Safe	Microsoft	Wipro	5-May-08	Nos	200	2.906	3.022
5	Windows Server Enterprise	Microsoft	Wipro	5-May-08	Nos	10	0.799	0.831
6	Exchange Server	Microsoft	Wipro	5-May-08	Nos	1	0.136	0.141
<b>Total (B)</b>							<b>21.157</b>	<b>22.003</b>
<b>C Office Equipment</b>								
1	Printer	HP 4700dn	Central Data systems	5-May-08	Nos	8	1.168	1.215
2	Photocopier	Xerox WC5632	Vigrom & Co	29-Apr-08	Nos	2	0.560	0.582
<b>Total (C)</b>							<b>1.728</b>	<b>1.797</b>
<b>TOTAL (A+B+C)</b>							<b>35.085</b>	<b>36.489</b>

Note: \* - inclusive of taxes (if any)

The below mentioned table lists the estimated for proposed facility in the NCR region:

#	Description	Model / Brand	Vendor Name	Quotation date	UM	Units	Amt (in Million Rs)	Total Amt * (in Million Rs.)
<b>A Hardware &amp; Software Cost</b>								
1	Desktops	IBM Thinkcenter M55e	Caddons	5-May-08	Nos	350	6.650	6.916
2	15" TFT Monitors	Lenovo	Caddons	5-May-08	Nos	350	2.888	3.003
3	Additional 1 GB RAM	DDR2 Transcend	Caddons	5-May-08	Nos	1,150	1.035	1.076
4	Laptops	IBM Thinkpad R61	Caddons	5-May-08	Nos	150	8.100	8.424
5	Additional 1 GB RAM	DDR2 Transcend	Caddons	5-May-08	Nos	150	0.525	0.546
6	Catalyst 3750 Multilayer switch	Cisco	Shree solutions	29-Apr-08	Nos	5	2.375	2.470
7	Catalyst 2960 switch	Cisco	Shree solutions	29-Apr-08	Nos	10	1.780	1.851
8	Router 2851	Cisco	Shree solutions	29-Apr-08	Nos	15	3.855	4.009
9	WIC-2T Ethernet Ports	Cisco	Shree solutions	29-Apr-08	Nos	10	0.270	0.281
12	MS Exchange Mail Server	IBM 7975PAT	Caddons	5-May-08	Nos	1	0.308	0.320

13	MS Windows 2003 Server	IBM 7975IMA	Caddons	5-May-08	Nos	10	2.462	2.560
14	MS Exchange Server	IBM 7975PAT	Caddons	5-May-08	Nos	2	0.616	0.640
	<b>Total (A)</b>						<b>30.863</b>	<b>32.097</b>
<b>B</b>	<b>Software</b>							
1	Microsoft Licenses (MS Office, Windows Vista Business, Exchange CALs, Client Management CAL's)	Microsoft	Wipro	5-May-08	Nos	500	32.621	33.925
2	MS Project	Microsoft	Wipro	5-May-08	Nos	100	1.719	1.787
3	MS Visio	Microsoft	Wipro	5-May-08	Nos	100	0.732	0.761
4	Vsource Safe	Microsoft	Wipro	5-May-08	Nos	450	6.539	6.800
5	Windows Server Enterprise	Microsoft	Wipro	5-May-08	Nos	12	0.959	0.998
6	Exchange Server	Microsoft	Wipro	5-May-08	Nos	1	0.136	0.141
7	Websense Server - URL Filtering - Hardware	Websense	Foresight	29-Apr-08	Nos	1	2.024	2.105
	<b>Total (B)</b>						<b>44.729</b>	<b>46.518</b>
<b>C</b>	<b>Office Equipment</b>							
1	EPBAX System with 1200 analog + 300 digital instruments	Alcatel Lucent OMNI PCX	ABS India	29-Apr-08	Nos	1	6.155	6.401
2	Security System (CC TV + Access Control)	KERI EL 5000 and others	Master Integrated Systems	6-May-08	Nos	Lum psu m	5.919	6.751
3	Printer	HP 4700dn	Central Data systems	5-May-08	Nos	15	2.190	2.278
4	Photocopier	Xerox WC5632	Vigirom & Co	29-Apr-08	Nos	6	1.680	1.747
5	Workstation Chairs	Officeline E171AA	Officeline Collections	5-May-08	Nos	500	2.000	2.250
6	Meeting Chairs	Officeline E161P	Officeline Collections	5-May-08	Nos	100	0.480	0.540
7	Executive Chairs	Durby	Officeline Collections	5-May-08	Nos	25	0.175	0.197
	<b>Total (C)</b>						<b>18.599</b>	<b>20.163</b>
<b>D</b>	<b>Furniture &amp; Fixtures</b>							
1	Interiors (F&F), Electricals, Fire Alarm, Airconditioning and Network cabling only		Khanna Builders	21-Apr-08	Sq Ft	60,000	82.500	82.500
2	UPS - 200 kva	Socomec - sicon UPS - Delphys MP Elite	Zener systems	29-Apr-08	Nos	1	1.55	1.612
	Batteries, Accessories & Installation		Zener systems	29-Apr-08	Nos	1	0.77	0.866
	<b>Total (D)</b>						<b>84.820</b>	<b>84.978</b>
	<b>TOTAL (A+B+C+D)</b>						<b>179.010</b>	<b>183.756</b>

Note: \* - inclusive of taxes (if any)



## Acquisition

Our growth strategy involves gaining new clients and expanding our service offerings, both organically and through strategic acquisitions. We continue to look for attractive strategic opportunities that will further enhance our portfolio of offerings or facilitate our entry into new markets. Towards this end, we propose to target companies in India or overseas that have expertise in the telecom domain or specific product related “IP” that could be enhanced leveraging our telecom domain competency.

We acquired Comnet International Co. in August 2007 to expand our service offerings into OEM space, thereby, increasing the breadth of our offerings across the Telecom domain ranging from Telecom Carriers and ISVs to OEMs. We believe, our next step to broaden our offerings, would be to expand into the mobile device space or the application space or both.

Based on our assessment of market opportunities and our current capabilities, we believe that a natural extension for us is to evaluate targets in the rapidly growing “content delivery to mobile devices” space. We feel that we can take a legacy “product / service” company in this space and with the acquired base of such core IP, enhance it for building custom products for regional or large telecom operators. These specific legacy IPs might not have enough appeal to a large player and might not be economically feasible for a small enterprise owning such an IP to extend it across markets. To this effect we will look at product/service companies in content management systems, message/packet transaction system, content generation and distribution. The intended acquisition could be in the domain space of delivering content to mobile devices - both the traditional messaging, email, multimedia type of content to new innovative “geography or location” specific revenue enhancing content. As mobile operators are increasingly looking to roll out differentiated services to capture the rapidly growing markets around the world, we believe a custom messaging product offers immense potential.

We typically enter into non-binding Letters of Intent once the potential target company has been identified, evaluate the risks associated with such an acquisition and then either enter into a binding agreement with the target company or terminate the non-binding letter of intent.

As of the date of this DRHP, we have not entered into any definitive commitment for any acquisition, investment or joint venture. We intend to utilise Rs.350 million of proceeds of the Issue towards acquisitions. The above amount is based on the management’s current estimates of amounts to be utilised towards acquisitions. The actual deployment of funds would depend on a number of factors, including the timing of acquisitions, number of acquisitions and size of the target companies. The proceeds allocated towards acquisition may not be the total value of the acquisition, but may provide us with leverage to enter into binding agreements. Our Company proposes to utilise such part of the Proceeds allocated for acquisition purposes, by March 2009. In the event that there is a shortfall of the funds required for the acquisitions then, such shortfall shall be met out of the amounts allocated for general corporate purposes and/or through internal accruals and in the event that there is a surplus, such amounts shall be utilised towards general corporate purposes.

## Repayment of Debt

We intend to utilize up to Rs. 84.97 million out of the net proceeds of the issue towards prepayment of debt. The loan is denominated in Swiss Francs and there has been a substantial swing in the exchange rate of Swiss Francs as compared to that of Indian Rupee and USD and hence in order to mitigate risk of any further exchange loss on this account, we intend to prepay the loan.

The details of the loan which we propose to prepay is as follows:

Name of the lender	Date of the Loan Agreement / Sanction Letter	Proposed Repayment during Fiscal 2009 (Rs. in million)
HSBC Bank	July 25, 2007	84.97
<b>TOTAL</b>		<b>84.97</b>

The Company had taken a loan of CHF 3,309,276 (equivalent to Rs.110 million at then exchange rate) on July 25, 2007 from HSBC bearing a coupon rate of CHF 1 month Libor + 175 bps. The loan was for a period of three years and is repayable in twelve quarterly installments of CHF 275,773 plus interest. As of date, the Company had repaid three installments. And the next installment falls due on July 25, 2008. After the repayment of fourth installment, the balance outstanding would be CHF 2,206,184 (i.e Rs.84.97 Million at exchange rate of Rs.38.5147 per CHF as on May 6, 2008, Source: www.oanda.com). As per the terms of the sanction, put / call option is available at end of each year. Any penal charges on prepayment are at the discretion of Bank. The prepayment amount of Rs.84.97 million does not include penal interest (if any).

### **General Corporate Purposes**

We intend to deploy amount aggregating to Rs. [●] Million towards the general corporate purposes, including but not restricted to entering into strategic alliances, partnership, repayment of loan(s), purchase of office premises, brand building exercises, investment in other segments of the industry or any other purposes as approved by our Board of Directors.

Any excess amounts collected from the Issue will be deployed for general corporate purposes including towards meeting shortfall, if any, of the stated objects such as acquisition, capital expenditure in India or abroad.

### **Expenses related to Public Issue**

The public Issue related expenses consist of underwriting fees, selling commission, fees payable to BRLMs to the Issue, legal counsels, Bankers to the Issue, Escrow Bankers and Registrars to the Issue, printing and distribution expenses, advertising and marketing expenses, depository fees and all other incidental and miscellaneous expenses for listing the Equity Shares on the Stock Exchanges. We intend to use about Rs. [●] Million towards these expenses for the Issue. All expenses with respect to the public Issue will be borne out of Issue proceeds.

<b>Particulars</b>	<b>Amount in Rs. Million</b>
Fees to the intermediaries i.e. BRLMs, Registrar, Legal Advisor, Auditors, etc.	[●]
Underwriting & Selling Commission	[●]
Advertising & Marketing expenses	[●]
Printing, Stationary, Dispatch	[●]
Miscellaneous Expenditure	[●]
<b>Total</b>	[●]

Except listing fee which will be paid by us, all other expenses related to the Issue, including underwriting and management fees, selling commissions and other expenses will be borne by us and the Selling Shareholder in proportion to the shares offered through this Issue.

### **Schedule of Implementation**

<b>Particulars</b>	<b>Expected date of commencement</b>	<b>Expected date of completion</b>
Capital Expenditure	Sep-08	Mar-09
Acquisitions	Sep-08	Mar-09
Repayment of Debt	Sep-08	Dec-08
General Corporate Purposes	Sep-08	Mar-09
Issue Related Expenses	May-08	Dec-08



## Estimated Schedule of Deployment of Funds

(INR Million)

Particulars	Funds already deployed	FY 08-09			TOTAL
		Q2	Q3	Q4	
Capital Expenditure	-	50.00	125.00	64.68	<b>239.68</b>
Acquisition(s)	-	-	50.00	300.00	<b>350.00</b>
Repayment of Debt	-	-	84.97	-	<b>84.97</b>
General Corporate purposes	-	[•]	[•]	-	[•]
Issue Related Expenses	2.35	[•]	[•]	-	[•]
<b>TOTAL</b>	<b>2.35</b>	[•]	[•]	[•]	[•]

### Deployment of Funds in the Project

We have incurred Rs.2.35 Million as public issue expenses up to May 3, 2008 towards 'Objects of the Issue' as per certificate dated May 3, 2008 issued by our statutory auditor M/s. Amit Ray & Co, Chartered Accountants. The same has been financed through internal accruals. The amount has been spent towards the fees of BRLM's, Legal and Advisor to the Issue.

### Appraisal

The funds requirement and funding plans are our own estimates and have not been appraised by any bank / financial institution.

### Interim Use of Proceeds

Pending utilization for the purposes described above, we intend to temporarily invest the funds in high quality interest bearing liquid instruments including money market mutual funds, deposits with banks for the necessary duration and other investment grade interest bearing securities as may be approved by the Board. Such investments would be in accordance with the investment policies approved by the Board from time to time. No part of Net proceeds shall either be invested into equity capital markets or paid to our Promoter, Directors, Key Management Personnel or Promoter Group Company.

### Monitoring of Utilization of Funds

The Company has not appointed any Monitoring Agency. However, the Audit Committee of the Company has been authorized with the responsibilities of monitoring the utilization of the proceeds of the Issue. We will disclose the utilization of net proceeds of the Issue under a separate head in our audited financial statements for the 2008-09, clearly specifying the purpose for which such proceeds have been utilized and also indicating investments, if any, of such unutilized proceeds of the fresh Issue.

No part of the proceeds from the Fresh Issue will be paid by us as consideration to our Promoter, our Directors, Promoter Group Entities or Key Management Personnel, except proceeds from offer for sale to our promoter Mr. Sanjay Govil and in the normal course of our business.

### ISSUE STRUCTURE

The present Issue of 1,15,03,000 Equity Shares, at a price of Rs. [●] for cash aggregating Rs. [●] million, is being made through the 100% Book Building Process, consisting of a Fresh Issue of 57,33,600 Equity Shares aggregating Rs. [●] million and an Offer for Sale of 57,69,400 Equity Shares by WhiteRock Investments (Mauritius) Ltd., Mr. Vaibhav Bhatnagar and Mr. Sanjay Govil aggregating to [●] Million.

Particulars	QIBs	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares*	Upto 57,51,500 Equity Shares	Upto 17,25,450 Equity Shares or Issue size less allocation to QIB Bidders and Retail Individual Bidders	Upto 40,26,050 Equity Shares or Issue size less allocation to QIB Bidders and Non-Institutional Bidders
Percentage of Issue Size available for allocation	Upto 50% of the Issue (of which 5% shall be available for allocation for Mutual Funds) Mutual Funds participating in the 5% reservation in the QIB Portion will also be eligible for allocation in the remaining QIB Portion. The unsubscribed portion, if any, in the Mutual Fund portion will be available to remaining QIBs.	Upto 15% of the Issue or Issue less allocation to QIB bidders and Retail Individual Bidders	Upto 35% of the Issue or Issue less allocation to QIB bidders and Non-Institutional Bidders
Basis of Allocation if respective category is oversubscribed	Proportionate as follows: (a) Upto 2,87,575 Equity Shares shall be allocated on a proportionate basis to Mutual Funds in the Mutual Funds Portion; (b) Balance 54,63,925 Equity Shares shall be allocated on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above.	Proportionate	Proportionate
Minimum Bid / Bid lot	Such number of Equity Shares that the Bid Amount exceeds Rs.100,000/- and in multiples of [●] Equity Shares thereafter.	Such number of Equity Shares that the Bid Amount exceeds Rs.100,000/- and in multiples of [●] Equity Shares thereafter.	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.
Maximum Bid / Bid lot	Such number of equity shares not exceeding the Issue, subject to regulations as applicable to the Bidder.	Such number of equity shares not exceeding the Issue subject to regulations as applicable to the Bidder.	Such number of Equity Shares so as to ensure that the Bid Amount does not exceed Rs.100,000/-

Particulars	QIBs	Non-Institutional Bidders	Retail Individual Bidders
Mode of Allotment	Compulsorily in dematerialised form	Compulsorily in dematerialised form	Compulsorily in dematerialised form
Bid lot	[•] Equity Shares and in multiples of [•] Equity shares	[•] equity Shares and in multiples of [•] Equity Shares	[•] Equity Shares and in multiples of [•] Equity Shares
Allotment lot	[•] equity Shares and in multiple of 1 Equity Share thereafter	[•] Equity Shares and in multiple of 1 Equity Share thereafter	[•] Equity Shares and in multiple of 1 Equity Share thereafter
Trading Lot	One Equity Share	One Equity Share	One Equity Share
Who can Apply	Public financial institutions, as specified in Section 4A of the Companies Act, scheduled commercial banks, mutual funds, foreign institutional investor registered with SEBI, multilateral & bilateral development financial institutions, Venture Capital Funds registered with SEBI, foreign Venture capital investors registered with SEBI, State Industrial Development Corporations, Insurance Companies registered with the Insurance Regulatory and Development Authority, Provident Funds with minimum corpus of Rs.250 million and Pension Funds with minimum corpus of Rs.250 million in accordance with applicable law.	Resident Indian individuals, HUF (in the name of Karta), companies, corporate bodies, NRIs, societies and trusts	Individuals (including NRIs and HUFs in the name of Karta) applying for Equity Shares such that the Bid Amount does not exceed Rs.100,000/- in value.
Terms of Payment	QIB Margin Amount shall be payable at the time of submission of Bid-cum-Bid-cum-Application Form to the Members of the syndicate.	Margin Amount shall be payable at the time of submission of Bid-cum-Application Form to the Members of the syndicate.	Margin Amount shall be payable at the time of submission of Bid-cum-Application Form to the Members of the syndicate.
Margin Amount	At least 10% of the bid amount on bidding	100% of the bid amount on bidding	100% of the bid amount on bidding

\* Subject to valid bids being received at or above the Issue Price. Under subscription, if any, in any Category would be met with spill-over from other categories or a combination of categories. Investors may note that in case of over-subscription in the Issue, allotment to QIB Bidders, Non-Institutional Bidders and Retail Bidders shall be on a proportionate basis

## BASIS FOR ISSUE PRICE

The Issue Price will be determined by us and the Selling shareholders in consultation with the BRLMs on the basis of assessment of market demand for the Equity Shares offered by way of Book Building.

Investors should read the following summary along with the section titled “Risk Factors” beginning on page [•] and section titled “Financial Statements” beginning on page [•] of this Draft Red Herring Prospectus. The trading price of the Equity Shares of the Company could decline due to these factors and you may lose all or part of your investments.

### Qualitative Factors

We believe the following business strengths allow us compete successfully in the Infrastructure Management, Intellectual Property (IP) leveraged solutions and IT services, focused on the Telecom, Media, Technology, Manufacturing, and Healthcare industries

- *Robust Clientele – includes Verizon Communication, IBM, AOL (America online) and other major Fortune 500 clients*
- *Optimum sized company with proven track record*
- *Focus on the telecommunication industry*
- *Domain knowledge*
- *Differentiated Business Model*
- *Global delivery model with excellent infrastructure*
- *Experienced Executive Management team*

### Quantitative Factors

Information presented in this section is derived from the Company’s restated, consolidated financial statements prepared in accordance with Indian GAAP. The quantitative factors, which form the basis for computing the price, are as follows:

#### 1. Weighted average Earning Per Share

Period	Basic EPS (Rs.)	Diluted EPS (Rs.)	Weight
Year ended Mar 2005	1.95	1.77	1
Year ended Mar 2006	(0.15)	(0.15)	2
Year ended Mar 2007	2.71	2.71	3
Nine Months ended Dec 2007	2.67	2.67	
Weighted Average EPS	<b>1.63</b>	<b>1.60</b>	

#### 2. Price Earning (P/E) ratio in relation to Issue Price of Rs. [•] per share of Rs. 10 each.

		At the lower Band of Rs. [•]	At the upper Band of Rs. [•]
a)	Based on weighted average (EPS)	[•]	[•]
b)	Based on EPS as on March 31, 2007	[•]	[•]
c)	Industry PE Multiple:		
	Highest		85.0
	Lowest		1.1
	Average		12.3

Source: Capital Market Vol. XXIII/04 dated Apr 21, 2008 – May 04, 2008;

Industry: Computer Software Medium / Small

### 3. Average Return on Net Worth

Year	RONW%	Weight
Year ended 31 <sup>st</sup> March, 2005	7.79	1
Year ended 31 <sup>st</sup> March, 2006	(0.59)	2
Year ended 31 <sup>st</sup> March, 2007	10.58	3
Weighted Average	6.39	

Return on Net Worth for the period ended December 31, 2007 is 9.80 %

Minimum Return on total Net Worth after issue needed to maintain pre-issue EPS is [•]

### 4. Net Asset Value per Equity Share

Particulars	NAV (Rs.)
As on March 31, 2007	25.11
As on December 31, 2007	27.19
After the Issue	[•]
Issue Price	[•]

### 5. The accounting ratios of selected companies in the Industry Group is as under:

Name of company	Face Value (Rs.)	EPS (Rs.)	P/E	RONW%	NAV (Rs.)
Infinite Computer Solutions (India) Limited (as on March 31, 2007)	10	11.13	[•]	31.20	36.90
Tech Mahindra	10	43.5	14.4	72.0	72.4
Mindtree Consulting	10	23.2	15.5	31.9	114.9
Infotech Enterprise	5	12.3	21.6	26.8	91.1
Sasken Communications	10	12.2	14.9	9.7	145.9

Source: Capital Market Vol. XXIII/04 dated Apr 21, 2008 – May 04, 2008;

Industry: Computer Software- Large / Medium / Small

The Issue Price is [•] times of the face value of the Equity Shares.

The issue price of Rs.[•] per Equity Share has been determined by us and the Selling shareholders, in consultation with the BRLMs, on the basis of assessment of market demand for the offered securities by way of Book building process and is justified based on the above accounting ratios. Investors should read the following summary along with the section titled “Risk Factors” beginning on page [•] the financial statement included in this Draft Red Herring Prospectus and the section titled “Summary” beginning on page [•] of this Draft Red Herring Prospectus.



## STATEMENT OF TAX BENEFITS

### STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE COMPANY AND IT SHAREHOLDERS

To  
**The Board of Directors**  
**Infinite Computer Solutions (India) Limited**  
201, Mohta Building,  
4, Bhikaji Cama Place,  
New Delhi – 110 066

Dear Sir,

#### **Sub: Statement of Possible Tax Benefit available to the Company and its shareholders**

We hereby report that the enclosed statement states the possible tax benefits available to the "Company" and its shareholders under the Income Tax Act, 1961, Wealth Tax Act, 1957 and the Gift Tax Act, 1958, presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provision of the statute. Hence, the ability of the Company or its shareholders to derive the tax benefit is dependent upon fulfilling such conditions, which based on business imperatives the Company faces in the future, the Company may or may not choose to fulfill. The benefits discussed below are not exhaustive.

This statement is only intended to provide general information to the investors and is neither designated nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implication arising out of their participation in the issue.

We do not express any opinion or provide any assurance as to whether:

- The Company or its shareholders will continue to obtain these benefits in future; or
- The conditions prescribed for availing the benefit have been / would be met with.

The contents of the enclosed statement are based on information, explanations and representations obtained from the Company and on the basis of the understanding of the business activities and operations of the Company

**For M/s Amit Ray & Co.**  
**Chartered Accountants**

**C. V. Savit Kumar Rao**  
**Partner**  
**M.No. 70009**

Place: Bangalore  
Date: 3<sup>rd</sup> May, 2008

**STATEMENT OF POSSIBLE GENERAL TAX BENEFITS AVAILABLE TO INFINITE COMPUTER SOLUTIONS (INDIA) LIMITED AND TO ITS SHAREHOLDERS UNDER THE INCOME TAX ACT, 1961 (the IT Act)**

**I. GENERAL TAX BENEFITS AVAILABLE TO THE COMPANY**

1. As per the provisions of Section 10A of the Act, the Company is eligible to claim a benefit with respect to profits derived by its undertaking 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 begins to manufacture or produce such articles or things or computer software. The eligible amount would be the proportion that the profits of the undertaking bear to the export turnover of the undertaking vis-à-vis the total turnover of the undertaking. 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 for the assessment year beginning on the 1st day of April, 2010 and subsequent years.
2. Under Section 35D of the Act, the Company will be entitled to a deduction equal to 1/5th of the expenditure incurred of the nature specified in the said section, including expenditure incurred on present issue, such as under writing commission, brokerage and other charges, as specified in the provision, by way of amortization over a period of 5 successive years, subject to the stipulated limits.
3. Under Section 115JAA(1A) of the Act, credit is allowed in respect of any MAT paid under Section 115JB of the Act for any assessment year commencing on or after April 1, 2006. Tax credit eligible to be carried forward will be the difference between MAT paid and the tax computed as per the normal provisions of the Act for that assessment year. Such MAT credit is allowed to be carried forward for set off purposes for up to 7 years succeeding the year in which the MAT credit is allowed.
4. As per the provisions of Section 10(34) of the IT Act, any income by way of dividends referred to in Section 115 – O (i.e. dividends declared, distributed or paid on or after 1 April, 2003) received from domestic company is exempt from income-tax.
5. As per Section 10(38) of the Act, Long term capital gains arising to the company on transfer of long term capital asset being an equity share in a company or a unit of an equity oriented fund will be exempt in the hands of the Company, provided such transaction is chargeable to securities transaction tax.
6. As per Section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under Section 10(38) of the Act) arising on the transfer of a long-term capital asset will be exempt from capital gains tax if the capital gains are invested in a “long term specified asset” within a period of 6 months after the date of such transfer.
7. As per Section 111A of the Act, short term capital gains arising to the Company from the sale of equity share or a unit of an equity oriented fund transacted through a recognized stock exchange in India, where such transaction is chargeable to securities transaction tax, will be taxable at the rate of 10% (plus applicable surcharge and education cess).

## **II. GENERAL TAX BENEFITS AVAILABLE TO RESIDENT SHAREHOLDERS**

1. As per the provisions of Section 10(34) of the IT Act, any income by way of dividends referred to in Section 115-O (i.e. dividends declared, distributed or paid on or after 1 April, 2003) received from domestic company is exempt from income tax in the hands of shareholder.
2. As per the provisions of Section 10 (38) of the IT Act, long term capital gains arising on sale of equity shares in the Company would be exempt from tax where the sale transaction has been entered into on recognized stock exchange of India and is liable to securities transaction tax.
3. As per the provisions of Section 111A of the IT Act, short-term capital gains from the sale of an equity share of the Company would be taxable at a rate of 10 percent (plus applicable surcharge and education cess) where such transaction of sale is entered on a recognized stock exchange in India and is liable to securities transaction tax. Short Term Capital Gains arising from transfer of Shares in a Company, other than those covered by Section 111A of the IT Act, would be subject to tax as calculated under the normal provisions of the IT Act.
4. As per the provisions of Section 54EC of the IT Act and subject to the conditions and to the extent specified therein, long-term capital gains (which are not exempt under Section 10(38) of the IT Act) would be exempt from tax to the extent such capital gains are invested in long term specified assets within 6 months from the date of such transfer.
5. Section 88E provides that where the total income of a person includes income chargeable under the head "Profits and gains of business or profession" arising from purchase or sale of an equity share of a company entered into in a recognized stock exchange, i.e., from taxable securities transaction, he shall get rebate equal to the securities transaction tax paid by him in the course of his business. Such rebate is to be allowed from the amount of income tax in respect of such transactions calculated by applying average rate of income tax on such income. As such, no deduction will be allowed in computing the income chargeable to tax as capital gains, such amount on account of securities transaction tax.
6. Where the resident shareholder is a corporate assessee, then, to the extent its business consists of purchase and sale of shares of other companies, then provisions of Explanation to Section 73 may be attracted

## **III. GENERAL TAX BENEFITS AVAILABLE TO NON-RESIDENTS/ NON-RESIDENT INDIAN SHAREHOLDERS (OTHER THAN MUTUAL FUNDS, FIIs AND FOREIGN VENTURE CAPITAL INVESTORS)**

1. As per the provisions of Section 10(34) of the IT Act, any income by way of dividends referred to in Section 115-O (i.e. dividends declared, distributed or paid on or after 1 April, 2003) received on the shares of any company is exempted from the tax and are not subjected to any deduction of tax at source.
2. As per the provisions of Section 10(38) of the IT Act, long-term capital gains arising on transfer of equity shares in the Company would be exempt from tax provided the transaction of sale has been entered through a recognized stock exchange and such transaction is chargeable to securities transaction tax.
3. In terms of the first proviso to Section 48 of the IT Act, in case of a non-resident, while computing the capital gains arising from transfer of shares in or debentures of the company acquired in convertible foreign exchange (as per exchange control regulations) protection is provided from fluctuations in the value of rupee in terms of foreign currency in which the original investment was made. Cost indexation benefits will not be available in such a case. The Capital gains/loss in such a case is computed by converting the cost of acquisition, sales consideration and expenditure



incurred wholly and exclusively in connection with such transfer into same foreign currency which was utilized in the purchase of shares.

4. As per the provisions of Section 54EC of the IT Act and subject to the conditions and to the extent specified therein, long-term capital gains (which are not exempt under Section 10(38) of the IT Act) would not be chargeable to tax to the extent such capital gains are invested in long term specified assets within 6 months from the date of transfer and held for a period of 3 years, from the date of acquisition.
5. Under Section 111A of the IT Act, short-term capital gains arising from sale of an equity share in the Company would be taxable at a concessional rate of 10 percent (plus applicable surcharge and education cess) where such transaction of sale is entered on a recognized stock exchange in India and is liable to securities transaction tax. Short Term Capital Gains arising from transfer of Shares in a Company, other than those covered by Section 111A of the IT Act, would be subject to tax as calculated under the normal provisions of the IT Act.
6. As per Section 90(2) of the IT Act, where the Indian Government has entered into an agreement with the government of any country outside India for granting relief of tax, or as the case maybe, avoidance of double taxation, then, in relation to the assessee to whom such agreement applies, the provisions of the IT Act shall apply to the extent they are more beneficial to that assessee.
7. Section 88E provides that where the total income of a person includes income chargeable under the head “Profits and gains of business or profession” arising from purchase or sale of an equity share in a company entered into in a recognized stock exchange, i.e. from taxable securities transactions. He shall get rebate equal to the securities transaction tax paid by him in the course of his business. Such rebate is to be allowed from the amount of income tax in respect of such transactions calculated by applying average rate of income tax & shall not exceed the tax so calculated.
8. Where shares of the Company have been subscribed in convertible foreign exchange, Non-Resident Indians (i.e. an individual being a citizen of India or person of Indian origin who is not a resident) have the option of being governed by the provisions of Chapter XII – A of the IT Act, which inter alia entitles them to the following benefits:
  - a) As per the provisions of Section 115E of the Income Tax Act, 1961, and subject to the conditions specified therein, long-term capital Gains arising on the transfer of Company’s shares will be charged to Income Tax @ 10% (plus applicable surcharge and education cess).
  - b) Under Section 115F of the IT Act, long-term capital gains arising to a Non-Resident Indian from transfer of shares of the Company, subscribed in convertible foreign exchange, shall be exempt from income tax, if the entire net consideration is reinvested in specified assets, as defined in Section 115C of the IT Act / saving certificates referred to in clause 10(4B) of the Act, within 6 months of the date of transfer. Where only a part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets/ saving certificates are transferred or converted within 3 years from the date of their acquisition.
  - c) Under Section 115G of the IT Act, it shall not be necessary for a Non-Resident Indian to furnish his return of income if the only source of income is investment income or long term capital gains or both, arising out of assets acquired, purchased or subscribed in convertible foreign exchange and tax has been deducted at source from such income as per the provisions of Chapter XVII – B of the IT Act.
  - d) Under Section 115I of the IT Act, a Non-Resident Indian may elect not to be governed by the foregoing provisions for any assessment year by furnishing his return of income for that assessment year under Section 139 of the IT Act, declaring therein that the provisions of

Chapter XII-A shall not apply to him for that assessment year and accordingly his total income for that assessment year will be computed in accordance with the other provisions of the IT Act.

#### **IV. GENERAL TAX BENEFITS AVAILABLE TO MUTUAL FUNDS**

As per Section 10(23D) of the Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made there under, Mutual Funds set up by public sector banks or public financial institutions and Mutual Funds authorized by the Reserve Bank of India will be exempt from income tax, subject to such conditions as the Central Government may, by notification in the Official Gazette, specify in this behalf.

#### **V. GENERAL TAX BENEFITS AVAILABLE TO FOREIGN INSTITUTIONAL INVESTORS ('FIIs')**

1. As per the provisions of Section 10(34) of the IT Act, dividend income (referred to in Section 115-0 of the IT Act) would be exempt from tax in the hands of the shareholders of the Company and are not subjected to deduction of tax at source.
2. As per the provisions of Section 10(38) of the IT Act, long term capital gains arising on transfer of equity shares of the Company would be exempt from tax where the sale transaction has been entered into on a recognized stock exchange of India and is liable to securities transaction tax.
3. As per the provisions of Section 54EC of the IT Act and subject to the conditions and to the extent specified therein, long-term capital gains (which are not exempt under Section 10(38) of the IT Act) would not be chargeable to tax to the extent such capital gains are invested in long term specified assets within 6 months from the date of transfer and held for a period of 3 years, from the date of acquisition.
4. Section 88E provides that where the total income of a person includes income chargeable under the head "Profits and gains of business or profession" arising from purchase or sale of an equity share in a company entered into in a recognized stock exchange, i.e. from taxable securities transactions. He shall get rebate equal to the securities transaction tax paid by him in the course of his business. Such rebate is to be allowed from the amount of income tax in respect of such transactions calculated by applying average rate of income tax & shall not exceed the tax so calculated.
5. Where the Foreign Institutional investor is a corporate assessee, then, to the extent its business consists of purchase and sale of shares of other companies, then provisions of Explanation to Section 73 may be attracted.

As per the provisions of Section 115AD of the IT Act, income (other than income by way of dividends referred to in Section 115 O of the IT Act) of FIIs arising from securities (other than the units purchased in foreign currency referred to Section 115AB of the IT Act) would be taxed at concessional rates.

6. As per the provisions of Section 111A of the IT Act, short-term capital gains arising from transfer of equity share in the Company would be taxable at a concessional rate of 10 percent (plus applicable surcharge and education cess) where such transaction of sale is liable to securities transaction tax.
7. As per Section 90(2) of the IT Act, where the Indian Government has entered into an agreement with the government of any country outside India for granting relief of tax, or as the case maybe, avoidance of double taxation, then, in relation to the assessee to whom such agreement applies, the provisions of the IT Act shall apply to the extent they are more beneficial to that assessee.

## **VI. GENERAL TAX BENEFITS AVAILABLE TO VENTURE CAPITAL COMPANIES / FUNDS**

As per Section 10(23FB) of the 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 their entire income, including income from sale of shares of the company. However, income received by a person out of investment made in a venture capital company or in a venture capital fund will shall be chargeable to tax in the hands of such person.

### **UNDER THE WEALTH TAX ACT, 1957**

Assets as defined under Section 2(ea) of the Wealth tax Act, 1957 does not include shares in companies and hence, shares of the Company held by the shareholders would not be liable to wealth tax.

### **UNDER THE GIFT- TAX ACT**

Gift tax is not leviable in respect if any gifts made on or after 1st October, 1998. Therefore, any gift of shares of the Company will not attract Gift tax.

#### **Note:**

- a) All the above benefits are as per the current tax law and will be available only to the sole/ first named holder in case the shares are held by joint holders.
- b) In respect of non-residents, taxability of capital gains mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreement, if any between India and the country in which the non-resident has fiscal domicile.
- c) In view of the individual nature of tax consequence, each investor is advised to consult his/ her own tax adviser with respect to specific tax consequences of his/ her participation in the scheme.



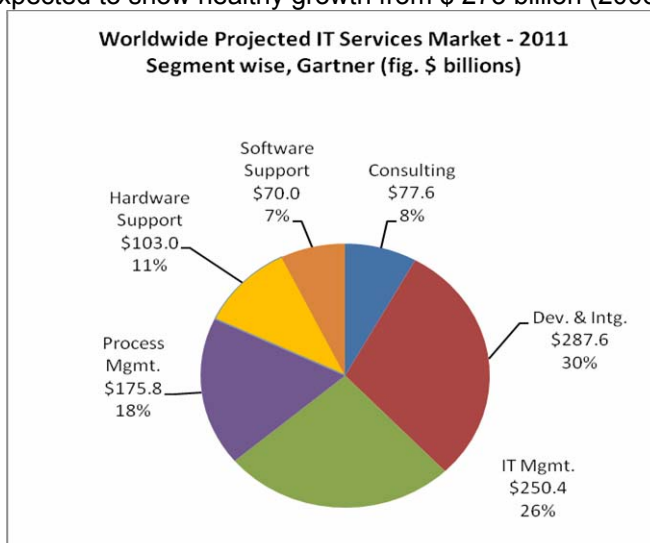
## SECTION IV – ABOUT THE COMPANY

### INDUSTRY OVERVIEW

The information in this section is derived from publicly available publications such as NASSCOM and other industry sources such as Gartner Inc. and Insight Research Corporation. Neither we, nor any other person connected with the issue has verified this information. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured and accordingly, investment decisions should not be based on such information.

#### Worldwide IT Market

The IT services market cuts across all product categories by joining together technology, people and processes. This often requires multitude of vendors and service providers to come together to create competitive solutions for the end users. As per analysis done by Infinite, based on data available from research organization Gartner<sup>1</sup> Inc., the worldwide end-user spending on IT services will grow at a 7.4% compound annual rate from \$ 674 billion in 2006 to reach \$ 964 billion by 2011. As evident from the chart below, a large portion of this spend is the core outsourcing component (IT management and Process Management) which is expected to show healthy growth from \$ 273 billion (2006) to \$426 billion by 2011.

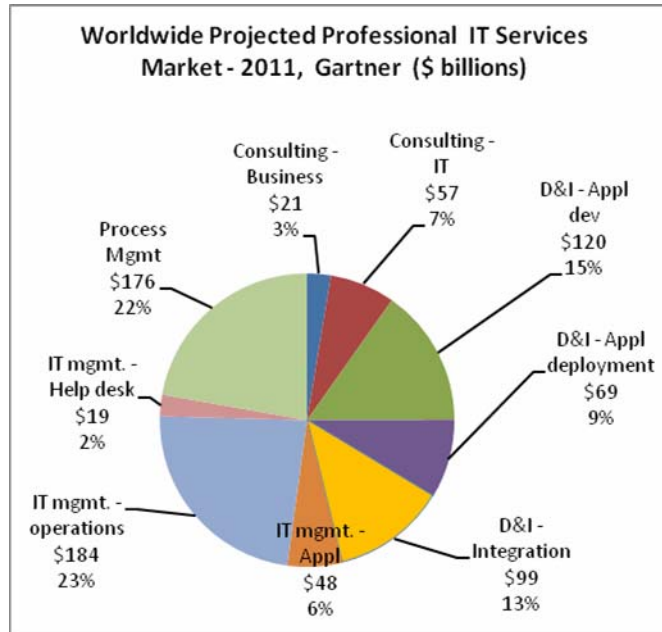


Source : Gartner : IT Outsourcing Worldwide: Forecast Database, 30 November 2007

Even the other portion of the total IT services market, which includes Development & Integration along with Consulting, is expected to move from \$ 261 billion in 2006 to \$ 365 billion in 2011. The professional services portion of the IT services market - Development & Integration, Consulting and Process Management – is more relevant to the Indian IT services companies' opportunity landscape. As per

<sup>1</sup> The Gartner Report(s) described herein, (the "Gartner Report(s)") represent data, research opinion or viewpoints published, as part of a syndicated subscription service available only to clients, by Gartner, Inc., a corporation organized under the laws of the State of Delaware, USA, and its subsidiaries ("Gartner"), and are not representations of fact. The Gartner Report(s) do not constitute a specific guide to action and the reader of this [Prospectus/Company Report] assumes sole responsibility for his or her selection of, or reliance on, the Gartner Report(s), or any excerpts thereof, in making any decision, including any investment decision. Each Gartner Report speaks as of its original publication date (and not as of the date of this [Prospectus/Company Report]) and the opinions expressed in the Gartner Report(s) are subject to change without notice. Gartner is not responsible, nor shall it have any liability, to the Company or to any reader of this [Prospectus/Company Report] for errors, omissions or inadequacies in, or for any interpretations of, or for any calculations based upon data contained in, the Gartner Report(s) or any excerpts thereof

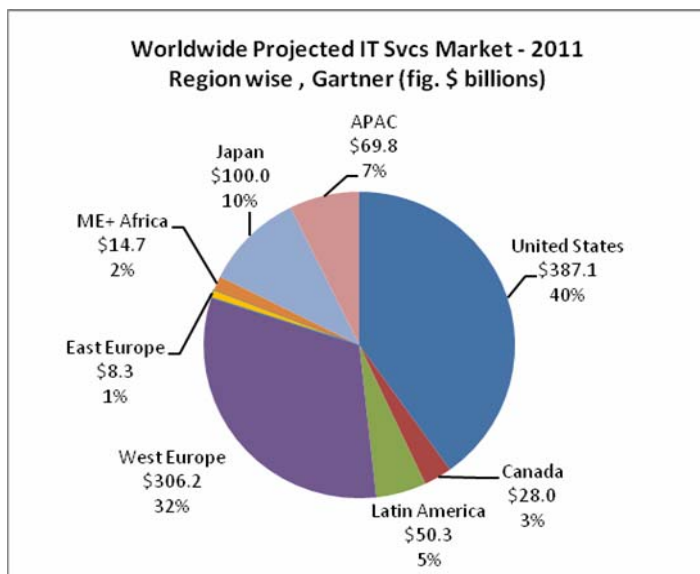
available data from Gartner, this segment is expected to grow from estimated \$ 540 billion market size in 2006 to \$791 billion by 2011 with Process Management clocking double digit growth rate. Further detailed split of these segments is shown in the chart below. Among these, the largest segments that present huge opportunity for outsourcing to lower cost destinations is the IT Operations Management, Process Management, Application Development & Integration activities.



Source: Gartner : Outsourcing Worldwide: Forecast Database, 30 November 2007

As per Nasscom's 2008 estimates, Indian IT services exports were expected to touch \$40 billion in 2008 and the size of above discussed opportunity illustrates the extent of future untapped potential.

From a geographical perspective, as per Gartner's data, North America is the largest consumer of IT services with the market size in 2006 pegged at \$ 291 billion. This is expected to grow to \$ 415 billion in 2011 and is primarily derived from the USA. Western Europe's proportion in the overall IT services market was about 32% in 2006 with an estimated value of \$ 217 billion. This market is expected to grow to over \$ 306 billion by 2011. The other large proportion comes from Japan and APAC regions which individually are expected to have market worth \$100 billion and \$ 70 billion respectively in 2011. Japan as a market offers huge potential for an IT services player and the market has largely remained untapped by Indian IT vendors.



Even if the overall worldwide IT services market grows steadily, the opportunities for Indian IT vendors will grow at a much faster pace as more and more work needs to be executed at relatively less expensive destinations. The current business environment in the west will further give a boost to the market for off-shoring / outsourcing IT work to India. The companies will have to make efforts to cut costs and strive for higher productivity. These initiatives will not be possible without significant spend on IT products and services as businesses will have to continue to create competitive advantage over their competitors by harnessing the power of information. Even the European organizations have started to aggressively explore the benefits of outsourcing /off-shoring IT projects which was till now primarily driven by US based organizations.

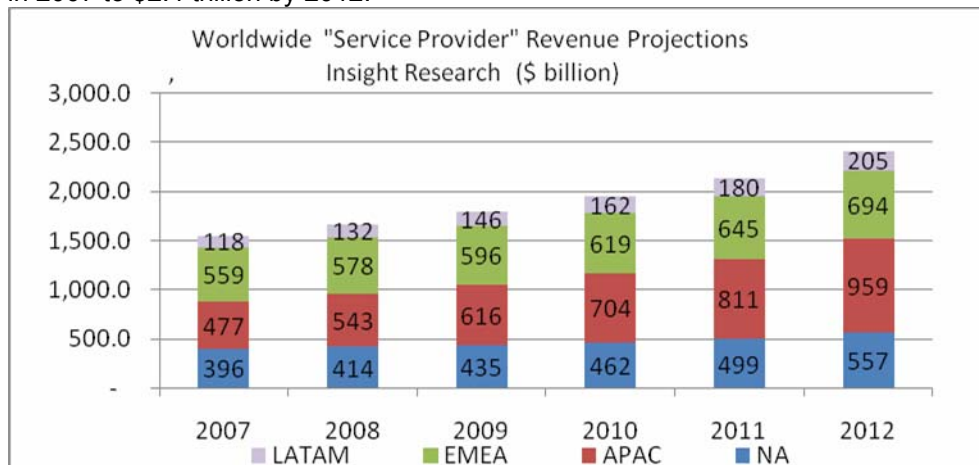
We are extremely bullish about the business environment in Asia Pacific region as certain macroeconomic changes, which are currently underway, could result in long term growth prospects for this region. The key drivers of this growth, based on our assessment, will be China and India.

We believe that the above trends spell huge opportunities and present unlimited potential for mid-sized IT organizations to expand the scale and scope of their business. Even though above numbers are for global market, the reason for Indian IT services companies' optimism is due to the fact that India plays a key role in today's IT strategy of any global organization and hence a significant share of the above opportunity will eventually flow into Indian organizations that provide IT services. Mid-sized Indian IT services companies that have sculpted a trusted name for themselves over the last decade, with marquee customers for global delivery of world class IT solutions, have their future growth prospects limited only by their ability to scale up and execute. These organizations have already demonstrated their capability to manage growth in formative years and the above opportunity can catapult them to the next level.

### Global Telecom Industry Overview

The Global Telecom industry has evolved significantly in the current decade. Not long back, the industry across the world was operating under highly regulated environment through state owned enterprises or via private operators under strict established guidelines. Post deregulation, industry has seen dramatic rise of various private operators that has fueled intense competition and challenged the monopoly of already established complacent players.

According to the report, *The Insight Research Corporation, Operations Support Systems 2007 – 2012, December 2007*, the global revenues for telecom service providers are expected to grow from \$ 1.6 trillion in 2007 to \$2.4 trillion by 2012.



Source: The Insight Research Corporation, Table VI-6, Operations Support Systems 2007 - 2012, December 2007

Due to the explosion in innovation, new technologies are being introduced faster than the deployment of the old ones. The impending threat of further advancements in technology through availability of data-intensive 3G wireless networks that facilitate the provision of complex data services, such as online video, wireless instant messaging and wireless conferencing services, are likely to present several challenges and options to both providers and OEMs. Even as 3G is getting started, academics and commercial

researchers are working on 4G systems. Thus, players are grappling with dividing their investments between development and maintenance of older technologies, investment in the 3G launch, and 4G technologies that will be able to support interactive services such as video conferencing and wireless Internet. Due to the investment glut of the last several years, the players have to walk a thin line of maintaining balance between spending for the future and deriving value on existing investments. There are predominantly two key players that drive the evolution of this industry viz.

1. Telecommunication Service Providers
2. Telecommunications Equipment Providers.

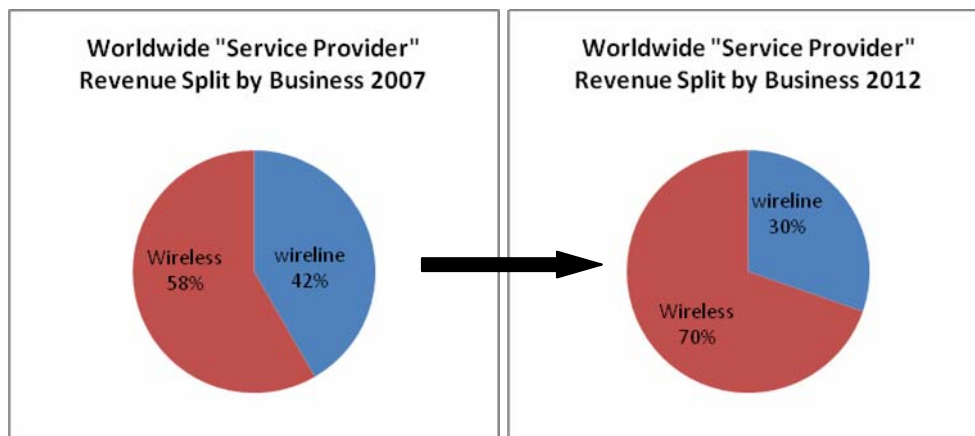
### 1. Telecommunications Service Providers (SP)

These are the carriers or service providers (SPs) that have traditionally provided telecom solutions by offering voice and data services to end-customers through an expansive base of fixed-line and wire-less related infrastructure. With the evolution of the industry in this decade, these also include cable companies, DSL vendors, ISP players, triple play (voice, internet and cable), quadruple play (triple play offerings and wireless) etc. as well as satellite based content providers for cable, e-learning and content distribution. Some of the examples for these include Verizon Communications, Bharti Airtel, Reliance Communications Ltd., etc

With the increase in competition and evolving demand for services, fixed-line revenues have declined - a result of decreasing long distance prices and competition from mobile SPs. In the mobile SP space, competition driven by the increase in the number of mobile SPs and emergence of Mobile Virtual Network Operators (MVNOs), among other factors, has also placed pressure on revenues, although to a much lesser extent than fixed-line revenues.

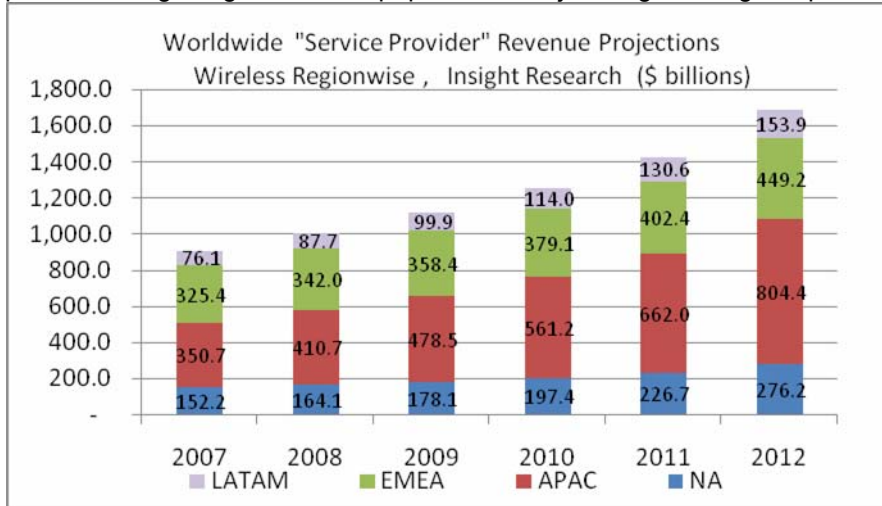
As per the figures available from International Telecommunications Union (ITU), by the end of 2006, 60.2 % of the world's population subscribed to a fixed or mobile telephone - a 16 % growth since 2005. Pent-up demand for communications services is strongest in Africa and Asia, where wireless subscriber growth increased at a rate of 32.6 % and 16.7 %, respectively, from 2005 to 2006. As of 2002, mobile subscribers worldwide outnumbered fixed-line subscribers. According to the ITU, the number of worldwide mobile subscribers stood at 2.6 billion in 2006. The mobile crossover has taken place across geographic criteria, across socio-demographic criteria such as gender, income, or age, and across economic criteria. Even in regions such as North America (NA) and Western Europe, where wireline-based services are well established, wireless services are replacing traditional local and long distance wireline services as a result of aggressive service plan pricing.

Going forward, the focus of the SPs will significantly shift from wireline based offering to wireless based solutions for the consumers as already evident from the trend in 2007.



Source: The Insight Research Corporation, Table VI-4, Operations Support Systems 2007 - 2012, December 2007

The Insight Research Corporation indicates healthy growth in the global revenues of telecom service providers in the wireless segment going forward. The wireless segment of the industry is expected to almost double from its current levels today. The Asia Pacific region is expected to grow at a significant pace as a large segment of the population has just begun using cell phones.



Source: The Insight Research Corporation, Table VI-4, Operations Support Systems 2007 - 2012, December 2007

Hence, the main priority for SPs is the development of innovative value-added services that are capable of retaining existing customers while attracting new subscribers. These services will require converged "next generation networks", which carry both voice and data. Accordingly, SPs in both the fixed and mobile markets must invest in next generation technology in order to remain competitive. Large fixed-line SPs are overhauling their networks to create convergent IP networks, which will allow them to provide services such as Voice over Internet Protocol ("VoIP").

The focus on next generation technology is causing SPs to rationalize and standardize their legacy networks in order to reduce the maintenance burden and free up capital expenditure for next generation networks that can be overlaid upon legacy networks. Outsourcing is increasingly the preferred route for this rationalization process, as SPs are challenged by the complexity of legacy systems and the lack of resources to manage it.

Therefore the transformation that Carriers are undergoing currently has two dimensions, the first being the convergence of the delivery of voice, video, data and content over a single network and the second being the convergence of fixed and mobile communications. The two dimensions of the transformation represent challenges to SPs in that they must keep pace with technological developments in the area of converged networks as well as confront increasing competition from fixed, mobile, cable and Internet service providers. The transformation of the competitive landscape means that SPs must focus on the development of innovative services for all segments of subscribers.

The IT service providers that specialize in Telecom domain and have insight into customer needs can play a pivotal role in helping the carriers' transition smoothly and tide the current phase. Those vendors that have an offshore center in a lower cost destination, like India, could potentially offer the additional benefit of cost rationalization along with quick ramp up of domain competent specialists that can cut short the time to market for any business enhancement or new launch. The potential for telecom related IT services should go up substantially in future as the industry gears to further roll out next generation technologies like 3G and 4G based networks. Any such transition from existing GSM based networks will raise significant intervention on IT infrastructure and the ability of the competing carriers to quickly make smooth uninterrupted transitions will drive success in the marketplace. These activities will need the transition team to thoroughly understand both the legacy and new offerings in the telecom domain for a successful new generation rollout.



## 2. Telecommunications Equipment Providers or Original Equipment Manufacturers (OEM)

These are manufacturers that design and make the required equipment that sets up the enabling infrastructure for the services provided by above carriers. These set of companies invest a very significant portion of their annual budget into research and development to stay ahead of new technological advances in the telecom domain. The shorter shelf-life of technological innovation poses huge challenges to long term sustainability of their offerings on an ongoing basis. Some the large Original Equipment Manufacturers (OEMs) and Independent Software Vendors (ISVs) include Alcatel-Lucent , Oracle, Nokia, Ericsson, Nortel, etc

Needless to say, the global telecom industry spending is primarily driven by the business environment of the telecom service providers. The business performance of the telecom service providers has a direct bearing on the spending for new hardware and software infrastructure. This in turn directly impacts the prospects of OEMS, Independent Software Vendors (ISVs), systems integrators, consulting companies, etc.

Telecommunications Equipment Manufacturers or Original Equipment Manufacturers (OEMs) provide the network equipment required by Service Providers (SPs), including the switches used by fixed-line operators and the handsets used by the customers of mobile SPs. OEMs have played a major role in the migration of SPs to next generation networks. They have designed mobile network infrastructures and soft switches used for VoIP technology, which in turn have helped SPs reduce the costs associated with deploying next generation network applications. They have also designed technologically advanced mobile handsets, which serve as the platform for advanced data and content services. The phenomenon of convergence and evolution of next generation networks has created challenges for OEMs in the form of maintaining and enhancing traditional equipment, while continuously satisfying demand for next generation equipment.

The leading OEMs typically spend 10% - 15% of their revenues on Research and Development on an annual basis.

Calendar Year 2007 (figures in \$ billions)				
SNo	Company	Revenues	R&D Spend	% Net Sales
1	Motorola	36.6	4.4	12.1%
2	Nokia*	74.9	8.2	11.0%
3	Alcatel-Lucent*	26.0	4.5	17.4%
4	Cisco **	34.9	4.5	12.9%
5	Ericsson***	30.5	4.7	15.4%

Source: Company annual reports and press releases

\*Assumed 1 Euro = 1.46 US dollar

\*\*Cisco's numbers for calendar year ending July 07

\*\*\* Assumed 1 US dollar = 6.16 Swedish Kroner

A portion of the above huge amount that OEMs invest every year into R&D, for developing new products are the target for software and IT services companies that focus on the Telecom domain.

We believe that the players that have substantial expertise in understanding and managing such products could partner with OEM vendors innovatively to rationalize cost of development and continued maintenance of such products. Such firms can also explore alternate business models which work on higher risk reward principles of engagement. This will provide them a very profitable avenue for business growth and simultaneously helps to position such IT services players uniquely across the telecom value chain.

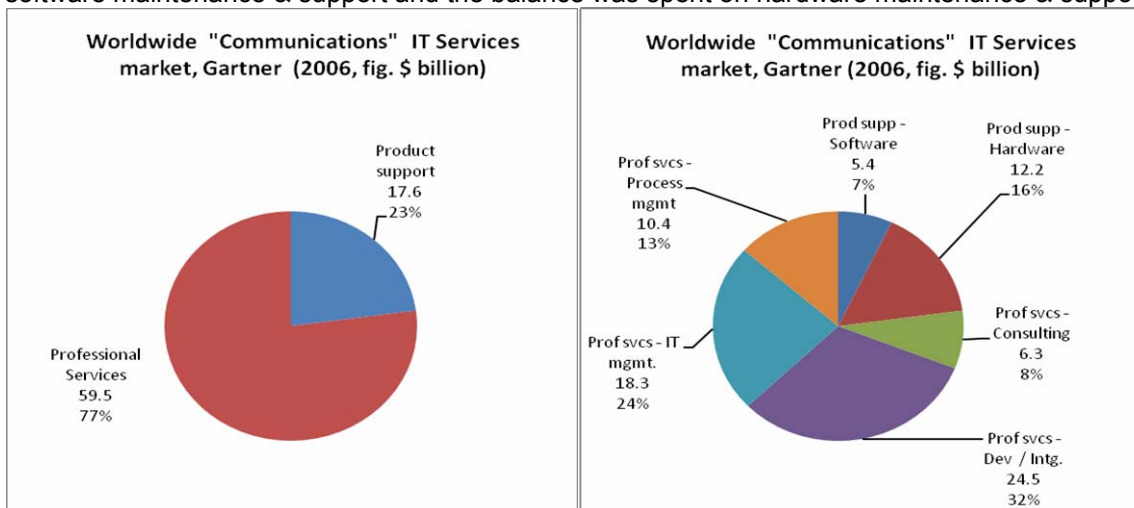
### **Software and IT services market in the Telecom Industry**

Over the last few years, software and IT services providers have expanded and upgraded their service offerings to cater to the changing needs of Telecom Service Providers. The migration to next generation

networks will create increased demand for software and IT services. IT services and software providers must be able to handle the complex business functions of converged networks and provide solutions across multiple network elements, in both legacy and next generation networks. Thus, the migration to next generation networks represents a significant opportunity for IT services and software providers that focus on the telecommunications industry.

The two key areas of telecom industry where software and IT services are required are **Operations Support Systems (OSS)** and **Business support systems (BSS)**.

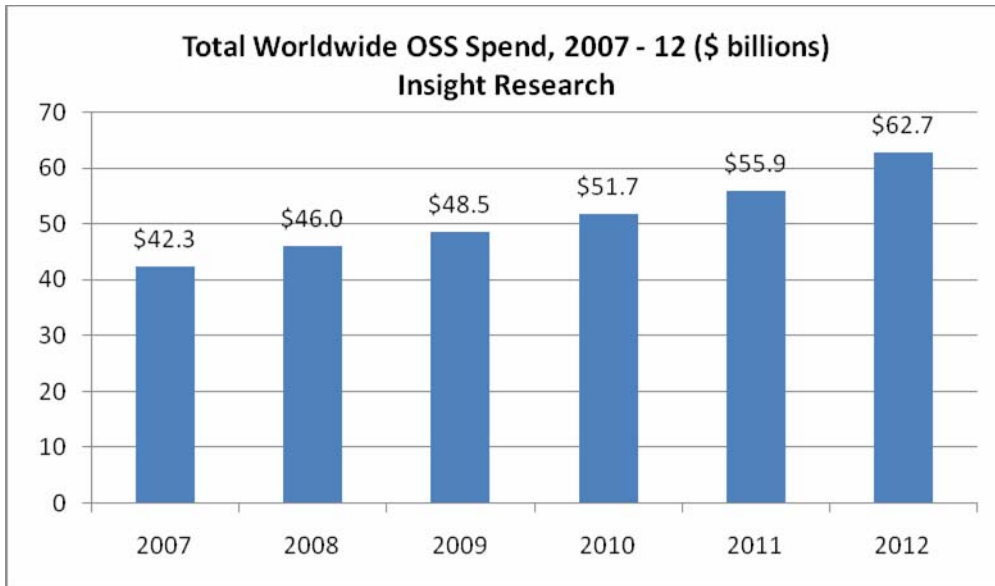
**Operations Support Systems (OSS)** give telecommunications service providers the ability to create, deploy, manage, and maintain telecommunications services, and to bill customers for the use of these services. The main areas of telecommunications service providers' businesses in which software and IT services are required are collectively called Operations Support Systems (OSS). In some instances, OSS is further split to refer to those that cover the actual operation of the network, including planning, rollout, switching, signaling and transmission, and **Business Support Systems (BSS)** covers non-network related functions such as customer relationship management, billing, based on both customized solutions and "Commercial off-the-shelf" (COTS) products Our analysis, based on data available from Gartner, indicates that IT services spending in the "Communications" industry for 2005 was close to \$ 72 billion. This grew by about 7% to over \$77b in 2006 in line with overall worldwide growth of IT services. About three quarters of the overall market spend was on professional services (\$59.5 billion) and the rest was on product support (\$17.6 billion). The Product support services include about \$5.4 billion spend on software maintenance & support and the balance was spent on hardware maintenance & support.



Source: Gartner Inc., Database: IT Services in the Communications Industry, Worldwide, 2006 Update, Venecia K Liu, 26<sup>th</sup> November 2007

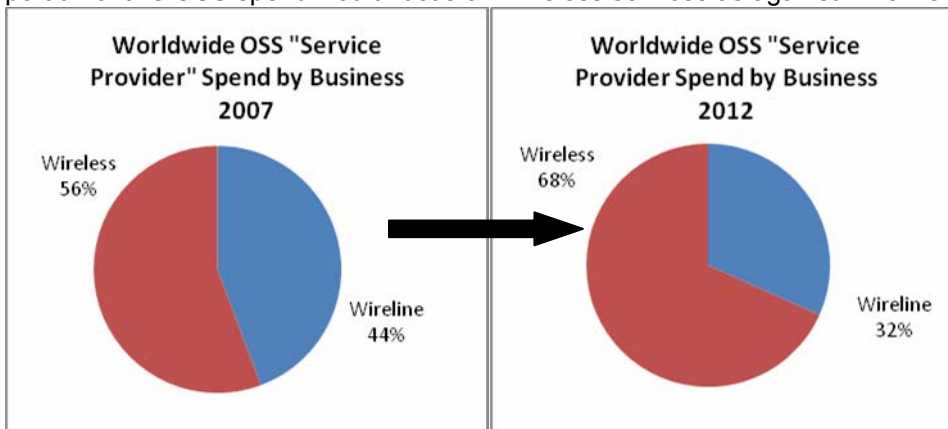
The Professional Services segment is the one that mainly drives the business volumes for IT services companies. As evident from the charts above, the larger segments of Worldwide "Communication" IT services spend are the Development & Integration and IT Management activities amounting to approximately \$43 billion in 2006. These two activities, together, account for 55% of the overall "Communications" IT services market (\$77 billion) and over 70% of Professional Services pie (\$59.5 billion).

According to Insight Research, the world wide spending by telecom service providers on software and IT services has shown healthy growth over the years. This trend is expected to continue going forward due to reasons discussed in the previous sections,



Source: The Insight Research Corporation, Table VI-11, Operations Support Systems 2007 - 2012, December 2007 (chart created by Infinite)

While total spending was historically split close to equally between fixed and wireless segments. This has undergone a change in recent times as the market has rapidly evolved. Going forward, a significant portion of this OSS spend would focus on Wireless services as against Wireline



Source: The Insight Research Corporation, Table VI-12, Operations Support Systems 2007 - 2012, December 2007

### **Future Opportunities in Telecom Service Provider IT space**

The convergence of technology for various related offerings like wire line, wireless, data, video, etc over the telecom networks is creating intense pressure on telecom carriers. Not only do they need to compete and invest heavily in capital expenditure to launch these services but they also need to make sure that it integrates with their existing IT infrastructure so that the end consumer has a smooth integrated experience. To make these existing BSS / OSS systems quickly adapt to the new applications designed to meet the changing business needs & features, significant intervention is required as these are mostly legacy in nature. The capabilities required are spread across multiple network technologies and vary from core network services to value added services. The range of services include Network infrastructure management, Infrastructure services, Network services, etc

The current industry dynamics necessitate significant IT spending by carriers as they struggle to reduce costs across the organization and, at the same time, deploy new revenue-generating services at the same time. Most of the carriers, have opted for various COTS solutions that have not only cut the time to market those new offerings but have significantly increased the requirement to integrate and maintain them along with existing legacy IT infrastructure. Any new offering roll-out becomes a challenge as both

the legacy and new generation solutions need to stay in sync. Hence, they are increasingly turning to systems integrators and outsourcing companies to help them achieve their goals.

A traditional carrier planning to launch wide range of services spanning across voice, wire line, data, internet, GPRS, DSL, and related service could find the task of making internal systems ready a huge challenge. The carriers might need to develop content like music, games, etc and be able to deliver them from a single point (portal) on the web. To be able to compete smartly in the marketplace, there could be a necessity to launch several new services while operating under various constraints like regulatory hurdles, local competition, geography specific needs, etc. Moreover, the carriers may need to make sure that they offer several variants, of these services available to customers, to drive the value proposition of their offerings. All of this could potentially raise the cost of launching new services for the carriers as they need to not only make improvisations on their business processes (activation, billing, etc) but also lose time to market them. Often the business processes span across new generation and legacy systems.

By enabling the complex networks of IT systems to quickly adapt to the dynamic business requirements and continuously evolve with the changing business needs, a well entrenched IT services provider could play a pivotal role in the entire carrier transformation and thereby increase SP's competitiveness in the marketplace. The solutions should not only quickly address the current requirements and but also simultaneously make the systems ready for future changes in this very dynamic business environment. The above partnership between the two not only reduces cost but also helps the customer in cutting down time-to-market and thereby staying ahead of the competition

### **Future Opportunities in OEM IT space**

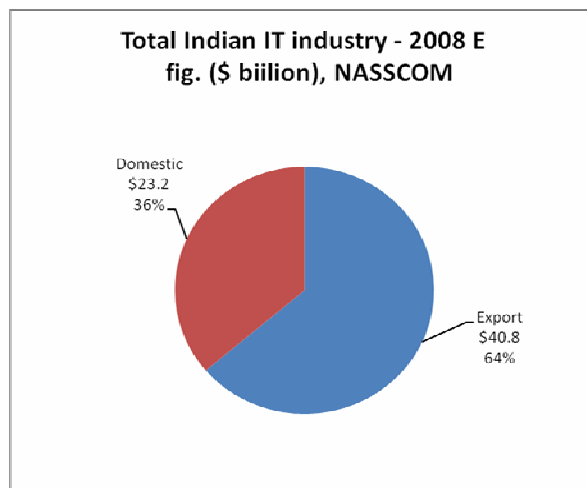
We believe that Software and IT services providers are key to the strategy of OEMs. OEMs have sought to expand their margins through IT outsourcing of product engineering and lifecycle management related work in areas like transmission, switching and access, in both legacy and next generation networks. The IT services vendors can take ownership of product lines from OEM's clients, providing support across the product lifecycle including development, maintenance and customer support. In the recent years, several OEMs have entered into a range of strategic alliances to lower research and development costs through technology exchange and joint product development.

As discussed above, IT service providers that have domain understanding will be the preferred partner for solutions integration and the rollout of network technologies in live environments. Over the past few years, software and IT services providers have expanded and upgraded their service offerings in order to cater to the changing needs of SPs. The migration to next generation networks will create increased demand for software and IT services. IT services and software providers will have to continue building competency in managing the complex business functions of converged networks and providing solutions across multiple network elements. In our view, therefore, migration to next generation networks represents a significant opportunity for focused IT services and software providers that specialize in the telecommunications industry.

In brief, telecom focused Indian IT vendors that have built proven capability, by working closely with large carriers across various segments of the telecom carrier value chain are likely to have the right industry insight. They are now strategically positioned to ride the next wave of growth in IT services within the telecom domain. The comfort level of the clients has the potential of spawning a new era in relationship extension as clients would agree to offshore critical applications. This could help the customers reduce the total cost of ownership for these applications and cut the time to market enhancements or new roll outs. Both carrier and OEM focused engagements will likely be key beneficiaries and hence any Indian IT vendor that spans across both the domains is uniquely positioned to benefit across the entire value chain.

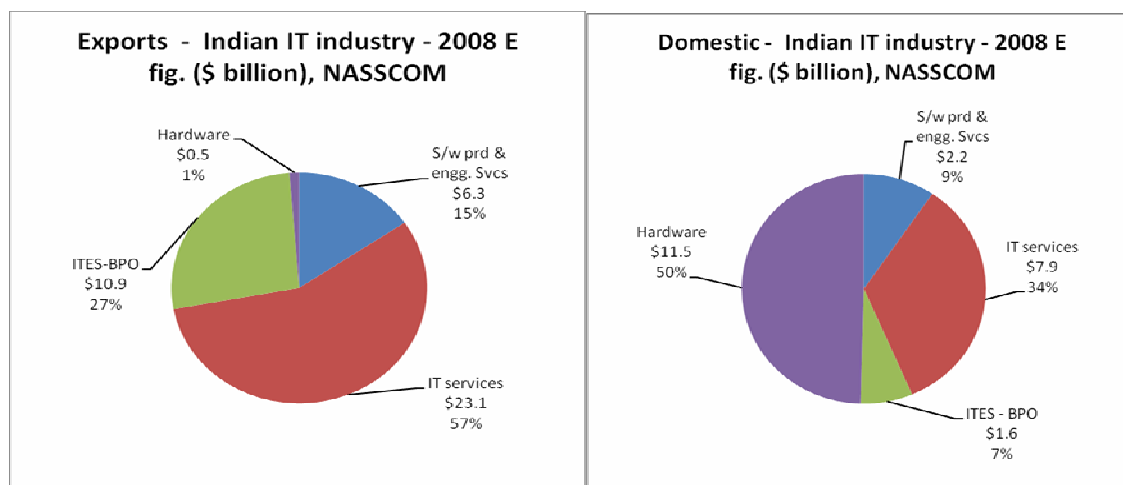
### **India IT industry**

According to a study by NASSCOM, the Indian IT and BPO industry is expected to touch revenues of \$64 billion by the end of fiscal year 2008, clocking an impressive growth of 33%. Exports dominate the industry constituting close to two-thirds of the total pie.



Source: Strategic Review Feb 2008, [www.nasscom.in](http://www.nasscom.in)

The split of the total Indian industry revenues are as shown below. IT services segment brings in close to half of the total Indian IT industry revenues. Total IT-BPO exports are expected to reach \$40.8 billion, while the domestic market is expected to touch \$23.2 billion in FY08.



Source: Strategic Review Feb 2008, [www.nasscom.in](http://www.nasscom.in)

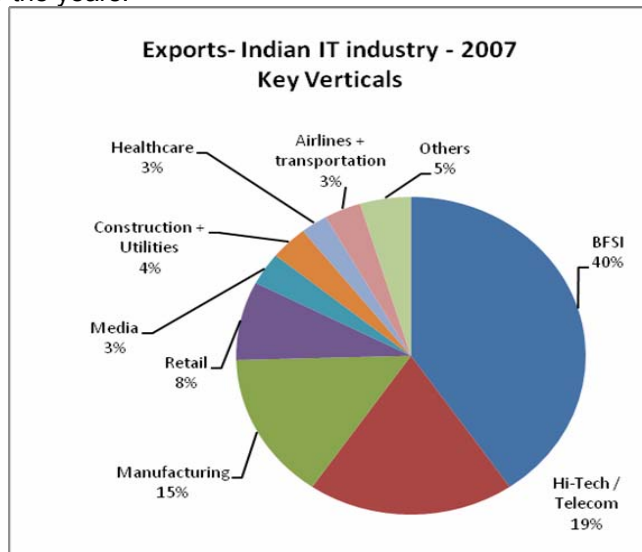
The robust growth reinforces the confidence of global corporations in India. As per NASSCOM, the industry would also meet its target of \$60 billion in software and services exports and overall software and services revenues of \$73-75 billion by 2010. The contribution of Indian technology sector to the GDP is expected to increase to 5.5% in FY-2008 from 1.2 per cent in 1998.

According to Gartner press release, "Gartner Says Indian IT Services Market to Grow to US \$10 billion by 2011", January 22<sup>nd</sup> 2008, "The Indian domestic IT services market is pegged to grow to \$10.7 billion by 2011 at a five year compounded annual growth rate (CAGR) of 23.2%. Growth of the IT services market is primarily being driven by economic growth, high growth among the small and midsize businesses (SMBs), government projects and increased customer focus. Even though there are few large IT vendors who have had success in the domestic market, the Indian IT services market is still fragmented, with the majority of the market being serviced by smaller local players that account for close to 40% of the IT services market."

### Indian IT Industry - Telecom Domain

Over the last decade, telecom has been one of the largest verticals for several top Indian IT firms. Revenues from Hi-Tech / Telecom vertical account for roughly 18 - 20% of the overall export revenue of

Indian IT industry, second only to BFSI domain. Even though there are several Indian players that offer varied services, significant portion of the business is still in the hands of select few that have developed domain competency over the years.



Source: Strategic Review Feb 2008, [www.nasscom.in](http://www.nasscom.in)

Telecom has also been the anchor vertical for some pure-play telecom IT services companies. The Indian vendors provide a range of product support and professional services offerings to telecom service providers covering the breadth of the communications industry, including broadcasting & cable, satellite, wireless & wireline sectors. Some of the larger IT services players have not been able to scale up their Telecom business due to required domain competence. Hence, an Indian IT services vendor that has built telecom domain competency over the years, irrespective of its overall size, has a fair chance to benefit from the next level of telecom growth worldwide.

Most of the large carriers, in mature markets, have had several rounds of M&A to become what they are today and hence have multiple systems to manage services like activation and billing. To add to their woes, there is not enough trained talent to transition work from the retiring workforce in future. Hence this is a sizable opportunity for firms that have developed deep competency in this domain across multiple systems / niche areas.

In conclusion, the transition that the telecom industry is expected to undergo, in the coming years, will spell huge opportunities for a telecom specialist in the IT services domain.

**Indian IT Industry: Factors that will fuel future growth**

- Global Macro-economic environment
- Lower cost of workforce
- Availability of talent
- Growth in domestic market
- High standards for Delivery of IT solutions
- Supportive Government Policies

**Indian IT industry: Recent trends that will drive evolution of Indian IT services players  
Opportunity for mid-sized firms**

In the past, most of the fortune 500 customers would limit their set of choices for off shoring to just top few names in the Indian IT space. This phenomenon is now undergoing a transition as some of the customers are now seeking alternate vendors than restricting themselves to a select few. We believe that



some of the fortune 500 customers now feel that they might get higher attention and hence more value for money for their large to midsized engagements with an alternate mid-sized vendor than with one of the large ones. The other driver for this shift is that some of the non fortune 500 customers themselves are wary of approaching the large vendors for they might not get the desired attention. For growing midsized organizations that have the right size and established pedigree, the above trend provides enormous opportunity to expand and demonstrate our value proposition to customers.

#### **Off shoring increasingly getting accepted**

The concept of off shoring is now much more acceptable to even non fortune 500 customers who would not have even thought on such lines earlier. This gives Indian IT vendors an opportunity to target this segment of the market that might not have got attention from large vendors earlier. The other significant shift is the increasing acceptance of off shoring as a model by even European customers who had earlier been cautious in exploring this option. We have already demonstrated significant success in managing large offshore engagements with fortune 100 customers and see significant ramp up going forward even from European customers.

#### **Indian IT companies seek Global footprint**

As the business scale grows, most of the Indian IT companies are increasingly spreading themselves across the globe. This is primarily driven by two factors. Firstly, business pipeline from various geographies create a less risky and more diversified business model from overall organization sustainability perspective and secondly, organizations intend to build global delivery centers to be able to pursue “follow the sun” model and provide 24/7 support to their customers. The global footprint is necessary to hedge risks associated with geo-political factors, currency volatility, costs escalation, talent shortage, regulatory changes, etc.

#### **Focus on niche verticals**

The small to mid-sized Indian IT firms have been building capability in select verticals to thwart competition from large Indian / MNC players. The vertical focus helps retain their USP in the market and enables them to differentiate themselves in the marketplace. One of the main verticals for Indian IT services industry has been the telecom vertical. Infinite derives a major portion of its business from the telecom vertical and the organization’s future strategy will be sculpted around it.

#### **Indian firms focusing on larger deals**

The last decade has seen Indian companies maturing in size & scope of their engagements. In recent times, the Indian IT industry has witnessed top Indian vendors pitching and successfully bagging large multi-year deals from US, Europe & Australia. This demonstrates the acceptance of India as a strategic destination for long term outsourcing and also helps the Indian firms in achieving profitable scale of operations.



## OUR BUSINESS

### Company Overview

We are a global service provider of Infrastructure Management, Intellectual Property (IP) leveraged solutions and IT services, focused on the Telecom, Media, Technology, Manufacturing, and Healthcare industries. Our services span from Application Management Outsourcing, packaged application services, Independent Validation & Verification, product development & support, to higher value-added offerings, including, managed platform and product engineering services. Our telecommunication-specific services and solutions to telecom Original Equipment Manufacturers (OEMs) and Independent software vendors (ISVs) include product engineering and lifecycle management services relating to telecom equipment used in areas such as transmission, switching, access and Operational Support Systems (OSS), in both legacy and next generation networks (NGNs). Our solutions for Telecom Service Providers range from consulting on business and operating processes to the development of their BSS and OSS systems, as well as, the integration of those systems with the underlying network technologies.

With our experience in executing several large mission-critical IT and Infrastructure projects for our clients in the telecom domain, and our acquisition in 2007 of a telecom-focused company, Comnet International Co, USA; we are now one of the leading providers of telecom-specific offerings to service providers, OEMs and ISVs in the Telecom vertical, globally. For fiscal year 2006-07, the telecom vertical contributed to 40.9% of our total revenues. For the nine month period ending December 31<sup>st</sup> this fiscal, the corresponding proportion is 50.3 %.

We were successfully assessed for CMMi L5 in April, 2004. We have initiated to upgrade to the next version of CMMi L5 in Q1 2008-2009 in keeping with the journey of continuous improvement and continued focus on quality to deliver enhanced value to our customers. We are a Software Technology Parks of India (STPI) registered entity and provide technology services to client specific requirements. These services are performed onsite / onshore and off shore through our various offices and 100% subsidiaries spread over several countries across 4 continents. Our integrated network of delivery facilities across India and the US is complemented by onsite, offsite and near-shore capabilities in major international markets. We have 12 offices across the globe, including offices in multiple locations in the US, UK, India, China, Malaysia, Singapore and Australia. Our world-class development environment of over 145,000 sq. ft. effectively meets the needs of our global customers. We currently have three delivery centers in India – our company-owned facility in Bangalore, and leased facilities in Hyderabad and Chennai.

Our current clientele includes leading names such as Verizon communication, IBM, ACS and AOL (America online) amongst others.

We have achieved sustained growth in revenues in recent years. Our consolidated revenues grew from Rs.1,934 million in Fiscal 2002-03 to Rs.3,489 million in Fiscal 2006-07. For the nine month period ending Dec 31<sup>st</sup> for the fiscal 2007-08, our revenues are Rs.2,463 million with PAT of Rs.101.3 million. Our top five customers accounted for approximately 78% of our total revenues for the 9 month period ending Dec. 31<sup>st</sup> 2007.

### Our Competitive Strengths

We believe that the key competitive strengths which enable us to differentiate ourselves from some of our competitors are the following:

- ***Optimum sized company with proven track record***

In the past, most of the fortune 500 customers would limit their set of choices for off shoring to just top few names in the Indian IT space. We believe this phenomenon is now undergoing a transition as significant numbers of large corporations are now seeking to add alternate mid-sized vendors to their vendor list, to get higher attention and hence more value for money by engaging with an alternate mid-sized vendor with right capabilities. We have the right size, established strengths in technology, process maturity and infrastructure with proven track record of successful engagements with large





corporations including three Fortune 10 companies to continue to emerge as a compelling alternate choice for large corporations

- ***Focus on the telecommunication industry***

We are one of the few service providers out of India with a significant focus on the telecommunication industry. Global spending in the telecom industry is expected to continue to grow at a significant pace. According to “The Insight Research Corporation”, telecommunication carriers spent US\$ 42.3 billion on Operations Support Systems (OSS) in 2007 and this amount is expected to reach US\$ 62.7 billion by 2011. The revenue for the top 5 players in OEM segment, as per their published results, was more than \$200 billion in 2007 and they have typically spent 10% - 15% of revenues on R&D. Given the technology intensive nature of the OEMs business and the historical levels of R&D expenditure by leading OEMs, we anticipate that OEM expenditure on IT services will continue to expand.

We believe that we are one of the few companies, our size, to have extensive experience with telecom service providers, OEMs and ISVs and our continued focus on the telecommunication industry enables us to participate and benefit from the anticipated growth of the global telecommunication industry.

- ***Domain knowledge***

Our focus on the telecom industry has enabled us to develop domain knowledge that spans the breadth of solutions that telecom companies require. This has in turn allowed us to steadily advance our offerings from the provision of conventional IT services to high end, higher value added services such as telecom infrastructure management projects, managed platforms services and Intellectual Property (IP) leveraged solutions, resulting in greater long term involvement with our clients' businesses. This has been amply demonstrated by our consistent long term relationships with telecom customers – Verizon Communications and various telecom service providers and equipment manufacturers.

With the convergence of telecom and media systems through newer IP based technologies and merging of operators via triple (voice, internet, TV) and quadruple play (voice, Internet, TV, wireless) we believe that we are well-positioned to take our offerings to the emerging telecom and media products companies and service providers. Our current engagements with AOL (America online) are testimony to our unified approach to the telecom and media enterprises.

We have gained significant experience of working with several service providers over the years. Based on that, we have designed and implemented solutions like mediation (usage data collection and provisioning), network management, billing and order management. This has helped us gain knowledge and expertise across all the layers of the Telecom Management Network model. Our breadth of experience spans from OEMs to Service Providers.

The acquisition of Comnet in 2007 significantly increased our ability to offer services to OEM and ISV clients. The focus of Comnet is product engineering and lifecycle management relating to telecom equipment used in areas such as transmission, switching, access and Operational Support Systems (OSS), in both legacy and next generation networks. With the Comnet acquisition we acquired several key client relationships. This acquisition also reinforces our product engineering and IP-Leveraged solutions capabilities. Our relationships with OEMs and ISVs enables us to understand the network equipment and platforms used by our service provider clients and therefore, to anticipate their IT needs, which we believe puts us in a very unique position of being able to take the OEM/ISV expertise to service providers and vice-versa; a capability which provides us with a significant competitive advantage in attracting new business.

- ***Long term marquee client relationships***

We have a proven and successful track record of managing large, multi-year engagements with Global 1000 clients. We have consistently and successfully demonstrated the ability to manage key client relationships. This is reflected in the long duration of our relationships and the depth of our



service offerings to some of our largest clients. Our current clientele includes leading names such as Verizon communication, IBM, ACS and AOL amongst others.

We believe that our relationships with these prestigious and global clients, our ability to be accessible to our customers by having client-facing organizations based close to the customers, our flexible approach, agility to meet customer requirements, our business model that enables closer business alignment between our customer's business and our own, give us a significant competitive advantage in gaining new clients and growing our business.

- ***Differentiated Business Model***

We increasingly engage with our customers using innovative risk- reward, revenue- sharing models thereby enabling closer business alignment between our customer's business and our own. This shift is being achieved via a combination of acquiring proven and sustainable revenue generating customer IP in exchange for a revenue share model and our own investment in IP creation, that we bundle in with our services offering to enhance customer satisfaction by improved time to service initiation and significantly reduced operating costs. This allows our customers to better align their R&D spend, extend flexible multi-vendor product portfolios to their end-clients and reduce their risk. It allows us to increase our value offering with our customers. In exchange, we get a more long term, sustainable and profitable business model.

- ***Global delivery model with excellent infrastructure***

We have a global presence and have been increasing our geographical footprint in an aggressive manner. We have established our presence in most of the large Telecom & IT Services markets of the world with offices and subsidiaries in the U.S. in multiple locations, as well as in the U.K, India, Singapore, Malaysia, Australia and China. We have also been growing our development centers in India. We currently have three development centers in India - in Bangalore, Chennai & Hyderabad. Our main campus in India is housed in Whitefield, Bangalore and is approx 14500 Sq meters. We have also been allocated 4.87 acres of land in the Special Economic Zone (SEZ) in Hyderabad and plan to build the second campus there.

- ***Commitment to quality and process execution***

We have developed a sophisticated project management methodology to ensure timely, consistent and accurate delivery of quality solutions to maintain a high level of client satisfaction. We constantly benchmark our services and processes against globally recognized quality standards. The company's strong commitment to quality, as evident from its achievement of various industry certifications, ensures consistent quality standards without compromising on project scheduled timelines.

- ***Experienced Executive Management team***

We have an experienced management team in place which leads the company in the pursuit of corporate excellence, market leadership and technological innovation. Their broad experience, talent and vision are helping Infinite obtain the goal of delivering superior customer value as the leading global provider of Infrastructure Management, IP based solutions and IT services worldwide.

We believe that our management has substantial skills in delivering quality services and development of dependable business relationships as required by large Global 1000 customers. As hands-on leaders, the management team is involved in day-to-day operations and works closely with our clients. Experience across diverse backgrounds, geographies and different areas of specialization within the Telecom and IT industry has given our management team a comprehensive technology vision as well as an end-to-end understanding of the strategic business needs of its customers. The team members have previously worked with leading global and Indian Telecom and IT Services companies including IBM, Verizon, Lucent, Hughes, CMC Ltd., etc.

## **Our Business Strategy**

The key elements of our business strategy include:

### **Telecom Industry Focus**



Since inception, we have had a strong focus on the telecommunication industry and have developed significant technology and domain expertise and experience in this area. Our business strategy is to continue to grow upon our core telecom and technology expertise, organically as well as through acquisitions to enable us to be the leading and dominant India based products, services and infrastructure management company for the Telecom vertical – OEMs, ISVs, and Service Providers – and to do so in a synergic way by harnessing the demands and solutions between the OEMs/ISVs, Service Providers and ourselves.

We believe that our extensive experience with telecom OEMs/ISVs, as well as, service providers puts us in an unique position of being able to take the OEM/ISV expertise to service providers and vice-versa, a capability we are leveraging as part of our strategy. This is being done in the areas of embedded and server platform based product development services for wireline, wireless, IP and convergence systems, OSS / BSS Software - network management & element management, ordering, provisioning, customer care, billing and mediation systems, next generation products (VOIP systems, IPTV, ITV, IMS), content management systems and search platforms, as well as, adapter development.

#### **Business Model Based on Multiple Revenue Streams**

We have different business models which lead to different revenue streams. Besides the prevailing revenue models in the IT field, we are also engaging with our customers using innovative risk-reward, revenue-sharing models, thereby enabling closer business alignment between customer's business and our own. This shift is being achieved via a combination of acquiring proven and sustainable revenue generating customer IP in exchange for a revenue share model and our own investment in IP creation that we bundle in our service offering to enhance customer time to service initiation or significantly reduce the operating costs.

#### **Business growth leveraging existing Global clients**

We intend to continue to grow our business from existing clients by enhancing our existing relationships and increasing the scope of engagements with our clients by expanding the breadth of services we offer, and addressing new areas within clients' organization. We plan to focus on higher value added services such as infrastructure management, product engineering, managed platforms and IP leveraged solutions, which tend to be long term in nature. Our capability to provide a broad range of services enables us to deepen our relationships with existing clients through cross-selling opportunities.

#### **Increased Focus on European Markets; harnessing global client-base**

Besides continuing to focus on growing existing client relationships in the US, we have aggressively diversified into new geographies, specifically Europe, by expanding our relationship with existing global clients in Europe as well as acquiring new clients. These are typically Global 2000 companies that can offer us the potential to scale across geographies.

#### **Strengthening and harmonization of core capabilities through acquisitions**

Our acquisition of Comnet brings us the ability to provide software research and development and full life-cycle support for products and systems in the telecom arena. Through Comnet, we now provide managed platforms, managed services and infrastructure management solutions and consulting to major telecom equipment manufacturers, service providers, and operational support systems vendors in the wire-line, wireless and convergence systems.

We will continue to look for strategic acquisitions of companies that have complimentary capabilities and help us expand into newer geographies. We will also look to enhance our domain, service capabilities and opportunities of acquiring customer's revenue generating IP. In this model we intend to take ownership of the customer IP under a licensing agreement and provide full lifecycle R&D support in exchange for revenue share of the business. This will allow our customers to better align their R&D spend and reduce their risk. In return we expect to get a more profitable business model albeit at higher risks.

#### **Continuing to attract, build and develop employee excellence**

We believe our ability to grow on a sustained basis and maintain the differentiation in the market place is to a large extent dependent on our strength to attract, train, motivate and retain our people. We intend to



further develop our position as a preferred employer in our industry and place special emphasis on attracting and retaining highly skilled employees. We will continue to invest in the career development and training of our employees with the objective of further enhancing their technical and leadership skills and also implement aggressive performance- based compensation plans. We believe that our multi-city operations in India including Bangalore, Chennai, and Hyderabad gives us access to a larger talent pool and we plan to increase our recruiting efforts in those cities.

### Our Service Offerings

We have three main service offerings - Infrastructure Management, Intellectual Property (IP) leveraged solutions and IT services focused on the Telecom and Media, Technology, Manufacturing, and Healthcare industry. Our base services span from application management outsourcing, packaged application services, independent validation & verification, and product development & support to higher value added offerings including managed platform and product engineering services.

Our telecommunication-specific services and solutions to Telecom OEMs and ISVs include product engineering and lifecycle management services relating to telecom equipment used in areas such as transmission, switching, access and Operational Support Systems (OSS), in both legacy and next generation networks. Our solutions for Telecom Service Providers range from consulting on business & operating processes to the development of their BSS and OSS systems, as well as, the integration of those systems with the underlying network technologies.



\*AMS - Application Management Services \*PAS - Packaged Application Services \*IV&V - Independent Verification & Validation \*PDS - Product Development Services

### Infrastructure Management Services (IMS)

We provide onsite as well as remote Telecom and IT infrastructure management and technical support to enterprises in order to help reduce their cost of operations and provide continuous monitoring and management services. We offer full range of services for remote management of our clients' hardware & network infrastructure, applications & telecom infrastructure platforms and products. We offer multi-channel (email, web, chat and voice) and multi-level support (Level 1, Level 2 and Level 3).

### Telecom Infrastructure Management Services (TIMS)

The Telecom Infrastructure Management Services are a mature offering from Infinite for medium to large telecom service providers in the wireline, wireless, VOIP, triple play (voice data TV), quadruple play (triple play along with wireless) and satellite- based service businesses.

Our offering covers the following:

- Network deployment consulting and planning services – Our pool of specialists help the service providers with RF planning/engineering, traffic engineering, capacity planning, trunking and wide area traffic network engineering, headend and handoff point analysis and field force management planning. This high end consulting unit is a pool of specialized resources that maintain, develop planning tools that we own and bring our expertise as well as analytics software capabilities to help providers with the most cost efficient network design.
- Network deployment turnkey contracts – Our expertise in program management and command of telecom domain allows us to bid on and execute turnkey network deployments for switching gear, BSS/OSS equipment as well as managing third party providers for civil and wireless installations to provide a complete end-to-end deployment management capability to the service providers.
- Network Operations Center (NOC) designs, development and operations – we specialize in consulting for design definition, development and operations of service provider NOC. We specialize in the design of the NOC workflow, IT system build out to support the workflow and well as the telecommunication network needed to support the data and voice interactions needed in and out of the NOC. We also specialize in 24x7 support of the telecom networks by operating the NOC for our customers.

### **IT Infrastructure Management Services (IIMS)**

We manage IT infrastructure for many of our Global 1000 customers. We have well defined Service Level Agreements (SLAs) that provide customers with the assurance of consistently superior performance.



- **Integrated Service Management**  
Our integrated service management offers efficient, effective solutions for integrating people, processes, and technology. The flexible solutions combine system-specific tools and resources dedicated to surveying and maintaining performance of business-critical elements. The integrated service management process cycle revolves around three primary components: process administration, automation, service team.
- **Network Management**  
Our portfolio of network services provides customers with responsive, fully integrated networks that connect their enterprise and ensure dependable, highly secure, real-time access to people and



information. Services include Network Audit, Network Architecture, Network Integration, Remote Network Outsourcing, Network Management and Support.

- **Server and Backup Management**

We help our customers manage their server environment and backup effectively to maintain performance at optimum levels. The server and backup management offerings ensure that server parameters and operating systems are administered and tuned well. The offerings span multiple environments, platforms, operating systems and tools. Among other things the service deliverables also include Operating system administration, Performance monitoring of servers (monitoring CPU, disk space, memory utilization) and fine tuning, Management of upgrades and patches, first level diagnosis of server problems and escalation of hardware problems to vendors.

- **Database Management**

Our database services provide for secure, optimal management and increased database productivity. The services range from database design and enhancement to installation / upgrades, backup / restoration and performance and capacity management. We have a proven track record with database management systems in multiple systems and environments.

- **Messaging System Administration**

Our messaging systems management services helps customers by ensuring smooth functioning of messaging systems. Our offerings address the complete management of messaging systems, providing these services for

- Microsoft® Exchange™ with Microsoft® Outlook™
- POP-based messaging infrastructure
- Exchange 2000
- Netscape
- Lotus Notes

The services include administration of mail servers, user account management, backups and transaction log management, management of post offices and mailboxes, management of internet mail systems and implementation of mail policies among other things.

- **Helpdesk Services**

Our helpdesk services include automating existing Helpdesks to installing new ones, consolidating IT helpdesks to incorporating web-enabled support. The helpdesk professionals work with tools like Computer Associates' (Advanced Helpdesk), Remedy, Network Associates, Magic Helpdesk, etc. These services include:

- Setup a help desk (Single Point of Contact) for IT users
- Implement leading help desk technologies such as Remedy, advanced Helpdesk (CA), Magic Help Desk, Track-IT, etc.
- Run onsite and remote Helpdesk to support desktop and server issues
- Create and maintain knowledge base for Helpdesk users
- Support users on desktop applications and office productivity tools

- **Desktop Management**

The service offerings in this area include desktop computer configurations, standard office application management and support, technology refresh upgrades, Personal computer maintenance through single point of contact, IT help desk services - single point of contact for problems and service enhancements etc.

- **Storage Management**

We help our customers design, implement and monitor an effective Storage Resource Management Policy. This ensures that storage devices such as disks and file systems are kept available for business usage and to meet SLAs. It greatly reduces the effort and time spent on managing storage farms and backup jobs. The result is operational efficiency, higher utilization of storage/backup infrastructure and reduced total cost of operation.



## **Case study**

### ***Client – A Large Telecom Service Provider***

We have been providing datacenter support services for our customer remotely for more than 5 years. This project was the first instance of our client moving such kind of mission critical work to a remote location. We have over the years not only ensured a significantly high uptime on the hardware front but have also made sure very high availability of computing space for several mission critical applications that use these datacenters. Our services encompass L1 and L2 support for the customer 24x7. Over the years our process improvement initiatives have reduced administrative and operational overheads allowing our customer to get more work done without having to proportionally increase the team size. We have also been instrumental in working with our client to incorporate new technology and tools to enhance the functioning of the datacenter without having to increase capital expenditure.

### **Product and IP Leveraged Solutions**

We believe that we have made significant progress in moving our revenue base to IP based revenue sharing model. This shift is being achieved via a combination of acquiring customer IP in exchange for a revenue share model (described below) and our own investment in IP creation that we are bundling in our service offering to enhance customer time to service initiation or significantly reduce the operating costs. In this model we take ownership of the customer IP under a licensing agreement and provide full lifecycle R&D support in exchange for revenue share on the business. This allows our customers to better align their R&D spend, reduce their risk and we in exchange from increased risk, get a more profitable business model. This also allows us to increase our value offering with our customers.

We do not have to spend on sales and marketing infrastructure for these products and are able to leverage the vast OEM/ISV sales network to sell into some of the world's largest companies.

Our products, developed by us or through acquisition of customer IP, are segmented to target telecom OEM/ISVs, service providers, content distribution enterprises, healthcare providers and technology companies.

- ***Products for OEMs and ISVs***

We are already a licensee of products of one of our key clients, which perform a variety of Tele-management functions.

- ***Products for Service Providers***

We are building a BSS/OSS interconnect product utilizing the knowledge that we have gained while working for the service providers. We intend to host the application and offer the service as an Application Service Provider (ASP). Significant input into the product roadmap has been derived from inputs from these service providers.

- ***Products for media enterprises/public sector undertakings***

We have license from GE for their video distribution/e-learning platform called SmartSystem. This system is currently deployed at 400 schools across the United States. We are enhancing this product and working with resellers across the United States to sell additional installations of this product, sell enhancements and maintenance to existing installations.

In addition, we are aggressively marketing this product in the APAC region given the regions strong appetite for training a rapidly growing workforce and an increasingly modernizing education system.

## **IT Services**

We work with clients to provide them with full life cycle outsourced software services. With development centers in India and the U.S., we believe that we have the ability to provide end-to-end project execution onshore, offshore, or in the hybrid delivery model. We have also in the past set up offshore development centers to serve as extensions of our customers' development and engineering organizations. These



services include application management outsourcing, infrastructure management, independent validation & verification and product development.

### ***Application Management Outsourcing***

Our Application Management Outsourcing (AMO) services takes over the management, development and maintenance of IT applications for our clients. We provide various levels of support for Applications Management Outsourcing and enhancement ranging from handling initial service desk queries and correcting application errors, to preventive maintenance, for both packaged and custom application systems.

Our global delivery model and offshore transition methodologies ensure that customers enjoy all the benefits of off loading work offshore. We work with a variety of engagement models, and recommend the one most suited to the customer's specific needs. Our highly skilled staff has significant experience overseeing large-scale Application Management Outsourcing engagements for Global 1000 companies. We employ a scalable staffing approach as well as a 24x7 virtual workday model to meet the specific needs of each client.

### **Distributed Development Model**

We employ an integrated Distributed Development Model methodology for maintenance projects because it offers clients unmatched benefits in speed, accuracy and cost savings.

With our local Support Center based in the US, clients enjoy the comfort of local support proximity and the development centers in India tap into a large pool of highly skilled, English speaking IT professionals to service clients at costs significantly lower than that in the US and Europe.

Under the ambit of application maintenance, we offer application enhancements and production support.

- **Application Enhancement**  
The scope of this service includes major and minor enhancements to existing applications, also encompassing functional and performance enhancements. Analysis of the problem, specification of the solution, development, testing and implementation are dealt in a planned and structured manner with regular progress reports being delivered to the customer.
- **Production Support**  
We offer scalable production support services. It has evolved a structured methodology for managing projects involving system maintenance and production support. Our support methodology is designed to ensure smooth transition of support activities from the customer's onsite team to the onsite and offshore team. The various stages of the methodology include applications to be supported, training the team functionally and technically, setting up infrastructure to carry out production support, formulating procedures for all the three levels of support, services levels and defining work sharing with the customer team.
- **Application Migration**  
We ensure that reliability and integrity of applications are maintained by taking a structured approach to application migration. Constant changes in technology are given due consideration and application architectures are formulated to increase the portability of applications to future platforms and toolkits. With well-defined 'train-the-trainer' programs, Infinite also ensures that transition from one system to the other is as smooth as it possibly can be. We effectively handle the end-of-life management of applications that are migrated in a planned and structured manner. The company enables parallel running of both the old and new systems, until the requirement for data in the old systems ceases.
- **Application Re-engineering**  
We improve the value of old, legacy systems by re-engineering them to enhance functionality and maintainability. Our engineers have expertise in re-engineering application source code to determine functionality. They then compare that with current business requirements and recommend how best to improve applications and convert them into effective productivity tools.





We provide custom application development capability for our customers using Microsoft, Java, Mainframe or open source-based technologies. Our investments in frameworks and reusable components help build more robust and cost effective solutions for our clients.

### **Case study**

Client – A Fortune 100 global enterprise with interests Financial services, Capital goods, Healthcare & Consumer goods

We have been working for last 3 years on maintaining and enhancing a sales tool that integrates the entire process right from proposal, design and manufacturing. The tool is used by the entire sales force and dealer network of the client and integrates the global manufacturing facility of our customer as well as that of their suppliers. The tool is currently being enhanced and is being migrated to a new technology platform with additional features. The most complex aspect of the tool is that it needs to combine complex engineering concepts with IT to provide the users a simple drag and drop experience.

### ***Packaged Application Services (PAS)***

We have built strong capabilities in implementing various packaged applications. With businesses having adopted the 'first-to-market' mantra, we enable customers, across verticals, to concentrate on their market schedules and strategies by shielding them from the enormous strains of developing software to global quality standards. Striking a fine balance between the creative nuances of software development and hard-nosed business realities, our solutions in the areas of ERP reach the highest levels of market acceptance. Through varied domain expertise, we offer structured processes and fine-tuned development models over a broad range of business environments, innovating and breaking new grounds in design and systems development, within its key-technology practice areas. Some of the applications where we have created strong capabilities include:

- **SAP:** Our deliverables fully exploit the potential of SAP offerings. Ranging from customizing or enhancing current SAP functions, through web enabling to carrying out Business Process Analysis (BPA) and Gap Analysis, Infinite's Global SAP Solutions Group comprising experienced functional, technical and business consultants, specializes in the entire suite of SAP applications. The team of SAP experts, with diverse real-world experience, ensures success in initial SAP implementations and adds value with the full suite of post-implementation services
- **DatateX:** TIM (Textile Integrated Manufacturing) is a cost-effective ERP solution developed by DatateX, a company specializing in the design, development and implementation of software for the textile and apparel industry. We have partnered with DatateX to provide marketing, sales and implementation support for TIM in the APAC region.

### ***Independent Verification & Validation (IV&V)***

We offer the whole bandwidth of testing services from Test Requirement Analysis through Tool Identification, Test Planning; Team planning, Test Scheduling, Test Scripting, Test Execution and Test Results Analysis to Detailed Reporting. We employ the most exacting testing standards in the industry to ensure reliability of the systems tested and help customers roll out bug free products in the shortest possible time, every time. Our offerings include:

- Functionality Testing
- Browser/Platform Compatibility Testing
- Website Testing
- Performance / Load Testing
- Automated Testing
- Game/Multimedia Testing
- Client/Server LAN Driven App. Testing
- Regression Testing

We have qualified team of software testing services professionals and the expertise in strategy & planning, test case design & development and test execution in real-world environments.



## **Case study**

Client – A Fortune 500 company which specializes in office technologies and services

Our engagement with this client started off with the testing of the eCommerce applications and then moved on to hardware testing. We have now become an independent testing partner for our customer across the entire spectrum of the product engineering function. We created a testing framework for the hardware testing requirements of our client to enable our client use best practices and componentized the testing process.

## **Product Development & Support (PDS)**

We believe that the global market size in the product engineering space is increasing exponentially, with customers constantly on the lookout for newer, innovative solutions. Technology companies, OEMs, ISVs developing software products face a whole range of challenges in producing successful, quality software faster with fewer resources and utilizing the latest technologies. The challenges that exist include a reduction in product life cycles, shorter release cycles and an accelerated time to market.

We believe that we have built specialized skills in product development, localization, testing, implementation and maintenance / support. Our breadth of offering covers all the core engineering areas and all the critical phases of product lifecycle from creation to growth to stabilization to retirement. This coupled with our innovative partnership approach allows technology companies to maximize global sourcing advantages. We help clients to build, maintain, support and manage incremental releases of their software products.

The key areas that we focus on include:

- New Product Development
- Product Design / Customization / Localization & Globalization
- Product Re-Engineering
- Product Support & Maintenance
- Product Testing & IVV

## **Our Telecom specific offerings**

We have strong focus on the Telecom vertical and have developed significant expertise and experience in this area. This has been amply demonstrated by our consistent long term relationships with telecom customers – Verizon Communications, etc.

With the convergence of telecom and media systems through newer IP based technologies and merging of operators via triple (voice, internet, TV) and quadruple play (voice, Internet, TV, wireless), we are taking our offerings to the emerging telecom and media products companies and service providers. Our current engagement with some key clients, like America Online, is testimony to our unified approach to the telecom and media enterprises.

We believe we are one of the few companies, among peers of our size, who have built capability with telecom OEMs/ISVs as well as service providers. We have designed and implemented solutions like mediation (usage data collection and provisioning), network management, billing and order management. This has helped us gain knowledge and expertise across all the layers of the TMN model. This puts us in a very unique position of being able to take the OEM/ISV expertise to service providers and vice-versa a capability we are leveraging as part of our strategy.

## **Telecom Service Providers (SPs)**

The telecom carriers are confronted with the challenge of upgrading their networks and systems to provide simultaneous support for voice, video, data and content through IP based architecture. These changes will be required across the board impacting network operations, customer processes, business processes and the supporting IT infrastructure. To help these organizations manage this transformation, we have developed significant domain expertise that could facilitate a mutually beneficial long lasting



relationship. Our approach is to target SPs in wireline (CLEC and ILECs), wireless, cable, satellite, Internet Service Providers, triple play, quadruple play and clearinghouse (BSS/OSS interconnect, switching interconnect, wireless roaming) services.

We create sustainable value for service providers beyond traditional software development by

- bringing in full product knowledge of OEMs and ISVs into their operational networks
- being the extension of the OEM/ISVs in customized solutions that we can develop, deploy and maintain at significantly lower costs that may otherwise not be possible
- being the offshore IT arm of the service providers for their customer proprietary systems and software development

### **SP Service Offerings**

- OSS/BSS design, development and production support – We have aggressively expanding our current offerings into wireless and video business and see the expansion in the following service providers:
  - Existing and new customers as they launch triple play (voice, data and video), quadruple play (triple play & wireless), VOIP services or to those that are either value added resellers or are offering value added services.
  - Continue to provide services to these customers in all aspects of OSS/BSS where we have traditionally been strong - Order Management, Provisioning and Activation, Mediation and Billing, Inventory Management, Customer Care & Field Force Management.
- Clearinghouse design, development and operations – we have enhanced our position in the clearinghouse service provider space targeting BSS/OSS interconnect providers (for wireline, VOIP and wireless local number portability), switching system interconnect providers (for signaling translations) and roaming interconnect providers (for wireless roaming). We offer-
  - Core clearinghouse design, development and production support
  - Design migration from legacy mainframe systems to newer technology
  - Transaction processing engine development
  - Interface design
  - Signaling systems
  - Roaming record reconciliation and migration to newer standards
- Customer management lifecycle workflow manual management and automation - In the customer management lifecycle workflow management systems we offer both the traditional seat and pants business processing outsourced service in terms of order management, tracking and fallout management as well IT based workflow solutions to detect and automatically reflow customer orders. We have realized the tremendous market potential here especially in subscriber saturated markets and are ready to have significant non linear revenue growth with our product framework “Sangam”. This framework will be ready to be used as part of our integrated solutions to our clients by mid 2008.
- NOC design, development and operations - we address triple play and quadruple play in the mature US and European markets as well as the new telecommunication and data communication providers in the emerging APAC markets.
- Storefront and backend service ordering system development and operations – we offer the following services to customers involved in equipment and service reselling by design of newer storefronts and automating the backend service ordering and fulfillment engine.
  - Full lifecycle storefront design, development and maintenance
  - Full lifecycle backend integration with provisioning and fulfillment systems in an inter-carrier interconnect scenario
  - Business consulting to enhance the visibility of products online and enabling a more effective online sales closing experience.
  - Outsourced business process management of the order fulfillment process as a one stop shop for wireline, wireless, cable and internet service providers

- ITV and IPTV system design, development and operations - we offer the following services customers involved in the rollout of the ITV and IPTV services.
  - Set-top middleware design, including User interface and remote control and navigation
  - Set-top application development
  - Backend/head-end overall video system design, optimization and operation
  - Smart interactive application design including full lifecycle service design from ordering to customer support and the core application design as well
  - Migration consulting service from traditional system based service offerings to the ITV or IPTV platform
- Data warehouse and business intelligence systems - Data warehousing capability spans across the service offerings – consulting, implementation and management and across the technologies. We offer expertise in Data warehouse design and implementation, Decision support and analysis systems and Report generation systems

### **Products for Service Providers**

Today's telecom and media markets are characterized by the following key business drivers- Retail subscriber/Enterprise subscriber behavior; Service Operator Business Drivers; Legislative Environment These trends have to be facilitated in a BSS/OSS environment that is largely complex, legacy driven, expensive and time consuming to enhance, modify and interoperate and in an environment where the end user access is diversifying and the network gear is becoming more heterogeneous.

To address this very unique opportunity, Infinite is building a BSS/OSS interconnect product utilizing the vast knowledge that Infinite has gained while working with the service providers. Hosting this application and offering the service as an Application Service Provider (ASP) is also something that Infinite is naturally strong at given its vast experience in this area. Lastly signing up customer for service is also a natural extension for Infinite given that most of the customers of the BSS/OSS interconnect product are already customers of Infinite. Significant input into the product roadmap has been derived from inputs from these service providers. This product framework is expected to ready to be deployed as part of our telecom solutions in year 2009.

### **Telecom Equipment Manufacturers (OEMs) / Independent Software Vendors (ISVs)**

The rapid technological transformation is having widespread impact on the OEMs. They need to not only manage significant fall in demand for existing products, but also continue to invest in for newer products. Even supporting the maintenance and enhancement of these existing products is an expensive proposition and migration of these will need considerable investment of time and money.

We through our acquisition of Comnet offer product engineering and life cycle management solutions to OEMs. We have significantly augmented our capabilities in the OEM space through our acquisition of Comnet in 2007, which also got us three key clients in this market space.

Our capabilities now stretch across the entire value chain in the telecom vertical. Our in depth domain competency has been useful for the carriers to choose us as preferred partner for integrating and rolling out of network related technological initiatives.

Our approach is to target OEM/ISVs engaged in the design and production of:

- Wireline, wireless, satellite, IP, triple play and quadruple play
- Convergence Networks
- Interconnect Equipment
- Appliances and consumer devices
- BSS/OSS systems and solutions
- CRM systems and solutions
- Telecom test, measurement and automation products and systems.



We create sustainable value for OEMs/ISVs beyond traditional software development via

- product development, the traditional way, utilizing the offshore development centers at one of our India locations product development on a revenue share model, thereby becoming an extension and partners of the customer's business
- developing jointly go to market offerings with OEM/ISVs for service providers
- developing product roadmap definition in consultation with and with feedback from the service providers for the OEM/ISVs

### ***OEM/ISV Service Offerings***

- **Product lifecycle management for OEMs/ISVs** - we have scaled up our engagements with existing customers and added new ones based on our core technical skills in managing outsourced product development. We target our service to enterprises involved in the development and sales of
  - embedded platforms and workstation based network gear
  - handheld and home office based consumer appliances
  - interconnect gear
- **Product lifecycle management for BSS/OSS ISVs** - we have increased our penetration with BSS/OSS ISVs (existing customers) and added new customers based on our core technical skills in managing outsourced product development. We capitalize on our product development expertise with our existing client's BSS/OSS suite and offer that expertise to other ISVs.
- **Product lifecycle management for CRM ISVs** - we are focusing on penetrating CRM ISVs with our vast CRM expertise with the service providers for outsourced product development.

We typically formulate and grow these relationships in an offshore development center (ODC) model, fixed price (FP) model and revenue share on license sale (RS) model.

### **OEM/ISV Partnerships**

We provide professional services to large ISVs for BSS/OSS implementation services and upcoming niche ISVs in the BSS/OSS space for IP based networks. We see opportunity for a number of BSS/OSS implementations in the emerging markets with emerging providers and the subscriber growth in these markets. We will leverage our competencies in order management, provisioning, activation, inventory management and mediation.

### **New Products**

Our current products sold to/via the OEM/ISVs are in the telecom wireline space. We are building "revenue share" based product business growth, in areas that we are expanding our services, to further sustain the harmony we have enjoyed between our products and services business. We are expanding into products in the following spaces-

- End of life (EOL) wire line products that OEMs/ISVs need to eliminate spend on so as to be able to focus on product development on newer convergence and IP based products.
- Access products such as DSLAM (Digital subscriber line access module) and LAG (Line Access Gateways) that have now been replaced by IP based access devices
- Special purpose or one off wireless network products implementations that OEM/ISVs may want to outsource to a third party provider such as us.

### **Case study**

#### ***Client – A Leading global telecom OEM***

We have a long lasting multi-year relationship with a leading global telecom OEM. We have been providing a variety of services mostly from our offshore development center. The projects we have done comprehensively span the telecom technologies over wireline, wireless and data communication systems and products. We have participated in systems development for telecom service providers around the globe in US, Europe, Africa and APAC regions.

The services fall in three revenue models-

- Revenue sharing – we own the product and spend R&D money based on market analysis and sell the product to service providers through our relationship with the OEM
- Fixed price per project – we have executed a number of wireline, wireless [TDMA/CDMA, GSM, CDDS, IN Services] and OSS based projects. We have also undertaken a number of projects where we have developed automated test suites and regression test packages for large telecom systems and deployments.
- Fixed price per headcount – we have executed a number of wireline, wireless and OSS projects. We have also undertaken a number of projects where we have developed automated test suites and regression test packages for large telecom systems and deployments.

The details of our technical work can be broadly summarized as follows:

- GSM - Switch feature development and maintenance, Protocol development, Element/Network Management Systems, Prepaid application, Camel Phase 2 protocol development, Inter-working Function, Regression and Verification testing
- UMTS - Development/Testing, Development of UMTS-3G HLR
- CDMA - Protocol development, Design, development and testing, Mobility IN Services, Testing / Provisioning, Laboratory support
- IMS - Next Generation Core Solutions, OSS in Wireless, Development of services and features ,
- Upstream and downstream interfaces, Solutions Integration, Service customization

### Geographies

We have a global presence and have been increasing our geographical footprint in an aggressive manner. We have established our presence in most of the large Telecom & IT Services markets of the world with offices in the U.S. in multiple locations, as well as in the U.K., India, Singapore, Malaysia and China. We have also been growing our development centers in India as well as abroad. We currently have three development centers in India - in Bangalore, Chennai & Hyderabad. Our main campus in India is housed in Whitefield, Bangalore in an area of approx. 4.48 acres. We have also been allocated 4.85 acres of land in the Special Economic Zone (SEZ) in Hyderabad and plan to build an alternative campus there.



The following table represents the percentage contribution of our geographical segments to our total consolidated revenues for the periods indicated:

### Consolidated Revenue by Region (in %)



Region	FY 05	FY 06	FY 07	9 M FY 08
India	13.7%	20.1%	15.9%	12.1%
North America	85.9%	78.1%	81.3%	83.1%
APAC	0.3%	1.1%	1.9%	2.6%
Europe	0.0%	0.7%	0.8%	2.2%
Total	100.0%	100.0%	100.0%	100.0%

### Our US Operations

As a key aspect of Infinites' business philosophy, Infinite Computer Solutions Inc., our wholly-owned US subsidiary contributes significantly to Infinites' revenue-stream via a strong local-presence while continuing to leverage India-offshore delivery from Infinites' facilities at Bangalore, Chennai and Hyderabad. Infinite has an Executive Management, Sales, Account Management, Operations and Delivery team based in the US, including onsite-facilities for our marquee clients.

Local presence and capabilities have been a continuing and demonstrable success factor in client-acquisition. The local delivery model has enabled Infinite Inc. to become an able brand in the United States and it has scaled its business with Global-clients based in the US by servicing them largely as a local US-entity. Our subsidiary in the US engages with the clients as a local US company and executes a significant portion of its revenue in the US using US based employees, in addition to leveraging our offshore capabilities of our India based delivery organizations.

### Our Clients

We have a proven and successful track record of managing large, multi-year engagements with Global 1000 clients. We have consistently and successfully demonstrated the ability to manage key client relationships. This is reflected in the long duration of our relationships with some of our largest clients. Our current clientele includes leading names such as Verizon Communication, IBM, ACS and AOL amongst others. We do value our relationships with our large global clients. However, part of our strategy going forward is to reduce our exposure to them. We plan to accomplish this by scaling up the business with our other Global 2000 clients and also by acquiring new clients across target geographies.

Our overall client base has been increasing over the past few years. The number of our clients increased from 26 in fiscal year 2004-05 to 66 as on December 2007. The following table provides a breakdown of our clients by revenue generated from fiscal 2004-05 to December 07:

#### Consolidated Revenue by Client (in %)

	Fiscal 05	Fiscal 06	Fiscal 07	9 months up to Dec 07
Top Client	52.4	37.9	28.3	38.7
Top 5 Clients	84.0	76.6	75.3	77.9
Top 10 Clients	90.9	86.1	82.7	85.7

#### Consolidated Revenue by Vertical (in %)

	Fiscal 05	Fiscal 06	Fiscal 07	9 months up to Dec 07
Telecom & Media	57.7	51.6	40.9	50.3
Technology	33.9	37.4	45.6	35.5
Manufacturing	2.0	4.0	5.6	4.7
BFSI	4.9	4.3	3.5	3.8
Healthcare	0.1	0.8	0.3	0.4
Others	1.4	2.0	4.1	5.4
Total :	100.0	100.0	100.0	100.0



## **Case Study**

### ***A Fortune 100 Technology provider Relationship***

Our relationship with Fortune 100 technology provider is an example of its capabilities of evolving into a strategic partner by aligning itself with the long term goals of its clients. The relationship is now into its 7<sup>th</sup> year spanning 8 countries and different models of engagement.

Even though the relationship started with a professional services engagement in the US Infinite's commitment ensured its position within the customer quickly moved up to that of a strategic partners and in some specific engagements to that of an exclusive partner of choice.

Over the years Infinite has supported the customer across various technology platforms like Web, Mainframe, AS400, Client server technologies and domains like telecom, manufacturing, healthcare, BFSI etc to name a few. Infinite continues to support across different types of projects like development, testing, operations support, production support, rich media services, etc

### **Pricing Model**

Our client engagements are typically governed by Master Service Agreement (MSA), with specific statement of work (SoW) for individual projects under the MSA. We use the following partnership models

- Revenue Sharing: Risk Free Development- Infinite invests in the R&D and support for the products. Customer is responsible for pricing and sales. The product and ongoing maintenance revenue is shared
- Fixed Price Per Person – Customers are charged based on T&M. Rate depends on the skill of the employee and duration of the project
- Fixed Price Per Project – The customer and Infinite agree on a set of quality and timeline milestones. Infinite is paid based on the degree to which those timelines/ milestones are achieved.

Fixed price per person or fixed price projects are done onsite, offshore at one of our locations or offshore in the customer's dedicated development center (DDC) with us. Each customer engagement and pricing model is tailored specifically to the needs of the customer and the most suitable approach to the project.

### **Sales and Marketing**

Our new client acquisition strategy is to focus on the new large deals in new and existing geographies for the focused offerings across the verticals and thus de-risking our business model by reducing the dependency on our existing large clients. While we focus on clinching new clients, we continue to focus on penetration and broadening the engagement with the existing clients. Our prime focus is to identify the strategic accounts by driving opportunity led engagements.

Our growth in the last few years has been driven by increasing our revenue share within our existing clients as well as new client acquisitions. Our objective is to establish long term engagements with our clients and convert these relationships into partnerships by working closely with our clients' business and IT teams.

Our sales team of 28 people, part of our global sales network comprising of 12 offices in 7 countries; targets focused industries and service offerings. We have sales offices spread across North America, Europe, China, India and the Asia-Pacific region. Each sales team is supported by an inside sales team and additional support staff based out of our offices in India. The sales team is assisted by a team of domain experts and solution architects from the CoEs who support the sales efforts by providing specific industry and service offering expertise.

We identify sales opportunities in several ways, including cold calling, participation in industry forums and events; executive management relationships; referrals from partners; inside sales team; and inquiries from our website. Our marketing strategy involves forming relationships with ISVs and equipment manufacturers to jointly pursue product R&D, support and solution integration opportunities.





Our senior management and dedicated account managers are actively involved in managing client relationships and business development through targeted interaction with multiple contacts at different levels in the client organization. In addition, for strategic clients we have an identified senior executive who is responsible for overall client engagement and revenue targets.

The compensation plan of the sales team is and consists of a base salary plus a very aggressive commission plan linked to the achievement of the prescribed revenue targets and new client development goals.

### **Our Competition**

We face competition primarily from Tier-1 Indian companies, companies with strong focus on the telecommunication industry, global services and technology companies as well as companies which are setting up own offshore delivery capabilities. We also face competition from countries such as China, Brazil and certain East European countries, which have wage costs similar to India, clients seek to extend their off-shoring footprint across multiple offshore destinations.

We position ourselves in the market as a right-sized company that is big enough to have the ability and the track record of successfully engaging with large global corporations, yet small enough to be flexible, nimble and customer focused. Many global corporations do not outsource their entire requirements to one service provider. They typically empanel multiple providers, big as well as mid-sized companies, depending on the expertise and service offerings. We are able to get ourselves empanelled on the vendor list as the alternate provider by leveraging our domain skills and reference-ability of our existing large clients.

We believe that our differentiated business model, our domain and technical expertise, our focus on the Telecom and few select verticals, our track record of long-term relationships with marquee clients, our world-class physical, IT and process infrastructure gives us the competitive edge and enables us to differentiate ourselves in the market place.

We also continually track the market and technological trends and establish new service lines and IP acquisition or creation projects in order to take advantage of the emerging growth opportunities. We believe that our investment in acquiring and/or creating IP and building services lines around IP helps differentiate us from our competition.

### **Our Delivery Model**

Our Global Delivery Model (GDM) draws on an optimal mix of resources aimed at giving our customers the best value for their IT investment. This model helps to provide real cost savings and mitigate the business risks of the customers. The Global Delivery Model brings in efficiencies in terms of delivery time and minimizing the costs across the outsourcing value chain that combines the best in class processes, people, quality and Infrastructure thus fulfilling our project engagements. The framework brings in value to the clients with the flexible combination of onsite, offsite and offshore delivery approach across geographies worldwide.

Further, Infinite's Global Delivery Framework coupled with the three-tiered delivery approach comprising on-site, off-site and offshore delivery options complemented with the wide range of flexible engagement models provides clients the flexibility in terms of engagement with access to best of the processes, methodologies, tools and resources across various global locations.



Infinite has a wide range of engagement models to suit varying requirements of clients. The engagement models start with onsite managed projects and extends up to IP leveraged, revenue sharing model.

The engagement model also offers flexibility in terms of tailoring these models to suit customer's business requirements. The value proposition in these models is built around the theme '*cost effective, faster and better*'.

Leveraging unique Global Delivery framework, we deliver services on a Global basis to our clients using an "Technology & Solution framework" built around practice driven service offerings across the verticals, complemented by the Centers of Excellence (COE's), and Process Centers that helps to deliver high quality, cost effective and risk-mitigated services to our clients by leveraging our resources and capabilities.

This framework focuses on bringing in processes efficiencies and productivity tools to enhance revenue productivity and deliver time and cost efficiencies. The Technology and Solution Framework is integrated with our engagement model and Global Delivery model, to ensure effective and efficient delivery execution.

### Recent Developments

Our Company has signed a non-binding term sheet with one of the large Global MNC in the IT domain for a multiyear outsourcing deal based out of Europe. This deal is a Build-Operate-Transfer (BOT) arrangement where the customer has option to buy the entire setup after it reaches the desired level of maturity in scale and operations. The outsourcing deal encompasses transitioning of operations from various locations across Europe and activities include Remote Infrastructure Management, Application Development & Management, and helpdesk management among others. The final agreement is to be concluded shortly.

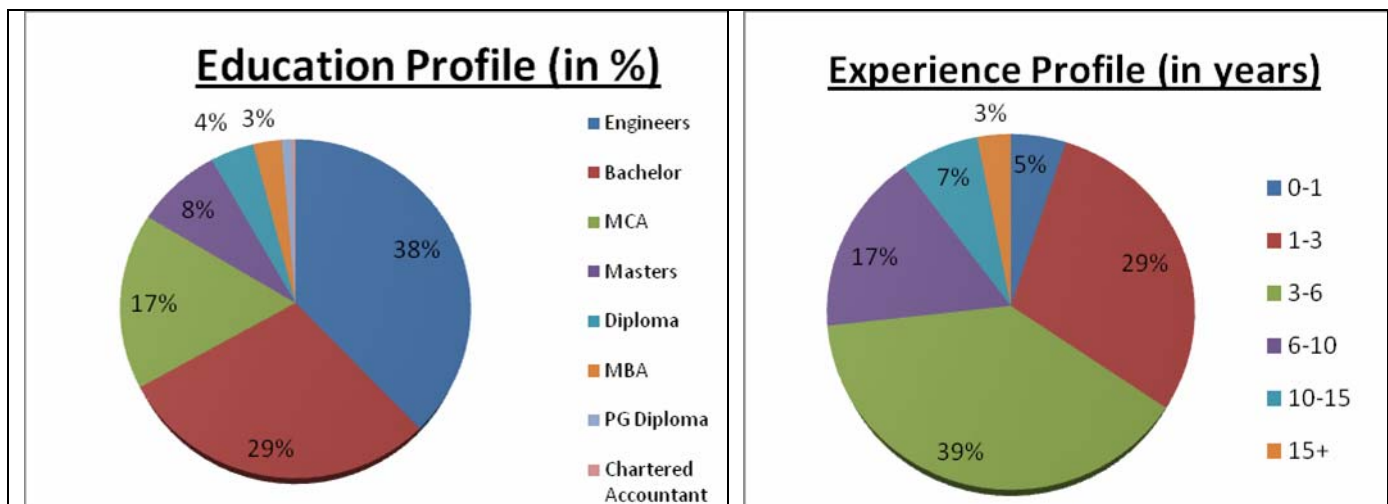
### People

We believe our ability to grow on a sustained basis and maintain the differentiation in the market place is to a large extent dependent on our strength to attract, train, motivate and retain our people. We were listed among the Offshore 100 in neo IT 2005 Study and we were ranked 15th in International Data Corporation (IDC) – Dataquest (DQ) Top 20 Best Employer Survey in 2004.

The following table provides a breakdown of employees into technical personnel and sales and support personnel as of 31<sup>st</sup> December 2007. We have on a consolidated basis a total employees strength of 1858 out of which 976 are with our subsidiaries.

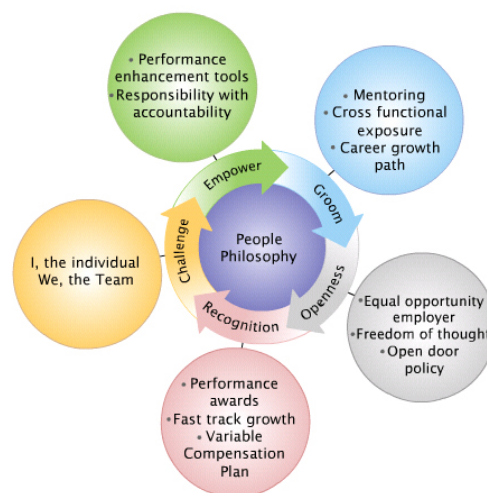
Employees	31/12/2007
Technical	1638
Support	220
Total	1858
Technical	88%
Support	12%

The following chart presents an approximate breakdown of our employees by education and level of experience as of December 31, 2007



At Infinite employees are our strength and retention of employees is considered one of the key indicators of organizational excellence. Infinite has been able to retain its people at all levels primarily due to its extremely strong and people centric HR philosophy and friendly policies. Our people philosophy revolves around:

- Empowerment - through Performance enhancement tools and by entrusting responsibility with accountability
- Grooming - through Mentoring, Cross functional exposure and Career planning
- Openness - by promoting freedom of thought, formulating and implementing open-door policies and being an equal opportunity employer
- Recognition - by conferring Performance awards, enabling fast track growth and implementing variable compensation plans
- Challenge - 'I' the individual and 'We' the team to achieve excellence





Our Employees are hired, retained and professionally developed through the following:

- Aggressive compensation and benefits package.
- Respected and appreciated as team members, not just workers.
- Acknowledgement on reaching goals and attempts are shown appropriately and consistently.
- Involved in several aspects of company goals to include decision-making.
- Freedom of thought and focus on contribution
- Organizational culture that is open, encouraging and creative.

**Retention Policy:** To ensure Employee Retention Infinite's People function is thoroughly involved in career development activities for resources that involve training, skill up-gradation, certifications, performance management and appraisal, best in the industry compensation and benefits, awards for excellence, ensuring work life balance, workshops on time and stress management etc. Various exercises are carried out on a regular basis to ensure excellent teamwork and inculcate a transparent and responsive work culture.

The opportunity to develop the individual's capabilities and other incentive plans ensure that the project teams are always motivated. Specific examples of motivation schemes

- Sponsored Training Programs
- Performance Bonus programs
- Recognition – "Eagle" of the month
- Frequent Project lunches & Get-togethers at each milestone

**Compensation Package:** Infinite's compensation package is comparable to the industry with annual increments, Performance rewards and team rewards based on Performance. An exhaustive Performance Appraisal System is in place to assess / provide feedback on the Performance of every employee. The Appraisal is discussed with employees to enable them to improve in specific areas through focused training programs.

Apart from the professional development, Infinite also offers its employees a multitude of benefit plans designed to promote loyalty and long-term relationships between the company and its employees. Benefit Plans include Medical and Dental with aggressive employer paid plans, Short and Long term disability plans, Dependent care benefits, Vision plans, Life insurance, excellent medical and personal leave policy etc.

## Quality

Our endeavor is to ensure customer satisfaction and to add value to their overall business objectives. Recognizing the importance of quality in meeting client needs, Infinite has instituted stringent quality assurance and control measures.

We use our Quality Management System (QMS) to ensure quality across our organization. The QMS is designed to ensure that we develop applications and design solutions not only with the intention of meeting our clients' specifications but also in accordance with statutory and other industry-wide standards. Our QMS has been evolving and incorporates the collective learning from our employees, who work on diverse assignments across the globe.

Infinite was successfully assessed for CMMi L5 in April, 2004. Infinite has initiated to upgrade to the next version of CMMi L5 in Q1 2008-2009 in keeping with the journey of continuous improvement and continued focus on quality to deliver enhanced value to our customers. Infinite's strict adherence to quality is also clearly reflected in it being assessed at BS- 7799 (ISO 27001) and for the ISO 9001:2000 certification. To enhance solutions by reducing defects and cycle times in support function processes, Infinite has now embarked on the Six Sigma initiative.



## Property

Infinite has several office premises in India and abroad, which are either owned or leased out. Our registered office is located in New Delhi whereas corporate office is in Bangalore Campus, located at Whitefield under Export Promotional Industrial Park (EPIP) Zone in an area of 4.48 acres, which is owned by the Company. We have also acquired 4.85 acres of land in one of the SEZ's in Hyderabad, which will have our additional development center and campus in due course.

We have offices at following locations:

Country	City	Owned/Leased
India	Bangalore Campus	Owned
	Bangalore City	Leased
	Hyderabad	Leased
	Delhi	Leased
	Chennai	Leased
UK	London	Leased
USA	Rockville, MD	Leased
	Irving, TX	Leased
	Sterling, VA	Leased
	Chicago	Leased
Singapore	Singapore	Leased
China	Shanghai	Leased
Malaysia	Kuala Lumpur	Leased

Details of our development centers are:

Country	City	Owned / Leased	Carpet Area (Sq.ft.)	Location
India	Bangalore Campus	Owned	94,250	Whitefield
	Hyderabad	Leased	15,500	Srinagar Colony
	Chennai	Leased	35,000	SDF Buildings, Phase 1 MEPZ

In addition to our above mentioned offices, we also have several home offices in the US. We also have several residential premises as Guest Houses on lease across India, US and APAC region for providing accommodation to employees.

## Current Network Infrastructure

Our Information Technology Services Group (ITSG) manages our network and IT infrastructure which is designed to ensure security and availability of the information to ensure uninterrupted business operations.

### Environment

- Local Area consists of 10/100 Mbps network with uplinks on fiber having speed of 1Gbps
- Servers are connected on 1Gbps network
- All passive components used are through Systimax Solutions
- All backbone connectivity on Optical Fiber

- Implementation of LAN based on the layered approach using Cisco's layer2 and layer3 switches
- Virtual LAN's for project isolation
- Dedicated Client Networks (i.e. isolation from Local Network) as per the needs
- Internet links from various vendors for redundancy
- Last miles on Optical Fiber with Synchronous Transport Module (STM)
- Firewalls at each Internet access points
- Packet Shaper is in place for Bandwidth Optimization
- Hardware Platform consists of Intel, SPARC and AS400 based Servers

The Physical Infrastructure and Network is isolated for each client specific Development Centers and follows client's access control policies and procedures.

Oracle E-business suite is implemented for Financials, Project Management, Purchasing, Business Intelligence and Human Resources.

Intranet Portal is available to provide comprehensive source of information to employees and consists of features like issue tracker, leave management system, timesheet management system etc.

### **Power & Fuel**

Our campus at Whitefield is equipped with following power and fuel facilities :

- Transformer Capacity of 1,000 KVA
- Sanctioned power of 1,000 KVA
- DG Set of 1,250 KVA
- DG set of 625 KVA
- Diesel Storage Tank of 20,000 Litres
- UPS of 2 x 200 KVA
- UPS of 60 KVA

### **Effluent treatment facilities**

Our operations do not generate any effluents, either water or air based.

### **Our Intellectual Property**

The trade mark of our company "INFINITE COMPUTER SOLUTIONS (INDIA) LIMITED" is not registered. However on 23/04/2008, Our Company has filed a search application in form TM-54. the search results are yet to be received.

### **Insurance**

Our operations are subject to risks inherent in the IT, ITES and telecom industry, such as work accidents, fire, earthquake, flood and other force majeure events, acts of terrorism and explosions including hazards that may cause injury and loss of life, severe damage to and the destruction of property and equipment and risk associated with adverse working environmental conditions. We generally maintain insurance covering our assets and operations at levels that we believe to be appropriate and consistent with that typical for our businesses in India.

Our insurance policies generally consist of coverage for risks related to physical loss or damages by way of all risk coverage for Loss or damage to equipment/material/employees by means of all Risk Policy, Burglary Policy, Directors' & Officers Liability Insurance Policy, Standard Fire and Special Perils Policy and Professional Liability Insurance Policy. We also have group personal accident and mediclaim policy for our staff. As on date, our total insurance cover is Rs.408.12 million



## **Health Safety and Environmental Matters**

Our operations are not subject to any known environmental hazards and no approval from authorities in respect of protection of environment is required. We believe that ensuring the health and safety of our employees is critical to the successful conduct of our business and operations. We are therefore committed to complying with applicable health, safety and environmental regulations and other requirements in our operations.

## REGULATIONS AND POLICIES

The Companies in IT industry in India are subject to various regulations and policies as prescribed by the Government of India. Some of these regulations are given below to provide general information to the investors. The list is not exhaustive and is neither designed nor intended to be a substitute for professional legal advice.

### 1. Software Technology Parks Scheme

The Software Technology Parks Scheme permits the establishment of units engaged in software development and establishment of units engaged in information technology enabled products and services (ITES).

The STP Scheme (under The Ministry of Information Technology, Government of India) has been notified by the Central Government (Ministry of Commerce) in exercise of its powers under Section 3 (1) of the Foreign Trade Development and Regulation Act, 1992 to permit the establishment of STPs which may be 100% export oriented units undertaking software development for export using data communication links or in the form of physical media and includes export of professional services. All notified IT enabled products and services would qualify their provider for establishing a unit in and benefiting from the STP scheme.

The registration as an STP is location specific. The company pursuant to the requirements of the STP approval would be required to execute an agreement with Gol agreeing to comply with conditions prescribed in the STP approval, inter alia, the export obligations and customs bonding of the premises.

#### Benefits under the STP Scheme

The salient features of the benefits available to a unit under the STP Scheme are:

All imports of hardware and software are duty free. The import of second hand goods is permitted and the re-export of capital goods is also permitted. Further, domestic purchases by the unit are eligible for the benefit of deemed exports to the equipment suppliers; Sales in the domestic tariff area (DTA) are permissible up to 50% of the export in value terms; No corporate income tax is payable till the year 2010; The capital goods purchased from the DTA are entitled to benefits relating to the levy of excise duty and the reimbursement of central sales tax; Capital invested by foreign entrepreneurs, know-how fees, royalties and dividend can freely be repatriated after payment of income taxes due on them, if any; The income of these STP units can also be invested in principal companies overseas; The unit is entitled to a Green Card for priority treatment for Government clearances and other services; Depreciation on capital goods can be availed of above 90% over a period of five years and also the accelerated rate of 7% per quarter during the first two years subject to an overall limit of 70% in the first three years; and An STP unit can import all types of goods (including capital goods) without the payment of duty for its activities or in connection therewith provided that such goods are not prohibited items of import.

#### State Specific Benefits

In addition to the benefits offered to an ITES company under the STP Scheme, certain benefits are also available under the relevant state legislation/regulations. These benefits include rebates/waivers in relation to payments for transfer of property and registration (including for purchase/lease of premises), waiver of conversion fee for land, entry tax exemptions, labour law relaxations, exemption from state pollution control requirements and commercial usage of electricity.

#### STP permission is subject to the following conditions:

The unit shall export its entire production/services, excluding rejects/sales in the domestic tariff area as per the provision of STP scheme for a period of 5 years from the date of commencement of production. For this purpose the unit shall furnish the requisite Legal undertaking as prescribed, to the Director, STPI.



Before signing the legal undertaking the company should have its own operational website and permanent e-mail address.

The unit would be requiring to obtain positive net foreign exchange (NFE) as prescribed in the STP Scheme, for a period of 5 years from the commencement of the production failing which it would be liable for penal action.

The unit shall obtain the Import Export Code (IEC) from DGFT. The permission granted to this unit is valid for 3 years. Intimation of the commencement of production is to be given to the STPI.

## **2. The Information Technology Act, 2000**

The Information Technology Act, 2000 ("the IT Act") was enacted with the purpose of providing legal recognition to electronic transactions. In addition to providing for the recognition of electronic records, creating a mechanism for the authentication of electronic documentation through digital signatures, the IT Act also provides for civil and criminal liability including fines and imprisonment for various computer related offences. These include offences relating to unauthorised access to computer systems, modifying the contents of such computer systems without authorisation, damaging computer systems, the unauthorised disclosure of confidential information and computer fraud. In view of India's growing IT/BPO sector, the government of India has recently approved an Amendment to the IT Act, especially with regard to the growing need for data protection.

## **3. Labour Laws**

India has stringent labour related legislation. Workmen have been provided several benefits and are protected under various labour legislations, whilst those persons who have been classified as managerial employees and earning salary beyond a prescribed amount may not generally be afforded statutory benefits or protection, except in certain cases. Employees may also be subject to the terms of their employment contracts with their employer, which contracts are regulated by the provisions of the Indian Contract Act, 1872.

The conditions of service of employees of IT companies are inter alia regulated by the relevant shops and establishments law in which the IT unit is situated. For example, the Karnataka Shops and Commercial Establishments Act, 1963 and the rules there under, inter alia determines the working hours, overtime payable, the leave policy, weekly holidays and maternity benefits. Termination of a non-workman is governed by the terms of the relevant employment contract and applicable labour laws.

Some of these legislations which are significant for the conduct of the Company's business are summarized below:

### **i) Employees' Provident Funds and Miscellaneous Provisions Act, 1952.**

Employees Provident Funds and Miscellaneous Provisions Act, 1952 ("EPFA") was introduced with the object to institute provident fund for the benefit of employees in factories and other establishments. It provides for the institution of provident funds and pension funds for employees in establishments, which employ more than 20 persons, and factories specified in Schedule I of the EPFA. Under the EPFA, the Central Government has framed the "Employees Provident Fund Scheme", "Employees Deposit-linked Insurance Scheme" and the "Employees Family Pension Scheme". The funds constituted under these schemes consist of contributions from both the employer and the employees, in the manner specified in the statute. The EPFA prescribes penalties for avoiding payments required to be made under the abovementioned schemes.

### **ii) Employees' State Insurance Act, 1948**

The Employee State Insurance Act, 1948 ("ESIA") aims to provide benefits for employees or their beneficiaries in case of sickness, maternity, disablement and employment injury and to make provision for the same. It applies to, inter alia, seasonal power using factories employing ten or more persons and non-

power using factories employing 20 or more persons. Every factory or establishment to which the ESIA applies is required to be registered in the manner prescribed in the ESIA. In respect of such employees, both the employer and the employee must make certain contributions to the Employee State Insurance Corporation. The ESIA states that a principal employer, who has paid contribution in respect of an employee employed by or through an immediate employer, shall be entitled to recover the amount of the contribution so paid from the immediate employer, either by deduction from any amount payable to him by the principal employer under any contract, or as a debt payable by the immediate employer.

**iii) Payment of Gratuity Act, 1972.**

The provisions of the Act are applicable on all the establishments in which ten or more employees were employed on any day of the preceding twelve months and as notified by the government from time to time. The Act provides that within 30 days of opening of the establishment, it has to notify the controlling authority in Form A thereafter whenever there is any change in the name, address or in the change in the nature of the business of the establishment a notice in Form B has to be filed with authority. Further, every employer has to obtain insurance for his liability towards gratuity payment to be made under payment of Gratuity Act 1972, with Life Insurance Corporation or any other approved insurance fund.

**iv) Payment of Bonus Act, 1965.**

The Payment of Bonus Act, 1965 is applicable on every establishment employing 20 or more employees. The said act provides for payment of the minimum bonus to the employees specified under the Act. It further requires for the maintenance of certain books and registers and submission of Annual Return within 30 days of payment of the bonus to the Inspector.

**v) Contract Labour (Regulation and Abolition) Act, 1970**

This legislation applies to every establishment in which twenty or more workmen are employed or were employed in the past twelve months as contract labour and to every contractor employing or having employed in the past twelve months twenty or more workmen. With the aim of regulating the employment of contract labour in certain establishments and to abolish it in certain circumstances the Government has appointed an authority to ensure adherence to the provisions of this Act

**vi) Payment of Wages Act, 1936**

The Payment of Wages Act, 1936 applies to the persons employed in the factories and to persons employed in industrial or other establishments where the monthly wages payable to such persons is less than Rs. 6500/-

**vii) Minimum Wages Act, 1948**

The Minimum Wages Act, 1948 gives power to appropriate government (Central or State) to fix minimum wages to be paid to the persons employed in scheduled or non scheduled employment and the concerned employer is required to pay the minimum wages, fixed by the appropriate government.

**viii) Industrial Employment Standing Orders Act, 1946**

Every establishment employing more than 50 employees is required to formulate rules and regulations for its employees and the same should be submitted for approval to the Deputy Labour Commissioner.

**ix) The Karnataka Shops And Commercial Establishments Act, 1963**

This Act provides for the regulation of conditions of work and employment in shops & commercial establishments in the State of Karnataka. As per the Act and the Rules made there under every establishment should apply for a registration under the Act and such application for registration shall be made in Form-A within 30 days from the date of commencement of the business of the establishment. The application is to be addressed to the Senior Labour Inspector. A registration once obtained is valid for

a period of five years. Subsequent to the validity period, the registration should be renewed for such further terms by making relevant applications under Form-AA. The fees payable for registration and renewal is based on number of employees employed by the commercial establishment. The Act specifies in Section 7 that no employee in any establishment shall be required or allowed to work for more than 9 hours on any day or for more than 48 hours in any week. The Act also specifies that the total number of hours of work including overtime shall not exceed 10 hours in any .The Act further mandates that where an employee works in any establishment for more than 9 hours in any day or for more than 48 hours in any week, such employee shall be entitled to wages in respect of such overtime work, at a rate equal to twice the normal wages payable to him. The Act also mandates that the periods of work of any employee in an establishment shall be fixed in such a manner that the working hours shall not be spread-over more than 12 hours in any day including the interval for rest. The Act further specifies the opening and closing hours of the establishment and also that, a particular day in a week should be designated as a weekly holiday on which day the establishment should remain closed. The government of Karnataka has by a notification exempted the IT sector, including IT enabled industries and biotechnology sector from the provisions of Section 12 of the Act, with regard to weekly holidays to the extent that industries in these sectors can opt for a staggered weekly holiday rather than closing the whole establishment on a particular day in a week. It is therefore open to the establishments in these sectors to apply a staggered weekly holiday to various classes / sections of its employees.

### ***Working on National or any other holiday***

The Karnataka Shops and Commercial Establishment Act and the Karnataka Industrial Establishment (National Festival Holiday) Act clearly mandates that any employee who is asked to work on any Holiday including a National Holiday, should be paid either a) Twice the normal wages; or b) Wages for such day in addition to the provision of a substituted holiday with wages on any other day.

#### **x) Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959**

Under the Act, all establishments are required to intimate the vacancies available to the employment exchange prior to conducting the necessary recruitment. The Act mandates intimation of such vacancies only. The Act does not stipulate that such vacancies should be filled up through the employment exchanges. Further, the Act also provides for filing quarterly and bi-annual returns.

#### **xi) The Workmen Compensation Act, 1923**

The Workmen Compensation Act, 1923 ("WCA") has been enacted with the objective to provide for the payment of compensation to workmen by employers for injuries by accident arising out of and in the course of employment, and for occupational diseases resulting in death or disablement. The WCA makes every employer liable to pay compensation in accordance with the WCA if a personal injury/disablement/loss of life is caused to a workman (including those employed through a contractor) by accident arising out of and in the course of his employment.

In case the employer fails to pay compensation due under the WCA within one month from the date it falls due, the commissioner appointed under the WCA may direct the employer to pay the compensation amount along with interest and may also impose a penalty.

#### **xii) Inter-State Migrant Workmen (Regulation of Employment And Conditions of Service) Act, 1979**

This Act has been enacted with an aim to regulate the employment of inter-state migrant workmen and to provide for their conditions of service. It is applicable to every establishment employing five or more inter-state migrant workmen or having employed in the past twelve months and to every contractor who employs or who employed five or more inter-state migrant workmen in the past twelve months.

Every Principal Employer of the establishment employing inter-state migrant workmen has to make an application for the registration of the establishment in the prescribed manner and time. Also a contractor employing inter-state migrant workmen has to obtain a license for the same from the licensing officer

appointed for the purpose by the Central or the state Government. The license is valid only for a specified period and requires to be renewed on expiry.

The Act levies some duties on the principal employer and the contractor. The contractor is to provide for adequate wages, medical facilities and other benefits while it is the responsibility of the principal employer to provide for the displacement allowance and journey allowance to the workmen.

#### **xiii) The Maternity Benefits Act, 1961**

The purpose of the Maternity Benefit Act is to regulate the employment of pregnant women and to ensure that they get paid leave for a specified period during and after their pregnancy. It provides, inter alia, for paid leave of 12 weeks, payment of maternity benefits and enacts prohibitions on dismissal, reduction of wages paid to pregnant women, etc.

#### **4. The Telecom Regulatory Framework**

The usage of telecommunications infrastructure in India, including bandwidth, telecommunication links and other infrastructure is regulated by legislation, administrative orders, licensing and contractual mechanism. The above restrictions may be imposed either directly on the end user of such infrastructure, or upon the service provider supplying such infrastructure to the end user. For instance, units providing call centre services are required to obtain other service provider licenses from the Department of Telecommunications prior to their commencing operations and upon obtaining such licenses become subject to license based restrictions. Similarly, internet service providers are required to execute an ISP license with the Department of Telecommunications prior to providing services and thus become subject to contractual conditions on the usage of bandwidth or connectivity provided by them. Some examples of these restrictions include restrictions on interconnection of voice of internet telephone circuits with conventional PSTN telephone infrastructure, restriction on interconnection of domestic call centres with international call centres, periodic reporting requirements, denial of conventional PSTN connectivity to international call centres at the Indian end and requirements of adherence to certain networking standards as laid down by the Telecom Regulatory Authority of India (TRAI) in accordance with the TRAI Act, 1996 and the Indian Telegraph Act, 1885.

#### **5. Tax Related Legislations**

##### **i) Value Added Tax, 2005**

Value Added Tax (VAT) is charged by laws enacted by each State on sale of goods affected in the relevant States. VAT is a multi-point levy on each of the entities in the supply chain with the facility of set-off of input tax that is the tax paid at the stage of purchase of goods by a trader and on purchase of raw materials by a manufacturer. Only the value addition in the hands of each of the entities is subject to tax. VAT is not chargeable on the value of services which do not involve a transfer of goods. Periodical returns are required to be filed with the VAT Department of the respective States by the Company.

##### **ii) Income Tax Act, 1961**

Income Tax Act, 1961 is applicable to every Domestic /Foreign Company whose income is taxable under the provisions of this Act or Rules made there under depending upon its "Residential Status" and "Type of Income" involved. U/s 139(1) every Company is required to file its Income tax Return for every Previous Year by 31st October of the Assessment Year .Other compliances like those relating to Tax Deduction at Source, Fringe Benefit Tax, Advance Tax, Minimum Alternative Tax and like are also required to be complied by every Company.

##### **iii) Central Sales Tax Act, 1956**

In accordance with the Central Sales Tax Act, every dealer registered under the Act shall be required to furnish a return in Form I (monthly/ quarterly/ annually) as required by the State Sale Tax laws of the assessing authority together with treasury challan or bank receipt in token of the payment of taxes due.

#### **iv) Service Tax**

Service tax is charged on taxable services as defined in Chapter V of Finance Act, 1994, which requires a service provider of taxable services to collect service tax from a service recipient and pay such tax to the Government. In accordance with Rule 6 of Service tax Rules the assessee is required to pay Service tax in TR 6 challan by fifth of the month immediately following the month to which it relates. Further under Rule 7 (1) of Service Tax Rules, the company is required to file a half yearly return in Form ST 3 by twenty fifth of the month immediately following the half year to which the return relates.

#### **v) Customs Act, 1962**

The provisions of the Customs Act, 1962 and rules made there under are applicable at the time of import of goods i.e. bringing into India from a place outside India or at the time of export of goods i.e. taken out of India to a place outside India. Any Company requiring to import or export any goods is first required to get itself registered and obtain an IEC (Importer Exporter Code).

#### ***Importer Exporter Code***

Under the Indian Foreign Trade Policy, 2004, no export or import can be made by a person or company without an Importer Exporter Code number unless such person/company is specifically exempted. An application for an Importer Exporter Code number has to be made to the office of the Joint Director General of Foreign Trade, Ministry of Commerce. An Importer Exporter Code number allotted to an applicant is valid for all its branches/ divisions/ units/factories.

#### **vi) Karnataka Tax on Profession, Trades, Callings and Employments Act, 1976**

The professional tax slabs in India are applicable to those citizens of India who are either involved in any profession or trade. The state government of each state is empowered with the responsibility of structuring as well as formulating the respective professional tax criteria and they are also required to collect funds through professional tax. The professional taxes are charged on the incomes of individuals, profits of business or gains in vocations. The professional tax is charged as per the List II of the Indian Constitution. The professional taxes are classified under various tax slabs in India

The Karnataka has its own professional tax structure and tax will be levied on every person who exercises any profession or calling or is engaged in any trade or holds any appointment, public or private, or is employed in any manner in state is liable to pay the profession tax at the specified rate provided that no tax shall be payable by the person who have attained sixty five year of age and exercise such profession or calling or is engaged in the trade does not exceed one hundred and twenty days in that year. The tax payable in this Act by any person earning a salary or wage shall be deducted by his employer from the salary or wages payable to such person before such salary or wages is paid to him, and such employer shall, irrespective of whether such deduction has been made or not when the salary and wage is paid to such persons, be liable to pay tax on behalf of such person and employer has to obtain the registration from the assessing authority in the prescribed manner. Every person liable to pay tax under this Act (other than a person earning salary or wages, in respect of whom the tax is payable by the employer), shall obtain a certificate of enrolment from the assessing authority.

### **6. Intellectual Property Rights**

Intellectual Property in India enjoys protection under both common law and statute. Under statute, India provides for the protection of patent protection under the Patents Act, 1970, copyright protection under the Copyright Act, 1957 and trademark protection under the Trade Marks Act, 1999. The above enactments provide for protection of intellectual property by imposing civil and criminal liability for infringement. In addition to the above domestic legislations India is a party to several international intellectual property related instruments including the Patent Co-operation Treaty, 1970, the Paris Convention for the Protection of Industrial Property, 1883, the International Convention for the Protection



of Literary and Artistic Works signed at Berne in 1886 (the Universal Copyright Convention of 1952), the Rome Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organisations 1961 and as a member of the World Trade Organisation is a signatory to the Agreement on Trade Related aspects of Intellectual Property Rights, 1995 (the TRIPS Agreement).

In addition to the above, Indian laws also provides for common law protection for intellectual property.

## **7. Relaxation of Policies Relating to Inbound Investments**

India's economic policies are designed to attract significant capital inflows into India on a sustained basis and to encourage technology collaborations between Indian and foreign entities. The government has permitted up to 100 per cent foreign investments in the IT sector, through the automatic route. Accordingly, unlike some other sectors, a foreign investor is not required to seek active support of joint venture partners for investing in a new IT-ITES venture.

## **8. Regulations and Policies relating to our Operations in Overseas Jurisdictions**

The following is a summary of the regulations and policies of overseas jurisdictions that the Company and its foreign subsidiaries may be subject to. Our Company operates in a number of jurisdictions around the world, so this summary cannot be and is not intended to be exhaustive.

### **United States**

The following legislations apply or may apply to processes the Company carries out for its clients in the United States:

- the Fair Debt Collection Practices Act;
- the Fair Credit Reporting Act;
- the Gramm-Leach-Bliley Act;
- the Health Insurance Portability and Accountability Act of 1996;
- the Truth in Lending Act;
- the Fair Credit Billing Act;
- "Do Not Call" legislation; and
- U.S. Federal Deposit Insurance Corporation, or the FDIC, rules and regulations.

### **United Kingdom**

#### **Financial Services and Markets Act 2000 ("FSMA")**

FSMA and its supporting regulations provide the statutory framework for the financial services industry in the United Kingdom. Companies carrying out financial services must comply with FSMA and the FSA Handbook, which is a publication by the Financial Services Authority (the regulator of the U.K. financial services industry) setting out the applicable rules and guidance.

FSMA provides a list of activities relating to financial services that are considered to be regulated activities. Some of those regulated activities are relevant to BPO providers operating in the BFSI industry, for example, advising on and arranging insurance contracts is a regulated activity under FSMA. Companies may only carry out regulated activities if they register with the Financial Services Authority as an authorised person or fall within an exemption. Failure to comply with the provisions of FSMA and the FSA Handbook can result in imprisonment, fines, public censure and withdrawal of permission to conduct regulated activities in the United Kingdom.

#### **Data Protection Act 1998 (the "DPA")**

In the U.K., the collection and use of personal data is primarily governed by the DPA. It imposes obligations on persons controlling personal data and confers rights on individuals to whom the data relates. A company will be considered to be controlling data if it determines the purpose for which, and the manner for which, any personal data is processed. Companies outsourcing processes tend to be data

controllers. BPO providers tend to be data processors and may, in some circumstances, also be data controllers. The personal data must be processed in accordance with data protection principles, which include requesting the data subject's permission before transferring the personal data to a third party and implementing appropriate technical and organisational security measures to prevent unauthorised or unlawful processing, accidental loss of or destruction or damage to personal data. Breach of a principle is not in itself a criminal offence. However, the Information Commissioner has the power to issue an enforcement notice, which will require the data controller to comply with the relevant principle, or cease the offending processing, within a specified period. Failure to comply with this notice is a criminal offence. A data controller may also face civil proceedings - any data subject suffering damage or damage and distress (but not distress alone) as a result of a data controller's failure to comply with the principles has a right to sue for damages under the DPA.

### **Privacy and Electronic Communications (EC Directive) Regulations 2003 (the "Privacy Regulations")**

The Privacy Regulations govern commercial communications made by fax, telephone and email to customers. They provide that where a customer has told a marketer to stop making telesales calls to their number, the marketer must comply with that request. In addition, a marketer cannot make or instigate the making of unsolicited telesales calls to any number listed on the Telephone Preference Service (TPS) register. Subject to certain limited exceptions, customers must opt-in to receive communications by email and SMS text messages. The Privacy Regulations also contain provisions governing the content of a marketer's communication with a customer, for example, they require marketers to reveal their identity when sending a marketing email or making a telesales call and to provide a valid address to which the recipient may send a request for the communications to cease.

### **Transfer of Undertaking (Protection of Employee) Regulations 2006 ("TUPE")**

TUPE provides that where there is a business transfer or a service provision change ("transfer of an undertaking"), employees engaged in that business will be automatically transferred to the buyer or new service provider on their current terms of employment. Some outsourcing arrangements fall into the definition of a transfer of an undertaking under TUPE. TUPE places obligations on both the current employer and the new employer to inform and consult elected employee representatives or trade union representatives of their own affected employees in relation to the transfer. In addition, any dismissal of an employee that would be transferred under TUPE will be automatically unfair where the sole or principal reason for the dismissal is the transfer itself or a reason connected with the transfer that is not an economic, technical or organisational reason entailing changes in the work force.

## HISTORY AND CERTAIN CORPORATE MATTERS

Our Company was incorporated as “Infinite Computer Solutions (India) Private Limited” on September 6, 1999 under the Companies Act, 1956 at Mumbai. Our status was subsequently changed to a public limited company, consequent to the shareholders approval recorded at the Extra Ordinary General meeting of the Shareholders held on January 7, 2008. Consequently our name was changed to “Infinite Computer Solutions (India) Limited” and the Registrar of Companies, issued a fresh certificate of incorporation dated February 14, 2008.

At the time of incorporation, the registered office of our Company was situated at 23 Asha Mahal, Nawroji Gamadia Road, Mumbai 400 026. The registered office was shifted to 155, Somdutt Chambers – II, 9 Bhikaji Cama Place, New Delhi – 110 066 on September 17, 2007. Subsequently, on January 24, 2008, the registered office was again shifted to 201, Mohta Building, 4, Bhikaji Cama Place, New Delhi – 110066.

On March 2, 2004 we entered into a Stock Purchase Agreement with WhiteRock Investments I Ltd., a company incorporated in British Virgin Island Company. Pursuant to the agreements, WhiteRock agreed to subscribe and the Company allotted 4818 Equity shares and 43360 convertible preference shares of Rs.10/- each at a price of Rs.5453.50 per share. Subsequently WhiteRock Investments I Ltd assigned these rights to WhiteRock Investments (Mauritius) Ltd. The convertible preference were converted into equity shares on 16<sup>th</sup> November, 2005.

During the year 2005-2006, we acquired Datagrid Services Pvt. Ltd (a BPO company based out of Hyderabad) to diversify our business into new revenue segment with an intent to de-risk our business model. The Company was renamed as Infinite BPO Private Limited

During the year 2007-2008, Infinite Computer Solutions Inc, USA our wholly owned subsidiary acquired Comnet International Co. USA, a telecommunication focused product development Company based in Chicago, USA through a 100% Stock Purchase. The ownership of the same was transferred on August 8, 2007.

During the financial year 2007-08, we decided to divest our investments from Infinite BPO Private Limited and the same was sold.

### Key Events and Mile Stones

Financial Year	Activity
FY 1999-00	– Started operations in New Delhi
FY 2000-01	– Inauguration of Bangalore Development Centre – Started Operation in USA
FY 2001-02	– Assessed at ISO 9001:2000 – Assessed at SEI – CMM Level 3
FY 2002-03	– Assessed at SEI – CMM Level 5 – E&Y Entrepreneur of the year award – Ranked amongst NASSCOM's Top 20 Indian IT Companies
FY 2003-04	– Deloitte & Touche Fast 50 award – Allotment of 4.50 acres of land by KIADB in EPIP Zone at Whitefield, Bangalore



	<ul style="list-style-type: none"> <li>- Funding of US\$ 6M from WhiteRock Investments (Mauritius) Limited</li> <li>- Initiated operations in UK</li> </ul>
FY 2004-05	<ul style="list-style-type: none"> <li>- Assessed at SEI – CMMi Level 5</li> <li>- Ranked 50<sup>th</sup> in IDC – Dataquest Survey of Top 20 Indian IT Companies</li> <li>- Ranked among Deloitte Technology Fast 500 Asia Pacific Winners</li> <li>- Listed among Offshore 100 in neoIT 2005 Offshore 100 study</li> <li>- Inauguration of Whitefield Campus</li> <li>- Started operations in Malaysia and China</li> </ul>
FY 2005-06	<ul style="list-style-type: none"> <li>- Setup of Development Centre at Hyderabad</li> </ul>
FY 2006-07	<ul style="list-style-type: none"> <li>- Recognized as one of the Top 100 Global Outsourcing Provider in 2006 by the International Association of Outsourcing Professionals (IAOP)</li> <li>- Recognized as one of the Top 10 Global Telecom Outsourcing Provider in 2006 by the International Association of Outsourcing Professionals (IAOP)</li> <li>- ISO 27001:2005 by BSI</li> </ul>
FY 2007-08	<ul style="list-style-type: none"> <li>- Acquired Comnet International a US based telecom Solutions Provider.</li> <li>- Started Operations in Australia</li> </ul>

### Our Main Objects

The main objects of our Company as set forth in the Memorandum of Association of the Company are as follows:

1. To carry on the business of developing, designing and maintenance of web-sites, Electronic Mails, Intranet solutions, Data Processing, Data Warehousing, Data Mining, Setting up communications solutions, man-power training, Strategic Change Management and Software development.
2. To carry on business of Internet Promotions and Internet Marketing, Internet Radio, Networking Solutions, CD-ROM Technology, Electronic Commerce related applications, Electronic Data Interchange, Enterprise Resource Planning and IT Resource Management

The objects of the MoA of our Company enable us to undertake activities for which the funds are being raised in this Issue. The existing activities of our Company are in accordance with the Object Clause of our MoA.

### Changes in the Memorandum of Association since incorporation:

Date	Amendments
November 14, 1999	The authorized Share Capital was increased from Rs.10,00,000/- comprising 1,00,000 equity shares of Rs.10 each to Rs.5,00,00,000/- comprising of 50,00,000 equity shares of Rs.10 each.
July 20, 2005	The authorized Share Capital was increased from Rs.5,00,00,000/- comprising of 50,00,000 equity shares of Rs.10 each to Rs.50,00,00,000/- comprising of 4,70,00,000 equity shares of Rs.10 each and 30,00,000 Preference shares of Rs.10 each.
September 17, 2007	Change in the Registered office of the Company

### Agreements with WhiteRock Investments (I) Ltd.

We have entered into Stock Purchase Agreement, Investor's Rights Agreement and Co-sale Agreement, all dated March 2, 2004 with WhiteRock Investments I Limited, a British Virgin Island company, for issuance of 4818 Equity Shares of Rs.10/- each and 43360 convertible Preference Shares of Rs.10/- each at an premium of Rs.5443.50 per share. WhiteRock Investment (I) Ltd. assigned all the rights, title and interest in and under the agreements w.e.f. 20<sup>th</sup> April, 2004. In view of the aforesaid assignment, we allotted 4818 Equity Shares of Rs.10/- each and 43360 convertible Preference Shares of Rs.10/- each at an premium of Rs.5443.50 per share to WhiteRock investment Mauritius Limited on 20<sup>th</sup> April, 2004.

The **salient features** of the above agreements are given below:

#### 1. STOCK PURCHASE AGREEMENT

- WhiteRock shall subscribe to 43360 Preference shares and 4818 equity shares at closing to be held on March 31, 2004, after compliance of certain conditions precedent. The Preference shares so issued shall not carry any dividend and will be converted into equity shares at such price, date and event as may be decided upon. On conversion the shares shall rank pari passu with the existing equity shares of the company.
- The proceeds from the issuance of the aforesaid shares shall be used solely to fund strategic acquisitions, expansions and working capital for the company and its subsidiaries.
- The Company shall not issue any further preference shares to any person other than WhiteRock, without the prior written approval of WhiteRock.
- All equity shares issued now and on conversion of the preference shares shall be aggregated together for the purpose of determining the eligibility of any right under this agreement.
- WhiteRock may transfer the preference shares to any of its affiliates or to third parties subject to applicable securities laws and restrictions on transfer under this agreement. The transferee in such case shall execute counter part signature pages to this agreement and the ancillary agreements. Furthermore, transfer to non affiliates shall be subject to company's prior written approval which shall not be unreasonably withheld.
- The Company has reserved equity shares equivalent to 5% of the fully diluted share capital after the transaction, for issuance to its employees as options.
- The Company to procure the key man life insurance policies payable to the company on the lives of each Founder that is Mr. Sanjay Govil and Mr. Christopher Kirchoff and CEO, India operations Mr. Upinder Zutshi for an amount not less than USD 500,000. The Company shall maintain such policy in force until the sooner of an IPO or 8 years from the date of this agreement.
- Each Founder and Chief Executive Officer India operation shall execute an employment agreement with the company in accordance with the agreed format.
- Any dispute or differences shall be resolved through friendly consultations within 30 days or such longer period as agreed and thereafter any party may refer the dispute for resolution by arbitration in accordance with American Arbitration Association (AAA). The arbitration shall be held in the state of New York to be conducted by one Arbitrator mutually agreed to the parties. In case the parties cannot agreed on one Arbitrator, the same shall be appointed by AAA, provided, however, that such Arbitrator shall be a former judge. The Arbitrator shall not be granted any power to Award exemplary or punitive damages to any party hereto. The parties may approach any court having jurisdiction for judicial acceptance of the Award and order of enforcement of the Award.

## 2. CO-SALE AGREEMENT

- The agreement was entered into amongst the Company, Mr. Sanjay Govil and Mr. Christopher Kirchoff ('the Founders') and WhiteRock Investment I Limited ('WhiteRock') as an ancillary agreement to the Stock Purchase Agreement.
- As per the agreement the WhiteRock will have first right of purchase or refusal thereof in case of any offer for sale or transfer of shares of the company made by the Founders to any third party and any refusal on one part will not effect the right of WhiteRock of participation in any other future sale or transfer.
- For facilitating such sale or transfer, the Preference shares as held by the White Rock will be converted into the Equity shares.
- The transferee will be bound by the terms and conditions of this agreement by entering into Adherence deed.
- There are some exceptions to the right of co-sale and refusal, provided the transferee in that case will step into the shoes of Founder
  - pledge to secure bonafide loan transaction
  - transfer by founder to its family members
  - transfer from one founder to another founder
  - transfer up to 15% of their holding
- The right will also not apply in the case of an IPO.
- In the event the Founders sell the shares in contravention of the rights of WhiteRock under this agreement, WhiteRock shall in addition to such other remedies, have the put option. WhiteRock shall have the right to sell to the Founders, investors shares which WhiteRock would have been entitled to transfer to the transferee, had that transfer been effected in terms of this agreement.
- The WhiteRock shall have a right to sell its shares in the Company to any third party, provided no such sale will be permitted prior to the IPO, if the purchaser is a competitor or person having criminal background. However, Founders will be provided with the right of first refusal on the same terms and conditions being offered to the third party buyer to the WhiteRock.
- This agreement will terminate upon the earliest of (i) the closing of Qualified IPO; or (ii) five years from the effective date of this agreement; or (iii) earlier as may be mutually agreed.

## 3. INVESTOR'S RIGHTS AGREEMENT

- The agreement was entered into amongst the Company, Mr. Sanjay Govil and Mr. Christopher Kirchoff ('the Founders') and WhiteRock Investment I Limited ('Investor' or 'WhiteRock') as an ancillary agreement to the Stock Purchase Agreement
- If the Company receive at any time after the earlier of a period of 2 years from the date of this agreement or 180 days after the effective date of an IPO, a written request from the holders of atleast 20% of preference shares, the Company will file a registration statement under the Securities Act, 1933.
- WhiteRock can assign the registration right to a transferee if such transferee or assignee is either an affiliate of WhiteRock or a Strategic Investor.
- No holder shall be entitled to exercise any right of registration after five years from the date of the agreement.



- The company grants to WhiteRock a right of first offer in respect of future sale by the company of such number of shares that WhiteRock may maintain its current percentage ownership of the company at the same offering price and on the same terms and conditions of such offering.
- Except for issue of equity shares on conversion of preference shares and issue of shares pursuant to clause 3.1 (d) as aforesaid, all further issue of shares by the company shall be on such terms and conditions which are no more favorable than those on which the shares were allotted to WhiteRock unless waived in writing by WhiteRock. If the company desires to issue any shares at a price lower than the weighted average subscription price paid by WhiteRock, then the company shall first offer to issue to WhiteRock such number of shares at par or at such low price as permitted by RBI, so as to bring down the weighted average subscription price (adjusted for bonus issue) of WhiteRock equal to the price at which the new shares are proposed to be issued and the company shall make such issue at lower price, only if WhiteRock agrees to subscribe for the new shares offered to it at price permitted by RBI and not otherwise.
- The company will grant the WhiteRock any registration rights, rights of first refusal or IPO purchase rights which are granted to any subsequent purchaser of the company's equity shares. In addition, if the company grants IPO rights to friends and family of the company, including but not limited to directors, officers, relatives and friends of directors and officers, affiliated entities of directors or officers, the company will grant IPO purchase rights to WhiteRock to purchase a percentage of such friends and family shares equal to the percentage ownership of WhiteRock in the company.
- As long as WhiteRock has not transferred any of its shares to any third party other than an affiliate or as long as WhiteRock shareholding is more than or equal to ten percent, it shall have right to nominate such number of directors on the board of the company in proportion to its shareholding subject to not less than one nominee director. One nominee of WhiteRock shall be on the audit committee and stock option committee. Further one nominee of WhiteRock will be part of executive committee and compensation committee by invitation only.
- Atleast three directors will be nominated by the founders and one independent director proposed by the founders and acceptable to WhiteRock.
- WhiteRock would have an option to achieve an IPO not earlier than two years of closing, provided that such IPO shall value the company at a minimum of USD 50 million prior to IPO proceeds. Subject to any restrictions by the recognised stock exchanges or unless otherwise agreed to by the shareholders WhiteRock shall offer their shares, first in the IPO, subject to a maximum of ten percent of the issued capital.
- In event of breach of any provision of the agreement, the respective rights and obligation shall be enforceable by specific performance or injunctive remedy in any Court of competent jurisdiction.

## **OTHER AGREEMENTS**

### **Acquisition of Comnet International Co.**

Our Company's wholly owned subsidiary, Infinite Computer Solutions Inc, USA ( ICS Inc.) has acquired Comnet International Company (Comnet International), a telecommunication focused product development Company based in Chicago, USA, through a Stock Purchase Agreement (SPA) dated August 8, 2007 executed between ICS Inc. and shareholders of Comnet International, pursuant to Term Sheet dated May 2, 2007. The Closing of acquisition took place on August 8, 2007 and Release Document was signed on that day.

ICS Inc. has been making payments as per the agreed schedule in terms of the SPA. ICS Inc. has executed a Promissory Note in favor of the Seller Representative for USD 3 millions to be paid by June 30, 2008, which has been guaranteed by our Company through a duly signed "Guarantee of Payment" document on August 8, 2007. The SPA also provides for payment of an annual earn-out, to be calculated in the manner as laid down in the said Agreement, for a period of 2 years from the Closing Date. The Option Agreement signed simultaneously with the Shareholder of Comnet International, provides an



option of firm allotment up to an amount as mentioned therein, at the IPO price, which has not been opted for. Consequent to this acquisition, the Indian subsidiary of Comnet International, India Comnet International Private Limited becomes the subsidiary of ICS Inc. as well as of our Company.

**Non-Compete Agreement:**

Our Company has entered into Non Compete Agreement dated March 31, 2008 with M. C. Data Systems Pvt. Ltd., N. C. Data Systems Pvt. Ltd., IT Thinkers LLC and International Computer Solutions Inc., USA, being Promoter group companies in similar line of business activities. The above mentioned entities have agreed not to offer services currently being offered by us.

Through the agreements the aforesaid companies have agreed and undertaken that if there is any business opportunity which involves bidding for a Contract, in which we have the capability and it is of interest to us then they shall immediately notify us about opportunity being available and shall put their best efforts to make such business opportunity offered to us. The said Agreement(s) are valid for a period of 10 years.

We enter into Master Service Agreement with our clients in the normal course of business.

Except for the agreements mentioned above, we are not a party to, or have entered into, any other material contracts.

**Disassociation of Company's Subsidiary - Infinite BPO Private Limited**

We had acquired 76,667 equity shares of M/s Data Grid Services Private Limited constituting 51.11% in its equity share capital, pursuant to Shareholders Agreement dated January 25, 2006. The name of the company was changed to Infinite BPO Private Limited (Infinite BPO). The Company has since sold its holding to the existing shareholders of Infinite BPO, pursuant to a Share Purchase Agreement (SPA) dated January 3, 2008 and the nominee directors of our Company also resigned from their Board. As per the said SPA, the parties agreed that the name of Company shall not be changed until two years from the date of execution of the SPA and none of the parties shall directly solicit the existing clients/customers of the other until two years from the completion date

**Joint Venture**

As on the date of filing of this DRHP, we do not have any Joint Ventures.

**Strategic Partners**

As on the date of filing of this DRHP, we do not have any Strategic Partners.

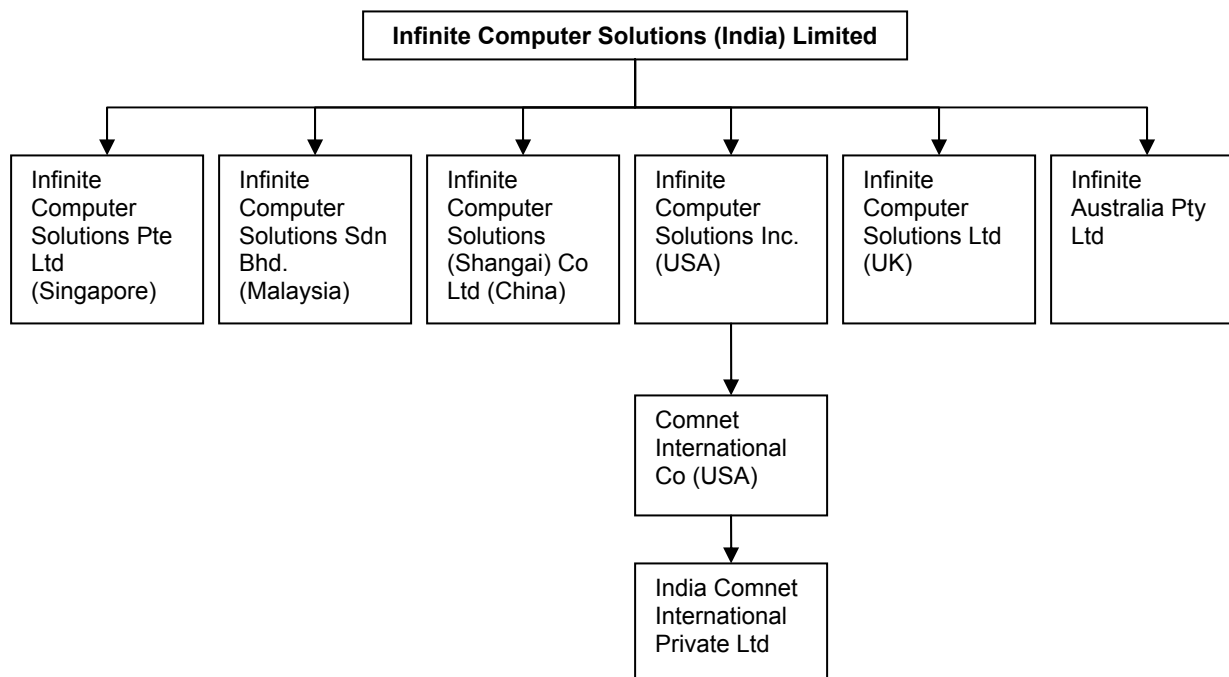
**Financial Partners**

As on the date of filing this Draft Red Herring Prospectus and except for our Promoters and equity shareholders, as disclosed in the sections titled "Agreements entered by the Company" beginning on page [●] of the Draft Red Herring Prospectus, respectively, we do not have any other financial partners.

## SUBSIDIARIES

Our company has the following Wholly Owned Subsidiaries (WOS)

1. Infinite Computer Solution Inc. – US
2. Infinite Computer Solutions Pte. Ltd. - Singapore
3. Infinite Computer Solutions Sdn, Bhd, - Malaysia
4. Infinite Computer Solutions (Shanghai) Co. Ltd. - China
5. Infinite Computer Solution Ltd. – UK
6. Infinite Australia Pty Ltd.
7. Comnet International Co. US – Subsidiary of Infinite Computer Solution Inc. – US
8. India Comnet International Private Limited - Subsidiary of Comnet International Co. US





## 1. Infinite Computer Solution Inc - US

Infinite Computer Solution Inc. was incorporated on January 10, 2001. Infinite is currently in the business of providing various IT services falling under the following NAICS classification:

- Computer Programming Services
- Computer System Design Services
- Other Computer Related Services

The registered office of Infinite Computer Solution Inc. is at:  
Choke Cherry Road, Suite 320,  
Rockville, Maryland – 20850,  
United States of America.

The Director of Infinite Computer Solution Inc is Mr. Sanjay Govil

### Summary Audited financials for the last three fiscal years

	IN USD			In Rs. Million*, except share data, EPS & NAV		
	Fiscal 2007	Fiscal 2006	Fiscal 2005	Fiscal 2007	Fiscal 2006	Fiscal 2005
Equity Share Capital	50,000	50,000	50,000	2.18	2.18	2.18
Retained Earnings	43,81,904	39,76,458	38,58,895	190.81	173.16	168.04
Net Worth	44,31,904	40,26,458	39,08,895	192.99	175.34	170.22
Total Revenue	6,04,68,240	9,05,60,931	7,97,39,982	2633.15	3943.57	3472.36
Net Profit	4,30,446	1,17,564	2,69,793	18.74	5.12	11.75
EPS	8.61	2.35	5.40	374.88	102.39	234.97
NAV	88.64	80.53	78.18	3859.84	3506.73	3404.34
Nos. of ordinary shares	50,000	50,000	50,000	50,000	50,000	50,000

\* Based on convenience translation of 1 USD = Rs.43.54607, being the median rate as on March 31, 2007 ([www.oanda.com](http://www.oanda.com)) .

## 2. Infinite Computer Solutions Pte. Ltd. - Singapore

Infinite Computer Solutions Pte. Ltd. was incorporated under the Companies Act, CAP. 50. of Singapore on the 27<sup>th</sup> July, 2001 as a Private Company limited by Shares.

The Principal activities of the company are to carry on the business of all kinds of development of e-commerce applications.

The registered office of Infinite Computer Solutions Pte. Ltd. is at:  
101 Cecil Street  
#20-01A Tong Eng building  
Singapore – 069533

The present Directors of Infinite Computer Solutions Pte. Ltd. are:

1. Mr. Rajiv Nair
2. Mr. Navin Chandra

### Summary Audited financials for the last three fiscal years

	IN USD			In Rs. Million*, except share data, EPS & NAV		
	Fiscal 2007	Fiscal 2006	Fiscal 2005	Fiscal 2007	Fiscal 2006	Fiscal 2005
Equity Share Capital	9,99,910	9,99,910	6,00,707	28.70	28.70	17.24
Reserves (excl. revaluation reserves )	(7,32,653)	(7,42,382)	(4,95,021)	(21.03)	(21.31)	(14.21)
Net Worth	2,67,257	2,57,528	1,05,686	7.67	7.39	3.03
Total Revenue	15,91,758	7,53,625	3,21,369	45.68	21.63	9.22
Net Profit / (Loss)	9,730	(2,47,361)	(1,95,030)	0.28	(7.10)	(5.60)
EPS (in Rs.)	0.01	(4.04)	(0.32)	0.28	(7.10)	(9.32)
NAV (in Rs.)	0.267	0.257	0.176	7.67	7.39	5.05
Nos. of Ordinary shares	9,99,910	9,99,910	6,00,707	999910	999910	600707

\* Based on convenience translation of 1 SGD = Rs.28.69858, being the median rate as on March 31, 2007 ([www.oanda.com](http://www.oanda.com)) .



### 3. Infinite Computer Solutions Sdn, Bhd, Malaysia

Infinite Computer Solutions Sdn, Bhd was incorporated under the Companies Act, 1965 of Malaysia on the 21<sup>st</sup> Day of September, 2004 as a Private Company limited by shares.

The Principal activity of the Company is developing software and providing information technology services mainly management and consulting services.

The registered office of Infinite Computer Solutions Sdn, Bhd, Malaysia is at:

Suite F-01 & F-02  
First Floor,  
2300 Century Square,  
Jalan Usahawan  
63000 Cyberjaya  
Selangor Daral Ehsan

The present Directors of Infinite Computer Solutions Sdn, Bhd, Malaysia are:

1. Mr. Rajiv Ravindranathan Nair
2. Mr. Navin Chandra
3. Ms. Yee Kuan Yeok
4. Ms. Sukanthi A/P Krishnan

#### Summary Audited financials for the last three fiscal years

	IN RM			In Rs. Million*, except share data, ESP and NAV		
	Fiscal 2007	Fiscal 2006	Fiscal 2005	Fiscal 2007	Fiscal 2006	Fiscal 2005
Equity Share Capital	94,367	94,367	94,367	1.19	1.19	1.19
Reserves (excl. revaluation reserves )	3,34,097	1,24,807	(1807)	4.21	1.57	(0.02)
Net Worth	4,28,464	2,19,174	92,560	5.40	2.76	1.17
Total Revenue	14,55,886	14,56,967	1,57,090	18.35	18.37	1.98
Net Profit / (Loss)	2,09,289	1,26,614	(1,807)	2.64	1.60	(0.02)
EPS	2.22	1.34	(0.02)	27.96	16.92	(0.24)
NAV (Book value per share)	4.54	2.32	1	57.24	29.28	12.37
Nos. of Ordinary shares	94,367	94,367	94,367	94,367	94,367	94,367

\* Based on convenience translation of 1 RM = Rs.12.60718, being the median rate as on March 31, 2007 ([www.oanda.com](http://www.oanda.com)).



#### 4. Infinite Computer Solutions (Shanghai) Co. Ltd. - China

Infinite Computer Solutions (Shanghai) Co. Ltd. was incorporated in Shanghai in accordance with the “Law of Foreign – Funded Enterprises of the People’s Republic of China” on August 04, 2004 as a company limited by shares. The Company is a Chinese legal entity, governed and protected by the Chinese laws.

The Principal activity of the company is doing the business of Software Development and providing Information Technology Services.

The registered office of Infinite Computer Solutions (Shanghai) Co. Ltd. is at:

Suite 666-05, Building 2,  
No.351, Guoshoujing Rd.,  
Zhangjiang High-Tech Park,  
Shanghai.

The present Directors of Infinite Computer Solutions (Shanghai) Co. Ltd. are:

1. Mr. Upinder Zutshi
2. Mr. Rajiv Nair
3. Mr. Navin Chandra

#### Summary Audited financials for the last three fiscal years

	IN RMB			In Rs. Million*, except share data, EPS and NAV		
	Fiscal 2007	Fiscal 2006	Fiscal 2005	Fiscal 2007	Fiscal 2006	Fiscal 2005
Equity Share Capital	11,58,710	11,58,710	1,73,806	6.54	6.54	0.98
Reserves (excl. revaluation reserves )	(6,58,483)	0	0	(3.72)	0	0
Net Worth	5,00,227	8,08,495	1,73,751	2.82	4.56	0.98
Total Revenue	7,28,014	0	0	4.11	0	0
Net Profit / (Loss)	(6,58,483)	0	0	(3.72)	0	0

As there is no concept of Equity shares in China, earning per share and net asset value are not calculated.

\* Based on convenience translation of 1 RMB = Rs.5.64273, being the median rate as on March 31, 2007 ([www.oanda.com](http://www.oanda.com)).



## 5. Infinite Computer Solution Ltd. - UK

Infinite Computer Solution Ltd. was incorporated on the February 12, 2004 as a Private Company limited by shares under the Companies Acts 1985 to 1989 of UK. The company registration no. is 5042493.

The Company's principal activity is that of IT Consultancy and Software Development

The registered office of Infinite Computer Solution Ltd. is at:  
 11 Northumberland House  
 the Pavement  
 Popes Lane  
 London – W54NG

The present Directors of Infinite Computer Solution Ltd. are:

1. Mr. Upinder Zutshi
2. Mr. Navin Chandra

### Summary Audited financials for the last three fiscal years

	IN £			In Rs. Million*, except per share data, EPS and NAV		
	Fiscal 2007	Fiscal 2006	Fiscal 2005	Fiscal 2007	Fiscal 2006	Fiscal 2005
Equity Share Capital	2,06,842	1,80,649	1	17.48	15.27	0.00
Reserves (excl. revaluation reserves )	(1,82,887)	(1,33,677)	(58,828)	(15.45)	(11.30)	(4.97)
Net Worth	23,955	46,972	(58,827)	2.02	3.97	(4.97)
Total Revenue	3,51,868	2,93,974	Nil	29.73	24.84	0.00
Net Profit / (Loss)	(49,210)	(74,849)	(58,828)	(4.16)	(6.33)	(4.97)
EPS	(0.24)	(0.41)	(58,828)	(20.10)	(35.01)	(4971227)
NAV (Book value per share)	0.12	0.26	(58,828)	9.79	21.97	(4971143)
Nos. of Shares	2,06,842	1,80,649	1	2,06,482	1,80,649	1

Ordinary share of 1 £ each

\* Based on convenience translation of 1 £ = Rs.84.50445, being the median rate as on March 31, 2007 ([www.oanda.com](http://www.oanda.com)).



## **6. Infinite Australia Pty Ltd.**

Infinite Australia Pty Ltd. is a proprietary company limited by shares was incorporated on May 14, 2007 under the Corporation Act, 2001 (Commonwealth) as modified or re-enacted from time to time.

Australia Company No. 125 391 460

The business address of Infinite Australia Pte Ltd. is at:  
Dibbs Abbott Stillman,  
Level 4, 575 Bourke Street,  
Melbourne, VIC 3000.

The postal address of Infinite Australia Pte Ltd. is at:  
Dibbs Abbott Stillman,  
Level 8, 123 Pitt Street,  
Sydney, NSW 2000.

The present Directors of Infinite Australia Pte Ltd are:

1. Mr. Upinder Zutshi
2. Mr. Rajiv Nair
3. Mr. Frank Rajan

As the Company was incorporated on May 14, 2007 the financial accounts will be prepared from the date of incorporation till 31<sup>st</sup> March, 2008 and hence the same have not been provided.



## Comnet International Co. USA

Comnet International Co (Comnet) was incorporated under the Laws of the State of Illinois on the September 23, 1994. Comnet is a telecommunications focused outsourced product development and IT Services company. Comnet services major telecom equipment manufacturers, service providers and operational support systems vendors addressing wireline, wireless, intelligent networks and convergence systems and applications

The Company was acquired by our US based subsidiary – Infinite Computer solutions Inc. USA through a stock purchase agreement dated August 8, 2007. For details of acquisition, please refer chapter 'History and other corporate matters' appearing on page [●] of this DRHP.

The registered office of Comnet International Co. is at:  
1 Trans Am Plaza Dr,  
Suite 520, OakBrook Terrace,  
IL60181,  
United States of America.

The present directors of Comnet International Co are:

1. Mr. Upinder Zutshi
2. Mr. Sanjay Govil
3. Mr. Neeraj Tewari
4. Mr. Ashoka Tankala
5. Mr. Ravi Ravichandran

The financial year of the company is from 1<sup>st</sup> January to 31<sup>st</sup> December of that particular year.

### Summary Audited financials for the last three fiscal years

	IN USD			In Rs. Million (except share data)		
	Fiscal 07	Fiscal 06	Fiscal 05	Fiscal 07	Fiscal 06	Fiscal 05
Equity Share Capital	1,000	1,000	1,000	0.04	0.04	0.04
Reserves (excl. revaluation reserves )	27,78,294	15,48,528	29,40,577	120.98	67.43	128.05
Net Worth	27,79,294	15,49,528	29,41,577	121.03	67.48	128.09
Total Revenue	73,48,488	68,55,484	73,39,389	320.00	298.53	319.60
Net Profit / (Loss)	11,46,780	54,52,916	23,89,127	49.94	237.45	104.04
EPS	1,147	5452.92	2,389.12	49,937.76	2,37,453	1,04,037
NAV (Book value per share)	2,779	1549.53	2941.58	121,027.33	67,476	1,28,094
Nos. of Ordinary shares	1,000	1,000	1,000	1,000	1000	1000

\* Based on convenience translation of 1 USD = Rs.43.54607 being the median rate as on March 31, 2007 ([www.oanda.com](http://www.oanda.com)).



### India Comnet International Private Limited.

India Comnet International Private Limited was incorporated under the Companies Act, 1956 on the September 15, 1995. The Registration no. of the Company is 18-32943. It is the Wholly Owned subsidiary of. Comnet International Co, USA, which in turn is the subsidiary of our US based subsidiary viz. Infinite Computer Solutions Inc.

The registered office of India Comnet International Private Limited is at:  
Unit No.21, Block 3,  
SDF Buildings, Phase 1 MEPZ,  
Chennai – 600 045.  
India.

The present directors of India Comnet International Private Limited are:

1. Mr. Ravi Ravichandran
2. Mr. Upinder Zutshi
3. Mr. Ashoka Tankala
4. Mr. Ajoy Kumar Maddur
5. Ms. Uma S.

The financial year of the company is from 1<sup>st</sup> January to 31<sup>st</sup> December of that particular year.

### Summary Audited financials for the last three fiscal years

Particulars	In Rs. Million, except share data, EPS and NAV		
	31-12-2007	31-12-2006	31-12-2005
Equity Share Capital	1.00	1.00	1.41
Reserves (excl. revaluation reserves )	96.25	70.13	98.57
Net Worth	97.25	71.13	99.98
Total Revenue	184.52	187.65	216.66
Net Profit / (Loss)	10.43	35.95	94.45
EPS	104.30	395.5	671.63
NAV (Book value per share)	972.50	711.30	710.95
Nos. of shares O/s	100000	100000	140627

The Company has filed an interest waiver petition for the assessment year 1998-99 through 2002-03 with the commissioner of Income Tax, (Appeals) – Chennai for an amount of Rs.545638/-. Further, it has also filed an interest waiver petition for an amount of Rs. 727495/- relating to the assessment years 2003-04.

## OUR MANAGEMENT

Our Company functions under the control of Board of Directors comprising of professionals drawn from various fields. The day-to-day affairs of the company are looked after by qualified key personnel under the supervision of Mr. Upinder Zutshi, Managing Director.

### Board of Directors –

	<b>Name, Designation, Father's Name, Address, occupation</b>	<b>Nationality</b>	<b>Age (Years)</b>	<b>Directorships / partnership in other entities</b>
1	Mr. Sanjay Govil Non-Executive Chairman S/o Dr.Narendra Kumar Govil 9919, Potomac Manors Drive, Potomac, Maryland-20854, United States of America, Business Term – Up to the conclusion of the ensuing AGM	Non Resident Indian (Resident of USA)	42	<ul style="list-style-type: none"> <li>• Mumal Mining Pvt. Ltd.</li> <li>• Gagan Resources Pvt. Ltd.</li> <li>• I. T. Thinkers LLC</li> <li>• International Computer Solutions, USA</li> <li>• Infinite Computer Solutions Inc.</li> <li>• Comnet International Co., USA</li> </ul>
2	Mr. Upinder Zutshi Managing Director S/o Shri. Shibhan Krishan Zutshi 96/97, 4 <sup>th</sup> Cross, ECC Road, Prithvi Layout, Whitefield, Bangalore – 560066. Service Term: 5 years from April 1, 2008	Indian	46	<ul style="list-style-type: none"> <li>• India Comnet International Pvt. Ltd.</li> <li>• Comnet International Co., USA</li> <li>• Infinite Computer Solutions Ltd. U.K</li> <li>• Infinite Australia Pte. Ltd.</li> <li>• Infinite Computer Solutions (Shanghai) Co., Ltd.</li> </ul>
3	Mr. Neeraj Tewari Director S/o Shri. Mahesh Shankar Tewari 12620 War Admiral Way, North Potomac, Maryland 20878, United States of America. Executive Management Term – Up to the conclusion of the ensuing AGM	Non Resident Indian (Resident of USA)	44	<ul style="list-style-type: none"> <li>• Comnet International Co., USA</li> </ul>
4.	Mr. Navin Chandra Whole Time Director S/o Late Sh.Girish Chandra Aggarwal House No. 165,SFS Flats, Munirka Vihar, New Delhi – 110 067. Service Term: 3 years from April 1, 2008	Indian	70	<ul style="list-style-type: none"> <li>• Infinite Softpro Pvt. Ltd.</li> <li>• NC Data Systems Pvt. Ltd.</li> <li>• Ganesh Data Systems Pvt. Ltd.</li> <li>• MC Data Systems Pvt. Ltd.</li> <li>• MAV Information Technologies Pvt. Ltd.</li> <li>• Potomac Mining Resources Pvt. Ltd.</li> <li>• Infinite Data Systems Pvt. Ltd.</li> <li>• Castle Structures Pvt. Ltd.</li> <li>• Infinite Hotels Pvt. Ltd.</li> <li>• Infinite Manganese (India) Pvt. Ltd.</li> <li>• Infics Infrastructure Pvt. Ltd.</li> <li>• Mumal Mining Pvt. Ltd.</li> <li>• Gagan Resources Pvt. Ltd.</li> <li>• Infinite Computer Solutions Ltd., U.K.</li> <li>• Infinite Computer Solutions SDN.BHD., Malaysia.</li> <li>• Infinite Computer Solutions (Shanghai) Co. Ltd.</li> </ul>

				<ul style="list-style-type: none"> <li>• Infinite Computer Solutions Pte. Ltd., Singapore.</li> </ul>
5.	<p>Mr. Sikander Mohan Dewan Independent Director S/o Mr. Mohan Lal Dewan House No.61, Sector 15A, Noida 201 301, Uttar Pradesh. Service Term – Up to the conclusion of the ensuing AGM</p>	Indian	62	<ul style="list-style-type: none"> <li>• K. S. Oils Ltd.</li> <li>• Electronics System Punjab Limited.</li> <li>• Glocal Management Consultancy (P) Ltd.</li> <li>• ASN Apparels (P) Ltd.</li> <li>• Aarti Exim (P) Ltd.</li> </ul>
6	<p>Mr. Ravindra R Turuga Additional Director S/o Late Shri.Ramarao Turaga 706-B, Aradhana, G.D.Ambedkar Rd. Dadar, Mumbai 400 014. Practicing Chartered Accountant Term – Up to the conclusion of the ensuing AGM</p>	Indian	60	<ul style="list-style-type: none"> <li>• Venkatadri Resorts Pvt. Ltd.</li> </ul>
7	<p>Mr. N. K. Agrawal Additional Director Shri. Devi Prasad Agrawal 1-81, Ashok Vihar, Phase – 1, New Delhi – 110052 Service Term – Up to the conclusion of the ensuing AGM</p>	Indian	66	Nil
8	<p>Mr. Ajai Agrawal Additional Director Shri. Madho Prasad Agrawal A-346, South City, Gurgaon – 122 001 Entrepreneur Term – Up to the conclusion of the ensuing AGM</p>	Indian	46	<ul style="list-style-type: none"> <li>• B. M. Project Engineers Pvt. Ltd.</li> <li>• IYC World Softinfrastructure Pvt. Ltd.</li> <li>• Agroecommerce Network Pvt. Ltd.</li> </ul>

## Brief Profile of Directors

### Mr. Sanjay Govil

Mr. Sanjay Govil, aged 42 years is the promoter and the Non Executive Chairman of the Company. He holds the degree of Bachelor of Science degree in Electrical Engineering from Auburn University and a Master of Science degree in Electrical Engineering from Syracuse University. In the year 1999 he ventured on his own and set up this Company and has been the force behind the growth of the Company. Mr. Govil has extensive work experience with companies like IBM and Verizon Communications. While with IBM, he successfully managed the complex task of integrating software solutions delivered by various IBM global centers in Europe and US. He is the winner of the Ernst & Young 2002 Greater Washington Entrepreneur of the Year competition. He is also a Wharton Fellow at the University of Pennsylvania. He gives his valuable guidance for development of strategies for future growth and global operations.

### Mr. Upinder Zutshi

Mr. Upinder Zutshi, aged 46 years, is the Managing Director of the Company. He is a Bachelor of Engineering (Honours) from the Birla Institute of Technology & Science, Piani, Rajasthan. He has over 20 years of experience in IT industry and has worked with reputed companies like CMC, ESS in the US, Europe, Middle East in key positions in marketing, strategic planning and new business development. He was the co-founder and business head of a software solutions and consulting firm responsible for setting up and running the Middle-East operations of the Company. He started his career with CMC Ltd., where





he held various positions in sales, marketing and project management for eight years. He is responsible for overall management and operations of our company.

**Mr. Neeraj Tewari**

Mr. Neeraj Tewari, aged 44 years is a Bachelor of Science in Electrical Engineering from IIT Kanpur and MSEE from Lehigh University, PA, USA. Mr. Tewari has an experience of over 20 years in the IT Industry. He is responsible for guiding the strategic direction of the Company, business development and day-to-day operations. Mr. Tewari was associated with Hughes in the US and was part of the team that started Hughes Software Systems in Delhi. He also led Thuraya – the largest mobile communication project in the Middle East, worth USD 1billion.

**Mr. Navin Chandra**

Mr. Navin Chandra, aged 70 years, Whole Time Director of the Company. He is an M.Sc, B.E. (Elec), DIM F.i.E.T.E. Mr. Navin Chandra has an overall experience of about 45 years, with 30 years of technical management experience in Indian Navy in various positions. He was Director of Electrical Engineering, NHQ during 1986 – 1990. He was associated as Chief Executive for a major training establishment in Jamnagar, responsible for training of entire technical manpower of Indian Navy in the field of Electrical, Electronic and Computer systems during Aug. 1982 – Dec.1985). During 1980 -82, Mr. Chandra was Dep. General Manager (Production) of Naval Shipyard at Vishakhapatman, engaged in repair of Ships & Submarine having 6000 industrial workers of various disciplines. He looks after corporate affairs and finance of the Company.

**Mr. Sikander Mohan Dewan**

Mr. S. M. Dewan, aged 62 years is a senior management professional. He has over four decades of experience in managing business units of varying profile. Mr. Dewan has edited a book on Corporate Governance entitled “Corporate Governance in Public Sector Enterprise”, which was released by the Hon’ble Vice President of India in January 2006. Mr. Dewan has the Distinction of having represented India at various inter-ministerial meeting, joint business committees of countries in CIS, SAARC, Asia and Australia. Mr. Dewan is the recipient of Gold Shield from Prime Minister of India in March 2007 for lifetime contribution to public sector in India in the area of Corporate Governance.

**Mr. Ravindra R. Turaga**

Mr. Ravindra R. Turaga, aged 60 years, is a member of the Institute of Chartered Accountants of India and into practice since last 27 years. He is heading a practicing CA firm T. Rama Rao & Co. providing professional services in the field of Audit, Taxation, Accountancy, Company Lax, Finance, Investments and Capital Market Services.

**Mr. N. K. Agrawal**

Mr. N. K. Agrawal , aged 66 years is a B Sc., B E Honours and member of Indian Telecommunication Services and a Fellow member of Institute of Electronics and Telecommunication Engineers. Presently, Chairman of FIITJEE Foundation, New Delhi and President, Bhargavi foundation for Education and Research. He has been the Chairman and Managing Director of Hindustan Cables Ltd and CCIL. Besides he has held some key positions in various in various Public Centre Undertakings.

**Mr. Ajai Agrawal**

Mr. Ajay Agrawal, aged 46 years, holds a Bachelors degree in Mechanical Engineering and a post graduate degree in Management. An enterprising engineer and a management professional, has experience of over 17 years in the Corporate world. Mr. Ajai started his career with Telco, Pune and has served MNCs in senior management roles in areas of project management, corporate planning and operations.

**Relationship between the Directors**

None of the Directors are related to each other in any way

**Borrowing Powers of Directors of our Company**

Our Company has passed the resolution in the Extra ordinary meeting of members held on May 3, 2008, authorizing the Board of Directors of the Company to borrow from time to time all such monies as they

may deem necessary for the purpose of business of the company notwithstanding that money borrowed by the company together with the monies already borrowed by our company may exceed the aggregate of the paid up capital and its free reserves provided that the total amount upto which monies be borrowed by the Board of Directors shall not exceed the sum of Rs.3000 Million.

### **Remuneration of our Directors**

#### **Mr. Upinder Zutshi (Managing Director)**

Mr. Upinder Zutshi was appointed as Managing Director of our company with effect from April 1, 2008 for a period of 5 years. His remuneration was revised in the Extra Ordinary General Meeting on April 21, 2008 and was increased to Rs.76,00,000/- per annum, to be payable as follows for the whole of his term of appointment with effect from April 1, 2008.

Broad terms of the remuneration payable to him is as under:

Rs. 76,00,000/- per annum.  
Increment upto 10% of previous year's salary every year.

In addition to the above, Mr. Zutshi, shall also be provided the following benefits:

- a. Company Car including maintenance and fuel expenses, comparable to his his position, while employed with the Company along with a driver
- b. Telephone and Internet Connection at home
- c. Admission and Annual Membership Fee for one club
- d. Company's Contribution to the Provident Fund, Gratuity and encashment of leaves as per the Company Policy
- e. He and his qualified dependents will be eligible to receive health insurance coverage as per the Company's policy.

Further he shall also be eligible for an annual bonus up to Rs.6.3 million subject to the performance criteria/achievement of targets, as approved by the Board of Directors/Remuneration Committee from time to time.

In the event of loss or inadequacy of profits in any financial year, the remuneration by way of salary, performance evaluation payment, perquisites and other allowances payable to Mr. Upinder Zutshi shall not exceed the limits prescribed under the Companies Act, 1956 and the Rules made there under or any statutory modification or re-enactment thereof and any excess payments made in this regard will be recovered by the Company.

#### **Mr. Navin Chandra (Whole Time Director)**

Mr. Navin Chandra was appointed as Whole Time Director of our company with effect from April 1, 2008 for a period of 3 years. His remuneration was revised in the Extra Ordinary General Meeting on April 21, 2008 and was increased to Rs.12,00,000/- per annum, to be payable as follows for the whole of his term of appointment with effect from April 1, 2008.

Broad terms of the remuneration payable to him is as under:

Rs. 12,00,000/- per annum.

In addition to the above, Mr. Chandra, shall also be eligible for other stock and non stock based incentives, as the Company may offer from time to time.

In the event of loss or inadequacy of profits in any financial year, the remuneration by way of salary, performance evaluation payment, perquisites and other allowances payable to Mr. Navin Chandra shall not exceed the limits prescribed under the Companies Act, 1956 and the Rules made thereunder or any statutory modification or re-enactment thereof and any excess payments made in this regard will be recovered by the Company.

## COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS

The provisions of the Listing Agreement to be entered into with BSE and NSE with respect to corporate governance will be applicable to us immediately upon the listing of our Company's Equity Shares on the Stock Exchanges.

Our Company has complied with the corporate governance requirements as per Clause 49 of the Listing Agreement. In terms of the Clause 49 of the Listing Agreement, our Company has already appointed Independent Directors and constituted various committees of the Board.

Details of various committee(s) are as follows:

### Audit Committee

The Audit Committee was constituted by our Directors vide their Board Meeting held on 30<sup>th</sup> April 2008 as per the requirements of Section 292A of the Companies Act, 1956.

The Audit Committee currently consists of:

Name of the Director	Designation	Status
Mr. Ravindra R Turaga	Chairman	Non-Executive / Independent
Mr. Sikander Mohan Dewan	Member	Non-Executive / Independent
Mr. Navin Chandra	Executive Director	Executive / Non-Independent

Our Company secretary is the secretary of the committee.

### Terms of Reference

Committee shall have the authority to investigate into matters in relation to the items specified in Section 292A of the Companies Act, 1956, the listing agreement or referred to it be the board. It shall have full access to information contained in the records of the Company and seek external professional advice, if necessary. The broad terms of reference of the Audit Committee shall include:

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.
5. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
6. Recommending the appointment, reappointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
7. Reviewing with management, the annual financial statements before submission to the board, with particular reference to:
  - i. Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of Clause (2AA) of section 217 of the Companies Act.
  - ii. Changes, if any, in accounting policies and practices and reasons for the same
  - iii. Major accounting entries involving estimates based on the exercise of judgment by the management
  - iv. Significant adjustments made in the financial statements arising out of audit findings
  - v. Compliance with listing and other legal requirements relating to financial statements
  - vi. Disclosure of any related party transactions
  - vii. Qualifications in the draft audit report
8. Reviewing with the management, the quarterly financial statements before submission to the board for approval
9. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.

10. Reviewing with the management, performance of statutory and internal auditors and the adequacy of internal control systems.
11. 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.
12. Discussing with internal auditors any significant findings and follow up thereon.
13. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
14. Discussing with statutory auditors before the audit commences nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.
15. Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
16. To review the functioning of the Whistle Blower Mechanism, in case the same is existing
17. Any other function(s)/responsibilities as may delegated by the Board from time to time.

### Frequency of Meetings

The Audit committee shall meet at least four times in a year and not more than four months shall elapse between two meetings

### Remuneration Committee

The Remuneration Committee was constituted by our Directors vide their Board meeting held on 30<sup>h</sup> April 2008. The compensation committee consists of:

Name of the Director	Designation	Status
Mr. Sikander Mohan Dewan	Chairman	Non-Executive / Independent
Mr. Ravindra R Turaga	Member	Non-Executive / Independent
Mr. Ajai Agrawal	Member	Non-Executive / Independent

The terms of reference of Compensation committee is given below:

1. To review the remuneration of Whole time/Managing Director, including annual increment and commissions, after reviewing their performance;
2. Review the remuneration policy followed by the Company, taking into consideration the performance of senior executives on certain parameters;
3. Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by the Remuneration Committee.

### Shareholders and Investors Grievances Committee

The Shareholders and Investors Grievances Committee was constituted by our Directors vide their Board meeting held on 30<sup>th</sup> April 2008. The Committee is responsible for smooth functioning of share transfer process as well as redressal of shareholder grievance. The Shareholders and Investors Grievances Committee consist of:

Name of the Director	Designation	Status
Mr. Ajai Agrawal	Chairman	Non-Executive / Independent
Mr. Navin Chandra	Member	Executive / Non-Independent
Mr. Sikander Mohan Dewan	Member	Non-Executive / Independent

Our Company Secretary is the secretary to the Committee.

The terms of reference of the committee are as follows:

1. To approve share transfers and transmissions.

2. To approve splitting of share certificates, consolidation of share certificates and related matters including issue of fresh share certificates in lieu of the split / consolidated certificates.
3. Issue of duplicate share certificates in lieu of lost, mutilated and destroyed certificates.
4. Matters relating to dematerialization of shares and securities.
5. Investor relations and redressal of shareholders grievances in general and relating to non receipt of dividends, interests, non receipt of balance sheet etc in particular.

We have complied with the requirements of Corporate Governance contained in the Equity Listing Agreement, particularly those relating to composition of Board of Directors, constitution of committees such as Audit Committee, Remuneration Committee, Shareholder / Investor Grievance Committee, etc

#### **Interests of Promoters / Directors**

All of our directors may be deemed to be interested to the extent of fees, if any, payable to them, for attending meetings of the Board or a committee thereof as well as to the extent of other remuneration and /or reimbursement of expenses, if any, payable to them and to the extent of remuneration, if any, paid to them for services rendered as an officer or employee of our company.

Further, Mr. Sanjay Govil, our Chairman and Mr. Upinder Zutshi, Managing Director are interested to the extent of monthly rent payable to them on account of premises leased to the company.

Our Directors may also be regarded as interested in the Equity Shares, if any, held by them or by the companies/firms/ventures promoted by them or that may be subscribed by or allotted to them pursuant to this Issue & also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares. All Directors may be deemed to be interested in the context, agreement/arrangements entered into or to be entered into by our Company with any company in which they hold directorships or any partnership firms in which they are partners.

Except as stated above and in the section titled “Related Party Transactions” on page [•] of this Draft Red Herring Prospectus and to the extent of shareholding in our Company, our Directors do not have any other interest in our business.

Mr. Sanjay Govil, may have deemed to be interested to the extent of the proceeds being received by him for the shares offered for sale by him.

#### **Shareholding of our Directors**

The following table gives details of shareholding of Directors in our Company as on the date of filing this Draft Red Herring Prospectus.

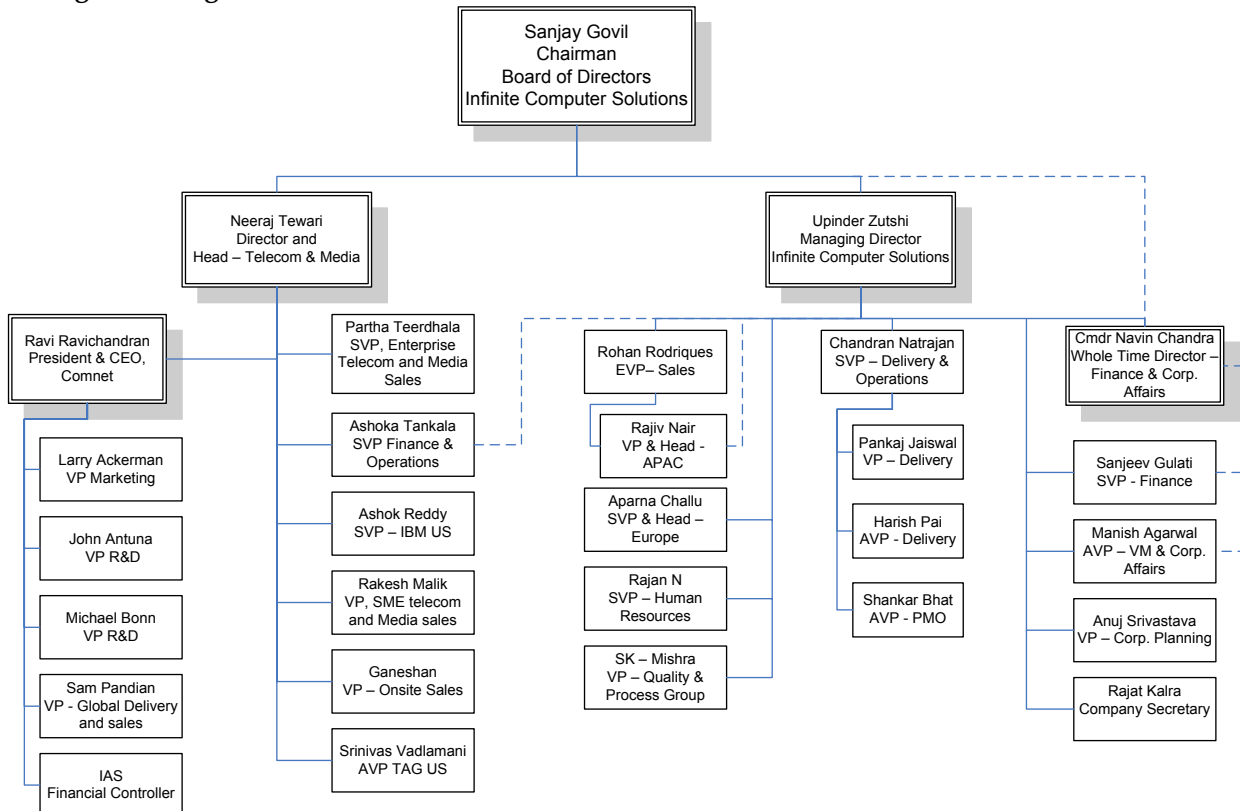
<b>Name of Directors</b>	<b>Total</b>	<b>% Shareholding</b>
Mr. Sanjay Govil	2,75,95,080	72.19
Mr. Upinder Zutshi	16,62,039	4.35
Mr. Neeraj Tewari	7,62,239	1.99
Mr. Navin Chandra	2,79,251	0.73
Mr. Sikander Mohan Dewan	-	-
Mr. Ravindra R. Turaga	-	-
Mr. N. K. Agrawal	-	-
Mr. Ajai Agrawal	-	-

### Changes in the Board of Directors in the last 3 years

Following are the changes in our Board of Directors during the last three years:

Name of Director	Date of Appointment	Date of cessation	Reason for Change
Mr. Neeraj Tewari	17/01/2006	-	Broad basing the Board.
Mr. Upinder Zutshi	17/01/2006	-	Broad basing the Board.
Mr. Inder Sharma	14/10/2000	05/12/2006	Resigned from Directorship due to personal reasons
Mr. Sikander Mohan Dewan	22/06/2007	-	Broad basing the Board.
Mr. Praveen Kumar	02/04/2005	25/06/2007	Resigned from Directorship due to personal reasons
Mrs. Vidya Govil	Since Incorporation	01/11/2007	Resigned from Directorship due to personal reasons.
Mrs. Sarla Rao	Since Incorporation	11/02/2008	Resigned from Directorship due to personal reasons
Mr. Ravindra R. Turaga	28/02/2008	-	Appointed as Additional Director - Broad basing the Board
Mr. N. K. Agrawal	06/03/2008	-	Appointed as Additional Director - Broad basing the Board
Mr. Manfred Seah	14/06/2004	30/04/2008	Resigned from Directorship
Mr. Ajai Agrawal	25/04/2008	-	Appointed as Additional Director - Broad basing the Board

### Management Organization Structure - Consolidated



## Key Managerial Personnel

In addition to Mr. Upinder Zutshi, Managing Director and Mr. Navin Chandra Whole-Time Director, whose details have been provided under brief profile of Directors on page [•] of this DRHP, following are the key managerial personnel of our Holding Company.

Name	Designation	Age (Years)	Qualification	Experience (years)	Date of Joining	Previous Employment
Mr. Anuj Kumar Srivastava	VP – Corporate Planning and Marketing	34	B. Tech (Chemical Engg) & PGDM (Strategy / Finance)	11	January 2008	Nucleus Software Exports Limited
Mr. Manish Agarwal	AVP – VM & Corporate Affairs	37	B.Sc & Advance diploma in System Management	16	August 2000	Carrier Aircon Ltd.
Mr. Pankaj Jaiswal	VP & Head – Enterprise Solutions	40	B. E. in Electronics	19	November 2006	Intel
Mr. Rajan N.V	Senior VP-HR	49	B.Sc., PGD (PM & IR)	23	October 2006	Future Software Ltd.
Mr. Rajat Kalra	Company Secretary	30	B. Com, ACS	5	December 2007.	Aricent Technologies (Holdings) Ltd.
Mr. Rohan Rodrigues	Executive VP Sales	37	BE (Industrial)	14	October 2001	Thermax Ltd
Sanjeev Gulati	Sr. VP	50	Chartered Accountant & PGD in Business Admin	20	January 2007	Sr. Partner in Khanna Gulati & Associates
Mr.Santosh K. Mishra	VP –Quality	53	MS in Engineering & Mgmt	28	April 2001	Indian Navy
Mr. Shankar M. Bhatt	Asst VP – PMO	43	B. Sc & PGDCA (programming languages, Computer Architecture & Business Analysts)	18	May 05	EDS India Pvt. Ltd
Mr. Srinivas Vadlamani	AVP (Recruiting & Resource Mgmt.)	43	Bachelors in Technology (Electrical and Electronics Engineering)	21	January 2001	Thomas Kelly Software Associates, Houston
Mr. Subramanian Ganesan	VP – Financial Services	50	B. E. (Hons)	26	September 2006	Kanbay

Following are the Key Managerial Personnel of our Subsidiaries.

Name	Designation	Age (Years)	Qualification	Experience (years)	Date of Joining	Previous Employment
Mr. Ashoka Tankala	Sr. VP – Finance & Operations	47	Chartered Accountant & Certified Public Accountant	20	August 02	PT. Kahatex, A textile conglomerate in Indonesia
Mr. Ashok Reddy	Sr. VP-IBM US Sales	46	B.E. in Marine Engineering	23	December 2003	Granite & Floriculture Industries
Mr. Harish Pai	AVP-Delivery	35	BE in Electronics	14	June 06	Satyam Computer Services Limited.
Mr. John Antuna	VP – R&D	44	B.Sc. in Maths & Computer Science	22	July 95	AT & T Network Systems
Mr. Micheal Bonn	VP – R&D	45	B.Sc. in Electrical Engg & Computer Science, M.Sc. in MIS and an MBA	21	September 1995	AT & T Network Systems
Mr. Partha Teerdhala	Senior VP-Telecom	51	B. S Engineering & MS in Mgmt	20	December 2006	Nextel Communication
Mr. Rajiv Nair	VP – Asia Pacific Operations	42	B. E. in Electronics and pursuing MBA in Finance	19	October 2001	BITECH International Pte. Ltd., Singapore
Mr. Rakesh Mallik	VP-Offshore Services	48	BS in Mechanical Engineering	20	June 06	CMC Ltd.
Mr. Ravi Ravichandran	President of Comnet Int. Co., a WOS	47	MS in Industrial engineering & computer science., MBA	24	September 1994	AT & T Network Systems

**Brief profile of Key Managerial Personnel of the Holding Company are as follows:**

**Mr. Anuj Kumar Srivastava**, aged 34 years is a B.Tech (Chemical Engineering) from IIT Mumbai and PGDM (Strategy / Finance) from IIM Bangalore. Mr. Anuj is Vice President – Corporate Planning & Marketing, responsible for Business strategy and MIS. He has experience of over 11 years and was associated with companies like TCS, Mastech, Dr. Reddy’s Labs in senior positions. Prior to joining us he was AVP - Corporate Planning with Nucleus Software. His CTC is Rs.2.50 million per annum.

**Mr. Manish Agarwal**, aged 37 years is a B.Sc and Advance Diploma holder in Systems Management from NIIT, Delhi. He is Assistant Vice President – Vendor Management and Corporate Affairs, having overall experience of 16 years. He is responsible for corporate purchasing functions including strategic purchasing, vendor management and corporate affairs. Prior to joining us, he was associated with Carrier Aircon Ltd., Minda Industries Ltd. and Concepts Data Management Pvt. Ltd. His CTC is Rs.1.80 million per annum.

**Mr. Pankaj Jaiswal**, aged 40 years is a B.E in Electronics with an overall experience of 19 years. He is ‘Vice President and Head – Enterprise Solution’, responsible for managing Enterprise Solutions Globally. Prior of joining Infinite, Mr. Jaiswal was associated with companies like Intel (as Senior Technical Manager and Enterprise Architect), SAP Labs India Pvt. Ltd., Cyber Tech Systems, Siemens and Crompton Greaves Ltd. His CTC is Rs.3.48 million per annum.





**Mr. Rajan N V**, aged 49 years is a B.Sc and Post Graduate Diploma holder in (Personnel Management & Industrial Relations), having experience of 23 years is heading our global human resources function as Sr. Vice President – HR. He was associated with Future Software as chief Human Resources Officer and with Infosys Technologies Ltd. as Associate Vice President. He has also served Sterling Resort Group and CMC Ltd. at senior level positions. His CTC is Rs.3.35 million per annum.

**Mr. Rajat Kalra**, aged 30 years is a B.com and an Associate Member of the Institute of Company Secretaries of India. He has over 5 years of experience in the Secretarial aspects. Prior to joining Infinite, he was associated with Aricent Technologies (Holdings) Limited (Formerly Flextronics / Hughes Software Systems Limited) as Asst. Company Secretary. He has worked with Indraprastha Gas Limited during its IPO and Ballarpur Industries Limited. His responsibilities include ensuring compliance with all the legal and regulatory requirements for smooth functioning of our business. His CTC is Rs.1.10 million per annum.

**Mr. Rohan Rodrigues**, aged 37 years is a BE (Industrial) has an experience of 14 years in IT Industry. He is responsible for Business Development in the APAC region. Prior to joining our company, he was associated with Thermax Ltd. as Area Sales Manager. His CTC is Rs.3.35 million per annum.

**Mr. Sanjeev Gulati**, aged 50 years is a member of the Institute of Chartered Accountants of India and Post Graduate Diploma holder in Business Administration. He is Sr. Vice President has more than 20 years of experience in Accounts and Finance. He is responsible for guiding the finance function in India, Europe and APAC. Mr. Gulati has prior experience in regulatory areas of internal audit, taxation etc. He was senior partner in Khanna Gulati & Associates for almost 14 years and was also associated with Mekaster Group of Companies as Sr. Manager – Project Finance. His CTC is Rs.2.23 million per annum.

**Mr. Santosh K. Mishra**, aged 53 years has completed his Bachelors in Engineering from Indian Institute of Science and Masters in Engineering & Management. He is Vice President - Quality and is responsible for our software quality & processes worldwide. Mr. Mishra has over 28 years of experience in defense, project / program management and quality. Prior to joining us, he was associated with the defense forces (Indian Navy) for more than 21 years and sought voluntary retirement as a Commander. His CTC is Rs.2.14 million per annum.

**Mr. Shankar M. Bhatt**, aged 43 years is B. Sc (PCM) and Post Graduate Diploma holder in computer applications. He is Asst. Vice President – Project Management Office (PMO), responsible for Resource Management, Project / Program Governance, Project Compliances and Operational Interface. Mr. Bhatt has an experience of 18 years. Prior to joining us, he was associated with EDS India Pvt. Ltd., as information specialist, managing team size of 40. He was also associated with companies like Wipro technologies, IBM Global Services India Pvt. Ltd., Weizmann Homes Ltd and Can Fin Homes Ltd. His CTC is Rs.2.14 million per annum.

#### **Brief profile of Key Managerial Personnel of our Wholly Owned Subsidiaries are as follows:**

**Mr. Ashoka Tankala**, aged 47 years, holds a Bachelors degree in Economics as well as in Law. He is member of the Institute of Chartered Accountants of India and the American Institute of Certified Public Accountants. He is Senior Vice President - Finance & Operations at Infinite Computer Solutions Inc. USA, and is responsible for all Finance, HR, Legal and Corporate functions of the Company. He has an overall experience of 20 years and was associated with companies like PT Kahatex - a textile conglomerate in Indonesia as Finance Manager, FCB ULKA - advertising and media co. in India and Kelvinator of India.

**Mr. Ashok Reddy**, aged 46 years is a B.E. in Marine Engineering from the Marine Engineering Research Institute, Calcutta (First Class Distinction) and fellow of the Institute of Marine Engineers of India. He is a Member of the Institute Of Engineers of India. Mr. Reddy sailed as engineering officer, managed and was a partner in Rs.260 Million processing plant in Hyderabad. He has been instrumental in maintaining and growing the IBM account for Infinite. He has twenty four years of technical experience in leading and/or supporting projects and programs.



**Mr. Harish Pai**, aged 35 years is a B. E in Electronics from Pune University having an overall experience of 14 years. He is Asst. Vice President – Delivery, responsible for program managing delivery for strategic accounts. Mr. Pai was associated with companies like Satyam Computer Services Ltd., PacSoft Ltd and Microsoft (India) Pvt. Ltd., in senior positions.

**Mr. John Antuna**, aged 44 years has a Bachelor of Science degree (in Math and Computer Science) from the University of Illinois. He leads the outsourcing program for Comnet / Infinite team as Vice President of Research and Development. He is responsible for managing the local teams in the US as well as ensuring the deliverables of development teams in India. Prior to joining us in 1995, he was Director of Development for Comnet International specializing in OSS and Switching systems. Prior to that, he was the lead architect/developer at Comnet International for the 5ESS Advanced Communications Package (ACP). Mr. Antuna was associated with AT&T and GTE as architect / lead developer and development engineer respectively.

**Mr. Michael Bonn**, aged 45, is Bachelor of Science Dual Major degree from Michigan State University in Electrical Engineering and Computer Science. Mr. Bonn also has a Master of Science degree in Management Information Systems from Illinois Benedictine University and a Masters of Business Administration from Illinois Benedictine University. He leads the R&D program for Comnet / Infinite team as Vice President of Research and Development with our subsidiary in US. Mr. Bonn has over 21 years of experience in R&D, Product Management, and Services Management. He leads research efforts in various core areas including Embedded systems, Protocol stacks, SIP, Mediation, IMS, Service Provisioning, EMS, OSS, CRM, and others. He was associated with AT&T as Technical Support Lead and later as a Product Manager for several products.

**Mr. Partha Teerdhala**, aged 51 years is B.S Engineering from the Indian Institute of Technology, Kanpur (India) and MS in Management from the University of Texas (Dallas). He has 20 years of experience working with FORTUNE 200 companies in telecom, wireless, IT and software industry. He has held senior level positions companies like Sprint Nextel and Nortel Networks. Mr. Partha's entrepreneurial experience includes founding and leading Lanco Communications, a telecom software company targeting wireless and broadband service providers.

**Mr. Rajiv Nair**, aged 42 years is a B. E. in Electronics and pursuing MBA in Finance from SP Jain Institute of Management, Singapore. He has experience of 19 years and is the 'Vice President – Asia Pacific operations'. He is responsible for sales and operations in APAC region viz. Singapore, Malaysia, Hong Kong, China and Australia. Prior to joining Infinite, Mr. Nair was associated with BITECH International Pte. Ltd. Singapore as Consulting Manager. He was also associated with L&T Limited and W. S. Industries (India) Ltd as Senior Engineer (Telecom and control automation division) and Customer Support engineer respectively.

**Mr. Rakesh Mallik**, aged 48 years, is BS in Mechanical Engineering and has completed course in Competitive Intelligence from Johns Hopkins University in Columbia, MD. He has over 20 years of business development and management experience in IT and Telecom services industries in India and the USA. He was associated with organizations like CMC Ltd., Sprint-RPG and Crompton Greaves in India and was instrumental on setting up key networks like INDONET, SprintNet and CGNet in India. He was associated with companies like Satyam, NextBrick.

**Mr. Ravi Ravichandran**, aged 47 years, is MS in Industrial Engineering from the University of Texas in Arlington, TX, MS in Computer Science from Kansas State University and MBA from Kellogg Graduate School of Management. Mr. Ravi is the President of COMNET International Company. He was associated with Lucent Technologies (formerly AT&T Network Systems) in various capacities like support engineer for the Applications Processor line of telecom management products, Product Manager. In 1994 he promoted COMNET International Company and has received various accolades for his Company.

**Mr. Srinivas Vadlamani**, aged 43 years, is Bachelors degree in Technology (Electrical and Electronics Engineering) and PG Diploma in Port & Shipping Management. He is Sr. Director (Recruiting & Resource Management) of Infinite Computer Solution Inc., Tampa, FL. He has experience of over 21 years was associated as Recruiting / Marketing Manager with Thomas Kelly Software Associates , Houston, TX..

**Mr. Subramanian Ganesan**, aged 50 years is B. E. (Hons) with 26 years of experience in P&L, business strategy, establishing protocols with off shore development units, business development etc. He is responsible for business development, account management and delivery for financial services clients including Lehman Brothers, State street Bank, JP Morgan Chase, Western union, CSC, AIG.

**Ms. Aparna Challu** aged 43, is a graduate in English Literature and has undertaken Project Management Training from the British Council. She has worked in the Telecom, Banking and Utility verticals in North-America, Europe, the Middle-East and South Africa.

#### Changes in Key Management Personnel during the last one year

Name	Designation	Date of Appointment	Date of Cessation	Reason
Mr. Rajat Kalra	Company Secretary	24/12/2007	-	Appointment
Mr. Anuj Srivastava	Vice president – Corporate Planning and Marketing	16/01/2008	-	Appointment
Mr. Rakesh Tiku	Sr. Vice President	-	29/02/2008	Resignation
Mr. Vaibhav Bhatnagar	Vice President – Verizon Business	-	15/04/2008	Resignation

#### Shareholding of Key Managerial Personnel

Details of shares held by our Key managerial personnel in the company as on the date of filing of DRHP

Name	Nos. of Shares Held.
Mr. Ashoka Tankala	1,96,409
Mr. Ashok Reddy	76,684
Mr. Harish Pai	7,500
Mr. Manish Agarwal	38,304
Mr. Partha Teerdhala	25,000
Mr. Rajan N.V	10,000
Mr. Rajiv Nair	19,152
Mr. Rakesh Mallik	23,000
Mr. Rohan Rodrigues	3,02,858
Mr. Sanjeev Gulati	38,000
Mr. Santosh K. Mishra	14,583
Mr. Shankar M. Bhatt	2,500
Mr. Srinivas Vadlamani	76,684
Mr. Subramanian Ganesan	25,000

#### Interest of Key Managerial Personnel

The Key Managerial Personnel of our Company do not have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business and to the extent of the Equity shares held by them in the company and options granted to them under the ESOP / ESPS.

#### Employee(s) related to the Promoter / Director

None of the key management employee(s) are related to the Promoter / Director of the Company, except Ms. Aparna Challu (wife of our Managing Director) who has been working with the Company before Mr. Upinder Zutshi was co-opted on the Board of the Company.



**Employee Stock Option / Stock Purchase Scheme**

There are no options pending as on the date of filing of DRHP.


**Payment or Benefits to the officers of Company**

Except as stated otherwise in this Draft Red Herring Prospectus, no amount or benefit has been paid or given or is intended to be paid or given to any officers except the normal remuneration for services rendered as Directors, Officers or employees, since the incorporation of the company.

## OUR PROMOTERS

The promoter of our company is Mr. Sanjay Govil

### Mr. Sanjay Govil.

	<p>Permanent Account Number : AJKPG 5294P</p> <p>Passport number : 207256314 of USA</p> <p>Voter ID : Not applicable</p> <p>Driving License: G-140-758-014-260</p> <p>Bank Account No.: NRE A/c 130-021215-006 and NRO A/c 130-021215-007, both with HSBC Ltd. at 12 Basant Lok, New Delhi – 110 057.</p> <p>Address : 9919, Potomac Manors Drive, Potomac, MD – 20854, USA</p>
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Mr. Sanjay Govil, aged 42 years is the promoter and the Non Executive Chairman of the Company. He is an NRI, settled in USA. He holds the degree of Bachelor of Science degree in Electrical Engineering from Auburn University and a Master of Science degree in Electrical Engineering from Syracuse University. In the year 1999 he ventured on his own and set up this Company and has been the force behind the growth of the Company. Mr. Govil has extensive work experience with companies like IBM and Verizon Communications. While with IBM, he successfully managed the complex task of integrating software solutions delivered by various IBM global centers in Europe and US. He is the winner of the Ernst & Young 2002 Greater Washington Entrepreneur of the Year competition. He is also a Wharton Fellow at the University of Pennsylvania. He gives his valuable guidance for development of strategies for future growth and global operations.

For more details please refer to chapter on “Our Management” beginning on page [•] of this Draft Red Herring Prospectus

### Declaration

We confirm that Permanent Account Number, Bank Account Numbers and Passport Number of the Promoter shall be submitted to the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited at the time of filing the Draft Red Herring Prospectus with them. Further, our Promoter and his relatives have confirmed that he has not been declared as willful defaulter by the RBI or any other Governmental authority and there are no violations of securities laws committed by him in the past or are pending against him.

### Common Pursuits / Conflict of interest

There are common pursuits amongst Infinite and Promoter group companies, as they are engaged in the same line of activity in which company is engaged. Non compete agreement(s) dated March 31, 2008 has been entered by Infinite with MC Data Systems Pvt. Ltd., N. C. Data Systems Pvt. Ltd., IT Thinkers LLC and International Computer Solutions USA

We shall adopt the necessary procedures and practices as permitted by law to address any conflict situations, as and when they may arise.

### Interest of the Promoter

Our Company has been promoted by Mr. Sanjay Govil. For the purpose he has subscribed to our Memorandum of Association and has subscribed to the initial issue of our Equity shares. He may be

deemed to be interested to the extent of shares held by him or by his relatives and/or the Companies promoted by him and the benefits arriving from his holding directorship in our Company. He is also interested to the extent of proceeds from sale of 17,63,644 Equity shares of Our Company being offered by him in the offer for sale along with this issue.

Mr. Sanjay Govil may be deemed to be further interested in our company to the extent of monthly compensation of rent payable to him for leasing one of his premises to us, which is being used as transit house in Bangalore.

**Payment of benefits to our Promoters during the last two years.**

Except as stated in the section titled “Financial Statements – Related Party Transaction” appearing on page [●], of this Draft Red Herring Prospectus, there has been no payment of benefits to our Promoter during the last two years from the date of filing of this Draft Red Herring Prospectus

**Promoter Group:**

In terms of Explanation II to Clause 6.8.3.2(m) of the DIP guidelines, the following person form part of our promoter group.

Name of the Relative	Relationship
Mrs. Vidya Govil	Wife
Mr. Narendra Kumar Govil	Father
Mrs. Urmila Govil	Mother
Mr. Avikar Govil	Son
Ms. Mahima Govil	Daughter
Mr. Sandeep Govil	Brother
Mrs. Pallavi Govil	Brother’s wife.
Mr. Pannalal Govil	Father’s Father
Mrs. Kamala Devi	Fathers Mother

**The following Companies promoted by Mr. Sanjay Govil also form part of the Promoter Group:**

- MC Data Systems Private Limited
- Mumal Mining Private Limited
- Gagan Resources Private Limited
- NC Data Systems Private Limited
- IT Thinkers LLC
- International Computer Solutions Inc

None of the above persons/Companies have been restrained from accessing the capital market for any reason by SEBI or any other authority

**Ventures in which the promoter has disassociated in the last three years.**

Name of Promoter	Name of company / venture where promoters have disassociated	Type	Effective Date
Mr. Sanjay Govil	Ganesh Data Systems Pvt. Ltd.	Resignation from Directorship	14/11/2007
	MAV Information Technologies Pvt. Ltd.	Resignation from Directorship	14/11/2007

**Related party transactions**

For details of Related Party Transactions, please refer Annexure on ‘Related party Transactions’ forming part of the Auditors Report beginning on page [●] of this Draft Red Herring Prospectus.

**Currency of Presentation**

In the Draft Red Herring Prospectus, all reference to “Rupees” and “Rs.” And “Indian Rupees” are to the legal currency of the Republic of India. All reference to “US\$, “USD”, U.S. Dollar” are to the united state dollar, the official currency of the United State of America.

**Dividend Policy**

The declaration and payment of dividends, if any will be recommended by our Board of Directors and approved by our shareholders, at their discretion, and will depend on a number of factors, including but not limited to our profits, capital requirements and overall financial condition. The Board may also from time to time pay interim dividends. Dividend payments are made in cash to the shareholders of the Company. No dividend on Equity Shares has been declared by the Company in the last three fiscal years.

The amounts not paid as dividends in the past are not necessarily indicative of our dividend policy or dividend amounts, if any, in the future.

## PROMOTER GROUP COMPANIES

### 1. MC DATA SYSTEMS PRIVATE LIMITED

MC Data Systems Private Limited was incorporated under the Companies Act, 1956 on May 3, 2005 at New Delhi. The registered office the Company is located at 165 SFS Flats, Munirka Vihar, New Delhi -110 067.

**CIN: U72300DL2005PTC135870**

#### Main objects are as under:

1. To carry on the business of data processing with the use of information Technology, design, development, buying and selling of software and other information, entertainment technologies, services for indoor and outdoor publicity through Audio, Video technologies, Telecommunication, Electronic, Print and other media.
2. To carry on the business of developing , designing and maintenance of web-sites, electronic mails, Internet solutions, Data Processing, Data Warehousing, data Mining, Setting up communication Solutions, man power training strategic change management and software development.
3. To carry on the Internet promotion and internet Marketing, Internet Radio, Networking solutions, CD-Rom Technology, Electronic Commerce related applications, Electronic Data Interchange, Enterprise Resource Planning and IT Resource Management

#### Board of Directors:

Mr. Navin Chandra and Mr. Manish Agarwal

#### Share Capital:

The Company's authorized capital is Rs.3.00 Lakh divided into 30,000 Equity shares of Rs.10/- each. The Issued Subscribed and paid-up capital of the Company is Rs.3.00 Lakh comprising of 30,000 Equity shares of Rs.10/- each fully paid-up.

#### Shareholding Pattern:

Sr. No	Name of the Shareholder	Nos. of Equity shares held	% Holding
1	Navin Chandra	100	0.33
2	Mr. Sanjay Govil	29900	99.67
	Total	30,000	100.00

#### Financial Performance

(Amount in Rs. Lacs)

Particulars	31/03/2007	31/03/2006
Total Income/Sales	0.00	0.00
Profit after Tax / (Loss)	(0.18)	(0.19)
Equity Share Capital	3.00	3.00
Reserves (excl. revaluation reserves )	(0.37)	(0.19)
Net Worth	3.00	3.00
EPS	(0.60)	(0.63)
Nos. of Equity shares outstanding	30,000	30,000

There are no defaults in meeting any statutory / banks / institutional dues. No proceedings have been initiated for economic offences against this Company, or its Promoters and Directors.

The company has not been declared as a sick Company within the meaning of the Sick Industrial Companies (Special Provision) Act, 1995 and is not under winding up.



## 2. MUMAL MINING PRIVATE LIMITED

Mumal Mining Private Limited was incorporated under the Companies Act, 1956 on December 13, 1988 at Gwalior, Madhya Pradesh. The registered office the Company is located at A-202, Shriram Heritage, Netajee Chowk, Katora Talab, Raipur, Chattisgarh CT – 492 001.

**CIN :** U14108CT1988PTC004981

**Main objects:** To purchase, take on lease or royalty basis, to prospect or otherwise acquire or to sub-lease (either with or without surface) any mines, mining, mining ground, mining rights, grants, concessions and easements and any lands and tenements or other works for the time being owned or worked by the company or any interest therein respectively and to explore, work, exercise, develop, finance and to account the same to win, quarry, as say, crush, smelt, calcinate refine, dress, amalgamate manipulate and prepare for market, ore, metal and mineral substances and generally to carry on the business of mining at branches and for the purpose to buy, sell, manufacture and deal in minerals, plants, machinery, implements, appliances and tools.

### Board of Directors:

Mr. Umang Khurana, Mr. Tejwant Singh Khurana, Mr. Kanwaljeet Singh Khurana, Mr. Sanjay Govil, Mr. Navin Chandra and Mr. Bhupender Singh Talwar.

### Share Capital :

The Company's authorized capital is Rs.335.00 Lacs divided into 3,35,000 Equity shares of Rs.100/- each. The issued, subscribed and paid-up capital of the Company is Rs.174.47 Lacs comprising of 1,74,470 Equity shares of Rs.100/- each fully paid-up.

Sr. No	Name of the Shareholder	Nos. of Equity shares held	% Holding
1	Kanwaljeet S Khurana	3,600	2.06
2	Tejwant S. Khurana	4,380	2.51
3	Surinder K. Khurana	8,980	5.15
4	Umang Khurana	3,510	2.01
5	Sanjay Govil	78,000	44.71
6	Navin Chandra	2,000	1.15
7	Bhupender Singh Talwar	7,000	4.01
8	Anil Kumar Sharma	2,000	1.15
9	Ashok KU Tiwari (HUF)	1,500	0.86
10	K. Srinivas Rao	1,000	0.57
11	P. K. Jha	1,500	0.86
12	Prakash Maheshwari	1,500	0.86
13	Punita Kumari Jha	1,500	0.86
14	Vinod Daga	1,000	0.57
15	Harinder Kaur Vora	15,000	8.60
16	Manjeet Singh Talwar	32,000	18.34
17	Ravinder Kaur Talwar	10,000	5.73
	Total	1,74,470	100.00

## Financial Performance

(Amount in Rs.Lacs)

<b>Particulars</b>	<b>31/03/2007</b>	<b>31/03/2006</b>	<b>31/03/2005</b>
Total Income / Sales	2.61	10.35	0.00
Profit after Tax/ (Loss)	(7.68)	10.06	(7.77)
Equity Share Capital	174.47	20.47	20.47
Reserves (excl. revaluation reserves )	(14.17)	(6.49)	(16.56)
Net Worth	184.55	30.55	30.55
EPS	(20.84)	203.40	(157.11)
Nos. of Equity shares outstanding	1,74,470	20,470	20,470

There are no defaults in meeting any statutory / banks / institutional dues. No proceedings have been initiated for economic offences against this Company, or its Promoters and Directors.

The company has not been declared as a sick Company within the meaning of the Sick Industrial Companies (Special Provision) Act, 1995 and is not under winding up.

### 3. Gagan Resources Private Limited

Gagan Resources Private Limited was incorporated on the 11<sup>th</sup> April, 1991 at Calcutta. The Registered Office of the Company is situated 7-C, Maruti Apartment, 12 Loudon Street, Kolkatta – 700 017, West Bengal.

**CIN:** U51909WB1991PTC051400

#### Main objects:

To carry on the business of buyers, sellers, brokers, buying agent, selling agents, commission agents, factors, distributors, stockists, agents, traders. Exporters, importers and suppliers of and dealers in all kind tea, coffee, paper, paperboard, iron & steel, chemicals, jute, cloth, cement, foodgrains, house equipment, packing, rubber, fertilizers, electrical goods, sugar, automobiles part, rubber parts in India or abroad & in any other related items and in connection therewith.

#### Board of Directors:

Mr. Prabhu Ram Ahuja, Mr. Ravi Ahuja, Mr. Om Prakash Ahuja, Mr. Prakash Ahuja, Mr. Sanjay Govil, Mr. Navin Chandra, Mr. Bhupender Singh Talwar, Mr. Kanwaljeet Singh Khurana

#### Share Holding Pattern:

The Company's authorized capital is Rs.92,00,000/- divided into 9,20,000 Equity shares of Rs.10/- each. The Issued Subscribed and paid-up capital of the Company is Rs.91,96,500/- comprising of 9,19,650 Equity shares of Rs.10/- each fully paid-up.

Sr. No	Name of the Shareholder	Nos. of Equity shares held	% Holding
1	Kanwaljeet S Khurana	100	0.01
2	Mumal Mining Private Limited	9,19,550	99.99
	Total	9,19,650	100.00

#### Financial Performance

(In Rs. Millions)

Particulars	31/03/2007	31/03/2006	31/03/2005
Total Income/Sales	84.40	88.72	32.24
Profit after Tax	4.47	(0.57)	(13.29)
Equity Share Capital	91.96	91.96	91.96
Reserves (excl. revaluation reserves )	434.09	409.00	395.67
Net Worth	526.05	500.96	487.64
EPS	4.86	(0.06)	(1.44)

There are no defaults in meeting any statutory / banks / institutional dues. No proceedings have been initiated for economic offences against this Company, or its Promoters and Directors.

The company has not been declared as a sick Company within the meaning of the Sick Industrial Companies (Special Provision) Act, 1995 and is not under winding up and has also not made a loss in the immediately preceding year. i.e. 2006-07.

#### 4 NC Data Systems Private Limited

NC Data Systems Private Limited was incorporated under the Companies Act, 1956 on April 27, 2005 at New Delhi. The registered office the Company is located at 165 SFS Flats, Munirka Vihar, New Delhi – 110 067.

**CIN : U72200DI2005PTC135482**

#### Main objects:

1. To carry the business of design, development, buying and selling of software and other information, entertainment technologies, services for indoor and outdoor publicity through Audio, Video technologies,, Telecommunication, Electronic, Print and other media.
2. To carry on the business of developing, designing and maintenance of web-sites, electronic mails, Internet solutions, Data Processing, Data Warehousing, data Mining, Setting up communication Solutions, man power training strategic change management and software development.
3. To carry on the business of Internet promotion and internet Marketing, Internet Radio, Networking solutions, CD-Rom Technology, Electronic Commerce related applications, Electronic Data Interchange, Enterprise Resource Planning and IT Resource Management.
4. To carry on the business of Consultants, agents and sub-agents, liaison agents, liaison sub-agents for Indian and Foreign Clients and principals for the activities as referred to in sub-clause (1) to (3) above.

#### Board of Directors:

Mr. Navin Chandra, Mr. Manish Aggarwal

#### Share Capital:

The Company's authorized capital is Rs.10.00 Lacs divided into 1,00,000 Equity shares of Rs.10/- each. The Issued Subscribed and paid-up capital of the Company is Rs.10.00 Lacs comprising of 1,00,000 Equity shares of Rs.10/- each fully paid-up.

#### Shareholding Pattern:

Sr. No	Name of the Shareholder	Nos. of Equity shares held	% Holding
1	Navin Chandra	100	0.10
2	Sanjay Govil	99,900	99.90
	Total	1,00,000	100.00

#### Financial Performance

(Amount in Rs. Lacs)

Particulars	31/03/2007	31/03/2006
Total Income/Sales	0.00	0.00
Profit after Tax/(Loss)	(28.42)	(0.20)
Equity Share Capital	10.00	1.00
Reserves (excl. revaluation reserves)	0.48	0.20
Net Worth	10.00	1.00
EPS (in Rs.)	(28.42)	(2.00)
Nos. of Equity shares outstanding	1,00,000	1,00,000

There are no defaults in meeting any statutory / banks / institutional dues. No proceedings have been initiated for economic offences against this Company, or its Promoters and Directors.

The company has not been declared as a sick Company within the meaning of the Sick Industrial Companies (Special Provision) Act, 1995 and is not under winding up.

## 5. IT Thinkers LLC.

IT Thinkers LLC was incorporated on 15<sup>th</sup> February 2001 as a Limited Liability Company in Maryland and is owned by Mr. Sanjay Govil. The registered office of the company is situated at 20250 Century Boulevard, Germantown, Maryland 20874.

### Main objects:

To carry on the business of International business investments and any other lawful business and activities which a Limited Liability company organised under the Laws of Maryland may be engaged in.

### Financial Performance

Particulars	(In US\$)			In Rs. Million		
	31/03/2007	31/03/2006	31/03/2005	31/03/2007	31/03/2006	31/03/2005
Total Income/Sales	0	0	0	0	0	0
Profit after Tax	(300)	(300)	(300)	(0.01)	(0.01)	(0.01)
Equity Share Capital	500	500	500	0.02	0.02	0.02
Retained Earnings	(900)	(600)	(300)	(0.04)	(0.04)	(0.04)
Net Worth	(400)	(100)	200	(0.02)	(0.02)	(0.02)

There are no defaults in meeting any statutory / banks / institutional dues. No proceedings have been initiated for economic offences against this Company, or its Promoters and Directors.

## 6. International Computer Solution Inc.

International Computer Solution is currently in the business of providing various IT services falling under the following NAICS classification:

- Computer Programming Services
- Computer System Design Services
- Other Computer Related Services

### Main objects:

International Computer Solutions (ICS) is in the business of providing software and IT consulting services to a wide range of customers across the USA, Europe and Asia. The mission of ICS is to become a leader in the area of software consulting services ensuring the highest levels of customer satisfaction. ICS uses technology to help its customers gain a competitive advantage over other competitions, have a faster product lifecycle, and positively impact the customer's bottom-line”

### Share Holding Pattern:

The Company's authorized capital is US\$ 1000 divided into 1000 Equity shares of US\$ 1 each. The Issued Subscribed and paid-up capital of the Company is US\$ 1000 comprising of 1000 Equity shares of US\$ one each fully paid-up.

Sr. No	Name of the Shareholder	Nos. of Equity shares held	% Holding
1	Sanjay Govil	1000	100.00
	Total	1000	100.00

### Financial Performance

Particulars	(In US\$)			In Rs. Million*, except share data, EPS and NAV		
	31/03/07	31/03/06	31/03/05	31/03/07	31/03/06	31/03/05
Total Income/Sales	-	-	-	-	-	-
Profit after Tax / (Loss)	(15,46,332)	(4,32,709)	(2,68,335)	(67.34)	(18.84)	(11.68)
Equity Share Capital	1000	1000	1000	0.04	0.04	0.04
Retained Earnings	54,86,739	70,33,071	74,65,780	238.93	306.26	325.11
Net Worth	54,87,739	70,34,071	74,66,780	238.97	306.31	325.15
EPS	-	-	-	-	-	-

There are no defaults in meeting any statutory / banks / institutional dues. No proceedings have been initiated for economic offences against this Company, or its Promoters and Directors.



## SECTION V - FINANCIAL STATEMENTS

### CONSOLIDATED FINANCIAL STATEMENT OF INFINITE COMPUTER SOLUTIONS (INDIA) LTD..

#### AUDITORS' REPORT

To,  
The Board of Directors,  
Infinite Computer Solutions (India) Limited,  
201, Mohta Building,  
4, Bhikaji Cama Place,  
New Delhi – 110 066

A.

- a) We have examined the annexed Consolidated financial information of Infinite Computer Solutions (India) Limited for the five financial years ended March 31st 2003, March 31st 2004, March 31st 2005, March 31st 2006, March 31st 2007 and the first 9 months ending 31st December 2007 of financial year 2007-08, being the last date to which the accounts of the Company have been made up and audited by us. The Company has been converted into a Public Limited Company w.e.f. 14<sup>th</sup> February, 2008
- b) In accordance with the requirements of
  1. Paragraph B (1) of Part II of Schedule II to the Companies Act, 1956;
  2. The Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 ('the SEBI 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 amendments and
  3. Our terms of reference given vide the Company's letter dated 3<sup>rd</sup> May, 2008 requesting us to carry out work in connection with the Issue as aforesaid.

We report that the restated consolidated assets and liabilities of the Company and its subsidiaries as at March 31st, 2003, 2004, 2005, 2006, 2007 and 31st December 2007 are as set out in Annexure I to this report after making such adjustments / restatements and regrouping as in our opinion are appropriate and are subject to the Significant Accounting Policies and notes to account as appearing in Annexure III.

We report that the restated consolidated profits of the Company and its subsidiaries for the financial years ended March 31st, 2003, 2004, 2005, 2006 2007 and the first 9 months ending 31<sup>st</sup> December 2007 are as set out in Annexure II to this report. These profits have been arrived at after charging all expenses including depreciation and after making such adjustments / restatements and regrouping as in our opinion are appropriate and are subject to the Significant Accounting Policies and notes to accounts as appearing in Annexure III to this report.

- B. We have examined the following financial information relating to the Company proposed to be included in the prospectus, as approved by you and annexed to this report:
- 1) Statement of Cash Flow as appearing in Annexure IV to this report;
  - 2) Statement of Debtors enclosed as Annexure V to this report;
  - 3) Details of Loans and Advances as appearing in Annexure VI to this report;
  - 4) Statement of Secured Loans as appearing in Annexure VII to this report.
  - 5) Statement of Unsecured Loans as appearing in Annexure VIII to this report;
  - 6) Statement of Operational Income as appearing in Annexure IX to this report;

- 7) Statement of Other Income as appearing in Annexure X to this report;
- 8) Details of Contingent Liabilities as appearing in Annexure XI to this report;
- 9) Accounting Ratios as appearing in Annexure XII to this Report;
- 10) Capitalisation Statement as at December 31, 2007 as appearing in Annexure XIII to this report;
- 11) Statement of Cash and Cash Equivalents as appearing in Annexure XIV to this report;

C.

- a) In our opinion the financial information of the Company as stated in Para A and B above read with Significant Accounting Policies enclosed in Annexure III to this report, after making adjustments / restatements and regroupings as considered appropriate and subject to certain matters as stated in Notes to the Statements, has been prepared in accordance with Part II of Schedule II of the Act and the SEBI Guidelines.
- b) This report is intended solely for your information and for inclusion in the Offer Document in connection with the specific Public Offer of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For **Amit Ray & Co.**  
Chartered Accountants

**CA CV Savit Kumar Rao**  
Partner  
Membership No.: 70009  
Place: Bangalore  
Date: 5<sup>th</sup> May, 2008



**CONSOLIDATED SUMMARY STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED**
*(In Rupees Millions)*

PARTICULARS	For the Financial Year as on					
	31.12.07	31.03.07	31.03.06	31.03.05	31.03.04	31.03.03
<b>A. FIXED ASSETS:</b>						
Gross Block	524.58	444.07	430.05	359.35	90.10	38.37
Less: Depreciation	161.55	96.05	66.30	34.36	19.58	12.57
<b>Net Block</b>	<b>363.03</b>	<b>348.02</b>	<b>363.75</b>	<b>324.99</b>	<b>70.52</b>	<b>25.80</b>
Capital Advances	34.88	33.02	22.90	3.29	3.11	20.86
Capital Work in Progress	25.18	28.04	0.75	0.05	12.57	-
Software development under Progress	42.82	-	-	-	-	-
	<b>465.91</b>	<b>409.08</b>	<b>387.40</b>	<b>328.33</b>	<b>86.20</b>	<b>46.66</b>
<b>B. INVESTMENTS</b>	-	-	-	<b>120.46</b>	<b>138.24</b>	<b>131.32</b>
<b>C. Goodwill</b>	<b>383.13</b>	<b>3.47</b>	<b>3.47</b>	-	-	-
<b>D. CURRENT ASSETS, LOANS AND ADVANCES</b>						
Sundry Debtors	901.55	1,219.02	1,246.95	500.90	459.08	574.58
Cash and Bank Balances	315.35	193.46	64.96	229.24	154.42	71.59
Other Current Assets	192.28	121.91	137.46	150.21	70.67	26.00
Loans and Advances	413.61	172.52	167.05	164.35	117.49	(27.31)
<b>Total</b>	<b>1,822.79</b>	<b>1,706.91</b>	<b>1,616.42</b>	<b>1,044.70</b>	<b>801.66</b>	<b>644.86</b>
<b>E. LIABILITIES &amp; PROVISIONS</b>						
Secured Loans	162.11	67.00	-	-	-	0.07
Unsecured Loans	138.13	0.04	0.5	-	0.05	0.05
Deferred Tax Liability / (Asset)	(44.65)	(36.85)	(33.17)	(36.51)	(7.20)	(5.75)
Minority Interest	0.81	0.68	1.28	-	-	-
Current Liabilities	1,377.88	1,129.54	1,197.16	686.44	423.79	415.01
Provisions	3.25	5.97	1.88	6.37	4.27	20.33
<b>Total</b>	<b>1,637.53</b>	<b>1,166.38</b>	<b>1,167.72</b>	<b>656.30</b>	<b>420.91</b>	<b>429.71</b>
<b>F. Preliminary Expenses (not written off)</b>	0.04	0.06	0.15	0.13	0.16	0.19
<b>NET WORTH (A+B+C+D-E+F)</b>	<b>1,034.34</b>	<b>953.14</b>	<b>839.72</b>	<b>837.32</b>	<b>605.35</b>	<b>393.32</b>
<b>REPRESENTED BY</b>						
<b>G. SHARE CAPITAL</b>						
Equity Share Capital	380.38	379.56	369.89	3.97	4.34	4.34
Preference Share Capital	-	-	-	0.43	-	-
Share Appln. Money pending allotment	2.72	0.77	-	-	0.20	-
<b>Total</b>	<b>383.10</b>	<b>380.33</b>	<b>369.89</b>	<b>4.40</b>	<b>4.54</b>	<b>4.34</b>



<b>H. RESERVES AND SURPLUS</b>						
Profit and Loss Account	642.79	550.63	451.38	554.51	585.01	382.86
Share Premium Account	5.53	5.12	0.29	262.26	-	-
General Reserve	35.62	29.13	29.13	29.13	29.13	11.12
Forex Translation Reserve	(35.23)	(13.51)	(12.22)	(13.60)	(13.33)	(5.00)
Investment Subsidy	0.39	0.39	0.20	-	-	-
Capital Redemption Reserve	2.14	1.05	1.05	0.62	-	-
<b>Total</b>	<b>651.24</b>	<b>572.81</b>	<b>469.83</b>	<b>832.92</b>	<b>600.81</b>	<b>388.98</b>
<b>NET WORTH (G+H)</b>	<b>1,034.34</b>	<b>953.14</b>	<b>839.72</b>	<b>837.32</b>	<b>605.35</b>	<b>393.32</b>

**CONSOLIDATED SUMMARY STATEMENT OF PROFIT & LOSS ACCOUNT, AS RESTATED**
*(In Rupees Millions)*

PARTICULARS	For the Financial Year / Period ended on					
	31.12.07	31.03.07	31.03.06	31.03.05	31.03.04	31.03.03
<b>A. INCOME</b>						
Income from Operations	2,447.07	3,477.37	3,405.44	3,018.28	2,405.97	1,937.49
Other Income	16.30	11.95	17.74	17.35	18.37	(3.36)
<b>Total</b>	<b>2,463.37</b>	<b>3,489.32</b>	<b>3,423.18</b>	<b>3,035.63</b>	<b>2,424.34</b>	<b>1,934.13</b>
<b>B. EXPENDITURE</b>						
Employee Costs	1,454.93	2,097.68	1,864.14	1,452.60	914.79	755.88
Administration, Selling and Other Expenses	835.73	1,228.84	1,512.29	1,494.63	1,160.83	937.39
<b>Total</b>	<b>2,290.66</b>	<b>3,326.52</b>	<b>3,376.43</b>	<b>2,947.23</b>	<b>2,075.62</b>	<b>1,693.27</b>
<b>Profits Before Depreciation, Interest &amp; Tax (A-B)</b>	<b>172.71</b>	<b>162.80</b>	<b>46.75</b>	<b>88.40</b>	<b>348.72</b>	<b>240.86</b>
Interest & Financial Charges	20.35	4.93	1.10	0.31	0.58	0.94
<b>Profits Before Depreciation &amp; Tax</b>	<b>152.36</b>	<b>157.87</b>	<b>45.65</b>	<b>88.09</b>	<b>348.14</b>	<b>239.92</b>
Depreciation	24.64	31.88	31.43	14.87	7.03	4.63
<b>Profits Before Tax</b>	<b>127.72</b>	<b>125.99</b>	<b>14.22</b>	<b>73.22</b>	<b>341.11</b>	<b>235.29</b>
<b>Less:</b>						
Current Year's Tax	30.88	24.40	11.01	37.27	65.31	56.70
Wealth Tax	-	0.16	-	-	-	-
Deferred Tax Liability / (Asset)	(7.79)	(3.68)	3.25	(29.31)	(1.44)	(3.81)
Fringe Benefit Tax	3.29	4.27	4.89	-	-	-
<b>Profits After Tax</b>	<b>101.34</b>	<b>101.00</b>	<b>(4.93)</b>	<b>65.26</b>	<b>277.24</b>	<b>182.40</b>
<b>Less:</b>						
Profit Transfer to Capital	-	-	0.43	0.62	-	-
Redemption Reserve	-	-	-	-	18.01	11.12
Profit Transfer to Gen. Reserve	-	-	-	-	-	15.18
Proposed Dividend	-	1.13	-	-	-	-
Interim Dividend	-	-	-	-	52.03	-
Tax on Dividend	-	-	-	-	6.67	1.94
<b>Balance Carried to Balance Sheet</b>	<b>101.34</b>	<b>99.87</b>	<b>(5.36)</b>	<b>64.64</b>	<b>200.53</b>	<b>154.16</b>

**NOTES ON CONSOLIDATED ACCOUNTS**
**1. SIGNIFICANT ACCOUNTING POLICIES**
**a. Basis of Preparation**

The Consolidated Financial Statements have been prepared in accordance with the Indian Generally Accepted Accounting Principles (GAAP), accounting standards issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956, to the extent applicable.

The financial statements of the subsidiaries used in the consolidation are drawn up to the same reporting date as that of holding company, i.e. 31<sup>st</sup> Dec 2007.

**b. Principles of Consolidation**

These consolidated financial statements relate to Infinite Computer Solutions (India) Limited, the Parent Company, and its subsidiaries, together referred to in these financial statements as "The Group", which are as below:

	Name of the Subsidiary Company	Country of Incorporation	Percentage of Ownership Interest as at	
			31 <sup>st</sup> December 2007	31 <sup>st</sup> March 2007
1	Infinite Computer Solutions Pte. Ltd.	Singapore	100%	100%
2	Infinite Computer Solutions Inc.	USA	100%	100%
3	Infinite Computer Solutions Sdn, Bhd,	Malaysia	100%	100%
4	Infinite Computer Solutions (Shanghai) Co. Ltd	China	100%	100%
5	Infinite Computer Solutions Ltd	United Kingdom	100%	100%
6	Infinite BPO Private Limited *	India	51%	51%
7	Infinite Australia Pty Ltd.	Australia	100%	-
8	Comnet International Inc.,	USA	100% Subsidiary of Infinite Computer Solutions Inc.	-
9	India Comnet International Pvt Ltd.	India	100% Subsidiary of Comnet International Inc.	-

Subsidiary companies are those in which Infinite Computer Solutions (India) Limited (ICS), directly or indirectly, has an interest of more than one half of the voting power or otherwise has power to exercise control over the operations.

All material inter company transactions, balances and unrealized surplus and deficit on transactions between group companies are eliminated. Consistency in adoption of accounting policies among all group companies is ensured to the extent practicable.

Minority interest in the net assets of the consolidated subsidiaries consists of the amounts of equity attributable to the minority shareholders at the date on which investments are made in the subsidiary companies and further movement in their share in the equity, subsequent to the date of investments.



\* Subsequent to December 31<sup>st</sup> 2007 the Company has sold its entire investment in Infinite BPO Private Limited.

**c. Basis of Accounting**

The financial statements have been prepared under the historical cost convention in accordance with generally accepted accounting principles in India, the accounting standards issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956, as adopted consistently by the company.

The Company follows the mercantile system of accounting and recognizes items of income and expenditure on accrual basis.

**d. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses for the years presented. Actual results could differ from those estimates.

**e. Revenue Recognition**

Revenue from software development contracts priced on a time and material basis is recognized on the basis of billable time spent by employees working on the project, priced at the contracted rate.

Revenue in respect of services on fixed price contracts is recognized on milestones achieved as per the terms of specific contracts. Revenue from incomplete contracts is recognized on the proportionate completion method and where no significant uncertainty exists regarding the amount of consideration that will be derived on completion of the contract.

Dividend income is recognized when the right to receive is established.

Interest on bank deposits is recognised on accrual basis.

**f. Fixed Assets**

Fixed assets are stated at cost, less accumulated depreciation. Cost includes original cost of acquisition, including incidental expenses related to such acquisition and installation.

The company does not capitalize the cost of software acquired specifically for client projects and where there is no enduring benefit to the company following conclusion of the project. Such software is charged to the Profit & Loss Account in the year in which the software is acquired.

**g. Depreciation**

Depreciation on all fixed assets is provided on the straight-line method over the estimated useful life of the assets at rates specified in Schedule XIV to the Companies Act, 1956.

Depreciation on addition to fixed assets is provided on pro-rata basis from the date the assets are put to use. Depreciation on sale/deduction from fixed assets is provided for upto the date of sale, deduction, discard, as the case may be.

All assets costing Rs.5,000 or below are depreciated in full by way of a one time depreciation charge.

Leasehold improvements are amortised over the period of lease.

**h. Intangibles**

**Product development costs**

Product development cost represents direct cost incurred by the Group for developing new product. Research costs are expensed as incurred. Development expenditure incurred on an individual product is carried forward when its future recoverability can reasonably be regarded as assured. The expenditure incurred is carried forward under capital work in progress till the product is ready to be marketed. Expenditure carried forward is charged off over the expected useful life of product of 48 months beginning in the month when revenue from the product starts accruing.

The carrying value of development costs is reviewed for impairment annually when the asset is not yet in use, and otherwise when events or changes in circumstances indicate that the carrying value may not be recoverable.

**i. Leases**

Lease rentals are expensed with reference to lease terms.

**j. Investments**

Long term investments are stated at cost, less provision for diminution in value of investments, which is considered to be permanent. Current investments are stated at lower of cost or fair market value. Cost includes original cost of acquisition, including brokerage and stamp duty.

**k. Foreign Currency Transactions**

Transactions denominated in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction. The financial statements of foreign branches of the company are translated and recorded in the functional currency of the company.

Monetary items denominated in foreign currencies at the year-end are translated at the exchange rates prevailing on the date of the Balance Sheet. Non-monetary items denominated in foreign currencies are carried at cost.

Any income or expense on account of exchange differences either on settlement or on translation of transactions other than those relating to fixed assets acquired from sources outside India is recognized in the Profit and Loss Account. Gain or loss on translation of long-term liabilities incurred to acquire fixed assets from sources outside India is treated, as an adjustment to the carrying cost of related fixed assets.

Foreign operations of the Company are non-integral in nature. The translation of the functional currency in to the reporting currency is performed for balance sheet accounts using the exchange rates in effect at the balance sheet date and for revenue and expense accounts using an appropriate daily simple average exchange rate for the respective period. The gain or loss resulting from such translations is accumulated in a foreign currency translation reserve.

**l. Retirement Benefits**

**India**

Company's contribution to provident fund is charged to the Profit and Loss Account

Gratuity and leave encashment benefit payable to employees is accounted for on accrual basis on the last salary drawn by the employees.

**Subsidiaries in US**

The company has a saving and investment plan under section 401(k) of the internal revenue code of the United States of America. This is a defined contribution plan. Contributions are charged to income in the period in which they accrue.

#### **Subsidiaries in Singapore**

As per the local laws of Singapore, employers are required to contribute up to 13% of the basic salary of the employees. The company contributes to the fund approved by the government of Singapore.

#### **m. Earnings per Share**

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

For calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

PARTICULARS	For the Financial Year / Period ended on					
	31.12.07	31.03.07	31.03.06	31.03.05	31.03.04	31.03.03
Restated Earnings attributable to Equity Share Holders (Rs. In Millions)	101.34	100.84	(4.93)	65.26	277.24	182.40
No. of Equity Shares outstanding at the end of period	38,038,283	37,956,022	36,988,731	3,97,336	433,600	433,600
Weighted Average no. of equity shares outstanding during the year / period	37,991,826	37,212,086	33,974,391	33,537,200	34,688,000	34,688,000
Weighted Average no. of Dilutive Equity Shares outstanding during the year / period	37,991,826	37,212,086	33,974,391	36,817,440	34,732,400	34,688,000
Earnings Per Share (EPS) Rs. 10/- each						
Basic Earnings per share (Rs.)	2.67	2.71	(0.15)	1.95	7.99	5.26
Diluted Earnings per share (Rs.)	2.67	2.71	(0.15)	1.77	7.98	5.26

#### **n. Impairment of Assets**

Whenever events indicate that assets may be impaired, the assets are subject to a test of recoverability based on estimates of future cash flows arising from continuing use of such assets and from its ultimate disposal. A provision for impairment loss is recognized where it is probable that the carrying value of an asset exceeds the amount to be recovered through use or sale of the asset.

#### **o. Income Taxes**

Income taxes consist of current taxes and changes in deferred tax liabilities and assets.

Income taxes are accounted for on the basis of estimated taxes payable and adjusted for timing differences between the taxable income and accounting income as reported in the financial

statements. Current income tax has been provided at the enacted tax rates on income not exempt under the tax holiday.

Deferred tax assets or liabilities in respect of timing differences which originate during the tax holiday period but reverse after the tax holiday are recognized in the year in which the timing differences originate if they result in taxable amounts. Deferred tax assets or liabilities are established at the enacted tax rates. Changes in the enacted rates are recognized in the period of enactment.

Deferred tax assets are recognized only if there is a reasonable certainty that they will be realized and are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

**p. Miscellaneous Expenditure**

Preliminary expenses incurred on incorporation of the company are deferred and amortized over a period of ten years.

**q. Material Events**

Material events occurring after the Balance Sheet date are taken into cognizance.

**2. NOTES TO ACCOUNTS.**

- a. Land admeasuring 18,460 sq. meters, was acquired during the year 2003-04, by the company under lease -cum-sale agreement with Karnataka Industrial Area Dev. Board, for a lease of six years commencing from May 23, 2003. On expiry of the lease, absolute sale deed would be executed in favour of the company, subject to compliance with the terms of allotment.
- b. Authorised Share Capital of the company was revised during the year 2005-06, and was divided into 46,500,000 Equity Shares of Rs.10/- each and 3,500,000 Convertible Preference Shares of Rs.10/- each.
- c. During the year 2005-06, 43,360 Convertible Preference shares of Rs.10/- each were converted into 40,858 Equity shares of Rs.10/- each.
- d. During the year 2004-05, 61,620 Equity Shares of Rs.10/- each were bought back by the company for Rs.1496 per share and duly cancelled, thereby effecting a reduction in Equity share capital of the company.
- e. During the year 2005-06 bonus shares were issued in the ratio of 80 shares for every one share held, these Bonus shares were issued in respect of the then existing 456,651 Equity shares.
- f. The US subsidiary, ICS Inc., has executed an Assignment & Assumption Agreement with International Computer Solutions Inc, ( International ), which is wholly owned by the majority shareholder of Infinite Computer Solutions ( India), Ltd., for the assignment of all the economic benefits & its related costs of the customers, customer agreements & related costs of International.
- g. Goodwill constitutes excess of consideration paid over the value of net assets in respect of a 51 % share acquisition in Infinite BPO Pvt. Ltd., by the company on 25<sup>th</sup> Jan 2006 and Comnet International Inc., whose 100% shares were acquired by the company's wholly owned US subsidiary on 8<sup>th</sup> Aug 2007.
- h. Employee Stock Option Plan  
On February 14, 2003 the Board of Directors of the company approved an Employee Stock Option Plan whereby common stock representing 10 % of the issued capital of the company as at



March 31, 2002 was reserved for issuance to eligible employees of the company. The options were issued at Rs 10 each to be exercised @ 1/3<sup>rd</sup> at the end of each year commencing from the date of vesting or such other period as maybe decided by the compensation committee constituted for the purpose. There are no options outstanding against this scheme on 31<sup>st</sup> December 2007.

i. Employee Share Purchase Scheme (2006)

The Board of Directors of the company approved an Employee Stock Purchase Scheme whereby equity shares representing up to 4.527 % of the outstanding equity share capital of the Company as on March 31, 2006 would be reserved for issuance to eligible employees of the company. The equity shares of the company were offered to employees as decided by the compensation committee constituted for the purpose at a price of Rs.15/- each [ie. at a premium of Rs 5/- each].

The Company has not debited the Employee Compensation cost to the Profit & Loss Account as required in accordance with guidance note 18 issued by Institute of Chartered Accountant of India.

### 3. Segment Reporting

The company develops software products and provides software consulting services. The disclosures as required under accounting standard 17 on segment reporting would cover geographical regions, which is as follows :-

*In Rupees Millions*

Segment	For the Financial Year / Period ended on					
	31.12.07	31.03.07	31.03.06	31.03.05	31.03.04	31.03.03
Domestic	295.28	553.66	685.90	414.38	314.02	111.19
Americas	2033.12	2827.92	2660.47	2593.97	2078.95	1816.64
APAC	63.71	66.55	35.84	9.93	13.00	9.66
Europe	54.96	29.24	23.23	-	-	-
	<b>2447.07</b>	<b>3477.37</b>	<b>3405.44</b>	<b>3018.28</b>	<b>2405.97</b>	<b>1937.49</b>

### 4. Changes in Accounting Policies

There is no change in accounting policies in the reporting years, except for:

- During the year 2004-05 the company changed its policy on accrual of gratuity and leave encashment benefits payable to its employees. The company started accruing the provision for gratuity on the basis of actuarial valuation and leave encashment benefits on the basis of last salary drawn by the employee which were both hitherto being accrued on the last basic salary drawn by the employees
- During the year 2005-06 the company changed its policy on accrual of leave encashment benefits payable to the employees of the company. The company started accruing leave encashment benefits on the basis of an actuarial valuation which was hitherto being accrued on the last salary drawn by the employee.
- During the year 2005-06 the company changed the rates at which depreciation was being provided on the fixed assets on the straight line method at rates specified in the Schedule XIV to The Companies Act, 1956 which was hitherto being depreciated on the straight line method at rates higher than those specified in Schedule XIV to the Companies Act 1956.

- d. During the year 2006-07 Infinite Computer Solutions, Inc, USA, the company's subsidiary changed its manner of disclosure in its accounts of certain consultant labour expenses. Consultant Labour Expenses which were earlier been shown as a separate item of expenditure have been netted off and reduced from the consulting and Project revenue in the statement of Income unlike in the preceding year. The netting-off of expenses as aforesaid is done primarily in respect of revenue yielding transactions with clients where Infinite Computer Solutions, Inc is a Core Vendor and where under other sub-tier vendors who provide services to such clients are also required to route their billing and collection transactions through Infinite Computer Solutions, Inc as per the internal policies of such clients. Infinite Computer Solutions, Inc does not expend any marketing effort nor does it exercise any direct control or supervision on the sub-tier vendor resources. Infinite Computer Solutions, Inc charges and retains an agreed margin in the nature of a fee from such clients where the company is a core vendor for allowing the sub-tier vendors to route their business through Infinite Computer Solutions, Inc. Considering the nature of the above referred business, Infinite Computer Solutions, Inc is of the opinion that only the margin from these transactions should be recognized as the turnover and not the gross revenue from these transactions for more appropriate presentation of the financial statements. Accordingly in these consolidated financial statements this changed policy has been retrospectively applied from FY 2002-03 onwards.

## 5. Related Party Transactions

In the normal course of business, the company enters into transactions with affiliated companies and its subsidiaries. The names of related parties of the company as required to be disclosed under Accounting Standard 18 is as follows:

SI No	Relationship	FY 07-08 Dec	FY 06-07	FY 05-06	FY 04-05	FY 03-04	FY 02-03
(i)	<b>Subsidiaries</b>						
		Infinite Computer Solutions Inc., USA	Infinite Computer Solutions Inc., USA	Infinite Computer Solutions Inc., USA	Infinite Computer Solutions Inc., USA	Infinite Computer Solutions Inc., USA	Infinite Computer Solutions Inc., USA
		Infinite Computer Solutions Pte Ltd, Singapore	Infinite Computer Solutions Pte Ltd, Singapore	Infinite Computer Solutions Pte Ltd, Singapore	Infinite Computer Solutions Pte Ltd, Singapore	Infinite Computer Solutions Pte Ltd, Singapore	Infinite Computer Solutions Pte Ltd, Singapore
		Infinite Computer Solutions Sdn, Bhd, Malaysia	Infinite Computer Solutions Sdn, Bhd, Malaysia	Infinite Computer Solutions Sdn, Bhd, Malaysia	Infinite Computer Solutions Sdn, Bhd, Malaysia		
		Infinite Computer Solutions (Shanghai) Co. Ltd	Infinite Computer Solutions (Shanghai) Co. Ltd	Infinite Computer Solutions (Shanghai) Co. Ltd	Infinite Computer Solutions (Shanghai) Co. Ltd		
		Infinite Computer Solutions Ltd, UK	Infinite Computer Solutions Ltd, UK	Infinite Computer Solutions Ltd, UK			
		Infinite BPO Private	Infinite BPO Private Ltd.	Infinite BPO Private Ltd.			

SI No	Relationship	FY 07-08 Dec	FY 06-07	FY 05-06	FY 04-05	FY 03-04	FY 02-03	
		Ltd.						
		Infinite Australia Pty Ltd.						
		Comnet International Company						
		Comnet International India Pvt. Ltd.						
(ii)	<b>Other Related Parties</b>							
(a)	<b>Whole Time Director of the Company</b>							
		Navin Chandra	Navin Chandra	Navin Chandra	Navin Chandra	Navin Chandra	Navin Chandra	
		Upinder Zutshi	Upinder Zutshi	Upinder Zutshi				
(b)	<b>Non Whole Time Directors who is able to exercise significant influence</b>							
		Sanjay Govil	Sanjay Govil	Sanjay Govil	Sanjay Govil	Sanjay Govil	Sanjay Govil	
		Neeraj Tewari	Neeraj Tewari	Neeraj Tewari				
(c)	<b>Relative of the Key Management Personnel</b>							
		Aparna Challu	Aparna Challu	Aparna Challu	Aparna Challu			
(d)	<b>Enterprises having substantial Interest in the Company</b>						Kirchoff Kids LLC	Kirchoff Kids LLC
(e)	<b>Enterprises in which key management personnel &amp; their relatives are able to exercise significant influence</b>							
		International Computer Solutions. Inc. USA	International Computer Solutions. Inc. USA	International Computer Solutions. Inc. USA	International Computer Solutions. Inc. USA	International Computer Solutions. Inc. USA	International Computer Solutions. Inc. USA	
		N. C. Data Systems Private Limited	N. C. Data Systems Private Limited	N. C. Data Systems Private Limited				
		Mumal Mining Private Limited	Mumal Mining Private Limited					

Included in the financial statements are the following amounts relating to transactions with related parties:

SI No	Relationship	FY 07-08 Dec	FY 06-07	FY 05-06	FY 04-05	FY 03-04	FY 02-03
<b>1</b>	<b>Income from Services</b>						
	Infinite Computer Solutions Inc., USA	251.31	336.82	269.02	302.87	299.71	188.48
	Infinite Computer Solutions Ltd, UK	7.53	16.79	15.63	-	-	-
	Infinite Computer Solutions Pte Ltd, Singapore	0.81	0.83	1.53	-	-	-
	Comnet International Company	8.32	-	-	-	-	-
	International Computer Solutions. Inc. USA	951.49	1,009.61	1,366.08	1,663.94	2,064.48	2,180.74
<b>2</b>	<b>Reimbursement of Expenses</b>						
	Infinite Computer Solutions Inc., USA	3.34	6.76	10.91	4.10	0.40	1.01
	Infinite Computer Solutions Ltd, UK	-	0.76	-	-	-	-
	International Computer Solutions. Inc. USA	0.53	0.84	0.34	3.83	18.50	-
<b>3</b>	<b>Business Expenses</b>						
	<b>Contractual Services</b>						
	Infinite Computer Solutions Inc., USA	15.44	25.33	175.99	222.92	243.76	76.12
	International Computer Solutions. Inc. USA	15.73	49.85	72.99	74.96	01.84	-
	<b>Legal &amp; Professional Charges</b>						
	Infinite Computer Solutions Inc., USA	-	-	-	1.14	-	-
	International Computer Solutions. Inc. USA	1.09	5.83	10.80	15.37	7.84	-
	<b>Traveling &amp; Conveyance</b>						
	Infinite Computer Solutions Inc., USA	0.04	0.11	0.15	0.04	-	0.94
	International Computer Solutions. Inc. USA	0.45	0.96	2.43	7.30	3.83	-
	<b>Recruitment Expenses</b>						
	Infinite Computer Solutions Inc., USA	-	-	1.35	-	-	-
	<b>Misc. Expenses</b>						
	Infinite Computer Solutions Inc., USA	-	-	-	-	-	0.08
	International Computer Solutions. Inc. USA	0.74	1.84	4.82	3.24	7.98	-
	<b>Managerial Remuneration</b>						
	Whole Time Directors India	5.76	7.43	2.65	1.75	2.09	1.69
	<b>Salary other than Managerial Remuneration</b>						
	Non Whole Time Directors who is able to exercise significant influence	11.81	9.22	14.54	8.90	12.52	-

SI No	Relationship	FY 07-08 Dec	FY 06-07	FY 05-06	FY 04-05	FY 03-04	FY 02-03
	Relative of KMP	4.97	3.40	4.76	2.25	-	-
	<b>Rent</b>						
	Upinder Zutshi	0.45	0.56	0.18	-	-	-
	Sanjay Govil	0.32	0.42	-	-	-	-
	Sanjay Govil from ICS USA	1.24	1.85	1.81	1.68	-	-
<b>4</b>	<b>Purchase of Fixed Assets</b>						
	Infinite Computer Solutions Inc., USA	-	0.06	0.09	-	-	-
<b>5</b>	<b>Amount Receivable</b>						
	<b>Loans</b>						
	Infinite Computer Solutions Inc., USA	226.61	-	-	-	-	-
	Infinite BPO Private Ltd.	2.30	2.30	-	-	-	-
	Infinite Computer Solutions Pte Ltd, Singapore	-	-	2.23	2.17	1.08	-
	<b>Sundry Debtors</b>						
	Infinite Computer Solutions Inc., USA	89.99	78.26	78.92	73.98	175.58	119.61
	Infinite Computer Solutions Ltd, UK	5.05	12.57	15.39	-	-	-
	Infinite Computer Solutions Pte Ltd, Singapore	2.90	2.32	1.55	-	-	-
	Comnet International Company	8.24	-	-	-	-	-
	International Computer Solutions. Inc. USA	287.05	161.27	53.73	123.14	114.10	438.13
	<b>Advance recoverable in cash or kind</b>						
	Infinite Computer Solutions Sdn, Bhd, Malaysia	0.13	0.08	0.04	-	-	-
	Infinite Computer Solutions Pte Ltd, Singapore	0.40	1.73	0.23	-	-	-
	Infinite Computer Solutions (Shanghai) Co. Ltd	0.20	-	-	-	-	-
	N. C. Data Systems Private Limited	-	-	2.63	-	-	-
	Mumal Mining Private Limited	-	17.00	-	-	-	-
<b>6</b>	<b>Amount Payables</b>						
	Infinite Computer Solutions Inc., USA	16.13	2.39	105.18	66.80	101.87	66.11
	Infinite Computer Solutions Ltd, UK	-	0.55	0.49	0.52	-	-
	Infinite Computer Solutions Pte Ltd, Singapore	-	-	3.58	3.09	-	-
	Whole Time Directors India	-	-	0.23	-	-	-

SI No	Relationship	FY 07-08 Dec	FY 06-07	FY 05-06	FY 04-05	FY 03-04	FY 02-03
	Whole Time Directors USA	0.02	5.06	0.93	0.18	0.03	0.63
<b>7</b>	<b>Unsecured Loans</b>						
	Sanjay Govil	-	-	-	-	0.05	0.05

For **AMIT RAY & Co.**  
Chartered Accountants

CA CV Savit Kumar Rao  
Partner  
Membership No. 70009  
Place: Bangalore  
Date : May 5, 2008

**Annexure IV**
**CONSOLIDATED STATEMENT OF CASH FLOWS, AS RESTATED**
*(Rupees in Millions)*

<b>PARTICULARS</b>	<b>31.12.07</b>	<b>31.03.07</b>	<b>31.03.06</b>	<b>31.03.05</b>	<b>31.03.04</b>	<b>31.03.03</b>
<b>A) Cash Flow from Operating Activities</b>						
Net Profit before tax	127.71	125.99	14.22	73.20	341.10	235.30
<b>Adjustments for:</b>						
Depreciation	24.64	31.88	31.43	14.87	7.02	4.63
Interest Income	(11.92)	(8.28)	(6.73)	(2.44)	(0.84)	(0.90)
Interest Expense	18.20	3.05	0.00	0.00	0.00	0.03
(Profit)/Loss on sale of fixed assets	1.54	0.95	(0.00)	(0.01)	(0.01)	0.00
(Profit)/Loss on sale of Investment	0.00	0.00	(4.14)	(9.20)	6.84	4.49
Fixed Assets written off	0.00	0.90	0.05	0.00	0.00	0.00
Provision for Doubtful Debts	0.00	3.51	1.21	0.82	0.00	0.00
Provision for Doubtful Debts written back	0.00	(0.27)	0.00	0.00	0.00	0.00
Dividend Income	(0.98)	0.00	(0.07)	(1.44)	(24.08)	0.00
Income Tax Adjustment	0.00	0.06	0.00	0.00	0.00	0.00
Exchange (Gain) / Loss	(13.54)	5.99	(2.61)	4.00	6.17	0.04
Prior Period Adjustment	(0.05)	(0.27)	(0.17)	0.00	0.00	0.00
Miscellaneous Expenses written off	0.02	0.09	0.09	0.07	0.03	0.03
<b>Operating Profit before working capital changes</b>	<b>145.62</b>	<b>163.59</b>	<b>33.28</b>	<b>79.88</b>	<b>336.23</b>	<b>243.62</b>
1) Account Receivable	281.72	131.28	(802.18)	81.78	25.39	(475.37)
2) Loans & Advances	(212.94)	9.36	97.99	(20.49)	(180.45)	(12.74)
3) Other Current Assets	(70.44)	16.25	12.11	(78.82)	(44.67)	(24.92)
4) Current Liabilities & Provisions	282.54	(173.78)	564.61	136.89	101.57	302.58
<b>Cash Generated from Operations</b>	<b>426.50</b>	<b>146.70</b>	<b>(94.19)</b>	<b>199.24</b>	<b>238.07</b>	<b>33.17</b>
Income Tax paid	(44.60)	(52.75)	(130.02)	(63.75)	(29.71)	(3.29)
Income Tax Refund	0.00	10.25	16.66	0.00	0.06	0.00
<b>Net Cash from Operating Activities [A]</b>	<b>381.90</b>	<b>104.20</b>	<b>(207.54)</b>	<b>135.49</b>	<b>208.41</b>	<b>29.89</b>
<b>B) Cash flow from Investing Activities:</b>						
Purchase of Fixed Assets	(40.19)	(55.81)	(85.42)	(256.98)	(46.58)	(35.49)
Paid Towards Goodwill	(379.65)	0.00	(3.47)	0.00	0.00	0.00
Software Development under progress	(42.82)	0.00	0.00	0.00	0.00	0.00
Proceeds on Sale of Fixed Assets	0.00	0.40	0.00	0.01	0.01	0.01
Purchase of Investment	0.00	0.00	(35.16)	(755.81)	(558.48)	(138.34)
Proceeds on sale of Investments	0.00	0.00	154.83	782.77	544.72	94.28
Interest received	12.28	7.58	7.36	1.72	0.84	0.90
Interest paid	(18.20)	(3.05)	(0.00)	(0.00)	(0.00)	(0.03)
Dividend Income	0.00	0.00	0.07	1.44	24.08	0.00

<b>Net Cash used in Investment Activities [B]</b>	<b>(465.26)</b>	<b>(50.88)</b>	<b>38.20</b>	<b>(226.85)</b>	<b>(35.40)</b>	<b>(78.67)</b>
<b>C) Cash flow from Financing Activities:</b>						
Issue of Equity Shares	1.23	14.51	0.18	262.74	0.00	0.00
Buy Back of Equity Share	0.00	0.00	0.00	(92.18)	0.00	0.00
Share Application Money	(1.95)	0.77	0.00	0.00	0.20	0.00
Proceeds from Borrowings	215.19	67.00	0.05	0.00	0.00	0.00
Repayment of Long term borrowings	0.00	0.00	0.00	(0.05)	(0.07)	0.00
Preliminary Expenses paid	0.00	0.00	0.00	(0.04)	0.00	0.00
Investment Subsidy received	0.00	0.20	0.20	0.00	0.00	0.00
Dividend Paid	(0.00)	0.00	0.00	(0.04)	(67.21)	(0.25)
Dividend Distribution Tax Paid	0.00	0.00	0.00	0.00	(8.61)	0.00
<b>Net cash used in Financing Activities [C]</b>	<b>218.37</b>	<b>82.47</b>	<b>0.43</b>	<b>170.43</b>	<b>(75.69)</b>	<b>(0.25)</b>
<b>Net Increase/(Decrease) in cash &amp; cash equivalents ([A]+[B]+[C])</b>	<b>131.69</b>	<b>135.79</b>	<b>(168.91)</b>	<b>79.08</b>	<b>97.33</b>	<b>(49.04)</b>
Effect of Exchange Difference on translation of foreign currency deposits	(8.33)	(7.29)	3.99	(4.27)	(14.50)	(1.68)
Reduction in Opening Reserves on consolidation of opening reserves of newly acquired subsidiary	(1.47)	0.00	0.00	0.00	0.00	0.00
Cash & Cash equivalents at the beginning of the year (Note 1)	193.46	64.96	229.87	154.42	71.59	122.30
Cash & Cash equivalents at the end of the year	315.35	193.46	64.96	229.24	154.42	71.59
<b>Increase in cash and cash equivalent</b>	<b>131.69</b>	<b>135.79</b>	<b>(168.91)</b>	<b>79.08</b>	<b>97.33</b>	<b>(49.04)</b>

Note 1 - In FY 05-06, Opening Cash Balance does not match with Closing cash Balance of FY 04-05 because of acquisition of Infinite BPO Pvt Ltd. during the year.



**DETAILS OF SUNDRY DEBTORS, AS RESTATED**

**Annexure V**

**(Consolidate)**

*In Rupees Millions*

PARTICULARS	For the Financial Year / Period ended on					
	31.12.07	31.03.07	31.03.06	31.03.05	31.03.04	31.03.03
<b>Unsecured, Considered Good</b>						
- Less than six months	876.17	1,190.01	1,235.02	500.43	395.73	571.59
- More than six months	29.25	42.17	25.72	10.78	72.65	12.58
	<b>905.42</b>	<b>1,232.18</b>	<b>1,260.74</b>	<b>511.21</b>	<b>468.38</b>	<b>584.17</b>
Less: Provision for Doubtful debts	3.87	13.16	13.79	10.30	9.30	9.59
<b>Total</b>	<b>901.55</b>	<b>1,219.02</b>	<b>1,246.95</b>	<b>500.91</b>	<b>459.08</b>	<b>574.58</b>

**DETAILS OF LOANS AND ADVANCES, AS RESTATED**

**Annexure VI**  
***In Rupees Millions***

PARTICULARS	For the Financial Year / Period ended on					
	31.12.07	31.03.07	31.03.06	31.03.05	31.03.04	31.03.03
Advances recoverable in cash or kind or for value to be received	284.13	60.95	48.11	23.61	12.31	7.22
Deposits	19.10	25.09	22.96	18.80	13.04	4.72
Income Tax	110.38	86.48	95.98	121.94	92.14	(39.25)
<b>Total</b>	<b>413.61</b>	<b>172.52</b>	<b>167.05</b>	<b>164.35</b>	<b>117.49</b>	<b>(27.31)</b>

**DETAILS OF SECURED LOANS, AS RESTATED**

**Annexure VII**  
***In Rupees Millions***

PARTICULARS	For the Financial Year / Period ended on					
	31.12.07	31.03.07	31.03.06	31.03.05	31.03.04	31.03.03
<b>LOANS FROM BANKS</b>						
Working Capital Loan	56.00	67.00	-	-	-	-
Term Loan	106.11	-	-	-	-	-
Vehicle Loan		-	-	-	-	0.07
<b>Total</b>	<b>162.11</b>	<b>67.00</b>	-	-	-	<b>0.07</b>

**Note:**

- a. The Working Capital and Term Loan are from a Bank and are secured by the Current Assets, Fixed assets, including Land and Building of the company.
- b. The Vehicle loan is secured by hypothecation of vehicles that the company has acquired.
- c. The Term Loan is in Swiss Francs and it carries an interest @ 4.34% p.a., payable monthly. The Loan is for a duration of 36 months with equal quarterly installments. The first installment was due and paid on 25th Oct 2007
- d. The Working Capital Loan is at an Interest rate of 9% p.a.

**DETAILS OF UNSECURED LOANS, AS RESTATED**

**Annexure VIII**  
***In Rupees Millions***

PARTICULARS	For the Financial Year / Period ended on					
	31.12.07	31.03.07	31.03.06	31.03.05	31.03.04	31.03.03
Unsecured Loan	138.13	0.04	0.57	-	0.05	0.05
<b>Total</b>	<b>138.13</b>	<b>0.04</b>	<b>0.57</b>	<b>-</b>	<b>0.05</b>	<b>0.05</b>

**Note :** The company's subsidiary has taken a loan from a bank for its working capital requirements.  
This loan is at an interest of 200 basis point above LIBOR.

Annexure IX

Statement of Operational Income

*In Rupees Millions*

PARTICULARS	For the Financial Year / Period ended on					
	31.12.07	31.03.07	31.03.06	31.03.05	31.03.04	31.03.03
Income from Software Technical Services	2,447.07	3,477.37	3,405.44	3,018.28	2,405.97	1,937.49
<b>Net Operational Income</b>	<b>2,447.07</b>	<b>3,477.37</b>	<b>3,405.44</b>	<b>3,018.28</b>	<b>2,405.97</b>	<b>1,937.49</b>

**DETAILS OF OTHER INCOME, AS RESTATED**

**Annexure X**  
**In Rupees Millions**

PARTICULARS	For the Financial Year / Period ended on					
	31.12.07	31.03.07	31.03.06	31.03.05	31.03.04	31.03.03
Interest Income	11.92	9.17	6.73	2.44	0.84	0.90
Profit / (Loss) on Sale of Investment	-	-	4.14	9.20	(6.84)	(4.49)
Profit on Sale of Fixed Assets	-	(0.95)	-	0.01	0.01	-
Miscellaneous Income	3.40	3.73	6.80	4.26	0.28	0.23
Dividend Income	0.98	-	0.07	1.44	24.08	-
	<b>16.30</b>	<b>11.95</b>	<b>17.74</b>	<b>17.35</b>	<b>18.37</b>	<b>(3.36)</b>

**Annexure XI**

**DETAILS OF CONTINGENT LIABILITIES, AS RESTATED**

*In Rupees Millions*

PARTICULARS	For the Financial Year / Period ended on					
	31.12.07	31.03.07	31.03.06	31.03.05	31.03.04	31.03.03
Bank Guarantees to Customers and other usual Business related requirements	13.37	13.37	14.29	3.02	0.30	0.30
Corporate Guarantees on behalf of Subsidiary	120.00	-	-	-	-	-
	<b>133.37</b>	<b>13.37</b>	<b>14.29</b>	<b>3.02</b>	<b>0.30</b>	<b>0.30</b>

**STATEMENT OF ACCOUNTING RATIOS**

PARTICULARS	For the Financial Year / Period ended on					
	31.12.07	31.03.07	31.03.06	31.03.05	31.03.04	31.03.03
Net Worth (Rs. In Millions)	1,034.34	953.14	839.72	837.32	605.35	393.32
Restated Earnings attributable to Equity Share Holders (Rs. In Millions)	101.34	101.00	(4.93)	65.26	277.24	182.40
No. of Equity Shares outstanding at the end of period	38,038,283	37,956,022	36,988,731	397,336	433,600	433,600
Weighted Average no. of equity shares outstanding during the year / period	37,991,826	37,212,086	33,974,391	33,537,200	34,688,000	34,688,000
Weighted Average no. of Dilutive Equity Shares outstanding during the year / period	37,991,826	37,212,086	33,974,391	36,817,440	34,732,400	34,688,000
<b>Earnings Per Share (EPS) Rs. 10/- each</b>						
Basic Earnings per share (Rs.)	2.67(*)	2.71	(0.15)	1.95	7.99	5.26
Diluted Earnings per share (Rs.)	2.67(*)	2.71	(0.15)	1.77	7.98	5.26
Return on Net Worth (%)	9.80%(*)	10.60%	-0.59%	7.79%	45.80%	46.37%
Net Assets Value per share of Rs. 10/- each	27.19	25.11	22.70	2107.33	1,396.10	907.10

**Formula:**

Earning Per Share (Rs.) = Net Profit after Tax / Weighted No. of Equity Shares

Net Assets Value (Rs.) = Net Worth / No. of Equity Shares

Return on Net Worth (%) = Net Profit after Tax / Net Worth

\* Figures for Dec 07 are not annualized.



Annexure XIII

**CAPITALIZATION STATEMENT**

*In Rupees Millions*

<b>PARTICULARS</b>	<b>Pre Issue As At 31.12.07</b>	<b>Post Issue*</b>
<b>Borrowings</b>		
Secured Loans	162.11	
Unsecured Loans	138.13	
<i>Less: Short Term Debts</i>	<i>(56.00)</i>	
<b>Total long-term borrowings</b>	<b>244.24</b>	
<b>Shareholders' Funds</b>		
Equity Share Capital	380.38	
Share Application money - Pending Allotment	2.72	
Reserves & Surplus	35.62	
Profit and Loss Accounts	642.79	
Securities Premium	5.53	
Forex Translation Reserve	(35.23)	
Investment Subsidy	0.39	
Capital Redemption Reserve	2.14	
<i>Less: Miscellaneous Exp.to the extent not written off</i>	<i>(0.04)</i>	
<b>Total Shareholders' Funds</b>	<b>1,034.30</b>	
<b>Debt / Equity Ratio</b>	<b>0.24 : 1.00</b>	

\* Shareholders' funds post issue can be calculated only on the conclusion of the book building process

**Notes:**

1. Short Term Debts are debts maturing within next one year
2. From 1st Jan 08 to 30th April 2008 - 185,760 Equity Shares has been allotted to employees under ESPS

Annexure : XIV

Component of Cash Equivalents

*Rupees in Millions)*

PARTICULARS	For the Financial Year / Period ended on					
	31.12.07	31.03.07	31.03.06	31.03.05	31.03.04	31.03.03
Cash in Hand	0.53	0.09	0.56	0.86	0.03	0.19
Balance with Scheduled Banks						
In Current Accounts	15.13	43.09	8.39	56.82	24.25	13.11
In EEFC Account	27.32	38.69	2.74	30.66	44.15	16.15
In Fixed Deposit Accounts	7.11	5.68	12.58	41.84	1.31	1.36
Balance with Non-Scheduled Banks in Current Accounts	265.26	105.91	40.69	99.06	84.68	40.78
<b>Net Cash &amp; Cash Equivalents</b>	<b>315.35</b>	<b>193.46</b>	<b>64.96</b>	<b>229.24</b>	<b>154.42</b>	<b>71.59</b>



**STANDALONE FINANCIAL STATEMENT OF  
INFINITE COMPUTER SOLUTIONS (INDIA) LTD.**

**AUDITORS' REPORT**

To,  
The Board of Directors,  
Infinite Computer Solutions (India) Limited,  
201, Mohta Building,  
4, Bhikaji Cama Place,  
New Delhi – 110 066

1. We have examined the annexed financial information of INFINITE COMPUTER SOLUTIONS (INDIA) LIMITED for the five financial years ended March 31<sup>st</sup> 2003, March 31<sup>st</sup> 2004, March 31<sup>st</sup> 2005, March 31<sup>st</sup> 2006, March 31<sup>st</sup> 2007 and the first nine months ending 31<sup>st</sup> December 2007 of financial year 2007-08, being the last date to which the accounts of the company have been made up and audited by us. The company has been converted into a Public Limited Company w.e.f. 14<sup>th</sup> February, 2008.
2. In accordance with the requirements of:
  - (i) Paragraph B(1) of part II to the Companies Act, 1956;
  - (ii) The Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 ( the SEBI 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 amendments and
  - (iii) The terms of reference given vide the company's letter dated 3<sup>rd</sup> May, 2008, requesting us to carry out work in connection with the Issue as aforesaid.
3. The financial statements of the Company for the financial years ended March 31, 2003, 2004, 2005 and 2006 were audited and reported by M/s Deloitte Haskins and Sells, the auditors for the respective years. We have relied on these audited financials statements and have not carried out any audit tests or review procedures on the financial statements of the Company for the year ended on these respective dates. Since we did not perform the audit for the above years, the financial report included for such years are solely based on the report submitted by the respective statutory auditors of the relevant years. The financial statements for the periods ended March 31, 2007 and December 31, 2007 have been audited by us.
4. Based on our examination of the Unconsolidated Restated Summary Statements read in conjunction with the Accounting Policies and Notes given in Annexure IV, we report that:
  - a. The restated assets and liabilities of the Company as at March 31<sup>st</sup>, 2003, 2004, 2005, 2006, 2007 and for the nine months ending 31<sup>st</sup> December 2007 are as set out in Annexure I, to this report, after making such adjustments / restatements and regrouping as, in our opinion are appropriate and are subject to the Significant Accounting Policies and notes to accounts as appearing in Annexure IV.
  - b. We report that, the restated profits / losses of the company for the financial years ended March 31<sup>st</sup>, 2003, 2004, 2005, 2006, 2007 and for the nine months ending 31<sup>st</sup> December 2007 are as set out in Annexure II to this report. These profits / losses have been arrived at after charging all expenses including depreciation and after making such adjustments / restatements and regrouping as, in our opinion are appropriate and are subject to the Significant Accounting Policies and notes to accounts as appearing in Annexure IV to this report.

5. We have examined the following financial information, relating to the company, proposed to be included in the prospectus, as approved by you and annexed to this report.
- (i) Statement of Cash Flow as appearing in Annexure III to this report;
  - (ii) Statement of Investments as appearing in Annexure V;
  - (iii) Statement of Debtors enclosed as Annexure VI to this report;
  - (iv) Details of Loan and Advances as appearing in Annexure VII to this report;
  - (v) Statement of Secured Loans as appearing in Annexure VIII to this report;
  - (vi) Statement of Unsecured Loans as appearing in Annexure IX to this report;
  - (vii) Statement of Operational Income as appearing in Annexure X to this report;
  - (viii) Statement of Other Income as appearing in Annexure XI to this report;
  - (ix) Details of Contingent Liabilities as appearing in Annexure XII to this report;
  - (x) Accounting Ratios as appearing in Annexure XIII to this Report;
  - (xi) Capitalisation Statement as at 31/12/2007 as appearing in Annexure XIV to this report;
  - (xii) Statement of Cash and Cash Equivalents Annexure XV to this report;
  - (xiii) Computation of Deferred Tax Asset and Liability annexure XVI;
  - (xiv) Statement of Tax Shelter annexure XVII.
6. In our opinion the financial information of the Company as stated in Para 4(a) and 4(b) above read with Significant Accounting Policies, enclosed in Annexure IV to this report, after making adjustments / restatements and regroupings as considered appropriate and subject to certain matters as stated in Notes to the Statements, has been prepared in accordance with Part II of Schedule II of the Act and the SEBI Guidelines.
7. This report is intended solely for your information and for inclusion in the Offer Document in connection with the specific Public Offer of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For **AMIT RAY & CO**  
Chartered Accountants

( **CA C V Savit Kumar Rao** )  
Partner  
Membership no. 70009  
Place : Bangalore  
Date : May 5<sup>th</sup>, 2008

**Annexure I**
**SUMMARY STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED**
*In Rupees Millions*

PARTICULARS	For the Financial Year as on					
	31.12.07	31.03.07	31.03.06	31.03.05	31.03.04	31.03.03
<b>A. FIXED ASSETS:</b>						
Gross Block	412.53	407.38	396.57	331.16	74.58	29.91
Less: Depreciation	101.60	80.98	55.53	28.31	16.49	11.05
<b>Net Block</b>	<b>310.93</b>	<b>326.40</b>	<b>341.04</b>	<b>302.85</b>	<b>58.09</b>	<b>18.86</b>
Capital Advances	34.88	33.02	22.90	3.29	3.11	20.86
Capital Work in Progress	25.18	28.04	0.75	0.05	12.57	-
Software development under Progress	42.82	-	-	-	-	-
	<b>413.81</b>	<b>387.46</b>	<b>364.69</b>	<b>306.19</b>	<b>73.77</b>	<b>39.72</b>
<b>B. INVESTMENTS</b>	60.35	57.93	55.60	140.97	149.19	143.19
<b>C. CURRENT ASSETS, LOANS AND ADVANCES</b>						
Sundry Debtors	186.54	227.53	279.07	156.98	246.26	199.92
Cash and Bank Balances	48.66	87.86	22.48	129.47	68.74	29.76
Other Current Assets	42.33	68.35	98.11	85.74	-	0.01
Loans and Advances	354.58	134.92	98.16	63.37	39.69	4.98
<b>Total</b>	<b>632.11</b>	<b>518.66</b>	<b>497.82</b>	<b>435.56</b>	<b>354.69</b>	<b>234.67</b>
<b>D. LIABILITIES &amp; PROVISIONS</b>						
Secured Loans	162.11	67.00	-	-	-	0.07
Unsecured Loans	-	-	-	-	0.05	0.05
Deferred Tax Liability / (Asset)	6.48	7.66	10.92	(4.58)	0.14	(0.35)
Current Liabilities	84.42	102.76	225.14	196.84	121.52	69.89
Provisions	3.25	4.88	1.88	6.37	4.27	20.33
<b>Total</b>	<b>256.26</b>	<b>182.30</b>	<b>237.94</b>	<b>198.63</b>	<b>125.98</b>	<b>89.99</b>
<b>E. Preliminary Exp. (not written off)</b>	0.04	0.06	0.09	0.13	0.16	0.19
<b>NET WORTH (A+B+C-D+E)</b>	<b>850.05</b>	<b>781.81</b>	<b>680.26</b>	<b>684.22</b>	<b>451.83</b>	<b>327.78</b>
<b>REPRESENTED BY</b>						
<b>F. SHARE CAPITAL</b>						
Equity Share Capital	380.38	379.56	369.89	3.97	4.34	4.34
Preference Share Capital	-	-	-	0.43	-	-
Share Application Money pending allotment	0.38	0.77	-	-	0.20	-
<b>Total</b>	<b>380.76</b>	<b>380.33</b>	<b>369.89</b>	<b>4.40</b>	<b>4.54</b>	<b>4.34</b>
<b>G. RESERVES AND SURPLUS</b>						
Profit and Loss Account	433.58	366.18	279.91	387.81	418.16	312.32
Share Premium Account	5.53	5.12	0.28	262.26	-	-
General Reserve	29.13	29.13	29.13	29.13	29.13	11.12
Capital Redemption Reserve	1.05	1.05	1.05	0.62	-	-
<b>Total</b>	<b>469.29</b>	<b>401.48</b>	<b>310.37</b>	<b>679.82</b>	<b>447.29</b>	<b>323.44</b>
<b>NET WORTH (F+G)</b>	<b>850.05</b>	<b>781.81</b>	<b>680.26</b>	<b>684.22</b>	<b>451.83</b>	<b>327.78</b>

**Annexure II**
**SUMMARY STATEMENT OF PROFIT & LOSS ACCOUNT, AS RESTATED**
*In Rupees Millions*

PARTICULARS	For the Financial Year / Period ended on					
	31.12.07	31.03.07	31.03.06	31.03.05	31.03.04	31.03.03
<b>A. INCOME</b>						
Income from Operations	608.70	1,001.33	985.70	731.81	625.07	306.75
Other Income	10.09	2.44	6.29	11.43	17.26	(4.46)
<b>Total</b>	<b>618.79</b>	<b>1,003.77</b>	<b>991.99</b>	<b>743.24</b>	<b>642.33</b>	<b>302.29</b>
<b>B. EXPENDITURE</b>						
Employee Costs	356.81	617.57	588.08	303.94	90.93	42.85
Administration, Selling and Other Expenses	153.57	256.87	364.34	363.1	360.35	140.16
<b>Total</b>	<b>510.38</b>	<b>874.44</b>	<b>952.42</b>	<b>667.12</b>	<b>451.28</b>	<b>183.01</b>
<b>Profits Before Depreciation, Interest &amp; Tax (A-B)</b>	<b>108.41</b>	<b>129.33</b>	<b>39.57</b>	<b>76.12</b>	<b>191.05</b>	<b>119.28</b>
Interest & Financial Charges	9.47	3.86	0.57	0.18	0.34	0.15
<b>Profits Before Depreciation &amp; Tax</b>	<b>98.94</b>	<b>125.47</b>	<b>39.00</b>	<b>75.94</b>	<b>190.71</b>	<b>119.13</b>
Depreciation	20.63	27.37	27.27	11.91	5.46	3.65
<b>Profits Before Tax</b>	<b>78.31</b>	<b>98.10</b>	<b>11.73</b>	<b>64.03</b>	<b>185.25</b>	<b>115.48</b>
<b>Less:</b>						
Current Year's Tax	9.00	9.50	1.12	5.56	1.61	6.32
Wealth Tax	-	0.16	-	-	-	-
Deferred Tax Liability / (Asset)	(1.18)	(3.27)	15.50	(4.72)	0.49	(0.34)
Fringe Benefit Tax	3.10	4.22	4.85	-	-	-
<b>Profits After Tax</b>	<b>67.39</b>	<b>87.49</b>	<b>(9.74)</b>	<b>63.19</b>	<b>183.15</b>	<b>109.50</b>
<b>Less:</b>						
Profit Transfer to Capital	-	-	0.43	0.62	-	-
Redemption Reserve	-	-	-	-	18.01	11.12
Profit Transfer to General Reserve	-	-	-	-	-	15.18
Proposed Dividend	-	-	-	-	52.03	-
Interim Dividend	-	-	-	-	6.67	1.94
Tax on Dividend	-	-	-	-	-	-
<b>BALANCE CARRIED TO Balance Sheet</b>	<b>67.39</b>	<b>87.49</b>	<b>(10.17)</b>	<b>62.57</b>	<b>106.44</b>	<b>81.26</b>

## STATEMENT OF CASH FLOWS, AS RESTATED

(Rupees in Millions)

PARTICULARS	For the Financial Year / Period ended on					
	31.12.07	31.03.07	31.03.06	31.03.05	31.03.04	31.03.03
<b>A) Cash Flow from Operating Activities</b>						
Net Profit before tax	78.32	97.94	11.74	64.03	185.25	115.48
<b>Adjustments for:</b>						
Depreciation	20.63	27.37	27.27	11.91	5.46	3.65
Interest Income	(9.11)	(1.49)	(2.08)	(0.78)	(0.01)	(0.03)
Interest Expense	8.69	2.91	-	-	-	0.03
(Profit)/Loss on sale of fixed assets	-	(0.05)	-	(0.01)	-	-
(Profit)/Loss on sale of Investment	-	-	(4.14)	(9.20)	6.84	4.49
Provision for Impairment of Investment	-	-	-	-	-	-
Fixed Assets written off	-	0.90	0.05	-	-	-
Provision for Doubtful Debts	-	3.51	1.21	0.82	-	-
Provision for Doubtful Debts written back	-	(0.27)	-	-	-	-
Dividend Income	(0.98)	-	(0.07)	(1.44)	(24.08)	-
Exchange (Gain) / Loss	(13.48)	2.32	(2.37)	4.26	6.25	0.95
Miscellaneous Expenses written off	0.02	0.03	0.03	0.03	0.03	0.03
<b>Operating Profit before working capital changes</b>	<b>84.09</b>	<b>133.17</b>	<b>31.64</b>	<b>69.62</b>	<b>179.74</b>	<b>124.60</b>
1) Account Receivable	40.98	47.18	(120.10)	84.8	(44.73)	(139.21)
2) Loans & Advances	(195.53)	(18.36)	(17.93)	(12.29)	(14.34)	(0.78)
3) Other Current Assets	25.65	30.46	(13.00)	(85.02)	-	-
4) Current Liabilities & Provisions	(19.98)	(119.38)	23.81	77.56	52.69	67.23
<b>Cash Generated from Operations</b>	<b>(64.79)</b>	<b>73.07</b>	<b>(95.58)</b>	<b>134.74</b>	<b>173.36</b>	<b>51.84</b>
Income Tax paid	(36.22)	(42.47)	(37.10)	(17.05)	(22.04)	(3.29)
Income Tax Refund	-	10.25	16.66	-	0.06	-
<b>Net Cash from Operating Activities [A]</b>	<b>(101.01)</b>	<b>40.85</b>	<b>(116.02)</b>	<b>117.69</b>	<b>151.38</b>	<b>48.55</b>
<b>B) Cash flow from Investing Activities:</b>						
Purchase of Fixed Assets	(4.14)	(51.17)	(85.83)	(244.29)	(39.50)	(30.39)
Software Development under progress	(42.82)	-	-	-	-	-
Proceeds on Sale of Fixed Assets	-	0.18	-	0.01	-	0.01
Purchase of Investment	(2.42)	(2.33)	(35.16)	(763.16)	(559.78)	(142.73)
Proceeds on sale of Investments	-	-	124.69	782.77	544.72	94.28
Interest received	9.47	0.80	2.71	0.06	0.02	0.03
Interest paid	(8.69)	(2.91)	-	-	-	(0.03)
Dividend Income	0.98	-	0.07	1.44	24.08	-
<b>Net Cash used in Investment Activities [B]</b>	<b>(47.62)</b>	<b>(55.43)</b>	<b>6.48</b>	<b>(223.17)</b>	<b>(30.46)</b>	<b>(78.83)</b>
<b>C) Cash flow from Financing Activities:</b>						
Issue of Equity Shares	1.23	14.51	0.18	262.74	-	-
Buy Back of Equity Share	-	-	-	(92.18)	-	-

Share Application Money	(0.39)	0.77	-	-	0.20	-
Proceeds from Borrowings	95.11	67.00	-	-	-	-
Repayment of Long term borrowings	-	-	-	(0.05)	0.07)	(0.25)
Dividend Paid	-	-	-	(0.04)	(67.21)	-
Dividend Distribution Tax Paid	-	-	-	-	(8.61)	-
<b>Net cash used in Financing Activities [C]</b>	<b>95.95</b>	<b>82.28</b>	<b>0.18</b>	<b>170.47</b>	<b>(75.69)</b>	<b>(0.25)</b>
<b>Net Increase/(Decrease) in cash &amp; cash equivalents ([A]+[B]+[C])</b>	<b>(52.68)</b>	<b>67.70</b>	<b>(109.36)</b>	<b>64.99</b>	<b>45.23</b>	<b>(30.53)</b>
Effect of Exchange Difference on translation of foreign currency deposits	<b>13.48</b>	<b>(2.32)</b>	<b>2.37</b>	<b>(4.26)</b>	<b>(6.25)</b>	<b>(0.95)</b>
Cash & Cash equivalents at the beginning of the year	87.86	22.48	129.47	68.74	29.76	61.24
<b>Cash &amp; Cash equivalents at the end of the year</b>	<b>48.66</b>	<b>87.86</b>	<b>22.48</b>	<b>129.47</b>	<b>68.74</b>	<b>29.76</b>



**1. SIGNIFICANT ACCOUNTING POLICIES****i) Basis of Accounting**

The financial statements have been prepared under the historical cost convention in accordance with generally accepted accounting principles in India, the accounting standards issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956, as adopted consistently by the company.

The Company follows the mercantile system of accounting and recognizes items of income and expenditure on accrual basis.

**ii) Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses for the years presented. Actual results could differ from those estimates.

**iii) Revenue Recognition**

Revenue from software development contracts priced on a time and material basis is recognized on the basis of billable time spent by employees working on the project, priced at the contracted rate.

Revenue in respect of services on fixed price contracts is recognized on milestones achieved as per the terms of specific contracts. Revenue from incomplete contracts is recognized on the proportionate completion method and where no significant uncertainty exists regarding the amount of consideration that will be derived on completion of the contract.

Dividend income is recognized when the right to receive is established.

Interest on bank deposits is recognised on accrual basis.

**iv) Fixed Assets**

Fixed assets are stated at cost, less accumulated depreciation. Cost includes original cost of acquisition, including incidental expenses related to such acquisition and installation.

The company does not capitalise the cost of software acquired specifically for client projects and where there is no enduring benefit to the company following conclusion of the project. Such software is charged to the Profit & Loss Account in the year in which the software is acquired.

**v) Depreciation**

Depreciation on all fixed assets is provided on the straight-line method over the estimated useful life of the assets at rates specified in Schedule XIV to the Companies Act, 1956.

Depreciation on addition to fixed assets is provided on pro-rata basis from the date the assets are put to use. Depreciation on sale/deduction from fixed assets is provided for upto the date of sale, deduction, discard, as the case may be.

All assets costing Rs.5,000 or below are depreciated in full by way of a one time depreciation charge. Leasehold improvements are amortized over the period of lease.

## **Intangibles**

### **Product development costs**

Product development cost represents direct cost incurred by the Group for developing new product. Research costs are expensed as incurred. Development expenditure incurred on an individual product is carried forward when its future recoverability can reasonably be regarded as assured. The expenditure incurred is carried forward under capital work in progress till the product is ready to be marketed. Expenditure carried forward is charged off over the expected useful life of product of 48 months beginning in the month when revenue from the product starts accruing.

The carrying value of development costs is reviewed for impairment annually when the asset is not yet in use, and otherwise when events or changes in circumstances indicate that the carrying value may not be recoverable.

### **vi) Leases**

Lease rentals are expensed with reference to lease terms.

### **vii) Investments**

Long term investments are stated at cost, less provision for diminution in value of investments, which is considered to be permanent. Current investments are stated at lower of cost or fair market value. Cost includes original cost of acquisition, including brokerage and stamp duty.

### **viii) Foreign Currency Transactions**

Transactions denominated in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction. The financial statements of foreign branches of the company are translated and recorded in the functional currency of the company.

Monetary items denominated in foreign currencies at the year-end are translated at the exchange rates prevailing on the date of the Balance Sheet. Non-monetary items denominated in foreign currencies are carried at cost.

Any income or expense on account of exchange differences either on settlement or on translation of transactions other than those relating to fixed assets acquired from sources outside India is recognized in the Profit and Loss Account. Gain or loss on translation of long-term liabilities incurred to acquire fixed assets from sources outside India is treated, as an adjustment to the carrying cost of related fixed assets.

### **ix) Retirement Benefits**

Company's contribution to Provident Fund is charged to the Profit & Loss Account.

Liability for Leave Encashment & Gratuity payable to employees is accounted for on the basis of an actuarial valuation as at the balance sheet date.

### **x) Earnings per Share**

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

For calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

#### **xi) Impairment of Assets**

Whenever events indicate that assets may be impaired, the assets are subject to a test of recoverability based on estimates of future cash flows arising from continuing use of such assets and from its ultimate disposal. A provision for impairment loss is recognized where it is probable that the carrying value of an asset exceeds the amount to be recovered through use or sale of the asset.

#### **xii) Income Taxes**

Income taxes consist of current taxes and changes in deferred tax liabilities and assets.

Income taxes are accounted for on the basis of estimated taxes payable and adjusted for timing differences between the taxable income and accounting income as reported in the financial statements. Current income tax has been provided at the enacted tax rates on income not exempt under the tax holiday.

Deferred tax assets or liabilities in respect of timing differences which originate during the tax holiday period but reverse after the tax holiday are recognized in the year in which the timing differences originate if they result in taxable amounts. Deferred tax assets or liabilities are established at the enacted tax rates. Changes in the enacted rates are recognized in the period of enactment.

Deferred tax assets are recognized only if there is a reasonable certainty that they will be realized and are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

#### **xiii) Miscellaneous Expenditure**

Preliminary expenses incurred on incorporation of the company are deferred and amortized over a period of ten years.

#### **xiv) Material Events**

Material events occurring after the Balance Sheet date are taken into cognizance.

### 3. NOTES TO ACCOUNTS.

- a) The reconciliation of Profit after Tax as per Audited Results and the Profit after Tax as per the Restated Accounts is presented below. This summarizes the results of restatements made in the audited accounts for the respective years and its impact on the profit and loss:

PARTICULARS	<i>In Rupees Millions</i>					
	For the Financial Year / Period ended on					
	31.12.07	31.03.07	31.03.06	31.03.05	31.03.04	31.03.03
Net Profit after Tax as per Audited Profit & Loss Account	68.61	87.59	(4.39)	43.10	176.71	111.16
<b>Changes in Revenue</b>						
Change in Sales	-	-	2.77	0.27	8.42	-
Change in Other Income	-	(0.87)	(4.41)	(2.17)	(0.12)	(4.94)
<b>Changes in Expenses</b>						
Effect of change in Depreciation	(1.06)	(1.54)	(0.99)	9.50	4.64	2.91
Change in Gratuity & Leave encashment	-	-	-	8.55	0.54	0.05
Changes in Other expenses						
Legal & Professional Charges	-	-	-	(0.29)	-	0.12
Contractual Services	-	-	-	-	(9.92)	-
Salaries & Wages	-	-	0.17	2.28	-	-
Communication Expenses	-	-	(4.36)	(0.55)	-	-
Miscellaneous Expenses	-	-	(0.33)	(0.16)	0.01	-
Traveling & Conveyance	-	-	0.37	-	-	-
Price Difference adjustment	-	-	0.05	-	-	-
Prov for Impairment of Investment	-	-	-	-	2.21	-
Prov for Doubtful debts	-	-	0.27	0.51	-	-
<b>Changes in Taxation</b>						
Change in IT Provision	-	-	1.14	1.44	0.39	0.18
Change in Wealth Tax Provision	-	1.60	(0.06)	-	-	-
Changes in Prior Year Tax Adjustment	-	0.07	(2.46)	(0.39)	0.45	-
Change in Deferred Tax Provision	(0.15)	0.16	0.17	(0.38)	(0.17)	0.02
<b>Other Changes</b>						
Change in Prior Period Income	-	(2.77)	(0.32)	(8.42)	-	-
Change in Prior Period Expenses	-	4.69	2.63	9.92	-	-
<b>Total Adjustment</b>	<b>(1.21)</b>	<b>(0.10)</b>	<b>(5.36)</b>	<b>20.11</b>	<b>6.45</b>	<b>(1.66)</b>
<b>Net Profit after Tax as per Restated Financials</b>	<b>67.40</b>	<b>87.49</b>	<b>(9.75)</b>	<b>63.21</b>	<b>183.16</b>	<b>109.50</b>

- b) Land admeasuring 18,460 sq. meters was acquired during the year 2003-04, by the company under lease -cum-sale agreement with Karnataka Industrial Area Dev. Board, for a lease of six years commencing from May 23, 2003. On expiry of the lease, absolute sale deed would be executed in favour of the company, subject to compliance with the terms of allotment.
- c) Authorised Share Capital of the company was revised during the year 2005-06, and was divided into 46,500,000 Equity Shares of Rs.10/- each and 3,500,000 Convertible Preference Shares of Rs 10/- each.
- d) During the year 2005-06, 43,360 Convertible Preference shares of Rs.10/- each were converted into 40,858 Equity shares of Rs.10/- each.
- e) During the year 2004-05, 61,620 Equity Shares of Rs.10/- each were bought back by the company for Rs.1496/- per share and duly cancelled, thereby effecting a reduction in Equity share capital of the company.
- f) During the year 2005-06 bonus shares were issued in the ratio of 80 shares for every one share held, these Bonus shares were issued in respect of the then existing 456,651 equity shares.
- g) The company was converted into a Public Limited Company w.e.f. 14<sup>th</sup> February, 2008.
- h) Employee Stock Option Plan  
On February 14, 2003 the Board of Directors of the company approved an Employee Stock Option Plan whereby common stock representing 10 % of the issued capital of the company as at March 31, 2002 was reserved for issuance to eligible employees of the company. The options were issued at Rs 10 each to be exercised @ 1/3<sup>rd</sup> at the end of each year commencing from the date of vesting or such other period as maybe decided by the compensation committee constituted for the purpose. There are no options outstanding against this scheme on 31<sup>st</sup> December 2007.
- i) Employee Share Purchase Scheme (2006)  
The Board of Directors of the company approved an Employee Stock Purchase Scheme whereby equity shares representing up to 4.527 % of the outstanding equity share capital of the Company as on March 31, 2006 would be reserved for issuance to eligible employees of the company. The equity shares of the company were offered to employees as decided by the compensation committee constituted for the purpose at a price of Rs.15/- each [ie. at a premium of Rs.5/- each].

The Company has not debited the Employee Compensation cost to the Profit & Loss Account as required in accordance with guidance note 18 issued by Institute of Chartered Accountant of India.

#### 4. Segment Reporting

The company develops software products and provides software consulting services. The disclosures as required under accounting standard 17 on segment reporting would cover geographical regions, which is as follows :-

*In Rupees Millions*

Segment	For the Financial Year / Period ended on					
	31.12.07	31.03.07	31.03.06	31.03.05	31.03.04	31.03.03
Domestic	256.30	522.84	669.50	414.38	314.02	111.19
Americas	342.43	450.66	298.36	287.10	311.05	195.56
APAC	2.44	11.04	1.53	30.33		
Europe	7.53	16.79	16.31			
	<b>608.70</b>	<b>1,001.33</b>	<b>985.70</b>	<b>731.81</b>	<b>625.07</b>	<b>306.75</b>

#### 5. Changes in Accounting Policies

There is no change in accounting policies in the reporting years, except for:

- a) During the year 2004-05 the company changed its policy on accrual of gratuity and leave encashment benefits payable to its employees. The company started accruing the provision for gratuity on the basis of actuarial valuation and leave encashment benefits on the basis of last salary drawn by the employee which were both hitherto being accrued on the last basic salary drawn by the employees
- b) During the year 2005-06 the company changed its policy on accrual of leave encashment benefits payable to the employees of the company. The company started accruing leave encashment benefits on the basis of an actuarial valuation which was hitherto being accrued on the last salary drawn by the employee.
- c) During the year 2005-06 the company changed the rates at which depreciation was being provided on the fixed assets on the straight line method at rates specified in the Schedule XIV to The Companies Act, 1956 which was hitherto being depreciated on the straight line method at rates higher than those specified in Schedule XIV to the Companies Act 1956.

## 6. Related Party Transactions

In the normal course of business, the company enters into transactions with affiliated companies and its subsidiaries. The names of related parties of the company as required to be disclosed under Accounting Standard 18 is as follows:

SI No	Relationship	FY 07-08 Dec	FY 06-07	FY 05-06	FY 04-05	FY 03-04	FY 02-03
(i)	<b>Subsidiaries</b>						
		Infinite Computer Solutions Inc., USA	Infinite Computer Solutions Inc., USA	Infinite Computer Solutions Inc., USA	Infinite Computer Solutions Inc., USA	Infinite Computer Solutions Inc., USA	Infinite Computer Solutions Inc., USA
		Infinite Computer Solutions Pte Ltd, Singapore	Infinite Computer Solutions Pte Ltd, Singapore	Infinite Computer Solutions Pte Ltd, Singapore	Infinite Computer Solutions Pte Ltd, Singapore	Infinite Computer Solutions Pte Ltd, Singapore	Infinite Computer Solutions Pte Ltd, Singapore
		Infinite Computer Solutions Sdn, Bhd, Malaysia	Infinite Computer Solutions Sdn, Bhd, Malaysia	Infinite Computer Solutions Sdn, Bhd, Malaysia	Infinite Computer Solutions Sdn, Bhd, Malaysia		
		Infinite Computer Solutions (Shanghai) Co. Ltd	Infinite Computer Solutions (Shanghai) Co. Ltd	Infinite Computer Solutions (Shanghai) Co. Ltd	Infinite Computer Solutions (Shanghai) Co. Ltd		
		Infinite Computer Solutions Ltd, UK	Infinite Computer Solutions Ltd, UK	Infinite Computer Solutions Ltd, UK			
		Infinite BPO Private Ltd.	Infinite BPO Private Ltd.	Infinite BPO Private Ltd.			
		Comnet International Company					
		Comnet International India Pvt. Ltd.					
		Infinite Australia Pty Ltd.					

SI No	Relationship	FY 07-08 Dec	FY 06-07	FY 05-06	FY 04-05	FY 03-04	FY 02-03
(ii)	<b>Other Related Parties</b>						
a	<b>Whole-Time Director of the Company</b>						
		Navin Chandra	Navin Chandra	Navin Chandra	Navin Chandra	Navin Chandra	Navin Chandra
		Upinder Zutshi	Upinder Zutshi	Upinder Zutshi			
b	<b>Non Whole-Time Director who is able to exercise significant influence</b>						
		Sanjay Govil	Sanjay Govil	Sanjay Govil	Sanjay Govil	Sanjay Govil	Sanjay Govil
c	<b>Enterprises having substantial Interest in the Company</b>					Kirchoff Kids LLC	Kirchoff Kids LLC
d	<b>Enterprises in which key management personnel &amp; their relatives are able to exercise significant influence</b>						
		N. C. Data Systems Private Limited	N. C. Data Systems Private Limited	N. C. Data Systems Private Limited			
		Mumal Mining Private Limited	Mumal Mining Private Limited				

Included in the financial statements are the following amounts relating to transactions with related parties:

In Rupees Millions							
SI No	Relationship	FY 07-08 Dec	FY 06-07	FY 05-06	FY 04-05	FY 03-04	FY 02-03
<b>1</b>	<b>Income from Services</b>						
	Infinite Computer Solutions Inc., USA	251.31	336.82	269.02	302.87	299.71	188.48
	Infinite Computer Solutions Ltd, UK	7.53	16.79	15.63	-	-	-
	Infinite Computer Solutions Pte Ltd, Singapore	0.81	0.83	1.53	-	-	-
	Comnet International Company	8.32	-	-	-	-	-
<b>2</b>	<b>Reimbursement of Expenses</b>						
	Infinite Computer Solutions Inc., USA	3.34	6.76	10.91	4.10	0.40	1.01
	Infinite Computer Solutions Ltd, UK	-	0.76	-	-	-	-
<b>3</b>	<b>Business Expenses</b>						
	<b>Contractual Services</b>						
	Infinite Computer Solutions Inc., USA	15.44	25.33	175.99	222.92	243.76	76.12
	<b>Legal &amp; Professional Charges</b>						



	Infinite Computer Solutions Inc., USA	-	-	-	1.14	-	-
	<b>Traveling &amp; Conveyance</b>						
	Infinite Computer Solutions Inc., USA	0.04	0.11	0.15	0.04	-	0.94
	<b>Recruitment Expenses</b>						
	Infinite Computer Solutions Inc., USA	-	-	1.35	-	-	-
	<b>Misc. Expenses</b>						
	Infinite Computer Solutions Inc., USA	-	-	-	-	-	0.08
	<b>Managerial Remuneration</b>						
	Whole Time Directors	5.76	7.43	2.65	1.75	2.09	1.69
	<b>Rent</b>						
	Upinder Zutshi	0.45	0.56	0.18	-	-	-
	Sanjay Govil	0.32	0.42	-	-	-	-
<b>4</b>	<b>Purchase of Fixed Assets</b>						
	Infinite Computer Solutions Inc., USA	-	0.06	0.09	-	-	-
<b>5</b>	<b>Amount Receivable</b>						
	<b>Loans</b>						
	Infinite Computer Solutions Inc., USA	226.61	-	-	-	-	-
	Infinite BPO Private Ltd.	2.30	2.30	-	-	-	-
	Infinite Computer Solutions Pte Ltd, Singapore	-	-	2.23	2.17	1.08	-

SI No	Relationship	FY 07-08 Dec	FY 06-07	FY 05-06	FY 04-05	FY 03-04	FY 02-03
	<b>Sundry Debtors</b>						
	Infinite Computer Solutions Inc., USA	89.99	78.26	78.92	73.98	175.58	119.61
	Infinite Computer Solutions Ltd, UK	5.05	12.57	15.39	-	-	-
	Infinite Computer Solutions Pte Ltd, Singapore	2.90	2.32	1.55	-	-	-
	Comnet International Company	8.24	-	-	-	-	-
	<b>Advance recoverable in cash or kind</b>						
	Infinite Computer Solutions Sdn, Bhd, Malaysia	0.13	0.08	0.04	-	-	-
	Infinite Computer Solutions Pte Ltd, Singapore	0.40	1.73	0.23	-	-	-
	Infinite Computer Solutions (Shanghai) Co. Ltd	0.20	-	-	-	-	-
	N. C. Data Systems Private Limited	-	-	2.63	-	-	-
	Mumal Mining Private Limited	-	17.00	-	-	-	-
<b>6</b>	<b>Amount Payables</b>						
	Infinite Computer Solutions Inc., USA	16.13	2.39	105.18	66.80	101.87	66.11
	Infinite Computer Solutions Ltd, UK	-	0.55	0.49	0.52	-	-
	Infinite Computer Solutions Pte Ltd, Singapore	-	-	3.58	3.09	-	-
	Whole Time Directors	-	-	0.23	-	-	-
<b>7</b>	<b>Unsecured Loans</b>						
	Sanjay Govil	-	-	-	-	0.05	0.05

## 7. AUDIT QUALIFICATIONS WHICH DO NOT REQUIRE ANY CORRECTIVE ADJUSTMENT IN

## THE FINANCIAL INFORMATION ARE AS FOLLOWS :

### Year ended March 31, 2003: CARO

1. In respect of employee stock option plans granted during the year, the company has not recognized deferred employee compensation representing the excess of the book value of the underlying equity shares as on the date of the grant of the options over the exercise price of the options. The actual impact on the financial statements of the company is currently unascertainable.

### Year ended March 31, 2004: CARO

1. During the year the company has granted an Interest free unsecured loan of Rs.1,077,000 to a subsidiary company. In the absence of any agreement, we are unable to comment on the terms of repayment.
2. The company has taken an unsecured loan aggregating to Rs.49,532 from a Director and member of the company which is outstanding as at March 31, 2004. In the absence of any agreement we are unable to comment on the terms of payment and whether such transactions are not prima facie prejudicial to the interests of the company.
3. According to the records of the company, except for provident fund, taxes deducted at source and professional tax, the company is generally regular in depositing other undisputed statutory dues payable in respect of Income Tax and Customs duty with the appropriate authorities and there are no arrears as at Mar 31, 2004, which were due for more than six months from the date they became payable.
4. In respect of employee stock option plans granted during the year, the company has not recognized deferred employee compensation representing the excess of the book value of the underlying equity shares as on the date of the grant of the options over the exercise price of the options. The actual impact on the financial statements of the company is currently unascertainable.

### Year ended March 31, 2005: CARO

1. The fixed assets of the company have not been physically verified by the management during the year ended Mar 31, 2005. Hence discrepancies if any could not be ascertained.
2. The company has granted an Interest free unsecured loan of Rs. 2,170,000 to a subsidiary company. In the absence of any agreement we are unable to comment on the terms of repayment.
3. In our opinion the internal controls relating to accounting of certain transactions in respect of receivables, cash and bank payments, processing of payroll and settlement of staff advances are in adequate and requires strengthening.
4. According to the records of the company, except for provident fund, taxes deducted at source and professional tax, the company is generally regular in depositing other undisputed statutory dues payable in respect of Income tax and Customs duty with the appropriate authorities and there are no arrears as at Mar 31, 2005, which were due for more than six months from the date they became payable.
5. In the absence of written representations from some directors, we are unable to comment if they are disqualified as on Mar 31, 2005 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

Year ended March 31, 2006: CARO

1. The fixed assets of the company have not been physically verified by the management during the year ended March 31, 2006. Hence discrepancies if any could not be ascertained.
2. During the previous year the company had granted an Interest free unsecured loan of Rs. 2,230,500 to its subsidiary company which is outstanding as on March 31, 2006. In the absence of any agreement we are unable to comment on the terms of payment and whether such transaction is not prima facie prejudicial to the interests of the company.
3. In our opinion the internal controls relating to accounting of certain transactions in respect of receivables, cash and bank payments, purchase and recording of fixed assets, processing of payroll and settlement of staff advances are inadequate and requires strengthening and there has been a continued failure to completely correct such weaknesses in controls.
4. According to the records of the company, except for delays in respect of professional tax, wealth tax, fringe benefit tax, taxes deducted at source and service tax, the company is generally regular in depositing undisputed statutory dues payable in respect of provident fund, customs duty and cess with the appropriate authorities during the year ended March 31, 2006. According to the information and explanations given to us, arrears of taxes deducted at source aggregating to Rs.227,033 as at March 31, 2006 which were due for more than six months from the date they became payable have been deposited subsequent to March 31,2006. According to the information and explanations given to us, arrears of professional tax, sales tax and wealth tax as at March 31, 2006 which were due for more than six months from the date they became payable and have not been deposited aggregate to Rs.6,520, Rs.233,180 & Rs.1,00,000 respectively. According to the information and explanations given to us, arrears of fringe benefit tax as at March 31, 2006 that have not been deposited aggregate to Rs.1,850,839. We are unable to comment on arrears of provident fund on leave encashment as at March 31, 2006 as such arrears have not been determined. We are unable to comment on arrears of service tax payable as these balances are pending reconciliation.
5. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year. As described in note 8 of schedule O, a fraud was noticed after March 31, 2006.
6. With the exception of accounting standard 13 on accounting for investments in relation to diminution in value of investments in the absence of audited financial statements of the subsidiary companies for the year ended March 31, 2006, the Balance Sheet, Profit and Loss Account and cash flow statement dealt with this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
7. Advances aggregating to Rs.3,156,666/- due from employees of the company continue to be considered good even though recovery of the balance appears reasonably uncertain.
8. Receivables aggregating to Rs.281,368,436/- are net of un-reconciled balances aggregating to Rs.11,100,000. Pending reconciliation of receivables and collection from customers, the classification of sundry debtors in is on an estimated basis.
9. Advances recoverable in cash or in kind includes expenses incurred on behalf of customers aggregating to Rs.3,196,405/- but have not been invoiced to the customers. In the absence of any reconciliation between expenses incurred on behalf of customers and amounts actually invoiced to customers, we are unable to comment if such balances are good and recoverable.
10. We are unable to comment on the account balances of the branch office at Hong Kong as the documentation in support of such account balances were not available for our verification.



Year ended March 31, 2007: CARO

1. An interest free unsecured loan aggregating to Rs.2,300,000 given to its subsidiary company is outstanding, repayment of which has not been received as per the agreed terms.
2. A fraud was noticed during the year and pending investigation and recovery, full provision has been made in the accounts.

Year ended December 31, 2007: CARO

1. A Loan of Rs.23,00,000 was given to Infinite BPO Private Limited, Hyderabad, a subsidiary company without any charge of interest, repayment for which has been received by the company in January 2008.

For AMIT RAY & Co.  
Chartered Accountants

(CA C V Savit Kumar Rao)  
Partner  
Membership No. 70009

Place : Bangalore  
Date : May 5, 2008

**DETAILS OF INVESTMENTS, AS RESTATED**

**Annexure V**  
**In Rupees Millions**

PARTICULARS	For the Financial Year / Period ended on					
	31.12.07	31.03.07	31.03.06	31.03.05	31.03.04	31.03.03
<b>A) Quoted Investments [Non-Trade]</b>						
Investment in Mutual Funds	-	-	-	120.46	136.02	131.32
<b>B) Unquoted Investments (in Subsidiary Co.) [Trade]</b>						
Infinite Computer Solutions Inc, USA	2.34	2.34	2.34	2.34	2.34	2.34
Infinite Computer Solutions Pte. Ltd. Singapore	26.72	26.72	26.72	16.17	10.82	9.53
Infinite Computer Solutions Sdn Bhd, Malaysia	1.09	1.09	1.09	1.09	-	-
Infinite Computer Solutions (Shanghai) Co Ltd	8.51	6.09	6.0	0.91	-	-
Infinite Computer Solutions Ltd - UK	16.88	16.88	14.56	-	-	-
Infinite BPO Pvt. Ltd.	4.81	4.81	4.81	-	-	-
Infinite Australia Pty Ltd.						
	<b>60.35</b>	<b>57.93</b>	<b>55.61</b>	<b>140.9</b>	<b>149.18</b>	<b>143.19</b>

**DETAILS OF SUNDRY DEBTORS, AS RESTATED**

**Annexure VI**  
**In Rupees Millions**

PARTICULARS	For the Financial Year / Period ended on					
	31.12.07	31.03.07	31.03.06	31.03.05	31.03.04	31.03.03
<b>Unsecured, Considered Good</b>						
- Less than six months	161.16	198.52	267.14	156.50	182.91	196.93
- More than six months	29.25	32.89	14.23	1.80	63.35	2.99
	<b>190.41</b>	<b>231.41</b>	<b>281.37</b>	<b>158.30</b>	<b>246.26</b>	<b>199.92</b>
Less: Provision for Doubtful debts	3.87	3.87	2.30	1.33		
<b>Total</b>	<b>186.54</b>	<b>27.54</b>	<b>279.07</b>	<b>156.97</b>	<b>246.26</b>	<b>199.92</b>

**DETAILS OF LOANS AND ADVANCES, AS RESTATED**

**Annexure VII**  
**In Rupees Millions**

PARTICULARS	For the Financial Year / Period ended on					
	31.12.07	31.03.07	31.03.06	31.03.05	31.03.04	31.03.03
Advances recoverable in cash or kind or for value to be received	19.07	45.72	29.78	15.65	9.02	3.52
Loan to Subsidiary Companies	228.91	2.30	2.23	2.17	1.08	-
Deposits	18.47	22.89	20.55	16.80	12.23	4.47
Income Tax	88.13	64.01	45.60	28.74	17.36	(3.02)
<b>Total</b>	<b>354.58</b>	<b>134.92</b>	<b>98.16</b>	<b>63.36</b>	<b>39.69</b>	<b>4.97</b>

**DETAILS OF SECURED LOANS, AS RESTATED**

**Annexure VIII**  
**In Rupees Millions**

PARTICULARS	For the Financial Year / Period ended on					
	31.12.07	31.03.07	31.03.06	31.03.05	31.03.04	31.03.03
<b>LOANS FROM BANKS</b>						
Working Capital Loan	56.00	67.00	-	-	-	-
Term Loan	106.11	-	-	-	-	-
Vehicle Loan		-	-	-	-	0.07
<b>Total</b>	<b>162.11</b>	<b>67.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.07</b>

**Note:**

- a. The Working Capital and Term Loan are from a Bank and are secured by the Current Assets, Fixed Assets, including Land and Building of the company.
- b. The Vehicle loan is secured by hypothecation of vehicles that the company has acquired.
- c. The Term Loan is in Swiss Francs and it carries an interest @ 4.34% p.a., payable monthly. The Loan is for a duration of 36 months with equal quarterly installments. The first installment was due and paid on 25th Oct 2007
- d. The Working Capital Loan is at an Interest rate of 9% p.a.



**DETAILS OF UNSECURED LOANS, AS RESTATED**

**Annexure IX**  
***In Rupees Millions***

PARTICULARS	For the Financial Year / Period ended on					
	31.12.07	31.03.07	31.03.06	31.03.05	31.03.04	31.03.03
Unsecured Loan (Loan from a Director)	-	-	-	-	0.05	0.05
<b>Total</b>	-	-	-	-	0.05	0.05

**Annexure X**
**Statement of Operational Income**
*In Rupees Millions*

PARTICULARS	For the Financial Year / Period ended on					
	31.12.07	31.03.07	31.03.06	31.03.05	31.03.04	31.03.03
Income from Software Technical Services	608.70	1,001.33	985.70	731.81	625.07	306.75
<b>Net Operational Income</b>	<b>608.70</b>	<b>1,001.33</b>	<b>985.70</b>	<b>731.81</b>	<b>625.07</b>	<b>306.75</b>

**DETAILS OF OTHER INCOME, AS RESTATED**

**Annexure XI**  
**In Rupees Millions**

PARTICULARS	For the Financial Year / Period ended on					
	31.12.07	31.03.07	31.03.06	31.03.05	31.03.04	31.03.03
Interest Income	9.11	2.38	2.08	0.78	0.01	0.03
Profit / (Loss) on Sale of Investment	-	-	4.14	9.20	(6.84)	(4.49)
Profit on Sale of Fixed Assets	-	0.05	-	0.01	-	-
Dividend Income	0.98	-	0.07	1.44	24.08	-
	<b>10.09</b>	<b>2.43</b>	<b>6.29</b>	<b>11.43</b>	<b>17.25</b>	<b>(4.46)</b>

**Annexure XII**

**DETAILS OF CONTINGENT LIABILITIES AS RESTATED**

*In Rupees Millions*

PARTICULARS	For the Financial Year / Period ended on					
	31.12.07	31.03.07	31.03.06	31.03.05	31.03.04	31.03.03
Bank Guarantees to Customers and other usual Business related requirements	13.37	13.37	14.29	3.02	0.30	0.30
Corporate Guarantee	120.00	-	-	-	-	-
<b>Total</b>	133.37	13.37	14.29	3.02	0.03	0.03

**STATEMENT OF ACCOUNTING RATIOS**
*In Rupees Millions*

PARTICULARS	For the Financial Year / Period ended on					
	31.12.07	31.03.07	31.03.06	31.03.05	31.03.04	31.03.03
Net Worth (Rs. In Millions)	850	782	680	684	452	328
Restated Earnings attributable to Equity Share Holders (Rs. In Millions)	67	87	(10)	63	183	110
No. of Equity Shares outstanding at the end of period	38,038,283	37,956,022	36,988,731	458,956	433,600	433,600
Weighted Average no. of equity shares outstanding during the year / period	37,991,826	37,212,086	33,974,391	33,537,200	34,688,000	34,688,000
Weighted Average no. of Dilutive Equity Shares outstanding during the year / period	37,991,826	37,212,086	33,974,391	36,817,440	34,732,400	34,688,000
<b>Earnings Per Share (EPS) Rs. 10/- each</b>						
Basic Earnings per share (Rs.)	1.77 (*)	2.35	(0.29)	1.88	5.28	.16
Diluted Earnings per share (Rs.)	1.77 (*)	2.35	(0.29)	1.72	5.27	3.16
Return on Net Worth (%)	7.93% (*)	11.19%	-1.43%	9.24%	40.54%	33.41%
Net Assets Value per share of Rs. 10/- each	22.35	20.60	18.39	1,490.82	1,042.04	755.95

**Formula:**

Earning Per Share (Rs.) = Net Profit after Tax / Weighted No. of Equity Shares

Net Assets Value (Rs.) = Net Worth / No. of Equity Shares

Return on Net Worth (%) = Net Profit after Tax / Net Worth

\* Figures for Dec 07 are not annualized.

Annexure XIV

CAPITALIZATION STATEMENT

*In Rupees Millions*

PARTICULARS	Pre Issue As At 31.12.2007	Post Issue*
<b>Borrowings</b>		
Secured Loans	162.11	
Unsecured Loans	-	
<i>Less: Short Term Debts</i>	<i>(56.00)</i>	
<b>Total long-term borrowings</b>	<b>106.11</b>	
<b>Shareholders' Funds</b>		
Equity Share Capital	380.38	
Share Application money - Pending Allotment	0.38	
Reserves & Surplus	29.13	
Profit and Loss Accounts	433.58	
Securities Premium	5.53	
Capital Redemption Reserve	1.05	
<i>Less: Miscellaneous Exp. to the extent not written off</i>	<i>(0.04)</i>	
<b>Total Shareholders' Funds</b>	<b>850.01</b>	
<b>Debt / Equity Ratio</b>	<b>0.12 : 1.00</b>	

\* Shareholders' funds post issue can be calculated only on the conclusion of the book building process

**Notes:**

1. Short Term Debts are debts maturing within next one year
2. From 1st Jan 08 to 30th April 2008 - 185,760 equity shares has been allotted to employees under ESPS

**Component of Cash Equivalents**
*(Rupees in Millions)*

PARTICULARS	For the Financial Year / Period ended on					
	31.12.07	31.03.07	31.03.06	31.03.05	31.03.04	31.03.03
Cash in Hand	0.13	0.04	0.50	0.86	-	0.17
Balance with Scheduled Banks						
In Current Accounts	13.54	42.84	7.12	56.82	24.25	13.11
In EEFC Account	27.32	38.70	2.74	30.66	44.15	16.14
In Unpaid Dividend Account	-	-	-	-	-	-
In Fixed Deposit Accounts	7.11	5.68	11.55	40.85	0.34	0.34
Balance with Non-Scheduled Banks in Current Accounts						
The Hongkong and Shanghai Banking Corp, Hong Kong	0.39	0.50	0.22	0.28	-	-
Nepal SBI Bank Limited	0.17	0.10	0.35	-	-	-
<b>Net Cash &amp; Cash Equivalents</b>	<b>48.66</b>	<b>87.86</b>	<b>22.48</b>	<b>129.47</b>	<b>68.74</b>	<b>29.76</b>



Annexure: XVI

Computation of Deferred Tax Asset / Liability for the Year ended

In Rupees Millions

Particulars	For the Financial Year / Period ended on					
	31.12.07	31.03.07	31.03.06	31.03.05	31.03.04	31.03.03
<b>Timing Differences</b>						
Difference in Depreciation	(28.03)	(34.50)	(42.20)	(2.51)	(0.68)	0.45
Disallowed U/S 43B/40(a)	8.97	11.98	9.75	16.11	0.29	0.53
<b>Total Timing Difference</b>	(19.06)	(22.52)	(32.45)	13.60	(0.39)	0.98
Effective Tax Rates (%) *	33.99%	33.99%	33.66%	33.66%	36.59%	35.88%
Tax on Timing Differences	(6.48)	(7.65)	(10.92)	4.58	(0.14)	0.35
<b>Deferred Tax Liability / (Asset)</b>	6.48	7.65	10.92	(4.58)	0.14	(0.35)

\* Effective tax rate has taken as next AY tax rate.



**STATEMENT OF TAX SHELTERS**
**Annexure XVII  
In Rupees Millions**

PARTICULARS	For the Financial Year / Period ended on					
	31.12.07	31.03.07	31.03.06	31.03.05	31.03.04	31.03.03
<b>Profit/(Loss) before tax as per Audited Accounts (A)</b>	<b>79.38</b>	<b>100.19</b>	<b>18.25</b>	<b>46.11</b>	<b>179.48</b>	<b>117.34</b>
Effective Rate of Income Tax	33.99%	33.66%	33.66%	36.5925%	35.875%	36.75%
<b>Tax at Normal Income Tax Rates (B)</b>	<b>26.98</b>	<b>33.72</b>	<b>6.14</b>	<b>16.87</b>	<b>64.39</b>	<b>43.12</b>
<b>Adjustments:</b>						
<b>Permanent Differences</b>						
Pre exp w/o	0.02	0.03	0.03	(0.03)	(0.03)	(0.03)
Gratuity Disallowed	(0.62)	2.55	3.09	0.79	1.30	0.56
Leave Encashment Diss	(1.01)	0.50	(3.88)	9.65	0.30	1.16
DD	-	1.85	1.48	1.33	-	-
FA w/o, net of profit on sale of FA	-	0.84	0.10	(0.01)	-	-
Income U/s 2 (24)				-	-	0.11
Loss on Sale of Investment & Prov	-	-	-	(9.17)	9.06	-
Rate & Taxes	1.67	2.00	0.07	0.13	0.02	-
Income not taxable	(0.98)	(0.32)	(0.58)	(3.66)	(24.08)	(0.43)
Disallowances under 40			(5.60)	10.95	-	-
Exemption under 10A	(36.32)	(60.96)	-	(26.90)	(160.17)	(103.19)
<b>Total Permanent Differences (C)</b>	<b>(37.24)</b>	<b>(53.51)</b>	<b>(5.29)</b>	<b>(16.92)</b>	<b>(173.60)</b>	<b>(101.82)</b>
<b>Timing Differences</b>						
Difference between book depreciation & IT act depreciation	(14.24)	(23.85)	(39.48)	(16.86)	(1.37)	0.46
Disallowances under 43B	-	-	-	-	-	0.08
C/f losses (adjusted) / Carry Forward	(3.69)	(22.84)	26.53	-	-	-
<b>Total Timing Differences (D)</b>	<b>(17.93)</b>	<b>(46.69)</b>	<b>(12.95)</b>	<b>(16.86)</b>	<b>(1.37)</b>	<b>0.54</b>
<b>Net Adjustment (C) + (D)</b>	<b>(55.17)</b>	<b>(100.20)</b>	<b>(18.24)</b>	<b>(33.78)</b>	<b>(174.97)</b>	<b>(101.28)</b>
<b>Tax Savings Thereon (E)</b>	<b>(18.75)</b>	<b>(33.72)</b>	<b>(6.14)</b>	<b>(12.36)</b>	<b>(62.77)</b>	<b>(37.22)</b>
Net Tax Expenses as per ITR Filed	8.23	-	-	4.51	1.62	5.90
Interest on Tax				-	-	(0.47)
Tax Paid under MAT	<b>9.00</b>	<b>1.25</b>	<b>1.12</b>	-	-	-

## FINANCIAL INDEBTEDNESS

Our aggregate Borrowings as on December 31, 2007

We have been sanctioned following credit facilities by Hongkong and Shanghai Banking Corporation Limited, Bangalore:

Nature of Borrowing	Sanctioned Amount (Rs. in million)	Interest/ Commission Rate	Repayment	Utilisation / Outstanding Loans (Rs. in million)	Security Created
Combined Limited	160.0			56.00	
Working Capital Loan	120.0	At mutually agreed rates and payable monthly	90 days		- Exclusive charge over entire current assets (with a margin of 25%) for Rs. 175 million) - Second charge over moveable fixed assets for Rs.175 million - Equitable mortgage over land and building for Rs.175 million
Pre-shipment Loan against export (sub-limit)	80.0	Commission as per tariff	90 days		
For issuance of Guarantees	15.0	Commission on guarantee facility at mutually agreed rate, upfront	12 months	13.37	
Term Loan for acquisition of Business	120.0 (Swiss Frank equivalent of)		36 months	106.11	Exclusive charge over moveable fixed assets for Rs.120 million Equitable mortgage for Rs.120 million Second charge on current assets Negative Lien on Investments
Foreign Exchange Line (a)	27.5	Forward contract limit / currency swap			
Foreign Exchange Line (b)	100.0	Forward contract limit for contracts up to 36 months			
Deferred Option Premium	2.5		12 months		



## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*You should read the following discussion of our financial condition and results of operations together with our consolidated Indian GAAP financial statements for the fiscal years ended March 31, 2003, 2004, 2005, 2006 and 2007, and Nine months ended December 31, 2007 including the notes thereto, which have been restated in accordance with the SEBI Guidelines and appear elsewhere in this Draft Red Herring Prospectus. Our fiscal year ends on March 31 of each year, so all references to a particular fiscal year are to the twelve-month period ended March 31 of that year.*

### OVERVIEW

We are a global service provider of Infrastructure Management, Intellectual Property (IP) leveraged solutions and IT services, focused on the Telecom, Media, Technology, Manufacturing, and Healthcare industries. Our services span from Application Management Outsourcing, packaged application services, Independent Validation & Verification, product development & support, to higher value-added offerings, including, managed platform and product engineering services. Our telecommunication-specific services and solutions to telecom Original Equipment Manufacturers (OEMs) and Independent software vendors (ISVs) include product engineering and lifecycle management services relating to telecom equipment used in areas such as transmission, switching, access and Operational Support Systems (OSS), in both legacy and next generation networks (NGNs). Our solutions for Telecom Service Providers range from consulting on business and operating processes to the development of their BSS and OSS systems, as well as, the integration of those systems with the underlying network technologies.

With our experience in executing several large mission-critical IT and Infrastructure projects for our clients in the telecom domain, and our acquisition in 2007 of a telecom-focused company, Comnet International Co, USA; we are now one of the leading providers of telecom-specific offerings to service providers, OEMs and ISVs in the Telecom vertical, globally. For fiscal year 2006-07, the telecom vertical contributed to 40.9% of our total revenues. For the nine month period ending December 31<sup>st</sup> this fiscal, the corresponding proportion is 50.3 %.

We were successfully assessed for CMMi L5 in April, 2004. We have initiated to upgrade to the next version of CMMi L5 in Q1 2008-2009 in keeping with the journey of continuous improvement and continued focus on quality to deliver enhanced value to our customers. We are a Software Technology Parks of India (STPI) registered entity and provide technology services to client specific requirements. These services are performed onsite / onshore and off shore through our various offices and 100% subsidiaries spread over several countries across 4 continents. Our integrated network of delivery facilities across India and the US is complemented by onsite, offsite and near-shore capabilities in major international markets. We have 13 offices across the globe, including offices in multiple locations in the US, UK, India, China, Malaysia, Singapore and Australia. Our world-class development environment of over 145,000 sq. ft. effectively meets the needs of our global customers. We currently have three delivery centers in India – our company-owned facility in Bangalore, and leased facilities in Hyderabad and Chennai.

Our current clientele includes leading names such as Verizon communication, IBM, ACS and AOL amongst others.

We have achieved sustained growth in revenues in recent years. Our consolidated revenues grew from Rs.1,934 million in Fiscal 2002-03 to Rs.3,489 million in Fiscal 2006-07. For the nine month period ending Dec 31<sup>st</sup> for the fiscal 2007-08, our revenues are Rs.2,463 million with PAT of Rs.101.3 million. Our top five customers accounted for approximately 78% of our total revenues for the 9 month period ending Dec. 31<sup>st</sup> 2007.

### **Our Competitive Strengths**

We believe that the key competitive strengths which enable us to differentiate ourselves from some of our competitors are the following:

- *Optimum sized company with proven track record*
- *Focus on the telecommunication industry*
- *Domain knowledge*
- *Long term marquee client relationships*
- *Differentiated Business Model*
- *Global delivery model with excellent infrastructure*
- *Commitment to quality and process execution*
- *Experienced Executive Management team*

### **Our Business Strategy**

The key elements of our business strategy include:

- Telecom Industry Focus
- Business Model Based on Multiple Revenue Streams
- Business growth leveraging existing Global clients
- Increased Focus on European Markets; harnessing global client-base
- Strengthening and harmonization of core capabilities through acquisitions
- Continuing to attract, build and develop employee excellence

### **Geographies**

We have a global presence and have been increasing our geographical footprint in an aggressive manner. We have established our presence in most of the large Telecom & IT Services markets of the world with offices in the U.S. in multiple locations, as well as in the U.K., India, Singapore, Malaysia, Australia and China. We have also been growing our development centers in India as well as abroad. We currently have three development centers in India - in Bangalore, Chennai & Hyderabad. Our main campus in India is housed in Whitefield, Bangalore in an area of approx. 4.48 acres. We have also been allocated 4.85 acres of land in the Special Economic Zone (SEZ) in Hyderabad and plan to build an alternative campus there.

### **Factors Affecting Our Results of Operations**

#### **Revenues**

References to “revenues” herein are to the line item titles “Total Income” in the consolidated financial statements and the standalone financial statements in this Draft Red Herring Prospectus (DRHP). We derive our revenue from Infrastructure Management solutions, Intellectual Property (IP) leveraged solutions and IT services focused on the Telecom, Media, Technology, Manufacturing, and Healthcare industries. Our revenues are affected by economic conditions and the levels of business activity in the various industries we service, as well as by the pace of technological change and the type and level of IT spending by our clients. Our revenues also depend on our ability to secure contracts for new engagements and to deliver services and products that meet the changing IT needs of our clients. We

endeavor to increase our revenues by, among other things, increasing the proportion of higher value services and solutions we provide to our clients and taking greater responsibility for the planning and execution of our engagements. Our understanding of our clients and their changing needs, as well as our ability to successfully deliver solutions to our customers have contributed to the high proportion of repeat business we receive. Our business from clients is anchored mainly by multi-year MSAs with these clients.

Most of our MSAs and other client contracts can be terminated with or without cause, without penalties and with short notice periods between zero and 90 days. In order to deliver projects in line with our commitments, we monitor the progress of defined milestones and deliverables for all contracts on a regular basis. This includes a focused review of our ability and the client's ability to perform on the contract, a review of extraordinary conditions that may lead to a contract termination, as well as historical client performance considerations. This review aids us in anticipating and managing the risk of early or abrupt contract terminations.

### **Expenditure**

The head "expenditure" includes employee costs and Administrative, Selling and Other Expenses including expenses like recruitment charges, advertisement expenses, contractual services, traveling and conveyance, utility charges, professional and legal expenses, etc.

Employee cost of our technical personnel includes salaries and wages, which are the fixed component of compensation, variable compensation including bonus, staff welfare costs, and the cost of contribution to provident and other employee benefit funds. The majority of our technical personnel are located in India, we have significant contribution from our subsidiaries across the globe. Labour costs in the IT services industry in India have historically been significantly lower than in Europe, the United States and other countries where our clients are located. However, wages in India have increased at a faster rate than in the other countries where we have significant operations and as a result, we have experienced and expect to continue to experience substantial increases in the compensation of our technical personnel, particularly project managers and other mid-level professionals. We seek to maintain salary levels in accordance with prevailing trends in our industry. The employee cost accounted for 49.29%, 55.21% and 63.05% of our total expenditure in fiscal 2005, 2006 and 2007 on consolidated basis. For nine months period ended December 31, 2007 employee cost accounted for 63.52% of our total expenditure on consolidated basis.

Administrative, Selling and Other Expenses includes all expenses other than employee cost incurred by the Company and primarily includes recruitment charges, advertisement expenses, contractual services, traveling and conveyance, utility charges, professional and legal expenses, rent, repair and maintenance, etc. The administrative, selling and other expenses accounted for 50.71%, 44.79% and 36.95%, 36.48% of our total expenditure in fiscal 2005, 2006, 2007 and nine months ended December 31, 2007 on consolidated basis.

### **Profit Before Depreciation Interest and Taxation (PBDIT)**

We define PBDIT as the difference between revenues and total expenditure. In fiscal 2005, 2006 and 2007, our PBDIT was Rs.88.40 million, Rs.46.75 million and Rs.162.64 million. For nine months ended December 31, 2007 PBDIT rose to Rs.172.71 million (7%). Our profit before depreciation interest and taxation is impacted by the various factors that impact our revenues and total expenditure. An additional determinant of PBDIT is the proportion of work that is performed offshore to the proportion of work performed onsite. The proportion of work performed at our facilities and at client sites varies from quarter to quarter. We charge lower rates for offshore work, but the effect of this on our PBDIT is generally outweighed by the lower compensation costs and traveling expenses we incur for offshore work. As a result, our revenues and expenditure can fluctuate from quarter to quarter based on the relative proportions of onsite and offshore work.

PBDIT is also affected by employee utilisation rates. We define employee utilisation as the proportion of total billed headcount to total available headcount, for our technical personnel. We manage utilisation by monitoring project requirements and timetables and matching these with the available resource pool. The number of technical personnel assigned to a project will vary according to size, complexity, duration, and demands of the project. We have managed to maintain steady utilization rates in the periods under discussion.

## Taxation

Currently, we benefit from certain tax incentives under Section 10 A of the Income Tax Act, 1961, for the IT services that we provide from specially designated “Software Technology Parks,” or STPs. The STP tax incentives currently include a ten year “tax holiday” from the payment of Indian corporate income tax for the operations of most of our Indian facilities.

## Acquisition of Comnet International Co.

The acquisition of Comnet in 2007 significantly increased our ability to offer services to OEM and ISV clients. The focus of Comnet is product engineering and lifecycle management relating to telecom equipment used in areas such as transmission, switching, access and Operational Support Systems (OSS), in both legacy and next generation networks. With the Comnet acquisition we acquired several key client relationships. This acquisition also reinforces our product engineering and IP- Leveraged solutions capabilities. Our relationships with OEMs and ISVs enables us to understand the network equipment and platforms used by our service provider clients and therefore, to anticipate their IT needs, which we believe puts us in a very unique position of being able to take the OEM/ISV expertise to service providers and vice-versa; a capability which provides us with a significant competitive advantage in attracting new business.

## Discussion on results of operations:

PARTICULARS	For the Financial Year / Period ended on				
	31.12.2007	31.03.2007	31.03.2006	31.03.2005	31.03.2004
<b>A. INCOME</b>					
Income from Operations	2,447.07	3,477.37	3,405.44	3,018.28	2,405.97
<i>Inc/Dec (y-o-y) (%)</i>		2.11	12.83	25.45	24.18
Other Income	16.30	11.95	17.74	17.35	18.37
<i>Inc/Dec (y-o-y) (%)</i>		(32.64)	2.25	(5.55)	(646.73)
%age of Total Sales	0.66	0.34	0.52	0.57	0.76
<b>Total INCOME</b>	<b>2,463.37</b>	<b>3,489.32</b>	<b>3,423.18</b>	<b>3,035.63</b>	<b>2,424.34</b>
<i>Inc/Dec (y-o-y) (%)</i>		1.93	12.77	25.21	25.35
<b>B. EXPENDITURE</b>					
Employee Costs	1,454.93	2,097.68	1,864.14	1,452.60	914.79
<i>Inc/Dec (y-o-y) (%)</i>		12.53	28.33	58.79	21.02
%age of Total Sales	59.06	60.12	54.46	47.85	37.73
Administration, Selling and Other Exps	835.73	1,229.00	1,512.29	1,494.63	1,160.83
<i>Inc/Dec (y-o-y) (%)</i>		(18.73)	1.18	28.76	23.84
%age of Total Sales	33.93	35.22	44.18	49.24	47.88
<b>Total Expenditure</b>	<b>2,290.66</b>	<b>3,326.68</b>	<b>3,376.43</b>	<b>2,947.23</b>	<b>2,075.62</b>
<i>Inc/Dec (y-o-y) (%)</i>		(1.47)	14.56	41.99	22.58
%age of Total Sales	92.99	95.34	98.63	97.09	85.62
<b>PBDIT (A-B)</b>	<b>172.71</b>	<b>162.64</b>	<b>46.75</b>	<b>88.40</b>	<b>348.72</b>
<i>Inc/Dec (y-o-y) (%)</i>		247.89	(47.12)	(74.65)	44.78
%age of Total Sales	7.01	4.66	1.37	2.91	14.38
Interest & Financial Charges	20.35	4.93	1.10	0.31	0.58
<i>Inc/Dec (y-o-y) (%)</i>		348.18	254.84	(46.55)	(38.30)
%age of Total Sales	0.83	0.14	0.03	0.01	0.02

<b>Profits Before Depreciation &amp; Tax</b>	<b>152.36</b>	<b>157.71</b>	<b>45.65</b>	<b>88.09</b>	<b>348.14</b>
<i>Inc/Dec (y-o-y) (%)</i>		245.48	(48.18)	(74.70)	45.11
%age of Total Sales	6.19	4.52	1.33	2.90	14.36
Depreciation	24.64	31.88	31.43	14.87	7.03
<i>Inc/Dec (y-o-y) (%)</i>		1.43	111.37	111.52	51.84
%age of Total Sales	1.00	0.91	0.92	0.49	0.29
<b>Profits Before Tax</b>	<b>127.72</b>	<b>125.83</b>	<b>14.22</b>	<b>73.22</b>	<b>341.11</b>
<i>Inc/Dec (y-o-y) (%)</i>		784.88	(80.58)	(78.53)	44.97
%age of Total Sales	5.18	3.61	0.42	2.41	14.07
<b>Less:</b>					
<b>Total Taxes</b>	<b>26.38</b>	<b>24.99</b>	<b>19.15</b>	<b>7.96</b>	<b>63.87</b>
<i>Inc/Dec (y-o-y) (%)</i>		30.50	140.58	(87.54)	20.76
%age of Total Sales	1.07	0.72	0.56	0.26	2.63
<b>Profits After Tax</b>	<b>101.34</b>	<b>100.84</b>	<b>(4.93)</b>	<b>65.26</b>	<b>277.24</b>
<i>Inc/Dec (y-o-y) (%)</i>		2,145.44	(107.55)	(76.46)	52.00
%age of Total Sales	4.11	2.89	(0.14)	2.15	11.44

### **Summary Discussion for Nine months ended December 31, 2007**

- During the nine months period ended December 31, 2007 we acquired Comnet International Co a telecom Solution Provider to strengthen our position in telecommunications industry.
- Our income from operations stood at Rs.2447.07 million and other income stood at Rs.16.30 million for nine months ended December 31, 2007.
- During the above mentioned period our total expenditure as a percentage of total revenue stood at 92.99% (Rs.2290.66 million). Employee costs as a percentage of total revenue moderated marginally to 59.06% of total sales at Rs.1454.93 million.
- PBIDT of the Company stood at 7% of total revenues at Rs.172.71 million. Over the same period our PBT stood at Rs.127.71 million which is 5.18% of total revenue.
- Profit after Tax stood at Rs.101.34 million, 4.11% of total revenue; a growth of 122 bps over the March 2007.
- Total assets of the Company as on December 31, 2007 stood at Rs.2,671.83 million and total liabilities stood at Rs.1637.57 million and networth grew by Rs.81.2 million over March 2007 to Rs.1034.34 million.

### **Comparison of Fiscal 2007 to Fiscal 2006**

#### **Revenues**

Our income from operations increased marginally by 2.11% from Rs.3405.44 million to Rs.3477.37 million on a consolidated basis. We increased our client relationships to 50 as of March 31, 2007 from 41 as of March 31, 2006.

Our revenue from USA as a percentage of total revenue increased from 78.1% to 81.3%. Revenues from the India as a percentage of total revenues decreased to 15.9% in fiscal 2007 from 20.1% in fiscal 2006. The share of revenues attributable to the APAC (ex-India) and Europe increased from 1.7% in fiscal 2006 to 2.8% in fiscal 2007 as a result of an increase in number of clients and growth in business from existing clients, particularly in the Asia-Pacific region

Other income decreased by 32.64% in fiscal 2007 to Rs.11.95 million over Rs.17.74 million in fiscal 2006 primarily due to sale on investments in fiscal 2006. As a percentage of total revenue, contribution by other income decreased from 0.52% to 0.34%

### **Expenditure**

Our employee cost increased 12.53% from Rs.1864.14 million in fiscal 2006 to Rs.2097.68 million in fiscal 2007. Employee costs accounted for 60.12% of total revenue in FY 07 as against 54.46% of total revenue in FY 06. During the year Company's employee strength moderated from 2493 in fiscal 2006 to 2135 in fiscal 2007 as the company began to rationalize its business mix by reducing the volume of lower margin business with one of the large clients. The employee cost was higher as we recruited highly qualified technical staff to meet the growing demand of our business.

Administrative, Selling and Other expenses decreased by 18.73% to Rs.1229 million in fiscal 2007 from Rs.1512.29 million in fiscal 2006. Administrative, Selling and other expenses as a percentage of total revenue decreased from 44.18% to 35.22%. The expenses in 2006 were substantially higher as a % of sales and even in absolute terms as we were in the process of setting up our new campus and we had significantly ramped up our headcount. With lower recruitment activity in FY 2007 and the company moving to campus in the year, expenses incurred on recruitment charges, advertisements, contractual services, traveling and conveyance, utility charges, etc. were substantially lower.

For the fiscal 2007, total Expenditure decreased by 147 basis points to Rs.3326.68 million. This represented 95.34% of total revenues as against 98.63% in fiscal 2006 as the Company was able to initiate cost control by putting in place effective control mechanisms.

### **PBDIT**

PBDIT increased by 247.89% from Rs.46.57 million in fiscal 2006 to Rs.162.64 million in fiscal 2007 as a result of reduction in administrative, selling and other expenses. As already mentioned above, the expenses were higher in FY 2006 due to activities related to setting up of our campus in FY 2006. PBDIT as a percentage of revenues increased from 1.37% in fiscal 2006 to 4.66% in fiscal 2007

### **Interest and Financial Charges**

Interest and financial charges increased by 348.18% from Rs.1.10 million in fiscal 2006 to Rs.4.93 million in fiscal 2007. As a percentage of revenues interest and fiscal charges accounted for 0.14% in fiscal 2007 against 0.03% in fiscal 2006, during the year we have availed working capital limits from Banks

### **Depreciation**

During fiscal 2007, depreciation increased by 143 bps from Rs.31.43 million in fiscal 2006 to Rs.31.88 million in fiscal 2007.

### **Profit Before Tax**

Our profit before tax increased 784.88% from Rs.14.22 million in fiscal 2006 to Rs.125.83 million in fiscal 2007. Our profit before tax as a percentage of revenues was 0.42% in fiscal 2006 and 3.61% in fiscal 2007. The increase in PBT was on account of cost control and acquisition of business with better margins

### **Taxation**

Taxes for the fiscal 2007 was Rs.24.99 million compared to RS.19.15 million in fiscal 2006. As a percentage of revenues, taxes increased to 0.72% in fiscal 2007 from 0.56% in fiscal 2006.

### **Profit After Tax**

Our profit after tax increased by 2145.44% to Rs.100.84 million in fiscal 2007 from a loss of Rs.4.93 million in fiscal 2006. Our profit after tax as a percentage of revenues was 2.89% in fiscal 2007 and (0.14)% in fiscal 2006

## **Comparison of Fiscal 2006 to Fiscal 2005**

### **Revenues**



Our income from operations increased by 12.83% to Rs.3018.28 million on a consolidated basis. This reflected an increase in the number of clients we served during the respective years as well as increase in the amount of business from our clients. We increased our client relationships to over 41 as of March 31, 2006 from 26 as of March 31, 2005.

Our revenue from USA as a percentage of total revenue decreased from 85.9% to 78.1%. Revenues from India as a percentage of total revenues increased to 20.1% in fiscal 2006 from 13.7% in fiscal 2005. The company increased its business volumes in newer geographies with combined share of revenues attributable to the APAC (ex-India) and Europe increased to 1.7% in fiscal 2006. This year marked the setting up our campus at Whitefield, Bangalore and also establishment of our operations at Hyderabad.

Other income increased marginally by 2.25% from Rs. 17.35 million in fiscal 2005 to Rs.17.74 million in fiscal 2006. As a percentage of total revenue, contribution by other income decreased marginally from 0.57% to 0.52% in fiscal 2006.

### **Expenditure**

Our employee cost increased by 28.33% from Rs. 1452.60 million in fiscal 2005 to Rs. 1864.14 million in fiscal 2006. Employee costs accounted for 54.46% of total revenue in fiscal 2006 and 47.85% of total revenue in fiscal 2005. Employee cost had increased as there was over 25% ramp up in headcount in the year and also due to rationalization of salaries abroad in line with the internationally prevailing salary structures.

Administrative, selling and other expenses increased marginally by 1.18% to Rs.1512.29 million in fiscal 2006 from Rs. 1494.63 million in fiscal 2005. Administrative, selling and other expenses as a percentage of total revenue decreased from 49.24% in fiscal 2005 to 44.18% in fiscal 2006 as the company had initiated its ramp up exercise from 2005 onwards and sustained such expenses in the year 2006.

Total expenditure for fiscal 2006 increased by 14.56% to Rs. 3376.43 million from Rs. 2947.23 million in fiscal 2005 primarily due to headcount ramp up. As a percentage to total revenue, total expenditure accounted for 98.63% in fiscal 2006 as against 97.09% in fiscal 2005

### **PBDIT**

PBDIT fell by 47.12% from Rs.88.40 million in fiscal 2005 to Rs.46.75 million in fiscal 2006 as a result of higher employee cost. PBDIT as a percentage of revenues decreased from 2.91% in fiscal 2005 to 1.37% in fiscal 2006

### **Interest and Financial Charges**

Interest and financial charges increased by 254.84% from Rs.0.31 million in fiscal 2005 to Rs.1.10 million in fiscal 2006. As a percentage of revenues interest and fiscal charges accounted for 0.03% in fiscal 2006 and 0.01% in fiscal 2005.

### **Depreciation**

During fiscal 2006, depreciation increased by 111.37% from Rs.14.87 million in fiscal 2005 to Rs. 31.43 million in fiscal 2006 due to new campus facility created at Bangalore.

Our profit before tax decreased 80.58% from Rs.73.22 million in fiscal 2005 to Rs.14.22 million in fiscal 2006. Our profit before tax as a percentage of revenues was 2.41% in fiscal 2005 and 0.42% in fiscal 2006

### **Taxation**

Taxes for the fiscal 2006 was Rs.19.15 million compared to Rs.7.96 million in fiscal 2005. As a percentage of revenues, taxes increased to 0.56% in fiscal 2006 from 0.26% in fiscal 2005.

### **Profit After Tax**

Our profit after tax decreased by 107.55% to negative Rs.4.93 million in fiscal 2006 from a profit of Rs.65.26 million in fiscal 2005. Our profit after tax as a percentage of revenues was 2.15% in fiscal 2005 and (0.14)% in fiscal 2006.

## **Comparison of Fiscal 2005 to Fiscal 2004**

### **Revenues**

Our income from operations increased by 25.45% from Rs.2405.97 million in fiscal 2004 to Rs.3018.28 million in fiscal 2005 on a consolidated basis. During fiscal 2005 we initiated activities at our Bangalore Campus and other geographies within APAC.

Other income decreased by 5.55% from Rs. 18.37 million in fiscal 2004 to Rs.17.35 million in fiscal 2005. As a percentage of total revenue, contribution by other income decreased from 0.76% to 0.57% in fiscal 2005.

### **Expenditure**

Our employee cost increased by 58.79% from Rs. 914.79 million in fiscal 2004 to Rs. 1452.60 million in fiscal 2005. Employee costs accounted for 47.85% of total revenue in fiscal 2005 and 37.73% of total revenue in fiscal 2004.

Administrative, Selling and other expenses increased by 28.76% to Rs.1494.63 million in fiscal 2005 from Rs. 1160.83 million in fiscal 2004. Administrative, Selling and other expenses as a percentage of total revenue increased from 47.88% in fiscal 2004 to 49.24% in fiscal 2005. This was on account of initiation of our campus facility and on account of increase in rent and hire charges and other administrative expenses.

Total expenditure for fiscal 2005 increased by 41.99% to Rs. 2947.23 million from Rs. 2075.62 million in fiscal 2004. As a percentage to total revenue, total expenditure accounted for 97.09% in fiscal 2005 as against 85.62% in fiscal 2004

### **PBDIT**

PBDIT fell by 74.65% from Rs.348.72 million in fiscal 2004 to Rs.88.40 million in fiscal 2005 as a result of increased employee cost and other campus related expenses. PBDIT as a percentage of revenues decreased from 14.38% in fiscal 2004 to 2.91% in fiscal 2005

### **Interest and Financial Charges**

Interest and financial charges decreased by 46.55% from Rs.0.58 million in fiscal 2004 to Rs.0.31 million in fiscal 2005. As a percentage of revenues interest and fiscal charges accounted for 0.01% in fiscal 2005 and 0.02% in fiscal 2004

### **Depreciation**

During fiscal 2005, depreciation increased by 111.52% from Rs.7.03 million in fiscal 2004 to Rs.14.87 million in fiscal 2004 as the company expanded its facilities and assets during the year

### **Profit Before Tax**

Our profit before tax decreased 78.53% from Rs.341.11 million in fiscal 2004 to Rs.73.22 million in fiscal 2005. Our profit before tax as a percentage of revenues was 14.07% in fiscal 2005 and 2.41% in fiscal 2005

### **Taxation**

Taxes for the fiscal 2005 was Rs.7.96 million compared to Rs.63.87 million in fiscal 2004. As a percentage of revenues, taxes increased to 0.26% in fiscal 2005 from 2.63% in fiscal 2004.

### **Profit After Tax**

Our profit after tax decreased by 76.46% in fiscal 2005 to Rs.65.26 million from Rs.277.24 million in fiscal 2004. Our profit after tax as a percentage of revenues was 11.44% in fiscal 2004 and 2.1% in fiscal 2005.

### **Cash Flows**

As of March 31, 2007 we had cash and cash equivalents (cash and bank balances) of Rs. 193.46 million as compared to Rs. 64.96 million as of March 31, 2006 and Rs. 229.24 million as of March 31, 2005. The cash position at the end of Dec. 31<sup>st</sup> 2007 is at Rs. 315.35 million.

(Rs. in Million)

PARTICULARS	Fiscal Year			
	2008*	2007	2006	2005
Net Cash from Operating Activities	381.90	104.20	(207.54)	135.49
Net Cash used in Investment Activities	(465.26)	(50.88)	38.20	(226.85)
Net cash used in Financing Activities	218.37	82.47	0.43	170.43
Cash & Cash equivalents at the beginning of the year	193.46	64.96	229.87	154.42
Cash & Cash equivalents at the end of the year	315.35	193.46	64.96	229.24

Note: \* Nine months ended December 2007

#### *Cash from Operating Activities*

Net cash from operating activities consists of net profit before tax, downward adjustment due to interest income, profit on sale on investments in mutual funds and dividends from mutual funds and upward adjustment due to depreciation and changes in working capital due to increase / decrease in business.

#### *Cash from Investing Activities*

Cash has been used in investing activities for the purchase of fixed assets such as buildings, plant and machinery, furniture and fixtures and for payment towards acquisition of Infinite BPO Private Limited. Further, surplus cash has been invested from time to time into mutual funds

#### *Cash flow from financing activities*

Cash flow for financing activities was primarily provided through issue of equity shares to a Mauritius based company and allotment of shares to employees. Working capital loan from bank has been used for financing the operations of the Company. Cash has also been utilized for payments of dividends.

#### *Liquidity*

We have been mainly dependent on cash from operations to fund our capital requirements. However, in recent years we have availed working capital facilities from our banks to bridge the working capital gap.

#### **Financial Position**

Our Net worth increased by 13.51%, 0.29%, 38.32% during fiscal ended 2007, 2007 and 2005 respectively. Net worth of the Company stood at Rs. 953.14 million, Rs. 839.72 million, Rs.837.32 million as on March 31, 2007, 2006 and 2005 respectively.

The table below sets forth the principal components of our assets, current liabilities and provisions as of March 31, 2007, 2006, 2005:

PARTICULARS	As on				
	31.12.2007	31.03.2007	31.03.2006	31.03.2005	31.03.2004
Fixed Assets <sup>1</sup>	465.91	409.08	387.4	328.33	86.2
Investments	0	0	0	120.46	138.24
Goodwill	383.13	3.47	3.47	0	0
Current Assets, Loans and Advances:					
Sundry Debtors <sup>2</sup>	901.55	1219.02	1246.95	500.9	459.08

Cash and Bank Balances	315.35	193.46	64.96	229.24	154.42
Other Current Assets	192.28	121.91	137.46	150.21	70.67
Loans and Advances	413.61	172.52	167.05	164.35	117.49
<b>TOTAL ASSETS</b>	<b>2,671.83</b>	<b>2,119.46</b>	<b>2,007.29</b>	<b>1,493.49</b>	<b>1,026.1</b>
Liabilities and Provisions:					
Secured Loans	162.11	67	0	0	0
Unsecured Loans	138.13	0.04	0.57	0	0.05
Deferred Tax Liability / (Asset)	(44.65)	(36.85)	(33.17)	(36.51)	(7.2)
Minority Interest	0.81	0.68	1.28	0	0
Current Liabilities	1,377.88	1,129.54	1,197.16	686.44	423.79
Provisions	3.25	5.97	1.88	6.37	4.27
Preliminary Expenses (not written off)	0.04	0.06	0.15	0.13	0.16
<b>TOTAL LIABILITIES</b>	<b>1637.57</b>	<b>1166.44</b>	<b>1167.87</b>	<b>656.43</b>	<b>421.07</b>

**Notes:**

<sup>1</sup> Net of depreciation, includes capital advances and work in progress

<sup>2</sup> After provisioning for Doubtful Debts

Our total assets increased by 5.59% to Rs.2119.46 million as of March 31, 2007 from Rs.2007.29 million as of March 31, 2006. Fixed assets on consolidated basis increased during fiscal 2008 as a result of the Comnet acquisition by our subsidiary, increased investment in computer hardware and software as a result of our increased headcount. The changes under various heads in the balance sheet are marginal, inline with the growth of the business as explained above. Cash balances have dipped during fiscal 2006 due to dip in operating margins and improved in the subsequent year inline with improvement in our operating margin.

**Off Balance Sheet Arrangement**

We do not have any off balance sheet arrangement other than mentioned in the restated accounts beginning on page [•] of this Draft Red Herring Prospectus. As of March 31, 2007 our contingent liability stood at Rs.13.37 million on account of bank guarantee to customers in normal course of business. As on nine months ended December 31, 2007, contingent liability stood at Rs, 133.37 million principally on account of Corporate Guarantee given by the Company on behalf of its subsidiary.

**Netting of Revenues and Expenses**

During the year fiscal 2007 Infinite Computer Solutions Inc, USA, the company's subsidiary changed its manner of disclosure in its revenues and expenses. Expenses relating to particular project(s) which were earlier been shown as a separate item of expenditure have been netted off and reduced from concerned project(s) revenue in the statement of Income unlike in the preceding year. The netting-off of expenses as aforesaid is done primarily in respect of revenue yielding transactions with clients where Infinite Computer Solutions Inc is a Core Vendor and where under other sub-tier vendors who provide services to such clients are also required to route their billing and collection transactions through Infinite Computer Solutions, Inc as per the internal policies of such clients. Infinite Computer Solutions, Inc does not expend any marketing effort nor does it exercise any direct control or supervision on the sub-tier vendor resources. Infinite Computer Solutions, Inc charges and retains an agreed margin in the nature of a fee from such clients where the company is a core vendor for allowing the sub-tier vendors to route their business through Infinite Computer Solutions, Inc. Considering the nature of the above referred business, Infinite Computer Solutions Inc is of the opinion that only the margin from these transactions should be recognized as the turnover and not the gross revenue from these transactions for more appropriate presentation of the financial statements. Accordingly in these consolidated financial statements this changed policy has been retrospectively applied from FY 2002-03 onwards.

**Analysis of certain changes**

Please read the following disclosure in conjunction with the detailed analysis of our financial results is provided in the section titled "Managements Discussion and Analysis of the Financial Condition and Results of Operations" on page [•] of this Draft Red Herring Prospectus.

***Unusual or infrequent events or transactions***

During the periods under review there have been no transactions or events, which in our best judgment, would be considered unusual or infrequent.

***Significant economic changes***

There have been no significant economic changes during the periods under review that have materially affected or are likely to affect our income.

***Known trends or uncertainties***

Our business has been affected and we expect that it will continue to be affected by the trends identified above under “Factors Affecting Our Results of Operations” and the uncertainties described in the section titled “Risk Factors” beginning on page [●] of this Draft Red Herring Prospectus. To our knowledge, except as disclosed in this Draft Red Herring Prospectus, there are no known factors which we expect to have a material adverse impact on our revenues or income.

***Future relationship between costs and revenues***

Our costs and profitability are affected by the factors described above in “Factors Affecting Our Results of Operations” on page [●] of this Draft Red Herring Prospectus.

***Increase in revenues***

Increases in our revenues are due to the factors described above in “Factors Affecting Our Results of Operations”.

***Total turnover in each industry segment***

Please refer to the revenues discussion based on geographical segments under “Results of Operations” above. We report geographical segment under segmental reporting as part of notes to accounts.

***New products or business segments***

We have not announced and do not expect to announce in the near future any new products or business segments, except in the ordinary course of our business.

***Seasonality***

Our results of operations do not generally exhibit seasonality. However, there may be variation in our quarterly income or profit after tax as a result of various factors, including those described above under “Factors Affecting Our Results of Operations” and those described in the section titled “Risk Factors” beginning on page [●] of this Draft Red Herring Prospectus.

***Dependence on certain clients***

We derive a significant proportion of our revenues from our top 5 clients. In fiscal 2007, top 5 clients accounted for 75.3% of our revenues. For further details of our dependence on our top 5 clients, see “Risk Factors” beginning on page [●] of this Draft Red Herring Prospectus.

***Competitive conditions***

We expect competition from other Indian IT services companies and foreign IT services companies to intensify. For further details, see “Risk Factors” beginning on page [●] and “Business - Competition” beginning on page [●] of this Draft Red Herring Prospectus.

## SECTION VI – LEGAL AND OTHER INFORMATION

### OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS

#### Outstanding Litigations

Except as described below, there are no outstanding litigations, suits or criminal or civil prosecutions, proceedings or tax liabilities against our Company, our Directors, our Promoters, Promoter group companies and there are no defaults, non-payment or overdue of statutory dues, institutional/bank dues and dues payable to holders of any debentures, bonds and fixed deposits, other unclaimed liabilities against our Company or Directors or Promoters or Promoter group companies and no disciplinary action has been taken by SEBI or any stock exchanges against our Company, our Directors and our Promoters. Further, except as stated herein, there are no cases of litigations, defaults, etc. in respect of companies/firms/ventures with which the Promoter were associated in the past but are no longer associated, in respect of which the name(s) of the Promoter continues to be associated with those litigation(s).

#### CASES FILED AGAINST THE COMPANY

##### I.

<b>Case No.</b>	OS NO. 8196 OF 2007
<b>Filed at</b>	The Court of City Civil Judge, Bangalore
<b>Filed by</b>	H. Satyanarayana Reddy - Petitioner

**Background:** Aforementioned plaint has been filed by the plaintiff for permanent injunction to restrain us from causing any interference in the peaceful possession and enjoyment of the property of Plot no.157 before the Court City Civil Judge, Bangalore. According to the plaintiff the defendant company is trying to encroach on his land i.e. Sy No. 18 measuring 1.00 Acre which he has purchased from its owner in 1983 and his name has been duly entered in the revenue records.

We have denied the averments made by the plaintiff. The said property at Sy 18 was divided in Sy 18/1 and Sy 18/2 and the plaintiff is owner of 18/2 and Sy 18/1 has been transferred to as Plot No. 157 by Karnataka Industrial Area Development Board. The matter is next listed on June 5, 2008.

##### II.

<b>Case No.</b>	Writ Petition No.17150/2007
<b>Filed at</b>	The Hon'ble High Court Karnataka
<b>Filed by</b>	Legal Heirs of H. Satyanarayana Reddy - Petitioners

**Background:** Aforementioned writ petition has been filed by the petitioners challenging against the notification dated May 14, 2004 issued under section 28(4) of the K.I.A.D. Act declaring the land measuring 1 acre in Sy No. 18/1 as an industrial area for the benefit of our company. The Hon'ble High Court Karnataka. The petitioners allege that the respondent does not derive any right, title, interest or possession in respect of the land in question.

We have denied the averments made by the petitioners in regard to the mentioned land i.e. Plot No. 157 allotted by Karnataka Industrial Area Development Board. The matter is next listed on June 5, 2008.

#### CASES PREFERRED BY THE COMPANY

<b>Case No.</b>	OS 769/2007
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**Filed at** The Court of City Civil Judge, Bangalore  
**Filed by** M/s Infinite computer Solutions - Petitioner  
**VERSUS**  
HSBC - Opposite Party

**Background:** The above captioned petition has been instituted before the Court of City Civil Judge, Bangalore by us. We have in the said petition has sought relief for the unauthorised debit of Rs. 43,03,911/- from our Current Account with the defendant bank in April 2006. The said amount has been debited by the bank for encashment of four cheques which has been not signed by the duly authorized signatory of our company. Thus such cheques are in nullity and the bank had no authority to honour the same. As we have suffered loss owing to the negligence of the defendant bank, the defendant bank should make good of the loss. Thus we are asking for the said amount i.e. Rs.43,03,911/- plus interest @ 18% which adds up to Rs.48,86,223/- from the defendant bank..

The Opposite Party has filed its reply to the petition. In its reply, the Opposite Party has denied the allegation that the said cheques were not signed by the duly authorized signatory of the company and they have honoured the cheques in the normal course of business. The matter is next listed for May 27, 2008 for hearing.

#### **MATERIAL DEVELOPMENT**

In the opinion of our Board, there have not arisen, since the date of the last financial statements disclosed in this Draft Red Herring Prospectus, any circumstances that materially or adversely affect or are likely to affect our profitability taken as a whole or the value of our assets or our ability to pay our material liabilities within the next 12 months.

#### **AMOUNT OWED TO SMALL SCALE INDUSTRIAL UNDERTAKINGS**

There are no outstanding dues payable to Small scale industries which are more than 30 days old.

## GOVERNMENT APPROVALS

In view of the approvals listed below, we can undertake this issue and our current business activities and no further major approvals from any governmental or regulatory authority or any other entity are required to undertake the issue or continue our business activities. Unless otherwise stated, these approvals are all valid as of date of this Draft Red Herring Prospectus

### Approvals related to the Issue

- ❖ Approval from the National Stock Exchange of India Ltd. dated [•]
- ❖ Approval from the Bombay Stock Exchange Ltd. dated [•]

### Approvals for the Business

#### A. STPI related approvals for Bangalore

- ❖ Green Card no. MCIT/STP/B/2004-05/5332 dated April 19, 2004 from Software Technology Park – Bangalore Software Technology Parks of India approving establishment of 100% Export Oriented Unit for Computer software at # 1200, “Thilak”, 100 Feet Road, HAL II Stage, Bangalore – 560 038. under the STP Scheme and also entitles to top priority treatment from all concerned Central and State government departments and other Organizations in all matters relating to the project.
- ❖ Approval no. STPB/Expan/13072001/236/12411 dated 13/07/2004 from Software Technology Parks of India – Bangalore for expansion of operations to 157, Export Promotion Industrial Park Area, Phase – II, White filed, Bangalore – 560 037 under private custom bonded warehouse License No.42/2000 dated 23/03/2000, originally valid up to 05/03/2005.
- ❖ Letter ref. no. STPIB/INFINITE-COMPUTER/GEN/7593 dated 01/06/2005 granting approval to continue operations under STP Scheme for the period of next five years as per EXIM policy Para 6.19 as amended upto 31/03/2003.
- ❖ Approval no. STPB/Expan/27072005/531/15982 dated 27/07/2005. from Software Technology Parks of India – Bangalore for expansion of operations to 157, Export Promotion Industrial Park Area, Phase – II, Whitefiled, Bangalore – 560 037 under Private Custom Bonded Warehouse License No.42/2000 dated 23/03/2000, valid up to 05/03/2010.
- ❖ Letter ref. no. EIG/INFINITE-COMPUTER/GC/17848 dated 09/08/2005 from Software Technology Parks of India – Bangalore, granting ‘No Objection’ for extending the validity of green card no. MCIT/STP/B/2004-05/5332 dated April 19, 2005 till March 31, 2010.
- ❖ Letter ref. no. EIG/INFINITE/GEN/58505 DATED 28/03/2007 from Software Technology Parks of India – Bangalore, granting ‘No Objection’ to amend the address in the Green Card from # 1200, “Thilak”, 1<sup>st</sup> and 2<sup>nd</sup> Floors, 100 Feet Road, HAL II Stage, Indira Nagar, Bangalore – 560 038. to No. 157 EPIP Zone, Kundalhalli, Mahadevapura Post, Whitefield, Bangalore – 560 066.

#### B. STPI related Approvals for Hyderabad

- ❖ Approval no. STPH/IMSC/05-06/1523/24539 dated March 28, 2006 from Software Technology Parks of India – Hyderabad, extending all the facilities and privileges admissible and subject to the provision as envisaged in the STP Scheme under Foreign Trade Policy (2004-2009) for the establishment of new undertaking at Plot no. 37 & 39, Navodaya Colony, Road No.2, Banjara Hills, Hyderabad – 500 034. The said approval is valid for 3 years from the date of issue.



- ❖ Letter ref. no. STPH/0/2005-2006/24541 dated March 28, 2006 from Software Technology Parks of India – Hyderabad granting ‘No Objection’ on the company obtaining Custom Bonded Warehouse License for the premises located at Plot no. 37 & 39, Navodaya Colony, Road No.2, Banjara Hills, Hyderabad – 500 034
- ❖ Approval no. STPH/7920/2007-2008/7940 dated July, 31, 2007 from Software Technology Parks of India – Hyderabad for expansion of operations to Doyen Galaxy, 8-3-993, Plot no.7, Srinagar Colony, Hyderabad – 500 034.

### **C. STPI related Approvals for Delhi**

- ❖ **Approval letter bearing ref. no. PCMG/PSE/05/025/SPTN/5428 dated 10/03/2000 received from** Software Technology Parks of India – Noida for setting up a 100 % export oriented unit under Software Technology Park Scheme.
- ❖ Green card no. DOE/STPN/2000/245 dated March 17, 2000 from Software Technology Park – Noida, Software Technology Parks of India approving establishment of 100% Export Oriented Unit for Computer software at NCT of Delhi under the STP Scheme and also entitles to top priority treatment from all concerned Central and State government departments and other Organizations in all matters relating to the project. The said card is renewed up to December 31, 2007. Our Company has forwarded the green card to the authority for further renewal.
- ❖ Letter ref. no. C. No.:VIII(B)578/2000/614 dated March 30, 2000 from the Office of the Commissioner of Customs, New Delhi granting license U/s 58 of the Customs Act, 1962 as a private bonded warehouse for the premises located at UG- 7-9 Mohta building, 4 Bhikaji Cama Place, New Delhi – 110 066. The said License is renewed upto December 31, 2006. Our Company has forwarded the green card to the authority for further renewal.

### **D. Approval from the Reserve Bank of India and the Department of Industrial Policy and Promotion**

- ❖ Letter bearing ref. no. FED.MUMBAI.CAD.FDI(II)/2981/04.02.01/I-76/04-05 dated 07/12/2004 received from the General Manager, Reserve Bank of India, received by our Company acknowledging receipt of Form FC GPR with regard to issue of 4818 equity shares of Rs.10/- each and 43360 Preference shares of Rs.10/- each to WhiteRock Investments (I) Ltd. and issue of 9128 Equity shares to Vaibhav Bhatnagar in pursuance of the employee stock option scheme of our company to foreign / non-resident employees of our Company / the branch offices of our company

### **E. Company Specific Approvals**

- ❖ Certificate of incorporation of our Company, issued by the Registrar of companies at New Delhi bearing certificate no.11-121607 of 1999 certifying that Infinite Computer Solutions (India) Private Limited is incorporated under the Companies Act, 1956 as a private limited company on 6<sup>th</sup> September, 1999.
- ❖ Fresh certificate of incorporation consequent upon change of name on conversion to public limited company dated 14<sup>th</sup> February, 2008, issued by the Registrar of Companies, New Delhi certifying that Infinite Computer Solutions (India) Private Limited has changed to Infinite Computer Solutions (India) Limited by passing the necessary resolution under the provisions of the Companies Act, 1956.

### **F. Premises Specific Approvals**

- ❖ Original Possession Certificate bearing ref. no. IADB/14579/EPIP/455/2003-04 dated 22/05/2003 from the Karnataka Industrial Areas Development Board for possession of plot no. 157 measuring 18640.00 Sq. Mtrs. In EPIP IInd Phase, Whitefield, Bangalore.

- ❖ Revised Possession Certificate bearing ref. no. IADB/14579/EPIP/2188/2007-08 dated 12/10/2007 from the Karnataka Industrial Areas Development Board for possession of plot no. 157 measuring 18157.00 Sq. Mtrs. In EPIP IInd Phase, Whitefield, Bangalore

#### **G. Taxation related Approvals and Licenses**

- ❖ Permanent account number AAA CI 5145 D issued by the Director of Income tax systems.
- ❖ Value Added Tax Registration Certificate bearing No.(TIN) 28204983110, received from Commercial Tax Dept., Government of Andhra Pradesh, for premises located at 8-3-993, Srinagar Colony, Doyen Galaxy, Hyderabad.
- ❖ Value Added Tax Registration Certificate bearing No.(TIN) 29850301942, received from Asst. Commissioner of Commercial Tax Dept. Bangalore, for premises located at plot no. 157, EPIP Zone, 2<sup>nd</sup> Phase, Whitefield, Bangalore – 560066.
- ❖ Value Added Tax Registration Certificate bearing No.PT/ACST/29/02-03 dated 19/06/2000, received from Commercial Tax Dept., Government of Karnataka.
- ❖ Tax deduction account no. BLR00775F issued by the Deputy commissioner of Income Tax to our company for Bangalore office.
- ❖ Tax deduction account no. DEL202804E issued by the Deputy commissioner of Income Tax to our company for Delhi office.
- ❖ Certificate of Registration dated 05/10/2005 issued by the Service Tax Commissioner, Bangalore, allotting registration no. (MRA)/AAACI5145DST001 and service tax code no.AAACI5145DST001 to our company.

#### **H. Labour related Approvals**

- ❖ Certificate of Registration of Establishment dated 09/08/2004 issued by the Office of the Inspector, Karnataka Shops and Commercial Establishments Act, 1961 bearing reference number KRP/CE/1335/82/CE/362, certifying that our unit in Whitefield, Bangalore has been registered under the Karnataka Shops and Commercial Establishments Act, 1961 as a commercial establishment. The registration is valid till December 12, 2008.
- ❖ Registration under the Employees' Provident Fund Organisation, bearing reference number KN/PF/Enf/Circle-II/BDXIV/207/2000 dated 24/07/2000, allotting Code No. KN 24628, to our company. The registration is effective 24/03/2000..
- ❖ Letter bearing reference number 53-20408-67 dated 07/05/04 registering our Company under Employees State Insurance Act, 1948.

#### **I. Miscellaneous Approvals**

- ❖ Consent under Air Act received vide letter ref. no.7569 dated 20/01/2006 from Karnataka State Pollution Control Board, Bangalore East – 1.The consent is valid till 31/12/2015.
- ❖ Consent for existing discharge of Sewage effluents under Section 25/26 of the Water (Prevention and Control of Pollution) Act, 1974 received vide letter no. INR No.140170/KSPCB/RO-BNG-EAST1/DEO/AEO-2/WPC/IND/LG/2007-08/1687 dated 19/06/2007 from Karnataka State Pollution Control Board, Bangalore East – 1. The said consent is valid till 31/12/2009.



- ❖ Certificate bearing ref. no.NO/KBITS/IPO/71/2006-07 dated 18/11/2006 received from Directorate of IT & Biotechnology, Bangalore, stating that the company being engaged in activity of “Software Development”, can avail the benefits of power tarrif concession.
- ❖ Certificate of Registration bearing Ref. No. IT/Registration/138/2006-07 dated 24/08/2006 received from Director, Information Technology & Biotechnology Dept., Bangalore

## OTHER REGULATORY AND STATUTORY DISCLOSURES

### Authority for the Issue

#### Authority from the Company and the Selling Shareholders

This Issue has been authorised by the resolution of the Board of Directors passed at their meeting held on April 30<sup>th</sup> 2008, subject to the approval by the shareholders of our company. The shareholders of our company have approved this issue under Section 81(1A) of the Companies Act by a special resolution passed at our Extra General Meeting held on May 3<sup>rd</sup>, 2008.

The Selling Shareholders have authorized the Issue as follows:

Name of the Selling Shareholder	Nos. of shares offered	Date of Consent
WhiteRock Investments (Mauritius) Ltd.	36,99,756	02/04/2008
Mr. Vaibhav Bhatnagar	3,06,000	25/04/2008
Mr. Sanjay Govil	17,63,644	25/04/2008

#### Prohibition by SEBI

Our Company, the Selling Shareholders, our Promoter, our Directors, our subsidiary company and companies with which our directors are associated as directors or Promoter, has not been prohibited from accessing the capital market or restrained from buying, selling or dealing in securities under any order or directions passed by SEBI. The listing of any securities of our Company has never been refused at anytime by any of the stock exchanges in India.

Further, our Company, our Promoter, their relatives, our subsidiary company and our Directors have not been declared as willful defaulters by RBI / government authorities and there are no violations of securities laws committed by them in the past and no proceedings are pending against them.

#### Eligibility for the Issue

As per clause 2.2.1 of SEBI DIP Guidelines, an unlisted company may make an initial public offering of equity shares or any other securities which may be converted into or exchanged, with Equity Shares at a later date, only if it meets the following conditions.

- The Company had net tangible assets of atleast Rs.30 million in each of the preceding full years (12 months each), of which not more than 50% is held in monetary assets
- The Company has a track record of distributable profits as per section 205 of the Companies Act, 1956 for atleast three out of the immediately preceding five years
- The Company has had a pre-issue net worth of atleast Rs.10 million in each of the three preceding full years
- The name of the Company was changed only due to conversion of company from 'private limited' to 'public limited'.
- The proposed Issue size would not exceed five times the pre-issue net worth of the Company as on March 31, 2007

The distributable profits and networkth as per the Company's re-stated stand alone financial statements as under:

(Rs. In Million)

Year	March 31, 2007	March 31, 2006	March 31, 2005	March 31, 2004	March 31, 2003
<b>Net Tangible Assets</b>	773.53	672.26	671.92	451.86	327.36
<b>Monetary Assets</b>	87.86	22.48	249.93	204.76	161.08
<b>Monetary assets as a % of Net Tangible Assets</b>	11.36%	3.34%	37.20%	45.31%	49.21%
<b>Distributable Profit</b>	87.49	(9.74)	63.19	183.15	109.50
<b>Net Worth</b>	781.81	680.26	684.22	451.83	327.78

1. Net tangible assets means the sum of all net assets of the Company excluding intangible assets as defined in Accounting Standard 26 issued by the Institute of Chartered Accountants of India.
2. Monetary assets comprise cash and bank balances and non-trade investments.
3. Distributable profits have been defined in terms of section 205 of the Companies Act, 1956.
4. Net worth has been defined as the aggregate of equity share capital and reserves, excluding miscellaneous expenditures, if any.

Hence, we are eligible for the Issue under Clause 2.2.1 of the SEBI Guidelines.

In accordance with the Clause 2.2.2A of SEBI Guidelines, we ensure that the number of allottees in the proposed Issue shall be at least 1,000; otherwise, we shall forthwith refund the entire subscription amount received. In case of delay, if any, in refund, we shall pay interest on the application money at the rate of 15% per annum for the period of delay.

#### **DISCLAIMER CLAUSE OF SEBI**

**AS REQUIRED, A COPY OF THIS DRAFT RED HERRING PROSPECTUS (DRHP) HAS BEEN SUBMITTED TO SEBI.**

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

**IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT, WHILE THE ISSUER COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRHP, 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 SPA MERCHANT BANKERS LIMITED AND INDIA INFOLINE LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED 7<sup>th</sup> MAY, 2008 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992, WHICH READS AS FOLLOWS:**

1. **WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIALS MORE PARTICULARLY REFERRED TO IN THE ANNEXURE HERETO**

IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE;

2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:
  - (a) THE DRAFT RED HERRING PROSPECTUS FORWARDED TO THE BOARD 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 THE BOARD, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND
  - (c) THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000 AND OTHER APPLICABLE LEGAL REQUIREMENTS.
3. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH THE BOARD AND THAT TILL DATE SUCH REGISTRATION IS VALID.
4. WE HAVE SATISFIED OURSELVES ABOUT THE WORTH OF THE UNDERWRITERS TO FULFILL THEIR UNDERWRITING COMMITMENTS.
5. WE CERTIFY THAT WRITTEN CONSENT FROM SHAREHOLDERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN, WILL NOT BE DISPOSED / SOLD / TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.
6. WE CERTIFY THAT CLAUSE 4.6 OF THE SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000, WHICH RELATES TO SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE CLAUSE HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS.
7. WE UNDERTAKE THAT CLAUSES 4.9.1, 4.9.2, 4.9.3 AND 4.9.4 OF THE SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION AND SUBSCRIPTION FROM ALL FIRM ALLOTTEES WOULD BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE .WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE. - NOT APPLICABLE

8. WHERE THE REQUIREMENTS OF PROMOTERS' CONTRIBUTION IS NOT APPLICABLE TO THE ISSUER, WE CERTIFY THE REQUIREMENTS OF PROMOTERS' CONTRIBUTION UNDER CLAUSE 4.10 {SUB-CLAUSE (A), (B) OR (C), AS MAY BE APPLICABLE} ARE NOT APPLICABLE TO THE ISSUER. - NOT APPLICABLE
9. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.
10. WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SECTION 73(3) OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE DRAFT RED HERRING PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION.
11. WE CERTIFY THAT NO PAYMENT IN THE NATURE OF DISCOUNT, COMMISSION, ALLOWANCE OR OTHERWISE SHALL BE MADE BY THE ISSUER OR THE PROMOTERS, DIRECTLY OR INDIRECTLY, TO ANY PERSON WHO RECEIVES SECURITIES BY WAY OF FIRM ALLOTMENT IN THE ISSUE.
12. WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE – NOT APPLICABLE
13. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS;
  - (a) AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME THERE SHALL BE ONLY ONE DENOMINATION FOR THE SHARES OF THE COMPANY AND
  - (b) AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.

THE FILING OF DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OR 68 OF THE COMPANIES ACT, 1956 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED PUBLIC ISSUE. SEBI, FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MERCHANT BANKER ANY IRREGULARITIES OR LAPSES IN THE DRHP.”

**Disclaimer from Our Company, the Selling shareholder(s) & the BRLMs**

Our Company, the selling shareholders, our Directors, and the BRLMs accept no responsibility for statements made otherwise than in this Draft Red Herring Prospectus or in the advertisements or any other material issued by or at instance of the above mentioned entities and anyone placing reliance on any other source of information, including our website, [www.infinite.com](http://www.infinite.com), would be doing so at his or her own risk.

**Caution**

The BRLMs accept no responsibility, save to the limited extent as provided in the Memorandum of Understanding dated December 19, 2007 entered into between the BRLMs and our Company and the Underwriting Agreement to be entered into between the Underwriters and our Company.



All information shall be made available by us, the BRLMs and the Underwriters to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in house research or sales reports, at bidding centres or elsewhere.

#### **Disclaimer In Respect of Jurisdiction**

This issue is being made in India to persons resident in India (including Indian nationals resident in India who are majors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission if any), trust registered under the Societies Registration Act, 1860, as amended from time to time or any other trust law and who are authorised under their constitution to hold and invest in shares), permitted insurance companies, pension funds and to NRIs, FIIs, Venture Capital Funds and Foreign Venture Capital Investors registered with SEBI. The DRHP does not, however, constitute an invitation to subscribe to Equity Shares issued hereby in any other jurisdiction to any person to whom it is unlawful to make an issue or invitation in such jurisdiction. Any person into whose possession the DRHP comes is required to inform himself / herself about and to observe any such restrictions. Any disputes arising out of this issue will be subject to the jurisdiction of appropriate courts at Delhi, India 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 the DRHP has been submitted to SEBI for its observations and SEBI has given its observation. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and the DRHP may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of the DRHP 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.

The Equity Shares have not been and will not be registered under the US Securities Act of 1933 (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 or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered and sold (i) in the United States to "qualified institutional buyers", as defined in Rule 144A of the Securities Act in reliance on Rule 144A under 233 the Securities Act, and (ii) outside the United States to certain persons in offshore transactions in compliance with Regulations under the Securities Act.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

#### **Disclaimer Clause of BSE**

As required, a copy of the DRHP has been submitted to the BSE (**the designated stock exchange**).

"BSE vide its letter dated [•] has given permission to our Company to use the Exchange's name in this Offer Document as one of the Stock Exchange on which the Companies securities are proposed to be listed. The Exchange has scrutinized the Offer Document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to our Company.

BSE does not in any manner-

1. Warrant, certify or endorse the correctness or completeness of any of the contents of the Offer Document; or
2. Warrant that this Company's securities will be listed or will continue to be listed on BSE; or



3. 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 Prospectus 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 for any other reason whatsoever.”

#### **Disclaimer Clause of NSE**

As required, a copy of this Offer Document has been submitted to NSE. NSE has given vide its letter dated [\*] permission to us to use the exchange's name in this Offer Document as one of the stock exchanges on which our securities are proposed to be listed subject to the Company fulfilling the various criteria for listing including the one related to paid up capital and market capitalization. The NSE has scrutinized this Offer Document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to us. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that this Offer Document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Offer Document nor does it warrant that our 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 our Company, promoters, management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquires any of our securities may do so pursuant to independent enquiry, 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/ acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

#### **Filing**

A copy of the DRHP has been filed with the Corporate Finance Department of SEBI at Plot No. C4-A, “G” Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400051.

A copy of the Red Herring Prospectus, along with the documents required to be filed under section 60B of the Companies Act and a copy of Prospectus to be filed under Section 60 of the Companies Act would be delivered for registration to the Registrar of Companies, NCT of Delhi & Haryana, New Delhi.

#### **Listing**

Applications have been made to the BSE and NSE for permission to deal in and for an official quotation of our Equity Shares. Our existing Equity shares are not listed on any stock exchange in India.

BSE shall be the Designated Stock Exchange with which the basis of allotment will be finalized for the QIB, Non- Institutional portion and Retail portion.

If the permissions to deal in and for an official quotation of the Equity Shares are not granted by any of the Stock Exchanges mentioned above, our company and the Selling Shareholders shall forthwith repay, without interest all monies received from the applicants in pursuance of this Draft Red Herring Prospectus. If such money is not repaid within 8 days after our company becomes liable to repay it (i.e. from the Date of Refusal or within 15 days from the date of Bid/Issue closing date whichever is earlier), then our Company, the Selling Shareholders and every director of our 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 @15% per annum on application money as prescribed under Section 73 of the Companies Act.

Our Company together with the assistance of the BRLMs shall ensure that all steps for the completion of the necessary requirements for listing and commencement of trading at both the Stock Exchanges mentioned above are taken within seven working days of finalisation and adoption of the basis of allotment for the offer.

### Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies 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.”**

### Consents

Consents in writing of (a) our Promoters, Directors, Company Secretary and Compliance Officer, (b) the Selling Shareholders, (c) the Auditors, (d) Legal Advisor, (e) Bankers to our Company, (f) Book Running Lead Manager, (g) Registrar to the Issue, (h) Bankers to the Issue and (i) Syndicate Members to act in their respective capacities, have been obtained and would be filed along with a copy of this Red Herring Prospectus with the RoC, NCT of Delhi & Haryana as required under Sections 60 and 60B of the Companies Act and such consents have not been withdrawn up to the time of delivery of the Red Herring Prospectus for registration with the RoC, NCT of Delhi & Haryana. Consents in writing of the underwriters will be obtained and filed along with the final prospectus and other relevant documents required to be filed under Section 60 of the Companies Act with RoC, NCT of Delhi & Haryana.

M/s Amit Ray & Co., Chartered Accountants, our Auditors have also given their written consent vide their letter dated May 3, 2008 for inclusion of their report in the form and context in which it appears in the Draft Red Herring Prospectus and such consent and report have not been withdrawn up to the time of delivery of a copy of the Red Herring Prospectus for registration with the Registrar of Companies, NCT of Delhi & Haryana, New Delhi.

### Expert Opinion

Except as stated in the section titled “Financial Statements” beginning on page [•] and the tax benefit certificate obtained from M/s Amit Ray & Co., Chartered Accountants as stated on page [•] of this DRHP, we have not obtained any expert opinions.

### Expenses of the Issue

The expenses of this Issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertising expenses and listing fees. The estimated Issue expenses are as follows:

Sr. No.	Particulars	Amount (Rs. Milion)	% of total Issue Expenses	% of total Issue Size
1.	Fees of BRLM (including underwriting commission and selling commission)*	[•]	[•]	[•]
2.	Fees of Syndicate Members (including underwriting commission and selling commission)*	[•]	[•]	[•]
3.	Fees of Registrar, Legal Advisor & Auditors*	[•]	[•]	[•]
4.	Advertisement and Marketing Expenses*	[•]	[•]	[•]
5.	Printing and Stationery, Distribution, Postage, etc.*	[•]	[•]	[•]
6.	Other Charges* (Includes Traveling, Local Conveyance, Telecommunication Charges, Legal Expenses, etc.)	[•]	[•]	[•]
	<b>Total</b>	<b>[•]</b>	<b>[•]</b>	<b>[•]</b>



\* Will be incorporated after finalisation of the issue price at the time of the Prospectus.

The Issue expenses, except the listing fee, shall be shared between us and the Selling shareholders in the proportion to the number of shares sold to the public as part of the Issue.

#### **Fees Payable to the BRLMs**

The fees payable to the BRLMs (including underwriting commission and selling commission) for the Issue will be as per the engagement letter from our Company to the BRLMs and the Memorandum of Understanding dated May 3, 2008 executed between us and BRLMs, copy of which are available for inspection at our registered office.

#### **Fees Payable to the Syndicate Members**

The fees payable to the Syndicate Members (including underwriting commission and selling commission) for the Issue will be as per the engagement letter dated from our Company to the Syndicate Members copy of which are available for inspection at our registered office.

#### **Fees Payable to the Registrar to the Issue**

The fees payable to the Registrar to the Issue will be as per the Memorandum of Understanding between Registrar to the Issue and our company dated May 3, 2008 a copy of which is available for inspection at our Registered Office.

Adequate funds will be provided to the Registrar to the Issue by our Company to enable them to send refund orders or Allotment advice by registered post / under certificate of posting.

#### **Previous Public / Rights Issues**

Our Company has not made any public or rights issue of Equity Shares/Debentures since incorporation.

#### **Issue of Shares otherwise than for Cash**

Except as stated under "Notes to Capital structure" appearing on page [●] of this Draft Red Herring Prospectus, our Company has not issued any Equity Shares for consideration other than cash since incorporation.

#### **Commission and Brokerage on Previous Equity Issues**

Since this is the Initial Public Issue of our Equity Shares, no sum has been paid or is payable as commission and brokerage for subscribing to or procuring or agreeing to procure subscription for any of our Equity Shares since our incorporation.

#### **Companies under the same Management**

Except the details given at page no. [●] of this DRHP, we don't have any other company under the same management within the meaning of section 370 (1B) of the Companies Act, 1956.

Neither our company, nor any other companies under the same management has made any Capital Issue during the last three years.

#### **Promises V/S Performance**

Since, our Company has not made any public issue in past, Promise vis-à-vis Performance is not applicable to us.

#### **Listed Ventures of Promoters**

Our promoter does not have any listed ventures.

#### **Outstanding Debenture or Bond Issues**

As on the date of filing of this Draft Red Herring Prospectus with SEBI, our Company does not have any outstanding Debentures or Bonds.

#### **Outstanding Preference Shares**



As on the date of filing of this Draft Red Herring Prospectus with SEBI, our Company does not have outstanding Preference Shares.

### **Stock Market Data for Our Equity Shares**

This being an initial public offering of our Company, the Equity Shares are not listed on any stock exchange.

### **Mechanism for Redressal of Investor Grievances**

The Memorandum of Understanding between the Registrar to the Issue and us provides for retention of records with the Registrar to the Issue for a period of at least three year from the date of closing of this Issue.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details including name, address of the applicant, application number, number of shares applied for, amount paid on application, depository participant, demat account number and the bank branch or collection centre where the application was submitted.

Our Company has constituted a Shareholders/ Investor Relation Committee to look into the redressal of shareholder/ investor complaints such as Issue of duplicate/split/consolidated share certificates, allotment and listing of shares and review of cases for refusal of transfer/transmission of shares and debentures, complaints for non receipt of dividends etc. For further details on this committee, please refer under the head 'Corporate Governance' on page [•].

### **Disposal of Investor Grievances**

We estimate that the average time required by us or the Registrar to the Issue for the redressal of routine investor grievances shall be 10 days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible.

We have appointed Mr. Rajat Kalra as the Company Secretary and Mr. Sanjeev Gulati as the Compliance Officer and they may be contacted at the following address in case of any pre-Issue or post-Issue-related problems:

#### **Company Secretary**

Mr. Rajat Kalra  
Infinite Computer Solutions (India) Ltd.  
Plot no. 157, EPIP Zone,  
2<sup>nd</sup> Phase, Whitefield,  
Bangalore – 560 066.  
Tel: +91-80-4193 0000,  
Fax: +91-80-4193 0009  
Email: [rajatk@infics.com](mailto:rajatk@infics.com)

#### **Compliance Officer**

Infinite Computer Solutions (India) Ltd.  
Plot no. 157, EPIP Zone,  
2<sup>nd</sup> Phase, Whitefield,  
Bangalore – 560 066.  
Tel: +91-80-4193 0000,  
Fax: +91-80-4193 0009  
Email: [sanjeevg@infics.com](mailto:sanjeevg@infics.com)

### **Changes in Auditors during the last five years –**

At the meeting of the Board of Directors of the Company held on June 29, 2007 M/s. Amit Ray and Co. were appointed as Statutory Auditors, in place of M/s Deloitte Haskins & Sells. The appointment of M/s. Amit Ray and Co. was confirmed by the Shareholders in their meeting held on July 03, 2007.

**Capitalisation of Reserves or Profits**

We have issued bonus shares on 11/01/2006 in the ratio of 80:1, details of which are mentioned under “Notes to Capital structure” appearing on page [●] of this Draft Red Herring Prospectus.

**Revaluation of Assets**

There has not been any revaluation of Assets since incorporation.

## SECTION VII – ISSUE INFORMATION

### TERMS OF THE ISSUE

The Equity Shares being offered through this Issue are subject to the provisions of the Companies Act, SEBI (DIP) Guidelines, our Memorandum and Articles of Association, the terms of the Draft Red Herring Prospectus, Red Herring Prospectus, Prospectus, Bid cum Application Form, the Revision Form, the Confirmation of Allocation Note and other terms and conditions as may be incorporated in the allotment advices 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 and trading of securities issued from time to time by SEBI, the Government of India, the Stock Exchanges, the RBI, RoC and/or other authorities, as in force on the date of the Issue and to the extent applicable.

#### Authority from the Company

The Issue has been authorized by a resolution of our Board dated April 30<sup>th</sup> 2008, subject to the approval of members in their general meeting and by special resolution passed pursuant to section 81(1A) of the Companies Act, at the EGM of the shareholders of our Company held on May 3<sup>rd</sup> 2008.

#### The Selling Shareholders have authorized the Issue as follows:

Name of the Selling Shareholder	Nos. of shares offered	Date of Consent
WhiteRock Investments (Mauritius) Ltd.	36,99,756	02/04/2008
Mr. Vaibhav Bhatnagar	3,06,000	25/04/2008
Mr. Sanjay Govil	17,63,644	25/04/2008

#### Ranking of Equity Shares

The Equity Shares being offered shall be subject to the provisions of the Companies Act, our Memorandum and Articles of Association and shall rank pari passu in all respects with the existing Equity Shares including in respect of the rights to receive dividend. The allottees will be entitled to dividend, voting rights or any other corporate benefits, if any, declared by us after the date of Allotment.

#### Mode of Payment of Dividend

We shall pay dividend to our shareholders as per the provisions of the Companies Act.

#### Compliance with SEBI Guidelines

Our Company shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

#### Face Value and Issue Price

The Equity Shares having a face value of Rs.10/- each are being offered in terms of this Draft Red Herring Prospectus at the Price of Rs.[●] per Equity Share at the lower end of the Price Band and Rs.[●] per Equity Share at the upper end of the Price Band. The issue price will be determined by our Company in consultation with the BRLMs on the basis of assessment of market demand for the equity shares offered by way of book building. At any given point of time there shall be only one denomination of the Equity Shares of our Company, subject to applicable laws.

#### Rights of the Equity Shareholders

Subject to applicable laws the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meeting and exercise voting rights unless prohibited by law;
- Right to vote on poll either personally or by proxy;
- Right to receive offer for rights shares and the 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 under the Act, terms of the listing agreements with the Stock Exchanges(s) and the Articles of Association of our Company.

For a detailed description of the main provision of the Articles of Association of our Company relating to among other things, voting rights, dividend, forfeiture and lien and/or consolidation/splitting, etc., see the section entitled “Main Provisions of Articles of Association” beginning on page [•].

### **Market Lot and Trading 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 shall only be in dematerialized form for all investors.

Since trading of the Equity Shares will be in dematerialised mode, the tradable lot is one Equity share. Allocation and allotment of Equity Shares through this issue will be done only in electronic form in multiple of one Equity Share subject to minimum of [•] shares to the successful bidders.

### **Nomination Facility to Investor**

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of 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 of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Registered Office or to the registrar and transfer agents of our Company.

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 our Board, elect either:

- a) to register himself or herself as the holder of the equity shares; or
- b) to make such transfer of the equity shares, as the deceased holder could have made.

Further, our Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the equity shares, and if the notice is not complied with within a period of 90 days, our Board may thereafter withhold payment of all dividends, bonuses or other moneys 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 dematerialised mode there is no need to make a separate nomination with our Company. Nominations registered with respective depository participant of the applicant would prevail. If the investor wants to change the nomination, they are requested to inform their respective depository participant.

### **Jurisdiction**

Exclusive jurisdiction for the purpose of this Issue is with competent courts/ authorities in New Delhi, India.

### **Minimum Subscription**

If we do not receive the minimum subscription of 90% of the Net Issue including devolvement of the members of the syndicate, if any, within 60 days from the Bid/Issue Closing Date, we shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after we become liable to pay the amount, our Company and every director of our Company who is an officer in default, becomes liable to repay the amount with interest as per Section 73 of the Companies Act.

The requirement of minimum subscription is not applicable to the Offer of Sale. In case of under subscription in the issue, Equity shares in the fresh Issue will be issued prior to the sale of Equity shares in Offer for Sale.

Further in terms of Clause 2.2.2A of the SEBI Guidelines, we shall ensure that the number of prospective allottees to whom equity shares will be allotted will not be less than 1,000.

### **Arrangements for Disposal of Odd Lots**

Since, our Equity Shares will be traded in dematerialised form only; the marketable lot is one (1) Equity Share. Therefore, there is no possibility of any odd lots.

### **Restrictions, If Any on Transfer and Transmission of Equity Shares/ Debentures and on their Consolidation/ Splitting**

Except as mentioned under the heading “Transfer and Transmission of Shares” under section titled “Main Provisions of Articles of Association of Our Company” starting on page [•] of this Draft Red Herring Prospectus, there are no restrictions on transfer / transmission on our Equity Shares.

### **Withdrawal of Issue**

Our Company and the selling shareholders in consultation with the BRLMs reserves the right not to proceed with the issue any time after the Bid / Issue opening date but before the Board meeting for allotment of Equity shares without assigning any reason thereof.

### **Period of Subscription**

The subscription list for public issue shall remain open for at least 3 working days and not more than 10 working days.



## ISSUE PROCEDURE

### Book Building Procedure

The Issue is being made through the 100% Book Building Process wherein upto 50% of the Net Issue shall be allocated to QIBs on a proportionate basis, out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remaining shall be available for allotment on a proportionate basis to Qualified Institutional Buyers including Mutual Funds, subject to valid bids being received from them at or above the Issue Price. Further, upto 15% of the Net Issue would be allocated to Non-Institutional Bidders and upto 35% of the Net Issue would be allocated to Retail Individual Bidders on a proportionate basis, subject to valid bids being received from them at or above the Issue Price.

Bidders are required to submit their Bids through the BRLMs and/or their affiliates. Further, QIB Bids can be submitted only through BRLMs / Syndicate Members. In case of QIB Bidders, the Company and the Selling Shareholders in consultation with the BRLMs, as the case may be, may reject Bids at the time of acceptance of Bid cum Application Form provided that the reasons for rejecting the same shall be provided to such Bidder in writing. In case of Non-Institutional Bidders and Retail Individual Bidders our Company and the Selling Shareholders would only have the right to reject the Bids only on technical grounds.

**Investors should note that the Equity Shares would be allotted to all successful Bidders only in the dematerialized form. Bidders will not have the option of getting allotment of the Equity Shares in physical form. The Equity Shares on Allotment shall be traded only in the dematerialized segment of the Stock Exchanges.**

### Bid cum Application Form

Bidders shall only use the specified Bid-cum-Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of this Draft Red Herring Prospectus. The Bidder shall have the option to make a maximum of three Bids in the Bid-cum-Application Form and such options shall not be considered as multiple Bids. Upon the allotment of Equity Shares, dispatch of the CAN / Allocation Advice and filing of the Prospectus with the RoC, the Bid-cum-Application Form shall be considered as the Application Form. Upon completing and submitting the Bid-cum-Application Form to a member of the Syndicate, the Bidder is deemed to have authorized our Company and the Selling Shareholders to make the necessary changes in this Draft Red Herring Prospectus and the Bid-cum-Application Form as would be required for filing the Prospectus with the RoC and as would be required by the RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed color of the Bid cum Application Form for various categories is as follows:

Category	Color of Bid cum Application Form
Indian public, Eligible NRIs applying on a non-repatriation basis	White
Non Residents, Eligible NRIs, or FIIs, Foreign Venture Capital Funds registered with SEBI, Multilateral and Bi-lateral Development Financial Institutions applying on a repatriation basis	Blue

### Who Can Bid

1. Indian nationals resident in India who are majors, in single or joint names (not more than three);
2. Hindu Undivided Families or HUFs, in the individual name of the Karta. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: "Name of Sole or First Bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta". Bids by HUFs would be considered at par with those from individuals;
3. Companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in the Equity Shares;
4. Mutual Funds registered with SEBI;
5. Indian Financial Institutions, commercial banks, regional rural banks, co-operative banks (subject to the RBI regulations and SEBI guidelines and regulations, as applicable);
6. Venture Capital Funds registered with SEBI;

7. Foreign Venture Capital Investors registered with SEBI;
8. State Industrial Development Corporations;
9. Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to Trusts/societies and who are authorized under their constitution to hold and invest in Equity Shares;
10. Eligible Non Residents including NRIs on a repatriation basis or a non-repatriation basis subject to applicable laws;
11. FIIs registered with SEBI;
12. Scientific and/or Industrial Research Organizations authorized to invest in Equity Shares;
13. Insurance Companies registered with Insurance Regulatory and Development Authority, India;
14. As permitted by the applicable laws, Provident Funds with minimum corpus of Rs.250 million (or 2500 Lakhs) and who are authorized under their constitution to hold and invest in Equity Shares;
15. Pension Funds with minimum corpus of Rs.250 million (or 2500 Lakhs) and who are authorized under their constitution to hold and invest in Equity Shares;
16. Multilateral and Bilateral Development Financial Institutions;
17. Eligible Employees; and
18. Pursuant to the existing regulations, OCBs are not eligible to participate in the Issue.

Note: The BRLM and Syndicate Member(s) shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligation. However, associates and affiliates of the BRLM and Syndicate Members may subscribe for Equity Shares in the Issue, including in the QIB Portion and Non-Institutional Portion where the allocation is on a proportionate basis.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under the applicable law.

#### **Bids by Mutual Funds**

An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Funds Portion. In the event that the demand is greater than 57,51,500 Equity Shares, allocation shall be made to Mutual Funds on proportionate basis to the extent of the Mutual Funds Portion, i.e. 2,87,575 equity shares. The remaining demand by Mutual Funds, if any, shall, as part of the aggregate demand by QIB Bidders, be made available for allocation proportionately out of the remaining of the QIB Portion, after excluding the allocation in the Mutual Funds Portion.

The Bids made by the Asset Management Companies or Custodian of Mutual Funds shall specifically state the names of the concerned schemes for which the Bids are made. In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as Multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made.

#### **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 by index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any company's paid-up capital carrying voting rights.

#### **Restriction on Foreign ownership of Indian Securities**

Foreign investment in Indian securities is regulated through the Industrial Policy of the Government of India 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 the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. No person shall make a Bid in pursuance of this Issue unless such person is eligible to acquire Equity Shares of our Company in accordance with applicable laws, rules, regulations, guidelines and approvals.



Investors making a bid in response to the Issue will be required to confirm and will be deemed to have represented to our Company, the BRLM, the Underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to subscribed to the Equity Shares of our Company and will not offer, sell, pledge or transfer the Equity Shares of our Company to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company. Our Company, the BRLM, the Underwriters and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor whether such investor is eligible to subscribe to Equity Shares of our Company.

#### **Investment by NRIs / FIIs**

It is to be distinctly understood that there is no reservation for Non-Residents, NRIs and FIIs and all Non-Resident, NRI and FII applicants will be treated on the same basis as other categories for the purpose of allocation. As per the RBI regulations, OCBs cannot participate in this Issue.

The Equity Shares have not been and will not be registered under 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 or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered and sold (i) in the United States to "qualified institutional buyers", as defined in Rule 144A of the Securities Act, and (ii) outside the United States to certain persons in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

#### **Bids by Eligible NRIs**

1. Bid cum application forms have been made available for NRIs at our registered /corporate office, members of the Syndicate of the Registrar to the Issue.
2. NRI applicants may note that only such applications as are accompanied by payment in free foreign exchange shall be considered for Allotment. The NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians

#### **Bids by FIIs**

As per the current regulations, the following restrictions are applicable for investments by FIIs:

No single FII can hold more than 10% of the post-Issue paid-up capital of our Company. In respect of an FII investing in our Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of our total issued capital or 5% of total issued capital of our 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 our 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%. However, as of this date, no such resolution has been recommended for adoption.

Subject to compliance with all applicable Indian laws, rules, regulations guidelines and approvals, including in terms of regulation 15A(1) of the Securities Exchange Board of India (Foreign Institutional Investors) Regulations 1995, as amended, and pursuant to SEBI's press release number 286 of 2007 dated October 25, 2007, an FII may issue, deal or hold, off shore derivative instruments such as Participatory Notes, equity-linked notes or any other similar instruments against underlying securities listed or proposed to be listed on any stock exchange in India only in favor of those entities which are regulated by any relevant regulatory authorities in the countries of their incorporation or establishment subject to compliance of "know your client" requirements. An FII shall also ensure that no further downstream issue or transfer of any instrument referred to hereinabove is made to any person other than a regulated entity. Associates and affiliate of the Underwriters, including the BRLMs and Syndicate, that are FIIs may issue off shore derivative instruments against Equity Shares allocated to them in the Issue.

**Bids by SEBI registered Venture Capital Funds and Foreign Venture Capital Funds:**

The SEBI (Venture Capital) Regulations, 1996 and the SEBI (Foreign Venture Capital Investor) 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 33.33% of the corpus of the venture capital fund/ foreign venture capital investor provided not more than 25% of the corpus of an Indian Venture Capital Fund should be invested in one Venture Capital Undertaking. However, the aggregate holdings of venture capital funds and foreign venture capital investors registered with SEBI could go up to 100% of our Company's paid-up equity capital.

The SEBI has issued an amendment on October 16, 2006 stating that the shareholding of SEBI registered Venture Capital Funds held in a company prior to making an initial public offering would be exempt from lock-in requirements only if the shares have been held by them for atleast one year prior to the time of filing the draft prospectus with SEBI.

The above information is given for the benefit of the Bidders. The Bidders are advised to make to their own enquiries about the limits applicable to them. Our Company, the Selling Shareholders and the BRLM do not accept any responsibility for the completeness and accuracy of the information stated hereinabove. Our Company and the BRLM are not liable to inform the investors of any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

**Maximum and Minimum Bid size**

- a) **For Retail Individual Bidders:** The Bid must be for minimum [•] Equity Shares and in multiples of [•] Equity Shares thereafter subject to maximum bid amount of Rs.100,000/-. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed Rs.100,000/-. In case the Bid Amount is over Rs.100,000/- due to revision in bid or revision of the Price Band or on exercise of Cut-off price option, the Bid would be considered for allotment under the Non-Institutional Bidders category. The Cut-off price option is an option given only to the Retail Individual Bidders indicating their agreement to bid and purchase at the final Issue Price as determined at the end of the Book Building Process.
- b) **For Non-Institutional Bidders and QIBs Bidders:** The Bid must be for a minimum of such number of Equity Shares and in multiples of [•] Equity Shares such that the Bid Amount exceeds Rs.100,000/- A Bid cannot be submitted for more than the size of the Issue. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them under applicable laws. Under existing SEBI guidelines, a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date and is required to pay QIB Margin upon submission of Bid.

In case of revision in Bids, the Non-Institutional Bidders who are individuals have to ensure that the Bid Amount is greater than Rs.100,000/-, for being considered for allocation in the Non Institutional Portion. In case the Bid Amount reduces to Rs.100,000/- or less due to a revision in Bids or revision of Price Band, the same would be considered for allocation under the Retail Portion. Non Institutional Bidders and QIB Bidders do not have the option of bidding at 'Cut-off price'.

**Information for the Bidders**

1. The Company and the Selling Shareholder will file the Red Herring Prospectus with the RoC at least 3 (three) days before the Bid/ Issue Opening Date
2. The Company and BRLM shall declare the Bid / Issue opening date, Bid / Issue closing date and Price Band at the time of filing of the Red Herring Prospectus with the ROC and also publish the same in accordance with the provisions of Section 66 of the Companies Act and shall be in the format as prescribed in Schedule XX-A to the SEBI (DIP) Guidelines.

3. The members of the Syndicate will circulate copies of the Red Herring Prospectus along with the Bid-cum-Application Form to potential investors.
4. Any investor (who is eligible to invest in the Equity Shares) desirous of obtaining a copy of the Draft Red Herring Prospectus/ Red Herring Prospectus/Bid-cum-Application Form can obtain the same from our Registered Office or from the BRLM or from a member of the Syndicate or their authorized agent(s) to register the bids.
5. Investors who are interested in subscribing for our Company's Equity Shares should approach the BRLM or Syndicate Member or their authorized agent(s) to register their Bid.
6. The Bids should be compulsorily submitted on the prescribed Bid-cum-Application Form only. Bid-cum-Application Forms should bear the stamp of a member of the Syndicate. The Bid-cum-Application Forms, which do not bear the stamp of a member of the Syndicate, will be rejected.

#### **Method and Process of bidding**

1. We, with the BRLM shall declare the Bid/Issue Opening Date and Bid/Issue Closing Date in the Red Herring Prospectus filed with RoC and publish the same in two national newspapers (one each in English and Hindi). This advertisement, subject to the provisions of Section 66 of the Companies Act shall be in the format prescribed in Schedule XX–A of the SEBI DIP Guidelines. The members of the Syndicate shall accept Bids from the Bidders during the Issue Period in accordance with the terms of the Syndicate Agreement.
2. The bidding centres and collection centres shall be at all the places, where the recognised stock exchanges are situated.
3. Investors who are interested in subscribing for our Equity Shares should approach any of the members of the Syndicate or their authorized agent(s) to register their Bid.
4. The Bidding Period shall be a minimum of 3 (three) working days and not exceeding 7 (seven) working days. In case the Price Band is revised, the revised Price Band and the Bidding Period will be informed to the Stock Exchanges and published in two national newspapers (one each in English and Hindi) and the Bidding Period may be extended, if required, by an additional 3 (three) working days, subject to the total Bidding Period not exceeding 10(ten) working days.
5. QIBs shall place their bids only through the member of syndicate, who shall have the right to vet the bids.
6. Each Bid cum Application Form will give the Bidder the choice to bid for up to three optional prices (for details refer to the paragraph entitled "Bids at Different Price Levels" as given below) within the Price Band and specify the demand (i.e., the number of Equity Shares bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares bid for by a Bidder at or above the Issue Price will be considered for allocation and the rest of the Bid(s), irrespective of the Bid price, will become automatically invalid.
7. The Bidder cannot bid on another Bid cum Application Form after Bids on one Bid cum Application Form have been submitted to any member of the Syndicate. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate will be treated as multiple bids and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed in the paragraph "Build up of the Book and Revision of Bids" on page [•] of this Draft Red Herring Prospectus.
8. The members of the Syndicate will enter each bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip, ("TRS"), for each price and demand

option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid cum application Form. It is the responsibility of the bidder to obtain the TRS from the Syndicate Member.

9. Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the paragraph "Terms of Payment and Payment into the Escrow Collection Account" on page [•] of this Draft Red Herring Prospectus.

#### **Bids at Different Price Levels**

1. The Price Band has been fixed at Rs.[•] to Rs.[•] per Equity Share, Rs.[•] being the floor of the Price-Band and Rs.[•] being the cap of the Price Band. The Bidders can bid at any price within the price Band, in multiples of Re. 1. The minimum application value shall be within the range of Rs.5,000/- to Rs.7,000/-.
2. In accordance with SEBI Guidelines, our Company and the Selling Shareholders, in consultation with the BRLM in accordance with this clause, without the prior approval of, or intimation, to the Bidders, can revise the Price Band. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band disclosed in the Red Herring Prospectus. In case of a revision in the Price Band, the Issue will be kept open for a further period of three working days after the revision of the Price Band, subject to the total Bidding Period not exceeding ten working days.
3. Any revision in the Price Band and the revised Bidding Period/Issue Period, if applicable, will be widely disseminated by informing the Stock Exchanges, by issuing a public notice in two national newspapers (one each in English and Hindi) and also indicating the change on the relevant websites of the BRLM and the terminals of the members of the Syndicate.
4. Our Company and Selling Shareholders, in consultation with the BRLM, can finalize the Issue Price within the Price Band without the prior approval of, or intimation to, the Bidders.
5. The Bidder can bid at any price within the Price Band. The Bidder has to bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders applying for a maximum Bid in any of the bidding options not exceeding Rs.100,000/- may bid at "Cut-off". However, bidding at "Cut-off" is prohibited for QIBs, Non Institutional Bidders bidding in excess of Rs.100,000/- and such Bids shall be rejected.
6. Retail Individual Bidders who bid at the Cut-off agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders bidding at Cut-off shall deposit the Bid Amount based on the Cap Price in the Escrow Account. In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders, the Bidder shall receive the refund of the excess amounts from the Refund Account.
7. In case of an upward revision in the Price Band announced as above, Retail Individual Bidders who had bid at Cut-off could either (i) revise their Bid or (ii) make additional payment based on the cap of the revised Price Band (such that the total amount i.e. original Bid Amount plus additional payment does not exceed Rs.100,000/- if the bidder wants to continue to bid at Cut-off Price), with the member of the Syndicate to whom the original Bid was submitted. In case the total amount (i.e. original Bid Amount plus additional payment) exceeds Rs.100,000/- the Bid will be considered for allocation under the Non-Institutional category in terms of this Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares bid for shall be adjusted downward for the purpose of allocation, such that no additional payment would be required from the Bidder and the Bidders shall be deemed to have approved such revised Bid at Cut-off Price.

8. In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders who have bid at Cut-off could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Refund Account.
9. In the event of any revision in the Price Band, whether upwards or downwards, the Minimum Application Size will be suitably revised such that the minimum application falls within the range of Rs.5,000/- to Rs.7,000/-.

#### **Build Up of the Book and Revision of Bids.**

- a. Bids registered by various Bidders through the members of the Syndicate shall be electronically transmitted to the NSE or BSE mainframe on on-line basis. Data would be uploaded on a regular basis.
- b. The book gets build up at various price levels. This information will be available with the BRLM on a regular basis.
- c. During the Bidding Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the price band using the printed Revision Form, which is a part of the Bid-cum-Application Form.
- d. Revisions can be made in both the desired numbers of Equity Shares and the bid price by using the Revision Form. Apart from mentioning the revised options in the revision form, the Bidder must also mention the details of all the options in his or her Bid-cum-Application Form or earlier Revision Form. For example, if a Bidder has bid for three options in the Bid-cum-Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being changed, in the Revision Form unchanged. Incomplete or inaccurate Revision Forms will not be accepted by the members of the Syndicate.
- e. The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate through whom he or she has placed the original Bid. Bidders are advised to retain copies of the blank Revision Forms and the revised Bid must be made only in such Revision Form or copies thereof.
- f. Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of the Red Herring Prospectus. In case of QIBs, the members of the Syndicate may at their sole discretion waive the payment requirement at the time of one or more revisions by the QIB Bidders.
- g. When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.

#### **Electronic Registration of Bids**

- a. The members of the Syndicate will register the Bids using the on-line facilities of NSE and BSE. There will be at least one NSE/ BSE on-line connectivity to each city where a Stock Exchange is located in India and the Bids are accepted.
- b. NSE and BSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the members of the Syndicate and their authorized agents during the Bidding Period. Members of the Syndicate can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently download the off-line data file into the on-line facilities for book building on a regular basis. On the Bid / Issue Closing Date, the Syndicate Member shall upload the Bids till such time as may be permitted by NSE and BSE.

- c. The aggregate demand and price for Bids registered on their electronic facility of NSE and BSE will be uploaded on a regular basis and display graphically the consolidated demand at various price levels. This information can be assessed on BSE's website at [www.bseindia.com](http://www.bseindia.com) or on NSE's website at [www.nseindia.com](http://www.nseindia.com).
- d. At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the online system:
- Name of the bidder (Bidders should ensure that the name given in the Bid cum application form is exactly the same as the Name in which the Depository Account is held. In case the Bid cum Application Form is submitted in joint names, bidders should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form).
  - Investor Category – Individual, Corporate, NRI, QIBs, FII, Mutual Fund etc.
  - Numbers of Equity Shares bid for.
  - Bid price and applicable Margin Amount.
  - Bid-cum-Application Form Number.
  - Whether payment is made upon submission of Bid-cum-Application Form.
  - Depository Participant Identification Number and Client Identification Number of the Demat Account of the Bidder.
- e. A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate. The registration of the Bid by the members of the Syndicate does not guarantee that the Equity Shares shall be allocated either by the members of the Syndicate or our Company.
- f. Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
- g. Consequently, all or any of the members of the Syndicate may reject QIB Bids provided the rejection is at the time of receipt of such Bids and the reason for rejection of the Bid is communicated to the Bidder at the time of such rejection. In case of Bidders under Non-Institutional Bidders and Retail Individual Bidders, bids would not be rejected except on the technical grounds listed on Page [•] of this Red Herring Prospectus.
- h. It is to be distinctly understood that the permission given by NSE and BSE to use their network and software of the online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company or BRLM are cleared or approved by NSE and BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, our Promoter, our Management or any scheme or project of our Company.
- i. It is also to be distinctly understood that the approval given by NSE and BSE should not in any way be deemed or construed that this Red Herring Prospectus has been cleared or approved by the NSE and BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the NSE and BSE.
- j. Only Bids that are uploaded on the Online IPO system of the NSE and BSE shall be considered for allocation. In case of discrepancy of data between the NSE or the BSE and the members of the syndicate, the decision of the BRLM, based on the physical records of Bid cum Application Form, shall be final and binding in all concerned.

#### **Application in the Issue**

Equity Shares being offered through this Draft Red Herring Prospectus should be applied for in dematerialised form only.



### **Escrow Mechanism**

We shall open Escrow Accounts with one or more Escrow Collection Banks in whose favor the Bidders shall make out the cheque or demand draft in respect of his or her Bid and/or revision of the Bid. Cheques or demand drafts received for the full Bid amount from Bidders in a certain category would be deposited in the respective Escrow Account for the Issue. The Escrow Collection Banks will act in terms of the Red Herring Prospectus and Escrow Agreement. The Escrow Collection Bank (s) for and on behalf of the Bidders shall maintain the monies in the Escrow Account of our Company. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer an amount equivalent to Issue proceeds (i.e. Final Issue price multiplied by the number of Equity Shares allotted through this issue) from the Escrow Account to the Public Issue Account with the Bankers to the Issue as per the terms of the Escrow Agreement with our Company and the balance amount shall be transferred to the Refund Account, from where payment of refund to the Bidders shall be made.

The Bidders may note that the Escrow Mechanism is not prescribed by SEBI and the same has been established as an arrangement between us, the Syndicate, Escrow Collection Bank(s) and the Registrars to the Issue to facilitate collections from the Bidders.

### **Terms of Payment and Payment into the Escrow Collection Account**

Each category of Bidder shall pay the applicable Margin Amount with the submission of the Bid-cum-Application Form draw a cheque/ demand draft for the maximum amount of his/ her Bid in favor of the Escrow Account of the Escrow Collection Bank(s) (for details refer to the paragraph "Payment Instructions" on Page No. [•] of this Red Herring Prospectus) and submit the same to the member of the Syndicate to whom the Bid is being submitted. Bid-cum-Application Forms accompanied by cash or stockinvest shall not be accepted. The maximum bid price has to be paid at the time of submission of the Bid-cum-Application Form based on the highest bidding option of the Bidder.

The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank(s), which will hold the monies for the benefit of the Bidders till the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account and Refund Account. Not later than 15 days from the Bid / Issue Closing Date, our Company will instruct the Refund Banker to refund all amount payable to unsuccessful Bidders and also the excess amount paid on bidding, if any, after adjustment for allocation to the Bidders.

The Margin Amount payable by each category of Bidders is mentioned under the heading "Issue Structure" on page [•] of this Draft Red Herring Prospectus. Where the Margin Amount applicable to the Bidder is less than 100% of the Bid Amount, any difference between the amount payable by the Bidder for Equity Shares allocated at the Issue Price and the Margin Amount paid at the time of Bidding, shall be payable by the Bidder no later than the Pay-in-Date, which shall be a minimum period of 2 (two) days from the date of communication of the allocation list to the members of the Syndicate by the Registrar to the Issue. If the payment is not made favoring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be cancelled. However, if the applicable margin amount for the Bidders is 100%, the full amount of payment has to be made at the time of submission of the Bid-Cum-Application Form. QIB Bidders will be required to deposit a margin of 10% at the time of submitting of their Bids.

Where the Bidder has been allocated lesser number of Equity Shares than he or she had Bid for, the excess amount paid on bidding, if any, after adjustment for allocation, will be refunded to such Bidder within 15 days from the Bid Closing Date/Issue Closing Date failing which we shall pay interest at 15% per annum for any delay beyond the periods as mentioned above.

### **Signing of Underwriting Agreement and RoC Filing**

1. We, the BRLM, and the Syndicate Members shall enter into an Underwriting Agreement on finalization of the Issue Price.
2. After signing the Underwriting Agreement, we will update and file the updated Red Herring Prospectus with RoC, which then would be termed 'Prospectus'. The Prospectus would have details

of the Issue Price, Issue Size, underwriting arrangements and would be complete in all material respects.

3. We will file a copy of the Prospectus with Registrar of Companies, NCT Delhi and Haryana in terms of section 56 and section 60 of the Companies Act.

#### **Advertisement regarding Issue Price and Prospectus**

After filing of the Prospectus with the RoC, a statutory advertisement will be issued by our company in a widely circulated English national newspaper and a Hindi national newspaper of wide circulation. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price. Any material updates between the date of Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

#### **General Instructions**

##### **Do's:**

1. Check if you are eligible to apply having regard to applicable laws, rules, regulations, guidelines and approvals and the terms of this Red Herring Prospectus.
2. Read all the instructions carefully and complete the Bid-cum-Application Form [(White) or (Blue) or (Pink) in colour] as the case may be;
3. Ensure that the details about Depository Participant and beneficiary account are correct;
4. Ensure that the Bids are submitted at the bidding centres only on Bid cum Application forms bearing the stamp of a member of the Syndicate;
5. Ensure that you have been given a TRS for all your Bid options;
6. Submit Revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;
7. Ensure that the bid is within the price band;
8. Investors must ensure that the name(s) given in the Bid-cum-Application Form is exactly the same as the name(s) in which the Beneficiary Account is held with the Depository Participant. In case, the Bid-cum-Application Form is submitted in joint names, investors should ensure that the beneficiary account is held in the same joint names and in the same sequence as they appear in the Bid-cum-Application Form;
9. All applicants should mention their PAN allotted under the IT Act, Please note application without PAN are liable to be rejected.

##### **Don'ts:**

1. Do not Bid for lower than minimum Bid size;
2. Do not Bid or revise the Bid Price to less than floor price or higher than the cap price;
3. Do not Bid on another Bid cum Application Form after you have submitted a Bid to the members of the Syndicate;
4. Do not pay Bid amount in cash, through Stock Invest, by money order or postal order;
5. Do not Bid at cut off price (for QIB Bidders and Non-Institutional Bidders for Bid Amount is in excess of Rs.100,000);

6. Do not fill up the Bid cum Application Form such that the Equity shares bid for exceeds the investment limit or maximum number of Equity Shares that can be held by a Bidder under the applicable laws or regulations or maximum amount permissible under the applicable regulations or under the terms of the Red Herring Prospectus;
7. Do not send Bid cum Application Form by post; instead submit the same to a member of the Syndicate only.
8. Do not provide your GIR number instead of PAN number;
9. Do not submit the Bid without the QIB Margin Amount, in case of a Bid by a QIB.

#### **Instructions for Completing the Bid-Cum-Application Form**

Bidders can obtain Bid-cum-Application Forms and / or Revision Forms from our Registered Office or from the BRLM or from a member of the Syndicate.

#### **Bids and Revisions of Bids**

Bids and revisions of Bids must be:

1. Made only in the prescribed Bid-cum-Application Form or Revision Form, as applicable (white colour for Resident Indians and blue colour for NRI or FII or foreign venture capital fund registered with SEBI applying on repatriation basis).
2. Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid-cum- Application Form or in the Revision Form. Incomplete Bid-cum-Application Forms or Revision Forms are liable to be rejected.
3. The Bids from the Retail Individual Bidders must be for a minimum of [●] Equity Shares and in multiples of [●] thereafter subject to a maximum of Rs.100,000/-.
4. For Non-institutional and QIB Bidders, Bids must be for a minimum of such number of Equity Shares that the Bid amount exceeds Rs.100,000/- and in multiples of [●] Equity Shares thereafter. Bids cannot be made for more than the size of the Issue. Bidders are advised to ensure that a single bid from them should not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable laws or regulations.
5. In single name or in joint names (not more than three and in the same order as their Depository Participant details).
6. Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

#### **Bidder's Depository Account Details**

**IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN THE DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT'S IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID-CUM-APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID-CUM-APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.**

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository demographic details of the

Bidders such as address, occupation, bank account details for printing on refund orders / refund advices or for giving refund through any of the mode namely ECS or Direct Credit or RTGS or NEFT (hereinafter referred to as Demographic Details). Please note that failure to do so could result in delays in despatch/ credit of refunds to Bidders at the Bidders sole risk and neither the BRLM nor the Company or the Selling Shareholders or the registrar or the Escrow Collection Banks nor the Company shall have any responsibility and undertake any liability for the same. Hence, Bidders should carefully fill in their Depository Account details in the Bid-cum-Application Form.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the refund orders/refund advice / for credit of Refunds through ECS or Direct Credit or RTGS or NEFT for refunds/ CANs /Allocation Advice and printing of Bank particulars on the refund order / refund advice and the Registrar would not use the Demographic Details given by Bidders in the Bid-cum-Application Form for these purposes. Hence, Bidders are advised to update their Demographic Details as provided to their Depository Participants.

By signing the Bid-cum-Application Form, Bidder would have deemed to authorize the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic details as available on its records.

Refund Advice / Refund Orders/ Allocation Advice/ CANs would be mailed at address of the first Bidder as per the Demographic Details received from the Depositories. Bidders may note that delivery of refund orders/ refund advice/ allocation advice/ CANs may get delayed if the same once sent to the address obtained from the depositories are returned undelivered. In such an event, the address and other details given by the Bidders in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidders sole risk and neither our Company nor the Selling Shareholders nor the Registrar nor the Escrow Collection Banks nor the BRLM shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that match three parameters, namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Bids are liable to be rejected.

The Company and the Selling Shareholders in their absolute discretion, reserve the right to permit the holder of the power of attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of the refund order/CANs/allocation advice/ refunds through electronic transfer of funds, the Demographic Details given on the Bid cum Application Form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar shall use Demographic Details as given in the Bid cum Application Form instead of those obtained from the depositories.

**Bids by non-residents including NRIs, FIIs and Foreign Venture capital Funds registered with SEBI on a repatriation basis.**

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and / or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into U.S. Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid-cum-Application Form. We will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

As per the RBI Regulations, OCBs cannot participate in this Issue.

It is to be distinctly understood that there is no reservation for Non Residents, NRIs, FIIs and Foreign Venture Capital Funds and all Non Residents, NRI, FII and Foreign Venture Capital Fund applicants will be treated on the same basis with other categories for the purpose of allocation.

### **Bids under Power of Attorney**

In case of bids made pursuant to a power of attorney or by limited companies, corporate bodies or registered societies, a certified copy of the Power of Attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum & Articles of Association and/or Bye Laws must be lodged along with the Bid-cum-Application Form. Failing this, our company reserves the right to reject such Bids in whole or in part, without assigning any reason therefore.

In case of Bids made pursuant to a Power of Attorney by FIIs, FVCFs, VCFs and Mutual Funds, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be submitted with the Bid-cum-Application Form. Failing this, our Company and the Selling Shareholders reserve the right to reject such Bids in whole or in part, without assigning any reason therefore.

In case of Bids made by insurance companies registered with Insurance Regulatory and Development Authority, a certified copy of the Certificate of Registration issued by Insurance Regulatory and Development Authority must be submitted with the Bid-cum-Application Form. Failing this, our Company and the Selling Shareholders reserve the right to reject such Bids in whole or in part, without assigning any reason therefore.

In case of Bids made by provident fund with the minimum corpus of Rs.2500 Lac and pension fund with the minimum corpus of Rs. 2500 Lac, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be lodged with the Bid-cum-Application Form. Failing this, our Company and the Selling shareholders reserve the right to reject such Bids in whole or in part, without assigning any reason thereof.

Our Company and the Selling Shareholders, in its absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid-cum-Application Form, subject to such terms and conditions as our Company/Selling Shareholders/BRLM may deem fit.

### **Payment Instructions**

The Company, Selling Shareholders and the members of the Syndicate shall open an Escrow Account with the Escrow Collection Banks for the collection of the Bid Amounts payable upon submission of the Bid cum Application Form and for amounts payable pursuant to allocation in the Issue.

The Escrow Collection Banks will act in terms of the Red Herring Prospectus and the Escrow Agreement. The Escrow Collection Bank (s) for and on behalf of the Bidders shall maintain the monies in the Escrow Account. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds equivalent to the size of the Issue from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Banker(s) to the Issue. The balance amount after transfer to the Public Issue Account shall be held for the benefit of the Bidders who are entitled to refunds. Payments of refund to the Bidders shall also be made from the Refund Account as per the terms of the Escrow Agreement and the Red Herring Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between the Company, the members of the Syndicate, the Escrow Collection Bank(s) and the Registrar to the Issue to facilitate collections from the Bidders.

### **Payment into Escrow Account**

1. The Bidders shall draw a Payment Instrument for the applicable margin in favor of the Escrow Account with the submission of the Bid-cum-Application Form and submit the same to the members of the Syndicate. For categories other than QIBs, the applicable margin amount is equal to 100%, whereas for QIBs it is 10%.
2. In case the above Margin Amount paid by the Bidders during the Bidding Period is less than the Issue Price multiplied by the Equity Shares allocated to the Bidder, the balance amount shall be paid by the Bidders into the Escrow Account of our Company within the period specified in the Intimation Note /

CAN which shall be subject to a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the BRLM.

3. The payment instruments for payment into the Escrow Account should be drawn in favour of:
  - a. In case of Resident Retail and Non-Institutional Bidders: **“Escrow Account – INFINITE IPO – Retail - R”**
  - b. In case of Non Resident Retail and Non Institutional Bidders (on repatriable basis) : **“Escrow Account – INFINITE IPO – Retail - NR”**
  - c. In case of resident QIB bidders: **“Escrow Account – INFINITE IPO – QIB - R”**
  - d. In case of non - resident QIB bidders: **“Escrow Account – INFINITE IPO – QIB - NR”**
4. In case of Bids by NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of a Non-Resident Ordinary (NRO) Account of a Non-Resident bidder bidding on a repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR Account.
5. In case of Bids by Eligible NRIs applying on non-repatriation basis, the payments must be made through Indian Rupee Drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in NRE Accounts or FCNR Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance or out of a NRO Account of a Non-Resident Bidder bidding on a non-repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR or NRO Account.
6. In case of Bids by FIIs, FVCIs registered with SEBI the payment should be made out of funds held in a Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting the Special Rupee Account.
7. Where a Bidder has been allocated a lesser number of Equity Shares than what the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated, will be refunded to the Bidder from the Refund Account.
8. The monies deposited in the Escrow Account will be held for the benefit of the Bidders till the Designated Date.
9. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account as per the terms of the Escrow Agreement into the Public Issue Account with the Bankers to the Issue.
10. On the Designated Date and no later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Bank shall also refund all amounts payable to unsuccessful Bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation to the Bidders.

Payments should be made by cheque, or demand draft drawn on any bank (including a Co-operative bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Bid-cum-Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/ stock invest/money orders/ postal orders will not be accepted. Investors in the QIB category may also make payments by RTGS.

Bidders are advised to mention the number of Bid cum Application Form on the reverse of the cheque/demand draft to avoid misuse of instruments submitted along with the Bid cum Application Forms.

### **Payment by Stock invest**

In terms of Reserve Bank of India Circular No. DBOD No. FSC BC 42/24.47.00/2003-2004 dated November 5, 2003, the option to use the stock invest instrument in lieu of cheques or bank drafts for payment of Bid money has been withdrawn. Hence, payment through stock invest will not be accepted.

### **Submission of Bid-cum-Application Form**

All Bid-cum-Application Forms or Revision Forms duly completed and accompanied by Account Payee cheques or drafts shall be submitted to the member of the syndicate at the time of submitting the Bid. No separate receipts shall be issued for the money payable on submission of Bid-cum-Application Form or Revision Form. However, the collection centre of the Syndicate Member will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid-cum-Application Form for the records of the Bidder.

## **OTHER INSTRUCTIONS**

### **Joint Bids in the case of Individuals**

Bids may be made in single or joint names (not more than three). In case of joint Bids, all payments will be made out in favour of the Bidder whose name appears first in the Bid cum Application Form or Revision Form. All communication will be addressed to the First Bidder and will be dispatched to his or her address as per the Demographic Details received from the depository.

### **Multiple Bids**

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids in single or joint names will be deemed to be multiple bids if the sole and/or first bidder is one and the same.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

We reserve the right to reject, in our absolute discretion, all or any multiple Bids in any or all categories.

### **Permanent Account Number (PAN)**

All applicants should mention their PAN allotted under the IT Act, Please note application without PAN are liable to be rejected.

### **Unique Identification Number (UIN)**

SEBI has through its circulars dated July 25, 2007 and September 7, 2007, discontinued the use of UIN.

### **Our Right to Reject Bids**

In case of QIB Bidders, Our Company in consultation with the BRLM may reject Bids provided that the reason for rejecting the same shall be provided to such Bidders in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, we have the right to reject Bids based on technical grounds only. Consequent refunds shall be made by cheque or pay order or draft or ECS or Direct Credit and will be sent to the Bidder's address at the Bidder's risk.

### **Grounds for Technical Rejections**

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

- Amount paid doesn't tally with the amount payable for the highest value of Equity Shares bid for;

- In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;
- Age of First Bidder not given;
- Bids by persons not competent to contract under the Indian Contract Act, 1872, including minors, insane persons;
- PAN Number not given.;
- Bids for lower number of Equity Shares than specified for that category of investors;
- Bids at a price less than the lower end of the Price Band;
- Bids at a price more than the higher end of the Price Band;
- Bids at cut-off price by Non-Institutional Bidders and QIB Bidders;
- Bids for number of Equity Shares, which are not in multiples of [●]
- Category not ticked;
- Multiple bids as defined in this Red Herring Prospectus;
- In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
- Bids accompanied by Stock invest/money order/ postal order/ cash;
- Bids not duly signed by the sole/joint Bidders;
- Bid-cum-Application Form does not have the stamp of the BRLM / Syndicate Member(s);
- Bid-cum-Application Form does not have Bidder's depository account details;
- Bid-cum-Application Forms are not submitted by the Bidders within the time prescribed as per the Bid-cum-Application Form and this Red Herring Prospectus and as per the instructions in this Red Herring Prospectus and the Bid-cum-Application Form;
- Bids for amounts greater than the maximum permissible amounts prescribed by the relevant regulations;
- In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Bidders (including the order of names of joint holders), the depository participant's identity (DP ID) and the beneficiary's identity;
- Bids by OCBs;
- Bids by U.S. persons other than "qualified institutional buyers" as defined in Rule 144A of the Securities Act.
- Bids by NRIs not disclosing their residential status.
- Bids where clear funds are not available in the Escrow Account as per the final certificate from the Escrow Collection Bank(s); and
- Bids by persons prohibited from buying, selling or dealing in shares directly or indirectly by SEBI or any other regulatory authority.
- Bids in respect where the Bid cum Application form do not reach the Registrar prior to the finalisation of the basis of allotment;
- Bids not uploaded in the Book would be rejected; and
- Bids or revision thereof by OIB Bidders and Non- Institutional Bidders where the Bid amount is in excess of Rs.100,000, uploaded after 5.00 p.m. or any such time as prescribed by Stock Exchange on the Bid / Issue closing Date.

### **Price Discovery and Allocation**

1. After the Bid/Issue Closing Date, the BRLM shall analyse the demand generated at various price levels and discuss pricing strategy with our Company and the Selling Shareholders.
2. The Company and the Selling Shareholders in consultation with the BRLM shall finalize the Issue Price and the number of Equity Shares to be allotted in each investor category.
3. The allocation in the Issue to Non-Institutional Bidders and Retail Individual Bidders of upto 15% and 35% of the Net Issue respectively, and the allocation to QIBs for upto 50% of the Net Issue, would be on proportionate basis, in the manner specified in the SEBI Guidelines and the Red Herring Prospectus, in consultation with Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price.



4. In case of over-subscription in all categories, upto 50% of the Net Issue shall be available for allocation on a proportionate basis to QIB Bidders out of which 5% shall be available to Mutual Funds. Mutual Funds participating in the 5% share in the QIB Portion will also be eligible for allocation on proportionate basis in the remaining QIB Portion. However, if the aggregate demand by Mutual Funds is less than 5% of the QIB portion the balance Equity Shares from the portion specifically available for allocation to Mutual Funds in the QIB Portion will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders in proportion to their Bids. Further, upto 15% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and upto 35% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

Under-subscription, if any, in any category, would be met with spill-over from other categories or combination of categories at the sole discretion of our Company and the Selling Shareholders, in consultation with the BRLM.

5. QIB Bidders will be required to deposit the QIB Margin Amount at the time of submitting of their Bids. After the closure of bidding, the level of subscription in the various categories shall be determined. Based on the level of subscription, additional margin money, if any, shall be called for from the QIB Bidders. The QIB Bidders shall pay such additional margin money within a period of two days from the date of the letter communicating the request for such additional margin money.
6. The BRLM, in consultation with our Company shall notify the Syndicate Members of the Issue Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.
7. Allocation to NRIs, FIIs registered with SEBI or Mutual Funds or FVCIs registered with SEBI will be subject to applicable laws, rules, regulations, guidelines and approvals.
8. Our Company and the Selling Shareholders, in consultation with the BRLM reserve the right to cancel the Issue any time after the Bid/Issue Opening Date but before the Board meeting for Allotment without assigning reasons whatsoever.
9. In terms of SEBI Guidelines, QIB Bidders shall not be allowed to withdraw their Bid after the Bid / Issue Closing Date.
10. The allotment details shall be put on the website of the Registrar to the Issue.

#### **Signing of Underwriting Agreement and RoC Filing**

- (a) The Company, the Selling Shareholders, the BRLMs, and the Syndicate Members shall enter into an Underwriting Agreement on finalisation of the Issue Price and allocation(s)/ Allotment to the Bidders.
- (b) After signing the Underwriting Agreement, the Company would update and file the updated Red Herring Prospectus with RoC, which then would be termed 'Prospectus'. The Prospectus would have details of the Issue Price, Issue size, underwriting arrangements and would be complete in all material respects.
- (c) The Company will file a copy of the Prospectus with the RoC in terms of Section 56, Section 60 and Section 60B of the Companies Act.
- (d) The Company will issue an advertisement after the filing of the Prospectus with the RoC in two national newspapers (one each in English and Hindi). This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price. Any material updates between the date of Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

#### **Issuance of Intimation Note and Confirmation of Allocation Note to bidders, other than QIBs**

- a) Upon approval of the basis of Allotment by the Designated Stock Exchange, the BRLM or the Registrar to the Issue shall send to the members of the Syndicate a list of their Bidders who have

been allocated Equity Shares in the Issue. The approval of the basis of allocation by the Designated Stock Exchange for QIB Bidders may be done simultaneously with or prior to the approval of the basis of allocation for the Retail Bidders and Non-Institutional Bidders. The investor should note that our Company shall ensure that the demat credit of the Equity Shares pursuant to Allotment shall be made on the same date to all the investors in this Issue.

- b) The BRLM or the members of the Syndicate would then send the CAN to their Bidders who have been allocated Equity Shares in the Issue. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the Balance Amount Payable for all the Equity Shares allocated to such Bidder. Those Bidders who have not paid the Bid Amount in full into the Escrow Account at the time of bidding shall pay in full the amount payable into the Escrow Account by the Pay-in Date specified in the CAN.
- c) Bidders who have been allocated Equity Shares and who have already paid into the Escrow Account at the time of bidding shall directly receive the CAN from the Registrar to the Issue subject, however, to realisation of their cheque or demand draft paid into the Escrow Account. The dispatch of a CAN shall be deemed as a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares to be allotted to such Bidder.

#### **Issuance of Intimation Note and Confirmation of Allocation Note to QIB bidders.**

After the Bid/Issue Closing Date, an electronic book will be prepared by the Registrar on the basis of Bids uploaded on the BSE/ NSE system. This shall be followed by a physical book prepared by the Registrar on the basis of Bid-cum-Application Forms received. Based on the electronic book or the physical book, as the case may be, QIBs may be sent a CAN, indicating the number of Equity Shares that may be allocated to them. This CAN is subject to the basis of final Allotment, which will be approved by the Designated Stock Exchange and reflected in the physical book prepared by the Registrar. Subject to SEBI Guidelines, certain Bid applications may be rejected due to technical reasons, non-receipt of funds, cancellation of cheques, cheque bouncing, incorrect details, etc., and these rejected applications will be reflected in the reconciliation and basis of Allotment as approved by the Designated Stock Exchange. In addition, there are foreign investment limitations applicable to the Company, which may result in a change (including potentially a decrease) in the number of Equity Shares being finally allotted to Non Resident investors (including FIIs). As a result, a revised CAN may be required to be sent to QIBs and the allocation of Equity Shares in such revised CAN may be different from that specified in the earlier CAN. QIBs should note that they may be required to pay additional amounts, if any, by the Pay-in Date specified in the revised CAN, for any increased allocation of Equity Shares. The CAN will constitute the valid, binding and irrevocable contract (subject only to the issue of a revised CAN) for the QIB to pay the entire Issue Price for all the Equity Shares allocated to such QIB. The revised CAN, if issued, will supersede in entirety the earlier CAN.

#### **Designated Date, Allotment of Equity Shares and Transfer of Funds to Public Issue Account**

- a. Our Company will ensure that the allotment of Equity Shares is done within 15 days of the Bid/Issue Closing Date. After the funds are transferred from the Escrow Account to the Public Issue Account on the Designated Date, we would allot the Equity Shares to the allottees and would ensure the credit to the successful Bidder's depository account within two working days from the date of allotment.
- b. As per SEBI Guidelines, Equity Shares will be issued and Allotment shall be made only in the dematerialised form to the allottees.
- c. After the funds are transferred from the Escrow Accounts to the Issue Account on the Designated Date, our Company will allot the Equity Shares to the Allottees.
- d. Successful Bidders will have the option to rematerialize the Equity Shares so allotted/transferred if they so desire as per the provisions of the Companies Act and the Depositories Act.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated to them pursuant to this Issue.

### **Disposal of Applications and Application Money**

We shall ensure dispatch of allotment advice and/or refund orders/refund advice (in case refunds made through ECS/ Direct Credit, RTGS, NEFT) as the case may be giving credit to the Beneficiary Account of the bidders with their respective Depository Participant and submission of the allotment and listing documents to the Stock Exchanges within two working days of finalization of the basis of allotment of Equity Shares.

We shall give credit of Equity Shares allotted to the beneficiary account with Depositor Participants within 15 working days of the Bid/Issue Closing Date. Applicants residing at 15 centres where clearing houses are managed by the Reserve Bank of India (RBI) will get refunds through ECS (subject to availability of all information for crediting the refund through ECS) except where applicants are otherwise disclose as eligible to get refunds through Direct Credit, NEFT or RTGS.

The payment of refund, if any, would be done through various modes as given hereunder:

1. **ECS** – Payment of refund would be done through ECS for applicants having an account at any of the following fifteen centres: Ahmedabad, Bangalore, Bhubaneshwar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna and Thiruvananthapuram. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories.
2. **Direct Credit** – Applicants applying through the web/internet whose service providers opt to have the refund amounts for such applicants being by way of direct disbursement by the service provider through their internal networks, the refund amounts payable to such applicants will be directly handled by the service providers and credited to bank account particulars as registered by the applicant in the demat account being maintained with the service provider. The service provider, based on the information provided by the Registrar, shall carry out the disbursement of the refund amounts to the applicants.
3. **RTGS** – Applicants having a bank account at any of the abovementioned fifteen centre and whose refund amount exceeds Rs.1 million, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the Bid-cum-application Form. In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by Our Company. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.
4. **NEFT (National Electronic Fund Transfer)** – Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency. The process flow in respect of refunds by way of NEFT is at an evolving stage hence use of NEFT is subject to operational feasibility, cost and process efficiency. In the event that NEFT is not operationally feasible, the payment of refunds would be made through any one of the other modes as discussed in the sections.

For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be dispatched under certificate of posting for value up to Rs.1,500 and through Speed Post/ Registered Post for refund orders of Rs.1,500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

**Letters of allotment or refund orders**

The Company and the Selling shareholders shall give credit of Equity Share allotted to the beneficiary account with Depository Participants within 2 (Two) working days from the Date of Allotment. Applicants residing at 15 centres where clearing houses are managed by the Reserve Bank of India (RBI) will get refunds through ECS only (subject to availability of all information for crediting the refund through ECS) except where applicant is otherwise disclosed as eligible to get refunds through direct credit and RTGS. In case of other applicants, our Company shall ensure dispatch of refund orders, if any, of value up to Rs. 1,500 by "Under Certificate of Posting", and shall dispatch refund orders above Rs. 1,500, if any, by registered post or speed post, except for Bidders who have opted to receive refunds through the ECS facility. Applicants to whom refunds are made through Electronic transfer of funds will be send a letter (Refund Advice) through ordinary post intimating them about the mode of credit of refund within 15 working days of closure of Issue and adequate funds for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue.

In accordance with the Companies Act, the requirements of the stock exchanges and SEBI Guidelines, our Company and the Selling Shareholders, further undertakes that:

- Allotment of Equity Shares shall be made only in dematerialised form within 15 days of the Bid/Issue Closing Date;
- Refunds shall be made within 15 days from the Bid/Issue Closing Date at the sole or first Bidder's sole risk, except for Bidders who have opted to receive refunds through Direct Credit, NEFT, RTGS or ECS; and
- Our Company and the Selling Shareholders shall pay interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if allotment letters/refund orders are not dispatched or refund instructions have not been given to the clearing system in the manner disclosed above.

Our Company and the Selling shareholders will provide adequate funds required to the Registrar to the Issue for refunds to unsuccessful applicants or allotment advice.

Where refunds are made through electronic transfer of funds, a suitable communication will be sent to the bidders within 15 days of closure of the issue, giving details of the Bank where refund will be credited along with amount and expected date of electronic credit of refund.

The bank account details for ECS/ Direct Credit, RTGS, National Electronic Funds Transfer (NEFT) credit will be directly taken from the depositories' database and hence bidders are required to ensure that bank details including MICR code maintained at the depository level are updated and correct.

Our Company and the Selling Shareholders shall use best efforts to ensure that all steps for 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 are taken within seven working days of finalization of the basis of allotment.

Refunds will be made by Direct Credit, ECS, RTGS cheques, pay orders or demand drafts drawn on a bank appointed by us as a refund banker and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

**Interest in case of delay in Dispatch of Allotment Letters/Refund Orders or delay in Refund Instructions:**

Our Company and the Selling Shareholders agrees that allotment of securities offered to the public shall be made not later than 15 days from the Bid/Issue Closing Date. Our Company and the Selling Shareholders further agrees that it shall pay interest @15% per annum if the allotment letters/ refund orders have not been dispatched to the applicants or if, in a case where the refund or portion thereof is

made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner within 15 days from the Bid/Issue Closing Date.

### **Basis of Allotment or Allocation**

#### **For Retail Individual Bidders**

1. Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allocation to all the successful Retail individual Bidders will be made at the Issue Price.
2. Net Issue size less allocation to Non-Institutional Bidders and QIBs shall be available for allocation to Retail Individual Bidders who have bid in the Issue at a price, which is equal to or greater than the Issue Price.
3. If the aggregate demand in this category is less than or equal to [●] Equity Shares at or above the Issue Price, full allocation shall be made to the Retail Individual Bidders to the extent of their demand.
4. If the aggregate demand in this category is greater than [●] Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of [●] Equity Shares or in multiples of one Equity Share. For the method of proportionate basis of allocation, refer below.

#### **For Non Institutional Bidders**

1. Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allocation to all successful Non-Institutional Bidders will be made at the Issue Price.
2. The Net Issue size less allocation to QIBs and Retail Portion shall be available for allocation to Non-Institutional Bidders who have bid in the Issue at a price, which is equal to or greater than the Issue Price.
3. If the aggregate demand in this category is less than or equal to [●] Equity Shares at or above the Issue Price, full allocation shall be made to Non-Institutional Bidders to the extent of their demand.
4. In case the aggregate demand in this category is greater than [●] Equity Shares at or above the Issue Price, allocation shall be made on a proportionate basis up to a minimum of [●] Equity Shares or in multiples of one Equity Share. For the method of proportionate basis of allotment refer below.

#### **For QIB Bidders**

1. Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allocation to all the QIB Bidders will be made at the Issue Price.
2. The QIB Portion shall be available for allocation to QIB Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
3. Allotment shall be undertaken in the following manner:
  - (a) In the first instance allocation to Mutual Funds for up to 5% of the QIB Portion shall be determined as follows:
    - (i) In the event that Bids from Mutual Fund exceeds 5% of the QIB Portion, allocation to Mutual Funds shall be done on a proportionate basis for up to 5% of the QIB Portion.
    - (ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Portion, then all Mutual Funds shall get full allotment to the extent of valid bids received at or above the Issue Price.
    - (iii) Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available to all QIB Bidders as set out in (b) below;

- (b) In the second instance allocation to all QIBs shall be determined as follows:
- (i) The number of Equity Shares available for this category shall be the QIB Portion less allocation only to Mutual Funds as calculated in (a) above.
  - (ii) The subscription level for this category shall be determined based on the overall subscription in the QIB Portion less allocation only to Mutual Funds as calculated in (a) above.
  - (iii) Based on the above, the level of the subscription shall be determined and proportionate allocation to all QIBs including Mutual Funds in this category shall be made.
4. The aggregate allocation to QIB Bidders shall be at least [●] Equity Shares.
5. In case the aggregate demand in this category is greater than [●] Equity Shares at or above the Issue Price, allocation shall be made on a proportionate basis subject to a minimum of [●] Equity Shares and in multiples of one Equity Share thereafter. For the method of proportionate basis of allocation refer below.

Under-subscription, if any, in any category, would be allowed to be met with spillover from the other categories or a combination of categories at the sole discretion of our Company and the Selling Shareholders, in consultation with the BRLM.

The BRLMs, Registrar to the Issue and the Designated Stock Exchange shall ensure that the basis of allotment is finalized in a fair and proper manner in accordance with SEBI Guidelines. The drawal of lots (where required) to finalize the basis of allotment, shall be done in the presence of a public representative on the Governing Board of the Designated Stock Exchange.

#### **Method of Proportionate Basis of Allotment**

In the event the Issue is over-subscribed, the basis of allotment shall be finalised by Our Company and the Selling Shareholders in consultation with the Designated Stock Exchange. The Executive Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLM and the Registrar to the Issue shall be responsible for ensuring that basis of allotment is finalized in a fair and proper manner. Allotment to Bidders shall be as per the basis of allocation as set out in this Red Herring Prospectus under "Issue Structure".

The allotment shall be made in marketable lots, on a proportional basis as explained below:

- a) Bidders will be categorized according to the number of Equity Shares applied for by them.
- b) The total number of Equity Shares to be allotted to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of shares applied for) multiplied by the inverse of the over-subscription ratio. The minimum allotment lot shall be the same as the minimum application lot irrespective of any revisions to the Price Band.
- c) Number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis, which is total number of Equity Shares, applied for by each Bidder in that portion multiplied by the inverse of the over-subscription ratio.
- d) In all Bids where the proportionate allotment is less than [●] Equity Shares per Bidder, the allotment shall be made as follows:
  - The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares allotted in that portion is equal to the number of Equity Shares calculated in accordance with (b) above.
  - Each successful Bidder shall be allotted a minimum of [●] Equity Shares; and
- e) If the proportionate allotment to a Bidder works out to a number that is more than [●] but is a fraction, the fraction would be rounded off to the higher whole number if that decimal is 0.5 or more. If that decimal is lower than 0.5, it would be rounded off to the lower whole number. Allotment to all Bidders in such categories would be arrived at after such rounding off.
- f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares allotted to the Bidders in that category, the remaining Equity Shares available for allotment

shall be first adjusted against any other category, where the Equity Shares are not sufficient for proportionate allotment to the successful Bidders in that category.

The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.

## **UNDERTAKING BY OUR COMPANY AND THE SELLING SHAREHOLDERS**

### **Our Company and the Selling Shareholders undertake the following:**

1. The complaints received in respect of the Issue shall be attended to by us expeditiously and satisfactorily
2. All steps for completion of the necessary formalities for listing and commencement of trading at all stock exchanges where the securities are to be listed are taken within seven working days of finalization of Basis of Allotment
3. The funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrars to the Issue by us
4. Where the refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicants within 15 days of the closure of the issue giving details of the Bank where refunds shall be credited along with amount and expected date of electronic credit of refund.
5. The dispatch of Share Certificates / refund orders and demat credit is completed and the allotment and listing documents will be submitted to the Stock Exchanges within two working days of finalization of Basis of Allotment
6. The certificates of the securities / refund orders to the Non-Resident Indians shall be dispatched within specified time
7. The Company agrees that it shall pay interest @ 15% p.a. if the allotment is not made and / or the refund orders are not dispatched to the investors within 15 days from the date of closure of the Issue for the period of delay beyond 15 days.
8. No issue of securities shall be made till the securities offered through this Draft Red Herring Prospectus until the shares are listed or application moneys are refunded on account of non-listing, under subscription, etc.

### **The Selling Shareholders undertakes that:**

1. The Equity Shares being sold pursuant to the Offer for Sale, have been held by the Selling Shareholder for a period of more than one year and the Equity Shares are free and clear of any liens or encumbrances, and shall be transferred to the eligible & successful Bidders within the specified time; and
2. That the Selling Shareholder shall not have recourse to the proceeds of the Offer until the approval for the trading of the Equity Shares from all the stock exchanges, where listing is sought, has been received;
3. the funds required for dispatch of refund orders or Allotment advice by registered post or speed post shall be made available to the Registrar to the Issue by the Company;
4. that the complaints received in respect of this Issue shall be attended to by the Selling Shareholders expeditiously and satisfactorily. The Selling Shareholders has authorized the Compliance Officer and the Registrar to the Issue to redress complaints, if any, of the investors; and

5. that the refund orders or Allotment advice to the successful Bidders shall be dispatched within specified time.

The Company shall transfer to the Selling Shareholders, the proceeds from the Offer for Sale, on the same being permitted to be released in accordance with applicable laws.

## **UTILISATION OF FRESH ISSUE PROCEEDS**

### **Our Board of Directors certifies that:**

- a) All monies received out of the Fresh Issue of shares shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act, 1956;
- b) Our Company shall not have any recourse to the Fresh Issue proceeds until the approval for trading the Equity Shares is received from the Stock Exchanges.
- c) Details of all monies utilized out of the Fresh Issue shall be disclosed under an appropriate separate head in the balance sheet of our Company, indicating the purpose for which such monies have been utilized;
- d) Details of all unutilized monies out of the Fresh Issue of shares, if any, shall be disclosed under the appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested.

### **Equity Shares in Dematerialised Form with NSDL or CDSL**

As per the provisions of Section 68B of the Companies Act, the Equity Shares in this Issue shall be allotted only in a dematerialized form, (i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two tripartite agreements have been signed among our Company, the Depositories and the Registrar:

- a. An Agreement dated [•] between NSDL, our Company and Registrar to the issue; and
- b. An Agreement dated [•] between CDSL, our Company and Registrar to the issue.

All bidders can seek allotment only in dematerialised mode. Bids from any Bidder without the following details of his or her depository account are liable to be rejected:

1. A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of NSDL or CDSL prior to making the Bid.
2. The Bidder must necessarily fill in the details (including the beneficiary account number and Depository Participant's Identification number) appearing in the Bid-cum-Application Form or Revision Form.
3. Equity Shares allotted to a Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.
4. Names in the Bid-cum-Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the depository account of the Bidder(s).
5. If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid-cum-Application Form or Revision Form, it is liable to be rejected.
6. The Bidder is responsible for the correctness of his or her demographic details given in the Bid-cum-Application Form visà-vis those with his/her Depository Participant.





It may be noted that Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL or CDSL. BSE and NSE, where Equity Shares are proposed to be listed, are connected to NSDL and CDSL. Non-transferable allotment advice or refund orders will be directly sent to the Bidder by the Registrar to this Issue. Investors are advised to instruct their DP to accept the Equity Shares that may be allocated to them, pursuant to the issue.

**Pre and Post Issue Related Grievances:**

We have appointed Mr. Sanjeev Gulati as the Compliance Officer and he may be contacted in case of any pre-Issue or post-Issue-related problems, at the following address:

**Compliance Officer**

Mr. Sanjeev Gulati  
Infinite Computer Solutions (India) Ltd.  
Plot no. 157, EPIP Zone,  
2<sup>nd</sup> Phase, Whitefield,  
Bangalore – 560 066.  
Tel: +91-80-4193 0000,  
Fax: +91-80-4193 0009  
Email: [jpo@infics.com](mailto:jpo@infics.com)  
Website: [www.infinite.com](http://www.infinite.com)

**Communications**

All future communications in connection with Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid-cum-Application Form number, Bidders Depository Account Details, number of Equity Shares applied for, date of Bid Form, name and address of the member of the Syndicate where the Bid was submitted and cheque or draft number and issuing bank thereof.

## **SECTION VIII - MAIN PROVISIONS OF ARTICLES OF ASSOCIATION**

Pursuant to Schedule II of the Companies Act and the 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 / Debentures and /or on their consolidation / splitting are detailed below:

No regulations contained in Table A, in the First Schedule to 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 the exercise of any statutory powers of the Company with reference to the repeal or alteration of, or addition to, its regulations by Special Resolution, as prescribed by the said Companies Act, 1956, be such as are contained in these Articles.

### **CAPITAL**

#### **Increase of Capital by the Company, and how carried into effect**

Article 5 provides that “The Company in General Meeting may from time to time, by resolution increase the capital by creation of new shares, such increase 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 qualified right to dividends, and in the distribution of assets of the Company, and with or without a right of voting at General Meetings of the Company in conformity with Sections 86 and 87 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.

The Company may subject to the SEBI (Employees Stock Option Scheme and Employees Purchase Scheme) Guidelines, 1999 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force and as may be enacted from time to time) grants employees stock option and offers shares to employees as part of public issue or otherwise”

#### **New capital same as existing capital**

Article 6 provides that “Except so far as otherwise provided by the conditions of issue or by these presents, any capital raised by the creation of new shares shall be considered as part of the original capital, and shall be subject to the provisions herein contained, with reference to the payment of calls and installments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise”

#### **Issue of shares with differential rights**

Article 7 provides that “Except so far as otherwise provided by the conditions of the issue, the Company may subject to the provisions of Section 86, of the Act, issue from time to time, such Equity Shares, with or without voting rights, or with differential rights as regards to dividend, voting or otherwise in accordance with such rules and subject to such conditions as may be prescribed.”

#### **Reduction of Capital**

Article 8 provides that “The Company may (subject to the provisions of Sections 78, 80 and 100 to 105 of the Act) from time to time, by resolution, reduce its capital, any Capital Redemption Reserve Account and Share Premium Account in any manner for the time being authorized by law, and, in particular, capital may be paid off on the footing that it may be called up again or otherwise. This Article is not to derogate from any power that the Company would have if it were omitted.”

#### **Sub-division consolidation and cancellation of shares**

Article 9 provides that “Subject to the provisions of Section 94 of the Act, the Company in General Meeting may, from time to time, sub-divide or consolidate its shares, or any of them, and the

resolution whereby any share is sub-divided or consolidated may determine that, as between the holders of the shares resulting from such sub-division or consolidation, one or more of such shares shall have some preference or special advantage as regards dividend, capital or otherwise over or as compared with the others or other. Subject as aforesaid, the Company in General Meeting by resolution may also cancel shares which have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.”

## **SHARE WARRANT**

### **Powers to issue share warrants**

Article 10 provides that “The Company may issue share warrant subject to, and in accordance with, the provisions of Sections 114 and 115 of the Act and accordingly the Board may in its discretion, with respect to any share which is fully paid up on application in writing signed by the person registered as holder of the share, and authenticated by such evidence (if any) as the Board from time to time, requires as to identity of the person signing the application on receiving the certificate (if any) of the share, and the amount of the stamp duty on the warrant and such fee as the Board may from time to time require, issue a share warrant”

### **Deposit of share warrant**

Article 11 provides that

- a. The bearer of a share warrant may at any time deposit the warrant at the office of the Company, and so long as the warrant remains so deposited, the depositor shall have the same right of signing a requisition for calling a meeting of the Company, and of attending and voting and exercising the other privileges of a Member at any meeting held after the expiry of two clear days from the time of deposits, as if his name was inserted in the register of members as the holder of the share included in the deposited warrant.
- b. Not more than one person shall be recognized as depositor of the share warrant.
- c. The Company shall, on two days’ written notice, return the deposited share warrant to the depositor.

### **Bearer of share warrants to entitle for certain rights etc**

Article 12 provides that

- a. Subject as herein otherwise expressly provided, no person shall, as bearer of a share warrant, sign a requisition for calling a meeting of the Company, or attend, or vote or exercise any other privileges of a Member at a meeting of the Company, or be entitled to receive any notices from the Company.
- b. The bearer of a share warrant shall be entitled in all other respects to the same privileges and advantages as if he were named in the Register of Members as the holders of the Share included in the warrant and he shall be a member of the Company.

### **Issue of new share warrants or coupon**

Articles 13 provides that “ The Board may, from time to time, make rules as to the terms on which (if it shall think fit) a new share warrant or coupon may be issued by way of renewal in case of defacement, loss or destruction.”

## **SHARE AND CERTIFICATES**

### **Shares to be numbered progressively and no share to be sub-divided**

Articles 16 provides that “The shares in the capital of the Company shall be numbered progressively according to their several denominations, and except in the manner hereinbefore mentioned, no share shall be sub-divided. Every forfeited or surrendered share shall continue to bear the number by which the same was originally distinguished. Provided however that the provision relating to progressive numbering of shares shall not apply to the shares of the Company which are dematerialised or may be dematerialised in future or issued in future in dematerialised form”

### **Further issue of capital**

Article 17 provides that

- a. The Board may, at any time increase the subscribed capital of the company by issue or allotment of further shares, whether out of un-issued 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 circumstances admit, to the capital paid-up on these shares at that date. Such offer shall be made by a notice specifying the number of shares offered and limiting a time not being less than fifteen days from the date of the 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 them of in such manner as they think most beneficial to the Company.
- b. Notwithstanding anything contained in sub-clause (a) hereof, the further shares aforesaid may be offered to any persons (whether or not these persons include the persons referred to in clause (a) hereof) in any manner whatsoever:-
  - I. if a special resolution to that effect is passed by the Company in General Meeting; or
  - II. where no such special resolution is passed, if the votes cast (whether on a show of hands, or on a poll, as the case may be) in favor of the proposal contained in the resolution moved in that 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.
- c. Notwithstanding anything 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 18 provides that "In addition to and without derogating from the powers for that purpose conferred on the Board under Articles 17 and 21, 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 Sections 78 and 79 of the Act) at a premium or at par or at a discount, as such 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 Sections 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 the Company in General Meeting may make any other provisions whatsoever for the issue, allotment or disposal of any shares."

### **Directors may allot shares for consideration other than cash.**

Article 19 provides that "Subject to the provisions of the Act and these Articles, the Directors may allot and issue shares in the capital of the Company as payment or part payment for any property or assets of any kind whatsoever (including goodwill of any business) sold or transferred, goods or machinery or know how supplied or for services rendered to the company or the conduct of its business and any shares which may be so allotted may be issued as fully paid up or partly paid up otherwise than in cash".

### **Powers to issue shares outside India**

Article 20 provides that:

- a. Pursuant to the provisions of Section 81 and other applicable provisions, if any, of the Companies Act, 1956, and subject to such approvals, permissions and sanctions as may be necessary from the Government of India, Reserve Bank of India and/or any other authorities or institutions as may be relevant (hereinafter collectively referred to as "the Appropriate Authorities") and subject to such terms and conditions or such modifications thereto as may be prescribed by them in granting such approvals, permissions and sanctions, the Company will be entitled to issue and allot in the

international capital markets, Equity Shares and/or any instruments or securities (including Global Depository Receipts) representing Equity Shares, any such instruments or securities being either with or without detachable Warrants attached thereto entitling the Warrant holder to Equity Shares/instruments or securities (including Global Depository Receipts) representing Equity Shares, (hereinafter collectively referred to as “the Securities”) to be subscribed to in foreign currency / currencies by foreign investors (whether individuals and/or bodies corporate and/or institutions and whether shareholders of the Company or not) for an amount, inclusive of such premium as may be determined by the Board. Such issue and allotment to be made on such occasion or occasions, at such value or values, at a discount or at a premium and in such form and manner and on such terms and conditions or such modifications thereto as the Board may determine in consultation with Lead Manager and/or Underwriters and/or Legal or other Advisors, or as may be prescribed by the Appropriate Authorities while granting their approvals, permissions and sanctions as aforesaid which the Board be and is hereby authorized to accept at its sole discretion.

- b. Subject to the rights of the holders of any other shares issued under Article 20(a) entitled by the terms of issue to preferential repayment over the equity shares in the event of winding up of the Company, the holders of the equity shares shall be entitled to be repaid the amounts of capital paid up or credited as paid up on such equity shares and all surplus assets thereafter shall belong to the holders of the equity shares in proportion to the amount paid up or credited as paid-up on such equity shares respectively at the commencement of the winding up

#### **Shares under Control of Directors**

Article 21 provides that “Subject to the provisions of these Articles and of the Act, the shares (including any shares forming part of any increased capital of the Company) shall be under the control of the Directors, who may issue, allot or otherwise dispose of the same to such persons in such proportion, on such terms and conditions and at such times as the Directors think fit and subject to the sanction of the Company in General Meeting with full power, to give any person the option to call for or be allotted shares of any class of the Company either (subject to the provisions of Sections 78 and 79 of the Act) at a premium or at par or at a discount and such option being exercisable for such time and for such consideration as the Directors think fit.”

#### **Return of Allotment**

Article 22 provides that “the Board shall cause to be filed the returns as to allotment provided for in Section 75 of the Act.:

#### **Board power to demat or remat shares**

Article 23 provides that “Notwithstanding anything contained in the Act or these Articles, the Board of Directors are empowered without any prior sanction of the members to dematerialise and rematerialise the securities of the Company and issue/allot fresh securities in dematerialised form. The Board of Directors is also empowered to determine the terms and conditions thereof pursuant to the provisions of the Depositories Act, 1996 and Rules framed there under”

#### **Redeemable / Cumulative Convertible Preference Shares**

Article 24 provides that

- a. Subject to the provisions of Section 80 of the Act, the Company shall have the power to issue Preference Shares which are, or at the option of the Company are liable, to be redeemed
- b. The Company subject otherwise to the provisions of Section 80 and 80A of the Act and the guidelines of the Government of India in that behalf, shall have the power to issue Cumulative Convertible Preference Shares or any similar kind of Preference Shares as may be permitted by law.
- c. The resolution authorising such issue shall prescribe the manner, terms and conditions of redemption

#### **Provisions to apply on issue of Redeemable Preference Shares**

Article 25 provides that “On the issue of the Redeemable Preference Shares under the provisions of Article 18 hereof, the following provisions shall take effect:-

- a. no such shares shall be redeemed except out of the profits of the Company which would otherwise be available for dividend or out of the proceeds of a fresh issue of shares made for the purpose of redemption;
- b. no such shares shall be redeemed unless they are fully paid;
- c. the premium, if any, payable on redemption must have been provided for out of the profits of the Company or the Company's Share Premium Account before the shares are redeemed;
- d. where any such shares are redeemed otherwise than out of the proceeds of a fresh issue, there shall, out of profits which would otherwise have been available for dividend, be transferred to a reserve fund, to be called the "Capital Redemption Reserve Account", a sum equal to the nominal amount of the shares redeemed and the provisions of the Act relating to the reduction of the share capital of the Company shall, except as provided in Section 80 of the Act, apply as if the Capital Redemption Reserve Account were paid-up share capital of the Company"

### **Modification of rights**

Article 26 provides that "Whenever the capital, by reason of the issue of equity shares with or without differential rights, Preference Shares or any other securities or otherwise, is divided into different classes of shares, all or any of the rights and privileges attached to each class may, subject to the provisions of Sections 106 and 107 of the Act, be varied with the consent in writing of holders of not less than three-fourths of the issued shares of that class or with the sanction of a special resolution passed at a separate General Meeting of the holders of the issued shares of that class and all the provisions hereinafter contained as to General Meeting shall, mutates mutandis, apply to every such meeting. This article is not to derogate from any power of the company would have if these articles were omitted."

### **Acceptance of shares**

Article 27 provides that "Any application signed by or on behalf of an applicant for shares in the Company, followed by an allotment of any shares therein, shall be an acceptance of shares within the meaning of these Articles, and every person who thus or otherwise accepts any shares and whose name is on the Register of Members shall, for the purposes of these Articles be a Member."

### **Deposit and call etc. to be a debt payable immediately**

Article 28 provides that "The money (if any) which the Board shall, on the allotment of any shares being made by them, require or direct to be paid by way of deposit, call or otherwise, in respect of any shares allotted by them, shall immediately on the insertion of the name of the allottee in the Register of Member as the name of the holder of such shares, become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him accordingly."

### **Liability of Members**

Article 29 provides that "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, and 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 Certificates**

Article 30 provides that:

- 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 certificates 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 issues 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 attorneys and the Secretary or some other persons 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 two or such sums as prescribed under the Act. The Company shall comply with the provisions of Section 113 of the Act. Particulars to be written on share certificates and maintenance of Register of Members

- b. Particulars of every certificate issued shall be entered in the Register of Members maintained in the form set out in the above Article or, in a form as near thereon as circumstances admit, against the name of the person to whom it has been issued, indicating the date of issue. In respect of any shares held jointly by several persons, the Company shall not be bound to issue more than one certificate.
- c. 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 or digital, but not by means of a rubber stamp, PROVIDED THAT the Director shall be responsible for the safe custody of such machine, equipment or other material used for the purpose.
- d. Notwithstanding anything contained herein, the Company shall be entitled to dematerialize its securities, rematerialize its securities held in the depositories and/or to offer its fresh securities in a dematerialized form pursuant to the Depositories Act, 1996 and the rules framed there under if any.
- e. Notwithstanding anything contained in sub-section (1) of Section 113 of the Act, where the securities are dealt with in a Depository, the Company shall intimate the details thereof to the Depository immediately on allotment of such securities as far as practicable. On receipt of such information the depository shall enter in its records the name of the allottee as the beneficial owner of that security.
- f. Every person subscribing to the securities offered by the Company shall have the option to receive security certificates 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 law, in respect of any security in the manner provided by the Depositories Act, 1996 and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required Certificates of Securities.
- g. All securities held by a depository shall be dematerialised and be in fungible form.
- h. Nothing contained in Sections 153 and 187C of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.
- 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 by a Depository. No Certificate shall be issued for the Securities held by a Depository.

### **Renewal of Share Certificates**

Article 31 provides that

- a. No certificate of any share or shares shall be issued either in exchange for those which are sub-divided or consolidated or in replacement of those which are defaced, torn or old, decrepit, worn out, or where the pages on the reverse for recording transfers have been duly utilised, unless the certificate in lieu of which it is issued is surrendered to the Company.
- b. When a new share certificate has been issued in pursuance of clause(a) of this Article, it shall state on the face of it and against the stub or counterfoil to the effect that it is "issued in lieu of share certificate No.\_\_\_\_\_ sub-divided/replaced/on consolidation of shares".
- c. If a share certificate is lost or destroyed, new certificate in lieu thereof shall be issued only with the prior consent of the Board and on such terms, if any, as to evidence and indemnity and as to the payment of out-of-pocket expenses incurred by the Company in investigating evidence, as the Board thinks fit.

- d. When a new share certificate has been issued in pursuance of clause (c) of this Article, it shall state on the face of it and against the stub or counterfoil to the effect that it is "duplicate issued in lieu of share certificate No.\_\_\_\_\_". The word "Duplicate" shall be stamped or punched in bold letters across the face of the share certificate.
- e. Where a new share certificate has been issued in pursuance of clause (a) and clause (c) of this Article, particulars of every such share certificate shall be entered in a Register of Renewed and Duplicate Certificates indicating against the name(s) of the person(s) to whom the certificate is issued, the number and date of issue of the share certificate in lieu of which the new certificate is issued and the necessary changes indicated in the Register of Members by suitable cross reference in the "Remarks" column.
- f. All blank forms to be used for issue of share certificates shall be printed and the printing shall be done only on the authority of a resolution of the Board. The blank forms shall be consecutively machine-numbered and the forms and the blocks, engravings, facsimiles and hues relating to the printing of such forms shall be kept in the custody of the Secretary or such other person as the Board may appoint for the purpose and the Secretary or the other person aforesaid shall be responsible for rendering an account of these forms to the Board.
- g. The Managing Director of the Company for the time being or, if the Company has no Managing Director, every Director of the Company shall be responsible for the maintenance, preservation and safe custody of all books and documents relating to the issue of share certificates except the blank forms of share certificates referred to in sub-Article (f).
- h. All books referred to in sub-Article (g) shall be preserved in good order permanently.

#### **Joint holders**

Article 32 provides that :

- a. Where two or more persons are registered as the holders of any share, they shall be deemed to hold the same jointly with benefits of survivorship subject to the following and other provisions contained in these Articles.
- b. The Company shall be entitled to decline to register more than four persons as the holders of any share.
- c. The joint holders of any share shall be liable, severally as well as jointly, for and in respect of all calls and other payments which ought to be made in respect of such shares.
- d. On the death of any such joint holder, the survivor or survivors or the nominee appointed by the joint holder shall be the only person or persons recognized by the Company as having any title to the share, but the Directors may require such evidence of death as they may deem fit and nothing herein contained shall be taken to release the estate of the deceased joint holder from any liability on shares held by him jointly with any other person.
- e. Any one of such joint holders may give effectual receipts for any dividends or other moneys payable in respect of such share.
- f. Only the person whose name stands first in the Register of Members as one of the joint holders of any shares shall be entitled to delivery of the certificate relating to such share or to receive notices from the Company, and any notice given to such person shall be deemed proper notice to all joint holders.
- g. Any one of two or more joint holders may vote at any meeting either personally or by proxy in respect of such share as if he were solely entitled thereto, and if more than one of such joint holders be present at any meeting personally or by proxy, the holder whose name stands first or higher (as the case may be) on the Register of Members in respect of such share shall



alone be entitled to vote in respect thereof: PROVIDED always that a member present at any meeting personally shall be entitled to vote in preference to a person present by proxy

### **Company not bound to recognize any interest in shares other than that of registered holder**

Article 33 provides that "Except as ordered by a court of competent jurisdiction or as required by law, the Company shall not be bound to recognize any, equitable, contingent, future or partial interest in any share, or (except only as is by these Articles otherwise expressly provided) any right in respect of a share other than an absolute right thereto, in accordance with these Articles, in the person from time to time registered as the holder thereof; but the Board shall be at liberty at their sole discretion to register any share in the joint names of any two or more persons or the survivor or survivors of them"

### **BUY BACK OF THE SHARES/SECURITIES OF THE COMPANY**

#### **Funds etc. of Company may not be applied in purchase of shares of the Company**

Article 34 provides that "The Company shall not give, whether directly or indirectly, and whether by means of a loan, guarantee, the provision of security or otherwise, any financial assistance for the purpose of or in connection with the purchase or subscription made or to be made by any person of or for any shares in the Company except in conformity with the provisions of Section 77 of the Act."

#### **Purchase of Own Securities**

Article 35 provides that "The Company shall have power, subject to the provisions of Sections 77A, 77AA, 77B and other applicable provisions of the Act, to purchase any of its equity shares or other specified securities as may be permitted by law on such terms, conditions and in such manner as may be prescribed by law from time to time in respect of such purchase."

### **UNDERWRITING AND BROKERAGE**

#### **Commission for Share and Debentures or securities**

Article 36 provides that "Subject to the provisions of Section 76 of the Act and guidelines issued by SEBI, the Company may at any time pay a commission to any person in consideration of his subscribing or agreeing to subscribe (whether absolutely or conditionally) for any shares in or debentures of the Company, or procuring, or agreeing to procure subscriptions (whether absolute or conditional) for any shares or securities in or debentures of the Company, but so that the commission shall not exceed in the case of shares, five per cent of the price at which the shares or securities are issued, and in the case of debentures, two and a half per cent of the price at which the debentures are issued or at such rates as may be fixed by the Board within the overall limit prescribed under the Act or Securities and Exchange Board of India Act, 1992. Such commission may be satisfied by payment in cash or by allotment of fully or partly paid shares, securities or debentures or partly in one way and partly in the other."

#### **Brokerage**

Article 37 provides that "The Company may also, on any issue of shares, securities or debentures, pay such brokerage as may be lawful."

### **INTEREST OUT OF CAPITAL**

#### **Interest may be paid out of capital**

Article 38 provides that "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 provision of plant."

### **CALLS**

#### **Directors may make calls**

Article 39 provides that “The Board may, from time to time, subject to the terms on which any shares may have been issued and subject to the conditions of allotment, by a resolution passed at a meeting of the Board (and not by resolution by circulation) make such call as it thinks fit upon the Members in respect of all moneys unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium) and which are not, by the conditions of the allotment, made payable at fixed times and each member shall pay the amount of every call so made on him to the company or where payable to the person or persons and at the times and places appointed by the Board. A call may be made payable by installments.”

#### **Notice of calls**

Article 40 provides that “Not less than fourteen days' notice in writing of any call shall be given by the Company specifying the time and place of payment, and the person or persons to whom such call shall be paid.”

#### **Call to date from resolution**

Article 41 provides that “A call shall be deemed to have been made at the time when the resolution authorising such call was passed at a meeting of the Board

#### **Call may be revoked or postponed**

Article 42 provides that “A call may be revoked or postponed at the discretion of the Board.”

#### **Directors may extend time**

Article 43 provides that “The Board may, from time to time at its discretion, extend the time fixed for the payment of any call, and may extend such time as to all or any of the Members for reasons which the Board may consider satisfactory, but no Member shall be entitled to such extension save as a matter of grace and favor”

#### **Calls to carry interest**

Article 44 provides that “If any Member fails to pay any call due from him on the day appointed for payment thereof, or any such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at such rate as shall from time to time be fixed by the Board but nothing in this Article shall render it obligatory for the Board to demand or recover any interest from any such Member.”

#### **Sums deemed to be calls**

Article 45 provides that “Any sum, which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall for the purposes of these Articles be deemed to be a call duly made and payable on the date on which by the terms of issue the same becomes payable, and in case of non-payment all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified”

#### **Proof on trial of suit for money due on shares**

Article 46 provides that “At the trial or hearing of any action or suit brought by the Company against any member or his representatives for the recovery of any money claimed to be due to the Company in respect of his shares, it shall be sufficient to prove that the name of the Member in respect of whose shares the money is sought to be recovered, appears entered on the Register of Members as the holder or Register of Beneficial Owner at or subsequently to the date at which the money sought to be recovered is alleged to have become due on the shares in respect of which such money is sought to be recovered; that the resolution making the call is duly recorded in the Minutes Book and that the notice of such call was duly given to the Member or his representatives so sued and it shall not be necessary to prove the appointment of the Directors who made such call, nor that a quorum of Directors was present at the Board at which any call was made, nor that the meeting at which any call was made was duly convened or constituted nor any other matters whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.”

#### **Partial payment not to preclude forfeiture**

Article 47 provides that “Neither the receipt by the Company of a portion of any money which shall from time to time be due from any Member to the Company in respect of his shares, either by way of principal or interest nor any indulgence granted by the Company in respect of the payment of any such money, shall preclude the Company from thereafter proceeding to enforce a forfeiture of such shares as hereinafter provided”

#### **Calls by installment and installments to be treated as calls**

Article 48 provides that “If by the terms of the issue of any shares or otherwise any amount is made payable on allotment or at any fixed time or by installment at any fixed times whether on account of the amount of the shares or by way of premium, every such amount on installment shall be payable when due as if it were a call duly made by the Directors and of which due notice had been given and shall be paid to the Company by the person who for the time being shall be the registered holder of the share; and all the provisions hereof with respect to the payment of calls and interest thereon or to the forfeiture of shares for non-payment of calls shall apply to every such amount or installment and the shares in respect of which it is payable, as if such sum had become payable by virtue of a call duly made and notified.”

#### **Payment in anticipation of calls may carry interest**

Article 49 provides that

- (a) The Board may, if it thinks fit, agree to and receive from any Member willing to advance the same, all or any part of the amounts of his respective shares beyond the sums actually called up; and upon the moneys so paid in advance, or upon so much thereof, from time to time, and at any time thereafter as exceeds the amount of the calls then made upon and due in respect of the shares on account of which such advances are made, the Board may pay or allow interest, at such rate as the Member paying the sum in advance and the Board agree upon. The Board may agree to repay at any time any amount so advanced or may at any time repay the same upon giving to the Member one months' notice in writing: PROVIDED THAT moneys paid in advance of calls on any shares may carry interest but shall not confer a right to dividend or to participate in profits.
- (b) No Member paying any such sum in advance shall be entitled to voting rights in respect of the moneys so paid by him until the same would but for such payment become presently payable

#### **LIEN**

##### **Company to have lien on shares**

Article 50 provides that “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 33 hereof is to have full effect. Any such lien shall extend to all dividends from time to time declared in respect of such shares. The Directors may at any time declare any shares to be exempt, wholly or partially from the provisions of this Articles.

##### **Enforcing lien by sale**

Article 51 provides that “For the purpose of enforcing such lien, the Board may sell the shares subject thereto in such manner as the Directors 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 number to execute a transfer thereof in favor of purchaser and the purchaser shall be registered as the holder of the shares comprise in any such transfer. No sale shall be made unless the sum in respect of which the lien exists is present payable and until notice in writing of the intention to sell shall have been served on such member, his executors or administrators or his committee or his representative as the case may be 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. Upon issue of a duplicate certificate or certificates, the certificate or certificates originally issued shall stand cancelled and become null and void and of no effect

##### **Application of proceeds of sale**

Article 52 provides that “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 lien for sums not presently payable as existed upon the shares before the sale be paid to the persons entitled to the shares at the date of the sale

## **FORFEITURE OF SHARES**

### **Money payable on shares if not paid notice to be given to Members**

Article 53 provides that “If any Member fails to pay any call or installment of a call on or before the day appointed for the payment of the same or any such extension thereof as aforesaid, the Board may at any time thereafter, during such time as the call or installment remains unpaid, give notice to him requiring him to pay the same 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 54 provides that “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 call or installment and such interest thereon at such rate 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 call was made or installment is payable, will be liable to be forfeited”

### **Default of payment, shares to be forfeited**

Article 55 provides that “If the requirements of any such notice as aforesaid are not complied with, every or any share in respect of which such notice has been given may, at any time thereafter, but before payment of all calls or installments, interest, expenses and other moneys due in respect thereof, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends declared or any other moneys payable in respect of the forfeited share and not actually paid before the forfeiture.”

### **Notice of forfeiture to a Member**

Article 56 provides that “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 57 provides that “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.”

### **Member still liable to pay calls owing at the time of forfeiture and interest**

Article 58 provides that “Any member whose shares have been forfeited 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 as the Board may determine, and the Board may enforce the payment thereof, if it thinks fit”

### **Effect of forfeiture**

Article 59 provides that “The forfeiture of a share shall involve extinction, of all interest in and of all claims and demands against the Company of the Member in respect of the share and all other rights of the Member incidental to the share, except only such of those rights as by these Articles are expressly saved”

### **Evidence of forfeiture**

Article 60 provides that “A declaration in writing that the declarant is a Director or Secretary of the Company and that certain shares in the Company have been duly forfeited 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 and such declaration, and the receipt of the Company for the consideration, if any, given for the shares on the sale or disposition thereof shall constitute a good title to such shares, and the person to whom the shares are sold shall be registered as the holder of such shares and shall not be bound to see to the application of the purchase money, nor shall his title to such shares be affected by any irregularity or invalidity in the proceedings in reference to such forfeiture, sale or disposition

#### **Validity of sale under Articles 51 and 57**

Article 61 provides that “Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinbefore 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 of Members 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 certificates in respect of forfeited shares**

Article 62 provides that “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 new certificate or certificates in respect of the said shares to the person or persons entitled thereto.”

#### **Power to annul forfeiture**

Article 63 provides that “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. The provisions of Articles 29 to 52 shall apply mutatis mutandis to debentures”

#### **Surrender of shares**

Article 64 provides that “The Director may, subject to the provisions of the Act accept a surrender of any share from or by member desirous of surrendering them on such terms as they think fit.”

#### **Provisions to apply to debentures**

Article 65 provides that “The provisions of Articles 39 to 64 shall apply mutatis mutandis to debentures”

### **TRANSFER AND TRANSMISSION OF SHARES AND DEBENTURES**

#### **Form of transfer**

Article 67 provides that:

- a. The instrument of transfer shall be in writing and in the usual common form of transfer as prescribed under Companies (Central Government's) General Rules and Forms, 1956 or any statutory amendments thereof. All the provisions of Section 108 of the Act shall be duly complied with in respect of all transfers and of the registration thereof. The Company shall not charge any fee for registration of a transfer of shares or debentures.
- b. Notwithstanding anything contained in these Articles, in the case of transfer or transmission of Securities where the Company has not issued any certificates and where such Securities are being held in an electronic and fungible form by a Depository, the provisions of the Depositories Act, 1996 shall apply

#### **Instrument of Transfer to be completed and presented to the Company**

Article 68 provides that

- a. The Instrument of Transfer duly stamped (if required to be 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. Any instrument of transfer which the Directors may decline to register shall be returned to the person depositing the same.

- b. Every depository shall, on receipt of intimation from a participant, register the transfer of security in the name of the transferee.
- c. Nothing contained in section 108 of the Companies Act or the Articles which are inconsistent with the provisions of Depositories Act, 1996 shall apply to a transfer of shares effected by a transferor or transferee both of whom are entered as beneficial owners in the records of a depository.

#### **Transferor deemed to be holder**

Article 69 provides that “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 a transfer, the certificate or certificates of the shares must be delivered to the Company.

#### **No transfer to Insolvent**

Article 70 provides that “No transfer shall be made to a person of unsound mind or to an insolvent. No share other than fully paid share shall in any circumstances be transferred to any minor”

#### **Closure of Register of Members or Debenture holders**

Article 71 provides that “The Directors shall have power, on giving seven days' previous notice by advertisement as required by Section 154 of the Act, to close the transfer books, Register of Members or Register of Debenture holders of the Company for such period of time not exceeding in the whole 45 days in each year (but not exceeding 30 days at a time) as they may determine”

#### **Directors' powers to refuse to register a transfer**

Article 72 provides that “Subject to the provisions of Section 111A of the Act, the Directors may at their absolute and uncontrolled discretion and without assigning any reason decline to register any transfer of shares to a person of whom they do not approve notwithstanding that the proposed transferee is already a member of the Company and may also decline to register any transfer of shares on which the Company has a lien. The Directors may decline to recognize any instrument of transfer unless it is accompanied by the certificate of shares to which it relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer. If the Directors refuse to register a transfer of any shares, they shall within two month after the date on which the transfer was lodged with the Company, send to the transferee and the transferor notice of the refusal. Registration of a transfer shall not be refused on the ground of the transferor being either or jointly with any other person or persons, indebted to the Company on any account whatsoever except where the Company has exercised its right of lien on the shares.

#### **Directors to recognize beneficial owners of securities**

Article 73 provides that

- a. Notwithstanding anything contained in the Act or in these Articles, a Depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of Securities on behalf of a Beneficial Owner. Save as otherwise provided hereinabove, the Depository as a registered owner shall not have any voting rights or any other rights in respect of Securities held by it, and the Beneficial Owner shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of its Securities held by a Depository.
- b. Except as ordered by a Court of competent jurisdiction or as required by law, the Company shall be entitled to treat the person whose name appears as the Beneficial Owner of the Securities in the records of the Depository as the absolute owner thereof and accordingly the Company shall not be bound to recognize any benami, trust or equitable, contingent, future or partial interest in any Security or (except otherwise expressly provided by the Articles) any right in respect of a Security other than

an absolute right thereto, in accordance with these Articles on the part of any other person whether or not it shall have express or implied notice thereof.

#### **Title to shares of deceased holder**

Article 74 provides that "Subject to Provisions of Article 76 hereof, the executors or administrators of a deceased Member or the holder of a Succession Certificate in respect of the shares of a deceased Member (not being one of two or more joint holders) shall be the only persons whom the Company will be bound to recognize as having any title to the shares registered in the name of such Member, and the Company shall not be bound to recognize such executors or administrators or holders unless such executors, administrators or holders shall have first obtained probate or Letters of Administration or Succession Certificate as the case may be, from a duly constituted Court in India: PROVIDED THAT the Directors may, at their absolute discretion dispense with production of Probate, Letters of Administration or Succession Certificate upon such terms as to indemnity or otherwise as they think fit and may enter the name of the person who claims to be absolutely entitled to the shares standing in the name of a deceased Member, as a Member. The Company shall not charge any fee for registration of any Power of Attorney, Probate, Letters of Administration or similar document.

#### **Transmission Clause**

Article 75 provides that "Any person becoming entitled to any share in consequence of the death, lunacy or insolvency of any Member or by any lawful means other than by a transfer in accordance with these Articles, may, with the consent of the Directors (which they shall be under no obligation to give) and upon producing such evidence that he sustains the character in respect of which he proposes to act under this article or of his title as the Directors may require, and upon giving such indemnity as the Directors may require, either be registered as a Member in respect of such shares or elect to have some person nominated by him and approved by the Directors registered as a Member in respect of such shares: PROVIDED THAT if such persons shall elect to have his nominee registered, he shall testify his election by executing in favor of his nominee an instrument of transfer in accordance with these Articles, and until he does so he shall not be freed from any liability in respect of such shares.

#### **Nomination by Shareholder/ debenture holder**

Article 76 provides that "On the death of a shareholder/debenture holder of the Company, the Company shall confer the shares/debentures or interest of the deceased shareholder/debenture holder to a person or persons nominated by the shareholder/debenture holder in accordance with the Rules framed by the Board of Directors or if no such person is nominated as may appear to the Board of Directors, to the heir, legal Representative of the deceased shareholder/debenture holder. Provided that such nominee or heir or legal representative of the deceased as the case may be is or duly admitted as a share holder/debenture holder of the Company in accordance with the provisions herein contained shall be valid and effective against any demand made upon the company by any other person.

Nomination and Transmission of shares and debentures will be governed by the provisions of Section 109A and 109B of the Act as amended from time to time.

#### **Refusal to register in case of transmission**

Article 78 provides that "The Directors shall have the same right to refuse to register a person entitled by transmission to any shares or his nominee as if he were the transferee named in the case of a transfer of shares presented for registration."

#### **The Company is not liable for disregard of notice prohibiting registration of transfer**

Article 79 provides that "The Company shall incur no liability or responsibility whatever in consequence of its registering or giving effect to any transfer of shares made or purported to be made by any apparent legal owner thereof (as shown or appearing in the Register of Members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the same 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 to it in any book, or attended or given effect to any notice which may have been 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 Directors shall so think fit.

### **Rights of successors**

Article 80 provides that “A person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the shares, except that he shall not, before being registered as a Member in respect of the shares, be entitled to exercise any right conferred by membership in relation to meetings of the Company: PROVIDED THAT the Directors shall, at any time, give notice requiring any such person to elect either to be registered himself/ herself or to transfer the shares, and if the notice is not complied within ninety days, the Directors may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the shares until the requirements of the notice have been complied with.”

## **BORROWING POWERS**

### **Borrowing powers**

Article 82 provides that “Subject to the provisions of Sections 292 and 293 and other applicable provisions of the Act, the Board of Directors may, from time to time at its discretion, by resolution 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 however, where the moneys already borrowed (apart from temporary loans 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 shall not borrow such moneys without the consent of the Company in General Meeting.”

### **Payment or repayment of borrowed money**

Article 83 provides that “Subject to the provisions of Article 82, the payment and repayment of moneys borrowed as aforesaid may be secured in such manner and upon such terms and conditions in all respects as the Board of Directors may think fit, by resolutions passed at a meeting of the Board and in particular, by the issue of bonds, debentures or debenture stock of the Company either unsecured or secured by a mortgage or charge over all or any part of the property of the Company (both present and future) including its uncalled capital for the time being, and debentures, debenture stock, bonds and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.”

### **Indemnity may be given**

Article 84 provides that “If the Directors or any one of them, the Managing Director or whole time Director 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 the Managing Director or whole time Director or person so becoming liable as aforesaid from any loss in respect of such liability, and may pay to such Directors or the Managing Director or whole time Director or such persons guaranteeing commission at such rate as may be fixed by the Board on the maximum amount guaranteed as may be agreed by him or them with the Board.”

### **Terms of issue of Debentures**

Article 85 provides that “Any debentures, debenture stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination, and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares and attending (but not voting) at General Meetings, appointment of Directors and otherwise. Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in General Meeting accorded by a special resolution.”

## **MEETINGS OF MEMBERS**



### **Annual General Meeting**

Article 90 provides that “The Company shall in each year hold a General Meeting as its Annual General Meeting in addition to any other meetings in that year.”

### **Extra Ordinary General Meeting**

Article 91 provides that “All General Meetings other than Annual General Meetings shall be called Extraordinary General Meetings.”

### **When Annual General Meeting to be held**

Article 92 provides that “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 the one Annual General Meeting and that of the next.”

### **Extension for holding the Annual General Meeting**

Article 93 provides that “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.”

### **Member, proxy and auditors entitled to attend meeting**

Article 96 provides that “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.”

### **Extraordinary General Meeting**

Article 99 provides that “The Board may, whenever it thinks fit, call an Extraordinary General Meeting and it shall also do so upon a requisition in writing by a Member or Members holding in the aggregate not less than one-tenth of such of the paid-up capital as at that date carries the right of voting in regard to the matter in respect of which the requisition has been made.”

### **Requisition of Members to state object of Meeting**

Article 100 provides that “Any valid requisition so made by Members must state the object or objects of the meeting proposed to be called, and must be signed by the requisitionists and deposited at the Office: PROVIDED THAT such requisition may consist of several documents in like form, each signed by one or more requisitionists.”

### **Directors to call meeting on receipt of requisition and in default requisitionists may call meeting**

Article 101 provides that “Upon the receipt of any such requisition, the Board shall forthwith call an Extraordinary General Meeting, and if they do not proceed within twenty-one days from the date of the requisition being deposited at the Office to cause a meeting to be called on a day not later than forty-five days from the date of deposit of the requisition, the requisitionists, or such of their number as represent either a majority in value of the paid-up share capital held by all of them or not less than one-tenth of such of the paid-up share capital of the Company as is referred to in Section 169(4) of the Act, whichever is less may themselves call the meeting, but in either case, any meeting so called shall be held within three months from the date of the deposit of the requisition as aforesaid.”

### **Meeting called by requisitionists**

Article 102 provides that “Any meeting called under the foregoing Articles by the requisitionists shall be called in the same manner, as nearly as possible, as that in which meetings are to be called by the Board.”

### **Notice of General meeting**

Article 103 provides that:

1. A General Meeting of the Company may be called by giving not less than twenty-one days notice in writing, but a General Meeting may be called after giving shorter notice if consent is accorded thereto:-
  - (i) in the case of an Annual General Meeting, by all the members entitled to vote thereat; and

- (ii) in the case of any other meeting, by members of the Company holding not less than 95 percent, of such part of the paid up share capital of the Company as gives a right to vote at the meeting. Provided that where any members of the Company are entitled to vote only on some resolution or resolutions to be moved at a meeting and not on the others, those members shall be taken into account for the purposes of this clause in respect of the former resolution or resolutions and not in respect of the latter.
2. Notice of every meeting of the Company shall specify the place and the day and hour of the meeting and shall contain a statement of the business to be transacted there at.
3. Such notice shall be given:-
- (i) to every member of the Company; in any manner authorised by clauses (1) to (5) of Articles 179 to 183.
  - (ii) to the persons entitled to a share in consequence of the death or insolvency of a member by sending it through the post or by courier in a prepaid letter addressed to them by name; or by the title of representatives of the deceased, or assignees of the insolvent, or by any like description, at the address, if any, in India supplied for the purpose by the persons claiming to be so entitled or until such an address has been so supplied by giving the notice in any manner in which it might have been given if the death or insolvency had not occurred; and
  - (iii) to the Auditor or Auditors for the time being of the Company in any manner authorised by Section 53 in the case of any member or members of the Company.

#### **Circulation of Members resolution**

Article 105 provides that “Upon a requisition of members complying with Section 188 of the said Act the Directors shall duly comply with the obligations of the Company under the said Act relating to circulation of members resolutions and statements relating to such resolutions.”

#### **Quorum at General Meeting**

Article 109 provides that “Five members present in person shall be a quorum for a General Meeting.”

#### **Quorum if not present, meeting to be dissolved or adjourned**

Article 110 provides that “If, at the expiration of half an hour from the time appointed for holding a meeting of the Company, a quorum is not present, the meeting, if convened by or upon the requisition of Members, shall stand dissolved, but in any other case, the meeting shall stand adjourned to the same day in the next week or, if that day is a public holiday, until the next succeeding day which is not a public holiday, at the same time and place, or to such other day and at such other time and place in the city or town in which the Office of the Company is for the time being situate, as the Board may determine, and if at such adjourned meeting a quorum is not present at the expiration of half an hour from the time appointed for holding the meeting, the Members present shall be a quorum, and may transact the business for which the meeting was called.”

#### **Chairman of General Meeting**

Article 111 provides that “The Chairman (if any) of the Board of Directors or in his absence the Vice-Chairman (if any) and in his absence the Managing Director (if any) of the Company shall be entitled to take the Chair at every General Meeting whether Annual or Extraordinary. If at any meeting such Chairman shall not be present within fifteen minutes of the time appointed for holding such meeting, or if such Chairman shall be unable or unwilling to take the Chair then the Directors present shall elect one of their number to be the Chairman of the Meeting and if no Director be present or if all the Directors present decline to take the Chair, then the Members present shall elect one of their number to be Chairman.”

#### **Questions at General Meeting how decided**

Article 115 provides that “Before or on the declaration of the result of the voting on any resolution on a show of hands, a poll may be ordered to be taken by the Chairman of the meeting of his own motion and shall be ordered to be taken by him 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-tenths 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 (or such other sum prescribed under the Act). The demand for a poll may be withdrawn at any time by the person or persons

making the demand. Unless a poll is so demanded a declaration by the Chairman that a resolution has, on show of hands, been carried or carried unanimously or by a particular majority or lost and an entry to that effect in the Minutes Book of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favor of or against the resolution.”

#### **Poll to be taken, if demanded**

Article 116 provides that “If a poll is demanded as aforesaid, the same shall, subject to Article 95 be taken at such time (not later than forty-eight hours from the time when the demand was made) and place in the city or town in which the Office of the Company is for the time being situate and either by open voting or by ballot, as the Chairman shall direct, and either at once or after an interval or adjournment, or otherwise, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The demand for a poll may be withdrawn at any time by the person or persons who made the demand.”

#### **Scrutineers at poll**

Article 117 provides that “Where a poll is to be taken, the Chairman of the meeting shall appoint two scrutineers to scrutinize the votes given on the poll and to report thereon to him. One of the scrutineers so appointed shall always be a Member (not being an officer or employee of the Company) present at the meeting, provided such a Member is available and willing to be appointed. The Chairman shall have the power at any time before the result of the poll is declared to remove a scrutineer from office and fill vacancies in the office of scrutineer arising from such removal or from any other cause.”

#### **Cases when poll to be taken with- out adjournment**

Article 118 provides that “Any poll duly demanded on the election of a Chairman of a meeting or on any question of adjournment shall be taken at the meeting forthwith.”

#### **Demand for poll not to prevent transaction of other business**

Article 119 provides that “The demand for a poll except on the questions of the election of the Chairman and of an adjournment shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded.”

#### **Chairman's Casting vote**

Article 120 provides that “In the case of an equality of votes, the Chairman shall both on a show of hands and at a poll (if any) have a second or a casting vote in addition to the vote or votes to which he may be entitled.

### **POSTAL BALLOT**

#### **Certain resolutions to be passed by postal ballot**

Article 121 provides that “Notwithstanding anything contained in the preceding Articles, the Board or the Company may and in the case of resolutions relating to such business as the Central Government may, by notification, declare to be conducted only by postal ballot shall get such resolution passed by means of postal ballot instead of transacting the business in a General Meeting of the Company. When the company requires to, or decides to, as the case may be, get a resolution passed by means of a postal ballot, the provisions of Section 192A of the Act and such other rules and regulations framed there under from time to time shall be complied with.”

### **VOTES OF MEMBERS**

#### **Members in arrears not to vote**

Article 122 provides that “No member shall be entitled to vote either personally or through postal ballot or by proxy at any General Meeting or Meeting of a class of shareholders either upon a show of hands or upon a poll in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has, and has exercised, any right of lien.”

### **Number of votes to which Member is entitled**

Article 123 provides that:

- (i) 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 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 shall have one vote irrespective of the number of shares held by a member;
- (ii) and upon a poll at a meeting or through postal ballot if stipulated under the Act or these articles, every member entitled to vote and present in person (including a body corporate present as aforesaid) or by attorney or by proxy shall be entitled to vote and shall have the following rights:
  - (a) In respect of every equity share his voting right shall be in the same proportion as the capital paid-up on such equity share bears to the total paid up equity capital of the Company.
  - (b) In respect of every fully paid Cumulative Convertible Preference (CCP) share and preference share his voting right shall be as provided in the Act.
  - (c) In respect of every other shares with or without voting rights or with disproportionate voting rights his voting right shall be as mentioned in the said class of shares

### **Casting of votes by a Member entitled to more than one vote**

Article 124 provides that “On a poll taken at a meeting of the Company or upon a postal ballot, a Member entitled to more than one vote, or his proxy or other person entitled to vote for him, as the case may be, need not, if he votes, use all his votes or cast in the same way all the votes he uses.”

### **Votes of joint Members**

Article 126 provides that “If there be joint registered holders of any shares, any one of such persons may vote at any meeting 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 and, if more than one of such joint holders be present at any meeting, than one of the said persons 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. Provided always that a joint holder present at any meeting personally shall be entitled to vote in Preference to a joint holder present by an attorney duly authorized or by a proxy although the name of such joint holder present by an attorney or by proxy stands first or higher in the Register in respect of such shares. Several executors or administrators of a deceased Member in whose name shares stand shall for the purpose of these Articles be deemed joint holders thereof.

### **Voting in person or by proxy**

Article 127 provides that “Subject to the provisions of these Articles, votes may be given either personally or by proxy or through postal ballot. A body corporate being a Member may vote either by proxy or by a representative duly authorized in accordance with Section 187 of the Act and such representative shall be entitled to exercise the same rights and powers (including the right to vote by proxy) on behalf of the body corporate which he represents as that body could exercise if it were an individual Member.”

### **Votes in respect of shares of deceased and insolvent Member**

Article 128 provides that “Any person entitled under the Transmission Clause (Article 75) to transfer any shares may vote at any General Meeting in respect thereof in the same manner as if he were the registered holder of such shares: PROVIDED THAT forty-eight hours at least before the time of holding the meeting or adjourned meeting, as the case may be, at which he proposes to vote he shall satisfy the Directors of his right to transfer such shares and give such indemnity (if any) as the Directors may require or the Directors shall have previously admitted his right to vote at such meeting in respect thereof.”

## **PROXIES**

### **Member’s right to appoint proxy**



Article 129 provides that “Any member entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person (whether a member or not) as his proxy to attend and vote instead of himself.”

#### **Appointment of proxy**

Article 130 provides that “Every proxy (whether a Member or not) shall be appointed in writing under the hand of the appointer or his attorney, or if such appointer is a body corporate under the common seal of such corporation, or be signed by an officer or any attorney duly authorized by it, and any committee or guardian may appoint such proxy. The proxy so appointed shall not have any right to speak at the meetings

#### **Proxy either for specified meeting or for a period**

Article 131 provides that “A Member may appoint a proxy either for the purpose of a particular meeting specified in the instrument and any adjournment thereof or a Member may appoint for the purpose of every meeting of the Company, or of every meeting to be held before a date specified in the instrument and every adjournment of any such meeting.”

#### **Proxy to vote both on show of hands and on a poll**

Article 132 provides that “A member present by proxy shall be entitled to vote both on a show of hands and on a poll.”

#### **Deposit of instrument of appointment**

Article 133 provides that “The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a notarized certified copy of that power or authority, shall be deposited at the Office not later than forty-eight hours before the time for holding the meeting at which the person named in the instrument proposes to vote, and in default, the instrument of proxy shall not be treated as valid.”

#### **Validity of votes given by proxy notwithstanding death of Member**

Article 135 provides that “A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal, or the revocation of the proxy or of any power of attorney under which such proxy was signed, or the transfer of the share in respect of which the vote is given: PROVIDED THAT no intimation in writing of the death or insanity, revocation or transfer shall have been received at the Office before the meeting.”

#### **Chairman of the Meeting to be the judge of the validity of any Vote**

Article 137 provides that:

- (a) The Chairman of any meeting shall be the sole judge of the validity of every vote tendered at such meeting. The Chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll.
  
- (b) As regards to the validity of votes through postal ballot the scrutinizer shall be the sole judge and his decision shall be final and binding on the Chairman who declares the result of the postal ballots.

#### **Inspection of Proxies**

Article 138 provides that “Every member entitled to vote at a meeting of the Company according to the provisions of these Articles on any resolution to be moved there at shall be entitled during the period beginning twenty-four hours before the time fixed for the commencement of the meeting and ending with conclusion of the meeting, to inspect the proxies lodged, at any time during the business hours of the Company, provided not less than three days notice in writing of the intention so to inspect is given to the Company.”

### **MINUTES OF GENERAL MEETINGS**

#### **Minutes of General Meetings and inspection thereof by Members**

Article 139 provides that:

- (a) The Company shall cause minutes of all proceedings of every General Meeting to be kept by making within thirty days of the conclusion of every such meeting concerned, entries thereof in books kept for that purpose with their pages consecutively numbered.
- (b) Each page of every such book shall be initialled or signed and the last page of the record of proceedings of each meeting in such book shall be dated and signed by the Chairman of the same meeting within the aforesaid period of thirty days or in the event of the death or inability of that Chairman within that period, by a Director duly authorised by the Board for the purpose.
- (c) In no case the minutes of proceedings of a meeting shall be attached to any such book as aforesaid by pasting or otherwise.
- (d) The minutes of each meeting shall contain a fair and correct summary of the proceedings thereat.
- (e) All appointments of officers made at any meeting aforesaid shall be included in the minutes of the meeting.
- (f) Nothing herein contained shall require or be deemed to require the inclusion in any such minutes of any matter which in the opinion of the Chairman of the meeting (a) is or could reasonably be regarded as defamatory of any person, or (b) is irrelevant or immaterial to the proceedings, or (c) is detrimental to the interests of the Company. The Chairman of the meeting shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the aforesaid grounds.
- (g) Any such minutes shall be evidence of the proceedings recorded therein. Any entry in the Minutes Book as regards to declaration of results through postal ballot on the basis of the report submitted by the scrutinizer shall be valid and binding and will be treated as if the meeting was duly held.
- (h) The book containing the minutes of proceedings of General Meetings shall be kept at the Office of the Company and shall be open during business hours, for such periods not being less, in the aggregate, than two hours in each day, as the Directors determine, to the inspection of any Member without charges.
- (i) Any Member shall be entitled to be furnished, within seven days after he has made a request in that behalf to the Company, with a copy of any minutes referred above on payment of such charges as may be decided by the Board of Director within the provisions of the Act.
- (j) The minutes of the meetings may be maintained in the books in the form of a binder containing loose leaves with a locking device or such other form as may be prescribed by the Central Government.

## **DIRECTORS**

### **Number of Directors**

Article 140 provides that:

- (a) Until otherwise determined by a General Meeting of the Company and subject to the provisions of Section 252 of the Act, the number of Directors (excluding Directors appointed under Article 143) shall not be less than three nor more than twelve.
- (b) Followings were the Directors of the Company at the time of adoption of these Articles :-
  1. Mr. Dronamraju Hanumantha Rao
  2. Mrs. Sarla Rao
  3. Mr. Sanjay Govil
  4. Mrs. Vidya Govil

### **Debenture Directors**

Article 141 provides that "If it is provided by the Trust Deed, securing or otherwise, in connection with any issue of debentures of the Company, that any person or persons shall have power to nominate a Director of the Company, then in the case of any and every such issue of debentures, the person or persons having such power may exercise such power from time to time and appoint a Director acceptable to the Company. Any Director so appointed is herein referred to as Debenture Director. A Debenture Director may be removed from office at any time by the person or persons in whom for the time being is vested the power under which he was appointed and another Director may be appointed in his place. A Debenture Director shall not be bound to hold any qualification shares."

### **Nominee Directors**

Article 142 provides that:

- (i) Notwithstanding anything to the contrary contained in these Articles, if any moneys shall be owing by the company to any public financial institutions (hereinafter collectively or individually referred to as "the Corporation"), or if the Corporation holds any shares/debentures in the Company as a result of underwriting, or subscription pursuant to such underwriting or conversion of loan/debentures into equity capital of the Company or if any guarantee given by the Corporation in respect of any financial obligation or commitment of the Company remains outstanding, the Company may by an agreement specifically entered into between itself and the Corporation give the Corporation a right to appoint one or more persons as Director(s) on the Board of Directors of the Company (each such director is hereinafter referred to as "the Nominee Director")
- (ii) The Corporation may at any time and from time to time remove the Nominee Director appointed by itself and may, in the event of such removal and also in case of death or resignation of the Nominee Director, appoint another in his place and also fill any vacancy which may occur as a result of the Nominee Director ceasing to hold office for any reason whatsoever. Such appointment or removal shall be made in writing by the Corporation and shall be delivered to the Company at its office.
- (iii) The Board of Directors of the Company shall have no power to remove the Nominee Director from office.
- (iv) Each such Nominee Director shall be entitled to attend all general meetings, Board meetings and meetings of the Committees of which he is a member, and he and the Corporation appointing him shall also be entitled to receive notices of all such meetings.
- (v) The nominee Directors so appointed is exercise of the said power shall ipso facto vacate such office immediately the moneys owing by the company to the Corporation is paid off or on the Corporation ceasing to hold Debentures / Shares in the company or on the satisfaction of the liability of the company arising out of any guarantee furnished by the Corporation.
- (vi) Subject as aforesaid, the Nominee Director/s shall be entitled to the same rights and privileges and be subject to the same obligation as any other Directors of the Company

#### **Appointment of Alternate Directors**

Article 143 provides that

- (i) The Board may appoint an alternate Director to act for a Director (hereinafter called "the original Director") during his absence for a period of not less than three months from the State in which meetings of the Board are ordinarily held.
- (ii) An alternate Director so appointed shall not hold office as such for a period longer than that permissible to the original Director in whose place he has been appointed and shall vacate office if and when the original Director returns to the State in which meetings of the Board are ordinarily held.
- (iii) If the term of office of the original Director is determined before he so returns to the State aforesaid, any provision for the automatic reappointment of retiring Directors in default of another appointment shall apply to the original Director and not to the alternate Director

#### **Appointment of Directors proportion to retire by rotation**

Article 144 provides that

- (1) Not less than two-thirds of the total number of Directors of the Company shall:
  - (a) be persons whose period of office is liable to determination by retirement of Directors by rotation; and
  - (b) save as otherwise expressly provided in the Act, be appointed by the Company in General Meeting.
- (2) The remaining Directors of the Company shall also be appointed by the Company in General Meeting except to the extent that the Articles otherwise provide or permit

#### **Provision regarding Director retiring by rotation**

Article 145 provides that:

- (1) Subject to provisions of Section 256 of the Act, at every Annual General Meeting of the Company one-third of such of the Directors for the time being as are liable to retire by rotation or if their number is not three or a multiple of three then the number nearest to one-third shall retire from office.

- (2) The Directors to retire by rotation at every Annual General Meeting shall be those who have longest in office since their last appointment, but as between persons who become Directors on the same day, those who are to retire shall, in default of and subject to any agreement among themselves, be determined by lot.
- (3) A Director retiring by rotation shall continue as a Director up to and throughout the Meeting at which he retires. All retiring Directors shall be eligible for re-election.
- (4) (a) At the Annual General Meeting at which a Director retires as aforesaid, the Company may fill up the vacancy by appointing the retiring Director or some other person thereto.  
(b) If the place of a Director retiring by rotation is not so filled up and the meeting has not expressly resolved not to fill the vacancy, the meeting shall stand adjourned till the same day in the next succeeding week which is not a public holiday, at the same time and place.  
(c) If at the adjourned meeting also the place of a Director retiring by rotation is not filled up and that meeting also has not expressly resolved not to fill the vacancy, the retiring Director shall be deemed to have been re-appointed at the adjourned meeting, unless:
  - (i) at the meeting or at the previous meeting a resolution for their appointment of such Director has been put to vote and lost;
  - (ii) the retiring Director has, by a notice in writing addressed to the Company or its Board of Directors, expressed his unwillingness to be so re-appointed.
  - (iii) he is not qualified or is disqualified for appointment.
  - (iv) a resolution, whether special or ordinary is required for his appointment or reappointment by virtue of any provisions of the Act.

#### **Appointment of Additional Director**

Article 146 provides that "Subject to the provisions of Sections 260 and 264, the Board shall have power at any time and from time to time to appoint any person not being disqualified from being appointed as Director under Section 274 of the Act to be an Additional Director, but so that the total number of Directors shall not at any time exceed the maximum fixed under Article 140. Any such Additional Director shall hold office only up to the date of the next Annual General Meeting, but shall be eligible for appointment by the Company at that meeting as a Director."

#### **Directors' power to fill casual vacancies**

Article 147 provides that "Subject to the provisions of Sections 262 and 264, the Board shall have power at any time and from time to time to appoint any person not being disqualified from being appointed as director under Section 274 of the Act to be a Director to fill a casual vacancy. Any person so appointed shall hold office only up to the date up to which the Director in whose place he is appointed would have held office if it had not been vacated by him"

#### **Qualification of Directors**

Article 148 provides that "A Director shall not be required to hold any qualification share, but shall be entitled to attend and speak at General Meetings.

#### **Remuneration of Directors**

Article 149 provides that

- (a) Subject to the provisions of the Act, a Director, who is neither in the Whole-time employment nor a Managing Director, may be paid remuneration either:-
  - (i) by way of monthly, quarterly or annual payment with the approval of the Central Government, or
  - (ii) by way of commission if the Company by a special resolution authorizes such payment.
- (b) The fee payable to a Director for attending a meeting of the Board or Committee thereof shall be decided by the Board, from time to time, within the maximum limit of such fees that may be prescribed under the Act or if not so prescribed, in such manner as the Company in General Meeting may from time to time determine.

#### **Remuneration for extra services to Directors**

Article 151 provides that "Subject to the provisions of the Act and these articles, if any director be called upon to perform extra services or special exertion or efforts (which expression shall include work done by a Director as a member of any committee formed by the Directors), the Board may arrange with such



director for special remuneration for such extra services or special exertions or efforts, either by a fixed sum or otherwise, as may be determined by the Board, and such remuneration may be either in addition to or in substitution for his remuneration above provided.”

#### **When office of Directors to become vacant**

Article 153 provides that.” Subject to Section 283(2) of the Act, the office of a Director shall become vacant if:-

- (a) he is found to be of unsound mind by a Court of competent jurisdiction; or
- (b) he applies to be adjudicated an insolvent; or
- (c) he is adjudged an insolvent; or
- (d) he fails to pay any call made on him in respect of shares of the Company held by him, whether alone or jointly with others, within six months from the date fixed for the payment of such call unless the Central Government has, by notification in the Official Gazette, removed the disqualification incurred by such failure; or
- (e) he absents himself from three consecutive meetings of the Directors or from all meetings of the Directors for a continuous period of three months, whichever is longer, without obtaining leave of absence from the Board; or
- (f) he becomes disqualified by an order of the Court under Section 203 of the Act; or
- (g) he (whether by himself or by any person for his benefit or on his account), or any firm in which he is a partner, or any private company of which he is a Director, accepts a loan, or any guarantee or security for a loan, from the Company in contravention of Section 295 of the Act; or
- (h) he acts in contravention of Section 299 of the Act; or
- (i) he is convicted by a Court of an offence involving moral turpitude and is sentenced in respect thereof to imprisonment for not less than six months; or
- (j) having been appointed a Director by virtue of his holding any office or other employment in the Company, he ceases to hold such office or other employment in the Company; or
- (k) he resigns his office by a notice in writing addressed to the Company, or
- (l) he is removed in pursuance of Section 284 of the Act.

#### **Directors may contract with Company**

Article 155 provides that

- (1) Except with the consent of the Board of Directors of the Company, a Director of the Company or his relative, a firm in which such a Director or relative is a partner, any other partner in such a firm, or a private company of which the Director is a member or Director, shall not enter into any contract with the Company:-
  - (a) for the sale, purchase or supply of any goods, materials or services; or
  - (b) for underwriting the subscription of any shares in, or debentures of, the Company.
- (2) Nothing contained in sub-clause (a) of Clause (1) shall affect:
  - (a) the purchase of goods and materials from the Company, or the sale of goods and materials to the Company, by any Director, relative, firm, partner or private company as aforesaid for cash at prevailing market prices; or
  - (b) any contract or contracts between the Company on the one side and such Director, relative, firm, partner or private company on the other for sale, purchase or supply of any goods, materials and services in which either the Company or the Director, relative, firm, partner or private company, as the case may be, regularly trades or does business:  
 PROVIDED THAT such contract or contracts do not relate to goods and materials the value of which, or services the cost of which exceed five thousand rupees (or such other amount prescribed under the Act) in the aggregate in any year comprised in the period of the contract or contracts.
- (3) Notwithstanding anything contained in sub-clause (1) and (2) of this Article, a Director, relative, firm, partner or private company as aforesaid may, in circumstances of urgent necessity, enter, without obtaining the consent of the Board, into any contract with the Company for the sale, purchase or supply of any goods or materials or services, even if the value of such goods or cost of such services exceeds five thousand rupees (or such other amount prescribed under the Act) in the aggregate in any year comprised in the period of the contract; but in such a case, the

consent of the board shall be obtained at a meeting within three months of the date on which the contract was entered into.

- (4) Every consent of the Board required under this Article shall be accorded by a resolution passed at a meeting of the Board and not otherwise, and the consent of the Board required under sub-clause (1) of this Article shall not be deemed to have been given within the meaning of that sub-clause unless the consent is accorded before the contract is entered into or within three months of the date on which it was entered into.
- (5) If the consent is not accorded to any contract under this Article, anything done in pursuance of the contract shall be voidable at the option of the Board.

### **Loans to Directors**

Article 156 provides that "Subject to the provisions of the Act, the Company may with the approval of the Board of Directors make loans to or give any guarantee or provide any security in connection with the loan made by any other person to Directors including managing director and who time director and other employees."

### **Disclosure of interest by Directors**

Article 157 provides that:

- (1) Every Director of the Company, who is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement, or proposed contract or arrangement, entered into or to be entered into, by or on behalf of the Company, shall disclose the nature of his concern or interest at a meeting of the Board of Directors in the manner set out in Section 299 of the Act.
- (2) Nothing in sub-clause (1) of this Article shall apply to any contract or arrangement entered into or to be entered into between the Company and any other company, where any of the Directors of the Company or two or more of the Directors together holds or hold not more than two per cent of the paid-up share capital in the other company.

### **Interested Directors not to participate or vote in Board's proceedings**

Article 158 provides that "No Director shall, as a Director, take any part in the discussion of, or vote on any contract or arrangement entered into, or to be entered into, by or on behalf of the Company, if he is in any way, whether directly or indirectly, concerned or interested in such contract or arrangement; nor shall his presence count for the purpose of forming a quorum at the time of any such discussion or vote; and if he does vote, his vote shall be void: PROVIDED, however, that nothing herein contained shall apply to:-

- (a) any contract of indemnity against any loss which the Directors, or any one or more of them, may suffer by reason of becoming or being sureties or a surety for the Company;
- (b) any contract or arrangement entered into or to be entered into with a public company or a private company which is a subsidiary of a public company in which the interest of the Director consists solely:-
  - (i) in his being -
    - (a) a Director of such company; and
    - (b) the holder of not more than shares of such number or value therein as is requisite to qualify him for appointment as a Director thereof, he having been nominated as such Director by the Company; or
  - (ii) in his being a Member holding not more than two per cent of its paid-up share capital.

### **Directors may be Directors of Companies promoted by the Company**

Article 160 provides that "A Director may be or become a Director of any company promoted by the Company, or in which it may be interested as a vendor, shareholder, or otherwise, and no such Director shall be accountable for any benefits received as Director or shareholder of such company except in so far as Section 309(6) or Section 314 of the Act may be applicable."

### **Disclosure by Director of appointment to any other body corporate**

Article 163 provides that "Every Director (including a person deemed to be a Director by virtue of the Explanation to sub-section (1) of Section 303 of the Act), Managing Director, Whole time Director,

Manager or Secretary of the Company shall, within twenty days of his appointment to, or as the case may be, relinquishment of any of the above offices in any other body corporate, disclose to the Company the particulars relating to his office in the other body corporate which are required to be specified under sub-section (1) of Section 303 of the Act.”

## **MANAGING DIRECTOR**

### **Board may appoint Managing Director or Managing Directors**

Article 165 provides that “Subject to the provisions of the Act and of these Articles, the Board shall have power to appoint from time to time any Director or Directors as Managing Director or Managing Directors or Whole time Directors of the Company for such period and upon such terms and conditions as the Board thinks fit and subject to the provisions of Article 167, the Board may by resolution vest in such Managing Director or Managing Directors or Whole time Directors such of the powers hereby vested in the Board generally as it thinks fit, and such powers may be made exercisable for such period or periods, and upon such conditions and subject to such restrictions as it may determine. The remuneration of a Managing Director or Whole time Directors may be by way of monthly payment, fee for each meeting or participation in profits, bonus, commission, or by any or all these modes, or any other mode not expressly prohibited by the Act.”

### **Remuneration to Managing Director/ Whole time Director**

Article 166 provides that “Subject to the provisions of the Act, a Managing Director or Managing Directors, and any other Directors who is/are in the Whole-time employment of the Company may be paid remuneration either by way of a monthly payment or at a specified percentage of the net profits of the Company or partly by one way and partly by the other.”

### **Restriction on Management**

Article 167 provides that The Managing Director shall not exercise the powers to:-

- (a) make calls on shareholders in respect of money unpaid on the shares in the Company;
- (b) issue debentures; and except to the extent mentioned in the resolution passed at the Board Meeting under Section 292 of the Act, shall also not exercise the powers to -
- (c) borrow moneys, otherwise than on debentures;
- (d) invest the funds of the Company; and
- (e) make loans.

### **Special position of Managing Director**

Article 169 provides that “A Managing Director’s and/or Whole time Director’s shall not while he/she continues to hold that office be subject to retirement by rotation and he/she shall not be taken into account in determining the rotation of retirement of Directors or the number of Directors to retire but he/she shall, subject to terms of any contract between him and the Company, be subject to the same provisions as to resignation and removal as the other Directors of the Company, and if he ceases to hold the office of Director from any cause shall ipso facto and immediately cease to be a Managing Director or Whole time Director.”

## **MANAGER**

### **Manager to be appointed if Managing Director or Whole-time Director is not appointed**

Article 170 provide that “Subject to the provisions of the Act, if a Managing Director or Whole time Director has not been appointed as provided for in the Articles, the Board may appoint a Manager for such term and on such remuneration, which will be subject to the approval of Members, if required and upon such conditions as it may deem fit; and any manager so appointed may be removed by the Board.”

### **Powers of the Manager**

Article 171 provides that “The Manager shall exercise such power or powers and for such period or periods and upon such conditions and subject to such restrictions as the Board may determine.”

## **PROCEEDINGS OF THE BOARD OF DIRECTORS**

### **Meeting of Directors**

Article 172 provides that “The Directors may meet together as a Board for the dispatch of business from time to time, and shall so meet at least once in every three months and at least four such meetings shall be held in every year. The Directors may adjourn and otherwise regulate their meetings as they think fit. The provisions of this article shall not be deemed to be contravened merely by reason of the fact that a meeting of the Board which has been called in compliance with the terms herein mentioned could not be held for want of quorum.

### **Notice of Directors' Meeting**

Article 173 provides that:

- (a) Notice of every meeting of the Board of Directors of the Company shall be given in writing to every Director for the time being in India and at the usual address in India to every other Director.
- (b) Notice may be sent by cable or telex or e-mail.
- (c) Every notice convening a meeting of the Board of Directors shall set out the agenda of the business to be transacted thereat in sufficient detail and no item of business shall be transacted at such meeting, unless the same has been stated in sufficient detail in the said notice convening the meeting: PROVIDED THAT with the permission of the Chairman, any item of business not included in the agenda can be transacted at the meeting.

### **Board Meeting through video/audio**

Article 174 provides that “In terms of the Companies Act or other applicable laws, to permit the participation of Directors in meetings of the Board otherwise through physical presence, the Board or its members, may from time to time decide to conduct discussions through audio conferencing, video conferencing or net conferencing and directors shall be allowed to participate from multiple locations through modern communication equipments for ascertaining the views of such Directors as have indicated their willingness to participate by audio conferencing, video conferencing or net conferencing, as the case may be.”

### **Regulations for meeting through video conferencing**

Article 175 provides that “The rules and regulations for the conduct of the meetings of the Board, including for matters such as quorum, notices for meeting and agenda, as contained in these Articles or in the Act, insofar as applicable, shall apply to discussions through audio conferencing, video conferencing or net conferencing, as the case may be.

Upon the discussions being held by audio conferencing, video conferencing or net conferencing, as the case may be, the Chairman or the Secretary shall record the deliberations and get confirmed the views expressed, pursuant to a circular resolution or by a subsequent meeting of the Directors to reflect the decision of all the Directors participating in such discussions.

Subject to provisions of Section 285 and 287 of the Act, a Director may participate in and vote at a meeting of the Board by means of a telephone, video conferencing or similar communications equipment which allows all persons participating in the meeting to hear each other and record the deliberations. Where any director participates in a meeting of the Board by any of the means above, the Company shall ensure that such director is provided with a copy of all documents referred to during such Board meeting prior to the commencement of this Board Meeting.

Unless overridden by a resolution approved by a majority of the total strength of the Board at a subsequent meeting of the Board or by a resolution by circulation, any decision taken by a majority of the directors participating in the discussions held by audio conferencing, video conferencing or net conferencing, as the case may be, shall not be reversed by the Board.”

### **Quorum at Board meeting**

Article 176 provides that “Subject to Section 287 of the Act, the quorum for a meeting of the Board shall be one-third of its total strength excluding Directors, if any, whose places may be vacant at the time and any fraction contained in that one-third being rounded off as one, or two directors, whichever is higher: PROVIDED THAT where at any time the number of interested Directors exceeds or is equal to two-thirds of the total strength, the number of the remaining Directors, that is to say, the number of



Directors who are not interested, present at the meeting being not less than two, shall be the quorum during such time.”

#### **Adjournment of meeting for want of quorum**

Article 177 provides that “If a meeting of the Board cannot be held for want of quorum, then the meeting shall stand adjourned to such other day, time and place as the Director or Directors present at the meeting may fix thereof.”

#### **When meeting to be convened**

Article 178 provides that “A Director may, at any time, and the Secretary shall, as and when directed by a Director to do so, convene a meeting of the Board by giving a notice in writing to every Director as provided in Article 173.”

#### **Chairman**

Article 179 provides that “The Board may elect a Chairman of their meetings and determine the period for which he is to hold office. If no such Chairman is elected, or if at any meeting the Chairman is not present within five minutes after the time appointed for holding the meeting, or is unwilling to preside, the Directors present may choose one of their numbers to be Chairman of such meeting.”

#### **Questions at Board Meetings how to be decided**

Article 180 provides that “Questions arising at meetings of the Board of Directors or a Committee thereof shall be decided by a majority of the votes and in the case of an equality of votes the Chairman shall have a casting vote.

#### **Powers of Board Meeting**

Article 181 provides that “A meeting of the Board for the time being at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions which by or under the Act or the Articles of the Company are for the time being vested in or exercisable by the Board generally.”

#### **Directors may appoint Committee**

Article 182 provides that “Subject to the restrictions contained in Sections 292 and 292A of the Act, the Board may delegate any of their powers to Committees of the Board consisting of such member or members of its body as it thinks fit: and it may, from time to time, revoke and discharge any such Committee of the Board either wholly or in part and either as to persons or purposes. Every Committee of the Board so formed shall in the exercise of the powers so delegated conform to any regulations that may, from time to time, be imposed on it by the Board. All acts done by any such Committee of the Board in conformity with such regulations and in fulfillment of the purposes of their appointment but not otherwise, shall have the like force and effect as if done by the Board.

#### **Meeting of Committee how to be governed**

Article 183 provides that “The meetings and proceedings of any such Committee of the Board consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Directors, so far as the same are applicable thereto and are not superseded by any regulation made by the Directors under the last preceding Article. Board may authorize Director, Managing Director, whole time Director Manager, Secretary or any other person.”

Article 184 provides that “The Board may authorize or empower any Director or Directors, Managing Director, whole time Director, Manager or Secretary of the Company either by name, or otherwise or any person or persons either singly or jointly to exercise or perform all or any of the powers including the power to sub-delegate authorities and duties conferred or imposed on the Directors by law or articles of association subject to such restrictions and conditions, if any, and either generally or in specific cases, as the Board may think proper.”

#### **Resolution by circulation**

Article 185 provides that:

- (a) No resolution shall be deemed to have been duly passed by the Board or by a Committee thereof by circulation, unless the resolution has been circulated in draft, together with the necessary

papers, if any, to all the Directors, or to all the members of the Committee, then in India (not being less in number than the quorum fixed for a meeting of the Board or Committee, as the case may be), and to all other Directors or members of the Committee, at their usual address in India and has been approved by such of the Directors or members of the Committee as are then in India, or by a majority of such of them, as are entitled to vote on the resolution.

- (b) A Resolution passed by circular in accordance with the provisions of the Act and the provisions of this Article be valid and effectual as a Resolution duly passed at a meeting of the Board or of a committee duly called and held.
- (c) Subject to the Provisions of the Act, a statement signed by a director, Secretary or other person authorized in that behalf by the Board certifying the absence from India of any Directors shall for the purposes of this Articles be prima facie conclusive

#### **Acts of Board of Committee valid notwithstanding informal defect in appointment**

Article 186 provides that “All acts done by any meeting of the Board, or by a Committee of the Board, or by any person acting as a Director shall notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of such Director or persons acting as aforesaid, or that they, or any of them, were disqualified or had vacated office or that the appointment of any of them had been terminated by virtue of any provisions contained in the Act or these Articles, be as valid as if every such person had been duly appointed, and was qualified to be a Director and had not vacated his office or his appointment had not been terminated: PROVIDED THAT nothing in this Article shall be deemed to give validity to acts done by a Director after his appointment has been shown to the Company to be invalid or to have terminated.”

#### **Minutes of proceedings of meetings of the Board**

Article 187 provides that:

- (a) The Company shall cause minutes of all proceedings of every meeting of the Board and Committee thereof to be kept by making within thirty days of the conclusion of every such meeting entries thereof in books kept for that purpose with their pages consecutively numbered.
- (b) Each page of every such book shall be initialled or signed and the last page of the record of proceedings of each meeting in such book shall be dated and signed by the Chairman of the said meeting or the Chairman of the next succeeding meeting.
- (c) In no case the minutes of proceedings of a meeting shall be attached to any such book as aforesaid by pasting or otherwise.
- (d) The minutes of each meeting shall contain a fair and correct summary of the proceedings thereat.
- (e) All appointments of officers made at any of the meetings aforesaid shall be included in the minutes of the meeting.
- (f) The minutes shall also contain -
  - (i) the names of the Directors present at the meeting; and
  - (ii) in the case of each resolution passed at the meeting, the names of the Directors, if any, dissenting from, or not concurring with the resolution.
- (g) Nothing contained in sub-clauses (a) to (f) shall be deemed to require the inclusion in any such minutes of any matter which, in the opinion of the Chairman of the meeting -
  - (i) is, or could reasonably be regarded as, defamatory of any person;
  - (ii) is irrelevant or immaterial to the proceedings; or
  - (iii) is detrimental to the interests of the Company.The Chairman shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the grounds specified in this sub-clause.
- (h) The Board or Committee of Directors shall have power to maintain or record proceedings of the meetings in digital form or electronic form and to authenticate the same by digital signatures as may be allowed under the Act or Information Technology Act or any other law.
- (i) Minutes of meetings kept in accordance with the aforesaid provisions shall be evidence of the proceedings recorded therein.

#### **Powers of Directors**

Article 188 provides that “The Board may exercise all such powers of the Company and do all such acts and things as are not, by the Act, or any other Act, or by the Memorandum or Articles of the

Company, required to be exercised or done by the Company in General Meeting, subject nevertheless to these Articles, to the provisions of the Act, or any other Act and to such regulations or provisions, as may be prescribed by the Company in General Meeting: but no regulation made by the Company in General Meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made: PROVIDED THAT the Board shall not, except with the consent of the Company in General Meeting :-

- (a) sell, lease or otherwise dispose of the whole, or substantially the whole, of the undertaking of the Company, or where the Company owns more than one undertaking, of the whole, or substantially the whole, of any such undertaking;
- (b) remit, or give time for the repayment of, any debt due by a Director;
- (c) invest otherwise than in trust securities, the amount of compensation received by the Company in respect of the compulsory acquisition of any such undertakings as is referred to in clause (a), or of any premises or properties used for any such undertaking and without which it cannot be carried on or can be carried on only with difficulty or only after a considerable time;
- (d) borrow moneys where the moneys to be borrowed, together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business), will exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose;
- (e) contribute to charitable and other funds not directly relating to the business of the Company or the welfare of its employees, any amounts the aggregate of which will, in any financial year, exceed fifty thousand rupees, or five per cent of the average net profits as determined in accordance with the provisions of Section 349 and 350 of the Act during the three financial years, immediately preceding, whichever is greater

## **DIVIDENDS**

### **Division of profits and dividends in proportion to amount paid-up**

Article 190 provides that:

- (a) The profits of the Company, subject to any special rights relating thereto created or authorised to be created by these Articles and subject to the provisions of these Articles, shall be divisible among the Members in proportion to the amount of capital paid-up or credited as paid-up on the shares held by them respectively.
- (b) All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid, but if any share is issued on terms providing that it shall rank for dividend as from a particular date, such share shall rank for dividend accordingly.

### **The Company in General Meeting may declare a dividend**

Article 191 provides that "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."

### **Dividend at Extra-Ordinary General Meeting**

Article 192 provides that "The Board may declare dividend in relation to any year by an Extraordinary General meeting in addition to what has already been declared in the last Annual General meeting."

### **Dividends only to be paid out of profits**

Article 193 provides that:

- (a) No dividend shall be declared or paid by the Company for any financial year except out of its profits or any other undistributed profits except as provided in Section 205 of the Act.
- (b) Where, owing to inadequacy or absence of profits in any year, the Company proposes to declare dividend out of the accumulated profits earned by it in previous years and transferred to reserves, such declaration of dividend shall not be made except in accordance with such rules as may be made in that behalf by the Government and under the Act.

### **Interim dividend**

Article 194 provides that “The Board may, from time to time, pay to the Members such interim dividend as in their judgement the position of the Company justifies.

#### **No Member to receive dividend whilst indebted to the Company and Company's right of reimbursement there out**

Article 198 provides that “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 howsoever, 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.”

#### **Dividends how remitted**

Article 200 provides that:

- (a) Unless otherwise directed, any dividend may be paid by cheque or warrant or by a pay slip or receipt having the force of a cheque or warrant sent through the post or courier to 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. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.
- (b) The Company shall not be liable or responsible for any cheque or warrant or payslip 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.

#### **Payment of dividend, interests or other monies through electronic transfer**

Article 201 provides that “Notwithstanding anything contained in Article 200, the Company may pay dividend, interest or other monies payable to the member's by electronic transfer of funds to the bank account of the member's entitled to the dividend, interest or other monies or according to the order of such member.

#### **No interest on dividends**

Article 202 provides that “No unpaid dividend shall bear interest as against the Company subject to the provisions of Companies Act, 1956.”

#### **Dividend and call together**

Article 203 provides that “Any General Meeting declaring a dividend, may, on the recommendation of the Directors, make a call on the Members of such amount as the meeting fixes, but so that the call on each Member shall not exceed the dividend payable to him and so that the call be made payable at the same time as the dividend, and the dividend may, if so resolved by the Company in general Meeting, be set off against the Calls.

#### **Unclaimed dividend**

Article 204 provides that “Subject to Article 55, no unclaimed or unpaid dividend shall be forfeited by the Board and all unclaimed dividends shall be dealt with in accordance with the provisions of Section 205A of the Act.”

#### **Special provisions in reference to dividends**

Article 205 provides that “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 other provision 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 (a) partly or fully paid-up shares, (b) debenture-stock (c) any specific assets or property of the Company, or in any one or more of 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 and may fix the value for distribution of such specific assets or any part thereof and may determine that cash payment shall be made to any members upon the footing of the value so fixed, or that fractions of value less than Rupee one may be disregarded, in order to adjust the rights of the parties and may vest any such shares, debentures, debenture-stock or specific assets in trustees upon such trust for the persons entitled to the dividends as may seem expedient to the Directors, where



required the Directors shall comply with Section 75 of the Act and the Directors may appoint any person to sign any contract thereby required on behalf of the persons entitled to the dividend and such appointment shall be effective.:

## **CAPITALISATION**

Article 206 provides that:

- (1) Any General Meeting of the Company may resolve that any amounts standing to the credit of the Share Premium Account or the Capital Redemption Reserve Account or Capital Reserve Account or any moneys, investments or other assets forming part of the undivided profits including profits or surplus moneys arising from the realisation and (where permitted by the law) from the appreciation in value of any capital assets of the Company standing to the credit of the General Reserve or any other Reserve or Reserve Fund or any other Fund of the Company or in the hands of the Company and available for dividend be capitalised:-
  - (a) by the issue and distribution, as fully paid-up shares and to the extent permitted by the Act, debentures, debenture stock, bonds or other obligations of the Company; or
  - (b) by crediting shares of the Company, which may have been issued and are not fully paid-up, with the whole or any part of the sum remaining unpaid thereon :PROVIDED THAT any amounts standing to the credit of the Share Premium Account or the Capital Redemption Reserve Account shall be applied only in crediting the payment of capital on shares to be issued to Members as fully paid bonus shares.
- (2) Such issue and distribution under sub-clause (1)(a) of this Article and payment to the credit of unpaid share capital under sub-clause (1)(b) of this Article shall be made to among and in favour of the Members or any class of them or any of them entitled thereto and in accordance with their respective rights and interests and in proportion to the amount of capital paid-up on the shares held by them respectively in respect of which such distribution or payment shall be made, on the footing that such Members become entitled thereto as capital.
- (3) The Directors shall give effect to any such resolution and shall apply such profits, General Reserve, other Reserve or any other Fund or account as aforesaid as may be required for the purpose of making payment in full of the shares, debentures, debenture stock, bonds or other obligations of the Company so distributed under sub-clause (1)(a) of this Article or (as the case may be) for the purpose of paying, in whole or in part, the amount remaining unpaid on the shares which may have been issued and are not fully paid-up under sub-clause (1)(b) above : PROVIDED THAT no such distribution or payment shall be made unless recommended by the Directors, and, if so recommended, such distribution and payment shall be accepted by such Members as aforesaid in full satisfaction of their interest in the said capitalised fund.
- (4) For the purpose of giving effect to any such resolution, the Directors may settle any difficulty which may arise in regard to the distribution or payment as aforesaid as they think expedient, and, in particular, they may issue fractional certificates and may fix the value for distribution of any specific asset and may determine that any cash payment be made to any Members on the footing of the value so fixed and may vest any such cash, shares, debentures, debenture stock, bonds or other obligations in trustees upon such trusts for the persons entitled thereto as may seem expedient to the Directors, and generally may make arrangement for the acceptance, allotment and sale of such shares, debentures, debenture stock, bonds or other obligations and fractional certificates or otherwise as they may think fit.
- (5) When deemed requisite, a proper contract shall be filed in accordance with the Act and the Board may appoint any person to sign such contract on behalf of the Members entitled as aforesaid and such appointment shall be effective.
- (6) Subject to the provisions of the Act and these Articles, in cases where some of the shares of the Company are fully paid and others are partly paid, such capitalisation may be effected by the distribution of further shares in respect of the fully paid shares and by crediting the partly paid shares with the whole or part of the unpaid liability thereon, but so that as between the holders of the fully paid shares and the partly paid shares, the sums so applied in the payment of such further shares and in the extinguishments or diminution of the liability on the partly paid shares shall be applied pro rata in proportion to the amount then already paid or credited as paid on the existing fully paid and partly paid shares respectively

## **RECONSTRUCTION**

### **Reconstruction**

Article 225 provides that “On any sale of the undertaking of the Company the Board or Liquidator on a winding –up may, if authorised by a Special Resolution, accept fully paid or partly paid-up shares, debentures, or securities of any other Company, whether incorporated in India or not, either the existing or to be formed for the purchase, in whole or in part of the property of the Company, and the Board (in a winding-up ) may distribute such shares or securities or any other property of the Company amongst the members without realization, or vest the same in trustees for them, and by Special Resolution may provide for the distribution or appropriation of cash, shares or other securities, benefit or property otherwise than in accordance with the strict legal rights of the members or contributories of the Company and for the valuation of such securities or property at such price and in such manner as the meeting may approve and all holders of shares shall be bound to accept and shall be bound by any valuation or distribution so authorised, and waive all rights in relation thereto, save only in case the Company is proposed to be or is in the course of being wound up, such statutory rights, if any, under Section 494 of the Act as are incapable of being varied or excluded by these Articles.

## **WINDING UP**

### **Distribution of Assets**

Article 227 provides that “If upon the winding up of the Company, the surplus assets shall be more than sufficient to repay the whole of the paid up capital the excess shall be distributed amongst the members in proportion to the capital paid or which ought to have been paid on the shares at the commencement of the winding up held by them respectively, other than the amounts paid in advance of calls. If the surplus assets shall be insufficient to repay the whole of the paid-up-capital, such surplus assets shall be distributed so that as nearly as may be the losses shall be borne by the members in proportion to the capital paid or which ought to have been paid-up at the commencement of the winding up on the shares held by them respectively other than the amounts paid by them in advance of calls. But this Article is without prejudice to the rights of the holders of any shares issued upon special terms and conditions and shall not be construed so as to or be deemed to confer upon them any right greater than those conferred by the terms and conditions of issues.

### **Distribution of Assets in specie**

Article 228 provides that “If the Company shall be wound-up whether voluntarily or otherwise, the following provisions shall take effect viz:.

- (1) The liquidator may, with the sanction of a Special Resolution divide among the contributories in specie or kind any part of the assets of the Company and may with the like sanction, vest any part of the assets of in trustees upon such trust for the benefit of the contributories or any of them, as the Liquidator with the like sanction shall think fit.
- (2) If thought fit any such division may be otherwise than in accordance with the legal rights of the contributories (except where unalterable fixed by the Memorandum of Association) and in particular any class may be given preferential or special rights or may be excluded altogether or in part but in case any division otherwise than in accordance with the legal rights of the contributories shall be determined on, any contributory who would be prejudiced thereby shall have the right to dissent and shall have ancillary rights as if such determination were a Special Resolution passed pursuant to Section 494 or 507 of the said Act.
- (3) In case any shares to be divided as aforesaid involve a liability to calls or otherwise any person entitled under such division to any of the said shares, may, within seven days after passing of the Special Resolution by notice in writing, direct the Liquidator to sell his proportion and pay him the net proceeds, and the Liquidator shall, if practicable, act accordingly.

### **Liquidator may sell undertaking for shares in another company**

Article 229 provides that “Any such Liquidator may irrespective of the powers conferred upon him by the said Act, and as an additional power conferring a general or special authority, sell the undertaking of the Company or the whole or any part of its assets for share fully or partly paid up, or the obligations of or other interest in any other company; and may by the contract of the sale, agree for the allotment to the



members directly of the proceeds of sale in proportion to their respective interests in the company, and in case the shares of this Company shall be of different classes, may arrange for the allotment in respect of preference shares of the Company, or obligations of the purchasing company, or of shares of the purchasing company with preference or priority over or with a large amount paid up than the shares allotted in respect of ordinary shares of this Company, and may further by the contract; limit a time at the expiration of which shares obligations or other interests not accepted or required to be sold, shall be deemed to have been refused and be at the disposal of the Liquidator

**Sale under Section 494 and 507 of the Companies Act, 1956**

Article 230 provides that “Upon any sale under the last preceding Article, or under the powers given by sections 494 and 507 of the said Act, no member shall be entitled to require the Liquidator either to abstain from carrying into effect the sale or the resolution authorising the same, or to purchase such member's interest in this Company, but in case any member shall be unwilling to accept the share, obligations or interest to which under such sale he would be entitled, he may; within seven days of the passing of the resolution authorising the sale, by notice in writing to the Liquidator, require him to sell such shares, obligations or interest and thereupon the same shall be sold in such manner as the Liquidator may think fit, and the proceeds shall be paid over the members requiring such sale.”

## SECTION IX – OTHER INFORMATION

### 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 entered into more than two years before the date of this Draft Red Herring Prospectus), which are or may be deemed material have been entered or are to be entered into by the Company. These contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of the Company situated from 10.00 a.m. to 02.00 p.m. on working days from the date of the filing of this Draft Red Herring Prospectus until the Bid / Issue Closing Date.

#### A. Material Contracts

1. Memorandum of Understanding dated May 7, 2008 among our company, the Selling shareholder and the BRLMs.
2. Memorandum of Understanding dated May 7, 2008 among our company the Selling shareholder and the Registrar to the Issue,
3. Syndicate Agreement dated [•] between the Company, the Selling shareholder, BRLMs and Syndicate members,
4. Escrow Agreement dated [•] between the Company, the Selling shareholder, BRLMs, Syndicate members, Escrow collection Banks and Registrar to the Issue
5. Underwriting Agreement dated [•] between the Company, the Selling shareholder and Underwriters.

#### B. Documents for Inspection

1. Fresh Certificate of Incorporation of the Company dated February 14, 2008.
2. Memorandum and Articles of the Company.
3. Tripartite agreements dated [•] and [•] with NSDL and CDSL respectively.
4. Copy of the Board Resolution dated April 30, 2008 approving this Issue.
5. Copy of resolution passed in the Extra-ordinary General Meeting of the Company held on May 3, 2008 approving the Initial Public Offering.
6. Consents of the Promoters, Directors, Auditors, Book Running Lead Managers, Legal Counsel, Registrar, Syndicate Members, Bankers to the Issue, Company Secretary & Compliance Officer and Selling Shareholders.
7. Shareholders Resolution for appointment of Statutory Auditors.
8. Shareholders resolution for appointment of Managing Director and Whole Time Director
9. Certificate dated May 3, 2008 from Auditors regarding the statement of tax benefits.
10. Report of the Auditors dated May 5, 2008 on restated financial statements for the last five financial years and for the nine months period ended on December 31, 2007.
11. Annual Reports of the Company for the last five Financial Years and for the nine months period ended on December 31, 2007.
12. Application made for In-principle listing approval dated [•] and [•] to the BSE and NSE respectively.
13. In-principle listing approval for this Issue dated [•] and [•] from BSE and NSE respectively.
14. IPO Grading Report of [•]
15. SEBI Observation Letter [•] dated [•].

Any of the contracts or documents mentioned in this Draft Red Herring 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**

We certify that 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, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or the rules made there under or guidelines issued, as the case may be. And that all approvals and permissions required to carry on the business of our Company have been obtained, are currently valid and have been complied with. We further certify that all the statements in this Draft Red Herring Prospectus are true and correct.

### **Signed by the Directors of our Company**

Mr. Sanjay Govil

Mr. Upinder Zutshi

Mr. Navin Chandra

Mr. Sikander Mohan Dewan

Mr. Neeraj Tewari

Mr. Ravindra R. Turaga

Mr. N. K. Agrawal

Mr. Ajai Agrawal

### **Signed by the Sr. Vice Finance – Finance**

Mr. Sanjeev Gulati

\* through their constituted Power of Attorney.

### **Signed by the Selling Shareholders**

**1. WhiteRock Investments (Mauritius) Ltd.**  
(through their Director / Constituted Attorney)

**2. Mr. Sanjay Govil**

**3. Mr. Vaibhav Bhatnagar**

Date: May 7, 2008

Place: New Delhi